

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

**UNAUDITED QUARTERLY REPORT**

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

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**INVESTORS' LETTER**

Dear Valued Investors,

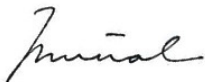
As we step into 2015, we would like to thank you for your unwavering support and trust by investing in CIMB-Principal Asset Management Berhad ("CIMB-Principal") funds. In line with our commitment for continuous improvement, we seek to deliver superior investment performance and customer experience to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

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

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

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

Yours faithfully,  
For **CIMB-Principal Asset Management Berhad**



**Munirah Khairuddin**  
Chief Executive Officer/Executive Director

## MANAGER'S REPORT

### FUND OBJECTIVE AND POLICY

#### What is the investment objective of the Fund?

The Fund aims to provide investment results that 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 17.56% for the quarter while the Benchmark Index gained 17.71%.

#### 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 31 December 2014?

RM12.49 million (10.40 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 October 2014 to 31 December 2014?

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

**PERFORMANCE DATA**

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

	<b>31.12.2014</b>	<b>31.12.2013</b>	<b>31.12.2012</b>
	%	%	%
Quoted securities			
- Basic Materials	3.95	1.85	2.94
- Communications	11.09	13.92	17.20
- Consumer	6.20	2.47	
- Energy	15.35	15.92	21.91
- Financials	50.01	55.63	57.93
- Technology	10.04	9.85	
- Utilities	3.02	-	
Cash and other net assets	0.34	0.36	0.02
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

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

	<b>31.12.2014</b>	<b>31.12.2013</b>	<b>31.12.2012</b>
Total asset value	12.54	9.92	28.16
Net Asset Value ("NAV") (RM million)	12.49	9.87	28.10
Units in circulation (million)	10.40	9.75	29.25
NAV per Unit (RM)	1.2005	1.0121	0.9608
	<b>01.10.2014</b>	<b>01.10.2013</b>	<b>01.10.2012</b>
	<b>to</b>	<b>to</b>	<b>to</b>
	<b>31.12.2014</b>	<b>31.12.2013</b>	<b>31.12.2012</b>
Highest NAV per Unit (RM)	1.2051	1.0453	0.9608
Lowest NAV per Unit (RM)	1.0138	0.9299	0.8425
Market Price per Unit (RM)	1.1900	1.0150	0.9650
Highest Market Price per Unit (RM)	1.2050	1.0450	0.9650
Lowest Market Price per Unit (RM)	1.0150	0.9350	0.8450
Total return (%) ^	17.56	2.75	13.62
- Capital growth (%)	17.56	2.75	13.62
- Income distribution (%)	-	-	-
Management Expense Ratio ("MER") (%) *	0.47	0.24	0.33
Portfolio Turnover Ratio ("PTR") (times) #	0.21	0.53	0.26

^ based on NAV per unit

\* The Fund's MER increased to 0.47% from 0.24% due to the decrease of the Fund's size during the financial period which contributes to a lower average NAV.

# The Fund's PTR decreased from 0.53 times to 0.21 times as there were less trading activities carried out for the Fund within the reporting financial period.

**PERFORMANCE DATA (CONTINUED)**

	<b>31.12.2014</b>	<b>31.12.2013</b>	<b>31.12.2012</b>	<b>31.12.2011</b>	<b>Since inception to 31.12.2010</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Annual total return	18.61	5.34	11.73	(16.16)	1.20

(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 OCTOBER 2014 TO 31 DECEMBER 2014)**

China's 3rd Quarter 2014 Gross Domestic Product ("GDP") came in stronger than expected, rising 7.3% year-over-year ("y-o-y"), down from 7.5% in 2nd Quarter 2014. China's October 2014 National Bureau of Statistic ("NBS") Purchasing Managers Index (PMI) eased moderately to 50.8, compared to 51.1 in September 2014, suggesting the economy likely maintained a solid but moderating growth pace going into 4th Quarter 2014. The central bank focuses on lowering market interest rates, targeted quantitative measures and a shift in credit components to support the real economy.

Investment activity remained weak with apparent steel demand, excavator sales and commercial vehicle sales contracting in October 2014. Residential sales improved due to the recent easing in housing policies, but year-to-date (YTD) residential sales and starts are both -10% y-o-y. Consumption is losing momentum. YTD passenger vehicle sales are up 10% y-o-y versus 15% y-o-y in 10M13. YTD retail sales growth is 10% y-o-y versus 13% y-o-y in 10M13. China's November NBS PMI eased further to 50.3, compared to 50.8 in October 2014. November Market manufacturing PMI came in at 50.0, compared with 50.4 in October 2014.

The economy continues to slow in December 2014. Industrial Production, import and export growth lost momentum while Fixed Asset Investment and retail sales were in line with expectations. December NBS PMI eased further to 50.1 from 50.3 in November 2014. Consumer Price Index ("CPI") inflation eased to 1.4% y-o-y in November 2014. There have been 33 months of deflation.

**FUND PERFORMANCE**

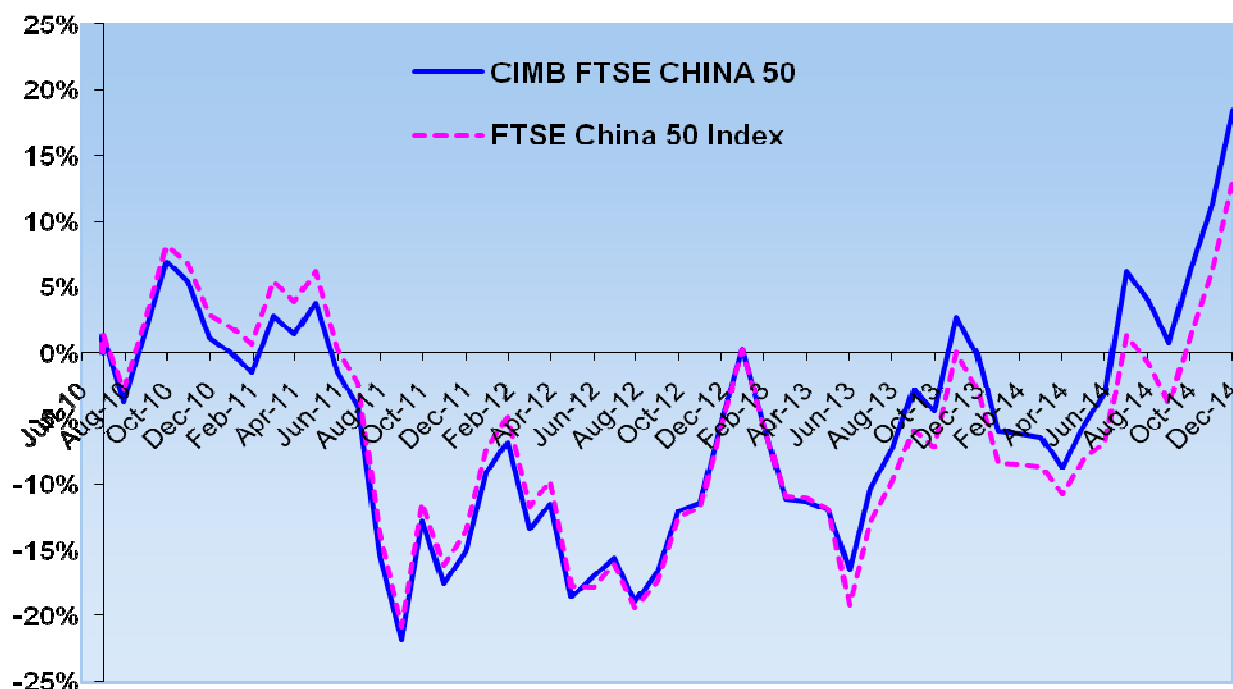
	<b>3 months to 31.12.2014</b>	<b>6 months to 31.12.2014</b>	<b>1 year to 31.12.2014</b>	<b>3 years to 31.12.2014</b>	<b>Since inception to 31.12.2014</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Income	-	-	-	-	-
Capital^	17.56	22.21	18.61	39.61	18.46
Total Return^	17.56	22.21	18.61	39.61	18.46
Average Total Return^	N/A	N/A	18.61	11.76	3.85
Benchmark	17.71	21.40	16.35	31.27	13.11
Market Price per Unit	14.98	20.81	17.24	36.78	16.67

^ Based on NAV per Unit

For the financial period under review, the Fund gained 17.56% which underperformed the benchmark by 0.15%.

The last available published market price of the Fund quoted on Bursa Malaysia was RM1.19. This represents an increase of 14.98% for the period.

FUND PERFORMANCE (CONTINUED)



Changes in NAV

	31.12.2014	31.12.2013	Changes %
NAV (RM million)	12.49	9.87	26.55
NAV per Unit (RM)	1.2005	1.0121	18.61

For the 1-year period, the total NAV gained by 26.55% while the NAV per unit increased by 18.61%. The increase in total NAV was due to unit creations while the positive change in NAV per unit was 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)	31.12.2014	31.12.2013
Quoted securities	99.66	99.64
Cash and other net assets	0.34	0.36
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>

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\***

The annual Economic Work Conference that was held on 9-11 December 2014 emphasised stable growth as a priority. The statement consists of two parts. The first part summarises changes in nine areas under the “new normal” status, including consumption, investment, trade, industry organisation, comparative advantage, market competition, resources, economic risks and policy framework. The second part lays out five major tasks for next year’s economic work. 1) Maintain stable economic growth; 2) Foster new sources of economic growth; 3) Accelerate the transformation of agriculture developments; 4) Promote coordinated developments across regions, including domestic economic zones and economic linkages with the rest of the world; 5) Improve social welfare system.

The lingering softness in growth and further easing in inflation reinforce the expectation for further easing in monetary policy to support economic growth.

\* 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 31 December 2014 are as follows:

<b>Size of unit holdings (units)</b>	<b>No. of unit holders</b>	<b>No. of units held (million)</b>	<b>% of units held</b>
Less than 100	3	0.00	0.00
100 to 1,000	33	0.02	0.20
1,001 to 10,000	154	0.88	8.46
10,001 to 100,000	110	4.05	38.94
100,001 to less than 5% of approved fund size	16	5.45	52.40
5 % and above the approved fund size	-	-	-
<b>Total</b>	<b>316</b>	<b>10.40</b>	<b>100.00</b>

**SOFT COMMISSIONS AND REBATES**

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

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



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

	<b>Note</b>	<b>01.10.2014 to 31.12.2014 RM</b>	<b>01.10.2013 to 31.12.2013 RM</b>
<b>INVESTMENT INCOME</b>			
Dividend income		26,805	701
Net gain on financial assets at fair value through profit or loss	<b>7</b>	1,779,229	1,821,099
Net foreign exchange loss		<u>(942)</u>	<u>(303,847)</u>
		<u>1,805,092</u>	<u>1,517,953</u>
<b>EXPENSES</b>			
Management fee	<b>4</b>	16,425	42,021
Trustee's and custodian fees	<b>5</b>	13,397	5,830
Transaction costs		6,984	59,180
Audit fee		6,301	6,301
Tax agent's fee		756	756
Other expenses		<u>14,352</u>	<u>10,563</u>
		<u>58,215</u>	<u>124,651</u>
<b>PROFIT BEFORE TAXATION</b>		1,746,877	1,393,302
Taxation	<b>6</b>	<u>(1,781)</u>	914
<b>PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD</b>		<u>1,745,096</u>	<u>1,394,216</u>
Profit after taxation is made up as follows:			
Realised amount		96,829	2,292,823
Unrealised amount		<u>1,648,267</u>	<u>(898,607)</u>
		<u>1,745,096</u>	<u>1,394,216</u>

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

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

		<b>31.12.2014</b>	<b>30.06.2014</b>
	<b>Note</b>	<b>RM</b>	<b>Audited RM</b>
<b>CURRENT ASSETS</b>			
Financial assets at fair value through profit or loss	<b>7</b>	12,442,969	9,457,892
Cash and cash equivalents	<b>8</b>	80,481	28,240
Dividends receivable		16,028	152,567
<b>TOTAL ASSETS</b>		<u>12,539,478</u>	<u>9,638,699</u>
 <b>CURRENT LIABILITIES</b>			
Accrued management fee		6,074	4,710
Amount due to Trustee		1,019	986
Other payables and accruals	<b>9</b>	46,966	55,724
<b>TOTAL LIABILITIES</b>		<u>54,059</u>	<u>61,420</u>
 <b>NET ASSET VALUE OF THE FUND</b>		 <u>12,485,419</u>	 <u>9,577,279</u>
 <b>EQUITY</b>			
Unit holders' capital		7,222,800	6,439,550
Retained earnings		5,262,619	3,137,729
<b>NET ASSET ATTRIBUTABLE TO UNIT HOLDERS</b>		<u>12,485,419</u>	<u>9,577,279</u>
 <b>NUMBER OF UNITS IN CIRCULATION (UNITS)</b>	<b>10</b>	 <u>10,400,000</u>	 <u>9,750,000</u>
 <b>NET ASSET VALUE PER UNIT (RM)</b>		 <u>1.2005</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 OCTOBER 2014 TO 31 DECEMBER 2014**

	<b>Unit holders' capital RM</b>	<b>Retained earnings RM</b>	<b>Total RM</b>
<b>Balance as at 1 October 2014</b>	6,439,550	3,517,523	9,957,073
Movement in unit holders' contribution:			
- Creation of units from application	783,250	-	783,250
Total comprehensive income for the financial period	-	1,745,096	1,745,096
<b>Balance as at 31 December 2014</b>	<u>7,222,800</u>	<u>5,262,619</u>	<u>12,485,419</u>
<b>Balance as at 1 October 2013</b>	34,443,370	2,034,484	36,477,854
Movement in unit holders' contribution:			
- Cancellation of units	(28,003,820)	-	(28,003,820)
Total comprehensive income for the financial period	-	1,394,216	1,394,216
<b>Balance as at 31 December 2013</b>	<u>6,439,550</u>	<u>3,428,700</u>	<u>9,868,250</u>

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

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

	<b>01.10.2014 to 31.12.2014 RM</b>	<b>01.10.2013 to 31.12.2013 RM</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Proceeds from disposal of quoted securities	1,895,043	28,698,773
Purchase of quoted securities	(2,614,925)	(660,040)
Dividends received	46,448	144,897
Trustee's and custodian fees paid	(13,364)	(7,094)
Management fee paid	(20,532)	(53,204)
Tax paid	(1,781)	-
Payments for other fees and expenses	(45,241)	(91,941)
<b>Net (used in)/generated from operating activities</b>	<b>(754,352)</b>	<b>28,031,391</b>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash proceeds from units created	783,250	-
Payments for cancellation of units	-	(28,003,820)
<b>Net cash generated from/(used in) financing activities</b>	<b>783,250</b>	<b>(28,003,820)</b>
Net increase in cash and cash equivalents	28,898	27,571
Cash and cash equivalents at the beginning of the financial period	51,583	62,413
Cash and cash equivalents at the end of the financial period	80,481	89,984

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

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

**1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITY**

CIMB FTSE 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 Manager is also an associate of Principal International (Asia) Limited, which is a subsidiary of Principal Financial Group Inc. The principal activities of the Manager are the establishment and management of unit trust funds and fund management activities.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements:

**(a) Basis of preparation**

The financial statements have been prepared in accordance with the provisions of the Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS") and the requirements.

The financial statements have been prepared under the historical cost convention, as modified by financial assets and financial liabilities (including derivatives instrument) at fair value through profit or loss.

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (a) Basis of preparation (continued)

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

#### (i) Financial year beginning on/after 1 July 2017

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

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

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

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

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

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

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

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

(a) **Basis of preparation (continued)**

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

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

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

(b) **Financial assets and 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 dividends receivable.

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, and 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.

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

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.

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

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



**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(c) Functional and presentation currency**Functional and presentation currency

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

Transactions and balances

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

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

Realised gain or loss on disposal of quoted securities is accounted for as the difference between net disposal proceeds and the carrying amount of quoted securities, 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.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(h) Transaction costs**

Transaction costs are costs incurred to acquire or dispose financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, 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.

**(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.

##### (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.

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

The Fund is not actively managed. Accordingly, the Fund may be affected by a decline in the Underlying Index. The Fund invests 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.

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.

### 3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### (h) Fair value estimation

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

The fair value of financial assets traded in active markets (such as trading securities) are based on quoted market prices at the close of trading on the financial year end date. The Fund utilises the last traded market price for financial assets where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of the fair value.

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

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

#### Fair value hierarchy

(i) The table 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.

**3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

**(h) Fair value estimation (continued)**

Fair value hierarchy (continued)

<b>31.12.2014</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Financial assets at fair value through profit or loss:				
- Quoted securities	<u>12,442,969</u>	<u>-</u>	<u>-</u>	<u>12,442,969</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).

**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 October 2014 to 31 December 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 FEES**

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 October 2014 to 31 December 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 and custodian in respect of Trustee's and custodian fees other than the amounts recognised above.

**6. TAXATION**

	<b>01.10.2014 to 31.12.2014 RM</b>	<b>01.10.2013 to 31.12.2013 RM</b>
Tax charged for the financial period:		
- Current taxation	1,781	-
- Over provision in prior financial year	-	(914)
	<u>1,781</u>	<u>(914)</u>

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

	<b>01.10.2014 to 31.12.2014 RM</b>	<b>01.10.2013 to 31.12.2013 RM</b>
Profit before taxation	<u>1,746,877</u>	<u>1,393,302</u>
Taxation at Malaysian statutory rate of 25%	436,719	348,326
Tax effects of:		
Income not subject to tax	(447,056)	(629,237)
Expenses not deductible for tax purposes	9,631	269,575
Effects of foreign tax on foreign taxable income	(2,671)	(1,089)
Restriction on tax deductible expenses for exchange traded funds	5,158	11,511
Taxation	<u>1,781</u>	<u>(914)</u>

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

	<b>31.12.2014 RM</b>	<b>30.06.2014 RM</b>
Designated at fair value through profit or loss at inception:		
- Quoted securities	<u>12,442,969</u>	<u>9,457,892</u>
	<b>01.10.2014 to 31.12.2014 RM</b>	<b>01.10.2013 to 31.12.2013 RM</b>
Net gain on financial assets at fair value through profit or loss:		
- Realised gain on disposals	130,020	1,721,162
- Unrealised fair value gain	1,649,209	99,937
	<u>1,779,229</u>	<u>1,821,099</u>

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

<b>Name of counter</b>	<b>Quantity units</b>	<b>Aggregate cost RM</b>	<b>Market value RM</b>	<b>Percentage of NAV %</b>
<b>31.12.2014</b>				
<b>QUOTED SECURITIES - FOREIGN</b>				
<b>Basic Materials</b>				
Anhui Conch Cement Company Limited	8,000	84,495	104,719	0.84
Beijing Enterprises Holdings Limited	3,200	88,292	87,669	0.70
China Communications Construction Company Limited	30,400	80,954	127,805	1.02
China Railway Construction Corporation	12,800	42,357	56,985	0.46
China Railway Group Limited	25,600	50,441	73,596	0.59
CSR Corporation Limited	9,000	27,668	42,338	0.34
	<u>89,000</u>	<u>374,207</u>	<u>493,112</u>	<u>3.95</u>
<b>Consumer</b>				
Belle International Holdings Limited	35,200	135,716	138,309	1.11
Brilliance China Automotive Holdings Limited	19,200	106,504	107,798	0.86
BYD Company Limited	4,800	99,252	65,643	0.53
Dongfeng Motor Group Company Limited	20,800	107,080	102,910	0.82
Great Wall Motor Company Limited	6,400	111,356	127,177	1.02
Hengan International Group Company Limited	4,800	165,973	175,301	1.40
Tsingtao Brewery Co., Ltd.	2,400	56,190	56,884	0.46
	<u>93,600</u>	<u>782,071</u>	<u>774,022</u>	<u>6.20</u>
<b>Energy</b>				
China Coal Energy Company Limited	30,300	60,495	66,354	0.53
China Oilfield Services Limited	12,800	97,790	77,633	0.62
China Petroleum & Chemical Corporation	164,800	405,358	464,118	3.72
China Shenhua Energy Company Limited	24,000	266,597	248,190	1.99
CNOOC Limited	102,400	576,725	481,717	3.86
Kunlun Energy Company Limited	19,200	82,178	63,416	0.51
Petrochina Company Limited	132,800	504,780	514,621	4.12
	<u>486,300</u>	<u>1,993,923</u>	<u>1,916,049</u>	<u>15.35</u>



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

<b>Name of counter</b>	<b>Quantity units</b>	<b>Aggregate cost RM</b>	<b>Market value RM</b>	<b>Percentage of NAV %</b>
<b>31.12.2014 (CONTINUED)</b>				
<b>QUOTED SECURITIES - FOREIGN (CONTINUED)</b>				
<b>Financials</b>				
Agricultural Bank Of China Limited	177,600	254,420	313,704	2.51
Bank Of China Limited	384,000	535,763	756,143	6.06
Bank Of Communications Co., Ltd.	54,400	132,391	177,472	1.42
China Cinda Asset Management Co., Ltd.	22,400	34,992	38,153	0.31
China Citic Bank Corporation Limited	52,800	93,914	147,984	1.18
China Construction Bank Corporation Limited	339,300	828,908	973,900	7.80
China Everbright Bank Co., Ltd.	22,400	36,130	42,594	0.34
China Life Insurance Company Limited	44,800	434,290	614,691	4.92
China Merchants Bank Co., Ltd.	32,000	202,827	280,598	2.25
China Minsheng Banking Corp., Ltd.	41,600	109,803	191,199	1.53
China Overseas Land & Investment Limited	28,800	247,123	299,126	2.39
China Pacific Insurance (Group) Co., Ltd.	17,600	202,142	312,464	2.50
China Resources Land Limited	12,800	95,755	117,949	0.94
China Vanke Co., Ltd.	9,600	58,561	74,836	0.60
CITIC Securities Company Limited	8,000	67,782	105,260	0.84
Haitong Securities Company Limited	9,600	56,742	84,439	0.68
Industrial And Commercial Bank Of China Limited	350,400	743,972	893,659	7.16
New China Life Insurance Co., Ltd.	4,800	59,057	84,677	0.68
The People's Insurance Company (Group) Of China Limited	25,600	40,163	41,873	0.34
PICC Property And Casualty Company Limited	22,400	89,762	152,209	1.22
Ping An Insurance (Group) Company of China, Ltd.	15,200	408,748	541,765	4.34
	<u>1,676,100</u>	<u>4,733,245</u>	<u>6,244,695</u>	<u>50.01</u>

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

<b>Name of counter</b>	<b>Quantity units</b>	<b>Aggregate cost RM</b>	<b>Market value RM</b>	<b>Percentage of NAV %</b>
<b>31.12.2014 (CONTINUED)</b>				
<b>QUOTED SECURITIES - FOREIGN (CONTINUED)</b>				
<b>Technology</b>				
Lenovo Group Limited	43,200	204,404	198,552	1.59
Tencent Holdings Limited	20,800	639,205	1,054,404	8.45
	<u>64,000</u>	<u>843,609</u>	<u>1,252,956</u>	<u>10.04</u>
<b>Communications</b>				
China Mobile Limited	24,000	821,230	978,703	7.84
China Telecom Corporation Limited	110,400	186,422	225,848	1.81
China Unicom (Hong Kong) Limited	38,400	183,177	179,952	1.44
	<u>172,800</u>	<u>1,190,829</u>	<u>1,384,503</u>	<u>11.09</u>
<b>Utilities</b>				
China Gas Holdings Limited	11,200	64,595	61,671	0.49
China Longyuan Power Group Corporation Limited	24,000	79,694	87,272	0.70
China Resources Power Holdings Company Limited	12,800	116,090	115,354	0.92
Huaneng Power International, Inc.	24,000	90,347	113,335	0.91
	<u>72,000</u>	<u>350,726</u>	<u>377,632</u>	<u>3.02</u>
<b>TOTAL QUOTED SECURITIES - FOREIGN</b>	<b><u>2,653,800</u></b>	<b><u>10,268,610</u></b>	<b><u>12,442,969</u></b>	<b><u>99.66</u></b>
<b>ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b><u>2,174,359</u></b>		
<b>TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b><u>12,442,969</u></b>		

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

<b>Name of counter</b>	<b>Quantity units</b>	<b>Aggregate cost RM</b>	<b>Market value RM</b>	<b>Percentage of NAV %</b>
<b>30.06.2014</b>				
<b>QUOTED SECURITIES - FOREIGN</b>				
<b>Basic Materials</b>				
Anhui Conch Cement Company Limited	16,500	172,324	181,705	1.90
<b>Consumer</b>				
Great Wall Motor Company Limited	13,500	233,670	160,963	1.68
<b>Energy</b>				
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>
<b>Financials</b>				
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 %
<b>30.06.2014 (CONTINUED)</b>				
<b>QUOTED SECURITIES - FOREIGN (CONTINUED)</b>				
<b>Technology</b>				
Tencent Holdings Limited	20,300	574,832	993,376	10.37
<b>Communications</b>				
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>
<b>TOTAL QUOTED SECURITIES - FOREIGN</b>	<b><u>2,564,300</u></b>	<b>9,138,535</b>	<b><u>9,457,892</u></b>	<b><u>98.75</u></b>
<b>ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b><u>319,357</u></b>		
<b>TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b><u>9,457,892</u></b>		

**8. CASH AND CASH EQUIVALENTS**

	31.12.2014 RM	30.06.2014 RM
Bank balances	<u>80,481</u>	<u>28,240</u>

**9. OTHER PAYABLES AND ACCRUALS**

	31.12.2014 RM	30.06.2014 RM
Provision for audit fee	12,602	25,000
Provision for tax agent's fee	4,513	3,000
Other accruals - license fee	29,851	27,724
	<u>46,966</u>	<u>55,724</u>

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

For the financial period from 1 October 2014 to 31 December 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)**

	<b>01.10.2014 to 31.12.2014</b>	<b>01.07.2013 to 30.06.2014</b>
	<b>No of units</b>	<b>No of units</b>
At the beginning of the financial period/year	9,750,000	31,850,000
Add: Creation of units from applications	650,000	6,500,000
Less: Cancellation of units	-	(28,600,000)
At the end of the financial period/year	<u>10,400,000</u>	<u>9,750,000</u>

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

	<b>01.10.2014 to 31.12.2014</b>	<b>01.10.2013 to 31.12.2013</b>
	<b>%</b>	<b>%</b>
MER	<u>0.47</u>	<u>0.24</u>

MER is derived based on the following calculation:

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

- A = Management fee
- B = Trustee's and custodian fees
- C = Audit fee
- D = Tax agent's fee
- E = Other expenses
- F = Average NAV of the Fund calculated on a daily basis

The average NAV of the Fund for the financial period calculated on a daily basis is RM10,860,395 (31.12.2013: RM27,784,158).

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

	<b>01.10.2014 to 31.12.2014</b>	<b>01.10.2013 to 31.12.2013</b>
PTR (times)	<u>0.21</u>	<u>0.53</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 = RM2,618,991 (31.12.2013: RM660,040)
- total disposal for the financial period = RM1,888,736 (31.12.2013: RM28,701,995)

**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

Units held by the Manager and parties related to the Manager

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

Significant related party transactions and balances

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

**14. TRANSACTIONS WITH BROKERS/DEALERS**

Details of transactions with brokers/dealers for the financial period from 1 October 2014 to 31 December 2014 are as follows:

<b>Brokers/Dealers</b>	<b>Values of trades RM</b>	<b>Percentage of total trades %</b>	<b>Brokerage fees RM</b>	<b>Percentage of total brokerage fees %</b>
Macquarie Equities	2,171,970	48.27	3,450	49.41
CIMB Securities (Singapore) Pte. Ltd. #	1,541,030	34.24	2,442	34.96
CLSA Limited	786,905	17.49	1,091	15.63
	<u>4,499,905</u>	<u>100.00</u>	<u>6,983</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 RM1,541,030. 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 internal reporting provided to the chief operating decision-maker for the Fund's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of MFRS and IFRS. The chief operating decision-maker is responsible for the performance of the Fund and considers the business to have a single operating segment located in Malaysia. Asset allocation decisions are based on a single, integrated investment strategy and the Fund's performance is evaluated on an overall basis.

The investment objective of the Fund is to provide investment results that, before expenses, closely correspond to the performance of the FTSE 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 reportable operating segment derives its income by seeking investments to achieve targeted returns consummate with an acceptable level of risk within the portfolio. These returns consist of profit and dividend income earned from investments and gains on the appreciation in the value of investments, and is derived from the 50 largest and most liquid Chinese stocks (Red Chips, H shares and P Chips) listed and trading on the Hong Kong Stock Exchange.

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

**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 is presented below:

	<b>31.12.2014</b>	<b>31.12.2013</b>
	<b>RM</b>	<b>RM</b>
Creation		
- Non cash component	-	-
- Cash component	783,250	-
	<u>783,250</u>	<u>-</u>
Cancellation		
- Non cash component	-	-
- Cash component	-	(28,003,820)
	<u>-</u>	<u>(28,003,820)</u>

**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.

	<b>31.12.2014</b>	<b>30.06.2014</b>
	<b>RM</b>	<b>RM</b>
Total accumulated retained earnings of the Fund:		
- Realised amount	3,088,260	2,818,879
- Unrealised amount	2,174,359	318,850
	<u>5,262,619</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.



**DIRECTORY**

**Head office of the Manager**

CIMB-Principal Asset Management Berhad (Company No.: 304078-K)  
10th floor, Bangunan CIMB,  
Jalan Semantan,  
Damansara Heights,  
50490 Kuala Lumpur, MALAYSIA.

**Postal address**

CIMB-Principal Asset Management Berhad (Company No.: 304078-K)  
P.O.Box 10571,  
50718 Kuala Lumpur, MALAYSIA.

**Website**

[www.cimb-principal.com.my](http://www.cimb-principal.com.my)

**E-mail address**

[service@cimb-principal.com.my](mailto:service@cimb-principal.com.my)

**General investment enquiries**

(03) 7718 3100

**Trustee for the CIMB FTSE CHINA 50 (Formerly known as CIMB FTSE China 25)**

Deutsche Trustees Malaysia Berhad (Co. No. 763590-H)  
Level 20, Menara IMC,  
8, Jalan Sultan Ismail,  
50250 Kuala Lumpur, MALAYSIA

**Participating Dealers**

CIMB Bank Berhad  
Level 13, Menara CIMB  
Jalan Stesen Sentral 2,  
Kuala Lumpur Sentral  
50470 Kuala Lumpur, MALAYSIA

OSK Investment Bank Berhad  
21st Floor, Plaza OSK  
Jalan Ampang  
50450 Kuala Lumpur, MALAYSIA