CIMB FTSE CHINA 50

UNAUDITED QUARTERLY REPORT

FOR THE FINANCIAL PERIOD FROM 1 JULY 2017 TO 30 SEPTEMBER 2017

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INVESTORS' LETTER

Dear Valued Investors,

Thank you for your continued support and for the confidence that you have placed in us. We are pleased to share that CIMB-Principal Asset Management Berhad ("CIMB-Principal") Malaysia concluded the first half of 2017 with RM48 billion in Asset Under Management ("AUM") and CIMB-Principal's Group AUM has increased by 14% to RM63 billion, for 1-year period ending 30 June 2017. Our AUM for Private Retirement Schemes ("PRS") business has increased by 25% year-on-year ("y-o-y") to RM388 million as at 30 June 2017.

We continue to achieve prestigious recognitions from The Edge | Thomson Reuters Lipper Fund Awards:

The Edge| Thomson Reuters Lipper Malaysia Fund Awards 2017

- Best Equity Global, 3 years & 5 years : CIMB-Principal Global Titans Fund
- Best Equity Asia Pacific Ex-Japan, 5 years : CIMB-Principal Asian Equity Fund
- Best Equity Asia Pacific Ex-Japan - Malaysia Islamic, 5 years : CIMB Islamic Asia Pacific Equity Fund

Thomson Reuters Lipper Fund Award Global Islamic 2017

- Best Equity Asia Pacific Ex-Japan (Islamic), 3 years : CIMB Islamic Asia Pacific Equity Fund

These awards reflect our consistent fund performance, in tandem with our commitment to provide the best customer experience to you.

CIMB-Principal was also awarded **Fund House of the Year in Malaysia** by AsianInvestor for its Asset Management Awards 2017, its second consecutive win and The Employees' Provident Fund ("EPF") External Portfolio Managers Awards 2017 for the **Best Global Bond Portfolio Manager**. These industry recognitions reflect our success in scaling up our investment capabilities while building a solid track record and earning the trust of our clients over time.

Thank you.

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 7.59% for the financial period under review, while the Benchmark Index gained 6.81%.

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.

<u>Replication Strategy</u>
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.

<u>Representative Sampling Strategy</u>
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 2017?
RM15.54 million (9.75 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 2017 to 30 September 2017?
There was no distribution made for the financial period from 1 July 2017 to 30 September 2017.

PERFORMANCE DATA

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

	30.09.2017 %	30.09.2016 %	30.09.2015 %
Quoted securities			
- Basic Materials	0.89	0.66	1.56
- Consumer Products	5.83	3.66	3.35
- Energy	11.36	12.26	13.10
- Finance	56.49	53.70	53.78
- Healthcare	-	1.04	-
- Industrials	5.30	5.42	4.26
- Technology	9.47	9.27	9.09
- Telecommunications	9.95	11.77	11.97
- Utilities	0.48	1.23	2.68
Cash and other net assets	0.23	0.99	0.21
	100.00	100.00	100.00

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

	30.09.2017	30.09.2016	30.09.2015
Total asset value (RM Million)	15.64	16.41	17.91
Net Asset Value ("NAV") (RM Million)	15.54	16.32	17.83
Units in circulation (Million)	9.75	12.35	13.65
NAV per Unit (RM)	1.5943	1.3213	1.3058

	01.07.2017 to 30.09.2017	01.07.2016 to 30.09.2016	01.07.2015 to 30.09.2015
Highest NAV per Unit (RM)	1.6437	1.3539	1.4481
Lowest NAV per Unit (RM)	1.4720	1.1531	1.2301
Market Price per Unit (RM)	1.6100	1.3350	1.3100
Highest Market Price per Unit (RM)	1.6650	1.3500	1.4350
Lowest Market Price per Unit (RM)	1.4800	1.1650	1.2300
Total return (%)^	7.59	13.44	(10.36)
- Capital growth (%)	7.59	13.44	(10.36)
- Income distribution (%)	-	-	-
Management Expenses Ratio ("MER") (%)*	0.33	0.27	0.27
Portfolio Turnover Ratio ("PTR") (times) #	0.03	0.04	0.08

^ based on NAV per unit

* The Fund's MER increased from 0.27% to 0.33% due to custody fee that was charged during the financial period.

For the financial period under review, the Fund's PTR was slightly lower at 0.03 times from 0.04 times as there were lesser trading activities from the portfolio rebalancing within the reporting period.

PERFORMANCE DATA (CONTINUED)

	30.09.2017	30.09.2016	30.09.2015	30.09.2014	30.09.2013
	%	%	%	%	%
Annual total return	20.65	1.19	27.88	3.68	16.49

(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 2017 TO 30 SEPTEMBER 2017)

For the financial period under review, the Benchmark Index surged by 6.81% in Malaysian Ringgit ("MYR") terms.

The Benchmark Index posted a strong return of 5.78% in July 2017. Chinese stocks continued their solid gains as all the macro indicators showed stronger than expected numbers. Household income growth picked up from the low in 2016. The property investment was strong, driven by the tier 3 and lower tier cities, partly because of the shanty town development drive. Strong sales in property led to stronger demand and better industrial profits. Household leverage was expected to increase from 44% of national Gross Domestic Product ("GDP") to approximately 52% by end of 2017, assuming 25% in consumer loans growth. Manufacturing investment also picked up due to good industrial profits. Better profits drove Chinese companies to either upgrade their products or improve efficiency by investing in automation.

In August 2017, the Index managed to deliver a positive return of 3.35% despite geopolitical tensions resurfaced during the month, while global equity markets stayed flat. A slowdown was expected given a weaker global trade outlook, but China's growth continued to exceed expectations. In terms of liquidity, fund inflows into Chinese equities were strong. In particular, during the week ended August 2017, the Chinese markets recorded the largest weekly inflow since June 2015, around USD990 million.

The Index fell by 2.31% in September 2017 as China's September 2017 data showed modest improvement compared to the August 2017 readings. The slowdown was mainly due to policy efforts to reduce overcapacity, contain leverage and reduce housing inventory, as well as a stricter implementation of environmental protection standards, which should add to the resilience of China's economy in the long run. Standard & Poor's ("S&P") Global downgrade of China's sovereign rating added to market concerns about stretched equity valuations. There were no major directional drivers and Shanghai turnover was the lowest in almost a month.

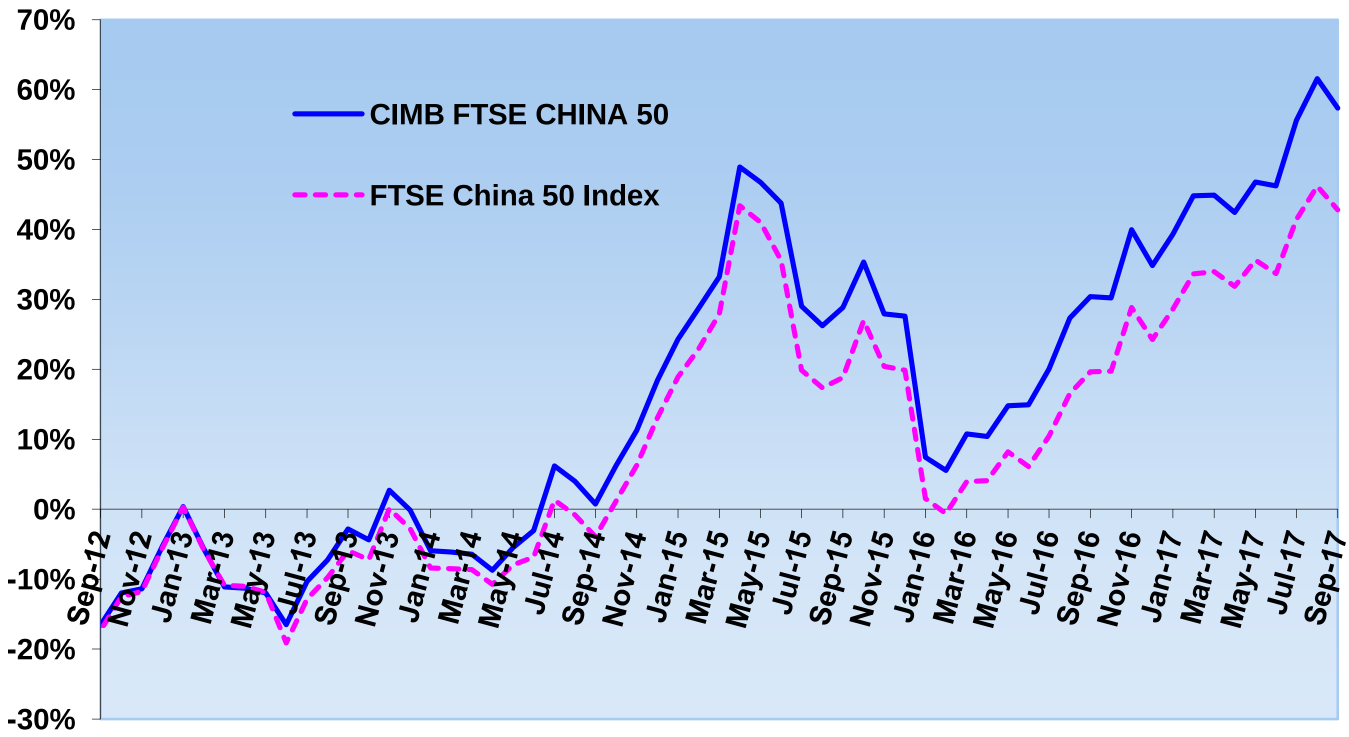
FUND PERFORMANCE

	3 months to 30.09.2017 %	6 months to 30.09.2017 %	1 year to 30.09.2017 %	3 years to 30.09.2017 %	5 years to 30.09.2017 %	Since inception to 30.09.2017 %
Income	-	-	-	-	-	-
Capital^	-	-	-	-	-	-
Total Return^	7.59	8.58	20.65	56.13	88.55	57.33
Average Total Return^	N/A	N/A	20.65	16.01	13.52	6.47
Benchmark	6.81	6.60	19.34	48.60	72.69	42.80
Changes in Market Price per Unit	8.78	8.78	20.60	55.56	89.41	56.31

^ based on NAV per Unit

For the financial period under review, the Fund gained by 7.59%, while the benchmark gained by 6.81%.

The last available published market price of the Fund quoted on Bursa Malaysia was RM1.6100. This represents an increase of 8.78% for the financial period.



FUND PERFORMANCE (CONTINUED)

Changes in NAV

	30.09.2017	30.09.2016	Changes %
NAV (RM Million)	15.54	16.32	(4.78)
NAV/Unit (RM)	1.5943	1.3213	20.66

For the 1-year period, the total NAV fell by 4.78%, while the NAV per unit gained 20.66%. The fall in total NAV was due to unit redemptions and the increase in NAV per unit was due to investment performance of the Chinese equities as described in the Market Review section.

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

PORTFOLIO STRUCTURE

Asset allocation

(% of NAV)	30.09.2017	30.09.2016
Quoted securities	99.77	99.01
Cash and other net assets	0.23	0.99
TOTAL	**100.00**	**100.00**

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

MARKET OUTLOOK*

Chinese stocks retreated in September 2017, but the Chinese markets remained resilient and rallied quite substantially in the third quarter of 2017. There was a lot of concern that China will slow down in the second half of 2017. However, given the Producer Price Index (“PPI”) remains at high levels and industrial profitability is good, companies are more willing to invest in product upgrades and automation. The 19th National Congress of the Communist Party of China (“CPC”) has ended with Xi Jinping further consolidating his power. We expect the Chinese Government to focus on the following areas: the Belt and Road Initiative, China’s state-owned enterprise (“SOE”) reform, environmental protection and debt control. We retain our positive long-term outlook on the back of China showing a more sustainable and better quality growth in the next 5 years.

* 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 2017 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	50	0.03	0.33
1,001 to 10,000	116	0.62	6.31
10,001 to 100,000	66	2.14	21.99
100,001 to less than 5% of approved fund size	15	6.96	71.37
5% and above the approved fund size	-	-	-
Total	**252**	**9.75**	**100.00**

SOFT COMMISSIONS AND REBATES

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

During the financial period under review, the Manager and the Trustee did not receive any rebates from the brokers or dealers but have retained soft 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 2017 TO 30 SEPTEMBER 2017

	Note	01.07.2017 to 30.09.2017 RM	01.07.2016 to 30.09.2016 RM
INVESTMENT INCOME			
Dividend income		262,050	102,605
Net gain on financial assets at fair value through profit or loss	**8**	905,557	1,880,632
Net foreign exchange (loss)/gain		(260)	2,974
		1,167,347	1,986,211
EXPENSES			
Management fee	**4**	23,234	23,543
Trustee's and custodian fees	**5**	14,177	7,383
Audit fee		8,181	6,755
Tax agent’s fee		1,008	1,159
Transaction costs		1,570	1,729
Other expenses	**6**	4,321	3,767
		52,491	44,336
PROFIT BEFORE TAXATION		1,114,856	1,941,875
Taxation	**7**	(19,768)	(8,255)
PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		1,095,088	1,933,620
Profit after taxation is made up as follows:			
Realised amount		239,139	153,170
Unrealised amount		855,949	1,780,450
		1,095,088	1,933,620

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 2017

	Note	30.09.2017 RM	30.06.2017 Audited RM
ASSETS			
Cash and cash equivalents	**9**	84,203	77,103
Financial assets at fair value through profit or loss	**8**	15,508,226	14,235,194
Dividends receivable		47,581	223,201
TOTAL ASSETS		15,640,010	14,535,498
LIABILITIES			
Accrued management fee		7,846	7,249
Amount due to Trustee		1,064	1,021
Other payables and accruals	**10**	86,538	77,754
TOTAL LIABILITIES		95,448	86,024
NET ASSET VALUE OF THE FUND		15,544,562	14,449,474
EQUITY			
Unit holders' capital		8,331,964	8,331,964
Retained earnings		7,212,598	6,117,510
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		15,544,562	14,449,474
NUMBER OF UNITS IN CIRCULATION (UNITS)	**11**	9,750,000	9,750,000
NET ASSET VALUE PER UNIT (RM)		1.5943	1.4819

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 2017 TO 30 SEPTEMBER 2017

	Unit holders' capital RM	Retained earnings RM	Total RM
Balance as at 1 July 2017	8,331,964	6,117,510	14,449,474
Total comprehensive income for the financial period	-	1,095,088	1,095,088
Balance as at 30 September 2017	8,331,964	7,212,598	15,544,562
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	12,078,044	4,240,899	16,318,943

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 2017 TO 30 SEPTEMBER 2017

	01.07.2017 to 30.09.2017 RM	01.07.2016 to 30.09.2016 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from disposal of quoted securities	295,906	464,589
Purchase of quoted securities	(664,951)	(646,622)
Dividend income received	417,642	379,586
Management fee paid	(22,637)	(22,473)
Trustee's and custodian fees paid	(14,134)	(7,288)
Payments for other fees and expenses	(4,726)	(2,111)
Net cash generated from operating activities	7,100	165,681
Net increase in cash and cash equivalents	7,100	165,681
Cash and cash equivalents at the beginning of the financial period	77,103	45,202
Cash and cash equivalents at the end of the financial period	84,203	210,883
Cash and cash equivalents comprised of:		
Bank balances	84,203	210,883
Cash and cash equivalents at the end of the financial period	84,203	210,883

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 2017 TO 30 SEPTEMBER 2017

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 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 adoption of this amendment did not have any impact on the current financial period or any prior financial period and is not likely to affect future financial 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 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)

(i) 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 OCI 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 these standards when effective. These standards are 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.

Due to mixed factors in determining the functional currency of the Fund, the Manager has used its judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions and have determined the functional currency to be in MYR primarily due to the following factors:

i) Units of the Funds are denominated in MYR.
ii) Significant portion of the Fund's expenses are denominated in MYR.

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.

(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.

However, the Manager is of the opinion that in applying this accounting policy, no significant judgment was required.

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.

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, which is 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) Capital Risk Management

The capital of the Fund is represented by equity consisting of unit holders’ capital of RM8,331,964 (30.09.2016: RM12,078,044) and retained earnings of RM7,212,598 (30.09.2016: RM4,240,899). The amount of capital can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unit holders. The Fund’s objective when managing capital is to safeguard the Fund’s ability to continue as a going concern in order to provide returns to unit holders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

(e) 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) <u>Fair value hierarchy</u>

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)

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

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 RM	Level 2 RM	Level 3 RM	Total RM
30.09.2017				
Financial assets at fair value through profit or loss:				
- Quoted securities	15,508,226	-	-	15,508,226
30.06.2017 Audited				
Financial assets at fair value through profit or loss:				
- Quoted securities	14,235,194	-	-	14,235,194

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 2017, the management fee is recognised at a rate of 0.60% per annum (30.09.2016: 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 RM18,000 per annum, excluding foreign sub-custodian fees and charges. However, the fee is revised to RM12,000 per annum (30.09.2016: RM12,000 per annum) excluding foreign sub-custodian fees and charges.

For the financial period ended 30 September 2017, the Trustee’s fee is recognised at a rate of 0.08% per annum (30.09.2016: 0.08% per annum).

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

6. OTHER EXPENSES

	01.07.2017 to 30.09.2017 RM	01.07.2016 to 30.09.2016 RM
Printing costs	1,789	1,570
Listing fee	2,532	2,197
	4,321	3,767

7. TAXATION

	01.07.2017 to 30.09.2017 RM	01.07.2016 to 30.09.2016 RM
Tax charged for the financial period:		
- Current taxation	19,768	8,255

7. TAXATION (CONTINUED)

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:

	01.07.2017 to 30.09.2017 RM	01.07.2016 to 30.09.2016 RM
Profit before taxation	1,114,856	1,941,875
Taxation at Malaysian statutory rate of 24% (30.09.2016: 24%)	267,565	466,050
Tax effects of:		
Investment income not subject to tax	(236,784)	(456,933)
Expenses not deductible for tax purposes	4,629	3,757
Restriction on tax deductible expenses for ETFs	7,969	6,883
Effect of foreign tax on foreign taxable income	(23,611)	(11,502)
Taxation	19,768	8,255

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30.09.2017 RM	30.06.2017 Audited RM
Designated at fair value through profit or loss at inception:		
- Quoted securities	15,508,226	14,235,194

	01.07.2017 to 30.09.2017 RM	01.07.2016 to 30.09.2016 RM
Net gain on financial assets at fair value through profit or loss:		
- Realised gain on disposals	49,348	103,156
- Unrealised fair value gain	856,209	1,777,476
	905,557	1,880,632

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 %
30.09.2017				
QUOTED SECURITIES				
Basic Materials				
Anhui Conch Cement Co. Ltd	8,250	96,809	138,839	0.89
Consumer Products				
Air China Ltd	12,000	46,505	42,075	0.27
BYD Co. Ltd	5,100	107,224	199,622	1.28
Geely Automobile Holdings Limited	34,500	383,786	410,055	2.64
Great Wall Motor Co. Ltd	21,000	127,630	108,916	0.70
Guangzhou Automobile Group Co. Ltd	15,000	59,602	146,518	0.94
	87,600	724,747	907,186	5.83
Energy				
China Petroleum & Chemical Corporation	170,400	459,231	538,550	3.47
China Shenhua Energy Co. Ltd	24,600	253,203	244,010	1.57
CNOOC Ltd	109,350	587,178	595,497	3.83
Hanergy Thin Film Power Group Ltd *	102,900	332,879	-	-
Petrochina Co. Ltd	144,600	529,924	386,700	2.49
	551,850	2,162,415	1,764,757	11.36
Finance				
Agricultural Bank Of China Ltd	183,450	293,955	346,886	2.23
Bank Of China Ltd	324,600	536,768	675,165	4.34
Bank Of Communications Co. Ltd	55,500	152,684	170,910	1.10
China Cinda Asset Management Co. Ltd	65,250	124,229	101,525	0.65
China Citic Bank Corporation Ltd	57,000	127,120	152,742	0.98
China Construction Bank Corporation Ltd	384,600	1,080,234	1,346,433	8.66
China Everbright Bank Co. Ltd	22,500	41,546	43,882	0.28
China Evergrande Group	21,000	160,045	309,162	1.99
China Galaxy Securities Co. Ltd	25,500	111,137	94,369	0.61

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 %
30.09.2017 (CONTINUED)				
QUOTED SECURITIES (CONTINUED)				
Finance (continued)				
China Huarong Asset Management Co. Ltd	39,750	62,238	74,949	0.48
China Life Insurance Co. Ltd	5,700	87,522	135,958	0.88
China Merchants Bank Co. Ltd	27,300	211,441	404,861	2.61
China Minsheng Banking Corporation Ltd	33,750	115,271	130,553	0.84
China Overseas Land & Investment Ltd	27,750	297,968	380,800	2.45
China Pacific Insurance (Group) Co. Ltd	18,750	255,928	340,868	2.19
China Resources Land Ltd	18,750	178,400	242,103	1.56
China Vanke Co. Ltd	9,000	70,377	124,961	0.80
CITIC Securities Co. Ltd	15,750	162,218	146,186	0.94
Country Garden Holdings Co. Ltd	37,950	83,395	254,644	1.64
GF Securities Co. Ltd	10,500	110,718	96,322	0.62
Haitong Securities Co. Ltd	23,100	194,521	157,497	1.01
Huatai Securities Co. Ltd	12,000	104,696	112,157	0.72
Industrial And Commercial Bank Of China Ltd	378,000	913,005	1,184,460	7.62
New China Life Insurance Co. Ltd	44,250	493,885	555,823	3.58
PICC Property And Casualty Co. Ltd	31,500	183,411	234,509	1.51
Ping An Insurance (Group) Company Of China Ltd	23,400	438,527	757,889	4.88
Postal Savings Bank Of China Co. Ltd	40,500	109,516	98,243	0.63
The People's Insurance Company (Group) Of China Ltd	57,000	106,941	107,473	0.69
	1,994,100	6,807,696	8,781,330	56.49

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 %
30.09.2017 (CONTINUED)				
QUOTED SECURITIES (CONTINUED)				
Industrials				
China Communications Construction Co. Ltd	30,300	113,505	159,605	1.03
China Railway Construction Corporation Ltd	14,550	65,364	77,821	0.50
China Railway Group Ltd	27,450	77,523	95,802	0.62
CITIC Ltd	35,250	237,040	219,769	1.41
CRRC Corporation Ltd	27,750	128,577	104,045	0.67
Fosun International Ltd	15,750	128,052	140,059	0.90
Metallurgical Corporation of China Ltd	19,500	30,123	27,075	0.17
	170,550	780,184	824,176	5.30
Technology				
Tencent Holdings Ltd	8,100	371,662	1,471,239	9.47
Telecommunications				
China Mobile Ltd	25,800	1,022,481	1,103,243	7.10
China Telecom Corporation Ltd	99,150	189,892	214,266	1.38
China Unicom (Hong Kong) Ltd	39,000	199,637	228,821	1.47
	163,950	1,412,010	1,546,330	9.95
Utilities				
Huaneng Power International, Inc.	28,500	110,834	74,369	0.48
TOTAL QUOTED SECURITIES	**3,012,900**	**12,466,357**	**15,508,226**	**99.77**
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		**3,041,869**		
TOTAL FINANCIAL ASSETS AT FAIR VALUE TROUGH PROFIT OR LOSS		**15,508,226**		

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 %
30.06.2017				
Audited				
QUOTED SECURITIES				
Basic Materials				
Anhui Conch Cement Co. Ltd	8,250	96,808	123,191	0.85
Consumer Products				
BYD Co. Ltd	5,100	107,224	134,357	0.93
Great Wall Motor Co. Ltd	21,000	127,631	111,340	0.77
Guangzhou Automobile Group Co. Ltd	15,000	59,602	113,023	0.78
	41,100	294,457	358,720	2.48
Energy				
China Petroleum & Chemical Corporation	155,400	411,396	520,503	3.60
China Shenhua Energy Co. Ltd	24,600	253,203	235,147	1.63
CNOOC Ltd	109,350	587,178	514,209	3.56
Hanergy Thin Film Power Group Ltd *	102,900	332,879	-	-
Petrochina Co. Ltd	149,100	546,415	391,977	2.71
	541,350	2,131,071	1,661,836	11.50
Finance				
Agricultural Bank Of China Ltd	183,450	293,955	372,305	2.58
Bank Of China Ltd	354,600	586,376	746,951	5.17
Bank Of Communications Co. Ltd	55,500	152,684	168,190	1.16
China Cinda Asset Management Co. Ltd	65,250	124,229	104,431	0.72
China Citic Bank Corporation Ltd	57,000	127,120	149,850	1.04
China Construction Bank Corporation Ltd	369,600	1,026,914	1,229,822	8.51
China Everbright Bank Co. Ltd	22,500	41,546	45,168	0.31
China Evergrande Group	21,000	160,045	161,928	1.12
China Galaxy Securities Co. Ltd	25,500	111,137	98,173	0.68
China Huarong Asset Management Co. Ltd	42,750	66,935	71,242	0.49

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 %
30.06.2017 (CONTINUED)				
Audited (Continued) QUOTED SECURITIES (CONTINUED)				
Finance (continued)				
China Life Insurance Co. Ltd	41,250	455,685	541,087	3.74
China Merchants Bank Co. Ltd	27,300	211,441	353,597	2.45
China Minsheng Banking Corporation Ltd	33,750	115,270	144,599	1.00
China Overseas Land & Investment Ltd	27,750	297,968	348,742	2.41
China Pacific Insurance (Group) Co. Ltd	18,750	255,928	328,963	2.28
China Resources Land Ltd	18,750	178,401	234,605	1.62
China Vanke Co. Ltd	9,000	70,377	109,393	0.76
CITIC Securities Co. Ltd	15,750	162,218	139,810	0.97
Country Garden Holdings Co. Ltd	37,950	83,395	188,893	1.31
GF Securities Co. Ltd	10,500	110,718	90,550	0.63
Haitong Securities Co. Ltd	24,600	207,153	170,746	1.18
Huatai Securities Co. Ltd	12,000	104,696	98,998	0.69
Industrial And Commercial Bank Of China Ltd	360,000	857,707	1,043,441	7.22
New China Life Insurance Co. Ltd	5,700	87,522	124,457	0.86
PICC Property And Casualty Co. Ltd	31,500	183,411	225,914	1.56
Ping An Insurance (Group) Company Of China Ltd	22,800	418,631	645,171	4.47
Postal Savings Bank of China Co. Ltd	42,000	113,573	103,948	0.72
The People's Insurance Company (Group) of China Ltd	57,000	106,941	102,826	0.71
	1,993,500	6,711,976	8,143,800	56.36

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 %
30.06.2017 (CONTINUED)				
Audited (Continued)				
QUOTED SECURITIES (CONTINUED)				
Industrials				
Air China Ltd	12,000	46,505	53,129	0.37
China Communications Construction Co. Ltd	31,800	119,124	175,946	1.22
China Railway Construction Corporation Ltd	14,550	65,364	81,464	0.56
China Railway Group Ltd	27,450	77,523	92,848	0.64
CITIC Ltd	35,250	237,040	227,605	1.58
CRRC Corporation Ltd	27,750	128,577	107,141	0.74
Fosun International Ltd	15,750	128,052	105,681	0.73
Metallurgical Corporation of China Ltd	19,500	30,123	28,313	0.20
	184,050	832,308	872,127	6.04
Technology				
Tencent Holdings Ltd	8,700	399,193	1,335,948	9.25
Telecommunications				
China Mobile Ltd	24,300	956,937	1,107,270	7.66
China Telecom Corporation Ltd	99,150	189,892	202,312	1.40
China Unicom (Hong Kong) Ltd	39,000	199,637	248,815	1.72
	162,450	1,346,466	1,558,397	10.78
Utilities				
CGN Power Co. Ltd	80,250	126,421	96,218	0.67
Huaneng Power International, Inc.	28,500	110,834	84,957	0.59
	108,750	237,255	181,175	1.26
TOTAL QUOTED SECURITIES	**3,048,150**	**12,049,534**	**14,235,194**	**98.52**

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 %
30.06.2017 (CONTINUED)				
Audited (Continued)				
QUOTED SECURITIES (CONTINUED)				
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		**2,185,660**		
TOTAL FINANCIAL ASSETS AT FAIR VALUE TROUGH PROFIT OR LOSS		**14,235,194**		

* 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

	30.09.2017 RM	30.06.2017 Audited RM
Bank balances	84,203	77,103

10. OTHER PAYABLES AND ACCRUALS

	30.09.2017 RM	30.06.2017 Audited RM
Provision for audit fee	35,481	27,300
Provision for tax agent's fee	5,608	4,600
Other accruals	45,449	45,854
	86,538	77,754

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

For the financial period ended 30 September 2017, the license fee was recognised at a rate of 0.04% per annum (30.06.2017: 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)

	01.07.2017 to 30.09.2017 No of units	01.07.2016 to 30.06.2017 Audited No of units
At the beginning of the financial period/year	9,750,000	12,350,000
Less: Cancellation of units	-	(2,600,000)
At the end of the financial period/year	9,750,000	9,750,000

12. MANAGEMENT EXPENSE RATIO ("MER")

	01.07.2017 to 30.09.2017 %	01.07.2016 to 30.09.2016 %
MER	0.33	0.27

MER is derived from the following calculation:

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

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 RM15,362,764 (30.09.2016: RM15,566,920).

13. PORTFOLIO TURNOVER RATIO ("PTR")

	01.07.2017 to 30.09.2017	01.07.2016 to 30.09.2016
PTR (times)	0.03	0.04

PTR is derived based on the following calculation:

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

where:
total acquisition for the financial period = RM664,951 (30.09.2016: RM646,622)
total disposal for the financial period = RM306,599 (30.09.2016: RM461,428)

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:

Related parties	Relationship
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
CIMB Securities (Singapore) Pte Ltd	Fellow related party to 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/year.

Significant related party transactions and balances

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

15. TRANSACTIONS WITH BROKERS/DEALERS

Details of transactions with the brokers/dealers for the financial period from 1 July 2017 to 30 September 2017 are as follows:

Brokers/Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
CIMB Securities (Singapore) Pte Ltd #	971,550	100.00	1,570	100.00

Details of transactions with the brokers/dealers for the financial period from 1 July 2016 to 30 September 2016 are as follows:

Brokers/Dealers	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
	1,108,050	100.00	1,729	100.00

Included in the transactions are trades conducted with CIMB Securities (Singapore) Pte Ltd, fellow related party to the Manager amounting to RM971,550 (30.09.2016: RM141,832). 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.

The Fund has a diversified unit holder population. However as at 30 September 2017, there was 1 unit holder who held more than 10% of the Fund’s NAV. The unit holder's holding was 11.76%. As at 30 June 2017, there was 1 unit holder who held more than 10% of the Fund’s NAV. The unit holder's holding were 11.76%.

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:

	01.07.2017 to 30.09.2017 RM	**01.07.2016 to 30.09.2016 RM**
Creation		
- Non cash component	-	-
- Cash component	-	-
	-	-
Cancellation		
- Non cash component	-	-
- Cash component	-	-
	-	-

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.

	30.09.2017	30.06.2017
		Audited
	RM	RM
Total retained earnings of the Fund:		
- Realised amount	2,769,337	2,333,014
- Unrealised amount	4,443,261	3,784,496
	7,212,598	6,117,510

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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