CIMB FTSE ASEAN 40 MALAYSIA

UNAUDITED QUARTERLY REPORT

FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013

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INVESTOR LETTER

Dear Valued Investors,

It is my pleasure and privilege to serve as the new CEO of the company. I am proud to lead a company, whose shareholders have a strong commitment and envisage being leaders in the region. I have been busy familiarising myself with the business and our offerings; as well as getting to know people from the organisation and meeting people from industry associations and regulatory bodies. My observation tells me that our products and services can add value to our clients and our bank distribution partners. I am also thrilled to call Malaysia home. After journeying through Malaysia (in particular Kuala Lumpur), it tells me that the country has an undisputed business-friendly environment. And Malaysians, are generally warm and friendly, who easily accept foreigners. A bit of information about myself: Having been in the pension (referred as the Private Retirement Scheme ("PRS") in Malaysia) and asset management industries for more than 22 years; first in Argentine Government Regulator of Pension Companies and the latest as the Managing Director of The Principal Financial Group ("The Principal®") in Mexico, my career has continuously challenged me and allowed me to help individuals achieve financial independence.

My background has given me a good hands-on experience in contributing to the development of the pension industry. Together with the regulators and others associations such as the Private Pension Administrator ("PPA") and the Federation of Investment Managers Malaysia ("FIMM"), our great team of professionals from CIMB-Principal intends to help uplift standards and further strengthen the nascent PRS industry in Malaysia. Having the chance to explore the rich mix of public and pension schemes available (such as how they are structured, how they are managed and how they are regulated), my presence here gives me the opportunity to offer insights on the variety of challenges faced by pension fund systems, and help the industry grow healthily. I humbly believe that my breadth of mutual funds and pensions experience will be instrumental in helping robustly develop our PRS Plus services and support that we provide to our members. Along with our existing team, my familiarity with the asset management industry can help us perpetuate the success and stature as the ASEAN asset manager with top-tier investment capabilities, global best practices, and established on-the-ground presence. Hopefully, my participation will also continue to take the company to the next level, building on last year's success. In 2012, the assets under management ("AUM") of CIMB-Principal increased by 36% from USD8.77 billion to USD11.92 billion. For Thailand, the performance of all equity funds is in the top quartile in 2012 with superior performance of more than 10%. Its open-ended fund series- Thailand Flagship iSeries funds had generated sales of USD 30.32 million.

Meanwhile, our Indonesia operation continues to increase its synergy. One of our products, CIMB-Principal Dollar Bond has won an award for Best Fixed Income mutual fund by Investor Magazine for 2012 performance (9.47% for 1 year) with AUM of more than USD 10 million. A further note: I observe that the world's population is facing tremendous demographic change. Life expectancy has grown significantly in the last 20 years. However, this means that people will need more financial resources during their retirement years. The good news is that private retirement schemes can help you accumulate enough to lead a comfortable retirement. Together with The Principal®, CIMB-Principal will be able to help our investors reach their personal financial goals. In this era of personal responsibility, we advise our investors to create their own future by starting to save early to achieve financial stability and a good retirement. Before signing off, let me end on a note of acknowledgement to my predecessor, Mr. Campbell Tupling who has set a high standard of commitment and performance – and I am committed to continuing this strong tradition.

Happy Investing!
Pedro Esteban Borda

CEO CIMB-Principal Asset Management

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 / Equity / 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 Mac 2013?
RM 14.20 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:

	31.03.2013	31.03.2012	31.03.2011
	%	%	%
Sector			
Underlying Fund	99.75	99.33	101.81
Cash and other net assets	0.25	0.67	(1.81)
	100.00	100.00	100.00

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

	31.03.2013	31.03.2012	31.03.2011
Net Asset Value (RM million)	14.20	13.16	12.53
Units In circulation (Million)	8.10	8.10	8.10
Net Asset Value per Unit (RM)	1.7528	1.6249	1.5472
Highest NAV per Unit (RM)	1.7562	1.6249	1.5813
Lowest NAV per Unit (RM)	1.6502	1.4961	1.4225
Market Price per Unit (RM)	1.7550	1.5500	1.6200
Highest Market Price per Unit (RM)	1.7550	1.5700	1.6200
Lowest Market Price per Unit (RM)	1.6500	1.4900	1.5150
Total return (%) ^	6.17	7.74	(1.08)
-capital growth (%)	6.17	7.74	(1.08)
-income growth (%)	-	-	-
Management Expenses Ratio (%)	0.15	0.11	1.11
Portfolio Turnover Ratio (times) #	-	-	-
(Launch date : 9 July 2010)			

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

Period	Total return (%)	Annualised (%)
- Since inception (SI)^	30.76	10.32
- One Year	11.60	11.60
- Benchmark SI	29.17	9.82

	01.04.2012 to 31.03.2013 (%)	01.04.2011 to 31.03.2012 (%)	Since inception 31.03.2011 (%)
Annual total return (%)	11.60	5.02	16.27

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 JANUARY 2013 TO 31 MARCH 2013)

ASEAN markets started 2013 with strong performance and posted good gains in the first quarter of the period under review. All of the markets recorded positive returns except for Malaysia. The Philippines led the markets, gaining 20.98%, in MYR terms, followed by Thailand (19.17%), Indonesia (14.82%) and Singapore (4.50%). Malaysia, however, was down 0.56% for the quarter.

The Philippines market was the best performing market within the region, gaining 21.00% in the quarter, driven by improving macroeconomic environment and market sentiment. The ascent was buoyed by the upgrade of the credit rating of the country to investment grade by Fitch Ratings ("Fitch") before the Easter Holiday. An investment grade status means lower cost of funding for the government and corporate. The rating upgrade was premised on the country's improving macroeconomic outlook and its 2012 fiscal deficit which was PHP242 billion or 2.30% of Gross Domestic Product (GDP), well below the PHP279 billion cap. In addition, the Securities and Exchange Commission (SEC) released a draft on the foreign ownership guidelines that is more liberal – allowing the 40.00% foreign equity limit based on voting shares.

In Thailand, the stock market surged higher as macroeconomic environment remains firm. Solid domestic demand was supported by both private investment and consumption. However, in March, there was some selloff over concerns on potential forex measures to counter the rapid appreciation of THB as well as worries on potential change in margin loan requirement which may affect demand. Negative news on politics further dampened sentiment, including investigation on the current Prime Minister Yingluck Shinawatra related to her information discrepancy regarding loan to her husband's company which could possibly lead to a suspension from the duty as Prime Minister. However, the market recovered quickly and ended the quarter with an impressive 19.20% gain.

Indonesia also witnessed strong performance for the quarter. The Jakarta Composite Index ("JCI") recorded all-time high of 4,941 in March. Year to date (YTD) inflows surpassed FY12's full year flows. Agus Martowardojo was approved by Parliament and will take office as the new central bank Governor at the end of May. As Agus Martowardojo hails from the finance industry, he is expected to be able to improve Bank Indonesia's understanding of the industry. As such, his appointment was generally viewed positively. On a negative tone, Consumer Price Index (CPI) inflation in March was at 5.90% year on year was highest since May 2011, exceeding the central bank's policy band of 4.50% (+/- 1.00%). Still, the central bank said that was due to temporary factors, i.e. prices had risen due to the delayed impact of floods in January and an increase in electricity tariffs that kicked in that month but paid in February.

The Singapore FTSE Straits Times Index ("STI") edged up modestly on the back of renewed risk-taking activity, taking cues from positive China economic prints and the aversion of the first US fiscal cliff. In March, momentum was hampered by the Cyprus crisis, but staged a strong recovery towards the end of the month once bailout packages were concluded. No surprised was recorded from the economic numbers, as its CPI rose 1.10% month of month in February while its Purchasing Managers Index (PMI) slipped to 49.4 points in February from 50.2 points, below the neutral 50 level for the 7th time in eight months.

Malaysia was the laggard in 1Q13 due to general election worries. Investors were sidelined as they preferred to adopt a wait and see attitude until the overhang is removed post election and more clarity emerges. In the meantime, economic numbers for Malaysia was above expectations with GDP gaining 7.90% quarter on quarter, and 6.40% year on year in 4Q12 on a combination of firmer exports and import compression, particularly in intermediate goods on the slower technology cycle. However, FY2012 earnings numbers for Malaysian corporate mostly disappointed, with analysts further cutting earnings growth forecast. Overall, with such headwind, the Malaysian index recorded the only negative return amongst the ASEAN countries at (0.56%) for the quarter.

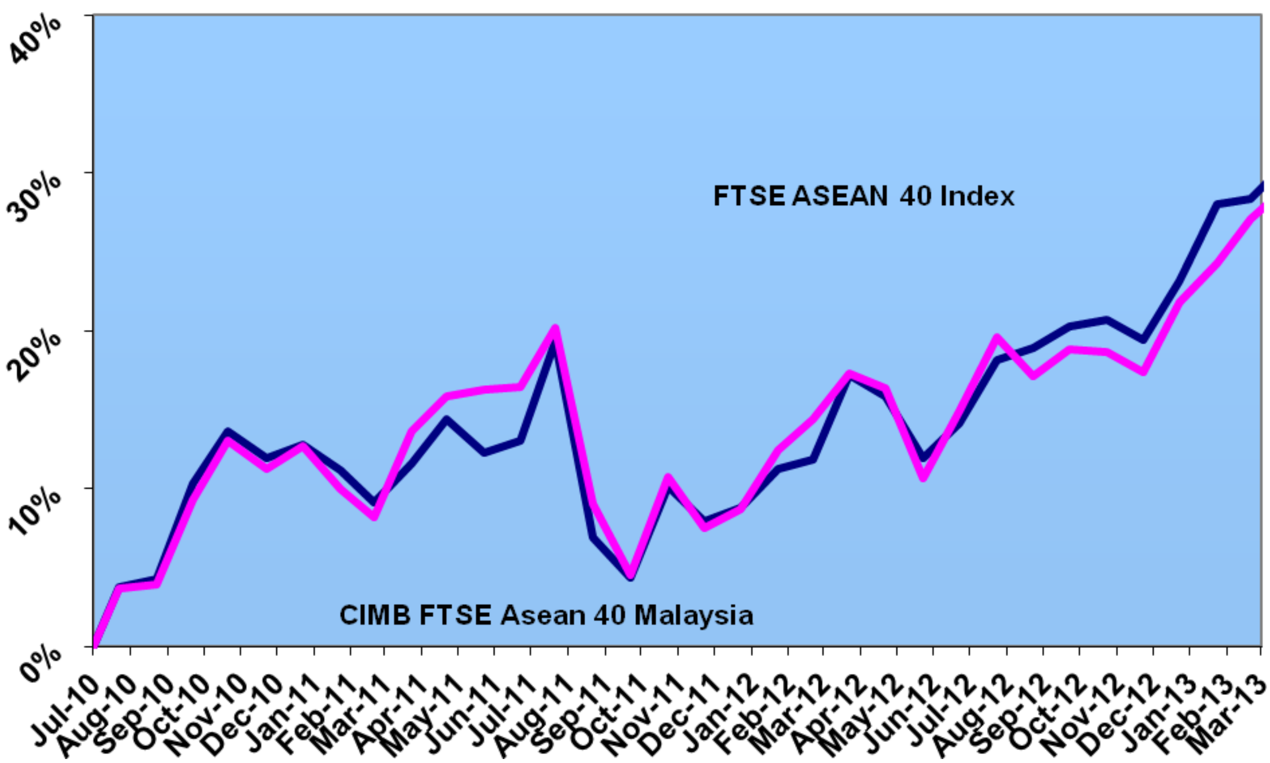
FUND PERFORMANCE

	3 months to 31.03.2013 (%)	1 year to 31.03.2013 (%)	Since Inception to 31.03.2013 (%)
Income	-	3.46	3.46
Capital ^	6.17	7.87	26.39
Total Return ^	6.17	11.60	30.76
Annualised Return ^	27.14	11.60	10.32
Underlying Fund^^	6.35	8.33	28.17
Benchmark (FTSE ASEAN 40 Index)	6.03	10.02	29.17
Market Price per Unit	5.72	13.23	26.26

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

For the period under review, the Fund gained 6.17%, in line with the performance of the Underlying Fund which gained 6.35%. The benchmark was up 6.03% for the same reporting period.

The last available published market price of the Fund quoted on Bursa Malaysia was RM 1.755, an increase of 5.72% for the period.



Changes in Net Asset Value ("NAV")

	31.03.2013	31.03.2012	% changes
Net Asset Value ("NAV") (RM Million)	14.20	13.16	7.90
NAV/Unit (RM)	1.7528	1.6249	7.87

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.

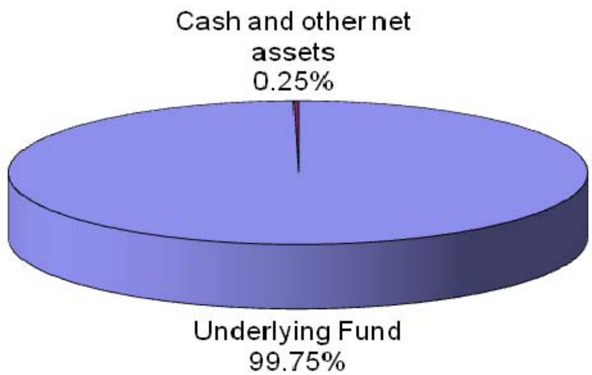
Performance data represents the combined income and capital return as a result of holding units in the fund for the specified length of time, based on NAV to NAV price. The performance data assumes that all earnings from the fund are reinvested and are net of management and trustee fees. Past performance 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)	31.03.2013	31.03.2012
Underlying Fund	99.75	99.33
Cash and other net assets	0.25	0.67
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, the overall fundamental drivers for ASEAN remain largely supportive. Liquidity is ample and the driver for equities will be growth. Although valuations may not appear as compelling as compared to its North Asian peers, we believe that ASEAN remains on track to post another solid growth year in 2013 due to the strength of its domestic demand fundamentals.

In Indonesia, we expect a stable real growth and double-digit nominal GDP growth, translating into strong and stable Earnings per Share (EPS) growth. Domestic demand, fuelled by healthy demographics, is now being supplemented by a strong investment cycle. In Thailand, stable politics, robust earnings growth, attractive valuations, low interest rates and increased inflow of funds still underpin our positive view in this country. Focus remains on the domestic names in the consumer, retail, property and healthcare sectors which we believe will continue to fare well with wage hikes, cuts in personal income tax, further cuts in the corporate income tax, more government spending on infrastructure projects and a stable political environment. The Philippines market is still reaping the benefit of the credit rating upgrade to investment grade, and the economic numbers should continue to grow positively as the government passed a “sin tax” law that could generate higher-than-expected revenue, and from infrastructure and election spending. Singapore’s should see a stronger pickup likely in the 2H13 after a weak first six months. If global economies improve, the Singaporean economy will likely to benefit, and subsequent upward earnings revisions will provide upside catalysts for the market. The 13th Malaysian General Election results was in line with our expectations of ruling government Barisan Nasional retaining power with a simple majority. Hence we believe there will be no adverse effect on the Malaysian stock market. The completion of the election removes the overhang of uncertainty that has clouded market sentiment over the last few months, and we believe the market will refocus on 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 March 2013 are as follows:

Size of unit holding	No of unit holders	No of units Held (million)	% of units held
5,000 and below	39	0.06	0.74
5,001 to 10,000	6	0.05	0.62
10,001 to 50,000	9	0.16	1.97
50,001 to 500,000	3	0.80	9.88
500,001 and above	1	7.03	86.79
	58	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 9 to 34 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 2013 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)

MUNIRAH BINTI KHAIRUDDIN
Director

RAJA NOORMA BINTI RAJA OTHMAN
Director

Kuala Lumpur
31 May 2013

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013

	Note	01.01.2013 to 31.03.2013 RM	01.01.2012 to 31.03.2012 RM
INCOME			
Net gain on financial assets at fair value through profit or loss	7	845,068	1,354,451
Net foreign exchange gain/(loss)		170	(395,805)
Other income		-	2,000
		845,238	960,646
LESS: EXPENSES			
Trustee and custodian fee	5	2,959	5,107
Audit fee		6,164	6,233
Tax Agent fee		7,982	748
Administration expenses		3,392	2,254
		20,497	14,342
PROFIT BEFORE TAXATION		824,741	946,304
TAXATION	6	-	-
PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME DURING THE FINANCIAL PERIOD		824,741	946,304
Profit after taxation is made up as follows:			
Realised amount		(20,327)	(15,972)
Unrealised amount		845,068	962,276
		824,741	946,304

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

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2013

	Note	31.03.2013 RM	31.03.2012 RM
CURRENT ASSETS			
Financial assets at fair value through profit or loss	7	14,161,360	13,072,884
Cash and cash equivalents	8	55,606	116,013
TOTAL ASSETS		14,216,966	13,188,897
CURRENT LIABILITIES			
Amount due to trustee		1,019	1,529
Other payables and accruals	9	18,582	25,896
TOTAL LIABILITIES		19,601	27,425
NET ASSET VALUE OF THE FUND	10	14,197,365	13,161,472
EQUITY			
Unitholders' capital		11,169,090	11,169,090
Retained earnings		3,028,275	1,992,382
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	10	14,197,365	13,161,472
NUMBER OF UNITS IN CIRCULATION (UNITS)	10	8,100,000	8,100,000
NET ASSET VALUE PER UNIT (EX-DISTRIBUTION)		1.7528	1.6249

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

UNAUDITED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013

	Note	Unitholders' capital RM	Retained earnings RM	Total RM
Balance as at 1 January 2013		11,169,090	2,203,534	13,372,624
Total comprehensive income for the financial period		-	824,741	824,741
Balance as at 31 March 2013	10	11,169,090	3,028,275	14,197,365
Balance as at 1 January 2012		11,169,090	1,046,078	12,215,168
Total comprehensive income for the financial period		-	946,304	946,304
Balance as at 31 March 2012	10	11,169,090	1,992,382	13,161,472

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

UNAUDITED STATEMENT OF CASH FLOWS
FOR FINANCIAL PERIOD ENDED 31 MARCH 2013

	Note	01.01.2013 to 31.03.2013 RM	01.01.2012 to 31.03.2012 RM
CASH FLOW FROM OPERATING ACTIVITIES			
Trustee fee paid		(2,959)	(4,488)
Payments for other fees and expenses		(13,791)	(2,873)
Net cash outflow from operating activities		(16,750)	(7,361)
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		(16,750)	(7,361)
Effect of unrealised foreign exchange		170	(1,630)
Cash and cash equivalents at the beginning of the financial period		72,186	125,004
Cash and cash equivalents at the end of the financial period	8	55,606	116,013

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 ENDED 31 MARCH 2013

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 net assets value 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 Unit holders 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 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 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 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”) 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.

The areas 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 July 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 July 2012

  In the financial year beginning on 1 July 2012, 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 July 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 July 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 July 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 31.03.2013	**RM**	**RM**	**RM**
Financial assets at fair value through profit or loss (Note 7)	14,161,360	-	14,161,360
Cash and cash equivalents (Note 8)	-	55,606	55,606
	14,161,360	55,606	14,216,966
As at 31.03.2012			
Financial assets at fair value through profit or loss (Note 7)	13,072,884	-	13,072,884
Cash and cash equivalents (Note 8)	-	116,013	116,013
	13,072,884	116,013	13,188,897

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:

	31.03.2013 **RM**	**31.03.2012** **RM**
Collective investment scheme designated as financial asset at fair value through profit or loss	14,161,360	13,072,884

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 March 2013, 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 31.03.2013		
+14.27%	16,182,186	2,020,826
-14.27%	12,140,534	(2,020,826)
As at 31.03.2012		
+14.27%	14,938,385	1,865,501
-14.27%	11,207,383	(1,865,501)

(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 in 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 31.03.2013	**RM**	**RM**	**RM**
USD	14,161,360	15,067	14,176,427
As at 31.03.2012			
USD	13,072,884	106,914	13,179,798

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 March 2013, 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 31.03.2013	**%**	**RM**
USD	6.41%	908,709
As at 31.03.2012		
USD	6.41%	844,825

(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	
	31.03.2013	**31.03.2012**
Industry	**RM**	**RM**
Finance	55,606	116,013

All financial assets of the Fund as at 31 March 2013 are neither past due nor impaired. As at 31 March 2013, 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 31.03.2013			
Amount due to trustee	1,019	-	1,019
Other payables and accruals	-	18,582	18,582
Contractual cash out flows	1,019	18,582	19,601
As at 31.03.2012			
Amount due to trustee	1,529	-	1,529
Other payables and accruals	-	25,896	25,896
Contractual cash out flows	1,529	25,896	27,425

(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
Financial assets at fair value through profit or loss:				
- Collective investment scheme	14,161,360	-	-	14,161,360

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 March 2013, the trustee's fee is recognised at a rate of 0.08% per annum (31.03.2012 : 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

	01.01.2013 to 31.03.2013 RM	01.01.2012 to 31.03.2012 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:

	01.01.2013 to 31.03.2013 RM	01.01.2012 to 31.03.2012 RM
Net profit before taxation	824,741	946,304
Taxation at Malaysian statutory rate of 25% (31.03.2012: 25%)	206,185	236,576
Tax effects of:		
Net (loss) on investments not subject for tax	(211,309)	(240,161)
Expenses not deductible for tax purposes	3,583	2,305
Restriction on tax deductible expenses for exchange traded funds	1,541	1,280
Taxation	-	-

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31.03.2013 RM	31.03.2012 RM
Designated at fair value through profit or loss		
-Foreign collective investment scheme	14,161,360	13,072,884

	01.01.2013 to 31.03.2013 RM	01.01.2012 to 31.03.2012 RM
Net gain on financial assets at fair value through profit or loss		
- Change in unrealised fair value gain	845,068	1,354,451

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

As at 31.03.2013	Quantity Units	Aggregate cost RM	Market value RM	Percentage of net asset value %
Singapore				
CIMB FTSE ASEAN 40	400,000	11,773,214	14,161,360	99.75
EFFECT OF UNREALISED FOREIGN EXCHANGE DIFFERENCES		(113,547)		
UNREALISED GAIN ON FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS		2,501,693		
TOTAL FINANCIAL ASSETS AT FAIR VALUE TROUGH PROFIT OR LOSS		**14,161,360**		
As at 31.03.2012				
Singapore				
CIMB FTSE ASEAN 40	400,000	11,773,214	13,072,884	99.33
EFFECT OF UNREALISED FOREIGN EXCHANGE DIFFERENCES		(222,903)		
UNREALISED GAIN ON FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS		1,522,573		
TOTAL FINANCIAL ASSETS AT FAIR VALUE TROUGH PROFIT OR LOSS		**13,072,884**		

8. CASH AND CASH EQUIVALENTS

	31.03.2013 RM	31.03.2012 RM
Bank balance	55,606	116,013

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

	31.03.2013 RM	31.03.2012 RM
- USD	15,067	106,914

9. OTHER PAYABLES AND ACCRUALS

	31.03.2013 RM	31.03.2012 RM
Provision for audit fee	13,267	16,085
Provision for tax agent fee	764	5,261
Other accruals	4,550	4,550
	18,581	25,896

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

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

	Note	31.03.2013 RM	31.03.2012 RM
Unitholders' contribution		11,169,090	11,169,090
Retained earnings		3,028,275	1,992,382
	(a)	14,197,365	13,161,472

(a) UNIT HOLDERS' CONTRIBUTION/ UNIT IN CIRCULATION

	31.03.2013		31.03.2012	
	No of units	RM	No of units	RM
At the beginning of the financial period	8,100,000	13,372,624	8,100,000	12,215,168
Total comprehensive income income for the financial period	-	824,741	-	946,304
At end of the financial period	8,100,000	14,197,365	8,100,000	13,161,472
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 March 2013, the number of units not yet issued is 491,900,000 (31.03.2012: 491,900,000).

11. MANAGEMENT EXPENSE RATIO ("MER")

	31.03.2013	31.03.2012
MER	0.15	0.11

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 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 RM13,843,673 (31.03.2012: RM12,674,420).

12. PORTFOLIO TURNOVER RATIO ("PTR")

	31.03.2013	31.03.2012
PTR (times)	NIL	NIL

PTR is derived from the following calculation:

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

where:

total acquisition for the financial period = NIL (31.03.2012: NIL)
total disposal for the financial period = NIL (31.03.2012: 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
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 and balances
There are no significant related party transactions and balances during the financial period.

14. TRANSACTIONS WITH BROKERS/DEALERS

There are no transactions with brokers/dealers for the financial period ended 31 March 2013 and 31 March 2012.

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 located in Malaysia. The Committee's asset allocation decisions are based on a single, integrated investment strategy and the Fund's performance is evaluated on an overall basis.

The reportable operating segment derives its income by seeking investments to achieve targeted returns consummate with an acceptable level of risk within the portfolio. These returns consist of interest and dividend income earned from investments and gains on the appreciation in the value of investments

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

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