

# ANNUAL REPORT 2009

## ✧ AVENUE LIQUIDITY FUND

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FUND & SERVICE DIRECTORY

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## FUND DIRECTORY

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### MANAGER

Avenue Invest Berhad (361207-D)  
(A member of the ECM Libra Group)  
3rd Floor, Wisma Genting  
Jalan Sultan Ismail  
50250 Kuala Lumpur  
General Line : 03-2089 2900  
Investor Care: 03-2089 2800  
Fax: 03-2089 2808 & 03-2096 2300  
website: [www.oneinvest.com.my](http://www.oneinvest.com.my)  
e-mail: [invest@ecmlibra.com](mailto:invest@ecmlibra.com)

### TRUSTEE

HSBC (Malaysia) Trustees Berhad (001281-T)  
Suite 901, 9<sup>th</sup> Floor,  
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No 1, Lebu Ampang,  
50100 Kuala Lumpur  
Tel : 03-2074 3200 ; Fax 03-2078 0145

### 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

3rd Floor, Wisma Genting  
Jalan Sultan Ismail  
50250 Kuala Lumpur

General Line: 03-2089 2900 Fax: 03-2089 2808 & 03-2096 2300

## PENANG

2<sup>nd</sup> Floor  
No 111, Macalister Road  
10400 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 BAHRU

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

## SELANGOR – KLANG

6/1, Lorong Tiara 1B  
Bandar Baru Klang  
41150 Klang, Selangor  
Tel: 03-3341 9400; Fax: 03-3341 9449

## MELAKA

No 89, Jalan Melaka Raya 24  
Taman Melaka Raya 1  
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

Ground Floor, No. 293, Lot 2654, Central Park  
Commercial Centre, 3rd Mile, Rock Road  
93250 Kuching, Sarawak  
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## SABAH – KOTA KINABALU

Level 8, Wisma Great Eastern  
No 68, Jalan Gaya  
88000 Kota Kinabalu, Sabah  
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## **MARKET REVIEW: MONEY MARKET**

The Malaysian money market underwent a changing landscape during the period under review. Fundamental changes in the global economic and interest rate environment eventually shaped the current low interest rate regime across the world. What started as the US sub-prime credit crisis had spilled over and ballooned into a global economic and financial crisis. Given the impending risk of a recession, the US Federal Reserve cut interest rates in quick succession from 4.50% in October 2007 to a near zero range of 0%-0.25% by December 2008.

Amidst all this, rising food and commodities prices created a high inflationary environment. Central banks were caught in a quandary whether to raise interest rates to contain rising inflation or to lower rates in support of the dwindling economy. Crude oil prices escalated into uncharted territory, surging past the USD100 barrier to peak at USD147 in July 2008. The unraveling of sub-prime credits was aggravated by sharp declines in economic numbers across the globe.

Heightened inflationary pressure prevalent during the earlier part of year 2008 gradually diminished in tandem with declining crude oil and commodities prices. Central banks also switched focus from curbing inflation to addressing recession risks by aggressively lowering key lending rates.

Bank Negara Malaysia acted in line with other central banks by lowering the Overnight Policy Rate (OPR) from 3.50% to 3.25% in November 2008, and eventually to 2.50% and 2.00% in January and February 2009 respectively. Interbank money market rates declined in tandem with the OPR cut, from an average of 3.40% in October 2008 to 1.90% as at September 2009. In order to restore financial market stability, the Malaysian Government acted through Perbadanan Insurans Deposit Malaysia (PIDM), to fully guarantee all Ringgit deposits with financial institutions regulated by Bank Negara Malaysia until December 2010.

## **MARKET OUTLOOK: MONEY MARKET**

Inflation is likely to remain well capped for the remainder of the year and most part of year 2010 despite being on a rising trend. So long as inflationary pressures remain dormant, the central bank should have sufficient room to maintain the Overnight Policy Rate (OPR) at the current low level at least for the first half of year 2010, and probably for the whole of next year as well. Under these circumstances, money market rates are likely to remain stable at the current rate for most part of year 2010.

### **AVERAGE CURRENT RATE**

#### **Interbank Money Market (Overnight)**

<u>Date</u>	<u>Rate</u>
30 Sept 2009	1.93%

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For The Period Ended 30 September 2009

## FUND PROFILE

<b>Inception Date</b>	18 February 2009 ( <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 11 March 2009
<b>Pricing Policy</b>	Investment and Liquidation at Net Asset Value per unit
<b>Fund Category/ Type</b>	Money Market ( <i>Classification according to the requirements of the Guidelines on Unit Trust Funds, which provides for broad classification of Funds.</i> )  Open-ended unit trust fund investing primarily in Ringgit-denominated short-term deposits with licensed financial institutions.
<b>Benchmark</b>	Maybank's Overnight Repo Rates  <i>Unitholders may contact the Management Company or visit the Management Company's website at <a href="http://www.oneinvest.com.my">www.oneinvest.com.my</a> to obtain the most up-to-date information on the benchmark Repo rate for Liquidity Fund.</i>
<b>Investment Objective</b>	The Fund seeks to preserve capital and maintain a high degree of liquidity while providing steady income with minimal risk by investing primarily in short-term deposits.
<b>Investment Policy</b>	Invest primarily in very short term, highly liquid, near cash and money market instruments.
<b>Investment Strategy</b>	The Fund will invest up to 100% of its NAV in Ringgit-denominated short term deposits with licensed financial institutions. To mitigate financial institution risks, the Fund will diversify its deposit placements with different financial institutions regulated by Bank Negara Malaysia. All Ringgit deposits with financial institutions regulated by Bank Negara Malaysia will be fully guaranteed by the Government through Perbadanan Insurans Deposit Malaysia (PIDM) until December 2010. ( <i>source: <a href="http://www.bnm.gov.my">www.bnm.gov.my</a></i> )
<b>Distribution Policy</b>	It is the intention of the Management Company to declare distribution of income quarterly for the Liquidity Fund, provided there is a sufficient realised gain. The amount of income to be distributed will vary from period to period, depending on the interest rates, market conditions, the performance and objective of the Fund. Income distributions may be made out of realised capital gains, and other net income received by the Fund. It is also the Management Company'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. Unitholders wanting to realise capital gains on units held may, of course, liquidate all or part of their units on any Business Day.

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**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 the 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*

Size of Holding (Units)	<i>As at 30 September 2009</i>			
	Unitholder		Unit Holding	
	No	%	Million	%
Up to 5,000	1	12.50	0.01	0.04
5,001 to 10,000	-	-	-	-
10,001 to 50,000	1	12.50	0.02	0.19
50,001 to 500,000	4	50.00	0.72	6.98
500,001 and above	2	25.00	9.56	92.79
<b>*Total (Decimal Rounding)</b>	<b>8</b>	<b>100.00</b>	<b>10.31</b>	<b>100.00</b>

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**FUND PERFORMANCE**

**2009**

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

Total Net Asset Value (RM million)	5.19
Units in circulation (million units)	10.31
NAV per unit (RM)	0.5034

**HIGHEST & LOWEST NAV** for the year ended 30 Sept  
 Please refer to **Note 1** for further information.

Highest NAV per unit (RM)	0.5051
Lowest NAV per unit (RM)	0.5000

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

<b>Liquid assets including Short-term Deposits</b>	100.0%
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**EXPENSE/ TURNOVER** for the year ended 30 Sept

Management expense ratio (MER) (%)	0.22
Portfolio turnover ratio (PTR) (times)	-

Please refer to page 17 for further explanation on the MER

**RETURN (%)** for the year ended 30 Sept  
 Please refer to **Note 2** for further information.

	<b>Since Inception from 18/02/2009 to 30/09/2009</b>
<b>• TOTAL RETURN</b>	
Total return	1.06
Capital Return	0.68
Income Return	0.38

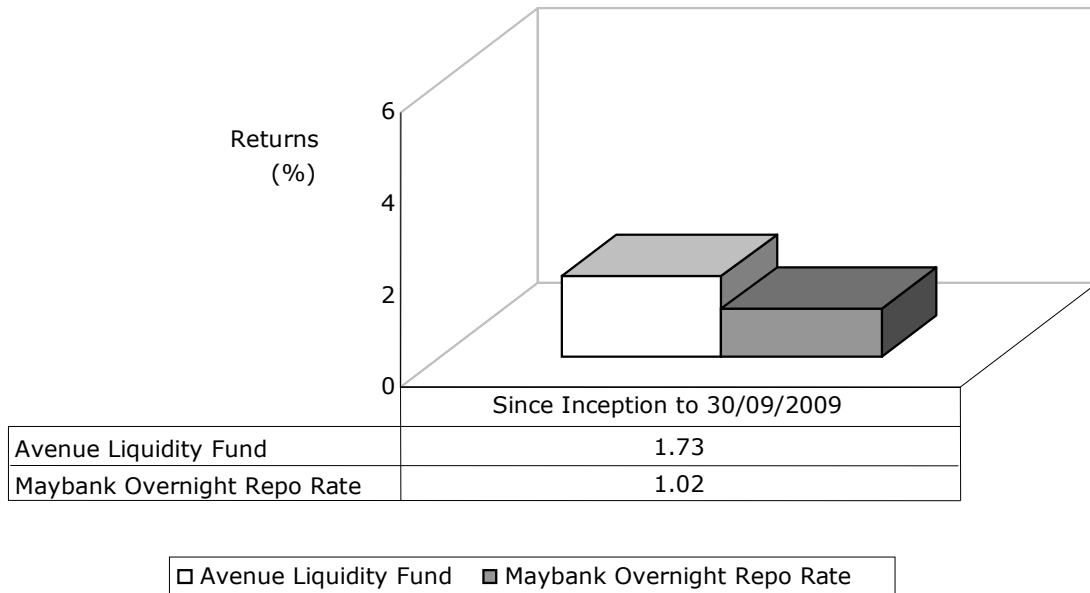
	<b>Since Inception from 18/02/2009 to 30/09/2009</b>
<b>• AVERAGE TOTAL RETURN</b>	
Avenue Liquidity Fund (Inception date: 18 Feb 2009)	1.06

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

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 For The Period Ended 30 September 2009

**FUND PERFORMANCE**

**Annualised Total Return of Avenue Liquidity Fund vs. its Benchmark for the period since inception to 30th September**



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

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 For The Period Ended 30 September 2009

**INCOME DISTRIBUTION**

*For the year ended 30 Sept  
 Please refer to **Note 3** for further information.*

	<b>2009</b>
Distribution date	28 Sept
Gross distribution (sen per unit)	0.19
Net distribution (sen per unit)	0.19
NAV before distribution (sen per unit)	50.51 (25 Sept)
NAV after distribution (sen per unit)	50.33 (28 Sept)

**UNIT SPLIT EXERCISE**

*For the year ended 30 Sept  
 Please refer to **Note 3** for further information.*

Exercise date	-
Split Ratio	-
NAV before unit split (sen per unit)	-
NAV after unit split (sen per unit)	-

**FUND REVIEW**

**FUND REVIEW**

For the period under review, the Fund was up by 1.06% compared to its benchmark of 0.63%. Returns for Avenue Liquidity Fund were derived from its investment in short-term Ringgit deposits placed with licensed financial institutions. In line with the Fund's objective, the Fund has provided consistent income with minimal risk while preserving capital and maintaining a high degree of liquidity. It aims to continue to provide conservative returns while maintaining fluidity of Funds to meet its investors' short term investment needs.

**NAV PER UNIT**

NAV per unit as at 18 Feb 2009	RM0.5000
NAV per unit as at 30 Sept 2009	RM0.5034

**ASSET ALLOCATION** *as at 30 Sept 2009*



1	Liquid assets including short-term deposits	100.0%
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***Past performance is not necessarily indicative of future performance.  
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**NOTES**

**Note 1:** *Selling of units by the Management Company (i.e. when you purchase units and invest in the Fund) 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 figure for the benchmark Maybank's Overnight Repo Rate is calculated assuming placement for the period from 18/02/2009 to 30/09/2009. For calculations for periods less than 12 months, the interests earned over the period are accrued accordingly.*

- *Data source for Total Returns, Average Total Returns, Annualised Total Returns, and Fund Performance against its Benchmark: Lipper*
- *Data source for Overnight Repo Rate: Maybank*

**Note 3:** *Distribution of 0.19 sen per unit was declared on 28 September 2009 and was automatically reinvested into additional units on the same day at NAV after distribution with no entry fee.*

- *There was no unit split exercise for the period ended 30 September 2009.*

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

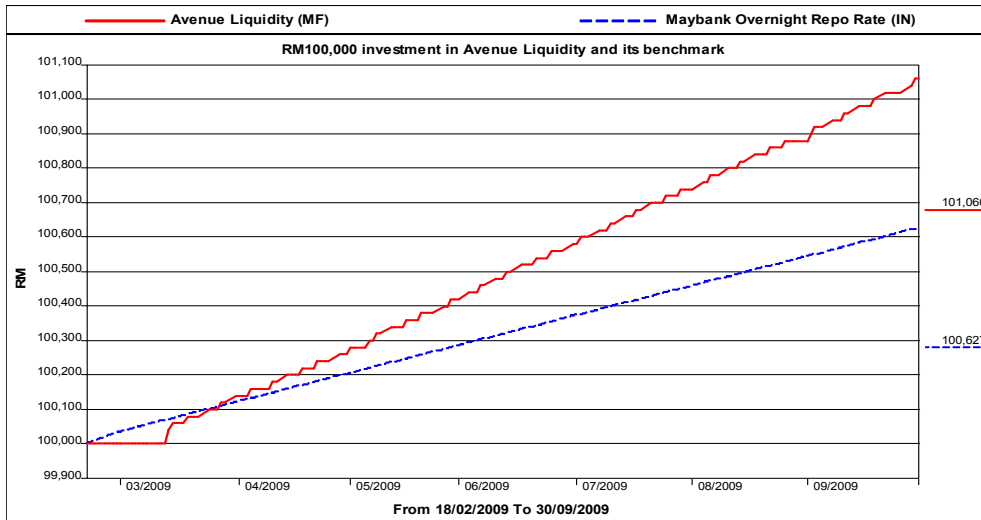
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**RETURN ON AN INITIAL INVESTMENT OF RM100,000  
 IN AVENUE LIQUIDITY FUND**

***As ease of reference, the Fund total return for the period ended 30 September 2009 is in Ringgit terms.***

The following chart illustrate comparative growth figures for an initial investment of RM100,000 in Avenue Liquidity Fund, with its respective benchmark, for the period specified below.

From 18 February 2009 to 30 September 2009



A RM100,000.00 investment in Avenue Liquidity and its benchmark (*Maybank overnight repo rate*) from 18 February 2009 to 30 September 2009 (before tax) would be worth **RM101,060.00** and **RM100,627.00** respectively.

Source: Lipper Hindsight

**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 (interest rate, credit/default, liquidity, inflation, financial institution 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 7 for further clarification on data source and assumptions used in calculating return figures for the Fund and its benchmark.

## **TRUSTEE'S REPORT**

### **To the Unitholders of Avenue Liquidity Fund**

We have acted as trustee of **Avenue Liquidity Fund** ("the Fund") for the financial period from 18 February 2009 (date of Commencement of operation) to 30 September 2009. To the best of our knowledge, **Avenue Invest Berhad** ("the Management Company"), has operated and managed the Fund in accordance with the following:-

- a) limitations imposed on the investment powers of the management company 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/pricing is carried out in accordance with the Deed and any regulatory requirements; and
- c) creation and cancellation of units are carried out in accordance with the Deed and any regulatory requirements.

A gross distribution of 0.19 sen per unit was declared to the unit holders on 28 September 2009 for the financial period ended 30 September 2009. We are of the view that the distribution is consistent with the objective of the Fund.

For **HSBC (Malaysia) Trustee Berhad**  
MAZIAH YONG  
HEAD, UNIT TRUST  
Kuala Lumpur  
24 November 2009

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AUDITED FINANCIAL STATEMENTS  
FOR AVENUE LIQUIDITY FUND

For The Period Ended 30 September 2009

	Note	2009 RM
<b>BALANCE SHEET</b> <i>As At 30 September 2009</i>		
<b>ASSETS</b>		
Other receivables	4	1,017,549
Short-term deposits	5	4,170,000
Cash at bank		2,615
<b>TOTAL ASSETS</b>		<u>5,190,164</u>
<b>LIABILITIES</b>		
Accruals	6	3,791
<b>TOTAL LIABILITIES EXCLUDING NET ASSET VALUE ("NAV") ATTRIBUTABLE TO UNITHOLDERS</b>		3,791
<b>NAV ATTRIBUTABLE TO UNITHOLDERS</b>	7	<u>5,186,373</u>
<b>TOTAL LIABILITIES INCLUDING NAV ATTRIBUTABLE TO UNITHOLDERS</b>		<u>5,190,164</u>
<b>Units In Circulation</b>	7(a)	10,310,060
<b>NAV Per Unit (Ex-Distribution)</b>	8	0.5030
<b>INCOME STATEMENT</b> <i>For The Period Ended 30 September 2009</i>		
	Note	<b>18.02.2009 to 30.09.2009</b>
<b>Investment Income</b>		
Interest income		60,821
Total Investment Income		<u>60,821</u>
<b>Expenditure</b>		
Manager's fee	9	4,345
Trustee's fee	10	2,318
Audit fee		3,000
Other expenses		820
Total Expenditure		<u>10,483</u>
<b>Net Income Before Tax</b>		50,338
<b>Taxation</b>	11	-
<b>Net Income After Tax</b>		<u>50,338</u>
Net distribution amount	12	15,755
Gross distribution per unit (sen)		0.19
Net distribution per unit (sen)		<u>0.19</u>

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

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Audited Financial Statements for Avenue Liquidity Fund  
For The Period Ended 30 September 2009

**18.02.2009**  
**to 30.09.2009**  
**RM**

**STATEMENT OF CHANGES IN NET ASSET VALUE** For The Period Ended 30 September 2009

Net asset value at the beginning of the period	-
Net realised gain recognised in the Income Statement	50,338
Distribution for the period	(15,755)
Movement due to units created and cancelled during the period:	
Amounts received from units created	8,773,234
Less: Amounts paid for units redeemed	(3,621,444)
	5,151,790
Net asset value at the end of the period	5,186,373

**CASH FLOW STATEMENT** For The Period Ended 30 September 2009**Cash Flow From Operating And Investing Activities**

Interest received	43,124
Distribution paid	(15,755)
Manager's fee paid	(3,829)
Trustee's fee paid	(2,043)
Payment for other fees and expenses	(820)
Net Cash Generated From Operating And Investing Activities	20,677

**Cash Flow From Financing Activities**

Cash proceeds from units created	7,773,382
Payment for release of units	(3,621,444)
Net Cash Generated From Financing Activities	4,151,938

**Net Increase In Cash And Cash Equivalents**

<b>Cash And Cash Equivalents At The Beginning Of The Period</b>	-
<b>Cash And Cash Equivalents At The End Of The Period</b>	4,172,615

The Cash and Cash Equivalents comprise:

Short-term deposits with financial institutions	4,170,000
Cash at bank	2,615
	4,172,615

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Audited Financial Statements for Avenue Liquidity Fund  
For The Period Ended 30 September 2009

**NOTES TO THE FINANCIAL STATEMENTS****1 GENERAL INFORMATION**

Avenue Liquidity Fund ("the Fund") was established pursuant to the Deed dated 23 December 2008 between Avenue Invest Berhad as the Manager, HSBC (Malaysia) Trustee 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 7th schedule of the Deed. The Fund commenced operations on 18 February 2009 and will continue its operations until terminated in accordance with Part 12 of the Deed. The objective of Avenue Liquidity Fund is to seek capital preservation and maintain a high degree of liquidity while providing steady income with minimal risk by investing primarily in short term deposits.

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

The principal activities of the Manager are 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 24 November 2009.

**2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements have been prepared under the historical cost convention, modified by the revaluation of investments and complied with Financial Reporting Standards ("FRSs") in Malaysia, the Securities Commission's Guidelines on Unit Trust Funds and requirements of the Deed.

The accounting policies adopted are consistent with those of the previous year except that the Fund has adopted new and revised FRSs, amendments to FRSs and Interpretations issued by Malaysian Accounting Standards Board that are effective for the financial period beginning on or after 1 July 2007. These new and revised FRSs, amendment to FRSs and Interpretations do not have any significant impact on the financial statements of the Fund.

The Fund has not early adopted the following FRSs and Interpretations which have effective dates as follows:

<b>FRSs, Amendments to FRSs and Interpretations</b>	<b>Effective for financial periods beginning on or after</b>
FRS 8: Operating Segments	1 July 2009
FRS 4: Insurance Contracts	1 January 2010
FRS 7: Financial Instruments : Disclosures	1 January 2010
FRS 139: Financial Instruments : Recognition and Measurement	1 January 2010
IC Interpretation 9: Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10: Interim Financial Reporting and Impairment	1 January 2010

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. The Fund is exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 139.

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Audited Financial Statements for Avenue Liquidity Fund  
For The Period Ended 30 September 2009

**3 SIGNIFICANT ACCOUNTING POLICIES****Income Recognition**

Interest income from short term deposits is recognised on an accrual basis.

**Income Tax**

Income tax on the income or loss for the financial year comprises only current financial year Malaysian corporate tax. Tax losses of the fund cannot be carried forward. Current financial year tax is the expected amount of income taxes payable in respect of the taxable income for the financial year and is measured using the tax rates that have been enacted at the Balance Sheet date.

**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.

**Other Receivables**

Other receivables are carried at anticipated realisable values.

**Financial Instruments**

Financial assets and financial liabilities carried on the Balance Sheet include cash at bank, deposits with licensed financial institutions, receivables and payables. The accounting policies on recognition and measurement of these items are disclosed in their respective accounting policies.

Financial instruments are classified as assets or liabilities in accordance with the substance of the contractual arrangements. Interest is reported as investment income. Distributions to Unitholders are recognised in NAV Attributable to Unitholders in the financial year in which they are declared.

**4 OTHER RECEIVABLES**

	<b>2009</b>
	<b>RM</b>
Amount due from Manager – creation of units	999,852
Interest receivable	17,697
	<u>1,017,549</u>

**5 SHORT-TERM DEPOSITS**

	<b>2009</b>
	<b>RM</b>
A licensed bank related to the Manager	600,000
Other licensed banks	3,570,000
	<u>4,170,000</u>

The effective average interest rate for short-term deposits as of 30 September 2009 is 1.9% per annum. The average maturity of these deposits as of 30 September 2009 is 10 days.

**6 ACCRUALS**

	<b>2009</b>
	<b>RM</b>
Manager's fee	516
Trustee's fee	275
Audit fee	3,000
	<u>3,791</u>

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Audited Financial Statements for Avenue Liquidity Fund  
For The Period Ended 30 September 2009

**7 NAV ATTRIBUTABLE TO UNITHOLDERS**

NAV attributable to Unitholders is represented by:

	<b>Note</b>	<b>2009 RM</b>
Unitholders' contribution	(a)	5,151,790
Realised reserves	(b)	<u>34,583</u>
		<u><u>5,186,373</u></u>

**(a) UNITHOLDERS' CONTRIBUTION**

	<b>2009 Units</b>	<b>2009 RM</b>
As at the beginning of the period	-	-
Created during the period	17,510,581	8,773,234
Released during the period	<u>(7,200,521)</u>	<u>(3,621,444)</u>
As at the end of the period	<u>10,310,060</u>	<u>5,151,790</u>

In accordance with Part 6.1.2 of the Deed and Securities Commission's approval letter dated 22 January 2009, the maximum number of units that can be issued out for circulation is 600,000,000. As at 30 September 2009, the number of units not yet issued is 589,689,940.

Included in the units created during the year are 31,306 units from reinvestment of distribution on 28 September 2009.

**(b) REALISED RESERVES**

	<b>2009 RM</b>
Balance at the beginning of the period	-
Net income after tax	50,338
Distribution for the period	<u>(15,755)</u>
Balance at the end of the period	<u><u>34,583</u></u>

**8 NAV PER UNIT**

The net asset value per unit is calculated by dividing the net assets of RM5,186,373 as at 30 September 2009 by 10,310,060 units in issue as at 30 September 2009.

**9 MANAGER'S FEE**

Part 13.1.2 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 0.50% per annum. The management fee provided for the financial statements amounted to 0.15% per annum for the period.

**10 TRUSTEE'S FEE**

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

**11 TAXATION**

There is no tax charge as interest income derived by the fund is exempted pursuant to Paragraph 35 and 35A, Schedule 6 of the Income Tax Act 1967.

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Audited Financial Statements for Avenue Liquidity Fund  
For The Period Ended 30 September 2009

**12 DISTRIBUTIONS**

	<b>2009 RM</b>
Distribution to unitholders is from the following sources:	
Interest income	26,238
Less : Expenses	(10,483)
Net distribution amount	<u>15,755</u>
Gross distribution per unit (sen)	<u>0.19</u>
Net distribution per unit (sen)	<u>0.19</u>

The above distributions have been made on 28 September 2009.

**13 MANAGEMENT EXPENSE RATIO****Management Expense Ratio ("MER")**

Management expense ratio for the Fund is 0.22% for the period ended 30 September 2009.

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

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

A = Manager's fee

B = Trustee's fee

C = Audit fee

D = Tax agent's fee

E = Other expenses

F = Average net asset value of fund

The average net asset value of the Fund for the period is RM4,755,450.

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

There were Nil units held by the Manager and Nil units held by related parties as at the date of the Balance Sheet.

**15 RISK MANAGEMENT POLICIES****A FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES**

The Fund seeks to preserve capital and maintain a high degree of liquidity while providing steady income with minimal risk by investing primarily in short-term deposits. In order to meet its stated investment objectives, 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, liquidity risk and interest rate risk, primarily on its investments.

**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 confidence of the broad market. Market risk cannot be removed from an investment portfolio by diversification. Investors should, therefore, note that the performance of the Fund might go up or down in accordance with the prevailing market risk. However, the nature of unit trust helps mitigate this risk as the Fund Manager would generally invest in a well-diversified portfolio.

**Liquidity risk**

Liquidity risk is defined as the ease with which a security can be sold at or near its fair value depending on the volume traded on the market. To minimise liquidity risk, the Fund Manager intends to invest mainly in short term, high quality instruments where the market for such instruments is more liquid compared to long term bonds.

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***Interest rate risk***

This risk related to unforeseen movements in the direction of the interest rates. Anticipating interest rate movements is a critical element in determining the portfolio maturity structure of the Fund. The Fund Manager's top-down investment approach ensures that a thorough evaluation of macro-economic variables is undertaken before an interest rate strategy is implemented. In addition, it is also intended to have a sufficiently diverse range of maturities for the Fund.

**16 FAIR VALUE OF FINANCIAL INSTRUMENTS**

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.

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 other financial assets and financial liabilities approximate their fair values because of the short term to maturity of these instruments.

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Statement by Manager &amp; Auditors' Report For Avenue Liquidity Fund

**STATEMENT BY MANAGER****To the Unitholders of Avenue Liquidity Fund**

We, Tan Jin Teik and Mahadzir Bin Azizan, two of the Directors of the Manager, Avenue Invest Berhad, do hereby state that in the opinion of the Manager, the financial statements set out on pages 10 to 16 are drawn up in accordance with the provisions of the Deed and give a true and fair view of the balance sheet of the fund as at 30 September 2009 and the related income statement, the statement of changes in net asset value and the cash flow statement of the Fund together with the notes thereto for the first financial period ended on that date 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  
AVENUE INVEST BERHAD**TAN JIN TEIK  
MANAGING DIRECTORMAHADZIR BIN AZIZAN  
INDEPENDENT NON EXECUTIVE  
DIRECTOR

24 November 2009

**AUDITORS' REPORT****Independent auditors' report to the unitholders of  
Avenue Liquidity Fund**

Report on the financial statements

We have audited the financial statements of Avenue Liquidity Fund, which comprise the balance sheet as at 30 September 2009, and the income statement, statement of changes in net asset value and cash flow statement for the period then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 16.

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. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. 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 controls 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

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## Statement by Manager &amp; Auditors' Report For Avenue Liquidity Fund

internal controls. 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.

**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 2009 and of its financial performance, the changes in net asset value and the cash flows of the Fund for the year then ended.

**Other matters**

This report is made solely to the unit holders 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  
Kuala Lumpur, Malaysia  
24 November 2009

Chan Hooi Lam  
No. 2844/02/10(J)  
Chartered Accountants