

CONTENTS	PAGE
INVESTOR LETTER	1
MANAGER'S REPORT	2 - 18
Fund Objective and Policy	
Trust Directory	
Corporate Directory	
Additional Information	
Performance Data	
Market Review	
Fund Performance	
Portfolio Structure	
Market Outlook	
Investment Strategy	
Unit Holding Statistics	
Soft Commissions and Rebates	
STATEMENT BY MANAGER	19
TRUSTEE'S REPORT	20
INDEPENDENT AUDITOR REPORT	21-22
STATEMENT OF COMPREHENSIVE INCOME	23
STATEMENT OF FINANCIAL POSITION	24
STATEMENT OF CHANGES IN EQUITY	25
STATEMENT OF CASH FLOWS	26
NOTES TO THE FINANCIAL STATEMENTS	27 - 48
DIRECTORY	49

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 Berhad

MANAGER'S REPORT**Fund Objective and Policy****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 30 June 2013?

RM 13.91 million (8.10 million units)

What is the Fund's benchmark?

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

What is the Fund distribution policy?

Annually, subject to the discretion of the Manager

What was the net income distribution for the financial year ended 30 June 2013?

The Fund declared a net income of 3.70 cent per unit for all unit holders on 27 May 2013. As a result of distribution, the net asset value per unit had dropped from RM1.8497 to RM1.8213.

* Listing date

Trust Directory

Manager

Registered Address

CIMB-Principal Asset Management Berhad
5th Floor, Bangunan CIMB
Jalan Semantan
Damansara Heights
50490 Kuala Lumpur
Tel: (03) 2093 0379

Business Address

Level 5, Menara Milenium
8 Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Tel: (03) 2084 2000

Board of Directors

Dato' Charon Wardini bin Mokhzani
Dato' Anwar bin Aji
Wong Joon Hian
Ned Alan Burmeister
A.Huzaima bin Dato' Abdul Hamid
Auyeung Rex Pak Kuen
Badlisyah bin Abdul Ghani
Pedro Esteban Borda
Raja Noorma binti Raja Othman
Fad'l bin Mohamed
Munirah binti Khairuddin

Investment Committee

Raja Noorma binti Raja Othman
Datuk Noripah binti Kamso
Kim Teo Poh Jin
Fad'l bin Mohamed
Wong Fook Wah

Company Secretary

Datin Rossaya Mohd Nashir
LS 0007591
5th Floor, Bangunan CIMB
Jalan Semantan
Damansara Heights
50490 Kuala Lumpur

Investment Adviser

CIMB-Principal Asset Management (S) Pte Ltd
50 Raffles Place
Singapore Land Tower, #26-05
Singapore 048623
Tel: (+65) 6210 8488 Fax: (+65) 6210 8489

Corporate Directory

Fund Administration and Fund Accounting Service Provider

Deutsche Bank (Malaysia) Berhad

Registered Address

Level 18, Menara IMC
8, Jalan Sultan Ismail
50250 Kuala Lumpur

Business Address

Level 18-20, Menara IMC
8, Jalan Sultan Ismail
50250 Kuala Lumpur

Tel: (03) 2053 6788

Trustee

Deutsche Trustees Malaysia Berhad

Registered/Business Address

Level 20, Menara IMC
8, Jalan Sultan Ismail
50250 Kuala Lumpur

Auditors of the Manager and of the Fund

PricewaterhouseCoopers Chartered Accountants

Tax Adviser

PricewaterhouseCoopers Taxation Services Sdn Bhd

Additional Information

Key personnel of the Manager

The Board of CIMB-Principal plays an active role in the affairs of the Manager and is responsible for the overall management of CIMB-Principal. The Board has 13 members. Board meetings shall be held regularly (at least once every 2 months') and in accordance with the requirements of the ETF Guidelines, Deed and other applicable requirements.

Details of the Directors of the management company are set out as below:

Name:	Dato' Charon Wardini bin Mokhzani
Designation:	Executive Director / Chief Executive Officer, CIMB.
Qualifications:	LLB. Hons. (The School of Oriental and African Studies, University of London); BA Hons. In Philosophy, Politics & Economics (Balliol College, University of Oxford).
Experience:	Dato' Charon Wardini Mokhzani heads the CIMB Group Holdings's Investment Banking Division. He has been an Executive Director of CIMB since May 2006 and on 15 November 2011 he was appointed the Chief Executive Officer. He is also the Chairman of CIMB-Principal, CWA and CIMB-Mapletree Management Sdn. Bhd., and a Director of CIMB Securities International Pte. Ltd.

Dato' Charon is a council member of the Malaysia Investment Banking Association and the Institute of Bankers Malaysia. He is a Director of Akademi IBBM Sdn. Bhd. and both a Director and member of the board audit committee of Cagamas Holdings Berhad. He also is a member of the boards of Yayasan Tuanku Syed Putra Perlis and Yayasan Tuanku Fauziah.

His background is in law and corporate finance and he was an independent director of CIMB Berhad when it was first listed in 2003. While in practice, he was recognised as one of Malaysia's leading corporate and finance lawyers by international legal publications.

Dato' Charon is 49 years old and was educated at the Malay College Kuala Kangsar and Bloxham School, England. He read Philosophy, Politics and Economics at Balliol College, University of Oxford (BA Hons) and Law at the School of Oriental and African Studies, University of London (LLB Hons). He is a non practicing barrister of the Middle Temple in London and an advocate and solicitor of the High Court of Malaya.

Additional Information (continued)

Name: Dato' Anwar bin Aji *

Designation: Executive Chairman of Zelan Berhad, Director of Zelan Holdings (M) Sdn. Bhd., Director of Zelan Construction Sdn. Bhd., Director of Terminal Bersepadu Gombak Sdn. Bhd., Director of SKS PARS Refining Company Sdn. Bhd. And Director of Sistem Transit Aliran Ringan Sdn. Bhd. Independent Director of CIMB-Principal.

Qualifications: Master of Arts, International Studies, Ohio University USA (1981 – 1982) and Bachelor of Economics (Hons.), University of Malaya (1970 – 1973).

Experience: Has been a Director of CIMB-Principal since 24 April 2007.

1973 – 1978	Assistant Director - Industries Division, Ministry of International Trade & Industry
1978 – 1980	Principal Assistant Secretary - Budget Division, Federal Treasury, Ministry of Finance
1980 – 1981	Principal Assistant Secretary - Economic and International Division, Federal Treasury, Ministry of Finance.
1982 – 1984	Principal Assistant Secretary - Foreign Investment Committee, Economic Planning Unit, Prime Minister Department
1984 – 1985	Principal Assistant Secretary - Investment Division of the Malaysian Tobacco Company Berhad under the British Malaysia Industry and Trade Association training scheme
1986 – 1991	Deputy Director - Petroleum Development Division, Prime Minister's Department
1991 – 1993	Principal Assistant Secretary - Finance Division, Federal Treasury, Ministry of Finance
1993 – 1994	Special Assistant - The Secretary General of Ministry of Finance
1994 – 2004	Managing Director - Khazanah Nasional Berhad
2001 – 2008	Chairman - Faber Group Berhad .
2008 – current	Chairman - Zelan Berhad.

Name: Wong Joon Hian *

Designation: Managing Director of Advance Synergy Capital Sdn. Bhd.

Qualifications: Member of the Malaysian Institute of Certified Public Accountants, the Malaysian Institute of Accountants and a fellow member of the Institute of Chartered Accountants in England and Wales.

Experience: Has been an independent non-executive director of CIMB Principal since 22 August 2007. After qualifying as a Chartered Accountant in 1973, he joined Price Waterhouse & Co in England before returning to Malaysia in 1975. He has accumulated over 30 years of working experience in the areas of audit, accountancy, banking, financial services and corporate management. Currently, he is the Managing Director of Advance Synergy Capital Sdn. Bhd. since 22 September 1995 and serves as a non-executive director in several other non-listed public companies namely SIBB Berhad, formerly known as Southern Investment Bank (non-executive director), CIMB Wealth Advisors Berhad (independent non-executive director) and SFB Auto Berhad (independent non-executive director).
He is also a director in several other private limited companies.

Additional Information (continued)

Name:	Ned Alan Burmeister
Designation:	Senior Vice President, Principal Financial Group. Chief Operating Officer, Principal International, Inc. Director, CWA. Director, CIMB-Principal. Director, Principal Compania de Seguros de Vida Chile Sociedad Anonima. Director, Principal Financial Group (Mauritius) Limited. Director, Principal International (Asia) Limited. Director, Principal
Qualifications:	Bachelor's degree from Drake University, Des Moines, Iowa. Member of Society of Actuaries and the American Academy of Actuaries. Bachelor's degree from Drake University, Des Moines, Iowa. Member of Society of Actuaries and the American
Experience:	Appointed as a Director of CIMB-Principal on 30 November 2007. Has been with Principal Financial Group, Sociedad Anonima de Capital Variable for more than 28 years in the area of actuarial and pension services. Appointed as a Director of CIMB-Principal on 30 November 2007. Has been with Principal Financial Group, Sociedad
Name:	A.Huzaim Bin Dato' Abdul Hamid *^
Designation:	Director of CIMB-Principal
Qualifications:	Master of Science, Financial Economics, School of Oriental and African Studies (SOAS), University of London, United Kingdom, 2010; Bachelor of Science, Economics, Louisiana State University, Baton Rouge Louisiana, United States of America, 1988. Australian Higher School Certificate (1979).
Experience:	Has been a Director of CIMB-Principal since 2 May 2013. Huzaim has spent 25 years in various aspects of finance, economics, and public policy advisory. 12 of those years was spent as a fund manager, where he was, among others, a Chief Investment Officer with Alliance Capital Asset Management and as a member of the Pacific Region Team and a Global Commodities Specialist with Hong Kong's Jardine Fleming Investment Management which is now part of JP Morgan, Chase and Co. He was an independent Investment Committee member for 6 years for CIMB-Principal, as well as being the same for CIMB-Principal Islamic Asset Management and CWA for several years. He also served as an independent Investment Committee member
Name:	Auyeung Rex Pak Kuen
Designation:	Senior Vice President of Principal Financial Group; President – Asia of Principal Financial Group; Director of CIMBPrincipal.
Qualifications:	Bachelor of Environmental Studies (Honours) in Urban and Regional Planning, University of Waterloo, Canada.
Experience:	Has been a Director of CIMB-Principal since 11 July 2003 and has over 30 years of experience in insurance industry in Canada and Hong Kong.

Additional Information (continued)

Name:	Badlisyah bin Abdul Ghani (Alternate Director to Raja Noorma binti Raja Othman)
Designation:	Group Head, Islamic Banking Division – CIMB Group Holdings. Executive Director and Chief Executive Officer, CIMB Islamic Bank Berhad. Director of CIMB-Principal.
Qualifications:	Bachelor of Laws Degree from the University of Leeds.
Experience:	Joined CIMB in 2002 and was attached to the Corporate Finance Division, prior to his appointment as Head of CIMB Group Holdings Islamic Banking Division. He was appointed as Executive Director/Chief Executive Officer of CIMB Islamic Bank Berhad in 2006. He is responsible for all Islamic banking and finance business of the CIMB Group Holdings.
Name:	Pedro Esteban Borda #
Designation:	Chief Executive Officer / Executive Director.
Qualifications:	Bachelor Degree in Business Administration and a Master Degree in Finance, both from Universidad Argentina de la Empresa (U.A.D.E).
Experience:	He is the Chief Executive Officer of CIMB-Principal. He joined CIMB-Principal on 18 March 2013. He has been a Director of CIMB-Principal since 20 June 2013. Previously, he was the Country Head of Principal Financial Group Mexico. He joined Principal in 1996 as the Managing Director of Ethika AFJP S.A., a pension company in Argentina. In 1999, he was relocated to Mexico to become the Managing Director of Principal Afore (wholly-owned affiliate of PFG). In 2004, he was promoted to Country Head of Principal Mexico.
Name:	Raja Noorma binti Raja Othman
Designation:	Chief Executive Officer of CIMB-Mapletree Management Sdn. Bhd. and Director of the Group Asset Management arm of CIMB. Non-Independent Non-Executive Director of CIMB-Principal.
Qualifications:	Bachelor of Business Administration degree from Ohio University, United States of America under a twinning programme with Institut Teknologi MARA.
Experience:	Has been a Director of CIMB-Principal since 24 April 2007. Prior to joining CIMB Group in 2005, she was the Vice-President of Investment Banking for JP Morgan, a position she held for over 5 years. She was attached to JP Morgan's offices in Hong Kong, Singapore and Malaysia as both industry and client coverage banker. At JP Morgan, she originated and executed several transactions involving corporate advisory, equity and debt capital markets, private equity, cross border mergers and acquisitions as well as IPO transactions. She also has over 10 years experience in industry with Malaysia's largest telecommunications company, Telekom Malaysia Berhad, where the last post she held was Head of Corporate Finance.

Additional Information (continued)

Name: **Fad'l bin Mohamed ***
Designation: Managing Director of Maestro Capital Sdn. Bhd. Director of CIMB Principal and CWA. Member of the Investment Committee.
Qualifications: Bachelor of Laws (Hons), University of London; Certified Diploma in Accounting and Finance (Association of Chartered Certified Accountants).
Experience: Has been a Director of CIMB-Principal since 22 May 2012. He has more than 20 years exposure in the areas of law and finance. He started his career as a lawyer in Messrs. Rashid & Lee in 1991 to 1993.

He then joined the SC in 1993 to serve in the Take-Overs and Mergers Department and subsequently in the Product Development Department. Between 1996 and 1999, he was attached to the Kuala Lumpur offices of a global investment bank, providing cross-border merger and acquisition advice and other corporate advisory services to Malaysian and foreign corporations. He is currently the founder and Managing Director of Maestro Capital Sdn. Bhd., a licensed corporate finance advisor providing corporate finance advisory services in the areas of mergers and acquisition and capital raising.

He is a director of Scomi Engineering Berhad and holds directorships in various private companies. He is also an independent investment committee member of CIMB Nasional Equity Fund and a holder of the Capital Markets Services Representative's License for corporate finance advisory.

Name: **Munirah binti Khairuddin**
Designation: Deputy Chief Executive Officer.
Qualifications: Bachelor of Arts (Honours) in Accounting & Financial Analysis, University of Newcastle Upon Tyne, UK; Chartered Financial Analyst Charterholder.
Experience: Joined CIMB-Principal on 1 November 2006 and appointed as Deputy Chief Executive Officer in November 2008. She has been a Director of CIMB-Principal since 31 January 2012 and Commissioner of PT CIMB-Principal Asset Management since 19 August 2011. Previously worked as a G7 Economist and strategist for a Fortune 500 multinational oil and gas company. Prior to that, she was a fixed income portfolio manager for emerging markets at Rothschild Asset Management in London. Apart from her Senior Management role, she is responsible for Institutional sales and marketing for both domestic and international investors and financial institutions. Her scope also entails developing institutional business opportunities for CIMB-Principal in potential new markets.

* Independent Director

^ With effect from 2 May 2013

With effect from 20 June 2013

The Investment Committee

As required by the ETF Guidelines, the Manager is required to establish an Investment Committee for the Fund whose role is to ensure that the investment management of the Fund is consistent with:

- (a) the Fund's investment objective;
- (b) the Deed;
- (c) the Prospectus;
- (d) the ETF Guidelines and other applicable laws;
- (e) internal investment restrictions and policies; and
- (f) acceptable and efficacious investment management practices within the industry.

The powers and duties of the Investment Committee include formulating and monitoring the implementation by the Manager of appropriate investment management strategies for the Fund and the measurement and evaluation of the performance of the Manager. The Investment Committee generally meets every month.

Accordingly, the Manager has appointed an Investment Committee for the Fund, comprising of 6 members.

The following table sets out information on the members of the Investment Committee:

Name:	Raja Noorma binti Raja Othman
Designation:	Chief Executive Officer of CIMB-Mapletree Management Sdn. Bhd. and Director of the Group Asset Management arm of CIMB. Non-Independent Non-Executive Director of CIMB-Principal.
Qualifications:	Bachelor of Business Administration degree from Ohio University, United States of America under a twinning programme with Institut Teknologi MARA.
Experience:	Has been a Director of CIMB-Principal since 24 April 2007. Prior to joining CIMB Group in 2005, she was the Vice-President of Investment Banking for JP Morgan, a position she held for over 5 years. She was attached to JP Morgan's offices in Hong Kong, Singapore and Malaysia as both industry and client coverage banker. At JP Morgan, she originated and executed several transactions involving corporate advisory, equity and debt capital markets, private equity, cross border mergers and acquisitions as well as IPO transactions. She also has over 10 years experience in industry with Malaysia's largest telecommunications company, Telekom Malaysia Berhad, where the last post she held was Head of Corporate Finance.

The Investment Committee (continued)

Name: **Datuk Noripah binti Kamso ^**
Designation: Director of CIMB-Principal.
Qualifications: Bachelor in Business Administration (Northern Illinois University, Dekalb, Illinois, USA); Master in Business Administration (Marshall University, Huntington, West Virginia, USA).
Experience: Datuk Noripah Kamso was the Chief Executive of CIMB-Principal Islamic Asset Management Sdn. Bhd. Since 2008, she has successfully established a global platform for the firm to extend its reach across the globe. The firm acts as a global partner to global institutional investors, providing a range of Shariah investment portfolios in both equities and Sukuk asset-class to suit global differing investment needs. Previously she served as the CEO of CIMBPrincipal which evolved from a Malaysian company to a regional asset management house with offices in Malaysia, Indonesia and Singapore. She pioneered the listing of the world's first Regional ASEAN Exchange Traded Fund, "CIMB ASEAN 40 ETF" listed in Singapore in 2006. She has over 23 years experience in corporate credit and lending. She has 9 years in derivatives broking business as CEO of CIMB Futures Sdn. Bhd. She was a Council Member of Federation of Investment Managers Malaysia (FIMM) and was the Past President of Malaysian Futures Brokers Association (MFBA).

Name: **Kim Teo Poh Jin ***
Designation: Member of the Investment Committee.
 Executive Director and Chief Executive Officer, Boardroom Limited.
 Director, Marina Yacht Services Pte. Ltd.
Qualifications: Bachelor of Arts majoring in Economics from the Heriot-Watt University of Edinburgh.
Experience: He has about 25 years of experience in the finance industry, having worked in senior positions of major financial institutions.

Name: **Fad'l bin Mohamed ***
Designation: Member of the Investment Committee.
 Managing Director, Maestro Capital Sdn Bhd.
Qualifications: Bachelor of Laws (Hons) from the University of London; Certified Diploma in Accounting and Finance (Association of Chartered Certified Accountants).
Experience: Has more than 15 years exposure in the areas of law and finance.
 He is a holder of the Capital Markets Services Representative's Licence for corporate finance advisory and his previous experiences include working for an international investment bank and the Securities Commission.

The Investment Committee (continued)

Name:	Wong Fook Wah*
Designation:	Retiree and ex-Deputy Group Chief Executive for RAM Holdings Berhad.
Qualifications:	Bachelor of Arts (Economics) from Universiti Malaya (1977) and a Masters degree in Policy Science from Saitama University, Japan (1987).
Experience:	<p>Wong had served 20 years in RAM Holdings Bhd., from its inception as Malaysia's first credit rating agency in 1991. He held several positions over the years including Managing Director/CEO of RAM Rating Services Sdn. Bhd. His last position was that of Deputy Group Executive Officer of RAM Holdings Berhad ("RAM"). He retired from RAM in March 2011.</p> <p>Prior to joining RAM, Wong worked for the Ministry of Finance, Malaysia from 1977 to April 1991. He first served as an economist in the Economics Planning Division for the first 8 years. Then, for 4 years from 1987 to 1991, he worked as an analyst in a special task unit handling rehabilitational and restructuring work on ailing Governmentowned enterprises.</p> <p>He was on the Board of Directors of the Malaysia Derivatives Exchange Bhd. (MDEX) from 2001 to May 2004 as an appointee of the Ministry of Finance. He also served on the Board of Directors of RAM Rating Services Bhd., Bond Pricing Agency Sdn. Bhd. and RAM Credit Information Sdn. Bhd., representing the interest of RAM Holdings Bhd. prior to retirement.</p>

*Independent member

^ with effect from 10 May 2013

PERFORMANCE DATA

Details of portfolio composition of the Fund are as follows:

	30.06.2013	30.06.2012	30.06.2011
		%	%
Sector			
Underlying Fund	99.08	99.36	99.01
Liquid assets and others	0.92	0.64	0.99
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

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

	30.06.2013	30.06.2012	30.06.2011
Net Asset Value (RM million)	13.91	12.39	12.69
Units In circulation (Million)	8.10	8.10	8.10
Net Asset Value per Unit (RM)	1.7177*	1.5299*	1.5672
Highest NAV per Unit (RM)	1.8536*	1.7981*	1.6277
Lowest NAV per Unit (RM)	1.5588*	1.3584*	1.3868
Market Price per Unit (RM)	1.7150	1.5300	1.5800
Highest Market Price per Unit (RM)	1.7800	1.6150	1.6750
Lowest Market Price per Unit (RM)	1.5300	1.3850	1.3900
Total return (%) ^	14.62	1.00	13.01
-capital growth (%)	12.34	(2.38)	13.01
-income growth (%)	2.03	3.46	-
Gross distribution per unit (sen)	3.70	5.25	-
Net distribution per unit (sen)	3.70	5.25	-
Ex-date of distribution	28 May 13	13 June 12	-
Management Expenses Ratio (%)	0.46	0.40	3.39
Portfolio Turnover Ratio (times) #	-	-	1.39

(Launch date : 9 July 2010)

^ based on NAV per unit

* NAV after distribution

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

Period	Total return (%)	Annualised (%)
- Since inception (SI)^	30.82	9.43
- 1 Year	14.62	14.62
- Benchmark SI	26.45	8.19

	30.06.2013	30.06.2012	Since Inception to 30.06.2011
	(%)	(%)	(%)
Annualised return^	<u>14.62</u>	<u>1.00</u>	<u>13.01</u>

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 JULY 2012 TO 30 JUNE 2013)

ASEAN markets continued their strong momentum and ended the year with solid gains. All of the five markets demonstrated good performance led by Thailand which gained 27.00%, in MYR terms. This was followed by the Philippines which was up by 21.00%, Indonesia (+16.00%), Malaysia (+11.00%) and Singapore (+10.00%).

Thailand was the champion for the year, recording 27.00% gains. The strong performance was stimulated by a huge gush of global liquidity and domestic demand. Solid domestic demand was being 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 (Thai baht). Negative news on politics further dampened sentiment, including investigation on the Prime Minister, Yingluck Shinawatra, related to her information discrepancy regarding a loan to her husband's company which could possibly lead to a suspension from her duties as Prime Minister. The stock market recovered slightly after the The National Anti-Corruption Commission (NACC) cleared Prime Minister Yingluck Shinawatra of a false assets declaration charge in early April. The market tumbled further in the last quarter of the period under review, due to weak macroeconomic data and concerns over the potential for a tapering of the US Federal Reserve Banks's quantitative easing (i.e. raising money supply through buying of government bonds or other securities from the open market) programme. In June, foreign investors were net sellers of USD1.8 billion with local institutions and local retail investors being net buyers of USD0.9 billion each.

The Philippines market picked up in the second quarter of the reporting period, driven by investor interest in the banking sector after the Bank of the Philippine Islands (BPI) - Philippine National Bank (PNB) merger talks. The move could expand BPI, the country's third largest lender, to the size of the country's biggest lender, BDO Unibank Inc. Sentiment was further boosted after Standard & Poor's (S&P) raised the country's credit rating outlook to 'positive' from 'stable' in December 2012. Market celebration was further fueled by an upgrade to the country's credit rating to investment grade by Fitch Ratings (Fitch) in March 2013. An investment grade status means lower cost of funding for the government and corporate sectors. Market sentiment was also lifted after the government started its first Public-Private Partnership (PPP) tender for 2013. Starting with the USD386 million, 7.75km elevated Ninoy Aquino International Airport (NAIA) Expressway, the Department of Transport and Communications (DOTC) has a pipeline of infrastructure projects with a combined value of about PHP82 billion (USD 1.87billion), which the DOTC is hoping to complete before the end of 2016. In May, the market again cheered after the second upgrade in the country's credit rating to investment grade was rewarded by S&P. However, the market succumbed to profit taking activities in mid May and dipped into bear market territory by June. Similar to the Thailand market, the selloff was primarily foreign money driven, and was triggered by US quantitative easing tapering concerns. Nevertheless, the Philippines stock market finished the one year period to end June 2013 with an impressive 21.00% gain.

Indonesia's market also witnessed strong performance for the one year period ended June 2013. The market was relatively flat in the first half of the reporting year, in the absence of positive newsflow. However, the market surged higher in November as the government announced that the Jakarta provincial minimum wage in 2013 had been raised to IDR2.2 million (USD228) per month, an increase of 44.00% from the previous IDR1.5 million (USD155). On the other hand, the central bank announced a slew of new regulations covering the banking sector. These included 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. In March 2013, Agus Martowardojo was approved by Parliament and took 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 as positive. In June, the government followed through with 22.00% and 44.00% increases in diesel and motor gasoline prices, respectively. This is the first time retail fuel prices in Indonesia had been increased since May 2009. The Indonesian central bank also surprisingly raised the policy rate by 25 bps to 6.00%. This was the first rate hike since February 2012.

MARKET REVIEW (1 JULY 2012 TO 30 JUNE 2013) (CONTINUED)

Malaysia also trended higher, recording 11.00% gains for the one year period ended June 2013. The country's Budget 2013 presentation in September 2012 saw a lot of goodies for a wide spectrum of society which benefitted consumers' stocks. In November, the stock market came under selling pressure due to profit taking on the defensive telecommunication and consumer staple stocks as well as a disappointing earnings results season. The uncertainty of the timing for the 13th general election also continued to overhang market sentiment as investors preferred to adopt a wait and see attitude until more clarity emerged. However foreign interest in Malaysia was still evident from net positive fund flows and foreign shareholdings during the first quarter of 2013. In May, the Malaysian stock market went up as the election uncertainty was cleared after Barisan Nasional won the 13th general election. The margin of victory at 60.00% (versus 63.00% in 2008) of parliament seats was sufficient to ensure a secure and stable government for the next 4-5 years, restoring investor confidence to the market. The Economic Transformation Programme (ETP) cycle is expected to kick in full steam as it is no longer at risk of being delayed had there been a change in government. Petronas' RM 300billion capital expenditure (CAPEX) programme (out of which only RM100 billion has been awarded), the implementation of the MRT lines and the development in Iskandar Malaysia all supported the market positively. However, in June, Malaysia succumbed to US quantitative easing tapering concerns.

Singapore, being one of the closest economic allies of the US was the laggard for the one year period ended June 2013. The Singapore market had been consistently trending upward until Federal Reserve Chairman Ben Bernanke fired a hawkish statement in May that was heard around the world – the US Federal Reserve is likely to begin tapering America's quantitative easing programme within the next few months. Earlier in the year, the Singapore market edged up modestly on the back of the QE3 (quantitative easing part 3) rally which boosted the industrial sector. 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. Singapore's March home sales rose to a record 2,793 units, rebounding from a 14-month low of 712 units in February, the highest since the Urban Redevelopment Authority started releasing such information in June 2007. The Singapore economy grew 1.80% q-o-q in 1Q13. The improved outcome was mainly attributed to stronger growth in services and construction sectors. In May, the Singapore market tumbled on US quantitative easing tapering concerns and continued trending lower until the end of the reporting period. Nevertheless, the Singapore market managed to put up a 10.00% gain for the one year period ended June 2013.

FUND PERFORMANCE

	1 Year to 30.06.2013 (%)	Since Inception to 30.06.2013 (%)
Income	2.03	5.56
Capital ^	12.34	23.93
Total Return ^	14.62	30.83
Annualised Return ^	14.62	9.43
Underlying Fund^^	11.97	24.77
Benchmark (FTSE ASEAN 40 Index)	10.08	26.45
Market Price per Unit	12.09	23.38

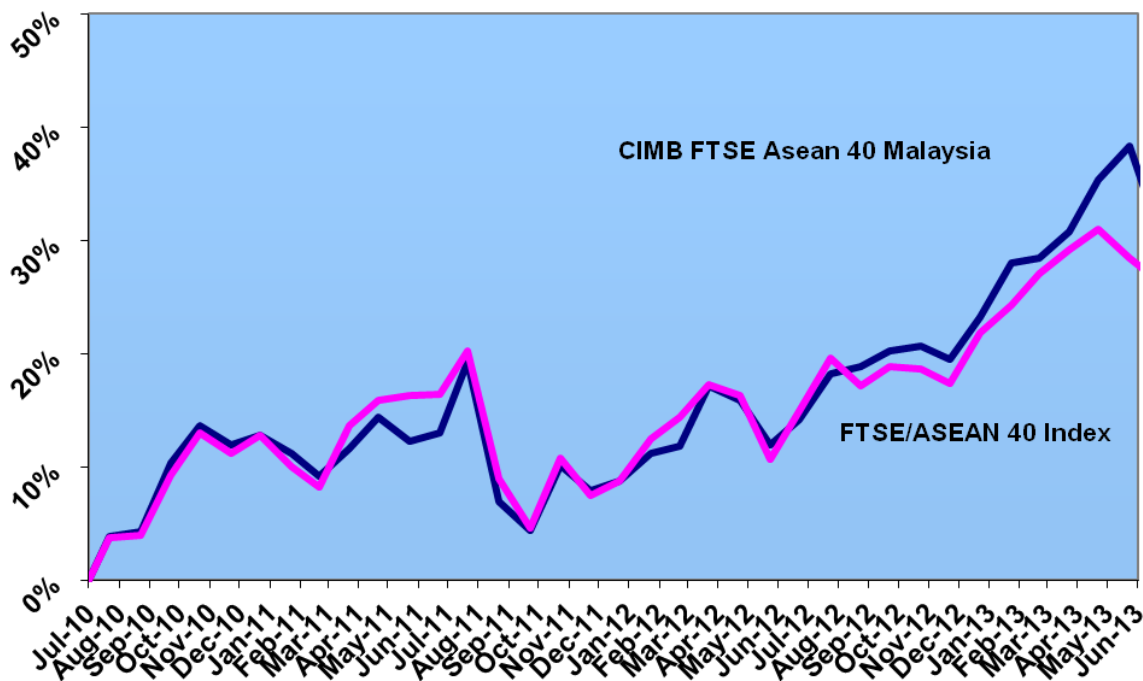
^ Based on NAV per Unit

^^ Based on Last Published Market Price

For the period under review, the Fund gained 14.62%, while the Underlying Fund gained 11.97%. The benchmark was up 10.08% for the same reporting period. The Fund recorded income of 2.03% when it went ex-dividend on 28 May, declaring a net income of 3.70 cents per unit.

The last available published market price of the Fund quoted on Bursa Malaysia was RM 1.7150, an increase of 12.09% for the period.

FUND PERFORMANCE (CONTINUED)



Changes in Net Asset Value (“NAV”)

	30.06.2013	30.06.2012	Changes (%)
Net Asset Value (“NAV”) (RM million)	13.91	12.39	12.28
NAV / unit (RM)	1.7177*	1.5299*	12.28

* NAV after distribution

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

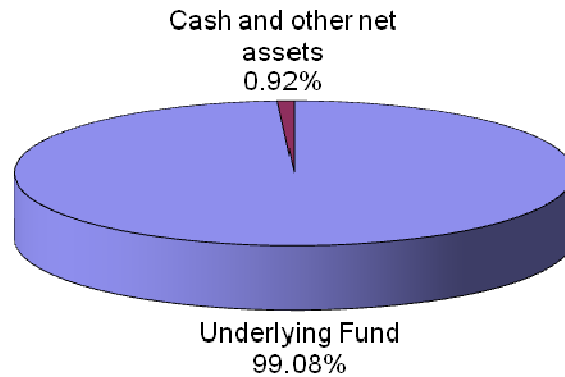
Performance data represents the combined income and capital return as a result of holding units in the fund for the specified length of time, based on NAV to NAV price. The performance data assumes that all earnings from the fund are reinvested and are net of management and trustee fees. Past performance 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)	30 June 2013	30 June 2012
Underlying Fund	99.08	99.36
Liquid assets and others	0.92	0.34
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

ASEAN markets experienced steep declines in June 2013, with the equity markets posting losses of between 6.00-12.00% after the US Federal Reserve issued a relatively hawkish statement indicating that QE (quantitative easing) tapering was likely before year end and may be halted by mid-2014. Adding to the negative sentiment was slowing data points coming out of China. Emerging market currencies depreciated across the board and outflows from all asset classes accelerated. We are of the view that the current aberration in the stock market has been driven largely by a technical correction rather than the start of a sustained bear market scenario. ASEAN corporates remain fundamentally sound and earnings growth guidance is still positive. We believe that ASEAN is in healthy shape with a debt position that has seen a marked improvement over the past decade. Our view is that the ASEAN story remains intact with the multi-year structural growth catalysts on track. The structural changes which we are seeing happening in ASEAN are providing the backdrop for a positive outlook for corporates operating in ASEAN.

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 30 June 2013 are as follows:

Size of unit holding	No of unit holders	No of units Held (million)	% of units held
5,000 and below	41	0.07	0.86
5,001 to 10,000	5	0.03	0.37
10,001 to 50,000	9	0.18	2.22
50,001 to 500,000	2	0.16	1.98
500,001 and above	2	7.66	94.57
	<u>59</u>	<u>8.10</u>	<u>100.00</u>

SOFT COMMISSIONS AND REBATES

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

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

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

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

I, being the Director of CIMB-Principal Asset Management Berhad, do hereby state that, in the opinion of the Manager, the accompanying audited financial statements set out on pages 23 to 48 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 30 June 2013 and of its financial performance, changes in equity and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

For and on behalf of the Manager,
CIMB-Principal Asset Management Berhad
(Company No.: 304078-K)

PEDRO ESTEBAN BORDA
Director

Kuala Lumpur
30 August 2013

**TRUSTEE'S REPORT TO THE UNITHOLDERS OF
CIMB FTSE ASEAN 40 MALAYSIA**

We have acted as Trustee for CIMB FTSE ASEAN 40 Malaysia (Fund) for the financial year ended 30 June 2013. To the best of our knowledge, for the period under review, CIMB-Principal Asset Management Berhad (Manager) has operated and managed the Fund in accordance with the following :-

- (a) limitations imposed on the investment powers of the Manager and Trustee under the Deed, the Securities Commission's Guidelines on Exchange-Traded Funds, the Capital Markets and Services Act 2007 and other applicable laws;
- (b) the valuation/pricing for the Fund has been carried out in accordance with the deed of the Fund and applicable regulatory requirements; and
- (c) creation and cancellation of units for the Fund have been carried out in accordance with the deed of the Fund and applicable regulatory requirements.
- (d) The distribution of 3.70 sen per unit (gross) for the financial year ended 30 June 2013 is consistent with the objective for the Fund.

For Deutsche Trustees Malaysia Berhad

Mahesh Anchan
Head, RTA Operations

Soon Lai Ching
Manager, Trustee Operations

Kuala Lumpur
30 August 2013

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
CIMB FTSE ASEAN 40 MALAYSIA**

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of CIMB FTSE Asean 40 Malaysia on pages 23 to 48, which comprise the statement of financial position as at 30 June 2013 of the Fund, and the statements of comprehensive income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on Note 1 to 19.

Manager's Responsibility for the Financial Statements

The Manager of the Fund is responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards, and for such internal control as the Manager determines are necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Fund as of 30 June 2013 and of its financial performance and cash flows for the financial year then ended.

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
CIMB FTSE ASEAN 40 MALAYSIA (CONTINUED)**

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 19 on page 48 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Manager is responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

1. As stated in Note 2(a) to the financial statements, CIMB FTSE Asean 40 Malaysia adopted Malaysia Financial Reporting Standards on 1 July 2012 with a transition date of 1 July 2011. These standards were applied retrospectively by the Manager to the comparative information in these financial statements, including the statements of financial position as at 30 June 2012 and 1 July 2011, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2012 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Fund for the year ended 30 June 2013 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 July 2012 do not contain misstatements that materially affect the financial position as of 30 June 2013 and financial performance and cash flows for the year then ended.
2. This report is made solely to the unitholders of the Fund and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

Kuala Lumpur
30 August 2013

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

	Note	2013 RM	2012 RM
NET INVESTMENT INCOME			
Dividend income		447,443	427,490
Net gain/(loss) on financial assets at fair value through profit or loss	9	1,473,374	(256,533)
Net foreign currency exchange gain		3,088	1,932
		<u>1,923,905</u>	<u>172,889</u>
EXPENSES			
Trustee's fee	5	12,000	17,557
Custodian fee		2,634	2,477
Audit fee		25,000	25,000
Tax agent's fee		13,729	3,000
Other expenses	6	8,540	1,684
		<u>61,903</u>	<u>49,718</u>
PROFIT BEFORE TAXATION		1,862,002	123,171
Taxation	7	<u>(40,717)</u>	<u>-</u>
PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE GAIN FOR THE FINANCIAL YEAR		<u>1,821,285</u>	<u>123,171</u>
Profit after taxation is made up as follows:			
Realised amount		338,454	325,127
Unrealised amount		1,482,831	(201,956)
		<u>1,821,285</u>	<u>123,171</u>

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

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013**

	Note	30.06.2013	30.06.2012	01.07.2011
CURRENT ASSETS				
Financial assets at fair value through profit or loss	9	13,785,876	12,312,502	12,569,034
Cash and cash equivalents	10	162,157	113,697	165,700
TOTAL ASSETS		<u>13,948,033</u>	<u>12,426,199</u>	<u>12,734,734</u>
CURRENT LIABILITIES				
Amount due to Trustee		986	987	1,550
Other payables and accruals	11	33,050	32,800	38,693
TOTAL LIABILITIES		<u>34,036</u>	<u>33,787</u>	<u>40,243</u>
NET ASSET VALUE OF THE FUND	12	<u>13,913,997</u>	<u>12,392,412</u>	<u>12,694,491</u>
EQUITY				
Unitholders' capital		11,169,090	11,169,090	11,169,090
Retained earnings		2,744,907	1,223,322	1,525,401
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	12	<u>13,913,997</u>	<u>12,392,412</u>	<u>12,694,491</u>
Number of units in circulation (units)	12	<u>8,100,000</u>	<u>8,100,000</u>	<u>8,100,000</u>
Net asset value per unit (RM)		<u>1.7177</u>	<u>1.5299</u>	<u>1.5672</u>

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

	Note	Unitholders' capital RM	Retained earnings RM	Total RM
Balance as at 1 July 2012, previously stated		11,169,090	1,223,322	12,392,412
Adjustments for transition from FRS to MFRS	18	-	-	-
Balance as at 1 July 2012, restated		11,169,090	1,223,322	12,392,412
Total comprehensive income for the financial year		-	1,821,285	1,821,285
Distribution for the financial year	8	-	(299,700)	(299,700)
Balance as at 30 June 2013		<u>11,169,090</u>	<u>2,744,907</u>	<u>13,913,997</u>
Balance as at 1 July 2011, previously stated		11,169,090	1,525,401	12,694,491
Adjustments for transition from FRS to MFRS	18	-	-	-
Balance as at 1 July 2011, restated		11,169,090	1,525,401	12,694,491
Total comprehensive income for the financial year		-	123,171	123,171
Distribution for the financial year	8	-	(425,250)	(425,250)
Balance as at 30 June 2012, restated		<u>11,169,090</u>	<u>1,223,322</u>	<u>12,392,412</u>

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

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

	Note	2013 RM	2012 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Dividends received		400,357	427,490
Trustee's fee paid		(12,001)	(18,121)
Custodian fee paid		(2,634)	(2,477)
Payments for other fees and expenses		(47,019)	(35,577)
Net cash generated from operating activities		<u>338,703</u>	<u>371,315</u>
CASH FLOWS FROM FINANCING ACTIVITY			
Distribution paid		(299,700)	(425,250)
Net cash used in financing activity		<u>(299,700)</u>	<u>(425,250)</u>
Net increase/(decrease) in cash and cash equivalents		39,003	(53,935)
Effects of foreign exchange differences		9,457	1,932
Cash and cash equivalents at the beginning of the financial year		<u>113,697</u>	<u>165,700</u>
Cash and cash equivalents at the end of the financial year	10	<u>162,157</u>	<u>113,697</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 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 asset 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 "Benchmark Index"). Therefore, the Manager adopts a passive strategy in the management of the Fund. All investments will be subjected to the SC Guidelines on Exchange-Trade Funds, the Deed, except where exemptions or variations have been approved by the SC, internal policies and procedures and the Fund's objective.

The principal objective of the Fund is to provide investment results that, 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.

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 establishment and 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 in accordance with the provisions of the Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards and the requirements.

The financial statements for the financial year ended 30 June 2013 are the first set of financial statements prepared in accordance with the MFRS, including MFRS 1 'First-time adoption of MFRS'. The Fund has consistently applied the same accounting policies in its opening MFRS statement of financial position at 1 July 2011 (transition date) and throughout all financial years presented, as if these policies had always been in effect. Note 18 discloses the impact of the transition to MFRS on the Fund's reported financial position, financial performance and cash flows.

The financial statements have been prepared under the historical cost convention.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

The preparation of financial statements in conformity with MFRS 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 judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2(m).

- (i) 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 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.

- Amendment to MFRS 7 "Financial instruments: Disclosures" (effective from 1 January 2013) requires more extensive disclosures focusing on quantitative information about recognised financial instruments that are offset in the statement of financial position and those that are subject to master netting or similar arrangements irrespective of whether they are offset. The Fund will apply this standard when effective.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

- (i) 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: (continued)

Financial year beginning on/after 1 July 2014

- Amendment to MFRS 132 “Financial instruments: Presentation” (effective from 1 January 2014) does not change the current offsetting model in MFRS 132. It clarifies the meaning of ‘currently has a legally enforceable right of set-off’ that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. It clarifies that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the MFRS 132 offsetting criteria. 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(b) Financial assets and financial liabilities**Classification

The Fund designates its investments 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 cash and cash equivalents.

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

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.

Financial liabilities, within the scope of MFRS 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.

Unrealised gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(b) Financial assets and financial liabilities (continued)**Recognition and measurement (continued)

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 profit rate, the discount rate for measuring any impairment loss is the current effective profit 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 year, 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.

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.

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

(d) Foreign currencyFunctional 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Foreign currency (continued)

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 put back 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 if the unitholder exercises the right to put back 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 unitholders with the total number of outstanding units.

(f) Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise 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 year.

Tax on dividend income from collective investment scheme is based on the tax regime of the respective countries that the Fund invests in.

(h) Unitholders' capital

The unitholders' contributions to the Fund meet the definition of puttable instruments classified as equity instruments under the revised MFRS 132 "Financial Instruments: Presentation".

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Distribution

A distribution to the Fund's unitholders is accounted for as a deduction from realised reserve. A proposed distribution is recognised as a liability in the period in which it is approved by the Board of Directors of the Manager.

(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) Fair value of financial instruments

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

Financial instruments of the Fund are as follows:

	Financial assets at fair value through profit or loss RM	Loans and receivables RM	Total RM
As at 30.06.2013			
Investment in a collective investment scheme (Note 9)	13,785,876	-	13,785,876
Cash and cash equivalents (Note 10)	-	162,157	162,157
	<u>13,785,876</u>	<u>162,157</u>	<u>13,948,033</u>
As at 30.06.2012			
Investment in a collective investment scheme (Note 9)	12,312,502	-	12,312,502
Cash and cash equivalents (Note 10)	-	113,697	113,697
	<u>12,312,502</u>	<u>113,697</u>	<u>12,426,199</u>

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(k) Fair value of financial instruments (continued)**

Financial instruments of the Fund are as follows: (continued)

	Financial assets at fair value through profit or loss RM	Loans and receivables RM	Total RM
As at 01.07.2011			
Investment in a collective investment scheme (Note 9)	12,569,034	-	12,569,034
Cash and cash equivalents (Note 10)	-	165,700	165,700
	<u>12,569,034</u>	<u>165,700</u>	<u>12,734,734</u>

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

(l) Realised and unrealised portions of net income 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 Securities Commission Guidelines on Exchange-Traded Funds.

(m) Critical accounting estimates and judgments in applying accounting policies

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.

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.

In undertaking any of the Fund's investment, the Manager will ensure that all assets of the Fund under management will be valued appropriately, that is at fair value and in compliance with the Securities Commission Guidelines on Exchange-Traded Funds.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES

The investment objective of the Fund is to provide investment results that, before expenses, closely correspond to the performance of the FTSE/ASEAN 40 Index, regardless of its performance. In line with its objective, the investment policy and strategy of the Fund is to invest at least 95% of its net asset value in the underlying fund, 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. 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 and currency risk), credit risk, liquidity risk, non-compliance risk and capital risk.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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

(a) Market risk

(i) Price risk

Price risk is the risk that the fair value of investment in a collective investment scheme will fluctuate because of changes in market prices (other than those arising from currency risk). The value of the collective investment scheme 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 a 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 Fund's overall exposure to price risk was as follows:

	30.06.2013	30.06.2012	01.07.2011
	RM	RM	RM
Collective investment scheme designated at fair value through profit or loss	<u>13,785,876</u>	<u>12,312,502</u>	<u>12,569,034</u>

The table below summarises the sensitivity of the Fund's net asset value and profit after tax to movements in prices of FTSE/ASEAN 40 Index (the "Benchmark Index").

The analysis is based on the assumptions that the Benchmark Index fluctuates by 12.03% (30.06.2012: 20.39%; 01.07.2011: 14.27%), which is the standard deviation of the daily fluctuation of the Benchmark Index, with all other variables held constant, and that the fair value of the investments moved in the same quantum with the fluctuation in the Benchmark 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 Benchmark Index is used as the Fund is designed to provide investment results that closely correspond to the performance of the Benchmark Index.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market risk (continued)

(i) Price risk (continued)

% Change in Benchmark Index	Benchmark Index	Market value RM	Impact on profit after tax/ net asset value RM
30.06.2013			
-12.03%	9,890	12,127,958	(1,657,918)
0%	11,242	13,785,876	-
12.03%	<u>12,594</u>	<u>15,443,794</u>	<u>1,657,918</u>
30.06.2012			
-20.39%	8,089	9,801,386	(2,511,116)
0%	10,161	12,312,502	-
20.39%	<u>12,234</u>	<u>14,823,618</u>	<u>2,511,116</u>
01.07.2011			
-14.27%	9,297	10,775,433	(1,793,601)
0%	10,845	12,569,034	-
14.27%	<u>12,393</u>	<u>14,362,635</u>	<u>1,793,601</u>

(ii) Currency risk

The Fund's investments are denominated in foreign currencies. Foreign currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Manager will evaluate the likely directions of a foreign currency versus Ringgit Malaysia based on considerations of economic fundamentals such as interest rate differentials, balance of payments position, debt levels, and technical chart considerations.

The following table sets out the foreign currency risk concentrations arising from the denomination of the Fund's financial instruments in foreign currency of the Fund.

	Financial assets at fair value through profit or loss RM	Cash and cash equivalents RM	Total RM
30.06.2013			
USD	<u>13,785,876</u>	<u>125,592</u>	<u>13,911,468</u>
30.06.2012			
USD	<u>12,312,502</u>	<u>15,479</u>	<u>12,327,981</u>
01.07.2011			
USD	<u>12,569,034</u>	<u>105,361</u>	<u>12,674,395</u>

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market risk (continued)

(iii) Currency risk (continued)

The table below summarises the sensitivity of the Fund's investments, and cash and cash equivalents fair value to changes in foreign exchange movements for the Fund. The analysis is based on the assumption that the foreign exchange rate fluctuates by 6.17% (30.06.2012: 7.64%; 01.07.2011: 6.41%), which is the standard deviation of the daily fluctuation of the exchange rate of USD against MYR, 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 6.17% (30.06.2012: 7.64%; 01.07.2011: 6.41%).

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

	Change in foreign exchange rate %	Impact on profit after tax/ net asset value RM
30.06.2013 USD	<u>6.17</u>	<u>858,426</u>
30.06.2012 USD	<u>7.64</u>	<u>942,410</u>
01.07.2011 USD	<u>6.41</u>	<u>812,429</u>

(b) Credit risk

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

The credit risk arising from cash and cash equivalents is managed by ensuring that the Fund will only place deposits in reputable licensed financial institutions. 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 concentration of the Fund:

	30.06.2013 RM	Cash and cash equivalents 30.06.2012 RM	01.07.2011 RM
Finance - AA1	<u>162,157</u>	<u>113,697</u>	<u>165,700</u>

All financial assets of the Fund are neither past due nor impaired. At the end of each reporting period, 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 Fund has a policy of maintaining a minimum level of 2% of liquid assets at all times to reduce the liquidity risk.

The table below summarises the Fund's financial liabilities into relevant maturity groupings based on the remaining period as at the end of the reporting period 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
30.06.2013			
Amount due to Trustee	986	-	986
Other payables and accruals	-	33,050	33,050
Contractual cash outflows	986	33,050	34,036
30.06.2012			
Amount due to Trustee	987	-	987
Other payables and accruals	-	32,800	32,800
Contractual cash outflows	987	32,800	33,787
01.07.2011			
Amount due to Trustee	1,550	-	1,550
Other payables and accruals	-	38,693	38,693
Contractual cash outflows	1,550	38,693	40,243

(d) 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.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**(e) Tracking error risk**

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

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

(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) 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 Manager will provide In-Kind Creation Basket which comprises a portfolio of the Benchmark Index shares in substantially the same composition and weighting as the Benchmark Index and cash component to be delivered by the Participating Dealer in the case of creations and to be transferred to the Participating Dealer in the case of cancellations. The Fund maintains sufficient quantity of shares and cash in proportion to the In-Kind Basket.

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.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**(h) 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.

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 are based on the following methodology and assumptions:

- (i) Bank balance and 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.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(h) Fair value estimation (continued)

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- 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.

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
30.06.2013				
Financial assets at fair value through profit or loss				
- collective investment scheme	<u>13,785,876</u>	<u>-</u>	<u>-</u>	<u>13,785,876</u>
30.06.2012				
Financial assets at fair value through profit or loss				
- collective investment scheme	<u>12,312,502</u>	<u>-</u>	<u>-</u>	<u>12,312,502</u>
01.07.2011				
Financial assets at fair value through profit or loss				
- collective investment scheme	<u>12,569,034</u>	<u>-</u>	<u>-</u>	<u>12,569,034</u>

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'S FEE

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 net asset value of the Fund, subject to a minimum fee of RM18,000 per annum, excluding foreign sub-custodian fees and charges. The Trustee has changed the minimum fees to RM12,000 per annum with effect from 1 June 2012.

For the financial year ended 30 June 2013, the Trustee's fee is recognised at a rate of 0.08% per annum (2012: 0.08%).

There will be no further liability to the Trustee in respect of Trustee's fee other than amounts recognised above.

6. OTHER EXPENSES

Printing costs	310	966
Listing fee	2,000	-
Other expenses	6,230	718
	<u>8,540</u>	<u>1,684</u>

7. TAXATION

	2013 RM	2012 RM
Current taxation-foreign	<u>40,717</u>	<u>-</u>

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

	2013 RM	2012 RM
Net profit before taxation	<u>1,862,002</u>	<u>123,171</u>
Taxation at Malaysian statutory rate of 25% (2012: 25%)	465,501	30,793
Tax effects of:		
Investment income not subject to tax	(480,976)	(43,223)
Expenses not deductible for tax purposes	8,586	6,180
Restriction on tax deductible expenses for exchange-traded funds	6,889	6,250
Effect of foreign tax on foreign taxable income	<u>40,717</u>	<u>-</u>
Taxation	<u>40,717</u>	<u>-</u>

8. DISTRIBUTION

Distribution to unitholders is derived from the following sources:

	2013 RM	2012 RM
Dividend income	394,833	156,820
Prior financial year's realised income	-	287,659
	<u>394,833</u>	<u>444,479</u>
Less:		
Expenses	(54,416)	(19,229)
Taxation	(40,717)	-
	<u>299,700</u>	<u>425,250</u>
Distribution on 6 June 2013		
Net distribution per unit (sen)	3.70	-
Gross distribution per unit (sen)	<u>4.20</u>	<u>-</u>
Distribution on 13 June 2012		
Net distribution per unit (sen)	-	5.25
Gross distribution per unit (sen)	<u>-</u>	<u>5.25</u>

Net distribution above is sourced from realised income.

Gross distribution per unit is derived from gross realised income less expenses divided by the number of units in circulation, while net distribution per unit is derived from gross realised income less expenses and taxation divided by the number of units in circulation.

Included in the distribution for the financial year ended 30 June 2012 is an amount of RM287,659 made from previous period's realised income.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30.06.2013 RM	30.06.2012 RM	01.07.2011 RM
Designated at fair value through profit or loss			
- collective investment scheme	<u>13,785,876</u>	<u>12,312,502</u>	<u>12,569,034</u>

	2013 RM	2012 RM
Net gain/(loss) on financial assets at fair value through profit or loss:		
- changes in unrealised fair value gain	<u>1,473,374</u>	<u>(256,533)</u>
	<u>1,473,374</u>	<u>(256,533)</u>

	Quantity units	Aggregate cost RM	Market value RM	Percentage of net asset value %
30.06.2013				
Singapore				
CIMB FTSE ASEAN 40	<u>400,000</u>	11,773,214	<u>13,785,876</u>	99.08
UNREALISED GAIN ON FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>2,012,662</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>13,785,876</u>		
30.06.2012				
Singapore				
CIMB FTSE ASEAN 40	<u>400,000</u>	11,773,214	<u>12,312,502</u>	99.36
UNREALISED GAIN ON FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>539,288</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>12,312,502</u>		
01.07.2011				
Singapore				
CIMB FTSE ASEAN 40	<u>400,000</u>	11,773,213	<u>12,569,034</u>	99.01
UNREALISED GAIN ON FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>795,821</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>12,569,034</u>		

10. CASH AND CASH EQUIVALENTS

	30.06.2013	30.06.2012	01.07.2011
	RM	RM	RM
Bank balance in a licensed bank	<u>162,157</u>	<u>113,697</u>	<u>165,700</u>

11. OTHER PAYABLES AND ACCRUALS

	30.06.2013	30.06.2012	01.07.2011
	RM	RM	RM
Provision for audit fee	25,000	22,750	25,000
Provision for tax agent's fee	4,000	6,000	3,000
Other accruals	4,050	4,050	10,693
	<u>33,050</u>	<u>32,800</u>	<u>38,693</u>

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

Net asset value (NAV) attributable to unit holders is represented by:

	Note	30.06.2013	30.06.2012	01.07.2011
		RM	RM	RM
Unit holders' contribution	(a)	11,169,090	11,169,090	11,169,090
Retained earnings		2,744,907	1,223,322	1,525,401
		<u>13,913,997</u>	<u>12,392,412</u>	<u>12,694,491</u>

(a) UNIT HOLDERS' CONTRIBUTION/ UNIT IN CIRCULATION

	2013		2012	
	No of units	RM	No of units	RM
At the beginning of the financial year	8,100,000	12,392,412	8,100,000	12,694,491
Total comprehensive income for the financial year	-	1,821,285	-	123,171
Distribution for the financial year	-	(299,700)	-	(425,250)
At the end of the financial year	<u>8,100,000</u>	<u>13,913,997</u>	<u>8,100,000</u>	<u>12,392,412</u>
Approved size of the Fund	<u>500,000,000</u>		<u>500,000,000</u>	

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 30 June 2013, the number of units not yet issued is 491,900,000 (30.06.2012: 491,900,000; 01.07.2011: 491,900,000).

The Manager, CIMB-Principal Asset Management Berhad, did not hold any units in the Fund as at 30 June 2013 (30.06.2012: nil; 01.07.2011: nil).

13. MANAGEMENT EXPENSE RATIO (“MER”)

	2013 %	2012 %
MER	<u>0.46</u>	<u>0.40</u>

MER is derived from the following calculation:

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

A	=	Trustee’s fee
B	=	Custodian fee
C	=	Audit fee
D	=	Tax agent’s fee
E	=	Other expenses
F	=	Average net asset value of the Fund calculation on a daily basis

The average net asset value of the Fund for the financial year calculated on daily basis is RM13,531,748 (2012: RM12,529,768).

14. PORTFOLIO TURNOVER RATIO (“PTR”)

	2013	2012
PTR (times)	<u>-</u>	<u>-</u>

PTR is derived based on the following calculation:

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

where:

total acquisition for the financial year	=	Nil (2012: Nil)
total disposal for the financial year	=	Nil (2012: Nil)

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

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

<u>Related parties</u>	<u>Relationship</u>
CIMB-Principal Asset Management Berhad	The Manager
CIMB-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.

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

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 year.

Significant related party transactions

There were no significant related party transactions during the financial year.

Significant related party balances

	30.06.2013	30.06.2012	01.07.2011
	RM	RM	RM
Investment in collective investment scheme			
- CIMB FTSE ASEAN 40	<u>13,785,876</u>	<u>12,312,502</u>	<u>12,569,034</u>

16. TRANSACTIONS WITH BROKERS/DEALERS

There were no transactions with brokers/dealers for the financial year ended 30 June 2013 and 30 June 2012.

17. 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 MFRS and International Financial Reporting Standards. The chief operating decision maker is responsible for the performance of the fund and considers the business to have a single operating segment.

18. TRANSITION FROM FRS TO MFRS

Effective from 1 July 2012, the Fund adopted MFRS 1 'First-time adoption of MFRS' (effective 1 January 2012) for the financial year ended 30 June 2013. The financial statements of the Fund for the financial year ended 30 June 2013 are the first set of financial statements prepared in accordance with the MFRS, including MFRS 1 'First-time adoption of MFRS'. The Fund has consistently applied the same accounting policies in its opening MFRS statement of financial position at 1 July 2011 (transition date) and throughout all years presented, as if these policies had always been in effect.

(a) MFRS 1 mandatory exceptions

Estimates MFRS estimates as at transition date are consistent with the estimates as at the same date made in conformity with FRS.

(b) Explanation of transition from FRS to MFRS

Transition from FRS to MFRS does not have any significant impact on the financial statements of the Fund.

19. SUPPLEMENTARY INFORMATION DISCLOSED PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

The following analysis of realised and unrealised retained earnings at the legal entity level is prepared in accordance with Bursa Malaysia Securities Berhad's Listing Requirements and the Guidance on Special Matter No.1, "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements", as issued by the Malaysian Institute of Accountants whilst the disclosure is based on the prescribed format by Bursa Malaysia Securities Berhad.

	2013	2012
	RM	RM
Total accumulated earnings of the Fund		
- Realised	720,856	682,102
- Unrealised	2,024,051	541,220
	<u>2,744,907</u>	<u>1,223,322</u>

The analysis between realised and unrealised retained earnings above is prepared on a different basis as compared to the analysis of realised and unrealised retained earnings as disclosed in the statement of comprehensive income.

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