

CIMB FTSE ASEAN 40 MALAYSIA

QUARTERLY REPORT (UNAUDITED)

**FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2011
TO 31 MARCH 2011**

CONTENTS	PAGE(S)
INVESTOR LETTER	1 – 2
MANAGER'S REPORT	3 – 9
Fund objective and policy	
Performance data	
Market review	
Fund performance	
Portfolio structure	
Market outlook	
Investment strategy	
Unit holding statistics	
Rebates and soft commission	
STATEMENT BY MANAGER	10
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME	11
UNAUDITED STATEMENT OF FINANCIAL POSITION	12
UNAUDITED STATEMENT OF CHANGES IN EQUITY	13
UNAUDITED STATEMENT OF CASH FLOW	14
UNAUDITED NOTES TO THE UNAUDITED FINANCIAL STATEMENTS	15 – 30
DIRECTORY	31

INVESTOR LETTER

Dear Valued Investors,

In 2010, the Malaysian market exceeded almost everyone's expectations. We expected about a 15% return at the beginning of 2010, but the FTSE Bursa Malaysia 100 Index (FBM100) has jumped 19.4% over the course of the year. By the end of December, our conventional equity funds have showed an average return of 23-28.5%.

In less than two years, the market has fully recovered from its low in March 2009, which was brought on by the global crisis. This is quite remarkable, considering that predictions about the rate of recovery at that time were quite dire. Investors, who stayed invested and continued to invest through the downturn, were rewarded with really good returns.

We hope that with the experience of the Asian financial crisis and this most recent global financial crisis, investors have seen for themselves that markets do bounce back and it is not easy to predict the speed at which they can recover.

We are cautiously optimistic for 2011. In light of the market having gone up two years in a row, our outlook for this year are returns in the low double digits. We expect the US economy to continue to recover, driven by consumer spending and corporate capital expenditures. The Federal Reserve's sustained purchases of bonds will continue to underpin the recovery. Events in Europe are expected to lead to volatility. At some point, we believe bond markets will force Portugal into accepting a bailout. We believe there is a 50-50 chance that Spain will be bailed out as well.

In Asia Pacific ex-Japan, the concern is mainly over inflation and rising interest rates. In China, the recent hikes in bank reserve requirements to 18.5% will not be sufficient to tame inflation. Although higher food prices are currently the main source of inflation, there are signs that input prices are also rising. We expect China to hike interest rates by 1.25% next year. However, this hike is unlikely to derail the economy, especially if it is balanced with the rumored loan quota of Renminbi 6.0-7.0 trillion.

For Bursa Malaysia, conditions seem right for continued market appreciation. The implementation of the Economic Transformation Program (ETP) will lead to the roll out of large projects that will benefit the construction as well as oil and gas sectors, and closer ties with Singapore will benefit projects in the Iskandar Region – all which could lead to a revival in corporate loans growth. We expect earnings growth in the mid-teens and price-to-earnings ratios (PERs) to re-rate to the long-term average of 14.5-15.0 times.

INVESTOR LETTER (CONTINUED)

It's also been a busy year for us here at CIMB-Principal Asset Management Berhad ("CIMB-Principal"). We are happy to share that our total assets under management have grown 28% from RM23.1¹ billion to RM29.5 billion a clear sign of clients' confidence. With 66 unit trust funds (23 are Shariah-compliant), including 6 wholesale funds and 2 exchange-traded funds (ETFs), the Company is also one of the largest institutional money managers. Institutional AUM rose 35.3% to RM18.0 billion in December last year, also made further inroads into the region, managing RM1.4 billion for regional clients. The stability of our senior management team, with an average tenure of 5.3 years, has endowed the CIMB-Principal with the flexibility to adapt strategically and innovatively to rapidly-changing circumstances in a competitive regional marketplace.

You may not be aware but back in 2009, CIMB-Principal was the first Malaysian company to implement PAM® for Securities², a world class international portfolio management and accounting system. Last year, we implemented the Factset Attribution System to further enhance our fund managers' expertise. The firm remains ahead of the curve compared to many of its domestic peers, exemplified by the implementation of SWIFT and OMGEO connections for some clients, providing automated trading and settlement services. CIMB-Principal is one of the few fund managers in ASEAN with all these systems in place to better serve our clients and partners.

We thank you for your trust in us. As you continue to regularly invest with us in 2011, it is our promise to be a vigilant steward of your money and help you grow it over time.

Yours sincerely

Campbell Tupling

Chief Executive

CIMB-Principal Asset Management Berhad

¹ End December 2009

² http://www.pfs.com/products/Pages/PFS_Products_PAMsecurities.aspx

MANAGER'S REPORT**What is the investment objective of the Fund?**

To provide investment results that, before expenses, closely correspond to the performance of the Benchmark Index, regardless of its performance.

Has the Fund achieved its objective?

For the period under review, the Fund is in line with its stated objective.

What are the Fund investment policy and its strategy?

The Fund is a feeder fund which aims to invest at least 95% of its NAV in the Underlying Fund which is the Singapore Fund (SF). The SF is an exchange-traded fund listed on the Singapore Exchange Securities Trading Limited (SGX-ST) which aims at providing the SF Unitholders a return that closely corresponds to the performance of the FTSE/ASEAN 40 Index. Therefore, the Manager adopts a passive strategy in the management of the Fund.

Fund category/ type

Feeder ETF / Index Tracking

How long should you invest for?

Recommended 3 to 5 years

Indication of short-term risk (low, moderate, high)

High

When was the Fund launched?

9 July 2010*

What was the size of the Fund as at 31 March 2011?

RM 12.53 million (8.10 million units)

What is the Fund's benchmark?

The FTSE/ASEAN 40 Index or such replacement index as may be determined by the SF Manager and / or the Manager.

What is the Fund distribution policy?

Annually, subject to the discretion of the Manager

What was the net income distribution for the period ended 31 March 2011?

No distribution was declared for the period ended 31 March 2011

* Listing date

PERFORMANCE DATA

Details of portfolio composition of the Fund are as follows:

	31.03.2011	31.12.2010
	%	%
Sector		
Underlying Fund	101.81	100.71
Liquid assets and others	(1.81)	(0.71)
	100.00	100.00
	100.00	100.00

Performance details of the Fund are as follows:

	31.03.2011	31.12.2010
Net Asset Value (RM million)	12.53	12.67
Units In circulation (Million)	8.10	8.10
Net Asset Value per Unit (RM)	1.5472	1.5639
Highest NAV per Unit (RM)	1.5813	1.6277
Lowest NAV per Unit (RM)	1.4225	1.5306
Market Price per Unit (RM)	1.6200	1.5950
Highest Market Price per Unit (RM)	1.6200	1.6400
Lowest Market Price per Unit (RM)	1.5150	1.5400
Total return (%) ^	(1.08)	2.24
-capital growth (%)	(1.08)	2.24
-income growth (%)	-	-
Management Expenses Ratio (%)	1.11	1.05
Portfolio Turnover Ratio (times) #	-	-

(Launch date : 9 July 2010)

^ based on NAV per unit

The turnover ratio was nil during the period under review as the Fund remains fully invested in the underlying fund during the quarter.

PERFORMANCE DATA (CONTINUED)

Period	Total return (%)	Annualised (%)
- Since inception (SI)^	11.57	16.27
- One Year	-	-
- Benchmark SI	13.66	19.29
		Since Inception to 31.03.2011 (%)
Annual total return^		16.27*

* Annualised

^ based on NAV per unit

Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up. All performance figures were based on the last business day which has been verified by Mercer (Malaysia) Sdn Bhd, Consulting Actuaries (35090-H).

MARKET REVIEW

The ASEAN market started the year on a weaker note as most bourses underperformed, dragged by inflationary concerns. The markets slipped as the central bank of China announced further measures to avoid overheating and slow down inflation. The markets were further hit as S&P downgraded Japan's sovereign rating which consequently led to a sharp plunge across the region. In Indonesia, even though Moody's upgraded the sovereign credit rating to Baa1, which is a notch below investment grade, it was still unable to restore the confidence among investors.

In February, ASEAN markets remained jittery as the political upheaval in the Middle East left a negative impact among investors. The unrest in the region coupled with whispered contagion in Libya consequently led oil and metal prices to be northbound, hurting most equity markets further. China's central bank move to raise interest rate to mitigate inflationary pressures saw the region plunging further. Regional markets took another hit as Moody's went on to downgrade Japan's credit rating and this led investors to continue their profit taking activities.

Towards the end of the quarter, a series of global events put downward pressure on the ASEAN markets. The earthquake and tsunami disaster in Japan followed by the nuclear accident, social unrest in Libya, and GCC's efforts to minimize contagion in Bahrain, collectively increased risk aversion. The regional markets, however, received a boost as a few of the world's largest economies came together to help alleviate Japan's situation through intervention in the foreign-exchange markets. Easing nuclear concerns from Japan further raised confidence. Libya, however, continued to make news, as foreign armed forces began to enter the country as an effort to resolve the on-going crisis. The common fear among investors was the possibility that the crisis in Libya would lead to a longer shutdown in oil production and consequently cause oil prices to move even higher. The higher inflation and the fear of further monetary tightening in the region also led to weaker sentiments among investors.

ASEAN markets closed in mixed territory for the first quarter of 2011. The outperformers, in Ringgit terms, were Malaysia (2.41%), Indonesia (0.76%), and Thailand (0.19%) while the underperformers were Singapore (1.67%) and the Philippines (2.56%). (Source: Bloomberg)

FUND PERFORMANCE

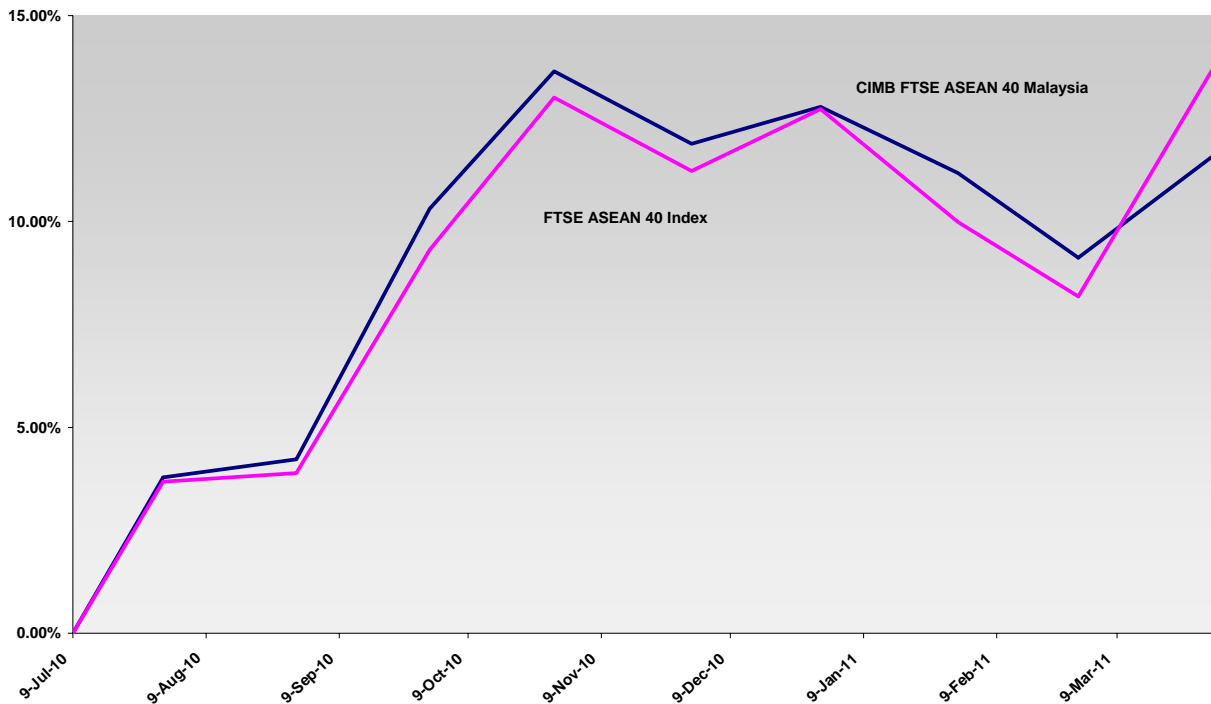
	31.12.2010 to 31.03.2011 (%)	Since Inception to 31.03.2011 (%)
Income	-	-
Capital [^]	(1.08)	11.57
Total Return [^]	(1.08)	11.57
Annualised Return [^]	(4.31)	16.27
Underlying Fund ^{^^}	0.01	14.20
Benchmark (FTSE ASEAN 40 Index)	0.82	13.66
Market Price per Unit	1.57	16.55

[^] based on NAV per unit

^{^^} based on Last Published Market Price

For the period under review, the Fund declined by 1.08% underperforming the Underlying Fund which remained flat for the period and the benchmark which increased by 0.82%. The underperformance was mainly attributable to the cost of establishment of the Fund.

The last available published market price of the Fund quoted on Bursa Malaysia was RM 1.6200, an increase of 1.57% for the period.



Changes in Net Asset Value (“NAV”)

	31.03.2011	31.12.2010	% changes
Net Asset Value (RM Million)	12.53	12.67	(1.10)

For the period under review, the fall in total NAV was mainly attributable to the cost of establishment of the Fund.

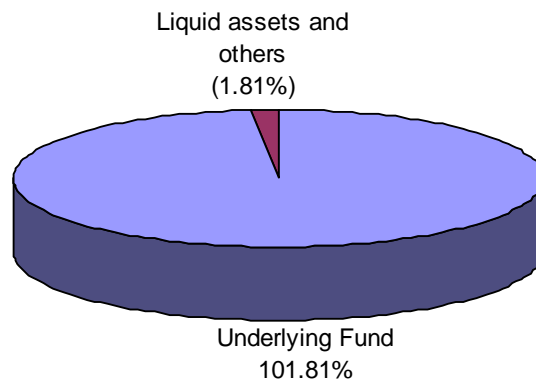
Performance data represents the combined income and capital return as a result of holding units in the fund for the specified length of time, based on NAV to NAV price. The performance data assumes that all earnings from the fund are reinvested and are net of management and trustee fees. Past performance is not reflective of future performance and income distributions are not guaranteed. Unit prices and income distributions, if any, may fall and rise. All performance figures were based on the last business day which has been verified by Mercer (Malaysia) Sdn Bhd, Consulting Actuaries (35090-H).

PORTFOLIO STRUCTURE

Asset allocation

(% of NAV)	31.03.2011	31.12.2010
Underlying Fund	101.81	100.71
Liquid assets and others	(1.81)	(0.71)
TOTAL	100.00	100.00

The Fund remained fully invested in the Underlying Fund for the period under review. The negative liquid assets and others were mainly due to the accrual of liabilities which among others included the cost of establishment of the Fund and fees. The Fund held minimal positive cash balance during the reporting period.



MARKET OUTLOOK

The ASEAN economies continue to suffer from late cycle pains as policy tightening and economic growth drain liquidity from their financial markets. Although energy prices remain elevated on Middle East concerns, we expect inflation to start moderating in some Asian countries. This follows various policy measures and slowing food price inflation. Nevertheless, we expect the policy stance of Asian governments to likely remain tight until the policy makers see clear evidence of slowing economic growth and easing price inflation.

The GDP growth in Singapore is expected to slow to around 5% in 2011 after growing by a record 14.5% in 2010. The consumer price index (CPI) rose by 5% in February (5.5% in January), versus market expectations for a rise of 5.4%. This was due to slower rise in costs of transport, housing and food. Singapore's manufacturing output grew at its slowest pace in 15 months in February, up a meager 4.8% year-on-year.

In Malaysia, we expect GDP growth to normalise at a more sustainable pace this year. The economy remains fundamentally strong amid rising inflation risk. The central bank announced that inflation is set to accelerate and the economy may expand 5.0% to 6.0% this year, signaling it would move to counter rising prices and financial imbalances. However, the key domestic risks are the delay in the Economic Transformation Programme and the sub-par investment growth. Export is also a major concern as it had decelerated at a faster pace in recent months compared to its regional peers.

Headline inflation in Indonesia eased to 6.8% in February, lower than market consensus of 7.1%, on the back of easing food prices. The Jakarta Composite Index recovered, while the Rupiah strengthened for the quarter, signaling that the economy is expanding.

We expect the Bank of Thailand to continue to hike interest rates in small steps to manage the impact on private sector spending and economic growth. Among the major catalysts on Thailand's stock market would be the more tangible timeline of parliament dissolution, sign of easing inflation in China, end of tension in the Middle East and positive earning revisions.

In the Philippines, we expect the stock market to rebound after lagging the region for the quarter. However, inflation concerns will likely stay as an overhang over the short-term until the central bank raises interest rate which we expect would be sometime in the next quarter. Once that happens, the overhang is likely to be removed and that could be a buying opportunity for the market.

INVESTMENT STRATEGY

The Fund will continue to remain fully invested in the Underlying Fund with minimal cash kept for liquidity purposes.

UNIT HOLDING STATISTICS

Breakdown of unit holdings by size as at 31 March 2011 are as follows:

Size of holdings(units)	No. of unitholders	No. of units held (million)	% of units held
5,000 and below	37	0.07	0.84
5,001-10,000	8	0.07	0.83
10,001-50,000	5	0.10	1.17
50,001-500,000	2	0.56	7.01
Above 500,000	2	7.30	90.15
Total	54	8.10	100.00

REBATES AND SOFT COMMISSION

Dealings on investments of the Fund through brokers or dealers will be on terms which are best available for the Fund. Any rebates from brokers or dealers will be directed to the account of the Fund.

The Investment Manager may from time to time receive and retain soft commissions in the form of subscription for real-time services or advisory services that assist in the decision-making process relating to the Fund's investments from brokers or dealers.

During the financial period under review, the management company did not receive any rebates and soft commissions from brokers or dealers.

**STATEMENT BY MANAGER TO THE UNIT HOLDERS OF
CIMB FTSE ASEAN 40 MALAYSIA**

We, being the Directors of CIMB-Principal Asset Management Berhad, do hereby state that, in the opinion of the Manager, the accompanying unaudited financial statements set out on pages 11 to 30 are drawn up in accordance with the provisions of the Deed and give a true and fair view of the financial position of the Fund as at 31 March 2011 and of its financial performance, changes in net assets attributable to unit holders and cash flows of the Fund for the financial period ended on that date in accordance with Financial Reporting Standards and the Securities Commission's Exchange-Traded Funds Guidelines.

For and on behalf of the Manager
CIMB-PRINCIPAL ASSET MANAGEMENT BERHAD
(Company No.: 304078-K)

John Campbell Tupling
Chief Executive Officer/Director

Datuk Noripah Kamso
Director

Kuala Lumpur
23 May 2011

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR FINANCIAL PERIOD FROM 1 JANUARY 2011 TO 31 MARCH 2011**

	Note	01.01.2011 to 31.03.2011
INCOME		
Unrealised profit on change in value of investment		203,044
Unrealised loss on translation of monetary items dominated in foreign currencies		(201,281)
		<u>1,763</u>
LESS: EXPENSES		
Manager's fee	4	-
Custodian Fee		(631)
Trustee's fee	5	(4,439)
Audit Fee		(1,392)
Tax Agent Fee		(756)
Administration expenses		(129,763)
		<u>(136,981)</u>
NET LOSS BEFORE TAXATION		(135,218)
TAXATION		-
NET INCOME AFTER TAXATION		<u>(135,218)</u>
Net income after taxation is made up as follows:		
Realised amount		(136,981)
Unrealised amount		1,763
		<u>(135,218)</u>

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

**UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2011**

	Note	31.03.2011 RM
ASSETS		
Financial Assets at fair value through profit or loss	7	12,759,325
Cash and cash equivalents	8	42,212
TOTAL ASSETS		<u>12,801,537</u>
LIABILITIES		
Amount due to Trustee		1,529
Other payable and accruals		267,818
Total Liabilities		<u>269,347</u>
NET ASSET VALUE OF THE FUND		<u>12,532,190</u>
SHAREHOLDER'S FUNDS		
Unitholders' capital		11,058,930
Retained earnings		1,473,260
		<u>12,532,190</u>
NUMBER OF UNITS IN CIRCULATION		8,100,000
NET ASSET VALUE PER UNIT (RM)		<u>1.5472</u>

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

**UNAUDITED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD FROM
1 JANUARY 2011 TO 31 MARCH 2011**

	01.01.2011 to 31.03.2011 RM
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL PERIOD	12,667,408
Movement due to units created and cancelled during the financial period:	
Creation of units	-
Cancellations of units	-
	<hr/>
Net increase in net assets attributable to unit holders during the financial period:	
Net income after taxation	(135,218)
Net change in fair value reserve	-
	<hr/>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL PERIOD	<u><u>12,532,190</u></u>

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

**UNAUDITED STATEMENT OF CASH FLOW
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2011 TO 31 MARCH 2011**

	Note	01.01.2011 to 31.03.2011 RM
CASH FLOW FROM OPERATING AND INVESTING ACTIVITIES		
Proceeds from sale of investments		-
Purchase of investments		-
Interest received		-
Trustee's fees paid		(4,439)
Payment for other fees and expenses		(3,090)
Net cash outflow from operating and investing activities		<u>(7,529)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Cash proceeds from unit created		-
Payment for cancellation of units		-
Net cash inflow from financing activities		<u>-</u>
Net decrease in cash and cash equivalents		(7,529)
Unrealised foreign currency exchange gain		-
Cash and cash equivalents at the beginning of the financial period		49,740
Cash and cash equivalents at end of financial period	8	<u>42,211</u>

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

**UNAUDITED NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2011 TO 31 MARCH 2011****1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITY**

CIMB FTSE ASEAN 40 MALAYSIA (the "Fund") was constituted pursuant to the execution of a Deed dated 19 April 2010 and has been entered into between CIMB-Principal Asset Management Berhad (the "Manager") and Deutsche Trustees Malaysia Berhad (the "Trustee").

The principal activity of the Fund is to provide investment results that, before expenses, closely correspond to the performance of the Underlying Index. The Fund commenced operations on 9 July 2010 and will continue its operations until terminated by the Manager.

The Manager, a company incorporated in Malaysia, is a subsidiary of CIMB Group Sdn Bhd and regards CIMB Group Holdings Berhad as its ultimate holding company. Its principal activities are the management of unit trusts and fund management activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with Financial Reporting Standards ("FRS") in Malaysia and the SC Guidelines on Exchange Traded Fund.

The preparation of financial statements in conformity with the FRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial year. It also requires the Manager to exercise their judgment in the process of applying the Fund's accounting policies. Although these estimates and judgment are based on the Manager's best knowledge of current events and actions, actual results may differ.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

- (i) Standards and amendments to published standards that are effective
- FRS 8 "Operating Segments" (effective from 1 July 2009) replaces FRS 1142004 Segment Reporting. The new standard requires a 'management approach', under which segment information is reported in a manner that is consistent with the internal reporting provided to the chief operating decision-maker. The improvement to FRS 8 (effective from 1 January 2010) clarifies that entities that do not provide information about segment assets to the chief operating decision-maker will no longer need to report this information. Prior year comparatives must be restated.
 - FRS 7 "Financial instruments: Disclosures" (effective from 1 January 2010) provides information to users of financial statements about an entity's exposure to risks and how the entity manages those risks. The improvement to FRS 7 clarifies that entities must not present total interest income and expense as a net amount within finance costs on the face of the Income Statement. This standard does not have any impact on the classification and valuation of the Fund's financial statements.
 - The revised FRS 101 "Presentation of financial statements" (effective from 1 January 2010) prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity. 'Non-owner changes in equity' are to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period.

- FRS 107 "Statement of cash flows" (effective from 1 January 2010) clarifies that only expenditure resulting in a recognised asset can be categorised as a cash flow from investing activities.
- FRS 110 "Events after the balance sheet date" (effective from 1 January 2010) reinforces existing guidance that a dividend declared after the reporting date is not a liability of an entity at that date given that there is no obligation at that time.
- FRS 118 "Revenue" (effective from 1 January 2010) provides more guidance when determining whether an entity is acting as a 'principal' or as an 'agent'. This standard does not have material impact on the classification and valuation of the Fund's financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

- (i) Standards and amendments to published standards that are effective (continued)

- Amendment FRS 132 “Financial Instruments: Presentation”

In the previous financial year, the Fund had classified its puttable instruments as liabilities in accordance with FRS 132, 'Financial instruments: Presentation'. However, the FRS 132 (amendment), 'Financial instruments: Presentation', and FRS 101 (amendment), 'Presentation of financial statements' - 'Puttable financial instruments and obligations arising on liquidation' (effective from 1 January 2010) (the 'amendment') requires puttable financial instruments that meet the definition of a financial liability to be classified as equity where certain strict criteria are met.

Those criteria include: (i) the puttable instruments must entitle the holder to a pro-rata share of net assets; (ii) the puttable instruments must be the most subordinated class and that class's features must be identical; (iii) there must be no contractual obligations to deliver cash or another financial asset other than the obligation on the issuer to repurchase; and (iv) the total expected cash flows from the puttable instrument over its life must be based substantially on the profit or loss of the issuer. As a result, the prior year financial statements are restated from amounts previously reported to conform with the amendment. The amendment has been applied retrospectively.

- FRS 139 “Financial Instruments: Recognition and Measurement”

In the previous financial year, unrealised gains or losses from the derivative financial instrument are recognised in the statement of financial position as receivables and payables while the corresponding effect are transferred to the fair value reserve included in the capital and reserves attributable to equity holders of the fund.

However, the FRS 139 (new standard) ‘Financial Instruments: Recognition and Measurement’ (effective 1 January 2010) (the ‘standard’) requires the Fund to recognise all derivatives in its balance sheet as assets and shall measure them at fair value (except for a derivative that is linked to and that must be settled by delivery of an unquoted equity instrument whose fair value cannot be measured reliably) at the beginning of the financial period in which this standard is initially applied. The unrealised gains or losses transferred to the fair value reserve in the previous financial period shall be recognised as an adjustment of the balance of retained earnings at the beginning of the financial period in which this Standard is initially applied (other than for a derivative that is a designated hedging instrument).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

(ii) The new standards that have been issued which are relevant to the Fund and have not been early adopted are:

- Amendments to FRS 7 "Financial instruments: Disclosures" and FRS 1 "First-time adoption of financial reporting standards" (effective from 1 January 2011) require enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The Fund will apply this standard when effective.

The Fund has applied the transitional provision which exempts entities from disclosing the possible impact arising from the initial application of this amendment on the financial statements of the Fund.

- IC Interpretation 17 "Distribution of non-cash assets to owners" (effective from 1 July 2010) provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. FRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable.

(b) Financial assets at fair value through profit or loss

Classification

The Singapore Fund is an exchange-traded Fund listed on the Singapore Exchange Securities Trading Limited (SGX-ST) which aims at providing Singapore Fund (SF) Unitholders a return that closely corresponds to the performance of the FTSE/ASEAN 40 Index.

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

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and have been included in current assets. The Funds's loans and receivables comprise cash and cash equivalents (Note 8), amount due from dealers, and other receivables, which are all due within 12 months.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(b) Financial assets at fair value through profit or loss (continued)**Recognition and measurement

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

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

Changes in the fair values of financial assets at fair value through profit or loss, including the effects of currency translation and dividend income are recognised in profit or loss in the period in which the changes arise.

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

Quoted investments in Malaysia are valued at the last done market price quoted on Bursa Malaysia Securities Berhad (“Bursa Securities”) at the date of the statement of financial position. Foreign quoted investments are valued at the available last done market prices quoted on the respective foreign stock exchanges at the close of the business day of the respective foreign stock exchanges.

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

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

The amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. The asset’s carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If ‘loans and receivables’ or a ‘held-to-maturity investment’ has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Fund may measure impairment on the basis of an instrument’s fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor’s credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(b) Financial assets at fair value through profit or loss (continued)**Recognition and measurement (continued)

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

(c) Income recognition

Interest income earned from deposits is recognised on the accrual basis.

Realised gain or loss on disposal of investments is calculated based on difference between the net disposal proceeds and the carrying amount of investments, determined on weighted average cost basis.

(d) Creation and cancellation of units

The Fund issues cancellable units, which are cancelled at the holder's option and are classified as financial liability. Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's net asset value. The outstanding units are carried at the redemption amount that is payable at the date of Statement of Financial Position if the holder exercises the right to put the unit back to the Fund.

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

(e) Cash and cash equivalents

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

(f) Taxation

Current tax expense is determined according to Malaysian tax laws and includes all taxes based upon the taxable profits. Tax on dividend income from foreign quoted investments is based on the tax regime of the respective countries that the Fund is invested in.

(g) Distribution

Proposed distributions to unitholders are recognised in the Statement of Comprehensive Income upon approval by the Board of Directors of the Manager.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(h) Foreign currencies**Functional and presentation currency

The financial statements are presented in Ringgit Malaysia, which is the Fund's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges.

For translation differences on financial assets and liabilities held at fair value through profit or loss and available-for-sale financial assets, refer to Note 2(b).

(i) Amount due from/to Issuer

Amount due from/to Issuer of Exchange Traded Fund is carried at approved transaction amount as stated in trade confirmations.

(j) Proceeds and payments on creation and cancellation of units

The net asset value per unit is computed for each dealing day. The price at which units are created or cancelled is calculated by reference to the net asset value per unit as at the close of business on the relevant dealing day. Units in the Fund are classified as financial liability in the Statement of Financial Position and are stated at fair value representing the price at which units holders can redeem the units from the Fund.

(k) Segmental information

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

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Investment Committee of the Fund's manager that undertakes strategic decisions for the Fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(I) Financial instruments**

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

Where available, quoted and observable market prices are used as the measure of fair values. Where such quoted and observable market prices are not available, fair values are estimated based on a range of methodologies and assumptions regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors. Changes in the uncertainties and assumptions could materially affect these estimates and the resulting fair value estimates.

A range of methodologies and assumptions had been used in deriving the fair values of the Fund's financial instruments as at that date of the Statement of Financial Position. The total fair value of each financial instrument is not materially different from the total carrying value.

The fair values are based on the following methodologies and assumptions:

(i) Exchange Traded Fund

The fair value is based on the last published market price.

(ii) Other short term financial instruments

Other short term financial instruments comprise interest income receivable, amount due from Manager, other payables and accruals, amount due to Manager, accrued management fee and amount due to Trustee. The carrying value of these assets and liabilities are assumed to approximate their fair value due to short tenure of less than one year.

(iii) Derivative financial instruments

The Fund's derivative financial instruments comprise forward currency contracts. Derivative financial instruments that do not qualify for hedge accounting are accounted for at fair value through income statement by using forward rate contracted at the date of statement of financial position. Changes in the fair value of these derivative financial instruments that do not qualify for hedge accounting are recognised immediately in the income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(m) Critical accounting estimates and judgements in applying accounting policies**

The preparation of financial statements in conformity with FRS and the SC Guidelines on Exchange Traded Funds requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reported financial period. Although these estimates are based on the Manager's best knowledge of current events and actions, actual results may differ from those estimates.

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

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

3. RISK MANAGEMENT OBJECTIVES AND POLICIES

The investment objective of the Fund is aim to provide investment results that, before expenses, closely correspond to the performance of the Underlying Index, regardless of its performance.

The Fund is exposed to a variety of risks which include market risk (price risk, currency risk, single issuer risk, credit risk, liquidity risk, country risk, passive investment, tracking error risk, non-compliance risk and capital risk management.

Financial risk management is carried out through internal control process adopted by the Manager and adherence to the investment restrictions as stipulated by the SC Guidelines on Exchange Traded Funds.

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

The NAV of the Fund will changes in the market value of the SF Securities the Singapore Fund holds. The price of SF units and correspondingly the price of the Units and the income from them may fluctuate. Investors may not get back their original investment. Whilst the Manager currently intends to pay out income distributions of the Fund annually, there is no guarantee that the Manager would make such distributions to investors. Investment in the Fund involves risks similar to those inherent in any fund of equity securities traded on a exchange, such as market fluctuations caused by factors like economic and political developments, changes in interest rates and foreign exchange. A significant decline in the value of the Underlying Index can therefore be expected to result in a similar decline in the SF NAV (and consequently the NAV of the Fund).

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(ii) Foreign exchange/currency risk

As the Fund's or Singapore Fund's assets and securities are not denominated in Ringgit Malaysia, a substantial portion of the revenue and income of the Fund and the Singapore Fund may be received in currencies other than Ringgit Malaysia. Accordingly, any fluctuation in the relevant exchange rates will affect the value of the securities, the SF NAV as well as the NAV of the Fund. As the NAV of the Fund is determined on the basis of RM, investors may lose money if the currency of the assets held by the Singapore Fund depreciates against RM. The Manager does not intend to hedge against such foreign currency exposure.

(b) Single issuer risk

Any major price fluctuation of a particular security invested by the Fund may affect the Fund's net asset value and thus the prices of units.

The single issuer risk is managed by adhering to the investment limits as specified in the SC Guidelines on Exchange Traded Funds.

(c) Credit risk

Credit risk refers to the ability of an issuer or a counter party to make timely payments of profit, principals and proceeds from realisation of investments.

The credit risk arising from placements of deposits in licensed financial institutions is managed by ensuring that the Fund will only place deposits in reputable licensed financial institutions.

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

As at 31.03.2011	Financial Asset Value Through Profit or Loss RM	Bank balances and deposits RM	Total RM
ETF:	12,759,325	-	12,759,325
Finance	-	-	-
Others	-	42,211	42,211
	12,759,325	42,211	12,801,536

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**(d) Liquidity risk**

Liquidity risk is the risk that investment cannot be readily sold at or near its actual value without taking a significant discount. This will result in lower net asset value of the Fund. The Manager manages this risk by maintaining sufficient level of liquid assets to meet anticipated payments and cancellations of the units by unitholders. Liquid assets comprise cash, deposits with licensed financial institutions and other instruments, which are capable of being converted into cash within 7 days.

(e) Country risk

The Fund may invest in foreign markets. The foreign investment portion of the Fund may be affected by risk specific to the countries in which it invests. Such risks include changes in the country's economic fundamentals, social and political stability, currency movements and foreign investment policies. These factors may have an impact on the prices of the Fund's investment in that country and consequently may also affect the Fund's NAV and its growth. To mitigate these risks, the Manager will select securities that spread across countries in an attempt to reduce the impact from such events.

(f) Passive Investment

The Fund is not actively managed. Accordingly, the Fund may be affected by a decline in the Underlying Index. The Fund invests substantially all its assets in the Singapore Fund, which in turn invests in the securities included in or reflecting its Underlying Index. The SF Manager does not attempt to select stocks individually or to take defensive positions in declining markets.

(g) Tracking Error Risk

Changes in the SF NAV are unlikely to replicate the exact changes in the Underlying Index. This is due to, among other things, the fees and expenses payable by the Singapore Fund and transaction fees and stamp duty incurred in adjusting the composition of the Singapore Fund's portfolio because of changes in the Underlying Index and dividends received, but not distributed, by the Singapore Fund. In addition, as a result of the unavailability of Underlying Index Securities, the transaction costs in making an adjustment outweighing the anticipated benefits of such adjustment or for certain other reasons, there may be timing differences between changes in the Underlying Index and the corresponding adjustment to the shares which comprise the Singapore Fund's Portfolio.

During times when Underlying Index Securities are unavailable, illiquid or when the SF Manager determines it is in the best interests of the Singapore Fund to do so, the Singapore Fund may maintain a small cash position or invest in other securities until the Underlying Index Securities become available or liquid. Such costs, expenses, cash balances, timing differences or holdings could cause the SF NAV (and as a result the NAV of the Fund) to be lower or higher than the relative level of the Underlying Index. Regulatory policies may also affect the SF Manager's ability to achieve close correlation with the performance of the Underlying Index. The Singapore Fund's returns may therefore deviate from the Underlying Index and thus affecting the return of the Fund.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**(h) Non-compliance risk**

Non-compliance risk arises when the Manager and others associated with the Fund do not follow the rules set out in the Fund's constitution, or the law that govern the Fund, or act fraudulently or dishonestly. It also includes the risk of the Manager not complying with internal control procedures. The non-compliance may expose the Fund to higher risks which may result in a fall in the value of the Fund which in turn may affect its investment goals. However, the risk can be mitigated by the internal controls and compliance monitoring undertaken by the manager.

(i) Capital risk management

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

4. MANAGEMENT FEE

In accordance with Clause 15.1 of the Deed dated 19 April 2010, there will be no management fee charged at the Fund level.

For the financial period ended 31 March 2011, no management fee is charged by the Manager on this Fund.

5. TRUSTEE'S FEE

In accordance with Clause 15.2 of the Deed dated 19 April 2010, the Trustee is entitled to a fee not exceeding 0.20% per annum calculated based on the net asset value of the Fund, subject to a minimum fee of RM18,000 per annum.

For the financial period ended 31 March 2011, the Trustee's fee is recognised at a rate of 0.08% per annum

6. TAXATION

01.01.2011
to 31.03.2011
RM

Current taxation	
- Malaysian tax	-
- Foreign tax	-
	<u>-</u>
	<u><u>-</u></u>

A reconciliation of taxation applicable to net income before taxation multiplied by the Malaysian statutory tax rate and tax expense of the Fund is as follows:

01.01.2011
to 31.03.2011
RM

Net loss before taxation	(135,218)
	<u>(135,218)</u>
Taxation at Malaysian statutory rate of 25%	(33,804)
Tax effects of:	
Income not subject to tax	50,355
Net realised gain on sale of investments not subject to tax purposes	(50,761)
Expenses not deductible for tax purposes	33,897
Restriction on tax deductible expenses for exchange traded fund	313
Excess permitted expenses not deducted and not carried forward	-
Effect of foreign tax on foreign taxable income	-
	<u>-</u>
Taxation	<u><u>-</u></u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

As at 31.03.2011

	Quantity	Aggregate cost RM	Market Value RM	Percentage of net asset value %
Singapore				
CIMB FTSE ASEAN 40	404,500	11,050,576	12,759,325	101.81
Effect of unrealised foreign exchange gain difference		(680,327)		
Fair value reserve		<u>2,389,076</u>		
		<u><u>12,759,325</u></u>		

8. CASH AND CASH EQUIVALENTS

	31.03.2011
	RM
Bank balance in a licensed bank	<u>42,211</u>

The currency exposure profile of cash and cash equivalents is as follows:

-Ringgit Malaysia	42,211
-United States Dollar	-
	<u>42,211</u>

9. NUMBER OF UNITS IN CIRCULATION AND NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

	No. of units	01.01.2011 to 31.03.2011 RM
At the beginning of the period	8,100,000	12,667,408
Add: Creation arising from application	-	-
Less: Cancellation of units	-	-
Net decrease in net assets attributable to unitholders	-	(135,218)
Net change in fair value reserve	-	-
At the end of the period	<u>8,100,000</u>	<u>12,532,190</u>
Approved size of Fund	<u>500,000,000</u>	

As at 31 March 2011, the number of units not yet issued is 491,900,000.

10. MANAGEMENT EXPENSE RATIO (“MER”)

**01.01.2011
to 31.03.2011
%**

MER 1.11

MER is derived from the following calculation:

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

- A = Management fee
- B = Trustee’s fee
- C = Auditors’ remuneration
- D = Tax agent’s fee
- E = Administration expenses
- F = Average net asset value of the Fund calculation on a daily basis

The average net asset value of the Fund for the financial period calculated on daily basis is RM12,345,800

11. PORTFOLIO TURNOVER RATIO (“PTR”)

**01.01.2011
to 31.03.2011**

PTR (times) -

PTR is derived from the following calculation:

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

Average net asset value of the Fund for the financial period calculated on a daily basis

where:

- total acquisition for the financial period = RM NIL
- total disposal for the financial period = RM NIL

12. UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER

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

<u>Related parties</u>	<u>Relationship</u>
CIMB-Principal Asset Management Berhad	The Manager
CIMB Group Sdn Bhd	Holding company of the Manager
CIMB Group Holdings Berhad (“CIMB”)	Ultimate holding company of the Manager
Subsidiaries and associates of CIMB as disclosed in its financial statements	Subsidiary and associated companies of the ultimate holding company of the Manager

12. UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER (CONTINUED)

Units held by the Manager and parties related to the Manager

	31.03.2011	
	No. of units	RM
Manager		
CIMB-Principal Asset Management Berhad	-	-
	=====	=====

The above units were transacted at the prevailing market price.

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

13. TRANSACTIONS WITH BROKERS/DEALERS

There are no transactions with brokers/dealers for the period ended 31 March 2011.

DIRECTORY

Head office of the Manager

CIMB-Principal Asset Management Berhad (Company No.: 304078-K)
Level 5, Menara Milenium,
8, Jalan Damanlela,
Bukit Damansara,
50490 Kuala Lumpur MALAYSIA

Postal address

CIMB-Principal Asset Management Berhad (Company No.: 304078-K)
P. O. Box 10571
50718 Kuala Lumpur MALAYSIA

Internet site

www.cimb-principal.com.my

E-mail address

service@cimb-principal.com.my

General investment enquiries

(03) 2084 2200

Trustee for the CIMB FTSE ASEAN 40 MALAYSIA

Deutsche Trustees Malaysia Berhad (Co. No. 763590-H)
Level 20, Menara IMC,
8, Jalan Sultan Ismail,
50250 Kuala Lumpur, MALAYSIA

Auditors of the Trusts and of the Manager

PricewaterhouseCoopers (No. AF: 1146)
Level 10, 1 Sentral,
Jalan Travers, Kuala Lumpur Sentral,
PO Box 10192, 50706 Kuala Lumpur, MALAYSIA

Consulting Actuaries

Mercer (Malaysia) Sdn Bhd. (35090-H)
1702 Kenanga International
Jalan Sultan Ismail
50250 Kuala Lumpur
MALAYSIA