

# ANNUAL REPORT 2011

## ✧ LIBRA CANADA AUSTRALIA RESOURCE ECONOMIES FUND

### CONTENTS

FUND & SERVICE DIRECTORY

MANAGER'S REPORT

Market Review & Outlook 1

Libra Canada Australia Resource Economies Fund: Profile, History & Review 2

ADDITIONAL INFORMATION 6

TRUSTEE'S REPORT 7

AUDITED FINANCIAL STATEMENTS FOR

LIBRA CANADA AUSTRALIA RESOURCE ECONOMIES FUND 8

*Statement By Manager & Auditor's Report For*

*Libra Canada Australia Resource Economies Fund* 27

## FUND DIRECTORY

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### MANAGER

Libra Invest Berhad (361207-D)  
(formerly known as Avenue Invest Berhad)  
(*A member of the ECM Libra Group*)  
2nd Floor, West Wing  
Bangunan ECM Libra  
8 Jalan Damansara Endah  
Damansara Heights  
50490 Kuala Lumpur.  
General Line : 03-2089 1888  
Investor Care: 03-2089 2800  
Fax: 03-2096 1020 & 03-2096 1028  
website: [www.oneinvest.com.my](http://www.oneinvest.com.my)  
e-mail: [invest@ecmlibra.com](mailto:invest@ecmlibra.com)

### TRUSTEE

BHLB Trustee Berhad (167913-M)  
5th Floor, Bangunan CIMB  
Jalan Semantan  
Damansara Height  
50490 Kuala Lumpur.  
Tel: 03-2084 8888; Fax: 03-2093 9688

### AUDITOR

Ernst & Young (AF 0039)  
Level 23A, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
50490 Kuala Lumpur.  
Tel: 03-7495 8000; Fax: 03-2095 5332

### TAX ADVISER

PricewaterhouseCoopers Taxation  
Services Sdn Bhd (464731-M)  
Level 10, 1 Sentral  
Jalan Travers  
Kuala Lumpur Sentral  
P.O Box 10192  
50706 Kuala Lumpur.  
Tel: 03-2173 1188; Fax: 03-2173 1288

# SERVICE DIRECTORY

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## HEAD OFFICE

2<sup>nd</sup> Floor, West Wing  
Bangunan ECM Libra  
8 Jalan Damansara Endah  
Damansara Heights  
50490 Kuala Lumpur.

General Line : 03-2089 1888 Fax: 03-2096 1020 & 03-2096 1028

### **PENANG**

Level 16, Unit 16.01A & 16.02  
Menara Boustead Penang  
39, Jalan Sultan Ahmad Shah, 10050 Penang.  
Tel: 04-227 6185; Fax: 04-227 6213

### **PERAK – IPOH**

2<sup>nd</sup> Floor  
No 63, Persiaran Greenhill  
30450 Ipoh, Perak.  
Tel: 05-255 5388; Fax: 05-243 8616

### **KELANTAN – KOTA BHARU**

Lot 2 – 7, Tingkat 2,  
Bangunan MARA, Jalan Dato Pati  
15000 Kota Bharu, Kelantan.  
Tel: 09-744 4991; Fax: 09-744 5991

### **SELANGOR – KLANG**

No 35. 1st Floor, Jalan Tiara 3  
Bandar Baru Klang  
41150 Klang, Selangor.  
Tel: 03-3345 3882; Fax: 03-3345 3881

### **MELAKA**

71 (A&B) & 73 (A&B),  
Jalan Merdeka  
Taman Melaka Raya  
75000 Melaka.  
Tel: 06-286 8289; Fax: 06-286 8200

### **NEGERI SEMBILAN – SEREMBAN**

43 (Bawah)  
Jalan Tunku Hassan  
70000 Seremban, Negeri Sembilan  
Tel: 06-767 7277; Fax: 06-763 3368

### **JOHOR – JOHOR BAHRU**

No 105, Jalan Meranti Merah  
Taman Melodies  
80250 Johor Bahru, Johor  
Tel: 07-332 2148; Fax: 07-335 0426

### **SARAWAK – KUCHING**

1<sup>st</sup> Floor, Lot 2713, No. 343,  
Central Park Commercial Centre  
Jalan Tun Ahmad Zaidi Aduce  
93250 Kuching, Sarawak.  
Tel: 082-235 035; Fax: 082-238 035

### **SABAH – KOTA KINABALU**

Level 8, Wisma Great Eastern  
No 68, Jalan Gaya  
88000 Kota Kinabalu, Sabah.  
Tel: 088-253 030; Fax: 088-263 030

1  
**ANNUAL REPORT 2011**  
Manager's Report  
*For The Period Ended 30 September 2011*

**MARKET REVIEW: EQUITY**

During the period under review (18 Mar 11 to 30 Sept 11), global financial markets went through a roller-coaster ride which saw the Australian and Canadian equity markets peak in April before succumbing to a global equity sell-off in July.

The sovereign debt crisis in Eurozone took the limelight as Greece's debt crisis worsened and the credit ratings of USA, Italy, Spain, Portugal and Greece were downgraded. The Federal Reserve's quantitative easing program (QE2) which came to an end on 30 June has also created two sources of doubt. First, the possibility of higher interest rates, which would increase the attractiveness of the US dollar – a negative for commodities. Second, the fear that the economy will enter a double-dip recession once the massive Federal Reserve intervention of liquidity is removed.

The debt issue in Europe has sparked concerns over its impact on Europe's banking system. This has resulted in massive unwinding of carry trades funded by US dollars in September. The corresponding capital outflows from emerging markets took a toll on their respective currencies as they weakened 2% to 7% against the US dollar.

The recent sell-down was broad-based. Cyclical sectors (such as commodities) and defensive sectors alike came under heavy selling pressure as investors sought to take profit on outperformers. Asian markets have taken the brunt of the sell-off as global funds reduced exposure in emerging economies. The MSCI Asia ex-Japan Index fell by over 17% for the period under review. Benchmark indices in Australia and Canada, while still negative, fared better at -13% and -16% respectively.

**MARKET OUTLOOK: EQUITY**

Global equity markets will continue to be volatile as long as Eurozone is yet to come up with a more comprehensive plan to stem its debt crisis. No doubt, the European Monetary Union is working towards avoiding a Greek default, and if this is successfully averted, there could be a relief rally. But its sustainability will depend on a longer term solution, which may include setting up a fund for the recapitalization of banks.

Faced with concerns of slowing global growth, there is some anticipation that the US Fed will introduce the third round of quantitative easing (QE3). Should that happen, it could lead to increased liquidity, stronger Asian currencies and higher inflationary pressures. This will have positive implications to the resource sector which is a direct play on asset reflation and as an inflation hedge.

We believe the macro outlook could potentially turn more positive in the latter part of 4Q2011 as Eurozone officials work on a more detailed plan to stem the debt problem and the US economy stabilizes. The latter could even receive a boost should QE3 be announced.

We will regard any indiscriminate selling as long-term buying opportunities especially if valuations become more attractive. The Fund is still relatively under-invested so we will be on the look out for over-sold stocks with solid fundamentals.

2  
**ANNUAL REPORT 2011**  
Manager's Report  
*For The Period Ended 30 September 2011*

**LIBRA CANADA AUSTRALIA RESOURCE ECONOMIES FUND**  
(formerly known as Avenue Canada Australia Resource Economies Fund)

**FUND PROFILE**

<b>Inception Date</b>	18 March 2011 ( <i>The Fund has no predetermined fixed period or termination date.</i> )
<b>Initial Offer Price</b>	RM0.5000 per unit during the Initial Offer Period (IOP) of 21 days ended 7 April 2011.
<b>Pricing Policy</b>	Investment and Liquidation at Net Asset Value per unit
<b>Fund Category/ Type</b>	Mixed Asset/ Capital growth
<b>Benchmark</b>	15.0% of the MSCI AC World Index; 15.0% of the J.P. Morgan Global Aggregate Bond Index; 17.5% of the S&P/ASX 200 Index; 17.5% of the S&P/TSX Composite Index; 17.5% of the AUD Deposit Rates, Australia 1-year fixed deposit rate; and 17.5% of the CAD Deposit Rates, Canada 1-year fixed deposit rate.
<b>Investment Objective</b>	The Fund seeks to achieve capital growth over a medium to long-term period by investing primarily in securities of companies in Australia and Canada. The Fund may also invest in equities and equity-related securities, fixed income securities, structured products and money market instruments
<b>Investment Policy</b>	The Fund will invest primarily in Australian and Canadian equities
<b>Investment Strategy</b>	<p>The Fund will generally invest at least 70% of its NAV in Australian and Canadian markets and the balance of 30% of the Fund's NAV in other markets within the MSCI AC World Index which are deemed beneficiaries of resource-driven demand from emerging markets. The Fund aims to achieve its investment objective through a diversified portfolio of equities and equity-related securities and fixed income securities in any sector within those countries.</p> <p>The Fund has the flexibility of changing its asset allocation strategy depending on investment market climate. This flexibility allows the Manager to look for investments in markets that it believes will provide the optimum asset allocation in terms of risk and reward to capitalise on any market opportunities to meet the Fund's objective</p>
<b>Distribution Policy</b>	As the objective of the Fund is to achieve capital growth, distribution of income, if any, will be incidental. In the event the Manager decides to distribute income, the amount of income to be distributed will vary from period to period, depending on interest rates, market conditions, the performance and the objective of the Fund. Income distribution will be made out of realised gains or income. It is also the Manager's policy to automatically reinvest declared income distribution into additional units in the Fund at the end of the distribution day (at ex-distribution price) with no sales charge. Investors, who prefer to receive their income distributions in the form of cash payouts, may liquidate the reinvested units arising from distribution of income on any Business Day.

3  
**ANNUAL REPORT 2011**  
 Manager's Report  
 For The Period Ended 30 September 2011

**LIBRA CANADA AUSTRALIA RESOURCE ECONOMIES FUND**  
 (formerly known as Avenue Canada Australia Resource Economies Fund)

**FUND PROFILE**

**Soft Commissions &  
 Rebates Received  
 From Brokers**

Soft commissions received from brokers are retained by the Management Company, only if, the goods and services provided are of demonstrable benefit to unitholders of the Fund. Rebates (if any) will be credited to the account of the Fund. During the period under review, the Management Company received data and quotation services, and investment related publications which are incidental to the investment management of the Fund.

**Profile of  
 Unitholdings**

*\* Excluding units held  
 by the Management  
 Company*

<b>Size of Holding (Units)</b>	<i>As at 30 September 2011</i>			
	<b>Unitholder</b>		<b>Unit Holding</b>	
	<b>No</b>	<b>%</b>	<b>No (million)</b>	<b>%</b>
5,000 and below	0	0.00	0.00	0.00
5,001 to 10,000	27	14.28	0.27	0.77
10,001 to 50,000	56	29.63	1.61	4.65
50,001 to 500,000	90	47.62	14.57	41.97
500,001 and above	16	8.47	18.25	52.61
<b>* Total (Decimal Rounding)</b>	<b>189</b>	<b>100.00</b>	<b>34.70</b>	<b>100.00</b>

4  
**ANNUAL REPORT 2011**  
 Manager's Report  
 For The Period Ended 30 September 2011

**LIBRA CANADA AUSTRALIA RESOURCE ECONOMIES FUND**  
 (formerly known as Avenue Canada Australia Resource Economies Fund)

**FUND PERFORMANCE**

**2011**

**NAV & PRICING** for the period ended 30 Sept  
 Please refer to **Note 1** for further information.

Total Net Asset Value (RM million)	16.27
Units in circulation (million units)	34.70
NAV per unit (RM)	0.4688

**HIGHEST & LOWEST NAV** for the period ended 30 Sept

Highest NAV per unit (RM)	0.5021
Lowest NAV per unit (RM)	0.4655

**PORTFOLIO COMPOSITION** % of NAV for the period ended 30 Sept

**Quoted equities & equities-related securities**

Shares quoted in Malaysia	3.28
Shares quoted in Australia	15.06
Shares quoted in Singapore	1.75
<b>Cash &amp; others</b>	<b>79.91</b>

**EXPENSE/TURNOVER** for the period ended 30 Sept

Management expense ratio (MER) (%)	1.02
Portfolio turnover ratio (PTR) (times)	0.49
Please refer to page 20 & 21 for further explanation on the difference in MER and PTR	

**RETURN (%)** for the period ended 30 Sept

Please refer to **Note 2** for further information.

	<b>18 Mar 2011 to 30 Sept 2011</b>
<b>• TOTAL RETURN</b>	
Total Returns	-6.20
Capital Returns	-6.20
Income Returns	-

	<b>18 Mar 2011 to 30 Sept 2011</b>
<b>• ANNUAL TOTAL RETURN</b>	
Libra CARE Fund(%) (Inception Date: 18 Mar 2011)	-10.88

	<b>1-yr</b>	<b>3-yrs</b>	<b>5-yrs</b>
<b>• AVERAGE TOTAL RETURN</b>			
Libra CARE Fund (%) (Inception Date: 18 Mar 2011)	N/A	N/A	N/A

*Past performance is not necessarily indicative of future performance. Unit prices and investment returns may fluctuate.*

5  
**ANNUAL REPORT 2011**  
 Manager's Report  
 For The Period Ended 30 September 2011

**LIBRA CANADA AUSTRALIA RESOURCE ECONOMIES FUND**  
 (formerly known as Avenue Canada Australia Resource Economies Fund)

**INCOME DISTRIBUTION AND UNIT SPLIT**

*For the period ended 30 Sept*

**2011**

Distribution date	-
Gross distribution (sen per unit)	-
Net distribution (sen per unit)	-
NAV before distribution (sen per unit)	-
NAV after distribution (sen per unit)	-
Unit Split	-

**FUND REVIEW**

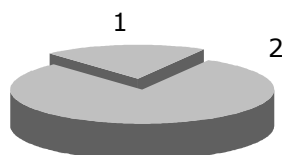
The sovereign debt crisis in Europe worsened in the third quarter of 2011 and global macro-economic anxiety spurred profit-taking across the resource sector. Libra CARE Fund declined 6.20% for the period under review (18 Mar 11 to 30 Sept 11), compared to -8.79% for the Fund's benchmark.

Currently the Fund is only 20% invested in equity and the balance of 80% is in cash placed under money market instruments. As the Fund is only six months old, it is still premature to assess its effectiveness in meeting its investment objective of achieving capital growth over a medium to long-term period. However, for the short-term, it was unable to avoid the adverse market conditions. Looking ahead, the Fund will maintain a more cautious approach to asset allocation until market sentiment improves.

**NAV PER UNIT**

NAV per unit as at 21 Feb 2011 (Launch)	RM 0.5000
NAV per unit as at 30 Sept 2011	RM 0.4690

**ASSET ALLOCATION** *as at 30 Sept 2011*



1	Quoted equities & equities-related securities	20.1%
2	Cash & Others	79.9%

**NOTES**

**Note 1:** *Selling of units by the Management Company (i.e. when you purchase units and invest in the funds) and redemption of units by the Management Company (i.e. when you redeem your units and liquidate your investments) will be carried out at NAV per unit (the actual value of a unit). The entry/exit fee (if any) would be computed separately based on your net investment/liquidation amount.*

**Note 2:** *Fund performance figures are calculated based on NAV to NAV and assume reinvestment of distributions (if any) at NAV. The performance figures are sourced from Lipper and the Benchmark data is sourced from 15.0% of the MSCI AC World Index, 15.0% of the J.P. Morgan Global Aggregate Bond Index, 17.5% of the S&P/ASX 200 Index, 17.5% of the S&P/TSX Composite Index, 17.5% of the AUD Deposit Rates, Australia 1-year fixed deposit rate, and 17.5% of the CAD Deposit Rates, Canada 1-year fixed deposit rate (Lipper & Bloomberg)*

**Note 3:** *There were no income distribution or unit split exercise for the period ended 30 September 2011*

*Past performance is not necessarily indicative of future performance. Unit prices and investment returns may fluctuate.*

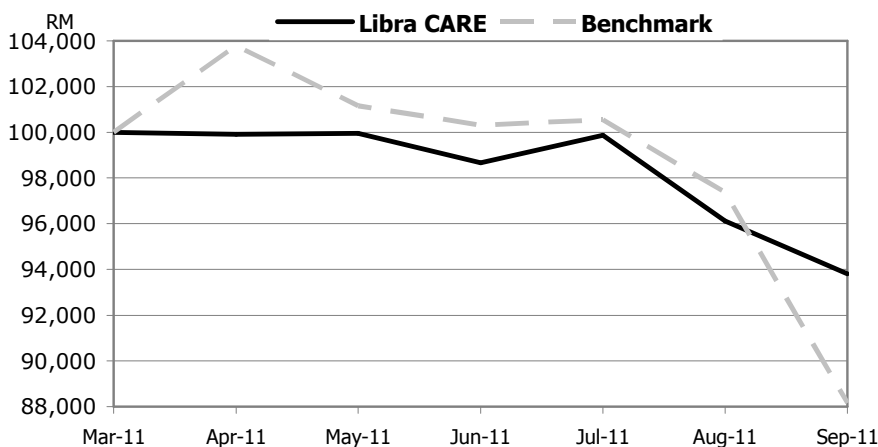
ADDITIONAL INFORMATION / DISCLOSURE

**RETURNS ON AN INITIAL INVESTMENT OF RM100,000  
IN LIBRA CANADA AUSTRALIA RESOURCE ECONOMIES FUND**

*As ease of reference, the Fund's total return for the period ended 30 September 2011 is in Ringgit terms.*

The following charts illustrate comparative growth figures for an initial investment of RM100,000 in Libra Canada Australia Resource Economies Fund and its benchmark for the period specified below.

From 18 March 2011 to 30 September 2011



A RM100,000 investment in Libra Canada Australia Resource Economies Fund and its benchmark (15.0% of the MSCI AC World Index + 15.0% of the J.P. Morgan Global Aggregate Bond Index + 17.5% of the S&P/ASX 200 Index + 17.5% of the S&P/TSX Composite Index + 17.5% of the AUD Deposit Rates, Australia 1-year fixed deposit rate + 17.5% of the CAD Deposit Rates, Canada 1-year fixed deposit rate) from 18 March 2011 to 30 September 2011 (before tax) would be worth **RM 93,800.00** and **RM 88,164.33** respectively.

Source: Lipper & Bloomberg

**Fund performance figures are calculated based on NAV to NAV and assume reinvestment of distributions (if any) at NAV. There are fees, charges and risks (market, risk of non compliance, fund manager risk, regulatory risk, returns not guaranteed and others) involved and investors are advised to consider the fees, charges and risks. Past performance is not necessarily indicative of future performance. Unit prices and investment returns may fluctuate.**

Please refer to page 5 for further clarification on data source and assumptions used in calculating return figures for the fund and its benchmark.

*Past performance is not necessarily indicative of future performance. Unit prices and investment returns may fluctuate.*

## **TRUSTEE'S REPORT**

**To the Unitholders of  
Libra Canada Australia Resource Economies Fund  
(formerly known as Avenue Canada Australia Resource Economies Fund)**

We, BHLB Trustee Berhad, being the Trustee of Libra Canada Australia Resource Economies Fund (formerly known as Avenue Canada Australia Resource Economies Fund) (the "Fund") are of the opinion that Libra Invest Berhad (formerly known as Avenue Invest Berhad) (the "Manager") acting in the capacity of manager of the Fund, has fulfilled its duties in the following manner for the first financial period ended 30 September 2011:

- (a) The Fund has been managed in accordance with the limitations imposed on the investment powers of the Manager and the Trustee under the Deed, the Securities Commission's Guidelines on Unit Trust Funds, the Capital Markets and Services Act 2007, and other applicable laws;
- (b) Valuation or pricing of units of the Fund has been carried out in accordance with the Deed and any relevant regulatory requirements; and
- (c) Creation and cancellation of units have been carried out in accordance with the Deed and any regulatory requirements.

For and on behalf of the Trustee  
**BHLB Trustee Berhad,**  
(Company No. : 313031-A)  
Jeslin Ng Lai Peng  
Associate Director

Kuala Lumpur, Malaysia  
23 November 2011

**Libra Canada Australia Resource Economies Fund**

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2011**

	<b>Note</b>	<b>2011 RM</b>
<b>ASSETS</b>		
Investments	3	3,267,287
Deposits with financial institutions	5	10,000,000
Other receivables	6	22,773
Cash at bank		3,083,432
<b>TOTAL ASSETS</b>		<u>16,373,492</u>
<b>LIABILITIES</b>		
Other payables and accruals	7	107,109
<b>TOTAL LIABILITIES</b>		<u>107,109</u>
<b>EQUITY</b>		
Unitholders' capital		17,381,890
Accumulated losses		(1,115,507)
<b>TOTAL EQUITY</b>	8	<u>16,266,383</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>16,373,492</u>
<b>UNITS IN CIRCULATION</b>		
Net Asset Value ("NAV") Per Unit	8(a) 9	<u>34,699,482</u> <u>0.4688</u>

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

**Libra Canada Australia Resource Economies Fund**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FIRST FINANCIAL PERIOD FROM 18 MARCH 2011 TO  
30 SEPTEMBER 2011**

	Note	18.03.2011 to 30.09.2011 RM
<b>INVESTMENT INCOME</b>		
Gross dividend income		41,905
Interest income		171,327
Net loss from investments:		
- financial assets at fair value through profit or loss ("FVTPL")	4	(1,149,314)
Net unrealised loss on foreign exchange		(4,995)
		<u>(941,077)</u>
<b>EXPENSES</b>		
Manager's fee	10	125,089
Trustee's fee	11	6,607
Auditors' remuneration		5,000
Tax agent's fee		3,000
Other expenses		34,734
		<u>174,430</u>
<b>Net loss before tax</b>		(1,115,507)
Income tax expenses	12	-
<b>Net loss after tax</b>		<u>(1,115,507)</u>
Other comprehensive income		-
<b>Total comprehensive loss for the period</b>		<u>(1,115,507)</u>
Net loss after tax is made up of the following:		
Net realised loss		(603,899)
Net unrealised loss		(511,608)
		<u>(1,115,507)</u>

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

**Libra Canada Australia Resource Economies Fund**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE FIRST FINANCIAL PERIOD ENDED 30 SEPTEMBER 2011**

	<b>Unitholders' capital Note 8(a) RM</b>	<b>Accumulated losses Note 8(b) and (c) RM</b>	<b>Total equity RM</b>
As at incorporation date	-	-	-
Total comprehensive loss for the period	-	(1,115,507)	(1,115,507)
Creation of units	17,991,580	-	17,991,580
Cancellation of units	(609,690)	-	(609,690)
As at 30 September 2011	<u>17,381,890</u>	<u>(1,115,507)</u>	<u>16,266,383</u>

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

**Libra Canada Australia Resource Economies Fund**

**STATEMENT OF CASH FLOWS  
FOR THE FIRST FINANCIAL PERIOD FROM 18 MARCH 2011 TO  
30 SEPTEMBER 2011**

	<b>18.03.2011 to 30.09.2011 RM</b>
<b>Cash flows from operating and investing activities</b>	
Proceeds from sale of investments	6,101,034
Dividends received	19,945
Interest received	170,514
Purchase of investments	(10,517,635)
Manager's fee paid	(100,852)
Trustee's fee paid	(5,499)
Payment for other fees and expenses	(34,734)
Foreign exchange difference	(4,995)
Net cash used in operating and investing activities	<u>(4,372,222)</u>
<b>Cash flows from financing activities</b>	
Cash received from units created	17,991,580
Cash paid on units cancelled	(535,926)
Net cash generated from financing activities	<u>17,455,654</u>
<b>Net increase in cash and cash equivalents</b>	13,083,432
<b>Cash and cash equivalents at the beginning of the period</b>	<u>-</u>
<b>Cash and cash equivalents at the end of the period</b>	<u>13,083,432</u>
<b>Cash and cash equivalents comprise:</b>	
Cash at bank	3,083,432
Deposits with financial institutions	10,000,000
	<u>13,083,432</u>

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

## **Libra Canada Australia Resource Economies Fund**

### **NOTES TO THE FINANCIAL STATEMENTS – 30 SEPTEMBER 2011**

#### **1. GENERAL INFORMATION**

Libra Canada Australia Resource Economies Fund (formerly known as Avenue Canada Australia Resource Economies Fund) (“the Fund”) was established pursuant to a Deed dated 21 May 2010 between Libra Invest Berhad (“LIB”) (formerly known as Avenue Invest Berhad) as the Manager, BHLB Trustees Berhad as the Trustee and the registered Unitholders of the Fund.

The principal activity of the Fund is to invest in investments as defined under The Seventh Schedule of the Deed. The Fund commenced operations on 18 March 2011 and will continue its operations until terminated in accordance with Part 12 of the Deed. The objective of the Fund is to achieve capital growth over a medium to long-term period by investing primarily in securities of companies in Australia and Canada. The Fund may also invest in equities and equity-related securities, fixed income securities, structured products and money market instruments.

The Manager of the Fund is Libra Invest Berhad, a company incorporated in Malaysia. Its holding company is ECM Libra Financial Group Berhad, a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

The principal activities of the Manager is managing private and public funds; and distributing a range of unit trust funds to institutional and retail investors.

The financial statements were authorised for issue by the Board of Directors of the Manager in accordance with a resolution of the directors on 22 November 2011.

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **2.1 Basis of Preparation**

The financial statements of the Fund have been prepared in accordance with Financial Reporting Standards (“FRS”) and the Securities Commission’s Guidelines on Unit Trust Funds in Malaysia.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below and are presented in Ringgit Malaysia (“RM”).

This is the first financial period of the Fund. The Fund has adopted the new and revised FRS and IC Interpretations which are effective for financial period beginning on or after 1 January 2011.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.2 Standards Issue But Not Yet Effective

The Fund has not adopted the following standards and interpretations which have been issued but not yet effective:

	<b>Effective for financial periods beginning on or after</b>
<b>FRSs, Amendments to FRSs and Interpretations</b>	
IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement	1 July 2011
FRS 124: Related Party Disclosures	1 January 2012
IC Interpretation 15: Agreements for the Construction of Real Estate	1 January 2012
Amendments to IC Interpretation 15: Agreements for the Construction of Real Estate	1 January 2012

The adoptions of the above FRSs and Interpretations upon their effective dates are not expected to have any significant impact on the financial statements of the Fund.

### 2.3 Summary of Significant Accounting Policies

#### (a) Financial assets

Financial assets are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognized initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Fund determines the classification of its financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss and loans and receivables.

##### (i) Financial assets at FVTPL

Financial assets are classified as financial assets at FVTPL if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading include equity securities, fixed income securities and collective investment schemes acquired principally for the purpose of selling in the near term.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

### **2.3 Summary of Significant Accounting Policies (Contd.)**

Subsequent to initial recognition, financial assets at FVTPL are measured at fair value. Changes in the fair value of those financial instruments are recorded in 'Net gain or loss on financial assets at fair value through profit or loss'. Interest earned and dividend revenue elements of such instruments are recorded separately in 'Interest income' and 'Gross dividend income', respectively. Exchange differences on financial assets at FVTPL are not recognised separately in profit or loss but are included in net gains or net losses on changes in fair value of financial assets at FVTPL.

#### **(ii) Loans and receivables**

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. The Fund includes short term receivables in this classification.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

#### **(b) Impairment of financial assets**

The Fund assesses at each reporting date whether there is any objective evidence that a financial asset classified as loans and receivables is impaired.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Fund considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impaired loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost balance at the reversal date. The amount of reversal is recognised in profit or loss.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

### **2.3 Summary of Significant Accounting Policies (Contd.)**

#### **(c) Financial Liabilities**

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

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as other financial liabilities.

The Fund's financial liabilities which include trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

#### **(d) Cash and Cash Equivalents**

Cash and cash equivalents comprise cash at bank and deposits with financial institutions which have an insignificant risk of changes in value.

#### **(e) Revenue Recognition**

Income is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the income can be relatively measured. Income is measured at the fair value of the consideration received or receivable. Dividend income is recognised on the ex-dividend date. Interest income from deposits and fixed income securities is recognised on an accrual basis using effective interest or effective yield method.

Realised gain and loss on disposal of financial instruments classified as part of "at FVTPL" are calculated using the weighted average method. They represent the difference between an instrument's carrying amount based on the weighted average method and disposal amount of the investment.

#### **(f) Income Tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

No deferred tax is recognised as there are no material temporary differences.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

### **2.3 Summary of Significant Accounting Policies (Contd.)**

#### **(g) Unitholders' Capital**

The unitholders' contributions to the Fund meet the definition of puttable instruments classified as equity instruments under the revised FRS 132. Distributions to unitholders are recorded in equity when declared.

#### **(h) Cash Flow Statement**

The Fund adopts the direct method in the preparation of cash flow statement. Cash and cash equivalents include cash and bank balances and highly liquid investments (excludes equity investments) with maturities of three months or less from the date of acquisition and are readily convertible to cash with insignificant risk of changes in value.

#### **(i) Functional and Presentation Currency**

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

#### **(j) Significant Accounting Estimates And Judgements**

The preparation of financial statements in accordance with FRS requires the use of certain accounting estimates and exercise of judgements. Estimates and judgements are continually evaluated and are based on past experience, reasonable expectations of future events and other factors.

When the fair value of financial assets recorded in the Statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of liquidity and model inputs such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumption about these factors could affect the reported fair value of financial instruments. The models are calibrated regularly and tested for validity using prices from any observable current market transactions in the same instrument (without modification or repackaging) or based on any available observable market data.

## **3. INVESTMENTS**

	<b>2011</b>
	<b>(Note 4)</b>
	<b>RM</b>
Financial Assets at FVTPL:	
Investments	<u>3,267,287</u>

**4. FINANCIAL ASSETS AT FVTPL**

	<b>2011</b>
	<b>RM</b>
Financial assets held for trading:	
Quoted equities	<u>3,267,287</u>
Net loss on financial assets at FVTPL comprised:	
Realised loss on disposals	(642,701)
Unrealised changes in fair values	(506,613)
	<u>(1,149,314)</u>

Financial assets held for trading as at 30 September 2011 are as detailed below:

**QUOTED EQUITIES**

Name of Counter	Quantity Units	Market Price RM	Cost RM	Fair Value RM	% of NAV %
<b>Securities quoted in Malaysia</b>					
<b><u>Main Market</u></b>					
<b>Trading &amp; Services</b>					
Yinson Holdings Bhd	330,000	1.62	544,500	534,600	3.28
<b>Total</b>			<u>544,500</u>	<u>534,600</u>	
<b>Securities quoted in Australia</b>					
<b>Industrial Products</b>					
BHP Billiton Ltd	6,000	108.66	784,101	651,981	4.01
RIO Tinto Ltd	3,000	191.76	669,011	575,278	3.54
			<u>1,453,112</u>	<u>1,227,259</u>	
<b>Oil &amp; Gas</b>					
Oil Search Ltd	15,000	17.56	341,228	263,436	1.62
Santos Ltd	10,000	35.28	439,097	352,800	2.17
Woodside Petroleum Ltd	6,000	100.78	640,413	604,693	3.72
			<u>1,420,738</u>	<u>1,220,929</u>	
<b>Total</b>			<u>2,873,850</u>	<u>2,448,188</u>	
<b>Securities quoted in Singapore</b>					
<b>Industrial Products</b>					
Keppel Corporation Ltd	15,000	18.97	355,550	284,499	1.75
<b>Total</b>			<u>355,550</u>	<u>284,499</u>	
<b>TOTAL QUOTED EQUITIES</b>			<u>3,773,900</u>	<u>3,267,287</u>	<u>20.09</u>
<b>TOTAL FINANCIAL ASSETS AT FVTPL</b>			<u>3,773,900</u>	<u>3,267,287</u>	<u>20.09</u>
<b>DEFICIT OF FAIR VALUE OVER COST</b>				<u>(506,613)</u>	

**5. DEPOSITS WITH FINANCIAL INSTITUTIONS**

Short-term deposits represent deposits with ECM Libra Investment Bank Berhad, an investment bank related to the Manager, Hong Leong Bank Berhad, OSK Investment Bank Berhad and MIDF Amanah Investment Bank Berhad. The effective average interest rate for short-term deposits as at 30 September 2011 is 2.98% per annum. The average maturity of these deposits as at 30 September 2011 is 1 day.

**6. OTHER RECEIVABLES**

	<b>2011 RM</b>
Dividend receivable	19,898
Interest receivable	813
Tax recoverable	2,062
	<u>22,773</u>

**7. OTHER PAYABLES AND ACCRUALS**

	<b>2011 RM</b>
Amount due to Manager – cancellation of units	73,764
Accruals:	
Manager’s fee	24,237
Trustee’s fee	1,108
Auditors’ remuneration	5,000
Tax agent’s fee	3,000
	<u>107,109</u>

**8. TOTAL EQUITY**

	<b>Note</b>	<b>2011 RM</b>
Unitholders’ capital	(a)	17,381,890
Accumulated losses		
- Unrealised reserves	(b)	(511,608)
- Realised reserves	(c)	(603,899)
<b>Total equity</b>		<u>16,266,383</u>

**8. TOTAL EQUITY (CONTD.)**

**(a) Unitholders' Capital**

	<b>2011 Units</b>	<b>2011 RM</b>
At incorporation date	-	-
Creation of units	35,989,712	17,991,580
Cancellation of units	(1,290,230)	(609,690)
At end of the period	<u>34,699,482</u>	<u>17,381,890</u>

In accordance with Part 6.1.2 of the Deed and Securities Commission's approval letter dated 09 August 2010, the maximum number of units that can be issued out for circulation is 250,000,000. As at 30 September 2011, the number of units not yet issued is 215,300,518.

**(b) Unrealised Reserves**

	<b>2011 RM</b>
At incorporation date	-
Net unrealised gain attributable to investments held transferred from profit or loss	<u>(511,608)</u>
At end of the period	<u>(511,608)</u>

**(c) Realised Reserves**

	<b>2011 RM</b>
At incorporation date	-
Net loss after tax	(1,115,507)
Net unrealised gain transferred to Unrealised Reserves	511,608
At end of the period	<u>(603,899)</u>

**9. NAV PER UNIT**

The net asset value per unit is calculated by dividing the net assets of RM16,266,383 as at 30 September 2011 by 34,699,482 units in issue as at 30 September 2011.

**10. MANAGER'S FEE**

Part 13.1.2 and The Eighth Schedule of the Deed provides that the Manager is entitled to a management fee computed daily on the net asset value of the Fund at a rate not exceeding 2.00% per annum. The management fee provided in the financial statements amounted to 1.75% per annum for the period.

## 11. TRUSTEE'S FEE

Part 13.2.2 and The Ninth Schedule of the Deed provides that the Trustee is entitled to a fee not exceeding 0.10% of net asset value of the Fund. The Trustee's fee calculated on a daily basis for the period is 0.08% per annum of the net asset value of the Fund.

## 12. INCOME TAX EXPENSES

Income tax is calculated at the Malaysian statutory tax rate of 25% of the estimated assessable income for the financial period.

The tax charge for the financial period is in relation to the gross dividend income earned after deducting tax allowable expenses. In accordance with Schedule 6 of the Income Tax Act 1967, interest income earned by the Fund is exempted from tax. Gains arising from realisation of investments are not treated as income pursuant to Paragraph 61(1)(b) of the Income Tax Act 1967.

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

	<b>18.03.2011 to 30.09.2011 RM</b>
Net loss before tax	<u>(1,115,507)</u>
Tax at Malaysia statutory rate of 25%	(278,877)
Tax effect of:	
Income not subject to tax	(92,697)
Losses not allowed for tax purposes	330,029
Expenses not deductible for tax purposes	<u>41,545</u>
Tax expense for the period	<u>-</u>

## 13. MANAGEMENT EXPENSE RATIO & PORTFOLIO TURNOVER RATIO

### Management Expense Ratio ("MER")

Management expense ratio for the Fund is 1.02% for the period ended 30 September 2011.

The management expense ratio includes manager's fee, trustee's fee, auditors' remuneration, tax agent's fee and other expenses which are calculated as follows:

### Management Expense Ratio ("MER")

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

A	=	Manager's fee	D	=	Tax agent's fee
B	=	Trustee's fee	E	=	Other expenses
C	=	Auditors' remuneration	F	=	Average net asset value of Fund

The average net asset value of the Fund for the period is RM17,125,766.

**13. MANAGEMENT EXPENSE RATIO & PORTFOLIO TURNOVER RATIO (CONTD.)**

**Portfolio Turnover Ratio (“PTR”)**

The portfolio turnover ratio for the Fund is 0.49 times for the period ended 30 September 2011.

The portfolio turnover is derived from the following calculation:

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

Where : total acquisition for the period = RM10,517,635  
 total disposal for the period = RM6,101,034

**14. UNITS HELD BY THE MANAGER AND RELATED PARTIES**

There were Nil unit held by the Manager and Nil unit held by related parties as at the date of the balance sheet.

**15. TRANSACTIONS WITH RELATED PARTIES AND OTHER STOCKBROKING COMPANIES/ INVESTMENT BANKS**

Details of transactions with related parties and other stockbroking companies/investment banks for the financial period ended 30 September 2011 are as follows:

<b>Brokers/Dealers</b>	<b>Value of Trades RM</b>	<b>% of Total Trades %</b>	<b>Fees RM</b>	<b>% of Total Brokerage Fees %</b>
Morgan Stanley & Co. International Plc	6,602,875	46.81	17,297	46.40
Ord Minnett Ltd	3,753,232	26.61	10,090	27.07
UOB Kay Hian Pte Ltd	2,219,959	15.74	6,569	17.62
Maybank Investment Bank Berhad	699,580	4.96	620	1.66
DBS Vickers Securities (S) Pte Ltd	440,010	3.12	1,307	3.51
JP Morgan Securities (M) Sdn Bhd	389,966	2.76	1,394	3.74
	<b>14,105,622</b>	<b>100.00</b>	<b>37,277</b>	<b>100.00</b>

## 16. SEGMENTAL REPORTING

The primary segment reporting format is determined to be geographical segments as the Fund's risks and rates of return are affected predominantly by the different types of investments made.

The following table provides an analysis of the revenue, results and assets by geographical segments:

<b>2011</b>	<b>Australia RM</b>	<b>Others RM</b>	<b>Total RM</b>
<b>Revenue</b>			
Segment loss representing segment results	(847,844)	(291,522)	(1,139,366)
Unallocated income			168,349
Unallocated expenditure			(144,490)
Net loss before taxation			(1,115,507)
Income tax expenses			-
Net loss after taxation			<u>(1,115,507)</u>
<b>Assets</b>			
Segment assets – Investments	2,448,188	819,099	3,267,287
Other unallocated assets			13,106,205
			<u>16,373,492</u>
<b>Liabilities</b>			
Unallocated liabilities			<u>107,109</u>

## 17. RISK MANAGEMENT POLICIES

### FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund's objective in managing risk is the creation and protection of Unitholders' value. The Fund utilises risk management for both defensive and proactive purposes. Rigorous analysis of sources of risk in the portfolio is carried out and the following policies are implemented to provide effective ways to reduce future risks and enhance future returns within the Fund's mandate. The key risks faced by the Fund are market risk, interest rate risk, foreign currency risk, credit risk and liquidity risk.

#### (i) *Market risk*

This is a class of risk that inherently exists in an economy and cannot be avoided by any business or company. It is usually due to changes in the economic outlook and affects broad market confidence. Market risk is managed through portfolio diversification and asset allocation whereby the securities exposure is monitored/reduced in the event of anticipated market weakness. Therefore, the performance of the Fund might go up or down in accordance with the prevailing market risk.

## 17. RISK MANAGEMENT POLICIES (CONTD.)

### Equity price risk sensitivity

Based on the portfolio of the Fund at the end of the reporting period, the Management's best estimate of the effect on the profit/(loss) for the period due to a possible change in equity indices, with all other variables held constant is indicated in the table below.

Market index	Changes in equity price %	Effects on profit/(loss) for the period RM	Effects on equity RM
<b>2011</b>			
Australia Stock Exchange	+5	122,409	122,409
FTSE Bursa Malaysia KLCI	+5	26,730	26,730
Straits Times Index	+5	14,225	14,225

An equivalent decrease in the market index shown above would have resulted in an equivalent, but opposite, impact.

In practice, the actual trading results may differ from the sensitivity analysis above and the difference could be material.

### (ii) Interest rate risk

Interest rate risks are uncertainties resulting from the effects of fluctuations in the prevailing level of market interest rates on the Fund's investments and financial position.

Movements in interest rate will affect the value of unquoted fixed income securities. The Fund seeks to manage this risk by constructing a fixed income portfolio in accordance to the interest rate strategies developed after thorough evaluation of macroeconomic variables. Interest rate on short term deposits and deposits are determined based on prevailing market rates. The Fund seeks to obtain rates that are competitive.

### Interest rate risk sensitivity

The following table demonstrates the sensitivity of the Fund's profit/(loss) for the period to a possible change in interest rates, with all other variables held constant. The sensitivity is the effect of the assumed changes in interest rates on:

- The net interest income for one year, based on the floating rate financial assets held at the end of the reporting period; and
- Changes in fair value of investments for the period based on revaluing fixed rate financial assets at the end of the reporting period.

**17. RISK MANAGEMENT POLICIES (CONTD.)**

*(ii) Interest rate risk (Contd.)*

**Interest rate risk sensitivity (contd.)**

	<b>Changes in basis points*</b>	<b>Sensitivity of interest income and profit/(loss) RM</b>	<b>Sensitivity of changes in fair value of investments RM</b>	<b>Net combined sensitivity changes RM</b>
<b>2011</b>	+25/-25	25,296/ (25,296)	Nil	25,296/ (25,296)

\*The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

**Interest rate risk exposure**

The following table analyses the Fund's interest rate risk exposure. The Fund's assets and liabilities are categorised by the earlier of contractual re-pricing or maturity dates.

	<b>Up to 1 month RM</b>	<b>1 - 3 months RM</b>	<b>3 - 12 months RM</b>	<b>1 - 5 years RM</b>	<b>Over 5 years RM</b>	<b>Non-interest bearing RM</b>	<b>Total RM</b>
<b>2011</b>							
<b>Assets</b>							
Cash at bank	-	-	-	-	-	3,083,432	3,083,432
Deposits with financial institutions	10,000,000	-	-	-	-	-	10,000,000
Other assets	-	-	-	-	-	3,290,060	3,290,060
<b>Total assets</b>	<b>10,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,373,492</b>	<b>16,373,492</b>
<b>Liabilities</b>							
Other payables and accruals	-	-	-	-	-	107,109	107,109
<b>Total liability</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>107,109</b>	<b>107,109</b>
<b>Net interest rate sensitivity gap</b>	<b>10,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		

*(iii) Foreign currency risk*

Investments in foreign countries are exposed to currency risk due to fluctuation of currency exchange rate. This risk is minimised via investing in diversified foreign currencies denominated assets and hence, mitigating the risk of single currency exposure.

## 17. RISK MANAGEMENT POLICIES (CONTD.)

### Currency risk sensitivity

The Fund did not have any financial liabilities denominated in foreign currencies as at the reporting date. The following table indicates the currencies to which the Fund had significant exposure at the reporting date on its financial assets. The analysis calculates the effect of a reasonably possible movement of the currency rate against Ringgit Malaysia on equity and on profit/(loss) with all other variables held constant.

	Changes in currency rate	Effect on profit/(loss) for the period RM	Effect on equity RM
<b>2011</b>			
AUD/RM	+5%	219,442	219,442
USD/RM	+5%	39,821	39,821
SGD/RM	+5%	25,630	25,630

An equivalent decrease in each of the currencies shown above would have resulted in an equivalent, but opposite, impact.

#### (iv) Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Fund. The risk applies mainly to unquoted fixed income securities. The Fund expects to reduce credit risks substantially by conducting thorough credit analysis before investment and by diversifying the portfolio.

For deposits in financial institutions, the Fund minimises credit risk by adopting an investment policy which allows dealing with counterparties with good credit rating only. Receivables are monitored to ensure that exposure to bad debts is minimised.

At the reporting date, the Fund has neither past due nor impaired receivables. The maximum exposure to credit risk is projected by the carrying amount of each class of financial assets in the statement of financial position.

Concentration of risk is monitored and managed based on sectorial distribution as set out below:

	←----- 2011 -----→	
	Short-term deposits RM (Credit risk)	Quoted securities RM (Equity risk)
Finance, insurance and business Services	10,000,000	
Industrial Product	-	1,511,758
Oil & Gas	-	1,220,929
Trading & Services	-	534,600
	10,000,000	3,267,287

## 17. RISK MANAGEMENT POLICIES (CONTD.)

### (v) *Liquidity risk*

In a weak and thinly traded market where the transaction volume is low, the investments in the Fund may not be liquidated in the desired amount without causing the market price of the securities to fall sharply. The Fund Manager aims to reduce liquidity risk by investing mainly in companies with relatively large market capitalization, and whose securities are fairly liquid.

The following table summarises the Fund's remaining contractual maturity for its financial liabilities:

	<b>Up to 1 month RM</b>	<b>1 - 3 months RM</b>	<b>3 - 12 months RM</b>	<b>1 - 5 years RM</b>	<b>Over 5 years RM</b>	<b>Total RM</b>
<b>2011</b>						
<b>Financial liabilities</b>						
Other payables and accruals	99,109	8,000	-	-	-	107,109
Total liabilities	<u>99,109</u>	<u>8,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>107,109</u>

## 18. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fund's financial assets at FVTPL are carried at fair value. In general, quoted and observable market prices are used as the measure of fair values for quoted securities.

For unquoted fixed income securities, fair values are generally obtained from the indicative market yields quoted by a bond pricing agency. In the event that the Manager is of the opinion that the value of the fixed income securities differs from the indicative yields quoted by the bond pricing agency, the Manager will value the securities based on a pricing model that reflects prevailing market conditions.

For deposits and placements with financial institutions with maturities of less than twelve months, the carrying value is a reasonable estimate of fair value. For deposits and placements with financial institutions with maturities of more than twelve months, the estimated fair value is based on discounted cash flows using prevailing money market interest rates at which similar deposits and placements would be made with financial institutions of similar credit risk and remaining period to maturity. The carrying amounts of the financial assets other than the investments and financial liabilities as at balance sheet date approximate their fair values because of the short term to maturity of these instruments.

## 19. COMPARATIVE FIGURES

There are no comparative figures as this is the first set of audited financial statements for the Fund since its launch on 18 March 2011.

**Libra Canada Australia Resource Economies Fund**

**STATEMENT BY MANAGER**

**To the Unitholders of Libra Canada Australia Resource Economies Fund**

We, Hoo See Kheng and Datuk Kamarudin Md Ali, two of the Directors of the Manager, Libra Invest Berhad (formerly known as Avenue Invest Berhad), do hereby state that in the opinion of the Manager, the financial statements set out on pages 8 to 26 are drawn up in accordance with the provisions of the Deed and give a true and fair view of the statement of financial position of the Fund as at 30 September 2011 and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows of the Fund together with the notes thereto for the first financial period from 18 March 2011 to 30 September 2011 in accordance with the Financial Reporting Standards in Malaysia and the Securities Commission's Guidelines on Unit Trust Funds in Malaysia.

**For and on behalf of the Manager,  
LIBRA INVEST BERHAD**

HOO SEE KHENG  
CEO/CHIEF INVESTMENT OFFICER

DATUK KAMARUDIN MD ALI  
INDEPENDENT NON EXECUTIVE  
DIRECTOR

23 November 2011

## **Independent auditors' report to the unitholders of Libra Canada Australia Resource Economies Fund**

### **Report on the financial statements**

We have audited the financial statements of Libra Canada Australia Resource Economies Fund (formerly known as Avenue Canada Australia Resource Economies Fund), which comprise the statement of financial position as at 30 September 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the first financial period from 18 March 2011 to 30 September 2011, and a summary of significant accounting policies and other explanatory notes, as set out on pages 8 to 26.

#### *Manager's and Trustee's responsibility for the financial statements*

The Manager of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Securities Commission's Guidelines on Unit Trust Funds in Malaysia, and for such internal control as the Manager determines is necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error. The Trustee is responsible for ensuring that the Manager maintains proper accounting and other records as are necessary to enable fair presentation of these financial statements.

#### *Auditors' responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Fund's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Manager, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Independent auditors' report to the unitholders of  
Libra Canada Australia Resource Economies Fund (Contd.)**

*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Securities Commission's Guidelines on Unit Trust Funds in Malaysia so as to give a true and fair view of the financial position of the Fund as at 30 September 2011 and of its financial performance, the changes in equity and the cash flows of the Fund for the first financial period from 18 March 2011 to 30 September 2011.

Other matters

This report is made solely to the unitholders of the Fund, as a body, and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young  
AF: 0039  
Chartered Accountants

Chan Hooi Lam  
No. 2844/02/12(J)  
Chartered Accountant

Kuala Lumpur, Malaysia  
23 November 2011