

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

Annual Report

For the financial year ended 31 December 2013 with Independent
Auditor's Report

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
225 Franklin Street
Boston, Massachusetts
02110, United States of America

Auditor

Ernst & Young LLP

Contents

	Page
Manager's Investment Report	1
Report of the Trustee	9
Statement by the Manager	10
Independent Auditor's Report	11
Financial Statements	
Statement of Total Return	13
Statement of Financial Position	14
Statement of Movements of Unitholders' Funds	15
Statement of Portfolio	16
Notes to the Financial Statements	20

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

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 2013	4.8 million
NAV per unit as at 31 December 2013	USD10.093
Management Fee	0.65% per annum

Performance

Cumulative Performance (%) as at 31 December 2013 :

<u>From 31/12/2013</u>	<u>Period</u>	<u>Fund's Performance</u>	<u>Index's Performance</u>
3 month	30/09/2013 - 31/12/2013	(2.02%)	(1.91%)
6 month	28/06/2012 - 31/12/2013	(6.51%)	(7.06%)
1 Year	31/12/2012 - 31/12/2013	(5.35%)	(6.63%)
3 Years	31/12/2010 - 31/12/2013	7.18%	1.66%
5 Years	31/12/2008 - 31/12/2013	127.36%	108.73%
Since Inception	21/09/2006 - 31/12/2013	87.72%	65.58%

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

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

The Index is a tradable index launched by FTSE in conjunction with 5 ASEAN Exchanges – PT Bursa Efek Jakarta (Jakarta Stock Exchange), Bursa Malaysia Berhad, The Philippine Stock Exchange, Inc., Singapore Exchange Securities Trading Limited ("SGX-ST") and The Stock Exchange of Thailand ("SET"). The Fund is the first collaborative effort amongst the 5 Exchanges under the ASEAN umbrella. The Index represents the performance of the 40 largest stocks of the 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.

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

Manager's Investment Report (continued)

Performance (continued)

From 1 January 2013 to 31 December 2013, the Fund NAV decreased by 5.35%, while the Index decreased by 6.63%.

The top 10 holdings of the Fund as of 31 December 2013 represented US\$23,202,864, approximately 47.88% of the Fund's NAV, while it was US\$80,010,079 as of 31 December 2012, 47.75% of the Fund's NAV.

Investors showed a preference for developed over emerging markets in 2013. Better than expected economic recovery in the US, the significant quantitative easing program in Japan and bottoming out of economic activity in Europe were the key drivers of the inflows into developed markets. Many countries in the emerging markets had a slower than expected start to the year in 2013, and the second half of the year brought about liquidity worries on the back of the expectations that the US Federal Reserve will scale down the quantitative easing program. In ASEAN, Malaysia was the best performing market with a total return of 6.17% in 2013 (FTSE Bursa Malaysia KLCI Index) followed by Singapore with -0.4% (FTSE Straits Times Index), Philippines with -4.11% (Philippine Stock Exchange Index), Thailand -10.43% (Stock Exchange of Thailand Index) and Indonesia with -20.33% (Jakarta Composite Index). (All returns are in USD terms).

Asian markets opened to an upbeat start in January 2013 after the US Congress backed a deal to avert a "fiscal cliff" of drastic tax rises and spending cuts. Markets also remained stable throughout the month, on news that Chinese manufacturing activity had hit a two-year high in January. In ASEAN, Philippines rallied and showed a significant outperformance for the month. Malaysian markets, however, nosedived in January as cautious foreign investors began selling in anticipation of the up-coming 13th General Election.

The Indonesia and Philippines markets rallied for the month of February 2013, outperforming their peers. The Indonesia market saw huge fund inflows from foreign investors in February, with financial stocks key to the market's outperformance. Philippines continued its excellent performance with the Philippine Stock Exchange Index reaching a new record high, mainly driven by a strong corporate earnings season and more positive news flow on the Public-Private Partnership and other infrastructure projects. The Malaysia market continued to underperform its peers due to the election overhang despite a series of positive initiatives by the government. In Singapore, markets remained lacklustre due in part to a mixed set of corporate results during the earnings season.

March 2013 saw global markets starting on a positive footing as US corporate earnings surprised on the upside. However, the month was mainly underpinned by the controversial bank bailout in Cyprus and renewed investor concerns on the recovery in the Eurozone. Regionally, China shares suffered the biggest sell-off with property developers affected by measures to cool the housing market. Sentiments were further dampened as economic data illustrated moderating recovery of Asia's largest economy. In ASEAN, Malaysia outperformed the regional benchmark as markets rallied before the 13th General Election. Philippines ended the month at a record high for March as Fitch upgraded the country's credit rating to investment grade - a first for the country.

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

Manager's Investment Report (continued)

Performance (continued)

Globally, equity markets advanced in the first half of April 2013 in response to Japan's large-scale monetary easing. Under the new leadership of Haruhiko Kuroda, the Bank of Japan announced monetary easing to spur growth and pull the economy out of deflation. But in China, weaker-than-expected macro data hurt onshore Chinese equities. Within ASEAN however, markets continued their upward trajectory in April, shrugging off the mid-month correction in global equities. Malaysia's KLCI hit yet another all time high in April 2013. Led mainly by foreign buying, the KLCI rose 2.8% (in USD terms) despite looming general elections (polling on 5 May 2013). The Philippines market outperformed the Asian markets for the fourth consecutive month, driven by the Special Deposit Account rate cut and the awarding of the first Public-Private Partnership project for 2013.

In May 2013, global markets continued to look east to China, with continued caution of a slowdown to its economy. Regionally, ASEAN markets took on a life of their own, driven by more country-specific issues. Malaysia's KLCI rallied in May after a victory from the incumbent government, despite the election results being Barisan Nasional's second worst ever with 60% of seats won against 63% in 2008. The win restored investors' confidence and eased fear of uncertainty that economic progression would be hindered by a new government. In the Philippines, markets succumbed from heavy profit taking after the Philippine Stock Exchange index peaked at a record 7392. On a positive note, the country attained its second rating upgrade to investment grade, which came from Standard & Poor's. Additionally, Philippines completed their mid-term elections with President Aquino's Liberal Party securing a stronger mandate with a senate majority, hence allowing the government easier passage to pass through its reforms.

June 2013 was a volatile month for global markets as concerns about the U.S. Federal Reserve's tapering of Quantitative Easing (QE) caused interest rates to rise and funds to flow out of Emerging Markets. Moving in tandem, ASEAN markets experienced steep declines in June, with equity markets posting losses of between 2% and 10% after the US Federal Reserve issued a relatively hawkish statement indicating that QE tapering is likely to happen before year end and may be halted by mid-2014. Adding to the negative sentiment was slowing economic data points coming out of China. Emerging market currencies depreciated across the board and outflows from all asset classes accelerated. All ASEAN bourses closed in negative territory for the month, as the market saw heavy foreign selling across all sectors in June, driven primarily by QE tapering concerns and the credit squeeze in China.

July 2013 was a generally good month for global markets as concerns about the Fed's tapering of QE subsided and Wall Street's strength buoyed sentiment. Regionally, performance of the ASEAN equity markets was mixed in the month of July with Singapore and Philippines registering positive returns. Political concerns in Thailand and selected weak second quarter earnings announcements in Indonesia saw its markets giving negative returns. The Malaysia KLCI also lost 2.4% month-on-month after rating agency Fitch reduced its credit outlook on Malaysia to negative from stable.

The month of August 2013 was a frustrating month for all ASEAN markets, as most bourses in the region took a sharp tumble. The weakness in the markets was generally caused by profit taking activities, mainly by foreign institutions, coupled with negative sentiment on fears that the US Federal Reserve will begin tapering at their September meeting. Indonesia was the worst performer in the region, as foreign outflows continued to drag the market down on the back of the country's 2nd Quarter 2013 current account deficit hitting a record USD 9.8 billion.

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

Manager's Investment Report (continued)

Performance (continued)

The month of September 2013 started weak as global markets anticipated the US would initiate military action on Syria, which was then abated after strong political headwinds against the decision. Markets were lacklustre in the first half of the month as investors waited anxiously on signs of tapering, but were positively surprised when the US Federal Reserve decided to not taper at all. ASEAN markets were overall upbeat with the exception of Indonesia, which saw the central bank, Bank Indonesia, surprise the market by raising its benchmark rate by 25 basis points to 7.25%. This move came just two weeks after a 50 basis point increase, which further illustrated the bank's commitment to protecting the weakening Rupiah. The other ASEAN markets moved in tandem with global markets, as investors' confidence was partially restored on the back of delays in the US QE tapering.

ASEAN markets continued to trend upwards in October 2013 as investors were back on risk-on mode following the US Federal Reserve's decision not to taper at its September meeting. In regional markets, Philippines was the best performer in October, which saw Moody's become the 3rd major credit rating agency to upgrade the country to investment grade. In Malaysia, markets were underpinned by Budget 2014, in which the government announced measures to cool speculative demand through higher real property gain taxes. Budget 2014 focused on fiscal consolidation through more prudent development spending, subsidy reform and the introduction of a broad-based Goods and Services Tax in 2015.

ASEAN markets declined sharply in November 2013 after the strong gains in previous months. This was mainly driven by strong foreign fund outflows across the region as sentiments remained dampened by the debate on when US QE tapering will happen. Indonesia was the worst performer in the region, underpinned by the weakening Rupiah and concerns of a worsening current account deficit. November saw political unrest across Thailand, which forced the government to withdraw all 6 draft bills of the amnesty bill due to the rising political tension. The anti-government protests worsened as protestors seized government ministries and pushed for a vote of no-confidence, which Prime Minister Yingluck survived. The Philippines also took a beating as Typhoon Haiyan made landfall in early November. In Malaysia, Standard & Poor's revised its rating on 4 local financial institutions from "stable" to "negative" over concerns of economic risks stemming from a prolonged run-up in housing prices and household debt.

ASEAN markets continued their downward trend in December 2013 as markets braced themselves for the US Federal Reserve's tapering exercise which eventually materialised in December. Within the region, Thailand continued to be plagued by political uncertainties as the anti-government protests continued, but were more subdued as compared to earlier protests. Meanwhile, the Philippines continued to grapple with the aftermath of Typhoon Haiyan, and as investors sold down after indications that the US QE tapering would happen sooner rather than later.

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

Manager's Investment Report (continued)

Performance (continued)

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

	As at 31 December 2013		As at 31 December 2012	
	Market value USD	% of NAV	Market value USD	% of NAV
(i) Country				
Singapore	19,440,132	40.13	63,396,086	37.84
Malaysia	12,798,568	26.42	45,435,561	27.12
Indonesia	7,596,331	15.68	34,888,085	20.83
Thailand	6,898,670	14.23	22,372,558	13.36
Philippines	1,544,479	3.19	1,187,290	0.70
	=====	=====	=====	=====
(ii) Industry				
Telecommunication	8,841,927	18.25	26,997,291	16.11
Consumer Goods	4,016,978	8.29	20,182,702	12.05
Consumer Services	4,781,825	9.88	11,661,610	6.95
Oil & Gas	4,959,246	10.24	15,641,580	9.33
Financials	20,799,241	42.93	73,494,741	43.88
Industrials	2,642,088	5.45	10,367,739	6.19
Basic Materials	916,892	1.89	5,508,711	3.29
Utilities	1,319,983	2.72	3,425,206	2.05
	=====	=====	=====	=====
(iii) Asset Class				
Equities	48,278,180	99.65	167,279,580	99.85
Other net assets	167,177	0.35	253,073	0.15
	=====	=====	=====	=====

Details of Top 10 Holdings of the Fund :

As at 31 December 2013	Cost USD	Market value USD	Total assets %
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 Berad	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
	=====	=====	=====

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

Manager's Investment Report (continued)

Performance (continued)

Details of Top 10 Holdings of the Fund (continued) :

As at 31 December 2012	Cost USD	Market value USD	Total assets %
Astra International Tbk	4,419,959	10,538,521	6.29
DBS Group Holdings Limited	7,647,196	9,877,573	5.90
Singapore Telecommunications Limited	7,124,430	9,654,384	5.76
Overseas Chinese Banking Corporation Limited	5,948,597	9,201,793	5.49
United Overseas Bank Limited	6,207,179	8,531,941	5.09
Malayan Banking Berhad	5,959,087	8,144,683	4.86
Sime Darby Bhd	4,846,606	6,279,382	3.75
CIMB Group Holdings Berad	3,798,269	6,249,713	3.73
AXIATA Group Berhad	3,158,763	6,132,924	3.66
Keppel Corp Limited	2,975,768	5,399,165	3.22
	<hr/>	<hr/>	<hr/>
	52,085,854	80,010,079	47.75
	=====	=====	=====

Exposure to derivatives

The Fund had no exposure to derivatives for the financial years ended 31 December 2013 and 2012.

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

Manager's Investment Report (continued)

Creations/redemptions for the year ended 31 December 2013

Total creations during the financial year under review amounted to US\$19,226,550 (equivalent to 1,800,000 units) (2012: US\$4,108,800 (equivalent to 400,000 units)) while total redemptions amounted to US\$129,760,450 (equivalent to 12,300,000 units) (2012: US\$11,451,300 (equivalent to 1,100,000 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.

	2013 %
Expense Ratio ¹	0.71
	=====
Turnover Ratio ²	13.63
	=====

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 S\$1.24 billion as at 31 December 2013.

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

Manager's Investment Report (continued)

Directors of the Manager

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.

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") charterholder 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 Vivek Singh Jamwal.

Mr Vivek Singh Jamwal joined CIMB-Principal Asset Management (S) Pte Ltd in July 2011. He holds a Master of Business Administration from INSEAD, and has 6 years of experience in the asset management industry. Prior to joining CIMB-Principal Asset Management (S) Pte. Ltd., he was a research analyst with Tantalion Capital Advisors Pte Ltd from 2007 to 2010.

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

**Report of the Trustee
For the financial year ended 31 December 2013**

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 13 to 31, 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
7 March 2014

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

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 13 to 31, 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 2013, 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
7 March 2014

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

Independent Auditor's Report
For the financial year ended 31 December 2013

To the Unitholders of CIMB FTSE ASEAN 40

We have audited the financial statements of CIMB FTSE ASEAN 40 (the "Fund"), which comprise the Statement of Financial Position and Statement of Portfolio as at 31 December 2013, 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, as set out on pages 13 to 32.

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.

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

**Independent Auditor's Report (continued)
For the financial year ended 31 December 2013**

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2013 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.

Other Matter

The financial statements of the Fund for the year ended 31 December 2012 were audited by another auditor who expressed an unqualified opinion on these statements on 7 March 2013.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
7 March 2014

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 2013

	Note	2013 USD	2012 USD
Investment income			
Dividends		5,248,476	5,280,091
		<u>5,248,476</u>	<u>5,280,091</u>
Less: Expenses			
Sub-custodian fees		(38,552)	(12,076)
Management fees	3	(991,215)	(1,122,410)
Transaction fees		(213,776)	(81,571)
Others		21,928	25,422
		<u>(1,221,615)</u>	<u>(1,190,635)</u>
Net investment income		<u>4,026,861</u>	<u>4,089,456</u>
Net gain/(loss) on value of investments			
Net change in unrealised (loss)/gain in fair value of investments		(41,808,236)	17,691,019
Net realised gains on investments		34,888,512	6,627,667
Net foreign exchange losses		(254,177)	(27,593)
		<u>(7,173,901)</u>	<u>24,291,093</u>
Net (loss)/gain on value of investments		<u>(7,173,901)</u>	<u>24,291,093</u>
Total (deficit)/return for the year before income tax and distribution		<u>(3,147,040)</u>	<u>28,380,549</u>
Less: Income tax expense	4	(340,856)	(409,006)
Total (deficit)/return for the year after income tax before distribution		<u>(3,487,896)</u>	<u>27,971,543</u>
Less: Distribution	5	(5,065,500)	(5,460,000)
Total (deficit)/return for the year after income tax and distribution		<u><u>(8,553,396)</u></u>	<u><u>22,511,543</u></u>

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

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

Statement of Financial Position
As at 31 December 2013

	Note	2013 USD	2012 USD
Assets			
Portfolio of investments (cost: US\$38,536,580; 2012: US\$115,729,744)		48,278,180	167,279,580
Net dividend receivables		97,808	199,102
Cash and cash equivalents	6	196,025	372,673
		<hr/>	<hr/>
Total assets		48,572,013	167,851,355
		<hr/> <hr/>	<hr/> <hr/>
Liabilities			
Due to the Manager		99,733	294,278
Other payables		26,923	24,424
		<hr/>	<hr/>
Total liabilities		126,656	318,702
		<hr/> <hr/>	<hr/> <hr/>
Equity			
Net assets attributable to unitholders	7	48,445,357	167,532,653
		<hr/> <hr/>	<hr/> <hr/>

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

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

Statement of Movements of Unitholders' Funds
For the financial year ended 31 December 2013

	Note	2013 USD	2012 USD
Net assets attributable to unitholders at beginning of year		167,532,653	152,363,610
Operations			
Change in net assets attributable to unitholders resulting from operations		(3,487,896)	27,971,543
Unitholders' contributions/(withdrawals)			
Creation of units		19,226,550	4,108,800
Cancellation of units		(129,760,450)	(11,451,300)
		-----	-----
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		(110,533,900)	(7,342,500)
		-----	-----
Distribution to unitholders	5	(5,065,500)	(5,460,000)
Total (decrease)/increase in net assets attributable to unitholders		(119,087,296)	15,169,043
		-----	-----
Net assets attributable to unitholders at end of year		48,445,357	167,532,653
		=====	=====

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

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

Statement of Portfolio
As at 31 December 2013

Primary - by Industry	Holdings at 31 December 2013	Fair value at 31 December 2013 USD	Percentage of total net assets attributable to unitholders at 31 December 2013 %
Quoted			
EQUITIES			
Telecommunications			
Advanced Info Service Public Company Limited (NVDR) ¹	178,900	1,086,140	2.24
AXIATA Group Berhad	750,800	1,581,597	3.26
Maxis Berhad	395,500	875,401	1.81
Philippine Long Distance Telephone Company	12,925	776,388	1.60
Singapore Telecommunications Limited	1,102,000	3,180,815	6.57
Telekomunikasi Indonesia	7,594,000	1,341,586	2.77
		8,841,927	18.25
Consumer Goods			
Astra International Tbk	3,027,500	1,691,619	3.49
Gudang Garam Tbk	87,000	297,745	0.61
IOI Corporation Berhad	560,500	804,259	1.66
Unilever Indonesia Tbk	172,500	368,529	0.76
Wilmar International Limited	317,000	854,826	1.77
		4,016,978	8.29
Consumer Services			
CP ALL Public Company Limited (NVDR) ¹	663,500	843,004	1.74
Genting Berhad	334,000	1,044,164	2.16
Genting Singapore PLC	916,000	1,075,687	2.22
Jardine Cycle & Carriage Ltd	15,000	426,436	0.88
Singapore Airlines Limited	76,000	624,443	1.29
SM Investments Corp	47,980	768,091	1.59
		4,781,825	9.88
Oil & Gas			
Keppel Corp Limited	215,000	1,899,134	3.92
Petronas Gas Berhad	119,300	880,682	1.82
PTT Exploration & Production Public Company Limited (NVDR) ¹	209,400	1,061,019	2.19
PTT Public Company Limited (NVDR) ¹	128,500	1,118,411	2.31
		4,959,246	10.24

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

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

Statement of Portfolio (continued)
As at 31 December 2013

Primary - by Industry (cont'd)	Holdings at 31 December 2013	Fair value at 31 December 2013 USD	Percentage of total net assets attributable to unitholders at 31 December 2013 %
Quoted (cont'd)			
EQUITIES (cont'd)			
Financials			
Bangkok Bank Public Company (NVDR) ¹	71,900	388,383	0.80
Bank Mandiri Tbk	1,406,500	901,454	1.86
Bank Rakyat Indonesia	1,620,000	958,422	1.98
Capitaland Limited	382,000	912,293	1.88
CIMB Group Holdings Berhad	734,400	1,692,786	3.50
DBS Group Holdings Limited	259,000	3,492,112	7.21
Kasikornbank Public Company Limited	175,700	834,121	1.72
Malayan Banking Berhad	648,600	1,968,275	4.06
Overseas Chinese Banking Corporation Limited	408,000	3,290,973	6.80
Public Bank Bhd	159,700	936,114	1.93
PT Bank Central Asia Tbk	1,847,000	1,449,371	2.99
Siam Commercial Bank Public Company Limited (NVDR) ¹	234,100	1,018,755	2.10
United Overseas Bank Limited	176,000	2,956,182	6.10
		20,799,241	42.93
Industrials			
Siam Cement Public Company Limited (NVDR) ¹	45,200	548,837	1.13
Sime Darby Berhad	470,000	1,366,020	2.82
Singapore Technologies Engineering Limited	234,000	727,231	1.50
		2,642,088	5.45
Basic Materials			
Petronas Chemical Group Berhad	434,000	916,892	1.89
		916,892	1.89
Utilities			
Perusahaan Gas Negara PT	1,607,000	587,605	1.21
Tenaga Nasional Berhad	210,800	732,378	1.51
		1,319,983	2.72
Portfolio of investments		48,278,180	99.65
Other net assets		167,177	0.35
Net assets attributable to unitholders		48,445,357	100.00

¹ Non-voting Depository Receipts.

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

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

Statement of Portfolio (continued)
As at 31 December 2013

Summary	Percentage of total net assets attributable to unitholders at 31 December 2013 %	Percentage of total net assets attributable to unitholders at 31 December 2012 %
Quoted equities		
Telecommunications	18.25	16.11
Consumer Goods	8.29	12.05
Consumer Services	9.88	6.95
Oil & Gas	10.24	9.33
Financials	42.93	43.88
Industrials	5.45	6.19
Basic Materials	1.89	3.29
Utilities	2.72	2.05
Portfolio of investments	99.65	99.85
Other net assets	0.35	0.15
Net assets attributable to unitholders	100.00	100.00

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

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

Statement of Portfolio (continued)
As at 31 December 2013

Secondary - by Geography	Fair value at 31 December 2013	Fair value at 31 December 2012	Percentage of total net assets attributable to unitholders at 31 December 2013	Percentage of total net assets attributable to unitholders at 31 December 2012
<u>By country of listing</u>	USD	USD	%	%
Singapore	19,440,132	63,396,086	40.13	37.84
Malaysia	12,798,568	45,435,561	26.42	27.12
Indonesia	7,596,331	34,888,085	15.68	20.83
Thailand	6,898,670	22,372,558	14.23	13.36
Philippines	1,544,479	1,187,290	3.19	0.70
Portfolio of investments	48,278,180	167,279,580	99.65	99.85
Other net assets	167,177	253,073	0.35	0.15
Net assets attributable to unitholders	48,445,357	167,532,653	100.00	100.00

The accompanying accounting policies and explanatory information form an integral part of the 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 2013

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

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

(a) ***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.

(b) ***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.

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 2013

2. Summary of significant accounting policies (continued)

(c) ***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.

(d) ***Financial assets and financial liabilities***

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.

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.

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 2013

2. Summary of significant accounting policies (continued)

(d) ***Financial assets and financial liabilities (continued)***

(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.

(e) ***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.

(f) ***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.

(g) ***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.

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 2013

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.

	2013	2012
	USD	USD
Overseas income tax	340,856	409,006
	=====	=====

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

5. Distribution

Final US\$0.33 (2012: US\$0.35) per unit	5,065,500	5,460,000
	=====	=====

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 2013

6. Cash and cash equivalents

Cash and cash equivalents comprise of :

	2013 USD	2012 USD
Bank balances	196,025 =====	372,673 =====

7. Units in issue

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

	2013	2012
Units at beginning of year	15,300,000	16,000,000
Units created	1,800,000	400,000
Units cancelled	(12,300,000)	(1,100,000)
	-----	-----
Units at end of year	4,800,000 =====	15,300,000 =====
Net assets attributable to unitholders - USD	48,445,357	167,532,653
Net Asset Value ("NAV") per unit - USD	10.093 =====	10.950 =====

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 :

	2013 USD	2012 USD
Net assets attributable to unitholders per unit for issuance/redemption units	10.118	10.996
Effect of adopting bid prices as fair value	(0.025)	(0.046)
	-----	-----
Net assets attributable to unitholders per unit per the financial statements	10.093 =====	10.950 =====

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 2013

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

	2013	2012
	%	%
Expense ratio ¹	0.71	0.69
Turnover ratio ²	13.63	9.54
	=====	=====

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.

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 2013

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.

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 :

	Due on demand USD	Less than 3 months USD
31 December 2013		
Due to the Manager	-	99,733
Other payables	-	26,923
	=====	=====
31 December 2012		
Due to the Manager	-	294,278
Other payables	-	24,424
	=====	=====

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 2013

10. Financial risk management (cont'd)

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.

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.

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% (2012: 5%) with all other variables held constant, this would have increased/decreased the NAV of the Fund by approximately US\$2,422,268 (2012: US\$8,376,633) for the financial year ended 31 December 2013.

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.

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 2013

10. Financial risk management (continued)

Market risk (continued)

Foreign currency risk (continued)

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

31 December 2013	SGD USD	THB USD	PHP USD	IDR USD	MYR USD	Total USD
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
31 December 2012						
ASSETS						
Portfolio of investments	63,396,086	22,372,558	1,187,290	34,888,085	45,435,561	167,279,580
Net dividend receivables	199,102	-	-	-	-	199,102
Cash and bank balances	-	-	-	-	56,657	56,657
Total assets	63,595,188	22,372,558	1,187,290	34,888,085	45,492,218	167,535,339

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 2013

10. Financial risk management (continued)

Market risk (continued)

Foreign currency risk (continued)

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 2013 and 2012, 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.

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.

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 2013

10. Financial risk management (continued)

Credit risk (continued)

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 2013 and 31 December 2012 :

As at 31 December 2013	Amount USD	Credit rating	Source of credit rating
<u>Custodian</u>			
State Street Bank and Trust Company	196,025	A+	Standard & Poor's
As at 31 December 2012			
<u>Custodian</u>			
State Street Bank and Trust Company	372,673	AA-	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.

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 in directly (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).

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 2013

10. Financial risk management (continued)

Fair value estimation (continued)

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 2013 and 2012 :

31 December 2013	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Assets				
Equities	48,278,180	-	-	48,278,180
31 December 2012				
Assets				
Equities	167,279,580	-	-	167,279,580

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.

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 2013 were authorised for issue by Trustee on 7 March 2014.

