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## INVESTORS' LETTER

Dear Valued Investors,

Happy New Year!

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 year with RM48 billion in Asset Under Management ("AUM") and the CIMB-Principal's Group AUM has increased by 7.6% to RM67.6 billion, for 1-year period ending 31 December 2016. Our AUM for Private Retirement Scheme business has increased by 27% year-on-year ("y-o-y") to RM343 million as at 31 December 2016.

We continue to achieve prestigious recognitions from The Edge | Thomson Reuters Lipper Malaysia, Thomson Reuters Lipper and Morningstar such as:

### **The Edge | Thomson Reuters Lipper Malaysia Fund Awards 2016**

- Best Overall Group
- Best Equity Asia Pacific Ex-Japan, 3 years : CIMB-Principal Asia Pacific Dynamic Income Fund
- 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, 3 years : CIMB Islamic Asia Pacific Equity Fund

### **Thomson Reuters Lipper Fund Award Global Islamic 2016**

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

### **Morningstar Awards Malaysia 2016**

- Best Asia-Pacific Equity Fund : CIMB-Principal Asia Pacific Dynamic Income Fund

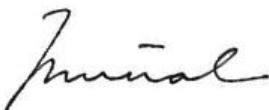
This reflects our consistent fund performance and investment capabilities, in tandem with our commitment to provide the best customer experience to our investors.

Through your support, CIMB-Principal has also managed to garner the **Best Asset and Fund Manager, Malaysia (2007-2016)** award from Alpha Southeast Asia and the **Asset Management Company of the Year, Malaysia** award from The Asset Triple A Investor Awards 2016.

As part of our on-going effort to further expand the payment options offered to our customers, CIMB-Principal has introduced the Virtual Account facility effective 7 December 2016. Please contact your servicing CWA Consultant or our Customer Care Centre at 03-77183000 to find out more.

Thank you once again and we wish you a happy and prosperous new year ahead.

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, before expenses, closely correspond to the performance of the Financial Times Stock Exchange ("FTSE")/Association of Southeast Asian Nations ("ASEAN") 40 Index (the "Underlying Index"), regardless of its performance.

**Has the Fund achieved its objective?**

For the financial period under review, the Fund gained 2.80% (after expenses), while the CIMB FTSE ASEAN 40 (the "Singapore Fund" or "Underlying Fund") was 3.29%. Meanwhile, the Underlying Index was 3.18%. Before expenses, the Fund gained 3.27% which corresponds to the performance of the Underlying Index.

**What are the Fund investment policy and principal investment strategy?**

The Fund is a feeder Exchange-Traded Fund ("ETF") listed on the main market of Bursa Malaysia Securities Bhd which aims to invest at least 95% of its Net Asset Value ("NAV") in the Singapore Fund. The Singapore Fund is an ETF listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") which aims at providing the Singapore Fund Unit holders a return that closely corresponds to the performance of the Underlying Index. Therefore, the Manager adopts a passive strategy in the management of the Fund.

**Fund category/ type**

Feeder 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 31 December 2016?**

RM2.40 million (1.35 million units)

**What is the Fund's benchmark?**

The benchmark index, namely the FTSE/ASEAN 40 Index is designed to represent the performance of the ASEAN region by measuring the eligible securities listed on the stock exchanges of Indonesia, Malaysia, the Philippines, Singapore and Thailand which consists of the 40 largest companies by full market value listed on the stock exchange of Indonesia, Malaysia, the Philippines, Singapore and Thailand that qualify for inclusion in the FTSE/ASEAN Index or such replacement index as may be determined by the Singapore Fund Manager and/or the Manager.

**What is the Fund distribution policy?**

Annually, subject to the discretion of the Manager.

**What was the net income distribution for the financial period from 1 October 2016 to 31 December 2016?**

There was no distribution made for the financial period from 1 October 2016 to 31 December 2016.

**PERFORMANCE DATA**

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

	<b>31.12.2016</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
	%	%	%
Collective investment scheme	100.00	97.92	100.00
Cash and other net assets	-	2.08	-
	<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:

	<b>31.12.2016</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
Total asset value (RM Million)	2.45	2.32	2.45
NAV (RM Million)	2.40	2.27	2.43
Units in circulation (Million)	1.35	1.35	1.35
NAV per Unit (RM)	1.7791	1.6813	1.8013
	<b>01.10.2016 to 31.12.2016</b>	<b>01.10.2015 to 31.12.2015</b>	<b>01.10.2014 to 31.12.2014</b>
Highest NAV per Unit (RM)	1.7806	1.7710	1.8142
Lowest NAV per Unit (RM)	1.6831	1.6210	1.6765
Market Price per Unit (RM)	1.7800	1.6700	1.7850
Highest Market Price per Unit (RM)	1.7800	1.7700	1.7850
Lowest Market Price per Unit (RM)	1.6800	1.6300	1.6900
Total return (%) ^	2.80	3.29	3.23
- Capital growth (%)	2.80	3.29	3.23
- Income distribution (%)	-	-	-
Management Expense Ratio ("MER") (%)	0.49	0.49	0.57
Portfolio Turnover Ratio ("PTR") (times) #	-	-	-

^ based on NAV per unit

# There was no transaction made for the financial period from 1 October 2016 to 31 December 2016.

	<b>31.12.2016</b>	<b>31.12.2015</b>	<b>31.12.2014</b>	<b>31.12.2013</b>	<b>31.12.2012</b>
	%	%	%	%	%
Annual total return	10.04	(3.30)	11.40	2.86	13.25

(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 OCTOBER 2016 TO 31 DECEMBER 2016)**

ASEAN markets were mixed in October 2016. ASEAN currencies generally weakened against US Dollar ("USD"). Monetary policies of the major central banks globally remain accommodative. The Thai King's death was a key factor in Thailand leading to huge volatilities. Indonesian parliament has approved Budget for 2017, targeting tax collection growth of 13.00% to 14.00%, development expenditure of 44.00% and fiscal deficit at 2.41% of Gross Domestic Product ("GDP"). Foreign policy uncertainty remains the key event in the Philippines after President Rodrigo Duterte announced his intention to pursue military and economic separation from the US. The Philippines secured USD13.5 billion in investment and credit deals from China but Duterte's anti-US rhetoric caused jitters to Business Process Outsourcing ("BPO") companies from the US. Advance estimates from Singapore's Ministry of Trade and Industry in late October 2016 showed the economy coming to a halt in the third quarter of 2016, expanding a meagre of 0.6% y-o-y and contracting by negative 4.10% over the previous quarter. Malaysian Budget 2017 was announced with focus on fiscal consolidation, setting key macro targets in 2017, ie GDP growth of 4.00% to 5.00% y-o-y and fiscal deficit target of 3.00%, down from 3.10% in 2016.

ASEAN markets were generally down in November 2016. ASEAN currencies significantly weakened against USD. The initial expectation of the Trump presidency has been a potentially significant boost to the US economy and inflation, resulting in rising US bond yield and appreciating USD, which is negative for Emerging Markets ("EM"). The Philippine GDP growth was reported at 7.10% y-o-y in third quarter of 2016, higher than consensus of 6.70%, driven by domestic demand. The Central Bank Bangko Sentral ng Pilipinas ("BSP") kept the policy rate unchanged at 3.00%, with respective overnight lending and deposit facility rates at 3.50% and 2.50% with neutral tone amidst manageable inflation outlook and robust domestic growth conditions. The Philippine currency sinks to PHP49.676 against USD, the lowest level since 2008. In Indonesia, the police named Jakarta Governor Basuki Tjahaja Purnama ("Ahok") a suspect in an alleged blasphemy case after tens of thousands of hardline Muslim protesters rallied outside the presidential palace on 4 November 2016. Bank Indonesia ("BI") kept 7 Day Repo Policy rate at 4.75% in November 2016. The Thailand cabinet and National Legislative Assembly ("NLA") have acknowledged the accession to the throne of His Royal Highness Crown Prince Maha Vajiralongkorn as the 10<sup>th</sup> King of the Chakri Dynasty. The Government is also launching new stimulus for example THB127 billion subsidies package for farmers amidst weak rice prices and additional tax break on December 2016 travel domestically. Singapore's economy shrank by negative 2.00% in the third quarter of 2016 from the second quarter of 2016 on an annualised basis. Further, the Government downgraded its 2016 forecasts for economic growth and exports to 1.50% compared with the previous projection of up to 2.00% amid fresh uncertainty around global trade under US President-elect Trump. The MYR weakened by 6.00% month-on-month ("m-o-m") and 10-year Malaysian Government Securities yield spiked up to 4.35% (+75 basis points ("bps") m-o-m), on rising fears of an eventual US rate hike.

After sharp corrections post Trump victory in November 2016, ASEAN markets and currencies generally recovered slightly in December 2016, partly supported by window dressing towards year end. The Philippine Central Bank BSP, keeps policy rates, raising 2017 inflation forecast to 3.30% from 3.00% previously. Inflation rose 2.50% y-o-y in November 2016, up from 2.30% in October 2016. Political noise remains, as Vice President Robredo resigned from the Cabinet. Indonesia reported its 11<sup>th</sup> consecutive trade surplus at USD0.84 billion in November 2016. BI held the policy rate at 4.75%, after 6 cuts in 2016. On 1 December 2016, Thailand officially announced that His Majesty King Maha Vajiralongkorn Bodindradebayavarangkun is the new 10<sup>th</sup> King of the Chakri dynasty. To support year-end spending, the Thai government announced several incentives, including shop-for-nation campaign where consumers shopping up to THB15,000 during the last two weeks of 2016 can get income tax deductions. Singapore's economy shrank by 2.00% in the third quarter of 2016 from the second quarter of 2016 on an annualised basis.

**FUND PERFORMANCE**

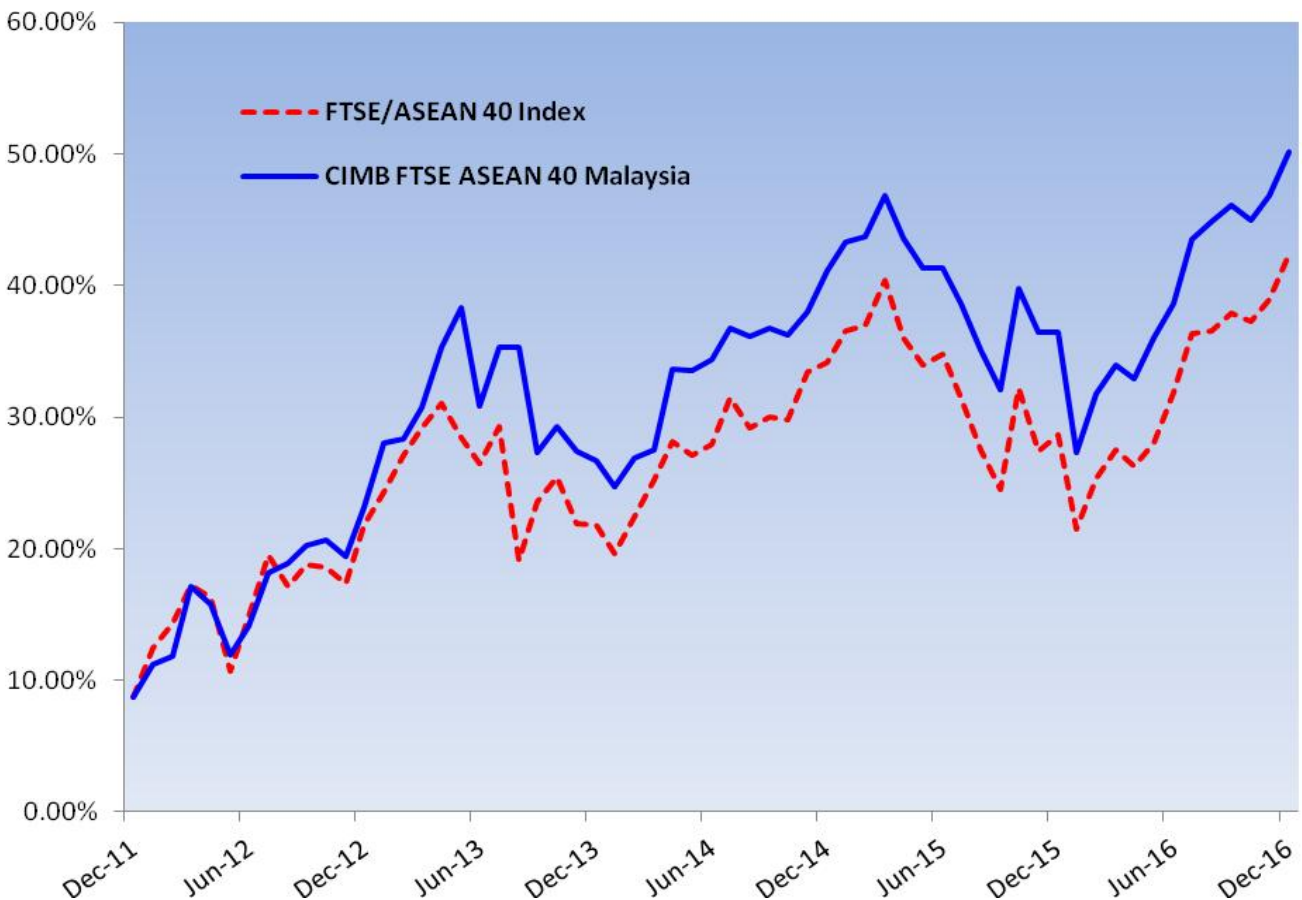
	3 months to 31.12.2016 %	6 months to 31.12.2016 %	1 year to 31.12.2016 %	3 years to 31.12.2016 %	5 years to 31.12.2016 %	Since inception to 31.12.2016 %
Income	-	-	3.60	10.10	16.23	16.23
Capital ^	2.80	8.31	5.90	6.98	18.06	28.39
Total Return ^	2.80	8.31	10.04	18.54	38.09	50.17
Average Total Return ^	N/A	N/A	10.04	5.83	6.67	6.47
Underlying Fund ^^	3.29	9.49	9.14	17.62	28.46	40.81
Benchmark (Underlying Index)	3.18	7.97	10.62	16.83	30.70	42.34
Changes in Market Price per Unit	1.71	8.54	6.59	5.95	19.46	22.34

^ Based on NAV per Unit

^^ Based on Last Published Market Price

For the financial period under review, the Fund’s total return was 2.80%, while the Singapore Fund’s total return was 3.29%. Meanwhile, the Underlying Index’s total return was 3.18%.

The last available published market price of the Fund quoted on Bursa Malaysia was RM1.7800. This represents a positive change of 1.71% for the same reporting period.



**FUND PERFORMANCE (CONTINUED)****Changes in NAV**

	31.12.2016	31.12.2015	Changes %
NAV (RM Million)	2.40	2.27	5.73
NAV/Unit (RM)	1.7791	1.6813	5.82

For the 1-year period, total NAV gained 5.73%, while the NAV per unit gained 5.82%. The gains in the total NAV and NAV per unit were due to investment performance of the combined ASEAN markets over the one-year period.

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

**PORTFOLIO STRUCTURE****Asset allocation**

(% of NAV)	31.12.2016	31.12.2015
Collective investment scheme	100.00	97.92
Cash and other net assets	-	2.08
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>

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

**MARKET OUTLOOK\***

In 2017, developments in the external sector and global politics will continue to influence ASEAN's growth story. The policy decisions of a more protectionist US under President Donald Trump have the potential to reverberate throughout the region. Trump's decision on 23 January 2017 to pull out from the 12-country Trans-Pacific Partnership ("TPP") has created uncertainty over the future of the deal, which was seen as particularly beneficial for Vietnam's economy. At this stage, it is unclear whether the agreement will move forward without the US or if a new alliance could take its place. "Brexit" will also continue to play a role in ASEAN's growth story as Singapore is particularly exposed to the potential fallout. Domestically, the timing of elections in Malaysia and Thailand will continue to be monitored, and early votes could take center stage.

Economic dynamics are expected to weaken slightly this year on slower growth in Singapore and the Philippines. Reduced headwinds from less monetary and fiscal stimulus will limit the economy's momentum, but domestic demand should still remain solid overall.

Growth trends are expected to be divergent in the region. The Philippines and Vietnam will be among the top performers. On the other side of the spectrum, Singapore will grow at a slow pace as the country is highly vulnerable to global events and is facing a cooling property market.

\*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 a feeder ETF, the Fund will continue to remain fully invested in the Underlying Fund with minimal cash kept for liquidity purposes.

**UNIT HOLDINGS STATISTICS**

Breakdown of unit holdings by size as at 31 December 2016 are as follows:

<b>Size of unit holdings (units)</b>	<b>No. of unit holders</b>	<b>No. of units held (million)</b>	<b>% of units held</b>
Less than 100	5	0.00	0.00
100 to 1,000	23	0.01	0.74
1,001 to 10,000	41	0.16	11.85
10,001 to 100,000	14	0.40	29.63
100,001 to less than 5% of approved fund size	2	0.78	57.78
5% and above the approved fund size	-	-	-
<b>Total</b>	<b>85</b>	<b>1.35</b>	<b>100.00</b>

**SOFT COMMISSIONS AND REBATES**

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

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



**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2016 TO 31 DECEMBER 2016**

	Note	01.10.2016 to 31.12.2016 RM	01.10.2015 to 31.12.2015 RM
<b>INVESTMENT INCOME</b>			
Net gain on financial assets at fair value through profit or loss	7	73,888	85,450
Net foreign exchange gain/(loss)		2,830	(1,868)
		<u>76,718</u>	<u>83,582</u>
<b>EXPENSES</b>			
Trustee's fee	5	3,025	3,017
Audit fee		6,755	6,284
Tax agent's fee		1,159	1,156
Other expenses		445	740
		<u>11,384</u>	<u>11,197</u>
<b>PROFIT BEFORE TAXATION</b>		65,334	72,385
Taxation	6	<u>-</u>	<u>-</u>
<b>PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD</b>		<u>65,334</u>	<u>72,385</u>
Profit after taxation is made up as follows:			
Realised amount		(8,554)	(13,065)
Unrealised amount		73,888	85,450
		<u>65,334</u>	<u>72,385</u>

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

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)  
FOR THE FINANCIAL PERIOD FROM 1 JULY 2016 TO 31 DECEMBER 2016**

	Note	Year-to-date 31.12.2016 RM	Year-to-date 31.12.2015 RM
<b>INVESTMENT INCOME/(LOSS)</b>			
Net gain/(loss) on financial assets at fair value through profit or loss	7	203,428	(69,723)
Net foreign exchange gain		3,675	11,713
		<u>207,103</u>	<u>(58,010)</u>
<b>EXPENSES</b>			
Trustee's fee	5	6,050	6,037
Audit fee		13,510	12,576
Tax agent's fee		2,318	2,314
Other expenses		936	1,231
		<u>22,814</u>	<u>22,158</u>
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		184,289	(80,168)
Taxation	6	-	-
<b>PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL PERIOD</b>		<u>184,289</u>	<u>(80,168)</u>
Profit/(Loss) after taxation is made up as follows:			
Realised amount		(19,139)	(10,445)
Unrealised amount		203,428	(69,723)
		<u>184,289</u>	<u>(80,168)</u>

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

**UNAUDITED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2016**

		31.12.2016	30.06.2016
	Note	RM	Audited RM
<b>ASSETS</b>			
Cash and cash equivalents	8	44,269	47,542
Financial assets at fair value through profit or loss	7	2,407,396	2,203,968
<b>TOTAL ASSETS</b>		<u>2,451,665</u>	<u>2,251,510</u>
<b>LIABILITIES</b>			
Amount due to Trustee		1,054	1,018
Other payables and accruals	9	48,779	32,949
<b>TOTAL LIABILITIES</b>		<u>49,833</u>	<u>33,967</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>2,401,832</u>	<u>2,217,543</u>
<b>EQUITY</b>			
Unit holders' capital		1,312,065	1,312,065
Retained earnings		1,089,767	905,478
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>		<u>2,401,832</u>	<u>2,217,543</u>
<b>NUMBER OF UNITS IN CIRCULATION (UNITS)</b>	10	<u>1,350,000</u>	<u>1,350,000</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<u>1.7791</u>	<u>1.6426</u>

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

**UNAUDITED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2016 TO 31 DECEMBER 2016**

	Unit holders' capital RM	Retained earnings RM	Total RM
<b>Balance as at 1 October 2016</b>	1,312,065	1,024,433	2,336,498
Total comprehensive income for the financial period	-	65,334	65,334
<b>Balance as at 31 December 2016</b>	<u>1,312,065</u>	<u>1,089,767</u>	<u>2,401,832</u>
<b>Balance as at 1 October 2015</b>	1,312,065	885,327	2,197,392
Total comprehensive income for the financial period	-	72,385	72,385
<b>Balance as at 31 December 2015</b>	<u>1,312,065</u>	<u>957,712</u>	<u>2,269,777</u>

**FOR THE FINANCIAL PERIOD FROM 1 JULY 2016 TO 31 DECEMBER 2016**

	Unit holders' capital RM	Retained earnings RM	Total RM
<b>Balance as at 1 July 2016</b>	1,312,065	905,478	2,217,543
Total comprehensive income for the financial period	-	184,289	184,289
<b>Balance as at 31 December 2016</b>	<u>1,312,065</u>	<u>1,089,767</u>	<u>2,401,832</u>
<b>Balance as at 1 July 2015</b>	1,312,065	1,037,880	2,349,945
Total comprehensive loss for the financial period	-	(80,168)	(80,168)
<b>Balance as at 31 December 2015</b>	<u>1,312,065</u>	<u>957,712</u>	<u>2,269,777</u>

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

**UNAUDITED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2016 TO 31 DECEMBER 2016**

	<b>01.10.2016 to 31.12.2016 RM</b>	<b>01.10.2015 to 31.12.2015 RM</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Trustee's fee paid	(2,992)	(2,984)
Payments for other fees and expenses	(443)	(736)
Net realised foreign exchange gain/(loss)	2,830	(1,869)
<b>Net cash used in from operating activities</b>	<u>(605)</u>	<u>(5,589)</u>
Net decrease in cash and cash equivalents	(605)	(5,589)
Cash and cash equivalents at the beginning of the financial period	44,874	99,809
Cash and cash equivalents at the end of the financial period	<u>44,269</u>	<u>94,220</u>

**FOR THE FINANCIAL PERIOD FROM 1 JULY 2016 TO 31 DECEMBER 2016**

	<b>Year-to-date 31.12.2016 RM</b>	<b>Year-to-date 31.12.2015 RM</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Trustee's fee paid	(6,014)	(6,007)
Payments for other fees and expenses	(934)	(1,232)
Net realised foreign exchange gain	3,675	11,714
<b>Net cash (used in)/generated from operating activities</b>	<u>(3,273)</u>	<u>4,475</u>
Net (decrease)/ increase in cash and cash equivalents	(3,273)	4,475
Cash and cash equivalents at the beginning of the financial period	47,542	89,745
Cash and cash equivalents at the end of the financial period	<u>44,269</u>	<u>94,220</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 OCTOBER 2016 TO 31 DECEMBER 2016****1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITY**

CIMB FTSE ASEAN 40 Malaysia (the “Fund”) was constituted pursuant to the execution of a Deed dated 19 April 2010 (the “Deed”), made between CIMB-Principal Asset Management Berhad (the “Manager”) and Deutsche Trustees Malaysia Berhad (the “Trustee”).

The principal activity of the Fund is to invest at least 95% of its NAV in the Singapore Fund. The Singapore Fund is an ETF listed on the SGX-ST which aims at providing the Singapore Fund Unit holders a return that closely corresponds to the performance of the Underlying Index. Therefore, the Manager adopts a passive strategy in the management of the Fund.

All investments will be subjected to the Securities Commission Malaysia (“SC”) Guidelines on ETFs, SC requirements, the Deed, 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 assumptions 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(j).

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” provide clarifications on a number of issues, including:

Materiality – an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.

Disaggregation and subtotals – line items specified in MFRS 101 may need to be disaggregated where this is relevant to an understanding of the entity’s financial position or performance. There is also new guidance on the use of subtotals.

Notes – confirmation that the notes do not need to be presented in a particular order.

Other comprehensive income (“OCI”) arising from investments accounted for under the equity method – the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss.

Each group should then be presented as a single line item in the statement of other comprehensive income.

According to the transitional provisions, the disclosures in MFRS 108 regarding the adoption of new standards/accounting policies are not required for these amendments.

- Annual Improvements to MFRS 2012 – 2014

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.

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

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

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.

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.



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

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

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

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

### (b) Financial assets and financial liabilities

#### Classification

The Fund designates its investments in collective investment scheme 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.

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

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

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

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.

Collective investment scheme is valued based on the last published NAV per unit or share of such collective investment scheme or, if unavailable, on the last published price of such unit or share (excluding any sales charge included in such selling price).

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.

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

### (b) Financial assets and financial liabilities (continued)

#### Impairment for assets carried at amortised costs (continued)

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

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

### (c) Foreign currency

#### Functional and presentation currency

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

#### Transactions and balances

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

Realised gain or loss on disposal of collective investment scheme is accounted for as the difference between the net disposal proceeds and the carrying amount of investments, 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 collective investment scheme is based on the tax regime of the respective countries that the Fund invests in.

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

### (g) 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 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.

### (h) 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.

### (i) 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.

### (j) 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 there are accounting policies which require significant judgment to be exercised.

### 3. RISK MANAGEMENT OBJECTIVES AND POLICIES

The investment objective of the Fund is to provide investment results that, before expenses, closely correspond to the performance of the FTSE/ASEAN 40 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 Deed and SC Guidelines on ETFs.

#### (a) Market risk

##### (i) Price risk

Price risk is the risk that the fair value of an investment in collective investment scheme will fluctuate because of changes in market prices (other than those arising from currency risk). The value of collective investment scheme 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, which are capable of being converted into cash within 7 business days. Generally, all investments are subject to a certain degree of liquidity risk depending on the nature of the investment instruments, market, sector and other factors. 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 in the following page 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)

(d) 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	Level 2	Level 3	Total
	RM	RM	RM	RM
<b>31.12.2016</b>				
Financial assets at fair value through profit or loss:				
- Collective investment scheme	<u>2,407,396</u>	<u>-</u>	<u>-</u>	<u>2,407,396</u>
<b>30.06.2016</b>				
<b>Audited</b>				
Financial assets at fair value through profit or loss:				
- Collective investment scheme	<u>2,203,968</u>	<u>-</u>	<u>-</u>	<u>2,203,968</u>

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include collective investment scheme. 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 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 Deed, there is no management fee charged at the Fund level.

**5. TRUSTEE'S FEE**

In accordance with the Deed, 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 31 December 2016, the Trustee's fee is recognised at a rate of 0.08% per annum (31.12.2015: 0.08% per annum).

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

**6. TAXATION**

	<b>01.10.2016 to 31.12.2016</b>	<b>01.10.2015 to 31.12.2015</b>
	<b>RM</b>	<b>RM</b>
Tax charged for the financial period:		
- Current taxation	<u>-</u>	<u>-</u>

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

	<b>01.10.2016 to 31.12.2016</b>	<b>01.10.2015 to 31.12.2015</b>
	<b>RM</b>	<b>RM</b>
Profit before taxation	<u>65,334</u>	<u>72,385</u>
Taxation at Malaysian statutory rate of 24% (31.12.2015: 25%)	15,680	18,096
Tax effects of:		
Investment income not subject to tax	(18,412)	(20,895)
Expenses not deductible for tax purposes	1,243	1,162
Restriction on tax deductible expenses for ETFs	<u>1,489</u>	<u>1,637</u>
Taxation	<u>-</u>	<u>-</u>
	<b>Year-to-date 31.12.2016</b>	<b>Year-to-date 31.12.2015</b>
	<b>RM</b>	<b>RM</b>
Tax charged for the financial period:		
- Current taxation	<u>-</u>	<u>-</u>



**6. TAXATION (CONTINUED)**

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:

	<b>Year-to-date 31.12.2016 RM</b>	<b>Year-to-date 31.12.2015 RM</b>
Profit/(Loss) before taxation	<u>184,289</u>	<u>(80,168)</u>
Taxation at Malaysian statutory rate of 24% (31.12.2015: 25%)	44,229	(20,042)
Tax effects of:		
(Investment income not subject to tax)/Investment loss not deductible for tax purposes	(49,704)	14,502
Expenses not deductible for tax purposes	2,527	2,330
Restriction on tax deductible expenses for ETFs	<u>2,948</u>	<u>3,210</u>
Taxation	<u>-</u>	<u>-</u>

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

	<b>31.12.2016 RM</b>	<b>30.06.2015 Audited RM</b>
Designated at fair value through profit or loss at inception:		
- Collective investment scheme	<u>2,407,396</u>	<u>2,203,968</u>
	<b>01.10.2016 to 31.12.2016 RM</b>	<b>01.10.2015 to 31.12.2015 RM</b>
Net gain on financial assets at fair value through profit or loss:		
- Unrealised fair value gain	<u>73,888</u>	<u>85,450</u>
	<b>Year-to-date 31.12.2016 RM</b>	<b>Year-to-date 31.12.2015 RM</b>
Net gain/(loss) on financial assets at fair value through profit or loss:		
- Unrealised fair value gain/(loss)	<u>203,428</u>	<u>(69,723)</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>31.12.2016</b>				
<b>COLLECTIVE INVESTMENT SCHEME</b>				
<b>SINGAPORE</b>				
CIMB FTSE ASEAN 40	<u>64,600</u>	<u>1,962,860</u>	<u>2,407,396</u>	<u>100.23</u>
<b>TOTAL COLLECTIVE INVESTMENT SCHEME</b>	<b><u>64,600</u></b>	<b><u>1,962,860</u></b>	<b><u>2,407,396</u></b>	<b><u>100.23</u></b>
<b>ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b><u>444,536</u></b>		
<b>TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b><u>2,407,396</u></b>		
<b>30.06.2016</b>				
<b>Audited</b>				
<b>COLLECTIVE INVESTMENT SCHEME</b>				
<b>SINGAPORE</b>				
CIMB FTSE ASEAN 40	<u>64,600</u>	<u>1,962,860</u>	<u>2,203,968</u>	<u>99.39</u>
<b>TOTAL COLLECTIVE INVESTMENT SCHEME</b>	<b><u>64,600</u></b>	<b><u>1,962,860</u></b>	<b><u>2,203,968</u></b>	<b><u>99.39</u></b>
<b>ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b><u>241,108</u></b>		
<b>TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b><u>2,203,968</u></b>		

**8. CASH AND CASH EQUIVALENTS**

	<b>31.12.2016</b>	<b>30.06.2016</b>
	<b>RM</b>	<b>Audited RM</b>
Bank balances	44,269	47,542

**9. OTHER PAYABLES AND ACCRUALS**

	<b>31.12.2016</b>	<b>30.06.2016</b>
	<b>RM</b>	<b>Audited RM</b>
Provision for audit fee	40,309	26,800
Provision for tax agent's fee	6,919	4,600
Other accruals	1,551	1,549
	<u>48,779</u>	<u>32,949</u>

**10. NUMBER OF UNITS IN CIRCULATION (UNITS)**

	<b>01.10.2016 to 31.12.2016</b>	<b>01.07.2015 to 30.06.2016</b>
	<b>No of units</b>	<b>Audited No of units</b>
At the beginning/end of the financial period/year	<u>1,350,000</u>	<u>1,350,000</u>

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

	<b>01.10.2016 to 31.12.2016</b>	<b>01.10.2015 to 31.12.2015</b>
	<b>%</b>	<b>%</b>
MER	<u>0.49</u>	<u>0.49</u>

MER is derived from the following calculation:

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

A = Trustee's fee

B = Audit fee

C = Tax agent's fee

D = Other expenses

E = Average NAV of the Fund calculated on a daily basis

The average NAV of the Fund for the financial period calculated on a daily basis is RM2,339,331 (31.12.2015: RM2,299,156).

12. PORTFOLIO TURNOVER RATIO ("PTR")

	01.10.2016 to 31.12.2016	01.10.2015 to 31.12.2015
PTR (times)	-	-

PTR is derived from the following calculation:

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

where:

total acquisition for the financial period = Nil (31.12.2015: RM Nil)

total disposal for the financial period = Nil (31.12.2015: RM Nil)

13. 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
CIMB FTSE ASEAN 40	Underlying Fund
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

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

Significant related party balances

	31.12.2016	30.06.2016
	RM	Audited RM
Investment in collective investment scheme:		
- CIMB FTSE ASEAN 40	2,407,396	2,203,968

**14. SEGMENT INFORMATION**

The internal reporting provided to the chief operating decision-maker for the Fund's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of MFRS and IFRS. The chief operating decision-maker is responsible for the performance of the Fund and considers the business to have a single operating segment located in Malaysia. Asset allocation decisions are based on a single, integrated investment strategy and the Fund's performance is evaluated on an overall basis.

The investment objective of the Fund is to provide investment results that, before expenses, closely correspond to the performance of the FTSE/ASEAN 40 Index, regardless of its performance. 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 gains on the appreciation in the value of investments, which is derived from an ETF listed on the SGX-ST, Singapore.

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

**15. SUPPLEMENTARY INFORMATION DISCLOSED PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS**

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

	<b>31.12.2016</b>	<b>30.06.2016</b>
	<b>RM</b>	<b>Audited RM</b>
Total accumulated retained earnings of the Fund:		
- Realised	243,633	345,751
- Unrealised	838,784	559,727
	<u>1,802,417</u>	<u>905,478</u>

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

## DIRECTORY

### Head office of the Manager

CIMB-Principal Asset Management Berhad (Company No.: 304078-K)  
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