

CIMB FTSE ASEAN 40 MALAYSIA

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

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INVESTORS' LETTER

Dear Valued Investors,

Firstly, thank you for your support and trust by investing in CIMB-Principal Asset Management Berhad ("CIMB-Principal") funds. Our commitment to you is to deliver consistent risk adjusted returns by combining sound investment and strong corporate governance. By placing clients at the heart of everything we do, we will continue to strive in delivering quality products and services that meet our clients' financial and investment needs.

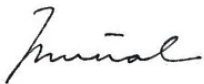
For the 5th straight year, we have won the marquee award for The Best Asset Manager in Southeast Asia by Alpha Southeast Asia for its 8th Annual Alpha Southeast Asia Best Financial Institution Awards, reflecting the strengthening presence of our asset management business in the region beyond the borders of Malaysia. We thank you for your ongoing support that plays an integral part to drive us to where we are now. This industry achievement will further boost our Southeast Asia's aspirations to be the most valued investment manager offering total asset management solutions and further strengthen our investment capabilities with sound track record.

Meanwhile, saving for retirement continues to be one of the most important things to do, more crucial as we plan for our future. The sooner we start, the easier it will be. Realizing the importance of this and as means of inculcating savings from an early age for a well-prepared retirement, the Prime Minister in his 2014 Budget tabled on 25 October 2013 announced an incentive of RM500 to contributors who participate in the Private Retirement Scheme ("PRS"). This incentive will be given to eligible contributors with a minimum cumulative contribution of RM1,000 within a year*. We at CIMB-Principal welcome this timely initiative by the Government.

Thus, we highly encourage all eligible contributors to take advantage of this attractive opportunity. For parents with young adults, we urge you to encourage your children to enrol in CIMB-Principal PRS Plus / CIMB Islamic PRS Plus ("PRS Plus account") or give them a head start by making an initial contribution towards their PRS Plus account.

Thank you once again for your continued support and I wish all of you a blessed and rewarding year ahead.

Happy Investing!



Munirah Khairuddin
Chief Executive Officer
CIMB-Principal Asset Management Berhad

* Within any calendar year between 2014 to 2018 in a single PRS fund of a single Provider.

MANAGER'S REPORT

FUND OBJECTIVE AND POLICIES

What is the investment objective of the Fund?

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

Has the Fund achieved its objective?

For the financial year under review, the Fund gained 2.73% for the year while the Underlying Fund gained 2.62%. In the meantime, the Benchmark Index gained 1.19%.

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 Unit holders 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*

* Listing date

What was the size of the Fund as at 30 June 2014?

RM 2.32 million (1.35 million units)

What is the Fund's benchmark?

The benchmark index is the FTSE/ASEAN 40 Index designed to represent the performance of the ASEAN region by measuring the eligible securities listed on the stock exchanges of Indonesia, Malaysia, The Philippines, Singapore and Thailand which consist of the largest 40 companies by full market value from the eligible markets that qualify as eligible for inclusion in the FTSE/ASEAN 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 2014?

The Fund declared a net income distribution of 5.00 sen per unit for all unit holders on 22 May 2014. As a result the net asset value per unit had dropped from RM1.7418 to RM1.7101.

PERFORMANCE DATA

Details of portfolio composition of the Fund for the last three financial years are as follows:

	30.06.2014	30.06.2013	30.06.2012
	%	%	%
Sector			
Underlying Fund	99.17	99.08	99.36
Liquid assets and others	0.83	0.92	0.64
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

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

	30.06.2014	30.06.2013	30.06.2012
Net Asset Value (RM million)	2.32	13.92	12.39
Units In circulation (Million)	1.35	8.10	8.10
Net Asset Value per Unit (RM)	1.7154	1.7177	1.5299
Highest NAV per Unit (RM)	1.7803	1.8536	1.7981
Lowest NAV per Unit (RM)	1.5836	1.5588	1.3584
Market Price per Unit (RM)	1.7100	1.7150	1.5300
Highest Market Price per Unit (RM)	1.7850	1.7800	1.6150
Lowest Market Price per Unit (RM)	1.6300	1.5300	1.3850
Total return (%) ^	2.73	14.62	1.00
-capital growth (%)	(0.02)	12.34	(2.38)
-income growth (%)	2.75	2.03	3.46
Gross distribution per unit (sen)	5.03	3.70	5.25
Net distribution per unit (sen)	5.00	3.70	5.25
Ex-date of distribution	22 May 14	6 June 13	13 June 12
Management Expenses Ratio (%)	0.65	0.46	0.40
Portfolio Turnover Ratio (times) #	0.71	-	-

(Launch date : 9 July 2010)

The Portfolio Turnover Ratio ("PTR") for the Fund increased to 0.71 times for the year as there were more trading activities carried out for the Fund within the reporting period.

Period	Total return		Annualised	
	(%)		(%)	
- One year	2.73		2.73	
- Three years	18.92		5.95	
- Since inception (SI)^	34.39		7.71	
- Benchmark SI	27.95		6.39	
	30.06.2014	30.06.2013	30.06.2012	30.06.2011
	(%)	(%)	(%)	(%)
Annualised return^	<u>2.73</u>	<u>14.62</u>	<u>1.00</u>	<u>13.01</u>

^ based on NAV per unit

Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up. All performance figures for the financial year ended has been extracted from Lipper.

MARKET REVIEW (1 JULY 2013 TO 30 JUNE 2014)

Performance of the Association of Southeast Asian Nations (“ASEAN”) markets for the 1-year period ended 30 June 2014 was mixed. Singapore led the markets, gaining 6.22%, in Malaysia Ringgit (“MYR”) terms. It is followed closely by Malaysia which gained 6.16% while the Philippines gained 5.58%. On the other hand, the stock markets of Thailand and Indonesia fell in the negative territory, declining by 0.80% and 14.38% respectively for the same reporting period.

Singapore was the top performer for the year, recording 6.22% gains supported by positive macroeconomic data points. The 2014 budget presented two clear messages: (1) the government will continue to focus on economic restructuring and boosting productivity of Singaporean workers and corporate while reducing dependence on foreign workers, and; (2) the government will continue to provide support to lower-income, disabled, elderly workers (especially the “pioneer” generation) to help address income disparities and to achieve a “fair and equitable society.” Singapore Mergers & Acquisitions activity has increased the most in Asia, up 289% Year-To-Date (“YTD”), driven by a very diverse group of buyers, heavily skewed toward strategic investors (100 deals YTD) over financial buyers (15 deals).

Malaysia was up 6.16% for the 1-year period ended 30 June 2014. The country attracted RM 38.8 billion in Foreign Direct Investments (“FDI”) in 2013, an increase of 24% compared with the RM 31.1 billion recorded for 2012. The National Automotive Policy aimed at making the national car industry more competitive, targets to reduce car prices by 20-30% by end-2018. In March, Petronas’ decision to go ahead with the RM 88 billion development of Pengerang Integrated Complex (“PIC”) including Refinery and Petrochemical Integrated Development (“RAPID”) helped spur the market as it suggests strong CAPEX-driven growth. Malaysia’s real Gross Domestic Product (“GDP”) growth rose significantly to 6.2% year-on-year (“y-o-y”) in the first quarter of 2014, its highest level since second quarter of 2014 (5.1% in fourth quarter of 2013), outperforming most of its regional peers in the first quarter of 2014, due mainly to the strong recovery in exports, as well as healthy growth in domestic demand. Malaysia’s first quarter of 2014 balance of payments marked a deficit of USD 5.2 billion.

The Philippines recorded 5.58% gains for the same reporting period. Investor confidence was boosted after the country received investment-grade rating from Moody’s Investors Service in October. The one-notch upgrade to Baa3 means the Philippines is now rated as investment grade by three of the world’s leading ratings agencies. Overseas Filipino worker (“OFW”) remittances grew 5.9% y-o-y to USD 1.8 billion in January. Foreigners continued to buoy the market with net buying of USD 961 million in 2014. In the first quarter of 2014 GDP growth came in slower than expected at 5.7% due to Typhoon Haiyan’s impact on production and tourism. The central bank maintained its key policy rates, but hiked Reserve Requirement Ratio (RRR) to 20% amid strong money supply growth.

Thailand fell by 0.80% during the reporting period. The market was overwhelmed by political events starting from legal cases ruled against the Prime Minister Yingluck and the government to the military coup. Thailand’s economy shrank a bigger-than-expected 2.1% in the first quarter of 2014. It is the first on-quarter contraction in a year, as exports remained weak and domestic consumption was hurt by months of political turmoil. Large-scale anti-government protests had gripped Bangkok since November and spread the spillover effects, hurting investment, tourism and consumption. Manufacturing production contracted in March for the twelfth consecutive month by 10.4 percent year-on-year and consumer confidence fell in April to its lowest level in almost thirteen years.

Indonesia was the biggest underperformer for the year, declining 14.38% in MYR terms. For many years, Indonesia has enjoyed trade surpluses through its growing exports. However, a surprise decrease in global demands has left the country struggling with USD 2 billion trade deficit in April, the largest since 2008. This, together with the US quantitative easing and the expected budget cuts, has put tremendous pressure on the country’s currency. Nevertheless, this did not prevent the Jakarta Composite Index from rallying, as markets viewed positively the strong support for Jokowi leading up to the General Elections.

FUND PERFORMANCE

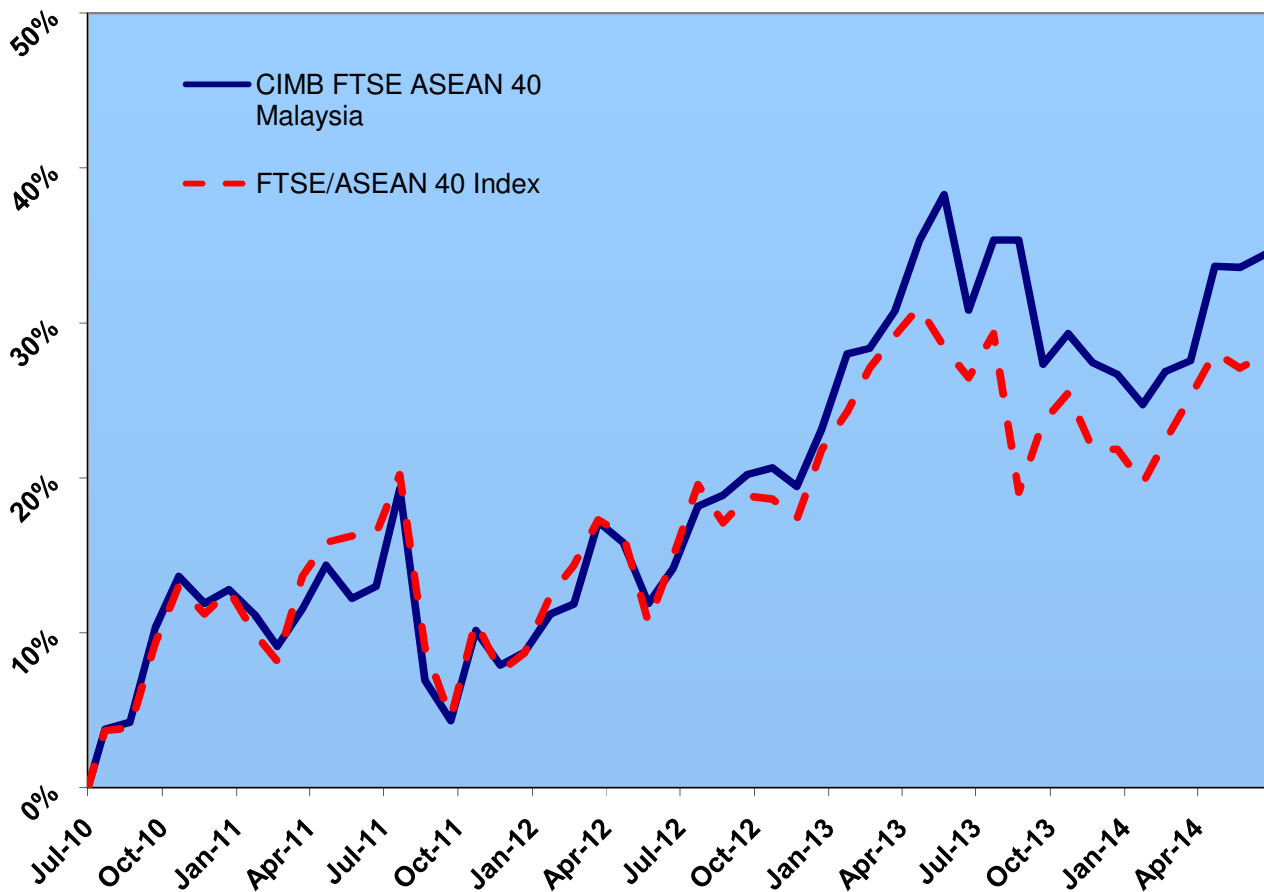
	1 year to 30.06.2014 (%)	3 years to 30.06.2014 (%)	Since Inception to 30.06.2014 (%)
Income	2.75	8.46	8.46
Capital ^	(0.02)	10.46	25.93
Total Return ^	2.73	18.92	34.39
Annualised Return ^	2.73	5.95	7.71
Underlying Fund^^	2.62	12.56	28.04
Benchmark (FTSE ASEAN 40 Index)	1.19	9.76	27.95
Changes in Market Price per Unit	(0.29)	8.23	23.02

^ Based on NAV per Unit

^^ Based on Last Published Market Price

For the financial year under review, the Fund gained 2.73%, while the Underlying Fund gained 2.62%. In the meantime, the benchmark recorded a return of 1.19% for the same reporting period.

The last available published market price of the Fund quoted on Bursa Malaysia was RM 1.71. This represents a decline of 0.29% for the same reporting period.



FUND PERFORMANCE (CONTINUED)

Changes in Net Asset Value (“NAV”)

	30.06.2014	30.06.2013	Changes (%)
Net Asset Value (“NAV”) (RM million)	2.32	13.91	(83.32)
NAV / unit (RM)	1.7154	1.7177	(0.13)

For the 1-year period, total NAV fell by 83.32% while the NAV/unit decreased by 0.13%. The fall in the total NAV was due to unit redemptions while the slight decline in NAV/unit was due to investment performance of the combined ASEAN markets over the one-year period.

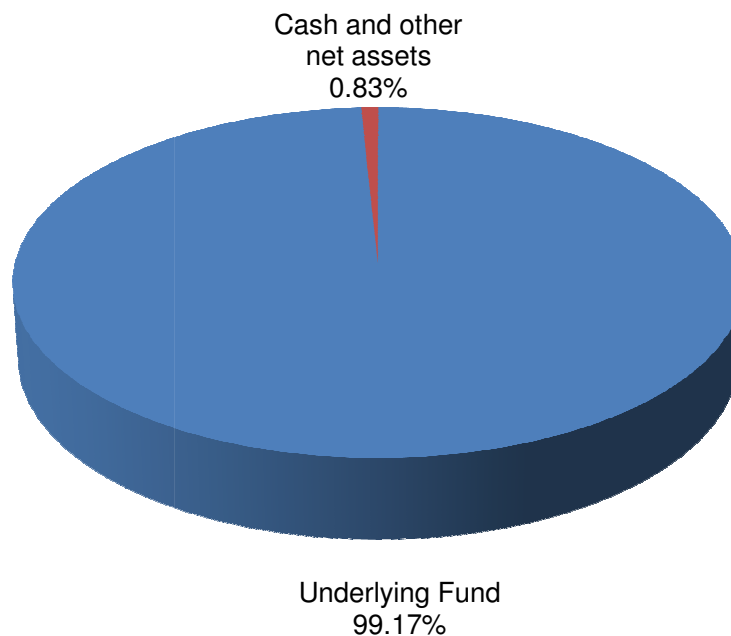
Performance data represents the combined income and capital return as a result of holding units in the fund for the specified length of time, based on NAV to NAV price. The performance data assumes that all earnings from the fund are reinvested and are net of management and trustee fees. Past performance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

PORTFOLIO STRUCTURE

Asset allocation

(% of NAV)	30.06.2014	30.06.2013
Underlying Fund	99.17	99.08
Cash and other net assets	0.83	0.92
TOTAL	100.00	100.00

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



MARKET OUTLOOK*

Within ASEAN, Malaysia will experience short term growth moderation due to base effects but domestic demand will be driven by front loading spending ahead of Goods and Services Tax ("GST") and sustained income growth. Thai coup leaders' policy campaign of winning the hearts and minds of the public will help stabilize public and business confidence thus lifting its GDP growth out of its doldrums. Irrespective of who wins in the Indonesian Presidential election, the new President will inherit an economy which needs to be restructured to stay competitive and improve its external imbalances to stabilize the Rupiah. While downside risks remain for Singapore's second half ("2H") growth, the long-awaited export-led recovery will alleviate any snag to the economy. The Philippines' growth is expected to be better in the second half of 2014 driven by increased domestic spending and more aggressive roll out of infrastructure projects.

*This market outlook does not constitute an offer, invitation, commitment, advice or recommendation to make a purchase of any investment. The information given in this article represents the views of CIMB-Principal Asset Management Berhad ("CIMB-Principal") or based on data obtained from sources believed to be reliable by CIMB-Principal. Whilst every care has been taken in preparing this, CIMB-Principal makes no guarantee, representation or warranty and is under no circumstances liable for any loss or damage caused by reliance on, any opinion, advice or statement made in this market outlook.

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 HOLDINGS STATISTICS AS AT 30 JUNE 2014

Size of holdings(units)	No. of unit holders	No. of units held (million)	% of units held
5,000 and below	48	0.09	6.67
5,001-10,000	5	0.04	2.96
10,001-50,000	12	0.26	19.26
50,001-500,000	2	0.28	20.74
500,001 and above	1	0.68	50.37
Total	68	1.35	100.00

SOFT COMMISSIONS AND REBATES

CIMB-Principal Asset Management Berhad ("the Manager"), as well as 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 year under review, the Manager and Trustee did not receive any rebates from brokers or dealers but has retained soft commission in the form of goods and services such as financial wire services and stock quotations system incidental to investment management of the Funds.

ADDITIONAL INFORMATION**Key Personnel of the Manager**

There are thirteen (13) members sitting on the Board of Directors of CIMB-Principal including four (4) Independent Directors and two (2) Alternate Directors. The Board of Directors oversees the management and operations of CIMB-Principal and meets at least once every quarter.

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

Name: **Tengku Dato' Zafrul Bin Tengku Abdul Aziz**
Designation: Chief Executive Officer of Investment Banking Division, CIMB Group
Qualifications: Bachelor of Science (Hons) in Economics & Accounting, University of Bristol, UK; Masters Degree from University of Exeter, UK.
Experience: He joined CIMB Investment Bank Berhad on 2 January 2014, as the Chief Executive Officer (CEO). Previously, he was the CEO of Maybank Investment Bank Berhad, CEO of Maybank Kim Eng Holdings, and Acting Head of Global Banking. Prior to joining Maybank, he was the Group Director of Kenanga Holdings Berhad and Director of Kenanga Investment Bank Berhad. He was also the CEO and substantial shareholder of Tune Money Sdn Bhd. Prior to that, he was the Head of Investment Banking in Citigroup Malaysia, he also served as the Group Managing Director of Avenue Capital Resources (ECM Libra) and as the CEO of Avenue Securities and Chairman of Avenue Asset Management. He started as a corporate finance executive in AM Investment Bank and after that joined Credit Agricole as an investment analyst, and became the Advisor to the President of Tenaga Nasional.

Name: **Luis Eduardo Valdés Illanes**
Designation: President & CEO of Principal International.
Qualifications: 1988 - MBA Degree
 1982 - Degree of Industrial Engineering
 1980 - Bachelor of Physics and Math Degree
Experience: Mr. Valdés is President & CEO, Principal International. He is responsible for managing businesses of the Principal Group outside the United States in the company's international asset management and accumulation segment. Mr. Valdés joined The Principal® in 1994. Previously he was managing director of BanRenta Compañía de Seguros de Vida, which was purchased by Principal International to become Principal Vida Chile. Prior to BanRenta, he was an insurance market consultant for The World Bank, Intendente de Seguros (Insurance Commissioner) in Chile. Valdés serves on the boards of BrasilPrev Seguros & Previdencia (Brazil), Principal International (Chile) and Principal AFORE and Principal Life (Mexico).

Name: **Nor Azzam Abdul Jalil**
Designation: Regional Director / Executive Vice president of CIMB Bank Berhad
Qualifications: Bachelors Business Administration (Finance), George Washington University, Washington DC.
Experience: He has been the Regional Director for the Consumer Sales and Distribution Division of CIMB Bank Berhad since 2007, managing the retail branches in Kuala Lumpur. He is also the chairman for the Disciplinary Committee of the Bank and committee member of the Consumer Credit Committee, CSD Management Committee, and others in the bank.
 Graduated in 1987 in Bachelor Business Administration (Finance) from George Washington University, Washington DC, he joined Bank of Commerce Bhd later that year, and he has since been with the group in various positions and departments including Treasury, Corporate Banking, Business Banking, Islamic Banking and in 2000 retail. He also served as the General Manager of BCB Tokyo Branch in 2000 then became the CEO of Commerce Tijari Bank Berhad in 2005 before taking the current role of Regional Director / Managing Director of Central Region 1.

ADDITIONAL INFORMATION (CONTINUED)**Key Personnel of the Manager (continued)**

Name:	Dato' Anwar bin Aji*
Designation:	Chairman of Zelan Bhd, Director of Terminal Bersepadu Gombak Sdn. Bhd., Director of Konsesi Pusat Asasi Gambang Sdn Bhd, Director of SKS PARS Refining Company Sdn. Bhd., Director of Sistem Transit Aliran Ringan Sdn. Bhd. and 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. Re-designated w.e.f. 19 January 2012 Executive Chairman - Zelan Bhd 2008-2011 Chairman - Zelan Bhd 2001-2008 Chairman - Faber Group Bhd. 1994-2004 Managing Director - Khazanah Nasional Bhd. 1993-1994 Special Assistant - The Secretary General of Ministry of Finance. Principal Assistant Secretary - Finance Division, Federal Treasury, Ministry of Finance. 1991-1993 Deputy Director - Petroleum Development Division, Prime Minister's Department. 1986-1991 Principal Assistant Secretary - Investment Division of the Malaysian Tobacco Company Bhd under the British Malaysia Industry and Trade Association training scheme. 1984-1985 Principal Assistant Secretary - Foreign Investment Committee, Economic Planning Unit, Prime Minister's Department. 1982-1984 Principal Assistant Secretary - Economic and International Division, Federal Treasury, Ministry of Finance. 1980-1981 Principal Assistant Secretary – Budget Division, Federal Treasury, Ministry of Finance 1978-1980 Assistant Director – Industries Division, Ministry of International Trade & Industry 1973-1978
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 Bhd, formerly known as Southern Investment Bank (non-executive director) and SFB Auto Bhd (independent non-executive director). He is also a director in several other private limited companies.

* Independent Director

ADDITIONAL INFORMATION (CONTINUED)**Key Personnel of the Manager (continued)**

Name: **Ned Alan Burmeister (Alternate director to Luis Eduardo Valdés Illanes)**
Designation: Senior Vice President, Principal Financial Group. Chief Operating Officer, Principal International, Inc. Director, CIMB Wealth Advisors Bhd (“CWA”). Director, CIMB-Principal. Director, Principal Financial Group (Mauritius) Limited. Director, Principal International (Asia) Limited. Director, Principal International Holding Company, Limited Liability Company. Director, Principal International, Inc. Director, Principal Retirement Advisors Private Limited. Director, Principal Trust Company (Asia) Limited. Director, Principal Trustee Company Private Limited.

Qualifications: Bachelor’s degree from Drake University, Des Moines, Iowa. Member of Society of Actuaries and the American Academy of Actuaries.

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.

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.

Experience: Has been a Director of CIMB-Principal since 2 May 2013. Huzaim has spent 26 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 for CIMB Aviva Assurance and CIMB Aviva Takaful for two years.

Huzaim is the Chairman & CEO of Ingenium Advisors, a financial economics advisory established in 2013. He was, prior to that, the Head of Strategic Operations at Malaysia's Employees Provident Fund, where he was deeply engaged in the reform of the Malaysian pension and social security system, which resulted in the private pension system, minimum wages, and minimum retirement age acts. Huzaim also spent several years serving as a Senior Fellow at the then renowned Institute of Strategic and International Studies (ISIS) Malaysia, reporting directly to its late Chairman, Tan Sri Noordin Sopiee. He was most active in economic, finance, and geostrategic issues. He was engaged heavily in OIC and East Asian matters, and was appointed the Deputy Secretary General for the Malaysian chapter of the Network of East Asian Think-tanks (NEAT). Huzaim speaks and writes in 5 languages.

Name: **Auyeung Rex Pak Kuen**

Designation: Senior Vice President of Principal Financial Group; President – Asia of Principal Financial Group; Director of CIMB-Principal.

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.

* Independent Director

ADDITIONAL INFORMATION (CONTINUED)**Key Personnel of the Manager (continued)**

Name: **Badlisyah bin Abdul Ghani (Alternate Director to Raja Noorma binti Raja Othman)**

Designation: Chief Executive Officer, Group Islamic Banking, CIMB Group and the Chief Executive Officer and Executive Director, CIMB Islamic Bank Bhd. 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 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, ASEAN Region / 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, ASEAN Region 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 Group Holdings. Director of CIMB-Principal 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: She is the CIMB Head of Group Asset Management since 24 April 2007. She is also on the Board of CIMB-Principal and is a member of its Investment Committee. Prior to joining CIMB Group Holdings 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 initial public offering 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)**Key Personnel of the Manager (continued)**

Name: **Fad'I bin Mohamed ***

Designation: Managing Director of Maestro Capital Sdn. Berhad. 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: Chief Executive Officer / Executive Director.

Qualifications: Bachelor of Arts (Honours) in Accounting & Financial Analysis, University of Newcastle Upon Tyne, UK; Chartered Financial Analyst Charterholder; Capital Markets Services Representative's License holder for fund management.

Experience: Joined CIMB-Principal on 1 November 2006 and appointed as Chief Executive Officer in August 2013. 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. During her tenure as Deputy CEO from November 2008 to July 2013, she was responsible for the development of international business opportunities and institutional sales. In Malaysia, she has overseen retail funds marketing, market development and fund operations. Under her ambit, the company has spearheaded an international client base, listed exchange traded funds ("ETF") in Malaysia and Singapore, and developed products for regional distribution. She also played an integral part in strategic business development initiatives of CWA ("CIMB Wealth Advisors").

* Independent Director

ADDITIONAL INFORMATION (CONTINUED)**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 5 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 Group Holdings. 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: She is the CIMB Head of Group Asset Management since 24 April 2007. She is also on the Board of CIMB-Principal and is a member of its Investment Committee. Prior to joining CIMB Group Holdings 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 initial public offering 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.

Name: **Mohamad Safri bin Shahul Hamid**
Designation: Deputy Chief Executive Officer/ Senior Managing Director of CIMB Islamic (CIMB Investment Bank)
Qualifications: Master of Business Administration (Globalisation) from Maastricht School Of Management, The Netherlands; Bachelor of Accounting (Honours) from International Islamic University Malaysia; Chartered Accountant (CA) with the Malaysian Institute of Accountants (MIA).
Experience: 2000 – 2003 Senior Analyst – Malaysian Rating Corporation Berhad
 2003 – 2008 Director & Head – Debt Capital Markets, CIMB Islamic
 Feb 2008 Director – Global Markets & Regional Head, Islamic Structuring
 – Dec 2008 (Asia) of Deutsche Bank Dubai International Financial Centre (Dubai)
 2009 – 2011 Deputy Chief Executive Officer – MIDF Amanah Investment Bank, Kuala Lumpur
 2011 – Deputy Chief Executive Officer/ Senior Managing Director (since
 Present April 2014) – CIMB Islamic (CIMB Investment Bank)

ADDITIONAL INFORMATION (CONTINUED)**The Investment Committee (continued)**

Name: **Kim Teo Poh Jin ***
Designation: Chairman of the Investment Committee. Director and Group Chief Executive Officer, Boardroom Limited. Director, Livet Company Pte. Ltd. Director, Marina Yacht Services Pte. Ltd.
Qualifications: Bachelor of Arts (Hons) 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'I 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) from the University of London; Certified Diploma in Accounting and Finance (Association of Chartered Certified Accountants). 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.
Experience: 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.

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: 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.
 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 Government-owned enterprises.
 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.

*Independent member

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

I, being the Director of CIMB-Principal Asset Management Berhad (the "Manager"), do hereby state that, in the opinion of the Manager, the accompanying audited financial statements set out on pages 19 to 43 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 2014 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)

MUNIRAH KHAIRUDDIN
Chief Executive Officer / Director

Kuala Lumpur
29 August 2014

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

We have acted as the Trustee for CIMB FTSE ASEAN 40 Malaysia (the "Fund") for the financial year ended 30 June 2014. To the best of our knowledge, for the financial year under review, CIMB-Principal Asset Management Berhad (the "Manager") has operated and managed the Fund in accordance with the following:-

- (a) limitations imposed on the investment powers of the Manager and the 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.

The distribution of 5.03 sen per unit (gross) for the financial year ended 30 June 2014 is consistent with the objective of the Fund.

For Deutsche Trustees Malaysia Berhad

Soon Lai Ching
Manager, Trustee Operations

Wong Mun Loong
Manager, Trustee Operations

Kuala Lumpur
29 August 2014

**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 19 to 43, which comprise the statement of financial position as at 30 June 2014 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. The Manager is also responsible for such internal control as the Manager determines is 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 give a true and fair view of the financial position of the Fund as of 30 June 2014 and of its financial performance and cash flows for the financial year then ended, in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

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

REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 19 on page 43 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

This report is made solely to the unit holders 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
29 August 2014

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014**

	Note	2014 RM	2013 RM
NET INVESTMENT (LOSS)/INCOME			
Dividend income		76,658	447,443
Net (loss)/gain on financial assets at fair value through profit or loss	9	(590,907)	1,473,374
Net foreign currency exchange gain		48,474	3,088
		<u>(465,775)</u>	<u>1,923,905</u>
EXPENSES			
Trustee's fee	5	12,000	12,000
Custodian fee		-	2,634
Audit fee		25,000	25,000
Tax agent's fee		3,000	13,729
Transaction costs		1,445	-
Other expenses	6	9,566	8,540
		<u>51,011</u>	<u>61,903</u>
(LOSS)/PROFIT BEFORE TAXATION		(516,786)	1,862,002
Taxation	7	-	(40,717)
(LOSS)/PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE FINANCIAL YEAR		<u>(516,786)</u>	<u>1,821,285</u>
(Loss)/profit after taxation is made up as follows:			
Realised amount		1,229,720	338,454
Unrealised amount		(1,746,506)	1,482,831
		<u>(516,786)</u>	<u>1,821,285</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 2014**

	Note	2014 RM	2013 RM
CURRENT ASSETS			
Financial assets at fair value through profit or loss	9	2,296,590	13,785,876
Cash and cash equivalents	10	49,582	162,157
TOTAL ASSETS		<u>2,346,172</u>	<u>13,948,033</u>
CURRENT LIABILITIES			
Amount due to Trustee		986	986
Other payables and accruals	11	29,450	33,050
TOTAL LIABILITIES		<u>30,436</u>	<u>34,036</u>
NET ASSET VALUE OF THE FUND		<u>2,315,736</u>	<u>13,913,997</u>
EQUITY			
Unit holders' capital		155,115	11,169,090
Retained earnings		2,160,621	2,744,907
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>2,315,736</u>	<u>13,913,997</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)	12	<u>1,350,000</u>	<u>8,100,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>1.7154</u>	<u>1.7177</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 2014**

	Note	Unit holders' capital RM	Retained earnings RM	Total RM
Balance as at 1 July 2013		11,169,090	2,744,907	13,913,997
Movements in unit holders' contributions:				
Cancellation of units		(9,857,025)	(1,156,950)	(11,013,975)
Total comprehensive loss for the financial year		-	(516,786)	(516,786)
Distribution	8	-	(67,500)	(67,500)
Balance as at 30 June 2014		<u>1,312,065</u>	<u>1,003,671</u>	<u>2,315,736</u>
Balance as at 1 July 2012		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>

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 2014**

	Note	2014 RM	2013 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from disposal of collective investment scheme		11,462,512	-
Purchase of collective investment scheme		(564,132)	-
Dividend received		76,581	400,357
Trustee's fee paid		(12,000)	(12,001)
Custodian fee paid		-	(2,634)
Net realised foreign exchange gain		43,123	-
Payments for other fees and expenses		(42,611)	(47,019)
Net cash generated from operating activities		<u>10,963,473</u>	<u>338,703</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments for cancellation of units		(11,013,975)	-
Distribution paid		(67,500)	(299,700)
Net cash used in financing activities		<u>(11,081,475)</u>	<u>(299,700)</u>
Net (decrease)/increase in cash and cash equivalents		(118,002)	39,003
Effects of foreign exchange differences		5,427	9,457
Cash and cash equivalents at the beginning of the financial year		<u>162,157</u>	<u>113,697</u>
Cash and cash equivalents at the end of the financial year	10	<u><u>49,582</u></u>	<u><u>162,157</u></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 2014****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 (the “Deed”), made between CIMB-Principal Asset Management Berhad (the “Manager”) and Deutsche Trustees Malaysia Bhd (the “Trustee”).

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

The principal objective of the Fund is to provide investment results that, before expenses, closely correspond to the performance of the Underlying Index, regardless of its performance. The Fund commenced operations on 9 July 2010 and will continue its operations until terminated in accordance with the provisions of the Deed.

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

The Manager, a company incorporated in Malaysia, is a subsidiary of CIMB Group Sdn Bhd and regards CIMB Group Holdings Berhad as its ultimate holding company. The Manager is also an associate of Principal International (Asia) Limited, which is a subsidiary of Principal Financial Group Inc. The principal activities of the Manager are the establishment and management of unit trust funds and fund management activities.

The financial statements have been approved for issue by the Manager on 29 August 2014.

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 (“IFRS”).

The financial statements have been prepared under the historical cost convention, as modified by financial assets at fair value through profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

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

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

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:

(i) 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 amendment when effective.

The adoption of the amendment is not expected to have a significant impact on the results of the Fund.

(ii) Effective date yet to be determined by Malaysian Accounting Standards Board

MFRS 9 "Financial Instruments – Classification and Measurement of Financial Assets and Financial Liabilities" replaces the parts of MFRS 139 that relate to the classification and measurement of financial instruments. MFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the MFRS 139 requirements.

The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

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)

(ii) Effective date yet to be determined by Malaysian Accounting Standards Board (continued)

MFRS 9 “Financial Instruments – Hedge Accounting” brings into effect substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. The revised standard establishes a more principle-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in MFRS 139.

The Fund will apply this standard when effective. This standard is not expected to have a significant impact on the Fund’s financial statements.

(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. Transaction costs are expensed in the statement of comprehensive income.

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.

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

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

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 year 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 NAV 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), where the published NAV or price per unit falls within the bid-ask spread. In circumstances where the published NAV or price per unit is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of the fair value.

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

For assets carried at amortised cost, the Fund assesses at the end of the reporting year 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 statement of comprehensive income. If 'loans and receivables' has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

As a practical expedient, the Fund may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Foreign currency

Functional and presentation currency

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the “functional currency”). The financial statements are presented in Ringgit Malaysia (“RM”), which is the Fund’s functional and presentation currency.

Transactions and balances

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

(d) Income recognition

Dividend income is recognised on the ex-dividend date when the right to receive payment is established.

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

(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 date if the unit holder 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 unit holders 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Distribution

A distribution to the Fund's unit holders is accounted for as a deduction from realised reserve. A proposed distribution is recognised as a liability in the year in which it is approved by the Trustee.

(i) Unit holders' capital

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

The units in the Fund are puttable instruments which entitle the unit holders 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.

(j) Transactions costs

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

(k) Segmental information

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

(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 SC 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 Fund's 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 SC 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 (“NAV”) 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, passive investment, tracking error risk, non-compliance risk and capital risk.

Financial instruments of the Fund are as follows:

	Financial asset at fair value through profit or loss RM	Loans and receivables RM	Total RM
2014			
Collective investment scheme (Note 9)	2,296,590	-	2,296,590
Cash and cash equivalents (Note 10)	-	49,582	49,582
	<u>2,296,590</u>	<u>49,582</u>	<u>2,346,172</u>
2013			
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>

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

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market risk

(i) Price risk

Price risk is the risk that the fair value of an investment in collective investment scheme will fluctuate because of changes in market prices (other than those arising from currency risk). The value of 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 NAV 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:

	2014	2013
	RM	RM
Financial assets at fair value through profit or loss:		
- collective investment scheme	2,296,590	13,785,876

The table below summarises the sensitivity of the Fund's NAV and profit after tax to movements in prices of FTSE/ASEAN 40 Index (the "Underlying Index"). The analysis is based on the assumptions that the Underlying Index fluctuates by 12.81% (2013: 12.03%), which is the standard deviation of the daily fluctuation of the Underlying 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 Underlying Index. This represents management's best estimate of a reasonable possible shift in the collective investment scheme, having regard to the historical volatility of the prices.

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

% Change in Underlying Index	Underlying Index	Market value RM	Impact on profit after tax/NAV RM
2014			
-12.81%	9,760	2,002,437	(294,153)
0%	11,193	2,296,590	-
12.81%	12,627	2,590,743	294,153
2013			
-12.03%	9,890	12,127,958	(1,657,918)
0%	11,242	13,785,876	-
12.03%	12,594	15,443,794	1,657,918

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market risk (continued)

(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
2014			
USD	<u>2,296,590</u>	<u>41,454</u>	<u>2,338,044</u>
2013			
USD	<u>13,785,876</u>	<u>125,592</u>	<u>13,911,468</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 6.61% (2013: 6.17%), 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 profit after tax and net assets attributable to unit holders by approximately 6.61% (2013: 6.17%). Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market risk (continued)

(ii) Currency risk (continued)

	Change in foreign exchange rate %	Impact on profit after tax/ net asset value RM
2014		
USD	<u>6.61</u>	<u>154,545</u>
2013		
USD	<u>6.17</u>	<u>858,426</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:

Cash and cash equivalents

	2014 RM	2013 RM
Finance		
- AA1	<u>49,582</u>	<u>162,157</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 (M) Berhad.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its financial obligations.

The Manager manages this risk by maintaining sufficient level of liquid assets to meet anticipated payments and cancellations of the units by unit holders. Liquid assets comprise bank balance, which are capable of being converted into cash within 7 business days. The Fund's investments are considered readily realizable as they are quoted.

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

	Less than 1 month RM	Between 1 month to 1 year RM	Total RM
2014			
Amount due to Trustee	986	-	986
Other payables and accruals	-	29,450	29,450
Contractual cash outflows	<u>986</u>	<u>29,450</u>	<u>30,436</u>
2013			
Amount due to Trustee	986	-	986
Other payables and accruals	-	33,050	33,050
Contractual cash outflows	<u>986</u>	<u>33,050</u>	<u>34,036</u>

(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 Singapore Fund 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 NAV of the Singapore Fund 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 Manager of the Singapore Fund 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 NAV of the Singapore Fund (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 Manager of the Singapore Fund'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, the law that governs 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 of 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 unit holders' 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 unit holders.

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 unit holders' 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

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

The fair value of financial assets traded in active markets (such as trading securities) are based on quoted market prices at the close of trading on the year end date.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The fair value of financial assets that are not traded in an active market is determined by using valuation techniques.

Fair value hierarchy

(i) The table in the following page analyses financial instruments carried at fair value. 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 categorised 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

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**(h) Fair value estimation (continued)**

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2014				
Financial assets at fair value through profit or loss:				
- collective investment scheme	<u>2,296,590</u>	<u>-</u>	<u>-</u>	<u>2,296,590</u>
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>

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).

- (ii) The carrying values of cash and cash equivalents and all current liabilities are a reasonable approximation of their fair values due to their short term nature.

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 of 0.20% per annum, calculated daily based on the NAV 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 2014, the Trustee's fee is recognised at a rate of 0.08% per annum (2013: 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. OTHER EXPENSES

	2014	2013
	RM	RM
Printing costs	200	310
Listing fee	-	2,000
Other expenses	9,366	6,230
	<u>9,566</u>	<u>8,540</u>

7. TAXATION

	2014	2013
	RM	RM
Current taxation – foreign	<u>-</u>	<u>40,717</u>

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

	2014	2013
	RM	RM
(Loss)/Profit before taxation	<u>(516,786)</u>	<u>1,862,002</u>
Taxation at Malaysian statutory rate of 25% (2013: 25%)	(129,197)	465,501
Tax effects of:		
Investment loss not deductible for tax purposes /(investment income not subject to tax)	116,444	(480,976)
Expenses not deductible for tax purposes	6,503	8,586
Restriction on tax deductible expenses for exchange- traded funds	6,250	6,889
Effect of foreign tax on foreign taxable income	<u>-</u>	<u>40,717</u>
Taxation	<u>-</u>	<u>40,717</u>

8. DISTRIBUTION

Distribution to unit holders are derived from the following sources:

	2014	2013
	RM	RM
Dividend income	4,801	394,833
Realised gain on disposals	66,045	-
	<u>70,846</u>	<u>394,833</u>
Less:		
Expenses	(2,902)	(54,416)
Taxation	(444)	(40,717)
Net distribution amount	<u>67,500</u>	<u>299,700</u>
Distribution on 6 June 2013		
Net distribution per unit (sen)	-	3.70
Gross distribution per unit (sen)	<u>-</u>	<u>4.20</u>
Distribution on 22 May 2014		
Net distribution per unit (sen)	5.00	-
Gross distribution per unit (sen)	<u>5.03</u>	<u>-</u>

Net distribution above is sourced from current year's realised income.

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

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2014	2013
	RM	RM
Designated at fair value through profit or loss at inception:		
- collective investment scheme	<u>2,296,590</u>	<u>13,785,876</u>
	2014	2013
	RM	RM
Net (loss)/gain on financial assets at fair value through profit or loss:		
- realised gain on disposals	1,160,949	-
- unrealised fair value gain	(1,751,856)	1,473,374
	<u>(590,907)</u>	<u>1,473,374</u>

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

Name of counter	Quantity units	Aggregate cost RM	Market value RM	Percentage of NAV %
2014				
COLLECTIVE INVESTMENT SCHEME				
SINGAPORE				
CIMB FTSE ASEAN 40	67,000	2,035,784	2,296,590	99.17
TOTAL COLLECTIVE INVESTMENT SCHEME	67,000	2,035,784	2,296,590	99.17
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS		260,806		
TOTAL FINANCIAL ASSETS AT FAIR VALUE TROUGH PROFIT OR LOSS		2,296,590		
2013				
COLLECTIVE INVESTMENT SCHEME				
SINGAPORE				
CIMB FTSE ASEAN 40	400,000	11,773,214	13,785,876	99.08
TOTAL COLLECTIVE INVESTMENT SCHEME	400,000	11,773,214	13,785,876	99.08
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS		2,012,662		
TOTAL FINANCIAL ASSETS AT FAIR VALUE TROUGH PROFIT OR LOSS		13,785,876		

10. CASH AND CASH EQUIVALENTS

	2014	2013
	RM	RM
Bank balance in a licensed bank	<u>49,582</u>	<u>162,157</u>

11. OTHER PAYABLES AND ACCRUALS

	2014	2013
	RM	RM
Provision for audit fee	25,000	25,000
Provision for tax agent's fee	2,400	4,000
Other accruals	<u>2,050</u>	<u>4,050</u>
	<u>29,450</u>	<u>33,050</u>

12. NUMBER OF UNITS IN CIRCULATION

	2014	2013
	No of units	No of units
At the beginning of the financial year	8,100,000	8,100,000
Less: Cancellation of units during the financial year	<u>(6,750,000)</u>	<u>-</u>
At the end of the financial year	<u>1,350,000</u>	<u>8,100,000</u>
Approved size of Fund	<u>500,000,000</u>	<u>500,000,000</u>

As at 30 June 2014, the number of units not yet issued is 498,650,000 (2013: 491,900,000).

The Manager, CIMB-Principal Asset Management Berhad, does not hold any units in the Fund as at the end of each financial year.

13. MANAGEMENT EXPENSE RATIO ("MER")

	2014	2013
	%	%
MER	<u>0.65</u>	<u>0.46</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 NAV of the Fund calculation on a daily basis

The average NAV of the Fund for the financial year calculated on daily basis is RM7,631,075(2013: RM13,531,748).

14. PORTFOLIO TURNOVER RATIO (“PTR”)

	2014	2013
PTR (times)	<u>0.71</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	=	RM564,132(2013: RM Nil)
total disposal for the financial year	=	RM10,301,562(2013: RM Nil)

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

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

<u>Related parties</u>	<u>Relationship</u>
CIMB-Principal Asset Management Bhd	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 Bhd (“CIMB”)	Ultimate holding company of the Manager
CIMB FTSE ASEAN 40	Underlying Fund
Subsidiaries and associates of CIMB as disclosed in its financial statements	Subsidiary and associated companies of the ultimate holding company of the Manager.

Units held by the Manager and parties related to the Manager

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

Significant related party transactions.

In addition to related party disclosure mentioned elsewhere in the financial statements, there were no significant related party transactions during each of the financial year.

Significant related party balances

	2014	2013
	RM	RM
Investment in collective investment scheme - CIMB FTSE ASEAN 40	<u>2,296,590</u>	<u>13,785,876</u>

16. TRANSACTIONS WITH BROKERS/DEALERS

Details of transactions with brokers for financial year ended 30 June 2014 are as follows:

Brokers/dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
CIMB Bank Berhad	11,462,512	95.32	-	-
Citigroup Global Markets Asia Ltd	464,568	3.86	-	-
Credit Suisse (Hong Kong) Limited	98,217	0.82	59	100.00
	<u>12,025,297</u>	<u>100.00</u>	<u>59</u>	<u>100.00</u>

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

17. SEGMENT INFORMATION

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 IFRS. The chief operating decision-maker is responsible for the performance of the Fund and considers the business to have a single operating segment located in Malaysia. Asset allocation decisions are based on a single, integrated investment strategy and the Fund's performance is evaluated on an overall basis.

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 managing the Fund, the Manager attempts to achieve a high positive correlation and a low tracking error between the NAV of the Fund's portfolio and the Underlying Index. The reportable operating segment derives its income by seeking investments to achieve targeted returns consummate with an acceptable level of risk within the portfolio. These returns consist of profit and dividend income earned from investments and gains on the appreciation in the value of investments, and is derived from an exchange-traded fund listed on the Singapore Exchange Securities Trading Limited, Singapore.

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

18. NON CASH TRANSACTIONS

Creation and cancellation are done by transferring the In-Kind Creation Basket from and to the Participating Dealers respectively. A reconciliation of the cash flows used in creation and cancellation and the total creation and cancellation as presented in the statement of changes in equity is presented below:

	2014 RM	2013 RM
Cancellation		
- Non cash component	-	-
- Cash component	(11,013,975)	-
	<u>(11,013,975)</u>	<u>-</u>

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.

	2014	2013
	RM	RM
Total accumulated earnings of the Fund		
- Realised	737,516	720,856
- Unrealised	266,155	2,024,051
	<u>1,003,671</u>	<u>2,744,907</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

TRUST DIRECTORY

Manager

Registered Address

CIMB-Principal Asset Management Berhad
Level 13 Menara CIMB,
Jalan Stesen Sentral 2,
Kuala Lumpur Sentral,
50470 Kuala Lumpur
Tel: (03) 2261 8888
Fax: (03) 2261 8899

Business address

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

The business address for CIMB-Principal will at a later date be relocated to:

Business address

Bangunan CIMB
Jalan Semantan
Damansara Heights
50490 Kuala Lumpur
Tel: (03) 2084 8888

The effective date for the relocation will be announced in CIMB-Principal's website, i.e. www.cimb-principal.com.my. Alternatively, Unit holders may contact Customer Care at (03) 7718 3000 to enquire on the effective date. However, there is no change to the Customer Care telephone number.

E-mail address

service@cimb-principal.com.my

General investment enquiries

(03) 7718 3100

TRUST DIRECTORY (CONTINUED)**Board of Directors**

Tengku Dato' Zafrul Bin Tengku Abdul Aziz
 Luis Eduardo Valdés Illanes
 Nor Azzam Abdul Jalil
 Dato' Anwar bin Aji*
 Wong Joon Hian*
 Ned Alan Burmeister#
 A.Huzaima Bin Dato^o Abdul Hamid*
 Auyeung Rex Pak Kuen
 Badlisyah bin Abdul Ghani**
 Pedro Esteban Borda
 Raja Noorma binti Raja Othman
 Fad'I bin Mohamed*
 Munirah binti Khairuddin

* *Independent director*

** *Alternate director to Raja Noorma binti Raja Othman*

Alternate director to Luis Eduardo Valdés Illanes

Investment Committee

Raja Noorma binti Raja Othman
 Mohamad Safri bin Shahul Hamid
 Kim Teo Poh Jin*
 Fad'I bin Mohamed*
 Wong Fook Wah*

* *Independent member*

Audit Committee

Wong Joon Hian*
 Fad'I bin Mohamed*
 Raja Noorma binti Raja Othman

* *Independent member*

Company Secretaries

Datin Rossaya Mohd Nashir (LS 0007591)
 Halimah binti Habib (LS 0007999)
 13th Floor, Menara CIMB
 Jalan Stesen Sentral 2
 Kuala Lumpur Sentral
 50470 Kuala Lumpur Malaysia
 Tel: (03) 2261 8888

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

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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

Tel No: (+603) 2053 7522

Fax: (+603) 2053 7526

Email: dtmb.cis@list.db.com

Auditors of the Manager and of the Fund

PricewaterhouseCoopers Chartered Accountants
Level 10, 1 Sentral,
Jalan Travers, Kuala Lumpur Sentral,
PO Box 10192, 50706 Kuala Lumpur, Malaysia.

Tax Adviser

PricewaterhouseCoopers Taxation Services Sdn Bhd

