

# CIMB FTSE ASEAN 40

*(Constituted under a Trust Deed in the Republic of Singapore)*

## ANNUAL REPORT

*For the financial year ended 31 December 2012*

## **CIMB FTSE ASEAN 40**

*(Constituted under a Trust Deed in the Republic of Singapore)*

## **FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2012*

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## **CIMB FTSE ASEAN 40**

*(Constituted under a Trust Deed in the Republic of Singapore)*

### **MANAGER'S INVESTMENT REPORT**

*For the financial year ended 31 December 2012*

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#### **About the CIMB FTSE ASEAN 40 (the "Fund")**

The Fund is an exchange traded fund, designed to track the performance of the FTSE/ASEAN 40 Index. Units of the Fund were listed and traded on SGX-ST since 21 September 2006.

#### **Details of the Fund**

Fund Base Currency	US Dollar (USD)
Trading Currencies	USD, Singapore Dollar (SGD)
Listing Date of US Dollar counter on SGX-ST	21 September 2006
Listing Date of Singapore Dollar counter on SGX-ST	15 June 2012
Stock Codes on SGX-ST	M62 (USD counter), QS0 (SGD counter)
Board Lot	100 units
Number of units as at 31 December 2012	15.3 million
NAV per unit as at 31 December 2012	USD 10.95
Management Fee	0.65% per annum

#### **Performance**

Cumulative Performance (%) as at 31 December 2012:

<u>From 31/12/2012</u>	<u>Period</u>	<u>Fund's Performance</u>	<u>Index's Performance</u>
1 Month	30/11/2012 - 31/12/2012	3.32%	3.20%
3 Month	30/09/2012 - 31/12/2012	2.68%	2.47%
6 Month	30/06/2012 - 31/12/2012	11.25%	10.13%
1 Year	31/12/2011 - 31/12/2012	18.18%	15.95%
3 Years	31/12/2008 - 31/12/2012	43.20%	35.55%
5 Years	29/12/2006 - 31/12/2012	26.37%	14.56%
Since Inception	21/09/2006 - 31/12/2012	98.32%	77.33%

The Fund's performance is calculated on a NAV-to-NAV basis on the assumption that all dividend distributions made by the Fund are re-invested.

The Fund aims to mirror the performance of FTSE/ASEAN 40 Index (the "Index"), using full replication strategy, that involves investing in all index securities in substantially the same proportion or weighting as the Index.

The Index is a tradable index launched by FTSE in conjunction with 5 ASEAN Exchanges - PT Bursa Efek Jakarta (Jakarta Stock Exchange), Bursa Malaysia Berhad, The Philippine Stock Exchange, Inc., Singapore Exchange Securities Trading Limited (SGX-ST) and The Stock Exchange of Thailand (SET). The Fund is the first collaborative effort amongst the 5 Exchanges under the ASEAN umbrella. The Index represents the performance of the 40 largest stocks of the 5 Exchanges and is subject to rigorous ground rules such as free float adjustment and liquidity screening to ensure that these stocks are highly investable. The transparent and freely available index rules are governed and maintained by an independent committee of leading market professionals.

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*For the financial year ended 31 December 2012*

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#### **Performance (continued)**

From 1 January 2012 to 31 December 2012, the NAV of the Fund increased by 18.18%, while the Index increased by 15.95%.

The top 10 holdings of the Fund as of 31 December 2012 represented US\$80,010,079, approximately 47.75% of the Fund's net assets, while it was US\$70,566,953 as of 31 December 2011, 46.31% of the Fund.

South-East Asia underperformed the Asia-Pacific ex-Japan market in 2012, with the FTSE/ASEAN 40 index up 15.95% and the Fund up 18.18%. This is in comparison to the returns of 19.42% for the Asia-Pac ex-Japan market (MSCI Asia Pacific ex-Japan Index). Philippines was the best performing market - up 42.01% (Philippine Stock Exchange Index), followed by Thailand up 40.15% (Stock Exchange of Thailand Index), Singapore - up 27.0% (FTSE Straits Times Index), Malaysia - up 13.59% (FTSE Bursa Malaysia KLCI Index) and Indonesia - up 7.16% (Jakarta Composite Index). (All returns are in USD terms).

Asian markets had a strong rally in the first quarter of 2012. January and February were good months for the equity markets cheered by the improving key economic indicators for the major economies, especially the United States (US). Furthermore, confidence was bolstered by the liquidity infusion through the Long-Term Refinancing Operation (LTRO) program (valued at €529.5 billion) by the European Central Bank (ECB) and this helped to reduce significantly the tail risk arising from the Europe debt crisis. Consequently, sovereign bond yields of many of the European countries retreated markedly from the elevated levels. In addition, approval of the second bailout package for Greece, improving US economic data and China cutting its Reserve Requirement Ratio (RRR) all helped markets to remain in positive territory.

The Asian markets fell in March and April 2012 after a stellar first two months as the LTRO optimism faded and the market re-focused on the risks confronting the Asian economies, such as economic slowdown and political uncertainty in China and fiscal and current account deficits in India.

The risk of Greece leaving the Eurozone following inconclusive elections weighed heavily on equity markets in May 2012. Spanish bonds remained under severe pressure as the government grappled with problems in the banking sector. In China, signs of a slowing economy prompted the People's Bank to reduce its reserve requirement ratio, the third cut since November 2011. US economic data was mixed, with a weak jobs print for April 2012 adding to investor concerns about global growth.

June 2012 was dominated by events in Europe, namely the Greek elections, the downgrade of Spanish banks and Cyprus being the fifth Eurozone country to seek a bailout. However, global markets were driven higher on the successful Greek election, which saw the pro-austerity New Democrat party gain a majority. China continued to signal a slowdown in its economy with weak economic data and the downward revision of its country's growth. Nonetheless, global and regional markets rallied for the month, focused on the positive news in Greece.

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### **MANAGER'S INVESTMENT REPORT**

*For the financial year ended 31 December 2012*

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#### **Performance** (continued)

Global markets in July 2012 continued to be driven by problems in Europe, namely the possibility of Spain requiring a bailout. In contrast, regional markets did well in July, mainly driven by China whose second quarter Gross Domestic Product (GDP) numbers which came in line with expectations and also positive manufacturing data. Equity markets rallied towards the end of the month as ECB announced that it would do whatever it takes to protect the Euro and consequently restored investors' sentiment.

Global markets opened higher in August 2012 as investors anticipated ECB's positive outlook on economic reform. ECB, however, made it clear that new stimulus measures would not materialize anytime soon and consequently led to a decline across global markets. The situation further deteriorated as economic data continued to signal a slowdown in China and Japan's economies.

September 2012 saw Asian markets begin on a high after weak manufacturing data from China fuelled hopes of fresh monetary easing. Global markets moved in tandem as the ECB unveiled plans to buy bonds of troubled European Union (EU) countries. In the region, all ASEAN markets closed in positive territory in reaction to the US quantitative easing program (QE3) with Thailand leading the way.

Regional markets began on weak footing in October 2012, dragged by concerns of Spain's fiscal health and the continued slowdown of China's economy through the release of economic data which suggested stabilization in the economy. Philippines continued to outperform its ASEAN counterparts as the Asian Development Bank upgraded its 2012 growth forecast for the Philippines to 5.5% from 4.8%.

Global markets remained weak in November 2012, dampened by the uncertainty surrounding the US fiscal situation and the US elections which saw President Barack Obama re-elected for four more years. Asian markets did relatively well, outperforming most global markets, as positive manufacturing data from China help boost sentiments.

Asian markets were pushed higher in December 2012, driven by improvement in unemployment data in the US and positive economic data from China. In ASEAN, Thailand outperformed its peers, driven mostly by domestic-oriented stocks. Philippines performed well in December as a positive outlook from Standard & Poor's highlighted the improving macroeconomic conditions in the country.

**CIMB FTSE ASEAN 40***(Constituted under a Trust Deed in the Republic of Singapore)***MANAGER'S INVESTMENT REPORT***For the financial year ended 31 December 2012***Performance (continued)****Investments at market value and as a percentage of NAV as at 31 December 2012 classified by:**

	<u>Market value</u> USD	<u>% of NAV</u>
<b>(i) Country</b>		
Singapore	63,396,086	37.84
Malaysia	45,435,561	27.12
Indonesia	34,888,085	20.83
Thailand	22,372,558	13.36
Philippines	1,187,290	0.70
<b>(ii) Industry</b>		
Telecommunications	26,997,291	16.11
Consumer Goods	20,182,702	12.05
Consumer Services	11,661,610	6.95
Oil & Gas	15,641,580	9.33
Financials	73,494,741	43.88
Industrials	10,367,739	6.19
Basic Materials	5,508,711	3.29
Utilities	3,425,206	2.05
<b>(iii) Asset Class</b>		
Equities	167,279,580	99.85
Other net assets	253,073	0.15

**Details of Top 10 Holdings of the Fund****As at 31 December 2012**

	<u>Cost</u> USD	<u>Market value</u> USD	<u>% of total</u> <u>assets</u>
1 Astra International Tbk	4,419,959	10,538,521	6.29
2 DBS Group Holdings Limited	7,647,196	9,877,573	5.90
3 Singapore Telecommunications Limited	7,124,430	9,654,384	5.76
4 Overseas Chinese Banking Corporation Limited	5,948,597	9,201,793	5.49
5 United Overseas Bank Limited	6,207,179	8,531,941	5.09
6 Malayan Banking Berhad	5,959,087	8,144,683	4.86
7 Sime Darby Bhd	4,846,606	6,279,382	3.75
8 CIMB Group Holdings Berhad	3,798,269	6,249,713	3.73
9 AXIATA Group Berhad	3,158,763	6,132,924	3.66
10 Keppel Corp Limited	2,975,768	5,399,165	3.22
	<u>52,085,854</u>	<u>80,010,079</u>	<u>47.75</u>

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**MANAGER'S INVESTMENT REPORT**

For the financial year ended 31 December 2012

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**Performance** (continued)**Details of Top 10 Holdings of the Fund** (continued)**As at 31 December 2011**

	<u>Cost</u>	<u>Market value</u>	<u>% of total</u>
	<u>USD</u>	<u>USD</u>	<u>assets</u>
1 Astra International Tbk	3,394,038	10,765,261	7.06
2 Singapore Telecommunications Limited	7,150,664	8,756,170	5.75
3 DBS Group Holdings Limited	7,398,026	7,096,600	4.65
4 Overseas-Chinese Banking Corporation Limited	5,773,797	6,994,032	4.59
5 Malayan Banking Bhd	5,400,387	6,820,290	4.48
6 Public Bank Bhd (Foreign Market)	4,872,409	6,717,426	4.41
7 United Overseas Bank Limited	6,463,320	6,584,684	4.32
8 Sime Darby Bhd	4,846,310	5,926,751	3.89
9 CIMB Group Holdings Berhad	3,743,522	5,894,435	3.87
10 PT Bank Central Asia Tbk	2,219,751	5,011,304	3.29
	<u>51,262,224</u>	<u>70,566,953</u>	<u>46.31</u>

**Exposure to derivatives**

The Fund had no exposure to derivatives for the financial years ended 2012 and 2011.

**CIMB FTSE ASEAN 40***(Constituted under a Trust Deed in the Republic of Singapore)***MANAGER'S INVESTMENT REPORT***For the financial year ended 31 December 2012***Index constituent's weights**

<u>Constituent name</u>	<u>As at 31.12.2012 %</u>	<u>Constituent name</u>	<u>As at 31.12.2011 %</u>
DBS Group Holdings Limited	5.90	DBS Group Holdings Limited	4.65
Overseas-Chinese Banking Corporation Limited	5.49	Overseas-Chinese Banking Corporation Limited	4.59
Singapore Telecommunications Limited	5.76	Singapore Telecommunications Limited	5.75
Astra International Tbk	6.29	Astra International Tbk	7.06
United Overseas Bank Limited	5.09	United Overseas Bank Limited	4.32
CIMB Group Holdings Berhad	3.73	CIMB Group Holdings Berhad	3.87
Public Bank Bhd (Foreign Market)	1.51	Public Bank Bhd (Foreign Market)	4.41
Malayan Banking Bhd	4.86	Malayan Banking Bhd	4.48
Sime Darby Bhd	3.75	Sime Darby Bhd	3.89
Wilmar International Limited	1.87	Wilmar International Limited	3.03
Keppel Corp Limited	3.22	Keppel Corp Limited	2.82
Genting Singapore PLC	1.84	Genting Singapore PLC	2.17
Genting Bhd	2.23	Genting Bhd	2.92
AXIATA Group Bhd	3.66	AXIATA Group Bhd	3.09
IOI Corporation Bhd	2.11	IOI Corporation Bhd	2.48
Capitaland Limited	2.58	Capitaland Limited	1.60
PTT Public Company Limited (NVDR)	2.48	PTT Public Company Limited (NVDR)	2.61
Telekomunikasi Indonesia	2.50	Telekomunikasi Indonesia	2.34
PT Bank Central Asia Tbk	3.09	PT Bank Central Asia Tbk	3.29
Noble Group Ltd	-	Noble Group Ltd	1.26
PTT Exploration & Production Public Company Limited	2.28	PTT Exploration & Production Public Company Limited	2.11
Bank Rakyat Indonesia	2.35	Bank Rakyat Indonesia	2.77
Singapore Airlines Limited	1.38	Singapore Airlines Limited	1.44
City Developments Limited	1.92	City Developments Limited	1.44
Siam Commercial Bank PCL	2.47	Siam Commercial Bank PCL	1.74
Kasikornbank PCL	1.98	Kasikornbank PCL	1.36
United Tractors TBK PT	1.52	MISC Berhad	-
Perusahaan Gas Negara PT	1.21	Perusahaan Gas Negara PT	1.02
Bangkok Bank Public Company	0.82	Bangkok Bank Public Company	1.38
Singapore Technologies Engineering Limited	1.28	Singapore Technologies Engineering Limited	0.92
Maxis Bhd	1.31	Maxis Bhd	1.14
Siam Cement PCL (NVDR)	1.16	Siam Cement PCL (NVDR)	0.91
Advanced Info Service PCL	2.18	Advanced Info Service PCL	1.57
Bank Mandiri Tbk	2.09	Bank Mandiri Tbk	2.08
Tenaga Nasional Berhad	0.84	Tenaga Nasional Berhad	0.73
Petronas Gas Berhad	1.35	Petronas Gas Berhad	1.10
Unilever Indonesia	0.88	Unilever Indonesia	0.91
Philippine Long Distance Telephone Company	0.71	Philippine Long Distance Telephone Company	0.73
Jardine Cycle & Carriage Ltd	1.50	Jardine Cycle & Carriage Ltd	1.94
Gudang Garam Tbk	0.90	Gudang Garam Tbk	1.08
Petronas Chemical Group Berhad	1.77	Petronas Chemical Group Berhad	1.89



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### **MANAGER'S INVESTMENT REPORT**

*For the financial year ended 31 December 2012*

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#### **Creation/redemption for the financial year ended 31 December 2012**

Total subscription during the financial year under review amounted to US\$ 4,108,800 (400 thousand units), while total redemption during the financial year under review amounted to US\$ 11,451,300 (1.1 million units).

#### **Other information**

During the reporting period, the Fund had no exposure to other unit trusts, mutual funds and collective investment schemes and had no borrowings. There is no other material information that will adversely impact the valuation of the Fund.

Management expense ratio <sup>1</sup> (annualised)	<u>0.69 %</u>
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Turnover ratio <sup>2</sup>	<u>9.54 %</u>
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<sup>1</sup> The expense ratio is computed in accordance with the revised IMAS' guidelines on disclosure of expense ratios dated 25 May 2005. Refer to Note 10 for details.

<sup>2</sup> The portfolio turnover ratio is calculated in accordance with the formula stated in the "Code on Collective Investment Schemes". Refer to Note 10 for details.

#### **Change in investment personnel**

During the financial year, Mr Vivek Singh Jamwal has taken over the responsibilities of Ms. Zhu Yeqing, Roslin in assisting in the investment management functions for the Fund.

#### **Soft dollar commissions**

During the financial year under review, no soft dollar commissions were received from brokers.

#### **Information on the Manager**

The Manager of the Fund is CIMB-Principal Asset Management (S) Pte Ltd (Company Registration Number 200607208K), a private limited company, incorporated in Singapore on 18 May 2006. The Manager is wholly-owned by CIMB-Principal Asset Management Berhad in Malaysia, which has been managing discretionary and mutual funds in Malaysia for more than 10 years.

The Manager obtained its capital markets services licence on 24 April 2007 and presently manages the Fund and several other discretionary accounts, with total assets under management of about SGD 1.17 billion as at 31 December 2012.

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**MANAGER'S INVESTMENT REPORT**

*For the financial year ended 31 December 2012*

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**Directors of the Manager****John Campbell Tupling**

Mr Tupling was appointed as a director of CIMB-Principal Asset Management (S) Pte Ltd on 24 November 2011. He has been the Chief Executive Officer of CIMB-Principal Asset Management Berhad since 1 November 2008. Prior to this, he spent 9 years in various capacities with the Principal Financial Group. Mr Tupling has over 25 years of financial services experience, working in Latin America, Europe, the U.S.A. and Asia. He received his Bachelor of Arts from the University of Ontario, Canada.

**Tang Chee Kin**

Mr Tang has been a Director of CIMB-Principal Asset Management (S) Pte Ltd since 18 May 2006. He joined CIMB-Principal Asset Management Berhad on 1 October 2004 as the Chief Investment Officer. He has 19 years of experience in the asset management business. Prior to joining the CIMB-Principal Asset Management Berhad, he was the Chief Investment Officer/Executive Director of CMS Dresdner Asset Management from 1996 to 2004 and was jointly responsible in making regional asset allocation decisions within Asia Pacific ex-Japan.

He began his career as an investment officer in Rashid Hussain Asset Management in 1987 for 4 years before moving on to CIMB Securities Sdn. Bhd. as an investment executive for 1 year. In 1992, he joined SBB Asset Management as a fund manager until 1996. Mr Tang is a fellow of the Chartered Institute of Management Accountants (CIMA) United Kingdom. He obtained his fund manager's representative's license in 1992.

**Goh Zee Wei Ken**

Mr Goh joined CIMB-Principal Asset Management (S) Pte Ltd as Head, International Investment. Besides this functional role, he is also the CEO and a Director of CIMB-Principal Asset Management (S) Pte Ltd. Before his current appointment, Mr Goh was Director of Investment at APS Asset Management. Mr Goh has also served as Head of Investment Advisory, Asia for MeesPierson as well as Chief Investment Officer, Singapore for Allianz Dresdner Asset Management. Prior to joining Allianz Dresdner Asset Management in 2001, Mr Goh was the Executive Director of Phillip Capital Management during its start-up phase. From 1994 to 2000, Mr Goh served as an Investment Manager with the GIC (Government of Singapore Investment Corp). Mr Goh graduated from the National University of Singapore as Bachelor of Business Administration with a First Class Honours. He is a Chartered Financial Analyst (CFA) charter-holder since 1997.

**CIMB FTSE ASEAN 40**

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**MANAGER'S INVESTMENT REPORT**

*For the financial year ended 31 December 2012*

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**Appointed Portfolio Managers of the Fund**

The appointed individuals/portfolio managers of the Fund who will be primarily performing the investment management functions for the Fund are Mr Goh Zee Wei Ken and Mr Vivek Singh Jamwal.

Mr Vivek joined CIMB-Principal Asset Management (S) Pte Ltd as an assistant fund manager in July 2011. Prior to joining CIMB Principal Asset Management (S) Pte Ltd, Vivek was working as an analyst with a long-short equity hedge fund in Singapore where he was involved with financial modelling and equity research. He has 4 years of experience in the asset management industry and 7 years of experience in technology consulting for big multinationals. He holds a Masters of Business Administration from INSEAD and a Masters of Science in applied finance from the Singapore Management University.

**CIMB FTSE ASEAN 40**

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**REPORT OF THE TRUSTEE**

*For the financial year ended 31 December 2012*

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The Trustee is under a duty to take into custody and hold the assets of CIMB FTSE ASEAN 40 (the "Fund") in trust for the unitholders. In accordance with the Securities and Futures Act (Cap. 289), its subsidiary legislation and the Code on Collective Investment Schemes (collectively referred to as the "laws and regulations"), the Trustee shall monitor the activities of the Manager for compliance with the limitations imposed on the investment and borrowing powers as set out in the Trust Deed in each financial year and report thereon to unitholders in an annual report which shall contain the matters prescribed by the laws and regulations as well as the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore and the Trust Deed.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Fund during the financial year covered by these financial statements set out on pages 13 to 28, comprising the Statement of Total Return, Balance Sheet, Portfolio Statement and Notes to the Financial Statements, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed, laws and regulations and otherwise in accordance with the provisions of the Trust Deed.

For and on behalf of the Trustee  
DBS Trustee Limited

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Director

Singapore, 7 March 2013

**CIMB FTSE ASEAN 40**

*(Constituted under a Trust Deed in the Republic of Singapore)*

**STATEMENT BY THE MANAGER**

*For the financial year ended 31 December 2012*

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In the opinion of the directors of CIMB-Principal Asset Management (S) Pte. Ltd, the accompanying financial statements set out on pages 13 to 28, comprising the Statement of Total Return, Balance Sheet, Portfolio Statement and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position of the Fund as at 31 December 2012 and the total return for the financial year then ended, in accordance with the recommendations of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore. At the date of this statement, there are reasonable grounds to believe that the Fund will be able to meet its financial obligations as and when they materialise.

For and on behalf of directors of  
CIMB-Principal Asset Management (S) Pte. Ltd

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Goh Zee Wei Ken  
Chief Executive Officer/Director

Singapore, 7 March 2013

**INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF  
CIMB FTSE ASEAN 40**  
*(Constituted under a Trust Deed in the Republic of Singapore)*

We have audited the accompanying financial statements of CIMB FTSE Asean 40 (the "Fund") set out on pages 13 to 28, which comprise the Balance Sheet and Portfolio Statement as at 31 December 2012, the Statement of Total Return for the year ended 31 December 2012, and a summary of significant accounting policies and other explanatory information.

***Manager's Responsibility for the Financial Statements***

The Fund's Manager (the "Manager") is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2012 and the total return for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore.

PricewaterhouseCoopers LLP  
Public Accountants and Certified Public Accountants

Singapore, 7 March 2013

**CIMB FTSE ASEAN 40***(Constituted under a Trust Deed in the Republic of Singapore)***STATEMENT OF TOTAL RETURN***For the financial year ended 31 December 2012*

	Note	2012 US\$	2011 US\$
<b>INVESTMENT INCOME</b>			
Dividends		5,280,091	6,156,475
Interest		-	47
		<b>5,280,091</b>	<b>6,156,522</b>
<b>LESS: EXPENSES</b>			
Sub-custodian fees		(12,076)	(13,366)
Management fees	3	(1,122,410)	(1,164,271)
Others		25,422	12,236
		<b>(1,109,064)</b>	<b>(1,165,401)</b>
<b>Net investment income</b>		<b>4,171,027</b>	<b>4,991,121</b>
<b>NET GAINS / (LOSSES) ON VALUE OF INVESTMENTS</b>			
Net change in fair value of investments		17,691,019	(26,295,954)
Net realised gains on investments		6,546,096	13,768,041
Net foreign exchange losses		(27,593)	(65,364)
<b>NET GAINS / (LOSSES) ON VALUE OF INVESTMENTS</b>		<b>24,209,522</b>	<b>(12,593,277)</b>
Total return/(deficit) for the financial year before income tax and distribution		28,380,549	(7,602,156)
Less: Income tax	4	(409,006)	(420,464)
Change in net assets attributable to unitholders resulting from operations	6	27,971,543	(8,022,620)
Less: Distribution	6	(5,460,000)	(4,264,000)
<b>TOTAL RETURN/(DEFICIT) FOR THE FINANCIAL YEAR</b>		<b>22,511,543</b>	<b>(12,286,620)</b>

*The accompanying notes form an integral part of these financial statements.*

**CIMB FTSE ASEAN 40**

(Constituted under a Trust Deed in the Republic of Singapore)

**BALANCE SHEET**

For the financial year ended 31 December 2012

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	Note	2012 US\$	2011 US\$
<b>ASSETS</b>			
Portfolio of investments		167,279,580	150,677,329
Net dividend receivables		199,102	192,057
Cash and bank balances	5	372,673	1,793,701
<b>Total assets</b>		<b>167,851,355</b>	<b>152,663,087</b>
<b>LIABILITIES</b>			
Due to the Manager		294,278	272,175
Other payables		24,424	27,302
Net assets attributable to unitholders	6	167,532,653	152,363,610
<b>Total liabilities</b>		<b>167,851,355</b>	<b>152,663,087</b>

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The accompanying notes form an integral part of these financial statements.



**CIMB FTSE ASEAN 40***(Constituted under a Trust Deed in the Republic of Singapore)***PORTFOLIO STATEMENT***For the financial year ended 31 December 2012*

	Holdings at 31 December 2012	Fair Value at 31 December 2012 US\$	Percentage of total net assets attributable to unitholders at 31 December 2012 %
<b>Primary - by Industry</b>			
<b>Quoted</b>			
<b>EQUITIES</b>			
<b>Telecommunications</b>			
Advanced Info Service Public Company Limited (NVDR) <sup>1</sup>	533,500	3,645,031	2.18
AXIATA Group Berhad	2,845,900	6,132,924	3.66
Maxis Berhad	1,011,000	2,195,239	1.31
Philippine Long Distance Telephone Company	19,270	1,187,290	0.70
Singapore Telecommunications Limited	3,573,000	9,654,384	5.76
Telekomunikasi Indonesia	4,529,000	4,182,423	2.50
		<b>26,997,291</b>	<b>16.11</b>
<b>Consumer Goods</b>			
Astra International Tbk	13,542,000	10,538,521	6.29
Gudang Garam Tbk	259,500	1,513,245	0.90
IOI Corporation Berhad	2,161,300	3,526,778	2.11
Unilever Indonesia Tbk	685,500	1,479,471	0.88
Wilmar International Limited	1,146,000	3,124,687	1.87
		<b>20,182,702</b>	<b>12.05</b>
<b>Consumer Services</b>			
Genting Berhad	1,244,900	3,741,213	2.23
Genting Singapore PLC	2,732,000	3,087,006	1.84
Jardine Cycle & Carriage Ltd	64,000	2,520,593	1.50
Singapore Airlines Limited	263,000	2,312,798	1.38
		<b>11,661,610</b>	<b>6.95</b>
<b>Oil &amp; Gas</b>			
Keppel Corp Limited	600,000	5,399,165	3.22
Petronas Gas Berhad	355,600	2,269,886	1.35
PTT Exploration & Production Public Company Limited (NVDR) <sup>1</sup>	713,500	3,813,575	2.28
PTT Public Company Limited (NVDR) <sup>1</sup>	383,200	4,158,954	2.48
		<b>15,641,580</b>	<b>9.33</b>

*The accompanying notes form an integral part of these financial statements.*

**CIMB FTSE ASEAN 40***(Constituted under a Trust Deed in the Republic of Singapore)***PORTFOLIO STATEMENT***For the financial year ended 31 December 2012*

	Holdings at 31 December 2012	Fair Value at 31 December 2012 US\$	Percentage of total net assets attributable to unitholders at 31 December 2012 %
<b>Primary - by Industry (continued)</b>			
<b>Quoted (continued)</b>			
<b>EQUITIES (continued)</b>			
<b>Financials</b>			
PT Bank Central Asia Tbk	5,507,500	5,171,764	3.09
Bank Mandiri Tbk	4,193,500	3,502,742	2.09
Bank Rakyat Indonesia	5,489,500	3,930,226	2.35
Malayan Banking Berhad	2,743,000	8,144,683	4.86
CIMB Group Holdings Berhad	2,504,800	6,249,713	3.73
Public Bank Berhad (Foreign Market)	476,100	2,531,519	1.51
City Developments Limited	306,000	3,219,602	1.92
United Overseas Bank Limited	526,000	8,531,941	5.09
Overseas Chinese Banking Corporation Limited	1,155,000	9,201,793	5.49
DBS Group Holdings Limited	814,000	9,877,573	5.90
Capitaland Limited	1,425,000	4,317,121	2.58
Bangkok Bank Public Company (NVDR) <sup>1</sup>	214,400	1,370,225	0.82
Siam Commercial Bank Public Company Limited (NVDR) <sup>1</sup>	698,200	4,131,226	2.47
Kasikornbank Public Company Limited (NVDR) <sup>1</sup>	524,000	3,314,613	1.98
		<b>73,494,741</b>	<b>43.88</b>
<b>Industrials</b>			
Siam Cement Public Company Limited (NVDR) <sup>1</sup>	134,800	1,938,934	1.16
Sime Darby Berhad Ord	2,021,300	6,279,382	3.75
Singapore Technologies Engineering Limited	689,000	2,149,423	1.28
		<b>10,367,739</b>	<b>6.19</b>
<b>Basic Materials</b>			
Petronas Chemical Group Berhad	1,437,800	2,962,112	1.77
United Tractprs TBK PT	1,249,000	2,546,599	1.52
		<b>5,508,711</b>	<b>3.29</b>
<b>Utilities</b>			
Perusahaan Gas Negara PT	4,357,000	2,023,095	1.21
Tenaga Nasional Berhad	620,500	1,402,111	0.84
		<b>3,425,206</b>	<b>2.05</b>
<b>Portfolio of Investments</b>		<b>167,279,580</b>	<b>99.85</b>
<b>Other net assets</b>		<b>253,073</b>	<b>0.15</b>
<b>Net assets attributable to unitholders</b>		<b>167,532,653</b>	<b>100.00</b>

<sup>1</sup> Non-Voting Depository Receipts*The accompanying notes form an integral part of these financial statements.*

**CIMB FTSE ASEAN 40***(Constituted under a Trust Deed in the Republic of Singapore)***PORTFOLIO STATEMENT***For the financial year ended 31 December 2012*

	<b>Percentage of total net assets attributable to unitholders at 31 December 2012 %</b>	<b>Percentage of total net assets attributable to unit holders at 31 December 2011 %</b>
<b>Summary</b>		
<b>QUOTED EQUITIES</b>		
Telecommunications	16.11	14.62
Consumer Goods	12.05	14.56
Consumer Services	6.95	8.47
Oil & Gas	9.33	8.64
Financials	43.88	41.98
Industrials	6.19	6.98
Basic Materials	3.29	1.89
Utilities	2.05	1.75
<b>Portfolio of investments</b>	<b>99.85</b>	<b>98.89</b>
<b>Other net assets</b>	<b>0.15</b>	<b>1.11</b>
<b>Net current assets attributable to unitholders</b>	<b>100.00</b>	<b>100.00</b>

	<b>Fair value at 31 December 2012 US\$</b>	<b>Percentage of total net assets attributable to unitholders at 31 December 2012 %</b>	<b>Percentage of total net assets attributable to unitholders at 31 December 2011 %</b>
<b>Secondary - by Geography</b>			
<b><u>By country of listing</u></b>			
Singapore	63,396,086	37.84	35.93
Malaysia	45,435,561	27.12	30.00
Indonesia	34,888,085	20.83	20.55
Thailand	22,372,558	13.36	11.68
Philippines	1,187,290	0.70	0.73
<b>Portfolio of Investments</b>	<b>167,279,580</b>	<b>99.85</b>	<b>98.89</b>
<b>Other net assets</b>	<b>253,073</b>	<b>0.15</b>	<b>1.11</b>
<b>Net current assets attributable to unitholders</b>	<b>167,532,653</b>	<b>100.00</b>	<b>100.00</b>

*The accompanying notes form an integral part of these financial statements.*

## **CIMB FTSE ASEAN 40**

*(Constituted under a Trust Deed in the Republic of Singapore)*

### **NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2012*

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These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

#### **1. General**

CIMB FTSE ASEAN 40 (the "Fund") is a Singapore-domiciled fund constituted by a Trust Deed dated 6 September 2006 between CIMB-GK Securities Pte. Ltd., (the "Retired Managers"), and DBS Trustee Limited (the "Trustee"). This Trust Deed was amended by the First Supplemental Deed dated 15 June 2007 and was entered into by the Retired Managers, the Trustee and CIMB-Principal Asset Management (S) Pte. Ltd (the "Manager"), and a Second Amending and Restating Deed dated 13 March 2012 and was entered into by the Trustee and the Manager. The Deed is governed by the laws of the Republic of Singapore.

The Fund was listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") on 21 September 2006.

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.

#### **2. Significant accounting policies**

##### **(a) Basis of accounting**

The financial statements are prepared in accordance with the historical cost convention, modified by the revaluation of financial assets at fair value through profit or loss and in accordance with the Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" ("RAP 7") issued by the Institute of Certified Public Accountant of Singapore ("ICPAS").

##### **(b) Recognition of income**

Dividend income is recorded gross in the financial statements in the financial year in which the security is quoted ex-dividend.

Interest income is recognised on a time proportion basis using the effective interest method.

##### **(c) Financial assets at fair value through profit or loss**

Investments are classified as financial assets at fair value through profit or loss.

###### **(i) *Initial recognition***

Purchase of investments are recognised on trade date. Investments are recorded at fair value on initial recognition.

## **CIMB FTSE ASEAN 40**

*(Constituted under a Trust Deed in the Republic of Singapore)*

### **NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2012*

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#### **2. Significant accounting policies (continued)**

##### **(c) Financial assets at fair value through profit or loss (continued)**

###### *(ii) Subsequent measurement*

Investments are subsequently carried at fair value. Net change in fair value on investments are included in the Statement of Total Return in the year which they arise.

###### *(iii) Derecognition*

Investments are derecognised on the trade date of disposal. The resultant realised gains and losses on the sales of investments are computed on the basis of the difference between the weighted average cost and selling price gross of transaction costs, and recognised in the Statement of Total Return.

##### **(d) Basis of valuation of investments**

The fair value of financial instruments traded in active markets is based on quoted market prices at the Balance Sheet date. The quoted market price for these investments held by the Fund is the current market quoted bid price.

##### **(e) Foreign currency translation**

###### *(i) Functional and presentation currency*

The Fund's investors are mainly seeking returns in US Dollar term, with subscriptions and redemptions of the units denominated in United States dollars.

The performance of the Fund is measured and reported to the investors in United States dollars. The financial statements are expressed in United States dollars ("US\$"), which is the Fund's functional and presentation currency.

###### *(ii) Transactions and balances*

Foreign currency monetary assets and liabilities are translated into United States dollars at the rates of exchange prevailing at the date of the Balance Sheet. The net unrealised gain or loss is taken to the Statement of Total Return. Transactions during the year are recorded in United States dollars at the rates of exchange ruling on transaction dates. All realised gains or losses are recognised in the Statement of Total Return.

## **CIMB FTSE ASEAN 40**

*(Constituted under a Trust Deed in the Republic of Singapore)*

### **NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2012*

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#### **2. Significant accounting policies (continued)**

(f) Preliminary expenses

Preliminary expenses incurred by the Fund are expensed off to the Statement of Total Return in the period in which they are incurred.

(g) Receivables

Receivables are recognised at their fair values plus transaction costs and subsequently carried at amortised cost using the effective interest method less accumulated impairment losses.

(h) Provisions

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

(i) Distribution

The Manager may, in its absolute discretion, decide to distribute income to unitholders at such times as it may determine in each financial year. The amount to be distributed to unitholders will be derived from the net income of the Fund. Distributions will only be paid to the extent that they are available for distribution pursuant to the Trust Deed.

#### **3. Expenses**

The management fees for the Fund are currently set at 0.65% of its net asset value per annum (maximum 2.00% per annum).

Fees paid to the Trustee, Custodian, Registrar, Investment Advisor, Index Provider and Auditors are borne by the Manager.

**CIMB FTSE ASEAN 40**

(Constituted under a Trust Deed in the Republic of Singapore)

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2012

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**4. Income tax**

The Fund is granted the status of a Designated Unit Trust by the Inland Revenue of Singapore. In accordance to Section 35(12) and (12A) of the Income Tax Act (Cap 134) of Singapore, subject to certain conditions, the following income shall not form part of the statutory income of the Fund and is thus not taxable for the year of assessment:

- (a) gains or profits derived from Singapore or elsewhere from the disposal of securities;
- (b) interest (other than interest for which tax has been deducted under section 45 of the Income Tax Act);
- (c) dividends derived from outside Singapore and received in Singapore;
- (d) gains or profits derived from foreign exchange transactions; transactions in future contracts, transactions in interest rate or currency forwards, swaps or option contracts and transactions in forwards, swaps or option contracts relating to any securities of financial index; and
- (e) distribution from foreign unit trusts derived from outside Singapore and received in Singapore.

	<b>2012</b>	2011
	<b>US\$</b>	US\$
Overseas income tax	<b>409,006</b>	420,464

The overseas income tax represents tax deducted at source on dividends derived from outside Singapore.

**5. Cash and bank balances**

	<b>2012</b>	2011
	<b>US\$</b>	US\$
Cash at bank	<b>372,673</b>	1,793,701

**CIMB FTSE ASEAN 40***(Constituted under a Trust Deed in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2012***6. Net assets attributable to unitholders**

	<b>2012 US\$</b>	2011 US\$
At beginning of financial year	<b>152,363,610</b>	171,518,230
OPERATIONS		
Change in net assets attributable to unitholders resulting from operations	<b>27,971,543</b>	(8,022,620)
UNITHOLDERS' CONTRIBUTIONS/(WITHDRAWALS)		
Creation of units	<b>4,108,800</b>	24,821,600
Cancellation of units	<b>(11,451,300)</b>	(31,689,600)
Change in net assets attributable to unitholders resulting from creation and cancellation of units	<b>(7,342,500)</b>	(6,868,000)
DISTRIBUTION TO UNITHOLDERS	<b>(5,460,000)</b>	(4,264,000)
TOTAL INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	<b>15,169,043</b>	(19,154,620)
At end of financial year	<b>167,532,653</b>	152,363,610
Units in issue (Note 7)	<b>15,300,000</b>	16,000,000
	<b>US\$</b>	US\$
Net assets attributable to unitholders per unit	<b>10.950</b>	9.523

Reconciliation of net assets attributable to unitholders per unit for issuance/redemption units at year end and the net assets attributable to unitholders per unit in the financial statements:

	<b>2012 US\$</b>	2011 US\$
Net assets attributable to unitholders per unit for issuance/redemption units	<b>10.996</b>	9.580
Effect of adopting bid prices as fair value	<b>(0.046)</b>	(0.057)
Net assets attributable to unitholders per unit per the financial statements	<b>10.950</b>	9.523

Quoted investments have been valued at the current bid prices in accordance with the revised Statement of Recommended Account Practice 7. For the purpose of the net assets attributable to unitholders per unit calculation for the issuance and redemption of units, quoted investments are stated at the last available transacted price, in accordance with the Code on Collective Investment Schemes.



**CIMB FTSE ASEAN 40***(Constituted under a Trust Deed in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2012***7. Units in issue**

	<b>2012</b>	2011
	<b>Units</b>	Units
Beginning of financial year	<b>16,000,000</b>	16,800,000
Created during the financial year	<b>400,000</b>	2,400,000
Cancelled during the financial year	<b>(1,100,000)</b>	(3,200,000)
End of financial year	<b>15,300,000</b>	16,000,000

**8. Financial risk management**

The Manager continually monitors the Fund's exposure to risk and that appropriate procedures are in place to manage the risks.

**(a) Market risk**

Market risk is the risk of potential adverse changes to the value of investments because of changes in market conditions like interest and currency rate movements and volatility in security prices. The Fund is designated to track the performance of the FTSE/ASEAN 40 Index, therefore the exposure to market risk in the Fund will be substantially the same as the FTSE/ASEAN 40 Index. As an indexed fund, the Manager manages the Fund's exposure to market risk by ensuring that the key characteristics of the portfolio, such as security weight and industry weight, is closely aligned to the FTSE/ASEAN 40 Index characteristics.

The Fund's market risk is affected by changes in actual market prices. If the FTSE/ASEAN 40 index in fund currency (US\$) had increased/decreased by 5% with all other variables held constant, this would have increased/decreased the net asset value of the Fund by approximately US\$8,376,633 for the year ended 31 December 2012 ("being 5% of the year end NAV") and US\$7,618,181 for the year ended 31 December 2011 ("being 5% of the year end NAV").

**(b) Interest rate risk**

The Fund's financial assets and liabilities are largely non-interest bearing. Hence, the Fund is not subject to significant risk of fluctuations in the prevailing levels of market interest rates.

**CIMB FTSE ASEAN 40**

(Constituted under a Trust Deed in the Republic of Singapore)

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2012

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**8. Financial risk management (continued)****(c) Liquidity risk**

The Fund is exposed to cash redemptions and disbursements for the settlements of purchases. The Manager therefore ensures that the Fund maintains sufficient cash and cash equivalents and that it is able to obtain cash from the sale of investments held to meet its liquidity requirements. Reasonable efforts will be taken to invest in securities which are traded in a relatively active market and which can be readily disposed of.

The Fund's investments in listed securities are considered to be readily realisable as they are listed on recognised regional stock exchanges.

The tables below analyse the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	<u>Due on demand</u> US\$	<u>Less than 3 months</u> US\$
<b>31 December 2012</b>		
Due to the Manager	-	294,278
Other payables	-	24,424
Net assets attributable to unit holders	<u>167,532,653</u>	<u>-</u>
<b>31 December 2011</b>		
Due to the Manager	-	272,175
Other payables	-	27,302
Net assets attributable to unit holders	<u>152,363,610</u>	<u>-</u>

**CIMB FTSE ASEAN 40***(Constituted under a Trust Deed in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2012***8. Financial risk management (continued)****(d) Foreign currency risk**

The Fund holds assets denominated in currencies other than US dollars, the functional currency. The Fund is therefore exposed to currency risk, as the value of the securities denominated in other currencies will fluctuate due to changes in exchange rates. The Fund's policy is not to enter into any currency hedging transactions.

The table below summarises the Fund's exposure to currency risks.

	<u>USD</u> US\$	<u>SGD</u> US\$	<u>THB</u> US\$	<u>PHP</u> US\$	<u>IDR</u> US\$	<u>MYR</u> US\$	<u>Total</u> US\$
<b>31 December 2012</b>							
<b>ASSETS</b>							
Portfolio of investments	-	63,396,086	22,372,558	1,187,290	34,888,085	45,435,561	167,279,580
Net dividend receivables	-	199,102	-	-	-	-	199,102
Cash and bank balances	316,016	-	-	-	-	56,657	372,673
<b>Total assets</b>	<b>316,016</b>	<b>63,595,188</b>	<b>22,372,558</b>	<b>1,187,290</b>	<b>34,888,085</b>	<b>45,492,218</b>	<b>167,851,355</b>
<b>LIABILITIES</b>							
Due to the Manager	294,278	-	-	-	-	-	294,278
Other payables	24,424	-	-	-	-	-	24,424
Net assets attributable to unitholders	167,532,653	-	-	-	-	-	167,532,653
<b>Total liabilities</b>	<b>167,851,355</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>167,851,355</b>
Net currency exposure	<b>(167,535,339)</b>	<b>63,595,188</b>	<b>22,372,558</b>	<b>1,187,290</b>	<b>34,888,085</b>	<b>45,492,218</b>	
<b>31 December 2011</b>							
<b>ASSETS</b>							
Portfolio of investments	-	54,748,546	17,804,309	1,105,023	31,317,343	45,702,108	150,677,329
Net dividend receivables	-	192,057	-	-	-	-	192,057
Cash and bank balances	251,284	-	-	-	-	1,542,417	1,793,701
<b>Total assets</b>	<b>251,284</b>	<b>54,940,603</b>	<b>17,804,309</b>	<b>1,105,023</b>	<b>31,317,343</b>	<b>47,244,525</b>	<b>152,663,087</b>
<b>LIABILITIES</b>							
Due to the Manager	272,175	-	-	-	-	-	272,175
Other payables	27,302	-	-	-	-	-	27,302
Net assets attributable to unitholders	152,363,610	-	-	-	-	-	152,363,610
<b>Total liabilities</b>	<b>152,663,087</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>152,663,087</b>
Net currency exposure	<b>(152,411,803)</b>	<b>54,940,603</b>	<b>17,804,309</b>	<b>1,105,023</b>	<b>31,317,343</b>	<b>47,244,525</b>	

Portfolio of investments, which is a significant item in the Balance Sheet is exposed to currency risk and other price risk. The Manager has considered the impact of currency risk sensitivity on non-monetary assets as part of the price risk sensitivity analysis.

As of 31 December 2012 and 2011, the Fund does not hold substantial monetary assets/liabilities. Changes in foreign exchange rates on monetary assets/liabilities will not result in a significant change in the net asset value of the Fund. Hence, no separate sensitivity analysis on foreign currency risk has been presented.

**CIMB FTSE ASEAN 40***(Constituted under a Trust Deed in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2012***8. Financial risk management (continued)****(e) Credit risk**

The Fund takes on credit risk, which is the risk that the counterparty will be unable to pay amounts in full when due, including transactions with counterparties such as participating dealer, issuers, brokers, custodians and banks.

Concentrations of credit risk are minimised primarily by ensuring:

- counterparties, together with the respective credit limits, are approved, and
- that the majority of transactions are undertaken on recognised exchanges.

As such, the Fund does not have a concentration of credit risk that arises from an exposure to a single counterparty. Furthermore, the Fund does not have a material exposure to group of counterparties which are expected to be affected similarly by changes in economic or other conditions.

The Fund invests in financial assets, which have an investment grade as rated by Standard and Poor's or Moody's. The credit ratings are reviewed regularly.

All transactions in listed securities are settled/paid upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

Credit risk also arises from cash and cash equivalents and derivative positions held with financial institutions. The tables below summarise the credit rating of banks and custodians in which the Fund's assets are held as at 31 December 2012 and 31 December 2011.

	<u>Amount</u> US\$	<u>Credit rating</u>	<u>Source of</u> <u>credit rating</u>
<b>As at 31 December 2012</b>			
<u>Custodian</u>			
State Street Bank and Trust Company	372,673	AA-	Standard & Poor's
<b>As at 31 December 2011</b>			
<u>Custodian</u>			
State Street Bank and Trust Company	1,793,701	AA-	Standard & Poor's

## **CIMB FTSE ASEAN 40**

*(Constituted under a Trust Deed in the Republic of Singapore)*

### **NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2012*

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#### **8. Financial risk management (continued)**

##### **(e) Credit risk (continued)**

The credit rating is based on the Long-Term Local Issuer Rating published by the rating agency.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

Impairment provisions are provided for losses that have been incurred by the Balance Sheet date, if any. The Manager has in place procedures for proper credit screening and monitoring of credit risk.

##### **(f) Capital management**

The Fund's capital is represented by the net assets attributable to unitholders. The Fund strives to invest the subscriptions of redeemable participating units in investments that meet the Fund's investment objectives while maintaining sufficient liquidity to meet unitholder redemptions.

#### **9. Related party disclosures**

The Fund is managed by CIMB-Principal Asset Management (S) Pte. Ltd, which is incorporated in Singapore. CIMB-Principal Asset Management (S) Pte. Ltd. is a wholly-owned subsidiary of CIMB-Principal Asset Management Berhad, which is incorporated in Malaysia. The Trustee of the Fund is DBS Trustee Limited, incorporated in Singapore and a wholly-owned subsidiary of DBS Group Holdings Ltd.

The Trustee has appointed State Street Bank and Trust Company ("SSBT") as the custodian of the Fund. SSBT is a subsidiary of State Street Corporation, which is incorporated in the United States of America.

Management fees paid or payable by the Fund are shown in the Statement of Total Return and on terms set out in the Trust Deed. Fees that are borne by the Manager are set out in Note 3.

## CIMB FTSE ASEAN 40

(Constituted under a Trust Deed in the Republic of Singapore)

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

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#### 10. Financial ratios

	31 December 2012	31 December 2011
Expense ratio <sup>1</sup>	<b>0.69%</b>	0.69%
Portfolio turnover rate <sup>2</sup>	<b>9.54%</b>	7.92%

<sup>1</sup> The expense ratio is computed in accordance with the revised IMAS' guidelines on disclosure of expense ratios dated 25 May 2005. Brokerage and other transaction costs, interest expense, foreign exchange gains/losses, tax deducted at source or arising on income received and dividends paid to unitholders are not included in the expense ratio. The Fund does not pay any performance fees.

<sup>2</sup> The portfolio turnover ratio is calculated in accordance with the formula stated in the "Code on Collective Investment Schemes". In accordance with the Fund's Trust Deed, units are issued through a creation of an Index Basket. For each creation Unit (comprising 400,000 units), the Fund receives an Index Basket consisting of constituent shares plus or minus a cash payment as determined by the Manager on a daily basis. For the purpose of computation of the portfolio turnover rate, the value of the Index Baskets received is not considered as part of purchases or sales.