CIMB FTSE ASEAN 40 MALAYSIA

UNAUDITED QUARTERLY REPORT

FOR THE FINANCIAL PERIOD FROM 01 OCTOBER 2012 TO 31 DECEMBER 2012

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INVESTOR LETTER

Dear Valued Investors,

Exciting days lie ahead for CIMB-Principal. As you may be aware of, the Securities Commission Malaysia (SC) has announced the initial list of eight intermediaries approved as providers of **Private Retirement Schemes** (PRS). The approval marks a significant milestone in the development of a long-term sustainable private retirement industry for Malaysia. As one of the inaugural PRS providers approved by the SC, we have received regulatory approval for our PRS - CIMB-Principal PRS Plus and CIMB Islamic PRS Plus.

The PRS Plus is the next step in the evolution of retirement planning. It is a structured and effective avenue to accumulate retirement monies because it gives people the opportunity to make choices to adjust their savings and investment decisions to reflect their own financial situation and tastes. In addition, the government has encouraged people to take advantage of the PRS by introducing a tax relief of up to RM3, 000 a year.

Market-wise, having witnessed a slowdown in several Europe economies, Malaysia is likely to outperform its regional peers despite its exposure to these nations. Although our economy may not be spared from the financial turmoil we remain optimistic as Malaysia is believed to be able stay resilient. In August, we launched **CIMB Islamic Al-Azzam Equity Fund**, a Shariah-compliant equity fund which aims to achieve consistent capital growth over the medium to long-term period. With a geographical focus in Malaysia, it invests in Shariah-compliant companies listed on Bursa Malaysia that would exhibit above-average growth potentials relative to the industry peers. We are confident investors would be able to capitalise on the consistent capital growth from the medium to long-term time horizon the Fund has to offer.

As volatility is likely to persist, we are focusing on how to take advantage of the volatility. One of the investment strategies which have born fruit so far in 2012 for us amidst the volatile market is to focus on high-quality and dividend yielding stocks. Why?

- The low interest environment;
- Investors avoiding high-beta and cyclical stocks as the concern over earning downgrades in Asian stocks.
- The majority of the dividend yield stocks are stable and/or mature companies which focus on cash flow generation and return on capital.

As of end Oct 2012[1], 55.00% of our Peer Comparable (PC) fund size is in the 1st Quartile and another 23.00% in the 2nd Quartile, giving a total of 78.00% in the top two quartiles for 1-year ranking. 28 out of 33 peer comparable funds, representing 88.80% of PC fund size have outperformed their benchmarks YTD. These results are well above industry average.

Our Asia-Pacific ex-Japan investment outlook remains positive. We prefer ASEAN over the medium term, given the region’s sound fundamentals, limited imbalances and the possibility of it emerging as a growth engine for Asia.

INVESTOR LETTER (CONTINUED)

In recent news, I am pleased to inform that CIMB-Principal was named **The Best Asset Manager in Southeast Asia** for the **third consecutive year** by Alpha Southeast Asia[1] for its 6th Annual Best Financial Institutions Awards (Marquee Awards). Having showcased favourable track record across all asset classes as well as institutional mandates, CIMB-Principal is fast on its way of becoming Southeast Asia's most valued investment manager of total asset management solutions.

We are honored to have received this award from Alpha Southeast Asia, as this reaffirms us as the Southeast Asia asset manager with top-tier investment capabilities, global best practices, and established on-the-ground presence. Our improvements over the last two years have resulted in a regionalised investment process, an expansion of investment capabilities, and the implementation of world class governance and risk control systems. We look forward to continue providing stability and experience that our valued investors can depend on.

Happy Investing!
Campbell Tupling

[1] *Alpha Southeast Asia is the first and only institutional investment magazine - primarily written for institutional investors, asset and fund management companies in Hong Kong, Singapore, other parts of Asia, US, Europe and the Middle East, who are usually not as exposed to the region as much as they are to North Asian economies.*

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 Underlying 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 and the details are shown under the Fund Performance review.

What are the Fund investment policy and its strategy?
The Fund is a feeder exchange-traded fund (ETF) which aims to invest at least 95% of its NAV in the Underlying Fund which is the Singapore Fund (SF). The SF is an ETF 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 December 2012?
RM 13.37 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

* Listing date

PERFORMANCE DATA

Details of portfolio composition of the Fund are as follows:

	31.12.2012 %	31.12.2011 %	31.12.2010 %
Sector			
Underlying Fund	99.58	99.14	100.71
Liquid assets and others	0.42	0.86	(0.71)
	100.00	100.00	100.00

Performance details of the Fund for the financial periods are as follows:

	31.12.2012	31.12.2011	31.12.2010
Net Asset Value (RM million)	13.37	12.22	12.67
Units In circulation (Million)	8.10	8.10	8.10
Net Asset Value per Unit (RM)	1.6509	1.5080	1.5639
Highest NAV per Unit (RM)	1.6573	1.5691	1.6277
Lowest NAV per Unit (RM)	1.5838	1.3692	1.5306
Market Price per Unit (RM)	1.6600	1.4900	1.5950
Highest Market Price per Unit (RM)	1.6600	1.5650	1.6400
Lowest Market Price per Unit (RM)	1.6000	1.3950	1.5400
Total return (%) ^	2.44	4.24	2.24
-capital growth (%)	2.44	4.24	2.24
-income growth (%)	-	-	-
Management Expenses Ratio (%)	0.08	0.10	1.05
Portfolio Turnover Ratio (times) #	-	-	-
(Launch date : 9 July 2010)			

In line with the nature of an exchange-traded fund, the Fund continued to be fully invested in the Underlying fund for the quarter.

Period	Total return (%)	Annualised (%)
- Since inception (SI)^	23.16	8.75
- One Year	13.26	13.26
- Benchmark SI	21.82	8.27

	31.12.2011 to 31.12.2012 (%)	31.12.2010 to 31.12.2011 (%)	Since inception 31.12.2010 (%)
Annual total return (%)	13.26	(3.58)	28.52

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 for the financial period ended has been extracted from Lipper.

MARKET REVIEW (1 OCTOBER 2012 TO 31 DECEMBER 2012)

After a strong performance in the third quarter, ASEAN markets continued their positive momentum and posted good gains in the final quarter of 2012. The Philippines led the markets, gaining 10.60%, in MYR, followed by Thailand (8.10%), Malaysia (3.94%), Singapore (3.90%) and Indonesia (0.90%).

The Philippines rose back as the star performer for the quarter. The Philippines Stock Exchange Index (PSEi) broke a new record high at 5,832.83 in December. The strong performance for the quarter was driven by heightened investor interest in the banking sector after the BPI-PNB merger talks, and the better-than-expected GDP growth of 7.00% in 3Q12. Remittances reached a record high in October as global demand for Filipino workers remained strong despite the lingering crisis in the US and Europe. Filipinos workers based overseas sent home USD1.93 billion in cash in October, the highest monthly figure so far on record. Standard & Poor’s (S&P) raised the country’s credit rating outlook to ‘positive’ from ‘stable’. The government has been able to focus on fiscal consolidation, infrastructure and poverty reduction, S&P credit analyst said in a statement.

Thailand was relatively flat in the early quarter however rose in December. Thailand’s activity indicators showed signs of firming in November after several months of softness. Private investment rose 1.10% m-o-m, seasonally adjusted, (sa), after a 0.90% gain in October. The monthly rise in the private investment index in November reflected solid increases in commercial vehicle sales and capital goods imports. November exports rose while imports number fell due to weak raw material and intermediate goods imports –mostly on account of fuel – and because of weak “other imports,” which largely reflected softer non-monetary gold and auto imports.

Malaysia experienced a roller coaster ride within the quarter. Market was decent in October, supported by the country’s Budget 2013 presentation which saw a lot of goodies to the public. In November, FTSE Bursa Malaysia KLCI (KLCI) came under selling pressure due to profit taking on the defensive telecommunication and consumer staple stocks, disappointing results season and concerns that general elections would be held in December. However, the KLCI Index rebounded in the final month of 2012 to close the year at an all time high of 1,688. Foreign interest in Malaysia is still evident from fund flows and foreign shareholdings. The upcoming 13th general election timing continues to over hang market sentiment as an event risk.

In Singapore, the Singapore FTSE Straits Times Index (STI) edged up modestly in December on the back of renewed risk-taking activity, taking cues from positive China’s economic prints and cautious optimism towards navigating the US fiscal cliff. Singapore’s headline Purchasing Managers Index (PMI) fell to 48.6 from 48.8 in November while the electronics PMI fell to 46.6 from 47.4. Singapore’s Advance GDP estimate suggested that the economy grew 1.80% quarter-on-quarter (q-o-q), seasonally adjusted annualised rate (saar), in 4Q12 after the 3Q12 figure was revised down to -6.30% q-o-q, saar from -5.90%. In 4Q12, manufacturing and construction both contracted by large amounts, unemployment remains low and inflation sticky.

In Indonesia, the Parliament approved the 2013 state budget in October, with a 1.65% planned deficit. The approved budget document for next year appears to allow the government to change the fuel price without having to seek parliamentary approval. Economists and rating agencies have long urged Indonesia to cut spending on the subsidies, which keep gasoline prices the cheapest in Asia, and instead to spend the money on much needed infrastructure. In November, Jakarta provincial minimum wage in 2013 has been raised to IDR2.2 million (USD228) per month, increased by 44.00% from the previous IDR1.5 million (USD155). The central bank announced a slew of new regulations covering the banking sector. These include stipulating that banks lend a minimum of 20.00% to small and medium enterprises (SMEs), and a proposed revision to capital adequacy norms towards a more comprehensive risk based capital calculation. Foreign banks operating in the country would also be required to maintain a capital equivalent within the country.

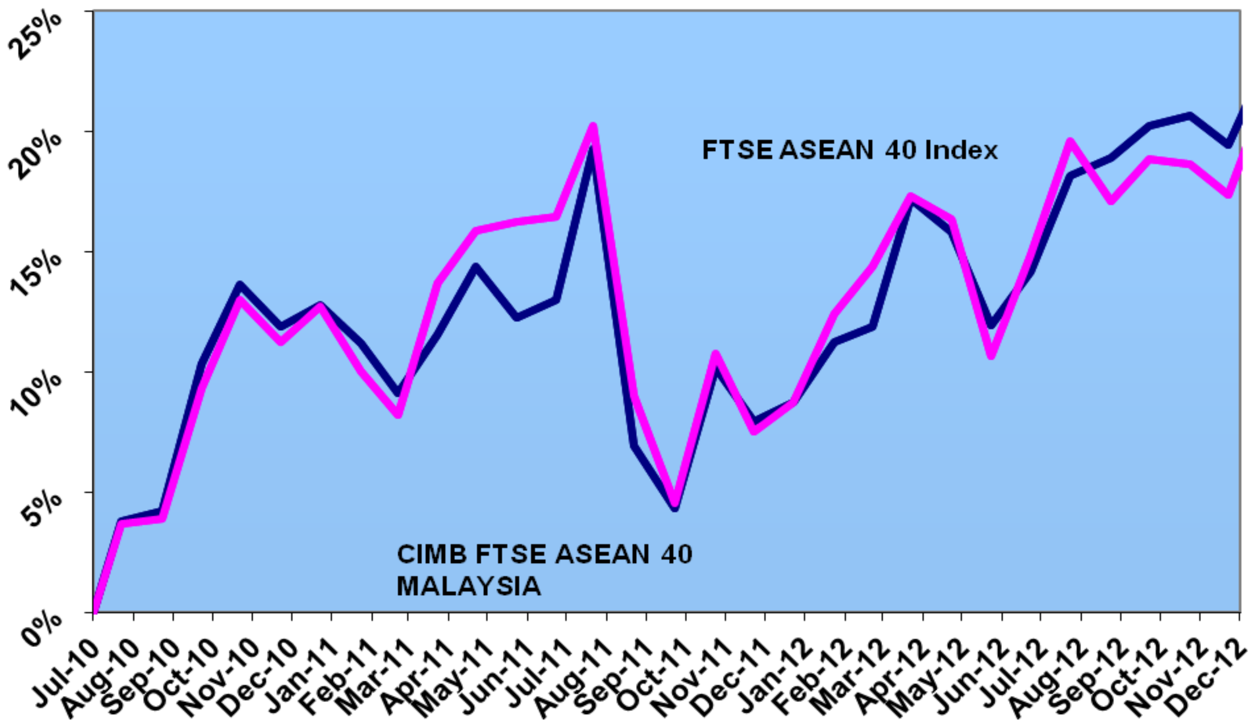
FUND PERFORMANCE

	3 months to 31.12.2012 (%)	1 year to 31.12.2012 (%)	Since Inception to 31.12.2012 (%)
Income	-	3.46	3.46
Capital ^	2.44	9.47	19.05
Total Return ^	2.44	13.26	23.16
Annualised Return ^	9.94	13.26	8.75
Underlying Fund^^	2.54	9.96	20.52
Benchmark (FTSE ASEAN 40 Index)	2.52	11.85	21.82
Market Price per Unit	3.11	11.41	19.42

^ Based on NAV per Unit
^^ Based on Last Published Market Price

For the period under review, the Fund gained 2.44%, in line with the performance of the Underlying Fund which gained 2.54%. The benchmark was up 2.52% for the same reporting period.

The last available published market price of the Fund quoted on Bursa Malaysia was RM 1.66, an increase of 3.11% for the period.



Changes in Net Asset Value ("NAV")

	31.12.2012	31.12.2011	% changes
Net Asset Value ("NAV") (RM Million)	13.37	12.22	9.41
NAV/Unit (RM)	1.6509	1.5080	9.48

Both NAV and NAV per unit showed strong gains for the 1-year period. The increase was due to strong performance of the combined ASEAN markets over the year as partly described under the Market Review section.

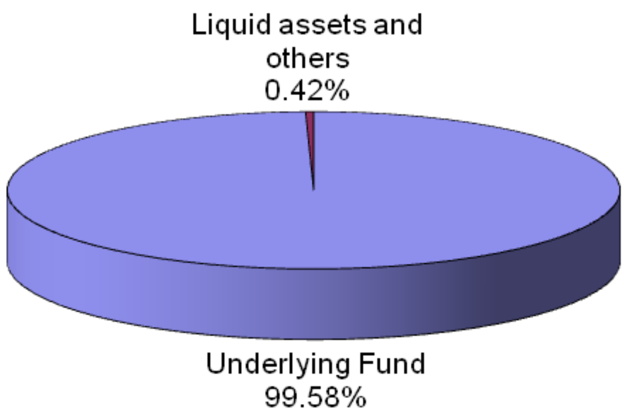
Performance data represents the combined income and capital return as a result of holding units in the fund for the specified length of time, based on NAV to NAV price. The performance data assumes that all earnings from the fund are reinvested and are net of management and trustee fees. Past performance 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 have been extracted from Lipper.

PORTFOLIO STRUCTURE

Asset allocation

(% of NAV)	31.12.2012	31.12.2011
Underlying Fund	99.58	99.14
Liquid assets and others	0.42	0.86
TOTAL	**100.00**	**100.00**

The Fund remained fully invested in the Underlying Fund for the period under review. A minimal level of liquid assets was maintained primarily for liquidity purposes.



MARKET OUTLOOK

As we move into 2013, we believe the fundamental drivers for ASEAN will remain largely supportive. A modest cyclical improvement in economic fundamentals, loose monetary and easy liquidity conditions should provide an overall positive backdrop for ASEAN equities. The reduction in export dependent-led growth has been a key feature for ASEAN economies and domestic demand should remain relatively robust to negate the weak external demand environment.

Foreign direct investment has been the focus for ASEAN in 2012 and we see this trend gaining momentum as we approach the implementation of the ASEAN Economic Community in 2015 to transform ASEAN into a single market and production base to enhance its competitiveness. There are ambitious plans among the ASEAN-10 to improve the region’s transportation infrastructure to increase air, rail and road connectivity. The scope for multiplier effects from planned transport and power infrastructure investments can potentially be significant.

Politics remains a tail-risk in ASEAN and we expect populist measures to remain largely in place. However, we believe that ASEAN remains on track to post another solid growth year in 2013 due to the strength of its domestic demand fundamentals.

INVESTMENT STRATEGY

As this is a feeder exchange-traded fund, 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 December 2012 are as follows:

Size of unit holding	No of unit holders	No of units Held (million)	% of units held
5,000 and below	37	0.06	0.74
5,001 to 10,000	7	0.05	0.62
10,001 to 50,000	5	0.08	0.99
50,001 to 500,000	3	0.31	3.82
500,001 and above	2	7.60	93.83
	54	8.10	100.00

SOFT COMMISSIONS AND REBATES

CIMB-Principal Asset Management Berhad, as well as the Trustees will not retain any form of rebate or soft commission from, or otherwise share in any commission with, any broker in consideration for directing dealings in the investments of the Funds unless the soft commission received is retained in the form of goods and services such as financial wire services and stock quotations system incidental to investment management of the Funds. All dealings with brokers are executed on best available terms.

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 10 to 35 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 December 2012 and of its financial performance, changes in net assets attributable to unitholders and cash flows for the financial period then ended in accordance with Financial Reporting Standards in Malaysia.

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

JOHN CAMPBELL TUPLING
Chief Executive Officer/Director

MUNIRAH BINTI KHAIRUDDIN
Director

Kuala Lumpur
26 February 2013

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2012 TO 31 DECEMBER 2012

	Note	01.10.2012 to 31.12.2012 RM	01.10.2011 to 31.12.2011 RM
INCOME			
Net gain on financial assets at fair value through profit or loss	7	330,156	558,623
Net foreign exchange (loss)		-	(49,393)
		330,156	509,230
LESS: EXPENSES			
Trustee fee	5	3,025	4,538
Custodian fee		649	793
Audit fee		6,301	6,301
Tax Agent fee		756	756
Administration expenses		229	6
		10,960	12,394
PROFIT/(LOSS) BEFORE TAXATION		319,196	496,836
TAXATION	6	-	-
PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME DURING THE FINANCIAL PERIOD		319,196	496,836
Profit/(Loss) after taxation is made up as follows:			
Realised amount		(10,960)	(61,787)
Unrealised amount		330,156	558,623
		319,196	496,836

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

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

	Note	31.12.2012 RM	31.12.2011 RM
CURRENT ASSETS			
Financial assets at fair value through profit or loss	7	13,316,292	12,110,608
Cash and cash equivalents	8	72,186	125,004
TOTAL ASSETS		13,388,478	12,235,612
CURRENT LIABILITIES			
Amount due to trustee		1,019	1,529
Other payables and accruals	9	14,835	18,915
TOTAL LIABILITIES		15,854	20,444
NET ASSET VALUE OF THE FUND	10	13,372,624	12,215,168
EQUITY			
Unitholders' capital		11,169,090	11,169,090
Retained earnings		2,203,534	1,046,078
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	10	13,372,624	12,215,168
NUMBER OF UNITS IN CIRCULATION (UNITS)	10	8,100,000	8,100,000
NET ASSET VALUE PER UNIT (EX-DISTRIBUTION)		1,6509	1,5080

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

UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2012 TO 31 DECEMBER 2012

	Note	Unitholders' capital RM	Retained earnings RM	Total RM
Balance as at 1 October 2012		11,169,090	1,884,338	13,053,428
Total comprehensive income for the financial period		-	319,196	319,196
Balance as at 31 December 2012	10	11,169,090	2,203,534	13,372,624
Balance as at 1 October 2011		11,169,090	549,242	11,718,332
Total comprehensive income for the financial period		-	496,836	496,836
Balance as at 31 December 2011	10	11,169,090	1,046,078	12,215,168

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

UNAUDITED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2012 TO 31 DECEMBER 2012

	Note	01.10.2012 to 31.12.2012 RM	01.10.2011 to 31.12.2011 RM
CASH FLOW FROM OPERATING ACTIVITIES			
Trustee fee paid		(2,993)	(4,488)
Custodian fee paid		(649)	-
Professional fee paid		-	-
Payments for other fees and expenses		(27,978)	(28,549)
Net cash outflow from operating activities		(31,620)	(33,037)
CASH FLOW FROM FINANCING ACTIVITIES			
Cash proceeds from units created		-	-
Payments for cancellation of units		-	-
Net cash inflow from financing activities		-	-
Net decrease in cash and cash equivalents		(31,620)	(33,037)
Cash and cash equivalents at the beginning of the financial period		103,806	158,739
Effect of unrealised foreign exchange		-	(698)
Cash and cash equivalents at the end of the financial period	8	72,186	125,004

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

UNAUDITED NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2012 TO 31 DECEMBER 2012

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

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

All investments will be subject to the Securities Commission (“SC”) Guidelines on Exchange-Traded Funds, SC requirements, the Deeds, except where exemptions or variations have been approved by the SC, internal policies and procedures and the Fund’s objective.

The Manager, a company incorporated in Malaysia, is a wholly-owned subsidiary of CIMB Group Sdn. Bhd. and regards CIMB Group Holdings Berhad as its ultimate holding company. Its principal activities are the establishment and the management of unit trust funds 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”) and the Malaysian Accounting Standards Board (“MASB”) approved accounting standards in Malaysia for entities other than private entities.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

(i) The amendments to published standards that are applicable and effective for Fund's financial year beginning on or after 1 January 2012 are as follows:

- Amendments to FRS 7 "Financial instruments: Disclosures" (effective 1 January 2012) requires 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. This amendment does not have any impact on the classification and valuation of the Fund's financial statements.

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

- Financial year beginning on/after 1 January 2013

  In the financial year beginning on 1 January 2013, the Fund will be adopting the new IFRS-compliant framework, Malaysian Financial Reporting Standards ("MFRS"). MFRS 1 "First-time adoption of MFRS" provides for certain optional exemptions and certain mandatory exceptions for first-time MFRS adopters. There is no significant impact to the Fund's financial statements arising from the transition of existing FRSs to MFRSs.

- Financial year beginning on/after 1 January 2013

  MFRS 13 "Fair value measurement" (effective from 1 January 2013) aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across MFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The enhanced disclosure requirements are similar to those in MFRS 7 "Financial instruments: Disclosures", but apply to all assets and liabilities measured at fair value, not just financial ones. The Fund will apply this standard when effective.

  This standard is not expected to have a significant impact on the Fund's financial statements.

- Financial year beginning on/after 1 January 2015

  MFRS 9 "Financial instruments - classification and measurement of financial assets and financial liabilities" (effective from 1 January 2015) replaces the multiple classification and measurement models in MFRS 139 with a single model that has only two classification categories: amortised cost and fair value. The basis of classification depends on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

- Financial year beginning on/after 1 January 2015 (continued)

  The accounting and presentation for financial liabilities and for de-recognising financial instruments has been relocated from MFRS 139, without change, except for financial liabilities that are designated at fair value through profit or loss (“FVTPL”). Entities with financial liabilities designated at FVTPL recognise changes in the fair value due to changes in the liability’s credit risk directly in other comprehensive income (OCI). There is no subsequent recycling of the amounts in OCI to profit or loss, but accumulated gains or losses may be transferred within equity.

  The guidance in MFRS 139 on impairment of financial assets and hedge accounting continues to apply. The Fund will apply this standard when effective.

  MFRS 7 requires disclosure on transition from MFRS 139 to MFRS 9.

  This standard is not expected to have a significant impact on the Fund’s financial statements.

(b) Financial assets and liabilities

Classification

The Fund designates its investment in collective investment scheme as financial assets at fair value through profit or loss at inception.

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

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and have been included in current assets. The Fund’s loans and receivables comprise dividend receivable, cash and cash equivalents. The Fund classifies amount due to Trustee, other payables and accruals as other financial liabilities.

Recognition and measurement

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and liabilities (continued)

Recognition and measurement (continued)

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

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

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

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

Collective investment scheme is valued based on the last published net asset value per unit or share of such collective investment scheme or, if unavailable, on the average of the last published buying price and the last published selling price of such unit or share (excluding any sales charge included in such selling price)

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

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

The amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. The asset’s carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If ‘loans and receivables’ 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 statement of comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets (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

Dividend income is recognised on the ex-dividend date.

Interest on deposits is recognised on accruals basis using the effective interest method.

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

(d) Foreign currencies

Functional and presentation currency

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the “functional currency”). The financial statements are presented in Ringgit Malaysia, 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 period-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.

(e) Creation and cancellation of units

The Fund issues cancellable units, which are cancelled upon accepted redemption applications submitted by Participating Dealer to the Manager in accordance with the terms of a Participating Dealer Agreement and the Deed, and are classified as equity. Cancellable units can be returned to the Fund at any Dealing Day for cash equal to a proportionate share of the Fund’s net asset value (“NAV”). The outstanding units are carried at the redemption amount that is payable at the statement of financial position date if the unitholder exercises the right to return the unit to the Fund.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Creation and cancellation of units (continued)

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

(f) Cash and cash equivalents

For the purpose of statement of cash flows, 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.

(g) Taxation

Current tax expense is determined according to Malaysian tax laws at the current rate based upon the taxable profit earned during the financial period. Tax on dividend income from foreign quoted investments is based on the tax regime of the respective countries that the Fund invests in.

(h) Amount due from/to Manager of Collective Investment Scheme

Amounts due from/to manager of collective investment scheme represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Transaction costs

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

(j) Segmental information

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

(k) Financial instruments

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

Financial instruments of the Fund are as follows:

	Financial assets at fair value through profit or loss	Loans and Receivables	Total
As at 31.12.2012	**RM**	**RM**	**RM**
Financial assets at fair value through profit or loss (Note 7)	13,316,292	-	13,316,292
Cash and cash equivalents (Note 8)	-	72,186	72,186
	13,316,292	72,186	13,388,478
As at 31.12.2011			
Financial assets at fair value through profit or loss (Note 7)	-	12,110,608	12,110,608
Cash and cash equivalents (Note 8)	125,004	-	125,004
	125,004	12,110,608	12,235,612

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Realised and unrealised portions of profit after tax

The analysis of realised and unrealised net income after tax as presented on the statement of comprehensive income is prepared in accordance with SC Guidelines on Exchange-Traded Funds.

(m) Critical accounting estimates and judgments 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 Fund is a feeder exchange-traded fund (ETF) which aims to invest at least 95% of its NAV in the Underlying Fund which is the Singapore Fund (SF). The SF is an ETF 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.

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

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

(a) Market risk

(i) Price risk

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

The very nature of an exchange traded fund, however, helps mitigate this risk because the Singapore Fund would generally hold a well-diversified portfolio of securities from different market sectors so that the collapse of any one security or any one market sector would not impact too greatly on the value of the fund.

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

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

	31.12.2012 RM	31.12.2011 RM
Collective investment scheme designated as financial asset at fair value through profit or loss	13,316,292	12,110,608

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market risk (continued)

(i) Price risk (continued)

The table below summarises the sensitivity of the Fund's net asset value to movements in prices of FTSE ASEAN 40 Index at the end of each reporting period.

The analysis is based on the assumptions that the Underlying Index fluctuates by 14.27%, which is the standard deviation of the daily fluctuation of the Underlying Index from the date of constitution of the Fund to 31 December 2012, with all other variables held constant, and that the fair value of the investments moved in the same quantum with the fluctuation in the Index.

This represents management's best estimate of a reasonable possible shift in the fair value through profit and loss, having regard to the historical volatility of the prices.

The Underlying Index is used as the Fund is designed to provide investment results that closely correspond to the performance of the Underlying Index.

% Change in underlying index	Market value	Change in net asset value
	RM	RM
As at 31.12.2012		
+14.27%	15,216,527	1,900,235
0.00%	13,316,292	-
-14.27%	11,416,057	(1,900,235)
As at 31.12.2011		
+14.27%	13,838,792	1,728,184
0.00%	12,110,608	-
-14.27%	10,382,424	(1,728,184)

(ii) Interest rate risk

Interest rate risk is the risk that the value of the Fund's investment in collective investment schemes and its return will fluctuate because of changes in market interest rates.

Interest rate is a general economic indicator that will have an impact on the management of the Fund. The exposure to interest rate fluctuations is minimal.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market risk (continued)

(iii) Currency risk

Currency risk is associated with investments that are quoted and/or priced in foreign currency denomination. Malaysian based investor should be aware that if the Malaysian Ringgit appreciates against the currencies in which the portfolio of the investment is denominated, this will have an adverse effect on the NAV of the fund and vice versa. Investors should note any gains or losses arising from the movement of foreign currencies against its home currency may therefore increase/decrease the capital gains of the investment. Nevertheless, investors should realise that currency risk is considered as one of the major risks to investments foreign assets due to the volatile nature of the foreign exchange market. The Manager or its fund management delegate could utilise two pronged approaches in order to mitigate the currency risk; firstly by spreading the investments across different currencies (i.e. diversification) and secondly, by hedging the currencies when its deemed necessary.

The following table sets out the foreign currency risk concentrations of the Fund at the end of each reporting period:

	Financial assets at fair value through profit or loss	Cash and cash equivalents	Total
As at 31.12.2012	**RM**	**RM**	**RM**
USD	13,316,292	14,896	13,331,188
As at 31.12.2011			
USD	12,110,608	110,545	12,221,153

The table below summarises the sensitivity of the Fund's investments and cash and cash equivalent’s fair value to changes in foreign exchange movements at the end of each reporting period. The analysis is based on the assumption that the foreign exchange rate fluctuates by 6.41%, which is the standard deviation of the daily fluctuation of the exchange rate of USD against MYR from the date of constitution of the Fund to 31 December 2012, with all other variables remain constants. This represents management's best estimate of a reasonable possible shift in the foreign exchange rate, having regard to historical volatility of this rate. Any fluctuation in foreign exchange rate will result in a corresponding increase/decrease in the net assets attributable to unit holders by approximately 6.41%.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market risk (continued)

(iii) Currency risk (continued)

Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

	Change in foreign exchange rate	Impact on net asset value / net profit before tax
As at 31.12.2012	**%**	**RM**
USD	6.41%	854,529
As at 31.12.2011		
USD	6.41%	783,376

(b) Credit risk

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

The settlement terms of the proceeds from the creation of units receivable from the Manager are governed by the SC Guidelines on Exchange-Traded Funds.

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

	Cash and cash equivalents	
	31.12.2012	**31.12.2011**
Industry	**RM**	**RM**
Finance	72,186	125,004

All financial assets of the Fund as at 31 December 2012 are neither past due nor impaired. As at 31 December 2012, all cash and cash equivalents are placed with Deutsche Bank.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk

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

The 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 bank balance, deposits with licensed financial institutions and other instruments, which are capable of being converted into cash within 7 business days.

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

	Less than 1 month RM	Between 1 month to 1 year RM	Total RM
As at 31.12.2012			
Amount due to trustee	1,019	-	1,019
Other payables and accruals	-	14,835	14,835
Contractual cash out flows	1,019	14,835	15,854
As at 31.12.2011			
Amount due to trustee	1,529	-	1,529
Other payables and accruals	-	18,915	18,915
Contractual cash out flows	1,529	18,915	20,444

(d) 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.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) 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.

(f) 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.

(g) Tracking error risk

Changes in the SF NAV are unlikely to replicate the exact changes in the Underlying Benchmark Index. This is due to, among other things, the fees and expenses payable by the SF and transaction fees and stamp duty incurred in adjusting the composition of the SF's portfolio because of changes in the Underlying Benchmark Index and dividends received, but not distributed, by the SF. 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 Benchmark Index and the corresponding adjustment to the shares which comprise the SF'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 SF to do so, the SF 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 Benchmark Index. Regulatory policies may also affect the SF Manager's ability to achieve close correlation with the performance of the Underlying Benchmark Index. The SF's returns may therefore deviate from the Underlying Benchmark Index and thus affecting the return of the Fund.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(h) Foreign security risks

The Fund invests entirely within or relates within or relates to the equity markets of a single country. These markets are subject to special risks associated with foreign investment including market fluctuations caused by factors affected by political and economic development. The principal risk factors, which could decrease the value of the investor's investment, are listed and described below:

- less liquid and less efficient securities markets;
- greater price volatility;
- exchange rate fluctuations and exchange controls;
- less publicly available information about issuers;
- higher transaction and custody costs and delays and risks of loss attendant in settlement procedures;
- difficulties in enforcing contractual obligations;
- lesser levels of regulation of the securities markets;
- different accounting, disclosure and reporting requirements;
- more substantial government involvement in the economy;
- higher rates of inflations; and
- greater social, economic, and political uncertainty and the risk of nationalisation or expropriation of assets and risk of war or terrorism.

(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 Unitholders. 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 Unitholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

(j) Fair value estimation

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

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

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

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(j) Fair value estimation (continued)

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

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risk, liquidity risk and counterparty risk.

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

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

Fair value hierarchy

The Fund adopted the amendments to FRS 7, effective 1 January 2011. This requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

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

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

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(j) Fair value estimation (continued)

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
31.12.2012				
Financial assets at fair value through profit or loss:				
- Collective investment scheme	13,316,292	-	-	13,316,292

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include collective investment scheme. The Fund does not adjust the quoted prices for these instruments. The Fund's policies on valuation of these financial assets are stated in Note 2(b).

4. MANAGEMENT FEE

In accordance with Clause 15.1 of the Deed, there is no management fee charged at the Fund level.

5. TRUSTEE AND CUSTODIAN FEES

In accordance with Clause 15.2 of the Deed, the Trustee is entitled to a fee not exceeding a maximum 0.20% per annum, calculated based on the NAV of the Fund, subject to a minimum fee of RM18,000 per annum, excluding foreign sub-custodian fees and charges.

For the financial period ended 31 December 2012, the trustee's fee is recognised at a rate of 0.08% per annum (31.12.2011 : 0.08% per annum).

There will be no further liability to the Trustee in respect of trustee and custodian fee other than the amounts recognised above.

6. TAXATION

	01.10.2012 to 31.12.2012 RM	01.10.2011 to 31.12.2011 RM
Tax charged for the financial period:		
Current taxation- foreign	-	-

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

	01.10.2012 to 31.12.2012 RM	01.10.2011 to 31.12.2011 RM
Net profit/loss before taxation	319,196	496,836
Taxation at Malaysian statutory rate of 25% (30.09.2011: 25%)	79,799	124,209
Tax effects of:		
Net (gain) on investments not deductible for tax purposes/(not subject for tax)	(82,539)	(127,308)
Expenses not deductible for tax purposes	1,322	3,099
Restriction on tax deductible expenses for exchange traded funds	1,418	-
Taxation	-	-

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31.12.2012 RM	31.12.2011 RM
Designated at fair value through profit or loss		
-Foreign collective investment scheme	13,316,292	12,110,608

	01.10.2012 to 31.12.2012 RM	01.10.2011 to 31.12.2011 RM
Net gain on financial assets at fair value through profit or loss		
- Change in unrealised fair value gain/(loss)	330,156	558,623

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

As at 31.12.2012	Quantity Units	Aggregate cost RM	Market value RM	Percentage of net asset value %
Singapore				
CIMB FTSE ASEAN 40	400,000	11,773,214	13,316,292	99.58
EFFECT OF UNREALISED FOREIGN EXCHANGE DIFFERENCES		(245,529)		
UNREALISED GAIN ON FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS		1,788,607		
TOTAL FINANCIAL ASSETS AT FAIR VALUE TROUGH PROFIT OR LOSS		**13,316,292**		
As at 31.12.2011				
Singapore				
CIMB FTSE ASEAN 40	400,000	11,773,214	12,110,608	99.14
EFFECT OF UNREALISED FOREIGN EXCHANGE DIFFERENCES		169,272		
UNREALISED LOSS ON FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS		168,122		
TOTAL FINANCIAL ASSETS AT FAIR VALUE TROUGH PROFIT OR LOSS		**12,110,608**		

8. CASH AND CASH EQUIVALENTS

	31.12.2012 RM	31.12.2011 RM
Bank balance in a licensed bank	72,186	125,004

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

	31.12.2012 RM	31.12.2011 RM
- Ringgit Malaysia	57,290	14,459
- United States Dollar	14,896	110,545
	72,186	125,004

9. OTHER PAYABLES AND ACCRUALS

	31.12.2012	31.12.2011
	RM	RM
Provision for audit fee	7,102	9,853
Provision for tax agent fee	3,183	4,512
Other accruals	4,550	4,550
	14,835	18,915

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

Net Asset Value ("NAV") attributable to unit holders is represented by:

	Note	31.12.2012	31.12.2011
		RM	RM
Unitholders' contribution		11,169,090	11,169,090
Retained earnings		2,203,534	1,046,078
	(a)	13,372,624	12,215,168

(a) UNIT HOLDERS' CONTRIBUTION/ UNIT IN CIRCULATION

	31.12.2012		31.12.2011	
	No of units	RM	No of units	RM
At the beginning of the financial period	8,100,000	13,053,428	8,100,000	11,718,332
Total comprehensive income income for the financial period	-	319,196	-	496,836
At end of the financial period	8,100,000	13,372,624	8,100,000	12,215,168
Approved size of the Fund	500,000,000		500,000,000	

In accordance with the Deed, the Manager may increase the size of the Fund from time to time with the approval of the Trustee and the Securities Commission. The maximum number of units that can be issued out for circulation of the Fund is 500,000,000. As at 31 December 2012, the number of units not yet issued is 491,900,000 (31.12.2011: 491,900,000).

11. MANAGEMENT EXPENSE RATIO ("MER")

	01.10.2012 to 31.12.2012	01.10.2011 to 30.12.2011
MER	0.08	0.10

MER is derived based on the following calculation:

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

A = Trustee and custodian fee
B = Audit fee
C = Tax agent fee
D = Other expenses
E = Average NAV 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 RM13,097,366 (31.12.2011: RM12,071,832).

12. PORTFOLIO TURNOVER RATIO ("PTR")

	01.10.2012 to 31.12.2012	01.10.2011 to 31.12.2011
PTR (times)		NIL

PTR is derived from the following calculation:

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

where:

total acquisition for the financial period = NIL (31.12.2011: NIL)
total disposal for the financial period = NIL (31.12.2011: NIL)

13. UNITS HELD BY THE MANAGER AND RELATED PARTIES TRANSACTIONS AND BALANCES

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

Related parties	Relationship
CIMB-Principal Asset Management Berhad	The Manager
CIMB-Principal Asset Management (S) Pte. Ltd.	Investment Adviser of the Fund
CIMB Group Sdn Bhd	Holding company of the Manager
CIMB Group Holdings Berhad ("CIMB")	Ultimate holding company of the Manager

13. UNITS HELD BY THE MANAGER AND RELATED PARTIES TRANSACTIONS AND BALANCES (CONTINUED)

CIMB FTSE ASEAN 40	Target Fund
Subsidiaries and associates of CIMB as disclosed in its financial statements	Subsidiary and associated companies of the ultimate holding company of the Manager

Units held by the Manager and parties related to the Manager
There were no units held by the Manager and parties related to the Manager as at the end of the financial period.

Significant related party transactions
There are no significant related party transactions during the financial period.

Significant related party balances	**31.12.2012**	**31.12.2011**
	RM	**RM**
Investment in collective investment scheme		
- CIMB FTSE ASEAN 40	13,316,292	12,110,608

14. TRANSACTIONS WITH BROKERS/DEALERS

There are no transactions with brokers/dealers for the financial period ended 31 December 2012 and 31 December 2011.

15. SEGMENT INFORMATION

The Fund is designed to provide investment results that, before expenses, closely correspond to the performance of the FTSE/ASEAN 40 Index, regardless of its performance. In managing the Fund, the Manager attempts to achieve a high positive correlation and a low tracking error between the Net Asset Value of the Fund's portfolio and the Underlying Index. The internal reporting provided to the chief operating decision maker for the fund's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of FRS. The chief operating decision maker is responsible for the performance of the fund and considers the business to have a single operating segment.

DIRECTORY

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