

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

UNAUDITED QUARTERLY REPORT

FOR THE FINANCIAL PERIOD FROM 1 JULY 2015
TO 30 SEPTEMBER 2015

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INVESTORS' LETTER

Dear Valued Investors,

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

CIMB-Principal continues to shine in the industry by bagging more industry awards! These awards recognize CIMB-Principal’s dedication in providing the best total asset management solutions and this augurs well with our aspirations to be Southeast Asia’s most valued investment management company offering total asset management solutions. Please find below our latest coveted awards:

1. **The Asset Triple A Asset Servicing, Investor and Fund Management Awards 2015**
Fund Management Company of the Year, Malaysia (2nd year in a row)

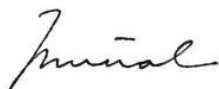
2. **Alpha Southeast Asia 9th Annual Best Financial Institution Awards in Southeast Asia**
 - Marquee Award: Best Asset Manager in Southeast Asia (6th year in a row)
 - Best Asset & Fund Manager, Malaysia

Not only that the funds below were selected as Fundsupermart’s Recommended Unit Trusts 2015/16.

Category	Fund Name
Core Equity, Global – Developed Markets	CIMB-Principal Global Titans Fund
Asia ex-Japan	CIMB-Principal Asia Pacific Dynamic Income Fund
Asia ex-Japan (Islamic)	CIMB Islamic Asia Pacific Equity Fund
Supplementary, Sub Regional Equity - Greater China	CIMB-Principal Greater China Equity Fund

Winning these awards is a reflection of the capabilities of our experienced fund managers in managing diversified funds in the market. We are pleased to be able to share these awards with our clients, and would like to thank you for your continuous support and confidence in our services. CIMB-Principal remains committed in helping you to grow your investment.

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



Munirah Khairuddin
Chief Executive Officer/Executive Director

MANAGER'S REPORT

FUND OBJECTIVE AND POLICY

What is the investment objective of the Fund?

The Fund aims to provide investment results that closely correspond to the performance of the Financial Times Stock Exchange ("FTSE") China 50 Index ("Benchmark Index"), regardless of its performance.

Has the Fund achieved its objective?

For the financial period under review, the Fund has met its objective to closely correspond to the performance of the Benchmark Index. The Fund declined by 10.36% for the financial period under review, while the Benchmark Index declined by 12.37%.

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 ("ETF")/Equity/Index tracking

How long should you invest for?

Recommended three (3) to five (5) years

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

High

When was the Fund launched?

9 July 2010*

* Listing date

What was the size of the Fund as at 30 September 2015?

RM17.83 million (13.65 million units)

What is the Fund's benchmark?

The Benchmark 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 2015 to 30 September 2015?

There was no distribution made for the financial period from 1 July 2015 to 30 September 2015.

PERFORMANCE DATA

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

	30.09.2015	30.09.2014	30.09.2013
	%	%	%
Quoted securities			
- Basic Materials	1.56	2.51	1.64
- Communications	11.97	15.26	16.44
- Consumer Products	3.35	3.62	3.11
- Energy	13.10	16.24	15.98
- Finance	53.78	50.98	55.28
- Industrials	4.26	-	-
- Technology	9.09	10.19	7.22
- Utilities	2.68	1.07	-
Cash and other net assets	0.21	0.13	0.33
	<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:

	30.09.2015	30.09.2014	30.09.2013
Total asset value (RM Million)	17.91	10.03	36.56
Net Asset Value ("NAV") (RM Million)	17.83	9.96	36.48
Units in circulation (Million)	13.65	9.75	37.05
NAV per Unit (RM)	1.3058	1.0212	0.9846
	01.07.2015	01.07.2014	01.07.2013
	to 30.09.2015	to 30.09.2014	to 30.09.2013
Highest NAV per Unit (RM)	1.4481	1.1071	1.0243
Lowest NAV per Unit (RM)	1.2301	0.9813	0.8156
Market Price per Unit (RM)	1.3100	1.0350	0.9900
Highest Market Price per Unit (RM)	1.4350	1.1000	1.0250
Lowest Market Price per Unit (RM)	1.2300	0.9900	0.8200
Total return (%) ^	(10.36)	3.96	16.39
- Capital growth (%)	(10.36)	3.96	16.39
- Income distribution (%)	-	-	-
Management Expense Ratio ("MER") (%)	0.27	0.27	0.23
Portfolio Turnover Ratio ("PTR") (times) #	0.08	0.09	0.17

^ based on NAV per unit

The Fund's PTR decreased from 0.09 times to 0.08 times as there were less trading activities during the financial period under review. The trading activities were due to portfolio rebalancing within the reporting period.

	30.09.2015	30.09.2014	30.09.2013	30.09.2012	Since inception to 30.09.2011
	%	%	%	%	%
Annual total return	27.88	3.68	16.49	6.73	(21.82)

(Listing date : 9 July 2010)

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

MARKET REVIEW (1 JULY 2015 TO 30 SEPTEMBER 2015)

Economic activity in China decelerated in July 2015. Retail sales (10.5%), Industrial Production ("IP") (6.0%), fixed investment (9.9%) and export growth (-8.3%) were weaker than forecast. July 2015 import of commodities held up well after the significant rebound in June 2015. August 2015 National Bureau of Statistics ("NBS") Manufacturing Purchasing Managers Index ("PMI") at 49.7 is the lowest reading since September 2012. July 2015 Consumer Price Index ("CPI") turned up modestly to 1.6% year-on-year ("y-o-y"), driven by pork price increase. Producer Price Index ("PPI") widened to -5.4% y-o-y, the 41st month of PPI deflation. Broad money supply ("M2") grew 13% in July 2015 versus 12% in June 2015. New loan at RMB1.5 trillion (versus RMB1.3 trillion in June 2015 and RMB385 billion in July 2014) but much of this may have been to support the stock market.

People's Bank of China ("PBOC") shocked the market on 11 August 2015 by devaluing the Chinese Yuan Renminbi ("CNY") and announcing a reform on the daily fixing system. The move reflects the Chinese policymakers' desire to delink somewhat from the US Federal Reserve (the "Fed"), as China needs to support growth while the Fed embarks on its rate normalisation path. On 25 August 2015, the PBOC announced a 25 basis points ("bps") cut in benchmark interest rates and a universal Reserve Requirement Ratio ("RRR") cut of 50 bps. This was the fifth policy rate cut, and third universal RRR cut by the PBOC since last November 2014. The policy action was mainly to address the growing concerns on China's economic outlook.

August 2015 data was disappointing. Fixed investment (+9.2%), IP (+6.1%) and import growth (-3.8%) were weaker than forecast, while retail sales (+10.8%) and export growth (-5.5%) remained stable. Several one-off factors hit activity including, anti-pollution efforts in Northern China ahead of the Victory 70 parade; flooding in coastal provinces; and the Tianjin explosion (Tianjin container throughput down 28%). M2 growth remained unchanged at 13% in August 2015. August 2015 CPI increased to 2.0% y-o-y driven by food price (especially pork price). PPI widened to -5.9%, the 42nd month of PPI deflation. The flash reading for September 2015 Caixin China manufacturing PMI fell further to 47.0, the lowest reading since April 2009.

FUND PERFORMANCE

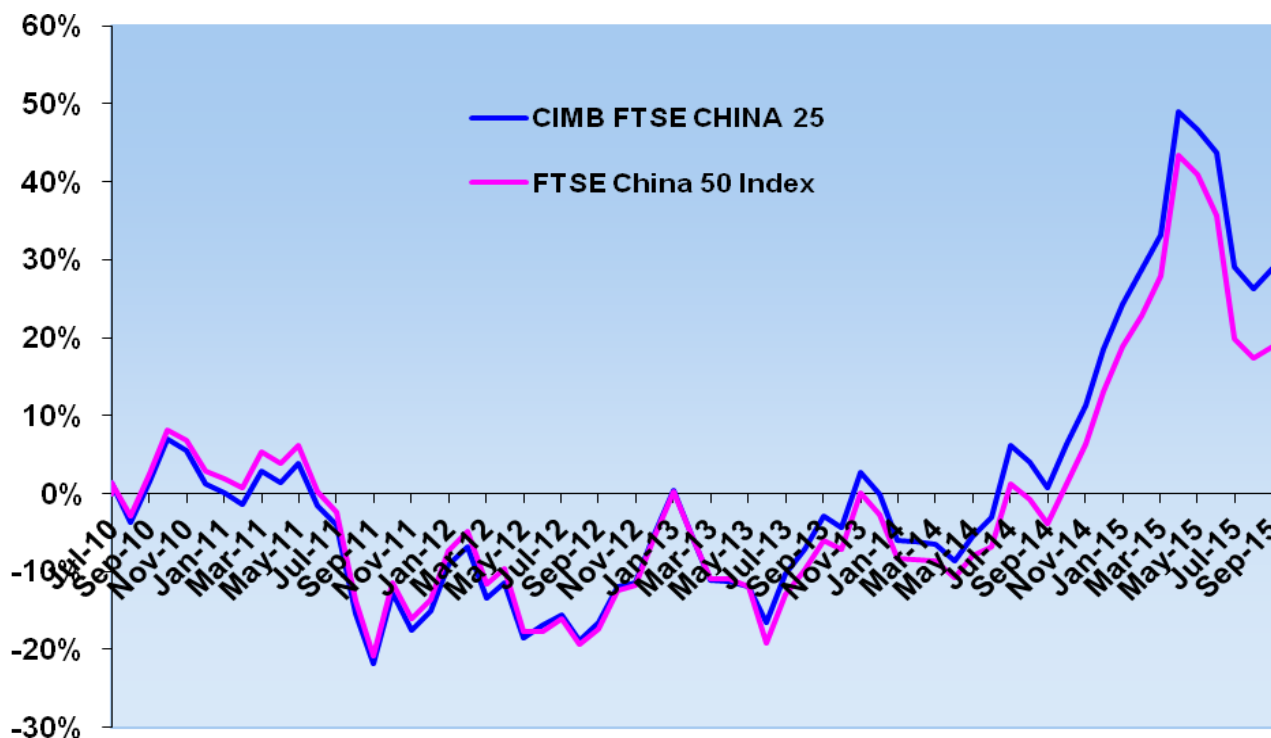
	3 months to 30.09.2015 %	6 months to 30.09.2015 %	1 year to 30.09.2015 %	3 years to 30.09.2015 %	5 years to 30.09.2015 %	Since inception to 30.09.2015 %
Income	-	-	-	-	-	-
Capital [^]	(10.36)	(3.30)	27.88	54.43	26.86	28.86
Total Return [^]	(10.36)	(3.30)	27.88	54.43	26.86	28.86
Average Total Return [^]	N/A	N/A	27.88	15.59	4.87	4.96
Benchmark	(12.37)	(7.11)	23.64	43.69	16.08	18.81
Changes in Market Price per Unit	(9.97)	(3.32)	26.57	54.12	27.80	28.43

[^] based on NAV per Unit

For the financial period under review, the Fund declined by 10.36% while the benchmark declined by 12.37%.

The last available published market price of the Fund quoted on Bursa Malaysia was RM1.3100. This represents a decrease of 9.97% for the financial period.

FUND PERFORMANCE (CONTINUED)



Changes in NAV

	30.09.2015	30.09.2014	Changes %
NAV (RM Million)	17.83	9.96	79.02
NAV per unit (RM)	1.3058	1.0212	27.87

For the 1-year period, the total NAV increased by 79.02%, while the NAV per unit increased by 27.87%. The increase in total NAV was due to unit creations, 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)	30.09.2015	30.09.2014
Quoted securities	99.79	99.87
Cash and other net assets	0.21	0.13
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*

China's access to the World Trade Organisation ("WTO") had boosted processing trade (imports for re-exports) by foreign invested enterprises ("FIE"s). As a result, China started to run a huge trade surplus from 2001 with the US, and a largely equivalent amount of deficits with the rest of the world excluding Hong Kong. Under Trans-Pacific Partnership ("TPP"), FIEs may relocate their assemblies from China to TPP countries and thus the contraction of processing trade may bring down the trade surplus with the US. The net impact on the trade surplus could be limited due to a parallel fall in the deficit side, though the change would weigh on unskilled jobs and the RMB.

In recent years, declining processing trade didn't prevent China's export market in the world from rising thanks to elevated domestic demand. Total Gross Domestic Product ("GDP") of key Emerging Market countries in TPP – Chile, Malaysia, Mexico, Peru, and Vietnam are about 22% of China, and are thus unlikely to host many independent production chains within TPP. Current research suggests that China will be a net beneficiary of Free Trade Agreement if it succeeds in Regional Comprehensive Economic Partnership ("RCEP") and ultimately Free Trade Area of the Asia Pacific ("FTAAP") talks.

Fourth quarter of 2015 is expected to witness weak macro stabilisation with estimated third quarter/fourth quarter reported GDP (6.7%/6.8%) or real GDP still at ~5%, given recent more supportive policies like auto/property mini-stimulus, fiscal spending pickup (25% y-o-y in July 2015/August 2015). Caixin manufacturing PMI may fluctuate around current 47 in the fourth quarter of 2015, rather than repeat the significant drop in the third quarter of 2015 (from 49.4 in June 2015 to 47.2 in September 2015). Such weak stabilisation is good enough to reduce the significant hard-landing concerns from the market.

China's Ministry of Finance announced on 8 September 2015 that, going forward, it will adjust its fiscal policy to further support growth in five areas. The five areas include; 1) Further fiscal support, including mobilising existing fiscal funds to support major projects, expanding the tax reduction policy (halved tax) for Small Medium Enterprises ("SMEs"), increasing the number of duty-free shops and encouraging domestic consumption, establishing SME Development Fund and Innovation Fund. 2) Promote the public-private partnership model. 3) Local government debt management. 4) Tax reform. 5) Monitor and ensure policy implementation.

Quasi-fiscal measures were announced with the issuance of RMB300 billion financial bond this year, which may lead to total investment up to RMB1.5 trillion.

* 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 ETF, 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 2015 are as follows:

Size of unit holdings (units)	No. of unit holders	No. of units held (million)	% of units held
Less than 100	4	-	-
100 to 1,000	38	0.02	0.18
1,001 to 10,000	127	0.70	5.11
10,001 to 100,000	71	2.39	17.52
100,001 to less than 5% of approved fund size	21	10.54	77.19
5% and above the approved fund size	-	-	-
Total	261	13.65	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 brokers or dealers but have retained soft commissions 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 2015 TO 30 SEPTEMBER 2015**

	Note	01.07.2015 to 30.09.2015 RM	01.07.2014 to 30.09.2014 RM
INVESTMENT INCOME			
Dividend income		141,500	162,599
Net (loss)/gain on financial assets at fair value through profit or loss	8	(2,132,930)	262,876
Net foreign exchange (loss)/gain		<u>(1,360)</u>	<u>1,449</u>
		<u>(1,992,790)</u>	<u>426,924</u>
EXPENSES			
Management fee	4	27,315	15,481
Trustee's and custodian fees	5	11,492	3,663
Audit fee		6,292	6,301
Tax agent's fee		1,158	756
Transaction costs		5,207	3,208
Other expenses	6	<u>3,802</u>	<u>1,198</u>
		<u>55,266</u>	<u>30,607</u>
(LOSS)/PROFIT BEFORE TAXATION		(2,048,056)	396,317
Taxation	7	<u>(11,958)</u>	<u>(16,523)</u>
(LOSS)/PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE FINANCIAL PERIOD		<u>(2,060,014)</u>	<u>379,794</u>
 (Loss)/Profit after taxation is made up as follows:			
Realised amount		239,482	172,552
Unrealised amount		<u>(2,299,496)</u>	<u>207,242</u>
		<u>(2,060,014)</u>	<u>379,794</u>

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

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015**

	Note	Year-to-date 30.09.2015 RM	Year-to-date 30.09.2014 RM
INVESTMENT INCOME			
Dividend income		141,500	162,599
Net (loss)/gain on financial assets at fair value through profit or loss	8	(2,132,930)	262,876
Net foreign exchange (loss)/gain		<u>(1,360)</u>	<u>1,449</u>
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Unrealised amount		<u>(2,299,496)</u>	<u>207,242</u>
		<u>(2,060,014)</u>	<u>379,794</u>

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**UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2015**

		30.09.2015	30.06.2015
	Note	RM	Audited RM
CURRENT ASSETS			
Financial assets at fair value through profit or loss	8	17,788,055	19,579,713
Cash and cash equivalents	9	47,520	26,820
Dividend receivable		71,639	352,958
TOTAL ASSETS		<u>17,907,214</u>	<u>19,959,491</u>
CURRENT LIABILITIES			
Accrued management fee		8,710	9,995
Amount due to Trustee		1,161	1,333
Other payables and accruals	10	72,202	63,008
TOTAL LIABILITIES		<u>82,073</u>	<u>74,336</u>
NET ASSET VALUE OF THE FUND		<u>17,825,141</u>	<u>19,885,155</u>
EQUITY			
Unit holders' capital		13,823,944	13,823,944
Retained earnings		4,001,197	6,061,211
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>17,825,141</u>	<u>19,885,155</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)	11	<u>13,650,000</u>	<u>13,650,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>1.3058</u>	<u>1.4567</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 2015 TO 30 SEPTEMBER 2015**

	Unit holders' capital RM	Retained earnings RM	Total RM
Balance as at 1 July 2015	13,823,944	6,061,211	19,885,155
Total comprehensive loss for the financial period	-	(2,060,014)	(2,060,014)
Balance as at 30 September 2015	<u>13,823,944</u>	<u>4,001,197</u>	<u>17,825,141</u>
Balance as at 1 July 2014	8,421,859	1,155,420	9,577,279
Total comprehensive income for the financial period	-	379,794	379,794
Balance as at 30 September 2014	<u>8,421,859</u>	<u>1,535,214</u>	<u>9,957,073</u>

FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015

	Unit holders' capital RM	Retained earnings RM	Total RM
Balance as at 1 July 2015	13,823,944	6,061,211	19,885,155
Total comprehensive loss for the financial period	-	(2,060,014)	(2,060,014)
Balance as at 30 September 2015	<u>13,823,944</u>	<u>4,001,197</u>	<u>17,825,141</u>
Balance as at 1 July 2014	8,421,859	1,155,420	9,577,279
Total comprehensive income for the financial period	-	379,794	379,794
Balance as at 30 September 2014	<u>8,421,859</u>	<u>1,535,214</u>	<u>9,957,073</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 2015 TO 30 SEPTEMBER 2015**

	01.07.2015 to 30.09.2015	01.07.2014 to 30.09.2014
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from disposal of quoted securities	1,256,185	770,570
Purchase of quoted securities	(1,597,456)	(993,660)
Dividend income received	409,501	280,002
Management fee paid	(28,600)	(10,010)
Trustee's and custodian fees paid	(11,664)	(3,025)
Tax paid	-	(16,523)
Payments for other fees and expenses	(7,266)	(4,011)
Net cash generated from operating activities	<u>20,700</u>	<u>23,343</u>
Net increase in cash and cash equivalents	20,700	23,343
Effects of foreign exchange differences	-	-
Cash and cash equivalents at the beginning of the financial period	26,820	28,240
Cash and cash equivalents at the end of the financial period	<u>47,520</u>	<u>51,583</u>

FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015

	Year-to-date 30.09.2015	Year-to-date 30.09.2014
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from disposal of quoted securities	1,256,185	770,570
Purchase of quoted securities	(1,597,456)	(993,660)
Dividend income received	409,501	280,002
Management fee paid	(28,600)	(10,010)
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Effects of foreign exchange differences	-	-
Cash and cash equivalents at the beginning of the financial period	26,820	28,240
Cash and cash equivalents at the end of the financial period	<u>47,520</u>	<u>51,583</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 2015 TO 30 SEPTEMBER 2015**

1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITY

CIMB FTSE China 50 (formerly known as CIMB FTSE China 25) (the "Fund") is governed by a Deed dated 19 April 2010, 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 are pursuant to the Second Supplemental Deed dated 30 July 2014.

The objective of the Fund is to provide investment results that closely correspond to the performance of 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 ("HKEx"). The Benchmark Index is calculated and published in Hong Kong dollars.

All investments will be subjected to the SC Guidelines on ETFs, the Deeds, except where exemptions or variations have been approved by the SC, internal policies and procedures and the Fund's objective.

The Manager, a company incorporated in Malaysia, is a subsidiary of CIMB Group Sdn Bhd and regards CIMB Group Holdings Berhad as its ultimate holding company. The Manager is also an associate of Principal International (Asia) Limited, which is a subsidiary of Principal Financial Group Inc. The principal activities of the Manager are the establishment and management of unit trust funds and fund management activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

The financial statements have been prepared under the historical cost convention, as modified by financial assets at fair value through profit or loss.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2(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) replaces MFRS 118 'Revenue' and MFRS 111 'Construction contracts' and related interpretations. The standard 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 core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

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 interest.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

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

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.

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

(b) Financial assets and financial liabilities

Classification

The Fund designates its investments in foreign 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 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 MFRS 139, are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Recognition and measurement (continued)

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

Foreign quoted securities are valued at 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.

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 investments for a period exceeding 14 days, or such shorter period as agreed by the Trustee, then the investments 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 financial period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognised in statement of comprehensive income. If 'loans and receivables' has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Recognition and measurement (continued)

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

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

(c) Foreign currency

Functional and presentation currency

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

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in statement of comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges.

(d) Income recognition

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 the 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 put back 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 put back the unit to the Fund.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Cash and cash equivalents

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

(g) Taxation

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

Tax on dividend income from foreign quoted securities is based on the tax regime of the respective countries that the Fund invests in.

(h) Transactions 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, advisers, 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 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 ETFs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

3. RISK MANAGEMENT OBJECTIVES AND POLICIES

The investment objective of the Fund is 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 and liquidity risk.

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

(a) Market risk

(i) Price risk

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

(ii) Currency risk

Currency risk is associated with investments that are quoted and/or priced in foreign currency denomination. 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.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES

(b) Credit risk

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

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

(c) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its financial obligations.

The Manager manages this risk by maintaining sufficient level of liquid assets to meet anticipated payments and cancellations of the units by unit holders. Liquid assets comprise bank balance and other instruments, which are capable of being converted into cash within 7 business days. Generally, all investments are subject to a certain degree of liquidity risk depending on the nature of the investment instruments, market, sector and other factors. For the purpose of the Fund, the 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) 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 period end date. The Fund utilises the last traded market price for financial assets where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of the fair value.

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

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

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Fair value estimation (continued)

Fair value hierarchy

(i) The table below analyses financial instruments carried at fair value, by valuation method. 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
30.09.2015				
Financial assets at fair value through profit or loss:				
- Quoted securities	<u>17,788,055</u>	<u>-</u>	<u>-</u>	<u>17,788,055</u>
30.06.2015				
Audited				
Financial assets at fair value through profit or loss:				
- Quoted securities	<u>19,579,713</u>	<u>-</u>	<u>-</u>	<u>19,579,713</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).

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Fair value estimation (continued)

Fair value hierarchy (continued)

- (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 management fee of up to 3.00% per annum calculated and accrued daily based on the NAV of the Fund.

For the financial period ended 30 September 2015, the management fee is recognised at a rate of 0.60% per annum (30.09.2014: 0.60% per annum).

There will be no further liability to the Manager in respect of management fee other than the amount 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 RM12,000 per annum, excluding foreign sub-custodian fees and charges.

For the financial period ended 30 September 2015, the Trustee's fee is recognised at a rate of 0.08% per annum (30.09.2014: 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. OTHER EXPENSES

	01.07.2015 to 30.09.2015	01.07.2014 to 30.09.2014
	RM	RM
Listing fee	1,821	1,032
Others	1,981	166
	<u>3,802</u>	<u>1,198</u>
	Year-to-date 30.09.2015	Year-to-date 30.09.2014
	RM	RM
Listing fee	1,821	1,032
Others	1,981	166
	<u>3,802</u>	<u>1,198</u>

7. TAXATION

	01.07.2015 to 30.09.2015 RM	01.07.2014 to 30.09.2014 RM
Tax charged for the financial period:		
- Current taxation	<u>11,958</u>	<u>16,523</u>

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

	01.07.2015 to 30.09.2015 RM	01.07.2014 to 30.09.2014 RM
(Loss)/Profit before taxation	<u>(2,048,056)</u>	<u>396,317</u>
Taxation at Malaysian statutory rate of 25% (30.09.2014: 25%)	(512,014)	99,079
Tax effects of:		
Investment loss not deductible for tax purposes/(Investment income not subject to tax)	529,059	(67,056)
Expenses not deductible for tax purposes	4,959	2,519
Restriction on tax deductible expenses for ETFs	8,857	(23,152)
Effect of foreign tax on foreign taxable income	<u>(18,903)</u>	<u>5,133</u>
Taxation	<u>11,958</u>	<u>16,523</u>

	Year-to-date 30.09.2015 RM	Year-to-date 30.09.2014 RM
Tax charged for the financial period:		
- Current taxation	<u>11,958</u>	<u>16,523</u>

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

	Year-to-date 30.09.2015 RM	Year-to-date 30.09.2014 RM
(Loss)/Profit before taxation	<u>(2,048,056)</u>	<u>396,317</u>
Taxation at Malaysian statutory rate of 25% (30.09.2014: 25%)	(512,014)	99,079
Tax effects of:		
Investment loss not deductible for tax purposes/(Investment income not subject to tax)	529,059	(67,056)
Expenses not deductible for tax purposes	4,959	2,519
Restriction on tax deductible expenses for ETFs	8,857	(23,152)
Effect of foreign tax on foreign taxable income	<u>(18,903)</u>	<u>5,133</u>
Taxation	<u>11,958</u>	<u>16,523</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30.09.2015	30.06.2015
	RM	Audited RM
Designated at fair value through profit or loss at inception:		
- Quoted securities	<u>17,788,055</u>	<u>19,579,713</u>
	01.07.2015 to 30.09.2015	01.07.2014 to 30.09.2014
	RM	RM
Net (loss)/gain on financial assets at fair value through profit or loss:		
- Realised gain on disposals	165,206	57,083
- Unrealised fair value (loss)/gain	<u>(2,298,136)</u>	<u>205,793</u>
	<u>(2,132,930)</u>	<u>262,876</u>
	Year-to-date 30.09.2015	Year-to-date 30.09.2014
	RM	RM
Net (loss)/gain on financial assets at fair value through profit or loss:		
- Realised gain on disposals	165,206	57,083
- Unrealised fair value (loss)/gain	<u>(2,298,136)</u>	<u>205,793</u>
	<u>(2,132,930)</u>	<u>262,876</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
30.09.2015				
QUOTED SECURITIES				
Basic Materials				
Anhui Conch Cement Company Limited	10,500	120,387	135,800	0.76
Fosun International Limited	18,900	163,462	142,904	0.80
	<u>29,400</u>	<u>283,849</u>	<u>278,704</u>	<u>1.56</u>
Communications				
China Mobile Limited	29,400	1,106,807	1,534,336	8.61
China Telecom Corporation Limited	144,900	275,000	307,261	1.72
China Unicom (Hong Kong) Limited	52,500	270,865	292,792	1.64
	<u>226,800</u>	<u>1,652,672</u>	<u>2,134,389</u>	<u>11.97</u>
Consumer Products				
Air China Limited	16,800	68,701	58,355	0.33
BYD Company Limited	6,300	127,587	146,306	0.82
Great Wall Motor Company Limited	25,200	163,581	122,632	0.69
Hengan International Group Company Limited	6,300	227,689	269,870	1.51
	<u>54,600</u>	<u>587,558</u>	<u>597,163</u>	<u>3.35</u>
Energy				
China Coal Energy Company Limited	16,800	34,902	29,894	0.17
China Oilfield Services Limited	14,700	99,897	64,683	0.36
China Petroleum & Chemical Corporation	222,600	590,309	596,042	3.34
China Shenhua Energy Company Limited	29,400	319,014	197,893	1.11
CNOOC Limited	136,500	762,811	615,370	3.45
Hanergy Thin Film Power Group Limited	102,900	332,879	228,730	1.28
Petrochina Company Limited	191,100	741,731	583,399	3.27
Sinopec Oilfield Service Corporation	14,700	21,712	20,892	0.12
	<u>728,700</u>	<u>2,903,255</u>	<u>2,336,903</u>	<u>13.10</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
30.09.2015 (CONTINUED) QUOTED SECURITIES (CONTINUED)				
Finance				
Agricultural Bank Of China Limited	231,000	364,971	384,778	2.16
Bank Of China Limited	483,000	793,588	914,370	5.13
Bank Of Communications Company Limited	71,400	193,594	217,973	1.22
China Cinda Asset Management Company Limited	79,800	157,500	121,582	0.68
China Citic Bank Corporation Limited	67,200	140,735	171,532	0.96
China Construction Bank Corporation Limited	512,400	1,426,403	1,500,192	8.42
China Everbright Bank Company Limited	29,400	53,709	56,326	0.32
China Life Insurance Company Limited	54,600	627,192	831,875	4.67
China Merchants Bank Company Limited	42,000	308,684	446,500	2.50
China Minsheng Banking Corporation Limited	58,800	193,957	238,674	1.34
China Overseas Land & Investment Limited	35,700	355,569	474,914	2.66
China Pacific Insurance (Group) Company Limited	23,100	304,829	376,242	2.11
China Resources Land Limited	25,200	235,575	260,164	1.46
China Vanke Company Limited	10,500	74,984	98,731	0.55
CITIC Limited	58,800	398,993	471,332	2.64
CITIC Securities Company Limited	21,000	219,572	164,751	0.92
Dalian Wanda Commercial Properties Company Limited	6,300	161,049	159,021	0.89
Haitong Securities Company Limited	29,400	258,020	186,527	1.05
Huatai Securities Co. Ltd.	10,500	94,127	91,091	0.51
Industrial And Commercial Bank Of China Limited	436,800	1,019,808	1,107,511	6.21

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
30.09.2015 (CONTINUED) QUOTED SECURITIES (CONTINUED)				
Finance (continued)				
New China Life Insurance Company Limited	6,300	90,456	119,266	0.67
The People's Insurance Company (Group) Of China Limited	56,700	110,308	121,522	0.68
PICC Property And Casualty Company Limited	29,400	149,302	251,711	1.41
Ping An Insurance (Group) Company of China Limited	37,800	672,962	824,115	4.62
	<u>2,417,100</u>	<u>8,405,887</u>	<u>9,590,700</u>	<u>53.78</u>
Industrials				
China Communications Construction Company Limited	39,900	143,647	216,170	1.21
China Railway Construction Corporation Limited	16,800	67,974	108,688	0.61
China Railway Group Limited	33,600	86,783	134,284	0.75
CRRC Corporation Limited	35,700	167,611	198,895	1.12
Metallurgical Corporation of China Limited	25,200	45,428	40,973	0.23
Shanghai Electric Group Co Limited	25,200	60,209	60,313	0.34
	<u>176,400</u>	<u>571,652</u>	<u>759,323</u>	<u>4.26</u>
Technology				
Tencent Holdings Ltd	22,050	873,613	1,620,830	9.09
Utilities				
CGN Power Company Ltd	88,200	149,249	161,958	0.91
China Resources Power Holdings Company Ltd	16,800	156,376	168,858	0.99
Huaneng Power International, Inc.	29,400	119,555	139,227	0.78
	<u>134,400</u>	<u>425,180</u>	<u>470,043</u>	<u>2.68</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
30.09.2015 (CONTINUED) QUOTED SECURITIES (CONTINUED)				
TOTAL QUOTED SECURITIES	<u>3,789,450</u>	15,703,666	<u>17,788,055</u>	<u>99.79</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>2,084,389</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u><u>17,788,055</u></u>		

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
30.06.2015				
Audited				
QUOTED SECURITIES				
Basic Materials				
Anhui Conch Cement Company Limited	10,500	120,387	139,002	0.70
Communications				
China Mobile Limited	31,500	1,185,865	1,521,607	7.65
China Telecom Corporation Limited	142,800	269,445	316,228	1.59
China Unicom (Hong Kong) Limited	50,400	259,172	299,262	1.50
	<u>224,700</u>	<u>1,714,482</u>	<u>2,137,097</u>	<u>10.74</u>
Consumer Products				
Air China Limited	14,700	61,326	62,673	0.32
BYD Company Limited	6,300	127,587	142,732	0.72
Dongfeng Motor Group Company Limited	25,200	132,255	127,554	0.64
Great Wall Motor Company Limited	9,450	184,028	174,774	0.88
Hengan International Group Company Limited	6,300	227,689	282,398	1.42
	<u>61,950</u>	<u>732,885</u>	<u>790,131</u>	<u>3.98</u>
Energy				
China Coal Energy Company Limited	23,100	47,991	52,054	0.26
China Oilfield Services Limited	16,800	125,910	101,062	0.51
China Petroleum & Chemical Corporation	222,600	588,754	724,791	3.65
China Shenhua Energy Company Limited	29,400	319,014	252,983	1.27
CNOOC Limited	132,300	742,920	708,295	3.56
Hanergy Thin Film Power Group Limited	102,900	332,879	195,818	0.99
Petrochina Company Limited	174,300	687,247	733,795	3.69
	<u>701,400</u>	<u>2,844,715</u>	<u>2,768,798</u>	<u>13.93</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
30.06.2015 (CONTINUED)				
Audited (Continued)				
QUOTED SECURITIES				
(CONTINUED)				
Finance				
Agricultural Bank Of China Limited	228,900	360,394	464,561	2.34
Bank Of China Limited	470,400	763,939	1,153,876	5.80
Bank Of Communications Company Limited	69,300	187,080	272,525	1.37
China Cinda Asset Management Company Limited	75,600	150,640	158,952	0.80
China Citic Bank Corporation Limited	67,200	140,735	202,125	1.02
China Construction Bank Corporation Limited	493,500	1,362,632	1,700,520	8.55
China Everbright Bank Company Limited	29,400	52,226	66,537	0.33
China Life Insurance Company Limited	52,500	588,069	862,372	4.34
China Merchants Bank Company Limited	39,900	287,879	438,877	2.21
China Minsheng Banking Corporation Limited	56,700	185,170	280,374	1.41
China Overseas Land & Investment Limited	33,600	328,225	447,258	2.25
China Pacific Insurance (Group) Company Limited	23,100	304,829	418,231	2.10
China Resources Land Limited	23,100	213,744	282,756	1.42
China Vanke Company Limited	12,600	85,088	117,007	0.59
Citic Pacific Limited	48,300	316,378	326,756	1.64
CITIC Securities Company Limited	10,500	105,135	142,834	0.72
Dalian Wanda Commercial Properties Company Limited	2,100	48,954	63,726	0.32
Haitong Securities Company Limited	25,200	229,228	251,429	1.26
Industrial And Commercial Bank Of China Limited	430,500	1,000,817	1,290,670	6.49
New China Life Insurance Company Limited	6,300	90,456	141,965	0.71

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
30.06.2015 (CONTINUED)				
Audited (Continued)				
QUOTED SECURITIES (CONTINUED)				
Finance (continued)				
The People's Insurance Company (Group) Of China Limited	54,600	106,123	131,806	0.66
PICC Property And Casualty Company Limited	29,400	142,790	252,697	1.27
Ping An Insurance (Group) Company of China Limited	16,800	526,568	856,086	4.31
	<u>2,299,500</u>	<u>7,577,099</u>	<u>10,323,940</u>	<u>51.91</u>
Industrials				
China Communications Construction Company Limited	39,900	137,446	225,264	1.13
China Railway Construction Corporation Limited	16,800	67,974	97,955	0.49
China Railway Group Limited	33,600	86,783	136,876	0.69
CRRC Corporation Limited	35,280	163,244	204,332	1.03
Metallurgical Corporation of China Limited	25,200	45,428	41,332	0.21
Shanghai Electric Group Co Limited	25,200	60,209	77,636	0.39
	<u>175,980</u>	<u>561,084</u>	<u>783,395</u>	<u>3.94</u>
Technology				
Lenovo Group Ltd	56,700	280,946	296,380	1.49
Tencent Holdings Ltd	25,200	998,415	1,897,371	9.54
	<u>81,900</u>	<u>1,279,361</u>	<u>2,193,751</u>	<u>11.03</u>
Utilities				
CGN Power Company Ltd	56,700	91,244	112,039	0.56
China Resources Power Holdings Company Ltd	16,800	156,376	177,023	0.89
Huaneng Power International, Inc.	29,400	119,555	154,537	0.78
	<u>102,900</u>	<u>367,175</u>	<u>443,599</u>	<u>2.23</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
30.06.2015 (CONTINUED)				
Audited (Continued)				
QUOTED SECURITIES (CONTINUED)				
TOTAL QUOTED SECURITIES	<u>3,658,830</u>	15,197,188	<u>19,579,713</u>	<u>98.46</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>4,382,525</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>19,579,713</u>		

9. CASH AND CASH EQUIVALENTS

	30.09.2015	30.06.2015
	RM	Audited RM
Bank balances	<u>47,520</u>	<u>26,820</u>

10. OTHER PAYABLES AND ACCRUALS

	30.09.2015	30.06.2015
	RM	Audited RM
Provision for audit fee	31,292	25,000
Provision for tax agent's fee	5,758	4,600
Other accruals - license fee	34,509	32,688
Other accruals	<u>643</u>	<u>720</u>
	<u>72,202</u>	<u>63,008</u>

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

For the the financial period from 1 July 2015 to 30 September 2015, the License fee was recognised at a rate of 0.04% per annum (30.09.2014: 0.04% per annum) of the NAV of the Fund, calculated on daily basis.

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

11. NUMBER OF UNITS IN CIRCULATION (UNITS)

	01.07.2015 to 30.09.2015	01.07.2014 to 30.06.2015 Audited
	No of units	No of units
At the beginning of the financial period/year	13,650,000	9,750,000
Add: Creation of units from applications	-	3,900,000
At the end of the financial period/year	<u>13,650,000</u>	<u>13,650,000</u>

12. MANAGEMENT EXPENSE RATIO ("MER")

	01.07.2015 to 30.09.2015 %	01.07.2014 to 30.09.2014 %
MER	<u>0.27</u>	<u>0.27</u>

MER is derived from the following calculation:

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

A	=	Management fee
B	=	Trustee's and custodian fees
C	=	Audit fee
D	=	Tax agent's fee
E	=	Other expenses excluding Goods and Services Tax ("GST") on transaction costs
F	=	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 RM18,086,463 (30.09.2014: RM10,235,621).

13. PORTFOLIO TURNOVER RATIO ("PTR")

	01.07.2015 to 30.09.2015	01.07.2014 to 30.09.2014
PTR (times)	<u>0.08</u>	<u>0.09</u>

PTR is derived based on 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	=	RM1,600,356 (30.09.2014: RM995,644)
total disposal for the financial period	=	RM1,236,243 (30.09.2014: RM771,806)

14. 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, Directors and parties related to the Manager as at the end of the financial period.

Significant related party transactions and balances

There were no other significant related party transactions and balances during each of the financial period.

15. TRANSACTIONS WITH BROKERS/DEALERS/FINANCIAL INSTITUTIONS

Details of transactions with brokers/dealers/financial institutions for the financial period from 1 July 2015 to 30 September 2015 are as follows:

Brokers/Dealers/Financial Institutions	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
JP Morgan Securities (Asia Pacific) Limited	1,308,217	46.12	654	32.70
UBS Securities Asia Limited	554,150	19.54	277	13.85
CLSA Limited	477,247	16.82	238	11.90
China International Capital Corporation Securities Limited	291,273	10.27	728	36.40
CIMB Securities (Singapore) Pte. Ltd. #	205,711	7.25	103	5.15
	<u>2,836,598</u>	<u>100.00</u>	<u>2,000</u>	<u>100.00</u>

15. TRANSACTIONS WITH BROKERS/DEALERS/FINANCIAL INSTITUTIONS (CONTINUED)

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

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

Included in the transactions are trades conducted with CIMB Securities (Singapore) Pte. Ltd., fellow subsidiary to the Manager amounting to RM205,711 (30.09.2014: RM1,538,087). 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.

16. 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 closely correspond to the performance of the Benchmark 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 dividend income earned from investments and gains on the appreciation in the value of investments, which is derived from the 50 largest and most liquid Chinese stocks (Red Chips, H shares and P Chips) listed and trading on the HKEx.

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

17. 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.

18. 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.

	30.09.2015	30.06.2015
	RM	Audited RM
Total accumulated losses/retained earnings of the Fund:		
- Realised amount	1,915,823	1,077,270
- Unrealised amount	2,085,374	4,983,941
	<u>4,001,197</u>	<u>6,061,211</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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