

CIMB FTSE CHINA 25

UNAUDITED QUARTERLY REPORT

**FOR THE FINANCIAL PERIOD ENDED 1 JANUARY 2014
TO 31 MARCH 2014**

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INVESTORS' LETTER

Dear Valued Investors,

Firstly, thank you for your support and trust by investing in 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 exemplary services and products that meet our clients' financial and investment needs.

Looks like we have a good start this first quarter of the year! We are pleased to share with you our achievements in **The Edge-Lipper Malaysia Fund Award 2014**. They are symbolic of the Company's achievements over the years and would not have happened without the continuous support shown by our valued investors. We have rewarded our investors' faith with improved fund performance. We swept eight individual fund awards at the prestigious event:

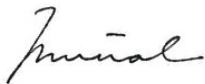
Fund	Category
CIMB-Principal Equity Fund	Equity Malaysia, 10 years
CIMB-Principal Equity Income Fund	Equity Asia Pacific Ex Japan, 3 years & 5 years
CIMB Islamic Equity Fund	Equity Asia Pacific Ex Japan (Islamic), 3 years & 5 years
CIMB-Principal Global Titans Fund	Equity Global, 3 years
CIMB-Principal Small Cap Fund	Equity Malaysia Small and Mid Caps, 3 years
CIMB Islamic DALI Equity Growth Fund	Equity Malaysia (Islamic), 10 years

We have also achieved yet another milestone in Private Retirement Scheme ("PRS") by being ranked top among the eight PRS providers in Malaysia in an awareness study commissioned by the Private Pension Administrator ("PPA"). As at end December 2013, we gained 26% of consumer awareness in survey size done among 3.5 million working population in the country. Overall, the survey found that the consumer PRS awareness level has increased from 18% to 25%.

With the increase in PRS awareness level, we are excited about welcoming the recent Budget 2014 proposal of a RM500 one-off incentive to the young PRS contributors. This incentive will be given to eligible contributors with a minimum cumulative contribution of RM1,000 within a year*. As saving for retirement at an early age is a brilliant financial move, we highly encourage all eligible contributors to take advantage of this probable once-in-a-lifetime incentive. For parents with young adults, we urge you to encourage your children to enroll in CIMB-Principal PRS Plus or give them a head start by making an initial contribution towards their PRS Plus account.

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

Happy Investing!



Munirah Khairuddin
Chief Executive Officer
CIMB-Principal Asset Management Berhad

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

MANAGER'S REPORT

What is the investment objective of the Fund?

The fund aims to provide investment results that closely correspond to the performance of the Benchmark Index, regardless of its performance.

Has the Fund achieved its objective?

For the period under review, the performance of the Fund has met its objective to closely correspond to the performance of the Benchmark Index. The Fund declined 6.32% for the quarter while the Benchmark Index declined 6.04%.

What are the Fund investment policy and its strategy?

A passive strategy whereby the Manager may adopt either a Replication Strategy or a Representative Sampling Strategy.

Replication Strategy

Using a Replication Strategy, the Fund will invest in substantially all the Index Securities in substantially the same weightings (i.e. proportions) as the Benchmark Index (to the extent possible).

However, if the Manager believes that a Replication Strategy is not the most efficient means to track the Index, the Manager may decide to adapt a Representative Sampling Strategy instead.

Representative Sampling Strategy

Using a Representative Sampling Strategy, the Fund will hold a representative sample of a portfolio of securities selected by the Manager using quantitative analytical models in a technique known as 'portfolio sampling'. The Manager will seek to construct the portfolio of the Fund so that, in the aggregate, its capitalisation, industry and fundamental investment characteristics perform like those of the Benchmark Index.

Fund category/ type

Exchange-traded fund / Equity / Index Tracking

How long should you invest for?

Recommended 3 to 5 years.

Indication of short-term risk (low, moderate, high)

High

When was the Fund launched?

9 July 2010*

What was the size of the Fund as at 31 March 2014?

RM 9.24 million (9.75 million units).

What is the Fund's benchmark?

The Benchmark Index is the FTSE China 25 Index which consists of the 25 largest and most liquid Chinese stocks (Red Chip and H Shares) listed and trading on the Hong Kong Stock Exchange or such replacement index as may be determined by the Manager, subject to the approval of the Securities Commission (SC).

What is the fund distribution policy?

Annually, subject to the discretion of the Manager.

What was the net income distribution for the financial period ended 31 March 2014?

No distribution was declared for the period ended 31 March 2014.

* Listing date

PERFORMANCE DATA

Details of portfolio composition of the Fund are as follows:

	31.03.2014	31.03.2013	31.03.2012
	%	%	%
Sector			
Quoted investments	99.99	100.00	99.92
Liquid assets and others	0.01	0.00	0.08
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

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

	31.03.2014	31.03.2013	31.03.2012
Net Asset Value (RM million)	9.24	29.86	11.97
Units In circulation (Million)	9.75	33.15	13.65
Net Asset Value per Unit (RM)	0.9481	0.9009	0.8772
Highest NAV per Unit (RM)	1.0100	1.0191	0.9538
Lowest NAV per Unit (RM)	0.8800	0.8993	0.8595
Market Price per Unit (RM)	0.9500	0.9050	0.8800
Highest Market Price per Unit (RM)	1.0050	1.0200	0.9550
Lowest Market Price per Unit (RM)	0.900	0.9000	0.8600
Total return (%) ^	(6.32)	(6.23)	2.01
-capital growth (%)	(6.32)	(6.23)	2.01
-income growth (%)	-	-	-
Management Expenses Ratio (%)	0.38	0.28	0.26
Portfolio Turnover Ratio (times) #	0.04	0.19	0.02

(Launch date : 9 July 2010)

For the period under review, the portfolio turnover ratio for the Fund decreased to 0.04 times from 0.19 times as there were less trading activities carried out for the Fund within the reporting period.

Period	Total return	Annualised
	(%)	(%)
- Since inception (SI)^	(6.44)	(1.77)
- One year	5.24	5.24
- Benchmark SI	<u>(8.65)</u>	<u>(2.40)</u>

	01.04.2013 to	01.04.2012 to	01.04.2011 to	Since
	31.03.2014	31.03.2013	31.03.2012	inception to
	(%)	(%)	(%)	31.03.2011
	(%)	(%)	(%)	(%)
Annual total return (%)	<u>5.24</u>	<u>2.70</u>	<u>-15.82</u>	<u>2.83</u>

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

MARKET REVIEW (1 JANUARY TO 31 MARCH 2014)

The Chinese stock market posted negative returns in the 3-month period ended 31 March 2014. Chinese equities were down with worries over credit risk and slowing Chinese economy. Deteriorating economic data culminated in February's official manufacturing Purchasing Manager's Index ("PMI") coming in at an eight-month low of 50.2.

March welcomed China's annual National People's Congress which detailed the reforms for the country's longer-term development drawn up at last year's Third Plenum. Chinese Premier Li Keqiang vowed to make financial and fiscal reforms a priority in the country's overall reform agenda, but also promised to promote social fairness and people's livelihoods to bridge the widening wealth gap. Three major tasks Li said his government faces this year are to meet people's basic living needs, to provide a safety net for people to fall back on in case of special difficulty, and to promote social fairness. However, worries over the slowing Chinese economy and its vast shadow banking sector resulted in muted investor sentiment during the final weeks of the quarter. PMI for March came out at 50.3, marginally better than market expectations.

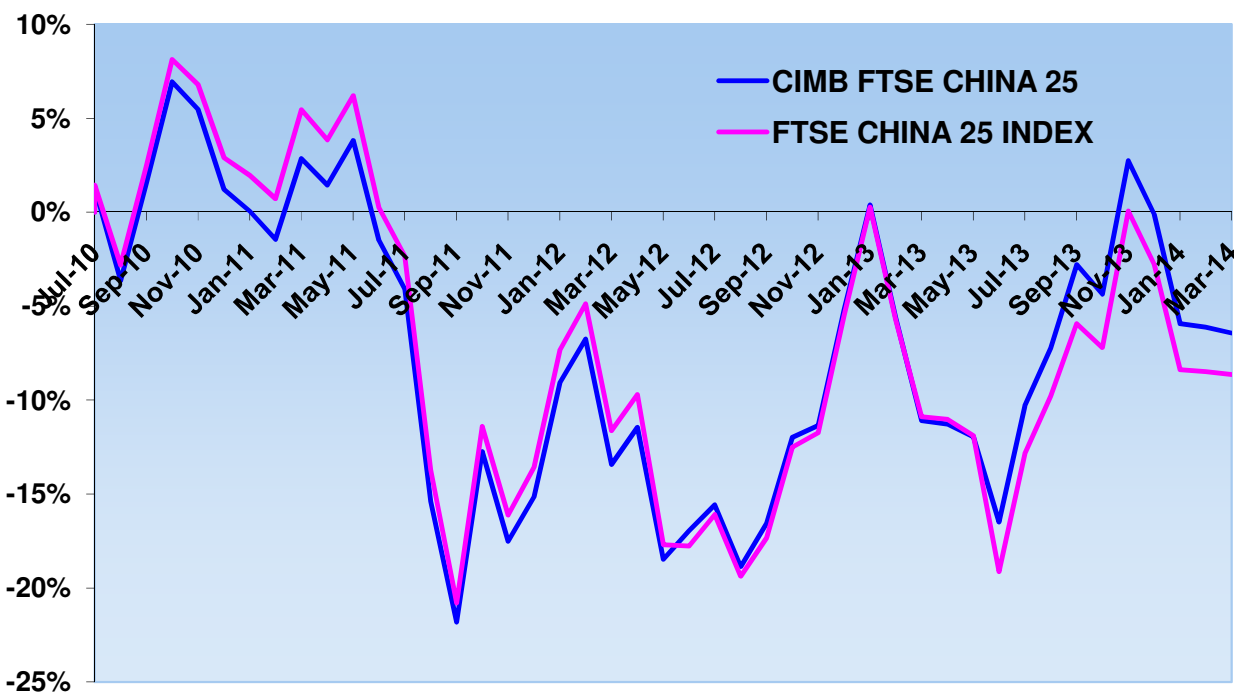
FUND PERFORMANCE

	3 months to 31.03.2014 (%)	1 year to 31.03.2014 (%)	Since Inception to 31.03.2014 (%)
Income	-	-	-
Capital [^]	(6.32)	5.24	(6.44)
Total Return [^]	(6.32)	5.24	(6.44)
Annualised Return [^]	(23.04)	5.24	(1.77)
Benchmark	(6.04)	2.51	(8.65)
Market Price per Unit	(6.40)	4.97	(6.86)

[^] Based on NAV per Unit

For the period under review, the Fund declined by 6.32% while the benchmark fell by 6.04%.

The last available published market price of the Fund quoted on Bursa Malaysia was RM 0.9481. This represents a decline of 6.40% for the period.



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

	31.03.2014	31.03.2013	% changes
Net Asset Value (RM million)	9.24	29.86	(69.06)
Net Asset Value per Unit (RM)	0.9481	0.9009	5.24

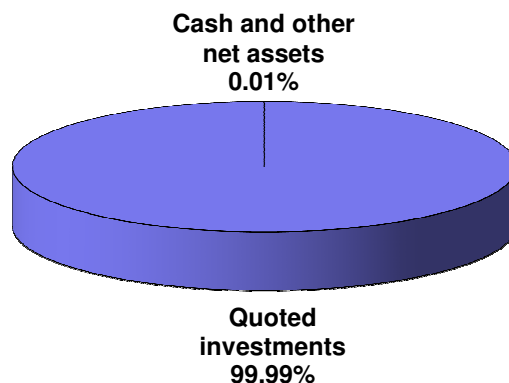
For the 1-year period, total NAV fell by 69.06% while the NAV/unit increased by 5.24%. The fall in the total NAV was due to unit redemptions while the positive changes in NAV/unit were due to investment performance of the Chinese equities over the year.

Performance data represents the combined income and capital return as a result of holding units in the fund for the specified length of time, based on NAV to NAV price. The performance data assumes that all earnings from the fund are reinvested and are net of management and trustee fees. Past performance is not reflective of future performance and income distributions are not guaranteed. Unit prices and income distributions, if any, may fall and rise. All performance figures have been extracted from Lipper.

PORTFOLIO STRUCTURE**Asset allocation**

(% of NAV)	31.03.2014	31.03.2013
Quoted investments	99.99	100.00
Cash and other net assets	0.01	0.00
TOTAL	100.00	100.00

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



MARKET OUTLOOK*

The recently concluded annual National People's Congress ("NPC") reaffirmed key reform areas to watch for in 2014 and beyond. We believe China will keep Gross Domestic Product ("GDP") target for 2014 unchanged at 7.5% to provide sufficient job opportunities.

The gathering also laid out plans for the country's continued urbanisation, as the government looks to increase investment in developing shantytowns and slowly removing restrictions for urban migrants to obtain household registration permits. The key to, and the ultimate impact of these reforms, will boil down to the implementation and political will to carry these out. In the face of slowing economic growth, a mounting debt issue and a deteriorating environment, reforms will mean short-term pain for the economy as adjustments are made to hopefully steer China towards long-term sustainable economic growth and gains.

* 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 an exchange-traded fund, the Fund will continue to remain fully invested in the benchmark index stocks with minimal cash kept for liquidity purposes in order to track the performance of the benchmark.

UNIT HOLDINGS STATISTICS

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

Size of unit holding	No. of unit holders	No. of units held (million)	% of units held
5,000 and below	115	0.31	3.14
5,001 to 10,000	60	0.51	5.24
10,001 to 50,000	80	2.23	22.92
50,001 to 500,000	30	4.10	42.02
500,001 and above	3	2.60	26.68
Total	288	9.75	100.00

SOFT COMMISSIONS AND REBATES

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

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

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014**

	Note	01.01.2014 to 31.03.2014 RM	01.01.2013 to 31.03.2013 RM
INVESTMENT INCOME			
Net loss on financial assets at fair value through profit or loss		(553,288)	(1,704,288)
Net foreign currency exchange loss	4	(34,496)	(5,330)
		<u>(587,784)</u>	<u>(1,709,618)</u>
EXPENSES			
Management fee	5	13,577	42,489
Trustee and custodian fee	6	2,959	5,665
Transaction cost		1,664	17,435
Audit fee		6,164	6,164
Tax agent fee		740	740
Administration expenses		11,366	9,347
		<u>36,470</u>	<u>81,840</u>
LOSS BEFORE TAXATION		(624,254)	(1,791,458)
TAXATION	8	-	-
LOSS AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		<u>(624,254)</u>	<u>(1,791,458)</u>
Loss after taxation is made up as follows:			
Realised amount		86,474	(273,491)
Unrealised amount		(710,728)	(1,517,967)
		<u>(624,254)</u>	<u>(1,791,458)</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 2014**

	Note	31.03.2014 RM	31.03.2013 RM
CURRENT ASSETS			
Financial assets at fair value through profit or loss	9	9,244,686	29,867,374
Cash and cash equivalents	10	25,367	62,204
Other receivables		33,947	-
TOTAL ASSETS		<u>9,304,000</u>	<u>29,929,578</u>
CURRENT LIABILITIES			
Accrued management fee		4,567	27,675
Amount due to trustee		1,019	1,938
Other payables and accruals	11	54,418	36,264
TOTAL LIABILITIES		<u>60,004</u>	<u>65,877</u>
NET ASSET VALUE OF THE FUND	12	<u>9,243,996</u>	<u>29,863,701</u>
EQUITY			
Unit holders' capital		6,439,550	30,588,285
Retained earnings/(Accumulated losses)		2,804,446	(724,584)
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	12	<u>9,243,996</u>	<u>29,863,701</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)	12	<u>9,750,000</u>	<u>33,150,000</u>
NET ASSET VALUE PER UNIT (EX-DISTRIBUTION)	12	<u>0.9481</u>	<u>0.9009</u>

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

**UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014**

	Note	Unit holders' Capital RM	Retained earnings/ (Accumulated Losses) RM	Total RM
Balance as at 1 January 2014				
Movement in unit holders' contribution:		6,439,550	3,428,700	9,868,250
Creation of units		-	-	-
Total comprehensive income for the financial period		-	(624,254)	(624,254)
Balance as at 31 March 2014	12	<u>6,439,550</u>	<u>2,804,446</u>	<u>9,243,996</u>
Balance as at 1 January 2013		27,035,385	1,066,874	28,102,259
Movement in unit holders' contribution:				
Creation of units		3,552,900	-	3,552,900
Total comprehensive income for the financial period		-	(1,791,458)	(1,791,458)
Balance as at 31 March 2013	12	<u>30,588,285</u>	<u>(724,584)</u>	<u>29,863,701</u>

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

**UNAUDITED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014**

	Note	01.01.2014 to 31.03.2014 RM	01.01.2013 to 31.03.2013 RM
CASH FLOW FROM OPERATING ACTIVITIES			
Proceeds from sale of investments		338,489	3,637,890
Purchase of investments		(372,236)	(7,117,951)
Trustee and custodian fee paid		(3,058)	(5,587)
Management fee paid		(15,687)	(39,237)
Payments for other fees and expenses		(12,125)	(23,950)
		<u> </u>	<u> </u>
Net cash used in operating activities		<u>(64,617)</u>	<u>(3,548,835)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Cash proceeds from units created		-	3,552,900
		<u> </u>	<u> </u>
Net cash generated from financing activities		<u>-</u>	<u>3,552,900</u>
Net (decrease)/increase in cash and cash equivalents		(64,617)	4,065
Effect of unrealised foreign exchange		-	-
Cash and cash equivalents at the beginning of the financial period		89,984	58,139
		<u> </u>	<u> </u>
Cash and cash equivalents at the end of the financial period	10	<u>25,367</u>	<u>62,204</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 ENDED 31 MARCH 2014****1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITY**

CIMB FTSE China 25 (the "Fund") was constituted pursuant to the execution of a Deed dated 19 April 2010 and has been entered into between CIMB-Principal Asset Management Berhad (the "Manager") and Deutsche Trustees Malaysia Berhad (the "Trustee").

On 16 December 2010, the Fund's Benchmark Index, FTSE/Xinhua China 25 Index was renamed FTSE China 25 Index and concurrent with this change, the Fund also announced the change of name to CIMB FTSE China 25. The Fund's change of its name is pursuant to the Supplemental Deed dated 8 December 2010.

The principal activity of the Fund is to provide investment results that, closely correspond to the performance of the FTSE China 25 Index (the "Benchmark Index"), regardless of its performance. The Benchmark Index is designed to represent the performance of the stocks of the mainland Chinese market that are available to international investors. The Benchmark Index consists of the 25 largest and most liquid Chinese stocks (Red Chip and H shares) listed and trading on the Hong Kong Stock Exchange.

The Fund commenced operations on 9 July 2010 and will continue its operations until terminated by the Manager. All investments will be subjected to the Securities Commission Guidelines on Exchange-Traded Funds, the Deed and the objective of the Fund.

The Manager, a company incorporated in Malaysia, is a subsidiary of CIMB Group Sdn Bhd and regards CIMB Group Holdings Bhd as its ultimate holding company. The company 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") and the requirements.

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

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reported financial period.

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(n).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

The standards, amendments to published standards and interpretations to existing standards that are applicable to the Fund but not yet effective and have not been early adopted are as follows:

(i) Financial year beginning on/after 1 July 2014

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

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

(ii) Financial year beginning on/after 1 July 2017

MFRS 9 “Financial Instruments – Classification and Measurement of Financial Assets and Financial Liabilities” (effective no earlier than annual periods beginning on or after 1 January 2017) replaces the parts of MFRS 139 that relate to the classification and measurement of financial instruments. MFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity’s business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the MFRS 139 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity’s own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Fund will apply this standard when effective.

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

(b) Financial assets and liabilities

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date, the date on which the Fund commits to purchase or sell the asset. Investments are initially recognised at fair value. Transaction costs are expensed in the profit or loss.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(b) Financial assets and liabilities (continued)

Recognition and measurement (Continued)

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

Unrealised gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss are presented in the statement of comprehensive income within net gain or loss on financial assets at fair value through profit or loss in the period which they arise.

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of gross dividend income when the Fund's right to receive payments is established.

Quoted securities are valued at the bid prices quoted on the respective foreign stock exchanges at the close of the business day of the respective foreign stock exchanges.

If a valuation based on the market price does not represent the fair value of the securities, for example during abnormal market conditions or when no market price is available, including in the event of a suspension in the quotation of the securities for a period exceeding 14 days, or such shorter period as agreed by the Trustee, then the securities are valued as determined in good faith by the Manager, based on the methods or bases approved by the Trustee after appropriate technical consultation.

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 profit or loss. If 'loans and receivables' or a 'held-to-maturity investment' has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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

If, in a subsequent 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 financial position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and liabilities (continued)

Recognition and measurement (continued)

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, 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 period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges.

(d) Income recognition

Profit income earned from deposits is recognised based on effective interest rate method on an accrual basis.

Dividend income is recognised on the ex-dividend date when the Fund's right to receive payments is established.

Realised gain or loss on disposal of quoted investments is calculated based on sales proceeds less cost of quoted investments which is determined on a weighted average cost basis.

(e) Creation and cancellation of units

The Fund issues cancellable units, which are cancelled upon accepted redemption applications submitted by Participating Dealer to the Manager in accordance with the terms of a Participating Dealer Agreement and the Deed, and are classified as equity. Cancellable units can be returned to the Fund at any Dealing Day for cash equal to a proportionate share of the Fund's net asset value ("NAV"). The outstanding units are carried at the redemption amount that is payable at the statement of financial position date if the unit holder exercises the right to 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 cash and bank balances and deposits held in highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(g) Taxation

Current tax expense is determined according to Malaysian tax laws at the current rate based upon the taxable profit earned during the financial period. Tax on dividend income from foreign investments is based on the tax regime of the respective countries that the Fund invests in.

(h) Distribution

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

(i) Proceeds and payments on creation and cancellation of units

The net asset value per unit is computed for each dealing day. The price at which units are created or cancelled is calculated by reference to the net asset value per unit as at the close of business on the relevant dealing day. Units in the Fund are classified as equity in the statement of financial position and are stated at fair value representing the price at which unit holders can redeem the units from the Fund.

(j) Transaction costs

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

(k) Segmental information

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographic segment is engaged in providing products or a service within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Investment Committee of the Fund's manager that undertakes strategic decisions for the Fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Fair value of financial instruments

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

(m) Realised and unrealised portions of net income after tax

The analysis of realised and unrealised net income after tax as presented on the statement of comprehensive income is prepared in accordance with Securities Commission Guidelines on Exchange Traded Funds.

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

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Funds' results and financial position are tested for sensitivity to changes in the underlying parameters.

Estimates and judgments are continually evaluated by the Manager and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES

The investment objective of the Fund is to provide investment results that, before expenses, closely correspond to the performance of the FTSE China 25 Index, regardless of its performance. 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, interest rate risk and currency risk), credit risk, liquidity risk, country risk, passive investment, tracking error risk, non-compliance risk and capital risk.

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

(a) Market risk

Any purchase of securities will involve an element of risk. The value of securities may fluctuate according to the activities of individual companies, sector and overall political and economic conditions. Such fluctuation may cause the Fund's net asset value and prices of units to fall as well as rise, and income produced by the Fund may also fluctuate.

The market risk is managed through portfolio diversification and asset allocation whereby the equity exposure will be reduced in the event of anticipated market weakness.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**(a) Market risk (continued)****(i) Price risk**

This is the risk that the fair value of equity securities of the Fund will fluctuate because of changes in market prices (other than those arising from interest rate risk and currency risk). The value of securities may fluctuate according to the activities of individual companies, sector and overall political and economic conditions. Such fluctuation may cause the Fund's net asset value and prices of units to fall as well as rise, and income produced by the Fund may also fluctuate.

The price risk is managed through diversification and selection of securities and other financial instruments within specified limits according to the Deeds.

(ii) Interest rate risk

Interest rate risk is the risk that the value of the Fund's investment in collective investment schemes and its return will fluctuate because of changes in market interest rates.

Interest rate is a general economic indicator that will have an impact on the management of the Fund. The Fund's investments in deposits with licensed financial institutions are short term in nature. Therefore, exposure to interest rate fluctuations is minimal.

(iii) Currency risk

Currency risk is associated with investments that are quoted and/or priced in foreign currency denomination. Malaysian based investor should be aware that if the Malaysian Ringgit appreciates against the currencies in which the portfolio of the investment is denominated, this will have an adverse effect on the NAV of the fund and vice versa. Investors should note any gains or losses arising from the movement of foreign currencies against its home currency may therefore increase/decrease the capital gains of the investment. Nevertheless, investors should realise that currency risk is considered as one of the major risks to investments foreign assets due to the volatile nature of the foreign exchange market. The Manager or its fund management delegate could utilise two pronged approaches in order to mitigate the currency risk; firstly by spreading the investments across different currencies (i.e. diversification) and secondly, by hedging the currencies when its deemed necessary.

(b) Credit risk

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

The credit risk arising from placements of deposits in licensed financial institutions is managed by ensuring that the Fund will only place deposits in reputable licensed financial institutions. The settlement terms of the proceeds from the creation of units receivable from the Manager are governed by the SC Guidelines on Exchange Traded Funds.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk

Liquidity risk can be defined as the ease with which a security can be sold at or near its fair value depending on the volume traded in the market. If a security encounters a liquidity crunch, the security may need to be sold at a discount to the market fair value of the security. This in turn would depress the NAV and/or growth of the Fund. Generally, all investments are subject to a certain degree of liquidity risk depending on the nature of the investment instruments, market, sector and other factors. For the purpose of the Fund, the fund manager will attempt to balance the entire portfolio by investing in a mix of assets with satisfactory trading volume and those that occasionally could encounter poor liquidity. This is expected to reduce the risks for the entire portfolio without limiting the Fund's growth potentials.

The Manager manages this risk by maintaining sufficient level of liquid assets to meet anticipated payments and cancellations of the units by unit holders. Liquid assets comprise bank balance, deposits with licensed financial institutions and other instruments, which are capable of being converted into cash within 7 business days.

(d) Tracking error risk

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

(e) Foreign security risks

The Fund invests entirely within or relates within or relates to the equity markets of a single country. These markets are subject to special risks associated with foreign investment including market fluctuations caused by factors affected by political and economic development. The principal risk factors, which could decrease the value of the investor's investment, are listed and described below:

- less liquid and less efficient securities markets;
- greater price volatility;
- exchange rate fluctuations and exchange controls;
- less publicly available information about issuers;
- higher transaction and custody costs and delays and risks of loss attendant in settlement procedures;
- difficulties in enforcing contractual obligations;
- lesser levels of regulation of the securities markets;
- different accounting, disclosure and reporting requirements;
- more substantial government involvement in the economy;
- higher rates of inflations; and
- greater social, economic, and political uncertainty and the risk of nationalisation or expropriation of assets and risk of war or terrorism.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**(f) Non-compliance risk**

Non-compliance risk arises when the Manager and others associated with the Fund do not follow the rules set out in the Fund's constitution, or the law that govern the Fund, or act fraudulently or dishonestly. It also includes the risk of the Manager not complying with internal control procedures. The non-compliance may expose the Fund to higher risks which may result in a fall in the value of the Fund which in turn may affect its investment goals. However, the risk can be mitigated by the internal controls and compliance monitoring undertaken by the manager.

(g) Capital risk management

The capital of the Fund is represented by equity consisting of 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

The fair value of financial assets and liabilities traded in active market (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the year end date. The quoted market price used for financial assets by the Fund is the current bid price; the appropriate quoted market price for financial liabilities is the current asking price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial assets and liabilities that are not traded in an active market is determined by using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each period end date. Valuation techniques used for non-standardised financial instruments such as options, currency swaps and other over-the-counter derivatives, include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

For instruments for which there is no active market, the Fund may use internally developed models, which are usually based on valuation methods and techniques generally recognized as standard within the industry. Valuation models are used primarily to value unlisted equity, debt securities and other debt instruments for which market were or have been inactive during the financial period. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risk, liquidity risk and counterparty risk.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(h) Fair value estimation (continued)

The carrying value less impairment provision of receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Fund for similar financial instruments.

The Fund adopted the amendments to FRS 7, effective 1 January 2011. This requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active market for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2)
- Inputs for the asset and liability that are not based on observable market data (that is, unobservable inputs) (Level 3)

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement.

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

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

The following table analyses within the fair value hierarchy the Fund's financial assets (by class) measured at fair value.

31.03.2014	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM
Financial assets at fair value through profit or loss:				
- Quoted securities	9,244,686	-	-	9,244,686
	<u>9,244,686</u>	<u>-</u>	<u>-</u>	<u>9,244,686</u>
31.03.2013	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM
Financial assets at fair value through profit or loss:				
- Quoted securities	29,867,374	-	-	29,867,374
	<u>29,867,374</u>	<u>-</u>	<u>-</u>	<u>29,867,374</u>

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

Financial instruments that trade in markets that are considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. This includes deposits in licensed financial institutions. As Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. The Fund's policies on valuation of these financial assets are stated in Note 2(b).

The Fund has no other financial assets and liabilities at fair value through profit or loss as at each financial year end except deposits with a licensed financial institution of which the carrying value approximates their fair value due to their short-term nature.

4. NET FOREIGN CURRENCY EXCHANGE LOSS

Breakdown of net foreign exchange loss for the financial period was as follows;

	01.01.2014 to 31.03.2014 RM	01.01.2013 to 31.03.2013 RM
Realised foreign exchange gain/(loss)	10,403	(5,330)
Unrealised foreign exchange loss	(44,899)	-
	<u>(34,496)</u>	<u>(5,330)</u>

5. MANAGEMENT FEE

In accordance with Clause 15.1 of the Deed, the Manager is entitled to a fee of up to 3.00% per annum calculated and accrued daily based on the net asset value of the Fund.

For the financial period ended 31 March 2014, the management fee is recognised at a rate of 0.60% per annum (31.03.2013: 0.60% per annum).

There will be no further liability to the Manager, other than amounts recognised above.

6. TRUSTEE AND CUSTODIAN FEE

In accordance with Clause 15.2 of the Deed, the Trustee is entitled to a fee not exceeding 0.20% per annum, calculated based on the net asset value of the Fund, subject to a minimum fee of RM12,000 per annum, excluding foreign sub-custodian fees and charges.

For the financial period ended 31 March 2014, the trustee and custodian fee is recognised at a rate of 0.08% per annum (31.03.2013: 0.08% per annum).

There will be no further liability to the Trustee in respect of trustee and custodian fee other than the amounts recognised above.

7. LICENSE FEE

License fee is payable to FTSE International Limited, the Underlying Index provider.

For the financial period ended 31 March 2014, the License fee is recognised at a rate of 0.04% per annum (31.03.2013: 0.04% per annum) of the net asset value of the Fund, calculated on daily basis.

There will be no further liability to the FTSE International Limited in respect of license fee other than the amounts recognised above.

8. TAXATION

	01.01.2014 to 31.03.2014 RM	01.01.2012 to 31.03.2012 RM
Tax charge for the financial period:		
Current taxation - foreign	-	-

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

	01.01.2014 to 31.03.2014 RM	01.01.2013 to 31.03.2013 RM
Loss before taxation	(624,254)	(1,791,458)
Taxation at Malaysian statutory rate of 25% (31.03.2013: 25%)	(156,064)	(447,865)
Tax effects of:		
Income not subject to tax	(30,736)	-
Loss not deductible for tax purposes	177,682	427,405
Expenses not deductible for tax purposes	4,427	9,513
Restriction on tax deductible expenses for exchange traded funds	4,691	10,947
Taxation	-	-

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31.03.2014 RM	31.03.2013 RM
Designated at fair value through profit or loss		
- Quoted investments	9,244,686	29,867,374
	01.03.2014 to 31.03.2014 RM	01.03.2013 to 31.03.2013 RM
Net loss on financial assets at fair value through profit or loss		
- Realised gain/(loss) on disposals	112,542	(186,321)
- Change in unrealised fair value loss	(665,830)	(1,517,967)
	(553,288)	(1,704,288)

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

	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of net asset Value %
As at 31.03.2014				
Agricultural Bank of China	262,500	369,811	373,532	4.04
Anhui Conch Cement Company Limited	16,500	172,324	230,971	2.50
Bank of China Limited	396,000	536,360	573,503	6.20
Bank of Communications Company Limited	106,500	253,689	227,321	2.46
China Citic Bank Corporation Limited	100,500	172,304	189,128	2.05
China Construction Bank Corporation	369,000	890,464	843,545	9.12
China Life Insurance Company Limited	40,500	387,009	374,258	4.05
China Merchants Bank Company Limited	61,500	383,478	364,035	3.94
China Minsheng Banking Corporation Limited	67,500	204,657	221,088	2.39
China Mobile Limited	22,500	753,656	672,548	7.28
China Overseas Land & Investment Limited	43,500	365,602	368,101	3.98
China Pacific Insurance Group Company Limited	30,000	322,157	349,851	3.78
China Petroleum & Chemical Corporation (Sinopec)	124,500	291,502	363,757	3.93
China Shenhua Energy Company Limited	42,000	470,982	396,077	4.28
China Telecom Corporation Limited	217,500	361,095	328,727	3.56
China Unicom	60,000	286,333	257,652	2.79
Citic Securities Company Limited	12,000	82,824	81,741	0.88
CNOOC Limited	70,500	424,012	346,075	3.74
Great Wall Motor Company Limited	13,500	233,670	221,088	2.39
Industrial And Commercial Bank of China Limited	324,000	677,726	650,647	7.04
The People'S Insurance Company (Group) Of China Limited	46,500	72,838	62,645	0.68
Petrochina Company Limited	108,000	408,856	384,205	4.16
PICC Property And Casualty Company Limited	40,500	165,741	181,076	1.96
Ping An Insurance (Group) Company of China Limited	13,500	347,632	365,449	3.95
Tencent Holdings Limited	3,600	464,168	817,666	8.85
TOTAL QUOTED INVESTMENTS	2,592,600	9,098,890	9,244,686	100.00
UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS EFFECT OF UNREALISED FOREIGN EXCHANGE DIFFERENCES		(175,561)		
		321,357		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		9,244,686		

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

	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of net asset Value
As at 31.03.2013				
Agricultural Bank of China	790,500	1,104,885	1,170,089	3.92
Anhui Conch Cement Company Limited	45,900	459,715	470,288	1.57
Bank of China Limited	1,494,300	1,992,202	2,140,495	7.17
Bank of Communications Company Limited	300,900	746,280	695,620	2.33
Belle International Holdings Limited	198,900	1,119,543	1,020,936	3.42
China Citic Bank Corporation Limited	280,500	491,947	520,107	1.74
China Coal Energy Company Limited	153,000	526,685	421,281	1.41
China Construction Bank Corporation	1,234,200	2,954,234	3,113,499	10.43
China Life Insurance Company Limited	137,700	1,396,670	1,101,296	3.69
China Merchants Bank Company Limited	147,900	955,892	967,484	3.24
China Minsheng Banking Corporation Limited	204,000	578,365	802,787	2.69
China Mobile Limited	81,600	2,702,557	2,668,922	8.94
China Overseas Land & Investment Limited	142,800	1,136,597	1,215,951	4.07
China Pacific Insurance Group Company Limited	86,700	903,242	881,422	2.95
China Petroleum & Chemical Corporation (Sinopec)	357,000	1,070,865	1,298,340	4.35
China Shenhua Energy Company Limited	107,100	1,294,675	1,201,745	4.03
China Telecom Corporation Limited	617,100	1,042,663	960,077	3.21
China Unicom	178,500	854,743	738,662	2.47
Citic Securities Company Limited	35,700	252,858	238,360	0.80
CNOOC Limited	214,200	1,293,948	1,271,634	4.26
Industrial And Commercial Bank of China Limited	1,137,300	2,357,467	2,461,772	8.24
Petrochina Company Limited	290,700	1,147,199	1,177,516	3.94
PICC Property And Casualty Company Limited	102,000	427,400	404,640	1.35
Ping An Insurance (Group) Company of China Limited	51,000	1,337,010	1,221,633	4.08
Tencent Holdings Limited	17,340	1,902,252	1,702,818	5.70
TOTAL QUOTED INVESTMENTS	8,406,840	30,049,894	29,867,374	100.00
UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS EFFECT OF UNREALISED FOREIGN EXCHANGE DIFFERENCES		(26,216)		
		(156,304)		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		29,867,374		

10. CASH AND CASH EQUIVALENTS

	31.03.2014	31.03.2013
	RM	RM
Bank balance	25,367	62,204

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

	31.03.2014	31.03.2013
	RM	RM
- RM	4,985	8,818
- HKD	20,382	53,386
	<u>25,367</u>	<u>62,204</u>

11. OTHER PAYABLES AND ACCRUALS

	31.03.2014	31.03.2013
	RM	RM
Provision for audit fee	18,766	13,267
Provision for tax agent fee	17,353	3,952
Other accruals	18,299	19,045
	<u>54,418</u>	<u>36,264</u>

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

Net Asset Value (NAV) attributable to unit holders is represented by:

	Note	31.03.2014	31.03.2013
		RM	RM
Unit holders' contribution		6,439,550	30,588,285
Retained earnings / (Accumulated losses)		2,804,446	(724,584)
	(a)	<u>9,243,996</u>	<u>29,863,701</u>

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

(a) UNIT HOLDERS' CONTRIBUTION/ UNIT IN CIRCULATION

	31.03.2014		31.03.2013	
	No of units	RM	No of units	RM
At the beginning of the financial period	9,750,000	6,439,550	29,250,000	27,035,385
Add: Creations from application during the financial period	-	-	3,900,000	3,552,900
Less: Cancellation of units during the financial period	-	-	-	-
At end of the financial period	<u>9,750,000</u>	<u>6,439,550</u>	<u>33,150,000</u>	<u>30,588,285</u>

The Manager, CIMB-Principal Asset Management Berhad, did not hold any units in the Fund as at 31 March 2014.

13. MANAGEMENT EXPENSE RATIO ("MER")

	01.01.2014 to 31.03.2014	01.01.2013 to 31.03.2013
MER	0.38	0.28

MER is derived based on the following calculation:

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

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

The average net asset value of the Fund for the financial period calculated on daily basis is RM 9,176,772 (31.03.2013: RM 28,717,920)

14. PORTFOLIO TURNOVER RATIO ("PTR")

	01.01.2014 to 31.03.2014	01.01.2013 to 31.03.2013
PTR (times)	0.04	0.19

PTR is derived from the following calculation:

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

where:

total acquisition for the financial period = RM 372,236 (31.03.2013: 7,117,951)
 total disposal for the financial period = RM 372,550 (31.03.2013: RM 3,637,890)

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

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

<u>Related parties</u>	<u>Relationship</u>
CIMB-Principal Asset Management 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
Subsidiaries and associates of CIMB as disclosed in its financial statements	Subsidiary and associated companies of the ultimate holding company of the Manager

Units held by the Manager and parties related to the Manager

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

In addition to related party disclosure mentioned elsewhere in the financial statements, there are no other significant related party transactions and balances.

16. TRANSACTIONS WITH BROKERS/DEALERS

Details of transactions with all brokers for the financial period ended 31 March 2014 are as follows:

Brokers/dealers	Values of trades RM	Percentage of total trades	Brokerage fees RM	Percentage of total brokerage fees
China International Capital Corporation Hong Kong Securities Limited	73,356	9.85	263	15.81
CIMB Securities (Singapore) Pte Ltd.	671,431	90.15	1,401	84.19
	<u>744,787</u>	<u>100.00</u>	<u>1,664</u>	<u>100.00</u>

16. TRANSACTIONS WITH BROKERS/DEALERS (CONTINUED)

Details of transactions with all brokers for the financial period ended 31 March 2013 are as follows:

Brokers/dealers	Values of trades RM	Percentage of total trades	Brokerage fees RM	Percentage of total brokerage fees
CIMB Securities	10,144,482	94.27	5,072	87.45
CITI Group	407,009	3.78	204	3.51
JP Morgan Securities	209,680	1.95	524	9.04
	<u>10,761,171</u>	<u>100.00</u>	<u>5,800</u>	<u>100.00</u>

17. SEGMENT INFORMATION

The Fund is designed to provide investment results that, before expenses, closely correspond to the performance of the FTSE China 25 Index, regardless of its performance. In managing the Fund, the Manager attempts to achieve a high positive correlation and a low tracking error between the Net Asset Value of the Fund's portfolio and the Benchmark Index. The internal reporting provided to the Chief Operating decision maker for the fund's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of MFRS and International Financial Reporting Standards. The chief operating decision maker is responsible for the performance of the fund and considers the business to have a single operating segment.

18. NON CASH TRANSACTIONS

Creation and cancellation are done by transferring the In-Kind Creation Basket from and to the Participating Dealers respectively. A reconciliation of the cash flows used in creation and cancellation and the total creation and cancellation as presented in the statement of changes in equity. There are no creation and cancellation during the period.

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

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

	2014	2013
	RM	RM
Total accumulated losses of the Fund		
- Realised	2,658,649	(542,064)
- Unrealised	145,797	(182,520)
	<u>2,804,446</u>	<u>(724,584)</u>

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

DIRECTORY

Head office of the Manager

CIMB-Principal Asset Management Berhad (Company No.: 304078-K)
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