

**CIMB FTSE ASEAN 40 MALAYSIA**

**UNAUDITED QUARTERLY REPORT**

**FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2015  
TO 31 MARCH 2015**

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**INVESTORS' LETTER**

Dear Valued Investors,

Thank you for 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.

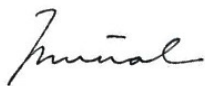
We are pleased to announce that CIMB-Principal has won fund performance awards by The Edge-Lipper Malaysia Fund Awards 2015 and Morningstar Awards 2015 Malaysia. The awards are:

<b>Award</b>	<b>Category</b>	<b>Fund Name</b>
The Edge-Lipper Malaysia Fund Awards 2015	Best Equity Asia Pacific Ex Japan, 3 years	CIMB-Principal Asia Pacific Dynamic Income Fund
	Best Equity Global, 3 and 5 years	CIMB-Principal Global Titans Fund
	Best Equity Asia Pacific Ex Japan, 5 years	CIMB-Principal Equity Income Fund
	Best Equity Asia Pacific Ex Japan Malaysia Islamic, 3 and 5 years	CIMB Islamic Equity Fund
Morningstar Fund Awards 2015	Best Asia Pacific Equity Fund	CIMB-Principal Asia Pacific Dynamic Income Fund

Winning these awards is a testament to the excellent performance of our Funds and the overall capabilities of our experienced fund managers in managing local funds. Both the Edge-Lipper Awards and Morningstar Fund Awards honor funds that have delivered the outperformance, on a strong risk-adjusted basis relative to their peers.

Once again, we thank you for your support as CIMB-Principal remains committed in helping you to grow your investment.

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") regardless of its performance.

**Has the Fund achieved its objective?**

For the financial period under review, the Fund gained 4.07% while the CIMB FTSE ASEAN 40 (the "Singapore Fund" or "Underlying Fund") gained 4.57%. In the mean time, the Benchmark gained 4.63%.

**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 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 March 2015?**

RM2.53 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 January 2015 to 31 March 2015?**

There was no distribution made for the financial period from 1 January 2015 to 31 March 2015.

**PERFORMANCE DATA**

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

	<b>31.03.2015</b>	<b>31.03.2014</b>	<b>31.03.2013</b>
	%	%	%
Collective investment scheme	100.00	98.98	99.75
Cash and other net assets	-	1.02	0.25
	<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:

	<b>31.03.2015</b>	<b>31.03.2014</b>	<b>31.03.2013</b>
Total asset value	2.55	2.29	14.22
NAV (RM million)	2.53	2.26	14.20
Units in circulation (Million)	1.35	1.35	8.10
NAV per Unit (RM)	1.8748	1.6758	1.7528

	<b>01.01.2015</b>	<b>01.01.2014</b>	<b>01.01.2013</b>
	<b>to</b>	<b>to</b>	<b>to</b>
	<b>31.03.2015</b>	<b>31.03.2014</b>	<b>31.03.2013</b>
Highest NAV per Unit (RM)	1.8748	1.6940	1.7562
Lowest NAV per Unit (RM)	1.7633	1.5836	1.6502
Market Price per Unit (RM)	1.8800	1.7000	1.7550
Highest Market Price per Unit (RM)	1.8900	1.7000	1.7550
Lowest Market Price per Unit (RM)	1.7700	1.6400	1.6500
Total return (%) ^	4.07	0.69	6.17
- Capital growth (%)	4.07	0.69	6.17
- Income distribution (%)	-	-	-
Management Expense Ratio ("MER") (%)*	0.52	0.49	0.15
Portfolio Turnover Ratio ("PTR") (times) #	-	0.02	-

^ based on NAV per unit

\* The Fund's MER for the financial period under review increased from 0.49% to 0.52% due to under provision of the tax agent's fee during the financial period.

# The Fund's PTR is zero as there was no transaction made for the financial period from 1 January 2015 to 31 March 2015.

	<b>31.03.2015</b>	<b>31.03.2014</b>	<b>31.03.2013</b>	<b>31.03.2012</b>	<b>Since inception to 31.03.2011</b>
	%	%	%	%	%
Annual total return	15.15	(2.45)	11.60	5.02	11.57

(Listing date : 9 July 2010)

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 JANUARY 2015 TO 31 MARCH 2015)**

The Association of Southeast Asian Nations ("ASEAN") markets in general had a good start to the year with the Philippines leading the way with a +6.40% return in January 2015. This was followed by Thailand (+5.6%), Indonesia (+1.2%), Malaysia (+1.1%), and Singapore (+0.8%). The strong market performance came on the back of a stronger than expected fourth quarter of 2014 Gross Domestic Product ("GDP") data point in at 6.90%. That brought full year 2014 GDP growth to 6.10%, slightly ahead of consensus estimates.

ASEAN markets continued to head northwards in February 2015 as concerns receded that the United States ("US") Federal Reserve (the "Fed") would be raising interest rates anytime soon. Indonesia was the key outperformer (+3.00%) on the back of the unexpected cut in interest rates. This was followed by Malaysia (+2.20%), the Philippines (+0.50%), Thailand (+0.30%) and Singapore (+0.30%). Comments by the Fed Chairman Yellen that interest rates in the US will continue to remain low provided temporary reprieve for the ASEAN markets over concerns about potential fund outflows. In Indonesia, the Central Bank Governor said that Indonesia, along with other emerging markets do not have the luxury to make a policy that is against the global financial market, suggesting they would maintain a tight policy.

In March 2015, the performance of ASEAN markets continued to be generally positive led by the Philippines (+2.80%), Indonesia (+1.30%), Singapore (+1.30%) and Malaysia (+0.50%). The laggard was Thailand, which fell -5.10% as macro concerns played on investor sentiment. Several agencies cut Thai GDP forecasts to reflect weak exports, slow domestic demand recovery, and disappointing fiscal spending.

**FUND PERFORMANCE**

	<b>3 months to 31.03.2015 %</b>	<b>6 months to 31.03.2015 %</b>	<b>1 year to 31.03.2015 %</b>	<b>3 years to 31.03.2015 %</b>	<b>Since inception to 31.03.2015 %</b>
Income	-	-	2.75	8.46	8.46
Capital ^	4.07	7.43	11.88	15.38	35.19
Total Return ^	4.07	7.43	15.15	25.36	46.88
Average Total Return ^	N/A	N/A	15.15	7.82	8.47
Underlying Fund^^	4.57	8.57	13.77	16.33	37.64
Benchmark (Underlying Index)	4.63	7.98	12.10	19.61	40.42
Changes in Market Price per Unit	5.32	7.74	10.59	21.29	35.25

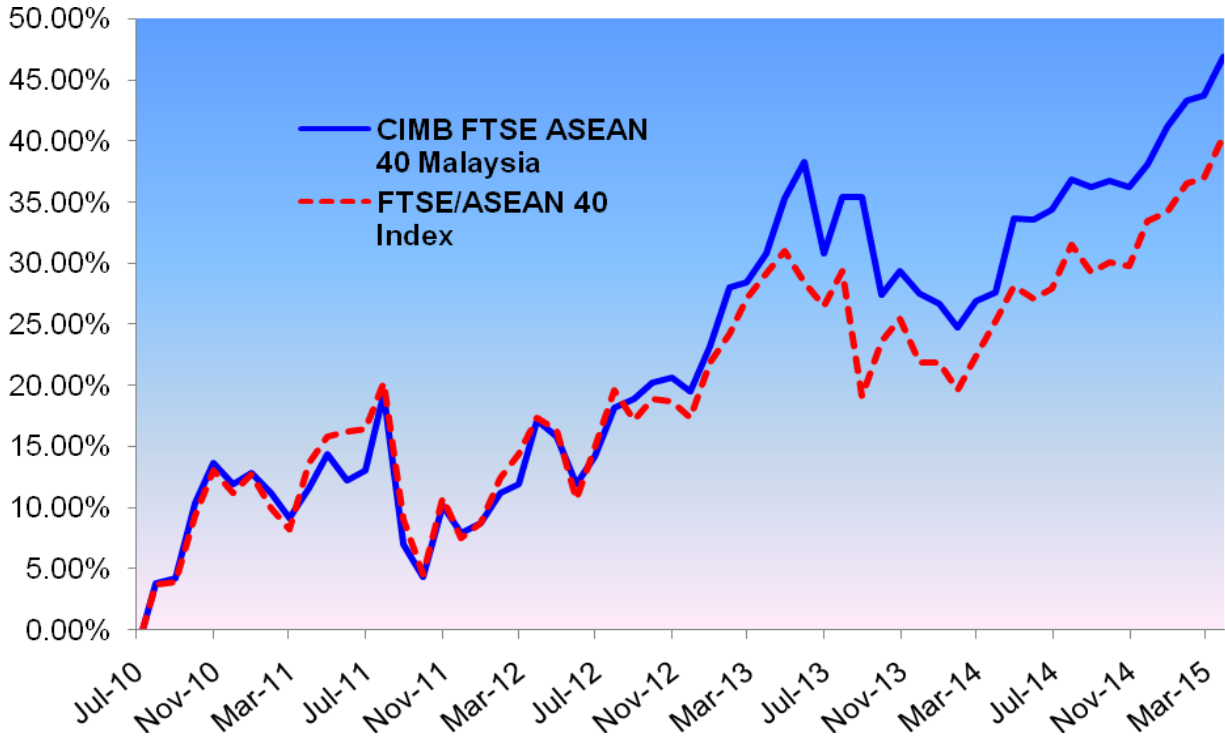
^ Based on NAV per Unit

^^ Based on Last Published Market Price

For the financial period under review, the Fund gained 4.07% while the Underlying Fund gained 4.57%. In the mean time, the Underlying Index gained 4.63%

The last available published market price of the Fund quoted on Bursa Malaysia was RM1.8800. This represents a gain of 5.32% for the same financial period.

**FUND PERFORMANCE (CONTINUED)**



**Changes in NAV**

	<b>31.03.2015</b>	<b>31.03.2014</b>	<b>Changes %</b>
NAV (RM million)	2.53	2.26	11.95
NAV per Unit (RM)	1.8748	1.6758	11.87

For the 1-year period, total NAV gained by 11.95% while the NAV per unit increased by 11.87%. The increase in the total NAV and NAV per 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**

<b>(% of NAV)</b>	<b>31.03.2015</b>	<b>31.03.2014</b>
Collective investment scheme	100.00	98.98
Cash and other net assets	-	1.02
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>

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\***

We think ASEAN currencies will continue to remain weak relative to the US Dollar as regional central banks are likely to maintain a low interest rate policy to support their economies. Exporters will benefit from a weak domestic currency.

ASEAN central banks have the ability to cut rates despite the strong US Dollar, as risks from exchange rates to inflation and corporate balance sheets are limited.

Progress on infrastructure spending in Thailand has so far been disappointing. Project roll-out has been hampered by lengthy review processes.

This is in line with the ASEAN policy makers and companies which we observed that ASEAN economies have slowed as infrastructure plans and investment spending turned cautious.

\*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 March 2015 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	-	-	-
<b>Total</b>	<b>73</b>	<b>1.35</b>	<b>100.00</b>

**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 JANUARY 2015 TO 31 MARCH 2015**

	Note	01.01.2015 to 31.03.2015 RM	01.01.2014 to 31.03.2014 RM
<b>INVESTMENT INCOME</b>			
Net gain on financial assets at fair value through profit or loss	7	111,993	33,010
Net foreign exchange gain/(loss)		86	(6,573)
		<u>112,079</u>	<u>26,437</u>
<b>EXPENSES</b>			
Trustee's fee	5	2,959	2,959
Audit fee		6,164	6,164
Tax agent's fee		3,228	740
Other expenses		543	993
		<u>12,894</u>	<u>10,856</u>
<b>PROFIT BEFORE TAXATION</b>		99,185	15,581
Taxation	6	-	-
<b>PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD</b>		<u>99,185</u>	<u>15,581</u>
Profit after taxation is made up as follows:			
Realised amount		(12,808)	(9,252)
Unrealised amount		111,993	24,833
		<u>99,185</u>	<u>15,581</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 MARCH 2015**

		31.03.2015	30.06.2014
	Note	RM	Audited RM
<b>CURRENT ASSETS</b>			
Financial assets at fair value through profit or loss	7	2,547,309	2,296,590
Cash and cash equivalents	8	7,528	49,582
<b>TOTAL ASSETS</b>		<u>2,554,837</u>	<u>2,346,172</u>
<b>CURRENT LIABILITIES</b>			
Amount due to Trustee		1,019	986
Other payables and accruals	9	22,799	29,450
<b>TOTAL LIABILITIES</b>		<u>23,818</u>	<u>30,436</u>
<b>NET ASSETS VALUE OF THE FUND</b>		<u>2,531,019</u>	<u>2,315,736</u>
<b>EQUITY</b>			
Unit holders' capital		155,115	155,115
Retained earnings		2,375,904	2,160,621
<b>NET ASSET ATTRIBUTABLE TO UNIT HOLDERS</b>		<u>2,531,019</u>	<u>2,315,736</u>
<b>NUMBER OF UNITS IN CIRCULATION (UNITS)</b>	10	<u>1,350,000</u>	<u>1,350,000</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<u>1.8748</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 JANUARY 2015 TO 31 MARCH 2015**

	Unit holders' capital RM	Retained earnings RM	Total RM
<b>Balance as at 1 January 2015</b>	155,115	2,276,719	2,431,834
Total comprehensive income for the financial period	-	99,185	99,185
<b>Balance as at 31 March 2015</b>	<u>155,115</u>	<u>2,375,904</u>	<u>2,531,019</u>
<b>Balance as at 1 January 2014</b>	155,115	2,091,655	2,246,770
Total comprehensive income for the financial period	-	15,581	15,581
<b>Balance as at 31 March 2014</b>	<u>155,115</u>	<u>2,107,236</u>	<u>2,262,351</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 JANUARY 2015 TO 31 MARCH 2015**

	<b>01.01.2015 to 31.03.2015 RM</b>	<b>01.01.2014 to 31.03.2014 RM</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Purchase of collective investment scheme	-	(96,615)
Trustee's fee paid	(2,959)	(2,959)
Tax agent's fee paid	(4,600)	-
Payments for other fees and expenses	(1,102)	(993)
Net realised foreign exchange gain	86	-
<b>Net cash used in operating activities</b>	<u>(8,575)</u>	<u>(100,567)</u>
Net decrease in cash and cash equivalents	(8,575)	(100,567)
Cash and cash equivalents at the beginning of the financial period	<u>16,103</u>	<u>153,642</u>
Cash and cash equivalents at the end of the financial period	<u><u>7,528</u></u>	<u><u>53,075</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 JANUARY 2015 TO 31 MARCH 2015****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(k).

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.

(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, and 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.

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 financial period which they arise.

Collective investment scheme is valued based on the most recent published NAV per unit or share of such collective investment scheme or, if unavailable, on the last published price of such unit or share (excluding any sales charge included in such selling price).

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

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

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

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 Deeds, and are classified as equity. Cancellable units can be returned to the Fund at any Dealing Day for cash equal to a proportionate share of the Fund's 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 return the unit to the Fund.

Units are created and cancelled at the Participating Dealer's option at prices based on the Fund's NAV per unit at the time of creation or cancellation. The Fund's NAV per unit is calculated by dividing the net assets attributable to unit holders with the total number of outstanding units.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(f) Cash and cash equivalents**

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

**(g) Taxation**

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

**(h) 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.

**(i) 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.

**(j) 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.

**(k) 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.

**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 realisable as they are quoted.

**(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.

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>31.03.2015</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Financial assets at fair value through profit or loss:				
- Collective investment scheme	<u>2,547,309</u>	<u>-</u>	<u>-</u>	<u>2,547,309</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 bank balances and all current liabilities are a reasonable approximation of their fair values due to their short term nature.

**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 RM12,000 per annum, excluding foreign sub-custodian fees and charges.

For the financial period from 1 January 2015 to 31 March 2015, the Trustee’s fee is recognised at a rate of 0.08% per annum.

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

**6. TAXATION**

	<b>01.01.2015 to 31.03.2015</b>	<b>01.01.2014 to 31.03.2014</b>
	<b>RM</b>	<b>RM</b>
Tax charged for the financial period:		
- Current taxation	<u>-</u>	<u>-</u>

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

	<b>01.01.2015 to 31.03.2015</b>	<b>01.01.2014 to 31.03.2014</b>
	<b>RM</b>	<b>RM</b>
Profit before taxation	<u>99,185</u>	<u>15,581</u>
Taxation at Malaysian statutory rate of 25%	24,796	3,895
Tax effects of:		
Investment income not subject to tax	(28,020)	(6,610)
Expenses not deductible for tax purposes	1,633	1,261
Restriction on tax deductible expenses for ETF	<u>1,591</u>	<u>1,454</u>
Taxation	<u>-</u>	<u>-</u>

**7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<b>31.03.2015</b>	<b>30.06.2014</b>
	<b>RM</b>	<b>RM</b>
Designated at fair value through profit or loss at inception:		
- Collective investment scheme	<u>2,547,309</u>	<u>2,296,590</u>
	<b>01.01.2015 to 31.03.2015</b>	<b>01.01.2014 to 31.03.2014</b>
	<b>RM</b>	<b>RM</b>
Net gain on financial assets at fair value through profit or loss:		
- Unrealised fair value gain	<u>111,993</u>	<u>33,010</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 %
<b>31.03.2015</b>				
<b>COLLECTIVE INVESTMENT SCHEME</b>				
<b>SINGAPORE</b>				
CIMB FTSE ASEAN 40	<u>67,000</u>	<u>2,035,784</u>	<u>2,547,309</u>	<u>100.00</u>
<b>TOTAL COLLECTIVE INVESTMENT SCHEME</b>	<b><u>67,000</u></b>	<b><u>2,035,784</u></b>	<b><u>2,547,309</u></b>	<b><u>100.00</u></b>
<b>ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<u>511,525</u>		
<b>TOTAL FINANCIAL ASSETS AT FAIR VALUE TROUGH PROFIT OR LOSS</b>		<u>2,547,309</u>		
<b>30.06.2014</b>				
<b>COLLECTIVE INVESTMENT SCHEME</b>				
<b>SINGAPORE</b>				
CIMB FTSE ASEAN 40	<u>67,000</u>	<u>2,035,784</u>	<u>2,296,590</u>	<u>99.17</u>
<b>TOTAL COLLECTIVE INVESTMENT SCHEME</b>	<b><u>67,000</u></b>	<b><u>2,035,784</u></b>	<b><u>2,296,590</u></b>	<b><u>99.17</u></b>
<b>ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<u>260,806</u>		
<b>TOTAL FINANCIAL ASSETS AT FAIR VALUE TROUGH PROFIT OR LOSS</b>		<u>2,296,590</u>		



**8. CASH AND CASH EQUIVALENTS**

	<b>31.03.2015</b>	<b>30.06.2014</b>
	<b>RM</b>	<b>RM</b>
Bank balances	<u>7,528</u>	<u>49,582</u>

**9. OTHER PAYABLES AND ACCRUALS**

	<b>31.03.2015</b>	<b>30.06.2014</b>
	<b>RM</b>	<b>RM</b>
Provision for audit fee	18,768	25,000
Provision for tax agent's fee	2,541	2,400
Other accruals	<u>1,490</u>	<u>2,050</u>
	<u>22,799</u>	<u>29,450</u>

**10. NUMBER OF UNITS IN CIRCULATION (UNITS)**

	<b>01.03.2015</b>	<b>01.07.2013</b>
	<b>to 31.03.2015</b>	<b>to 30.06.2014</b>
	<b>No of units</b>	<b>No of units</b>
At the beginning of the financial period/year	1,350,000	8,100,000
Less: Cancellation of units	-	(6,750,000)
At the end of the financial period/year	<u>1,350,000</u>	<u>1,350,000</u>

**11. MANAGEMENT EXPENSE RATIO (MER)**

	<b>01.01.2015</b>	<b>01.01.2014</b>
	<b>to 31.03.2015</b>	<b>to 31.03.2014</b>
	<b>%</b>	<b>%</b>
MER	<u>0.52</u>	<u>0.49</u>

MER is derived from the following calculation:

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

A	=	Trustee's fees
B	=	Audit fee
C	=	Tax agent's fee
D	=	Other expenses
E	=	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 RM2,469,133 (31.03.2014: RM2,237,053).

**12. PORTFOLIO TURNOVER RATIO ("PTR")**

	<b>01.01.2015 to 31.03.2015</b>	<b>01.01.2014 to 31.03.2014</b>
PTR (times)	-	0.02

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 (31.03.2014: RM98,218)  
total disposal for the financial period = Nil (31.03.2014: RM Nil)

**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

	<b>31.03.2015 RM</b>	<b>30.06.2014 RM</b>
Investment in collective investment scheme:		
- CIMB FTSE ASEAN 40	2,547,309	2,296,590

**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.

	<b>31.03.2015</b>	<b>30.06.2014</b>
	<b>RM</b>	<b>RM</b>
Total accumulated retained earnings of the Fund:		
- Realised	1,864,379	1,899,815
- Unrealised	511,525	260,806
	<u>2,375,904</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.

## DIRECTORY

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