

AIA Private Retirement Scheme



THE REAL LIFE
COMPANY

Interim Report

As of 31 October 2014

AIA Pension and Asset Management Sdn. Bhd.

aia-prs.com.my



THE REAL LIFE
COMPANY

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MESSAGE FROM CEO

Dear PRS Unitholders,

We are pleased to present our inaugural Interim Report for the period ended 31 October 2014. We would like to take this opportunity to thank you for your continued support and confidence in AIA's PRS products.

Market Review

During the period under review, the KLCI fell 0.9% in the past 6 months ending 31 Oct 2014 driven primarily by losses in the banking and commodity related sectors. The volatility was triggered by the global sell off on the back of concerns over a host of issues including concerns that US interest rates will rise faster and steeper than expected, Europe's weakening economies, particularly Germany and Japan post implementation of consumption tax, the conflict in the Middle East as well as fears that Ebola would turn into an epidemic. Fortunately, the sharp fall was soon reversed following the decline in commodity prices such as crude oil which is expected to boost consumer spending in the US and Europe. The Bank of Japan's surprise move to intensify its money printing programme in a bid to end deflation was also well received.

For fixed Income, it was a fair six-month period with the RAM Quant All MGS (Malaysia Government Securities) and RAM Quant All Government Investment Issue (GII) index rising by 2.8% and 2.3% respectively as concerns over growth took precedence over that of inflation.

Performance

During the period under review, all of our funds have generated positive returns of between 1.80% to 2.90% as shown below:

Fund	Total Return
AIA PAM – Growth Fund	2.90%
AIA PAM – Moderate Fund	2.76%
AIA PAM – Conservative Fund	1.80%
AIA PAM – Islamic Moderate Fund	2.76%

Source: Bloomberg as at 31 Oct 2014

MESSAGE FROM CEO (cont'd)

Outlook

From now till the financial year ending 30 April 2015, we are cautiously optimistic about the stock market's performance on the back of a strong economic growth forecast of 5%-6% and the government's commitment to achieve a balanced budget by 2020. However, we do not foresee significant upside given expectations that private consumption will slow as consumers tighten their belts to cushion the impact of rising costs as the Goods and Services Tax comes into effect and the government's subsidy rationalisation programme continues.

As for the fixed income market, we opine that uneven global economic growth and stable inflation are supportive factors for the Malaysian bond and sukuk markets.

We thank you once again for placing your trust in us. Our team of highly qualified investment professionals employ a robust and proven investment methodology, backed by a solid risk management framework, and thus we assure you that we will continue to invest your money prudently to achieve the best possible returns. Over the long term, we are confident of achieving sustainable superior returns. We also remain committed to providing professional investment support to our members by continuously enhancing our agents' market and product knowledge so they can serve you better.

Kind regards,

Wang Ming-Yuan, Mark
Chief Executive Officer
AIA Pension and Asset Management Sdn. Bhd.

LOCAL STOCK MARKET COMMENTARY

Market Review

The KLCI fell 0.9% in the past 6 months ending 31 Oct 2014 driven primarily by losses in the banking and commodity related sectors. In May 2014, the market rose steadily to touch a high of 1,896 points on 8 July 2014 on the back of accelerating global economic growth. However, selling pressure began to emerge beginning mid of September and eventually it touched a one year low of 1,767 points on 16 October 2014 before rebounding to close at 1,855 points as at end Oct.

The volatility was triggered off by global sell off with concerns about a whole host of issues including concerns that US interest rates will rise faster and steeper than expected, weakening economies of Europe particularly Germany and Japan post implementation of consumption tax, the conflict in the Middle East as well as fears that Ebola may turn into an epidemic. Fortunately, the sharp fall was soon reversed following the sharp fall in commodity prices particularly oil which is expected to boost consumer spending in US and Europe and the surprise move by Bank of Japan to intensify its money printing program in a bid to end deflation.

Key Market Drivers

Positives

- Petronas has confirmed that they will go ahead with the RAPID project valued at US\$ 27b, higher than the US\$ 20b estimated earlier.
- The budget 2015 reaffirms Malaysian government commitment to fiscal reform by introducing implementation of GST on 1 April 2015 and further plans to reduce subsidies.
- Government has confirmed that the new LRT extension project and the MRT line 2 to be executed starting next year at a cost RM 32b. A host of other infrastructure projects like the West Coast Expressway will also be implemented.
- M&A between CIMB and RHB as well as reforms undertaken at MAS is expected to bring benefits over the long run.
- The Bank of Japan has intensified its money printing program while the European Central Bank (ECB) has lowered interest rates for excess liquidity to -0.20% and also embarked a money printing program albeit a small scale.
- Geopolitical risk is reduced following Ukraine and Russia's announcement of ceasefire.

LOCAL STOCK MARKET COMMENTARY (cont'd)

Negatives

- The banking sector underperformed the market following CIMB's decision to merge with RHB Capital as investors believe that synergy creation can only be seen in the long run while in the short run, profitability will be impacted by merger cost and low staff morale.
- Oil & Gas sector registered steep losses following the drop in Brent Crude Oil prices from US\$106 per barrel to US\$86 per barrel.
- As palm oil prices fell to a five-year low due to bumper crops of competing vegetable oils and weaker Chinese demand.
- The major correction in global oil prices may prompt Petronas to delay or cut its capital spending.
- The Malaysian Airlines MH 370 and MH 17 incident may discourage tourists from visiting Malaysia.
- The US economy is the main driver of global growth but Europe and Japan growth is faltering and may fall into recession.

Market Outlook

We are mildly positive on the equity market given Malaysia's still strong economic growth going into 2015, driven by infrastructure related projects while domestic spending is still strong given high savings, rising consumerism from young demographics and favourable labour market conditions. However, we do not foresee significant upside given slower private consumption due to rising cost as a result of implementation of GST in 2015 and subsidy roll back.

FOREIGN STOCK MARKET COMMENTARY

Market Review

During the period of review, MSCI Asia ex-Japan index ended up 6.4% in Malaysia Ringgit term despite a strong correction in the month of October. Global equity markets were spooked by series of weak data coming from Japan and Europe, civil unrest in Hong Kong and expectations that rates in the US will rise faster and steeper than expected. The MSCI Asia ex-Japan index fell to a six month low of 549 in mid Oct before bouncing off sharply following the sharp fall in commodity prices particularly oil which is expected to boost consumer spending in US and Europe and the surprise move by Bank of Japan to intensify its money printing program in a bid to end deflation.

Key Market Drivers

Positives

- The Indian market rose 24.3% after India regained its “stable” rating from Standard and Poor on a validation of Prime Minister Modi’s ambitious agenda of economic and fiscal reforms.
- The Chinese market rose 19.4% after an encouraging step in liberalizing the capital account through Shanghai- Hong Kong Stock Connect, which came into effect in October. This “through train” scheme allows foreign investors to invest in Shanghai’s A-share market through brokers in Hong Kong. Chinese Investors meanwhile will be able to invest in Hong Kong’s H-share market.
- The Thai market rose 12% after Thailand’s economy expanded more than estimated in the second quarter as local demand recovered after a military coup ended months of political unrest.
- The Hong Kong market rose 8.4% with the imminent launch of Shanghai-Hong Kong stock Connect, providing an alternative for Chinese investors.
- The Indonesian market rose 5% following the conclusion of the Presidential Elections which saw the new president Jokowi being elected. He is expected to implement economic reforms such as reduction in subsidies and increasing infrastructure spending to boost the economy.

Negatives

- The Malaysian market fell 0.9% on the back of lower commodity prices namely crude oil and palm oil.
- The Korean market ended up flat on the concern that new export orders received by South Korean manufacturing companies are slowing down after a couple of consecutive months of shrinking.

FOREIGN STOCK MARKET COMMENTARY (cont’d)

Table: Regional market performance in local currency and MYR (Price Return in %)

Country	1 May 2014 - 31 Oct 2014 (Local Currency)	1 May 2014 - 31 Oct 2014 (MYR terms)
Taiwan	2.09	2.53
Malaysia	-0.87	-0.87
Shanghai	19.43	24.03
Philippines	7.57	8.10
Hong Kong	8.42	8.96
India	24.30	23.77
South Korea	0.13	-2.28
Thailand	11.96	12.72
Singapore	0.29	-0.59
Indonesia	5.15	2.14

Source: Bloomberg as at 31 October 2014

Market Outlook

We are optimistic over the outlook on foreign equities as we opine that the lower oil prices would benefit economies of North Asia economies which have significant exports to developed nations. Liquidity is still ample given that Bank of Japan has just intensified its money printing program while the European Central Bank has cut interest rates to negative for excess reserve and embarked on a money printing program albeit on a small scale.

LOCAL BOND MARKET COMMENTARY

Market Review

It was a fair six-month period with the RAM Quant All MGS (Malaysia Government Securities) and RAM Quant All Government Investment Issue (GII) index rising by 2.8% and 2.3% respectively as concerns over growth took precedence over that of inflation.

Key Market Drivers

Positives

- Rate hike expectation is now being pushed back further due to moderating economic growth prospect as well as the absence of demand pull inflation.
- Government continued to implement fiscal consolidation measures which included fuel hikes and GST in order to rein in fiscal deficit from 3.5% in 2014 to 3% to 2015.
- Yield differential between Ringgit bonds and developed worlds remained attractive as US Treasury yields and Eurozone area bond yields continued to stay low.
- Foreign interests were seen in Government Investment Issues as it provided decent yield pickup over Malaysia Government Securities.

Negatives

- In its MPC meeting in July, Bank Negara decided to raise the Overnight Policy Rate by 25 bps to 3.25%. The central bank cited “firm growth prospects” and above long-run average inflation as reasons for the hike.
- Malaysia’s high foreign holdings of government debt have made it vulnerable to outflows once Fed starts to raise interest rate. Foreign ownership of Malaysian Government Securities peaked and is showed signs of easing towards the end of the year. We also observed a weakening of the MYR against the USD.
- Softening in commodity prices has put Malaysia’s current account surplus under pressure.

Outlook

For the fixed income market, all eyes are on the normalisation of interest rates in the US following the Fed’s decision to halt quantitative easing in October. Uneven global economic growth and stable inflation are supportive factors for the Malaysian bond and sukuk market. Nevertheless, this will be balanced by how foreign investors in the Malaysian market react to the Fed’s monetary policy. We expect MYR yields to continue to be influenced by the Ringgit and US Treasury yields.

AIA PAM – GROWTH FUND

Fund Information

Name:	AIA PAM – Growth Fund
Type & Category:	Core (Growth)
Investment Objective:	The Fund seeks to provide returns through capital growth.
Investment Strategy:	The Fund will invest in local and foreign equities with a bias towards equities with potential for growth. The Fund will also invest at least 40% of its NAV in local fixed income instruments with a minimum credit rating of “BBB3” or “P2” by RAM or equivalent rating by MARC.
Benchmark:	30% FBM 100 Index + 30% MSCI AC Asia ex-Japan Index + 40% Quant Shop MGS All Bond Index
Distribution policy:	Distribution is incidental.

Breakdown of unit holdings by size:

Size of holdings (units)	No. of unit holder	No. of units held	% of units held
5,000 and below	1,786	3,541,772.37	35.27
5,001 to 10,000	214	1,320,537.46	13.15
10,001 to 50,000	50	918,175.15	9.14
50,001 to 500,000	8	974,073.90	9.70
500,001 and above	1	3,287,038.44	32.74
TOTAL	2,059	10,041,597.32	100.00

Note: The unit holdings include Seed Capital of 3.2870 million units as at 31 October 2014.

FUND PERFORMANCE

Details of the portfolio composition of the Fund are as follows:

	As of 31 October 2014
	%
Quoted securities	
- Communication	0.35
- Construction	1.94
- Consumer Products	1.43
- Finance	8.66
- Industrial Products	1.84
- Information Technology	2.98
- Infrastructure Projects	1.71
- Investment Fund	13.55
- Plantation	2.82
- Properties	5.43
- Technology	1.27
- Trading/Services	19.30
Unquoted fixed income securities	26.16
Cash and other net assets	12.56
	100.00

Performance details of the Fund are as follows:

	1 May 2014 31 October 2014	Since inception to 30 April 2014
Net asset value (NAV) (RM million)	10.8201	9.6627
Units in circulation (million)	10.0416	9.2281
NAV per unit (RM)	1.0775	1.0471
Highest NAV per unit (RM)	1.0987	1.0553
Lowest NAV per unit (RM)	1.0375	0.9666
Total return (%)	2.90	4.71
- Capital growth (%)	2.90	4.71
- Income distribution (%)	0.00	0.00
Average Total Return (%)	0.49	0.47
Annualised total return (%)	5.80	5.24
Gross distribution per unit (sen)	-	-
Net distribution per unit (sen)	-	-
Date of distribution	-	-
Management expense ratio (%)	1.66	2.08
Portfolio turnover ratio (times)	0.19	0.69
Seed capital (units in million)	3.2870	5.0000
% of Total Units in Circulation	32.74%	54.18%

Note: Basis of calculation and assumption made in computation of the returns

$$\text{Performance return} = \frac{\text{NAV}(t) - \text{NAV}(t-1)}{\text{NAV}(t)}$$

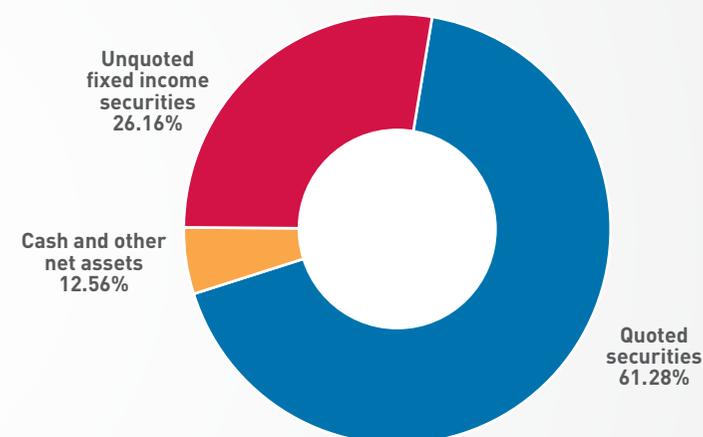
$$\text{Annualised performance return} = \frac{(\text{Performance return}) \times (\text{no. of days per year})}{\text{total no. of days for period under review}}$$

FUND PERFORMANCE (cont'd)

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

Asset allocation of the Fund is as follows:

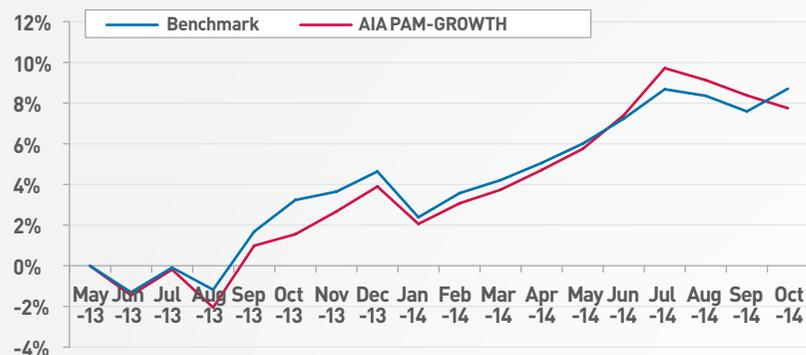
	As of 31 October 2014
	% of NAV
Quoted securities	61.28
Unquoted fixed income securities	26.16
Cash and other net assets	12.56
Total	100.00



As at 31 October 2014, the Fund was fully invested where a minimal level of liquid assets was maintained primarily for redemption purposes.

FUND REPORT

AIA PAM-GROWTH



Source: Bloomberg, www.bursamalaysia.com, www.msci.com, ww.quantshop.com as at 31 October 2014

How did the Fund perform during the period?

During the period of review from 1 May 2014 till 31 October 2014, the Fund has posted a return of 2.90% vs benchmark of 3.48%. The fund marginally underperformed the benchmark due to our underweight in foreign equities which had outperformed local equities. The Fund is in line with its investment objective of seeking to provide returns through capital growth.

During the period under review, there were no significant changes in the state of affairs of the Fund and no circumstances which materially affect any interests of the members.

What investments influenced the Fund's performance over the year?

Positives

- The Fund participated in IPOs such as 7-Eleven and Tanah Makmur which have outperformed.
- The Fund's equity portion was overweight in small to medium cap stocks like Chin Well, Globetronics, Berjaya Auto and Matrix Concept which have outperformed.
- The Fund's equity portion was overweight in cyclical sectors such as property, construction and technology which have outperformed.
- The Fund's equity portion was underweight in finance sector which have underperformed.
- The Fund's fixed income portion was biased towards corporate bonds versus government bonds which benefitted due to higher carry and tightening of credit spreads.

FUND REPORT (cont'd)

Negatives

- The Fund participated in IPO such as Icon Offshore which had underperformed.
- The Fund's equity position was overweight in oil & gas sector which had underperformed.
- The Fund's equity position was underweight in telecommunication sector which had outperformed
- The Fund's underweight position in foreign equity markets which have outperformed local market.
- The Fund had an underweight duration position, hence it did not benefit when the yield curve flattened.

What is your strategy going forward?

For equity, with expectations of a synchronised global growth, we prefer growth stocks over yield. As such, we like stocks in cyclical sectors i.e. oil & gas, selected property stocks, construction and technology. We would be steadily increasing our foreign equity exposure.

Uneven global economic growth and stable inflation are supportive factors for the Malaysian fixed income market. Nevertheless, this will be balanced by how foreign investors in the Malaysian market react to the Fed's monetary policy. We expect MYR yields to continue to be influenced by the Ringgit and US Treasury yields. This underpins our strategy to be duration neutral. We will invest primarily in corporate bonds that offer good relative values against a backdrop of a stable credit conditions.

Soft Commission and Rebates

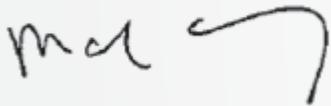
There was also no soft commission or rebates received from any broker for the period under review.

STATEMENT BY PRS PROVIDER

STATEMENT BY PRS PROVIDER TO THE MEMBERS OF AIA PAM – GROWTH FUND

I, Wang Ming-Yuan, Mark being the Chief Executive Officer of AIA Pension and Asset Management Sdn. Bhd. (the “PRS Provider”), do hereby state that, in the opinion of the PRS Provider, the accompanying unaudited financial statements set out on pages 15 to 52 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 31 October 2014 and of its financial performance, changes in equity and cash flows for the financial period ended 31 October 2014 in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

For and on behalf of the PRS Provider,
AIA PENSION AND ASSET MANAGEMENT SDN. BHD.
(Company No: 1011637-P)



Wang Ming-Yuan, Mark
Chief Executive Officer

Kuala Lumpur
Date: 12 December 2014

TRUSTEE'S REPORT

TRUSTEE'S REPORT TO THE MEMBERS OF AIA PAM – GROWTH FUND

We have acted as the Trustee of AIA PAM – GROWTH FUND (the “Fund”) for the financial period ended 31 October 2014. To the best of our knowledge, for the period under review, AIA Pension and Asset Management Sdn. Bhd (the “PRS Provider”), has operated and managed the Fund in accordance with the following:

- (a) limitations imposed on the investment powers of the PRS Provider and the Trustee under the Deeds, the Securities Commission's Guidelines on Private Retirement Schemes, the Capital Markets and Services Act 2007 and other applicable laws;
- (b) valuation/pricing is carried out in accordance with the Deeds and relevant regulatory requirements; and
- (c) creation and cancellation of units are carried out in accordance with the Deeds and relevant regulatory requirements.

For Deutsche Trustees Malaysia Berhad

Ikhizwan Ibrahim
Manager, Trustee Operations

Kuala Lumpur
Date: 15 December 2014

Soon Lai Ching
Manager, Trustee Operations

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD FROM 01 MAY 2014 TO 31 OCTOBER 2014

	Note	Financial period from 01.05.2014 to 31.10.2014 RM	Financial period from 16.05.2013 (Launch date) to 30.04.2014 RM
NET INVESTMENT INCOME			
Dividend income		102,038	114,140
Interest income	4	71,188	106,048
Net gain on financial assets at fair value through profit or loss	9	231,568	363,085
		<u>404,794</u>	<u>583,273</u>
EXPENSES			
Management fee	5	80,163	116,877
Trustee's fee	6	2,138	3,117
PPA administration fee	7	2,138	3,117
Transaction costs		14,193	28,753
Audit fee		4,275	8,000
Tax agent's fee		1,603	4,770
Custody fee		295	556
Other expenses		5,946	3,764
		<u>110,751</u>	<u>168,954</u>
PROFIT BEFORE TAXATION		294,043	414,319
Taxation	8	<u>(2,503)</u>	<u>(258)</u>
PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		<u>291,540</u>	<u>414,061</u>

Profit after taxation is made up as follows:

Realised amount	157,812	9,231
Unrealised amount	<u>133,728</u>	<u>404,830</u>

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

UNAUDITED STATEMENT OF FINANCIAL POSITION

AS AT 31 OCTOBER 2014

	Note	31.10.2014 RM	30.04.2014 RM
CURRENT ASSETS			
Financial assets at fair value through profit or loss	9	9,459,908	9,162,474
Cash and cash equivalents	10	1,372,166	487,177
Amount due from Provider – creation of units		80,497	23,720
Dividends receivable		7,965	9,923
Tax recoverable		3,439	3,439
TOTAL ASSETS		<u>10,923,975</u>	<u>9,686,733</u>
CURRENT LIABILITIES			
Amount due to Provider – cancellation of units		94,078	11,836
Amount due to Trustee		362	315
Amount due to PPA		362	315
Amount due to Custody fee		25	429
Other payables and accruals		9,058	11,181
TOTAL LIABILITIES		<u>103,885</u>	<u>24,076</u>
NET ASSETS VALUE OF THE FUND		<u>10,820,090</u>	<u>9,662,657</u>
EQUITY			
Members' capital		10,114,489	9,248,596
Retained earnings		705,601	414,061
NET ASSET ATTRIBUTABLE TO MEMBERS	11	<u>10,820,090</u>	<u>9,662,657</u>
Number of units in circulation (units)	11	<u>10,041,597</u>	<u>9,228,085</u>
Net asset value per unit (RM) (*Ex-distribution)		<u>1.0775</u>	<u>1.0471</u>

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

UNAUDITED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2014

	Note	Members' capital RM	Retained earnings RM	Total RM
Balance as at 01 May 2014		9,248,596	414,061	9,662,657
Movement in members' contributions:				
Creation of units arising from applications	11	2,848,724	-	2,848,724
Cancellation of units	11	(1,982,831)	-	(1,982,831)
Total comprehensive income for the financial period		-	291,540	291,540
Balance as at 31 October 2014		<u>10,114,489</u>	<u>705,601</u>	<u>10,820,090</u>
Balance as at 16 May 2013 (Launch date)		-	-	-
Movement in members' contributions:				
Creation of units arising from applications	11	9,389,952	-	9,389,952
Cancellation of units	11	(141,356)	-	(141,356)
Total comprehensive income for the financial year		-	414,061	414,061
Balance as at 30 April 2014		<u>9,248,596</u>	<u>414,061</u>	<u>9,662,657</u>

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

UNAUDITED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL PERIOD FROM 01 MAY 2014 TO 31 OCTOBER 2014

	Note	Financial period from 01.05.2014 to 31.10.2014 RM	Financial Period from 16.05.2013 (Launch date) to 30.04.2014 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from disposal of investments		1,953,161	1,227,919
Purchase of investments		(2,010,167)	(10,001,507)
Dividend received		103,996	104,217
Interest income received from investments		62,328	80,247
Management fee paid		(78,417)	(105,041)
Trustee's fee paid		(2,091)	(2,802)
PPA administrative fee paid		(2,091)	(2,802)
Tax paid		(2,503)	(3,697)
Payments for other fees and expenses		(28,839)	(34,233)
Net cash used in operating activities		<u>(4,623)</u>	<u>(8,737,699)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		2,791,947	9,366,232
Payments for cancellation of units		(1,902,335)	(141,356)
Net generated from financing activities		<u>889,612</u>	<u>9,224,876</u>
Net increase in cash and cash equivalents		884,989	487,177
Cash and cash equivalents at beginning of period/launch date		487,177	-
Cash and cash equivalents at the end of the financial period	10	<u>1,372,166</u>	<u>487,177</u>

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

NOTES TO UNAUDITED FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 01 MAY 2014 TO 31 OCTOBER 2014

1. THE FUND, THE PRS PROVIDER AND ITS PRINCIPAL ACTIVITY

AIA PAM - Growth (the "Fund") is governed by a Deed dated 16 January 2013 and Supplemental Deed dated 16 August 2013 (hereinafter referred to collectively as the "Deed") between AIA Pension and Asset Management Sdn. Bhd. (the "PRS Provider") and Deutsche Trustees Malaysia Berhad (the "Trustee").

The Fund seeks to provide returns through capital growth by investing up to 70% of its NAV in a portfolio of local and foreign equities, of which approximately half of its equity allocation in the Malaysian market and the other half in the Asia ex-Japan markets which are members of the International Organization of Securities Commissions such as (but not limited to) Singapore, Thailand, Philippines, Indonesia, Hong Kong, Korea, and Taiwan. The actual allocation between local and foreign equities will depend on the prospects of each country and will not be static. The portfolio will generally favour equities with potential for growth. The Fund will also invest in equities that are trading below their fair value and equities a dividend yield above the market average.

The Fund will invest at least 30% of its NAV in local fixed income instruments with a minimum credit rating of "BBB3" or "P2" by RAM of equivalent rating by MARC.

The Fund commenced operations on 16 May 2013 and will continue its operations until terminated by the Trustee or the PRS Provider, as the case may be as provided under Clause 2.3 of the Deed.

The PRS Provider, AIA Pension and Assets Management Sdn. Bhd. is incorporated in Malaysia. The principal activities of the Company are asset management and management of Private Retirement Scheme ("PRS") funds. It is a wholly owned entity of AIA Berhad (formerly known as American International Assurance Bhd.), whose ultimate holding company is AIA Group Limited, a company incorporated in Hong Kong and listed on the Stock Exchange of Hong Kong Limited.

The unaudited financial statements were authorised for issue by the PRS Provider on 12 December 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements:

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

(a) Basis of preparation

The financial statements have been prepared in accordance with the provisions of the Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

The financial statements have been prepared under the historical cost convention, as modified by financial assets and financial liabilities (including derivatives instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with MFRS and IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial period. It also requires the PRS Provider to exercise their judgment in the process of applying the Fund's accounting policies.

The PRS Provider believes that the underlying assumptions are appropriate and the Fund's financial statements therefore present the financial position results fairly.

Although these estimates and judgment are based on the PRS Provider's best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2(m).

The standards, amendments to published standards and interpretations to existing standards that are applicable to the Fund but not yet effective and have not been early adopted are as follows:

(i) Financial year beginning on/after 1 January 2014

Amendment to MFRS 132 "Financial Instruments: Presentation" (effective from 1 January 2014) does not change the current offsetting model in MFRS 132. It clarifies the meaning of 'currently has a legally enforceable right of set-off' that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. It clarifies that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the MFRS 132 offsetting criteria. The Fund will apply this amendment when effective.

The adoption of the amendment is not expected to have a significant impact on the results of the Fund.

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)**(ii) Financial year beginning on/after 1 January 2017**

- MFRS 9 “Financial Instruments – Classification and Measurement of Financial Assets and Financial Liabilities” (effective no earlier than annual periods beginning on or after 1 January 2017) replaces the parts of MFRS 139 that relate to the classification and measurement of financial instruments. MFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity’s business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the MFRS 139 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity’s own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Fund will apply this standard when effective.

The adoption of the standard is not expected to have a significant impact on the results of the Fund.

(b) Financial assets and liabilities**Classification**

The Fund designates its investments in quoted securities and unquoted fixed income securities as financial assets at fair value through profit or loss at inception.

Financial assets are designated at fair value through profit or loss when they are managed and their performance evaluated on a fair value basis

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and have been included in current assets. The Fund’s loan and receivables comprise cash and cash equivalents, amount due from PRS Provider, amount due from stockbrokers and dividends receivable.

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

The Fund classifies amount due to PRS Provider, amount due to stockbrokers, accrued management fee, amount due to Trustee, other payables and accruals as other financial liabilities.

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)**Recognition and measurement**

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Fund commits to purchase or sell the asset. Investments are initially recognised at fair value. Transaction costs are expensed in the statement of comprehensive income.

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.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognised when it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expired.

Unrealised gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss are presented in the statement of comprehensive income within net gain or loss on financial assets at fair value through profit or loss in the period which they arise.

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of gross dividend income when the Fund’s right to receive payments is established.

Quoted investments in Malaysia are valued at the last done market price quoted on Bursa Malaysia Securities Bhd (“Bursa Securities”) at the date of the statement of financial position.

If a valuation based on the market price does not represent the fair value of the securities, for example during abnormal market conditions or when no market price is available, including in the event of a suspension in the quotation of the securities for a period exceeding 14 days, or such shorter period as agreed by the trustee, then the securities are valued as determined in good faith by the PRS Provider, based on the methods or bases approved by the Trustee after appropriate technical consultation.

Unquoted fixed income securities denominated in Ringgit Malaysia are revalued on a daily basis based on fair value prices quoted by a bond pricing agency (“BPA”) registered with the SC as per the SC Guidelines on Private Retirement Schemes.

Deposits with licensed financial institutions are stated at cost plus accrued interest calculated on the effective profit method over the period from the date of placement to the date of maturity of the respective deposits.

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

Receivables and other financial liabilities are subsequently carried at amortised cost using the effective interest method.

For assets carried at amortised cost, the Fund assesses at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If 'receivables' has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

As a practical expedient, the Fund may measure impairment on the basis of an instrument's fair value using an observable market price.

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 (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in statement of comprehensive income.

When an asset is uncollectible, it is written off against the related allowance account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

(c) Income recognition

Dividend income is recognised on the ex-dividend date when the right to receive payment is established.

Interest income from deposits with licensed financial institutions and unquoted fixed income securities are recognised on a time proportionate basis using the effective interest rate method on an accrual basis.

Realised gain or loss on disposal of quoted securities is accounted for as the difference between the net disposal proceeds and the carrying amount of investments, determined on a weighted average cost basis.

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

Realised gain or loss on disposal of unquoted fixed income securities is calculated based on difference between the net disposal proceeds and the carrying amount of investments, determined on cost adjusted for accretion of discount or amortisation of premium.

(d) Functional and presentation currency

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is the Fund's functional and presentation currency.

(e) Creation and cancellation of units

The Fund issues cancellable units, which are cancelled at the member's option and are classified as equity. Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's NAV. The outstanding units are carried at the redemption amount that is payable at the date of the statement of financial position if the member exercises the right to put back the unit to the Fund.

Units are created and cancelled at the member's option at prices based on the Fund's NAV per unit at the time of creation or cancellation. The Fund's NAV per unit is calculated by dividing the net assets attributable to members with the total number of outstanding units.

(f) Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise bank balances and deposits held in highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(g) Taxation

Current tax expense is determined according to Malaysian tax laws at the current rate based upon the taxable profit earned during the financial period.

(h) Transaction costs

Transaction costs are costs incurred to acquire or dispose financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognised in the statement of comprehensive income as expenses.

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)**(i) Amount due from/to stockbrokers**

Amounts due from and amount due to stockbrokers represent receivables for investments sold and payables for investments purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively.

These amounts are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment for amount due from stockbrokers. A provision for impairment of amount due from stockbrokers is established when there is objective evidence that the Fund will not be able to collect all amounts due from the relevant stockbroker.

Significant financial difficulties of the stockbroker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that the amount due from stockbrokers is impaired. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or receivables expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

(j) Members' capital

The members' contributions to the Fund meet the definition of puttable instruments classified as equity instruments under MFRS 132 "Financial Instruments: Presentation".

The units in the Fund are puttable instruments which entitle the members to a pro-rata share of the net asset of the Fund. The units are subordinated and have identical features. There is no contractual obligation to deliver cash or another financial asset other than the obligation on the Fund to repurchase the units. The total expected cash flows from the units in the Fund over the life of the units are based on the change in the net asset of the Fund.

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)**(k) Segmental information**

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments.

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

(l) Fair value of financial instruments

Financial instruments comprise financial assets and financial liabilities. Fair value is the amount at which a financial asset could be exchanged or a financial liability settled, between knowledgeable and willing parties in an arm's length transaction. The information presented herein represents the estimates of fair values as at the date of the statement of financial position.

Financial instruments of the Fund are as follows:

	Financial assets at fair value through profit or loss RM	Loans and Receivables RM	Total RM
31.10.2014			
Financial assets at fair value through profit or loss (Note 9)	9,459,908	-	9,459,908
Cash and cash equivalents (Note 10)	-	1,372,166	1,372,166
Amount due from PRS Provider – creation of units	-	80,497	80,497
Dividends receivable	-	7,965	7,965
	<u>9,459,908</u>	<u>1,460,628</u>	<u>10,920,536</u>
30.04.2014			
Financial assets at fair value through profit or loss (Note 9)	9,162,474	-	9,162,474
Cash and cash equivalents (Note 10)	-	487,177	487,177
Amount due from PRS Provider – creation of units	-	23,720	23,720
Dividends receivable	-	9,923	9,923
	<u>9,162,474</u>	<u>520,820</u>	<u>9,683,294</u>

All current liabilities are financial liabilities which are carried at amortised cost.

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)**(m) Critical accounting estimates and judgements in applying accounting policies**

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Fund's results and financial position are tested for sensitivity to changes in the underlying parameters.

Estimates and judgements are continually evaluated by the PRS Provider and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In undertaking any of the Fund's investment, the PRS Provider will ensure that all assets of the Fund under management will be valued appropriately, that is at fair value and in compliance with the SC Guidelines on Private Retirement Schemes.

Ringgit-denominated unquoted fixed income securities are valued using fair value prices quoted by a bond pricing agency ("BPA"). Where the PRS Provider is of the view that the price quoted by BPA for a specific unquoted fixed income securities differs from the market price by more than 20 basis points, the PRS Provider may use market price, provided that the PRS Provider records its basis for using a non-BPA price, obtains necessary internal approvals to use the non-BPA price, and keeps an audit trail of all decisions and basis for adopting the use of non-BPA price.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES

The investment objective of the Fund is to maximize returns through capital growth.

The Fund is exposed to a variety of risks which include market risk (inclusive of price risk and interest rate risk), credit risk, liquidity risk, non-compliance risk and capital risk.

Financial risk management is carried out through internal control process adopted by the PRS Provider and adherence to the investment restrictions as stipulated in the Disclosure Document and SC Guidelines on Private Retirement Schemes.

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)**(a) Market risk****(i) Price risk**

This is the risk that the fair value of an investment in quoted securities and unquoted fixed income securities will fluctuate because of changes in market prices (other than those arising from interest rate risk). The value of investments may fluctuate according to the activities of individual companies, sector and overall political and economic conditions. Such fluctuation may cause the Fund's NAV and prices of units to fall as well as rise, and income produced by the Fund may also fluctuate.

The price risk is managed through diversification and selection of securities and other financial instruments within specified limits according to the Deeds.

The Fund's overall exposure to price risk was as follows:

	31.10.2014	30.04.2014
	RM	RM
Financial assets at fair value through profit or loss:		
- quoted securities	6,687,490	6,499,990
- unquoted fixed income securities	2,772,418	2,662,484
Total	<u>9,459,908</u>	<u>9,162,474</u>

The table below summarises the sensitivity of the Fund's profit after tax and NAV to movements in prices of quoted securities and unquoted fixed income securities at the end of each reporting period. The analysis is based on the assumptions that the price of the quoted securities and unquoted fixed income securities increased and decreased by 5% with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the quoted securities and unquoted fixed income securities, having regard to the historical volatility of the prices.

% Change in price of quoted securities and unquoted fixed income securities	Market value RM	Impact on profit after tax / net asset value RM
31.10.2014		
+5%	9,932,903	472,995
0%	9,459,908	-
-5%	<u>8,986,913</u>	<u>(472,995)</u>
30.04.2014		
+5%	9,620,598	458,124
0%	9,162,474	-
-5%	<u>8,704,350</u>	<u>(458,124)</u>

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

(ii) Interest rate risk

In general, when interest rates rise, unquoted fixed income securities prices will tend to fall and vice versa. Therefore, the NAV of the Fund may also tend to fall when interest rates rise or are expected to rise. However, investors should be aware that should the Fund holds an unquoted fixed income securities till maturity, such price fluctuations would dissipate as it approaches maturity, and thus the growth of the NAV shall not be affected at maturity. In order to mitigate interest rates exposure of the Fund, the PRS Provider will manage the duration of the portfolio via shorter or longer tenured assets depending on the view of the future interest rate trend of the PRS Provider, which is based on its continuous fundamental research and analysis.

This risk is crucial since unquoted fixed income securities portfolio management depends on forecasting interest rate movements. Prices of unquoted fixed income securities move inversely to interest rate movements, therefore as interest rates rise, the prices of unquoted fixed income securities decrease and vice versa. Furthermore, unquoted fixed income securities with longer maturity and lower yield coupon rates are more susceptible to interest rate movements.

Investors should note that unquoted fixed income securities and money market instruments are subject to interest rate fluctuations. Such investments may be subject to unanticipated rise in interest rates which may impair the ability of the issuers to make payments of interest income and principal, especially if the issuers are highly leveraged. An increase in interest rates may therefore increase the potential for default by an issuer.

The table below summarises the sensitivity of the Fund's profit after tax and NAV to movements in prices of unquoted fixed income securities held by the Fund as a result of movement in interest rate. The analysis is based on the assumptions that the interest rate changed by 5% with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the interest rate, having regard to the historical volatility of the interest rate.

% Change in interest rate	Impact on profit after taxation/NAV 31.10.2014 RM	Impact on profit after taxation/NAV 30.04.2014 RM
+5%	(489,869)	(24,901)
-5%	639,228	25,110

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Fund's exposure to fair value interest rate risk arises from investment in money market instruments. The interest rate risk is expected to be minimal as the Fund's investments comprise mainly short term deposits with approved licensed financial institutions. The Fund is not exposed to cash flow interest rate risk as the Fund does not hold any financial instruments at variable interest rate.

(b) Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligation resulting in financial loss to the Fund.

Investment in unquoted fixed income securities may involve a certain degree of credit/default risk with regards to the issuers. Generally, credit risk or default risk is the risk of loss due to the issuer's non-payment or untimely payment of the investment amount as well as the returns on investment. This will cause a decline in value of the defaulted unquoted fixed income securities and subsequently depress the NAV of the Fund. Usually credit risk is more apparent for an investment with a longer tenure, i.e. the longer the duration, the higher the credit risk. Credit risk can be managed by performing continuous fundamental credit research and analysis to ascertain the creditworthiness of its issuer. In addition, the PRS Provider imposes a minimum rating requirement as rated by either local and/or foreign rating agencies and manages the duration of the investment in accordance with the objective of the Fund. For this Fund, the unquoted fixed income securities investment must satisfy a minimum rating requirement of at least "BBB3" or "P2" by RAM or equivalent rating by MARC.

The credit risk arising from placements of deposits in licensed financial institutions is managed by ensuring that the Fund will only place deposits in reputable licensed financial institutions. The settlement terms of the proceeds from the creation of units receivable from the PRS Provider are governed by the SC Guidelines on Private Retirement Schemes.

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

The following table sets out the credit risk concentration of the Fund:

	Financial assets at fair value through profit or loss RM	Cash and cash equivalents RM	Amount due from PRS Provider RM	Dividend receivables RM	Other receivables RM	Total RM
31.10.2014						
Quoted securities						
Communication	38,684	-	-	-	-	38,684
Construction	212,040	-	-	-	-	212,040
Consumer Products	156,248	-	-	-	-	156,248
Finance	944,042	-	-	2,480	-	946,522
Industrial Products	201,490	-	-	-	-	201,490
Information Technology	325,719	-	-	-	-	325,719
Infrastructure Project Companies	186,546	-	-	-	-	186,546
Investment Fund	1,480,275	-	-	-	-	1,480,275
Plantations	307,832	-	-	-	-	307,832
Properties	593,521	-	-	-	-	593,521
Technology	135,600	-	-	3,300	-	138,900
Trading/Services	2,105,493	-	-	2,185	-	2,107,678
Unquoted fixed income securities						
Commercial Bank						
- AA1	224,277	-	-	-	-	224,277
- AA+ IS	328,234	-	-	-	-	328,234
Civil Engineering & Contracting						
- AA3	327,364	-	-	-	-	327,364
Development						
Finance Institutions						
- AA1	514,646	-	-	-	-	514,646
Diversified Holdings						
- AA3	282,183	-	-	-	-	282,183
Plantation And Agriculture						
- AA2	770,628	-	-	-	-	770,628
Utilities						
- AA1	325,086	-	-	-	-	325,086
Other						
- NR	-	-	80,497	-	3,439	83,936
Money Market						
- AAA	-	1,270,226	-	-	-	1,270,226
- AA1	-	101,940	-	-	-	101,940
	<u>9,459,908</u>	<u>1,372,166</u>	<u>80,497</u>	<u>7,965</u>	<u>3,439</u>	<u>10,923,975</u>

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

	Financial assets at fair value through profit or loss RM	Cash and cash equivalents RM	Amount due from PRS Provider RM	Dividend receivables RM	Other receivables RM	Total RM
30.04.2014						
Quoted securities						
Communication	39,786	-	-	-	-	39,786
Construction	193,218	-	-	-	-	193,218
Consumer Products	137,768	-	-	-	-	137,768
Energy	55,445	-	-	-	-	55,445
Finance	1,228,006	-	-	9,331	-	1,237,337
Industrial Products	131,972	-	-	-	-	131,972
Information Technology	311,344	-	-	-	-	311,344
Infrastructure Project Companies	186,217	-	-	-	-	186,217
Investment Fund	1,607,200	-	-	-	-	1,607,200
Plantations	146,008	-	-	-	-	146,008
Properties	371,418	-	-	-	-	371,418
Technology	128,160	-	-	-	-	128,160
Trading/Services	1,963,448	-	-	592	-	1,964,040
Unquoted fixed income securities						
Commercial Bank						
- AA1	222,672	-	-	-	-	222,672
- AA+ IS	327,678	-	-	-	-	327,678
Civil Engineering & Contracting						
- AA3	325,045	-	-	-	-	325,045
Collateralised Loan Obligations						
- AAA	122,646	-	-	-	-	122,646
Diversified Holdings						
- AA3	280,735	-	-	-	-	280,735
Development Finance Institutions						
- P1	296,282	-	-	-	-	296,282
Financial Services						
- AA2 (S)	436,158	-	-	-	-	436,158
Plantation And Agriculture						
- AA2	328,977	-	-	-	-	328,977
Utilities						
- AA1	322,291	-	-	-	-	322,291
Other						
- NR	-	-	23,720	-	3,439	27,159
Money Market						
- AA1	-	487,177	-	-	-	487,177
	<u>9,162,474</u>	<u>487,177</u>	<u>23,720</u>	<u>9,923</u>	<u>3,439</u>	<u>9,686,733</u>

All financial assets of the Fund as at the end of each financial period are neither past due nor impaired.

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)**(c) Liquidity risk**

Liquidity risk can be defined as the ease with which a security can be sold at or near its fair value depending on the volume traded in the market. If a security encounters a liquidity crunch, the security may need to be sold at a discount to the market fair value of the security. This in turn would depress the NAV and/or growth of the Fund. Generally, all investments are subject to a certain degree of liquidity risk depending on the nature of the investment instruments, market, sector and other factors. For the purpose of the Fund, the PRS Provider will attempt to balance the entire portfolio by investing in a mix of assets with satisfactory trading volume and those that occasionally could encounter poor liquidity. This is expected to reduce the risks for the entire portfolio without limiting the Fund's growth potentials.

The PRS Provider manages this risk by maintaining sufficient level of liquid assets to meet anticipated payments and cancellations of the units by members. Liquid assets comprise bank balances, deposits with licensed financial institutions and other instruments, which are capable of being converted into cash within 7 business days.

The table below summarises the Fund's financial liabilities into relevant maturity groupings based on the remaining period as at the statement of financial position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	Less than 1 month RM	Between 1 month to 1 year RM	Total RM
31.10.2014			
Amount due to PRS Provider	94,078	-	94,078
Amount due to Trustee	362	-	362
Amount due to PPA	362	-	362
Amount due to Custody fee	-	25	25
Other payables and accruals	-	9,058	9,058
Contractual cash outflows	<u>94,802</u>	<u>9,083</u>	<u>103,885</u>
30.04.2014			
Amount due to PRS Provider	11,836	-	11,836
Amount due to Trustee	315	-	315
Amount due to PPA	315	-	315
Amount due to Custody fee	-	429	429
Other payables and accruals	-	11,181	11,181
Contractual cash outflows	<u>12,466</u>	<u>11,610</u>	<u>24,076</u>

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)**(d) Non-compliance risk**

Non-compliance risk arises when the PRS Provider and others associated with the Fund do not follow the rules set out in the Fund's constitution, or the law that govern the Fund, or act fraudulently or dishonestly. It also includes the risk of the PRS Provider not complying with internal control procedures.

The non-compliance may expose the Fund to higher risks which may result in a fall in the value of the Fund which in turn may affect its investment goals. However, the risk can be mitigated by the internal controls and compliance monitoring undertaken by the PRS Provider.

(e) Capital risk management

The capital of the Fund is represented by equity consisting of members' capital and retained earnings. The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of members. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for members and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

(f) Fair value estimation

The fair value of financial assets and liabilities traded in active market (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the year end date. The quoted market price used for financial assets by the Fund is the current bid price; the appropriate quoted market price for financial liabilities is the current asking price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial assets and liabilities that are not traded in an active market is determined by using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each period end date. Valuation techniques used for non-standardised financial instruments such as options, currency swaps and other over-the-counter derivatives, include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

For instruments for which there is no active market, the Fund may use internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. Valuation models are used primarily to value unlisted equity, debt securities and other debt instruments for which market were or have been inactive during the financial period. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds.

Valuations are therefore adjusted where appropriate, to allow for additional factors including model risk, liquidity risk and counterparty risk.

The fair value is based on the following methodology and assumptions:

- (i) Bank balance and deposits and placements with financial institutions with maturities less than 1 year, the carrying value is a reasonable estimate of fair value.
- (ii) The carrying value less impairment provision of receivables and payables are assumed to approximate their fair values. The carrying value of the financial assets and financial liabilities approximate their fair value due to their short-term nature.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active market for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2)
- Inputs for the asset and liability that are not based on observable market data (that is, unobservable inputs) (Level 3)

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety.

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement.

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgment by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
31.10.2014				
Financial assets at fair value through profit or loss:				
- quoted securities	6,687,490	-	-	6,687,490
- unquoted fixed income securities	-	2,772,418	-	2,772,418
	<u>6,687,490</u>	<u>2,772,418</u>	<u>-</u>	<u>9,459,908</u>

30.04.2014

Financial assets at fair value through profit or loss:				
- quoted securities	6,499,990	-	-	6,499,990
- unquoted fixed income securities	-	2,662,484	-	2,662,484
	<u>6,499,990</u>	<u>2,662,484</u>	<u>-</u>	<u>9,162,474</u>

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include active listed equities. The Fund does not adjust the quoted prices for these instruments.

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

Financial instruments that trade in markets that are considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include unquoted fixed income securities. As Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. The Fund's policies on valuation of these financial assets are stated in Note 2(b).

4. INTEREST INCOME

	31.10.2014	30.04.2014
	RM	RM
Interest income from deposits with licensed financial institutions	9,457	26,819
Interest income from unquoted fixed income securities	61,731	79,229
	<u>71,188</u>	<u>106,048</u>

5. MANAGEMENT FEE

In accordance with Clause 17.1.3 of the Master Deed dated 16 January 2013, the PRS Provider is entitled to a maximum management fee of 2.00% per annum, calculated daily based on the NAV of the Fund.

For the financial period from 01 May 2014 to 31 October 2014, the management fee is recognised at a rate of 1.50% per annum.

There will be no further liability to the PRS Provider in respect of management fee other than the amount recognised above.

6. TRUSTEE FEE

In accordance with Clause 17.2.2 of the Master Deed dated 16 January 2013, the Trustee is entitled to a maximum Trustee fee of 0.04% per annum, calculated daily based on the NAV of the Fund.

For the financial period from 01 May 2014 to 31 October 2014, the Trustee's fee is recognised at a rate of 0.04% per annum.

There will be no further liability to the Trustee in respect of Trustee's fee other than the amount recognised above.

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)**7. PRIVATE PENSION ADMINISTRATION FEE**

For the financial period from 01 May 2014 to 31 October 2014, the PPA administration fee is recognised at a rate of 0.04% per annum, calculated daily based on the NAV of the Fund.

There will be no further liability to the PPA in respect of PPA administration fee other than the amount recognised above.

8. TAXATION

	Financial period from 01.05.2014 to 31.10.2014	Financial Period from 16.05.2013 (Launch date) to 30.04.2014
	RM	RM
Tax charged for the financial period		
- current taxation – local	2,503	258
	<u>2,503</u>	<u>258</u>

The numerical reconciliation between profit before taxation multiplied by the Malaysian statutory tax rate and tax expense of the Fund is as follows:

	Financial period from 01.05.2014 to 31.10.2014	Financial Period from 16.05.2013 (Launch date) to 31.10.2014
	RM	RM
Profit before taxation	<u>294,043</u>	<u>414,319</u>
Taxation at Malaysian statutory rate of 25%	73,511	103,580
Tax effects of:		
Investment income not subject to tax	(105,317)	(155,996)
Expenses not deductible for tax purposes	31,806	52,674
Effect of lower tax rate in other countries	2,503	-
Taxation	<u>2,503</u>	<u>258</u>

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31.10.2014 RM	30.04.2014 RM
Designated at fair value through profit or loss:		
- quoted securities	6,687,490	6,499,990
- unquoted fixed income securities	2,772,418	2,662,484
	<u>9,459,908</u>	<u>9,162,474</u>

Net gain on assets at fair value through profit or loss		
- realised gain/(loss) on disposals	97,840	(41,745)
- change in unrealised fair value gain	133,728	404,830
	<u>231,568</u>	<u>363,085</u>

Name of counter	Quantity units	Aggregate cost RM	Market value RM	Percentage of NAV %
QUOTED SECURITIES				
Communication				
Singapore Telecommunications	4,000	38,772	38,684	0.36
	<u>4,000</u>	<u>38,772</u>	<u>38,684</u>	<u>0.36</u>
Construction				
Gamuda Berhad	20,600	97,967	105,472	0.97
IJMCorporation Bhd	15,400	88,786	106,568	0.98
	<u>36,000</u>	<u>186,753</u>	<u>212,040</u>	<u>1.95</u>
Consumer Products				
Hyundai Motor	69	51,469	35,920	0.34
Narra Industries Berhad	14,000	54,600	56,000	0.52
Oriental Holdings Bhd	8,800	85,551	64,328	0.59
	<u>22,869</u>	<u>191,620</u>	<u>156,248</u>	<u>1.45</u>
Finance				
AMMB Holdings Bhd	18,400	136,609	124,752	1.15
CIMB Group Holdings Bhd	20,078	154,499	130,306	1.20
Hong Leong Group Bhd	3,100	46,386	56,110	0.52
Malayan Banking Berhad	23,255	238,189	225,573	2.08
Public Bank Berhad	8,520	145,896	157,961	1.46
RHB Capital Berhad	11,700	98,490	102,960	0.95
Syarikat Takaful Malaysia Bhd	6,200	48,840	73,780	0.68
Westports Holdings Berhad	24,200	60,608	72,600	0.67
	<u>115,453</u>	<u>929,517</u>	<u>944,042</u>	<u>8.71</u>

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

Name of counter	Quantity units	Aggregate cost RM	Market value RM	Percentage of NAV %
Industrial Products				
Chin Well Holdings	41,000	56,580	65,190	0.60
Kossan Rubber Industries Bhd	18,400	44,141	84,640	0.78
Petronas Chemicals Group Berhad	8,400	55,845	51,660	0.48
	<u>67,800</u>	<u>156,566</u>	<u>201,490</u>	<u>1.86</u>
Information Technology				
Hon Hai Precision Industry Co Ltd	4,480	31,876	46,423	0.43
Media Tek Incorporation	1,000	46,377	46,738	0.43
Samsung Electronics Co	18	79,266	68,569	0.63
SK Hynix Inc	450	44,014	65,386	0.61
Taiwan Semiconductor Manufacturing Co., Ltd	7,000	80,877	98,603	0.91
	<u>12,948</u>	<u>282,410</u>	<u>325,719</u>	<u>3.01</u>
Infrastructure				
Project Company				
Digi.Com.Berhad	13,400	63,179	82,946	0.77
Time Dotcom Bhd	20,000	72,445	103,600	0.96
	<u>33,400</u>	<u>135,624</u>	<u>186,546</u>	<u>1.73</u>
Investment Fund				
Dbxt MSCI Asia Ex-Japan 10 Etf	12,500	1,263,759	1,480,275	13.68
	<u>12,500</u>	<u>1,263,759</u>	<u>1,480,275</u>	<u>13.68</u>
Plantation				
Boustead Plantations Berhad	48,400	77,440	73,568	0.68
IOI Corporation Bhd	9,500	49,391	46,455	0.43
Kulim Malaysia Berhad	16,200	56,213	55,404	0.51
Tanah Makmur Berhad	50,000	97,250	93,000	0.86
TDM Bhd	42,600	34,423	39,405	0.37
	<u>166,700</u>	<u>314,717</u>	<u>307,832</u>	<u>2.85</u>
Properties				
Hua Yang Berhad	33,033	56,970	76,637	0.71
Matrix Concepts Holdings Berhad	20,100	36,802	60,300	0.56
Sentoria Group Berhad	50,000	66,000	72,000	0.67
Sunway Berhad	15,666	48,114	54,048	0.50
Titijaya Land Bhd	100,000	229,300	236,000	2.18
UEM Sunrise Berhad	19,500	58,167	36,660	0.34
UOA Development Berhad	27,300	60,516	57,876	0.54
	<u>265,599</u>	<u>555,869</u>	<u>593,521</u>	<u>5.50</u>

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

Name of counter	Quantity units	Aggregate cost RM	Market value RM	Percentage of NAV %
Technology				
Globetronics Technology Bhd	30,000	86,624	135,600	1.25
	<u>30,000</u>	<u>86,624</u>	<u>135,600</u>	<u>1.25</u>
Trading/Services				
7-Eleven Malaysia Holdings Berhad	40,000	55,200	66,800	0.62
Axiata Group Bhd	21,700	145,170	152,985	1.41
Berjaya Sports Toto Bhd	12,074	49,493	43,587	0.40
Boustead Holdings Berhad	14,700	79,167	74,235	0.69
Bumi Armada Bhd	60,000	109,050	94,200	0.87
Dialog Group Bhd	36,288	54,759	58,786	0.54
Genting Berhad	16,000	162,891	156,000	1.44
Icon Offshore Berhad	44,400	82,140	61,272	0.57
Maxis Berhad	36,500	197,867	178,110	1.64
Media Prima Bhd	20,000	54,103	39,200	0.36
MISC Berhad	11,300	57,952	77,518	0.72
Multi-Purpose Holidngs Berhad	16,700	57,024	49,933	0.46
Perdana Petroleum Bhd	50,000	94,500	81,000	0.75
POS Malaysia Bhd	11,600	57,160	58,580	0.54
Prestariang Bhd	94,500	133,418	160,650	1.49
Sapurakencana Petroleum Bhd	25,100	106,418	85,591	0.79
Sime Darby Berhad	9,859	93,485	95,435	0.88
Telekom Malaysia Bhd	10,999	59,788	79,193	0.73
Tenaga Nasional Bhd	19,400	169,105	259,184	2.41
Uzma Bhd	17,400	57,159	60,030	0.55
Yinson Holdings Berhad	46,400	79,844	135,024	1.25
YTL Corporation Berhad	23,000	39,106	38,180	0.35
	<u>637,920</u>	<u>1,994,629</u>	<u>2,105,493</u>	<u>19.46</u>
TOTAL QUOTED INVESTMENTS	<u>1,405,189</u>	<u>6,136,860</u>	<u>6,687,490</u>	<u>61.81</u>
UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>550,630</u>		
FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>6,687,490</u>		

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

Name of counter	Quantity units	Aggregate cost RM	Market value RM	Percentage of NAV %
UNQUOTED FIXED INCOME SECURITIES BONDS				
Public Bank Berhad 25.09.2018	221,000	222,075	224,277	2.07
	<u>221,000</u>	<u>222,075</u>	<u>224,277</u>	<u>2.07</u>
ISLAMIC BONDS				
CIMB Islamic Bank Berhad 18.09.2017	329,000	331,875	328,234	3.03
Gamuda Berhad 21.03.2018	327,000	331,001	327,364	3.02
Golden Assets International Finance Limited 03.08.2018	436,000	441,267	438,922	4.06
BGSM Management Sdn Bhd 27.12.2018	274,000	280,067	282,183	2.61
First Resources Limited 05.06.2020	330,000	336,678	331,706	3.07
Sarawak Energy Berhad 23.06.2021	308,000	333,111	325,086	3.00
Sabah Credit Corporation 23.07.2021	500,000	508,416	514,646	4.76
	<u>2,504,000</u>	<u>2,562,415</u>	<u>2,548,141</u>	<u>23.55</u>
TOTAL UNQUOTED FIXED INCOME SECURITIES	<u>2,725,000</u>	<u>2,784,490</u>	<u>2,772,418</u>	<u>25.62</u>
UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			<u>(12,072)</u>	
FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			<u>2,772,418</u>	

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

Name of counter	Quantity units	Aggregate cost RM	Market value RM	Percentage of NAV %
30.04.2014				
QUOTED SECURITIES				
Communication				
Singapore Telecommunications	4,000	38,772	39,786	0.41
	4,000	38,772	39,786	0.41
Construction				
Gamuda Berhad	20,600	97,967	94,966	0.98
IJM Corporation Bhd	15,400	88,786	98,252	1.02
	36,000	186,753	193,218	2.00
Consumer Products				
Hyundai Motor	69	51,469	50,083	0.52
Oriental Holdings Bhd	8,800	85,551	68,640	0.71
Sands China	800	17,823	19,045	0.20
	9,669	154,843	137,768	1.43
Energy				
China Petroleum & Chemical Corporation	14,000	36,900	40,337	0.42
Petrochina Co	4,000	14,183	15,108	0.16
	18,000	51,083	55,445	0.58
Finance				
AMMB Holdings Bhd	18,400	136,609	132,112	1.37
Bank of China Ltd	35,000	51,505	50,200	0.52
Cheung Kong (Holdings) Ltd	1,000	49,680	55,521	0.57
China Construction Bank Corporation	29,000	71,086	65,258	0.68
CIMB Group Holdings Bhd	21,387	171,704	160,616	1.66
Hong Leong Group Bhd	3,100	46,386	47,430	0.49
Industrial and Commercial Bank of China Ltd	31,000	67,601	60,240	0.62
Malayan Banking Berhad	22,100	227,681	218,790	2.26
Ping An Insurance (Group) Co of China Ltd	1,500	37,629	36,183	0.37
Public Bank Berhad	9,200	160,330	185,288	1.92
RHB Capital Berhad	11,541	97,307	95,675	0.99
Sun Hung Kai Properties Limited	1,035	43,207	42,510	0.44
Sun Hung Kai Properties Limited Warrants 22.04.2016	85	-	187	-
Syarikat Takaful Malaysia Bhd	6,200	48,840	77,996	0.81
	190,548	1,209,565	1,228,006	12.70

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

Name of counter	Quantity units	Aggregate cost RM	Market value RM	Percentage of NAV %
Industrial Products				
Kossan Rubber Industries Bhd	18,400	44,141	75,440	0.78
Petronas Chemicals Group Berhad	8,400	55,845	56,532	0.59
	26,800	99,986	131,972	1.37
Information Technology				
Hon Hai Precision Industry Co Ltd	4,000	31,876	37,425	0.39
Media Tek Incorporation	1,000	46,377	50,995	0.53
Samsung Electronics Co	18	79,266	76,288	0.79
SK Hynix Inc	450	44,014	57,017	0.59
Taiwan Semiconductor Manufacturing Co., Ltd	7,000	80,877	89,619	0.93
	12,468	282,410	311,344	3.23
Infrastructure				
Project Company				
Digi.Com.Berhad	16,400	77,268	90,856	0.94
Time Dotcom Bhd	23,900	86,454	95,361	0.99
	40,300	163,722	186,217	1.93
Investment Fund				
Dbxt MSCI Asia Ex-Japan 10 Etf	14,500	1,464,765	1,607,200	16.63
	14,500	1,464,765	1,607,200	16.63
Plantation				
IOI Corporation Bhd	9,500	49,392	47,500	0.49
Kulim Malaysia Berhad	16,200	56,213	57,186	0.59
TDM Bhd	42,600	34,423	41,322	0.43
	68,300	140,028	146,008	1.51
Properties				
Hua Yang Berhad	33,033	56,970	61,772	0.64
Matrix Concepts Holdings Berhad	13,400	36,802	54,806	0.57
Sunway Real Estate Investment Trust	15,666	48,114	48,565	0.50
Titijaya Land Bhd	50,000	97,800	101,500	1.05
UEM Sunrise Berhad	19,500	58,167	44,850	0.46
UOA Development Berhad	25,500	57,276	59,925	0.62
	157,099	355,129	371,418	3.84

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

Name of counter	Quantity units	Aggregate cost RM	Market value RM	Percentage of NAV %
Technology				
Globetronics Technology Bhd	35,600	98,503	128,160	1.33
	<u>35,600</u>	<u>98,503</u>	<u>128,160</u>	<u>1.33</u>
Trading/Services				
Axiata Group Bhd	21,700	145,170	146,041	1.51
Berjaya Sports Toto Bhd	12,074	49,493	46,968	0.49
Boustead Holdings Berhad	14,700	79,167	81,585	0.84
Daya	142,500	59,850	47,737	0.49
Dialog Group Bhd	18,000	54,759	64,620	0.67
Genting Berhad	17,600	179,250	172,480	1.79
Maxis Berhad	19,000	130,301	132,050	1.37
MBM Resources Berhad	17,500	67,566	56,350	0.58
Media Prima Bhd	20,000	54,103	49,800	0.52
MISC Berhad	11,300	57,952	73,563	0.76
Magnum Berhad	16,700	57,024	50,434	0.52
Perdana Petroleum Bhd	50,000	94,500	94,500	0.98
Perisai Petroleum Teknologi Bhd	27,800	43,573	43,646	0.45
POS Malaysia Bhd	11,600	57,159	52,200	0.54
Prestariang Bhd	51,600	54,307	104,232	1.08
Sapurakencana Petroleum Bhd	25,100	106,418	108,181	1.12
Sime Darby Berhad	9,859	93,485	93,069	0.96
Telekom Malaysia Bhd	10,500	57,051	65,100	0.67
Tenaga Nasional Bhd	19,400	169,105	230,860	2.39
Uzma Bhd	8,700	50,634	53,070	0.55
Yinson Holdings Berhad	11,600	54,324	98,948	1.02
YTL Corporation Bhd	23,000	39,106	37,030	0.38
Westports Holdings Berhad	24,200	60,608	60,984	0.63
	<u>584,433</u>	<u>1,814,905</u>	<u>1,963,448</u>	<u>20.31</u>
TOTAL QUOTED INVESTMENTS				
	<u>1,197,717</u>	<u>6,060,464</u>	<u>6,499,990</u>	<u>67.27</u>
UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
		<u>439,526</u>		
FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
		<u>6,499,990</u>		

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

Name of counter	Quantity units	Aggregate cost RM	Market value RM	Percentage of NAV %
UNQUOTED FIXED INCOME SECURITIES				
BONDS				
Public Bank Berhad 25.09.2023	221,000	222,075	222,672	2.30
	<u>221,000</u>	<u>222,075</u>	<u>222,672</u>	<u>2.30</u>
COMMERCIAL PAPER				
Sabah Credit Corporation 28.08.2014	300,000	296,282	296,282	3.07
	<u>300,000</u>	<u>296,282</u>	<u>296,282</u>	<u>3.07</u>
TOTAL UNQUOTED FIXED INCOME SECURITIES				
	<u>2,648,000</u>	<u>2,697,180</u>	<u>2,662,484</u>	<u>27.55</u>
UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
		<u>(34,696)</u>		
FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
		<u>2,662,484</u>		
ISLAMIC BONDS				
CIMB Islamic Bank Berhad 18.09.2017	329,000	332,059	327,678	3.39
Gamuda Berhad 21.03.2018	327,000	331,356	325,045	3.36
Golden Assets International Finance Limited 03.08.2018	436,000	441,134	436,158	4.51
Cagamas MBS Berhad 26.10.2018	123,000	123,040	122,646	1.27
BGSM Management Sdn Bhd 27.12.2018	274,000	280,268	280,735	2.91
First Resources Ltd 05.06.2020	330,000	336,668	328,977	3.40
Sarawak Energy Berhad 23.06.2021	308,000	334,297	322,291	3.34
	<u>2,127,000</u>	<u>2,178,823</u>	<u>2,143,530</u>	<u>22.18</u>

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)**10. CASH AND CASH EQUIVALENTS**

	31.10.2014	30.04.2014
	RM	RM
Deposits with licensed financial institutions	1,270,226	102,145
Bank balances	101,940	385,032
	<u>1,372,166</u>	<u>487,177</u>

The effective weighted average interest rate per annum is as follows:

	31.10.2014	30.04.2014
	%	%
Deposits with licensed financial institutions	<u>3.25</u>	<u>3.00</u>

Deposits with licensed financial institutions of the Fund have an average maturity of 3 days (30.4.2014 – 5 days).

11. NUMBER OF UNITS IN CIRCULATION AND NET ASSETS ATTRIBUTABLE TO MEMBERS

	31.10.2014		30.04.2014	
	No. of units	RM	No. of units	RM
At the beginning of the financial period	9,228,085	9,662,657	-	-
Add: Creation arising from applications	2,643,641	2,848,724	9,367,372	9,389,952
Less: Cancellation of units	(1,830,129)	(1,982,831)	(139,287)	(141,356)
Total comprehensive income for the financial period	-	291,540	-	414,061
At end of the financial period	<u>10,041,597</u>	<u>10,820,090</u>	<u>9,228,085</u>	<u>9,662,657</u>

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)**12. MANAGEMENT EXPENSE RATIO (“MER”)**

	Financial period	Financial period
	from 01.05.2014	from 16.05.2013
	to 31.10.2014	(Launch date)
	%	%
MER	<u>1.66</u>	<u>2.08</u>

MER is derived based on the following calculation:

$$\text{MER} = \frac{(A + B + C + D + E + F) \times 100}{G}$$

A = Management fee

E = PPA administration fee

B = Trustee's fee

F = Other expenses

C = Audit fee

G = Average NAV of the Fund calculation on a daily basis

D = Tax agent's fee

The average NAV of the Fund for the financial period calculated on daily basis is RM10,600,397 (30.4.2014 : RM8,110,751).

13. PORTFOLIO TURNOVER RATIO (“PTR”)

	Financial period	Financial period
	from 01.05.2014	from 16.05.2013
	to 31.10.2014	(Launch date)
	%	%
PTR (times)	<u>0.19</u>	<u>0.69</u>

PTR is derived based on the following calculation:

$$\frac{(\text{Total acquisition for the financial period} + \text{total disposal for the financial period}) \div 2}{\text{Average NAV of the Fund for the financial period calculated on a daily basis}}$$

where:

total acquisition for the financial period = RM2,017,484 (30.4.2014 : RM10,001,507).

total disposal for the financial period = RM1,952,578 (30.4.2014 : RM1,227,919).

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)**14. UNITS HELD BY THE PRS PROVIDER AND RELATED PARTIES TRANSACTIONS AND BALANCES**

The related parties and their relationship with the Fund are as follows:

Related parties	Relationship
AIA Pension and Asset Management Sdn. Bhd.	The PRS Provider
AIA Bhd (Formerly known as American International Assurance Bhd)	Holding Company of the PRS Provider
AIA Group Limited	Ultimate holding company of the PRS Provider

Units held by the PRS Provider and parties related to the PRS Provider

	31.10.2014		30.04.2014	
	No. of units	RM	No. of units	RM
PRS Provider				
AIA Pension and Asset Management Sdn Bhd	3,287,038	3,541,784	5,000,000	5,235,500

In the opinion of the PRS Provider, the above units were transacted at the prevailing market price.

The units are held beneficially by the PRS Provider for bookings purpose. Other than the above, there were no units held by Directors or parties related to the PRS Provider.

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances. The PRS Provider is of the opinion that all transactions with the related companies have been entered into in the normal course of business at agreed terms between the related parties and the interest rates on fixed and short-term deposits were at normal commercial rates.

Significant related party transactions	31.10.2014	30.04.2014
AIA Pension and Asset Management Sdn. Bhd.	(1,712,962)	5,000,000

Significant related party balances	31.10.2014	30.04.2014
AIA Pension and Asset Management Sdn. Bhd.	3,541,784	5,235,500

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)**15. TRANSACTIONS WITH BROKERS/DEALERS**

Details of transactions with the top 10 brokers/dealers for the financial period from 01 May 2014 to 31 October 2014 are as follows:

Brokers/dealers	Value of trades	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
Public Bank Berhad	41,160,000	71.00	-	-
Hong Leong Bank Berhad	10,619,000	18.32	-	-
Public Islamic Bank Berhad	2,590,000	4.47	-	-
J.P. Morgan Securities (Asia Pacific) Ltd	1,162,226	2.01	3,915	31.52
AmBank (M) Berhad	626,138	1.08	-	-
Maybank Investment Bank Berhad	500,890	0.86	3,110	25.04
Kenanga Investment Bank Berhad	353,184	0.61	1,164	9.37
Macquarie Capital Securities (M) Sdn Bhd	328,366	0.57	1,087	8.75
CIMB Investment Bank Berhad	320,200	0.55	1,000	8.05
Affin Hwang Investment Bank Berhad	151,581	0.26	1,501	12.08
Others	157,781	0.27	644	5.19
	<u>57,969,366</u>	<u>100.00</u>	<u>12,421</u>	<u>100.00</u>

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

Details of transactions with the top 10 brokers/dealers for the financial period from 16 May 2013 (date of launch) to 30 April 2014 are as follows:

Brokers/dealers	Value of trades	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
Credit Suisse	4,894,376	44.08	15,550	54.08
CIMB Bank Berhad	1,213,332	10.93	-	-
Hong Leong Investment Bank Berhad	1,166,306	10.50	3,894	3,894
Maybank Investment Bank Berhad	1,073,773	9.67	4,036	14.04
Macquarie Capital Securities (M) Sdn Bhd	756,772	6.82	2,936	10.21
RHB Investment Bank Berhad	691,942	6.23	-	-
AmBank (M) Berhad	570,282	5.14	-	-
Malayan Banking Berhad	395,073	3.56	642	2.23
CIMB Investment Bank Berhad	293,594	2.64	1,560	5.43
J.P. Morgan Securities (Asia Pacific) Ltd	43,717	0.39	135	0.47
Others	4,061	0.04	-	-
	11,103,228	100.00	28,753	100.00

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)**16. SEGMENT INFORMATION**

The internal reporting provided to the chief operating decision-maker for the fund's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of MFRS and International Financial Reporting Standards. The CEO, who is the chief operating decision-maker is responsible for the performance of the Fund and considers the business to have a single operating segment located in Malaysia. Asset allocation decisions are based on a single, integrated investment strategy and the Fund's performance is evaluated on an overall basis.

The investment objective of the Fund is to grow the value of investments over the long-term through investment in a diversified mix of Malaysian assets. The reportable operating segment derives its income by seeking investments to achieve targeted returns commensurate with an acceptable level of risk within the portfolio. These returns consist of profit and dividend income earned from investments and gains on the appreciation in the value of investments.

There were no changes in reportable operating segment during the financial period.

17. COMPARATIVES

The comparative financial statements are in respect of the financial period from 16 May 2013 (launch date) to 30 April 2014.

18. APPROVAL OF FINANCIAL STATEMENTS

The unaudited financial statements have been approved for issue by the PRS Provider on 12 December 2014.

AIA PAM – MODERATE FUND

Fund Information

Name:	AIA PAM – Moderate Fund
Type & Category:	Core (Moderate)
Investment Objective:	The Fund seeks to provide returns through a combination of income* and capital growth. *Income will be reinvested in additional Units in the Fund.
Investment Strategy:	The Fund will invest in equities that are trading below their fair value and equities offering a dividend yield above the market average. The Fund will invest in local and foreign markets. The Fund will also invest at least 50% of its NAV in local fixed income instruments with a minimum credit rating of “BBB3” or “P2” by RAM or equivalent rating by MARC.
Benchmark:	25% FBM 100 Index + 25% MSCI AC Asia ex-Japan Index + 50% Quant Shop MGS All Bond Index
Distribution policy:	Subject to the availability of income, distribution (if any) will be distributed annually.

Breakdown of unit holdings by size:

Size of holdings (units)	No. of unit holder	No. of units held	% of units held
5,000 and below	1,101	2,543,175.12	25.43
5,001 to 10,000	137	852,443.90	8.52
10,001 to 50,000	42	797,668.16	7.98
50,001 to 500,000	7	871,120.08	8.71
500,001 and above	1	4,937,074.91	49.36
TOTAL	1,288	10,001,482.17	100

Note: The unit holdings include Seed Capital of 4.9370 million units as at 31 October 2014.

FUND PERFORMANCE

Details of the portfolio composition of the Fund are as follows:

	As of 31 October 2014
	%
Quoted securities	
- Construction	1.80
- Consumer Products	1.02
- Finance	7.55
- Industrial Product	3.39
- Infrastructure Project Company	1.83
- Investment Fund	11.90
- Plantation	2.72
- Properties	4.25
- Technology	0.54
- Trading/Services	18.20
Unquoted fixed income securities	34.53
Cash and other net assets	12.27
	100.00

Performance details of the Fund are as follows:

	From 1 May 2014 31 October 2014	Since inception to 30 April 2014
Net asset value (NAV) (RM million)	10.7474	9.3793
Units in circulation (million)	10.0015	8.9697
NAV per unit (RM)	1.0746	1.0457
Highest NAV per unit (RM)	1.0854	1.0511
Lowest NAV per unit (RM)	1.0407	0.9680
Total return (%)	2.76	4.57
- Capital growth (%)	2.76	4.57
- Income distribution (%)	0.00	0.00
Average Total Return (%)	0.46	0.45
Annualised total return (%)	5.52	5.00
Gross distribution per unit (sen)	-	-
Net distribution per unit (sen)	-	-
Date of distribution	-	-
Management expense ratio (%)	1.66	2.07
Portfolio turnover ratio (times)	0.15	0.73
Seed capital (units in million)	4.9370	5.0000
% of Total Units in Circulation	49.36	55.74

Note: Basis of calculation and assumption made in computation of the returns

$$\text{Performance return} = \frac{\text{NAV}(t) - \text{NAV}(t-1)}{\text{NAV}(t)}$$

$$\text{Annualised performance return} = \frac{(\text{Performance return}) \times (\text{no. of days per year})}{\text{total no. of days for period under review}}$$

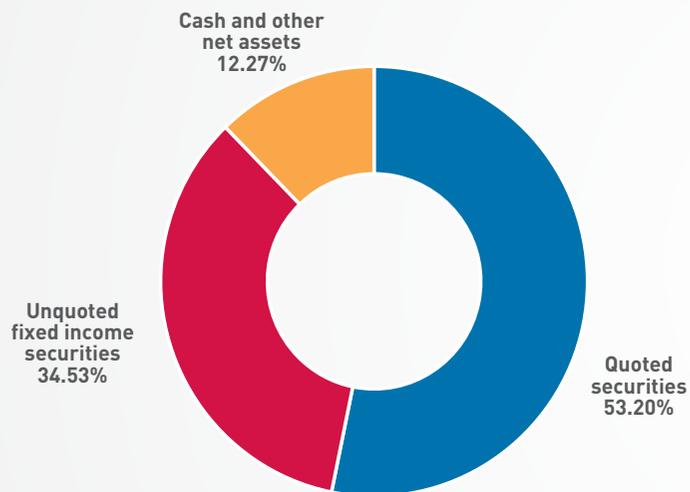
FUND PERFORMANCE (cont'd)

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

Asset allocation of the Fund is as follows:

Quoted securities
 Unquoted fixed income securities
 Cash and other net assets
 Total

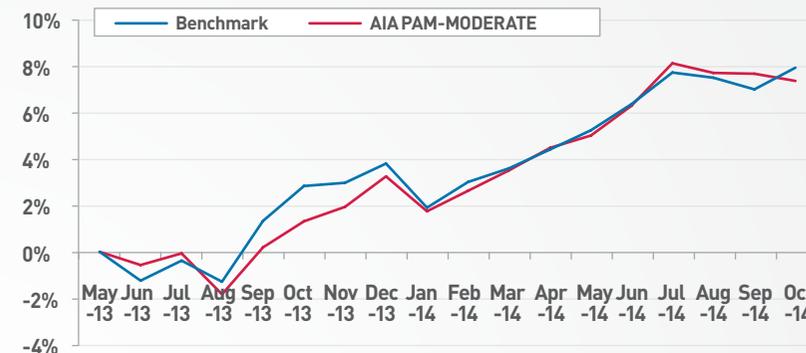
As of 31 October 2014	
	% of NAV
Quoted securities	53.20
Unquoted fixed income securities	34.53
Cash and other net assets	12.27
Total	100.00



As at 31 October 2014, the Fund was fully invested where a minimal level of liquid assets was maintained primarily for redemption purposes.

FUND REPORT

AIA PAM-MODERATE



Source: Bloomberg, www.bursamalaysia.com, www.msci.com, www.quantshop.com as at 31 October 2014

How did the Fund perform during the period?

During the period of review from 1 May 2014 till 31 October 2014, the Fund has posted a return of 2.76% vs benchmark of 3.39%. The Fund marginally underperformed the benchmark due to our underweight in foreign equities which had outperformed local equities. The Fund is in line with its investment objective of seeking to provide returns through a combination of income and capital growth.

During the period under review, there were no significant changes in the state of affairs of the Fund and no circumstances which materially affect any interests of the members.

What investments influenced the Fund's performance over the year?

Positives

- The Fund participated in IPOs such as 7-Eleven and Tanah Makmur which have outperformed.
- The Fund's equity portion was overweight in small to medium cap stocks like Chin Well, Globetronics, Berjaya Auto and Matrix Concept which have outperformed
- The Fund's equity portion was overweight in cyclical sectors such as property, construction and technology which have outperformed.

FUND REPORT (cont'd)

- The Fund's equity portion was underweight in finance sector which have underperformed.
- The Fund's fixed income portion was biased towards corporate bonds versus government bonds which benefitted due to higher carry and tightening of credit spreads.

Negatives

- The Fund participated in IPO such as Icon Offshore which had underperformed.
- The Fund's equity position was overweight in oil & gas sector which had underperformed.
- The Fund's equity position was underweight in telecommunication sector which had outperformed
- The Fund's underweight position in foreign equity markets which have outperformed local market.
- The Fund had an underweight duration position, hence it did not benefit when the yield curve flattened.

What is your strategy going forward?

For equity, with expectations of a synchronised global growth, we prefer growth stocks over yield. As such, we like stocks in cyclical sectors i.e. oil & gas, selected property stocks, construction and technology. We would be steadily increasing our foreign equity exposure.

Uneven global economic growth and stable inflation are supportive factors for the Malaysian fixed income market. Nevertheless, this will be balanced by how foreign investors in the Malaysian market react to the Fed's monetary policy. We expect MYR yields to continue to be influenced by the Ringgit and US Treasury yields. This underpins our strategy to be duration neutral. We will invest primarily in corporate bonds that offer good relative values against a backdrop of a stable credit conditions.

Soft Commission and Rebates

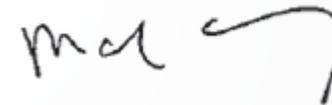
There was also no soft commission or rebates received from any broker for the period under review.

STATEMENT BY PRS PROVIDER

STATEMENT BY PRS PROVIDER TO THE MEMBERS OF AIA PAM – MODERATE FUND

I, Wang Ming-Yuan, Mark being the Chief Executive Officer of AIA Pension and Asset Management Sdn. Bhd. (the "PRS Provider"), do hereby state that, in the opinion of the PRS Provider, the accompanying unaudited financial statements set out on pages 60 to 96 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 31 October 2014 and of its financial performance, changes in equity and cash flows for the financial period From 1 May 2014 to 31 October 2014 in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

For and on behalf of the PRS Provider,
AIA PENSION AND ASSET MANAGEMENT SDN. BHD.
(Company No: 1011637-P)



Wang Ming-Yuan, Mark
Chief Executive Officer

Kuala Lumpur
Date: 12 December 2014

TRUSTEE'S REPORT

TRUSTEE'S REPORT TO THE MEMBERS OF AIA PAM – MODERATE FUND

We have acted as the Trustee of AIA PAM - MODERATE FUND (the "Fund") for the financial period from 1 May 2014 to 31 October 2014. To the best of our knowledge, for the period under review, AIA Pension and Asset Management Sdn. Bhd (the "PRS Provider"), has operated and managed the Fund in accordance with the following:

- (a) limitations imposed on the investment powers of the PRS Provider and the Trustee under the Deeds, the Securities Commission's Guidelines on Private Retirement Schemes, the Capital Markets and Services Act 2007 and other applicable laws;
- (b) valuation/pricing is carried out in accordance with the Deeds and relevant regulatory requirements; and
- (c) creation and cancellation of units are carried out in accordance with the Deeds and relevant regulatory requirements

For Deutsche Trustees Malaysia Berhad

Ikhizuwan Ibrahim
Manager, Trustee Operations

Kuala Lumpur
Date: 15 December 2014

Soon Lai Ching
Manager, Trustee Operations

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD FROM 01 MAY 2014 TO 31 OCTOBER 2014

	Note	Financial period from 01.05.2014 to 31.10.2014 RM	Financial period from 16.05.2013 (Launch date) to 30.04.2014 RM
NET INVESTMENT INCOME			
Dividend income		74,525	134,705
Interest income	4	89,181	136,296
Net gain on financial assets at fair value through profit or loss	9	204,048	295,101
		367,754	566,102
EXPENSES			
Management fee	5	76,600	118,335
Trustee's fee	6	2,043	3,156
PPA administration fee	7	2,043	3,156
Transaction costs		7,711	27,728
Audit fee		4,275	8,000
Tax agent's fee		1,603	4,770
Custody fee		182	131
Other expenses		7,522	4,982
		101,979	170,258
PROFIT BEFORE TAXATION		265,775	395,844
Taxation	8	-	-
PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		265,775	395,844
Profit after taxation is made up as follows:			
Realised amount		83,347	110,490
Unrealised amount		182,428	285,354

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

UNAUDITED STATEMENT OF FINANCIAL POSITION

AS AT 31 OCTOBER 2014

	Note	31.10.2014 RM	30.04.2014 RM
CURRENT ASSETS			
Financial assets at fair value through profit or loss	9	9,462,648	8,997,059
Cash and cash equivalents	10	1,297,429	380,494
Amount due from PRS Provider – creation of units		43,000	10,593
Dividends receivable		5,708	9,791
Tax recoverable		4,877	4,877
TOTAL ASSETS		<u>10,813,662</u>	<u>9,402,814</u>
CURRENT LIABILITIES			
Amount due to Provider – cancellation of units		56,458	11,557
Amount due to Trustee		359	308
Amount due to PPA		359	308
Amount due to Custody fee		5	131
Other payables and accruals		9,058	11,181
TOTAL LIABILITIES		<u>66,239</u>	<u>23,485</u>
NET ASSETS VALUE OF THE FUND		<u>10,747,423</u>	<u>9,379,329</u>
EQUITY			
Members' capital		10,085,804	8,983,485
Retained earnings		661,619	395,844
NET ASSET ATTRIBUTABLE TO MEMBERS	11	<u>10,747,423</u>	<u>9,379,329</u>
Number of units in circulation (units)	11	<u>10,001,482</u>	<u>8,969,654</u>
Net asset value per unit (RM) (*Ex-distribution)		<u>1.0746</u>	<u>1.0457</u>

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

UNAUDITED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD FROM 01 MAY 2014 TO 31 OCTOBER 2014

	Note	Members' capital RM	Retained earnings RM	Total RM
Balance as at 01 May 2014				
Movement in members' contributions:		8,983,485	395,844	9,379,329
Creation of units arising from applications	11	1,403,232	-	1,403,232
Cancellation of units	11	(300,913)	-	(300,913)
Total comprehensive income for the financial period		-	265,775	265,775
Balance as at 31 October 2014		<u>10,085,804</u>	<u>661,619</u>	<u>10,747,423</u>
Balance as at 16 May 2013 (date of launch)		-	-	-
Movement in members' contributions:				
Creation of units arising from applications				
Cancellation of units	11	9,230,815	-	9,230,815
Total comprehensive income for the financial period	11	(247,330)	-	(247,330)
		-	395,844	395,844
Balance as at 30 April 2014		<u>8,983,485</u>	<u>395,844</u>	<u>9,379,329</u>

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

UNAUDITED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL PERIOD FROM 01 MAY 2014 TO 31 OCTOBER 2014

	Note	Financial period from 01.05.2014 to 31.10.2014 RM	Financial period from 16.05.2013 (Launch date) to 30.04.2014 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from disposal of investments		1,341,034	1,633,267
Purchase of investments		(1,593,044)	(10,300,157)
Dividend received		78,608	124,914
Interest received from investments		79,661	101,228
Management fee paid		(74,699)	(106,778)
Trustee's fee paid		(1,992)	(2,848)
PPA administrative fee paid		(1,992)	(2,848)
Tax paid		-	(4,877)
Payments for other fees and expenses		(23,542)	(34,299)
Net cash used in operating activities		<u>(195,977)</u>	<u>(8,592,398)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		1,370,825	9,220,222
Payments for cancellation of units		(257,913)	(247,330)
Net cash generated from financing activities		<u>1,112,912</u>	<u>8,972,892</u>
Net increase in cash and cash equivalents		916,935	380,494
Cash and cash equivalents at the beginning of financial period/ launch date		380,494	-
Cash and cash equivalents at the end of the financial period	10	<u>1,297,429</u>	<u>380,494</u>

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

NOTES TO UNAUDITED FINANCIAL STATEMENTS

NOTES TO UNAUDITED FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 01 MAY 2014 TO 31 OCTOBER 2014

1. THE FUND, THE PRS PROVIDER AND ITS PRINCIPAL ACTIVITY

AIA PAM - Moderate (the "Fund") is governed by a Deed dated 16 January 2013 and Supplemental Deed dated 16 August 2013 (hereinafter referred to collectively as the "Deed") between AIA Pension and Asset Management Sdn. Bhd. (the "PRS Provider") and Deutsche Trustees Malaysia Berhad (the "Trustee").

The Fund seeks to provide returns through a combination of income and capital growth by investing up to 60% of its NAV in a portfolio of local and foreign equities, of which approximately half of its equity allocation in the Malaysian market and the other half in the Asia ex-Japan markets which are members of the International Organization of Securities Commissions such as (but not limited to) Singapore, Thailand, Philippines, Indonesia, Hong Kong, Korea and Taiwan. The actual allocation between local and foreign equities will depend on the availability of equities in each country which meets the Fund's stock selection criteria and will not be static.

The Fund will have a preference for equities offering a dividend yield above the market average and equities that are traded below their fair value.

The Fund will invest at least 40% of its NAV in local fixed income instruments with a minimum credit rating of "BBB3" or "P2" by RAM or equivalent rating by MARC.

The Fund commenced operations on 16 May 2013 and will continue its operations until terminated by the Trustee or the PRS Provider, as the case may be as provided under Clause 2.3 of the Deed.

All investments will be subject to the Securities Commission's ("SC") Guidelines on Private Retirement Schemes, SC requirements, the Deeds, except where exemptions or variations have been approved by the SC, internal policies and procedures and the Fund's objective.

The PRS Provider, AIA Pension and Assets Management Sdn. Bhd. is incorporated in Malaysia. The principal activities of the Company are asset management and management of Private Retirement Scheme ("PRS") funds. It is a wholly owned entity of AIA Berhad (formerly known as American International Assurance Bhd.), whose ultimate holding company is AIA Group Limited, a company incorporated in Hong Kong and listed on the Stock Exchange of Hong Kong Limited.

The unaudited financial statements were authorised for issue by the PRS Provider on 12 December 2014.

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements:

(a) Basis of preparation

The financial statements have been prepared in accordance with the provisions of the Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

The financial statements have been prepared under the historical cost convention, as modified by financial assets and financial liabilities (including derivatives instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with MFRS and IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial period.

It also requires the PRS Provider to exercise their judgment in the process of applying the Fund's accounting policies. The PRS Provider believes that the underlying assumptions are appropriate and the Fund's financial statements therefore present the financial position results fairly. Although these estimates and judgment are based on the PRS Provider's best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2(m).

The standards, amendments to published standards and interpretations to existing standards that are applicable to the Fund but not yet effective and have not been early adopted are as follows:

(i) Financial year beginning on/after 1 January 2014

Amendment to MFRS 132 "Financial Instruments: Presentation" (effective from 1 January 2014) does not change the current offsetting model in MFRS 132. It clarifies the meaning of 'currently has a legally enforceable right of set-off' that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. It clarifies that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the MFRS 132 offsetting criteria. The Fund will apply this amendment when effective.

The adoption of the amendment is not expected to have a significant impact on the results of the Fund.

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

(ii) Financial year beginning on/after 1 January 2017

MFRS 9 "Financial Instruments – Classification and Measurement of Financial Assets and Financial Liabilities" (effective no earlier than annual periods beginning on or after 1 January 2017) replaces the parts of MFRS 139 that relate to the classification and measurement of financial instruments. MFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the MFRS 139 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Fund will apply this standard when effective.

The adoption of the standard is not expected to have a significant impact on the results of the Fund.

(b) Financial assets and liabilities

Classification

The Fund designates its investment in quoted securities and unquoted fixed income securities as financial assets at fair value through profit or loss at inception.

Financial assets are designated at fair value through profit or loss when they are managed and their performance evaluated on a fair value basis.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and have been included in current assets. The Fund's loan and receivables comprise cash and cash equivalents, amount due from PRS Provider, amount due from stockbrokers and dividends receivable.

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

The Fund classifies amount due to PRS Provider, amount due to stockbrokers, accrued management fee, amount due to Trustee, other payables and accruals as other financial liabilities.

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)**Recognition and measurement**

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Fund commits to purchase or sell the asset. Investments are initially recognised at fair value. Transaction costs are expensed in the statement of comprehensive income.

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.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognised when it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expired.

Unrealised gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss are presented in the statement of comprehensive income within net gain or loss on financial assets at fair value through profit or loss in the period which they arise.

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of gross dividend income when the Fund's right to receive payments is established.

Quoted investments in Malaysia are valued at the last done market price quoted on Bursa Malaysia Securities Bhd ("Bursa Securities") at the date of the statement of financial position.

If a valuation based on the market price does not represent the fair value of the securities, for example during abnormal market conditions or when no market price is available, including in the event of a suspension in the quotation of the securities for a period exceeding 14 days, or such shorter period as agreed by the trustee, then the securities are valued as determined in good faith by the PRS Provider, based on the methods or bases approved by the Trustee after appropriate technical consultation.

Unquoted fixed income securities denominated in Ringgit Malaysia are revalued on a daily basis based on fair value prices quoted by a bond pricing agency ("BPA") registered with the SC as per the SC Guidelines on Private Retirement Schemes.

Deposits with licensed financial institutions are stated at cost plus accrued interest calculated on the effective interest method over the period from the date of placement to the date of maturity of the respective deposits.

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

Loans and receivables and other financial liabilities are subsequently carried at amortised cost using the effective interest method.

For assets carried at amortised cost, the Fund assesses at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If 'loans and receivables' has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

As a practical expedient, the Fund may measure impairment on the basis of an instrument's fair value using an observable market price.

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 (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in statement of comprehensive income.

When an asset is uncollectible, it is written off against the related allowance account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

(c) Income recognition

Dividend income is recognised on the ex-dividend date when the right to receive payment is established.

Interest income from deposits with licensed financial institutions and unquoted fixed income securities are recognised on a time proportionate basis using the effective interest rate method on an accrual basis.

Realised gain or loss on disposal of quoted securities is accounted for as the difference between the net disposal proceeds and the carrying amount of investments, determined on a weighted average cost basis.

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

Realised gain or loss on disposal of unquoted fixed income securities is calculated based on difference between the net disposal proceeds and the carrying amount of investments, determined on cost adjusted for accretion of discount or amortisation of premium.

(d) Functional and presentation currency

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the “functional currency”). The financial statements are presented in Ringgit Malaysia (“RM”), which is the Fund’s functional and presentation currency.

(e) Creation and cancellation of units

The Fund issues cancellable units, which are cancelled at the member’s option and are classified as equity. Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund’s NAV. The outstanding units are carried at the redemption amount that is payable at the date of the statement of financial position if the member exercises the right to put back the unit to the Fund.

Units are created and cancelled at the member’s option at prices based on the Fund’s NAV per unit at the time of creation or cancellation. The Fund’s NAV per unit is calculated by dividing the net assets attributable to members with the total number of outstanding units.

(f) Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise bank balances and deposits held in highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(g) Taxation

Current tax expense is determined according to Malaysian tax laws at the current rate based upon the taxable profit earned during the financial period.

(h) Transaction costs

Transaction costs are costs incurred to acquire or dispose financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognised in the statement of comprehensive income as expenses.

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

(i) Amount due from/to stockbrokers

Amounts due from and amount due to stockbrokers represent receivables for investments sold and payables for investments purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively.

These amounts are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment for amount due from stockbrokers. A provision for impairment of amount due from stockbrokers is established when there is objective evidence that the Fund will not be able to collect all amounts due from the relevant stockbroker. Significant financial difficulties of the stockbroker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that the amount due from stockbrokers is impaired. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or loans expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

(j) Members’ capital

The members’ contributions to the Fund meet the definition of puttable instruments classified as equity instruments under MFRS 132 “Financial Instruments: Presentation”.

The units in the Fund are puttable instruments which entitle the members to a pro-rata share of the net asset of the Fund. The units are subordinated and have identical features. There is no contractual obligation to deliver cash or another financial asset other than the obligation on the Fund to repurchase the units. The total expected cash flows from the units in the Fund over the life of the units are based on the change in the net asset of the Fund.

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)**(k) Segmental information**

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments.

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

(l) Fair value of financial instruments

Financial instruments comprise financial assets and financial liabilities. Fair value is the amount at which a financial asset could be exchanged or a financial liability settled, between knowledgeable and willing parties in an arm's length transaction. The information presented herein represents the estimates of fair values as at the date of the statement of financial position.

Financial instruments of the Fund are as follows:

	Financial assets at fair value through profit or loss RM	Loans and Receivables RM	Total RM
31.10.2014			
Financial assets at fair value through profit or loss (Note 9)	9,462,648	-	9,462,648
Cash and cash equivalents (Note 10)	-	1,297,429	1,297,429
Amount due from PRS Provider – creation of units	-	43,000	43,000
Dividends receivable	-	5,708	5,708
	<u>9,462,648</u>	<u>1,346,137</u>	<u>10,808,785</u>
30.04.2014			
Financial assets at fair value through profit or loss (Note 9)	8,997,059	-	8,997,059
Cash and cash equivalents (Note 10)	-	380,494	380,494
Amount due from PRS Provider – creation of units	-	10,593	10,593
Dividends receivable	-	9,791	9,791
	<u>8,997,059</u>	<u>400,878</u>	<u>9,397,937</u>

All current liabilities are financial liabilities which are carried at amortised cost.

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)**(m) Critical accounting estimates and judgements in applying accounting policies**

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Fund's results and financial position are tested for sensitivity to changes in the underlying parameters.

Estimates and judgments are continually evaluated by the PRS Provider and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In undertaking any of the Fund's investment, the PRS Provider will ensure that all assets of the Fund under management will be valued appropriately, that is at fair value and in compliance with the SC Guidelines on Private Retirement Schemes.

Ringgit-denominated unquoted fixed income securities are valued using fair value prices quoted by a bond pricing agency ("BPA"). Where the PRS Provider is of the view that the price quoted by BPA for a specific unquoted fixed income securities differs from the market price by more than 20 basis points, the PRS Provider may use market price, provided that the PRS Provider records its basis for using a non-BPA price, obtains necessary internal approvals to use the non-BPA price, and keeps an audit trail of all decisions and basis for adopting the use of non-BPA price.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES

The investment objective of the Fund is to provide returns through a combination of income and capital growth.

The Fund is exposed to a variety of risks which include market risk (inclusive of price risk and interest rate risk), credit risk, liquidity risk, non-compliance risk and capital risk.

Financial risk management is carried out through internal control process adopted by the PRS Provider and adherence to the investment restrictions as stipulated in the Disclosure Document and SC Guidelines on Private Retirement Schemes.

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)**(a) Market risk****(i) Price risk**

This is the risk that the fair value of an investment in quoted securities and unquoted fixed income securities will fluctuate because of changes in market prices (other than those arising from interest rate risk). The value of investments may fluctuate according to the activities of individual companies, sector and overall political and economic conditions. Such fluctuation may cause the Fund's NAV and prices of units to fall as well as rise, and income produced by the Fund may also fluctuate.

The price risk is managed through diversification and selection of securities and other financial instruments within specified limits according to the Deeds.

The Fund's overall exposure to price risk was as follows:

	31.10.2014 RM	30.04.2014 RM
Financial assets at fair value through profit or loss:		
- quoted securities	5,765,810	5,465,318
- unquoted fixed income securities	<u>3,696,838</u>	<u>3,531,741</u>
Total	<u>9,462,648</u>	<u>8,997,059</u>

The table below summarises the sensitivity of the Fund's profit after tax and NAV to movements in prices of quoted securities and unquoted fixed income securities at the end of each reporting period. The analysis is based on the assumptions that the price of the quoted securities and unquoted fixed income securities increased and decreased by 5% with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the quoted securities and unquoted fixed income securities, having regard to the historical volatility of the prices.

% Change in price of quoted securities and unquoted fixed income securities	Market value RM	Impact on profit before taxation/change in NAV RM
31.10.2014		
+5%	9,935,780	473,132
0%	9,462,648	-
-5%	<u>8,989,516</u>	<u>(473,132)</u>
30.04.2014		
+5%	9,446,912	449,853
0%	8,997,059	-
-5%	<u>8,547,206</u>	<u>(449,853)</u>

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)**(ii) Interest rate risk**

In general, when interest rates rise, unquoted fixed income securities prices will tend to fall and vice versa. Therefore, the NAV of the Fund may also tend to fall when interest rates rise or are expected to rise. However, investors should be aware that should the Fund holds an unquoted fixed income securities till maturity, such price fluctuations would dissipate as it approaches maturity, and thus the growth of the NAV shall not be affected at maturity. In order to mitigate interest rates exposure of the Fund, the PRS Provider will manage the duration of the portfolio via shorter or longer tenured assets depending on the view of the future interest rate trend of the PRS Provider, which is based on its continuous fundamental research and analysis.

This risk is crucial since unquoted fixed income securities portfolio management depends on forecasting interest rate movements. Prices of unquoted fixed income securities move inversely to interest rate movements, therefore as interest rates rise, the prices of unquoted fixed income securities decrease and vice versa. Furthermore, unquoted fixed income securities with longer maturity and lower yield coupon rates are more susceptible to interest rate movements.

Investors should note that unquoted fixed income securities and money market instruments are subject to interest rate fluctuations. Such investments may be subject to unanticipated rise in interest rates which may impair the ability of the issuers to make payments of profit income and principal, especially if the issuers are highly leveraged. An increase in interest rates may therefore increase the potential for default by an issuer.

The table below summarises the sensitivity of the Fund's profit after tax and NAV to movements in prices of unquoted fixed income securities held by the Fund as a result of movement in interest rate. The analysis is based on the assumptions that the interest rate changed by 5% with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the interest rate, having regard to the historical volatility of the interest rate.

% Change in interest rate	Impact on profit after taxation/NAV 31.10.2014 RM	Impact on profit after taxation/NAV 30.04.2014 RM
+5%	(644,247)	(33,012)
-5%	<u>835,770</u>	<u>33,275</u>

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Fund's exposure to fair value interest rate risk arises from investment in money market instruments. The interest rate risk is expected to be minimal as the Fund's investments comprise mainly short term deposits with approved licensed financial institutions. The Fund is not exposed to cash flow interest rate risk as the Fund does not hold any financial instruments at variable interest rate.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligation resulting in financial loss to the Fund.

Investment in unquoted fixed income securities may involve a certain degree of credit/default risk with regards to the issuers. Generally, credit risk or default risk is the risk of loss due to the issuer's non-payment or untimely payment of the investment amount as well as the returns on investment. This will cause a decline in value of the defaulted unquoted fixed income securities and subsequently depress the NAV of the Fund. Usually credit risk is more apparent for an investment with a longer tenure, i.e. the longer the duration, the higher the credit risk. Credit risk can be managed by performing continuous fundamental credit research and analysis to ascertain the creditworthiness of its issuer. In addition, the PRS Provider imposes a minimum rating requirement as rated by either local and/or foreign rating agencies and manages the duration of the investment in accordance with the objective of the Fund. For this Fund, the unquoted fixed income securities investment must satisfy a minimum rating requirement of at least "BBB3" or "P2" by RAM or equivalent rating by MARC.

The credit risk arising from placements of deposits in licensed financial institutions is managed by ensuring that the Fund will only place deposits in reputable licensed financial institutions. The settlement terms of the proceeds from the creation of units receivable from the PRS Provider are governed by the SC Guidelines on Private Retirement Schemes.

The following table sets out the credit risk concentration of the Fund:

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

	Financial assets at fair value through profit or loss RM	Cash and cash equivalents RM	Amount due from PRS Provider RM	Dividend receivables RM	Other receivables RM	Total RM
31.10.2014						
Quoted securities						
Construction	195,116	-	-	-	-	195,116
Consumer	110,287	-	-	-	-	110,287
Finance	816,698	-	-	2,520	-	819,218
Industrial	367,770	-	-	-	-	367,770
Infrastructure	198,219	-	-	-	-	198,219
Investment	1,290,800	-	-	-	-	1,290,800
Plantations	295,040	-	-	-	-	295,040
Properties	460,881	-	-	-	-	460,881
Technology	58,760	-	-	1,430	-	58,760
Trading/Services	1,972,239	-	-	1,758	-	1,973,996
Unquoted fixed income						
Commercial						
- AA1	284,151	-	-	-	-	284,151
- AA+ IS	459,927	-	-	-	-	459,927
Civil						
- AA3	458,509	-	-	-	-	458,509
Diversified						
- AA3	282,183	-	-	-	-	282,183
Development						
- AA1	664,589	-	-	-	-	664,589
Plantation						
- AA2	464,388	-	-	-	-	464,388
- AA2(S)	628,182	-	-	-	-	628,182
Utilities						
- AA1	454,909	-	-	-	-	454,909
Other						
- NR	-	-	43,000	-	4,877	47,877
Money Market						
- AAA	-	1,190,212	-	-	-	1,190,212
- AA1	-	140,544	-	-	-	140,544
	<u>9,462,647</u>	<u>1,330,756</u>	<u>43,000</u>	<u>5,708</u>	<u>4,877</u>	<u>10,846,98</u>

All financial assets of the Fund as at the end of each financial period are neither past due nor impaired.

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

	Financial assets at fair value through profit or loss RM	Cash and cash equivalents RM	Amount due from PRS Provider RM	Dividend receivables RM	Other receivables RM	Total RM
30.04.2014						
Quoted securities						
Construction	177,935	-	-	-	-	177,935
Consumer Products	60,060	-	-	-	-	60,060
Finance	907,378	-	-	9,216	-	916,594
Industrial Products	277,984	-	-	-	-	277,984
Infrastructure Project	181,759	-	-	-	-	181,759
Investment	1,319,013	-	-	-	-	1,319,013
Plantations	149,281	-	-	-	-	149,281
Properties	342,296	-	-	-	-	342,296
Technology	64,440	-	-	-	-	64,440
Trading/Services	1,985,172	-	-	575	-	1,985,747
Unquoted fixed income						
Commercial						
- AA1	282,119	-	-	-	-	282,119
- AA+ IS	459,148	-	-	-	-	459,148
Civil Engineering &						
- AA3	455,261	-	-	-	-	455,261
Collateralised Loan						
- AAA	123,643	-	-	-	-	123,643
Diversified Holdings						
- AA3	280,735	-	-	-	-	280,735
Development Finance Institutions						
- P1	395,041	-	-	-	-	395,041
Financial Services						
- AA2 (S)	624,226	-	-	-	-	624,226
Plantation And Agriculture						
- AA2	460,568	-	-	-	-	460,568
Utilities						
- AA1	451,000	-	-	-	-	451,000
Other						
- NR	-	-	10,593	-	4,877	15,470
Money Market						
- AA1	-	380,494	-	-	-	380,494
	<u>8,997,059</u>	<u>380,494</u>	<u>10,593</u>	<u>9,791</u>	<u>4,877</u>	<u>9,402,814</u>

All financial assets of the Fund as at the end of each financial period are neither past due nor impaired.

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

(c) Liquidity risk

Liquidity risk can be defined as the ease with which a security can be sold at or near its fair value depending on the volume traded in the market. If a security encounters a liquidity crunch, the security may need to be sold at a discount to the market fair value of the security. This in turn would depress the NAV and/or growth of the Fund. Generally, all investments are subject to a certain degree of liquidity risk depending on the nature of the investment instruments, market, sector and other factors. For the purpose of the Fund, the PRS Provider will attempt to balance the entire portfolio by investing in a mix of assets with satisfactory trading volume and those that occasionally could encounter poor liquidity. This is expected to reduce the risks for the entire portfolio without limiting the Fund's growth potentials.

The PRS Provider manages this risk by maintaining sufficient level of liquid assets to meet anticipated payments and cancellations of the units by members. Liquid assets comprise bank balances, deposits with licensed financial institutions and other instruments, which are capable of being converted into cash within 7 business days.

The table below summarises the Fund's financial liabilities into relevant maturity groupings based on the remaining period as at the statement of financial position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	Less than 1 month RM	Between 1 month to 1 year RM	Total RM
31.10.2014			
Amount due to PRS Provider	56,458	-	56,458
Amount due to Trustee	359	-	359
Amount due to PPA	359	-	359
Amount due to Custody fee	-	5	5
Other payables and accruals	-	9,058	9,058
Contractual cash outflows	<u>57,176</u>	<u>9,063</u>	<u>66,239</u>
30.04.2014			
Accrued management fee	11,557	-	11,557
Amount due to Trustee	308	-	308
Amount due to PPA	308	-	308
Amount due to Custody fee	-	131	131
Other payables and accruals	-	11,181	11,181
Contractual cash outflows	<u>12,173</u>	<u>11,312</u>	<u>23,485</u>

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

(d) Non-compliance risk

Non-compliance risk arises when the PRS Provider and others associated with the Fund do not follow the rules set out in the Fund's constitution, or the law that govern the Fund, or act fraudulently or dishonestly. It also includes the risk of the PRS Provider not complying with internal control procedures.

The non-compliance may expose the Fund to higher risks which may result in a fall in the value of the Fund which in turn may affect its investment goals. However, the risk can be mitigated by the internal controls and compliance monitoring undertaken by the PRS Provider.

(e) Capital risk management

The capital of the Fund is represented by equity consisting of members' capital and retained earnings. The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of members. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for members and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

(f) Fair value estimation

The fair value of financial assets and liabilities traded in active market (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the year end date. The quoted market price used for financial assets by the Fund is the current bid price; the appropriate quoted market price for financial liabilities is the current asking price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial assets and liabilities that are not traded in an active market is determined by using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each period end date.

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

Valuation techniques used for non-standardised financial instruments such as options, currency swaps and other over-the-counter derivatives, include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

For instruments for which there is no active market, the Fund may use internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. Valuation models are used primarily to value unlisted equity, debt securities and other debt instruments for which market were or have been inactive during the financial period. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds.

Valuations are therefore adjusted where appropriate, to allow for additional factors including model risk, liquidity risk and counterparty risk.

The fair value is based on the following methodology and assumptions:

- (i) Bank balance and deposits and placements with financial institutions with maturities less than 1 year, the carrying value is a reasonable estimate of fair value.
- (ii) The carrying value less impairment provision of receivables and payables are assumed to approximate their fair values. The carrying value of the financial assets and financial liabilities approximate their fair value due to their short-term nature.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active market for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2)
- Inputs for the asset and liability that are not based on observable market data (that is, unobservable inputs) (Level 3)

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement.

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgment by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
31.10.2014				
Financial assets at fair value through profit or loss:				
- quoted securities	5,765,810	-	-	5,765,810
- unquoted fixed income securities	-	3,696,838	-	3,696,838
	<u>5,765,810</u>	<u>3,696,838</u>	<u>-</u>	<u>9,462,648</u>
30.04.2014				
Financial assets at fair value through profit or loss:				
- quoted securities	5,465,318	-	-	5,465,318
- unquoted fixed income securities	-	3,531,741	-	3,531,741
	<u>5,465,318</u>	<u>3,531,741</u>	<u>-</u>	<u>8,997,059</u>

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include active listed equities. The Fund does not adjust the quoted prices for these instruments.

Financial instruments that trade in markets that are considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include unquoted fixed income securities. As Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. The Fund's policies on valuation of these financial assets are stated in Note 2(b).

4. INTEREST INCOME

	31.10.2014 RM	30.04.2014 RM
Interest income from deposits with licensed financial institutions	9,525	27,533
Interest income from unquoted fixed income securities	79,656	108,763
	<u>89,181</u>	<u>136,296</u>

5. MANAGEMENT FEE

In accordance with Clause 17.1.3 of the Master Deed dated 16 January 2013, the PRS Provider is entitled to a maximum management fee of 2.00% per annum, calculated daily based on the NAV of the Fund.

For the financial period from 01 May 2014 to 31 October 2014, the management fee is recognised at a rate of 1.50% per annum, (30.04.2014: 1.50%)

There will be no further liability to the PRS Provider in respect of management fee other than the amount recognised above.

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)**6. TRUSTEE FEE**

In accordance with Clause 17.2.2 of the Master Deed dated 16 January 2013, the Trustee is entitled to a maximum Trustee fee of 0.04% per annum, calculated daily based on the NAV of the Fund.

For the financial period from 01 May 2014 to 31 October 2014, the Trustee's fee is recognised at a rate of 0.04% per annum, (30.04.2014: 0.04%)

There will be no further liability to the Trustee in respect of Trustee's fee other than the amount recognised above.

7. PRIVATE PENSION ADMINISTRATION FEE

For the financial period from 01 May 2014 to 31 October 2014, the PPA administration fee is recognised at a rate of 0.04% per annum, (30.04.2014: 0.04%), calculated daily based on the NAV of the Fund.

There will be no further liability to the PPA in respect of PPA administration fee other than the amount recognised above.

8. TAXATION

The numerical reconciliation between profit before taxation multiplied by the Malaysian statutory tax rate and tax expense of the Fund is as follows:

	Financial period from 01.05.2014 to 31.10.2014	Financial period from 16.05.2013 (Launch date) to 30.04.2014
	RM	RM
Profit before taxation	<u>265,775</u>	<u>395,844</u>
Taxation at Malaysian statutory rate of 25%	66,444	98,961
Tax effects of:		
Investment income not subject to tax	(92,509)	(141,638)
Expenses not deductible for tax purposes	<u>26,065</u>	<u>42,677</u>
Taxation	<u>-</u>	<u>-</u>

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)**9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	Financial period from 01.05.2014 to 31.10.2014	Financial period from 16.05.2013 (Launch date) to 30.04.2014
	RM	RM
Designated at fair value through profit or loss at inception:		
- quoted securities	5,765,810	5,465,318
- unquoted fixed income securities	3,696,838	3,531,741
	<u>9,462,648</u>	<u>8,997,059</u>
Net gain on assets at fair value through profit or loss		
- realised gain on disposals	21,620	9,747
- change in unrealised fair value gain	182,428	285,354
	<u>204,048</u>	<u>295,101</u>

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

Name of counter	Quantity units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.10.2014				
QUOTED SECURITIES				
Construction				
Gamuda Berhad	17,700	90,624	83,735	0.84
IJM Corporation Bhd	15,100	104,492	86,865	0.97
	<u>32,800</u>	<u>195,116</u>	<u>170,600</u>	<u>1.81</u>
Consumer Products				
Narra Industries Berhad	13,500	54,000	52,650	0.50
Oriental Holdings Bhd	7,700	56,287	77,357	0.52
	<u>21,200</u>	<u>110,287</u>	<u>130,007</u>	<u>1.02</u>
Finance				
AMMB Holdings Bhd	18,500	125,430	136,759	1.17
CIMB Group Holdings Bhd	10,725	69,605	86,872	0.65
Hong Leong Group Bhd	2,600	47,060	38,699	0.44
Malayan Banking Berhad	22,729	220,471	233,060	2.05
Public Bank Berhad	7,720	143,129	132,830	1.33
RHB Capital Berhad	9,356	82,333	80,412	0.77
Syarikat Takaful Malaysia Bhd	6,300	74,970	47,097	0.70
Westports Holdings Berhad	17,900	53,700	44,750	0.50
	<u>95,830</u>	<u>816,698</u>	<u>800,479</u>	<u>7.61</u>
Industrial Products				
CB Industrial Product Holding Bhd	65,333	134,960	102,823	1.26
Chin Well Holdings	50,000	79,500	69,000	0.74
Kossan Rubber Industries Bhd	22,900	105,340	36,348	0.98
Petronas Chemicals Group Berhad	7,800	47,970	51,578	0.45
	<u>146,033</u>	<u>367,770</u>	<u>259,749</u>	<u>3.43</u>
Infrastructure Project Company				
Digi.Com.Berhad	14,700	99,993	69,079	0.85
Time Dotcom Bhd	20,700	107,226	73,617	1.00
	<u>35,400</u>	<u>198,219</u>	<u>142,696</u>	<u>1.85</u>
Plantation				
Boustead Plantations Berhad	31,500	47,880	50,400	0.44
IOI Corporation Bhd	10,700	52,323	56,703	0.49
Kulim Malaysia Berhad	15,400	52,668	54,311	0.49
Tanah Makmur Berhad	55,200	102,672	98,590	0.95
TDM Bhd	42,700	39,497	34,315	0.37
	<u>155,500</u>	<u>295,040</u>	<u>294,319</u>	<u>2.74</u>

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

Name of counter	Quantity units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.10.2014				
QUOTED SECURITIES (cont'd)				
Properties				
Hua Yang Berhad	41,166	95,505	85,873	0.89
Matrix Concepts Holdings Berhad	26,850	80,550	46,857	0.75
Sentoria Group Berhad	40,000	57,600	52,800	0.54
Sunway Real Estate	19,066	65,778	56,834	0.61
Titijaya Land Bhd	41,100	96,996	89,193	0.90
UEM Sunrise Berhad	15,000	28,200	48,880	0.26
UOA Development Berhad	17,100	36,252	42,211	0.34
	<u>200,282</u>	<u>460,881</u>	<u>422,648</u>	<u>4.29</u>
Technology				
Globetronics Technology Bhd	13,000	58,760	31,095	0.55
	<u>13,000</u>	<u>58,760</u>	<u>31,095</u>	<u>0.55</u>
Trading/Services				
7-Eleven Malaysia Holdings Berhad	36,000	60,120	49,680	0.56
Axiata Group Bhd	18,400	129,720	123,387	1.21
Berjaya Sports Toto Bhd	14,939	53,930	60,939	0.50
Boustead Holdings Berhad	14,600	73,730	78,164	0.69
Bumi Armada Bhd	40,000	62,800	72,700	0.58
Dialog Group Bhd	41,730	67,603	60,396	0.63
Gas Malaysia	14,400	51,264	48,020	0.48
Genting Berhad	14,700	143,325	150,529	1.33
Icon Offshore Berhad	27,700	38,226	51,245	0.35
Maxis Berhad	16,400	110,536	111,797	1.03
MBM Resources Berhad	14,700	42,042	58,478	0.39
Media Prima Bhd	23,400	45,864	63,872	0.43
Media Chinese International Limited	32,500	30,225	38,856	0.28
MISC Berhad	12,200	83,692	63,723	0.78
Multi-Purpose Holdings Berhad	12,900	38,571	46,984	0.36
Pos Malaysia Bhd	14,400	72,720	71,373	0.68
Prestariang Bhd	73,600	125,120	90,409	1.16
Saparakencana Petroleum Bhd	24,700	84,227	104,735	0.78
Sime Darby Berhad	9,584	92,773	90,865	0.86
Telekom Malaysia Bhd	10,369	74,657	56,527	0.69
Tenaga Nasional Bhd	22,600	301,936	192,736	2.81
Uzma Bhd	13,200	45,540	43,296	0.42
Yinson Holdings Berhad	38,800	112,908	63,068	1.05
YTL Corporation Berhad	18,500	30,710	31,626	0.29
	<u>560,322</u>	<u>1,972,239</u>	<u>1,823,405</u>	<u>18.34</u>

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

Name of counter	Quantity units	Aggregate cost RM	Market value RM	Percentage of NAV %
Investment Fund				
Dbxt MSCI Asia Ex-Japan 10 Etf	10,900	1,290,800	1,202,261	12.01
	<u>10,900</u>	<u>1,290,800</u>	<u>1,202,261</u>	<u>12.01</u>
TOTAL QUOTED INVESTMENTS	<u>1,271,267</u>	<u>5,765,810</u>	<u>5,277,259</u>	<u>53.65</u>
UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>488,554</u>		
FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>5,277,259</u>		
UNQUOTED FIXED INCOME SECURITIES				
BONDS				
Public Bank Berhad 25.09.2018	280,000	284,151	281,362	2.64
	<u>280,000</u>	<u>284,151</u>	<u>281,362</u>	<u>2.64</u>
COMMERCIAL PAPER				
Sabah Credit Corporation 08.10.2019	200,000	201,407	201,011	1.87
Sabah Credit Corporation 23.07.2018	450,000	463,182	457,574	4.31
	<u>650,000</u>	<u>664,589</u>	<u>658,585</u>	<u>6.18</u>
ISLAMIC BONDS				
Gamuda Berhad 21.03.2018	458,000	458,509	463,604	4.27
CIMB Islamic Bank Berhad 18.09.2017	461,000	459,927	465,029	4.28
BGSM Management Sdn Bhd 27.12.2018	274,000	282,183	280,067	2.63
First Resources Limited 05.06.2020	432,000	464,388	471,349	4.32
Golden Assets International Finance 03.08.2018	624,000	628,182	631,538	5.85
Sarawak Energy Berhad 23.06.2021	431,000	454,909	466,139	4.23
	<u>2,710,000</u>	<u>2,748,098</u>	<u>2,777,726</u>	<u>25.58</u>

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

Name of counter	Quantity units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.10.2014 (cont'd)				
UNQUOTED FIXED INCOME SECURITIES				
TOTAL UNQUOTED FIXED INCOME SECURITIES	<u>3,640,000</u>	<u>3,696,838</u>	<u>3,717,673</u>	<u>34.40</u>
UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>(20,835)</u>		
FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>3,717,673</u>		
As at 30.04.2014				
QUOTED SECURITIES				
Construction				
Gamuda Berhad	17,700	83,735	81,597	0.87
IJM Corporation Bhd	15,100	86,864	96,338	1.03
	<u>32,800</u>	<u>170,599</u>	<u>177,935</u>	<u>1.90</u>
Consumer Products				
Oriental Holdings Bhd	7,700	77,357	60,060	0.64
	<u>7,700</u>	<u>77,357</u>	<u>60,060</u>	<u>0.64</u>
Finance				
AMMB Holdings Bhd	18,500	136,759	132,830	1.42
CIMB Group Holdings Bhd	21,270	173,493	159,738	1.70
Hong Leong Group Bhd	2,600	38,699	39,780	0.42
Malayan Banking Berhad	21,600	222,787	213,840	2.28
Public Bank Berhad	10,200	178,101	205,428	2.19
RHB Capital Berhad	9,229	79,468	76,508	0.82
Syarikat Takaful Malaysia Bhd	6,300	47,097	79,254	0.84
	<u>89,699</u>	<u>876,404</u>	<u>907,378</u>	<u>9.67</u>
Industrial Products				
CB Industrial Product Holding Bhd	28,000	102,823	131,600	1.40
Kossan Rubber Industries Bhd	22,900	36,347	93,890	1.00
Petronas Chemicals Group Berhad	7,800	51,578	52,494	0.56
	<u>58,700</u>	<u>190,748</u>	<u>277,984</u>	<u>2.96</u>

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

Name of counter	Quantity units	Aggregate cost RM	Market value RM	Percentage of NAV %
30.04.2014 (cont'd)				
QUOTED SECURITIES				
Infrastructure Project				
Company				
Digi.Com.Berhad	17,900	84,107	99,166	1.06
Time Dotcom Bhd	20,700	73,617	82,593	0.88
	<u>38,600</u>	<u>157,724</u>	<u>181,759</u>	<u>1.94</u>
Plantation				
IOI Corporation Bhd	10,700	56,703	53,500	0.57
Kulim Malaysia Berhad	15,400	54,311	54,362	0.58
TDM Bhd	42,700	34,315	41,419	0.44
	<u>68,800</u>	<u>145,329</u>	<u>149,281</u>	<u>1.59</u>
Properties				
Hua Yang Berhad	41,166	85,874	76,980	0.82
Matrix Concepts Holdings Berhad	17,900	46,857	73,211	0.78
Sunway Real Estate Investment Trust	19,066	56,834	59,105	0.63
Titijaya Land Bhd	30,000	60,000	60,900	0.65
UEM Sunrise Berhad	15,000	48,880	34,500	0.37
UOA Development Berhad	16,000	40,231	37,600	0.40
	<u>139,132</u>	<u>338,676</u>	<u>342,296</u>	<u>3.65</u>
Technology				
Globetronics Technology Bhd	17,900	41,490	64,440	0.69
	<u>17,900</u>	<u>41,490</u>	<u>64,440</u>	<u>0.69</u>
Trading/Services				
Axiata Group Bhd	26,300	176,712	176,999	1.89
Berjaya Sports Toto Bhd	14,939	60,939	58,113	0.62
Boustead Holdings Berhad	14,600	78,165	81,030	0.86
Daya Material Berhad	121,700	51,114	40,769	0.44
Dialog Group Bhd	20,700	60,396	74,313	0.79
Gas Malaysia	14,400	48,020	51,984	0.55
Genting Berhad	16,200	165,865	158,760	1.69
Magnum Berhad	12,900	46,984	38,958	0.42
Maxis Berhad	18,900	128,776	131,355	1.40
MBM Resources Berhad	14,700	58,478	47,334	0.50
Media Chinese International Limited	32,500	38,856	31,687	0.34
Media Prima Bhd	23,400	63,872	58,266	0.62
MISC Berhad	12,200	63,723	79,422	0.85
Perisai Petroleum Teknologi Bhd	31,400	49,932	49,298	0.53
Pos Malaysia Bhd	14,400	71,374	64,800	0.69
Prestariang Bhd	52,000	50,094	105,040	1.12

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

Name of counter	Quantity units	Aggregate cost RM	Market value RM	Percentage of NAV %
30.04.2014 (cont'd)				
QUOTED SECURITIES				
Trading/Services				
Sapurakencana Petroleum Bhd	24,700	104,735	106,457	1.14
Sime Darby Berhad	9,584	90,865	90,473	0.97
Telekom Malaysia Bhd	9,900	53,954	61,380	0.65
Tenaga Nasional Bhd	23,600	201,032	280,840	2.99
Uzma Bhd	6,600	38,346	40,260	0.43
Yinson Holdings Berhad	9,700	41,727	82,741	0.88
YTL Corporation Bhd	18,500	31,626	29,785	0.32
Westports Holdings Berhad	17,900	44,750	45,108	0.48
	<u>561,723</u>	<u>1,820,335</u>	<u>1,985,172</u>	<u>21.17</u>
Investment Fund				
Dbxt MSCI Asia Ex-Japan 10 ETF	11,900	1,312,459	1,319,013	14.06
	<u>11,900</u>	<u>1,312,459</u>	<u>1,319,013</u>	<u>14.06</u>
TOTAL QUOTED INVESTMENTS				
	<u>1,026,954</u>	<u>5,131,121</u>	<u>5,465,318</u>	<u>58.27</u>
UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
		<u>334,197</u>		
FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
		<u>5,465,318</u>		
UNQUOTED FIXED INCOME SECURITIES				
BONDS				
Public Bank Berhad 25.09.2023	280,000	281,362	282,118	3.01
	<u>280,000</u>	<u>281,362</u>	<u>282,118</u>	<u>3.01</u>
COMMERCIAL PAPER				
Sabah Credit Corporation 28.08.2014	400,000	395,042	395,042	4.21
	<u>400,000</u>	<u>395,042</u>	<u>395,042</u>	<u>4.21</u>

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

Name of counter	Quantity units	Aggregate cost RM	Market value RM	Percentage of NAV %
ISLAMIC BONDS				
CIMB Islamic Bank Berhad 19.09.2017	461,000	465,287	459,148	4.90
Gamuda Berhad 21.03.2018	458,000	464,101	455,261	4.85
Golden Assets International Finance Limited 03.08.2018	624,000	631,348	624,226	6.65
Cagamas MBS Berhad 26.10.2018	124,000	124,041	123,643	1.32
BGSM Management Sdn Bhd 27.12.2018	274,000	280,268	280,735	2.99
First Resources Ltd 05.06.2020	462,000	471,335	460,568	4.91
Sarawak Energy Berhad 23.06.2021	431,000	467,800	451,000	4.81
TOTAL UNQUOTED FIXED INCOME SECURITIES	3,514,000	3,580,584	3,531,741	37.65
UNREALISED LOSS ON FINANCIAL ASSETS AT AIR VALUE THROUGH PROFIT OR LOSS		<u>(48,843)</u>		
FAIR VALUE OF FINANCIAL AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>3,531,741</u>		

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)**10. CASH AND CASH EQUIVALENTS**

	31.10.2014 RM	30.04.2014 RM
Deposits with licensed financial institutions	1,190,212	279,023
Bank balances	107,217	101,471
	<u>1,297,429</u>	<u>380,494</u>
The effective weighted average interest rate per annum is as follows:	31.10.2014 %	30.04.2014 %
Deposits with licensed financial institutions	<u>3.25</u>	<u>3.00</u>
Deposits with licensed financial institutions of the Fund have an average maturity of 3 days, (30.04.2014 : 5 days)		

**11. NUMBER OF UNITS IN CIRCULATION AND NET ASSETS
ATTRIBUTABLE TO MEMBERS**

	31.10.2014		30.04.2014	
	No. of units	RM	No. of units	RM
At the beginning of the financial period	8,969,654	9,379,329	-	-
Add: Creation arising from applications	1,313,349	1,403,232	9,212,191	9,230,815
Less: Cancellation of units	(281,521)	(300,913)	(242,537)	(247,330)
Total comprehensive income for the financial period	-	265,775	-	395,844
At end of the financial period	<u>10,001,482</u>	<u>10,747,423</u>	<u>8,969,654</u>	<u>9,379,329</u>

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)**12. MANAGEMENT EXPENSE RATIO (“MER”)**

	Financial Period from 01.05.2014 to 31.10.2014	Financial Period from 16.05.2013 (date of launch) to 30.04.2014
	%	%
MER	<u>1.66</u>	<u>2.07</u>

MER is derived based on the following calculation:

$$\text{MER} = \frac{(A + B + C + D + E + F) \times 100}{G}$$

A = Management fee

E = PPA administration fee

B = Trustee's fee

F = Other expenses

C = Audit fee

G = Average NAV of the Fund

D = Tax agent's fee

calculation on a daily basis

The average NAV of the Fund for the financial period calculated on daily basis is RM10,129,242, (30.04.2014 : RM8,212,106).

13. PORTFOLIO TURNOVER RATIO (“PTR”)

	Financial Period from 01.05.2014 to 31.10.2014	Financial Period from 16.05.2013 (date of launch) to 30.04.2014
PTR (times)	<u>0.15</u>	<u>0.73</u>

PTR is derived based on the following calculation:

$$\frac{[\text{Total acquisition for the financial period} + \text{total disposal for the financial period}] \div 2}{\text{Average NAV of the Fund for the financial period calculated on a daily basis}}$$

where:

total acquisition for the financial period = RM1,340,037, (30.04.2014 : RM10,300,157)

total disposal for the financial period = RM1,597,492, (30.04.2014 : RM1,633,267)

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)**14. UNITS HELD BY THE PRS PROVIDER AND RELATED PARTIES TRANSACTIONS AND BALANCES**

The related parties and their relationship with the Fund are as follows:

Related parties	Relationship
AIA Pension and Asset Management Sdn. Bhd.	The PRS Provider
AIA Bhd. (Formerly known as American International Assurance Bhd)	Holding Company of the PRS Provider
AIA Group Limited	Ultimate holding company of the PRS Provider

Units held by the PRS Provider and parties related to the PRS Provider

	31.10.2014		30.04.2014	
	No. of units	RM	No. of units	RM
PRS Provider				
AIA Pension and Asset Management Sdn. Bhd.	<u>4,937,075</u>	<u>5,305,381</u>	<u>5,000,000</u>	<u>5,228,500</u>

In the opinion of the PRS Provider, the above units were transacted at the prevailing market price.

The units are held beneficially by the PRS Provider for bookings purpose. Other than the above, there were no units held by Directors or parties related to the PRS Provider.

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances. The PRS Provider is of the opinion that all transactions with the related companies have been entered into in the normal course of business at agreed terms between the related parties and the profit rates on fixed and short-term deposits were at normal commercial rates.

	31.10.2014 RM	30.04.2014 RM
Significant related party transactions		
AIA Pension and Asset Management Sdn. Bhd.	<u>(67,086)</u>	<u>5,000,000</u>
Significant related party balances		
AIA Pension and Asset Management Sdn. Bhd.	<u>5,305,381</u>	<u>5,228,500</u>

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)**15. TRANSACTIONS WITH BROKERS/DEALERS**

Details of transactions with the top 10 brokers/dealers for the financial period from 01 May 2013 to 31 October 2014 are as follows:

Brokers/dealers	Value of trades	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
Public Bank Berhad	40,340,000	79.00	-	-
Hong Leong Bank Berhad	7,243,000	14.19	-	-
Public Islamic Bank Berhad	1,000,000	1.96	-	-
AmBank (M) Berhad	777,271	1.52	-	-
J.P. Morgan Securities (Asia Pacific) Ltd	555,871	1.09	1,988	27.26
Maybank Investment Bank Berhad	354,153	0.69	1,985	27.22
Kenanga Investment Bank Berhad	229,307	0.45	757	10.38
CIMB Investment Bank Berhad	171,602	0.34	527	7.23
Hong Leong Investment Bank Berhad	119,547	0.23	222	3.05
Affin Hwang Investment Bank Berhad	116,426	0.23	1,026	14.07
Others	154,813	0.30	788	10.80
	<u>51,061,990</u>	<u>100.00</u>	<u>7,293</u>	<u>100.00</u>

Details of transactions with the top 10 brokers/dealers for the financial period from 16 May 2013 (date of launch) to 30 April 2014 are as follows:

Brokers/dealers	Value of trades	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
Credit Suisse Securities (Malaysia) Sdn Bhd	3,677,662	31.49	13,130	47.35
CIMB Bank Berhad	1,669,869	14.30	-	-
Credit Suisse (Hong Kong) Limited	1,312,459	11.24	3,806	13.72
Macquarie Capital Securities (M) Sdn Bhd	1,145,453	9.80	4,109	14.82
RHB Investment Bank Berhad	981,261	8.40	-	-
CIMB Investment Bank Berhad	687,697	5.89	2,475	8.93
AmBank (M) Berhad	668,449	5.72	-	-
Maybank Investment Bank Berhad	542,763	4.65	2,051	7.40
Malayan Banking Berhad	521,687	4.46	588	2.12
Hong Leong Investment Bank Berhad	467,086	4.00	1,569	5.66
Others	5,363	0.05	-	-
	<u>11,679,749</u>	<u>100.00</u>	<u>27,728</u>	<u>100.00</u>

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)**16. SEGMENT INFORMATION**

The internal reporting provided to the chief operating decision-maker for the fund's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of MFRS and International Financial Reporting Standards. The CEO, who is the chief operating decision-maker is responsible for the performance of the Fund and considers the business to have a single operating segment located in Malaysia. Asset allocation decisions are based on a single, integrated investment strategy and the Fund's performance is evaluated on an overall basis.

The investment objective of the Fund is to grow the value of investments over the long-term through investment in a diversified mix of Malaysian assets. The reportable operating segment derives its income by seeking investments to achieve targeted returns commensurate with an acceptable level of risk within the portfolio. These returns consist of profit and dividend income earned from investments and gains on the appreciation in the value of investments.

There were no changes in reportable operating segment during the financial period.

17. COMPARATIVES

The comparative financial statements are in respect of the financial period from 16 May 2013 (launch date) to 30 April 2014.

18. APPROVAL OF FINANCIAL STATEMENTS

The unaudited financial statements have been approved for issue by the PRS Provider on 12 December 2014.

AIA PAM – CONSERVATIVE FUND

Fund Information

Name:	AIA PAM – Conservative Fund
Type & Category:	Core (Conservative)
Investment Objective:	The Fund seeks to provide returns through income* that is consistent with capital preservation**. *Income will be reinvested in additional Units in the Fund. **The Fund is not capital guaranteed nor capital protected.
Investment Strategy:	The Fund will invest at least 85% of its NAV in fixed income instruments and money market instruments, of which a minimum of 20% of the Fund's NAV will be invested in money market instruments. The remainder of the Fund's NAV will be invested in equities offering a dividend yield above the market average. The Fund will only invest locally.
Benchmark:	65% Quant Shop MGS All Bond Index + 20% Malayan Banking Berhad Overnight Rate + 15% FBM 100 Index
Distribution policy:	Subject to the availability of income, distribution (if any) will be distributed annually.

Breakdown of unit holdings by size:

Size of holdings (units)	No. of unit holder	No. of units held	% of units held
5,000 and below	850	2,151,204.69	23.43
5,001 to 10,000	189	1,217,796.80	13.26
10,001 to 50,000	33	891,658.40	9.71
50,001 to 500,000	10	985,655.40	10.73
500,001 and above	1	3,936,101.87	42.87
TOTAL	1,083	9,182,417.16	100

Note: The unit holdings include Seed Capital of 3.9361 million units as at 31 October 2014.

FUND PERFORMANCE

Details of the portfolio composition of the Fund are as follows:

	As of 31 October 2014
	%
Quoted securities	
- Construction	1.02
- Consumer Products	0.41
- Finance	3.37
- Industrial Products	0.61
- Infrastructure Project Company	0.84
- Plantation	0.94
- Properties	1.41
- Technology	0.25
- Trading/Services	8.97
Unquoted fixed income securities	69.61
Cash and other net assets	12.57
	100.00

Performance details of the Fund are as follows:

	From 1 May 2014 31 October 2014	Since inception to 30 April 2014
Net asset value (NAV) (RM million)	9.5426	10.1743
Units in circulation (million)	9.1824	9.9674
NAV per unit (RM)	1.0392	1.0208
Highest NAV per unit (RM)	1.0397	1.0217
Lowest NAV per unit (RM)	1.0199	0.9909
Total return (%)	1.80	2.08
- Capital growth (%)	1.80	2.08
- Income growth (%)	0.00	0.00
Average total return (%)	0.30	0.21
Annualised total return (%)	3.60	2.31
Gross distribution per unit (sen)	-	-
Net distribution per unit (sen)	-	-
Date of distribution	-	-
Management expense ratio (%)	1.83	1.78
Portfolio turnover ratio (times)	0.25	0.93
Seed capital (units in million)	3.9361	4.6500
% of Total Units in Circulation	42.87	46.65

Note: Basis of calculation and assumption made in computation of the returns

$$\text{Performance return} = \frac{\text{NAV}(t) - \text{NAV}(t-1)}{\text{NAV}(t)}$$

$$\text{Annualised performance return} = \frac{(\text{Performance return}) \times (\text{no. of days per year})}{\text{total no. of days for period under review}}$$

FUND PERFORMANCE (cont'd)

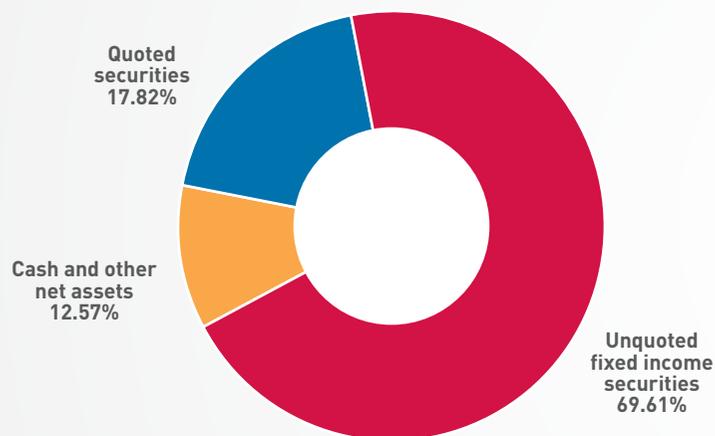
FUND REPORT

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

Asset allocation of the Fund is as follows:

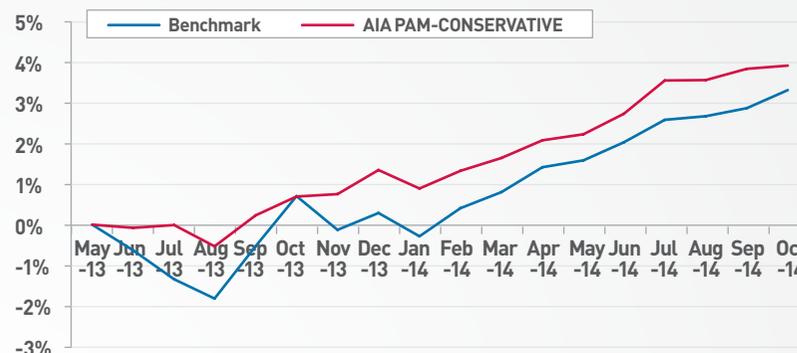
Quoted securities
 Unquoted fixed income securities
 Cash and other net assets
 Total

As of 31 October 2014	
	% of NAV
Quoted securities	17.82
Unquoted fixed income securities	69.61
Cash and other net assets	12.57
Total	100.00



As at 31 October 2014, the Fund was fully invested where a minimal level of liquid assets was maintained primarily for redemption purposes.

AIA PAM-CONSERVATIVE



Source: Bloomberg, www.bursamalaysia.com, www.maybank2u.com.my, www.quantshop.com as at 31 October 2014

How did the Fund perform during the period?

During the period of review from 1 May 2014 till 31 October 2014, the Fund has posted a return of 1.80% versus benchmark of 1.87% and has achieved its investment objective of seeking to provide returns through income that is consistent with capital preservation.

During the period under review, there were no significant changes in the state of affairs of the Fund and no circumstances which materially affect any interests of the members.

What investments influenced the Fund's performance over the year?

Positives

- The Fund participated in IPO such as 7-Eleven and Tanah Makmur which have outperformed.
- The Fund's equity portion was overweight in small to medium cap stocks like Hua Yang, Kossan, and Matrix, and overweight in cyclical sectors such as property, construction and technology, which had outperformed.
- The Fund's equity portion was underweight in finance sector which have underperformed.
- The Fund's fixed income portion was biased towards corporate bonds versus government bonds which benefitted due to higher carry and tightening credit spreads.

FUND REPORT (cont'd)

Negatives

- The Fund had an underweight duration position, hence it did not benefit when the yield curve flattened.

What is your strategy going forward?

For equity, with expectations of a synchronised global growth, we prefer growth stocks over yield. As such, we like stocks in cyclical sectors i.e. oil & gas, selected property stocks, construction and technology.

Uneven global economic growth and stable inflation are supportive factors for the Malaysian fixed income market. Nevertheless, this will be balanced by how foreign investors in the Malaysian market react to the Fed's monetary policy. We expect MYR yields to continue to be influenced by the Ringgit and US Treasury yields. This underpins our strategy to be duration neutral. We will invest primarily in corporate bonds that offer good relative values against a backdrop of a stable credit conditions.

Soft Commission and Rebates

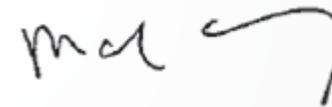
There was also no soft commission or rebates received from any broker for the period under review.

STATEMENT BY PRS PROVIDER

STATEMENT BY PROVIDER TO THE MEMBERS OF AIA PAM – CONSERVATIVE FUND

I, Wang Ming-Yuan, Mark being the Chief Executive Officer of AIA Pension and Asset Management Sdn. Bhd. (the "Provider"), do hereby state that, in the opinion of the PRS Provider, the accompanying unaudited financial statements set out on pages 104 to 140 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 31 October 2014 and of its financial performance, changes in equity and cash flows for the financial period from 1 May 2014 to 31 October 2014 in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

For and on behalf of the PRS Provider,
AIA PENSION AND ASSET MANAGEMENT SDN. BHD.
(Company No: 1011637-P)



Wang Ming-Yuan, Mark
Chief Executive Officer

Kuala Lumpur
Date: 12 December 2014

TRUSTEE'S REPORT

TRUSTEE'S REPORT TO THE MEMBERS OF AIA PAM – CONSERVATIVE FUND

We have acted as the Trustee of AIA PAM – CONSERVATIVE FUND (the “Fund”) for the financial period from 1 May 2014 to 31 October 2014. To the best of our knowledge, for the period under review, AIA Pension and Asset Management Sdn. Bhd (the “PRS Provider”), has operated and managed the Fund in accordance with the following:

- (a) limitations imposed on the investment powers of the PRS Provider and the Trustee under the Deeds, the Securities Commission's Guidelines on Private Retirement Schemes, the Capital Markets and Services Act 2007 and other applicable laws;
- (b) valuation/pricing is carried out in accordance with the Deeds and relevant regulatory requirements; and
- (c) creation and cancellation of units are carried out in accordance with the Deeds and relevant regulatory requirements.

For Deutsche Trustees Malaysia Berhad

Ikhizuwan Ibrahim
Manager, Trustee Operations

Kuala Lumpur
Date: 15 December 2014

Soon Lai Ching
Manager, Trustee Operations

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD FROM 01 MAY 2014 TO 31 OCTOBER 2014

	Note	Financial Period from 01.05.2014 to RM	Financial period from 16.05.2013 (Launch date) RM
NET INVESTMENT INCOME			
Dividend income		35,891	52,372
Interest income	4	164,464	279,996
Net gain on financial assets at fair value through profit or loss	9	67,102	31,357
		267,457	363,725
EXPENSES			
Management fee	5		
	6	73,920	133,091
Trustee's fee	7	1,971	3,549
PPA administration fee		1,971	3,549
Transaction costs		2,910	8,071
Audit fee		4,275	8,000
Tax agent's fee		1,603	4,770
Other expenses		3,769	3,273
		90,419	164,303
PROFIT BEFORE TAXATION		177,038	199,422
Taxation	8	-	-
PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		177,038	199,422
Profit after taxation is made up as follows:			
Realised amount		127,607	163,835
Unrealised amount		49,431	35,587

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

UNAUDITED STATEMENT OF FINANCIAL POSITION

AS AT 31 OCTOBER 2014

	Note	31.10.2014 RM	30.04.2014 RM
CURRENT ASSETS			
Financial assets at fair value through profit or loss	9	8,356,150	9,081,659
Cash and cash equivalents	10	1,204,581	1,110,996
Amount due from PRS Provider – creation of units		17,007	6,311
Dividends receivable		2,035	4,475
Tax recoverable		1,692	1,692
TOTAL ASSETS		<u>9,581,465</u>	<u>10,205,133</u>
CURRENT LIABILITIES			
Amount due to PRS Provider – cancellation of units		17,007	6,457
Accrued management fee		12,108	12,570
Amount due to Trustee		323	335
Amount due to PPA		323	335
Other payables and accruals		9,057	11,180
TOTAL LIABILITIES		<u>38,818</u>	<u>30,877</u>
NET ASSETS VALUE OF THE FUND		<u>9,542,647</u>	<u>10,174,256</u>
EQUITY			
Members' capital		9,166,187	9,974,834
Retained earnings		376,460	199,422
NET ASSET ATTRIBUTABLE TO MEMBERS	11	<u>9,542,647</u>	<u>10,174,256</u>
Number of units in circulation (units)	11	<u>9,182,417</u>	<u>9,967,414</u>
Net asset value per unit (RM) (*Ex-distribution)		<u>1.0392</u>	<u>1.0208</u>

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

UNAUDITED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD FROM 01 MAY 2014 TO 31 OCTOBER 2014

	Note	Members' capital RM	Retained earnings RM	Total RM
Balance as at 01 May 2014		9,974,834	199,422	10,174,256
Movement in members' contributions:				
Creation of units arising from applications	11	862,773		862,773
Cancellation of units	11	(1,671,420)	177,038	(1,671,420)
Total comprehensive income for the financial period		-		177,038
Balance as at 31 October 2014		<u>9,166,187</u>	<u>376,460</u>	<u>9,542,647</u>
Balance as at 16 May 2013 (date of launch)		-	-	-
Movement in members' contributions:				
Creation of units arising from applications	11	10,501,460	-	10,501,460
Cancellation of units	11	(526,626)	199,422	(526,626)
Total comprehensive income for the financial period		-		199,422
Balance as at 30 April 2014		<u>9,974,834</u>	<u>199,422</u>	<u>10,174,256</u>

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

UNAUDITED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL PERIOD FROM 01 MAY 2014
TO 31 OCTOBER 2014

Note	Financial Period from 01.05.2014 To 31.10.2014 RM	Financial period from 16.05.2013 (Launch date) to 30.04.2014 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from disposal of investments	2,803,895	4,089,372
Purchase of investments	(1,992,633)	(13,060,546)
Dividend received	38,331	47,897
Interest income received from investments	145,813	200,868
Management fee paid	(74,382)	(120,521)
Trustee's fee paid	(1,983)	(3,214)
PPA administrative fee paid	(1,983)	(3,214)
Tax paid	-	(1,692)
Payments for other fees and expenses	(14,681)	(12,934)
Net cash generated from/(used in) operating activities	<u>902,377</u>	<u>(8,863,984)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from units created	852,077	10,495,149
Payments for cancellation of units	(1,660,869)	(520,169)
Net cash (used in)/generated from financing activities	<u>(808,792)</u>	<u>9,974,980</u>
Net increase in cash and cash equivalents	93,585	1,110,996
Cash and cash equivalents of the beginning of the financial period/ launch date	1,110,996	-
Cash and cash equivalents at the end of the financial period	10 <u>1,204,581</u>	<u>1,110,996</u>

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

NOTES TO UNAUDITED FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 MAY 2014 TO 30 APRIL 2014

1. THE FUND, THE PRS PROVIDER AND ITS PRINCIPAL ACTIVITY

AIA PAM - Conservative (the "Fund") is governed by a Deed dated 16 January 2013 and Supplemental Deed dated 16 August 2013 (hereinafter referred to collectively as the "Deed") between AIA Pension and Asset Management Sdn. Bhd. (the "PRS Provider") and Deutsche Trustees Malaysia Berhad (the "Trustee").

The Fund seeks to provide returns through income that is consistent with capital preservation by investing at least 80% of its NAV in fixed income instruments and money market instruments, of which a minimum of 20% of the Fund's NAV will be invested in money market instruments. The Fund will invest in fixed income instruments with a minimum credit rating of "BBB3" or "P2" by RAM or equivalent rating by MARC. The remainder of the Fund's NAV will be invested in equities, where the bias will be towards equities that offer dividend yields above the market average. The Fund will only invest locally. The investments in equities shall not exceed 20% of the Fund's NAV.

The Fund commenced operations on 16 May 2013 and will continue its operations until terminated by the Trustee or the PRS Provider, as the case may be as provided under Clause 2.3 of the Deed.

All investments will be subject to the Securities Commission's ("SC") Guidelines on Private Retirement Schemes, SC requirements, the Deeds, except where exemptions or variations have been approved by the SC, internal policies and procedures and the Fund's objective.

The PRS Provider, AIA Pension and Assets Management Sdn. Bhd. is incorporated in Malaysia. The principal activities of the Company are asset management and management of Private Retirement Scheme ("PRS") funds. It is a wholly-owned entity of AIA Berhad (formerly known as American International Assurance Bhd.), whose ultimate holding company is AIA Group Limited, a company incorporated in Hong Kong and listed on the Stock Exchanged of Hong Kong Limited.

The unaudited financial statements were authorised for issue by the PRS Provider on 12 December 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements:

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

(a) Basis of preparation (cont'd)

The financial statements have been prepared in accordance with the provisions of the Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

The financial statements have been prepared under the historical cost convention, as modified by financial assets and financial liabilities (including derivatives instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with MFRS and IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial period. It also requires the PRS Provider to exercise their judgment in the process of applying the Fund's accounting policies.

The PRS Provider believes that the underlying assumptions are appropriate and the Fund's financial statements therefore present the financial position results fairly. Although these estimates and judgment are based on the PRS Provider's best knowledge of current events and actions, actual results may differ in areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2(m).

The standards, amendments to published standards and interpretations to existing standards that are applicable to the Fund but not yet effective and have not been early adopted are as follows:

(i) Financial year beginning on/after 1 January 2014

Amendment to MFRS 132 "Financial Instruments: Presentation" (effective from 1 January 2014) does not change the current offsetting model in MFRS 132. It clarifies the meaning of 'currently has a legally enforceable right of set-off' that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. It clarifies that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the MFRS 132 offsetting criteria. The Fund will apply this amendment when effective.

The adoption of the amendment is not expected to have a significant impact on the results of the Fund.

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

(ii) Financial year beginning on/after 1 January 2017

MFRS 9 "Financial Instruments – Classification and Measurement of Financial Assets and Financial Liabilities" (effective no earlier than annual periods beginning on or after 1 January 2017) replaces the parts of MFRS 139 that relate to the classification and measurement of financial instruments. MFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the MFRS 139 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Fund will apply this standard when effective.

The adoption of the standard is not expected to have a significant impact on the results of the Fund.

(b) Financial assets and liabilities

Classification

The Fund designates its investment in quoted securities and unquoted fixed income securities as financial assets at fair value through profit or loss at inception.

Financial assets are designated at fair value through profit or loss when they are managed and their performance evaluated on a fair value basis.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and have been included in current assets. The Fund's loan and receivables comprise cash and cash equivalents, amount due from PRS Provider, amount due from stockbrokers and dividends receivable.

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

The Fund classifies amount due to PRS Provider, amount due to stockbrokers, accrued management fee, amount due to Trustee, other payables and accruals as other financial liabilities.

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)**Recognition and measurement**

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Fund commits to purchase or sell the asset. Investments are initially recognised at fair value. Transaction costs are expensed in the statement of comprehensive income.

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.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognised when it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expired.

Unrealised gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss are presented in the statement of comprehensive income within net gain or loss on financial assets at fair value through profit or loss in the period which they arise.

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of gross dividend income when the Fund's right to receive payments is established.

Quoted investments in Malaysia are valued at the last done market price quoted on Bursa Malaysia Securities Bhd ("Bursa Securities") at the date of the statement of financial position.

If a valuation based on the market price does not represent the fair value of the securities, for example during abnormal market conditions or when no market price is available, including in the event of a suspension in the quotation of the securities for a period exceeding 14 days, or such shorter period as agreed by the trustee, then the securities are valued as determined in good faith by the PRS Provider, based on the methods or bases approved by the Trustee after appropriate technical consultation.

Unquoted fixed income securities denominated in Ringgit Malaysia are revalued on a daily basis based on fair value prices quoted by a bond pricing agency ("BPA") registered with the SC as per the SC Guidelines on Private Retirement Schemes.

Deposits with licensed financial institutions are stated at cost plus accrued interest calculated on the effective interest method over the period from the date of placement to the date of maturity of the respective deposits.

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

Loans and receivables and other financial liabilities are subsequently carried at amortised cost using the effective interest method.

For assets carried at amortised cost, the Fund assesses at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If 'loans and receivables' has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

As a practical expedient, the Fund may measure impairment on the basis of an instrument's fair value using an observable market price.

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 (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in statement of comprehensive income.

When an asset is uncollectible, it is written off against the related allowance account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

(c) Income recognition

Dividend income is recognised on the ex-dividend date when the right to receive payment is established.

Interest income from deposits with licensed financial institutions and unquoted fixed income securities are recognised on a time proportionate basis using the effective interest rate method on an accrual basis.

Realised gain or loss on disposal of quoted securities is accounted for as the difference between the net disposal proceeds and the carrying amount of investments, determined on a weighted average cost basis.

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

Realised gain or loss on disposal of unquoted fixed income securities is calculated based on difference between the net disposal proceeds and the carrying amount of investments, determined on cost adjusted for accretion of discount or amortisation of premium.

(d) Functional and presentation currency

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is the Fund's functional and presentation currency.

(e) Creation and cancellation of units

The Fund issues cancellable units, which are cancelled at the member's option and are classified as equity. Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's NAV. The outstanding units are carried at the redemption amount that is payable at the date of the statement of financial position if the member exercises the right to put back the unit to the Fund.

Units are created and cancelled at the member's option at prices based on the Fund's NAV per unit at the time of creation or cancellation. The Fund's NAV per unit is calculated by dividing the net assets attributable to members with the total number of outstanding units.

(f) Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise bank balances and deposits held in highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(g) Taxation

Current tax expense is determined according to Malaysian tax laws at the current rate based upon the taxable profit earned during the financial period.

(h) Transaction costs

Transaction costs are costs incurred to acquire or dispose financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognised in the statement of comprehensive income as expenses.

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)**(i) Amount due from/to stockbrokers**

Amounts due from and amount due to stockbrokers represent receivables for investments sold and payables for investments purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively.

These amounts are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment for amount due from stockbrokers. A provision for impairment of amount due from stockbrokers is established when there is objective evidence that the Fund will not be able to collect all amounts due from the relevant stockbroker. Significant financial difficulties of the stockbroker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that the amount due from stockbrokers is impaired. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or loans expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

(j) Members' capital

The members' contributions to the Fund meet the definition of puttable instruments classified as equity instruments under MFRS 132 "Financial Instruments: Presentation".

The units in the Fund are puttable instruments which entitle the members to a pro-rata share of the net asset of the Fund. The units are subordinated and have identical features. There is no contractual obligation to deliver cash or another financial asset other than the obligation on the Fund to repurchase the units. The total expected cash flows from the units in the Fund over the life of the units are based on the change in the net asset of the Fund.

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)**(k) Segmental information**

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments.

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

(l) Fair value of financial instruments

Financial instruments comprise financial assets and financial liabilities. Fair value is the amount at which a financial asset could be exchanged or a financial liability settled, between knowledgeable and willing parties in an arm's length transaction.

The information presented herein represents the estimates of fair values as at the date of the statement of financial position.

Financial instruments of the Fund are as follows:

	Financial assets at fair value through profit or loss RM	Loans and Receivables RM	Total RM
31.10.2014			
Financial assets at fair value through profit or loss (Note 9)	8,356,150	-	8,356,150
Cash and cash equivalents (Note 10)	-	1,204,581	1,204,581
Amount due from PRS Provider – creation of units	-	17,007	17,007
Dividends receivable	-	2,035	2,035
	<u>8,356,150</u>	<u>1,223,623</u>	<u>9,579,773</u>

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

	Financial assets at fair value through profit or loss RM	Loans and Receivables RM	Total RM
30.04.2014			
Financial assets at fair value through profit or loss (Note 9)	9,081,659	-	9,081,659
Cash and cash equivalents (Note 10)	-	1,110,996	1,110,996
Amount due from PRS Provider – creation of units	-	6,311	6,311
Dividends receivable	-	4,475	4,475
	<u>9,081,659</u>	<u>1,121,782</u>	<u>10,203,441</u>

All current liabilities are financial liabilities which are carried at amortised cost.

(m) Critical accounting estimates and judgements in applying accounting policies

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Fund's results and financial position are tested for sensitivity to changes in the underlying parameters.

Estimates and judgments are continually evaluated by the PRS Provider and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In undertaking any of the Fund's investment, the PRS Provider will ensure that all assets of the Fund under management will be valued appropriately, that is at fair value and in compliance with the SC Guidelines on Private Retirement Schemes.

Ringgit-denominated unquoted fixed income securities are valued using fair value prices quoted by a bond pricing agency ("BPA"). Where the PRS Provider is of the view that the price quoted by BPA for a specific unquoted fixed income securities differs from the market price by more than 20 basis points, the PRS Provider may use market price, provided that the PRS Provider records its basis for using a non-BPA price, obtains necessary internal approvals to use the non-BPA price, and keeps an audit trail of all decisions and basis for adopting the use of non-BPA price.

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)**3. RISK MANAGEMENT OBJECTIVES AND POLICIES**

The investment objective of the Fund is to provide returns through income that is consistent with capital conservation.

The Fund is exposed to a variety of risks which include market risk (inclusive of price risk and interest rate risk), credit risk, liquidity risk, non-compliance risk and capital risk.

Financial risk management is carried out through internal control process adopted by the PRS Provider and adherence to the investment restrictions as stipulated in the Disclosure Document and SC Guidelines on Private Retirement Schemes.

(a) Market risk**(i) Price risk**

This is the risk that the fair value of an investment in quoted securities and unquoted fixed income securities will fluctuate because of changes in market prices (other than those arising from interest rate risk). The value of investments may fluctuate according to the activities of individual companies, sector and overall political and economic conditions. Such fluctuation may cause the Fund's NAV and prices of units to fall as well as rise, and income produced by the Fund may also fluctuate.

The price risk is managed through diversification and selection of securities and other financial instruments within specified limits according to the Deeds.

The Fund's overall exposure to price risk was as follows:

	31.10.2014	30.04.2014
	RM	RM
Financial assets at fair value through profit or loss:		
- quoted securities	1,705,040	1,928,474
- unquoted fixed income securities	6,651,110	7,153,185
Total	<u>8,356,150</u>	<u>9,081,659</u>

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

The table below summarises the sensitivity of the Fund's profit after tax and NAV to movements in prices of quoted securities and unquoted fixed income securities at the end of each reporting period. The analysis is based on the assumptions that the price of the quoted securities and unquoted fixed income securities increased and decreased by 5% with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the quoted securities and unquoted fixed income securities, having regard to the historical volatility of the prices.

% Change in price of quoted securities and unquoted fixed income securities	Market value RM	Impact on profit before taxation/ change in NV RM
31.10.2014		
- 5%	7,938,344	(417,806)
0%	8,356,150	-
<u>+ 5%</u>	<u>8,773,956</u>	<u>417,806</u>
30.04.2014		
- 5%	8,627,576	(454,083)
0%	9,081,659	-
<u>+ 5%</u>	<u>9,535,742</u>	<u>454,083</u>

(ii) Interest rate risk

In general, when interest rates rise, unquoted fixed income securities prices will tend to fall and vice versa. Therefore, the NAV of the Fund may also tend to fall when interest rates rise or are expected to rise. However, investors should be aware that should the Fund holds an unquoted fixed income securities till maturity, such price fluctuations would dissipate as it approaches maturity, and thus the growth of the NAV shall not be affected at maturity.

In order to mitigate interest rates exposure of the Fund, the PRS Provider will manage the duration of the portfolio via shorter or longer tenured assets depending on the view of the future interest rate trend of the PRS Provider, which is based on its continuous fundamental research and analysis.

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

This risk is crucial since unquoted fixed income securities portfolio management depends on forecasting interest rate movements. Prices of unquoted fixed income securities move inversely to interest rate movements, therefore as interest rates rise, the prices of unquoted fixed income securities decrease and vice versa. Furthermore, unquoted fixed income securities with longer maturity and lower yield coupon rates are more susceptible to interest rate movements.

Investors should note that unquoted fixed income securities and money market instruments are subject to interest rate fluctuations. Such investments may be subject to unanticipated rise in interest rates which may impair the ability of the issuers to make payments of profit income and principal, especially if the issuers are highly leveraged. An increase in interest rates may therefore increase the potential for default by an issuer.

The table below summarises the sensitivity of the Fund's profit after tax and NAV to movements in prices of unquoted fixed income securities held by the Fund as a result of movement in interest rate. The analysis is based on the assumptions that the interest rate changed by 5% with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the interest rate, having regard to the historical volatility of the interest rate.

% Change in interest rate	Impact on profit after taxation/NAV 31.10.2014 RM	Impact on profit after taxation/NAV 30.04.2014 RM
+5%	(922,760)	(64,843)
-5%	1,171,240	65,512

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Fund's exposure to fair value interest rate risk arises from investment in money market instruments. The interest rate risk is expected to be minimal as the Fund's investments comprise mainly short term deposits with approved licensed financial institutions. The Fund is not exposed to cash flow interest rate risk as the Fund does not hold any financial instruments at variable interest rate.

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)**(b) Credit risk**

Credit risk refers to the risk that a counter party will default on its contractual obligation resulting in financial loss to the Fund.

Investment in unquoted fixed income securities may involve a certain degree of credit/default risk with regards to the issuers. Generally, credit risk or default risk is the risk of loss due to the issuer's non-payment or untimely payment of the investment amount as well as the returns on investment. This will cause a decline in value of the defaulted unquoted fixed income securities and subsequently depress the NAV of the Fund. Usually credit risk is more apparent for an investment with a longer tenure, i.e. the longer the duration, the higher the credit risk. Credit risk can be managed by performing continuous fundamental credit research and analysis to ascertain the creditworthiness of its issuer. In addition, the PRS Provider imposes a minimum rating requirement as rated by either local and/or foreign rating agencies and manages the duration of the investment in accordance with the objective of the Fund. For this Fund, the unquoted fixed income securities investment must satisfy a minimum rating requirement of at least "BBB3" or "P2" by RAM or equivalent rating by MARC.

The credit risk arising from placements of deposits in licensed financial institutions is managed by ensuring that the Fund will only place deposits in reputable licensed financial institutions. The settlement terms of the proceeds from the creation of units receivable from the PRS Provider are governed by the SC Guidelines on Private Retirement Schemes.

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

	Financial assets at fair value through profit or loss RM	Cash and cash equivalents RM	Amount due from PRS Provider RM	Dividend receivables RM	Other receivables RM	Total RM
31.10.2014						
Quoted securities						
Construction	97,676	-	-	-	-	97,676
Consumer Products	39,337	-	-	-	-	39,337
Finance	322,812	-	-	-	-	322,812
Industrial Products	58,315	-	-	-	-	58,315
Infrastructure Project Company	80,069	-	-	-	-	80,069
Plantation	90,274	-	-	-	-	90,274
Properties	134,832	-	-	-	-	134,832
Technology	23,504	-	-	572	-	24,076
Trading/Services	858,221	-	-	1,463	-	859,684
Fixed income securities						
Commercial Banks						
- AA1	1,064,552	-	-	-	-	1,064,552
- AA+IS	736,282	-	-	-	-	736,282
Civil Engineering						
- AA3	734,817	-	-	-	-	734,817
Development Finance Institution						
- P1	999,346	-	-	-	-	999,346
Diversified Holdings						
- AA3	314,109	-	-	-	-	314,109
Plantation						
- AA2	743,825	-	-	-	-	743,825
- AA2 (S)	1,328,847	-	-	-	-	1,328,847
Utilities						
- AA1	729,332	-	-	-	-	729,332
Other	-	-	17,007	-	1,692	18,699
Money Market						
- AAA	-	104,385	-	-	-	104,385
- AA1	-	1,100,196	-	-	-	1,100,196
	<u>8,356,150</u>	<u>1,204,581</u>	<u>17,007</u>	<u>2,035</u>	<u>1,692</u>	<u>9,581,465</u>

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

	Financial assets at fair value through profit or loss RM	Cash and cash equivalents RM	Amount due from PRS Provider RM	Dividend receivables RM	Other receivables RM	Total RM
30.04.2014						
Quoted securities						
Construction	89,126	-	-	-	-	89,126
Consumer Products	42,580	-	-	-	-	42,580
Finance	443,244	-	-	4,185	-	447,429
Industrial Products	55,597	-	-	-	-	55,597
Infrastructure Project Companies	84,303	-	-	-	-	84,303
Plantation	62,767	-	-	-	-	62,767
Properties	139,404	-	-	-	-	139,404
Technology	18,720	-	-	-	-	18,720
Trading/Services	992,733	-	-	290	-	993,023
Fixed income securities						
Commercial Banks						
- AA1	1,056,937	-	-	-	-	1,056,937
- AA+IS	735,035	-	-	-	-	735,035
Civil Engineering						
- AA3	729,611	-	-	-	-	729,611
Collateralised Loan Obligations						
- AAA	148,572	-	-	-	-	148,572
Development Finance Institution						
- P1	989,761	-	-	-	-	989,761
Diversified Holdings						
- AA3	312,497	-	-	-	-	312,497
Finance services						
- AA2 (S)	1,320,477	-	-	-	-	1,320,477
Hire purchase						
- P1	399,525	-	-	-	-	399,525
Plantation						
- AA2	737,706	-	-	-	-	737,706
Utilities						
- AA1	723,064	-	-	-	-	723,064
Others	-	-	6,311	-	1,692	8,003
Money Market						
- AAA	-	810,971	-	-	-	810,971
- AA1	-	300,025	-	-	-	300,025
	<u>9,081,659</u>	<u>1,110,996</u>	<u>6,311</u>	<u>4,475</u>	<u>1,692</u>	<u>10,205,133</u>

All financial assets of the Fund as at the end of each financial period are neither past due nor impaired.

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)**(c) Liquidity risk**

Liquidity risk can be defined as the ease with which a security can be sold at or near its fair value depending on the volume traded in the market. If a security encounters a liquidity crunch, the security may need to be sold at a discount to the market fair value of the security. This in turn would depress the NAV and/or growth of the Fund. Generally, all investments are subject to a certain degree of liquidity risk depending on the nature of the investment instruments, market, sector and other factors. For the purpose of the Fund, the PRS Provider will attempt to balance the entire portfolio by investing in a mix of assets with satisfactory trading volume and those that occasionally could encounter poor liquidity. This is expected to reduce the risks for the entire portfolio without limiting the Fund's growth potentials.

The PRS Provider manages this risk by maintaining sufficient level of liquid assets to meet anticipated payments and cancellations of the units by members. Liquid assets comprise bank balances, deposits with licensed financial institutions and other instruments, which are capable of being converted into cash within 7 business days.

The table below summarises the Fund's financial liabilities into relevant maturity groupings based on the remaining period as at the statement of financial position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	Less than 1 month RM	Between 1 month to 1 year RM	Total RM
31.10.2014			
Amount due to PRS Provider	17,007	-	17,007
Accrued management fee	12,108	-	12,108
Amount due to Trustee	323	-	323
Amount due to PPA	323	-	323
Other payables and accruals	-	9,057	9,057
Contractual cash outflows	<u>29,761</u>	<u>9,057</u>	<u>38,818</u>

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

	Less than 1 month RM	Between 1 month to 1 year RM	Total RM
30.04.2014			
Amount due to PRS Provider			
Accrued management fee	6,457	-	6,457
Amount due to Trustee	12,570	-	12,570
Amount due to PPA	335	-	335
Other payables and accruals	-	11,180	11,180
Contractual cash outflows	<u>19,697</u>	<u>11,180</u>	<u>30,877</u>

(d) Non-compliance risk

Non-compliance risk arises when the PRS Provider and others associated with the Fund do not follow the rules set out in the Fund's constitution, or the law that govern the Fund, or act fraudulently or dishonestly. It also includes the risk of the PRS Provider not complying with internal control procedures.

The non-compliance may expose the Fund to higher risks which may result in a fall in the value of the Fund which in turn may affect its investment goals. However, the risk can be mitigated by the internal controls and compliance monitoring undertaken by the PRS Provider.

(e) Capital risk management

The capital of the Fund is represented by equity consisting of members' capital and retained earnings. The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of members. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for members and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

(f) Fair value estimation

The fair value of financial assets and liabilities traded in active market (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the year end date. The quoted market price used for financial assets by the Fund is the current bid price; the appropriate quoted market price for financial liabilities is the current asking price.

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial assets and liabilities that are not traded in an active market is determined by using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each period end date. Valuation techniques used for non-standardised financial instruments such as options, currency swaps and other over-the-counter derivatives, include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

For instruments for which there is no active market, the Fund may use internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. Valuation models are used primarily to value unlisted equity, debt securities and other debt instruments for which market were or have been inactive during the financial period. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds.

Valuations are therefore adjusted where appropriate, to allow for additional factors including model risk, liquidity risk and counterparty risk.

The fair value is based on the following methodology and assumptions:

- (i) Bank balance and deposits and placements with financial institutions with maturities less than 1 year, the carrying value is a reasonable estimate of fair value.
- (ii) The carrying value less impairment provision of receivables and payables are assumed to approximate their fair values. The carrying value of the financial assets and financial liabilities approximate their fair value due to their short-term nature.

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)**Fair value hierarchy**

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active market for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2)
- Inputs for the asset and liability that are not based on observable market data (that is, unobservable inputs) (Level 3)

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement.

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgment by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
31.10.2014				
Financial assets at fair value through profit or loss:				
- quoted securities	1,705,040	-	-	1,705,040
- unquoted fixed income securities	-	6,651,110	-	6,651,110
	<u>1,705,040</u>	<u>6,651,110</u>	<u>-</u>	<u>8,356,150</u>

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
30.04.2014				
Financial assets at fair value through profit or loss:				
- quoted securities	1,928,474	-	-	1,928,474
- unquoted fixed income securities	-	7,153,185	-	7,153,185
	<u>1,928,474</u>	<u>7,153,185</u>	<u>-</u>	<u>9,081,659</u>

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include active listed equities. The Fund does not adjust the quoted prices for these instruments.

Financial instruments that trade in markets that are considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include unquoted fixed income securities. As Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. The Fund's policies on valuation of these financial assets are stated in Note 2(b).

4. INTEREST INCOME

	31.10.2014 RM	30.04.2014 RM
Interest income from deposits with licensed financial institutions	15,501	61,567
Interest income from unquoted fixed income securities	148,963	218,429
	<u>164,464</u>	<u>279,996</u>

5. MANAGEMENT FEE

In accordance with Clause 17.1.3 of the Master Deed dated 16 January 2013, the PRS Provider is entitled to a maximum management fee of 2.00% per annum, calculated daily based on the NAV of the Fund.

For the financial period from 01 May 2014 to October 2014, the management fee is recognised at a rate of 1.50% per annum (30.04.2014: 1.50%).

There will be no further liability to the PRS Provider in respect of management fee other than the amount recognised above.

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)**6. TRUSTEE FEE**

In accordance with Clause 17.2.2 of the Master Deed dated 16 January 2013 the Trustee is entitled to a maximum Trustee fee of 0.04% per annum, calculated daily based on the NAV of the Fund.

For the financial period from 01 May 2014 to 31 October 2014, the Trustee's fee is recognised at a rate of 0.04% per annum (30.04.2014: 0.04%).

There will be no further liability to the PRS Provider in respect of management fee other than the amount recognised above.

7. PRIVATE PENSION ADMINISTRATION FEE

For the financial period from 01 May 2014 to 31 October 2014, the PPA administration fee is recognised at a rate of 0.04% per annum, calculated daily based on the NAV of the Fund (30.04.2014: 0.04%).

There will be no further liability to the PPA in respect of PPA administration fee other than the amount recognised above.

8. TAXATION

The numerical reconciliation between profit before taxation multiplied by the Malaysian statutory tax rate and tax expense of the Fund is as follows:

	Financial period from 01.05.2014 to 31.10.2014	Financial period from 16.05.2013 (date of launch) to 30.04.2014
	RM	RM
Profit before taxation	<u>177,038</u>	<u>199,422</u>
Taxation at Malaysian statutory rate of 25%	44,260	49,856
Tax effects of:		
Investment income not subject to tax	(66,864)	(91,989)
Expenses not deductible for tax purposes	<u>22,604</u>	<u>42,133</u>
Taxation	<u>-</u>	<u>-</u>

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Financial period from 01.05.2014 to 31.10.2014	Financial period from 16.05.2013 (date of launch) to 30.04.2014
	RM	RM
Designated at fair value through profit or loss at inception:		
- quoted securities	1,705,040	1,928,474
- unquoted fixed income securities	6,651,110	7,153,185
	<u>8,356,150</u>	<u>9,081,659</u>
Net gain on assets at fair value through profit or loss		
- realised gain/(loss) on disposals	17,671	(4,230)
- change in unrealised fair value gain	49,431	35,587
	<u>67,102</u>	<u>31,357</u>

Name of counter	Quantity units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.10.2014				
QUOTED SECURITIES				
Construction				
Gamuda Berhad	8,400	40,297	43,008	0.45
IJM Corporation Bhd	7,900	45,527	54,668	0.57
	<u>16,300</u>	<u>85,824</u>	<u>97,676</u>	<u>1.02</u>
Consumer Products				
Narra Industries Berhad	4,900	19,110	19,600	0.21
Oriental Holdings Bhd	2,700	26,876	19,737	0.21
	<u>7,600</u>	<u>45,986</u>	<u>39,337</u>	<u>0.42</u>
Finance				
AMMB Holdings Bhd	7,600	57,074	51,528	0.54
CIMB Group Holdings Bhd	7,247	59,634	47,033	0.49
Malayan Banking Berhad	9,200	93,658	89,240	0.94
Public Bank Berhad	4,050	73,380	75,087	0.79
RHB Capital Berhad	3,605	31,065	31,724	0.33
Westports Holdings Berhad	9,400	23,500	28,200	0.30
	<u>41,102</u>	<u>338,311</u>	<u>322,812</u>	<u>3.39</u>

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

Name of counter	Quantity units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.10.2014 (cont'd)				
QUOTED SECURITIES (cont'd)				
Industrial Products				
Kossan Rubber Industries Bhd	8,800	20,680	40,480	0.42
Petronas Chemicals Group Berhad	2,900	19,166	17,835	0.19
	<u>11,700</u>	<u>39,846</u>	<u>58,315</u>	<u>0.61</u>
Infrastructure Project Company				
Digi.Com Berhad	8,500	41,075	52,615	0.55
Time Dotcom Bhd	5,300	19,458	27,454	0.29
	<u>13,800</u>	<u>60,533</u>	<u>80,069</u>	<u>0.84</u>
Plantation				
Boustead Plantations Berhad	8,300	13,280	12,616	0.13
IOI Corporation Bhd	4,100	21,663	20,049	0.21
Kulim Malaysia Berhad	7,000	24,654	23,940	0.25
Tanah Makmur Berhad	9,100	11,375	16,926	0.18
TDM Bhd	18,100	14,299	16,743	0.18
	<u>46,600</u>	<u>85,271</u>	<u>90,274</u>	<u>0.95</u>
Properties				
Hua Yang Berhad	16,333	34,904	37,893	0.40
Matrix Concepts Holdings Berhad	10,200	17,621	30,600	0.32
Paramount Corporation Bhd	11,125	15,598	16,687	0.17
Sunway Berhad	5,666	18,815	19,548	0.21
UOA Development Berhad	14,200	31,182	30,104	0.32
	<u>57,524</u>	<u>118,120</u>	<u>134,832</u>	<u>1.42</u>
Technology				
Globetronics Technology Bhd	5,200	11,463	23,504	0.25
	<u>5,200</u>	<u>11,463</u>	<u>23,504</u>	<u>0.25</u>
Trading/Services				
7-Eleven Malaysia Holdings Berhad	12,000	16,560	20,040	0.21
Axiata Group Bhd	12,600	84,173	88,830	0.93
Berjaya Sports Toto Bhd	10,334	41,408	37,306	0.39
Boustead Holdings Berhad	5,900	31,754	29,795	0.31
Dialog Group Bhd	15,926	23,385	25,800	0.27
Gas Malaysia	5,400	17,883	19,224	0.20

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

Name of counter	Quantity units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.10.2014 (cont'd)				
QUOTED SECURITIES (cont'd)				
Trading/Services				
Genting Berhad	6,100	62,132	59,475	0.62
Icon Offshore Berhad	10,600	19,610	14,628	0.15
Maxis Berhad	8,800	60,213	59,312	0.62
Media Prima Bhd	15,000	39,643	29,400	0.31
Media Chinese International Limited	21,800	23,570	20,274	0.21
MISC Berhad	4,200	24,038	28,812	0.30
Multi-Purpose Holidngs Berhad	13,500	43,582	40,365	0.42
Pos Malaysia Bhd	4,900	23,899	24,745	0.26
Prestariang Bhd	38,500	51,498	65,450	0.69
Sapurakencana Petroleum Bhd	9,000	38,314	30,690	0.32
Sime Darby Berhad	4,843	45,956	46,880	0.49
Telekom Malaysia Bhd	4,676	25,620	33,667	0.35
Tenaga Nasional Bhd	8,600	72,686	114,896	1.20
Yinson Holdings Berhad	14,800	23,505	43,068	0.45
YTL Corporation Berhad	15,400	25,457	25,564	0.27
	<u>242,879</u>	<u>794,886</u>	<u>858,221</u>	<u>8.97</u>
TOTAL QUOTED SECURITIES	<u>442,705</u>	<u>1,580,240</u>	<u>1,705,040</u>	<u>17.87</u>
UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>124,800</u>		
FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>1,705,040</u>		

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

Name of counter	Quantity units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.10.2014 (cont'd)				
UNQUOTED FIXED INCOME SECURITIES				
BONDS				
Public Bank Berhad 25.09.2018	1,049,000	1,054,104	1,064,552	11.16
	<u>1,049,000</u>	<u>1,054,104</u>	<u>1,064,552</u>	<u>11.16</u>
COMMERCIAL PAPER				
Sabah Credit Corporation 06.11.2014	1,000,000	999,347	999,347	10.47
	<u>1,000,000</u>	<u>999,347</u>	<u>999,347</u>	<u>10.47</u>
ISLAMIC BONDS				
Gamuda Berhad 21.03.2018	734,000	742,982	734,817	7.70
CIMB Islamic Bank Berhad 18.09.2017	738,000	744,449	736,282	7.72
BGSM Management Sdn Bhd 27.12.2018	305,000	331,753	314,109	3.29
First Resources Limited 05.06.2020	740,000	754,975	743,825	7.79
Golden Assets International Finance 03.08.2018	1,320,000	1,335,945	1,328,847	13.93
Sarawak Energy Berhad 23.06.2021	691,000	747,336	729,332	7.64
	<u>4,528,000</u>	<u>4,637,440</u>	<u>4,587,212</u>	<u>48.07</u>
TOTAL UNQUOTED FIXED INCOME SECURITIES	<u>6,577,000</u>	<u>6,690,891</u>	<u>6,651,110</u>	<u>69.70</u>
UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>(39,781)</u>		
FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>6,651,110</u>		

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

Name of counter	Quantity units	Aggregate cost RM	Market value RM	Percentage of NAV %
30.04.2014				
QUOTED SECURITIES				
Construction				
Gamuda Berhad	8,400	40,297	38,724	0.38
IJM Corporation Bhd	7,900	45,527	50,402	0.50
	16,300	85,824	89,126	0.88
Consumer Products				
Oriental Holdings Bhd	2,700	26,876	21,060	0.21
UMW Holdings Berhad	2,000	24,390	21,520	0.21
	4,700	51,266	42,580	0.42
Finance				
AMMB Holdings Bhd	7,600	57,074	54,568	0.54
CIMB Group Holdings Bhd	8,242	67,935	61,897	0.61
Hong Leong Group Bhd	900	12,652	12,600	0.12
Malayan Banking Berhad	13,500	138,588	133,650	1.31
Public Bank Berhad	7,500	134,804	151,050	1.48
RHB Capital Berhad	3,556	30,700	29,479	0.29
	41,298	441,753	443,244	4.35
Industrial Products				
Kossan Rubber Industries Bhd	8,800	20,680	36,080	0.35
Petronas Chemicals Group Berhad	2,900	19,166	19,517	0.19
	11,700	39,846	55,597	0.54
Infrastructure Project Company				
Digi.Com Berhad	11,400	54,694	63,156	0.62
Time Dotcom Bhd	5,300	19,458	21,147	0.21
	16,700	74,152	84,303	0.83
Plantation				
IOI Corporation Bhd	4,100	21,663	20,500	0.20
Kulim Malaysia Berhad	7,000	24,654	24,710	0.24
TDM Bhd	18,100	14,299	17,557	0.17
	29,200	60,616	62,767	0.61
Properties				
Hua Yang Berhad	21,333	50,290	39,893	0.39
Matrix Concepts Holdings Berhad	6,800	17,621	27,812	0.27
Paramount Corporation Bhd	13,700	22,155	22,879	0.22
Sunway Real Estate Investment Trust	5,666	18,815	17,565	0.17

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

Name of counter	Quantity units	Aggregate cost RM	Market value RM	Percentage of NAV %
30.04.2014 (cont'd)				
QUOTED SECURITIES (cont'd)				
Properties (cont'd)				
UOA Development Berhad	13,300	29,562	31,255	0.31
	60,799	138,443	139,404	1.36
UNQUOTED FIXED INCOME SECURITIES				
Globetronics Technology Bhd	5,200	11,463	18,720	0.18
	5,200	11,463	18,720	0.18
Trading/Services				
Axiata Group Berhad	15,600	104,423	104,988	1.03
Berjaya Sports Toto Bhd	10,334	41,408	40,199	0.40
Boustead Holdings Berhad	5,900	31,754	32,745	0.32
Dialog Group Bhd	7,900	23,385	28,361	0.28
Gas Malaysia	5,400	17,883	19,494	0.19
Genting Berhad	7,900	80,535	77,420	0.76
Magnum Berhad	13,500	43,582	40,770	0.40
Maxis Berhad	11,200	76,512	77,840	0.77
MBM Resources Berhad	5,700	22,814	18,354	0.18
Media Chinese International Limited	21,800	23,570	21,255	0.21
Media Prima Bhd	15,000	39,643	37,350	0.37
MISC Berhad	6,200	34,087	40,362	0.40
Perisai Petroleum Teknologi Bhd	12,000	19,170	18,840	0.19
Pos Malaysia Bhd	4,900	23,899	22,050	0.22
Prestariang Bhd	27,000	30,034	54,540	0.54
Sapurakencana Petroleum Bhd	12,400	52,524	53,444	0.53
Sime Darby Berhad	4,843	45,957	45,718	0.45
Telekom Malaysia Bhd	6,600	36,079	40,920	0.40
Tenaga Nasional Bhd	11,600	97,576	138,040	1.36
Yinson Holdings Berhad	3,700	15,365	31,561	0.31
YTL Corporation Bhd	15,400	25,457	24,794	0.24
Westports Holdings Berhad	9,400	23,500	23,688	0.23
	234,277	909,157	992,733	9.78
TOTAL QUOTED SECURITIES				
	420,174	1,812,520	1,928,474	18.95
UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
		115,954		

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

Name of counter	Quantity units	Aggregate cost RM	Market value RM	Percentage of NAV %
30.04.2014 (cont'd)				
QUOTED SECURITIES (cont'd)				
FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
		<u>1,928,474</u>		
UNQUOTED FIXED INCOME SECURITIES				
BONDS				
Public Bank Berhad 25.09.2023	1,049,000	1,054,104	1,056,937	10.39
	<u>1,049,000</u>	<u>1,054,104</u>	<u>1,056,937</u>	<u>10.39</u>
COMMERCIAL PAPERS				
Pac Lease berhad 14.05.2014	400,000	399,525	399,525	3.93
Sabah Credit Corporation 07.08.2014	1,000,000	989,761	989,761	9.73
	<u>1,400,000</u>	<u>1,389,286</u>	<u>1,389,286</u>	<u>13.66</u>
ISLAMIC BONDS				
CIMB Islamic Bank Berhad 18.09.2017	738,000	744,862	735,035	7.22
Gamuda Berhad 21.03.2018	734,000	743,779	729,611	7.17
Golden Assets International Finance Limited 03.08.2018	1,320,000	1,335,544	1,320,477	12.98
Cagamas MBS Berhad 26.10.2018	149,000	149,049	148,572	1.46
BGSM Management Sdn Bhd 27.12.2018	305,000	311,977	312,497	3.07
First Resources Ltd 05.06.2020	740,000	754,952	737,706	7.25
Sarawak Energy Berhad 23.06.2021	691,000	749,999	723,064	7.11
	<u>4,677,000</u>	<u>4,790,162</u>	<u>4,706,962</u>	<u>46.26</u>
TOTAL UNQUOTED FIXED INCOME SECURITIES	<u>7,126,000</u>	<u>7,233,552</u>	<u>7,153,185</u>	<u>70.31</u>
UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
		<u>(80,367)</u>		
FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>7,153,185</u>		

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

10. CASH AND CASH EQUIVALENTS

	31.10.2014 RM	30.04.2014 RM
Deposits with licensed financial institutions	1,100,196	1,000,083
Bank balances	104,385	110,913
	<u>1,204,581</u>	<u>1,110,996</u>

The effective weighted average interest rate per annum is as follows:

	31.10.2014 %	30.04.2014 %
Deposits with licensed financial institutions	<u>3.25</u>	<u>3.05</u>

Deposits with licensed financial institutions of the Fund have an average maturity of 3 days (30.04.2014 :5 days).

11. NUMBER OF UNITS IN CIRCULATION AND NET ASSETS ATTRIBUTABLE TO MEMBERS

	31.10.2014		30.04.2014	
	No. of units	RM	No. of units	RM
At the beginning of the financial period	9,967,414	10,174,256	-	-
Add:Creation arising from applications	837,060	862,773	10,487,958	10,501,460
Less:Cancellation of units	(1,622,057)	(1,671,420)	(520,544)	(526,626)
Total comprehensive income for the financial period	-	177,038	-	199,422
At end of the financial period	<u>9,182,417</u>	<u>9,542,647</u>	<u>9,967,414</u>	<u>10,174,256</u>

12. MANAGEMENT EXPENSE RATIO ("MER")

	Financial Period from 01.05.2014 to 31.10.2014 %	Financial Period from 16.05.2013 (date of launch) to 30.04.2014 %
MER	<u>1.83</u>	<u>1.78</u>

MER is derived based on the following calculation:

$$\text{MER} = \frac{A + B + C + D + E + F}{G} \times 100$$

- A = Management fee
 B = Trustee's fee
 C = Audit fee
 D = Tax agent's fee
 E = PPA administration fee
 F = Other expenses
 G = Average NAV of the Fund calculation on a daily basis
 The average NAV of the Fund for the financial period calculated on daily basis is RM9,774,754 (30.04.2014 :RM9,237,933).

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)**13. PORTFOLIO TURNOVER RATIO ("PTR")**

	Financial period from 01.05.2014 to 31.10.2014	16.05.2013 (date of launch) to 30.04.2014
PTR (times)	0.25	0.93

PTR is derived based on the following calculation:

$$\frac{[\text{Total acquisition for the financial period} + \text{total disposal for the financial period}] \div 2}{\text{Average NAV of the Fund for the financial period calculated on a daily basis}}$$

where:

total acquisition for the financial period = RM2,804,595 (30.04.2014: RM13,060,546)

total disposal for the financial period = RM1,993,827 (30.04.2014: RM4,089,372)

14. UNITS HELD BY THE PRS PROVIDER AND RELATED PARTIES TRANSACTIONS AND BALANCES

The related parties and their relationship with the Fund are as follows:

Related parties	Relationship
Pension and Asset Management Sdn Bhd	The PRS Provider
AIA Bhd. (Formerly known as American International Assurance Bhd)	Holding Company of the PRS Provider
AIA Group Limited	Ultimate holding company of the PRS Provider

Units held by the PRS Provider and parties related to the PRS Provider

	31.10.2014		30.04.2014	
PRS Provider	No. of units	RM	No. of units	RM
AIA Pension And Asset Management Sdn. Bhd.	3,936,102	4,090,397	4,650,002	4,746,722

In the opinion of the PRS Provider, the above units were transacted at the prevailing market price.

The units are held beneficially by the PRS Provider for bookings purpose. Other than the above, there were no units held by Directors or parties related to the PRS Provider.

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances. The PRS Provider is of the opinion that all transactions with the related companies have been entered into in the normal course of business at agreed terms between the related parties and the profit rates on fixed and short-term deposits were at normal commercial rates.

	31.10.2014 RM	30.04.2014 RM
Significant related party transactions		
AIA Pension And Asset Management Sdn. Bhd.	(735,568)	5,354,594
Significant related party balances		
AIA Pension And Asset Management Sdn. Bhd.	4,090,397	4,746,722

15. TRANSACTIONS WITH BROKERS/DEALERS

Details of transactions with the top 10 brokers/dealers for the financial period from 01 May 2014 to 31 October 2014 are as follows:

Brokers/dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
Public Bank Berhad	34,836,000	79.20	-	-
Hong Leong Bank Berhad	6,577,000	14.95	-	-
Ambank (M) Berhad	1,938,733	4.41	-	-
JP Morgan Securities (Asia Pacific) Ltd Hong Kong	226,203	0.51	876	30.24
Maybank Investment Bank Berhad	150,690	0.34	700	24.18
Hong Leong Investment Bank	136,980	0.31	394	13.60
CIMB Investment Bank Berhad	70,289	0.16	515	17.76
Affin Hwang Investment Bank Berhad	24,886	0.06	246	8.50
UBS Securities Asia Ltd Hong Kong	16,726	0.04	166	5.72
Other	9,769	0.02	-	-
	<u>43,987,276</u>	<u>100.00</u>	<u>2,897</u>	<u>100</u>

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)**15. TRANSACTIONS WITH BROKERS/DEALERS (cont'd)**

Details of transactions with the top 10 brokers/dealers for the financial period from 16 May 2013 (date of launch) to 30 April 2014 are as follows:

Brokers/dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
AmBank (M) Berhad	4,977,515	37.55	-	-
CIMB bank Berhad	3,275,208	24.71	-	-
RHB Investment Bank Berhad	2,048,499	15.46	-	-
Credit Suisse Securities (Malaysia) Sdn Bhd	1,064,930	8.03	3,984	49.37
Hong Leong Investment Bank Berhad	868,710	6.55	2,906	36.00
Malayan Banking Bhd	765,703	5.78	235	2.91
CIMB Investment Bank Berhad	234,666	1.77	883	10.94
Maybank Investment Bank Berhad	17,424	0.13	63	0.78
Deutsche Bank (Malaysia) Bhd	2,262	0.02	-	-
	<u>13,254,917</u>	<u>100.00</u>	<u>8,071</u>	<u>100.00</u>

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)**16. SEGMENT INFORMATION**

The internal reporting provided to the chief operating decision-maker for the fund's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of MFRS and International Financial Reporting Standards. The CEO, who is the chief operating decision-maker is responsible for the performance of the Fund and considers the business to have a single operating segment located in Malaysia. Asset allocation decisions are based on a single, integrated investment strategy and the Fund's performance is evaluated on an overall basis.

The investment objective of the Fund is to grow the value of investments over the long-term through investment in a diversified mix of Malaysian assets. The reportable operating segment derives its income by seeking investments to achieve targeted returns consummate with an acceptable level of risk within the portfolio. These returns consist of profit and dividend income earned from investments and gains on the appreciation in the value of investments.

There were no changes in reportable operating segment during the financial period.

17. COMPARATIVES

The comparative financial statements are in respect of the financial period from 16 May 2013 (launch date) to 30 April 2014.

18. APPROVAL OF FINANCIAL STATEMENTS

The unaudited financial statements have been approved for issue by the PRS Provider on 12 December 2014.

AIA PAM – ISLAMIC MODERATE FUND

FUND PERFORMANCE

Fund Information

Name:	AIA PAM – Islamic Moderate Fund
Type & Category:	Non-Core (Balanced)
Investment Objective:	The Fund seeks to provide returns through a combination of income* and capital growth from a portfolio that is consistent with Shariah principles. <i>*Income will be reinvested in additional Units in the Fund.</i>
Investment Strategy:	The Fund will invest in a portfolio comprising Shariah-compliant equities with potential for growth and Shariah-compliant equities that are trading below their fair value. The Fund will also invest at least 50% of its NAV in Sukuk and Islamic money market instruments with a minimum credit rating of “BBB3” or “P2” by RAM or an equivalent rating by MARC. The Fund will only invest locally.
Benchmark:	50% FBM EMAS Shariah Index + 50% Quant Shop GII All Index
Distribution policy:	Subject to the availability of income, distribution (if any) will be distributed annually.

Breakdown of unit holdings by size:

Size of holdings (units)	No. of unit holder	No. of units held	% of units held
5,000 and below	917	1,645,306.57	18.30
5,001 to 10,000	105	648,478.96	7.22
10,001 to 50,000	38	727,586.28	8.09
50,001 to 500,000	3	408,022.45	4.54
500,001 and above	2	5,559,097.13	61.85
TOTAL	1,065	8,988,491.39	100

Note: The unit holdings include Seed Capital of 5,0000 million units as at 31 October 2014.

Details of the portfolio composition of the Fund are as follows:

	As of 31 October 2014
	%
Quoted Shariah-compliant securities	
- Construction	3.10
- Consumer Product	0.91
- Finance	2.51
- Industrial Product	4.92
- Infrastructure	3.42
- Plantation	5.42
- Properties	5.81
- Technology	0.86
- Trading/Services	23.13
Unquoted sukuk	34.74
Cash and other net assets	15.18
	100.00

Performance details of the Fund are as follows:

	From 1 May 2014 to 31 October 2014	Since Inception to 30 April 2014
Net asset value (NAV) (RM million)	9.8174	6.8019
Units in circulation (million)	8.9885	6.3993
NAV per unit (RM)	1.0922	1.0629
Highest NAV per unit (RM)	1.0986	1.0662
Lowest NAV per unit (RM)	1.0537	0.9749
Total return (%)	2.76	6.29
- Capital growth (%)	2.76	6.29
- Income distribution (%)	0.00	0.00
Average total return (%)	0.46	0.62
Annualised total return (%)	5.52	6.91
Gross distribution per unit (sen)	-	-
Net distribution per unit (sen)	-	-
Date of distribution	-	-
Management expense ratio (%)	2.22	2.32
Portfolio turnover ratio (times)	0.23	0.60
Seed capital (units in million)	5.0000	5.0000
% of Total Units in Circulation	55.63	78.13

Note: Basis of calculation and assumption made in computation of the returns

$$\text{Performance return} = \frac{\text{NAV}(t) - \text{NAV}(t-1)}{\text{NAV}(t)}$$

$$\text{Annualised performance return} = \frac{(\text{Performance return}) \times (\text{no. of days per year})}{\text{total no. of days for period under review}}$$

FUND PERFORMANCE

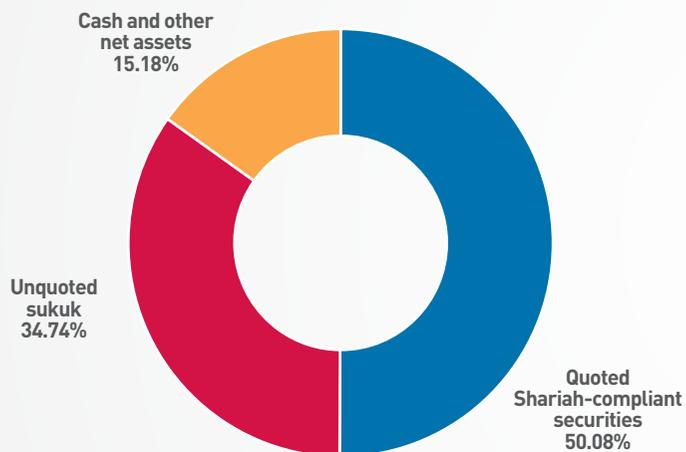
FUND REPORT

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

Asset allocation of the Fund is as follows:

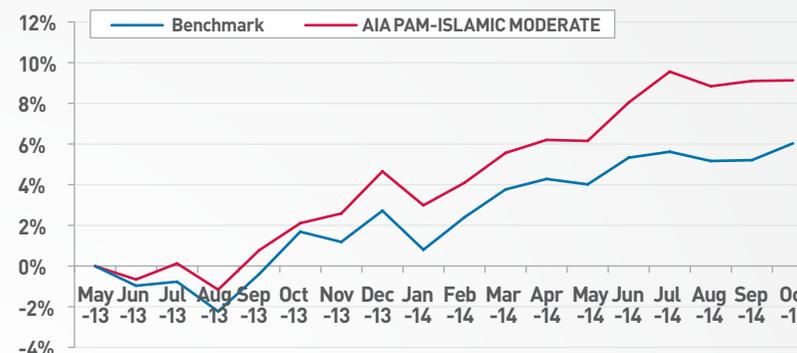
Quoted Shariah-compliant securities
 Unquoted sukuk
 Cash and other net assets
 Total

As of 31 October 2014	
	% of NAV
Quoted Shariah-compliant securities	50.08
Unquoted sukuk	34.74
Cash and other net assets	15.18
Total	100.00



As at 31 October 2014, the Fund was fully invested where a minimal level of Islamic liquid assets was maintained primarily for redemption purposes.

AIA PAM-ISLAMIC MODERATE



Source: Bloomberg, www.bursamalaysia.com, quantshop.com as at 31 October 2014

How did the Fund perform during the period?

During the period of review from 1 May 2014 till 31 October 2014, the Fund has posted a return of 2.76% outperformed the benchmark which returned 1.68% and has achieved its investment objective of seeking to provide returns through a combination of income and capital growth from a portfolio that is consistent with Shariah principles. The Fund outperformed the benchmark due to good Shariah-compliant stock selection.

During the period under review, there were no significant changes in the state of affairs of the Fund and no circumstances which materially affect any interests of the members.

What investments influenced the Fund's performance over the year?

Positives

- The Fund participated in IPO such as Tanah Makmur which had outperformed
- The Fund's Shariah-compliant equity portion was overweight in small to medium cap Shariah-compliant stocks like Berjaya Auto, Globetronic, Hua Yang, Kossan and Matrix, and overweight in cyclical sectors such as property, construction and technology, which have outperformed.
- The Fund's Shariah-compliant equity portion was underweight in finance sector which had underperformed.
- The Fund's sukuk portion was biased towards corporate sukuk versus government investment issues, which benefitted due to higher carry and tightening credit spreads.

FUND REPORT (cont'd)

Negative

- The Fund had an underweight duration position, hence it did not benefit when the yield curve flattened.

What is your strategy going forward?

For Shariah-compliant equity, with expectations of a synchronised global growth, we prefer Shariah-compliant growth stocks over yield. As such, we like Shariah-compliant stocks in cyclical sectors i.e. oil & gas, selected property stocks, construction and technology.

Uneven global economic growth and stable inflation are supportive factors for the Malaysian fixed income market. Nevertheless, this will be balanced by how foreign investors in the Malaysian market react to the Fed's monetary policy. We expect MYR yields to continue to be influenced by the Ringgit and US Treasury yields. This underpins our strategy to be duration neutral. We will invest primarily in corporate sukuk that offer good relative values against a backdrop of a stable credit conditions.

Soft Commission and Rebates

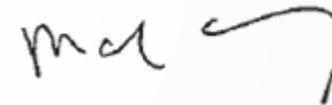
There was also no soft commission or rebates received from any broker for the period under review.

STATEMENT BY PRS PROVIDER

STATEMENT BY PRS PROVIDER TO THE MEMBERS OF AIA PAM – ISLAMIC MODERATE FUND

I, Wang Ming-Yuan, Mark being the Chief Executive Officer of AIA Pension and Asset Management Sdn. Bhd. (the "PRS Provider"), do hereby state that, in the opinion of the PRS Provider, the accompanying unaudited financial statements set out on pages 149 to 186 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 31 October 2014 and of its financial performance, changes in equity and cash flows for the financial period from 1 May 2014 to 31 October 2014 in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

For and on behalf of the PRS Provider,
AIA PENSION AND ASSET MANAGEMENT SDN. BHD.
(Company No: 1011637-P)



Wang Ming-Yuan, Mark
Chief Executive Officer

Kuala Lumpur
Date: 12 December 2014

TRUSTEE'S REPORT

TRUSTEE'S REPORT TO THE MEMBERS OF AIA PAM – ISLAMIC MODERATE FUND

We have acted as the Trustee of AIA PAM - Islamic Moderate Fund (the "Fund") for the financial period from 1 May 2014 to 31 October 2014. To the best of our knowledge, for the period under review, AIA Pension and Asset Management Sdn. Bhd (the "PRS Provider"), has operated and managed the Fund in accordance with the following:

- (a) limitations imposed on the investment powers of the PRS Provider and the Trustee under the Deeds, the Securities Commission's Guidelines on Private Retirement Schemes, the Capital Markets and Services Act 2007 and other applicable laws;
- (b) valuation/pricing is carried out in accordance with the Deeds and relevant regulatory requirements; and
- (c) creation and cancellation of units are carried out in accordance with the Deeds and relevant regulatory requirements.

For Deutsche Trustees Malaysia Berhad

Ikhizuan Ibrahim
Manager, Trustee Operations

Kuala Lumpur
Date: 15 December 2014

Soon Lai Ching
Manager, Trustee Operations

SHARIAH ADVISER'S REPORT

SHARIAH ADVISER'S REPORT TO THE MEMBERS OF AIA PAM - ISLAMIC MODERATE FUND

We have acted as the Shariah Adviser of the **AIA PAM - Islamic Moderate**. Our responsibility is to ensure that the procedures and processes employed by **AIA Pension and Asset Management Sdn. Bhd.** are in accordance with the Shariah principles.

In our opinion, **AIA Pension and Asset Management Sdn. Bhd.** has managed and administered **AIA PAM – Islamic Moderate** in accordance with Shariah principles and complied with applicable guidelines, rulings and decisions issued by the Securities Commission pertaining to Shariah matters for the financial period from 1 May 2014 to 31 October 2014.

We wish to draw your attention to the following:

AirAsia X Berhad, a security which has been reclassified as Shariah non-compliant by the Shariah Advisory Council of the Securities Commission ("SACSC") on 30 May 2014 was wrongly purchased on 11 September 2014 and subsequently disposed of on 20 October 2014. A loss amounting to RM3,252.96 arising from the disposal was borne by the Manager.

In addition, we also confirm that the investment portfolio of **AIA PAM – Islamic Moderate Fund** comprise securities which have been classified as Shariah-compliant by the SACSC. As for the securities which are not certified by the SACSC, we have reviewed the said securities and opine that these securities are designated as Shariah-compliant.

For and on behalf of the Shariah Adviser,
IBFIM



MOHD NASIR ISMAIL
Shariah Advisor / Designated Person Responsible for Shariah Advisory.

Kuala Lumpur
Date: 15 December 2014

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME**FOR THE FINANCIAL PERIOD FROM 01 MAY 2014 TO 31 OCTOBER 2014**

	Note	Financial period from 01.05.2014 to RM	Financial period from 16.05.2014 RM
NET INVESTMENT INCOME			
Dividend income		80,680	76,969
Profit income	4	73,402	97,611
Net gain on Shariah-compliant financial assets at fair value through profit or loss	9	149,955	328,374
		<u>304,037</u>	<u>502,954</u>
EXPENSES			
Management fee	5	63,934	83,963
Trustee's fee	6	1,705	2,239
PPA administration fee	7	1,705	2,239
Transaction costs		8,808	14,506
Audit fee		4,275	8,000
Tax agent's fee		1,603	4,770
Shariah advisory fee		9,150	16,813
Other expenses		3,243	2,417
		<u>94,423</u>	<u>134,947</u>
PROFIT BEFORE TAXATION		209,614	368,007
Taxation	8	-	-
PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		<u>209,614</u>	<u>368,007</u>
Profit after taxation is made up as follows:			
Realised amount		41,608	69,489
Unrealised amount		<u>168,006</u>	<u>298,518</u>

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

UNAUDITED STATEMENT OF FINANCIAL POSITION**AS AT 31 OCTOBER 2014**

	Note	31.10.2014 RM	30.04.2014 RM
CURRENT ASSETS			
Shariah-compliant financial assets at fair value through profit or loss	9	8,294,696	6,374,220
Cash and cash equivalents	10	1,495,664	420,371
Amount due from PRS Provider – Creation of units		44,287	9,729
Dividends receivable		7,082	3,784
Tax recoverable		1,354	1,354
Sundry Receivable		12,357	12,357
TOTAL ASSETS		<u>9,855,440</u>	<u>6,821,815</u>
CURRENT LIABILITIES			
Accrued management fee		12,166	8,336
Amount due to Provider – cancellation of units		7,052	-
Amount due to Trustee		325	222
Amount due to PPA		325	222
Other payables and accruals		18,131	11,180
TOTAL LIABILITIES		<u>37,999</u>	<u>19,960</u>
NET ASSETS VALUE OF THE FUND		<u>9,817,441</u>	<u>6,801,855</u>
EQUITY			
Members' capital		9,239,820	6,433,848
Retained earnings		577,621	368,007
NET ASSET ATTRIBUTABLE TO MEMBERS	12	<u>9,817,441</u>	<u>6,801,855</u>
Number of units in circulation (units)	12	<u>8,988,491</u>	<u>6,399,262</u>
Net asset value per unit (RM) (*Ex-distribution)		<u>1.0922</u>	<u>1.0629</u>

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

UNAUDITED STATEMENT OF CHANGE IN EQUITY

FOR THE FINANCIAL PERIOD FROM 01 MAY 2014 TO 31 OCTOBER 2014

	Note	Members' capital RM	Retained earnings RM	Total RM
Balance as at 16 May 2013 (Launch date)		-	-	-
Movement in members' contributions:				
Creation of units arising from applications	12	6,458,631	-	6,458,631
Cancellation of units	12	(24,783)	-	(24,783)
Total comprehensive income for the financial year		-	368,007	368,007
Balance as at 30 April 2014		<u>6,433,848</u>	<u>368,007</u>	<u>6,801,855</u>
Balance as at 01 May 2014		6,433,848	368,007	6,801,855
Movement in members' contributions:				
Creation of units arising from applications	12	2,840,512	-	2,840,512
Cancellation of units	12	(34,540)	-	(34,540)
Total comprehensive income for the financial period		-	209,614	-
Balance as at 31 October 2014		<u>9,239,820</u>	<u>577,621</u>	<u>9,817,441</u>

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

UNAUDITED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL PERIOD FROM 01 MAY 2014 TO 31 OCTOBER 2014

	Note	Financial period From 01.05.2014 to 31.10.2014 RM	Financial Period from 16.05.2013 (Launch date) to 30.04.2014 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from disposal of Shariah-compliant investments		1,056,060	485,241
Purchase of Shariah-compliant investments		(2,813,014)	(6,509,338)
Dividend received		75,042	73,185
Profit income received from Shariah-compliant investments		62,175	75,862
Management fee paid		(60,105)	(75,627)
Trustee's fee paid		(1,602)	(2,017)
PPA administrative fee paid		(1,602)	(2,017)
Tax paid		-	(1,354)
Payments for other fees and expenses		(20,128)	(47,683)
Net cash used in operating activities		<u>(1,703,174)</u>	<u>(6,003,748)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		2,805,954	6,448,902
Payments for cancellation of units		(27,487)	(24,783)
Net cash generated from financing activities		<u>2,778,467</u>	<u>6,424,119</u>
Net increase in cash and cash equivalents		1,075,293	420,371
Cash and cash equivalents at the beginning of the financial period		420,371	-
Cash and cash equivalents at the end of the financial period	10	<u>1,495,664</u>	<u>420,371</u>

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

NOTES TO UNAUDITED FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 01 MAY 2014 TO 31 OCTOBER 2014

1. THE FUND, THE PRS PROVIDER AND ITS PRINCIPAL ACTIVITY

AIA PAM - Islamic Moderate (the "Fund") is governed by a Deed dated 16 January 2013 and Supplemental Deed dated 16 August 2013 (hereinafter referred to collectively as the "Deed") between AIA Pension and Asset Management Sdn. Bhd. (the "PRS Provider") and Deutsche Trustees Malaysia Berhad (the "Trustee").

The principal activity of the Fund is to invest in "Permitted Investments", as defined in Clause 11.1 of the Deed, which includes fixed income securities and other money market instruments.

The Fund seeks to provide returns through a combination of income and capital growth from a portfolio that is consistent with Shariah principles by investing at least 40% and a maximum of 60% of the Fund's NAV in local Shariah-compliant equities with a balance of both Shariah-compliant equities with potential for growth and Shariah-compliant equities that are traded below their fair value.

The Fund will invest at least 40% of its NAV in Sukuk and Islamic money market instrument with a minimum credit rating of "BBB3" or "P2" by RAM or equivalent rating by MARC.

The Fund commenced operations on 16 May 2013 and will continue its operations until terminated by the Trustee or the PRS Provider, as the case may be as provided under Clause 2.3 of the Deed.

All investments will be subject to the Securities Commission's ("SC") Guidelines on Private Retirement Schemes ("PRS"), SC requirements, the Deeds, except where exemptions or variations have been approved by the SC, internal policies and procedures and the Fund's objective.

The PRS Provider, AIA Pension and Assets Management Sdn. Bhd. is incorporated in Malaysia. The principal activities of the Company are asset management and management of Private Retirement Scheme ("PRS") funds. It is a wholly-owned entity of AIA Berhad (formerly known as American International Assurance Bhd.), whose ultimate holding company is AIA Group Limited, a company incorporated in Hong Kong and listed on the Stock Exchange of Hong Kong Limited.

The unaudited financial statements were authorised for issue by the PRS Provider on 12 December 2014.

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements:

(a) Basis of preparation

The financial statements have been prepared in accordance with the provisions of the Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

The financial statements have been prepared under the historical cost convention, as modified by financial assets and financial liabilities (including Shariah-compliant derivatives instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with MFRS and IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial period. It also requires the PRS Provider to exercise their judgment in the process of applying the Fund's accounting policies.

The PRS Provider believes that the underlying assumptions are appropriate and the Fund's financial statements therefore present the financial position results fairly. Although these estimates and judgment are based on the PRS Provider's best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2(m).

The standards, amendments to published standards and interpretations to existing standards that are applicable to the Fund but not yet effective and have not been early adopted are as follows:

(i) Financial year beginning on/after 1 January 2014

Amendment to MFRS 132 "Financial Instruments: Presentation" (effective from 1 January 2014) does not change the current offsetting model in MFRS 132. It clarifies the meaning of 'currently has a legally enforceable right of set-off' that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. It clarifies that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the MFRS 132 offsetting criteria. The Fund will apply this amendment when effective.

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)**(ii) Financial year beginning on/after 1 January 2017**

MFRS 9 "Financial Instruments – Classification and Measurement of Financial Assets and Financial Liabilities" (effective no earlier than annual periods beginning on or after 1 January 2017) replaces the parts of MFRS 139 that relate to the classification and measurement of financial instruments. MFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the MFRS 139 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Fund will apply this standard when effective.

The adoption of the standard is not expected to have a significant impact on the results of the Fund.

(b) Financial assets and liabilities**Classification**

The Fund designates its Shariah-compliant investments in quoted Shariah-compliant securities and unquoted sukuk as financial assets at fair value through profit or loss at inception.

Financial assets are designated at fair value through profit or loss when they are managed and their performance evaluated on a fair value basis

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and have been included in current assets. The Fund's receivables comprise cash and cash equivalents, amount due from PRS Provider, amount due from stockbrokers and dividends receivable.

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

The Fund classifies amount due to PRS Provider, amount due to stockbrokers, accrued management fee, amount due to Trustee, other payables and accruals as other financial liabilities.

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)**Recognition and measurement**

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Fund commits to purchase or sell the Shariah-compliant asset. Shariah-compliant investments are initially recognised at fair value. Transaction costs are expensed in the statement of comprehensive income.

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.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognised when it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expired.

Unrealised gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss are presented in the statement of comprehensive income within net gain or loss on financial assets at fair value through profit or loss in the period which they arise.

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of gross dividend income when the Fund's right to receive payments is established.

Quoted Shariah-compliant investments in Malaysia are valued at the last done market price quoted on Bursa Malaysia Securities Bhd ("Bursa Securities") at the date of the statement of financial position.

If a valuation based on the market price does not represent the fair value of the securities, for example during abnormal market conditions or when no market price is available, including in the event of a suspension in the quotation of the securities for a period exceeding 14 days, or such shorter period as agreed by the trustee, then the securities are valued as determined in good faith by the PRS Provider, based on the methods or bases approved by the Trustee after appropriate technical consultation.

Unquoted sukuk denominated in Ringgit Malaysia are revalued on a daily basis based on fair value prices quoted by a bond pricing agency ("BPA") registered with the SC as per the SC Guidelines on Private Retirement Schemes.

Islamic deposits with licensed financial institutions are stated at cost plus accrued profit calculated on the effective profit method over the period from the date of placement to the date of maturity of the respective Islamic deposits.

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

Receivables and other financial liabilities are subsequently carried at amortised cost using the effective profit method.

For assets carried at amortised cost, the Fund assesses at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective profit rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If 'receivables' has a variable profit rate, the discount rate for measuring any impairment loss is the current effective profit rate determined under the contract.

As a practical expedient, the Fund may measure impairment on the basis of an instrument's fair value using an observable market price.

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 (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in statement of comprehensive income.

When an asset is uncollectible, it is written off against the related allowance account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

(c) Income recognition

Dividend income is recognised on the ex-dividend date when the right to receive payment is established.

Profit income from Islamic deposits with licensed financial institutions and unquoted sukuk are recognised on a time proportionate basis using the effective profit rate method on an accrual basis.

Realised gain or loss on disposal of quoted Shariah-compliant securities is accounted for as the difference between the net disposal proceeds and the carrying amount of Shariah-compliant investments, determined on a weighted average cost basis.

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

Realised gain or loss on disposal of unquoted sukuk is calculated based on difference between the net disposal proceeds and the carrying amount of investments, determined on cost adjusted for accretion of discount or amortisation of premium.

(d) Functional and presentation currency

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is the Fund's functional and presentation currency.

(e) Creation and cancellation of units

The Fund issues cancellable units, which are cancelled at the member's option and are classified as equity. Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's NAV. The outstanding units are carried at the redemption amount that is payable at the date of the statement of financial position if the member exercises the right to put back the unit to the Fund.

Units are created and cancelled at the member's option at prices based on the Fund's NAV per unit at the time of creation or cancellation. The Fund's NAV per unit is calculated by dividing the net assets attributable to members with the total number of outstanding units.

(f) Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise bank balances and Islamic deposits held in highly liquid Shariah-compliant investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(g) Taxation

Current tax expense is determined according to Malaysian tax laws at the current rate based upon the taxable profit earned during the financial period.

(h) Transaction costs

Transaction costs are costs incurred to acquire or dispose financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognised in the statement of comprehensive income as expenses.

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

(i) Amount due from/to stockbrokers

Amounts due from and amount due to stockbrokers represent receivables for investments sold and payables for Shariah-compliant investments purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively.

These amounts are recognised initially at fair value and subsequently measured at amortised cost using the effective profit method, less provision for impairment for amount due from stockbrokers. A provision for impairment of amount due from stockbrokers is established when there is objective evidence that the Fund will not be able to collect all amounts due from the relevant stockbroker.

Significant financial difficulties of the stockbroker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that the amount due from stockbrokers is impaired. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, profit income is recognised using the rate of profit used to discount the future cash flows for the purpose of measuring the impairment loss.

The effective profit method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the profit income or receivables expense over the relevant period. The effective profit rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective profit rate, the Fund estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective profit rate, transaction costs and all other premiums or discounts.

(j) Members' capital

The members' contributions to the Fund meet the definition of puttable instruments classified as equity instruments under MFRS 132 "Financial Instruments: Presentation".

The units in the Fund are puttable instruments which entitle the members to a pro-rata share of the net asset of the Fund. The units are subordinated and have identical features. There is no contractual obligation to deliver cash or another financial asset other than the obligation on the Fund to repurchase the units. The total expected cash flows from the units in the Fund over the life of the units are based on the change in the net asset of the Fund.

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

(k) Segmental information

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments.

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

(l) Fair value of financial instruments

Shariah-compliant financial instruments comprise financial assets and financial liabilities. Fair value is the amount at which a financial asset could be exchanged or a financial liability settled, between knowledgeable and willing parties in an arm's length transaction. The information presented herein represents the estimates of fair values as at the date of the statement of financial position.

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

Financial instruments of the Fund are as follows:

	Financial assets at fair value through profit or loss RM	Receivables RM	Total RM
31.10.2014			
Shariah-compliant financial assets at fair value through profit or loss (Note 9)	8,294,696	-	8,294,696
Cash and cash equivalents (Note 10)	1,495,664	-	1,495,664
Amount due from PRS Provider – creation of units	-	44,287	44,287
Dividends receivable	-	7,082	7,082
Sundry receivable	-	12,357	12,357
	<u>9,790,360</u>	<u>63,726</u>	<u>9,854,086</u>
30.04.2014			
Shariah-compliant financial assets at fair value through profit or loss (Note 9)	6,374,220	-	6,374,220
Cash and cash equivalents (Note 10)	420,371	-	420,371
Amount due from PRS Provider – creation of units	-	9,729	9,729
Dividends receivable	-	3,784	3,784
Sundry receivable	-	12,357	12,357
	<u>6,794,591</u>	<u>25,870</u>	<u>6,820,461</u>

All current liabilities are financial liabilities which are carried at amortised cost.

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)**(m) Critical accounting estimates and judgements in applying accounting policies**

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Fund's results and financial position are tested for sensitivity to changes in the underlying parameters.

Estimates and judgments are continually evaluated by the PRS Provider and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In undertaking any of the Fund's Shariah-compliant investment, the PRS Provider will ensure that all assets of the Fund under management will be valued appropriately, that is at fair value and in compliance with the SC Guidelines on Private Retirement Schemes.

Ringgit-denominated unquoted sukuk are valued using fair value prices quoted by a bond pricing agency ("BPA"). Where the PRS Provider is of the view that the price quoted by BPA for a specific unquoted sukuk differs from the market price by more than 20 basis points, the PRS Provider may use market price, provided that the PRS Provider records its basis for using a non-BPA price, obtains necessary internal approvals to use the non-BPA price, and keeps an audit trail of all decisions and basis for adopting the use of non-BPA price.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES

The investment objective of the Fund is to provide returns through a combination of income and capital growth from a portfolio that is consistent with Shariah principles.

The Fund is exposed to a variety of risks which include market risk (inclusive of price risk and interest rate risk), credit risk, liquidity risk, reclassification of Shariah status risk, non-compliance risk and capital risk.

Financial risk management is carried out through internal control process adopted by the PRS Provider and adherence to the investment restrictions as stipulated in the Disclosure Document and SC Guidelines on Private Retirement Schemes.

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)**(a) Market risk****(i) Price risk**

This is the risk that the fair value of a Shariah-compliant investment in quoted Shariah-compliant securities and unquoted sukuk will fluctuate because of changes in market prices (other than those arising from interest rate risk). The valuation of Shariah-compliant investments may fluctuate according to the activities of individual companies, sector and overall political and economic conditions. Such fluctuation may cause the Fund's NAV and prices of units to fall as well as rise, and income produced by the Fund may also fluctuate.

The price risk is managed through diversification and selection of securities and other financial instruments within specified limits according to the Deeds.

The Fund's overall exposure to price risk was as follows:

	31.10.2014 RM	30.04.2014 RM
Shariah-compliant financial assets at fair value through profit or loss:		
- quoted Shariah-compliant securities	4,927,765	3,812,787
- unquoted sukuk	3,336,931	2,561,433
Total	<u>8,294,696</u>	<u>6,374,220</u>

The table below summarises the sensitivity of the Fund's profit after tax and NAV to movements in valuation of quoted Shariah-compliant securities and unquoted sukuk at the end of each reporting period. The analysis is based on the assumptions that the valuation of the quoted Shariah-compliant securities and unquoted sukuk increased and decreased by 5% with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the quoted Shariah-compliant securities and unquoted sukuk, having regard to the historical volatility of the valuation.

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

% Change in valuation of quoted Shariah-compliant securities and unquoted sukuk	Market value RM	Impact on profit after tax / net asset value RM
31.10.2014		
-5%	7,879,961	(414,735)
0%	8,294,696	-
+5%	<u>8,709,431</u>	<u>414,735</u>
30.04.2014		
-5%	6,055,509	(318,711)
0%	6,374,220	-
+5%	<u>6,692,931</u>	<u>318,711</u>

(ii) Interest rate risk

In general, when interest rates rise, valuation for unquoted sukuk will tend to fall and vice versa. Therefore, the NAV of the Fund may also tend to fall when interest rates rise or are expected to rise. However, investors should be aware that should the Fund holds an unquoted sukuk till maturity, such fluctuations would dissipate as it approaches maturity, and thus the growth of the NAV shall not be affected at maturity. In order to mitigate profit rates exposure of the Fund, the PRS Provider will manage the duration of the portfolio via shorter or longer tenured assets depending on the view of the future interest rate trend of the PRS Provider, which is based on its continuous fundamental research and analysis.

This risk is crucial since unquoted sukuk portfolio management depends on forecasting interest rate movements. Valuation of unquoted sukuk move inversely to interest rate movements, therefore as interest rates rise, the valuation for unquoted sukuk decrease and vice versa. Furthermore, unquoted sukuk with longer maturity and lower profit rates are more susceptible to interest rate movements.

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

Investors should note that unquoted sukuk and money market instruments are subject to interest rate fluctuations. Such Shariah-compliant investments may be subject to unanticipated rise in interest rates which may impair the ability of the issuers to make payments of profit income and principal, especially if the issuers are highly leveraged. An increase in interest rates may therefore increase the potential for default by an issuer.

The table below summarises the sensitivity of the Fund's profit after tax and NAV to movements in prices of unquoted sukuk held by the Fund as a result of movement in interest rate. The analysis is based on the assumptions that the interest rate changed by 5% with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the interest rate, having regard to the historical volatility of the interest rate.

% Change in interest rate	Impact on profit after taxation/NAV	
	31.10.2014 RM	30.04.2014 RM
+5%	(617,521)	(22,391)
-5%	810,886	22,619

Cash flow profit rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market profit rates.

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Fund's exposure to fair value interest rate risk arises from investment in Islamic money market instruments. The interest rate risk is expected to be minimal as the Fund's Shariah-compliant investments comprise mainly short term Islamic deposits with approved licensed financial institutions. The Fund is not exposed to cash flow interest rate risk as the Fund does not hold any financial instruments at variable profit rate.

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)**(b) Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligation resulting in financial loss to the Fund.

Investment in unquoted sukuk may involve a certain degree of credit/default risk with regards to the issuers. Generally, credit risk or default risk is the risk of loss due to the issuer's non-payment or untimely payment of the investment amount as well as the returns on investment. This will cause a decline in value of the defaulted unquoted sukuk and subsequently depress the NAV of the Fund. Usually credit risk is more apparent for a Shariah-compliant investment with a longer tenure, i.e. the longer the duration, the higher the credit risk. Credit risk can be managed by performing continuous fundamental credit research and analysis to ascertain the creditworthiness of its issuer. In addition, the PRS Provider imposes a minimum rating requirement as rated by either local and/or foreign rating agencies and manages the duration of the Shariah-compliant investment in accordance with the objective of the Fund. For this Fund, the unquoted sukuk investment must satisfy a minimum rating requirement of at least "BBB3" or "P2" by RAM or equivalent rating by MARC.

The credit risk arising from placements of Islamic deposits in licensed financial institutions is managed by ensuring that the Fund will only place Islamic deposits in reputable licensed financial institutions. The settlement terms of the proceeds from the creation of units receivable from the PRS Provider are governed by the SC Guidelines on Private Retirement Schemes.

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

The following table sets out the credit risk concentration of the Fund:

	Financial assets at fair value through profit or loss RM	Cash and cash equivalents RM	Amount due from PRS Provider RM	Dividend receivables RM	Other receivables RM	Total RM
31.10.2014						
Quoted						
Shariah-compliant securities						
Construction	305,512	-	-	-	-	305,512
Consumer Product	90,040	-	-	-	-	90,040
Finance	244,073	-	-	2,840	-	246,913
Industrial Products	484,640	-	-	-	-	484,640
Infrastructure Project Companies	336,663	-	-	-	-	336,663
Plantations	533,999	-	-	-	-	533,999
Properties	570,462	-	-	2,240	-	572,702
Technology	82,264	-	-	2,002	-	84,266
Trading / Services	2,280,112	-	-	-	-	2,280,112
Unquoted sukuk						
Commerical Banks						
- AA+IS	433,988	-	-	-	-	433,988
Civil Engineering and Contracting						
- AA3	432,481	-	-	-	-	432,481
Plantation and Agriculture						
- AA2	120,804	-	-	-	-	120,804
Diversified Holdings						
- AA3	191,555	-	-	-	-	191,555
Development Finance						
- AA	1,320,272	-	-	-	-	1,320,272
Plantation and Agriculture						
- AA2	438,253	-	-	-	-	438,253
Utilities						
- AA1	429,578	-	-	-	-	429,578
Others						
- NR	-	-	44,287	-	13,711	57,998

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

The following table sets out the credit risk concentration of the Fund:

	Financial assets at fair value through profit or loss RM	Cash and cash equivalents RM	Amount due from PRS Provider RM	Dividend receivable RM	Other receivables RM	Total RM
31.10.2014						
Islamic Money Market						
- AA1	-	1,370,225	-	-	-	1,370,225
- AAA	-	125,439	-	-	-	125,439
	<u>8,294,696</u>	<u>1,495,664</u>	<u>44,287</u>	<u>7,082</u>	<u>13,711</u>	<u>9,855,440</u>
30.04.2014						
Quoted						
Shariah-compliant securities						
Construction	252,136	-	-	-	-	252,136
Finance	173,533	-	-	2,840	-	176,373
Industrial Products	365,183	-	-	-	-	365,183
Infrastructure Project Companies	285,030	-	-	-	-	285,030
Plantations	297,735	-	-	-	-	297,735
Properties	274,062	-	-	-	-	274,062
Technology	65,520	-	-	-	-	65,520
Trading/Services	2,099,588	-	-	944	-	2,100,532
30.04.2014						
Quoted						
Shariah-compliant securities						
Plantation and Agriculture						
- AA2	434,648	-	-	-	-	434,648
Utilities						
- AA1	425,885	-	-	-	-	425,885
Others						
- NR	-	-	9,729	-	13,711	23,440
30.04.2014						
Islamic Money Market						
- AA1	-	320,025	-	-	-	320,025
- AAA	-	100,364	-	-	-	100,364
	<u>6,374,220</u>	<u>420,371</u>	<u>9,729</u>	<u>3,784</u>	<u>13,711</u>	<u>6,821,815</u>

All financial assets of the Fund as at the end of each financial period are neither past due nor impaired.

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)**(c) Liquidity risk**

Liquidity risk can be defined as the ease with which a security can be sold at or near its fair value depending on the volume traded in the market. If a Shariah-compliant security encounters a liquidity crunch, the Shariah-compliant security may need to be sold at a discount to the market fair value of the Shariah-compliant security. This in turn would depress the NAV and/or growth of the Fund. Generally, all Shariah-compliant investments are subject to a certain degree of liquidity risk depending on the nature of the Shariah-compliant investment instruments, market, sector and other factors. For the purpose of the Fund, the PRS Provider will attempt to balance the entire portfolio by investing in a mix of Shariah-compliant assets with satisfactory trading volume and those that occasionally could encounter poor liquidity. This is expected to reduce the risks for the entire portfolio without limiting the Fund's growth potentials.

The PRS Provider manages this risk by maintaining sufficient level of Islamic liquid assets to meet anticipated payments and cancellations of the units by members. Islamic liquid assets comprise bank balances, Islamic deposits with licensed financial institutions and other Shariah-compliant instruments, which are capable of being converted into cash within 7 business days.

The table below summarises the Fund's financial liabilities into relevant maturity groupings based on the remaining period as at the statement of financial position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	Less than 1 month RM	Between 1 month to 1 year RM	Total RM
31.10.2014			
Amount due to PRS Provider	19,218	-	19,218
Amount due to Trustee	325	-	325
Amount due to PPA	325	-	325
Other payables and accruals	-	18,131	18,131
Contractual cash outflows	19,868	18,131	37,999
30.04.2014			
Amount due to PRS Provider	8,336	-	8,336
Amount due to Trustee	222	-	222
Amount due to PPA	222	-	222
Other payables and accruals	-	11,180	11,180
Contractual cash outflows	8,780	11,180	19,960

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)**(d) Reclassification of Shariah Status risk**

The risk refers to the risk that the currently held Shariah-compliant securities in the portfolio of Shariah-compliant funds may be reclassified to be Shariah non-compliant upon review of the securities by the SACSC performed twice yearly. If this occurs, the PRS Provider will take the necessary steps to dispose of such securities.

(e) Non-compliance risk

Non-compliance risk arises when the PRS Provider and others associated with the Fund do not follow the rules set out in the Fund's constitution, or the law that govern the Fund, or act fraudulently or dishonestly. It also includes the risk of the PRS Provider not complying with internal control procedures.

The non-compliance may expose the Fund to higher risks which may result in a fall in the value of the Fund which in turn may affect its investment goals. However, the risk can be mitigated by the internal controls and compliance monitoring undertaken by the PRS Provider.

(f) Capital risk management

The capital of the Fund is represented by equity consisting of members' capital and retained earnings. The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of members. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for members and benefits for other stakeholders and to maintain a strong capital base to support the development of the Shariah-compliant investment activities of the Fund.

(g) Fair value estimation

The fair value of Shariah-compliant financial assets and liabilities traded in active market (such as publicly traded Shariah-compliant derivatives and trading Shariah-compliant securities) are based on quoted market prices at the close of trading on the year end date. The quoted market price used for Shariah-compliant financial assets by the Fund is the current bid price; the appropriate quoted market price for financial liabilities is the current asking price.

A Shariah-compliant financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of Shariah-compliant financial assets and liabilities that are not traded in an active market is determined by using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each period end date. Valuation techniques used for non-standardised Shariah-compliant financial instruments such as Islamic options, currency swaps and other over-the-counter Shariah-compliant derivatives, include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

For Shariah-compliant instruments for which there is no active market, the Fund may use internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. Valuation models are used primarily to value unlisted Shariah-compliant equity and sukuk for which market were or have been inactive during the financial period. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds. Valuations are therefore adjusted where appropriate, to allow for additional factors including model risk, liquidity risk and counterparty risk.

The fair value is based on the following methodology and assumptions:

Bank balance and Islamic deposits and placements with financial institutions with maturities less than 1 year, the carrying value is a reasonable estimate of fair value.

The carrying value less impairment provision of receivables and payables are assumed to approximate their fair values. The carrying value of the financial assets and financial liabilities approximate their fair value due to their short-term nature.

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)**Fair value hierarchy**

The table below analyses Shariah-compliant financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active market for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2)
- Inputs for the asset and liability that are not based on observable market data (that is, unobservable inputs) (Level 3)

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement.

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgment by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
31.10.2014				
Shariah-compliant financial assets at fair value through profit or loss:				
- quoted Shariah-compliant securities	4,927,765	-	-	4,927,765
- unquoted sukuk	-	3,366,931	-	3,366,931
	<u>4,927,765</u>	<u>3,366,931</u>	<u>-</u>	<u>8,294,696</u>
30.04.2014				
Shariah-compliant financial assets at fair value through profit or loss:				
- quoted Shariah-compliant securities	3,812,787	-	-	3,812,787
- unquoted sukuk	-	2,561,433	-	2,561,433
	<u>3,812,787</u>	<u>2,561,433</u>	<u>-</u>	<u>6,374,220</u>

Shariah-compliant investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include active listed Shariah-compliant equities. The Fund does not adjust the quoted prices for these instruments.

Shariah-compliant financial instruments that trade in markets that are considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include unquoted sukuk. As Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. The Fund's policies on valuation of these financial assets are stated in Note 2(b).

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)**4. PROFIT INCOME**

	31.10.2014 RM	30.04.2014 RM
Profit income from Islamic deposits with licensed financial institutions	60,033	21,433
Profit income from unquoted sukuk	<u>13,372</u>	<u>76,178</u>
	<u>73,402</u>	<u>97,611</u>

5. MANAGEMENT FEE

For the financial period from 01 May 2014 to 31 October 2014, the management fee is recognised at a rate of 1.50% per annum (30.04.2014: 1.50%).

There will be no further liability to the PRS Provider in respect of management fee other than the amount recognised above.

6. TRUSTEE FEE

For the financial period from 01 May 2014 to 31 October 2014, the Trustee's fee is recognised at a rate of 0.04% per annum (30.04.2014: 0.04%).

There will be no further liability to the Trustee in respect of Trustee's fee other than the amount recognised above.

7. PRIVATE PENSION ADMINISTRATION FEE

For the financial period from 01 May 2014 to 31 October 2014, the PPA administration fee is recognised at a rate of 0.04% per annum (30.04.2014: 0.04%), calculated daily based on the NAV of the Fund.

There will be no further liability to the PPA in respect of PPA administration fee other than the amount recognised above.

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)**8. TAXATION**

The numerical reconciliation between profit before taxation multiplied by the Malaysian statutory tax rate and tax expense of the Fund is as follows:

	Financial period from 01.05.2014 to 31.10.2014	Financial period from 16.05.2013 (Launch date) to 30.04.2014
	RM	RM
Profit before taxation	209,614	368,007
Taxation at Malaysian statutory rate of 25%	52,404	92,002
Tax effects of:		
Shariah-compliant investment income not subject to tax	(80,523)	(125,739)
Expenses not deductible for tax purposes	28,119	33,737
Taxation	<u>-</u>	<u>-</u>

9. SHARIAH-COMPLIANT FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31.10.2014	30.04.2014
	RM	RM
Designated at fair value through profit or loss		
- quoted securities	4,927,765	3,812,787
- unquoted fixed income securities	3,366,931	2,561,433
	<u>8,294,696</u>	<u>6,374,220</u>
Net gain on assets at fair value through profit or loss		
- realised (loss)/gain on disposals	(18,051)	29,856
- change in unrealised fair value gain	168,006	298,518
	<u>149,955</u>	<u>328,374</u>

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

Name of counter	Quantity units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.10.2014				
QUOTED SHARIAH-COMPLIANT SECURITIES				
Construction				
Gamuda Berhad	24,800	116,410	126,976	1.29
IJM Corporation Bhd	25,800	152,981	178,536	1.82
	<u>50,600</u>	<u>269,391</u>	<u>305,512</u>	<u>3.11</u>
Consumer Products				
Narra Industries Berhad	14,600	56,940	58,400	0.59
PPB Group Bhd	2,000	31,440	31,640	0.32
	<u>16,600</u>	<u>88,380</u>	<u>90,040</u>	<u>0.91</u>
Finance				
BIMB Holdings Berhad	18,980	78,295	81,045	0.83
BIMB Holdings Bhd CW 04.12.23	5,680	-	3,238	0.03
Syarikat Takaful Malaysia Bhd	7,100	53,833	84,490	0.86
Westports Holdings Berhad	25,100	63,689	75,300	0.77
	<u>56,860</u>	<u>195,817</u>	<u>244,073</u>	<u>2.49</u>
Industrial Products				
CB Industrial Product Holding Bhd	40,000	7,3445	96,400	0.98
CB Industrial Product Holding Bhd CW 06.11.19	6,666	-	-	-
Chin Well Holdings	64,000	88,320	101,760	1.23
Kossan Rubber Industries Bhd	26,300	61,278	120,980	1.23
Petronas Chemicals Group Berhad	19,600	130,119	120,540	0.46
Petronas Gas Berhad	2,000	43,612	44,960	0.46
	<u>158,566</u>	<u>396,774</u>	<u>484,640</u>	<u>4.94</u>
Infrastructure Project				
Company				
Digi.Com.Berhad	33,300	159,059	206,127	2.10
Time Dotcom Bhd	25,200	90,458	130,536	1.33
	<u>58,500</u>	<u>249,517</u>	<u>336,663</u>	<u>3.43</u>
Plantation				
Boustead Plantations Berhad	34,200	54,720	51,984	0.53
IOI Corporation Bhd	29,400	151,541	143,766	1.46

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

Name of counter	Quantity units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.10.2014 (cont'd)				
QUOTED SHARIAH-COMPLIANT SECURITIES (cont'd)				
Kuala Lumpur Kepong Berhad	3,300	72,022	75,900	0.77
Kulim Malaysia Berhad	20,600	71,280	70,452	0.72
Tanah Makmur Berhad	70,000	130,270	130,200	1.33
TDM Bhd	66,700	57,259	61,697	0.63
	<u>224,200</u>	<u>537,092</u>	<u>533,999</u>	<u>5.44</u>
Properties				
Crescendo Corporation Berhad	32,000	83,200	89,600	0.91
Hua Yang Berhad	54,133	122,867	125,589	1.28
Matrix Concepts Holdings Berhad	22,050	38,097	66,150	0.67
Sunway Berhad	12,933	42,919	44,619	0.45
Titijaya Land Bhd	68,900	177,907	162,604	1.66
UEM Sunrise Berhad	21,800	71,957	40,984	0.42
UOA Development Berhad	19,300	48,520	40,916	0.42
	<u>231,116</u>	<u>585,467</u>	<u>570,462</u>	<u>5.81</u>
Technology				
Globetronics Technology Bhd	18,200	42,802	82,264	0.84
	<u>18,200</u>	<u>42,802</u>	<u>82,264</u>	<u>0.84</u>
Trading/Services				
Axiata Group Bhd	45,300	305,679	319,365	3.25
Berjaya Auto Berhad	32,200	63,388	113,022	1.15
Dialog Group Berhad	57,754	88,856	93,561	0.95
Gas Malaysia	9,400	31,079	33,464	0.34
Icon Offshore Berhad	45,000	83,250	62,100	0.63
Maxis Berhad	28,100	192,006	189,394	1.93
MBM Resources Berhad	15,800	61,131	45,188	0.46
MISC Berhad	19,200	109,927	131,712	1.34
Perdana Petroleum Berhad	60,600	116,095	98,172	1.00
Pos Malaysia Berhad	13,100	65,165	66,155	0.67
Prestariang Bhd	71,400	92,247	121,380	1.24
Sapurakencana Petroleum Bhd	53,800	233,155	183,458	1.87
Sime Darby Berhad	18,937	179,509	183,310	1.87
Telekom Malaysia Bhd	16,446	89,481	118,411	1.21
Tenaga Nasional Bhd	35,000	315,755	467,600	4.76
UZMA Bhd	15,600	51,090	53,820	0.55
	<u>537,637</u>	<u>2,077,813</u>	<u>2,280,112</u>	<u>23.22</u>

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

Name of counter	Quantity units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.10.2014 (cont'd)				
QUOTED SHARIAH-COMPLIANT SECURITIES (CONTINUED)				
	<u>1,352,279</u>	<u>4,443,053</u>	<u>4,927,765</u>	<u>51.19</u>
UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
		<u>484,712</u>		
FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
		<u>4,927,765</u>		
UNQUOTED SUKUK				
SUKUK				
CIMB Islamic Bank Berhad 18.09.2017	435,000	438,803	433,988	4.42
Gamuda Berhad 21.03.2018	432,000	437,286	432,481	4.41
Golden Assets International Finance Limited 03.08.2018	120,000	121,450	120,804	1.22
BGSM Management Sdn Bhd 27.12.2018	186,000	190,188	191,555	1.96
Sabah Credit Corporation 08.10.2019	800,000	804,042	805,626	8.21
First Resources Ltd 05.06.2020	436,000	444,822	438,253	4.46
Sarawak Energy Berhad 23.06.2021	407,000	440,182	429,578	4.38
Sabah Credit Corporation 23.07.2021	500,000	508,416	514,646	5.24
TOTAL UNQUOTED SUKUK	<u>3,316,000</u>	<u>3,385,119</u>	<u>3,366,931</u>	<u>34.30</u>
UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
		<u>(18,188)</u>		
FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
		<u>3,366,931</u>		

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

Name of counter	Quantity units	Aggregate cost RM	Market value RM	Percentage of NAV %
30.04.2014				
QUOTED SHARIAH-COMPLIANT SECURITIES				
Construction				
Gamuda Berhad	24,800	116,410	114,328	1.68
IJM Corporation Bhd	21,600	124,841	137,808	2.03
	<u>46,400</u>	<u>241,251</u>	<u>252,136</u>	<u>3.71</u>
Finance				
BIMB Holdings Berhad	18,980	78,295	80,665	1.19
BIMB Holdings Berhad CW 04.12.23	5,680	-	3,550	0.05
Syarikat Takaful Malaysia Bhd	7,100	53,833	89,318	1.31
	<u>31,760</u>	<u>132,128</u>	<u>173,533</u>	<u>2.55</u>
Industrial Products				
CB Industrial Product Holding Bhd	20,000	73,445	94,000	1.38
Kossan Rubber Industries Bhd	20,800	39,389	85,280	1.25
Petronas Chemicals Group Berhad	16,900	111,840	113,737	1.67
Petronas Gas Berhad	1,800	38,776	42,300	0.62
Tomypak Holdings Berhad	21,800	31,828	29,866	0.44
	<u>81,300</u>	<u>295,278</u>	<u>365,183</u>	<u>5.36</u>
Infrastructure Project Company				
Digi.com Berhad	33,300	159,059	184,482	2.71
Time Dotcom Bhd	25,200	90,458	100,548	1.48
	<u>58,500</u>	<u>249,517</u>	<u>285,030</u>	<u>4.19</u>
Plantation				
IOI Corporation Bhd	19,700	101,302	98,500	1.45
Kuala Lumpur Kepong Berhad	3,300	72,022	79,860	1.17
Kulim Malaysia Berhad	20,600	71,280	72,718	1.07
TDM Bhd	48,100	39,217	46,657	0.69
	<u>91,700</u>	<u>283,821</u>	<u>297,735</u>	<u>4.38</u>

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

Name of counter	Quantity units	Aggregate cost RM	Market value RM	Percentage of NAV %
30.04.2014 (cont'd)				
QUOTED SHARIAH-COMPLIANT SECURITIES (cont'd)				
Properties				
Hua Yang Berhad	43,533	99,123	81,407	1.20
Matrix Concepts Holdings Berhad	14,700	38,097	60,123	0.88
Sunway Real Estate Investment Trust	12,933	42,919	40,092	0.59
UEM Sunrise Berhad	21,800	71,957	50,140	0.74
UOA Development Berhad	18,000	46,181	42,300	0.62
	<u>110,966</u>	<u>298,277</u>	<u>274,062</u>	<u>4.03</u>
Technology				
Globetronics Technology Bhd	18,200	42,802	65,520	0.96
	<u>18,200</u>	<u>42,802</u>	<u>65,520</u>	<u>0.96</u>
Trading/Services				
Axiata Group Bhd	41,000	275,923	275,930	4.06
Berjaya Auto Berhad	32,200	63,388	66,976	0.98
Daya Materials Bhd	128,000	53,760	42,880	0.63
Dialog Group Berhad	22,200	65,716	79,698	1.17
Gas Malaysia	9,400	31,079	33,934	0.51
Maxis Berhad	28,100	192,005	195,295	2.87
MBM Resources Berhad	12,100	49,476	38,962	0.57
MISC Berhad	15,600	86,039	101,556	1.49
Perdana Petroleum Berhad	53,700	104,089	101,493	1.49
Perisai Petroleum Teknologi Berhad	35,300	56,104	55,421	0.82
Pos Malaysia Berhad	13,100	65,165	58,950	0.87
Prestariang Bhd	47,200	46,344	95,344	1.40
Sapurakencana Petroleum Bhd	46,700	201,702	201,277	2.96
Sime Darby Berhad	15,737	148,643	148,557	2.18
Telekom Malaysia Bhd	15,700	85,389	97,340	1.43
Tenaga Nasional Bhd	29,500	248,273	351,050	5.16
Uzma Bhd	7,800	45,240	47,580	0.71
YTL Corporation Bhd	34,900	60,119	56,189	0.83
Westports Holdings Berhad	20,300	50,789	51,156	0.75
	<u>608,537</u>	<u>1,929,243</u>	<u>2,099,588</u>	<u>30.88</u>

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)

Name of counter	Quantity units	Aggregate cost RM	Market value RM	Percentage of NAV %
30.04.2014 (cont'd)				
QUOTED				
SHARIAH-COMPLIANT SECURITIES (CONTINUED)	<u>1,047,363</u>	<u>3,472,317</u>	<u>3,812,787</u>	<u>56.06</u>
UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>340,470</u>		
FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>3,812,787</u>		
UNQUOTED SUKUK ISLAMIC COMMERCIAL PAPER				
Sabah Credit Corporation 28.08.2014	300,000	296,282	296,282	4.36
	<u>300,000</u>	<u>296,282</u>	<u>296,282</u>	<u>4.36</u>
SUKUK				
CIMB Islamic Bank Berhad 18.09.2017	435,000	439,045	433,252	6.37
Gamuda Berhad 21.03.2018	432,000	437,755	429,417	6.31
Golden Assets International Finance Limited 03.08.2018	120,000	121,413	120,043	1.77
Cagamas MBS Berhad 26.10.2018	232,000	232,075	231,334	3.40
BGSM Management Sdn Bhd 27.12.2018	186,000	190,255	190,572	2.80
First Resources Ltd 05.06.2020	436,000	444,809	434,648	6.39
Sarawak Energy 23.06.2021	407,000	441,751	425,885	6.26
	<u>2,248,000</u>	<u>2,307,103</u>	<u>2,265,151</u>	<u>33.30</u>
TOTAL UNQUOTED SUKUK	<u>2,548,000</u>	<u>2,603,385</u>	<u>2,561,433</u>	<u>37.66</u>
UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>(41,952)</u>		
FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>2,561,433</u>		

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)**10. CASH AND CASH EQUIVALENTS**

	31.10.2014 RM	30.04.2014 RM
Islamic deposits with licensed Islamic financial institutions	1,370,225	320,025
Bank balances	125,439	100,346
	<u>1,495,664</u>	<u>420,371</u>

The effective weighted average profit rate per annum is as follows:

	31.10.2014 %	30.04.2014 %
Islamic deposits with licensed Islamic financial institutions	<u>3.00</u>	<u>2.90</u>

Islamic Deposits with licensed Islamic financial institutions of the Fund have an average maturity of 3 days (30.04.2014: 5 days).

11. SHARIAH INFORMATION OF THE FUND

The Shariah Adviser confirmed that the investment portfolio of the Fund is Shariah-compliant, which comprises:

- Equity securities listed on Bursa Malaysia Berhad which have been classified as Shariah-compliant by the SACSC;
- The investment in sukuk are as per the list of sukuk available at Bond Info Hub and Fully Automated System for Issuing/Tendering of Bank Negara Malaysia; and
- Liquid assets are placed in Shariah-compliant investments and/or instruments.

In addition, the Shariah Adviser also noted that AirAsia X Berhad a security which has been reclassified as Shariah non-compliant by the SACSC on 30 May 2014 was wrongly purchased on 11 September 2014 and subsequently disposed of on 20 October 2014. A loss amounting to RM3,252.96 arising from the disposal was borne by the Manager.

12. NUMBER OF UNITS IN CIRCULATION AND NET ASSETS ATTRIBUTABLE TO MEMBERS

	31.10.2014		30.04.2014	
	No. of units	RM	No. of units	RM
At the beginning of the financial period	6,399,262	6,801,855	-	-
Add: Creation arising from applications	2,621,023	2,840,512	6,423,201	6,458,631
Less: Cancellation of units	(31,794)	(34,540)	(23,939)	(24,783)
Total comprehensive income for the financial period	-	209,614	-	368,007
At end of the financial period	<u>8,988,491</u>	<u>9,817,441</u>	<u>6,399,262</u>	<u>6,801,855</u>

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)**13. MANAGEMENT EXPENSE RATIO (“MER”)**

	Financial period 01.05.2014 to 31.10.2014	Financial period from 16.05.2013 (Launch date) to 30.04.2014
	%	%
MER	<u>2.22</u>	<u>2.32</u>

MER is derived based on the following calculation:

$$\text{MER} = \frac{[A + B + C + D + E + F] \times 100}{G}$$

A = Management fee	E = PPA administration fee
B = Trustee's fee	F = Other expenses
C = Audit fee	G = Average NAV of the Fund calculation on a daily basis
D = Tax agent's fee	

The average NAV of the Fund for the financial period calculated on daily basis is RM8,454,359 (30.04.2014 : RM5,822,681)

14. PORTFOLIO TURNOVER RATIO (“PTR”)

	Financial period from 01.05.2014 to 31.10.2014	Financial period from 16.05.2013 (Launch date) to 30.04.2014
PTR (times)	<u>0.23</u>	<u>0.60</u>

PTR is derived based on the following calculation:

$$\frac{[\text{Total acquisition for the financial period} + \text{total disposal for the financial period}] \div 2}{\text{Average NAV of the Fund for the financial period calculated on a daily basis}}$$

where:

total acquisition for the financial period = RM2,809,504 (30.04.2014 : RM6,509,338)

total disposal for the financial period = RM1,052,808 (30.04.2014 : RM485,241)

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)**15. UNITS HELD BY THE PRS PROVIDER AND RELATED PARTIES TRANSACTIONS AND BALANCES**

The related parties and their relationship with the Fund are as follows:

Related parties	Relationship
AIA Pension and Asset Management Sdn Bhd	The PRS Provider
AIA Bhd. (Formerly known as American International Assurance Bhd)	Holding Company of the PRS Provider
AIA Group Limited	Ultimate holding company of the PRS Provider

Units held by the PRS Provider and parties related to the PRS Provider

	31.10.2014		30.04.2014	
	No. of units	RM	No. of units	RM
PRS Provider				
AIA Pension and Asset Management Sdn. Bhd.	<u>5,000,000</u>	<u>5,461,000</u>	<u>5,000,000</u>	<u>5,314,500</u>

In the opinion of the PRS Provider, the above units were transacted at the prevailing market price.

The units are held beneficially by the PRS Provider for bookings purpose. Other than the above, there were no units held by Directors or parties related to the PRS Provider.

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances. The PRS Provider is of the opinion that all transactions with the related companies have been entered into in the normal course of business at agreed terms between the related parties and the profit rates on fixed and short-term Islamic deposits were at normal commercial rates.

	31.10.2014	30.04.2014
Significant related party transactions		
AIA Pension and Asset Management Sdn. Bhd.	<u>NIL</u>	<u>5,000,000</u>
Significant related party balances		
AIA Pension and Asset Management Sdn. Bhd.	<u>5,461,000</u>	<u>5,314,500</u>

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)**16. TRANSACTIONS WITH BROKERS/DEALERS**

Details of transactions with the top 10 brokers/dealers for the financial period from 01 May 2014 to 31 October 2014 are as follows:

Brokers/dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
Public Islamic Bank Berhad	63,542,000	93.03	-	-
AmBank (M) Berhad	1,533,949	2.24	-	-
CIMB Islamic Bank Berhad	1,200,000	1.76	-	-
Maybank Investment Bank Berhad	458,140	0.67	2,074	23.55
J.P. Morgan Securities (Asia Pacific) Ltd	428,136	0.63	1,640	18.62
Macquarie Capital Securities (M) Sdn Bhd	346,808	0.51	1,250	14.19
CIMB Investment Bank Berhad	329,399	0.48	1,114	12.65
Kenanga Investment Bank Berhad	273,827	0.40	1,571	17.84
Affin Hwang Investment Bank Berhad	128,680	0.19	1,159	13.15
Hong Leong Investment Bank Berhad	56,940	0.08	-	-
Others	6,432	0.01	-	-
	68,304,311	100.00	8,808	100.00

Details of transactions with the top 10 brokers/dealers for the financial period from 16 May 2013 (date of launch) to 30 April 2014 are as follows:

Brokers/dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
Credit Suisse Securities (Malaysia) Sdn Bhd	2,985,191	43.13	9,806	67.68
CIMB Bank Berhad	1,311,367	18.94	-	-
Hong Leong Investment Bank Berhad	785,158	11.34	2,615	18.05
AmBank (M) Berhad	481,710	6.96	-	-
Malayan Banking Berhad	478,159	6.91	410	2.83
RHB Investment Bank Berhad	390,400	5.64	-	-
J.P. Morgan Securities (Asia Pacific) Ltd	267,088	3.86	1,152	7.96
CIMB Investment Bank Berhad	133,885	1.93	235	1.62
Maybank Investment Bank Berhad	55,968	0.81	185	1.28
Macquarie Capital Securities (M) Sdn Bhd	25,267	0.37	84	0.58
Others	7,703	0.11	-	-
	6,921,896	100.00	14,487	100.00

NOTES TO UNAUDITED FINANCIAL STATEMENTS (cont'd)**17. SEGMENT INFORMATION**

The internal reporting provided to the chief operating decision-maker for the fund's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of MFRS and International Financial Reporting Standards. The CEO, who is the chief operating decision-maker is responsible for the performance of the Fund and considers the business to have a single operating segment located in Malaysia. Asset allocation decisions are based on a single, integrated investment strategy and the Fund's performance is evaluated on an overall basis.

The investment objective of the Fund is to grow the value of Shariah-compliant investments over the long-term through investment in a diversified mix of Malaysian assets. The reportable operating segment derives its income by seeking Shariah-compliant investments to achieve targeted returns consummate with an acceptable level of risk within the portfolio.

These returns consist of profit and dividend income earned from Shariah-compliant investments and gains on the appreciation in the value of Shariah-compliant investments.

There were no changes in reportable operating segment during the financial period.

18. COMPARATIVES

The comparative financial statements are in respect of the financial period from 16 May 2013 (launch date) to 30 April 2014.

19. APPROVAL OF FINANCIAL STATEMENTS

The unaudited financial statements have been approved for issue by the PRS Provider on 12 December 2014.