

# CIMB FTSE ASEAN 40

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

## ANNUAL REPORT

*For the financial year ended 31 December 2009*

**CIMB FTSE ASEAN 40**

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

**FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2009*

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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 2009*

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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 are listed and traded on SGX-ST since 21 September 2006.

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

Fund currency	US Dollar
Listing date on SGX-ST	21 September 2006
Stock code on SGX-ST	M62
Board lot	100 units
Price as at 31 December 2009	8.11
NAV as at 31 December 2009	158.63 million
Number of units as at 31 December 2009	19,200,000
NAV per unit as at 31 December 2009	8.262
Management fee	0.65%

#### **Performance**

Cumulative Performance (%) as at 31 December 2009:

<u>From 31/12/2009</u>	<u>Period</u>	<u>Fund's Performance</u>	<u>Index's Performance</u>
1 Month	30/11/2009--31/12/2009	3.82%	3.53%
3 Month	30/09/2009--31/12/2009	7.78%	7.49%
6 Month	30/06/2009--31/12/2009	28.35%	27.24%
1 Year	31/12/2008--31/12/2009	67.99%	64.92%
Since Inception	21/09/2006--31/12/2009	38.15%	30.83%

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 Fund also invests in the Index Return ASEAN Access Product ("IRAAP").

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

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.

The IRAAP is linked to the performance of the Index itself. The final settlement price of each IRAAP is determined by reference to the actual closing price of the Index plus any applicable accumulated dividends, less any applicable expenses.

From 1 January 2009 to 31 December 2009, the NAV of the Fund increased by 67.99%, while the Index increased by 64.92%.

The top 10 holdings of the Fund as of 31 December 2009 represented US\$77,689,558, approximately 48.97% of the Fund's net assets, while it was US\$49,596,962 as of 31 December 2008, 49.94% of the Fund.

First half of 2009 saw the strongest rebound after the trough of the financial crisis. The rebound continued in the second half of the year with sustained recovery though tapered off towards end of the year. Asean countries recovered nicely, with Jakarta, the best performer, giving a return of 96% in USD, among which around 20% was from currency gain. Malaysia and Thailand gave a decent return, despite political issues. The rebound is supported by the better expectations on earnings outlook and strong liquidity inflow. Looking to 2010, we expect that economic and earnings recovery will continue to play out, however, the degree of growth will be smaller and liquidity will be affected by government tightening of monetary policies. Some central banks have already come up with tightening measures on inflation concern and high asset prices.

## CIMB FTSE ASEAN 40

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### MANAGER'S INVESTMENT REPORT

For the financial year ended 31 December 2009

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#### Performance (continued)

In first half of 2009, many of the ASEAN countries reported negative GDP growth except Indonesia and Philippines as majority of ASEAN countries are export-oriented and inevitably suffered from global slowdown in 2009. However, in 3Q, all 5 countries reported strong quarter-on-quarter GDP growth. Singapore private residential properties price shot up in 2H of the year with increase of 15.8% and 7.4% in 3Q and 4Q respectively, after a 14% drop in 1Q and 4% drop in 2Q. Optimism built up over the economic outlook, especially on the economic spillover impact brought by the 2 integrated resorts' opening in 1H of 2010. Indonesia economy expanded which was mainly driven by domestic consumption. Buoyant consumer confidence reflected not only a resilient economy but also stable politics. President Yudhoyono was re-elected in July as expected. Indonesia's foreign reserves reached US\$66bn in 2009. Meanwhile, S&P raised Indonesia's sovereign rating outlook from stable to positive. With average household debt level at only 11% and interest rate lowered to 7.25%, we would expect domestic consumption to further drive the GDP growth. Malaysia economy bottomed out in 3Q with the help of a second stimulus package worth MYR60bn. In order to reduce deficit, government cut back Budget 2010 in the later part of the year, including reinstating property gains tax of 5%, reintroduction of service charge for credit cards, among others. Prime Minister Najib Razak relaxed several rules to encourage foreign investment, such as increasing the foreign ownership limit, among others. Favourable policy change will definitely put Malaysia in a much better position to compete for foreign investment in the longer term. Thai economy is not only affected by global slowdown, but also by the poor political stability at the beginning of the year, which forced the government to postpone the ASEAN summit. After a second THB1.43trillion stimulus package was announced in the early part of the year, July started to see private investment rising, domestic demand picking up and labour market improving. Thailand ended 2009 with its private consumption index up 12.7% quarter-on-quarter. Given Thailand is one of the cheapest markets in Asia in terms of PE ratio, we anticipate foreign investment will slowly show interest in this market although political stability remains of concern. The Philippines' stimulus plan includes a P300bn budget to create jobs. Huge government spending and weak tax collection led to increased fiscal deficit, which put pressure on the currency initially. However, a 4.1% GDP growth in 3Q and Moody's upgrade of the Philippines' debt rating drove the market higher and strengthened the currency. Despite the global recession, remittance from overseas workers till October increased by 5.5% year-on-year.

#### Investments at market value and as a percentage of NAV as at 31 December 2009 classified by:

(i) Country	<u>Market value</u> USD	<u>% of NAV</u>
Thailand	14,900,911	9.39%
Singapore	63,674,518	40.14%
Philippines	1,198,637	0.76%
Malaysia	46,064,518	29.04%
Indonesia	22,379,178	14.11%
Luxembourg	9,856,800	6.21%

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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 2009***Performance (continued)**

	<u>Market value</u> USD	<u>% of NAV</u>
<b>(ii) Industry</b>		
Consumers	26,336,319	16.60%
Diversified	10,554,778	6.66%
Financials	69,858,399	44.03%
Industrials	7,357,834	4.64%
Energy	6,739,271	4.25%
Telecommunications	22,834,461	14.40%
Utilities	4,536,699	2.86%
Warrants	9,856,800	6.21%
	<hr/>	
<b>(iii) Asset Class</b>		
Equities	148,217,762	93.44%
Warrants	9,856,800	6.21%
Other net assets	557,219	0.35%
	<hr/>	

**Details of Top 10 Holdings of the Fund****As at 31 December 2009**

	<u>Cost</u> USD	<u>Market value</u> USD	<u>% of total</u> <u>assets</u>
1 DBS Group Holdings Limited	8,455,934	10,868,094	6.85
2 Singapore Telecommunications Limited	7,908,030	9,857,602	6.21
3 United Overseas Bank Limited	6,421,701	8,849,679	5.58
4 Overseas-Chinese Banking Corporation Limited	5,574,862	8,759,101	5.52
5 CIMB Group Holdings	3,925,237	7,526,250	4.74
6 Wilmar International Limited	5,122,151	6,608,994	4.17
7 Sime Darby Bhd	5,411,495	6,594,393	4.16
8 Public Bank Bhd (Foreign Market)	5,046,977	6,441,939	4.06
9 Astra International	2,325,846	6,205,761	3.91
10 Malayan Banking Bhd	5,345,014	5,977,745	3.77
	<hr/>		
	55,537,247	77,689,558	48.97
	<hr/>		

**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 2009***Performance (continued)****Details of Top 10 Holdings of the Fund (continued)****As at 31 December 2008**

	<u>Cost</u> USD	<u>Market value</u> USD	<u>% of total</u> <u>assets</u>
1 Singapore Telecommunications Limited	8,901,463	9,065,483	9.13
2 United Overseas Bank Limited	7,529,335	6,610,548	6.66
3 Public Bank Bhd (Foreign Market)	5,704,085	5,653,613	5.69
4 Overseas-Chinese Banking Corporation Limited	6,151,260	5,274,026	5.31
5 DBS Group Holdings Limited	8,117,833	4,309,668	4.34
6 Sime Darby Berhad	6,275,172	4,306,650	4.34
7 Telekomunikasi Indonesia	5,247,054	4,047,156	4.07
8 CIMB Group Holdings Berhad	4,312,620	3,840,069	3.87
9 Malayan Banking Berhad	5,307,126	3,451,197	3.47
10 IOI Corporation Berhad	2,764,169	3,038,553	3.06
	<u>60,310,117</u>	<u>49,596,963</u>	<u>49.94</u>

**Exposure to derivatives**

<u>No. of Warrants</u>	<u>Warrants on FTSE ASEAN Tradable Index</u> <u>Index Return ASEAN Securities Access</u>	<u>Fair value</u> USD	<u>Percentage of</u> <u>total net assets</u> %
1,200,000	(IRAAPs)	<u>9,856,800</u>	<u>6.21</u>
		Unrealised gain as at 31 December <u>2009</u> USD	
		<u>3,600,667</u>	
		Net gain on realisation of IRAAPs for the financial year ended 31 December <u>2009</u> USD	
		<u>429,213</u>	

**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 2009***Index constituent's weights**

<u>Constituent name</u>	<u>As at 31.12.2009 %</u>	<u>Constituent name</u>	<u>As at 31.12.2008 %</u>
DBS Group Holdings Limited	7.08	DBS Group Holdings Limited	6.64
Singapore Telecommunications Limited	6.64	Singapore Telecommunications Limited	9.35
United Overseas Bank Limited	6.10	United Overseas Bank Limited	6.86
Overseas-Chinese Banking Corporation Limited	5.95	Overseas-Chinese Banking Corporation Limited	5.38
CIMB Group Holdings	5.05	CIMB Group Holdings	4.02
Sime Darby Bhd	4.44	Sime Darby Bhd	4.49
Wilmar International Limited	4.41	Wilmar International Limited	1.64
Public Bank Bhd (Foreign market)	4.37	Public Bank Bhd (Foreign market)	5.86
Astra International	4.18	Astra International	1.94
Malayan Banking Bhd	4.01	Malayan Banking Bhd	3.58
Telekomunikasi Indonesia	3.81	Telekomunikasi Indonesia	4.24
Capitaland	3.58	Capitaland	3.03
IOI	3.01	IOI	3.14
Keppel Corp	2.62	Keppel Corp	2.37
Singapore Airlines	2.38	Singapore Airlines	3.08
Bank Central Asia	2.38	Bank Central Asia	2.43
PTT	2.38	PTT	2.79
Genting	2.24	Genting	1.97
PTT Exploration & Production	2.19	PTT Exploration & Production	2.68
Axiata Group Bhd	2.12	Axiata Group Bhd	1.96
City Developments	2.12	City Developments	2.00
Bank Rakyat Indonesia	1.85	Bank Rakyat Indonesia	1.69
Siam Commercial Bank PCL	1.52	Siam Commercial Bank PCL	1.04
Perusahaan Gas Negara	1.41	Perusahaan Gas Negara	1.03
MISC (F)	1.39	MISC (F)	2.40
Singapore Technologies Engineering	1.31	Singapore Technologies Engineering	1.62
Bangkok Bank	1.23	Bangkok Bank	1.23
Bumi Resources Tbk Pt		Bumi Resources Tbk Pt	1.08
Kasikornbank	1.12	Kasikornbank	1.00
Tenaga Nasional	1.00	Tenaga Nasional	1.30
Genting Malaysia BHD	0.91	Genting Malaysia BHD	1.27
SemCorp Industries	0.89	SemCorp Industries	0.95
Advanced Info Serv	0.86	Advanced Info Serv	1.33
Phil Long Dist Tel	0.80	Phil Long Dist Tel	1.11
Golden Agri-Resources Limited		Golden Agri-Resources Limited	0.81
Siam Cement	0.80	Siam Cement	0.59
Bank Mandiri	0.77	Bank Mandiri	0.50
Digi.com	0.75	Digi.com	
Plus Expressways	0.72	Plus Expressways	
Unilever Indonesia	0.67	Unilever Indonesia	0.73
Petronas Gas	0.64	Petronas Gas	
Telekom Malaysia	0.36	Telekom Malaysia	0.63
		International Nickel Indonesia	0.23



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

*For the financial year ended 31 December 2009*

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#### **Creation/redemption for the financial year ended 31 December 2009**

Total subscription during the financial year under review amounted to US\$ 11,709,600 (2,000,000 units), while total redemption during the financial year under review amounted to US\$ 14,086,000 (2,000,000 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>0.75%</u>
Turnover ratio <sup>2</sup>	<u>11.08%</u>

<sup>1</sup> The 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**

Ms Zhu Yeqing, Roslin joined us on 22 June 2009 from Astrid Nazreen Investment Pte Ltd, replacing Mr Tan Keng Soon as our Assistant Fund Manager. She brings with her 3 years of experience in the asset management industry.

#### **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 24th April 2007 and presently manages the Fund and several other discretionary accounts, with total assets under management of about SGD600 million as at 31 December 2009.

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

*For the financial year ended 31 December 2009*

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#### **Directors of the Manager**

**(a) Datuk Noripah binti Hj Kamso**

Datuk Noripah of 90, Jalan TR 8/3, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor, Malaysia, has been a Director of CIMB-Principal Asset Management (S) Pte Ltd since 18 May 2006, and a Director of CIMB-Principal Asset Management Berhad since 2 February 2005. She is the Chief Executive Officer of CIMB-Principal Islamic Asset Management Sdn Bhd. Prior to that, she was the Chief Executive Officer of CIMB-Principal Asset Management Berhad. She was the Executive Director/Chief Executive Officer of CIMB Futures Sdn Bhd from October 1996 to September 2004, where she was responsible in strategic direction, business plans, marketing initiative and client requisition. From January 1993 to August 2004, she was with Commerce International Merchant Bankers Berhad, and held various positions (Deputy General Manager, General Manager and Director) in the Corporate Banking Division. From March 1983 to January 1993, she was in Corporate Banking with Bank of Commerce (M) Berhad where she was responsible for managing loan portfolios. Datuk Noripah's experience in the asset management business was derived when she sat as one of the Investment Panel of Commerce Asset Fund Managers from 1997 to 2001. Datuk Noripah and the other team members of the Investment Panel of Commerce Asset Fund Managers were responsible for ensuring that the investment management of the funds is consistent with the objectives of the funds, the deeds of trusts constituting the funds, Securities Commission Guidelines and relevant securities laws, any internal investment restrictions and policies of the investment managers. She received her Bachelor in Business Administration from the Northern Illinois University, Dekalb, Illinois, USA and a Master in Business Administration from the Marshall University, Huntington, West Virginia, USA.

**(b) Tang Chee Kin**

Mr Tang of 14, Jalan Batai Barat, Damansara Heights, 50490, Kuala Lumpur, Malaysia, 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.

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**MANAGER'S INVESTMENT REPORT**

*For the financial year ended 31 December 2009*

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**Directors of the Manager (continued)****(c) Goh Zee Wei Ken**

Mr Goh of 33 Mount Sinai Rise #22-08 Singapore 276954, 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 1st Class Honours. He is a Chartered Financial Analyst (CFA) charter-holder since 1997.

**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 Ms. Zhu Yeqing, Roslin.

Ms. Zhu joined CIMB-Principal Asset Management (S) Pte Ltd as an assistant fund manager in June 2009 from Astrid Nazreen Investment Pte Ltd. Before that, she was a research analyst in Tantallon Capital Advisors working directly with fund managers since 2006. She brought with her 3 years of experience in the asset management industry. Prior to joining Tantallon Capital, she worked in Hewlett-Packard and Chartered Semiconductor as an engineer since 2003. Ms. Zhu holds a Master of Engineering from the National University of Singapore. She is also a Chartered Financial Analyst and Chartered Alternative Investment Analyst.

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**REPORT OF THE TRUSTEE**

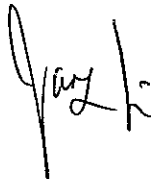
*For the financial year ended 31 December 2009*

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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 period 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

24 March 2010

**CIMB FTSE ASEAN 40**

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

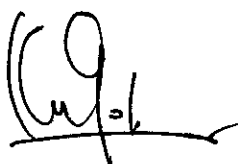
**STATEMENT BY THE MANAGER**

*For the financial year ended 31 December 2009*

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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 2009 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, 24 March 2010

**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 2009, the Statement of Total Return for the year ended 31 December 2009, and a summary of significant accounting policies and other explanatory notes.

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

The Fund's 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. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

***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 judgment, 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 2009 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, 24 March 2010

**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 2009*

	Note	2009 US\$	2008 US\$
<b>INVESTMENT INCOME</b>			
Dividends		4,427,763	5,171,420
Interest		67	1,492
		<u>4,427,830</u>	<u>5,172,912</u>
<b>LESS: EXPENSES</b>			
Custody fees		(14,321)	(16,440)
Management fees	3	(885,668)	(916,633)
Others		(58,202)	(3,345)
		<u>(958,191)</u>	<u>(936,418)</u>
<b>Net investment income</b>		<u>3,469,639</u>	<u>4,236,494</u>
<b>NET GAINS/LOSSES ON VALUE OF INVESTMENTS</b>			
Net change in fair value of investments		70,422,171	(82,104,687)
Net realised (losses)/gains on investment		(6,503,057)	8,424,007
Net foreign exchange gains/(losses)		23,417	(97,024)
<b>NET GAINS/(LOSSES) ON VALUE OF INVESTMENTS</b>		<u>63,942,531</u>	<u>(73,777,704)</u>
Total return for the financial year before income tax and distribution		67,412,170	(69,541,210)
Less: Income tax	4	<u>(363,941)</u>	<u>(581,221)</u>
Change in net assets attributable to unitholders resulting from operations	6	67,048,229	(70,122,431)
Less: Distribution	6	<u>(5,376,000)</u>	<u>(4,560,000)</u>
<b>TOTAL RETURN/(DEFICIT) FOR THE FINANCIAL YEAR</b>		<u>61,672,229</u>	<u>(74,682,431)</u>

*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 2009

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	Note	2009 US\$	2008 US\$
<b>ASSETS</b>			
Cash and bank balances	5	472,967	508,671
Portfolio of investments		158,074,562	98,847,701
Net dividend receivables		437,771	207,741
Tax recoverable		11,149	11,149
<b>Total assets</b>		<b>158,996,449</b>	<b>99,575,262</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Due to the Manager		270,811	158,910
Other payables		93,857	80,400
Net current assets attributable to unitholders	6	158,631,781	99,335,952
<b>Total liabilities</b>		<b>158,996,449</b>	<b>99,575,262</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 2009*

	Holdings at 31 December 2009	Fair value at 31 December 2009 US\$	Percentage of total assets attributable to unitholders at 31 December 2009 %
<b>Primary - by Industry</b>			
<b>QUOTED EQUITIES</b>			
<b>Telecommunications</b>			
Advanced Info Service Public Company Limited (NVDR) <sup>1</sup>	486,000	1,257,085	0.79
Axiata Group Berhad	3,573,000	3,172,290	2.00
Digi.com Berhad	175,500	1,124,553	0.71
Philippine Long Distance Telephone Company	21,150	1,198,637	0.76
Singapore Telecommunications Limited	4,455,000	9,857,602	6.21
Telekom Malaysia International	585,000	521,101	0.33
Telekomunikasi Indonesia	5,670,000	5,703,193	3.60
		<u>22,834,461</u>	<u>14.40</u>
<b>Consumer</b>			
Astra International	1,687,500	6,205,761	3.91
Genting Berhad	1,561,500	3,329,133	2.10
Genting Malaysia Berhad	1,651,500	1,355,349	0.85
IOI Corporation Berhad	2,808,000	4,485,911	2.83
Singapore Airlines Limited	315,000	3,350,107	2.11
Unilever Indonesia	855,000	1,001,064	0.63
Wilmar International Limited	1,440,000	6,608,994	4.17
		<u>26,336,319</u>	<u>16.60</u>
<b>Diversified</b>			
Keppel Corporation Limited	675,000	3,960,385	2.50
Sime Darby Berhad	2,520,000	6,594,393	4.16
		<u>10,554,778</u>	<u>6.66</u>
<b>Energy</b>			
PTT Exploration & Production Public Company Limited (NVDR) <sup>1</sup>	738,000	3,253,441	2.05
PTT Public Company Limited (NVDR) <sup>1</sup>	472,500	3,485,830	2.20
		<u>6,739,271</u>	<u>4.25</u>

*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 2009*

	Holdings at 31 December 2009	Fair value at 31 December 2009 US\$	Percentage of total assets attributable to unitholders at 31 December 2009 %
<b>Primary - by Industry (continued)</b>			
<b>QUOTED EQUITIES (continued)</b>			
<b>Financial</b>			
Bangkok Bank Public Company Limited (NVDR) <sup>1</sup>	522,000	1,808,097	1.14
Bank Central Asia	6,885,000	3,480,974	2.19
Bank Mandiri	2,295,000	1,142,004	0.72
Bank Rakyat Indonesia	3,397,500	2,730,295	1.72
CIMB Group Holdings Berhad	2,007,000	7,526,250	4.74
Capitaland Limited	1,800,000	5,396,146	3.40
City Developments Limited	360,000	2,955,032	1.86
DBS Group Holdings Limited	990,000	10,868,094	6.85
Kasikornbank Public Company Limited (NVDR) <sup>1</sup>	652,500	1,658,401	1.05
Malayan Banking Berhad	2,988,000	5,977,745	3.77
Overseas-Chinese Banking Corporation Limited	1,350,000	8,759,101	5.52
Public Bank Berhad (Foreign Market)	1,980,000	6,441,939	4.06
Siam Commercial Bank Public Company Limited (NVDR) <sup>1</sup>	873,000	2,264,642	1.43
United Overseas Bank Limited	630,000	8,849,679	5.58
		<b>69,858,399</b>	<b>44.03</b>
<b>Industrial</b>			
MISC Berhad (Foreign)	832,500	2,047,211	1.29
Plus Expressways B	1,125,000	1,067,830	0.67
SembCorp Industries Limited	495,000	1,300,214	0.82
Siam Cement (NVDR) <sup>1</sup>	166,500	1,173,414	0.74
Singapore Technologies Engineering Limited	765,000	1,769,165	1.12
		<b>7,357,834</b>	<b>4.64</b>
<b>Utilities</b>			
Petronas Gas Berhad	328,500	945,013	0.60
Perusahaan Gas Negara	5,130,000	2,115,886	1.33
Tenaga Nasional Berhad	603,000	1,475,800	0.93
		<b>4,536,699</b>	<b>2.86</b>
<b>WARRANTS</b>			
Citigroup Index Return ASEAN Securities Access Products (AAPs) <sup>2</sup>	1,200,000	9,856,800	6.21
<b>Portfolio of investments</b>		<b>158,074,562</b>	<b>99.65</b>
<b>Other net assets</b>		<b>557,219</b>	<b>0.35</b>
<b>Net current assets attributable to unitholders</b>		<b>158,631,781</b>	<b>100.00</b>

<sup>1</sup> Non-Voting Depository Receipts<sup>2</sup> Index Return Access Asean Product low exercise price warrant*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 2009

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	Percentage of total net assets attributable to unit holders at 2009 %	Percentage of total net assets attributable to unit holders at 2008 %
<b>Summary</b>		
<b>QUOTED EQUITIES AND WARRANTS</b>		
Telecommunications	14.40	18.04
Consumer	16.60	13.91
Diversified	6.66	6.71
Energy	4.25	6.36
Financial	44.03	43.19
Industrial	4.64	5.06
Utilities	2.86	2.23
Warrants	6.21	4.01
<b>Portfolio of investments</b>	<b>99.65</b>	<b>99.51</b>
<b>Other net assets</b>	<b>0.35</b>	<b>0.49</b>
<b>Net current assets attributable to unitholders</b>	<b>100.00</b>	<b>100.00</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 2009*

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	Fair value at 31 December 2009	Percentage of total net asset at 31 December 2009 %	Percentage of total net asset at 31 December 2008 %
<b>Secondary - by Geography</b>			
<b><u>By Country of listing</u></b>			
Singapore	63,674,518	40.14	41.26
Malaysia	46,064,518	29.04	29.59
Indonesia	22,379,178	14.11	13.27
Thailand	14,900,911	9.39	10.32
Philippines	1,198,637	0.76	1.06
Luxembourg	9,856,800	6.21	4.01
<b>Portfolio of Investments</b>	<b>158,074,562</b>	<b>99.65</b>	<b>99.51</b>
<b>Other net assets</b>	<b>557,219</b>	<b>0.35</b>	<b>0.49</b>
<b>Net current assets attributable to unitholders</b>	<b>158,631,781</b>	<b>100.00</b>	<b>100.00</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)*

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

*For the financial year ended 31 December 2009*

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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"). 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.

In addition to equity securities, the Fund invests into Index Return AAPs issued by the Participating Dealer, Citigroup Global Markets Holdings Inc. The legal form of these AAPs are low strike price American style transferable call warrants linked to underlying shares which comprise of the constituent stocks from time to time of the Index. The strike price of the Index Securities is notional, being only US\$0.00001. These AAPs are transferable securities, listed on the Luxembourg Stock Exchange and settled through Euroclear and Clearstream and seek to provide the full economic benefits of the underlying shares in terms of price appreciation, corporate actions and dividends.

#### **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.

**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 2009*

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

**(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.

*(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 period 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 net 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 from Singapore 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, which is the Fund's functional and presentation currency.

## **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 2009*

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

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

###### **(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.

##### **(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 methods less 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 1.00% per annum).

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

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**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 2009

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**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 (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.

	2009 US\$	2008 US\$
Overseas income tax	<u>363,941</u>	<u>581,221</u>

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

**5. Cash and bank balances**

	2009 US\$	2008 US\$
Cash at bank and on hand	<u>472,967</u>	<u>508,671</u>

At the balance sheet date, the carrying amounts of cash and bank balances approximate their fair values.



**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 2009***6. Net assets attributable to unitholders**

	2009 US\$	2008 US\$
At beginning of financial year	99,335,952	174,225,583
OPERATIONS		
Change in net assets attributable to unitholders resulting from operations	67,048,229	(70,122,431)
UNITHOLDERS' CONTRIBUTIONS/(WITHDRAWALS)		
Creation of units	11,709,600	22,959,600
Cancellation of units	(14,086,000)	(23,166,800)
Change in net assets attributable to unitholders resulting from creation and cancellation of units	(2,376,400)	(207,200)
DISTRIBUTION TO UNITHOLDERS	(5,376,000)	(4,560,000)
TOTAL INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	59,295,829	(74,889,631)
At end of financial year	158,631,781	99,335,952
Units in issue (Note 7)	19,200,000	19,200,000
	US\$	US\$
Net assets attributable to unitholders per unit	8.262	5.174

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:

	2009 US\$	2008 US\$
Net assets attributable to unitholders per unit for issuance/redemption units	8.284	5.187
Effect of adopting bid prices as fair value	(0.022)	(0.013)
Net assets attributable to unitholders per unit per the financial statements	8.262	5.174

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 2009***7. Units in issue**

	2009 Units	2008 Units
Beginning of financial year	19,200,000	17,200,000
Created during the financial year	2,000,000	4,400,000
Cancelled during the financial year	(2,000,000)	(2,400,000)
End of financial year	<u>19,200,000</u>	<u>19,200,000</u>

**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 Dollar (USD), had increased by 5% with all other variables held constant, this would have increased the net asset value of the Fund by approximately US\$7,931,589 for the year ended 31 December 2009 ("being 5% of the year end NAV") and US\$4,966,798 for the year ended 31 December 2008 ("being 5% of the year end NAV"). Conversely, if the FTSE ASEAN 40 Index in fund currency had increased/decreased by 5%, this would have increased/decreased the net asset value of the Fund by approximately US\$7,931,589 for the year ended 31 December 2009 ("being 5% of the year end NAV") and US\$4,966,798 for the year ended 31 December 2008 ("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 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 2009***8. Financial risk management (continued)****(c) Liquidity risk**

The Fund is exposed to daily 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 Manager may employ derivatives to implement a portfolio strategy, to reduce risk or for the purpose of efficient portfolio management. Market liquidity of complex derivatives are significantly less than traditional investment instruments and such positions may therefore require a longer time to reverse than would be typically be expected for traditional investment instruments. No such investments were held at the balance sheet date.

The tables below analyse the Fund's financial liabilities and net settled derivative 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\$000	<u>Less than 3 months</u> US\$000
<b>31 December 2009</b>		
Due to manager	-	271
Net assets attributable to unit holders	<u>158,632</u>	<u>-</u>
<b>31 December 2008</b>		
Due to manager	-	159
Net assets attributable to unit holders	<u>99,336</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 2009***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.

	USD	SGD	USD THB	Equivalent PHP	IDR	MYR	Total
<b>31 December 2009</b>							
<b>ASSETS</b>							
Portfolio of investments	9,856,800	63,674,518	14,900,911	1,198,637	22,379,178	46,064,518	158,074,562
Net dividend receivables	240,570	197,201	-	-	-	-	437,771
Cash and bank balances	460,186	-	-	-	12,781	-	472,967
Tax recoverable	11,149	-	-	-	-	-	11,149
<b>Total assets</b>	<b>10,568,705</b>	<b>63,871,719</b>	<b>14,900,911</b>	<b>1,198,637</b>	<b>22,391,959</b>	<b>46,064,518</b>	<b>158,996,449</b>
<b>LIABILITIES</b>							
Due to the Manager	270,811	-	-	-	-	-	270,811
Other payables	93,857	-	-	-	-	-	93,857
Net assets attributable to unitholders	158,631,781	-	-	-	-	-	158,631,781
<b>Total liabilities</b>	<b>158,996,449</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>158,996,449</b>
Net currency exposure	(148,427,744)	63,871,719	14,900,911	1,198,637	22,391,959	46,064,518	
<b>31 December 2008</b>							
<b>ASSETS</b>							
Portfolio of investments	3,984,800	40,974,349	10,252,281	1,056,404	13,193,032	29,386,835	98,847,701
Net dividend receivables	8,656	199,085	-	-	-	-	207,741
Cash and bank balances	508,671	-	-	-	-	-	508,671
Tax recoverable	11,149	-	-	-	-	-	11,149
<b>Total assets</b>	<b>4,513,276</b>	<b>41,173,434</b>	<b>10,252,281</b>	<b>1,056,404</b>	<b>13,193,032</b>	<b>29,386,835</b>	<b>99,575,262</b>
<b>LIABILITIES</b>							
Due to the Manager	158,910	-	-	-	-	-	158,910
Other payables	80,400	-	-	-	-	-	80,400
Net assets attributable to unitholders	99,335,952	-	-	-	-	-	99,335,952
<b>Total liabilities</b>	<b>99,575,262</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>99,575,262</b>
Net currency exposure	(95,061,986)	41,173,434	10,252,281	1,056,404	13,193,032	29,386,835	

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 2009 and 2008, 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. Consequently 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 2009

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#### 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,
- that transactions are undertaken with a large number of counterparties, 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 2009 and 31 December 2008.

	<u>Amount</u> US\$000	<u>Credit rating</u>	<u>Source of credit rating</u>
<b>As at 31 December 2009</b>			
<u>Custodian</u>			
State Street Bank and Trust Company	473	AA-	Standard & Poor's
<b>As at 31 December 2008</b>			
<u>Custodian</u>			
State Street Bank and Trust Company	509	AA-	Standard & Poor's

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.

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## 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 2009

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

##### (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. All other fees are borne by the Manager as set out in Note 3.

#### 10. Financial ratios

	31 December 2009	31 December 2008
Expense ratio <sup>1</sup>	0.75%	0.73%
Portfolio turnover rate <sup>2</sup>	11.08%	32.52%

<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.