

CIMB FTSE CHINA 50
(FORMERLY KNOWN AS CIMB FTSE CHINA 25)

UNAUDITED QUARTERLY REPORT

FOR THE FINANCIAL PERIOD FROM 1 JULY 2014
TO 30 SEPTEMBER 2014

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INVESTORS' LETTER

Dear Valued Investors,

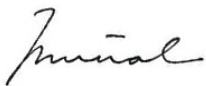
Thank you for your continuous support and trust by investing in CIMB-Principal Asset Management Berhad ("CIMB-Principal") funds. Our commitment to you is to deliver consistent risk adjusted returns through sound investment and strong corporate governance practices. By placing clients at the heart of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

We are also pleased to inform that we have won the marquee award for The Best Asset Manager in Southeast Asia by Alpha Southeast Asia for the 5th straight year. This industry recognition is emblematic of the trust that we have built with our clients over time and our ability to successfully scale up our capabilities with solid investment track records.

At CIMB-Principal, we aspire to be your preferred asset management partner in helping you to achieve your desired retirement lifestyle. If you have not maximised the RM3,000 in tax relief a year* by saving in the Private Retirement Scheme ("PRS"), we do encourage you to do so. In addition, a RM500 one-off PRS Youth Incentive will also be given to individuals between the age of 20-30 years who participate in the PRS**.

For parents with young adults, we recommend that you encourage your children to enroll in CIMB-Principal PRS Plus/CIMB Islamic PRS Plus ("PRS Plus account") or give them a head start by making an initial contribution towards their PRS Plus account. After all, our schemes are designed to provide choice, investment performance and expertise to help investors increase your retirement savings.

Happy Investing!



Munirah Khairuddin

Chief Executive Officer/Executive Director
CIMB-Principal Asset Management Berhad

* For contributions into the PRS Plus and deferred annuities effective from years of assessment 2012 to 2021.

** With a minimum cumulative contribution of RM1,000 within any calendar year between 2014 to 2018 in a single PRS fund of a single Provider.

MANAGER'S REPORT

FUND OBJECTIVE AND POLICY

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 financial period under review, the performance of the Fund has met its objective to closely correspond to the performance of the Benchmark Index. The Fund gained 3.96% for the quarter while the Benchmark Index gained 3.14%.

What are the Fund investment policy and principal investment strategy?

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

Replication Strategy

In managing the Fund, the Manager will generally adopt a 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). If the Manager is of the opinion there exists liquidity constraints with the Index Securities, the Fund may substitute the Index Securities (in part or in whole) with one or more derivatives of the Index Securities which are likely to behave in a manner consistent with the investment objective of the Fund as determined by the Manager.

Representative Sampling Strategy

The Manager may decide to adopt a Representative Sampling Strategy if various circumstances make it impossible or impracticable to adopt a Replication Strategy.

Fund category/type

Exchange-traded fund/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 30 September 2014?

RM9.96 million (9.75 million)

What is the Fund's benchmark?

The Benchmark Index is the Financial Times Stock Exchange ("FTSE") China 50 Index or such replacement index as may be determined by the Manager, subject to the approval of the Securities Commission Malaysia ("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 from 1 July 2014 to 30 September 2014?

There was no distribution declared for the financial period from 1 July 2014 to 30 September 2014.

PERFORMANCE DATA

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

	30.09.2014	30.09.2013	30.09.2012
	%	%	%
Quoted securities	99.87	99.67	99.71
Cash and other net assets	0.13	0.33	0.29
	<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:

	30.09.2014	30.09.2013	30.09.2012
Total asset value	10.032	36.56	14.89
Net Asset Value ("NAV") (RM million)	9.96	36.48	14.84
Units in circulation (million)	9.75	37.05	17.55
NAV per Unit (RM)	1.0212	0.9846	0.8455
	01.07.2014	01.07.2013	01.07.2012
	to	to	to
	30.09.2014	30.09.2013	30.09.2012
Highest NAV per Unit (RM)	1.1071	1.0243	0.8734
Lowest NAV per Unit (RM)	0.9813	0.8156	0.7940
Market Price per Unit (RM)	1.0350	0.9900	0.8500
Highest Market Price per Unit (RM)	1.1000	1.0250	0.8750
Lowest Market Price per Unit (RM)	0.9900	0.8200	0.7950
Total return (%) ^	3.96	16.39	0.48
- Capital growth (%)	3.96	16.39	0.48
- Income distribution (%)	-	-	-
Management Expenses Ratio ("MER") (%)	0.27	0.23	0.34
Portfolio Turnover Ratio ("PTR") (times) #	0.09	0.17	0.22

^ based on NAV per unit

The Fund's PTR for the financial period decreased from 0.17 times to 0.09 times as there were less trading activities carried out for the Fund within the financial reporting period.

	30.09.2014	30.09.2013	30.09.2012	30.09.2011	Since inception to 30.09.2010
	%	%	%	%	%
Annual total return	3.68	16.49	6.73	(23.03)	1.58

(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 for the financial period have been extracted from Lipper.

MARKET REVIEW (1 JULY 2014 TO 30 SEPTEMBER 2014)

In July 2014, China's monetary conditions became more accommodative. The growth in the stock of Total Social Financing ("TSF") in China was 16.5% in June 2014 compared with 15.8% in May 2014. Weak property activity remains the biggest risk to economic growth. June 2014 Consumer Price Index ("CPI") moderated to 2.3% year-on-year ("y-o-y"). Producer Price Index ("PPI") deflation eased to -1.1% y-o-y in June 2014, the 28th month of deflation. Overall, we expect China second half of 2014 economic growth momentum to be largely steady, with 7.6% quarter-on-quarter ("q-o-q"), Seasonally Adjusted Annual Rate ("SAAR") and 7.4% q-o-q, SAAR growth forecast for the third quarter and fourth quarter, respectively.

China's economic momentum was fading before August 2014. Both the National Bureau of Statistic ("NBS") Purchasing Managers Index ("PMI") and Markit PMI eased during the month. Industrial production, retail sales, fixed investment and monetary data in July 2014 were below market expectations. TSF in July 2014 at RMB273 billion (RMB1,970 billion in June 2014) was less than 20% of consensus estimates. The trade surplus had been strong in recent months, mainly due to weaker than expected import growth. The August trade surplus registered a new record high at USD49.8 billion.

September 2014 NBS PMI and Markit PMI stayed unchanged. The PMIs seem to hint that industrial activity likely stabilised and recovered moderately from the notable weakness in August 2014, though downside risk to the near term growth picture remains. TSF recovered to RMB957 billion in August 2014 from the notable weakness in July 2014.

FUND PERFORMANCE

	3 months to 30.09.2014	6 months to 30.09.2014	1 year to 30.09.2014	3 years to 30.09.2014	Since inception to 30.09.2014
Income	-	-	-	-	-
Capital [^]	3.96	7.71	3.68	28.89	0.77
Total Return [^]	3.96	7.71	3.68	28.89	0.77
Average Total Return [^]	N/A	N/A	3.68	8.83	0.15
Benchmark	3.14	5.20	2.16	21.29	(3.90)
Market Price per Unit	5.08	8.95	4.55	31.01	1.47

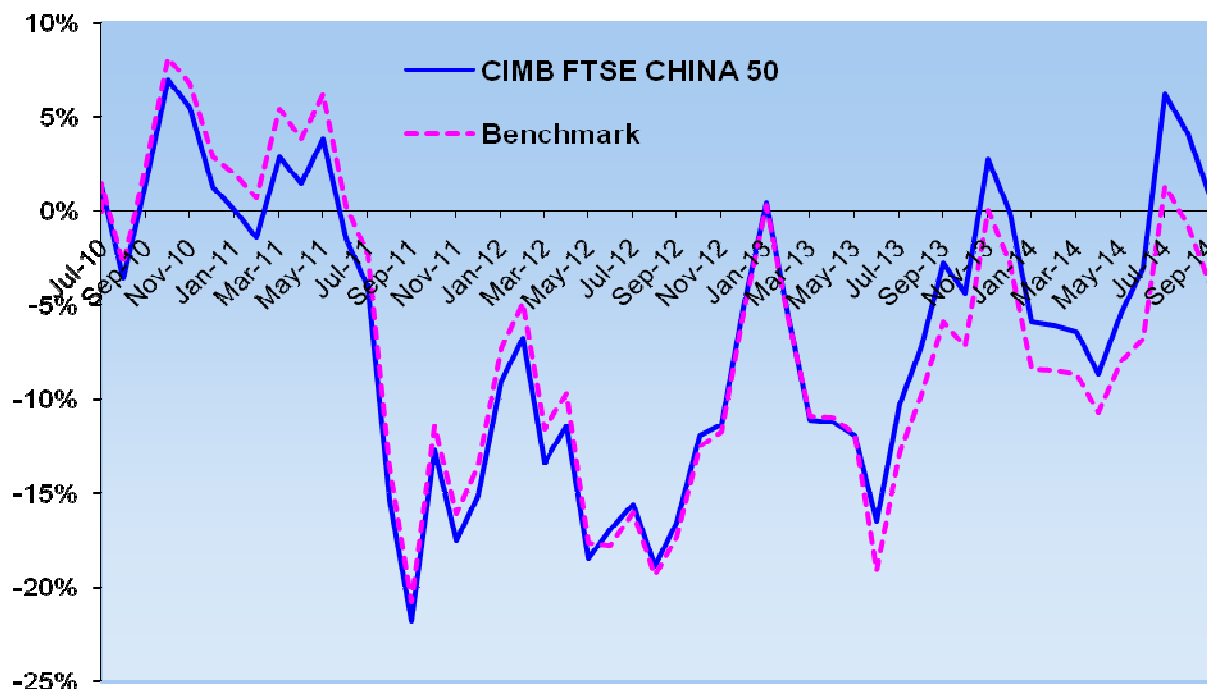
[^] Based on NAV per Unit

For the financial period under review, the Fund gained 3.96%, which outperformed its benchmark by 0.82%.

During the financial period under review, FTSE China 25 index has been enhanced to become FTSE China 50 in which there were additional 25 new stocks into the index. As part of the migration, the Fund has adjusted accordingly with the inclusion of the new 25 stocks together with the weighting rebalancing for the rest of the existing stocks.

The last available published market price of the Fund quoted on Bursa Malaysia was RM1.0350. This represents an increase of 5.08% for the financial period.

FUND PERFORMANCE (CONTINUED)



Changes in NAV

	30.09.2014	30.09.2013	Changes %
NAV (RM million)	9.96	36.48	(72.70)
NAV per Unit (RM)	1.0212	0.9846	3.72

For the 1-year period, the total NAV fell by 72.70% while the NAV per unit increased by 3.72%. The fall in total NAV was due to unit redemptions while the positive changes in NAV per unit were due to investment performance of the Chinese equities as described in the Market Review section.

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

PORTFOLIO STRUCTURE

Asset allocation

(% of NAV)	30.09.2014	30.09.2013
Quoted securities	99.87	99.67
Cash and other net assets	0.13	0.33
TOTAL	100.00	100.00

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

MARKET OUTLOOK*

On the policy front, we expect policymakers to continue with the existing policies going forward with: (1) continuous targeted support for certain sectors; (2) maintaining existing fiscal and monetary policy stance, thus avoiding large-scale stimulus or tightening; (3) pushing through structural reforms that help to generate new sources of growth. In particular, with regard to structural reform, the latest policy developments include this week’s announcement of potential changes to the household registration system, with around 100 million migrant workers expected to be transferred as urban residents by 2020.

As property prices continued to decline, national house prices declined by 0.9% month-on-month ("m-o-m") in September 2014, and as the pace of decline has accelerated in recent months, People Bank of China ("PBOC") and China Banking Regulatory Commission ("CBRC") jointly issued a statement to ease property mortgage measures for the first time since 2008. The key upside is the relaxation on definition of first home purchases. The measures are not likely to reverse the declining trend in the housing market, but they can help to slow down the adjustment process. Going forward, housing transaction volume will likely come back, but price decline will continue albeit at a slower pace.

* 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 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 30 September 2014 are as follows:

Size of unit holdings (units)	No. of unit holders	No. of units held (million)	% of units held
Less than 100	3	0.00	0.00
100 to 1,000	24	0.02	0.16
1,001 to 10,000	137	0.78	8.04
10,001 to 100,000	90	3.04	31.13
100,001 and less than 5% of approved fund size	16	5.91	60.67
5 % and above the approved fund size	-	-	-
Total	270	9.75	100.00

SOFT COMMISSIONS AND REBATES

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

During the financial period under review, the Manager and the Trustee did not receive any rebates from the brokers or dealers but have retained soft commission in the form of goods and services such as financial wire services and stock quotations system incidental to investment management of the Funds.

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 1 JULY 2014 TO 30 SEPTEMBER 2014**

	Note	01.07.2014 to 30.09.2014 RM	01.07.2013 to 30.09.2013 RM
INVESTMENT INCOME			
Dividend income		162,599	226,356
Net gain on financial assets at fair value through profit or loss	7	262,876	4,299,971
Net foreign exchange gain/(loss)		<u>1,449</u>	<u>(11,984)</u>
		<u>426,924</u>	<u>4,514,343</u>
EXPENSES			
Management fee	4	15,481	47,212
Trustee's and custodian fee	5	3,663	6,295
Transaction cost		3,208	18,450
Audit fee		6,301	6,301
Tax agent's fee		756	756
Other expenses		<u>1,198</u>	<u>11,416</u>
		<u>30,607</u>	<u>90,430</u>
PROFIT BEFORE TAXATION		396,317	4,423,913
Taxation	6	<u>(16,523)</u>	<u>(21,621)</u>
PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		<u><u>379,794</u></u>	<u><u>4,402,292</u></u>
Profit after taxation is made up as follows:			
Realised amount		172,552	140,598
Unrealised amount		<u>207,242</u>	<u>4,261,694</u>
		<u><u>379,794</u></u>	<u><u>4,402,292</u></u>

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

**UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2014**

		30.09.2014	30.06.2014
	Note	RM	Audited RM
CURRENT ASSETS			
Financial assets at fair value through profit or loss	7	9,943,858	9,457,892
Cash and cash equivalents	8	51,583	28,240
Dividend receivables		36,613	152,567
TOTAL ASSETS		<u>10,032,054</u>	<u>9,638,699</u>
 CURRENT LIABILITIES			
Accrued management fee		10,181	4,710
Amount due to Trustee		986	986
Other payables and accruals	9	63,814	55,724
TOTAL LIABILITIES		<u>74,981</u>	<u>61,420</u>
 NET ASSET VALUE OF THE FUND		<u>9,957,073</u>	<u>9,577,279</u>
 EQUITY			
Unit holders' capital		6,439,550	6,439,550
Retained earnings		3,517,523	3,137,729
NET ASSET ATTRIBUTABLE TO UNIT HOLDERS		<u>9,957,073</u>	<u>9,577,279</u>
 NUMBER OF UNITS IN CIRCULATION (UNITS)	10	<u>9,750,000</u>	<u>9,750,000</u>
 NET ASSET VALUE PER UNIT (RM)		<u>1.0212</u>	<u>0.9822</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 JULY 2014 TO 30 SEPTEMBER 2014**

	Unit holders' capital RM	Retained earnings RM	Total RM
Balance as at 1 July 2014	6,439,550	3,137,729	9,577,279
Movement in unit holders' contribution:			
- Creation of units from application	-	-	-
- Cancellation of units	-	-	-
Total comprehensive income for the financial period	<u>-</u>	<u>379,794</u>	<u>379,794</u>
Balance as at 30 September 2014	<u>6,439,550</u>	<u>3,517,523</u>	<u>9,957,073</u>
Balance as at 1 July 2013	29,303,820	(2,367,808)	26,936,012
Movement in unit holders' contribution:			
- Creation of units from application	6,369,350	-	6,369,350
- Cancellation of units	(1,229,800)	-	(1,229,800)
Total comprehensive income for the financial period	<u>-</u>	<u>4,402,292</u>	<u>4,402,292</u>
Balance as at 30 September 2013	<u>34,443,370</u>	<u>2,034,484</u>	<u>36,477,854</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 JULY 2014 TO 30 SEPTEMBER 2014**

	01.07.2014 to 30.09.2014 RM	01.07.2013 to 30.09.2013 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from disposal of quoted securities	770,570	2,322,114
Purchase of quoted securities	(993,660)	(8,693,877)
Dividend received	280,002	710,590
Trustee's and custodian fee paid	(3,025)	(5,650)
Management fee paid	(10,010)	(42,382)
Tax paid	(16,523)	-
Payments for other fees and expenses	(4,011)	(26,717)
Net cash generated/(used in) operating activities	<u>23,343</u>	<u>(5,735,922)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from units created	-	6,369,350
Payments for cancellation of units	-	(1,229,800)
Net cash generated from financing activities	<u>-</u>	<u>5,139,550</u>
Net increase/(decrease) in cash and cash equivalents	23,343	(596,372)
Cash and cash equivalents at the beginning of the financial period	<u>28,240</u>	<u>658,785</u>
Cash and cash equivalents at the end of the financial period	<u><u>51,583</u></u>	<u><u>62,413</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 JULY 2014 TO 30 SEPTEMBER 2014**

1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITY

CIMB FTSE China 25 (the "Fund") is governed by a Deed dated 19 April 2010, First Supplemental Deed dated 8 December 2010, Second Supplemental Deed dated 30 July 2014 (collectively referred to as the "Deeds") between CIMB-Principal Asset Management Berhad (the "Manager") and Deutsche Trustees Malaysia Berhad (the "Trustee").

On 22 September 2014, the Fund's Benchmark Index, FTSE China 25 Index was renamed to FTSE China 50 Index and concurrent with this change, the Fund also announced the change of name to CIMB FTSE China 50. The change of Benchmark Index and name of the Fund is pursuant to the Second Supplemental Deed dated 30 July 2014.

The principal activity of the Fund is to provide investment results that, closely correspond to the performance of the FTSE China 50 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 50 largest and most liquid Chinese stocks (Red Chip, H shares and P Chips) listed and trading on the Hong Kong Stock Exchange ("HKSE"). The Benchmark Index is calculated and published in Hong Kong dollars.

All investments will be subjected to the Securities Commission Malaysia ("SC") Guidelines on Exchange-Traded Funds, the Deeds, except where exemptions or variations have been approved by the SC, internal policies 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 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, as modified by financial assets and financial liabilities (including derivatives instruments) at fair value through profit or loss.

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 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. The Manager believes that the underlying assumptions are appropriate and the Fund's financial statements therefore present the financial position results fair. 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)

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 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(l).

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:

Effective date yet to be determined by Malaysian Accounting Standards Board

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

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

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

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

(b) Financial assets and liabilities

Classification

The Fund designates its investments in quoted securities 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, and dividend receivables.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and liabilities (continued)

Classification (continued)

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

The Fund classifies accrued management fee, amount due to Trustee, other payables and accruals as other financial liabilities.

Recognition and measurement

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

Financial liabilities, within the scope of 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.

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.

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.

The Fund adopted MFRS 13 "Fair Value Measurement" on its fair valuation input to utilise the last traded market price quoted on the respective foreign stock exchanges at the close of the business day of the respective foreign stock exchanges for foreign quoted investments, where the last market traded price falls within the bid-ask spread. In circumstances where the last traded market 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.

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.

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

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

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

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

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(d) Income recognition**

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 securities is calculated based on sales proceeds less cost of quoted securities 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 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.

(f) Cash and cash equivalents

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

(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) 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.

(i) Unit holders' capital

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

The units in the Fund are puttable instruments which entitle the unit holders to a pro-rata share of the net asset of the Fund. The units are subordinated and have identical features. There is no contractual obligation to deliver cash or another financial asset other than the obligation on the Fund to repurchase the units. The total expected cash flows from the units in the Fund over the life of the units are based on the change in the net asset of the Fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) 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, who is responsible for allocating resources and assessing performance of the operating segments.

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

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

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

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

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

In undertaking any of the Fund's investment, the Manager will ensure that all assets of the Fund under management will be valued appropriately, that is at fair value and in compliance with the SC Guidelines on Exchange-Traded Funds.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES

The investment objective of the Fund aims to provide investment results that closely correspond to the performance of the Benchmark 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 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 quoted securities will fluctuate because of changes in market prices (other than those arising from currency risk). The value of quoted securities may fluctuate according to the activities of individual companies, sector and overall political and economic conditions. Such fluctuation may cause the Fund's NAV and prices of units to fall as well as rise, and income produced by the Fund may also fluctuate.

The very nature of an Exchange-Traded fund, however, helps mitigate this risk because a fund would generally hold a well-diversified portfolio of securities from different market sectors so that the collapse of any one security or any one market sector would not impact too greatly on the value of the Fund.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**(a) Market risk (continued)****(ii) Currency risk**

The Fund's investments are denominated in foreign currencies. Foreign currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Manager will evaluate the likely directions of a foreign currency versus 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 counterparty will default on its contractual obligation resulting in financial loss to the Fund.

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

(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. For the purpose of the Fund, the 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.

(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 in the Underlying Index Securities included in the Underlying Index. The 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 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.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**(e) Tracking error risk (continued)**

During times when Underlying Index Securities are unavailable, illiquid or when the Manager determines it is in the best interests of the Fund to do so, the Fund may maintain a small cash position or invest in other Authorised Securities until Index Securities become available or liquid. Such costs, expenses, cash balances, timing differences or holdings could cause the NAV of the Fund to be lower or higher than the relative level of the Underlying Index. Regulatory policies may affect the Manager's ability to achieve close correlation with the performance of the Underlying Index. However, it is the aim of the Manager to minimise the tracking error between the Fund and the Underlying Index.

(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 of a fall in the value of the Fund which in turn may affect its investment goals. However, the risk can be mitigated by the internal controls and compliance monitoring undertaken by the Manager.

(g) Capital risk management

The capital of the Fund is represented by equity consisting of unit holders' capital and retained earnings. The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unit holders.

The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unit holders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

(h) Fair value estimation

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

The fair value of financial assets traded in active markets (such as trading securities) are based on quoted market prices at the close of trading on the year end date. Prior to 1 July 2013, the quoted market price used for financial assets held by the Fund was the current bid price. The Fund adopted MFRS 13 "Fair Value Measurement" from 1 July 2013 onwards and changed its fair valuation inputs to utilise the last traded market price for financial assets.

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.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(h) Fair value estimation (continued)

Fair value hierarchy

(i) The table below analyses financial instruments carried at fair value. The different levels have been defined as follows:

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

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

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

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

	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM
30.09.2014				
Financial assets at fair value through profit or loss:				
- Quoted securities	<u>9,943,858</u>	<u>-</u>	<u>-</u>	<u>9,943,858</u>

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

(ii) The carrying values of cash and cash equivalents, dividend receivable 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 Deeds, the Manager is entitled to a fee of up to 3.00% per annum calculated and accrued daily based on the NAV of the Fund.

For the financial period from 1 July 2014 to 30 September 2014, the management fee is recognised at a rate of 0.60% per annum.

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

5. TRUSTEE'S AND CUSTODIAN FEE

In accordance with the Deeds, the Trustee is entitled to a fee not exceeding a maximum of 0.20% per annum, calculated daily based on the NAV of the Fund, subject to a minimum fee of RM18,000 per annum, excluding foreign sub-custodian fees and charges. However effective from 1 June 2012, the Trustee has changed the minimum fees to RM12,000 per annum.

For the financial period from 1 July 2014 to 30 September 2014, the Trustee's and custodian fee is recognised at a rate of 0.08% per annum.

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

6. TAXATION

	01.07.2014 to 30.09.2014 RM	01.07.2013 to 30.09.2013 RM
Tax charged for the financial period:		
- Current taxation	<u>16,523</u>	<u>21,621</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:

	01.07.2014 to 30.09.2014 RM	01.07.2013 to 30.09.2013 RM
Profit before taxation	<u>396,317</u>	<u>4,423,913</u>
Taxation at Malaysian statutory rate of 25%	99,079	1,105,978
Tax effects of:		
Income not subject to tax	(67,056)	(1,128,586)
Expenses not deductible for tax purposes	2,519	8,442
Effects of foreign tax on foreign taxable income	(23,152)	21,621
Restriction on tax deductible expenses for exchange traded funds	<u>5,133</u>	<u>14,166</u>
Taxation	<u><u>16,523</u></u>	<u><u>21,621</u></u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30.09.2014	30.06.2014
	RM	RM
Designated at fair value through profit or loss at inception:		
- Quoted securities	<u>9,943,858</u>	<u>9,457,892</u>
	01.07.2014	01.07.2013
	to	to
	30.09.2014	30.09.2013
	RM	RM
Net gain on financial assets at fair value through profit or loss:		
- Realised gain on disposals	57,083	26,293
- Unrealised fair value gain	<u>205,793</u>	<u>4,273,678</u>
	<u>262,876</u>	<u>4,299,971</u>

Name of counter	Quantity	Aggregate	Market	Percentage
	units	cost	value	of NAV
		RM	RM	%
30.09.2014				
QUOTED SECURITIES - FOREIGN				
Basic Materials				
Anhui Conch Cement Company Limited	13,500	140,992	140,984	1.42
Beijing Enterprises Holdings Limited	1,500	43,316	42,036	0.42
China Communications Construction Company Limited	10,500	25,278	24,761	0.25
China Railway Construction Corporation	4,500	13,567	13,378	0.13
China Railway Group Limited	9,000	15,763	15,614	0.16
CSR Corporation Limited	<u>4,500</u>	<u>13,152</u>	<u>12,943</u>	<u>0.13</u>
	<u>43,500</u>	<u>252,068</u>	<u>249,716</u>	<u>2.51</u>
Consumer				
Belle International Holdings Limited	12,000	46,237	44,114	0.44
Brilliance China Automotive Holdings Limited	6,000	35,028	34,261	0.34
BYD Company Limited	1,500	33,308	32,562	0.33
Dongfeng Motor Group Company Limited	6,000	33,126	32,239	0.32
Great Wall Motor Company Limited	12,000	207,707	152,354	1.53
Hengan International Group Company Limited	1,500	49,884	48,227	0.48
Tsingtao Brewery Co., Ltd.	<u>750</u>	<u>17,436</u>	<u>17,465</u>	<u>0.18</u>
	<u>39,750</u>	<u>422,726</u>	<u>361,222</u>	<u>3.62</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 %
30.09.2014 (CONTINUED)				
QUOTED SECURITIES - FOREIGN (CONTINUED)				
Energy				
China Coal Energy Company Limited	9,000	17,264	17,206	0.17
China Oilfield Services Limited	4,500	39,219	38,847	0.39
China Petroleum & Chemical Corporation	130,500	309,713	373,684	3.75
China Shenhua Energy Company Limited	36,000	401,124	328,205	3.30
CNOOC Limited	72,000	432,472	403,852	4.06
Kunlun Energy Company Limited	6,000	30,524	28,298	0.28
Petrochina Company Limited	102,000	387,924	427,374	4.29
	<u>360,000</u>	<u>1,618,240</u>	<u>1,617,466</u>	<u>16.24</u>
Finance				
Agricultural Bank Of China Limited	226,500	319,644	328,104	3.30
Bank Of China Limited	379,500	514,912	556,130	5.59
Bank Of Communications Co., Ltd.	90,000	214,385	205,034	2.06
China Cinda Asset Management Co., Ltd.	7,500	11,558	10,801	0.11
China Citic Bank Corporation Limited	85,500	146,587	169,579	1.70
China Construction Bank Corporation Limited	354,000	854,180	810,938	8.15
China Everbright Bank Co., Ltd.	7,500	11,685	11,464	0.12
China Life Insurance Company Limited	43,500	412,553	394,750	3.97
China Merchants Bank Co., Ltd.	51,000	318,006	285,203	2.86
China Minsheng Banking Corp., Ltd.	69,000	174,337	206,297	2.07
China Overseas Land & Investment Limited	40,500	341,831	340,750	3.42
China Pacific Insurance (Group) Co., Ltd.	25,500	273,834	293,149	2.94
China Resources Land Limited	4,500	32,396	30,319	0.31
China Vanke Co., Ltd.	3,000	17,514	17,333	0.17
CITIC Securities Company Limited	10,500	72,471	79,146	0.80
Haitong Securities Company Limited	3,000	15,662	15,134	0.15
Industrial And Commercial Bank Of China Limited	337,500	706,516	687,867	6.91
New China Life Insurance Co., Ltd.	1,500	16,982	17,086	0.17

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 %
30.09.2014 (CONTINUED)				
QUOTED SECURITIES - FOREIGN (CONTINUED)				
The People's Insurance Company (Group) Of China Limited	42,000	65,420	56,065	0.56
PICC Property And Casualty Company Limited	33,000	135,048	191,213	1.92
Ping An Insurance (Group) Company of China, Ltd.	15,000	383,689	368,252	3.70
	<u>1,830,000</u>	<u>5,039,210</u>	<u>5,074,614</u>	<u>50.98</u>
Information Technology				
Lenovo Group Limited	13,500	68,137	65,717	0.66
Tencent Holdings Limited	19,500	552,179	948,423	9.53
	<u>33,000</u>	<u>620,316</u>	<u>1,014,140</u>	<u>10.19</u>
Telecommunication				
China Mobile Limited	24,000	808,209	907,049	9.11
China Telecom Corporation Limited	181,500	301,434	363,805	3.66
China Unicom (Hong Kong) Limited	51,000	243,383	249,124	2.50
	<u>256,500</u>	<u>1,353,026</u>	<u>1,519,977</u>	<u>15.26</u>
Utilities				
China Gas Holdings Limited	3,000	17,539	16,271	0.16
China Longyuan Power Group Corporation Limited	7,500	25,009	23,971	0.24
China Resources Power Holdings Company Limited	4,500	42,789	39,699	0.40
Huaneng Power International, Inc.	7,500	27,785	26,782	0.27
	<u>22,500</u>	<u>113,122</u>	<u>106,723</u>	<u>1.07</u>
TOTAL QUOTED SECURITIES - FOREIGN	<u>2,585,250</u>	<u>9,418,708</u>	<u>9,943,858</u>	<u>99.87</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>525,150</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>9,943,858</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 %
30.06.2014				
QUOTED SECURITIES - FOREIGN				
Basic Materials				
Anhui Conch Cement Company Limited	16,500	172,324	181,705	1.90
Consumer				
Great Wall Motor Company Limited	13,500	233,670	160,963	1.68
Energy				
China Petroleum & Chemical Corporation	124,500	291,501	380,903	3.97
China Shenhua Energy Company Limited	42,000	470,982	389,491	4.07
CNOOC Limited	67,500	405,969	388,994	4.06
Petrochina Company Limited	99,000	374,785	401,253	4.19
	<u>333,000</u>	<u>1,543,237</u>	<u>1,560,641</u>	<u>16.29</u>
Finance				
Agricultural Bank of China Limited	247,500	348,679	350,430	3.66
Bank of China Limited	373,500	505,885	536,563	5.60
Bank of Communications Company Limited	106,500	253,689	235,887	2.46
China Citic Bank Corporation Limited	100,500	172,304	195,553	2.04
China Construction Bank Corporation Limited	360,000	868,745	873,374	9.12
China Life Insurance Company Limited	40,500	387,008	340,370	3.55
China Merchants Bank Company Limited	61,500	383,478	389,045	4.06
China Minsheng Banking Corporation Limited	81,000	204,657	235,409	2.46
China Overseas Land & Investment Limited	45,000	377,731	350,244	3.66
China Pacific Insurance Group Company Limited	30,000	322,157	339,687	3.55
CITIC Securities Company Limited	12,000	82,824	84,953	0.89
Industrial and Commercial Bank of China	324,000	677,726	657,266	6.86
The People's Insurance Company of China	46,500	72,838	58,908	0.62
PICC Property and Casualty Company Limited	40,500	165,741	196,845	2.06
Ping An Insurance Group Company	13,500	347,632	335,340	3.50
	<u>1,882,500</u>	<u>5,171,094</u>	<u>5,179,874</u>	<u>54.09</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 %
30.06.2014 (CONTINUED)				
QUOTED SECURITIES - FOREIGN (CONTINUED)				
Information Technology				
Tencent Holdings Limited	20,300	574,832	993,376	10.37
Telecommunications				
China Mobile Limited	24,000	800,930	747,187	7.80
China Telecom Corporation Limited	214,500	356,115	336,563	3.51
China Unicom Holding Limited	60,000	286,333	297,583	3.11
	<u>298,500</u>	<u>1,443,378</u>	<u>1,381,333</u>	<u>14.42</u>
TOTAL QUOTED SECURITIES - FOREIGN	<u>2,564,300</u>	<u>9,138,535</u>	<u>9,457,892</u>	<u>98.75</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>319,357</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>9,457,892</u>		

8. CASH AND CASH EQUIVALENTS

	30.09.2014 RM	30.06.2014 RM
Bank balance in a licensed bank	<u>51,583</u>	<u>28,240</u>

9. OTHER PAYABLES AND ACCRUALS

	30.09.2014 RM	30.06.2014 RM
Provision for audit fee	31,301	25,000
Provision for tax agent's fee	3,756	3,000
Other accruals - license fee	28,757	27,724
	<u>63,814</u>	<u>55,724</u>

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

For the financial period from 1 July 2014 to 30 September 2014, the License fee is recognised at a rate of 0.04% per annum of the NAV of the Fund, calculated on a daily basis.

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

10. NUMBER OF UNITS IN CIRCULATION (UNITS)

	30.09.2014	30.06.2014
	No of units	No of units
At the beginning of the financial period	9,750,000	31,850,000
Add: Creation of units from applications	-	6,500,000
Less: Cancellation of units	-	(28,600,000)
At the end of the financial period	<u>9,750,000</u>	<u>9,750,000</u>

11. MANAGEMENT EXPENSE RATIO ("MER")

	01.07.2014	01.07.2014
	to	to
	30.09.2014	30.09.2014
	%	%
MER	<u>0.27</u>	<u>0.23</u>

MER is derived based on the following calculation:

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

- A = Trustee's and custodian fee
- 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 daily basis is RM10,235,621 (30.09.2013: RM31,203,079).

12. PORTFOLIO TURNOVER RATIO ("PTR")

	01.07.2014	01.07.2014
	to	to
	30.09.2014	30.09.2014
PTR (times)	<u>0.09</u>	<u>0.17</u>

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 = RM995,644 (30.09.2013: RM8,181,806)
- total disposal for the financial period = RM771,806 (30.09.2013: RM2,323,130)

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
Subsidiaries and associates of CIMB as disclosed in its financial statements	Subsidiary and associated companies of the ultimate holding company of the Manager

There were no units held by the Manager, Director and parties related to the Manager.

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

14. TRANSACTIONS WITH BROKERS/DEALERS

Details of transactions with brokers/dealers for the financial period from 1 July 2014 to 30 September 2014 are as follows:

Brokers/Dealers	Values of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
CIMB Securities Ltd (Singapore)	1,538,087	87.02	2,440	76.08
China International Capital HK Securities Ltd	122,828	6.95	439	13.68
JP Morgan Securities Asia Pacific Ltd	106,534	6.03	329	10.24
	<u>1,767,449</u>	<u>100.00</u>	<u>3,208</u>	<u>100.00</u>

14. TRANSACTIONS WITH BROKERS/DEALERS (CONTINUED)

Details of transactions with brokers/dealers for the financial period from 1 July 2013 to 30 September 2013 are as follows:

Brokers/Dealers	Values of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
CIMB Securities Ltd (Singapore)	7,576,998	72.13	13,481	73.07
Citigroup Global Markets Aisa Ltd (HK)	2,468,394	23.50	3,904	21.16
Credit Suisse (Hong Kong) Limited	305,299	2.91	513	2.78
UBS Securities Asia Ltd (HK)	125,228	1.19	447	2.42
China International Capital HK Securities Ltd	29,016	0.27	105	0.57
	<u>10,504,935</u>	<u>100.00</u>	<u>18,450</u>	<u>100.00</u>

Included in the transactions are trades conducted with CIMB Securities (Singapore) Pte. Ltd. fellow subsidiaries to the Manager, amounting to RM1,538,087 (2013: RM7,576,998). The Manager is of the opinion that all transactions with the related party have been entered into in the normal course of business at agreed terms between the related party.

15. SEGMENT INFORMATION

The Fund is designed to provide investment results that, before expenses, closely correspond to the performance of the FTSE China 50 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 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 IFRS. The chief operating decision maker is responsible for the performance of the fund and considers the business to have a single operating segment.

16. 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 financial period.

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

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

	30.09.2014	30.06.2014
	RM	RM
Total accumulated retained earnings of the Fund:		
- Realised amount	2,991,431	2,818,879
- Unrealised amount	526,092	318,850
	<u>3,517,523</u>	<u>3,137,729</u>

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

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