

CIMB FTSE ASEAN 40 MALAYSIA

UNAUDITED QUARTERLY REPORT

**FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2014
TO 31 DECEMBER 2014**

CONTENTS	PAGE(S)
INVESTORS' LETTER	1
MANAGER'S REPORT	2 – 7
Fund Objective and Policy	
Performance Data	
Market Review	
Fund Performance	
Portfolio Structure	
Market Outlook	
Investment Strategy	
Unit Holdings Statistics	
Soft Commissions and Rebates	
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME	8
UNAUDITED STATEMENT OF FINANCIAL POSITION	9
UNAUDITED STATEMENT OF CHANGES IN EQUITY	10
UNAUDITED STATEMENT OF CASH FLOWS	11
NOTES TO THE FINANCIAL STATEMENTS	12 – 26
DIRECTORY	27

INVESTORS' LETTER

Dear Valued Investors,

As we step into 2015, we would like to thank you for your unwavering support and trust by investing in CIMB-Principal Asset Management Berhad ("CIMB-Principal") funds. In line with our commitment for continuous improvement, we seek to deliver superior investment performance and customer experience to our investors. We are pleased to share that CIMB-Principal Malaysia concluded the 2014 year with RM45.44 billion in Asset under Management ("AUM") and the Group's AUM has increased by 8.3% to RM50.99 billion, for a 1 year period ending 31 December 2014. This reflects a clear sign of our customers' overall confidence.

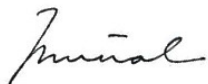
With our aspiration to be Malaysia's retirement leader, we believe that the additional retirement pillar - the Private Retirement Scheme ("PRS") is crucial for everyone in order to meet their retirement goals. Our AUM for this segment has increased to RM164.26 million from RM44.83 million a year ago, taking up 23% market share as at 31 December 2014. This is a milestone achievement buoyed by our efforts to promote the awareness of PRS to help the public see the pressing need to save for their retirement.

Malaysian market continues to be challenging but with our array of award-winning regional funds, we encourage you to diversify your portfolio tactically and indeed, further to our experience as a regional fund house, we have also bagged industry awards in 2014 such as the Edge-Lipper Malaysia Fund Awards and Morningstar Awards. CIMB-Principal also won the Best Asset Manager in Southeast Asia award in the 8th Annual Alpha Southeast Asia Best Institution Awards for the 5th year in a row; the Asset Management Company of the Year, Malaysia from The Asset Triple A Investor and Fund Management Awards 2014. These awards reflect our consistent performance as a company coupled with your support and faith in us.

With this, we thank you once again and wish you a happy and prosperous year ahead. We will remain dedicated and committed to provide the best in both services and products to our investors and look forward to a rewarding 2015.

Yours faithfully,

For **CIMB-Principal Asset Management Berhad**



Munirah Khairuddin

Chief Executive Officer/Executive Director

MANAGER'S REPORT**FUND OBJECTIVE AND POLICY****What is the investment objective of the Fund?**

The Fund aims to provide investment results that, before expenses, closely correspond to the performance of the Financial Times Stock Exchange ("FTSE")/ASEAN 40 Index (the "Underlying Index").

Has the Fund achieved its objective?

For the financial period under review, the Fund gained 3.23% while the Underlying Fund gained 3.82%. In the mean time, the Benchmark gained 3.19%.

What are the Fund investment policy and its strategy?

The Fund is a feeder Exchange-Traded Fund ("ETF") listed on the main market of Bursa Securities which aims to invest at least 95% of its Net Asset Value ("NAV") in the CIMB FTSE ASEAN 40 (the "Singapore Fund"). The Singapore Fund is an ETF 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 Underlying 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 three (3) to five (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 31 December 2014?

RM2.43 million (1.35 million units)

What is the Fund's benchmark?

The benchmark index, namely the FTSE/ASEAN 40 Index is 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 consists of the 40 largest companies by full market value listed on the stock exchange of Indonesia, Malaysia, The Philippines, Singapore and Thailand that qualify for inclusion in the FTSE/ASEAN Index or such replacement index as may be determined by the Singapore Fund 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 period from 1 October 2014 to 31 December 2014?

There was no distribution made for the financial period from 1 October 2014 to 31 December 2014.

PERFORMANCE DATA

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

	31.12.2014	31.12.2013	31.12.2012
	%	%	%
Collective investment scheme	100.00	94.19	99.58
Cash and other net assets	-	5.81	0.42
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

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

	31.12.2014	31.12.2013	31.12.2012
Total asset value	2.45	2.27	13.39
NAV (RM million)	2.43	2.25	13.37
Units in circulation (Million)	1.35	1.35	8.10
NAV per Unit (RM)	1.8013	1.6643	1.6509

	01.10.2014	01.10.2013	01.10.2012
	to	to	to
	31.12.2014	31.12.2013	31.12.2012
Highest NAV per Unit (RM)	1.8142	1.7083	1.6573
Lowest NAV per Unit (RM)	1.6765	1.6106	1.5838
Market Price per Unit (RM)	1.7850	1.6800	1.6600
Highest Market Price per Unit (RM)	1.7850	1.7200	1.6600
Lowest Market Price per Unit (RM)	1.6900	1.6300	1.6000
Total return (%) ^	3.23	(0.52)	2.44
- Capital growth (%)	3.23	(0.52)	2.44
- Income distribution (%)	-	-	-
Management Expense Ratio ("MER") (%)	0.57	0.15	0.08
Portfolio Turnover Ratio ("PTR") (times) #	-	0.50	-

The Fund's PTR is zero as there was no transaction made for the financial period from 1 October 2014 to 31 December 2014.

	31.12.2014	31.12.2013	31.12.2012	31.12.2011	Since inception to 31.12.2010
	%	%	%	%	%
Annual total return	11.40	2.86	13.25	(3.58)	12.78

(Listing date : 9 July 2010)

^ 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 period ended have been extracted from Lipper.

MARKET REVIEW (1 OCTOBER 2014 TO 31 DECEMBER 2014)

The Association of Southeast Asian Nations ("ASEAN") markets mostly declined in October 2014. Malaysia was the only market that posted positive returns at +0.48%, while Indonesia and Philippines were laggards at -0.90% each respectively. Year-to-date ("YTD"), the Stock Exchange of Thailand (SET) was the best performing index at 26.80% in US Dollar ("USD") terms. This is closely followed by Philippines at 25.10% and Indonesia at 22.80%. The regional markets followed the sell-off in the global markets during mid October 2014 due to concerns on global growth and declining oil prices. However, regional markets had quickly rebounded, recuperating the losses in the later part of the month, after realising markets were oversold. President Joko Widodo had unveiled his cabinet in Indonesia, which was a mixed bag. Some areas are promising such as infrastructure, education and finance while there were some unfamiliar names in other positions. Declining oil prices affected share prices of companies in the oil and gas sector especially in Malaysia as concerns amounted to whether exploration and production budgets will be affected adversely in the future.

In November 2014, ASEAN markets were mostly higher except for Malaysia (-1.90%). Singapore was the best performing market at +2.30%, followed by Indonesia (+1.20%), Philippines (+1.10%) and Thailand (+0.60%). YTD, the SET was the best performing index at 26.70% in USD terms. This is closely followed by Philippines at 24.50% and Indonesia at 24.20%. During the month, crude oil prices declined further by -18.00% due to oversupply concerns caused by increasing production in the US. The decision by Organization of the Petroleum Exporting Countries ("OPEC") at the end of November 2014 not to cut production did not improve the situation. Lower oil price affected sentiment in Malaysia, where the government relies heavily on contributions through royalty, dividends and taxes from national-owned oil company Petronas. Meanwhile in Indonesia, President Jokowi executed his first major reform by cutting fuel subsidies. In an anticipatory move, the Central Bank has decided to tighten monetary policy slightly by raising the reference rate by 25 basis points to 7.75%.

ASEAN markets were generally weaker in the month of December 2014 as investor concerns focused on the plunge in oil prices and the impact on the emerging markets. Investors also took the opportunity to take profit towards the close of the year. Thailand bore the brunt of the selling, falling 6.00%, followed by Malaysia (-3.30%) and Philippines (-0.90%). Indonesia (+1.50%) and Singapore (+0.40%) fared better. For 2014, ASEAN was one of the better performing regions in the Asia ex-Japan space with the best performing market being the Philippines (+22.80%) followed by Indonesia (+22.30%), Thailand (+15.30%), Singapore (+6.20%) and Malaysia (-5.60%).

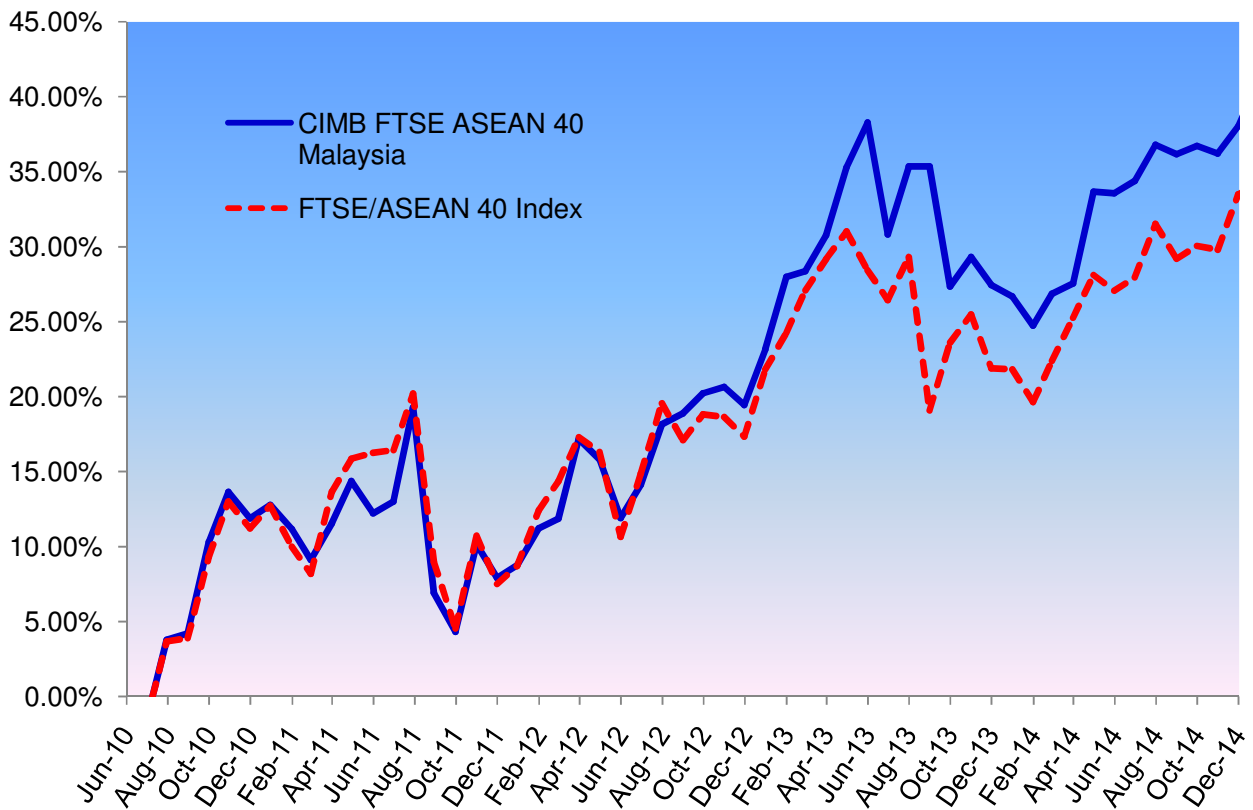
FUND PERFORMANCE

	3 months to 31.12.2014	6 months to 31.12.2014	1 year to 31.12.2014	3 years to 31.12.2014	Since inception to 31.12.2014
	%	%	%	%	%
Income	-	-	2.75	8.46	8.46
Capital [^]	3.23	5.01	8.24	19.45	29.89
Total Return [^]	3.23	5.01	11.40	29.78	41.13
Average Total Return [^]	N/A	N/A	11.40	9.08	7.99
Underlying Fund ^{^^}	3.82	6.15	9.95	20.09	31.63
Benchmark (Underlying Index)	3.19	4.88	10.14	23.22	34.20
Changes in Market Price per Unit	2.34	4.39	6.25	19.80	28.42

[^] Based on NAV per Unit

^{^^} Based on Last Published Market Price

For the financial period under review, the Fund gained 3.23% while the Underlying Index gained 3.19%. The changes in market price per unit was 2.34% compared with last published market price of RM1.7850.



FUND PERFORMANCE (CONTINUED)**Changes in NAV**

	31.12.2014	31.12.2013	Changes %
NAV (RM million)	2.43	2.25	8.00
NAV per Unit (RM)	1.8013	1.6643	8.23

For the 1-year period, total NAV gained by 8.00% while the NAV/unit increased by 8.23%. The increase in the total NAV and NAV/unit was due to investment performance of the combined ASEAN markets over the one-year financial 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 for the financial period have been extracted from Lipper.

PORTFOLIO STRUCTURE**Asset allocation**

(% of NAV)	31.12.2014	31.12.2013
Collective investment scheme	100.00	94.19
Cash and other net assets	-	5.81
TOTAL	100.00	100.00

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

MARKET OUTLOOK*

Key themes in 2015 are reform and execution. Investors will be looking for tangible evidence that campaign promises are carried out. This is especially so in Thailand and Indonesia.

While longer term growth prospects for ASEAN economies remain positive, near term headwinds in the form of muted export recovery and slower global growth are key risks.

The expected normalisation in US interest rates in 2015 may see emerging markets vulnerable to another round of fund outflows and currency weakness.

Valuations remain at fairly lofty levels in ASEAN. Preference in the market still remains for Indonesia, Thailand and Philippines where optimism is seen for good growth prospects. Malaysia faces a challenging year in 2015. Lower crude oil and crude palm oil prices have negative implications on its trade balance, government budget deficit and therefore the Ringgit. The implementation of a goods and services tax in April and the relatively high household debt to Gross Domestic Product ("GDP") ratio could crimp domestic consumption.

*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

Breakdown of unit holdings by size as at 31 December 2014 are as follows:

Size of unit holdings (units)	No. of unit holders	No. of units held (million)	% of units held
Less than 100	8	-	-
100 to 1,000	16	0.01	0.74
1,001 to 10,000	34	0.14	10.37
10,001 to 100,000	13	0.33	24.45
100,001 to less than 5% of approved fund size	2	0.87	64.44
5% and above the approved fund size	-	-	-
Total	73	1.35	100.00

SOFT COMMISSIONS AND REBATES

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

During the financial period under review, the Manager and the Trustee did not receive any rebates from the brokers or dealers but have 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.

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2014 TO 31 DECEMBER 2014**

	Note	01.10.2014 to 31.12.2014 RM	01.10.2013 to 31.12.2013 RM
INVESTMENT INCOME/(LOSS)			
Net losses on financial assets at fair value through profit or loss	7	(49,754)	(303,495)
Net foreign exchange gain		139,062	38,315
		<u>89,308</u>	<u>(265,180)</u>
EXPENSES			
Trustee's fee	5	3,025	3,025
Audit fee		6,302	6,302
Tax agent's fee		756	756
Other expenses		3,292	7,996
		<u>13,375</u>	<u>18,079</u>
PROFIT/(LOSS) BEFORE TAXATION		75,933	(283,259)
Taxation	6	-	-
PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL PERIOD		<u>75,933</u>	<u>(283,259)</u>
Profit/(loss) after taxation is made up as follows:			
Realised amount		(13,062)	1,187,740
Unrealised amount		88,995	(1,470,999)
		<u>75,933</u>	<u>(283,259)</u>

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

**UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014**

		31.12.2014	30.06.2014
	Note	RM	Audited RM
CURRENT ASSETS			
Financial assets at fair value through profit or loss	7	2,435,316	2,296,590
Cash and cash equivalents	8	16,103	49,582
TOTAL ASSETS		<u>2,451,419</u>	<u>2,346,172</u>
CURRENT LIABILITIES			
Amount due to Trustee		1,019	986
Other payables and accruals	9	18,566	29,450
TOTAL LIABILITIES		<u>19,585</u>	<u>30,436</u>
NET ASSET VALUE OF THE FUND		<u>2,431,834</u>	<u>2,315,736</u>
EQUITY			
Unit holders' capital		155,115	155,115
Retained earnings		2,276,719	2,160,621
NET ASSET ATTRIBUTABLE TO UNIT HOLDERS		<u>2,431,834</u>	<u>2,315,736</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)	10	<u>1,350,000</u>	<u>1,350,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>1.8013</u>	<u>1.7154</u>

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

**UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2014 TO 31 DECEMBER 2014**

	Unit holders' capital RM	Retained earnings RM	Total RM
Balance as at 1 October 2014	155,115	2,200,786	2,355,901
Total comprehensive income for the financial period	-	75,933	75,933
Balance as at 31 December 2014	<u>155,115</u>	<u>2,276,719</u>	<u>2,431,834</u>
Balance as at 1 October 2013	11,169,090	2,374,914	13,544,004
Movement in unit holders' contribution:			
- Cancellation of units	(11,013,975)	-	(11,013,975)
Total comprehensive loss for the financial period	-	(283,259)	(283,259)
Balance as at 31 December 2013	<u>155,115</u>	<u>2,091,655</u>	<u>2,246,770</u>

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

**UNAUDITED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2014 TO 31 DECEMBER 2014**

	01.10.2014 to 31.12.2014 RM	01.10.2013 to 31.12.2013 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from disposal of collective investment scheme	-	11,507,381
Purchase of collective investment scheme	-	(465,914)
Trustee's fee paid	(2,991)	(2,991)
Payments for other fees and expenses	(28,292)	(32,997)
Net realised foreign exchange gain	313	-
Net cash (used in)/generated from operating activities	<u>(30,970)</u>	<u>11,005,479</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments for cancellation of units	-	(11,013,975)
Net cash used in financing activities	<u>-</u>	<u>(11,013,975)</u>
Net decrease in cash and cash equivalents	(30,970)	(8,496)
Cash and cash equivalents at the beginning of the financial period	<u>47,073</u>	<u>162,138</u>
Cash and cash equivalents at the end of the financial period	<u><u>16,103</u></u>	<u><u>153,642</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2014 TO 31 DECEMBER 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 Berhad (the "Trustee").

The Fund aims 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 the date of termination in accordance with the provisions of the Deed.

The principal activity of the Fund is to invest at least 95% of its NAV in the Singapore Fund. The Singapore Fund is an ETF listed on the SGX-ST which aims at providing the Singapore Fund unit holders a return that closely corresponds to the performance of the Underlying Index. Therefore, the Manager adopts a passive strategy in the management of the Fund.

All investments will be subjected to the Securities Commission Malaysia ("SC") Guidelines on Exchange-Traded Funds ("ETFs"), 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.

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.

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 period. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(a) Basis of preparation (continued)**

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(j).

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 2017

MFRS 15 "Revenue from Contracts with Customers" (effective from 1 January 2017) deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces MFRS 118 "Revenue" and MFRS 111 "Construction Contracts" and related interpretations.

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

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

(ii) Financial year beginning on/after 1 July 2018

MFRS 9 "Financial Instruments" (effective from 1 January 2018) will replace MFRS 139 "Financial Instruments: Recognition and Measurement". The complete version of MFRS 9 was issued in November 2014.

MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income ("OCI"). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with a irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and profit.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(a) Basis of preparation (continued)****(ii) Financial year beginning on/after 1 July 2018 (continued)**

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. 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.

There is now a new expected credit losses model on impairment for all financial assets that replaces the incurred loss impairment model used in MFRS 139. The expected credit losses model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

MFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the "hedged ratio" to be the same as the one management actually use for risk management purposes.

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.

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

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 period which they arise.

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 period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognised in 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.

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

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

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in statement of comprehensive income.

When an asset is uncollectible, it is written off against the related allowance account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

(c) Foreign currencyFunctional and presentation currency

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

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) Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise bank balances that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(f) Taxation

Current tax expense is determined according to Malaysian tax laws at the current rate based upon the taxable profit earned during the financial period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(g) 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.

(h) Segment 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.

(i) 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 ETFs.

(j) 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 ETFs.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund aims to provide investment results that, before expenses, closely correspond to the performance of the Underlying Index, regardless of its performance. The investment policy and strategy of the Fund is to invest at least 95% of its NAV in the Singapore Fund. The Singapore Fund is an ETF listed on the SGX-ST which aims at providing the Singapore Fund unit holders a return that closely corresponds to the performance of the Underlying Index. Therefore, the Manager adopts a passive strategy in the management of the Fund.

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

(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 ETF, 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.

(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 RM based on considerations of economic fundamentals such as interest rate differentials, balance of payments position, debt levels, and technical chart considerations.

(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 ETFs.

(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 realisable as they are quoted.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**(d) Passive investment**

The Fund is not actively managed. Accordingly, the Fund may be affected by a decline in the Underlying Index. The Fund invests substantially all its assets in the Singapore Fund, which in turn invests in the securities included in or reflecting its Underlying Index. The Singapore Fund Manager does not attempt to select stocks individually or to take defensive positions in declining markets.

(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.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(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.

(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 period end date. The Fund utilises the last traded market price for financial assets where the last traded price falls within the bid-ask spread. In circumstances where the last traded price 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.

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.

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

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

	Level 1	Level 2	Level 3	Total
31.12.2014	RM	RM	RM	RM
Financial assets at fair value through profit or loss:				
- Collective investment scheme	<u>2,435,316</u>	<u>-</u>	<u>-</u>	<u>2,435,316</u>

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

4. MANAGEMENT FEE

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

5. TRUSTEE'S FEE

In accordance with 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. However effective from 1 June 2012, the Trustee has changed the minimum fees to RM12,000 per annum.

For the financial period from 1 October 2014 to 31 December 2014, the Trustee's fee is recognised at a rate of 0.08% per annum.

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

6. TAXATION

	01.10.2014 to 31.12.2014	01.10.2013 to 31.12.2013
	RM	RM
Tax charged for the financial period:		
- Current taxation	<u>-</u>	<u>-</u>

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

	01.10.2014 to 31.12.2014	01.10.2013 to 31.12.2013
	RM	RM
Profit/(loss) before taxation	<u>75,933</u>	<u>(283,259)</u>
Taxation at Malaysian statutory rate of 25%	18,983	(70,815)
Tax effects of:		
(Investment income not subject to tax)/Investment loss not deductible for tax purposes	(34,766)	66,295
Expenses not deductible for tax purposes	3,345	3,102
Restriction on tax deductible expenses for ETF	<u>12,438</u>	<u>1,418</u>
Taxation	<u>-</u>	<u>-</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31.12.2014	30.06.2014
	RM	RM
Designated at fair value through profit or loss at inception:		
- Collective investment scheme	<u>2,435,316</u>	<u>2,296,590</u>
	01.10.2014 to 31.12.2014	01.10.2013 to 31.12.2013
	RM	RM
Net loss on financial assets at fair value through profit or loss:		
- Realised gain on disposals	-	724,126
- Unrealised fair value loss	(49,754)	(1,027,621)
	<u>(49,754)</u>	<u>(303,495)</u>

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

Name of counter	Quantity units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.12.2014				
COLLECTIVE INVESTMENT SCHEME				
SINGAPORE				
CIMB FTSE ASEAN 40	<u>67,000</u>	<u>2,035,784</u>	<u>2,435,316</u>	<u>100.00</u>
TOTAL COLLECTIVE INVESTMENT SCHEME	<u>67,000</u>	<u>2,035,784</u>	<u>2,435,316</u>	<u>100.00</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>399,532</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE TROUGH PROFIT OR LOSS		<u>2,435,316</u>		
30.06.2014				
COLLECTIVE INVESTMENT SCHEME				
SINGAPORE				
CIMB FTSE ASEAN 40	<u>67,000</u>	<u>2,035,784</u>	<u>2,296,590</u>	<u>99.17</u>
TOTAL COLLECTIVE INVESTMENT SCHEME	<u>67,000</u>	<u>2,035,784</u>	<u>2,296,590</u>	<u>99.17</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>260,806</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE TROUGH PROFIT OR LOSS		<u>2,296,590</u>		

8. CASH AND CASH EQUIVALENTS

	31.12.2014	30.06.2014
	RM	RM
Bank balances	<u>16,103</u>	<u>49,582</u>

9. OTHER PAYABLES AND ACCRUALS

	31.12.2014	30.06.2014
	RM	RM
Provision for audit fee	12,603	25,000
Provision for tax agent's fee	3,913	2,400
Other accruals	<u>2,050</u>	<u>2,050</u>
	<u>18,566</u>	<u>29,450</u>

10. NUMBER OF UNITS IN CIRCULATION (UNITS)

	01.10.2014	01.07.2013
	to 31.12.2014	to 30.06.2014
	No of units	No of units
At the beginning of the financial period	1,350,000	8,100,000
Less: Cancellation of units	-	(6,750,000)
At the end of the financial period	<u>1,350,000</u>	<u>1,350,000</u>

11. MANAGEMENT EXPENSE RATIO (MER)

	01.10.2014	01.10.2013
	to 31.12.2014	to 31.12.2013
	%	%
MER	<u>0.57</u>	<u>0.15</u>

MER is derived from the following calculation:

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

A = Management fee

B = Trustee's fees

C = Audit fee

D = Tax agent's fee

E = Other expenses

F = Average NAV of the Fund calculated on a daily basis

The average NAV of the Fund for the financial period calculated on a daily basis is RM2,358,555 (31.12.2013: RM11,951,724).

12. PORTFOLIO TURNOVER RATIO ("PTR")

	01.10.2014 to 31.12.2014	01.10.2013 to 31.12.2013
PTR (times)	-	0.50

PTR is derived from the following calculation:

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

where:

total acquisition for the financial period = Nil (31.12.2013: RM465,914)
total disposal for the financial period = Nil (31.12.2013: RM11,462,512)

13. UNITS HELD BY THE MANAGER, PARTIES RELATED TO THE MANAGER, AND SIGNIFICANT RELATED PARTY 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 Berhad	The Manager
CIMB-Principal Asset Management (S) Pte. Ltd.	Investment Adviser of the Fund
CIMB Group Sdn Bhd	Holding company of the Manager
CIMB Group Holdings Berhad ("CIMB")	Ultimate holding company of the Manager
CIMB FTSE ASEAN 40	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, Director and parties related to the Manager.

Significant related party transactions

There are no other significant related party transactions during each of the financial period.

Significant related party balances

	31.12.2014 RM	30.06.2014 RM
Investment in collective investment scheme:		
- CIMB FTSE ASEAN 40	<u>2,435,316</u>	<u>2,296,590</u>

14. 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 Fund aims to provide investment results that, before expenses, closely correspond to the performance of the Underlying 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 gains on the appreciation in the value of investments, and is derived from an ETF listed on the SGX-ST.

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

15. SUPPLEMENTARY INFORMATION DISCLOSED PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD'S 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.

	31.12.2014	30.06.2014
	RM	RM
Total accumulated retained earnings of the Fund:		
- Realised	1,877,187	1,899,815
- Unrealised	399,532	260,806
	<u>2,276,719</u>	<u>2,160,621</u>

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

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