

CIMB FTSE ASEAN 40 MALAYSIA

UNAUDITED QUARTERLY REPORT

**FOR THE FINANCIAL PERIOD ENDED 1 JULY 2013
TO 30 SEPTEMBER 2013**

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INVESTORS' LETTER

Dear Valued Investors,

CIMB-Principal Asset Management Berhad (CIMB-Principal) was recently awarded the Asian Investor 2013 Investment Performance Award for Asian Fund House of the Year. This prestigious award is granted to the best overall fund house headquartered in Asia Pacific, recognised for a combination of business strategy, execution, investment performance, asset gathering, innovation and success.

Being deemed the 'Best Asian Fund House' is a confirmation of our efforts as Asian investment manager. This regional recognition of our performance and capabilities also demonstrates our success in pursuing our strategy towards offering products, services and solutions that match the risk profile and investment appetite of our clients in the region.

In conjunction with the award presentation held on 2 July 2013, CIMB-Principal also shares its insights on the market outlook and investment strategy entitled, "The Asian Growth Story: More to Go?" with guests and media. During the talk, our Chief Investment Officer, ASEAN Region, CIMB-Principal, Raymond Tang highlighted the fundamental opportunities in Asia. This was then followed by an in-house expert panel discussion that deeply explored our investment perspectives on the region. The discussion also touched and debated on the effects on a potential tapering of the quantitative easing programme. The discussion was concluded with a questions and answers session with the participants. Our panelists were (1) Raymond Tang; (2) Lee Heng Guie - Director, Economic Research, CIMB Investment Bank; and (3) Ken Goh, Chief Executive Officer, CIMB-Principal Asset Management (S) Pte Ltd.

On another note: As the second half of 2013 gets solid underway, it's the perfect time to evaluate your retirement plan. It is worth thinking about paying more now to have that little extra during your retirement years. If you are a member of PRS Plus, you're doing more for your retirement than most people. In addition to giving you the opportunity to earn potentially higher returns, the extra contributions made to PRS Plus are tax efficient savings for retirement. Contributing to PRS Plus can grant tax relief of up to RM3,000 per year* on a continuous basis for a period of 10 years from year assessment 2012. If you have not made a total contribution of RM3,000* to any PRS approved by the Securities Commission Malaysia ("SC") this year, it is a good time to maximise your PRS tax relief in this last quarter. Remember this unused tax credit will be lost forever.

Before signing off, I am pleased to announce that Puan Munirah Khairuddin has been promoted to Chief Executive Officer (CEO), CIMB-Principal, helming the business in Malaysia. Having joined the company in November 2006 and appointed as Deputy CEO in November 2008, the action formalises and reflects her business responsibilities in Malaysia. I have been re-designated as the CEO, ASEAN Region, focusing on the growth and competitiveness of our regional business.

Happy Investing!



Yours sincerely,
Pedro Esteban Borda
Executive Director / CEO, ASEAN Region
CIMB-Principal Asset Management Berhad

**Assuming that you do not contribute to deferred annuities*

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 performance of the Fund has met its objective to closely correspond to the performance of the Benchmark Index. The Fund declined 2.66% for the quarter while the Underlying Fund declined 2.63%. In the meantime, the Benchmark Index was down 2.25%.

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 September 2013?

RM 13.54 million (8.10 million units)

What is the Fund's benchmark?

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

What is the Fund distribution policy?

Annually, subject to the discretion of the Manager

* Listing date

PERFORMANCE DATA

Details of portfolio composition of the Fund are as follows:

	30.09.2013	30.09.2012	30.09.2011
	%	%	%
Sector			
Underlying Fund	99.11	99.48	99.00
Liquid assets and others	0.89	0.52	1.00
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

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

	30.09.2013	30.09.2012	30.09.2011
Net Asset Value (RM million)	13.54	13.05	11.72
Units In circulation (Million)	8.10	8.10	8.10
Net Asset Value per Unit (RM)	1.6721	1.6115	1.4467
Highest NAV per Unit (RM)	1.7803	1.6243	1.7981
Lowest NAV per Unit (RM)	1.6064	1.5588	1.3584
Market Price per Unit (RM)	1.7200	1.6100	1.4350
Highest Market Price per Unit (RM)	1.7850	1.6350	1.6150
Lowest Market Price per Unit (RM)	1.6300	1.5300	1.3850
Total return (%) ^	(2.66)	5.34	(7.69)
-capital growth (%)	(2.66)	5.34	(7.69)
-income growth (%)	-	-	-
Management Expenses Ratio (%)	0.08	0.09	0.18
Portfolio Turnover Ratio (times) #	-	-	-

(Launch date : 9 July 2010)

^ based on NAV per unit

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

Period	Total return	Annualised
	(%)	(%)
- Since inception (SI)	27.34	7.76
- One Year	5.92	5.92
- Benchmark SI	23.60	6.77
	01.10.2012 to	01.10.2011 to
	30.09.2013	30.09.2012
	(%)	(%)
Annual total return	<u>5.92</u>	<u>15.25</u>
		Since inception
		To 30.09.2011
		(%)
		<u>4.32</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 2013 TO 30 SEPTEMBER 2013)

ASEAN markets were challenging over the 3 months period ended September 2013. Most of the five ASEAN markets under observation recorded negative returns, except for Singapore which gained 4.24%, in MYR terms. Malaysia declined slightly by 0.24%, followed by Thailand (-2.69%) and the Philippines (-2.78%). Indonesia was the worst performing market, falling by 20.74% over the period.

Singapore was the winner for the quarter, recording 4.24% gains. The stock market was initially supported by positive macroeconomic data points which suggested a 2H13 rebound. The 2Q13 Gross Domestic Product (GDP) growth came in at 3.8% which was above expectations. In 1H13, Singapore's GDP grew 2.0%, in line with the government's official forecast of 1%-3%. Singapore inched slightly higher after the US Federal Reserve (Fed) unexpectedly postponed the tapering of its USD85 billion monthly bond purchases. During the National Day rally speech, the Singapore Prime Minister Lee Hsien Loong addressed key policy reviews in housing, healthcare, education and infrastructure namely broad-based affordability of Housing Development Board ("HDB") flats, revamping Medishield to provide universal and lifelong coverage, expansion plans for Changi Airport and relocation of Paya Lebar Air Base/Tanjong Pagar Port to free up land for redevelopment.

Malaysia ended slightly lower for the quarter. The stock market came under selling pressure towards the end of July when Fitch Rating revised its outlook on Malaysia to 'negative' from 'stable', while its long-term foreign and local currency issuer default ratings (IDRs) have been affirmed at 'A-' and 'A' respectively. Malaysia's credit standards have been on global watch list as the possibility of addressing public finance weaknesses has deteriorated post election 2013, which was held in May. The stock market fell in August after 2Q13 GDP growth numbers which were below expectations was published. In September, the government reiterated its commitment towards fiscal consolidation with likely introduction of: (1) subsidy reductions, (2) value added tax, (3) deferring/sequencing public sector projects, and (4) a review of real property gains tax ("RPGT") to rein in rising property prices and curb speculation.

Thailand continued to fall during the quarter, reacting to expectations of a contraction of quantitative easing (QE) in the US. For the period of January to September 2013, foreigners net sold USD3.5 billion versus total net bought USD2.5 billion in 2012. Market was also affected after the National Economic and Social Development Board (NESDB) issued GDP statistics for 2Q13 which was well below expectations. In August, the Thai Board of Investment (BOI) announced that the Board had decided to establish three offices abroad, in Vietnam, Burma, and Indonesia as they believe that Thai trade and investment in these three countries will grow as a result of establishment of the ASEAN Economic Community (AEC) in 2015. At the same time, the Thai Industry Minister revealed that two flood recovery investment incentive programs of the BOI had been approved, with expected investment worth of THB 187 billion (USD 5.92billion).

In the Philippines, stock market also declined into negative territory for the quarter. In the beginning, the market started well as investment grade rating from Moody's boosted investor confidence. However, the market tumbled in August due to QE tapering concerns. The country's balance of payment (BOP) in August reversed to a USD 318 million deficit due to net outflow of funds caused by the uncertainty from the Fed QE tapering. The market was further affected due to fears of a US government shutdown. There were delays in the Public-Private Partnership (PPP) projects due to the rebidding of the PHP 60 billion (USD 1.38billion) light rail transit (LRT) line 1 extension and commercial issues holding up the bidding of Mactan International Airport Terminal.

Indonesia's stock market suffered sharp sell-offs, falling 20.74% over the period under review. With expectations of a scaling back of QE in the US, rising bond yields and net foreign outflows continued to drive the market lower. USD 521 million of outflows from equities was seen in the month of August while the total outflows from January to August stood at USD 829 million. Subsequently, Indonesia saw its currency sold down heavily, plunging to a record low. CPI inflation soared to 8.6% year-on-year (y-o-y) & 3.3% month-on-month (m-o-m) in July as the full impact of June's fuel price hike was felt. On 23 August, the government announced four policy packages to stabilise the financial sector: (1) to improve current account deficit and IDR currency; (2) to maintain growth; (3) to maintain purchasing power; and (4) to accelerate investments.

FUND PERFORMANCE

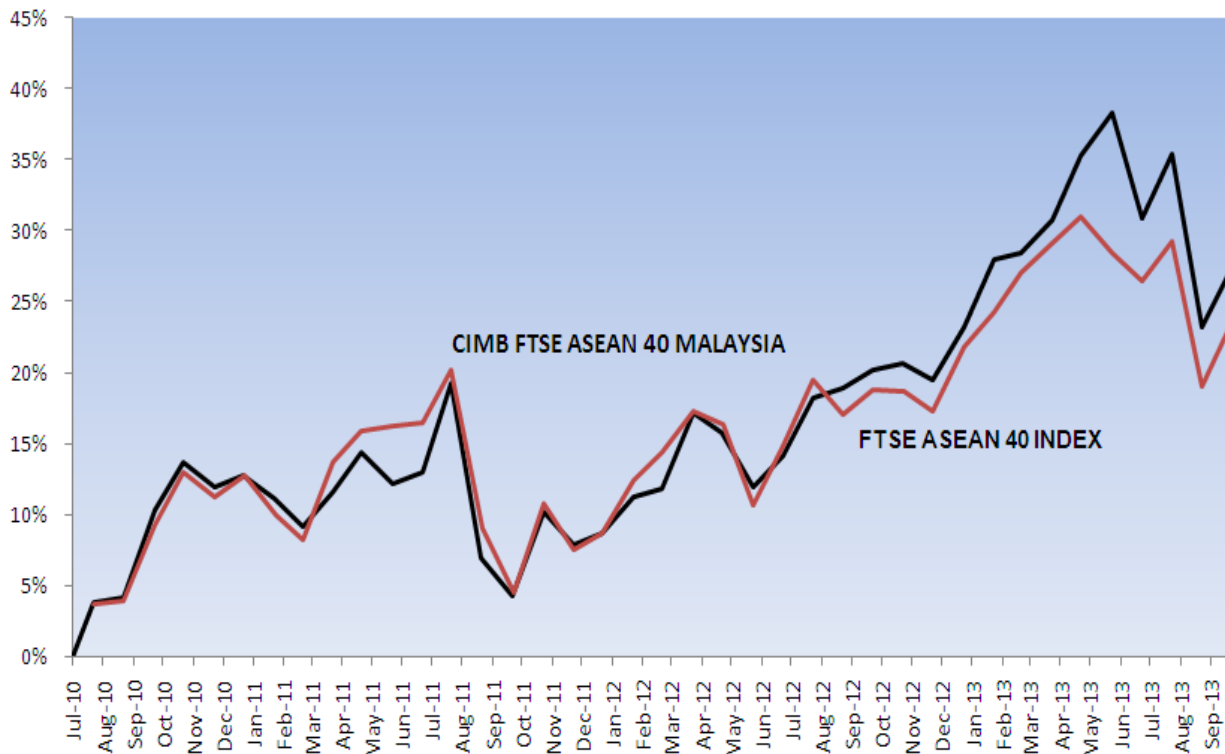
	3 months to 30.09.2013 (%)	1 year to 30.09.2013 (%)	Since inception to 30.09.2013 (%)
Income	-	2.03	5.56
Capital ^	(2.66)	3.81	20.64
Total Return ^	(2.66)	5.92	27.35
Annualised Return ^	(10.04)	5.92	7.76
Underlying Fund ^^	(2.63)	3.36	21.49
Benchmark (FTSE ASEAN 40 Index)	(2.25)	4.02	23.60
Market Price per Unit	0.29	6.83	23.74

^ Based on NAV per Unit

^^ Based on Last Published Market Price

For the period under review, the Fund declined 2.66%, in line with the Underlying Fund which declined 2.63%. Meanwhile, the benchmark was down 2.25% for the same reporting period.

The last available published market price of the Fund quoted on Bursa Malaysia was RM 1.72. This represents an increase of 0.29% despite the fall in NAV per unit by 2.66% for the same reporting period.



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.

FUND PERFORMANCE (CONTINUED)**Changes in Net Asset Value (“NAV”)**

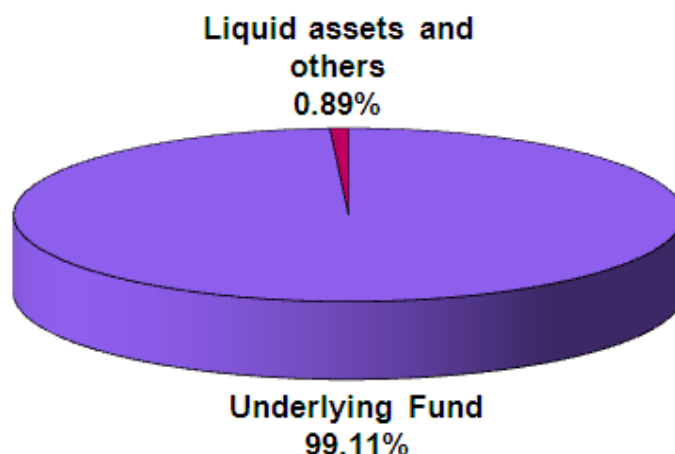
	30.09.2013	30.09.2012	Changes (%)
Net Asset Value (“NAV”) (RM Million)	13.54	13.05	3.75
NAV / Unit (RM)	1.6721	1.6115	3.76

Both NAV and NAV per unit show positive changes over the one-year period. The increase was due to encouraging performance of the combined ASEAN markets over the one-year period.

PORTFOLIO STRUCTURE**Asset allocation**

(% of NAV)	30.09.2013	30.09.2012
Underlying Fund	99.11	99.48
Liquid assets and others	0.89	0.52
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**

While the Fed's decision not to taper at the September meeting was welcomed by the markets, we believe policy has not changed but rather just the timing of the tapering. The recent volatility in currencies revealed a need for more reforms and restructuring. Central banks in ASEAN have begun to address some of their domestic issues, but data releases in the coming months will need to show that these measures are working. Given the uncertainties that still surround the emerging markets, we make no changes to our investment thesis of investing in ASEAN's consumption theme which despite facing a slower growth environment, we believe will continue to be one of the pillars of GDP growth for the region.

Although the worst may be behind us, downside risks still remain in the near term. Renewed tapering talks may prompt another round of outflows from the markets. We remain positive on the ability of ASEAN corporates to muddle through this period of expected volatility.

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 September 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
	59	8.10	100.00

SOFT COMMISSIONS AND REBATES

The management company and the Trustee (including their officers) will not retain any form of rebate or soft commission from, or otherwise share in any commission with, any broker in consideration for directing dealings in the investments of the Funds unless the soft commission received is retained in the form of goods and services such as financial wire services and stock quotations system incidental to investment management of the Funds. All dealings with brokers are executed on best available terms.

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

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

We, being the Directors of CIMB-Principal Asset Management Berhad, do hereby state that, in the opinion of the Manager, the accompanying unaudited financial statements set out on pages 9 to 32 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 September 2013 and of its financial performance, changes in equity and cash flows of the Fund for the financial period ended on that date 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

MUNIRAH KHAIRUDDIN
Chief Executive Officer/Director

Kuala Lumpur

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2013**

	Note	01.07.2013 to 30.09.2013 RM	01.07.2012 to 30.09.2012 RM
NET INVESTMENT (LOSS)/INCOME			
Net (loss)/gain on financial assets at fair value through profit or loss	7	(362,916)	673,635
Net foreign currency exchange gain/(loss)		3,936	(583)
		<u>(358,980)</u>	<u>673,052</u>
EXPENSES			
Trustee's fee	5	3,025	3,025
Custodian fee		-	405
Audit fee		6,301	6,301
Tax agent's fee		757	1,756
Other expenses		930	549
		<u>11,013</u>	<u>12,036</u>
(LOSS)/PROFIT BEFORE TAXATION		(369,993)	661,016
Taxation	6	-	-
(LOSS)/PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		<u>(369,993)</u>	<u>661,016</u>
 (Loss)/Profit after taxation is made up as follows:			
Realised amount		(7,077)	(12,619)
Unrealised amount		<u>(362,916)</u>	<u>673,635</u>
		<u>(369,993)</u>	<u>661,016</u>

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

**UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2013**

	Note	30.09.2013	30.09.2012
CURRENT ASSETS			
Financial assets at fair value through profit or loss	7	13,422,960	12,986,136
Cash and cash equivalents	8	<u>162,138</u>	<u>103,806</u>
TOTAL ASSETS		<u>13,585,098</u>	<u>13,089,942</u>
CURRENT LIABILITIES			
Amount due to Trustee		986	987
Other payables and accruals	9	<u>40,108</u>	<u>35,527</u>
TOTAL LIABILITIES		<u>41,094</u>	<u>36,514</u>
NET ASSET VALUE OF THE FUND	10	<u>13,544,004</u>	<u>13,053,428</u>
EQUITY			
Unitholders' capital		11,169,090	11,169,090
Retained earnings		<u>2,374,914</u>	<u>1,884,338</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	10	<u>13,544,004</u>	<u>13,053,428</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)	10	<u>8,100,000</u>	<u>8,100,000</u>
NET ASSET VALUE PER UNIT		<u>1.6721</u>	<u>1.6115</u>

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

**UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2013**

	Note	Unitholders' capital RM	Retained earnings RM	Total RM
Balance as at 1 July 2013, previously stated		11,169,090	2,744,907	13,913,997
Adjustments for transition from FRS to MFRS	16	-	-	-
Balance as at 1 July 2013, restated		11,169,090	2,744,907	13,913,997
Total comprehensive income for the financial period		-	(369,993)	(369,993)
Balance as at 30 September 2013	10	<u>11,169,090</u>	<u>2,374,914</u>	<u>13,544,004</u>
Balance as at 1 July 2012, previously stated		11,169,090	1,223,322	12,392,412
Adjustments for transition from FRS to MFRS	16	-	-	-
Balance as at 1 July 2012, restated		11,169,090	1,223,322	12,392,412
Total comprehensive income for the financial period		-	661,016	661,016
Balance as at 30 September 2012, restated	10	<u>11,169,090</u>	<u>1,884,338</u>	<u>13,053,428</u>

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

**UNAUDITED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2013**

	Note	01.07.2013 to 30.09.2013 RM	01.07.2012 to 30.09.2012 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Trustee's fee paid		(3,025)	(3,025)
Custodian fee paid		-	(405)
Professional fee paid		-	(549)
Payments for other fees and expenses		(930)	(5,329)
Net cash used in operating activities		<u>(3,955)</u>	<u>(9,308)</u>
CASH FLOWS FROM FINANCING ACTIVITY			
Distribution paid		-	-
Net cash used in financing activity		<u>-</u>	<u>-</u>
Net decrease in cash and cash equivalents		(3,955)	(9,308)
Effects of foreign exchange differences		3,936	113,697
Cash and cash equivalents at the beginning of the financial period		<u>162,157</u>	<u>(583)</u>
Cash and cash equivalents at the end of the financial period	8	<u>162,138</u>	<u>103,806</u>

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

**UNAUDITED NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 disclose 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 01 October 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 October 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 October 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 30.09.2013			
Investment in a collective investment scheme (Note 7)	13,422,960	-	13,422,960
Cash and cash equivalents (Note 8)	-	162,138	162,138
	<u>13,422,960</u>	<u>162,138</u>	<u>13,585,098</u>
As at 30.09.2012			
Investment in a collective investment scheme (Note 7)	12,986,136	-	12,986,136
Cash and cash equivalents (Note 8)	-	103,806	103,806
	<u>12,986,136</u>	<u>103,806</u>	<u>13,089,942</u>

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Realised and unrealised portions of 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.

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.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market risk (continued)

(i) Price risk (continued)

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

	30.09.2013	30.09.2012
	RM	RM
Collective investment scheme designated at fair value through profit or loss	<u>13,422,960</u>	<u>12,986,136</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% (30.09.2012: 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.

% Change in Benchmark Index	Market value RM	Impact on profit after tax/ net asset value RM
30.09.2013		
+12.03%	15,037,742	1,614,782
0%	13,422,960	-
-12.03%	<u>11,808,178</u>	<u>(1,614,782)</u>
30.09.2012		
+14.27%	14,839,258	1,853,122
0.00%	12,986,136	-
-14.27%	<u>11,133,014</u>	<u>(1,853,122)</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.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market risk (continued)

(ii) Currency risk (continued)

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
30.09.2013			
USD	<u>13,422,960</u>	<u>129,528</u>	<u>13,552,488</u>
30.09.2012			
USD	<u>12,986,136</u>	<u>14,896</u>	<u>13,001,032</u>

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% (30.09.2012: 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% (30.09.2012: 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
As at 30.09.2013		
USD	<u>6.17</u>	<u>836,188</u>
As at 30.09.2012		
USD	<u>6.41</u>	<u>833,366</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.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Credit risk (continued)

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

	Cash and cash equivalents	
	30.09.2013	30.09.2012
	RM	RM
Finance		
- AA1	162,138	103,806

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.

(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
30.09.2013			
Amount due to Trustee	986	-	986
Other payables and accruals	-	40,108	40,108
Contractual cash outflows	<u>986</u>	<u>40,108</u>	<u>41,094</u>
30.09.2012			
Amount due to Trustee	987	-	987
Other payables and accruals	-	35,527	35,527
Contractual cash outflows	<u>987</u>	<u>35,527</u>	<u>36,514</u>

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

(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.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**(g) Capital risk management (continued)**

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.

(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
30.09.2013				
Financial assets at fair value through profit or loss				
- collective investment scheme	<u>13,422,960</u>	<u>-</u>	<u>-</u>	<u>13,422,960</u>
30.09.2012				
Financial assets at fair value through profit or loss				
- collective investment scheme	<u>12,986,136</u>	<u>-</u>	<u>-</u>	<u>12,986,136</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 period ended 30 September 2013, the Trustee's fee is recognised at a rate of 0.08% per annum (30.09.2012: 0.08% per annum).

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

6. TAXATION

	01.07.2013 to 30.09.2013 RM	01.07.2012 to 30.09.2012 RM
Current taxation-foreign	<u>-</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:

	01.07.2013 to 30.09.2013 RM	01.07.2012 to 30.09.2012 RM
Net (loss)/profit before taxation	<u>(369,993)</u>	<u>661,016</u>
Taxation at Malaysian statutory rate of 25% (2012: 25%)	(92,500)	165,254
Tax effects of:		
Investment income not subject to tax	89,800	(168,263)
Expenses not deductible for tax purposes	1,300	2,127
Restriction on tax deductible expenses for exchange- traded funds	<u>1,400</u>	<u>882</u>
Taxation	<u>-</u>	<u>-</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30.09.2013 RM	30.09.2012 RM
Designated at fair value through profit or loss - collective investment scheme	<u>13,422,960</u>	<u>12,986,136</u>
	01.07.2013 to 30.09.2013 RM	01.07.2012 to 30.09.2012 RM
Net (loss)/gain on financial assets at fair value through profit or loss:		
- changes in unrealised fair value gain	<u>(362,916)</u>	<u>673,635</u>

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

	Quantity units	Aggregate cost RM	Market value RM	Percentage of net asset value %
30.09.2013				
Singapore				
CIMB FTSE ASEAN 40	<u>400,000</u>	11,773,214	<u>13,422,960</u>	99.11
EFFECT OF UNREALISED FOREIGN EXCHANGE DIFFERENCES		512,425		
UNREALISED GAIN ON FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>1,137,321</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>13,422,960</u>		
30.09.2012				
Singapore				
CIMB FTSE ASEAN 40	<u>400,000</u>	11,773,214	<u>12,986,136</u>	99.48
EFFECT OF UNREALISED FOREIGN EXCHANGE DIFFERENCES		(245,529)		
UNREALISED GAIN ON FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>1,458,451</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>12,986,136</u>		

8. CASH AND CASH EQUIVALENTS

	30.09.2013 RM	30.09.2012 RM
Bank balance in a licensed bank	<u>162,138</u>	<u>103,806</u>

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

	30.09.2013 RM	30.09.2012 RM
- Ringgit Malaysia	32,610	88,910
- United States Dollar	<u>129,528</u>	<u>14,896</u>
	<u>162,138</u>	<u>103,806</u>

9. OTHER PAYABLES AND ACCRUALS

	30.09.2013	30.09.2012
	RM	RM
Provision for audit fee	30,801	28,551
Provision for tax agent's fee	4,757	2,426
Other accruals	4,550	4,550
	<u>40,108</u>	<u>35,527</u>

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

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

	Note	30.09.2013	30.09.2012
		RM	RM
Unit holders' contribution	(a)	11,169,090	11,169,090
Retained earnings		2,374,914	1,884,338
		<u>13,544,004</u>	<u>13,053,428</u>

(a) UNIT HOLDERS' CONTRIBUTION/ UNIT IN CIRCULATION

	30.09.2013		30.09.2012	
	No of units	RM	No of units	RM
At the beginning of the financial period	8,100,000	13,913,997	8,100,000	12,392,412
Total comprehensive (loss)/income for the financial period	-	(369,993)	-	661,016
Distribution for the financial period	-		-	-
At the end of the financial period	<u>8,100,000</u>	<u>13,544,004</u>	<u>8,100,000</u>	<u>13,053,428</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 September 2013, the number of units not yet issued is 491,900,000 (30.09.2012: 491,900,000).

The Manager, CIMB-Principal Asset Management Berhad, did not hold any units in the Fund as at 30 September 2013 (30.09.2012: nil).

11. MANAGEMENT EXPENSE RATIO (“MER”)

	01.07.2013 to 30.09.2013 %	01.07.2012 to 30.09.2012 %
MER	<u>0.08</u>	<u>0.09</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 period calculated on daily basis is RM13,828,509 (2012: RM12,931,933).

12. PORTFOLIO TURNOVER RATIO (“PTR”)

	01.07.2013 to 30.09.2013	01.07.2012 to 30.09.2012
PTR (times)	<u>-</u>	<u>-</u>

PTR is derived based on the following calculation:

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

where:

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

13. 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.

**13. 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 period.

Significant related party transactions

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

Significant related party balances

	30.09.2013	30.09.2012
	RM	RM
Investment in collective investment scheme - CIMB FTSE ASEAN 40	<u>13,422,960</u>	<u>12,986,136</u>

14. TRANSACTIONS WITH BROKERS/DEALERS

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

15. SEGMENT INFORMATION

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

16. 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 period ended 30 September 2013. The financial statements of the Fund for the financial period 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 is 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.

17. 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.

	30.09.2013	30.09.2012
	RM	RM
Total accumulated earnings of the Fund		
- Realised	725,168	671,416
- Unrealised	1,649,746	1,212,922
	<u>2,374,914</u>	<u>1,884,338</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.

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