
CONTENTS	PAGE(S)
INVESTORS' LETTER	1
MANAGER'S REPORT	2 - 7
Fund Objective and Policy	
Performance Data	
Market Review	
Fund Performance	
Portfolio Structure	
Market Outlook	
Investment Strategy	
Unit Holdings Statistics	
Soft Commissions and Rebates	
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME	8
UNAUDITED STATEMENT OF FINANCIAL POSITION	9
UNAUDITED STATEMENT OF CHANGES IN EQUITY	10
UNAUDITED STATEMENT OF CASH FLOWS	11
NOTES TO THE FINANCIAL STATEMENTS	12 - 37
DIRECTORY	38

INVESTORS' LETTER

Dear Valued Investors,

Thank you for investing in CIMB-Principal Asset Management Berhad ("CIMB-Principal") funds. At CIMB-Principal, we are dedicated to provide the best service and guidance to our valued customers. We believe this will ensure your relationship with us is a long and satisfying one. We will continuously strive for customer satisfaction in the products we deliver and service we provide.

We are also pleased to share the wonderful news that CIMB-Principal has won more awards. These awards are important because it means that the consistent investment process we have in place, supported by strong portfolio risk management and oversight practices, has yielded top-performing investment results for our loyal investors.

AsianInvestor Asset Management Awards 2016

- Best Fund House in Malaysia

The Asset Triple A Asset Servicing, Fund Management and Investors Awards 2016

- Asset Management Company of the Year

Alpha Southeast Asia, Southeast Asia's 10th Annual Best Financial Institutions Awards 2016

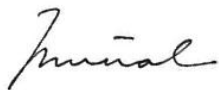
- Best Asset & Fund Manager (2007-2016) in Malaysia

We thank you for your ongoing support that plays an integral part to drive us to where we are now. This industry achievement will further boost our Southeast Asia's aspirations to be the most valued investment manager offering total asset management solutions and further strengthen our investment capabilities with sound track record.

Moving forward, we are committed to deliver a **better customer experience** to you. Hence, we are taking the next step to know you better. For your information, we have started a **customer information update** exercise through e-mails, phone and registered mail so that we can interact better with you in the future. We would like to thank those who have updated their latest information with us. For those who have not updated their information, our friendly Customer Service Officers will be in touch with you soon. Alternatively, you are also strongly encouraged to contact our **Customer Care Centre** directly at **03-7718 3100** or your **Consultant** to update your latest information.

I wish all of you a blessed and rewarding year ahead. Happy investing!

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 gained 13.44% for the financial period under review, while the Benchmark Index gained 12.78%.

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 2016?

RM16.32 million (12.35 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 2016 to 30 September 2016?

There was no distribution made for the financial period from 1 July 2016 to 30 September 2016.

PERFORMANCE DATA

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

	30.09.2016	30.09.2015	30.09.2014
	%	%	%
Quoted securities			
- Basic Materials	0.66	1.56	2.51
- Consumer Products	3.66	3.35	3.62
- Energy	12.26	13.10	16.24
- Finance	53.70	53.78	50.98
- Health Care	1.04	-	-
- Industrials	5.42	4.26	-
- Technology	9.27	9.09	10.19
- Telecommunications	11.77	11.97	15.26
- Utilities	1.23	2.68	1.07
Cash and other net assets	0.99	0.21	0.13
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

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

	30.09.2016	30.09.2015	30.09.2014
Total asset value (RM Million)	16.41	17.91	10.03
Net Asset Value ("NAV") (RM Million)	16.32	17.83	9.96
Units in circulation (Million)	12.35	13.65	9.75
NAV per Unit (RM)	1.3213	1.3058	1.0212
	01.07.2016	01.07.2015	01.07.2014
	to 30.09.2016	to 30.09.2015	to 30.09.2014
Highest NAV per Unit (RM)	1.3539	1.4481	1.1071
Lowest NAV per Unit (RM)	1.1531	1.2301	0.9813
Market Price per Unit (RM)	1.3350	1.3100	1.0350
Highest Market Price per Unit (RM)	1.3500	1.4350	1.1000
Lowest Market Price per Unit (RM)	1.1650	1.2300	0.9900
Total return (%) [^]	13.44	(10.36)	3.96
- Capital growth (%)	13.44	(10.36)	3.96
- Income distribution (%)	-	-	-
Management Expenses Ratio ("MER") (%)	0.27	0.27	0.27
Portfolio Turnover Ratio ("PTR") (times) #	0.04	0.08	0.09

[^] based on NAV per unit

For the financial period under review, the PTR for the Fund decreased from 0.08 times to 0.04 times as there were less trading activities from portfolio rebalancing within the reporting period.

	30.09.2016	30.09.2015	30.09.2014	30.09.2013	30.09.2012
	%	%	%	%	%
Annual total return	1.19	27.88	3.68	16.49	6.73

(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 2016 TO 30 SEPTEMBER 2016)

For the financial period under review, the FTSE China 50 Index gained 12.78%.

China equities delivered positive returns in July 2016 as the "Brexit" vote shock saw Central Banks globally commit to maintaining loose monetary policy, while a likely delay in the raising of the US interest rates by the US Federal Reserve (the "Fed") also boosted share prices. Chinese equities finished the month up on evidence of economic stabilisation and improving earnings outlook. The world's second-largest economy saw Gross Domestic Product ("GDP") expand by 6.7% year-on-year ("y-o-y") in the second quarter of 2016, in line with forecasts. The widely-watched Caixin Manufacturing Purchasing Managers Index ("PMI") posted a June 2016 reading of 48.6, down from May 2016's 49.2, and below the 50 mark that separates growth from contraction. However, this was offset by more positive data in the services sector which continued to show expansion, with Caixin's Services PMI jumping to 52.7 in June 2016 from a 51.2 reading in May 2016. In other areas, data were still sluggish. Both exports and imports dropped in June 2016 as soft demand both at home and abroad weighed on numbers. In Hong Kong, stocks advanced as investors searched for 'safe' dividend yield stocks when global bond yields were on the fall after the Brexit vote.

China equities delivered another month of positive returns in August 2016 as hopes of looser global monetary policy and better-than-expected company earnings provided support for share prices. Chinese equities finished the month up strongly as market sentiment was buoyed by the announcement of the Shenzhen-Hong Kong Stock Connect scheme, robust consumption data, strong industrial profit growth and narrowing Producer Price Index ("PPI") deflation. Hong Kong market continued its upward trend, led by China shares.

China equities delivered strong returns in the third quarter of 2016. Chinese equities finished the quarter up strongly as market sentiment was buoyed by broad-based improvement in macro activities and strong southbound flow of the Shanghai-Hong Kong Stock Connect scheme. Meanwhile, Hong Kong equities finished up strongly on positive policy sentiment from China and as attractive valuations tempted mainland investors into the market. Over the quarter, China Insurance Regulatory Commission ("CIRC") allowed Chinese insurance funds to invest in Hong Kong stocks through the Shanghai-Hong Kong Stock Connect scheme.

FUND PERFORMANCE

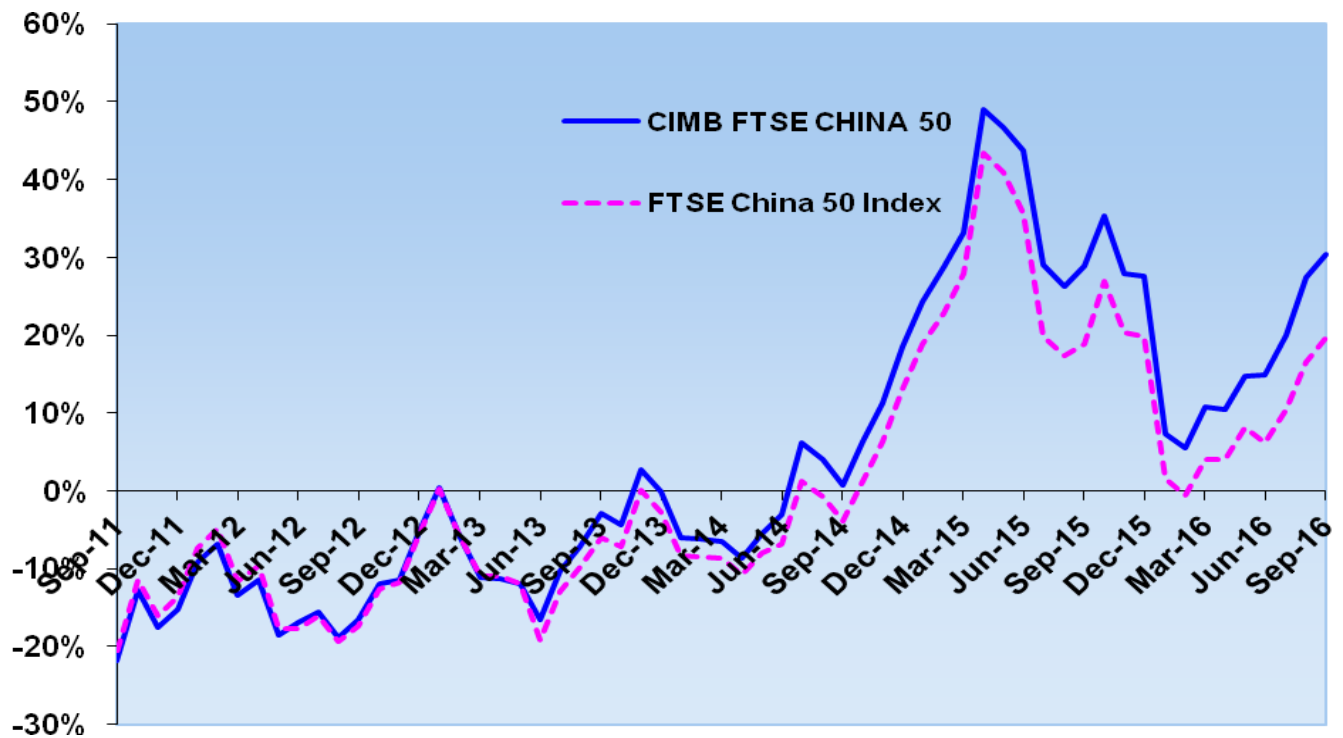
	3 months to 30.09.2016	6 months to 30.09.2016	1 year to 30.09.2016	3 years to 30.09.2016	5 years to 30.09.2016	Since inception to 30.09.2016
	%	%	%	%	%	%
Income	-	-	-	-	-	-
Capital [^]	13.44	17.73	1.19	34.16	66.79	30.40
Total Return [^]	13.44	17.73	1.19	34.16	66.79	30.40
Average Total Return [^]	N/A	N/A	1.19	10.29	10.77	4.35
Benchmark	12.78	15.08	0.71	27.20	51.02	19.65
Changes in Market Price per Unit	15.09	18.67	1.91	34.85	68.99	29.61

[^] based on NAV per Unit

For the financial period under review, the Fund gained 13.44%, while the benchmark gained 12.78%.

The last available published market price of the Fund quoted on Bursa Malaysia was RM1.3350 as at 29 September 2016. This represents an increase of 15.09% for the financial period.

FUND PERFORMANCE (CONTINUED)



Changes in NAV

	30.09.2016	30.09.2015	Changes %
NAV (RM Million)	16.32	17.83	(8.47)
NAV/Unit (RM)	1.3213	1.3058	1.19

For the 1-year period, the total NAV dropped by 8.47%, while the NAV per unit gained by 1.19%. The decrease in total NAV is mainly due to unit redemptions. Meanwhile, the NAV per unit increased from RM1.3058 to RM1.3213.

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)	30.09.2016	30.09.2015
Quoted securities	99.01	99.79
Cash and other net assets	0.99	0.21
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*

Following the shock of the Brexit vote at the end of June 2016, heightened political uncertainty in Europe has been more than offset by expectations for renewed monetary easing by Central Banks around the world, with government bond yields plunging to new lows in many countries. Lower bond yields are encouraging money back into equities and this has helped underpin the recent rally in the stock markets. Meanwhile, the extra liquidity, via the Southbound trade of the Shanghai-Hong Kong Stock Connect, has buoyed Hong Kong/China equity markets of late. As such, markets have further extended recent strength against a backdrop of anaemic onshore and regional peers. However, the markets appear to be overbought in the short term amid high expectation on the Stock Connect scheme.

China's economy has shown signs of stabilisation in the first half of 2016 on the back of accommodative monetary policy and more proactive fiscal policies adopted by the Government to put a floor on economic growth. The world's second-largest economy saw GDP expand by 6.7% y-o-y in the second quarter of 2016, in line with forecasts. The last 12 months saw a very strong credit growth, alongside acceleration in infrastructure project approvals. Going into the second half of 2016, the acceleration of Public Private Partnership ("PPP") projects will help to lift Fixed Asset Investment ("FAI") and stabilise the economy amid an accommodative liquidity environment. Meanwhile, property stimulus measures have provided short-term support despite the divergent performance of Tier 1/2 and Tier 3/4 cities. Other than that, Consumer Price Index ("CPI") eased to 1.3%, still running below the 2.0% target, while PPI deflation narrowed to negative 0.8% in August 2016.

Looking ahead, China's financial market liberalisation may provide catalysts to drive fund inflows and support market sentiment. The continued liberalisation of the stock markets, first through the Shanghai-Hong Kong Stock Connect and the similar upcoming scheme for Shenzhen, should open up further opportunities in the investable China stock universe. The progress of accessibility for China's A-share markets is expected to help expedite Morgan Stanley Capital International's ("MSCI") decision to include A-shares in the MSCI indices. Furthermore, the CIRC has recently allowed Chinese insurance funds to invest in Hong Kong stocks through the Shanghai-Hong Kong Stock Connect. In the long term, the new move is expected to have a positive effect on Hong Kong stocks and the larger insurance companies tend to have a lower risk appetite, with their interests typically concentrated on quality names with solid balance sheets that offer valuation support and solid dividend yields

* 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 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 2016 are as follows:

Size of unit holdings (units)	No. of unit holders	No. of units held (million)	% of units held
Less than 100	5	0.00	0.00
100 to 1,000	47	0.03	0.26
1,001 to 10,000	131	0.72	5.86
10,001 to 100,000	69	2.18	17.64
100,001 to less than 5% of approved fund size	20	9.42	76.24
5% and above the approved fund size	-	-	-
Total	272	12.35	100.00

SOFT COMMISSIONS AND REBATES

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

During the financial period under review, the Manager and the Trustee did not receive any rebates from the brokers or dealers but have retained soft 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 2016 TO 30 SEPTEMBER 2016**

	Note	01.07.2016 to 30.09.2016 RM	01.07.2015 to 30.09.2015 RM
INVESTMENT INCOME/(LOSS)			
Dividend income		102,605	141,500
Net gain/(loss) on financial assets at fair value through profit or loss	8	1,880,632	(2,132,930)
Net foreign exchange gain/(loss)		2,974	(1,360)
		<u>1,986,211</u>	<u>(1,992,790)</u>
EXPENSES			
Management fee	4	23,543	27,315
Trustee's and custodian fees	5	7,383	11,492
Audit fee		6,755	6,292
Tax agent's fee		1,159	1,158
Transaction costs		1,729	5,207
Other expenses	6	3,767	3,802
		<u>44,336</u>	<u>55,266</u>
PROFIT/(LOSS) BEFORE TAXATION		1,941,875	(2,048,056)
Taxation	7	(8,255)	(11,958)
PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL PERIOD		<u>1,933,620</u>	<u>(2,060,014)</u>
Profit/(Loss) after taxation is made up as follows:			
Realised amount		153,170	239,482
Unrealised amount		1,780,450	(2,299,496)
		<u>1,933,620</u>	<u>(2,060,014)</u>

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

**UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2016**

		30.09.2016	30.06.2016
	Note	RM	Audited RM
ASSETS			
Cash and cash equivalents	9	210,883	45,202
Financial assets at fair value through profit or loss	8	16,157,383	14,096,447
Dividends receivable		40,610	322,872
TOTAL ASSETS		<u>16,408,876</u>	<u>14,464,521</u>
LIABILITIES			
Accrued management fee		8,214	7,144
Amount due to Trustee		1,113	1,018
Other payables and accruals	10	80,606	71,036
TOTAL LIABILITIES		<u>89,933</u>	<u>79,198</u>
NET ASSET VALUE OF THE FUND		<u>16,318,943</u>	<u>14,385,323</u>
EQUITY			
Unit holders' capital		12,078,044	12,078,044
Retained earnings		4,240,899	2,307,279
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>16,318,943</u>	<u>14,385,323</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)	11	<u>12,350,000</u>	<u>12,350,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>1.3213</u>	<u>1.1648</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 2016 TO 30 SEPTEMBER 2016**

	Unit holders' capital RM	Retained earnings RM	Total RM
Balance as at 1 July 2016	12,078,044	2,307,279	14,385,323
Total comprehensive income for the financial period	-	1,933,620	1,933,620
Balance as at 30 September 2016	<u>12,078,044</u>	<u>4,240,899</u>	<u>16,318,943</u>
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>

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 2016 TO 30 SEPTEMBER 2016**

	01.07.2016 to 30.09.2016	01.07.2015 to 30.09.2015
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from disposal of quoted securities	464,589	1,256,185
Purchase of quoted securities	(646,622)	(1,597,456)
Dividend income received	379,586	409,501
Management fee paid	(22,473)	(28,600)
Trustee's and custodian fees paid	(7,288)	(11,664)
Payments for other fees and expenses	(2,111)	(7,266)
Net cash generated from operating activities	<u>165,681</u>	<u>20,700</u>
Net increase in cash and cash equivalents	165,681	20,700
Cash and cash equivalents at the beginning of the financial period	<u>45,202</u>	<u>26,820</u>
Cash and cash equivalents at the end of the financial period	<u><u>210,883</u></u>	<u><u>47,520</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JULY 2016 TO 30 SEPTEMBER 2016****1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITY**

CIMB FTSE China 50 (the "Fund") is governed by a Deed dated 19 April 2010, a First Supplemental Deed dated 8 December 2010, and a 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").

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

All investments are subjected to the SC Guidelines on ETFs, SC requirements, 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").

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 period.

It also requires the Manager to exercise their judgment in the process of applying the Fund's accounting policies. Although these estimates and judgment are based on the Manager's best knowledge of current events and actions, actual results may differ.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

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

Standards, amendments to published standards and interpretations to existing standards that are effective:

The Fund has applied the following amendments for the first time for the financial year beginning 1 July 2016:

- Amendments to MFRS 101 “Presentation of financial statements - Disclosure Initiative”
- Annual Improvements to MFRS 2012 – 2014 Cycle

The adoption of these amendments did not have any impact on the current financial period or any prior financial period and is not likely to affect future periods.

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

- Amendments to MFRS 107 “Statement of Cash Flows – Disclosure Initiative” (effective from 1 January 2017) introduce an additional disclosure on changes in liabilities arising from financing activities.

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 15 “Revenue from Contracts with Customers” (effective from 1 January 2018) replaces MFRS 118 “Revenue” and MFRS 111 “Construction Contracts” and related interpretations. 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.

Revenue is recognised when a customer obtains control of goods or services, i.e. when the customer has the ability to direct the use of and obtain the benefits from the goods or services.

A new five-step process is applied before revenue can be recognised:

- Identify contracts with customers
- Identify the separate performance obligations
- Determine the transaction price of the contract;
- Allocate the transaction price to each of the separate performance obligations; and
- Recognise the revenue as each performance obligation is satisfied.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

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

- Key provisions of the new standard are as follows:
 - Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements.
 - If the consideration varies (such as for incentives, rebates, performance fees, royalties, success of an outcome etc), minimum amounts of revenue must be recognised if they are not at significant risk of reversal.
 - The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa.
 - There are new specific rules on licenses, warranties, non-refundable upfront fees, and consignment arrangements, to name a few.
 - As with any new standard, there are also increased disclosures.
- MFRS 9 “Financial Instruments” (effective from 1 January 2018) will replace MFRS 139 “Financial Instruments: Recognition and Measurement”.

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.

MFRS 9 introduces an expected credit loss model on impairment—that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 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 MFRS 139, are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument.

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial 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.

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 quoted 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 quoted securities for a period exceeding 14 days, or such shorter period as agreed by the Trustee, then the quoted 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.

Impairment for assets carried at amortised costs

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 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(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 financial period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in statement of comprehensive income, except when deferred in OCI 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) 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.

(f) 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.

(g) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Unit holders' capital

The unit holders' contributions to the Fund meet the criteria to be classified as equity instruments under MFRS 132 "Financial Instruments: Presentation". Those criteria include:

- the units entitle the holder to a proportionate share of the Fund's NAV;
- the units are the most subordinated class and class features are identical;
- there is no contractual obligations to deliver cash or another financial asset other than the obligation on the Fund to repurchase; and
- the total expected cash flows from the units over its life are based substantially on the profit or loss of the Fund.

The outstanding units are carried at the redemption amount that is payable at each financial period if unit holder exercises the right to put the unit back 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.

(i) Segment information

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

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

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

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

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

Estimates and judgment 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.

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.

(b) Credit risk

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

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

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk

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

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

(i) Fair value hierarchy

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.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

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 RM	Level 2 RM	Level 3 RM	Total RM
30.09.2016				
Financial assets at fair value through profit or loss:				
- Quoted securities	<u>16,157,383</u>	<u>-</u>	<u>-</u>	<u>16,157,383</u>
30.06.2016				
Audited				
Financial assets at fair value through profit or loss:				
- Quoted securities	<u>14,096,447</u>	<u>-</u>	<u>-</u>	<u>14,096,447</u>

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

- (ii) The carrying values of cash and cash equivalents, dividends 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 2016, the management fee is recognised at a rate of 0.60% per annum (30.09.2015: 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 FEE

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

For the financial period ended 30 September 2016, the Trustee's fee is recognised at a rate of 0.08% per annum (30.09.2015: 0.08% per annum).

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

6. OTHER EXPENSES

	01.07.2016 to 30.09.2016 RM	01.07.2015 to 30.09.2015 RM
Printing costs	1,570	1,821
Listing fee	2,197	1,981
Other expenses	<u>3,767</u>	<u>3,802</u>

7. TAXATION

	01.07.2016 to 30.09.2016 RM	01.07.2015 to 30.09.2015 RM
Tax charged for the financial period:		
- Current taxation	<u>8,255</u>	<u>11,958</u>

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

	01.07.2016 to 30.09.2016 RM	01.07.2015 to 30.09.2015 RM
Profit/(Loss) before taxation	<u>1,941,875</u>	<u>(2,048,056)</u>
Taxation at Malaysian statutory rate of 24% (30.09.2015: 25%)	466,050	(512,014)
Tax effects of:		
(Investment income not subject to tax)/Investment loss not deductible for tax purposes	(456,933)	529,059
Expenses not deductible for tax purposes	3,757	4,959
Restriction on tax deductible expenses for ETFs	6,883	8,857
Effect of foreign tax on foreign taxable income	<u>(11,502)</u>	<u>(18,903)</u>
Taxation	<u>8,255</u>	<u>11,958</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30.09.2016	30.06.2016
	RM	Audited RM
Designated at fair value through profit or loss at inception:		
- Quoted securities	<u>16,157,383</u>	<u>14,096,447</u>
	01.07.2016 to 30.09.2016	01.07.2015 to 30.09.2015
	RM	RM
Net gain/(loss) on financial assets at fair value through profit or loss:		
- Realised gain on disposals	103,156	165,206
- Unrealised fair value gain/(loss)	<u>1,777,476</u>	<u>(2,298,136)</u>
	<u>1,880,632</u>	<u>(2,132,930)</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 %
30.09.2016				
QUOTED SECURITIES				
Basic Materials				
Anhui Conch Cement Company Limited	9,500	107,322	107,801	0.66
Consumer Products				
Air China Limited	13,300	53,394	37,002	0.23
BYD Company Limited	5,700	115,262	154,929	0.95
Great Wall Motor Company Limited	26,600	161,665	107,243	0.66
Guangzhou Automobile Group Company Limited	19,000	75,496	101,156	0.62
Hengan International Group Company Limited	5,700	206,397	195,716	1.20
	<u>70,300</u>	<u>612,214</u>	<u>596,046</u>	<u>3.66</u>
Energy				
China Petroleum & Chemical Corporation	209,000	553,293	630,574	3.86
China Shenhua Energy Company Limited	28,500	293,953	230,720	1.41
CNOOC Limited	125,400	681,047	644,190	3.95
Hanergy Thin Film Power Group Limited *	102,900	332,879	-	-
Petrochina Company Limited	182,400	675,925	495,774	3.04
	<u>648,200</u>	<u>2,537,097</u>	<u>2,001,258</u>	<u>12.26</u>
Finance				
Agricultural Bank Of China Limited	224,200	354,416	397,480	2.44
Bank Of China Limited	438,900	721,520	829,679	5.08
Bank Of Communications Company Limited	70,300	191,863	221,863	1.36
China Cinda Asset Management Company Limited	77,900	148,663	113,980	0.70
China Citic Bank Corporation Limited	66,500	144,565	182,882	1.12
China Construction Bank Corporation Limited	471,200	1,304,066	1,446,820	8.88
China Everbright Bank Company Limited	26,600	48,244	51,278	0.31

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 %
30.09.2016 (CONTINUED) QUOTED SECURITIES (CONTINUED)				
Finance (continued)				
China Huarong Asset Management Company Limited	53,200	83,089	86,931	0.53
China Life Insurance Company Limited	57,000	629,673	608,760	3.73
China Merchants Bank Company Limited	32,300	240,976	337,030	2.07
China Minsheng Banking Corporation Limited	57,000	193,094	272,116	1.67
China Overseas Land & Investment Limited	34,200	360,107	480,312	2.94
China Pacific Insurance (Group) Company Limited	22,800	305,981	348,819	2.14
China Resources Land Limited	22,800	213,802	262,984	1.61
China Vanke Company Limited	11,400	89,144	122,361	0.75
CITIC Securities Company Limited	19,000	196,251	167,003	1.02
Dalian Wanda Commercial Properties Company Limited	62,700	137,783	136,940	0.84
GF Securities Company Limited	13,300	140,242	116,476	0.71
Haitong Securities Company Limited	28,500	244,131	199,673	1.22
Huatai Securities Company Limited	15,200	132,615	127,434	0.78
Industrial And Commercial Bank Of China Limited	399,000	927,124	1,033,370	6.33
New China Life Insurance Company Limited	7,600	112,502	139,000	0.85
PICC Property And Casualty Company Limited	39,900	232,321	273,577	1.68
Ping An Insurance (Group) Company Of China Limited	33,250	598,321	713,771	4.37
The People's Insurance Company (Group) Of China Limited	55,100	104,915	92,978	0.57
	<u>2,339,850</u>	<u>7,855,408</u>	<u>8,763,517</u>	<u>53.70</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 %
30.09.2016 (CONTINUED) QUOTED SECURITIES (CONTINUED)				
Health Care				
Sinopharm Group Company Limited	8,550	159,628	170,072	1.04
Industrials				
China Communications Construction Company Limited	38,000	138,449	165,380	1.01
China Railway Construction Corporation Limited	15,200	61,527	71,428	0.44
China Railway Group Limited	32,300	86,444	96,590	0.59
CITIC Limited	41,800	281,469	246,873	1.51
CRRC Corporation Limited	34,200	158,674	127,840	0.78
Fosun International Limited	20,900	169,923	129,909	0.80
Metallurgical Corporation of China Limited	13,300	20,828	17,969	0.11
Shanghai Electric Group Company Limited	15,200	35,866	29,707	0.18
	<u>210,900</u>	<u>953,180</u>	<u>885,696</u>	<u>5.42</u>
Technology				
Tencent Holdings Limited	13,300	554,294	1,512,769	9.27
Telecommunications				
China Mobile Limited	27,550	1,059,836	1,380,693	8.46
China Telecom Corporation Limited	140,600	268,524	293,564	1.80
China Unicom (Hong Kong) Limited	49,400	252,873	245,594	1.51
	<u>217,550</u>	<u>1,581,233</u>	<u>1,919,851</u>	<u>11.77</u>
Utilities				
CGN Power Company Limited	87,400	143,729	106,878	0.66
Huaneng Power International, Inc.	36,100	140,390	93,495	0.57
	<u>123,500</u>	<u>284,119</u>	<u>200,373</u>	<u>1.23</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 %
30.09.2016 (CONTINUED) QUOTED SECURITIES (CONTINUED)				
TOTAL QUOTED SECURITIES	<u>3,641,650</u>	14,644,495	<u>16,157,383</u>	<u>99.01</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>1,512,888</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>16,157,383</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 %
30.06.2016				
Audited				
QUOTED SECURITIES				
Basic Materials				
Anhui Conch Cement Company Limited	9,500	107,323	91,806	0.64
Consumer Products				
Air China Limited	13,300	53,394	36,584	0.25
BYD Company Limited	5,700	115,262	137,413	0.96
Great Wall Motor Company Limited	24,700	153,681	82,300	0.57
Guangzhou Automobile Group Company Limited	17,100	64,706	82,093	0.57
Hengan International Group Company Limited	5,700	206,397	191,402	1.33
Qinqin Foodstuffs Group (Cayman) Company Limited	1,140	-	6,508	0.05
	<u>67,640</u>	<u>593,440</u>	<u>536,300</u>	<u>3.73</u>
Energy				
China Petroleum & Chemical Corporation	193,800	509,700	563,260	3.92
China Shenhua Energy Company Limited	28,500	293,953	210,927	1.47
CNOOC Limited	119,700	652,522	597,636	4.15
Hanergy Thin Film Power Group Limited *	102,900	332,879	-	-
Petrochina Company Limited	171,000	645,259	469,482	3.26
	<u>615,900</u>	<u>2,434,313</u>	<u>1,841,305</u>	<u>12.80</u>
Finance				
Agricultural Bank Of China Limited	212,800	335,367	312,554	2.17
Bank Of China Limited	437,000	718,803	700,821	4.87
Bank Of Communications Company Limited	66,500	179,791	168,771	1.17
China Cinda Asset Management Company Limited	74,100	143,146	100,375	0.70
China Citic Bank Corporation Limited	62,700	133,953	153,270	1.07
China Construction Bank Corporation Limited	475,000	1,315,314	1,262,208	8.77

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 %
30.06.2016 (CONTINUED)				
Audited (Continued) QUOTED SECURITIES (CONTINUED)				
Finance (continued)				
China Everbright Bank Company Limited	26,600	48,243	48,871	0.34
China Huarong Asset Management Company Limited	47,500	73,818	75,437	0.52
China Life Insurance Company Limited	58,900	653,900	508,058	3.53
China Merchants Bank Company Limited	30,400	224,120	273,584	1.90
China Minsheng Banking Corporation Limited	53,200	176,331	206,529	1.44
China Overseas Land & Investment Limited	32,300	334,003	410,711	2.86
China Pacific Insurance (Group) Company Limited	20,900	276,767	283,109	1.97
China Resources Land Limited	22,800	213,802	214,181	1.49
China Vanke Company Limited	9,500	73,338	74,943	0.52
CITIC Securities Company Limited	19,000	196,251	167,637	1.17
Dalian Wanda Commercial Properties Company Limited	5,700	143,765	140,815	0.98
GF Securities Company Limited	13,300	140,243	121,488	0.84
Haitong Securities Company Limited	28,500	244,130	192,881	1.34
Huatai Securities Company Limited	13,300	116,254	113,757	0.79
Industrial And Commercial Bank Of China Limited	400,900	932,373	892,608	6.20
New China Life Insurance Company Limited	5,700	84,370	81,501	0.57
PICC Property And Casualty Company Limited	38,000	218,771	239,031	1.66
Ping An Insurance (Group) Company Of China Limited	36,100	649,606	639,831	4.45

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 %
30.06.2016 (CONTINUED)				
Audited (Continued) QUOTED SECURITIES (CONTINUED)				
Finance (continued)				
The People's Insurance Company (Group) Of China Limited	49,400	95,586	76,147	0.53
	<u>2,240,100</u>	<u>7,722,045</u>	<u>7,459,118</u>	<u>51.85</u>
Health Care				
Sinopharm Group Company Limited	8,550	159,628	163,964	1.14
Industrials				
China Communications Construction Company Limited	36,100	130,023	155,508	1.08
China Railway Construction Corporation Limited	15,200	61,527	76,285	0.53
China Railway Group Limited	30,400	80,179	90,879	0.63
CITIC Limited	39,900	269,688	233,587	1.62
CRRC Corporation Limited	32,300	151,340	115,837	0.81
Fosun International Limited	19,000	157,604	98,610	0.69
Metallurgical Corporation of China Limited	15,200	26,742	18,696	0.13
Shanghai Electric Group Company Limited	19,000	44,832	32,048	0.22
	<u>207,100</u>	<u>921,935</u>	<u>821,450</u>	<u>5.71</u>
Technology				
Tencent Holdings Limited	14,250	593,886	1,302,392	9.05
Telecommunications				
China Mobile Limited	27,550	1,059,836	1,267,557	8.81
China Telecom Corporation Limited	133,000	252,861	238,833	1.66
China Unicom (Hong Kong) Limited	47,500	243,681	197,713	1.37
	<u>208,050</u>	<u>1,556,378</u>	<u>1,704,103</u>	<u>11.84</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 %
30.06.2016				
(CONTINUED)				
Audited (Continued)				
QUOTED SECURITIES				
(CONTINUED)				
Utilities				
CGN Power Company Limited	81,700	136,613	91,165	0.63
Huaneng Power International, Inc.	34,200	135,474	84,844	0.60
	<u>115,900</u>	<u>272,087</u>	<u>176,009</u>	<u>1.23</u>
TOTAL QUOTED SECURITIES	<u>3,486,990</u>	<u>14,361,035</u>	<u>14,096,447</u>	<u>97.99</u>
ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>(264,588)</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>14,096,447</u>		

- * Trading in the securities of the counter has been suspended since 20 May 2015. The securities of the counter continued to remain deposited with the central securities depository during the period of suspension as it was not mandatory for the securities to be withdrawn.

9. CASH AND CASH EQUIVALENTS

	30.09.2016	30.06.2016
	RM	Audited RM
Bank balances	<u>210,883</u>	<u>45,202</u>

10. OTHER PAYABLES AND ACCRUALS

	30.09.2016	30.06.2016
	RM	Audited RM
Provision for audit fee	33,555	26,800
Provision for tax agent's fee	5,759	4,600
Other accruals - license fee & Goods and Services Tax ("GST")	<u>41,292</u>	<u>39,636</u>
	<u>80,606</u>	<u>71,036</u>

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

For the financial period ended 30 September 2016, the license fee was recognised at a rate of 0.04% per annum (30.09.2015: 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)

	01.07.2016 to 30.09.2016	01.07.2015 to 30.06.2016
	No of units	Audited No of units
At the beginning of the financial period/year	12,350,000	13,650,000
Add: Creation of units from applications	-	650,000
Less: Cancellation of units	-	(1,950,000)
At the end of the financial period/year	<u>12,350,000</u>	<u>12,350,000</u>

12. MANAGEMENT EXPENSE RATIO (“MER”)

	01.07.2016 to 30.09.2016 %	01.07.2015 to 30.09.2015 %
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 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 RM15,566,920 (30.09.2015: RM18,086,463).

13. PORTFOLIO TURNOVER RATIO (“PTR”)

	01.07.2016 to 30.09.2016	01.07.2015 to 30.09.2015
PTR (times)	<u>0.04</u>	<u>0.08</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	=	RM646,622 (30.09.2015: RM1,600,356)
total disposal for the financial period	=	RM461,428 (30.09.2015: RM1,236,243)

14. UNITS HELD BY THE MANAGER AND 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 Bhd	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 Bhd ("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 each 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 all brokers/dealers/financial institutions for the financial period ended 30 September 2016 are as follows:

Brokers/Dealers/Financial Institutions	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
CLSA Limited	655,703	59.18	928	53.65
Deutsche Bank (M) Bhd	159,199	14.37	159	9.22
CIMB Securities (Singapore) Pte. Ltd. #	141,832	12.80	231	13.37
Citigroup Global Markets Inc	104,964	9.47	335	19.39
JP Morgan Securities (Asia Pacific) Limited	46,352	4.18	76	4.37
	<u>1,108,050</u>	<u>100.00</u>	<u>1,729</u>	<u>100.00</u>

Details of transactions with all brokers/dealers/financial institutions for the financial period ended 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>

Included in the transactions are trades conducted with CIMB Securities (Singapore) Pte. Ltd, fellow subsidiary of the Manager amounting to RM141,832 (30.09.2015: RM205,711). The Manager is of the opinion that all transactions with the related company 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 Hong Kong Exchanges and Clearing Limited ("HKEx"), Hong Kong.

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 is presented below:

	30.09.2016	30.06.2016
	RM	Audited RM
Creation		
- Non cash component	-	-
- Cash component	-	707,200
	<u>-</u>	<u>707,200</u>
Cancellation		
- Non cash component	-	-
- Cash component	-	(2,453,100)
	<u>-</u>	<u>(2,453,100)</u>

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 Bhd'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 Bhd Listing Requirements", as issued by the Malaysian Institute of Accountants whilst the disclosure is based on the prescribed format by Bursa Malaysia Securities Berhad.

	30.09.2016	30.06.2016
	RM	Audited RM
Total retained earnings of the Fund:		
- Realised amount	330,643	(551,352)
- Unrealised amount	<u>3,910,256</u>	<u>2,860,431</u>
	<u><u>4,240,899</u></u>	<u><u>2,309,079</u></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
Level 13 Menara CIMB,
Jalan Stesen Sentral 2,
Kuala Lumpur Sentral,
50470 Kuala Lumpur, MALAYSIA.
Tel: (03) 2261 8888

Business address

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

E-mail address

service@cimb-principal.com.my

General investment enquiries

(03) 7718 3100

Participating Dealers

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

RHB Investment Bank Berhad
Level 10, Tower One, RHB Centre,
Jalan Tun Razak,
50400 Kuala Lumpur, MALAYSIA.