

**CIMB FTSE ASEAN 40**

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

**FOR** SEMI - ANNUAL REPORT (Unaudited)  
For the six months ended 30 June 2010

**EVALUATION**

**PURPOSES**

**ONLY**

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

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For the six months ended 30 June 2010

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## MANAGER'S INVESTMENT REPORT

### About CIMB FTSE ASEAN 40

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

### Details CIMB FTSE ASEAN 40

|                                   |            |
|-----------------------------------|------------|
| Fund Currency                     | USD dollar |
| Listing Date on SGX-ST            | 21-Sep-06  |
| Stock Code on SGX-ST              | M62        |
| Board Lot                         | 100 units  |
| Number of units as at 30 Jun 2010 | 16,400,000 |
| Bid Price as at 30 June 2010      | 8.40       |
| NAV per unit as at 30 June 2010   | 8.494      |
| Management Fee                    | 0.65%      |

### Performance

| Cumulative Performance (%) as at 30 Jun 10 |                        | Fund's Performance | Index's Performance |
|--|------------------------|--------------------|---------------------|
|  | From                   |                    |                     |
| 1 Month                                    | 31/05/2010--30/06/2010 | 4.27%              | 4.18%               |
| 3 Month                                    | 31/03/2010--30/06/2010 | 0.56%              | -0.08%              |
| 6 Month                                    | 31/12/2009--30/06/2010 | 5.07%              | 4.40%               |
| 1 Year                                     | 30/06/2009--30/06/2010 | 34.87%             | 32.84%              |
| Since Inception                            | 21/09/2006--30/06/2010 | 45.61%             | 36.59%              |

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").

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

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## MANAGER'S INVESTMENT REPORT

### Performance (continued)

From 1 January 2010 to 30 June 2010, the NAV of the Fund increased by 5.07%, while the Index increased by 4.40%.

The top 10 holdings of the Fund as of 30 June 2010 represented US\$63,523,970, approximately 45.60% of the Fund's net asset, while it was US\$64,659,102 as of 30 June 2009, approximately 48.38% of the Fund.

At the beginning of 2010, global markets were hit by policy normalization measures and United States policies. Global markets recovered in March with more liquidity flowing into emerging markets, such as Thailand and Indonesia. In April, Greece was downgraded by rating agencies. In May, global markets were rattled by fears about highly-indebted Eurozone governments and the possible contagion effects. China continued its policy tightening, especially on properties, using various measures such as household quota and higher downpayment. A slight drop in PMI in June to 52.1 (May 53.9; April 55.7) was interpreted by the market as evidence of a slowing in manufacturing output.

South East Asia outperformed the Asia Pacific ex-Japan market in the first half of 2010. Among the five countries invested in by the Fund, Indonesia was the best performer. Fitch and Moody's upgraded Indonesia's credit rating outlook to positive. Political pressure on key officials eased post the Bank Century investigation. Jakarta raised its 2011 GDP growth target in 2Q 2010. A positive sovereign credit rating, stable currency, strong domestic consumption and export numbers encouraged more foreign inflow, pushing the market to be the best performing market in the region.

Thailand was also a strong performer despite political tension and street demonstrations. Foreign funds preferred to focus on positives like the government's 9 month timeline for dissolution of Parliament. The Thai SET index fell in January due to the tense political situation, but rallied after protests ended. Thailand also reported robust GDP growth in 1Q 2010 driven by strong exports, investments, and domestic demand.

Singapore implemented anti-speculative measures in the property market by requiring sellers to pay stamp duty for properties bought and sold within a year (vs. nil previously) and imposing a maximum loan-to-value ratio for private properties. Despite all these policy measures, residential property prices and transaction volumes continue to be strong. Commercial property rental bottomed with slight increase in June. Singapore recorded GDP growth of 18.1% in 1H 2010.

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Malaysia recorded 4.9% GDP growth in 4Q 09 and revised its 2010 GDP forecast upwards to 5%. The Malaysia market was up 9% in 1H 2010, supported by strong currency appreciation, robust export growth and low inflation. PM Najib Razak unveiled the New Economic Model in March to allow more overseas investments and direct investment by the Employee Provident Fund. Several government-owned company stakes were divested. The 10<sup>th</sup> Malaysia Plan allocates a total of MYR 230 billion to invest in the private sector with focus on non-physical infrastructure.

The inauguration of the 15<sup>th</sup> President of the Philippines, Benigno Aquino III, after a landslide win ignited optimism that the new administration will seriously implement progressive fiscal reforms to address the fiscal deficit. The Philippines' overseas foreign worker remittances reached USD 1.5 billion in February, but fell slightly in the following months. Inflation remained low.

## MANAGER'S INVESTMENT REPORT

### Performance (continued)

Investments at market value and as a percentage of NAV as at 30 June 2010 classified by:

| Investments at market value and as a percentage of NAV |                      | Market Value        | % of NAV        |
|--|----------------------|---------------------|-----------------|
| i)   | <b>Country</b>       | <b>USD</b>          |                 |
|  | Singapore            | 52,433,299          | 37.73%          |
|  | Malaysia             | 39,994,087          | 28.78%          |
|  | Indonesia            | 21,720,679          | 15.63%          |
|  | Thailand             | 12,843,895          | 9.24%           |
|  | Philippines          | 863,864             | 0.62%           |
|  | Luxembourg           | 10,291,200          | 7.41%           |
|  |                      | <hr/>               |                 |
| ii)  | <b>Industry</b>      | <b>Market Value</b> | <b>% of NAV</b> |
|  | Communications       | <b>USD</b>          |                 |
|  | Consumer             | 20,888,636          | 15.03%          |
|  | Diversified          | 24,058,014          | 17.31%          |
|  | Energy               | 10,712,447          | 7.71%           |
|  | Financial            | 5,509,853           | 3.97%           |
|  | Industrial           | 58,183,678          | 41.87%          |
|  | Utilities            | 4,709,118           | 3.39%           |
|  | Warrants             | 3,794,078           | 2.73%           |
|  |                      | 10,291,200          | 7.41%           |
|  |                      | <hr/>               |                 |
| iii)   | <b>Asset Class</b>   | <b>Market Value</b> | <b>% of NAV</b> |
|  | Equities             | <b>USD</b>          |                 |
|  | Warrants             | 127,855,824         | 92.01%          |
|  | Cash and Equivalents | 10,291,200          | 7.41%           |
|  |                      | 354,534             | 0.26%           |

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## MANAGER'S INVESTMENT REPORT

### Performance (continued)

#### Details of Top 10 Holdings of the Fund

##### As at 30 June 2010

|   | Cost<br>USD       | Market Value<br>USD | % of total<br>net assets |
|---|-------------------|---------------------|--------------------------|
| Singapore Telecommunications Limited        | 6,556,928         | 7,839,951           | 5.64                     |
| DBS Group Holdings Limited                  | 6,639,179         | 7,440,940           | 5.35                     |
| United Overseas Bank Limited                | 5,549,990         | 7,435,493           | 5.35                     |
| Astra International                         | 2,301,920         | 7,258,776           | 5.22                     |
| Oversea Chinese Banking Corporation Limited | 4,772,749         | 6,974,384           | 5.02                     |
| Public Bank Berhad (Foreign Market)         | 4,281,260         | 5,880,346           | 4.23                     |
| Malayan Banking Berhad                      | 4,380,605         | 5,584,374           | 4.02                     |
| CIMB Group Holdings Berhad                  | 2,557,870         | 5,184,432           | 3.73                     |
| Sime Darby Berhad                           | 4,439,119         | 5,017,350           | 3.61                     |
| Wilmar International Limited                | 4,119,643         | 4,714,593           | 3.39                     |
|   | <u>45,599,263</u> | <u>63,330,639</u>   | <u>45.56</u>             |

##### As at 30 Jun 2009

|   | Cost<br>USD       | Market<br>Value<br>USD | % of total<br>net assets |
|---|-------------------|------------------------|--------------------------|
| Singapore Telecommunications Limited        | 8,740,799         | 10,198,126             | 7.63                     |
| DBS Group Holdings Limited                  | 9,207,573         | 8,781,136              | 6.57                     |
| United Overseas Bank Limited                | 7,491,984         | 7,440,722              | 5.57                     |
| Oversea Chinese Banking Corporation Limited | 5,806,469         | 6,534,350              | 4.89                     |
| Bumiputra-Commerce Holdings Bhd             | 4,306,923         | 5,676,982              | 4.25                     |
| Public Bank Berhad (Foreign Market)         | 5,561,630         | 5,558,207              | 4.16                     |
| Sime Darby Berhad                           | 6,033,945         | 5,554,865              | 4.16                     |
| Malayan Banking Berhad                      | 5,868,734         | 5,457,673              | 4.08                     |
| Capitaland Limited                          | 4,942,257         | 5,028,247              | 3.76                     |
| Telekomunikasi Indonesia                    | 5,031,475         | 4,428,794              | 3.31                     |
|   | <u>62,991,789</u> | <u>64,659,102</u>      | <u>48.38</u>             |

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**MANAGER'S INVESTMENT REPORT**

**Performance (continued)**

**Exposure to derivatives**

| <u>No. of Warrants</u> | <u>Warrants on FTSE ASEAN Tradable Index<br/>Index Return ASEAN Securities Access<br/>(IRAAPs)</u> | <u>Fair value</u><br>USD | <u>Percentage of<br/>total net assets</u><br>% |
|------------------------|--|--------------------------|--|
| 1,200,000              |  | 10,291,200               | 7.39   |

Unrealised  
gain as at  
30 June  
2010  
USD

4,035,067

FOR  
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## MANAGER'S INVESTMENT REPORT

### Index constituent's weights

| Constituent Name                   | As at<br>30/06/2010<br>% | Constituent Name                   | As at<br>30/06/2009<br>% |
|------------------------------------|--------------------------|------------------------------------|--------------------------|
| Singapore Telecom                  | 6.10                     | Singapore Telecom                  | 8.14                     |
| DBS Group Holdings                 | 5.90                     | DBS Group Holdings                 | 6.89                     |
| United Overseas Bank               | 5.70                     | United Overseas Bank               | 5.77                     |
| Astra International                | 5.65                     | Oversea-Chinese Banking            | 5.33                     |
| Oversea-Chinese Banking            | 5.45                     | Bumiputra-Commerce Holdings        | 4.54                     |
| Public Bank Fgn                    | 4.59                     | Public Bank Fgn                    | 4.46                     |
| Malayan Banking                    | 4.36                     | Malayan Banking                    | 4.39                     |
| CIMB Group Holdings                | 4.03                     | Sime Darby Bhd                     | 4.38                     |
| Sime Darby Bhd                     | 3.91                     | Capitaland                         | 4.01                     |
| Wilmar International Limited       | 3.72                     | Telekomunikasi Indonesia           | 3.65                     |
| Telekomunikasi Indonesia           | 3.01                     | Astra International                | 3.47                     |
| Capitaland                         | 2.88                     | IOI                                | 3.10                     |
| Bank Central Asia                  | 2.83                     | PTT                                | 2.85                     |
| IOI                                | 2.72                     | Keppel Corp                        | 2.79                     |
| Axiata Group Bhd                   | 2.70                     | Singapore Airlines                 | 2.69                     |
| Keppel Corp                        | 2.58                     | PTT Exploration & Production       | 2.55                     |
| PTT                                | 2.24                     | Genting                            | 2.19                     |
| Singapore Airlines                 | 2.18                     | Wilmar International Limited       | 2.18                     |
| Bank Rakyat Indonesia              | 2.18                     | Axiata Group Bhd                   | 2.10                     |
| Genting                            | 2.14                     | Bank Central Asia                  | 2.09                     |
| PTT Exploration & Production       | 2.05                     | City Developments                  | 2.00                     |
| Noble Group                        | 1.92                     | Bank Rakyat Indonesia              | 1.84                     |
| City Developments                  | 1.91                     | MISC (F)                           | 1.79                     |
| MISC                               | 1.67                     | Bangkok Bank                       | 1.46                     |
| Digi.com                           | 1.46                     | Perusahaan Gas Negara              | 1.38                     |
| Genting Singapore                  | 1.44                     | Singapore Technologies Engineering | 1.25                     |
| Siam Commercial Bank PCL           | 1.37                     | Siam Commercial Bank PCL           | 1.21                     |
| Perusahaan Gas Negara              | 1.36                     | Tenaga Nasional                    | 1.16                     |
| Maxis Bhd                          | 1.29                     | Advanced Info Serv                 | 1.15                     |
| Bangkok Bank                       | 1.27                     | Kasikornbank                       | 1.12                     |
| Singapore Technologies Engineering | 1.24                     | Genting Malaysia BHD               | 1.11                     |
| Kasikornbank                       | 1.15                     | Digi.com                           | 0.97                     |
| Advanced Info Serv                 | 1.11                     | Phil Long Dist Tel                 | 0.93                     |
| Unilever Indonesia                 | 1.01                     | SembCorp Industries                | 0.92                     |
| Tenaga Nasional                    | 0.99                     | Plus Expressways                   | 0.90                     |
| Bank Mandiri                       | 0.95                     | Petronas Gas                       | 0.82                     |
| Siam Cement                        | 0.85                     | Unilever Indonesia                 | 0.68                     |
| Plus Expressways                   | 0.74                     | Siam Cement                        | 0.67                     |
| Phil Long Dist Tel                 | 0.68                     | Bank Mandiri                       | 0.63                     |
| Petronas Gas                       | 0.64                     | Telekom Malaysia                   | 0.44                     |

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## MANAGER'S INVESTMENT REPORT

### Creation/redemption for the six months ended 30 June 2010

Total subscription during the financial period under review amounted to US\$ 9,762,800 (1,200,000 units) while total redemption amounted to US\$ 33,455,200 (4,000,000 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.

|                |              |
|----------------|--------------|
| Expense ratio  | <u>0.33%</u> |
| Turnover ratio | <u>8.23%</u> |

<sup>1</sup> The expense ratio is computed in accordance with the revised IMAS<sup>1</sup> 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.

### Soft dollar commissions

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

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## **MANAGER'S INVESTMENT REPORT**

### **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 SGD \$537.13 million as at 30 June 2010.

### **Directors of the Manager**

#### **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(S) since 18 May 2006. 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 CIMB Investment Bank Berhad (formerly known as 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 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.

#### **John Campbell Tupling**

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Mr Tupling of 40 Jalan Medang Tanduk, Bukit Bandaraya, 59100 Bangsar Kuala Lumpur, Malaysia, was appointed as a director of the Manager on 24 November 2009. He has been the Chief Executive Officer of CIMB-Principal Asset Management Berhad since 1 November 2008. Prior to this, he spent 9 years in various capacities with the Principal Financial Group. Mr Tupling has over 25 years of financial services experience, working in Latin America, Europe, the U.S.A. and Asia. He received his Bachelor of Arts from the University of Western Ontario, Canada.

## MANAGER'S INVESTMENT REPORT

### Tang Chee Kin

Mr Tang of 14, Jalan Batai Barat, Damansara Heights, 50490, Kuala Lumpur, Malaysia, has been a Director of CIMB-Principal(S) 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 has won numerous awards from Lipper and Standard & Poor's for the funds that he managed. He is the chairman of the Malaysian Association of Asset Managers, a committee member of the FTSE Bursa Malaysia Index Advisory Committee, as well as an invitee in the Executive Committee of the Malaysia International Islamic Financial Centre (MIFC). Mr Tang is a Fellow of the Chartered Institute of Management Accountants (CIMA) United Kingdom. He holds a Capital Markets Services Representative's License for fund management under Malaysia's Capital Markets and Services Act 2007.

### Goh Zee Wei Ken

Mr Goh of 20 Cuscaden Road #06-01, Singapore 249726 is the Chief Executive Officer of CIMB-Principal(S). He joined CIMB-Principal(S) as Head, International Investment and has been a Director of CIMB-Principal(S) since 12 January 2007. Prior to that, Mr Goh was Director of Investment at APS Asset Management. He served as an Executive Director on the management team. The successful boutique fund management firm was the winner of the Enterprise 50 Award, 2006. Mr Goh also helped oversee the investment team, which has a well-regarded bottom-up investment process for managing Asian equities.

From June 2004 to February 2005, Mr Goh was Head of Investment Advisory, Asia for MeesPierson. His primary responsibility was to set up and institutionalize the investment advisory process for clients based in Asia. He was a member of the Investment Team there, which was responsible for investment recommendations across asset classes and client mandates. Before joining MeesPierson, Mr Goh was the Chief Investment Officer, Singapore for Allianz Dresdner Asset Management. Besides being responsible for investment performance for the fund management team, Mr Goh served on the Asian Equity Management Group and helped managed the regional research and trading team. He established the Global Products portfolio management capabilities in Singapore and has managed Global Equity portfolios as a full member of the Global Equity platform. Prior to joining Allianz Dresdner Asset Management in 2001, Mr Goh was the Executive Director of Philip Capital Management during its start-up phase. He established the investment process, refined portfolio systems and managed absolute returns portfolios. He also helped launch absolute returns retail funds.

From 1994 to 2000, Mr Goh served as an Investment Manager with the GIC (Government of Singapore Investment Corp). He had managed UK, Italy, Ireland, Pan European and Global

## **MANAGER'S INVESTMENT REPORT**

Sector equity portfolios. He was a member of the Global Resources & Industrial as well as Global Financial Services Research Group. Besides equity investment experience, Mr Goh has been rotated to GIC Bonds and Economics/Asset Allocation departments. He was based in GIC London office in 1998 and had been seconded to Schrodgers Investment Management (London) in 1996, Lazard Asset Management (London) in 1995 and Bankers Trusts (Singapore) in 1993.

Mr Goh graduated from the National University of Singapore as Bachelor of Business Administration with a 1<sup>st</sup> 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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## STATEMENT BY THE MANAGER

In the opinion of the directors of CIMB-Principal Asset Management (S) Pte. Ltd., the accompanying financial statements set out on pages 14 to 29, 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 30 June 2010 and the total return for the financial period 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.

Goh Zee Wei Ken  
Chief Executive Officer/Director

Singapore  
12 August 2010

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**CIMB FTSE ASEAN 40***(Constituted under a Trust Deed in the Republic of Singapore)***STATEMENT OF TOTAL RETURN***For the six months ended 30 June 2010 (Unaudited)*

|  | Notes | Six months<br>ended 30<br>June 2010<br>US\$ | Six months<br>ended 30<br>June 2009<br>US\$ |
|--|-------|---|---|
| <b>INVESTMENT INCOME</b>   |       |   |   |
| Dividends  |       | 2,043,786                                   | 2,027,549                                   |
| Interest   |       | 32  | 50  |
|  |       | <u>2,043,818</u>                            | <u>2,027,599</u>                            |
| <b>LESS : EXPENSES</b>   |       |   |   |
| Custody Fees   |       | (16,441)                                    | (9,296)                                     |
| Management Fees  | 3     | (485,748)                                   | (357,059)                                   |
| Others   |       | 37,474                                      | (18,939)                                    |
|  |       | <u>(464,715)</u>                            | <u>(385,294)</u>                            |
| <b>NET INVESTMENT INCOME</b>   |       | <u>1,579,103</u>                            | <u>1,642,305</u>                            |
| <b>NET GAINS OR LOSSES ON VALUE OF INVESTMENTS</b>                         |       |   |   |
| Net change in fair value of investments                                    |       | (6,779,710)                                 | 38,469,034                                  |
| Net gain/(loss) on investment  |       | 13,075,520                                  | (10,070,833)                                |
| Net foreign exchange gains/(losses)  |       | 74,393                                      | 38,610                                      |
| <b>NET GAINS/(LOSSES) ON VALUE OF INVESTMENTS</b>                          |       | <u>6,370,203</u>                            | <u>28,436,811</u>                           |
| Total return for the financial period before income tax and distribution   |       | 7,949,306                                   | 30,079,116                                  |
| Less: Income tax   | 4     | (158,375)                                   | (190,067)                                   |
| Change in net assets attributable to unitholders resulting from operations |       | 7,790,931                                   | 29,889,049                                  |
| Less: Distribution   |       | (3,772,000)                                 | (5,376,000)                                 |
| <b>TOTAL RETURN FOR THE FINANCIAL PERIOD</b>                               |       | <u>4,018,931</u>                            | <u>24,513,049</u>                           |

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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)***BALANCE SHEET***For the six months ended 30 June 2010 (Unaudited)*

|  | Note | As at 30<br>June 2010<br>US\$ | As at 31<br>December 2009<br>US\$ |
|--|------|-------------------------------|-----------------------------------|
| <b>ASSETS</b>                          |      |                               |                                   |
| <b>Current assets</b>                  |      |                               |                                   |
| Portfolio of investments               |      | 138,147,024                   | 158,074,562                       |
| Sales awaiting settlement              |      | 84,574                        | -                                 |
| Net dividend receivable                |      | 744,248                       | 437,771                           |
| Other receivables                      |      | -                             | -                                 |
| Tax recoverable                        |      | 11,149                        | 11,149                            |
| Cash and bank balances                 | 5    | 354,534                       | 472,967                           |
| <b>Total assets</b>                    |      | <b>139,341,529</b>            | <b>158,996,449</b>                |
| <b>LIABILITIES</b>                     |      |                               |                                   |
| <b>Current liabilities</b>             |      |                               |                                   |
| Due to Manager                         |      | 238,138                       | 270,811                           |
| Other payables                         |      | 145,078                       | 93,857                            |
| Net assets attributable to unitholders | 6    | 138,958,313                   | 158,631,781                       |
| <b>Total liabilities</b>               |      | <b>139,341,529</b>            | <b>158,996,449</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 six months ended 30 June 2010 (Unaudited)*

|   | Holdings at<br>30 June<br>2010 | Fair Value at<br>30 June<br>2010<br>US\$ | Percentage of<br>total net assets<br>attributable to<br>unitholders at<br>30 June<br>2010<br>% |
|---|--------------------------------|--|--|
| <b>Primary - by Industry</b>  |                                |  |  |
| <b>Quoted</b>   |                                |  |  |
| <b>EQUITIES</b>   |                                |  |  |
| <b>Communications</b>   |                                |  |  |
| Advanced Info Service Public Company Limited (NVDR) <sup>1</sup>        | 528,200.00                     | 1,409,946.00                             | 1.01   |
| Axiata Group Berhad   | 2,857,600                      | 3,451,186                                | 2.48   |
| Digi.com Berhad   | 262,200                        | 1,836,817                                | 1.32   |
| Maxis Berhad  | 1,014,600                      | 1,654,699                                | 1.19   |
| Philippine Long Distance Telephone Company                              | 16,720                         | 863,864                                  | 0.62   |
| Singapore Telecommunications Limited                                    | 3,610,000                      | 7,839,951                                | 5.64   |
| Telekomunikasi Indonesia  | 4,541,000                      | 3,832,173                                | 2.76   |
|   |                                | <u>20,888,636</u>                        | <u>15.03</u>   |
| <b>Consumer</b>   |                                |  |  |
| Astra International   | 1,368,000                      | 7,258,776                                | 5.22   |
| Genting Berhad  | 1,250,200                      | 2,726,305                                | 1.96   |
| Genting Singapore PLC   | 2,166,000                      | 1,816,385                                | 1.31   |
| IOI Corporation Berhad  | 2,253,400                      | 3,487,115                                | 2.51   |
| Singapore Airlines Limited  | 266,000                        | 2,772,104                                | 1.99   |
| Unilever Indonesia  | 684,000                        | 1,282,736                                | 0.92   |
| Wilmar International Limited  | 1,140,000                      | 4,714,593                                | 3.39   |
|   |                                | <u>24,058,014</u>                        | <u>17.31</u>   |
| <b>Diversified</b>  |                                |  |  |
| Keppel Corporation Limited  | 532,000                        | 3,241,112                                | 2.33   |
| Noble Group Limited   | 2,014,000                      | 2,453,985                                | 1.77   |
| Sime Darby Berhad   | 2,033,000                      | 5,017,350                                | 3.61   |
|   |                                | <u>10,712,447</u>                        | <u>8.00</u>  |
| <b>Energy</b>   |                                |  |  |
| PTT Public Company Limited (NVDR) <sup>1</sup>                          | 380,000                        | 2,884,740                                | 2.08   |
| PTT Exploration & Production Public Company Limited (NVDR) <sup>1</sup> | 592,800                        | 2,625,113                                | 1.89   |
|   |                                | <u>5,509,853</u>                         | <u>3.97</u>  |

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**CIMB FTSE ASEAN 40***(Constituted under a Trust Deed in the Republic of Singapore)***PORTFOLIO STATEMENT***For the six months ended 30 June 2010 (Unaudited)*

|   | Holdings at<br>30 June<br>2010 | Fair Value at<br>30 June<br>2010<br>US\$ | Percentage of<br>total net assets<br>attributable to<br>unitholders at<br>30 June<br>2010<br>% |
|---|--------------------------------|--|--|
| <b>Primary - by Industry (continued)</b>                        |                                |  |  |
| <b>Quoted</b>   |                                |  |  |
| <b>EQUITIES</b>   |                                |  |  |
| <b>Financial</b>  |                                |  |  |
| Bangkok Bank Public Company Limited (NVDR) <sup>1</sup>         | 421,800                        | 1,627,064                                | 1.17   |
| Bank Central Asia   | 5,529,000                      | 3,629,073                                | 2.61   |
| Bank Mandiri  | 1,824,000                      | 1,207,281                                | 0.87   |
| Bank Rakyat Indonesia   | 2,736,000                      | 2,791,837                                | 2.01   |
| Capitaland Limited  | 1,444,000                      | 3,725,917                                | 2.68   |
| CIMB Group Holdings Berhad                                      | 2,397,800                      | 5,184,432                                | 3.73   |
| City Developments Limited                                       | 304,000                        | 2,405,505                                | 1.73   |
| DBS Group Holdings Limited                                      | 760,000                        | 7,440,940                                | 5.35   |
| Kasikornbank Public Company Limited (NVDR) <sup>1</sup>         | 524,400                        | 1,468,579                                | 1.06   |
| Malayan Banking Berhad  | 2,397,800                      | 5,584,374                                | 4.02   |
| Overseas Chinese Banking Corporation Limited                    | 1,102,000                      | 6,974,384                                | 5.02   |
| Public Bank Berhad (Foreign Market)                             | 1,599,800                      | 5,880,346                                | 4.23   |
| Siam Cement (NVDR)  | 133,000                        | 1,075,328                                | 0.77   |
| Siam Commercial Bank Public Company Limited (NVDR) <sup>1</sup> | 699,200                        | 1,753,125                                | 1.26   |
| United Overseas Bank Limited                                    | 532,000                        | 7,435,493                                | 5.35   |
|   |                                | <b>58,183,678</b>                        | <b>42.00</b>   |
| <b>Industrial</b>   |                                |  |  |
| MISC Berhad (Foreign)   | 813,200                        | 2,147,602                                | 1.55   |
| Plus Expressways B  | 900,600                        | 948,586                                  | 0.68   |
| Singapore Technologies Engineering Limited                      | 684,000                        | 1,612,930                                | 1.16   |
|   |                                | <b>4,709,118</b>                         | <b>3.39</b>  |
| <b>Utilities</b>  |                                |  |  |
| Perusahaan Gas Negara   | 4,047,000                      | 1,718,803                                | 1.24   |
| Petronas Gas Berha  | 266,000                        | 811,762                                  | 0.58   |
| Tenaga Nasional Berhad  | 486,400                        | 1,263,513                                | 0.91   |
|   |                                | <b>3,794,078</b>                         | <b>2.73</b>  |

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**CIMB FTSE ASEAN 40***(Constituted under a Trust Deed in the Republic of Singapore)***PORTFOLIO STATEMENT***For the six months ended 30 June 2010 (Unaudited)*

|  | Holdings at<br>30 June<br>2010 | Fair Value at<br>30 June<br>2010<br>US\$ | Percentage of<br>total net assets<br>attributable to<br>unitholders at<br>30 June<br>2010<br>% |
|--|--------------------------------|--|--|
| <b>Primary - by Industry (continued)</b>                                       |                                |  |  |
| <b>Quoted</b>  |                                |  |  |
| <b>WARRANTS</b>  |                                |  |  |
| Citigroup Index Return ASEAN Securities<br>Access Products (AAPs) <sup>2</sup> | 1,200,000                      | 10,291,200                               | 7.41   |
| <b>Portfolio of Investments</b>  |                                | 138,147,024                              | 99.42  |
| <b>Other net assets/ (liabilities)</b>   |                                | 811,289                                  | 0.58   |
| <b>Net assets attributable to unitholders</b>                                  |                                | <u>138,958,313</u>                       | <u>100.00</u>  |

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

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**CIMB FTSE ASEAN 40***(Constituted under a Trust Deed in the Republic of Singapore)***PORTFOLIO STATEMENT***For the six months ended 30 June 2010 (Unaudited)*

|   | Fair Value at<br>30 June<br>2010<br>US\$ | Percentage of<br>total net assets<br>attributable to<br>unitholders at<br>30 June<br>2010<br>% | Percentage of<br>total net assets<br>attributable to<br>unitholders at<br>31 December<br>2009<br>% |
|---|--|--|--|
| <b>Primary - by Industry (continued)</b>      |  |  |  |
| <b>Summary</b>                                |  |  |  |
| <b>Quoted EQUITIES</b>                        |  |  |  |
| Communications                                | 20,888,636                               | 15.03  | 14.39  |
| Consumer                                      | 24,058,014                               | 17.31  | 16.60  |
| Diversified                                   | 10,712,447                               | 7.71   | 6.65   |
| Energy  | 5,509,853                                | 3.97   | 4.25   |
| Financial                                     | 58,183,678                               | 41.87  | 44.04  |
| Industrial                                    | 4,709,118                                | 3.39   | 4.64   |
| Utilities                                     | 3,794,078                                | 2.73   | 2.86   |
| Warrants                                      | 10,291,200                               | 7.41   | 6.21   |
| <b>Portfolio Of Investments</b>               | <b>138,147,024</b>                       | <b>99.42</b>   | <b>99.65</b>   |
| <b>Other net assets/ (liabilities)</b>        | <b>811,289</b>                           | <b>0.58</b>  | <b>0.35</b>  |
| <b>Net assets attributable to unitholders</b> | <b>138,958,313</b>                       | <b>100.00</b>  | <b>100.00</b>  |

|   | Fair Value at<br>30 June<br>2010<br>US\$ | Percentage of<br>total net assets<br>attributable to<br>unitholders at<br>30 June<br>2010<br>% | Percentage of<br>total net assets<br>attributable to<br>unitholders at<br>31 December<br>2009<br>% |
|---|--|--|--|
| <b>Secondary - By Geography</b>               |  |  |  |
| <b>By Country of Listing</b>                  |  |  |  |
| Singapore                                     | 52,433,299                               | 37.73  | 40.14  |
| Malaysia                                      | 39,994,087                               | 28.78  | 29.04  |
| Indonesia                                     | 21,720,679                               | 15.63  | 14.11  |
| Thailand                                      | 12,843,895                               | 9.24   | 9.39   |
| Philippines                                   | 863,864                                  | 0.62   | 0.76   |
| Luxembourg                                    | 10,291,200                               | 7.41   | 6.21   |
| <b>Portfolio Of Investments</b>               | <b>138,147,024</b>                       | <b>99.42</b>   | <b>99.65</b>   |
| <b>Other net assets/ (liabilities)</b>        | <b>811,289</b>                           | <b>0.58</b>  | <b>0.35</b>  |
| <b>Net assets attributable to unitholders</b> | <b>138,958,313</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 six months ended 30 June 2010 (Unaudited)*

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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 Manager"), 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 Manager, 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 or to be 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").

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##### **(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 six months ended 30 June 2010 (Unaudited)

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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 taken up 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.

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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.

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

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

## **CIMB FTSE ASEAN 40**

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

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

*For the six months ended 30 June 2010 (Unaudited)*

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

(f) Preliminary expenses

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

(g) Receivables

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

FOR  
EVALUATION  
PURPOSES  
ONLY

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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 six months ended 30 June 2010 (Unaudited)***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 not charged to the Fund.

**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.

|                     | <b>Six months<br/>ended 30<br/>June 2010<br/>US\$</b> | <b>Six months<br/>ended 30<br/>June 2009<br/>US\$</b> |
|---------------------|---|---|
| Overseas income tax | 158,375   | 190,067   |

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

**5. Cash and bank balances**

|                          | <b>As at 30<br/>June 2010<br/>US\$</b> | <b>As at 31<br/>December 2009<br/>US\$</b> |
|--------------------------|--|--|
| Cash at bank and on hand | 631,299                                | 472,967                                    |

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

**CIMB FTSE ASEAN 40***(Constituted under a Trust Deed in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the six months ended 30 June 2010 (Unaudited)***6. Net assets attributable to unitholders**

|   | <b>Six months<br/>ended<br/>30 June<br/>2010<br/>US\$</b> | <b>Financial<br/>year ended<br/>31 December<br/>2009<br/>US\$</b> |
|---|---|---|
| <b>At the beginning of the financial period</b>   | 158,631,781   | 99,335,952  |
| <b>OPERATIONS</b>   |   |   |
| Change in net assets attributable to unitholders<br>resulting from operations                             | 7,790,931   | 67,048,229  |
| <b>UNITHOLDERS'<br/>CONTRIBUTION/(WITHDRAWALS)</b>  |   |   |
| Creation of units   | 9,762,800   | 11,709,600  |
| Cancellation of units   | (33,455,200)  | (14,086,000)  |
| Change in net assets attributable to unitholders<br>resulting from net creation and cancellation of units | (23,692,400)  | (2,376,400)   |
| <b>DISTRIBUTION TO UNITHOLDERS</b>  | <u>3,772,000</u>  | <u>5,376,000</u>  |
| <b>TOTAL DECREASE/ INCREASE IN NET ASSETS<br/>ATTRIBUTABLE TO UNITHOLDERS</b>                             | (19,673,469)  | 59,295,829  |
| <b>At the end of the financial period</b>   | <u><b>138,958,312</b></u>                                 | <u><b>158,631,781</b></u>   |
| <b>Units in issue (note 7)</b>  | <b>16,400,000</b>   | <b>19,200,000</b>   |
| <b>Net assets attributable to unitholders per unit</b>  | <u><b>8.47</b></u>  | <u><b>8.26</b></u>  |

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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 six months ended 30 June 2010 (Unaudited)***6. Net assets attributable to unitholders** (continued)

Reconciliation of net assets attributable to unitholders per unit for issuing/redeeming units at period end and the net assets attributable to unitholders per unit per the financial statements:

|  | <b>As at 30<br/>June 2010<br/>US\$</b> | <b>As at 31<br/>December 2009<br/>US\$</b> |
|--|--|--|
| Net assets attributable to unitholders per unit for issuing/redeeming units  | 8.49                                   | 8.28                                       |
| Effect of adopting bid prices as fair value                                  | (0.02)                                 | (0.02)                                     |
| Net assets attributable to unitholders per unit per the financial statements | <u>8.47</u>                            | <u>8.26</u>                                |

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.

**7. Units in issue**

|                                   | <b>Six months<br/>ended<br/>30 June 2010<br/>US\$</b> | <b>Financial<br/>year ended<br/>31 December<br/>2009<br/>US\$</b> |
|-----------------------------------|---|---|
| Units at beginning of the period  | 19,200,000  | 19,200,000  |
| Units created during the period   | 1,200,000   | 2,000,000   |
| Units cancelled during the period | 4,000,000   | (2,000,000)   |
| Units at end of the period        | <u>16,400,000</u>                                     | <u>19,200,000</u>   |

**8. Financial risk management**

Please reach out to the Manager continually monitors the Fund's exposure to risk and 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 financial 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

## CIMB FTSE ASEAN 40

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

### NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2010 (Unaudited)

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

US\$6,947,916 for the six months ended 30 June 2010 ("being 5% of the NAV for the six months ended 30 June 2010") and US\$7,931,589 for the year ended 31 December 2009 ("being 5% of the NAV for the year ended 31 December 2009"). Conversely, if the FTSE ASEAN 40 Index in fund currency had decreased by 5%, this would have decreased the net asset value of the Fund by approximately US\$6,947,916 for the six months ended 30 June 2010 ("being 5% of the NAV for the six months ended 30 June 2010") and US\$7,931,589 for the year ended 31 December 2009 ("being 5% of the NAV for the year ended 31 December 2009").

##### (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.

##### (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 established 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 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.

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|   | <u>Due on demand</u><br>US\$000 | <u>Less than 3 months</u><br>US\$000 |
|---|---------------------------------|--------------------------------------|
| <b>30 June 2010</b>                     |                                 |                                      |
| Due to manager                          | -                               | 238                                  |
| Net assets attributable to unit holders | 138,958                         | -                                    |
| <b>31 December 2009</b>                 |                                 |                                      |
| Due to manager                          | -                               | 271                                  |
| Net assets attributable to unit holders | 158,632                         | -                                    |



**CIMB FTSE ASEAN 40**

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

**NOTES TO THE FINANCIAL STATEMENTS**

*For the six months ended 30 June 2010 (Unaudited)*

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

(e) Credit risk

The Fund takes on exposure to 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, 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 summarize the credit rating of banks and custodians in which the Fund's assets are held as at 30 June 2010 and 31 December 2009

| <b>As at 30 June 2010</b> | <b>Amount</b>  | <b>Credit rating</b> | <b>Source of credit rating</b> |
|---------------------------|----------------|----------------------|--------------------------------|
|                           | <b>US\$000</b> |                      |                                |

Custodian

|                                     |     |     |                   |
|-------------------------------------|-----|-----|-------------------|
| State Street Bank and Trust Company | 355 | AA- | Standard & Poor's |
|-------------------------------------|-----|-----|-------------------|

| <b>As at 31 December 2009</b> | <b>Amount</b>  | <b>Credit rating</b> | <b>Source of credit rating</b> |
|-------------------------------|----------------|----------------------|--------------------------------|
|                               | <b>US\$000</b> |                      |                                |

Custodian

|                                     |     |     |                   |
|-------------------------------------|-----|-----|-------------------|
| State Street Bank and Trust Company | 473 | AA- | Standard & Poor's |
|-------------------------------------|-----|-----|-------------------|

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

## CIMB FTSE ASEAN 40

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

### NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2010 (Unaudited)

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

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

#### (f) Capital management

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

#### 9. Related party disclosures

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

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

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

#### 10. Financial ratios

|                                      | Six months ended<br>30 June 2010 | Six months ended<br>30 June 2009 |
|--------------------------------------|----------------------------------|----------------------------------|
| Expense ratio <sup>1</sup>           | 0.33%                            | 0.37%                            |
| Portfolio turnover rate <sup>2</sup> | 8.23%                            | 7.13%                            |

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<sup>1</sup> The expense ratio is computed in accordance with the revised IMAS' guidelines on disclosure of expense ratios dated 25 May 2005. 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.