

CIMB FTSE ASEAN 40
(Constituted under a Trust Deed in the Republic of Singapore)

Annual Report and Financial Statements
31 December 2014

CIMB FTSE ASEAN 40
(Constituted under a Trust Deed in the Republic of Singapore)

General information

Manager

CIMB-Principal Asset Management (S) Pte. Ltd.
50 Raffles Place
#22-03A Singapore Land Tower
Singapore 048623

Directors of the Manager

Tang Chee Kin
Goh Zee Wei Ken

Trustee/Registrar

DBS Trustee Limited
12 Marina Boulevard
DBS Asia Central @ Marina Bay Financial Centre Tower 3
Singapore 018982

Custodian

State Street Bank and Trust Company
One Lincoln Street
Boston, Massachusetts
02110, United States of America

Auditor

Ernst & Young LLP

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Manager's investment report

About CIMB FTSE ASEAN 40 (the "Fund")

CIMB FTSE ASEAN 40 (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	United States dollars ("USD")
Trading Currencies	USD, Singapore dollars ("SGD")
Listing Date of USD counter on SGX-ST	21 September 2006
Listing Date of SGD 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 2014	4.5 million
NAV per unit as at 31 December 2014	USD10.364
Management Fee	0.65% per annum

Performance

Cumulative Performance (%) as at 31 December 2014:

From 31/12/2013	Period	Fund's Performance	Index's Performance
3 month	30/09/2014 - 31/12/2014	(2.95%)	(3.18%)
6 month	30/06/2014 - 31/12/2014	(2.68%)	(3.68%)
1 Year	31/12/2013 - 31/12/2014	5.16%	3.18%
3 Years	31/12/2011 - 31/12/2014	17.63%	11.71%
5 Years	31/12/2009 - 31/12/2014	42.54%	30.59%
Since Inception	21/09/2006 - 31/12/2014	97.41%	70.85%

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") (collectively, the "Exchanges"). The Index 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 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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Manager's investment report

Performance (cont'd)

From 1 January 2014 to 31 December 2014, the Fund NAV increased by 5.16%, while the Index value increased by 3.18%.

The top 10 holdings of the Fund as of 31 December 2014 represented US\$22,603,999, approximately 48.48% of the Fund's NAV, while it was US\$23,202,864 as of 31 December 2013, 47.78% of the Fund's NAV.

Politics was a major theme in 2014 as economies such as Indonesia and Thailand underwent transitions in leadership. Indonesia welcomed a new President with much hope and optimism that the country would be entering a new phase of sustainable structural growth under Joko Widodo. After months of political deadlock in Thailand, the military declared a coup d'état on 22 May and a new government was installed by September. The overall trajectory of the ASEAN markets was generally positive in the first half of the year but reversed in September as markets focused on slowing global growth, weak China economic data and concerns that the Federal Reserve may raise interest rates sooner rather than later. After a brief recovery in October and November, there were contagion fears from a general sell-off in emerging markets. Oil prices falling to below USD60 per barrel saw broad-based selling in oil export-oriented Malaysia in the month of December. In local currency terms, the best performing markets in ASEAN for 2014 were the Philippines (+22.8% - Philippine Stock Exchange Index) followed by Indonesia (+22.3% - Jakarta Composite Index), Thailand (+15.3% - Stock Exchange of Thailand Index), Singapore (+6.2% - FTSE Straits Times Index) and Malaysia (-5.6% - FTSE Bursa Malaysia KLCI Index)

The first half of 2014 saw ASEAN markets register a slight dip before ending higher led by, respectively, Indonesia, Thailand, Singapore, Malaysia and Philippines. The Indonesia market was fuelled largely by optimism that Joko Widodo was nominated as a leading Presidential candidate and that the worst for economic conditions had passed, as investors see Joko Widodo as a person who is able to get things done. His subsequent election as President was also supported by markets. He had stated his intentions of raising fuel price in November after taking office. This shows that the new government is determined to root out the cause of Indonesia's structural deficit, and better allocate resources to infrastructure.

The Thai market had been surprisingly resilient despite the political impasse, which finally gave way to a coup launched towards the end of May. The Thai military moved quickly on a range of issues, prioritizing restructuring in areas such as energy and tackled corruption by restructuring boards of state-owned-enterprises. In Thailand, the National Telecom Regulator had decided to scrap the controversial draft auction design for the fourth-generation (4G) spectrum, opening the door to other methods of spectrum allocation. This created uncertainty for incumbent telecommunication companies, and is an indicator that Thailand's economic recovery will not be a linear one.

The second half of 2014 was more challenging for ASEAN markets. Indonesia voted for its regional elections to be scrapped in the last session of the outgoing parliament. This came as a complete surprise to the market, as it shows that incoming President Joko Widodo will face challenges in his reforms. It serves as a reminder to investors that despite the potentially positive longer term prospects of Indonesia, near term volatility will be present. The regional markets followed the sell-off in the global markets in mid October due to concerns on global growth and declining oil prices. Declining oil prices affected share prices of companies in the oil and gas sector, especially in Malaysia, as concerns arose as to whether exploration and production budgets would be affected adversely in the future.

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Manager's investment report

Performance (cont'd)

In November, crude oil prices declined sharply due to oversupply concerns caused by increasing production in the US. The decision by OPEC at the end of November not to cut production did not improve the situation. Lower oil price affected sentiment in Malaysia, where the government relies heavily on contributions through royalty, dividends and taxes from national-owned oil company Petronas. Meanwhile in Indonesia, President Widodo executed his first major reform by cutting fuel subsidies. In an anticipatory move, the Central Bank decided to tighten monetary policy slightly by raising the reference interest rate by 25 basis points to 7.75%. In December, emerging markets as a whole were hit by a sharp fall in emerging market currencies, exacerbated by falling oil prices. In response, the Russian central bank hiked interest rates to 17% which contributed to weakness in the market. China's Purchasing Managers Index weakened which further contributed to worries of weaker economic growth. ASEAN markets generally underperformed, with the Malaysian market affected as Malaysia's trade surplus fell to its lowest level since the Asian Financial Crisis. The Indonesian market rebounded after its government announced that fuel subsidy would be scaled back to boost its fiscal position.

(a) **Investments at market value and as a percentage of NAV classified by:**

	2014		2013	
	Market value USD	% of NAV	Market value USD	% of NAV
(i) Country				
Singapore	17,570,127	37.67	19,440,132	40.13
Malaysia	12,321,288	26.42	12,798,568	26.42
Indonesia	8,361,029	17.93	7,596,331	15.68
Thailand	6,829,262	14.64	6,898,670	14.23
Philippines	1,504,975	3.23	1,544,479	3.19
(ii) Industry				
Telecommunication	9,253,240	19.85	8,841,927	18.25
Consumer Goods	3,353,325	7.19	4,016,978	8.29
Consumer Services	3,927,771	8.42	4,781,825	9.88
Oil & Gas	3,673,116	7.87	4,959,246	10.24
Financials	22,208,365	47.62	20,799,241	42.93
Industrials	2,158,767	4.63	2,642,088	5.45
Basic Materials	594,481	1.27	916,892	1.89
Utilities	1,417,616	3.04	1,319,983	2.72
(iii) Asset Class				
Equities	46,586,681	99.89	48,278,180	99.65
Other net assets	51,669	0.11	167,177	0.35

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Manager's investment report

Performance (cont'd)

(b) **Details of top 10 holdings of the Fund:**

2014	Cost USD	Market value USD	Net assets %
DBS Group Holdings Limited	2,312,741	3,599,024	7.72
Overseas Chinese Banking Corporation Limited	2,408,880	3,209,512	6.88
United Overseas Bank Limited	2,001,865	2,910,597	6.24
Singapore Telecommunications Limited	2,071,538	2,868,450	6.15
Public Bank Berhad	2,094,043	2,154,944	4.62
PT Bank Central Asia Tbk	892,553	1,723,150	3.70
Malayan Banking Berhad	1,465,064	1,654,642	3.55
Astra International Tbk	991,710	1,595,616	3.42
Telekomunikasi Indonesia	1,176,129	1,546,848	3.32
Bank Rakyat Indonesia	614,633	1,341,216	2.88
	16,029,156	22,603,999	48.48

2013

DBS Group Holdings Limited	2,572,498	3,492,112	7.19
Overseas Chinese Banking Corporation Limited	2,405,649	3,290,973	6.78
Singapore Telecommunications Limited	2,332,932	3,180,815	6.55
United Overseas Bank Limited	2,232,708	2,956,182	6.09
Malayan Banking Berhad	1,498,397	1,968,275	4.05
Keppel Corp Limited	1,238,856	1,899,134	3.91
CIMB Group Holdings Berhad	1,227,810	1,692,786	3.49
Astra International Tbk	1,113,412	1,691,619	3.48
AXIATA Group Berhad	933,677	1,581,597	3.26
PT Bank Central Asia Tbk	997,133	1,449,371	2.98
	16,553,072	23,202,864	47.78

Exposure to derivatives

The Fund had no exposure to derivatives for the financial years ended 31 December 2014 and 2013.

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Creations/redemptions for the year ended 31 December 2014

Total creations during the financial year under review amounted to USD496,150 (equivalent to 50,000 units) (2013: USD19,226,550 (equivalent to 1,800,000 units) while total redemptions amounted to USD3,690,600 (equivalent to 350,000 units) (2013: USD129,760,450 (equivalent to 12,300,000 units)).

Other information

During the financial year, 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.

	2014 %
Expense Ratio ¹	0.62
Turnover Ratio ²	6.82

¹ The expense ratio is computed in accordance with the revised IMAS guidelines on disclosure of expense ratios. Refer to Note 9 to the financial statements for details.

² The portfolio turnover ratio is calculated in accordance with the formula stated in the "Code on Collective Investment Schemes". Refer to Note 9 to the financial statements for details.

Changes in investment personnel

There was no change in investment personnel during the financial year.

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 15 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 SGD1.66 billion as at 31 December 2014 (2013: SGD1.24 billion).

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Manager's investment report

Directors of the manager

(a) ***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 over 20 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.

(b) ***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, 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 Government of Singapore Investment Corporation ("GIC"). Mr Goh graduated from the National University of Singapore with Bachelor of Business Administration with a First Class Honours. He is a Chartered Financial Analyst ("CFA") charter-holder since 1997.

Appointed portfolio manager 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 James Gan Seng Chen.

James joined the Manager in November 2012 and has more than 5 years of experience in the fund management industry as a research analyst and portfolio manager. James holds a Bachelor of Science in Mathematics and Economics from the University of Warwick in the United Kingdom and is a Chartered Financial Analyst (CFA) charter-holder.

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**Report of the trustee
For the financial year ended 31 December 2014**

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 (Chapter 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.

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 11 to 29, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee:
DBS Trustee Limited

Director

Singapore
18 March 2015

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Statement by the manager

In the opinion of the Directors of CIMB-Principal Asset Management (S) Pte. Ltd., the accompanying financial statements, as set out in pages 11 to 29, comprising the Statement of Total Return, Statement of Financial Position, Statement of Movements of Unitholders' Funds, Statement of Portfolio and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position of CIMB FTSE ASEAN 40 (the "Fund") as at 31 December 2014, and the total return and movements in unitholders' funds for the financial 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 Singapore Chartered Accountants. 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 the Directors of CIMB-Principal Asset Management (S) Pte. Ltd.:

Goh Zee Wei Ken
Director/Chief Executive Officer

Singapore
18 March 2015

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**Independent auditor's report
For the financial year ended 31 December 2014**

Independent auditor's report to the unitholders of CIMB FTSE ASEAN 40

We have audited the financial statements of CIMB FTSE ASEAN 40 (the "Fund") set out on pages 11 to 29, which comprise the statement of financial position and statement of portfolio as at 31 December 2014, the statement of total return and statement of movements of unitholders' funds for the year then ended, 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 Singapore Chartered Accountants, 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 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.

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**Independent auditor's report
For the financial year ended 31 December 2014**

Independent auditor's report to the unitholders of CIMB FTSE ASEAN 40

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2014 and the total return for the financial year ended on that date, in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
18 March 2015

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Statement of total return
For the financial year ended 31 December 2014

	Note	2014 USD	2013 USD
Investment income			
Dividends		1,612,863	5,248,476
		<u>1,612,863</u>	<u>5,248,476</u>
Less: Expenses			
Sub-custodian fees		(5,262)	(38,552)
Management fees	3	(334,577)	(991,215)
Transaction fees		(13,879)	(213,776)
Others		43,048	21,928
		<u>(310,670)</u>	<u>(1,221,615)</u>
Net investment income		<u>1,302,193</u>	<u>4,026,861</u>
Net gain/(loss) on value of investments			
Net change in unrealised gain/(loss) in fair value of investments		401,584	(41,808,236)
Net realised gains on investments		1,435,145	34,888,512
Net foreign exchange losses		(17,239)	(254,177)
Net gain/(loss) on value of investments		<u>1,819,490</u>	<u>(7,173,901)</u>
Total return/(deficit) for the year before income tax and distribution			
		3,121,683	(3,147,040)
Less: Income tax expense	4	(89,240)	(340,856)
Total return/(deficit) for the year after income tax before distribution		<u>3,032,443</u>	<u>(3,487,896)</u>
Less: Distribution	5	(1,645,000)	(5,065,500)
Total return/(deficit) for the year after income tax and distribution		<u><u>1,387,443</u></u>	<u><u>(8,553,396)</u></u>

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

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Statement of financial position
As at 31 December 2014

	Note	2014 USD	2013 USD
Assets			
Portfolio of investments (cost: USD36,443,497; 2013: USD38,536,580)		46,586,681	48,278,180
Net dividend receivables		85,343	97,808
Cash and cash equivalents	6	135,411	196,025
Total assets		46,807,435	48,572,013
Liabilities			
Due to the Manager		168,175	99,733
Other payables		910	26,923
Total liabilities		169,085	126,656
Equity			
Net assets attributable to unitholders	7	46,638,350	48,445,357

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

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Statement of movements of unitholders' funds
For the financial year ended 31 December 2014

	Note	2014 USD	2013 USD
Net assets attributable to unitholders at beginning of year		48,445,357	167,532,653
Operations			
Change in net assets attributable to unitholders resulting from operations		3,032,443	(3,487,896)
Unitholders' contributions/(withdrawals)			
Creation of units		496,150	19,226,550
Cancellation of units		(3,690,600)	(129,760,450)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		(3,194,450)	(110,533,900)
Distribution to unitholders	5	(1,645,000)	(5,065,500)
Total decrease in net assets attributable to unitholders		(1,807,007)	(119,087,296)
Net assets attributable to unitholders at end of year		46,638,350	48,445,357

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

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Statement of portfolio
As at 31 December 2014

Primary - by Industry			Percentage of total net assets attributable to unitholders at 31 December 2014 %
Quoted	Holdings at 31 December 2014	Fair value at 31 December 2014 USD	
EQUITIES			
Telecommunications			
Advanced Info Service Public Company Limited (NVDR) ¹	157,800	1,203,885	2.58
AXIATA Group Berhad	662,200	1,335,195	2.86
Digi.com	496,000	875,252	1.88
Maxis Berhad	348,900	683,531	1.47
Philippine Long Distance Telephone Company	11,400	740,079	1.59
Singapore Telecommunications Limited	972,000	2,868,450	6.15
Telekomunikasi Indonesia	6,698,500	1,546,848	3.32
	9,346,800	9,253,240	19.85
Consumer goods			
Astra International Tbk	2,670,500	1,595,616	3.42
IOI Corporation Berhad	494,400	677,299	1.45
Unilever Indonesia Tbk	152,100	396,062	0.85
Wilmar International Limited	280,000	684,348	1.47
	3,597,000	3,353,325	7.19
Consumer services			
CP ALL Public Company Limited (NVDR) ¹	585,200	751,511	1.61
Genting Berhad	294,600	747,348	1.60
Genting Singapore PLC	808,000	657,259	1.41
Jardine Cycle & Carriage Ltd	13,000	418,660	0.90
Singapore Airlines Limited	67,000	588,097	1.26
SM Investments Corp	42,320	764,896	1.64
	1,810,120	3,927,771	8.42
Oil & gas			
Keppel Corp Limited	189,000	1,264,243	2.71
Petronas Gas Berhad	105,200	664,326	1.42
PTT Exploration & Production Public Company Limited (NVDR) ¹	184,700	628,766	1.35
PTT Public Company Limited (NVDR) ¹	113,300	1,115,781	2.39
	592,200	3,673,116	7.87

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

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Statement of portfolio
As at 31 December 2014

Primary - by Industry (cont'd)			Percentage of total net assets attributable to unitholders at 31 December 2014 %
Quoted (cont'd)	Holdings at 31 December 2014	Fair value at 31 December 2014 USD	
EQUITIES (cont'd)			
Financials			
Bangkok Bank Public Company (NVDR) ¹	63,400	371,921	0.80
Bank Mandiri Tbk	1,240,500	1,074,232	2.30
Bank Rakyat Indonesia	1,428,900	1,341,216	2.88
Capitaland Limited	337,000	841,512	1.80
CIMB Group Holdings Berhad	700,000	1,111,111	2.38
DBS Group Holdings Limited	231,000	3,599,024	7.72
Kasikornbank Public Company Limited (NVDR) ¹	155,000	1,074,164	2.30
Malayan Banking Berhad	631,600	1,654,642	3.55
Overseas Chinese Banking Corporation Limited	405,500	3,209,512	6.88
Public Bank Berhad	413,090	2,154,944	4.62
PT Bank Central Asia Tbk	1,629,100	1,723,150	3.70
Siam Commercial Bank Public Company Limited (NVDR) ¹	206,500	1,142,340	2.45
United Overseas Bank Limited	157,000	2,910,597	6.24
	7,598,590	22,208,365	47.62
Industrials			
Siam Cement Public Company Limited (NVDR) ¹	39,900	540,894	1.16
Sime Darby Berhad	414,500	1,089,448	2.34
Singapore Technologies Engineering Ltd	206,000	528,425	1.13
	660,400	2,158,767	4.63
Basic materials			
Petronas Chemicals Group Berhad	382,800	594,481	1.27
	382,800	594,481	1.27
Utilities			
Perusahaan Gas Negara	1,417,600	683,905	1.47
Tenaga Nasional Berhad	185,900	733,711	1.57
	1,603,500	1,417,616	3.04
Portfolio of investments		46,586,681	99.89
Other net assets		51,669	0.11
Net assets attributable to unitholders		46,638,350	100.00

¹ Non-voting Depository Receipts.

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

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Statement of portfolio
As at 31 December 2014

Summary	Percentage of total net assets attributable to unitholders at 31 December 2014 %	Percentage of total net assets attributable to unitholders at 31 December 2013 %
Quoted equities		
Telecommunications	19.85	18.25
Consumer goods	7.19	8.29
Consumer services	8.42	9.88
Oil & gas	7.87	10.24
Financials	47.62	42.93
Industrials	4.63	5.45
Basic materials	1.27	1.89
Utilities	3.04	2.72
Portfolio of investments	99.89	99.65
Other net assets	0.11	0.35
Net assets attributable to unitholders	100.00	100.00

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

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Statement of portfolio
As at 31 December 2014

Secondary - by Geography	Fair value at 31 December 2014 USD	Fair value at 31 December 2013 USD	Percentage of total net assets attributable to unitholders at 31 December 2014 %	Percentage of total net assets attributable to unitholders at 31 December 2013 %
By country of listing				
Singapore	17,570,127	19,440,132	37.67	40.13
Malaysia	12,321,288	12,798,568	26.42	26.42
Indonesia	8,361,029	7,596,331	17.93	15.68
Thailand	6,829,262	6,898,670	14.64	14.23
Philippines	1,504,975	1,544,479	3.23	3.19
Portfolio of investments	46,586,681	48,278,180	99.89	99.65
Other net assets	51,669	167,177	0.11	0.35
Net assets attributable to unitholders	46,638,350	48,445,357	100.00	100.00

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

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

Notes to the financial statements
For the financial year ended 31 December 2014

1. Corporate information

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”). A Second Amending and Restating Deed dated 13 March 2012 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.

The Manager will generally invest the Fund’s assets in all of the Index securities in the same approximate proportion as their weightings within the Index. However, various circumstances may make it impossible or impracticable to purchase each component Index security in such weightings. In those circumstances, the Manager may employ, alone or in combination with, other investment techniques in seeking to closely track the performance of the Index.

There is no change in the principal activity of the Fund during the year.

The Manager is a private limited company incorporated in Singapore and its immediate holding company is CIMB-Principal Asset Management Berhad, a company incorporated in Malaysia. The Manager is principally engaged in the business of fund management and investment advisory.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The financial statements of the Fund which are expressed in United States dollars (“USD” or “US\$”), have been prepared under the historical cost basis, as modified by the revaluation of financial investments at fair value, and in accordance with the Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” issued by the Institute of Singapore Chartered Accountants.

2.2 *Income recognition*

Dividend income is recognised and credited to income when the right to receive payment is established.

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

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Notes to the financial statements
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2. Summary of significant accounting policies (cont'd)

2.3 Distribution policy

The Manager on behalf of the Trustee shall determine whether a distribution is to be made. In such an event, an appropriate amount will be transferred to a distribution account to be paid out on the distribution date. This amount shall not be treated as part of the property of the Fund.

2.4 Financial assets and financial liabilities

(a) *Financial assets and financial liabilities at fair value through profit or loss*

Classification

The Fund classifies its investments in securities as financial assets or liabilities at fair value through profit or loss. These financial assets and financial liabilities are classified as held-for-trading or designated by the Manager at fair value through profit or loss at inception.

A financial asset or financial liability is classified as held-for-trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or is part of a portfolio of identifiable financial investments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.

Financial assets and liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy is for the Manager to evaluate the information on these financial assets on a fair value basis together with other related financial information.

(b) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Fund includes in this category amounts relating to net dividend receivables.

(i) Recognition/derecognition

Purchases and sales of investments in the Fund are recognised at fair value on the trade date - the date on which the Fund commits to purchase or sell the investments. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

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For the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

2.4 Financial assets and financial liabilities (cont'd)

(b) *Loans and receivables (cont'd)*

(ii) Measurement

Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are recognized in profit or loss. Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains or losses arising from changes in the fair value of the financial assets and financial liabilities at fair value through profit or loss category are included in profit or loss in the period in which they arise.

(iii) Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets is the current bid price.

2.5 Investments

Investment transactions are accounted for on a trade date basis. Unrealised gains or losses on quoted investments are taken to the Statement of Total Return. The realised gains or losses are taken to the Statement of Total Return upon the disposal of investments and are computed using the weighted average cost method.

2.6 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments, if any, that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.7 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into USD at exchange rates ruling at the end of the reporting period. Transactions arising in foreign currencies during the year are translated at exchange rates prevailing at transaction dates. All exchange differences are taken to the Statement of Total Return.

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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, index provider and auditors are borne by the Manager.

4. Income tax

The Fund was 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 (Chapter 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) distributions from foreign unit trusts derived from outside Singapore and received in Singapore.

	2014 USD	2013 USD
Overseas income tax	89,240	340,856

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

5. Distribution

	2014 USD	2013 USD
Final US\$0.35 (2013: US\$0.33) per unit	1,645,000	5,065,500

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Notes to the financial statements
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6. Cash and cash equivalents

Cash and cash equivalents comprise of:

	2014 USD	2013 USD
Bank balances	135,411	196,025

7. Units in issue

During the financial year ended 31 December, the numbers of units issued, redeemed and outstanding were as follows:

	2014	2013
Units at beginning of year	4,800,000	15,300,000
Units created	50,000	1,800,000
Units cancelled	(350,000)	(12,300,000)
Units at end of year	4,500,000	4,800,000
Net assets attributable to unitholders - USD	46,638,350	48,445,357
Net Asset Value ("NAV") per unit - USD	10.364	10.093

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:

	2014 USD	2013 USD
Net assets attributable to unitholders per unit for issuance/redemption units	10.381	10.118
Effect of adopting bid prices as fair value	(0.017)	(0.025)
Net assets attributable to unitholders per unit per the financial statements	10.364	10.093

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.

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8. Related party transactions

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 to the financial statements.

9. Financial ratios

	2014	2013
	%	%
Expense ratio ¹	0.62	0.71
Turnover ratio ²	6.82	13.63

¹ The expense ratio is computed in accordance with the revised IMAS guidelines on disclosure of expense ratios. The calculation of the expense ratio was based on total operating expenses divided by the average net asset value for the year. 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. The average net asset value is based on the daily balances.

² The portfolio turnover ratio is calculated in accordance with the formula stated in the “Code on Collective Investment Schemes”. The calculation of the portfolio turnover ratio was based on the total value of purchases (or sales) of the underlying investments divided by the weighted average daily net asset value. In accordance with the Fund’s Trust Deed, units are issued through a creation of an Index Basket. For each creation Unit (comprising 500,000 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 receive is not considered as part of purchases or sales.

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Notes to the financial statements
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10. 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) **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 end of the reporting period to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances, as the impact of discounting is not significant:

2014	Due on demand USD	Less than 3 months USD
Due to the Manager	–	168,175
Other payables	–	910
		<hr/> <hr/>
2013		
Due to the Manager	–	99,733
Other payables	–	26,923
		<hr/> <hr/>

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Notes to the financial statements
For the financial year ended 31 December 2014

10. Financial risk management (cont'd)

(b) ***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, are closely aligned to the Index characteristics.

(i) ***Interest rate risk***

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. 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.

(ii) ***Market price risk***

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% (2013: 5%) with all other variables held constant, this would have increased/decreased the NAV of the Fund by approximately US\$2,329,334.05 (2013: US\$2,413,909) for the financial year ended 31 December 2014.

(iii) ***Foreign currency risk***

The Fund holds assets denominated in currencies other than USD, 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.

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Notes to the financial statements
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10. Financial risk management (cont'd)

(b) **Market risk (cont'd)**

(iii) **Foreign currency risk (cont'd)**

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

2014	SGD USD	THB USD	PHP USD	IDR USD	MYR USD	Total USD
Assets						
Portfolio of investments	17,570,127	6,829,262	1,504,975	8,361,029	12,321,288	46,586,681
Net dividend receivables	50,244	–	–	–	35,099	85,343
Cash and bank balances	–	–	–	–	10,102	10,102
Total assets	17,620,371	6,829,262	1,504,975	8,361,029	12,366,489	46,682,126
2013						
Assets						
Portfolio of investments	19,440,133	6,898,670	1,544,479	7,596,331	12,798,567	48,278,180
Net dividend receivables	59,252	–	–	–	38,556	97,808
Cash and bank balances	–	–	–	–	10,358	10,358
Total assets	19,499,385	6,898,670	1,544,479	7,596,331	12,847,481	48,386,346

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**Notes to the financial statements
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10. Financial risk management (cont'd)

(b) **Market risk (cont'd)**

(iii) *Foreign currency risk (cont'd)*

Portfolio of investments, which is a significant item in the statement of financial position are 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 2014 and 2013, 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 NAV of the Fund. Hence, no separate sensitivity analysis on foreign currency risk has been presented.

(c) **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 dealers, 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 securities 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 & 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 for sales transaction, 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.

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10. Financial risk management (cont'd)

(c) **Credit risk (cont'd)**

Credit risk also arises from cash and cash equivalents and investments 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 2014 and 31 December 2013:

2014	Amount USD	Credit rating	Source of credit rating
Custodian			
State Street Bank and Trust Company	135,411	A+	Standard & Poor's
2013			
Custodian			
State Street Bank and Trust Company	196,025	A+	Standard & Poor's

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 end of the reporting period is the carrying amount of the financial assets.

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

(d) **Fair value estimation**

The Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 - Inputs for the assets or liabilities that are not based on observable market data (i.e., unobservable inputs).

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Notes to the financial statements
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10. Financial risk management (cont'd)

(d) ***Fair value estimation (cont'd)***

The following table analyses within the fair value hierarchy the Fund's financial assets and liabilities (by class) measured at fair value at 31 December 2014 and 2013:

2014	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Assets				
Equities	46,586,681	–	–	46,586,681
2013				
Assets				
Equities	48,278,180	–	–	48,278,180

Investments whose values are based on quoted market prices in active markets, and therefore classified within Level 1, include active listed equities and exchange traded derivatives. The Fund does not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2.

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently.

The Fund does not invest in any Level 2 and 3 investments.

(e) ***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 unitholders' redemptions.

11. Authorisation of financial statements

The financial statements of the Fund for the financial year ended 31 December 2014 were authorised for issue by Trustee on 18 March 2015.

