

**This document is important. If you are in any doubt as to the action you should take, you should consult your stockbroker, lawyer, accountant, tax adviser or other professional advisers.**

Application was made on 14 July 2006 to the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for permission to list and deal in and for quotation of all the Units of the CIMB FTSE ASEAN 40 (the "**Fund**") which may be issued from time to time. Such permission has been granted by SGX-ST and the Fund has been admitted to the Official List of SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Prospectus and admission to the Official List is not to be taken as an indication of the merits of the Fund, the Manager or the Units.

**See "Risk Factors" commencing on page 36 of this Prospectus for a discussion of certain factors to be considered in connection with an investment in the Units.**

**CIMB FTSE ASEAN 40**  
*a Singapore unit trust authorised under*  
*Section 286 of the Securities and Futures Act, Chapter 289 of Singapore*

**PROSPECTUS**  
(Registered by the Monetary Authority of Singapore on 27 May 2010)

**MANAGER**

**CIMB-PRINCIPAL ASSET MANAGEMENT (S) PTE. LTD.**

**CIMB FTSE ASEAN 40**

**DIRECTORY**

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**SOLICITORS TO THE TRUSTEE**

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## **PRELIMINARY**

This prospectus (the “**Prospectus**”) has been prepared in connection with the offer in Singapore of units in the CIMB FTSE ASEAN 40 (“**Units**”), a unit trust established under Singapore law by the deed of trust (as amended) relating to the CIMB FTSE ASEAN 40 (the “**Trust Deed**”).

The directors of CIMB-Principal Asset Management (S) Pte. Ltd., the Manager of the CIMB FTSE ASEAN 40 (the “**Manager**”) accept full responsibility for the accuracy of information contained herein and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and the opinions expressed in this Prospectus are fair and accurate in all material respects as at the date of this Prospectus and that there are no material facts the omission of which would make any statements in this Prospectus misleading.

The collective investment scheme offered in this Prospectus, the CIMB FTSE ASEAN 40, is an authorised scheme under the Securities and Futures Act, Chapter 289 of Singapore (the “**Securities and Futures Act**”). A copy of this Prospectus has been lodged with and registered by the Monetary Authority of Singapore (the “**Authority**”). The Authority assumes no responsibility for the contents of this Prospectus. Registration of this Prospectus with the Authority does not imply that the Securities and Futures Act, or any other legal or regulatory requirements have been complied with. The Authority has not, in any way, considered the investment merits of the CIMB FTSE ASEAN 40.

Applicants for Units should consult their financial advisers and take legal advice as appropriate as to whether any governmental or other consents are required, or other formalities need to be observed, to enable them to acquire Units and as to whether any taxation effects, foreign exchange restrictions or exchange control requirements are applicable.

Units are traded on SGX-ST at market prices throughout the trading day. Market prices for Units may, however, be different from their net asset value. Listing for quotation of the Units on the SGX-ST does not guarantee a liquid market for the Units.

The distribution of this Prospectus and the offering, subscription, purchase, sale or transfer of the Units in certain jurisdictions may be restricted by law. The Manager requires persons into whose possession this Prospectus comes to inform themselves about and to observe any such restrictions at their own expense and without liability to the Manager. This Prospectus does not constitute an offer of, or an invitation to subscribe for or purchase, any of the Units in any jurisdiction in which such offer or invitation would be unlawful. Persons to whom a copy of this Prospectus has been issued shall not circulate to any other person, reproduce or otherwise distribute this Prospectus or any information herein for any purpose whatsoever nor permit or cause the same to occur.

**Indonesia** - This Prospectus and the information contained therein are private and confidential and are for the use solely of the person to whom such materials are addressed. The offering of the Units in the CIMB FTSE ASEAN 40 will be conducted in a manner which constitutes a private offering of securities under applicable laws and regulations of the Republic of Indonesia.

**Malaysia** - No offer or invitation to purchase the Units may be or will be made to the public in Malaysia. These Units will only be offered or sold to qualified investors in accordance with the Capital Markets and Services Act 2007.

**Hong Kong** - The Units are intended to be disposed of only to (i) persons outside Hong Kong, and (ii) persons in Hong Kong who are "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder, and this Prospectus may not be issued or made available in any form to any other person in Hong Kong. No one may issue or have in its possession for the purpose of issue any advertisement, invitation or document relating to the Units, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong).

**United Kingdom** - This Prospectus is not available for general distribution in, from or into the United Kingdom because the CIMB FTSE ASEAN 40 is an unregulated collective investment scheme whose promotion is restricted under the Financial Services and Markets Act 2000 (the "FSMA"). When distributed in, from or into the United Kingdom this Prospectus is only intended for sophisticated investors, high net worth companies, partnerships, unincorporated associations or high value trusts and associations of any of the foregoing or certain other persons to whom the Prospectus may lawfully be marketed under the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, The Prospectus is also intended for persons outside the European Economic Area receiving it electronically, persons outside the United Kingdom receiving it non-electronically and any other persons to whom it may be communicated lawfully. No other person should act or rely on it. Persons distributing this Prospectus in, from or into the United Kingdom must satisfy themselves that it is lawful to do so. Please note that, to qualify as a sophisticated investor, a person must have a certificate in writing and signed by an FSA authorised person stating that they are sufficiently knowledgeable to understand the risks associated with participating in an unregulated collective investment scheme. Any person who is in any doubt about the investment to which this communication relates should consult an authorised person specialising in advising on investments of the kind referred to in this document.

**United States** - The Units have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")). The Units are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S. The Units are being offered to non-U.S. persons (including institutional and other investors in Singapore) in offshore transactions outside the United States in reliance on Regulation S, unless the Units are being offered to U.S. persons who receive this Prospectus (or any other offering materials) and communicate their investment decisions while outside the U.S.A..Units may not, except pursuant to a relevant exemption, be acquired or owned by, or acquired with the assets of an ERISA Plan. An ERISA Plan is defined as (i) any retirement plan subject to Title I of the United States Employee Retirement Income Securities Act of 1974, as amended; or, (ii) any individual retirement account or plan subject to Section 4975 of the United States Internal Revenue Code of 1986, as amended.

No person has been authorised to give any information or to make any representation in connection with the offering of Units other than those contained in this Prospectus, and the reports referred to in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by the Manager. To reflect material changes, this document may be updated from time to time and investors should investigate whether any more recent Prospectus is available. Investors should note that any amendment or supplement to, or replacement of, this Prospectus will be posted on the Manager's website (<http://etf.cimb-principal.com.my>).

## **DEFINITIONS**

In this Prospectus, unless the context requires otherwise, the following expressions have the meanings set out below.

“Application” means an application by the Participating Dealer to the Registrar for the creation or redemption of Units, in accordance with the procedures for creation and redemption of Units set out in the Operating Guidelines and the terms of the Trust Deed.

“Application Basket” means a portfolio of Index Securities including the cash equivalent of the Index Securities where applicable, which constitute the Index Basket fixed by the Manager at the start of business on the relevant Dealing Day or the Index Return AAP(s) and/or such other securities as may be approved by the Authority, for the purpose of the creation and redemption of Units in an Application Unit size, notified on the relevant date by the Manager in accordance with the Operating Guidelines for Applications.

“Application Basket Value” means the aggregate value of the Index Securities including the cash equivalent of the Index Securities where applicable or the Index Return AAP(s) and/or other securities as may be approved by the Authority constituting the Application Basket at the Valuation Point on the relevant Dealing Day.

“Application Cancellation Fee” means the fee payable by the Participating Dealer in respect of a default, as set out in the Trust Deed and the Operating Guidelines applicable at the time the relevant Creation Application or Redemption Application is made.

“Application Unit” means such number of Units or multiples thereof as specified in this Prospectus or such other multiple of Units from time to time determined by the Manager, approved by the Trustee and notified to the Participating Dealer.

“associate” has the meaning ascribed to it in the listing manual of the SGX-ST.

“Authority” means the Monetary Authority of Singapore or its successors.

“Business Day” means a day (other than a Saturday or a Sunday) on which all the Relevant Exchanges are open for normal trading and on which the Index is compiled and published, and on which banks in Singapore are open for general business (or such other day or days as may from time to time be determined by the Manager and Trustee) and where a day on which any of the Relevant Exchanges or banks in Singapore is open for only half a day such day shall not be considered a Business Day.

“Cancellation Compensation” means an amount payable by a Participating Dealer in respect of a default, as set out in the Trust Deed and in the Operating Guidelines applicable at the time the relevant Creation Application or Redemption Application is made.

“Cash Component” means the difference between the aggregate Net Asset Value of the Units comprising an Application Unit and the Application Basket Value.

“CDP” means The Central Depository (Pte) Limited, a wholly-owned subsidiary of SGX-ST.

“Clearstream” means Clearstream Banking, societe anonyme.

“Code” means the Code on Collective Investment Schemes issued by the Authority (as amended from time to time).

“Collective Investment Scheme” has the same meaning as in the Securities and Futures Act.

“Companies Act” means the Companies Act, Chapter 50 of Singapore.

“Connected Person” has the meaning ascribed to it under the Securities and Futures Act, and the Listing Rules, and in relation to any firm or corporation or company (as the case may be) means:

- (a) another firm or corporation in which the first mentioned firm or corporation has control of not less than 20 per cent. of the voting power in that other firm or corporation; and
- (b) a director, chief executive officer or substantial shareholder or controlling shareholder of the company or any of its subsidiaries or an associate of any of them.

“Creation Application” means an application by a Participating Dealer for the creation and issue of Units in an Application Unit size (or whole multiples thereof) in exchange for Index Securities including the cash equivalent of the Index Securities where applicable or the Index Return AAP(s) or other securities as may be approved by the Authority, constituting the Application Basket and any applicable Cash Component.

“Custodian” means State Street Bank and Trust Company or its successor.

“Custodian Agreement” means the agreement to be entered into between the Trustee and the Custodian.

“Dealing Day” means each Business Day during the continuance of the Fund, and/or such other day or days as the Manager may from time to time determine with the approval of the Trustee.

“Dealing Deadline” in relation to any particular place and any particular Dealing Day, means such time on that Dealing Day as the Manager (with the approval of the Trustee) may from time to time determine.

“Deposited Property” means all the assets (including cash, if any) for the time being held or deemed to be held for the account of the Fund excluding (i) the Income Property and (ii) any amount for the time being standing to the credit of the Distribution Account (as defined in the Trust Deed).

“Duties and Charges” means, in relation to any particular transaction or dealing, all stamp and other duties, taxes, government charges, brokerage, bank charges, transfer fees, registration fees, transaction levies and other duties and charges whether in connection with the constitution of the Deposited Property or the increase or decrease of the Deposited Property or the creation, issue, transfer, cancellation or redemption of Units or the acquisition or disposal of Securities or otherwise which may have become or may be payable in respect of, and whether prior to, upon or after the occasion of, any transaction or dealing and including, in relation to an issue of Units or redemption of Units, a charge (if any) of such amount or at such rate as is determined by the Manager to be made for the purpose of compensating or reimbursing the Fund for the difference between (a) the prices used when valuing the Securities of the Fund for the purpose of such issue or redemption of Units and (b) (in the case of an issue of Units) the prices which would be used when acquiring the same Securities if they were acquired by the Fund with the amount of cash received by the Fund upon such issue of Units and (in the case of a redemption of Units) the prices which would be used when selling the same Securities if they were sold by the Fund in order to realise the amount of cash required to be paid out of the Fund upon such redemption of Units.

“Euroclear” means the Euroclear System, operated by Euroclear Bank S.A./N.V.

“Extension Fee” means any fee payable by a Participating Dealer in accordance with the Operating Guidelines because of the extension of any settlement period.

“Fund” means the CIMB FTSE ASEAN 40.

“FTSE” means the FTSE International Limited.

“HK dollar” or “HK\$” means the lawful currency for the time being and from time to time of Hong Kong SAR.

“Income Property” means (a) all interest, dividends and other sums deemed by the Manager, (after consulting the Auditors either on a general or case by case basis), to be in the nature of income (including taxation repayments, if any) received or receivable by the Trustee in respect of the Deposited Property (whether in cash or, without limitation, by warrant, cheque, money, credit or otherwise or the proceeds of sale of any Income Property received in a form other than cash); (b) all interest and other sums received or receivable by the Trustee in respect of (a), or (c) of this definition or the Cash Component; and (c) all Cancellation Compensation received by the Trustee, but excluding (i) the Deposited Property; (ii) any amount for the time being standing to the credit of the Distribution Account or previously distributed to Unitholders; (iii) gains arising from the realisation of Securities; and (iv) any sums applied towards payment of the fees, costs and expenses payable by the Fund from the Income Property.

“Index” means the FTSE/ASEAN 40 Index such other name by which the index may be known.

“Index Basket” means a portfolio of Index Securities as determined by the Manager to be substantially similar in composition and weighting to the Index, provided that such portfolio shall comprise only whole numbers of the Index Securities and no fractions or, if the Manager determines shall comprise only round lots and not any odd lots.

“Index Provider” means FTSE International Limited, the person responsible for compiling the Index against which the Fund benchmarks its investments and who holds the right to licence the use of such Index.

“Index Return AAP” means a US dollar denominated ASEAN securities access product, being a security (such as a warrant, note or participation certificate) linked to the Index which may have a performance related feature as described in this Prospectus.

“Index Securities” means shares or interests issued by companies listed on the Relevant Exchanges that are included in the Index from time to time or depository receipts that may be issued against such shares or interests.

“Issue Price” means the price at which Units may be issued, determined in accordance with the Trust Deed.

“Listing Rules” means the listing rules for the time being applicable to the listing of the Fund as an investment fund on the SGX-ST (as amended from time to time).

“Luxembourg Stock Exchange” means the Societe de la Bourse de Luxembourg S.A..

“Manager” means CIMB-Principal Asset Management (S) Pte. Ltd. or its successors.

“Market” means, in relation to any Index Security, a Relevant Exchange, and in relation to any futures or derivative instrument, the Recognised Stock Exchange or OTC Market.

“Net Asset Value” means the net asset value of the Fund or, as the context may require, of a Unit calculated pursuant to the Trust Deed.

"Non-Specialised Fund" means a Collective Investment Scheme that invests in equities and/or fixed income instruments and does not fall within the categories of specialised schemes of property funds, money market funds, hedge funds, futures and options funds or currency funds as set out in Appendices 2, 3, 4, 7 and 8 of the Code.

"Non-Specialised Funds Investment Guidelines" means the investment guidelines for Non-Specialised Funds issued by the Authority as Appendix 1 of the Code for the time being in force, and as the same may be amended from time to time by the Authority.

"OTC Market" means any over-the-counter market approved by the Manager and the Trustee on which any derivative instrument is traded.

"Operating Guidelines" means the guidelines for the creation and redemption set out in the Schedule to the Participation Agreement as may be amended from time to time by the Manager with the approval of the Trustee and following consultation, to the extent reasonably practicable, with the Participating Dealer and as notified in writing to the Participating Dealer.

"Participating Dealer" means Citigroup Global Markets Singapore Securities Pte Ltd, Flow Traders Asia Pte Ltd, DBS Vickers Securities (Singapore) Pte Ltd or any dealer which has entered into a Participation Agreement in form and substance acceptable to the Manager and the Trustee.

"Participation Agreement" means an agreement entered into between the Trustee, the Manager and a Participating Dealer setting out, (amongst other things), the arrangements in respect of the Index Securities including the cash equivalent of the Index Securities where applicable or the Index Return AAP(s) and/or such other securities as may be approved by the Authority, constituting the Application Basket and the redemption and cancellation of Units for the relevant Securities constituting the Application Basket.

"Recognised Stock Exchange" means an international stock exchange that is approved by the Manager and the Trustee.

"Redemption Application" means an application by a Participating Dealer to the Registrar for the redemption of Units in Application Unit size (or whole multiples thereof) in exchange for the relevant Index Securities including the cash equivalent of the Index Securities where applicable or any other Securities constituting an Application Basket.

"Redemption Value" means, in respect of a Unit, the price per Unit at which such Unit is redeemed, calculated in accordance with the Trust Deed.

"Register" means the register of Unitholders of the CIMB FTSE ASEAN 40.

"Registrar" means the Trustee or such other person as may from time to time be appointed by the Trustee to keep and maintain the register of Unitholders of the CIMB FTSE ASEAN 40.

"Relevant Exchanges" means the stock exchanges of the ASEAN region on which the Index Securities are traded and a "Relevant Exchange" means any one of them. The initial Relevant Exchanges are PT Bursa Efek Jakarta (Jakarta Stock Exchange), Bursa Malaysia Berhad, The Philippine Stock Exchange, Inc., The Stock Exchange of Thailand and SGX-ST.

"Securities" means the Index Securities, Index Return AAPs and any securities, futures or derivative instrument held by the Fund.

"Securities Account" means a Securities account or sub-account maintained by a Depositor (as defined in

Section 130A of the Companies Act) with the CDP.

“Securities and Futures Act” means the Securities and Futures Act, Chapter 289 of Singapore.

“Settlement Day” means three Business Days after the relevant Dealing Day and which shall be a Business Day (or such later Business Day as is permitted in relation to such Dealing Day pursuant to the Operating Guidelines) or such other number of Business Days after the relevant Dealing Day as the Manager and the Trustee may from time to time agree and notify to the Participating Dealer.

“SGX-ST” means the Singapore Exchange Securities Trading Limited or its successors.

“Singapore dollar” or “S\$” means the lawful currency for the time being and from time to time of Singapore.

“Transaction Fee” means the fee which may at the discretion of the Manager be charged for the benefit of the Trustee to the Participating Dealer on each Dealing Day on each Application made by the Participating Dealer, the maximum level of which shall be as determined by the Manager from time to time and set out in this Prospectus.

“Trust Deed” means the Trust Deed dated constituting the Fund dated 6 September 2006 between the Manager and the Trustee, as amended, supplemented or restated from time to time.

“Trustee” means DBS Trustee Limited or its successors.

“Unauthorised US Person” means (i) a US person within the meaning of Rule 902 of the United States Securities Act of 1933, as amended, (ii) a US resident within the meaning of the United States Investment Company Act of 1940, as amended, or (iii) any person that would not qualify as a Non-United States person within the meaning of United States Commodity Futures Trading Commission Rule 4.7(a)(1)(iv).

“Unit” means one undivided share in the Fund.

“Unitholder” means a holder of Units.

“US dollar” or “US\$” means the lawful currency for the time being and from time to time of the United States of America.

“Valuation Point” means the official close of trading on the last Market to close on each Dealing Day on which the Securities are listed or traded or such other time or times as determined by the Manager from time to time with the prior approval of the Trustee (and the Trustee shall determine if Unitholders should be informed of such changes) provided that there shall always be a Valuation Point on each Dealing Day other than where there is a suspension of the creation and redemption of Units.

*This Prospectus provides the information you need to make an informed decision about investing in the CIMB FTSE ASEAN 40. It contains important facts about the CIMB FTSE ASEAN 40.*

## Key Information

The following table is a summary of key information in respect of the CIMB FTSE ASEAN 40, and should be read in conjunction with the full text of this Prospectus.

Instrument Type	Exchange Traded Fund (“ETF”)
Tracked Index	FTSE/ASEAN 40 Index
Listing Date	21 September 2006
Exchange Listing	SGX-ST
Trading Board Lot Size	100 Units
Trading Currency	US dollars (US\$)
Distribution of Income	Annually (if any)
Partial “in-kind” and partial cash Creation / Redemption* (only Participating Dealers)	Minimum 400,000 Units (or multiples thereof)
Initial Issue Price per Unit	Approximately 1/1000 of the Index level
Initial Fund size	Approximately US\$20 million
Manager	CIMB-Principal Asset Management (S) Pte. Ltd.
Investment Adviser	BlackRock Asset Management North Asia Limited
Trustee	DBS Trustee Limited
Registrar	DBS Trustee Limited
Custodian	State Street Bank and Trust Company
Web Site	<a href="http://etf.cimb-principal.com.my">http://etf.cimb-principal.com.my</a>

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\* Investors should note that the Manager, reserves the right to allow for the creation and redemption of Units using cash only, in addition to the partial “in-kind” and partial cash creation and redemption of Units, currently provided in this Prospectus. In such event, the Unitholders and prospective investors will be notified via the website (<http://etf.cimb-principal.com.my>) and this Prospectus will be replaced, amended or supplemented accordingly.

## **CIMB FTSE ASEAN 40**

CIMB FTSE ASEAN 40 is a Singapore standalone unit trust constituted under Singapore law and established by way of a deed of trust constituting the CIMB FTSE ASEAN 40 dated 6 September 2006 and the parties to the Principal Deed are CIMB-GK Securities Pte. Ltd. as the retired managers (the “**Retired Managers**”) and DBS Trustee Limited, as the trustee (the “**Trustee**”). The Trust Deed has been amended by the First Supplemental Deed dated 15 June 2007 entered into by the Retired Managers, the Trustee and the Manager. The Principal Deed as amended by the First Supplemental Deed is referred to in this Prospectus as the “**Trust Deed**”. A copy of the Trust Deed is available to the Unitholder for inspection at the registered office of the Manager. The assets of the Fund shall at all times belong to the Fund and be segregated from the assets of the Trustee, and shall not be used to discharge the liabilities of or claims against the Trustee or any other fund for which the Trustee acts as Trustee.

Investors should note that the Fund differs from a typical unit trust offered in Singapore. Unlike a typical unit trust, the creation and redemption of Units will be effected by partial “in-kind” and partial cash transfer of the Index Securities including the cash equivalent of the Index Securities where applicable, or the Index Return AAP(s) (provided that the Net Asset Value of the Fund invested in the Index Return AAP(s) at any time shall not exceed 25 percent) constituting an Application Basket for the relevant Units.

The Creation Application and the Redemption Application may only be effected at the Manager’s discretion. Further, the creation and redemption of Units can only be facilitated by or through the Participating Dealer who is under no obligation to accept instructions to create or redeem Units on behalf of retail investors.

Investors should also note that the Manager, reserves the right to allow for the creation and redemption of Units using cash only, in addition to the partial “in-kind” and partial cash creation and redemption of Units, currently provided in this Prospectus. In such event, the Unitholders and prospective investors will be notified via the website (<http://etf.cimb-principal.com.my>) and this Prospectus will be replaced, amended or supplemented accordingly.

## **REGISTRATION AND EXPIRY DATE**

The date of registration of this Prospectus by the Authority is 27 May 2010. This Prospectus shall be valid for a period of 12 months after the date of registration and shall expire on 26 May 2011.

## **INVESTMENT OBJECTIVE**

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 “**Index**”).

The Manager may invest the assets of the Fund in futures and derivative instruments traded on Recognised Stock Exchanges and OTC Markets. The Manager may attempt to reduce tracking error by using futures contracts whose behaviour is expected to represent the market performance of the Index, although there can be no assurance that these futures contracts will correlate with the performance of the Index.

The Manager will not use these instruments to leverage, or borrow against, the Fund’s securities holdings or for speculative purposes. In some cases, the use of these special investment techniques can adversely affect the performance of the Fund.

## **INVESTMENT POLICY OF THE FUND**

### **Investment Approach**

The Fund is not managed according to traditional methods of “active” investment management, which involve the buying and selling of securities based on the fund manager’s economic, financial and market analysis and investment judgment. Unlike an actively managed investment fund, the Fund does not attempt to “beat” the market or the Index. Instead, the Manager, using a “passive” or indexing investment approach, attempts to deliver an investment performance which closely corresponds, before expenses, to the performance of the Index.

The use of an indexing investment approach may eliminate some of the risks of active management such as poor stock selection. An indexing investment approach may also help increase after-cost performance by keeping portfolio turnover low in comparison to actively managed investment funds.

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, and where the Manager deems appropriate, the Manager may invest the Fund’s assets in the Index Return AAP(s) for the purpose of enhancing the tracking of the Index and to facilitate the market making process. 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.

### **Investment Strategy**

In managing the Fund, the Manager may adopt either a Replication Strategy or a Representative Sampling Strategy. The Manager may swap between the two strategies, without prior notice to investors, in its absolute discretion as often as it believes appropriate in order to achieve the investment objective of the Fund.

### **Replication Strategy**

Using a Replication Strategy, the Fund will invest in substantially all the Index Securities in substantially the same weightings (i.e. proportions) as the Index, or the Index Return AAP(s) (to the extent possible).

However, if the Manager believes that a Replication Strategy is not the most efficient means to track the Index, Manager may decide to adopt a Representative Sampling Strategy instead.

### **Representative Sampling Strategy**

Using a Representative Sampling Strategy, the Fund will hold a representative sample of a portfolio of Securities selected by the Manager using quantitative analytical models in a technique known as “portfolio sampling”. The Manager will seek to construct the portfolio of the Fund so that, in the aggregate, its capitalisation, industry and fundamental investment characteristics perform like those of the Index.

## **THE INDEX**

The FTSE/ASEAN 40 Index is a tradable index launched by FTSE in conjunction with five 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 first collaborative effort amongst the Relevant Exchanges under the ASEAN umbrella.

The FTSE/ASEAN 40 Index represents the performance of the 40 largest securities of the participating exchanges (by full market capitalization) and is subject to rigorous ground rules such as free float adjustment and liquidity screening to ensure these stocks are highly investable. The transparent and freely

available index rules are governed and maintained by an independent committee of leading market professionals.

As at 31 March 2010, please note that the respective holding companies of the Manager and Trustee are constituent stocks of the Index. Please refer to Appendix I for more information on the FTSE/ASEAN 40 Index constituent stocks and their weighting in the Index as at 31 March 2010.

Additional information in respect of the Index is set out in Appendix II or can be found at [www.ftse.com](http://www.ftse.com).

## **INDEX RETURN AAPS**

The Manager will have the right to cause Units of the Fund to be issued to Participating Dealers in exchange for Index Return AAPs provided that the minimum size of the Index Return AAPs shall not be less than the equivalent value of one Application Unit size and the maximum percentage of the Net Asset Value of the Fund invested in Index Return AAPs at any time may not exceed 25 per cent. (such Index Return AAP's value being marked-to-market). The Manager may also exchange Index Return AAPs for a basket of Index Securities (plus a Cash Component) or cash settled at any time to the extent possible.

The Index Return AAPs are linked to the performance of the Index itself and the final settlement price of each Index Return AAP is determined by reference to the actual closing price of the Index plus, where provided in the terms of the Index Return AAP, accumulated dividends, if any, less expenses, if applicable.

The maturity of each Index Return AAP will be 12 months or such extended period as may be agreed between the Manager and the Index Return AAP issuer from time to time. The current Index Return AAP issuer, Citigroup Global Markets Holdings Inc., has agreed to extend the term of any Index Return AAP at maturity for the same period from time to time at no extra cost to the Fund, subject to the terms and conditions of the issuer of the Index Return AAPs, as there may be certain events which may restrict the ability of the Index Return AAPs issuer to extend the term of the Index Return AAP beyond the maturity date.

Because the Index is ex-dividend, the accumulated dividends on the Index Return AAPs may cause the Fund to out perform the Index. However, as such accumulated dividends received by the Fund will be used to offset the costs and expenses of its operation, the Manager does not believe that such "accumulated dividends" will impair the ability of the Fund to track the Index.

The attention of investors is drawn to Appendix III in respect of "Index Return AAPs".

## **INVESTMENT AND BORROWING RESTRICTIONS OF THE FUND**

### **Investment Restrictions**

The Fund, being a Non-Specialised Fund is subject to the Non-Specialised Funds Investment Guidelines (save to the extent waived, exempted or varied by the Authority), which Guidelines may be amended from time to time by the Authority.

The Non-Specialised Funds Investment Guidelines in force as at the date of this Prospectus are summarised below:-

### **Unlisted Securities**

- (a) Investments in unlisted securities including unlisted derivatives should not exceed 10 per cent. of the deposited property of a Non-Specialised Fund. This 10 per cent. limit does not apply to shares

offered through an initial public offering which have been approved for listing and unlisted debt securities that are traded on an organised over-the-counter market which is of good repute and open to the public.

- (b) Up to an additional 10 per cent. of the deposited property of a Non-Specialised Fund may be invested in unlisted debt securities which are of investment grade (i.e. rated at least BBB by Fitch Inc., Baa by Moody' or BBB by Standard and Poor's including such sub-categories and gradations therein) but for which there is no ready secondary market.

### **Single Party and Group Limits**

- (c) Investments in securities issued by a single issuer should not exceed 10 per cent. of the deposited property of the Non-Specialised Fund ("single issuer limit"). Further, investments in securities issued by a group of companies (a company, its subsidiaries, fellow subsidiaries and its holding company) should not exceed 20 per cent. of the deposited property of the Non-Specialised Fund ("single group limit").
- (d) Notwithstanding the "single issuer limit" and "single group limit" set out in paragraph (c) above, investments in any security that is a component of a Non-Specialised Fund's reference benchmark may be up to the benchmark weighting of the issuer, with an additional absolute overweight allowance of two percentage points above the benchmark weight. The reference benchmark should be one which is widely accepted and constructed by an independent party.
- (e) Investments in securities issued by and deposits placed with an issuer, as well as securities of that same issuer which have been lent, should be aggregated in computing the single issuer and group limits. If the Non-Specialised Fund holds as collateral securities issued by the aforementioned issuer, these should also be included in computing the Non-Specialised Fund's exposure to that issuer.
- (f) Exposure to the underlying of a financial derivative has to be included in the calculation of the single issuer and group limits.
- (g) The single issuer limit of 10 per cent. in paragraph (c) above may be raised to 35 per cent. of the deposited property of the Non-Specialised Fund where:
  - (i) the issuer is, or the issue is guaranteed by, either a government, government agency, or supranational that has a minimum long-term issuer rating of BBB by Fitch Inc, Baa by Moody's or BBB by Standard and Poor's (including such sub-categories or gradations therein); and
  - (ii) except for Non-Specialised Funds with a fixed maturity, not more than 20 per cent. of the deposited property of the Non-Specialised Fund may be invested in any single issue of securities by the same issuer.
- (h) The single issuer limits in paragraphs (c) and (d) above do not apply where:
  - (i) the issuer is, or the issue has the benefit of a guarantee from, either a government, government agency, or supranational that has a minimum long-term issuer rating of AA by Fitch Inc, Aa by Moody's or AA by Standard and Poor's (including such sub-categories or gradations therein); and

- (ii) except for Non-Specialised Funds with a fixed maturity, not more than 20 per cent. of the deposited property of the Non-Specialised Fund may be invested in any single issue of securities by the same issuer.
- (i) For the avoidance of doubt, the single issuer and group limits does not apply to placement of short-term deposits arising from:
    - (i) subscription monies received at any point in time pending the commencement of investment by the Non-Specialised Fund;
    - (ii) liquidation of investments pending reinvestment; or
    - (iii) liquidation of investments prior to the termination or maturity of a Non-Specialised Fund, where the placing of these monies with various institutions would not be in the interests of participants.
  - (j) Scenarios illustrating the application of the single issuer and group limits are set out in Annex 1B of the Guidelines in the Code on Collective Investment Schemes.
  - (k) A Non-Specialised Fund may not hold more than 10 per cent. of any single issue of securities by the same issuer.

The Manager has sought and obtained the Authority's approval to waive the aforesaid single party limit in relation to the Fund's investment in the Index Return AAPs issued by Citigroup Global Markets Holdings Inc. The Fund's investment in the Index Return AAPs will not exceed 25 per cent. of the Net Asset Value of the Fund at any time.

### **Securities Lending**

- (l) Up to 50 per cent. of the deposited property of a Non-Specialised Fund may be lent provided adequate collateral, in the form of instruments consistent with the investment objective and character of the Non-Specialised Fund and with a remaining term to maturity of not more than 366 days, is taken. If cash received as collateral is invested, these should be invested in the form of instruments described above.
- (m) Irrevocable letters of credit and banker's guarantees are acceptable as collateral if the issuer has a credit rating of at least F-1 by Fitch Inc., Prime-1 by Moody's or A-1 by Standard & Poor's.
- (n) The 366-day maturity requirement in paragraph (l) does not apply to debt securities taken as collateral where:
  - such debt securities are rated at least A by Fitch Inc., A by Moody's or A by Standard & Poor's (including such sub-categories and gradations therein); and
  - the securities lending transaction is conducted through an institution with a credit rating of at least A by Fitch Inc., A by Moody's or A by Standard & Poor's (including such sub-categories and gradations therein) and the institution indemnifies the Non-Specialised Fund in the event of losses due to failure by the securities borrower to return the borrowed securities.
- (o) In addition, securities lending is subject to the following conditions:
  - the collateral is marked to market daily; and

- the Trustee or its representative takes delivery of the collateral immediately.
- (p) Where a Non-Specialised Fund is also entitled at all times to immediately recall the securities lent without penalty, up to 100 per cent. of the deposited property of the Non-Specialised Fund may be lent.

### **Financial Derivatives**

- (q) Non-Specialised Funds that make use of financial derivatives should ensure that the risks related to such financial instruments are duly measured, monitored and managed.
- (r) The exposure of the Non-Specialised Fund to financial derivatives should not exceed 100% of the deposited property of the Non-Specialised Fund at any time. Such exposure should be calculated by converting the derivative positions into equivalent positions in the underlying assets embedded in those derivatives. Other methods for calculating exposure may be allowed subject to prior consent from the Authority. In its application, the Manager should describe the proposed method, the rationale for using the method and demonstrate that the method has taken into account the current value of the underlying assets, future market movements, counterparty risks and the time available to liquidate the positions.

### **Prohibited Investments and Activities**

- (s) The Non-Specialised Fund should not invest in:
- (i) metals including gold, commodities and their derivatives; or
  - (ii) infrastructure projects and real estate.
- (t) The Non-Specialised Fund should not engage in:
- (i) direct lending of monies or the granting of guarantees;
  - (ii) underwriting; or
  - (iii) short selling except where this arises from financial derivative transactions and exposures which are used for hedging or efficient portfolio management.

### **Borrowings**

- (u) A Non-Specialised Fund may borrow only for the purposes of meeting redemptions and short-term (not more than four weeks) bridging requirements. Aggregate borrowings for such purposes should not exceed 10 per cent. of the deposited property of the Non-Specialised Fund at the time the borrowing is incurred.

### **Breach of Limits**

- (v) The unlisted securities, single party, securities lending and borrowing limits set out above are applicable at the time the transactions are entered into. Where any of these limits is breached as a result of:

- the appreciation or depreciation of the deposited property of a Non-Specialised Fund;
- any redemption of Units or payments made from a Non-Specialised Fund;
- any changes in the total issued nominal amount of securities of a company arising for example from rights, bonuses or benefits which are capital in nature; or
- the reduction in the weight of a security in the benchmark being tracked by a Non-Specialised Fund,

the Manager should not enter into any transaction that would increase the extent to which the relevant limit is breached. In addition, the Manager should within a reasonable period of time but no later than three months from the date of the breach, take action as is necessary to rectify the breach. This period may be extended if the Manager satisfies the Trustee that it is in the best interest of the Unitholders. Such extension should be subject to monthly review by the Trustee.

### **Borrowing Policy**

Borrowing against the assets of the Fund is allowed up to a maximum of 10 per cent. of its latest available Net Asset Value except that back-to-back loans will not be taken into account when determining whether or not such limit has been breached by the Fund.

The Trustee may at the request of the Manager borrow for the account of the Fund any currency for the following purposes (subject to the borrowing restrictions in the Non-Specialised Funds Investment Guidelines):-

- facilitating the creation or redemption of Units or defraying operating expenses;
- enabling the Manager to acquire Securities for the Fund;
- for any other proper purpose as may be agreed by the Manager and the Trustee.

The assets of the Fund may be charged or pledged to secure such borrowing for the account of the Fund.

### **Stock Lending**

The Trust Deed sets out certain restrictions under which the Trustee may, at the request of the Manager and subject to the securities lending restrictions in the Non-Specialised Funds Investment Guidelines, engage in stock lending in respect of any Securities held for the account of the Fund. Where any loan has been arranged through the Manager or the Trustee or a Connected Person of either of them, the relevant entity shall be entitled to retain for its own use and benefit any fee or benefit it receives on a commercial basis in connection with such arrangement.

The Trustee shall only arrange for any Securities comprised in the Fund to be loaned if the Trustee is satisfied that the relevant counter parties are specialised banks, credit institutions or other financial institutions of sound financial standing and that any collateral is adequate and acceptable to the Trustee and the Manager including government stock, government treasury bills, banker's acceptances, sterling certificates of deposit, foreign currency certificates of deposit, bonds, equities, letters of credit and cash collateral.

The maximum level of Securities available for lending shall be limited to 50 per cent. of the latest available Net Asset Value of the Fund or such lower percentage as may from time to time be determined by the

Manager provided that where the lending counterparty is an affiliate of the Manager, such maximum level shall not exceed 50 per cent. of the latest available Net Asset Value of the Fund.

The Manager may from time to time formulate such other investment, borrowing and stock lending limitations and prohibitions as it may, in its sole discretion, think fit, to apply to the Fund, subject to the Non-Specialised Funds Investment Guidelines.

## **MANAGEMENT AND ADMINISTRATION**

### **Manager**

The Manager of the Fund is CIMB-Principal Asset Management (S) Pte. Ltd. ("CIMB-Principal(S)") (Company Registration Number 200607208K), a private limited company incorporated in Singapore on 18 May 2006. The Manager obtained its capital markets services licence on 24 April 2007 and is wholly-owned by CIMB-Principal Asset Management Berhad, which has been managing discretionary and mutual funds in Malaysia for more than 10 years. As of 31 March 2010, CIMB-Principal Asset Management Berhad manages approximately S\$9.43 billion in clients' assets, which includes 70 unit trust funds in Malaysia. As of 31 March 2010, the funds under management of the Manager stands at S\$558.38 million.

### **General Responsibilities of the Manager**

The Manager has general powers of management over the assets of the Fund. The Manager has covenanted in the Trust Deed to use its best endeavours to carry on and conduct its business in a proper and efficient manner and to ensure that the Fund is carried on and conducted in a proper and efficient manner. The Manager has also covenanted that it will conduct all transactions with or for the Fund at arm's length.

The Manager will also be responsible for ensuring compliance with the applicable provisions of the Securities and Futures Act and all other relevant legislation, the Listing Manual, the Code, the Trust Deed and all relevant contracts. The Manager will be responsible for all regular communications with Unitholders.

In the absence of fraud or negligence by the Manager, it shall not incur any liability by reason of any error of law or any matter or thing done or suffered or omitted to be done by it in good faith under the provisions of the Trust Deed. In addition, the Manager shall be entitled, for the purpose of indemnity against any action, costs, claims, damages, expenses or demands (other than those arising out of any liability or obligation to the Unitholders imposed on the Manager pursuant to applicable laws) to which it may be put as Manager, to have recourse to the assets of the Fund in respect of which such action, costs, claims, damages, expenses or demands have been made or arose out of.

The Manager may, in managing the Fund and in carrying out and performing its duties and obligations under the Trust Deed, appoint such person to exercise all or any of the powers, rights, privileges, duties and discretions vested in it under the Trust Deed and such delegation may be made upon such terms and conditions and subject to such regulations (including powers to sub-delegate) as it may think fit, provided always that the Manager shall be liable for all acts and omissions of such person as if such acts and omissions were its own.

### **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**

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.

### **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 33 Mount Sinai Rise #22-08 Singapore 276954 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 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 Schroders 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 Manager of the Fund**

The appointed individual/principal portfolio manager of the Fund who will be primarily performing the investment management functions for the Fund is Mr Goh Zee Wei Ken who is also one of the directors of the Manager. Please see his write-up above for more information on his qualification, experience and employment history. Mr Goh Zee Wei Ken is assisted by Mr Steven Li and Ms Roslin Zhu.

Mr Steven Li has, since 2 May 2007, been a Fund Manager at CIMB-Principal Asset Management (S) Pte. Ltd. Prior to joining CIMB-Principal, Mr Li was the Senior Risk Control Analyst with China Aviation Oil. He was in the Market and Credit risk management in oil procurement and trading activities, taking care of operational risks as well. Prior to that, Mr Li was the Market Risk Analyst with Schroders, responsible for building the financial system including risk analysis and model simulations. Mr Li was also previously in the Department of Math at the National University of Singapore. He held the position of Associate Scientist for four years. He was responsible for developing and implementing new algorithms for DSTA projects and built highly successful mathematical models (statistics & applications). He was also a part-time lecturer in mathematical applications. Mr Li started his career as a Project Leader with the Sanmina-SCI, Asia Center of Singapore from 2000 to 2002. He supervised and scheduled HP Hydra Deva & Sella printer project, contributed a total of 15 million productions with a team of 20 members. He was also a trainer on designing softwares in the company. Mr Li holds an MBA in Banking & Finance from Nanyang Business School of Singapore and a Master of Electronics Engineering, *M.E.*, from the National University of Singapore. He graduated from Tsinghua University of China with a B.E.

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

industry.

### **Investment Adviser**

The Manager has appointed BlackRock Asset Management North Asia Limited (the "**Investment Adviser**") as investment adviser under an investment advisory agreement entered into between the Manager and the Investment Adviser (the "**Investment Advisory Agreement**").

The Investment Adviser is part of the BlackRock group of companies, the ultimate holding company of which is Blackrock, Inc., which provides investment management services internationally for institutional, retail and private clients. The Investment Adviser was incorporated in Hong Kong on 10 August 1998 with its registered office at Suite 2503-05, One International Finance Centre, 1 Harbour View Street, Hong Kong. The authorised share capital and the issued share capital of the Investment Adviser is HK\$7,800,000 and 3,000,000 ordinary shares respectively, of HK\$1.00 each.

The Investment Adviser is licensed by the Securities and Futures Commission in Hong Kong for the regulated activities of advising on securities (Type 4), advising on corporate finance (Type 6) and asset management (Type 9) under the Securities and Futures Ordinance.

As at 31 December 2009, the Investment Adviser managed twelve exchange-traded funds in Hong Kong.. The Investment Adviser is also the sub-manager of iShares MSCI India, an exchange-traded fund and authorised Collective Investment Scheme in Singapore and listed on the SGX-ST.

The Investment Advisory Agreement currently provides that the duration of the Investment Advisory Agreement is for an indefinite period unless terminated by any party in accordance with the provisions contained therein, which include amongst others, that any of the parties may terminate the Investment Advisory Agreement by giving the other party written notice of not less than three months.

In the event that the Investment Advisory Agreement is terminated, the Manager has the absolute discretion to appoint a suitable replacement as the new investment adviser of the Fund, where appropriate, and Unitholders will be notified of any such new appointment accordingly.

The Investment Adviser makes no representations or warranties to any Unitholder or any member of the public regarding the advisability of investing in the CIMB FTSE ASEAN 40. In particular, the Investment Adviser accepts no obligation or liability in connection with the operation, marketing, trading or sale of the CIMB FTSE ASEAN 40, including but not limited, to the issuance or contents of this Prospectus.

The Investment Adviser's fee will be borne by the Manager out of the Manager's fee and will not be charged to the Fund as set out below under the section headed "Fees, Charges and Expenses".

### **General Responsibilities of the Investment Adviser**

The Investment Adviser shall provide consultation to the Manager with respect to the management of the investments and operational processes of the Fund on an ad-hoc basis.

### **Directors of the Investment Adviser**

**Rohit Bhagat**, is BlackRock's Chairman, Asia-Pacific with responsibility for all business activity in the region, which includes Japan, Australia, China/Hong Kong, Singapore, India, Korea, and Taiwan. Previously, Mr. Bhagat served as Global Chief Operating Officer of Barclays Global Investors (BGI), with oversight responsibility for the technology, operations, finance, corporate development, strategic planning, human resources, corporate marketing, legal, compliance, and risk functions for the firm. Before joining

BGI, he was with The Boston Consulting Group (BCG), a premier management consulting firm, where he was a Senior Vice President based in San Francisco and ran the west coast Financial Services practice. While at BCG, Mr. Bhagat's responsibilities included leading assignments for clients in asset management, retail banking, wealth management, brokerage, and capital markets. He also launched and developed BCG's Indian practice. Prior to that, he was with Booz-Allen & Hamilton, a strategic management and technology consulting firm. Mr. Bhagat holds an MBA from the Kellogg Graduate School of Management, Northwestern University, an MS in Engineering from the University of Texas at Austin, and a Bachelor of Technology in Mechanical Engineering from the Indian Institute of Technology in New Delhi, India.

**Nicholas Michael Whateley Good** is Head of iShares, Asia-Pacific. He is responsible for all aspects of the iShares business across the Asia-Pacific region including sales, marketing, business strategy, investments, operations and new product development in BlackRock offices in Australia, Hong Kong, Japan and Singapore. Mr. Good joined BlackRock following the merger with Barclays Global Investors (BGI) in 2009. Mr. Good joined BGI in 2006 from the Boston Consulting Group, where he served as a lead client manager consulting in a number of industries, including finance. Mr. Good holds a BA and MA in biochemistry from Oxford University, UK.

**Michael Timothy Marquardt**, is the Chief Operating Officer, Asia ex-Japan for BlackRock. Mr. Marquardt joined BlackRock following the merger with Barclays Global Investors (BGI) in 2009. Mr. Marquardt joined BGI in 2000 where he began in San Francisco working first as a Global Risk Manager and then as a Senior Project Manager on strategic initiatives. In 2005 Mr. Marquardt moved to Japan as Chief Administrative Officer, later becoming Chief Operating Officer. Mr. Marquardt was responsible for BGI Japan's Operations, IT, Finance, HR, Risk, Legal and Compliance groups. Prior to working at BGI, Mr Marquardt was employed as Relationship Manager and Private Banking analyst for American Express Bank located in London. Mr Marquardt holds an MBA with High Honors from Boston University, a BA in Economics and History from Clark University.

**Peter William Swarbreck**, is head of BlackRock's Retail business in Asia ex-Japan. Mr. Swarbreck joined BlackRock following the merger with Merrill Lynch Investment Managers (MLIM) in 2006. At MLIM, Mr. Swarbreck was head of fixed income business management for Europe, the Middle East, Africa, and Asia Pacific regions and responsible for the development of new fixed income products. Mr. Swarbreck joined Mercury Asset Management (which became a part of MLIM) in 1990, and held a variety of positions including business development and client relationship management. Prior to joining MLIM, Mr. Swarbreck worked in fixed investment management for an international bank in the Middle East and was previously a fund manager at two leading fund management firms.

## **Trustee**

DBS Trustee Limited (the "**Trustee**") is a company incorporated in Singapore and registered under the Trust Companies Act 2005, No.11 of 2005, as amended of Singapore, with a share capital of S\$2.5 million consisting of 5,000,000 ordinary shares. Its registered address is at 6 Shenton Way, DBS Building Tower 1, Singapore 068809. The Trustee does not have any material conflict of interest with its position as Trustee of the Fund. DBS Trustee Limited is a member of the DBS Bank Group.

Under the Trust Deed, the Trustee is responsible for the safekeeping of the assets of the Fund. The Trustee has appointed State Street Bank and Trust Company to be custodian of such assets upon such terms and conditions as may be agreed by the parties. The Trustee will remain as the Trustee of the Fund until it retires or is removed or replaced in accordance with the provisions of the Trust Deed.

The Trustee's fee will be borne by the Manager out of the Manager's management fee and will not be charged to the Fund as set out below under the section headed "Fees, Charges and Expenses".

## **Registrar**

The Registrar of CIMB FTSE ASEAN 40 is DBS Trustee Limited. The Registrar will charge a fee in respect of the establishment and maintenance of the Register of the Unitholders of the CIMB FTSE ASEAN 40 and which will be borne by the Manager out of the Manager's fee and will not be charged to the Fund as set out below under the section headed "Fees, Charges and Expenses".

The Register can be inspected at 60 Alexandra Terrace #05-27 The Comtech Singapore 118502 during normal business hours.

For so long as the Units are listed, quoted and traded on the SGX-ST, the Manager shall appoint The Central Depository (Pte) Limited (Company Registration No.: 198003912M) (the "**CDP**") as the unit depository for the Fund, and all Units issued and available for trading will be represented by entries in the Register of Unitholders kept by the Registrar in the name of, and deposited with, CDP as the registered holder of such Units. The Registrar shall issue to CDP not less than ten (10) Business Days after the issue of Units a confirmation note confirming the date of issue and the number of Units so issued.

## **Auditors**

The auditors of the CIMB FTSE ASEAN 40 are PriceWaterhouseCoopers of 8 Cross Street, #17-00, PwC Building, Singapore 048424.

The Auditors' fee will be borne by the Manager out of the Manager's fee and will not be charged to the Fund as set out below under the section headed "Fees, Charges and Expenses".

## **Custodian**

The Custodian of the CIMB FTSE ASEAN 40 is State Street Bank and Trust Company ("**State Street**"). State Street is a subsidiary of State Street Corporation (NYSE: STT). State Street Corporation is one of the world's leading providers of financial services to institutional investors, including investment servicing, investment management, and investment research and trading. With US\$18.8 trillion in assets under custody and administration and US\$1.9 trillion in assets under management at December 31, 2009, State Street operates in 25 countries and more than 100 geographic markets worldwide.

State Street provides an array of customized investment solutions to asset managers, pension funds, hedge funds, insurance companies, collective funds, mutual funds and nonprofits. It offers fund accounting, fund administration, custody, securities lending, investment operations outsourcing, recordkeeping, performance and analytics and transfer agency services that are highly scalable and truly global.

The Custodian is appointed by the Trustee.

## **BROKERAGE TRANSACTIONS**

The policy of the Manager regarding purchases and sales of Index Securities is that primary consideration will be given to obtaining the most favourable prices and efficient execution of transactions. Consistent with this policy, when Securities transactions are effected on a stock exchange, the Manager's policy is to pay commissions which are considered fair and reasonable without necessarily determining that the lowest possible commissions are paid in all circumstances.

The Manager believes that a requirement always to seek the lowest possible commission cost may impede effective portfolio management and preclude the Fund and the Manager from obtaining a high quality of brokerage and research services. In seeking to determine the reasonableness of brokerage commissions

paid in any transaction, the Manager relies upon its experience and knowledge regarding commissions generally charged by various brokers and on its judgement in evaluating the brokerage and research services received from the broker effecting the transaction. Such determinations are necessarily subjective and imprecise and, as in most cases, an exact dollar value for those services is not ascertainable.

In seeking to implement the above policies, the Manager effects transactions with those brokers and dealers that the Manager believes provide the most favourable prices and are capable of providing efficient execution. If the Manager believes such price and execution are obtainable from more than one broker or dealer, it may give consideration to placing portfolio transactions with those brokers and dealers who also furnish research and other services to the Fund or the Manager. Such services may include, but are not limited to, information as to the availability of Index Securities for purchase or sale, statistical information pertaining to corporate actions affecting stocks, including, but not limited to, stocks within the Index.

The Manager through its brokerage arm may also enter into transactions with the Fund, for which it will receive brokerage fees charged to the Fund. Please refer to the section headed "Conflict of Interests" for details.

#### **SOFT DOLLAR COMMISSIONS / ARRANGEMENTS**

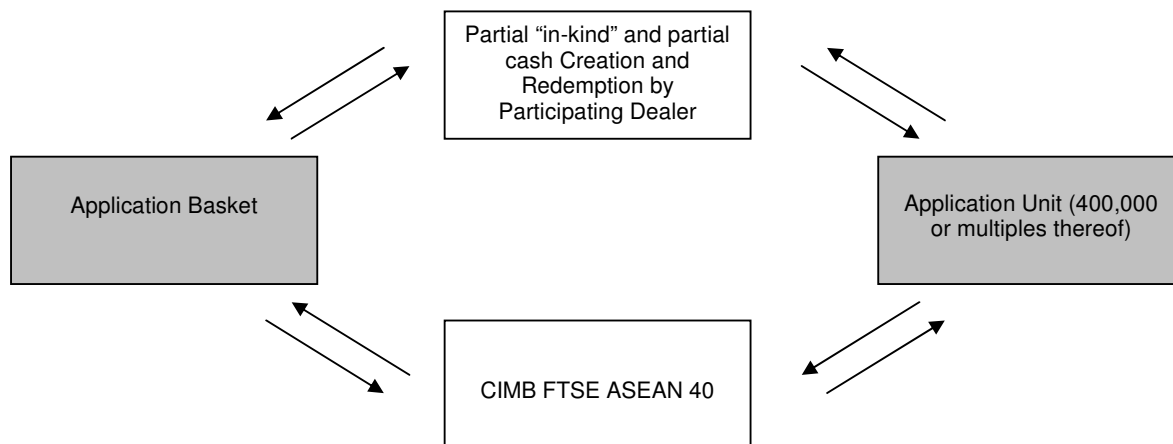
Any cash commissions received by the Manager (other than when acting as a broker for the Fund) arising out of the sale and purchase of investments for the Fund will not be retained for their own use but will be credited to the Fund. However, the Manager receives, and are entitled to retain, goods and services and other soft dollar benefits which are of demonstrable benefit to the Unitholders (as may be permitted under relevant regulations including, but not limited to, the Code) from brokers and other persons through whom the investment transactions are carried out. These goods and services include, but are not limited to, qualifying research services, computer hardware and software obtained to enhance investment decision making, and appropriate order execution services.

In all cases where such goods and services and other soft dollar benefits are retained by the Manager, the Manager shall ensure that such soft dollar commissions/arrangements would reasonably assist it in its management of the Fund, that at all times transactions are executed on the best available terms taking into account the relevant market at the time for transactions of the kind and size concerned, do not prejudice the interests of the Fund and/or the Unitholders, and no unnecessary trades are entered into in order to qualify for such soft dollar commissions / arrangements.

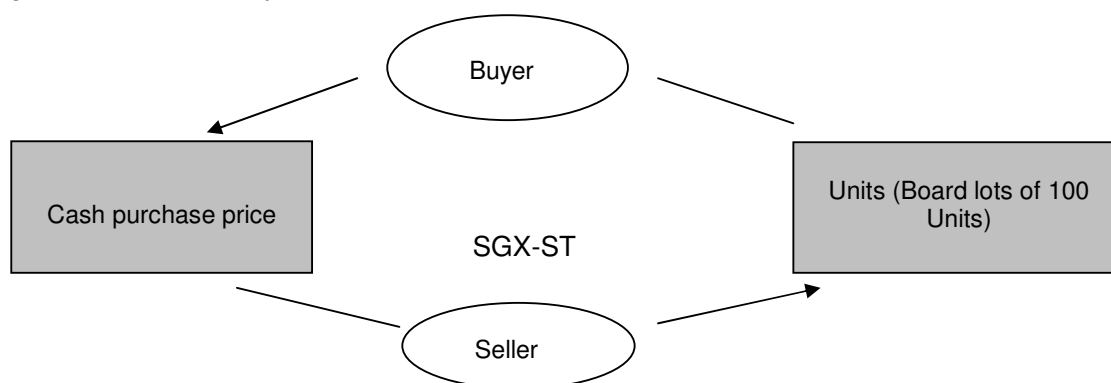
#### **OPERATION OF THE CIMB FTSE ASEAN 40**

There are two types of investors in the CIMB FTSE ASEAN 40, and two corresponding methods of investment in Units and realisation of investment in Units. The first type of investor is the Participating Dealer. Only the Participating Dealer (and not a retail investor) can create and redeem Units directly with the CIMB FTSE ASEAN 40. The second type of investor is any person, other than the Participating Dealer, who buys and sells the Units on the SGX-ST. The diagrams below illustrate the two methods of acquiring and disposing Units in the CIMB FTSE ASEAN 40 after listing:

*Direct creation and redemption by the Participating Dealer:*



*Trading Units in the secondary market on the SGX-ST:*

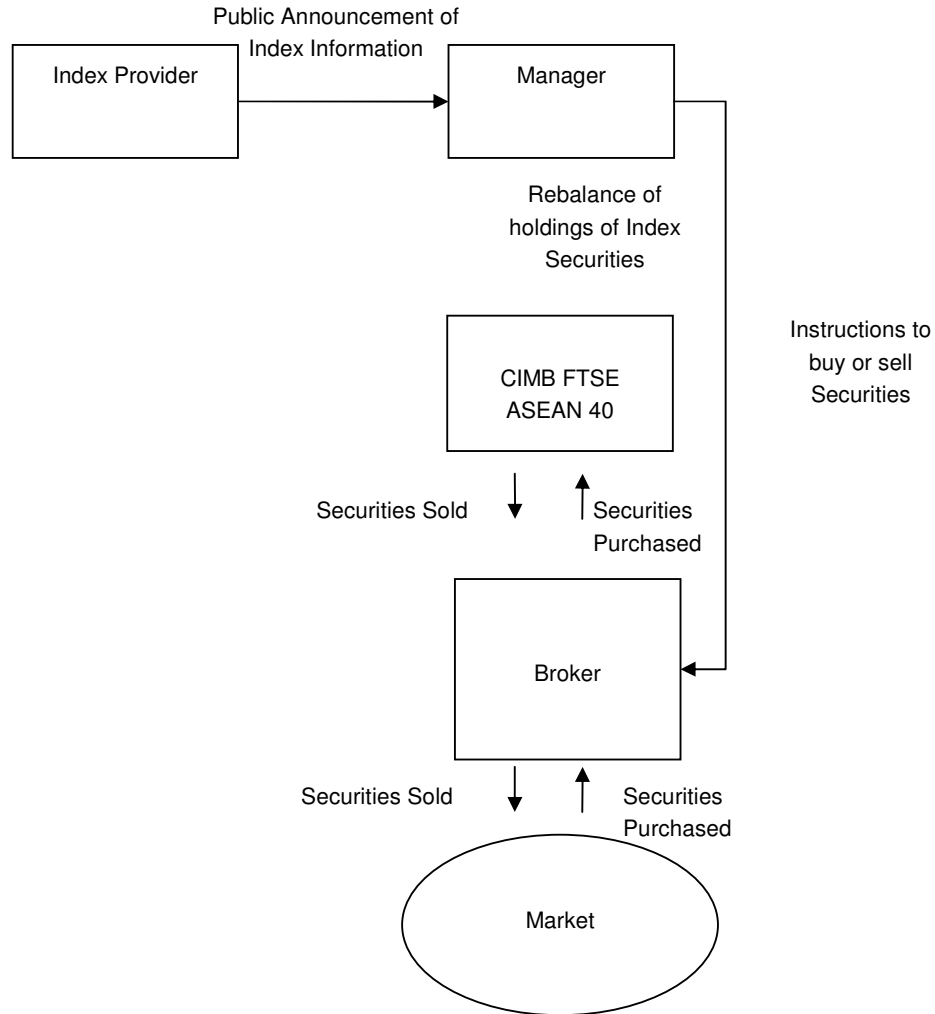


## **Index Rebalancing**

The constituent Index Securities and their respective weightings within the Index will change from time to time. In order for the CIMB FTSE ASEAN 40 to achieve its investment objective of tracking the Index, it will accordingly be necessary for the Manager to rebalance the CIMB FTSE ASEAN 40's holdings of Index Securities comprised in the Index. The Manager will derive public information announced by the Index Provider and rebalance the holdings of Index Securities accordingly.

A major rebalancing will be performed once a year in March so as to coincide with the annual review of the Index. Minor rebalancings will be carried out as and when necessary. As the Fund will principally adopt a Replication Strategy as far as possible, it is expected that during the annual rebalancing, the Fund's holding of the Index Securities will be realigned to reflect substantially the Index constituents. Minor rebalancings will only be carried out after cost considerations have been taken into account.

Nevertheless, should the Manager determine in their absolute discretion that a Replication Strategy is not the most efficient means to track the Index, the Manager may adopt a Representative Sampling Strategy instead. The diagram below represents the rebalancing of the CIMB FTSE ASEAN 40's holdings of Index Securities following the rebalancing of the Index:



### Market Makers

A market maker is a broker or a dealer registered by the SGX-ST as a designated market maker to act as such by making a market for the Units in the secondary market on the SGX-ST. A market maker's obligations include quoting bid prices to potential sellers and offer prices to potential buyers when there is a wide spread between the prevailing bid prices and offer prices for Units on the SGX-ST. Market makers accordingly facilitate the efficient trading of Units by providing liquidity in the secondary market when it is required in accordance with the market making requirements of the SGX-ST. Subject to applicable regulatory requirements, the Manager intends to ensure that there is at least one market maker for the CIMB FTSE ASEAN 40 to facilitate efficient trading.

The current market maker for the CIMB FTSE ASEAN 40 is Citigroup Global Markets Singapore Securities Pte Ltd. Any change to the market maker will be announced on the SGXNET and the Manager's website at <http://etf.cimb-principal.com.my>.

### Participating Dealer

The role of the Participating Dealer is to facilitate creation and redemption of Units in the CIMB FTSE ASEAN 40 from time to time. Under the terms of the Participation Agreement, the Participating Dealer may only apply to create Units on the presentation of an Application Basket by it comprising the Index Securities including the cash equivalent of the Index Securities where applicable or the Index Return AAP(s) (to the extent possible). In its absolute discretion, the Participating Dealer may also apply to create Units on behalf of its clients from time to time.

The current Participating Dealers are Citigroup Global Markets Singapore Securities Pte Ltd, Flow Traders Asia Pte Ltd and DBS Vickers Securities (Singapore) Pte Ltd. Any changes to these Participating Dealers will be announced on the SGXNET and the Manager's website at <http://etf.cimb-principal.com.my>. In the event that additional Participating Dealers are appointed, the Manager will notify Unitholders on its website and the Prospectus will be amended, supplemented or replaced as appropriate.

#### Index Provider

The Index Provider is FTSE. The Index Provider has granted the Manager the non-exclusive right to use the Index in connection with the CIMB FTSE ASEAN 40. FTSE is independent of the Manager.

#### Calculation Times

The FTSE/ASEAN 40 Index is calculated on Mondays to Fridays from 9:00 a.m. until each of the constituent markets has closed. The closing index value is calculated at 6:00 p.m. local Singapore time; 10:00 hrs GMT. The Index is published as end of day values in US dollars. The FTSE/ASEAN Index is calculated at the end of the day on Mondays to Fridays.

The table below sets out the various opening and closing times of the Relevant Exchanges and the Index:

	Trading of Units of the Fund on SGX-ST	PT Bursa Efek Jakarta (Jakarta Stock Exchange)	The Philippines Stock Exchange, Inc.	The Stock Exchange of Thailand	Bursa Malaysia Berhad	Singapore Exchange Securities Trading Limited	Index The FTSE/ASEAN 40 Index
<b>Opening time (Morning)</b>	9:00 a.m. (Singapore time)	10:30 a.m. (Singapore time)	9:30 a.m. (Singapore time)	11:00 a.m. (Singapore time)	9:00 a.m. (Singapore time)	9:00 a.m. (Singapore time)	9:00 a.m. (Singapore time)
<b>Closing time (Afternoon)</b>	5:06 p.m. (Singapore time)	5:00 p.m. (Singapore time)	12:10 p.m. (Singapore time)	5:40 p.m. (Singapore time)	5:00 p.m. (Singapore time)	5:06 p.m. (Singapore time)	6:00 p.m. (Singapore time)

The FTSE/ASEAN Indices are calculated on public holidays whenever at least one exchange is trading. The Indices will not be calculated on 1 January.

For the purposes of the creation or redemption of Units by the Participating Dealer on any Dealing Day, the Valuation Point will be at 6:00 p.m. (Singapore time).

#### DEALING BY RETAIL INVESTORS

## **Purchasing and Selling Units by Retail Investors**

Retail investors cannot create or redeem Units directly in the CIMB FTSE ASEAN 40.

However, as the CIMB FTSE ASEAN 40 is listed on SGX-ST, investors can place an order to buy Units during the trading day through a broker on the SGX-ST as one would in the case of a share listed on the SGX-ST, at any time after dealings in the Units commence. The trading price of Units of the CIMB FTSE ASEAN 40 may differ from the Net Asset Value per Unit and there can be no assurance that a liquid secondary market will exist for the Units.

Retail investors may place an order with a broker to sell their Units on the SGX-ST at any time during the trading day. To sell Units - or to buy new ones - a retail investor will need to use an intermediary such as a stockbroker or any of the share dealing services offered by banks or other financial advisers.

Brokerage and other fees may be payable when selling (and purchasing) Units. Please see the section headed "Fees and Charges Payable by Retail Investors Dealing in Units on the SGX-ST" below.

## **CREATION AND REDEMPTION BY PARTICIPATING DEALERS**

### **Minimum Initial Subscription Amount and Minimum Subsequent Subscription Amount**

The minimum initial subscription and minimum subsequent subscription amount for the Fund is 400,000 Units in multiples of 400,000 Units or such other subscription amount as the Manager may decide upon giving prior notice to the Trustee.

### **Continuous Offering of Units**

Units in the CIMB FTSE ASEAN 40 will be continuously offered to Participating Dealers who may apply for them on any Dealing Day on their own account or for the account of their clients in accordance with the Operating Guidelines. The dealing period on any Dealing Day commences at 9:00 a.m. and ends at the Dealing Deadline at 11:00 a.m. (Singapore time). All dealing requests are dealt with at the same Net Asset Value at the same Valuation Point (or such other time as may be determined by the Manager from time to time with the approval of the Trustee).

### **Application Size**

Units are offered and issued at their Net Asset Value only in aggregations of a specified number of Units (each, an "**Application Unit**") generally in exchange for a basket of Index Securities or the Index Return AAPs. Units may only be created in Application Unit size, which is currently 400,000 Units (or whole multiples thereof). Any change to the Application Unit size will be announced on the SGXNET. Applications submitted in respect of Units other than in Application Unit size or whole multiples thereof will not be accepted.

### **Procedures for Creation of Application Unit Size**

Only Participating Dealers may apply to create Units. The Manager shall instruct the Trustee to effect, for the account of the Fund, the creation of Units in Application Unit size in exchange for delivery, by the Participating Dealer or to the Participating Dealer's order, to or for the account of the Fund of Index Securities including the cash equivalent of the Index Securities where applicable or Index Return AAP(s) (to the extent possible) constituting an Application Basket for the relevant Units.

Investors should also note that while currently the creation of Application Units may only be effected by partial "in-kind" (that is in exchange for Index Securities or Index Return AAP(s) constituting an Application Basket) and partial cash (the cash equivalent of the relevant Index Securities), the Manager may in future allow for the creation of Application Units to be effected using cash only.

Once the Units are created, the Manager shall effect, for the account of the Fund, the issue of Units to a Participating Dealer in accordance with the Operating Guidelines.

Units are denominated in US dollars and no fractions of a Unit shall be created or issued by the Trustee.

An application for the creation and issue of Units shall only be made or accepted (as the case may be) on a Dealing Day and shall only be in respect of Units constituting an Application Unit size or whole multiples thereof. All Creation Applications shall only be accepted if made by or through a Participating Dealer in accordance with the terms of a Participation Agreement.

The Issue Price of Units shall be based on forward pricing which means that the Issue Price of the Units shall not be ascertainable at the time of application for Units.

A Creation Application received (or deemed received) and accepted in accordance with the Operating Guidelines on a Dealing Day shall be issued at that Dealing Day's Issue Price but, for valuation purposes only, Units shall be deemed created and issued after the Valuation Point on the Dealing Day on which the relevant Creation Application was received or deemed received and the register will be updated on Settlement Day or the Dealing Day immediately following Settlement Day if the settlement period is extended.

The Issue Price per Unit of the CIMB FTSE ASEAN 40 shall be the Net Asset Value as at the Valuation Point of the relevant Dealing Day divided by the total number of Units rounded to the nearest 3 decimal places (or such other method of rounding as may be determined by the Manager from time to time with the approval of the Trustee).

If a Creation Application is received on a day which is not a Dealing Day or is received after the Dealing Deadline on a Dealing Day, that Creation Application shall be treated as having been received at the opening of business on the next following Dealing Day, which shall be the relevant Dealing Day for the purposes of that Creation Application. The Dealing Deadline is 11:00 a.m. (Singapore time).

For every successful application for Units, the Participating Dealer will be sent a confirmation detailing the number of Units allotted within 7 Business Days of the receipt of the application by the Registrar. All Units created through subscription of Units through the Participating Dealer will be entered on the records of GDP in the name of the Participating Dealer or its nominee.

No Units shall be issued to any Participating Dealer unless (i) the application is in a form and substance satisfactory to, and accompanied by such documents as may be required by, the Trustee and the Manager in accordance with the Operating Guidelines, (ii) the Trustee and the Manager receive copies of the certifications required under the Participation Agreement in respect of the creation of new Units, and (iii) the Trustee and the Manager receive such other certifications and opinions of counsel as each may consider necessary to ensure compliance with applicable securities and other laws in relation to the creation and issue of Units which are the subject of the Creation Application.

The Manager may charge a Transaction Fee in respect of Creation Applications and may on any day vary the amount of the Transaction Fee it charges (but not as between different Participating Dealers). The Transaction Fee shall be paid by or on behalf of the Participating Dealer applying for such Units (and may

be set off and deducted against any Cash Component due to the Participating Dealer in respect of such Creation Application(s) for the benefit of the Trustee.

Any commission, remuneration or other sum payable by the Manager to any agent or other person in respect of the issue or sale of any Unit shall not be added to the Issue Price of such Unit and shall not be paid from the Deposited Property.

The Trustee shall be entitled to refuse to enter (or allow to be entered) Units in the Register if at any time the Trustee is of the opinion that the provisions in regard to the issue of Units, are being infringed.

### **Cancellation of Creation Application of Units**

The Trustee shall cancel a Creation Application of Units if all the Index Securities including the cash equivalent of the Index Securities or the Index Return AAP(s) constituting the Application Basket deposited for exchange have not been vested by or on the relevant Settlement Day in the Trustee or to the Trustee's satisfaction or evidence of title and instruments of transfer satisfactory to the Trustee have not been produced to or to the order of the Trustee; or the full amount of any Duties and Charges and Transaction Fee payable have not been received in cleared funds by or on behalf of the Trustee by such time on the Settlement Day as prescribed in the Operating Guidelines, provided that the Manager may at its discretion, with the approval of the Trustee, extend the settlement period (either for the Creation Application as a whole or for a particular Index Security or all the Index Securities including the cash equivalent of the Index Security(ies) or the Index Return AAP(s)) such extension to be on such terms and conditions (including as to the payment of an Extension Fee) as the Manager may determine.

Upon the cancellation of any Creation Application as provided for above or if a Participating Dealer otherwise withdraws a Creation Application other than in the circumstances contemplated in the Trust Deed, such Index Securities including the cash equivalent of the Index Securities or the Index Return AAP(s) constituting the Application Basket as have been vested in the Trustee in connection with a Creation Application (in either case in respect of such cancelled Units) shall be redelivered to the Participating Dealer and the relevant Units shall be deemed for all purposes never to have been created and the applicant therefore shall have no right or claim against the Manager or the Trustee in respect of such cancellation provided that:

- the Manager may charge the Participating Dealer for the account of the Trustee an Application Cancellation Fee;
- the Manager may at its discretion require the Participating Dealer to pay to the Trustee for the account of the Fund in respect of each Unit so cancelled Cancellation Compensation, being the amount (if any) by which the Issue Price of each such Unit exceeds the Redemption Value which would have applied in relation to each such Unit if a Participating Dealer had, on the date on which such Units are cancelled, made a Redemption Application;
- the Manager has a right to seek compensation from the Participating Dealer for the account of the Fund in the event that a Creation Application is cancelled. This compensation shall encompass all reasonable costs incurred including brokerage fees, Duties and Charges (as applicable) and any losses suffered by the Fund for having to unwind the trades as a result of the cancellation.
- the Trustee shall be entitled to the Transaction Fee payable in respect of a Creation Application; and

- no previous valuations of the Fund shall be re-opened or invalidated as a result of the cancellation of such Units.

**The Manager’s Discretion to Accept Cash for Creation and Issue of Units**

- If the Manager determines in its discretion (following an Application by a Participating Dealer) that an Index Security is likely to be unavailable for delivery or available in insufficient quantity for delivery to the Trustee in connection with a Creation Application, then the Manager shall have the right in its discretion to accept cash equal to the market value at the Valuation Point for the relevant Dealing Day of such Index Security in lieu of accepting such Index Security as constituting part of the relevant Application Basket; or
- If the Manager (following an Application by a Participating Dealer) is satisfied that in connection with the issue of any Units the Participating Dealer in question is prevented by regulation or otherwise from investing or engaging in a transaction in any Index Security, the Manager shall have the right in its discretion to accept cash equal to the market value at the Valuation Point for the relevant Dealing Day of such Index Security in lieu of accepting such Index Security constituting part of the relevant Application Basket.

**The Manager’s Discretion to Accept Cash Collateral for Creation and Issue of Units**

If the Manager determines in its discretion (following a partial delivery request by a Participating Dealer) that any Index Security is likely to be unavailable for delivery or available in insufficient quantity for delivery to the Trustee in connection with a Creation Application pursuant to the Trust Deed, then the Manager shall have the right in its discretion to accept an amount of cash determined by reference to the market value at the Valuation Point for the relevant Dealing Day of such Index Security as collateral for such Index Security until it is delivered.

Any such collateral will be held for the account of the Fund and shall be redelivered to the Participating Dealer together with interest thereon as soon as practicable after delivery of such Index Securities is made. Provided that no accrued interest shall be payable to the Participating Dealer if the cash collateral is less than the minimum amount prescribed by the Trustee from time to time, currently US\$5,000 and any interest accrued and not paid to the Participating Dealer should be retained by the Fund.

The Manager may, subject to the provisions of the Participation Agreement, charge the Participating Dealer for the account of the Trustee a fee for such partial delivery request (see Partial Delivery Request Fee under “Fees and Charges Payable by Participating Dealer”).

**Procedures for Redemption of Application Unit Size**

Only Participating Dealers may apply to redeem Units. The Manager shall have the exclusive right, at any time and from time to time following a Redemption Application made by a Participating Dealer in accordance with the Operating Guidelines, by notice in writing to the Trustee to effect a reduction of the assets of the Fund on the relevant Settlement Day by requiring the Trustee to cancel the number of Units specified in such notice.

A Redemption Application shall only be made or accepted (as the case may be) on a Dealing Day and shall only be in respect of Units constituting an Application Unit size or whole multiples thereof and shall only be accepted if made by or through a Participating Dealer in accordance with the terms of a Participation Agreement. The minimum holding is one Application Unit.

The Redemption Value shall be based on forward pricing which means that the Redemption Price of the Units shall not be ascertainable at the time of application to redeem Units.

The Redemption Value of Units tendered for redemption and cancellation shall be the Net Asset Value per Unit as at the Valuation Point of the relevant Dealing Day rounded to the nearest 3 decimal places (or such other method of rounding as the Manager may from time to time determine with the approval of the Trustee).

If a Redemption Application is received on a day which is not a Dealing Day or is received after the Dealing Deadline on a Dealing Day, that Redemption Application shall be treated as having been received at the opening of business on the next following Dealing Day, which shall be the relevant Dealing Day for the purposes of that Redemption Application. For the purpose of valuation, the relevant Valuation Point shall be the Valuation Point for the Dealing Day on which the Redemption Application is treated as having been received. The Dealing Deadline is 11:00 a.m. (Singapore time).

The Manager shall, on receipt of a valid Redemption Application from a Participating Dealer, effect the redemption of the relevant Units and upon receipt of the Units to be redeemed shall require the Trustee to transfer to the Participating Dealer the appropriate number of the Index Securities including the cash equivalent of the Index Securities where applicable or the Index Return AAP(s) constituting the Application Basket.

To be effective, a Redemption Application must:

- be given by a Participating Dealer in accordance with a Participation Agreement;
- specify the number of Units which is the subject of the Redemption Application; and
- include the certifications required in the Operating Guidelines in respect of redemptions of Units, together with such certifications and opinions of counsel as the Trustee and the Manager may consider necessary to ensure compliance with applicable securities and other laws in relation to the redemption of Units which are the subject of the Redemption Application.

A Redemption Application once given cannot be revoked or withdrawn without the consent of the Manager.

The Trustee shall not be obliged to deliver (and shall have a general lien over) the Index Securities including the cash equivalent of the Index Securities where applicable or the Index Return AAP(s) constituting the Application Basket to be transferred in respect of the relevant Redemption Application until the Units to be redeemed are received to the order of the Trustee and all Duties and Charges, Transaction Fee and Extension Fee payable by the Participating Dealer is paid in full in cleared funds to or to the order of the Trustee.

Unless specifically requested to do so by the Participating Dealer concerned, not later than one month after the relevant Dealing Day, the Trustee shall be under no obligation to check the calculation of the Redemption Value in connection with any redemption or cancellation of Units but shall be entitled at any time before the audited accounts of the Fund, covering the relevant Dealing Day, have been prepared, to require the Manager to justify its calculation of the Redemption Value.

Provided that on the relevant Settlement Day in relation to an effective Redemption Application:-

- the Units, which are the subject of the Redemption Application, shall be redeemed and cancelled; and

- the assets of the Fund shall be reduced by the cancellation of those Units but, for valuation purposes only, such Units shall be deemed to have been redeemed and cancelled after the Valuation Point as at the Dealing Day on which the Redemption Application was received,

the Trustee shall transfer the Index Securities including the cash equivalent of the Index Securities or the Index Return AAP(s) constituting the Application Basket relevant to the Redemption Application out of the Deposited Property of the Fund to the Participating Dealer.

No Security shall be transferred in respect of any Redemption Application unless Units, which are the subject of the Redemption Application, have been delivered to the Manager for redemption by such time on the Settlement Day as the Trustee and the Manager shall for the time being prescribe for Redemption Applications generally. In the event that Units, which are the subject of a Redemption Application, are not delivered to the Manager for redemption in accordance with the foregoing:

- the Redemption Application shall be deemed never to have been made except that the Transaction Fee in respect of such application shall remain due and payable and once paid, shall be retained by the Trustee;
- the Manager may charge the Participating Dealer for the account of the Trustee an Application Cancellation Fee;
- the Manager may at its discretion require the Participating Dealer to pay to the Trustee, for the account of the CIMB FTSE ASEAN 40, in respect of each Unit Cancellation Compensation, being the amount (if any) by which the Redemption Value of each such Unit is less than the Issue Price which would have applied in relation to each such Unit if a Participating Dealer had, on the final day permitted for delivery of Units the subject of the Redemption Application, made a Creation Application; and
- no previous valuations of the Fund shall be re-opened or invalidated as a result of an unsuccessful Redemption Application.

The Manager, with approval of the Trustee, may at its discretion extend the settlement period such extension to be on such terms and conditions (including as to the payment of an Extension Fee) as the Manager may determine but, in any event, not later than one month from the receipt of an effective Redemption Application.

The Manager may charge a Transaction Fee in respect of Redemption Applications and may on any day vary the amount of the Transaction Fee it charges (but not as between different Participating Dealers). The Transaction Fee shall be paid by or on behalf of the Participating Dealer submitting the Redemption Application(s) for the benefit of the Trustee.

#### **NO CERTIFICATES**

Certificates will not be issued in respect of Units in the CIMB FTSE ASEAN 40. Units will be deposited, cleared and settled by the CDP, and held in book-entry form. CDP is the registered owner (i.e. the sole Unitholder on record) of all outstanding Units deposited with the CDP and is therefore recognised as the legal owner of such Units. Investors owning Units are beneficial owners as shown on the records of CDP or the Participating Dealers (as the case may be).

#### **DETERMINATION OF NET ASSET VALUE**

The Net Asset Value of the Fund will be determined as at the official close of trading on the last relevant Market to close on each Dealing Day (or at such other time as the Manager and the Trustee may determine) by valuing the assets of the Fund and deducting the liabilities of the Fund, in accordance with the terms of the Trust Deed.

The Trust Deed provides amongst other things that:-

- (i) except in the case of any interest in a mutual fund corporation or a unit trust to which paragraph (ii) applies, all calculations based on the value of investments quoted, listed, traded or dealt in on any securities market shall be made by reference to the price appearing to the Manager to be the last traded price on the Market for such investments provided that the Manager and the Trustee shall be entitled to use and rely on electronic price feeds from such source or sources as they may from time to time determine, notwithstanding that the prices so used are not the last traded prices;
- (ii) the value of each interest in any mutual fund corporation or unit trust shall be the last available net asset value per share or unit in such mutual fund corporation or unit trust;
- (iii) if no net asset value, bid and offer prices or price quotations are available as provided in paragraph (ii) above, the value of the relevant investment shall be certified by such firm or institution making a market in such investment as may be appointed for such purpose by the Manager with the approval of the Trustee;
- (iv) the value of any investment which is not listed or ordinarily dealt in on a Market shall be based on its fair value (being the price that the Fund would reasonably expect to receive upon the current sale of the investment) made by a professional person approved by the Trustee as qualified to value such investments;
- (v) cash, deposits and similar investments shall be valued at their face value (together with accrued interest) unless, in the opinion of the Manager, any adjustment should be made to reflect the fair value thereof; and
- (vi) notwithstanding the foregoing, the Manager may adjust the value of any investment if, having regard to relevant circumstances, the Manager considers that such adjustment is required to reflect the fair value of the investment.

#### **ISSUE PRICE AND REDEMPTION VALUE**

The Issue Price of Units, created and issued pursuant to a Creation Application, shall be the Net Asset Value divided by the total number of Units in issue rounded to the nearest 3 decimal places (or such other method of rounding as the Manager may determine from time to time with the approval of the Trustee).

The Redemption Value of Units on a Dealing Day shall be the Net Asset Value of the Fund divided by the total number of Units in issue rounded to the nearest 3 decimal places (or such other method of rounding as may be determined by the Manager from time to time with the approval of the Trustee).

#### **SUSPENSION OF VALUATIONS AND DEALINGS**

The Manager and/or the Trustee may, after giving notice to the other party, declare a suspension of the determination of the Net Asset Value of the Fund for the whole or any part of any period during which:

- (a) there exists any state of affairs prohibiting the normal disposal of the Fund's investments; or

- (b) there is a breakdown in any of the means normally employed in determining the Net Asset Value or the Net Asset Value per Unit of the Fund, or when for any other reason the value of any security or other asset in the Fund cannot, in the opinion of the Manager and/or the Trustee, reasonably, promptly and fairly be ascertained; or
- (c) circumstances exist as a result of which, in the opinion of the Manager and/or the Trustee, it is not reasonably practicable to realise any securities held or contracted for the account of the Fund or it is not possible to do so without seriously prejudicing the interest of Unitholders; or
- (d) the remittance or repatriation of funds which will or may be involved in the realisation of, or in the payment for, the securities of the Fund or the subscription or realisation of Units is delayed or cannot, in the opinion of the Manager and/or the Trustee, be carried out promptly or at normal rates of exchange; or
- (e) the right to redeem Units of the Fund is suspended; or
- (f) any 48 hour period (or such longer period as may be agreed between the Manager and the Trustee) prior to the date of any meeting of Unitholders (or any adjourned meeting thereof); or
- (g) any period when the business operations of the Manager or the Trustee in relation to the operations of the Fund are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes or acts of God; or
- (h) any period when a Relevant Exchange on which a substantial part of the Fund's investment is quoted, listed or dealt in is closed otherwise than for ordinary holidays; or
- (i) any period when dealing on a Relevant Exchange on which a Security has its primary listing are restricted or suspended.

The Manager and/or the Trustee may, at its/their discretion, at any time after giving notice to the Trustee and where practicable following consultation with the Participating Dealer, suspend the right of the Participating Dealer to require the redemption of Units and/or delay the payment of any moneys and transfer of any Securities in respect of any Redemption Application during:

- (i) any period when a Relevant Exchange on which an Index Security has its primary listing, or the official clearing and settlement depository (if any) of such Relevant Exchange, is closed otherwise than for ordinary holidays; or
- (ii) any period when dealings on a Relevant Exchange on which a Security has its primary listing are restricted or suspended; or
- (iii) any period when, in the opinion of the Manager and/or the Trustee, settlement or clearing of Securities in the official clearing and settlement depository (if any) of such Relevant Exchange is disrupted; or
- (iv) the existence of any state of affairs as a result of which delivery or purchase of Securities or disposal of investments for the time being comprised in the Fund cannot, in the opinion of the Manager and/or the Trustee, be effected normally or without prejudicing the interests of Unitholders; or
- (v) any period when the Index is not compiled or published; or

- (vi) any breakdown in the means normally employed in determining the Net Asset Value or the Net Asset Value per Unit or when for any other reason the Value of any Securities or other property for the time being comprised in the Fund cannot, in the opinion of the Manager and/or the Trustee, reasonably, promptly and fairly be ascertained; or
- (vii) any 48 hour period (or such longer period as may be agreed between the Manager and the Trustee) prior to the date of any meeting of Unitholders (or any adjourned meeting thereof);
- (viii) any period when the business operations of the Manager or the Trustee in relation to the operations of the Fund are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes or acts of God; or
- (ix) any period when the dealing of Units is suspended pursuant to any order or direction issued by the Authority.

In addition, the Manager and/or the Trustee will suspend the right to redeem Units when dealings in the Units on the SGX-ST are restricted or suspended.

Such suspension shall take effect forthwith upon the declaration thereof and thereafter there shall be no determination of the Net Asset Value until the Manager and/or the Trustee shall declare the suspension at an end, except that the suspension shall terminate in any event on the day following the first Business Day on which (i) the condition giving rise to the suspension shall have ceased to exist and (ii) no other condition under which suspension is authorised shall exist.

Whenever the Manager and/or the Trustee declares such a suspension it shall, as soon as may be practicable after any such declaration and at least once a month during the period of such suspension, publish a notice in such newspaper or newspapers in Singapore as the Manager and/or Trustee thinks fit and/or cause a notice to be given to Unitholders and to all those (whether Unitholders or not) whose applications to realise Units shall have been affected by such suspension stating that such declaration has been made. Such suspension will also be publicly announced on the SGXNET.

No Units will be created or issued during any period of suspension. The Manager and/or the Trustee may at any time by notice to the other parties, suspend the issue of Units if, as a result of the investment of the proceeds of issue of such Units, the Fund would breach a provision of the Non-Specialised Funds Investment Guidelines and the Authority has not agreed to waive that provision, and the relevant provisions relating to suspension of the right of Unitholders to redeem Units shall also apply in accordance with the provisions of the Trust Deed.

## **DISTRIBUTION POLICY**

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. The Manager currently intends to pay out income distribution of the Fund to Unitholders annually and there is currently no income reinvestment service for the Fund. Distributions will only be paid to the extent that they are available for distribution pursuant to the Trust Deed.

On a distribution, the Trustee, in accordance with the instructions of the Manager, will allocate the amounts available for distribution between Unitholders and will pay such amounts to Unitholders.

Amounts to be distributed in respect of each Unit shall be rounded to the nearest US\$0.01 per Unit. Subject to the Trust Deed, the Trustee shall cause distributions payable to a Unitholder which remains unclaimed by the Unitholder for more than six (6) years and interest, if any, earned thereon to be paid into court after

deducting all fees, costs and expenses incurred in relation to such payment from the sum thereof provided that if the said sum is insufficient to meet all such fees, costs and expenses, the Trustee shall be entitled to have recourse to the Deposited Property.

Income received by the Fund pending distributions may be invested by the Manager in a manner consistent with achieving the investment objective of the Fund.

On 16 April 2010, the Fund made a dividend distribution of USD 0.23 per Unit. This dividend distribution comprised USD 0.108 per unit made out of Singapore tax-exempt dividends, and USD 0.122 per unit made out of other dividends (foreign taxable dividends and foreign tax-exempt dividends).

## **FEES, CHARGES AND EXPENSES**

### **Manager's Fee**

The Manager is entitled to receive a management fee, currently at the rate of 0.65 per cent. per annum of the Net Asset Value of the CIMB FTSE ASEAN 40 accrued daily and calculated as at each Dealing Day and payable monthly in arrear.

Under the terms of the Trust Deed, the Manager may, on giving not less than one month's notice to the Trustee and the affected Unitholders, increase the rate of the management fee payable up to or towards the maximum rate of 1.0 per cent. per annum of the Net Asset Value of the Fund accrued daily and calculated as at each Dealing Day and payable monthly in arrear.

The Manager will pay all fees and expenses chargeable by the Trustee, Custodian, Registrar, Investment Adviser, Index Provider and the Auditors, out of its own management fee and shall not be charged to the Fund.

### **General Expenses**

Any promotional expenses incurred by any marketing agents and any fees imposed by such marketing agents on their customers investing in the Fund will not be paid (either in whole or in part) out of the assets of the Fund.

All the expenses incurred in connection with the convening of meetings of Unitholders and all other transactional costs and operating costs (relating to the administration of the Fund) shall be paid out of the assets of the Fund.

The cost and expenses for the preparation of this Prospectus and any supplementary thereto, reports and/or other statements to Unitholders will be borne by the Fund.

### **Fees and Charges Payable by Participating Dealers**

The fees and charges payable by Participating Dealers in respect of the CIMB FTSE ASEAN 40 are summarised as follows (these fees will not affect retail investors):

<b>Creation of Units:</b>	
Transaction Fee <sup>1</sup>	US\$ 1,300 per Application.

<sup>1</sup> A Transaction Fee (which includes the conversion agent fee, transaction charges and out-of-pocket expenses) is payable by the

Application Cancellation Fee <sup>1</sup>	US\$ 2,100 per Application.
Extension Fee <sup>2</sup>	US\$ 2,100 per Application.
Partial Delivery Request Fee <sup>2</sup>	US\$ 2,100 per Application.

<b>Redemption of Units:</b>	
Transaction Fee <sup>1</sup>	US\$ 2,100 per Application.
Application Cancellation Fee <sup>2</sup>	US\$ 2,100 per Application.
Extension Fee <sup>3</sup>	US\$ 2,100 per Application.

### Fees and Charges Payable by Retail Investors Dealing in Units on the SGX-ST

The fees and charges payable by retail investors dealing in Units in the CIMB FTSE ASEAN 40 on the SGX-ST are summarised as follows:

Subscription/Redemption fee	Nil
Brokerage	Market rates. Investors will have to bear brokerage fees charged by their stockbrokers.
Clearing fee	Currently the clearing fee for trading Units on the SGX-ST is at the rate of 0.04 per cent. of the transaction value, subject to a maximum of S\$600 per transaction and subject to the prevailing goods and services tax (“GST”).

### Fees and Charges Payable by the CIMB FTSE ASEAN 40

The fees and charges payable by the Fund are summarised as follows:

Manager's fee	Currently 0.65 per cent. per annum. Maximum 1.00 per cent. per annum.
Cost of Establishment of the Fund (including legal fees and Trustee's inception fee)	One-time fee of US\$ 300,000.
Maintenance Fee (payable to the issuer of the Index Return AAPs)	0.30 per cent. per annum (calculated based on the average net asset value of the Index Return AAPs).

Note: The fees of the Trustee, Custodian, Registrar, Investment Adviser, Index Provider and Auditors will be borne by the Manager and will not be charged to the CIMB FTSE ASEAN 40.

### RISK FACTORS

*The Fund is subject to the following principal risks. Some or all of the following risks may adversely affect the Fund's Net Asset Value, yield, total return and/or its ability to achieve its investment objective. Investors should note the following risk factors associated with investing in the Fund. The following statements are intended to be summaries of some of those risks. They are by no means exhaustive and they do not offer*

Participating Dealer to the Trustee for the benefit of the Conversion Agent (which is State Street Bank and Trust Company).

<sup>1</sup> Payable by the Participating Dealer to the Trustee.

<sup>2</sup> Such fee is payable by the Participating Dealer on each occasion that the Manager grants the Participating Dealer's request for extending settlement in respect of an Application.

*advice on the suitability of investing in the Fund. Investors should carefully consider the risk factors described below together with all of the other information included in this Prospectus before deciding whether to invest in Units of the Fund.*

### **Market Risk**

The Net Asset Value will change with changes in the market value of the Securities it holds. The price of Units and the income from them may go down as well as up. Investors may not get back their original investment. Whilst the Manager currently intends to pay out income distributions of the Fund annually, there is no guarantee that the Manager would make such distributions to investors. Investment in the Fund involves risks similar to those of inherent in any fund of equity securities traded on an exchange, such as market fluctuations caused by factors like economic and political developments, changes in interest rates and foreign exchange. A significant decline in the value of the Index can therefore be expected to result in a similar decline in the Net Asset Value of the Units.

### **Passive Investment**

The Fund is not actively managed. Accordingly, the Fund may be affected by a decline in world market segments relating to the Index. The Fund invests in the Index Securities included in the FTSE/ASEAN 40 Index. The Manager does not attempt to select stocks individually or to take defensive positions in declining markets.

### **Tracking Error Risk**

Factors such as the fees and expenses of the Fund, imperfect correlation between the Fund's assets and the Index Securities constituting the Index, rounding of share prices, changes to the Index and regulatory policies may affect the Manager's ability to achieve close correlation with the performance of the Index. The Fund's returns may therefore deviate from the Index.

### **Concentration**

If the Index comprises Index Securities that are concentrated in a particular group of stocks, industry or group of industries, the Fund may be adversely affected by the performance of those stocks and be subject to price volatility. In addition, if the Fund is concentrated in a single stock, group of stocks, industry or group of industries, it may be more susceptible to any single economic, market, political or regulatory occurrence. Please refer to Appendix I for more information on the FTSE/ASEAN 40 Index constituent stocks and their weighting in the Index as at 31 March 2010.

### **Foreign Security Risk**

An investment in Units of the Fund involves risks similar to those of investing in a broad-based portfolio of equity securities traded on exchanges in the relevant overseas securities market, including market fluctuations caused by factors such as economic and political developments, changes in interest rates and perceived trends in stock prices. The principal risk factors, which could decrease the value of your investment, are listed and described below:

- less liquid and less efficient securities markets;
- greater price volatility;
- exchange rate fluctuations and exchange controls;
- less publicly available information about issuers;

- the imposition of restrictions on the expatriation of funds or other assets of the Fund;
- higher transaction and custody costs and delays and risks of loss attendant in settlement procedures;
- difficulties in enforcing contractual obligations;
- lesser levels of regulation of the securities markets;
- different accounting, disclosure and reporting requirements;
- more substantial government involvement in the economy;
- higher rates of inflation; and
- greater social, economic, and political uncertainty and the risk of nationalization or expropriation of assets and risk of war or terrorism.

### **Emerging Market Risk**

The Fund will invest in Securities listed on stocks exchanges of ASEAN countries, including Malaysia, Indonesia, Thailand and the Philippines, which are considered to be emerging markets as compared to Singapore. These markets are subject to special risks associated with foreign investment in these emerging markets including, but not limited to: generally less liquid and less efficient securities markets; generally greater price volatility; exchange rate fluctuations and exchange controls; imposition of restrictions on the expatriation of funds or other assets; less publicly available information about issuers; the imposition of taxes; higher transaction and custody costs; settlement delays and risk of loss; difficulties in enforcing contracts; lesser regulation of securities markets; smaller market capitalisation; different accounting and disclosure standards; governmental interference; greater risk of market shutdown; the risk of expropriation of assets; higher inflation; social, economic and political uncertainties; and the risk of war.

### **Foreign Exchange Risk**

As the Fund's investments are generally invested in ASEAN securities such that a substantial portion of the revenue and income of the Fund may be received in a currency other than the Fund's base currency of US dollars, any fluctuation in the exchange rate of the US dollar relative to the relevant foreign currency will affect the Net Asset Value of the Fund. As the Fund's Net Asset Value is determined on the basis of the US dollar, you may lose money if the local currency of an ASEAN market comprised in the Index depreciates against the US dollar, even if the local currency value of that Index Security goes up. The Manager currently does not intend to hedge against such foreign currency exposure. The Fund will also not be hedged against the Singapore dollars hence a Singaporean based investor will be exposed to exchange rate risks.

### **Trading Risk**

The CIMB FTSE ASEAN 40 is structured as an index fund and the Net Asset Value of Units of an index fund will fluctuate with changes in the market value of the index fund's holdings of Securities and changes in the exchange rate between the US dollar and the subject foreign currency. The market prices of Units will fluctuate in accordance with changes in Net Asset Value and supply and demand on any exchange on which Units are listed. The Manager cannot predict whether Units will trade below, at or above their Net Asset Value. Price differences may be due, in large part, to the fact that supply and demand forces in the secondary trading market for Units will be closely related, but not identical, to the same forces influencing the prices of the Securities trading individually or in the aggregate at any point in time. Given, however, that Units must be created and redeemed in Application Unit aggregations (unlike shares of many closed-end funds, which frequently trade at appreciable discounts from, and sometimes at premiums to, their Net Asset

Value), the Manager believes that ordinarily large discounts or premiums to the Net Asset Value of Units should not be sustained. In the event that the Manager suspends creations and/or redemptions of Units of an index fund, the Manager expects larger discounts or premiums.

#### **Right of the Authority to withdraw authorisation of the Fund**

The Fund has been authorised as a Collective Investment Scheme by the Authority pursuant to Section 286 of the Securities and Futures Act. The Authority however reserves the right to withdraw the authorisation of the Fund if the Index is no longer considered acceptable to the Authority.

#### **Absence of prior active market**

Although application has been made for the Units to be listed for trading on the SGX-ST, there can be no assurance that an active trading market will be developed or be maintained. There is no certain basis for predicting the actual price levels at, or sizes in, which Units may trade. Further, there can be no assurance that investors in the Units will experience trading or pricing patterns similar to those of market-traded shares which are issued by investment companies in other jurisdictions or which are based upon indices other than the Index.

#### **Dealing risk**

Following listing on the SGX-ST, it is likely that the Units will initially not be widely held. Accordingly any investor buying Units in small numbers may not necessarily be able to find other buyers should that investor wish to sell. In order to address such dealing risk, a market maker has been appointed for trading of the Units.

#### **Creation and Redemption through Participating Dealers only**

Investors may generally not create or redeem Units and in any event can only create or redeem Units through Participating Dealers who are under no obligation to agree to do so on behalf of any investor. Each Participating Dealer may, in its absolute discretion, refuse to accept a creation order from an investor and can charge such fees as it may determine. If an investor has been allowed to create Units through a Participating Dealer, such investor may only request a redemption of the Units through the same Participating Dealer and the relevant Participating Dealer may, in its absolute discretion, refuse to accept a redemption request from an investor. The willingness of a Participating Dealer to redeem Units may depend upon, but is not limited to, that Participating Dealer's ability to sell the relevant Index Securities as well as any agreement which may be reached between the investor and the Participating Dealer. The Participating Dealer will not be able to create or redeem Units during any period when, amongst other things, dealings on the SGX-ST are restricted or suspended, settlement or clearing of securities through the CDP is disrupted or the Index is not compiled or published. In addition, the Participating Dealer will not be able to create or redeem Units if some other event occurs which impedes the calculation of the Net Asset Value of the Fund or disposal of the Fund's portfolio securities cannot be effected. Accordingly where an investor buys Units in the CIMB FTSE ASEAN 40 on the SGX-ST, an investor will be very unlikely to be able to redeem such Units through a Participating Dealer.

#### **Risk of investment diminution**

The value of the securities which the Fund invests may go down as well as go up. Stock values could decline generally or could underperform other types of investments. Investors may not get back their original investment.

### **Risk inherent in Index Securities**

As the Fund invests in Index Securities, the price of Units may fluctuate in response to changes in interest rates, foreign exchange, economic and political conditions and the financial condition of issuers of the Index Securities.

### **Lack of discretion by Manager to adapt to market changes**

The Index Securities held by the Fund will passively reflect the distribution of companies whose securities are included in the Index. Therefore, adverse changes in the financial condition or share performance of any company included in the Index will not result in the sale of the shares of such company, and will be likely to affect adversely the Fund's value and the trading price of the Units. The Manager will have limited discretion to remove the securities of such company from the Fund.

### **Units may trade at prices other than at Net Asset Value**

The Net Asset Value of the Fund represents the fair price for buying or selling Units. As with any listed fund, the secondary market price of Units may sometimes trade above or below this Net Asset Value. There is a risk, therefore, that Unitholders may not be able to buy or sell at a price close to this Net Asset Value. The deviation from Net Asset Value is dependent on a number of factors, but will be accentuated when there is a large imbalance between market supply and demand for Units on the SGX-ST. However, given that the Units can be created and redeemed in Creation and Redemption Unit sizes by Participating Dealers, as applicable, it is not anticipated that large discounts or premiums will be sustained.

### **Trading in Units on the SGX-ST may be suspended**

Investors will not be able to purchase or sell Units on the SGX-ST during any period that the SGX-ST suspends trading in the Units. The SGX-ST may suspend the trading of Units whenever the SGX-ST determines that it is appropriate in the interests of a fair and orderly market to protect investors. The creation and redemption of Units will also be suspended in the event that the trading of Units on the SGX-ST is suspended. The SGX-ST imposes certain requirements for the continued listing of securities, including the Units, on the SGX-ST. Investors cannot be assured that the Fund will continue to meet the requirements necessary to maintain the listing of Units on the SGX-ST or that the SGX-ST will not change the listing requirements. The CIMB FTSE ASEAN 40 may be terminated if Units are delisted from the SGX-ST. Dealings of Units on the SGX-ST may not necessarily be suspended in the event that the creation and redemption of Units is temporarily suspended by the Manager in accordance with the terms of the Trust Deed. If the creation and redemption of Units is temporarily suspended, the trading price of the Units may be adversely affected and differ from the Net Asset Value of the CIMB FTSE ASEAN 40.

### **The Fund is different from a typical unit trust offered to the public in Singapore**

Investors should note that the CIMB FTSE ASEAN 40 is not like a typical unit trust offered to the public in Singapore. Units may only be created and redeemed in Application Unit sizes by Participating Dealers and Units may not be subscribed for, or redeemed, directly by retail investors. Participating Dealers will not be able to create or redeem Units during any period when, amongst other things, dealings on the SGX-ST are restricted or suspended, settlement or clearing of securities in CDP is disrupted or the Index is not compiled or published. Investors may generally only realise the value of their Units by selling their Units on the SGX-ST. These features are not usually present in a typical unit trust offered to the public in Singapore, where units can generally be purchased and redeemed directly by the retail public.

### **Minimum creation and redemption size**

Units will normally only be issued or redeemed in Creation Unit or Redemption Unit size aggregates (currently 400,000 Units or whole-number multiples thereof). Investors who do not hold Redemption Unit size aggregates may only be able to realise the value of their Units by selling their Units on the SGX-ST.

### **Investing in financial derivatives**

As the Fund may invest in derivatives for purposes of hedging and/or efficient portfolio management, it may be subject to risks associated with such investments. Investments in derivatives may require the deposit of initial margin and additional deposit of margin on short notice if the market moves against the investment positions. If no provision is made for the required margin within the prescribed time, the Fund's investments may be liquidated at a loss. Therefore, it is essential that such investments in derivatives be monitored closely. The Manager has the necessary controls for investment in derivatives and has in place systems to monitor any derivative positions for the Fund. The Manager will ensure that the risk management and compliance procedures and controls adopted are adequate and that it has the necessary expertise to control and manage the risks relating to the use of financial derivatives.

The exposure of the Fund will not exceed 100% of the Deposited Property of the Fund at any time. The exposure relating to derivative instruments is calculated by converting the derivative positions into positions in the underlying assets embedded in those derivatives.

The Manager believes that risk management and performance analysis are integral parts of the investment process. As such, the Manager has a dedicated risk and performance management team who carefully and independently monitors the portfolio's risks. The Manager's risk management procedure covers the whole investment process from initial formulation stage to actual implementation. The risks are quantified and examined in detail through various tools employed by the Manager's risk and performance team and closely monitored as certain changes in the market environment may affect their value and importance. Portfolio risks are carefully controlled to ensure that the relationship between risk and return is in line with the Fund's investment objective and strategy.

Additionally, all open positions/exposure in derivatives will be marked to market at the frequency at least equal to the frequency of the NAV calculation of the Fund. The Manager also has a comprehensive and structured internal compliance monitoring program with a dedicated team of compliance personnel covering, amongst other things, the monitoring of the portfolios for compliance with investment guidelines. The investment guidelines are reviewed regularly by the compliance team and the Manager's compliance monitoring program includes automated pre-trade compliance system as well as manual checking system to monitor compliance where certain investment guidelines cannot be electronically monitored. The compliance team will ensure that the exposure of the Fund will not exceed 100% of the Deposited Property of the Fund at any time.

### **Use of futures and options contracts involve certain risks**

The Manager may use futures and options contracts for the purpose of hedging and achieving the Fund's Investment Objective. In particular, the Manager may invest the Fund's assets in futures and options contracts in order to try to minimise tracking error between the Index and the value of the Fund. There is no guarantee that such techniques will achieve their desired result. There are certain investment risks in using futures and options contracts. Such risks may include: (i) the inability to close out a futures and options contracts caused by the non-existence of a liquid secondary market; and (ii) an imperfect correlation between price movements of the futures and options contracts with price movements of the Index Securities. Further, the risk of loss in trading futures and options contracts is potentially great, due to both the low margin deposits required, and the extremely high degree of leverage involved in futures pricing. As a result, a relatively small price movement in a futures and options contract may result in immediate and substantial loss (or gain) to the Fund. The purchaser of options may offset or exercise the options or allow

the options to expire. The exercise of an option results in either a cash settlement or in the purchaser acquiring or delivering the underlying interest. If the option is on a future, the purchaser will acquire a futures position with associated liabilities for margin (see above). If the option expires worthless, the Fund will suffer a total loss of its investment which will consist of the option premium plus transaction costs.

### **Minimum Fund Size**

The Fund is structured as an index fund with a low total expense ratio (including such items such as Manager's fees and Trustee's fees). As with any fund, in order to remain viable, the size of the Fund must be sufficient to cover at least its fixed operating costs; given the relatively low fees charged to and payable by the Fund, this means, that the minimum size of the Fund needs to be significantly larger than other typical unit trust.

### **Registration or cross-listing of Fund in other markets**

There is a likelihood that the Fund may in the future be registered on other markets, or cross-listed on other exchanges, or otherwise offered in other jurisdictions. As this is expected to improve the liquidity for existing Unitholders and result in more efficient secondary market pricing due to increased scope for arbitrage, the Manager may be permitted by the Trustee to charge the related costs to the Fund.

### **Counterparty Risk**

In investing in the Index Return AAPs, the Fund will be exposed to the credit risk of the issuers of the Index Return AAPs and will be subject to the possibility of the insolvency, bankruptcy or default of the issuers which could result in substantial losses to the Fund. The Fund may also bear the risk of settlement default of an issuer.

### **Risk relating to the Index Return AAPs**

Certain events relating to the Index or the shares or securities relating to or constituting the Index (Index Securities) may restrict the ability of the Fund to exercise the Index Return AAPs during certain time periods. These events include situations where the market for the Index Securities is illiquid or where there are regulatory restrictions that restrict the ability of the issuer of the Index Return AAPs to enter into agreements to hedge the Index Securities.

## **RISK FACTORS RELATING TO THE INDEX**

### **Errors or inaccuracies in the Index**

There may be inaccuracies, errors, omissions or mistakes in the compilation or calculation of the Index, which may result in significant deviations between the Net Asset Value of the Units and the Index. The Manager and the Trustee are not responsible or involved in the compilation or calculation of the Index, and thus cannot be held responsible or liable for any inaccuracies, errors, omissions or mistakes in such compilation or calculation.

### **Index is subject to fluctuations**

The performance of the Units should correspond closely with the performance of the Index. The Index may experience periods of volatility in the future. If the Index experiences volatility or declines, the price of the Units will vary or decline accordingly.

### **Composition of and weightings in the Index may change**

The securities which comprise the Index are changed by FTSE from time to time. The price of the Units may rise or fall as a result of such changes. The composition of the Index may also change if one of the constituent companies were to delist its securities or if a new eligible company were to list its securities and be added to the Index. If this happens, the weighting or composition of the Index Securities invested by the Fund would be changed as considered appropriate by the Manager in order to achieve the Investment Objective. Thus, an investment in Units will generally reflect the Index as its constituents change from time to time, and not necessarily the way it is comprised at the time of an investment in the Units. Appendix II – “The FTSE/ASEAN 40 Index” describes how the Index is compiled.

### **Licence to use the Index may be terminated**

The Manager has been granted a licence by FTSE to use the Index in connection with the operation, marketing and promotion of the CIMB FTSE ASEAN 40. The CIMB FTSE ASEAN 40 may be terminated if the Index licence agreement is terminated and the Manager is unable to identify or agree with the Index Provider or any other index provider terms for the use of a suitable replacement index that uses, in the opinion of the Manager, the same or substantially similar formula for the method of calculation as the Index. Any such replacement index will be notified to Unitholders. Accordingly prospective investors should note that the ability of the CIMB FTSE ASEAN 40 to track the Index depends on the continuation in force of the Index licence agreement in respect of the Index or a suitable replacement.

### **Compilation of the Index**

No warranty, representation or guarantee is given as to the accuracy or completeness of the Index and its computation or any information related thereto. The process and the basis of computing and compiling the Index and any of its related formulae, constituent companies and factors may at any time be changed or altered by FTSE without notice.

## **DISCLAIMERS**

### **Disclaimer by FTSE**

The CIMB FTSE ASEAN 40 is not in any way created, sponsored, endorsed, sold or promoted by FTSE International Limited (“**FTSE**”), the London Stock Exchange Plc (“**LSE**”) or by The Financial Times Limited (“**FT**”) and neither FTSE nor LSE nor FT makes any warranty or representation whatsoever, expressly or impliedly, either as to the results to be obtained from the use of the FTSE/ASEAN 40 Index (the “Index”) and/or the figure at which the said Index stands at any particular time on any particular day or otherwise. The Index is compiled and calculated by FTSE in conjunction with PT Bursa Efek Jakarta (Jakarta Stock Exchange), Bursa Malaysia Berhad, The Philippine Stock Exchange, Inc., Singapore Exchange Securities Trading Limited and The Stock Exchange of Thailand (or the “**Exchanges**”). All rights in the Index vest in FTSE and the Exchanges. However, neither FTSE nor LSE nor the Exchanges nor FT shall be liable (whether in negligence or otherwise) to any person for any error in the Index and neither FTSE nor LSE nor the Exchanges nor FT shall be under any obligation to advise any person of any error therein.

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### **Disclaimer by Citigroup**

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### **Disclaimer by State Street Bank and Trust Company**

In respect of this Prospectus or any advertisement issued by any person (other than a member of State Street Bank and Trust Company group) no member of State Street Bank and Trust Company group, or any employee of any member of State Street Bank and Trust Company group (i) makes any representation or accepts any responsibility for the issuance or contents thereof, or (ii) makes any representation as to the accuracy or completeness thereof, or (iii) has acted as an expert in connection with the preparation thereof, and each such member of State Street Bank and Trust Company group expressly disclaims any liability whatsoever to any person, including any Unitholder, for any loss howsoever arising from or in reliance upon the whole or any part of the contents thereof. To the extent permitted by law, State Street Bank and Trust Company group expressly disclaims any liability whatsoever to any Unitholder.

### **REPORTS AND ACCOUNTS**

The financial year-end of the Fund is 31 December every year. Audited accounts and the annual report are to be prepared and sent to Unitholders within three months of each financial year-end (unless otherwise waived or permitted by the Authority). Semi-annual unaudited accounts and the semi-annual report are to be prepared and sent to Unitholders within two months of 30 June (unless otherwise waived or permitted by the Authority). The contents of the reports will comply with the requirements of the Code and the Listing Rules.

The Code currently requires accounts to be prepared in accordance with Recommended Accounting Practice 7: Reporting Framework for Unit Trusts issued by the Institute of Certified Public Accountants of Singapore ("**RAP 7**"). Investors should note that to the extent that any of the valuation principles used to determine the Fund's Net Asset Value per Unit at the Valuation Point with respect to each Dealing Day is or becomes inconsistent with RAP 7, the Fund's accounts may not necessarily be in line with the published Net Asset Value per Unit. In this case, a reconciliation note may be included in the accounts of the Fund to reconcile values arrived at by applying RAP 7 and the Net Asset Value per Unit by applying the Fund's valuation principles.

### **TRUST DEED**

The Fund is established under Singapore law by the Trust Deed made between the Manager and the Trustee. All Unitholders are entitled to the benefit of, are bound by and are deemed to have notice of, the provisions of the Trust Deed. In the event of any conflict between any of the provisions of this Prospectus and those of the Trust Deed, Participation Agreement or Custodian Agreement, the provisions of the Trust Deed, Participation Agreement or Custodian Agreement shall prevail. The Trust Deed contains provisions for the indemnification of the Trustee and the Manager and their respective agents and their relief from

liability in certain circumstances. Unitholders and intending applicants are advised to consult the terms of the Trust Deed. All amendments to the Trust Deed will be announced on the SGXNET.

## **MODIFICATION OF TRUST DEED**

The Trustee and the Manager may agree to modify the Trust Deed by supplemental deed provided that in the opinion of the Trustee such modification (i) is not materially prejudicial to the interests of Unitholders, does not operate to release to any material extent the Trustee or the Manager from any responsibility to the Unitholders and (with the exception of the costs incurred in connection with the relevant supplemental deed) does not increase the costs and charges payable out of the assets of the Fund or (ii) is necessary in order to make possible compliance with any fiscal, statutory or official requirement (whether or not having the force of law) or (iii) is made to correct a manifest error. In all other cases modifications require the sanction of an extraordinary resolution of the Unitholders affected.

Subject to the Code, any modifications to the Trust Deed, unless they are sanctioned by an extraordinary resolution of the Unitholders affected or in the opinion of the Trustee are not of material significance or are made to correct a manifest error, will be notified to the Unitholders as soon as practicable after they are made.

## **VOTING RIGHTS**

Unitholders' meetings may be convened by the Manager, by the Trustee or by Unitholders representing one-tenth or more of the current Units in issue. These meetings may be used to modify the terms of the Trust Deed, including to increase the maximum fees payable to the service providers, to remove the Trustee or to terminate the Fund at any time. Such amendments to the Trust Deed must be passed by a 75 per cent. majority of the votes cast. Unitholders will be given not less than 14 days' notice of such meeting.

The Manager, Trustee and their respective Connected Persons are prohibited from voting their beneficially held Units at or be counted in the quorum for a meeting at which they have a material interest in the business to be contracted.

The Manager should in respect of voting rights relating to investments of the Fund where the Manager would face conflicts of interests, cause these votes to be exercised in consultation with the Trustee.

## **RESTRICTIONS ON UNITHOLDERS**

Every person purchasing Units will be deemed to have represented, agreed and acknowledged that it is not an Unauthorised US Person.

The Manager has power to impose such restrictions as it may think necessary for the purpose of ensuring that no Units are acquired or held which would result in such holding being:-

- a breach of the law or requirements of any country or governmental authority or any stock exchange on which the Units are listed in circumstances which, in the Manager's opinion, might result in the Fund being adversely affected which the Fund might not otherwise have suffered; or
- in the circumstances which, in the Manager's opinion, may result in the Fund incurring any tax liability or suffering any other pecuniary disadvantage which the Fund might not otherwise have incurred or suffered; or
- held by an Unauthorised US Person.

Upon notice that any Units are so held, the Manager may require such Unitholders to redeem or transfer such Units in accordance with the provisions of the Trust Deed. A person who becomes aware that he is holding or owning Units in breach of any of the above restrictions is required either to redeem his Units in accordance with the Trust Deed or to transfer his Units to a person whose holding would be permissible under this Prospectus and the Trust Deed.

## **TRANSFER OF UNITS**

Units held by Unitholders may be transferred by an instrument in writing in common form signed by (or, in the case of a body corporate, signed on behalf of or sealed by) the transferor and the transferee. The transferor will be deemed to remain the holder of the Units transferred until the name of the transferee is entered in the relevant Register in respect of such Units.

For so long as the Units are listed on the SGX-ST, transfers of Units between depositors (i.e. direct account holders with the CDP and depository agents whose names are entered in CDP's register in respect of Units held by them) shall be effected electronically through the CDP making an appropriate entry in CDP's electronic register of the Units that have been transferred in accordance with CDP trading requirements, and the above paragraph will not apply to such transfers.

## **CONFLICTS OF INTEREST**

The Manager, Investment Adviser, the Custodian, the Registrar and the Trustee may from time to time act as trustee, administrator, broker, registrar, secretary, manager, custodian, investment manager or investment adviser (as applicable) or other functions as may be required from time to time in relation to, or be otherwise involved in or with, other funds and clients which have similar investment objectives to those of the Fund.

In addition, subject to the provisions of the Code relating to transactions with related parties:-

- the Manager or any of their Connected Persons or any of the Trustee's Connected Persons may enter into investments for the Fund as agent for the Trustee and may, with the consent of the Trustee, deal with the Fund as principal;
- the Trustee, the Manager, Investment Adviser, the Custodian or the Registrar or any of their Connected Persons may have banking or other financial relationships with any company or party which is the issuer of securities, financial instruments or investment products held by the Fund;
- the Trustee, the Manager, Investment Adviser, the Custodian or the Registrar or any of their Connected Persons may hold and deal in Units or in investments held by the Fund either for their own account or for the account of their customers; and
- the monies of the Fund may be deposited with the Manager, the Trustee, Investment Adviser, the Custodian or the Registrar or any of their Connected Persons or invested in certificates of deposit or banking instruments issued by any of them.

It is, therefore, possible that any of the Trustee, the Manager, Investment Adviser, the Custodian or the Registrar or their Connected Persons may, in the course of business, have potential conflicts of interest with the Fund. Each will, at all times, have regard in such event to its obligations to the Fund and to Unitholders and will endeavour to ensure that such conflicts are resolved fairly and on an arm's length basis. There will be no obligation on the part of any such parties to account to the Fund or to Unitholders for any benefits so arising and any such benefits may be retained by the relevant party.

## **REMOVAL OF THE MANAGER**

If any of the following events shall occur, namely:-

- if the Manager goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously notified in writing to the Trustee) or if a receiver is appointed over any of its assets or if a liquidator or judicial manager is appointed in respect of the Manager; or
- the Trustee shall form the opinion for good and sufficient reason and shall so state in writing to the Manager that a change of Manager is desirable and in the best interests of Unitholders as a whole; or
- the Unitholders by an extraordinary resolution duly passed at a meeting of Unitholders (for which purpose Units held or deemed to be held by the Manager shall not be included) shall so decide on a change of Manager; or
- the Authority withdraws its approval of the Manager as manager of the Fund or directs the Trustee to remove the Manager,

the Trustee may, subject to the Listing Rules, by notice in writing to the Manager remove the Manager from office and (subject to the Trust Deed) upon service of such notice the Manager shall cease to be the manager of the Fund.

## **RETIREMENT OF THE MANAGER**

Under the terms of the Trust Deed, the Manager may retire in favour of another manager that is acceptable to the Trustee and the relevant authorities by giving prior notice in writing to that effect to the Trustee. The Trustee shall as soon as practicable and by not more than 30 days after the Manager has indicated its intention to retire, give notice to Unitholders to convene a meeting of Unitholders to approve some other person considered by the Trustee to be suitably qualified to act as manager of the Fund.

Any change to the manager of the Fund will be announced forthwith on the SGXNET.

## **LIABILITY AND INDEMNITY OF MANAGER AND TRUSTEE**

None of the Trustee, the Manager or the Registrar or each of their duly appointed agents shall incur any liability in respect of any action taken or thing suffered by them in reliance upon any notice, resolution, direction, consent, certificate, affidavit, statement, certificate of stock, plan of reorganisation or other document of title, or other paper or document believed to be genuine and to have been passed, sealed or signed by the proper parties.

None of the Trustee, the Manager, the Registrar or each of their duly appointed agents shall be responsible for the authenticity of any signature on or any seal affixed to any endorsement on any certificate or to any transfer or form of application, request for realisation, endorsement or other document affecting the title to or transmission of Units (including signatures on such documents received by facsimile or electronic transmission) or be in any way liable for any forged or unauthorised signature on or seal affixed to such endorsement, transfer, form or other document or for acting on or giving effect to any such forged or unauthorised signature or seal or for exercising their discretion not to act on such instructions received by facsimile or electronic transmission, provided that the Trustee, the Manager, the Registrar or each of their duly appointed agents reasonably believed that such signature or seal was authentic.

Notwithstanding the provisions of the Trust Deed, the Trustee and the Manager respectively may (but shall not be bound to) require that the signature of any Unitholder or joint Unitholder to any document required to be signed by him under or in connection with the Trust Deed or the Fund shall be verified by a banker or broker or other responsible person or otherwise authenticated to its or their reasonable satisfaction.

The Trustee and the Manager may accept as sufficient evidence of the value of any investment or the cost price or sale price thereof or of any market quotation a certificate by a person, firm or association qualified in the opinion of the Manager and Trustee to provide such a certificate.

The Trustee and the Manager and each of their duly appointed agents may rely upon the established practice and rulings of any market and any committees and officials thereof on which any dealing in any investment is from time to time effected in determining what shall constitute a good delivery and any similar matters and such practice and rulings shall be conclusive and binding upon all persons under the Trust Deed.

None of the Trustee, the Manager or the Registrar or each of their duly appointed agents shall be responsible for acting upon any resolution purporting to have been passed at any meeting of Unitholders, in respect whereof minutes shall have been made and signed even though it may be subsequently found that there was some defect in the constitution of the meeting or the passing of the resolution or that for any reason the resolution was not binding upon all the Unitholders in the Fund.

None of the Trustee, the Manager or the Registrar or each of their duly appointed agents shall incur any liability to the Unitholders or any of them for doing or (as the case may be) failing to do any act or thing which by reason of any provision of any present or future law or regulation made pursuant thereto or of any decree, order or judgment of any court or by reason of any request, announcement or similar action (whether of binding legal effect or not) which may be taken or made by any person or body acting with or purporting to exercise the authority of any government or regulatory authority (whether legally or otherwise) either they or any of them shall be directed or requested to do or perform or to forbear from doing or performing.

If the Manager, the Trustee or the Registrar or each of their duly appointed agents is requested by any department of any government or administration to provide such department with any information regarding any one or more of the following, namely, the Fund, the Unitholders or any of them, the Fund's investments, the income of the Fund, or the provisions of the Trust Deed, and complies with such request, whether or not enforceable, none of the Trustee, the Manager or the Registrar or each of their duly appointed agents shall incur any liability to the Unitholders or any of them or to any other person as a result of such compliance or in connection with such compliance.

If for any reason it becomes impossible or impracticable to carry out the provisions of the Trust Deed none of the Trustee, the Manager or the Registrar or each of their duly appointed agents shall be under any liability thereof or thereby.

The Trust Deed includes indemnities given in favour of the Trustee and the Manager and any indemnity expressly given to the Trustee or to the Manager or each of their duly appointed agents in the Trust Deed is in addition to and without prejudice to any indemnity allowed by law.

Nothing in any of the provisions of the Trust Deed shall in any case in which the Trustee or the Manager (as the case may be) have failed to show the degree of diligence and care required of them by the provisions of the Trust Deed, exempt them from or indemnify them against any liability for breach of trust or any liability which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default, breach of duty or trust of which they may be guilty in relation to their duties.

The Trustee shall not incur any liability in respect of or be responsible for losses incurred through the insolvency of or any act or omission of any depository or clearing system, broker, financial institution, custodian, sub-custodian or other person with which the investments of the Fund are or may be deposited.

The Trustee or any of its duly appointed agents shall not be under any liability on account of anything done or suffered by the Trustee or its appointed agents in good faith in accordance with or in pursuance of any request, instruction or advice of the Manager. Whenever pursuant to any provision of the Trust Deed any certificate, notice, instruction or other communication is to be given by the Manager to the Trustee, the Trustee or its appointed agent may accept as sufficient evidence thereof a document signed or purporting to be signed on behalf of the Manager by any one person whose signature the Trustee or its appointed agents is for the time being authorised by the Manager to accept.

The Trustee or its duly appointed agents shall not be under any liability on account of anything done or suffered by the Trustee or its appointed agents in good faith in accordance with or in pursuance of any application for or request for realisation of Units made by telex, facsimile or telephone and allowed by the Manager including but not limited to any loss arising from the non-receipt of any application for or request for realisation of Units sent by facsimile notwithstanding the fact that a facsimile transmission report produced by the originator of such transmission discloses that the transmission was sent.

In the absence of fraud or negligence by the Manager or the Trustee or each of their duly appointed agents respectively, they shall not incur any liability by reason of any error of law or any matter or thing done or suffered or omitted to be done by it in good faith under the provisions of the Trust Deed and in particular, but without prejudice to the generality of the foregoing, neither the Manager nor the Trustee nor any of each of their appointed agents shall, in ascertaining the value of any quoted security, be under any liability by reason of the fact that a price reasonably believed to be the last traded price or midway between the latest available market dealing offered price and the latest available market dealing bid price for the time being may be found not to be such.

None of the Trustee, the Manager or the Registrar or each of their duly appointed agents shall be under any liability except such liability as may be expressly imposed by the Trust Deed nor shall any of them (save as herein otherwise appears) be liable for any act or omission of the other of them.

Subject as herein provided the Manager and the Trustee and any of their duly appointed agents shall be entitled for the purpose of indemnity against any action, costs, claims, damages, expenses or demands other than those arising out of any liability or obligation to the Unitholders imposed on the Manager or the Trustee or its appointed agents pursuant to the laws of Singapore to which it may be put as the Manager or the Trustee or its appointed agents and to have recourse to the assets of the Fund in respect of which such action, costs, claims, damages, expenses or demands have been made or arose out of or, where such action, costs, claims, damages, expenses or demands relate to the Fund as a whole or any part thereof or in relation to any transaction entered into by the Manager or the Trustee with any third parties or any action taken by the Manager or the Trustee, in connection with or for or on behalf of the Fund, provided that such transaction entered into or action taken by the Manager or the Trustee is in accordance with the terms of this Prospectus and the Trust Deed.

The Trustee and its duly appointed agents shall not be responsible for verifying or checking any valuation of the Fund or any calculation of the prices at which Units are to be issued or realised except as specifically provided in the Trust Deed.

In no event shall the Trustee or any of its duly appointed agents be bound to make any payment except out of the funds held by it for that purpose under the provisions of the Trust Deed.

For the avoidance of doubt, any reference to the Trustee herein shall be construed to mean the Trustee in

its own capacity and, where appropriate, in its capacity as the Registrar of the Fund.

The Trustee shall be entitled, in the absence of manifest error, to rely upon the Register as conclusive evidence of the matters contained in the Register.

## **EXCHANGE CLEARANCE AND SETTLEMENT**

For the purpose of trading on the SGX-ST, a board lot for the Units will comprise 100 Units.

Upon listing and quotation on the SGX-ST, the Units will be traded under the electronic book-entry clearance and settlement system of CDP. All dealings in and transactions of the Units through the SGX-ST will be effected in accordance with the terms and conditions for the operation of Securities Accounts, as amended from time to time.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the Securities Accounts maintained by such accountholders with CDP.

It is expected that the Units will be credited into the Securities Accounts of applicants for the Units within three Business Days after the closing date for applications for the Units.

### **Clearance and Settlement under the Depository System**

The Units will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through depository agents, Securities Accounts with CDP. Persons named as direct Securities Account holders and depository agents in the depository register maintained by CDP will be treated as Unitholders in respect of the number of Units credited to their respective Securities Accounts. Investors should note that as long as the Units are listed on the SGX-ST, Units may not be withdrawn from the depository register kept by CDP.

Transactions in the Units under the book-entry settlement system will be reflected by the seller's Securities Account being debited with the number of Units sold and the buyer's Securities Account being credited with the number of Units acquired and no transfer stamp duty is currently payable for the transfer of Units that are settled on a book-entry basis.

Units credited to a Securities Account may be traded on the SGX-ST on the basis of a price between a willing buyer and a willing seller. Units credited into a Securities Account may be transferred to any other Securities Account with CDP, subject to the terms and conditions for the operation of Securities Accounts and a transfer fee payable to CDP (investors should refer to the CDP's website at <http://cdp.com.sg> for the latest applicable transfer fee). All persons trading in the Units through the SGX-ST should ensure that the relevant Units have been credited into their Securities Account, prior to trading in such Units, since no assurance can be given that the Units can be credited into the Securities Account in time for settlement following a dealing. If the Units have not been credited into the Securities Account by the due date for the settlement of the trade, the buy-in procedures of the SGX-ST will be implemented.

Dealings in the Units will be carried out in US dollars and will be effected for settlement in CDP on a scripless basis. Settlement of trades on a normal "ready" basis on the SGX-ST generally takes place on the third Business Day following the transaction date. CDP holds securities on behalf of investors in Securities Accounts. An investor may open a direct account with CDP or a sub-account with any CDP depository

agent. A CDP depository agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

### **Clearing Fees**

A clearing fee for the trading of Units on the SGX-ST is payable at the rate of 0.04 per cent. of the transaction value, subject to a maximum of S\$600 per transaction. The clearing fee, instrument of transfer, deposit fee and unit withdrawal fee may be subject to the prevailing GST.

### **TERMINATION**

The Fund is of indeterminate duration and shall continue until terminated in the manner provided in the Trust Deed.

Under the Trust Deed, the Fund may be terminated by the Trustee if the Manager goes into liquidation or, if in the opinion of the Trustee, the Manager has ceased to carry on business or has, to the prejudice of the Unitholders of the Fund, failed to comply with any provision of the Trust Deed or, the Trustee is unable to find an acceptable person to replace the Manager who has been removed or, any law is passed which renders it illegal, impracticable or inadvisable in the opinion of the Trustee to continue the Fund or, if within a reasonable period of the Trustee notifying the Manager of its intention to retire, no new Trustee has been appointed or if the Authority directs the termination of the Fund.

The Manager may terminate the Fund if:

- after 3 years from the date of the Trust Deed, the aggregate Net Asset Value of Units outstanding in the Fund is less than US\$40 million; or
- any law is passed which renders it illegal, impracticable or inadvisable in the opinion of the Manager to continue the Fund; or
- the Index is no longer available for benchmarking or the Index Licence Agreement is terminated and no suitable replacement index is available to the CIMB FTSE ASEAN 40; or
- if the Units are no longer listed on the SGX-ST or any other Recognised Stock Exchange; or
- the Authority revokes or withdraws the authorisation of the Fund under the Securities and Futures Act;
- the Manager is unable to find an acceptable person to act as a Participating Dealer; or
- the Authority directs the termination of the Fund.

In addition, the Manager may, in its absolute discretion, by reasonable notice in writing to the Trustee, terminate the Fund.

Further, the Unitholders may at any time authorise termination of the Fund by extraordinary resolution passed at a duly convened Unitholders' meeting.

Any notification to Unitholders where the CIMB FTSE ASEAN 40 is to be terminated shall be given upon not less than three months' notice prior to termination. Any such notice will also be published on the Manager's website.

In the event of termination, the CIMB FTSE ASEAN 40 shall have no recourse against any member of the Citigroup group, including each of Citigroup Global Markets Singapore Securities Pte. Ltd., Citigroup Global Markets Limited, or Citigroup Global Markets Holdings Inc., or any employee of any member of the Citigroup group, for any losses or damages it may suffer as a result of the liquidation.

In the event of termination, the CIMB FTSE ASEAN 40 shall have no recourse against any member of the State Street Bank and Trust Company group, or any employee of any member of the State Street Bank and Trust Company group, for any losses or damages it may suffer as a result of the liquidation.

In the event of termination of the Fund, the Manager shall provide such information, documents and assistance as may be necessary or reasonably requested by the Trustee to enable the Trustee to fulfil its duties and obligations pursuant to the termination of the Fund and the Code.

Upon the Fund being terminated, subject to authorisations or directions (if any) given to it by the Unitholders by extraordinary resolution:-

The Manager shall arrange the sale of all investments then comprised in the Fund and such sale shall be carried out and completed in such manner and within such period after the termination of the Fund as the Manager shall consider advisable. The Trustee shall from time to time distribute to the Unitholders rateably in accordance with the number of Units held by them respectively all net cash proceeds derived from the realisation of the investments comprised in the Fund and available for the purposes of such distribution except that in the event that circumstances exist as a result of which, in the sole opinion of the Manager notified to the Trustee, it is not reasonably practicable to realise all the investments comprised in the Fund, the Trustee shall distribute to the Unitholders rateably in accordance with the number of Units held by them respectively the investments available in specie at a valuation determined by the Trustee (provided that no Unitholder will be required to accept the distribution to him of any assets in specie without his written consent), and subject to the following:

- All payments in respect of such distributions shall be made in accordance with the relevant provisions of the Trust Deed. Every such distribution shall be made only upon delivery to the Trustee of such form of request for payment as the Trustee shall in its absolute discretion require.
- The Trustee shall not be bound (except in the case of the final distribution) to distribute any of the monies for the time being comprised in the Fund the amount of which is insufficient to pay one US dollar in respect of each Unit.
- The Trustee shall be entitled to retain out of any monies comprised in the Fund such sum as it shall determine to be full provision for all costs, charges, expenses, claims, demands, actions and proceedings incurred, made or instituted against or apprehended by the Trustee in connection with or arising out of the Fund or the termination thereof and shall, out of the monies so retained, be indemnified and saved harmless against any such costs, charges, expenses, claims, demands, actions and proceedings.

In the event that the Fund is terminated by the Trustee or the Manager in accordance with the terms of this Prospectus or the Trust Deed of the Fund, notice of such termination will be announced on the SGXNET at least 7 days before the effective date of the termination of the Fund.

#### **PERFORMANCE AND BENCHMARK OF CIMB FTSE ASEAN 40**

Cumulative Performance of the CIMB FTSE ASEAN 40 and its benchmark (which is the FTSE/ASEAN 40 Index) as of 31 March 2010 are as follows:

<b>Fund/ Benchmark</b>	<b>3 Months (31/12/2009- 31/03/2010)</b>	<b>6 Months (30/09/2009- 31/03/2010)</b>	<b>1 Year (31/03/2009- 31/03/2010)</b>	<b>Since inception (21/09/2006 – 31/03/2010)</b>
CIMB FTSE ASEAN 40	5.06%	12.55%	86.31%	45.41%
FTSE/ASEAN 40 Index	4.86%	12.26%	89.66%	37.76%

As of 31 March 2010, the average annual compounded return for the Fund and Index since inception are 11.28% and 9.58% respectively.

Notes:

- The performance of the Fund is based on average cumulative returns, calculated on a single pricing basis (NAV-NAV), inclusive of all transaction costs and in USD terms.
- Investors should note that the past performance of the Fund is not indicative of future performance.

**EXPENSE RATIO**

The expense ratio of the CIMB FTSE ASEAN 40 (calculated in accordance with Investment Management Association of Singapore's ("IMAS") revised guidelines on the disclosure of expense ratios and based on figures in the Fund's latest audited accounts) for the financial period ended 31 December 2009 is 0.75%. 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.

**TURNOVER RATIO**

The turnover ratio of the CIMB FTSE ASEAN 40 (based on figures in the Fund's latest audited accounts) over the financial period ended 31 December 2009 is 11.08%. The turnover ratio is calculated in accordance with the formula stated in the Code. In accordance with the Trust Deed, units are issued through creation of an Index Basket. For each creation application (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.

**TAXATION**

THE DISCUSSION BELOW IS A SUMMARY OF CERTAIN SINGAPORE TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF UNITS IN THE FUND. THE SUMMARY IS BASED ON THE EXISTING PROVISIONS OF THE RELEVANT TAX LAW AND THE REGULATIONS THEREUNDER, AND PRACTICES IN EFFECT AS AT THE DATE HEREOF, ALL OF WHICH ARE SUBJECT TO CHANGE AND DIFFERING INTERPRETATIONS, EITHER ON A PROSPECTIVE OR RETROACTIVE BASIS. THE SUMMARY IS NOT INTENDED TO CONSTITUTE A COMPLETE ANALYSIS OF ALL THE TAX CONSIDERATIONS RELATING TO A PARTICIPATION IN THE FUND. PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISERS CONCERNING THE TAX CONSEQUENCES OF THEIR PARTICULAR SITUATIONS, INCLUDING THE TAX CONSEQUENCES ARISING UNDER THE LAWS OF ANY OTHER TAX JURISDICTION, WHICH MAY BE APPLICABLE TO THEIR PARTICULAR CIRCUMSTANCES.

The Fund has been awarded the Designated Unit Trust ("DUT") status by the Inland Revenue Authority of Singapore ("IRAS") under Section 35(14) of the Income Tax Act, Chapter 134, 2008 Edition ("ITA"). The

key aspects relating to the taxation of a DUT are summarised below.

## **I. Trust level**

Income of a trust is generally taxable in the hands of its Trustee. If the trust in question is a DUT, certain income does not form part of its taxable income. The items of income exempt at the trust level comprise the following:

- (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 ITA);
- (c) dividends derived from outside Singapore and received in Singapore;
- (d) gains or profits derived from —
  - (i) foreign exchange transactions;
  - (ii) transactions in futures contracts;
  - (iii) transactions in interest rate or currency forwards, swaps or option contracts; and
  - (iv) transactions in forwards, swaps or option contracts relating to any securities or financial index;
- (e) distributions from foreign unit trusts derived from outside Singapore and received in Singapore;
- (f) fees and compensatory payments (other than fees and compensatory payments for which tax has been deducted under Section 45A of the ITA) from securities lending or repurchase arrangements with certain specified persons;
- (g) rents and any other income derived from any immovable property situated outside Singapore and received in Singapore;
- (h) discount derived from outside Singapore and received in Singapore;
- (i) discount from qualifying debt securities issued during the period from 17 February 2006 to 31 December 2013;
- (j) gains or profits from the disposal of debentures, stocks, shares, bonds or notes issued by supranational bodies;
- (k) prepayment fee, redemption premium and break cost from qualifying debt securities issued during the period from 15 February 2007 to 31 December 2013; and
- (l) such income directly attributable to qualifying debt securities issued on or after a prescribed date, as may be prescribed by regulations

No tax is withheld from distributions made by a DUT.

Any income or gains that do not fall within the scope of the DUT scheme as explained above, or which are not otherwise exempt from tax at the trust level, will be subject to tax in the hands of the trustee.

## II. Unitholders level - Distributions

The tax treatment of distributions out of a DUT in the hands of Unitholders is as follows:

- (a) Any distribution received by an individual (whether resident or not) is exempt from taxation, except where that income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession, or where the distributions are made out of Singapore dividends from which tax has been deducted under Section 44 of the ITA.
- (b) Any distribution received by a foreign investor which has been made out of items listed from (a) to (l) in Part I above is exempt from taxation.

A foreign investor is:-

- (i) in relation to an individual, an individual who is not resident in Singapore;
- (ii) in relation to a company, a company which is not resident in Singapore and-
  - (A) in the case of a company with not more than 50 shareholders, all of its issued shares are beneficially owned, directly or indirectly, by persons who are not citizens of Singapore and not resident in Singapore; and
  - (B) in the case of a company with more than 50 shareholders, not less than 80% of the total number of its issued shares are beneficially owned, directly or indirectly, by persons who are not citizens of Singapore and not resident in Singapore; and
- (iii) in relation to a trust fund, a trust fund where at least 80% of the value of the fund is beneficially held, directly or indirectly, by foreign investors referred to in paragraph (i) or (ii) above and unless waived by the Minister or such person as he may appoint, where:-
  - (A) the fund is created outside Singapore; and
  - (B) the trustees of the trust fund are neither citizens of Singapore nor resident in Singapore.
- (c) Distributions (made out of items listed from (a) to (l) in Part I above) to Unitholders, other than those described above, are subject to tax in the hands of those Unitholders.
- (d) Distributions from any income from a trade or business that are subject to tax at the trust level will not be subject to tax in the hands of the Unitholders.

## III. Unitholders level – Disposal of units

Any gains on disposal of the Units are not liable to tax provided the Units are not held as trading assets.

## MISCELLANEOUS INFORMATION

### Inspection of Documents

Copies of the following documents are available for inspection free of charge at the offices of the Manager during normal business hours:-

- Trust Deed;
- CDP Agreement;
- a sample participation agreement; and
- the most recent annual report and accounts of the Fund and the most recent semi-annual report and unaudited semi-annual accounts of the Fund.

#### **Online publication of dealing prices**

Upon the listing and quotation of the Units in the Fund on the SGX-ST, the Net Asset Value per Unit of the CIMB FTSE ASEAN 40 will be published on the SGXNET and the Manager's website at <http://etf.cimb-principal.com.my> at the end of each Business Day.

#### **Real Time Index Information**

In addition, the real time Index level is published on Bloomberg (Ticker: ASEAN40 <Index>) and Reuters (Ticker: <FTASEAN40>) updated throughout the day.

#### **Information on the Internet**

The Manager will publish information with respect to the CIMB FTSE ASEAN 40 on the Manager's website at <http://etf.cimb-principal.com.my> including:

- this Prospectus (as may be updated, replaced or supplemented from time to time);
- the latest available annual and semi-annual financial reports of the CIMB FTSE ASEAN 40;
- any public announcements made by the CIMB FTSE ASEAN 40, including information with regard to the Index, notices of the suspension of the calculation of the Net Asset Value, changes in fees and the suspension and resumption of trading, changes in the Participating Dealer(s); and
- monthly holdings, the closing Net Asset Value and Net Asset Value per Unit and monthly fund performance information.

Material information on the underlying stocks of the Index will be available on the website of the Index Provider at [www.ftse.com](http://www.ftse.com).

#### **Anti-Money Laundering Regulations**

As part of the Manager's and the Trustee's responsibility for the prevention of money laundering and to comply with all applicable laws to which the Manager, the Trustee or the Fund is subject, the Manager, the Registrar or the Trustee may require a detailed verification of an investor's identity and the source of payment of any subscriptions. Depending on the circumstances of each application, a detailed verification might not be required where:

- the investor makes the payment from an account held in the investor's name at a recognised financial institution; or
- the application is made through a recognised intermediary.

These exceptions will only apply if the financial institution or intermediary referred to above is within a country recognised by the Trustee and the Manager as having sufficient anti-money laundering regulations.

### **Queries and Complaints**

Investors may call the Manager at +65 6210-8488 or email the Manager at [etf@cimb.com](mailto:etf@cimb.com) to raise any queries or make complaints.

*The information presented in Appendices I and II have been extracted from publicly available information that have not been prepared or independently verified by the Manager, the Trustee or advisers in connection with the offering and listing of Units and none of them makes any representations as to or takes any responsibility for the accuracy, adequacy, timeliness or completeness of such information contained in the Appendices. Any liability for errors or omissions in the Appendices, or for any action taken in reliance on the information contained therein is hereby expressly disclaimed. No warranty of any kind, implied, express or statutory, including but not limited to the warranties of non-infringement of third party rights, title, merchantability, satisfactory quality or fitness for a particular purpose, is given in conjunction with the Appendices or any information contained therein.*

## **APPENDIX I – CONSTITUENT WEIGHTINGS OF THE INDEX**

As at 31 March 2010, the constituent stocks of the FTSE/ASEAN 40 Index are:-

<b>No</b>	<b>Index Security</b>	<b>Market</b>	<b>Weighting</b>
1	Singapore Telecom	Singapore	6.304
2	DBS Group Holdings	Singapore	6.119
3	United Overseas Bank	Singapore	5.539
4	CIMB Group Holdings	Malaysia	5.329
5	Oversea-Chinese Banking	Singapore	5.302
6	Astra International	Indonesia	4.863
7	Public Bank Fgn	Malaysia	4.428
8	Wilmar International Limited	Singapore	4.274
9	Malayan Banking	Malaysia	4.256
10	Sime Darby Bhd	Malaysia	4.205
11	Capitaland	Singapore	3.149
12	Telekomunikasi Indonesia	Indonesia	3.125
13	IOI	Malaysia	2.891
14	Keppel Corp	Singapore	2.703
15	Axiata Group Bhd	Malaysia	2.617
16	Bank Central Asia	Indonesia	2.596
17	PTT	Thailand	2.379
18	Singapore Airlines	Singapore	2.255
19	Noble Group	Singapore	2.206
20	PTT Exploration & Production	Thailand	2.120
21	Genting	Malaysia	1.963
22	Bank Rakyat Indonesia	Indonesia	1.921
23	City Developments	Singapore	1.808
24	MISC	Malaysia	1.552
25	Siam Commercial Bank PCL	Thailand	1.547
26	Perusahaan Gas Negara	Indonesia	1.485
27	Bangkok Bank	Thailand	1.331
28	Maxis Bhd	Malaysia	1.290
29	Kasikornbank	Thailand	1.219
30	Singapore Technologies Engineering	Singapore	1.197
31	Genting Singapore	Singapore	1.077
32	Tenaga Nasional	Malaysia	0.930
33	Bank Mandiri	Indonesia	0.842
34	Siam Cement	Thailand	0.834
35	Advanced Info Serv	Thailand	0.822
36	Digi.com	Malaysia	0.754
37	Plus Expressways	Malaysia	0.726
38	Unilever Indonesia	Indonesia	0.714
39	Phil Long Dist Tel	Philippines	0.706
40	Petronas Gas	Malaysia	0.624

Source: FTSE Group

## **APPENDIX II – THE FTSE/ASEAN 40 INDEX**

### **INTRODUCTION**

The FTSE/ASEAN Index Series is designed to represent the performance of the ASEAN region by measuring the eligible securities listed on the stock exchanges of Indonesia, Malaysia, Philippines, Singapore and Thailand.

The FTSE/ASEAN Index Series contains two indices to meet differing investment needs - a benchmark index, which can be used by fund managers to track the performance of the ASEAN markets, as well as a tradable index that is suitable for the creation of Exchange Tradable Funds (ETFs), derivatives and other structured products. The FTSE/ASEAN Index, which serves as the benchmark index, is comprised of 148 securities as of 31 March 2010 and the FTSE/ASEAN 40 Index is a tradable index which consists of 40 highly liquid securities.

Both indices are based on the FTSE All-World Index, part of the internationally recognized FTSE Global Equity Index Series (GEIS). The FTSE Global Equity Index Series is the index used by major plan sponsors such as CalPERS (US), FRR (France), and MPF (Hong Kong) as benchmarks for their assets, and so is recognised widely by investors as a global standard. This is an excellent starting point from which to derive the FTSE/ASEAN Series in order to make it compliant with the rest of the international community.

The FTSE/ASEAN Index, the benchmark index, is calculated on an end-of-day basis and the FTSE/ASEAN 40 Index is a tradable index and calculated in real-time and published every 15 seconds during the hours of calculation. The base currency for both indices is US dollars.

### **ELIGIBLE SECURITIES**

#### **FTSE/ASEAN Index**

Those securities that are members of the FTSE All-World Index for each participating exchange will comprise the FTSE/ASEAN Index. These markets are those of Indonesia, Malaysia, Philippines, Singapore and Thailand. Non-equity investment instruments are not eligible for inclusion in the Indices.

The treatment of shares, free float weightings and treatment of secondary lines of stock of constituents are the same as those used in the FTSE Global Equity Index Series. Where two or more lines of a company are maintained separately within these indices, they will be treated as individual securities for the purposes of the ground rules which govern the index.

#### **FTSE/ASEAN 40 Index**

The FTSE/ASEAN 40 Index consists of the largest 40 companies by full market value from the eligible markets that qualify as eligible for inclusion in the FTSE/ASEAN Index.

Securities that are members of the FTSE All-World Index for Indonesia, Malaysia, Philippines, Singapore and Thailand are potentially eligible for the FTSE/ASEAN 40 Index. If, at the time of the FTSE/ASEAN 40 Index review, a review of the FTSE All-World Index has been carried out but not implemented, the new FTSE All-World Index constituent list will be used.

Securities are subject to a liquidity screen. Each security must turn over at least 20% of its shares in issue, after adjusting for free float, in the twelve months prior to the review.

## **REVIEW OF CONSTITUENTS**

### **General**

The rules for inserting and deleting companies at the annual review are designed to provide stability in the selection of constituents of the FTSE/ASEAN 40 Index while ensuring that the FTSE/ASEAN Index continues to be representative of the market by including or excluding those companies whose full market capitalisation has risen or fallen significantly.

### **Review Dates**

The FTSE/ASEAN 40 Index is reviewed annually in March. The data on which the annual review is undertaken will be from the close of the last business day in February. Where all eligible markets are not open on that day, the previous business day on which all eligible markets were open will be used.

Changes arising from the annual review will be implemented after the close of business on the third Friday in March.

### **Rules for Insertion and Deletion at the Annual Review**

The constituents of the FTSE/ASEAN 40 Index are determined by using the following methodology:

- Take a database comprising all eligible securities;
- Remove non-equity investment instruments from the database;
- Rank all remaining securities by full market capitalisation i.e. before the application of any investability weightings;
- Existing constituents which have fallen to 51st position or below will qualify to be removed from the Index at the annual review;
- Non-constituents which have risen to 30th position or above will qualify to be included in the FTSE/ASEAN Index at the annual review.

Where a greater number of constituents qualify to be included in the Index than those qualifying to be removed, the lowest ranking constituents presently included in the Index will be removed to ensure that the number of constituents remains constant. Likewise, where a greater number of constituents qualify to be removed from the Index than those qualifying for inclusion, the highest ranking constituents which are presently not in the Index will be included to match the number of constituents being removed at the periodic review.

## **CHANGES TO CONSTITUENT COMPANIES**

### **Removal**

If a constituent ceases to be a constituent of the FTSE Global Equity Index Series it will be removed from the FTSE/ASEAN 40 Index. The removal will be concurrent with its removal from the FTSE Global Equity Index Series. The highest-ranking non-constituent from the FTSE/ASEAN Index will become eligible for inclusion into the Index and will be added to the Index at the same time.

## **Additions & New Issues**

If a constituent is added to the relevant FTSE Global Equity Index Series Country Index it will be considered for eligibility to the FTSE/ASEAN 40 Index at the next annual review.

## **Mergers, Restructuring and Complex Takeovers**

If the effect of a merger or takeover is that one constituent is absorbed by another, the resulting company will remain a constituent of the FTSE/ASEAN 40 Index and a vacancy will be created. This vacancy will be filled by selecting the largest eligible non-constituent security by full market capitalisation from the FTSE/ASEAN Index at the time of the event. The removal and replacement of these stocks will be simultaneous.

If a constituent is taken over by an eligible non-constituent, the original constituent will be removed and replaced by the merged entity. In the event that the merged entity is ineligible for the index, it will be replaced by the largest eligible non-constituent from the FTSE/ASEAN Index at the time of the event. The removal and replacement of these stocks will be simultaneous.

If a constituent company is split so as to form two or more companies, the two or more companies arising from the split will be eligible for inclusion in the Index if they qualify in all respects. If two or more of the new companies are ineligible then a vacancy(ies) will be created. If two or more companies are eligible, the smallest constituent(s) at the market close on the day of the event will be deleted. The removal and replacement of these stocks will be simultaneous.

If FTSE decides to include a new issue as a constituent security other than as part of the normal annual review procedure, this decision must be publicly announced at the earliest practicable time.

If a constituent is suspended from the FTSE Global Equity Index Series, the same treatment will be applied in the FTSE/ASEAN 40 Index.

## **FOREIGN EXCHANGE RATES**

The foreign exchange rates used in the calculation of the FTSE/ASEAN Indices are Reuters' real time spot rates.

The US dollar is the base currency for all index calculations. Constituent prices are converted into US dollars in order to calculate the Index.

Real time foreign exchange rates are used throughout the period of calculation. Therefore foreign exchange movements are taken into account in the Index calculation for each market even though the underlying market may be closed.

## **FURTHER INFORMATION ON THE FTSE/ASEAN INDEX SERIES**

Further information on the FTSE/ASEAN Indices is available from FTSE at [www.ftse.com](http://www.ftse.com).

## **APPENDIX III – THE INDEX RETURN AAPs**

### **INTRODUCTION**

By purchasing, holding and selling Index Return AAPs, the Fund will seek to enhance the tracking of the benchmark index and facilitate a more efficient market making process. In such circumstances, it is intended that the Fund will hold between 10 per cent. to 20 per cent. but no more than 25 per cent. of its Net Asset Value in Index Return AAPs.

The initial Index Return AAPs are issued by Citigroup Global Markets Holdings Inc. and the calculation agent in respect of the Index Return AAPs is Citigroup Global Markets Limited (“**Calculation Agent**”).

Additional Participating Dealers may be appointed from time to time. In the event further Participating Dealers are appointed, such appointment may be conditional upon the relevant Participating Dealer issuing, or procuring the issuance by a Connected Person of the Index Return AAPs which are similar in all material respect to those described in this Appendix III.

The following information is accordingly a description of the initial Index Return AAPs issued by Citigroup Global Markets Holdings Inc. Prospective investors should note that Index Return AAPs issued by future Participating Dealers (or their Connected Persons) may not be identical in every respect to those described below.

### **LEGAL FORM OF THE INDEX RETURN AAPs**

The Index Return AAPs are low strike price American style transferable call warrants linked to the Index. The strike price of the Index Securities is notional, being only US\$0.00001. This means that settlement of the Index Return AAPs, although structured as warrants, does not require additional funding by the Fund.

The Index Return AAPs are denominated in US dollars. The Index Return AAPs are transferable securities, listed, or to be listed, on the Luxembourg Stock Exchange and settled through Euroclear and Clearstream. Index Return AAPs track the Index. As such the Fund will have no actual ownership rights in respect of any Index Securities by virtue of holding the Index Return AAPs. The terms and conditions of each Index Return AAP will be governed by English law.

The Index Return AAPs can be exchanged for a basket of Index Securities subject to applicable laws (plus a cash component) or cash settled at the Manager’s discretion. Subject to the terms and conditions of the issuer of the Index Return AAPs, on cash settlement, the settlement price is calculated by reference to the actual closing price of the Index plus accumulated dividends, if any, less expenses, if any.

### **SUMMARY OF CITIGROUP INDEX RETURN AAPs’ TERMS AND CONDITIONS**

The following is a summary of the salient terms and conditions of the Index Return AAPs:

(A) *Style and Type*

Low strike price American style call warrants linked to the Index issued under a warrant programme of Citigroup Global Markets Holdings Inc. (formerly Salomon Smith Barney Holdings Inc.). Each Index Return AAP will be linked to the Index. This enables the Fund to buy and sell the Index Return AAPs as a substitute for the Index Securities, each of which represents actual shares of constituent companies in the Index.

(B) *Expiry*

The expiration of each Index Return AAP is 12 months. The Index Return AAP issuer has agreed to extend the term of any Index Return AAP at maturity for the same period from time to time at no extra cost to the Fund, subject to the terms and conditions of the issuer of the Index Return AAPs as there may be certain events which may restrict the ability of the Index Return AAPs issuer to extend the term of the Index Return AAP beyond the maturity date.

(C) *Currency*

The issue price of each Index Return AAP is denominated in US dollars. The settlement currency of the Index Return AAPs is also US dollars. The Manager does not believe that this will affect the interests of Unitholders in any material way as the US dollar is freely convertible.

(D) *Exercise Price*

The exercise price for each Index Return AAP is US\$0.00001. Accordingly, at any time during the exercise period up to and including at the expiry date, the holder of the Index Return AAP may settle the Index Return AAP in consideration of the payment by the Index Return AAP holder (i.e. the Fund) of this amount per Index Return AAP. It is not anticipated that the Fund will chose to settle the Index Return AAPs. However, because of the nominal exercise price, the facility to settle the Index Return AAPs provides the Index Return AAPs held by Fund with greater liquidity.

Investors should note that there are certain events relating to the Index or the Index Securities that may restrict the ability of the Fund to exercise the Index Return AAPs during certain time periods. These events include situations where the market for the Index Securities is illiquid or where there are regulatory restrictions that restrict the ability of the issuer of the Index Return AAPs to enter into agreements to hedge the Index Securities.

(E) *Trade Price*

Trade Price shall be the actual official closing value of the Index (as determined by the Calculation Agent) on the Issue Date.

(F) *Settlement Price*

The settlement price (being the amount in cash payable by the Index Return AAP issuer to the Fund upon exercise or sale of the Index Return AAP or at the expiration of the Index Return AAP) will be the amount calculated by the Calculation Agent in accordance with the formula:

The actual closing value of the Index (as determined by the Calculation Agent) + accumulated dividends, if any – Exercise Expenses, if any (see (J) below).

(G) *Valuation Period*

The average price of the Index used to calculate the settlement price of the relevant Index Return AAP is determined during the valuation period which is usually commences on the exercise day of the Index Return AAP (or the expiry date of the Index Return AAP, as appropriate) and ends when the sale of the required number of underlying shares have been completed. Where there exists a “market disruption event”, the valuation period ends on the business day on which the Calculation Agent has or would have completed the sale of the required number of underlying shares or as soon thereafter as determined by the Calculation Agent in its commercially reasonable judgment.

For these purposes a “market disruption event” means the occurrence or existence on a trading day, of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the relevant exchange or otherwise) on the relevant exchange if the Calculation Agent determines, in such case, that the suspension or limitation is material. The Calculation Agent is required to notify the Fund as soon as a market disruption event has occurred.

(H) *Accumulated Dividends*

Where the ex-dividend date has occurred during the term of the Index Return AAP, on such ex-dividend date or the actual dividend payment date, the holder of the Index Return AAP will be entitled to an amount equal to the weighted average cash dividend (i) declared by the relevant issuer of the shares constituting the Index or (ii) actually received by the holder of the Index Return AAP, less expenses, if any, in respect of the cash dividend in terms of index points, in US dollars.

The weighted average cash dividend in terms of index points will be calculated with weights based on the weightings of the corresponding shares in the Index on the date prior to the ex-dividend date, and such calculation will be at the sole discretion of the Calculation Agent.

(I) *Settlement*

The Index Return AAPs may be settled for cash at the settlement price.

Index Return AAPs are settled at any time during the exercise period (from one business day after the date of issue to the expiry date) by the holder delivering an exercise notice in the prescribed form to the Index Return AAP issuer or its specified agent. Consequently the Fund can settle any Index Return AAP during its exercise period at any time (subject to there being no market disruption event and to the extent possible as provided by the terms and conditions of the Index Return AAPs issuer).

Cash settlement will occur three business days (in Singapore) after the end of the valuation period. In addition, the Index Return AAP issuer has agreed that the Index Return AAPs may be exchanged, at the Manager’s election, for a basket of Index Securities and no fees will be levied on the Fund subject to applicable laws and the terms and conditions of the Index Return AAPs issuer.

(J) *Exercise Expense*

The aggregate of (i) all taxes, duties and/or expenses, including any applicable depositary charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising in connection with the exercise of such Index Return AAPs; and (ii) all duties, levies and taxes (including any stamp, transfer or withholding taxes or tax on profits or capital gains) whatsoever which the Calculation Agent determines would be, or would have been, sustained or incurred by the Index Return AAP issuer or any affiliate had such entity owned or disposed of Securities in a number equal to such Index Return AAPs on any day during the relevant valuation period, will be payable by the Fund.

Consequently prospective investors should note that the Fund bears the risk of taxes, duties, levies and expenses with regard to the Index Return AAPs. This may cause the Net Asset Value per Unit to fall materially below the price of the constituent Index Securities represented by a Unit in the Fund.

(K) *Maintenance Fee*

Investors should note that the Fund will bear the issuer's cost of the Index Return AAPs. In particular for the Index Return AAPs issued by the Citigroup Global Markets Holdings Inc., a maintenance fee of 0.3% of the average net asset value of all Index Return AAP held by the Fund based on the daily outstanding notional amount of the Index Return AAPs held by the Fund, will be charged by Citigroup Global Markets Holdings Inc. to the Fund.

**APPENDIX IV - LIST OF PRESENT AND PAST PRINCIPAL DIRECTORSHIPS OF DIRECTORS OVER THE LAST 5 YEARS**

<b>Current Directorships</b>	<b>Past Directorships of last 5 Years</b>
<b>Datuk Noripah binti Hj Kamso</b>	
CIMB-Principal Asset Management (S) Pte Ltd	CIMB Nominees (Asing) Sdn Bhd
CIMB-Principal Asset Management Berhad	CIMB Nominees (Tempatan) Sdn Bhd
CIMB Futures Sdn Bhd	Malaysian Derivatives Clearing House Berhad
CIMB-Principal Islamic Asset Management Sdn Bhd	i-Wealth Advisors Sdn Bhd (formerly known as Commerce Asset Fund Managers Sdn Bhd)
CIMB Islamic Funds DCC Limited (Brunei)	Flowmore Engineering Sdn Bhd
PT CIMB-Principal Asset Management	
<b>John Campbell Tupling</b>	
CIMB-Principal Asset Management (S) Pte Ltd	
CIMB-Principal Asset Management Berhad	
CIMB Wealth Advisors Berhad	
PNB Principal Financial Planners Private Ltd	
PNB Principal Insurance Advisory Co Private Ltd	
Principal PNB Life Insurance Company Limited	
PT CIMB-Principal Asset Management	
<b>Mr Tang Chee Kin</b>	
CIMB-Principal Asset Management (S) Pte Ltd	CMS Dresdner Asset Management Sdn Bhd
<b>Mr Goh Zee Wei Ken</b>	
CIMB-Principal Asset Management (S) Pte Ltd	APS Asset Management Pte Ltd
Vietnam Investing Associates-Financials (S) Pte Ltd	Phillip Capital Management Pte Ltd

**CIMB FTSE ASEAN 40**

**Board of Directors of CIMB-Principal Asset Management (S) Pte Ltd**

Signed:

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**Datuk Noripah Binti Hj Kamso**  
**Director**

Signed:

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**John Campbell Tupling**  
**Director**

Signed:

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**Tang Chee Kin**  
**Director**

Signed:

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**Goh Zee Wei Ken**  
**Director**