



## ABF PAN ASIA BOND INDEX FUND

Interim Report 2006

For the period from 1st July 2006  
to 31st December 2006

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# INVESTMENT MANAGER'S REPORT

## ABOUT ABF PAN ASIA BOND INDEX FUND (PAIF)

ABF Pan Asia Bond Index Fund (the "Fund") is a component of Asian Bond Fund 2 (ABF2), the second phase of the EMEAP (Executives' Meeting of East-Asia and Pacific Central Banks) Group's initiative to further develop the bond markets in Asia.

The Fund is designed to track the performance of the iBoxx ABF Pan-Asia Index (the "Index") and invests in domestic currency-denominated government and quasi-government bonds issued in eight EMEAP markets, namely, China, Hong Kong, Indonesia, Korea, Malaysia, Philippines, Singapore, and Thailand.

## ABOUT THE IBOXX ABF PAN-ASIA INDEX

The Fund is benchmarked to the iBoxx ABF Pan-Asia Index, which is constructed and published by International Index Company Limited. The iBoxx ABF Pan-Asia Index is a benchmark for the investment returns of Asian currency denominated bonds issued by both government and quasi-government organisations in China, Hong Kong, Indonesia, Korea, Malaysia, Philippines, Singapore, and Thailand.

The table below provides the market weights of the Index:

Market	Weights
	(%)
China	12.26
Hong Kong	18.36
Indonesia	5.94
Korea	20.84
Malaysia	10.22
Philippines	5.14
Singapore	17.73
Thailand	9.52

\* Source: International Index Company, SSgA (as of 31 December 2006).

## INVESTMENT MANAGER'S REPORT *(Continued)*

### PERFORMANCE SUMMARY

Period Ending			Annualized Since Inception <sup>(a)</sup>
31 December 2006	Q4 2006	2006	
ABF Pan Asia Bond Index Fund (PAIF) <sup>(b)</sup>	3.95%	13.71%	9.22%
iBoxx ABF Pan-Asia Index	4.20%	14.59%	10.22%

#### Notes:

- (a) Performance inception date is from 29 June 2005 when the units of the Fund were first issued.
- (b) The Fund's returns have been computed from Net Asset Values in USD terms including dividends.

### PORTFOLIO AND MARKET REVIEW

Since inception, the annualised total return of the Fund, including dividends, was 9.22% compared to an index return of 10.22%. This is a difference of -1.00% and is principally attributable to an amount of -1.03% due to the estimated impact of certain relevant factors that are unavoidable in the performance of an indexed fund relative to its benchmark (the relevant factors are the permitted expenses under the Trust Deed, withholding tax, transaction costs and the valuations with different sources of FX rates); the balance of +0.03% is attributable to tracking difference resulting from the sampling approach used in the management of the Fund.

The iBoxx Pan-Asia Index performance on an unhedged basis was 10.22% since inception. This performance was generated from resilient bond markets (contributing 5.16% to returns) as well as strong Asian currencies (contributing 5.06%).

### PORTFOLIO STRATEGY

The investment objective of the Fund is to provide investment results, before fees and expenses, that correspond closely to the total return of the underlying index. To achieve its objective, the Fund is passively managed.

The Manager employs stratified sampling approach to match the index's characteristics and returns through investing in a well diversified portfolio that represents the index. Full replication in a broad market index would either be impossible or not cost-effective in Asian fixed income markets as the cost of transacting in many bonds is high and some bonds may not be available as they are already held by other long-term investors.

## INVESTMENT MANAGER'S REPORT *(Continued)*

### FUND GROWTH

The Fund has grown to a total net asset value of \$1,424 million or 29.3% growth during the past year. In terms of units outstanding, the Fund grew by 18.5% for the same period with 13,001,540 units outstanding at year-end. During the same period, fund subscriptions net of redemptions totalled 2,025,840 units.

### OTHER INFORMATION

During the reporting period, the Fund had no exposure to derivatives, other unit trusts, mutual funds and collective investment schemes and had no borrowings. There is no other material information that would have adversely impacted the valuation of the Fund.

## CONDENSED STATEMENT OF ASSETS AND LIABILITIES

*As at 31 December 2006 (Unaudited)*

	As at 31 December 2006	As at 30 June 2006
Notes	USD	USD
<b>Assets</b>		
Investments	1,416,489,354	1,196,946,272
Amount due from brokers	25,494,754	24,313,204
Interest income receivable from bank deposits	5,627	3,875
Cash at banks	12,680,221	2,566,091
Subscription receivable	6,575,235	-
Unrealised gain on foreign exchange contracts	7,386	-
	1,461,252,577	1,223,829,442
<b>Total assets</b>	1,461,252,577	1,223,829,442
<b>Liabilities</b>		
Amount due to broker	36,978,244	25,568,054
Audit fee payable	60,055	40,000
Trustee fee payable	111,527	48,818
Management fee payable	173,622	154,673
Index license fee payable	78,135	77,653
	37,401,583	25,889,198
<b>Liabilities (excluding net assets attributable to unitholders)</b>	37,401,583	25,889,198
<b>Net assets attributable to unitholders (before fair value adjustment)</b>	3      1,423,850,994	1,197,940,244
<b>Fair value adjustments in respect of net assets attributable to unitholders</b>	3      594,301	679,069
	1,424,445,295	1,198,619,313
<b>Net assets attributable to unitholders</b>	1,424,445,295	1,198,619,313

The notes on pages 9 to 15 form part of these financial statements.

## CONDENSED STATEMENT OF OPERATIONS

*For the period from 1 July 2006 to 31 December 2006 (Unaudited)*

		For the period from 29 June 2005 (Date of commencement of operations) to 31 December 2005	For the period from 1 July 2006 to 31 December 2006
	<i>Note</i>	USD	USD
<b>Income</b>			
Interest income on bank deposits		40,153	34,756
Net gain on investments	4	5,869,644	95,387,619
Net foreign exchange gain		1,528,758	7,736,907
		7,438,555	103,159,282
<b>Total investment income</b>		7,438,555	103,159,282
<b>Expenses</b>			
Management fee		(890,927)	(1,033,379)
Trustee's fee		(280,175)	(328,865)
Auditors' fee		(20,165)	(20,055)
Legal and professional fee		-	(30,199)
Publication and printing expenses		-	(31,389)
Miscellaneous expenses		(57,325)	(92,039)
Set up costs		(850,000)	-
		(2,098,592)	(1,535,926)
<b>Total operating expenses</b>		(2,098,592)	(1,535,926)
<b>Net operating profit</b>		5,339,963	101,623,356
<b>Finance costs</b>			
Distributions to unitholders		-	(25,811,434)
Fair value adjustments in respect of net assets attributable to unitholders	3	763,836	(84,768)
		763,836	(25,896,202)
<b>Increase in net assets attributable to unitholders</b>		6,103,799	75,727,154

The notes on pages 9 to 15 form part of these financial statements.

## CONDENSED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

*For the period from 1 July 2006 to 31 December 2006 (Unaudited)*

	1 July 2006 to 31 December 2006	For the period from 29 June 2005 (Date of commencement of operations) to 31 December 2005
	USD	USD
Balance at beginning of the period	1,198,619,313	-
Proceeds on issue of units	150,098,828	1,145,946,300
Payments on redemption of units	-	(49,900,000)
Net issue of units	150,098,828	1,096,046,300
Increase in net assets attributable to unitholders	75,727,154	6,103,799
Balance at the end of the period	1,424,445,295	1,102,150,099

The notes on pages 9 to 15 form part of these financial statements.



## CONDENSED STATEMENT OF CASHFLOWS

*For the period from 1 July 2006 to 31 December 2006 (Unaudited)*

	1 July 2006 to 31 December 2006	For the period from 29 June 2005 (Date of commencement of operations) to 31 December 2005
	USD	USD
Net cash generated from operating activities	28,641,388	13,303,114
Net cash used in investing activities	(136,225,080)	(1,101,988,843)
Net cash from financing activities	117,719,794	1,096,046,300
Net increase in cash and cash equivalents	10,136,102	7,360,571
Exchange rates difference	(21,972)	451,256
Cash and cash equivalents at the beginning of the period	2,566,091	-
Cash and cash equivalents at the end of the period	12,680,221	7,811,827
Analysis of balances of cash and cash equivalents		
Cash at banks	12,680,221	7,811,827

The notes on pages 9 to 15 form part of these financial statements.

## CONDENSED STATEMENT OF DISTRIBUTIONS

*For the period from 1 July 2006 to 31 December 2006 (Unaudited)*

	1 July 2006 to 31 December 2006	For the period from 29 June 2005 (Date of commencement of operations) to 31 December 2005
	USD	USD
Amount transferred from Statement of Operations	25,811,434	-
Final distribution		
- USD2.17 on 11,894,670 units paid on 2 August 2006	(25,811,434)	-
Amount transferred to the Statement of Changes in Net Assets Attributable to Unitholders	-	-

The notes on pages 9 to 15 form part of these financial statements.

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

*For the period from 1 July 2006 to 31 December 2006 (Unaudited)*

## 1. GENERAL INFORMATION

ABF Pan Asia Bond Index Fund (the "Fund") is a Singapore unit trust authorised under Section 286 of the Securities and Futures Act (Cap 289) and Section 104 of the Securities and Futures Ordinance (Cap. 571) of Hong Kong. The Fund was constituted by a Trust Deed dated 21 June 2005 between State Street Global Advisors Singapore Limited (the "Manager") and HSBC Institutional Trust Services (Singapore) Limited. The Trust Deed was amended and restated by an Amending and Restating Deed on 28 June 2006. The Trust Deed and all supplement deeds are governed in accordance with the laws of Singapore. The Fund is also listed on The Stock Exchange of Hong Kong Limited. The date of commencement of operation of the Fund was on 29 June 2005.

The investment objective of the Fund is to seek to provide investment results that correspond closely to the total return of the iBoxx ABF Pan-Asia Index (the "Underlying Index"), before fees and expenses. The Underlying Index is determined and composed by International Index Company Limited (the "Index Provider"). The Underlying Index is an indicator of investment returns of Asian Currency denominated debt obligations issued or guaranteed by an Asian Government or by an agency or instrumentality of an Asian Government in each case as determined by the Index Provider and which are for the time being constituent securities of the Underlying Index.

## 2. PRINCIPAL ACCOUNTING POLICIES

These unaudited condensed interim financial statements ("Interim Financial Statements") have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting". The financial statements are prepared under the historical cost convention as modified by the revaluation of investments. The accounting policies and methods of computation used in the preparation of these Interim Financial Statements are consistent with those used in the annual financial statements for the period ended 30 June 2006.

The International Accounting Standards Board ("IASB") has issued a number of new and revised IFRSs which are not yet effective for the Fund in the current year. Effective from 1 January 2007, the Fund adopted IAS 39 (Amendment), and IFRS 7, Financial Instruments: Disclosures, and a complementary Amendment to IAS 1, Presentation of Financial Statements – Capital Disclosures which the Manager considers to be relevant to the financial statements of the Fund. These new standards, amendments or interpretations were not adopted earlier as the Manager considers these new and revised IFRSs would not have a significant impact on the results or operations and financial position of the Fund.

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS *(Continued)*

*For the period from 1 July 2006 to 31 December 2006 (Unaudited)*

**(a) Standards, amendments and interpretations effective in 2006 but not relevant**

The following standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 January 2006 but are not relevant to the Fund's operations:

- IAS 19 (Amendment), Employee benefits;
- IAS 21 (Amendment), Net Investment in a Foreign Operation;
- IAS 39 (Amendment), Cash Flow Hedge Accounting of Forecast Intragroup Transactions;
- IAS 39 and IFRS 4 (Amendment), Financial Guarantee Contracts;
- IFRS 6, Exploration for and Evaluation of Mineral Resources;
- IFRS 1 (Amendment), First-time Adoption of International Financial Reporting Standards, and IFRS 6 (Amendment), Exploration for and Evaluation of Mineral Resources;
- IFRIC 4, Determining whether an Arrangement contains a Lease;
- IFRIC 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds; and
- IFRIC 6, Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment.

**(b) Interpretations to existing standards that are not yet effective and not relevant for the Fund's operations**

The following interpretations are mandatory for the Fund's accounting periods beginning on or after 1 March 2006 or later periods but are not relevant for the Fund's operations:

- IFRIC 7, Applying the Restatement Approach under IAS 29, Financial Reporting in Hyperinflationary Economies (effective from 1 March 2006);
- IFRIC 8, Scope of IFRS 2 (effective from 1 May 2006);
- IFRIC 9, Reassessment of Embedded Derivatives (effective from 1 June 2006);

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS *(Continued)*

*For the period from 1 July 2006 to 31 December 2006 (Unaudited)*

- IFRIC 10, Interim Financial Reporting and Impairment (effective from 1 November 2006);
- IFRIC 11, IFRS 2 – Group and Treasury Share Transactions (effective from 1 March 2007);
- IFRIC 12, Service Concession Agreements (effective from 1 January 2008).

### 3. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS PER UNIT AND NUMBER OF UNITS IN ISSUE

#### Net assets attributable to unitholders

In accordance with the provisions of the Fund's Trust Deed dated 21 June 2005, as amended, the set up costs (including costs for setting up, authorization and listing of the Fund) or costs incidental to the establishment of the Fund will be paid out of the assets of the Fund and amortised over the first 5 financial years. However, as stated in note 2(g) in the annual financial statements, the accounting policy of the Fund for the purpose of compliance with IAS 38 – Intangible Assets and for reporting purpose is to expense the expenditures incurred in the formation of the Fund in the period in which they arose. As at 31 December 2006, the difference between expensing the formation expenses as stated in the financial statements and the methodology indicated in the Fund's Trust Deed, results in an increase in expense by US\$ 594,301 (as at 30 June 2006 US\$ 679,069).

Net assets attributable to unitholders represent a liability in the Statement of Assets and Liabilities, carried at the redemption amount that would be payable at the Statement of Assets and Liabilities date if the unitholder exercised the right to redeem units in the Fund. Consequently, the difference described above further adjust the carrying amount of the net assets attributable to unitholders and are recognised in the Statement of Operations. The aggregated amount expensed in the period ended 31 December 2006 was US\$ 594,301 (as at 30 June 2006 US\$ 679,069). The cumulative differences are included as "Fair value adjustments in respect of net assets attributable to unitholders" on the Statement of Assets and Liabilities.

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS *(Continued)*

*For the period from 1 July 2006 to 31 December 2006 (Unaudited)*

### Units in issue

	As at 31 December 2006	As at 30 June 2006
	units	units
Units in issue at the beginning of the period	11,574,670	-
Issue of units during the period	1,426,870	12,634,670
Redeem of units during the period	-	(1,060,000)
Units in issue at the end of the period	<u>13,001,540</u>	<u>11,574,670</u>

	USD	USD
Net assets attributable to unitholders	<u>1,424,445,295</u>	<u>1,198,619,313</u>
Net assets attributable to unitholders per unit	<u>109.56</u>	<u>103.56</u>
Net asset value per Creation Unit (1 Creation Unit is equivalent to 20,000 units)	<u>2,191,200</u>	<u>2,071,108</u>

#### 4. NET GAIN ON INVESTMENTS

	For the period from 29 June 2005 (Date of commencement of operations) to 31 December 2005	1 July 2006 to 31 December 2006
	USD	USD
Change in unrealised gain/loss in value of investments	1,623,160	82,847,484
Realised gain on sale of investments	4,246,484	12,540,135
	<u>5,869,644</u>	<u>95,387,619</u>

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS *(Continued)*

*For the period from 1 July 2006 to 31 December 2006 (Unaudited)*

### 5. TRANSACTIONS WITH THE MANAGER AND ITS CONNECTED PERSONS

(a) Connected Persons of the Manager are those as defined in the Code on Unit Trusts and Mutual Funds established by the Securities and Futures Commission of Hong Kong (the "SFC Code"). The Manager and the Trustee of the Fund are State Street Global Advisors Singapore Limited and HSBC Institutional Trust Services (Singapore) Limited respectively. State Street Global Advisors Singapore Limited is a subsidiary of State Street Corporation. HSBC Institutional Trust Services (Singapore) Limited is a subsidiary of HSBC Holdings plc. All transactions entered into during the period between the Fund and the Manager and the Connected Persons were carried out in the normal course of business and on normal commercial terms. During the period, the Manager transacted USD 33,756,711 of its foreign currency transactions through its affiliated party, State Street Global Markets. This represents 12.43% of all the Fund's transactions during the period.

(b)

Name of Company	Aggregate value of foreign currency transactions	Total commission paid	% of the Fund's total commission paid in the period	Average commission rate
	USD			%
State Street Global Markets	33,756,711	-	-	-

(c) As at 31 December 2006, the directors and officers of the Manager together did not hold units in the Fund.

(d) Management fee

The Fund will pay the Manager a management fee, monthly in arrears and accrued daily, determined on the average daily net assets of the Fund at the rate as follows:

For first US\$1 billion	0.16%
For next US\$250 million	0.15%
For next US\$250 million	0.14%
Thereafter	0.13%
Up to a maximum of 0.25% per annum of the Fund	

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS *(Continued)*

*For the period from 1 July 2006 to 31 December 2006 (Unaudited)*

### (e) Trustee fee

The Fund will pay the Trustee a trustee fee, monthly in arrears and accrued daily, of 0.05% per annum of the average daily net assets of the Fund.

### (f) Bank balances

The cash balance of the Fund is held in current account as follows:

	As at 31 December 2006	As at 31 December 2005
	USD	USD
Bank balance held at HSBC Institutional Trust Services (Asia) Limited	12,680,221	7,678,999

## 6. NON-CASH TRANSACTIONS

For the period ended 31 December 2006, non-cash activities include:

	1 July 2006 to 31 December 2006	For the period from 29 June 2005 (Date of commencement of operations) to 31 December 2005
	USD	USD
Purchase of investments	-	(998,570,000)
Subscription of units	-	998,570,000

The Fund was initially funded by various organisations. On 29 June 2005, these organisations injected an amount of US\$998,570,000 into the Fund by way of an in-kind contribution of securities in return for units in the Fund. The various organisations comprise the following Central Banks and Monetary Authorities in the Asian-Pacific region: Reserve Bank of Australia, People's Bank of China, Monetary Authority of Hong Kong, Bank Indonesia, Bank of Japan, Bank of Korea, Bank Negara Malaysia, Reserve Bank of New Zealand, Bangko Sentral ng Pilipinas, Monetary Authority of Singapore and Bank of Thailand.



## NOTES TO THE CONDENSED FINANCIAL STATEMENTS *(Continued)*

*For the period from 1 July 2006 to 31 December 2006 (Unaudited)*

### 7. SUPPLEMENTAL RATIOS

	Period ended 31 December 2006	Period ended 31 December 2005
Ratio of expenses to weighted average net assets <sup>(a)</sup>	0.23%	0.37% <sup>(c)</sup>
Portfolio turnover ratio <sup>(b)</sup>	11.12%	17.7%

*Notes:*

- (a) annualised ratio;
- (b) for the period from 1 July 2006 to 31 December 2006 and 1 July 2005 to 31 December 2005 computed as the lower of sales and purchases divided by the average net assets;
- (c) the annualised ratio of expenses to weighted average net assets includes an amount of USD850,000 preliminary expenses written-off as stated in the Condensed Statement of Operations, and in accordance with the Accounting Policies. The annualised ratio of expenses of 0.37% includes 0.15% that is attributed to this non-recurring charge.

### 8. EVENT OCCURRING AFTER BALANCE SHEET DATE

Subsequent to the period end, the Fund announced an interim dividend distribution of USD2.16 per unit. The dividend was paid on 5 February 2007.

# INVESTMENT PORTFOLIO

For the period from 1 July 2006 to 31 December 2006 (Unaudited)

## PRIMARY – BY GEOGRAPHY

	Holdings at 31 December 2006	Fair value at 31 December 2006	Percentage of total net assets at 31 December 2006 (%)
		USD	
<b>LISTED/QUOTED INVESTMENTS</b>			
<b>Debt securities</b>			
<b>CHINA (12.04 %)</b>			
<b>Denominated in RMB</b>			
AGRICUL DEV BANK CHINA 2.55% 22NOV2008	16,000,000	2,044,584	0.14
AGRICUL DEV BANK CHINA 3.05% 12JUL2009	40,000,000	5,205,570	0.37
AGRICULTURAL DEV BK CHINA 2.5% 15JUL2008	47,000,000	6,024,317	0.42
AGRICULTURAL DEV BK CHINA 2.86% 22AUG10	20,000,000	2,567,441	0.18
CHINA (GOVT OF) 2% 6JUN2009 SER 0206	55,000,000	7,059,197	0.50
CHINA (GOVT OF) 2.14% 20OCT2010 0511	10,000,000	1,269,015	0.09
CHINA (GOVT OF) 2.29% 16OCT2009 SER 0617	30,000,000	3,851,024	0.27
CHINA (GOVT OF) 2.83% 25AUG2012 0509	39,000,000	5,078,556	0.36
CHINA (GOVT OF) 3.5% 19NOV2010 0311	19,000,000	2,530,358	0.18
CHINA (GOVT OF) SER 0215 2.93% 6DEC2009	140,000,000	18,220,686	1.28
CHINA (GOVT OF) SER 0301 2.66% 19FEB2010	60,000,000	7,903,468	0.55
CHINA (GOVT OF) SER 0501 4.44% 28FEB2015	35,000,000	4,994,479	0.35
CHINA (GOVT OF) SER 0505 3.37% 25MAY2012	50,000,000	6,757,525	0.47
CHINA (GOVT OF) SER 1503 3.3% 26APR2010	2,288,000	306,485	0.02
CHINA DEV BANK 3.42% 2AUG2015 0514	25,000,000	3,256,937	0.23
CHINA DEV BANK 3.8% 30OCT2036 0624	10,000,000	1,280,631	0.09
CHINA DEV BANK 4.1% 30AUG2025 0517	28,000,000	3,839,945	0.27
CHINA DEV BANK 4.52% 12JAN2032 0121	3,000,000	465,982	0.03
CHINA GOVERNMENT BD 2.66% 19FEB2010 1301	11,000,000	1,445,432	0.10
CHINA GOVERNMENT BOND 2.66% 20AUG2010	44,000,000	5,719,790	0.40
CHINA GOVERNMENT BOND 2.95% 25SEP2011	4,688,000	597,169	0.04
CHINA GOVERNMENT BOND 3% 18DEC2008	60,000,000	7,738,905	0.54
CHINA GOVERNMENT BOND 3.05% 30OCT11 1112	5,481,000	705,623	0.05
CHINA GOVERNMENT BOND 3.4% 17APR2023	70,000,000	8,868,291	0.62
CHINA GOVT BOND 2.51% 27FEB2013 1601	4,000,000	513,522	0.04
CHINA GOVT BOND 2.53% 25JUL2008 0306	45,000,000	5,846,502	0.41
CHINA GOVT BOND 2.54% 18APR2012 1203	55,500,000	7,050,636	0.49
CHINA GOVT BOND 2.6% 20SEP2017 1213	60,950,000	7,238,511	0.51
CHINA GOVT BOND 2.64% 23AUG2009 0211	40,000,000	5,198,523	0.36
CHINA GOVT BOND 2.8% 27MAR2016 0603	20,000,000	2,527,969	0.18
CHINA GOVT BOND 2.8% 9APR2013 0302	6,000,000	784,111	0.06
CHINA GOVT BOND 2.89% 31AUG2013 0613	10,000,000	1,297,707	0.09
CHINA GOVT BOND 2.9% 24MAY2032 0205	20,000,000	2,275,722	0.16
CHINA GOVT BOND 3.01% 25NOV2012 0513	23,000,000	2,998,135	0.21

## INVESTMENT PORTFOLIO *(Continued)*

*For the period from 1 July 2006 to 31 December 2006 (Unaudited)*

### PRIMARY – BY GEOGRAPHY *(Continued)*

	Holdings at 31 December 2006	Fair value at 31 December 2006	Percentage of total net assets at 31 December 2006
		USD	(%)
<b>CHINA (12.04 %) <i>(Continued)</i></b>			
<b>Denominated in RMB</b>			
CHINA GOVT BOND 3.3% 26APR2010 0503	2,000,000	268,584	0.02
CHINA GOVT BOND 4.18% 24OCT2018 0309	10,000,000	1,421,688	0.10
CHINA GOVT BOND 4.3% 20OCT2009 1408	22,000,000	2,983,088	0.21
CHINA GOVT BOND 4.42% 20APR2009 0403	40,000,000	5,530,814	0.39
CHINA GOVT BOND 4.42% 20APR2009 1403	9,335,000	1,288,066	0.09
CHINA GOVT BOND 4.89% 25MAY2011 1404	17,000,000	2,450,145	0.17
EXPORT IMPORT BANK CHINA 3.38% 24JUN2012	30,000,000	3,949,135	0.28
EXPORT IMPORT BANK CHINA 4.13% 15APR2010	10,000,000	1,358,426	0.10
PEOPLE'S BANK OF CHINA 3% 15APR2008	50,000,000	6,550,419	0.46
PEOPLE'S BANK OF CHINA 3.3% 18MAR2008	8,000,000	1,055,836	0.07
PEOPLE'S BANK OF CHINA 4.14% 14JAN2008	9,000,000	1,213,427	0.09
		171,532,376	12.04
		171,532,376	12.04

## INVESTMENT PORTFOLIO *(Continued)*

*For the period from 1 July 2006 to 31 December 2006 (Unaudited)*

### PRIMARY – BY GEOGRAPHY *(Continued)*

	Holdings at 31 December 2006	Fair value at 31 December 2006	Percentage of total net assets at 31 December 2006  (%)
		USD	
<b>HONG KONG (18.35%)</b>			
<b>Denominated in HKD</b>			
ASIA DEVELOPMENT BK 4.28% 21SEP2009 EMTN	49,000,000	6,336,106	0.44
EUROFIMA 4.18% EMTN 8JUN2015	32,500,000	4,177,409	0.29
EUROPEAN INV BANK 6.015% EMTN 15FEB2008	6,000,000	793,616	0.06
HK GOVERNMENT 4.49% 26NOV2012 7211	8,000,000	1,077,406	0.08
HK GOVERNMENT BOND 1012 7.01% 6DEC2010	15,600,000	2,263,131	0.16
HK GOVERNMENT BOND 1412 3.51% 8DEC2014	15,500,000	1,963,131	0.14
HK GOVERNMENT BOND 3.8% 13FEB2008 2802	60,000,000	7,854,441	0.55
HK GOVERNMENT BOND 4.13% 22FEB2013 7302	65,000,000	8,686,915	0.61
HK GOVERNMENT BOND 4.23% 21MAR2011 5103	23,500,000	3,127,682	0.22
HK GOVERNMENT BOND 4.33% 7DEC2015 1512	21,500,000	2,905,567	0.20
HK GOVERNMENT BOND 4.4% 22AUG2013 7308	10,500,000	1,427,903	0.10
HK GOVERNMENT BOND 4.57% 13JUN2011 5106	47,500,000	6,353,942	0.45
HK GOVERNMENT BOND 4.74% 24MAY2013 7305	20,000,000	2,737,493	0.19
HK GOVERNMENT BOND 4.83% 7JUN2016 1606	16,000,000	2,248,684	0.16
HK GOVERNMENT BOND 5012 4.26% 20DEC2010	40,000,000	5,272,207	0.37
HK GOVERNMENT BOND 5803 2.98% 17MAR2008	54,000,000	6,963,004	0.49
HK GOVERNMENT BOND 5806 2.47% 16JUN2008	27,500,000	3,489,030	0.24
HK GOVERNMENT BOND 5809 3.27% 25SEP2008	25,000,000	3,230,812	0.23
HK GOVERNMENT BOND 5906 3.7% 23JUN2009	76,000,000	9,815,268	0.69
HK GOVERNMENT BOND 5909 3.18% 28SEP2009	16,000,000	2,054,731	0.14
HK GOVERNMENT BOND 5912 2.69% 21DEC2009	87,000,000	10,925,143	0.77
HK GOVERNMENT BOND 7002 3.8% 26FEB2010	48,000,000	6,293,388	0.44
HK GOVERNMENT BOND 7008 3.92% 20AUG2010	6,500,000	856,725	0.06
HK GOVERNMENT BOND 7108 3.93% 26AUG2011	18,000,000	2,373,147	0.17
HK GOVERNMENT BOND 7111 3.12% 25NOV2011	16,000,000	2,013,610	0.14
HK GOVERNMENT BOND 7202 3.14% 24FEB2012	50,000,000	6,344,021	0.45
HK GOVERNMENT BOND 7205 3.61% 28MAY2012	15,000,000	1,929,268	0.14
HK GOVERNMENT EX FD NT 1006 7.31% 21JUN10	52,000,000	7,505,163	0.53
HK GOVERNMENT EX FD NT 1106 6.13% 20JUN11	15,500,000	2,199,733	0.15
HK GOVERNMENT EX FD NT 1112 5.92% 5DEC11	33,400,000	4,746,024	0.33
HK GOVERNMENT EX FD NT 1206 5.8% 19JUN12	42,400,000	6,032,490	0.42
HK GOVERNMENT EX FD NT 1306 3.73% 5JUN13	23,400,000	3,025,080	0.21
HK GOVERNMENT EX FD NT 1312 4.32% 2DEC13	17,200,000	2,303,593	0.16
HK GOVERNMENT EX FD NT 1406 4.82% 2JUN14	17,000,000	2,352,124	0.17
HK GOVERNMENT EX FD NT 1801 9.89% 21JAN08	142,000,000	20,274,302	1.42
HK GOVERNMENT EX FD NT 1807 9.8% 28JUL08	86,000,000	12,578,577	0.88
HK GOVERNMENT EX FD NT 5712 3.57% 17DEC07	12,500,000	1,611,078	0.11
HK GOVERNMENT EX FD NT 5812 3.34% 19DEC08	70,000,000	8,984,023	0.63

## INVESTMENT PORTFOLIO *(Continued)*

*For the period from 1 July 2006 to 31 December 2006 (Unaudited)*

### PRIMARY – BY GEOGRAPHY *(Continued)*

	Holdings at 31 December 2006	Fair value at 31 December 2006	Percentage of total net assets at 31 December 2006
		USD	(%)
<b>HONG KONG (18.35%) <i>(Continued)</i></b>			
<b>Denominated in HKD</b>			
HK GOVERNMENT EX FD NT 5903 2.52% 24MAR09	60,000,000	7,603,722	0.53
HK GOVERNMENT EX FD NT 7011 3.95% 26NOV10	19,000,000	2,481,945	0.17
HK GOVERNMENT EX FD NT 7102 3.27% 25FEB11	33,000,000	4,234,151	0.30
HK GOVERNMENT EX FD NT 7105 4.5% 27MAY11	20,000,000	2,672,138	0.19
HK GOVERNMENT NOTE 1804 7.7% 28APR2008	5,000,000	686,039	0.05
HK GOVERNMENT NOTE 1912 7.47% 8DEC2009	37,000,000	5,294,161	0.37
HK GOVERNMENT SER 1506 3.5% 22JUN2015	11,700,000	1,484,851	0.10
HK GOVERNMENT SER 5009 3.79% 20SEP2010	14,000,000	1,830,871	0.13
HK MORTGAGE CORP 3.78% 4APR2011	4,000,000	510,964	0.04
HK MORTGAGE CORP EMTN 3.8% 6APR2011	5,000,000	638,415	0.04
HK MORTGAGE CORPORATION 4.45% 16JAN2008	26,000,000	3,388,572	0.24
HK MORTGAGE CORPORATION 4.5% 16JAN2009	25,000,000	3,270,261	0.23
HKSAR GOVERNMENT 3.75% 23JUL2009	55,000,000	7,149,274	0.50
HKSAR GOVERNMENT 5.125% 23JUL2019	56,500,000	8,071,886	0.57
INTER-AMERICAN DEV BANK 4.2% 24MAR2014	34,000,000	4,392,908	0.31
INTL FINANCE CORP 4.45% 1SEP2009	24,500,000	3,211,011	0.23
KOWLOON-CANTON RAILWAY 4.65% 10JUN2013	16,000,000	2,148,105	0.15
MTR CORP (C.I.) 4.75% 11MAY2020	22,000,000	2,928,500	0.21
MTR CORP CAYMAN ISLANDS 4.15% 13NOV2009	45,000,000	5,836,085	0.41
MTR CORPORATION (C.I.) EMTN 4.28% 6JUL20	35,000,000	4,462,430	0.31
NORDIC INVESTMENT BANK 3.77% 12JUL2010	31,000,000	4,008,135	0.28
		261,430,392	18.35
		261,430,392	18.35

## INVESTMENT PORTFOLIO *(Continued)*

*For the period from 1 July 2006 to 31 December 2006 (Unaudited)*

### PRIMARY – BY GEOGRAPHY *(Continued)*

	Holdings at 31 December 2006	Fair value at 31 December 2006	Percentage of total net assets at 31 December 2006  (%)
		USD	
<b>INDONESIA (5.91 %)</b>			
<b>Denominated in IDR</b>			
INDO RECAP BD 14.275% 15DEC2013 FR20	12,000,000,000	1,636,236	0.11
INDON RECAP 13.45% 15AUG2011 FR0016 (1)	60,000,000,000	7,911,659	0.56
INDON RECAP BD 13.15% 15JAN12 FR0017 (1)	50,000,000,000	6,529,142	0.46
INDON RECAP BD 13.15% 15JAN2012 FR0017	32,000,000,000	4,178,651	0.29
INDON RECAP BD 13.15% 15MAR2010 FR0010	44,000,000,000	5,587,962	0.39
INDON RECAP BD 13.45% 15AUG2011 FR0016	39,000,000,000	5,142,578	0.36
INDON RECAP BD 14% 15JUN2009 FR0002	48,500,000,000	5,987,438	0.42
INDON RECAP BD 14.25% 15JUN2013 FR0019	26,000,000,000	3,522,621	0.25
INDON RECAP BD 15.425% 15SEP2010 FR0013	21,500,000,000	2,935,133	0.21
INDONESIA (GOVT OF) 10.75% 15MAY16 FR30	19,000,000,000	2,222,514	0.16
INDONESIA (GOVT OF) 11% 15DEC2012 FR23	28,000,000,000	3,301,528	0.23
INDONESIA (GOVT OF) 11.5% 15SEP2019 FR36	8,000,000,000	993,851	0.07
INDONESIA (GOVT OF) 11.75% 15AUG2023	20,000,000,000	2,544,163	0.18
INDONESIA (GOVT OF) 12% 15SEP2026 FR37	20,000,000,000	2,574,265	0.18
INDONESIA (GOVT OF) 12.5% 15MAR2013 FR33	6,000,000,000	772,487	0.05
INDONESIA (GOVT OF) 12.9% 15JUN2022 FR35	16,000,000,000	2,146,527	0.15
INDONESIA (REP OF) 11% 15SEP2025 FR40	6,000,000,000	721,398	0.05
INDONESIA GOVERNMENT 10% 15JUL2017 FR28	20,000,000,000	2,278,379	0.16
INDONESIA GOVERNMENT 11% 15OCT2014 FR26	14,000,000,000	1,675,524	0.12
INDONESIA GOVERNMENT 9.5% 15JUN2015 FR27	63,000,000,000	6,826,616	0.48
INDONESIA GOVT 11% 15NOV2020 SER FR31	44,000,000,000	5,205,142	0.37
INDONESIA GOVT 11% 15OCT2014 FR26 (1)	50,000,000,000	5,984,014	0.42
INDONESIA GOVT 12% 15OCT2010	20,000,000,000	2,453,984	0.17
INDONESIA RECAP BD 13.4% 15FEB2011 FR15	8,000,000,000	1,046,399	0.07
		84,178,211	5.91
		84,178,211	5.91

## INVESTMENT PORTFOLIO *(Continued)*

*For the period from 1 July 2006 to 31 December 2006 (Unaudited)*

### PRIMARY – BY GEOGRAPHY *(Continued)*

	Holdings at 31 December 2006	Fair value at 31 December 2006	Percentage of total net assets at 31 December 2006
		USD	(%)
<b>KOREA (20.60 %)</b>			
Denominated in KRW			
KDICB REDEMPTION FUND 4.81% 16AUG2010	10,000,000,000	10,798,268	0.76
KOREA DEPOSIT INSURANCE 6.57% 9NOV2008	5,000,000,000	5,570,134	0.39
KOREA DEVELOPMENT BANK 3.74% 13OCT2007	5,000,000,000	5,365,234	0.38
KOREA DEVELOPMENT BANK 5% 6JUL09 SER0706	10,000,000,000	10,849,177	0.76
KOREA MONETARY STAB BD 4.91% 26JUL2008	6,000,000,000	6,495,937	0.46
KOREA MONETARY STAB BOND 4.97% 25JAN2008	10,000,000,000	10,841,969	0.76
KOREA TREASURY BD 4% 10JUN2010 1006	15,000,000,000	15,651,161	1.10
KOREA TREASURY BD 4.25% 10MAR2008 0803	20,000,000,000	21,593,145	1.52
KOREA TREASURY BD 4.25% 10SEP2014 1409	20,600,000,000	21,319,981	1.50
KOREA TREASURY BD 4.75% 12MAR2008 0803	8,000,000,000	8,697,210	0.61
KOREA TREASURY BD 4.75% 17SEP2013 1309	10,000,000,000	10,721,190	0.75
KOREA TREASURY BD 6.91% 18JUL2011 1107	10,000,000,000	11,720,049	0.82
KOREA TREASURY BOND 3.5% 10DEC2009	17,000,000,000	17,564,237	1.23
KOREA TREASURY BOND 4.25% 10SEP2008 0809	2,000,000,000	2,151,825	0.15
KOREA TREASURY BOND 4.5% 10JUN2009 0906	14,000,000,000	14,911,181	1.05
KOREA TREASURY BOND 4.5% 9SEP2008 0809	35,000,000,000	37,839,483	2.66
KOREA TREASURY BOND 4.75% 10JUN2009 0906	7,000,000,000	7,504,282	0.53
KOREA TREASURY BOND 5% 10MAR2009 0903	10,000,000,000	10,910,427	0.77
KOREA TREASURY BOND 5% 10MAR2011 1103	10,500,000,000	11,450,403	0.80
KOREA TREASURY BOND 5% 10SEP2016 1609	5,000,000,000	5,435,921	0.38
KOREA TREASURY BOND 5% 26MAR2013 1303	10,000,000,000	10,870,811	0.76
KOREA TREASURY BOND 5.25% 10SEP2015 1509	16,500,000,000	18,272,204	1.28
KOREA TREASURY BOND 5.25% 17MAR2014	10,000,000,000	11,044,741	0.78
KOREA TREASURY BOND 5.75% 10MAR2026 2603	5,000,000,000	5,840,673	0.41
		293,419,643	20.60
		293,419,643	20.60

## INVESTMENT PORTFOLIO *(Continued)*

*For the period from 1 July 2006 to 31 December 2006 (Unaudited)*

### PRIMARY – BY GEOGRAPHY *(Continued)*

	Holdings at 31 December 2006	Fair value at 31 December 2006	Percentage of total net assets at 31 December 2006  (%)
		USD	
<b>MALAYSIA (10.23 %)</b>			
Denominated in MYR			
ASIA DEVELOPMENT BK 4.265% 25APR2011 MTN	2,000,000	578,831	0.04
INTL FINANCE CORP 2.88% 13DEC2007	1,000,000	282,151	0.02
KHAZ NAS BHD 0% 18JAN2010	13,000,000	3,289,011	0.23
MALAYSIA INVESTMENT ISS 3.895% 14APR2009	11,000,000	3,164,363	0.22
MALAYSIA INVESTMENT ISS 4.635% 14JUL2011	3,500,000	1,051,694	0.07
MALAYSIA INVESTMENT ISSUE 0% 31MAR08	5,000,000	1,360,166	0.10
MALAYSIAN GOVT 3.135% 17DEC2007 5/04	13,500,000	3,819,848	0.27
MALAYSIAN GOVT 3.644% 25AUG2010 1/05	35,300,000	10,085,999	0.71
MALAYSIAN GOVT 3.702% 25FEB2013 3/03	8,500,000	2,428,058	0.17
MALAYSIAN GOVT 3.833% 28SEP2011 1/01	21,000,000	6,026,925	0.42
MALAYSIAN GOVT 3.869% 13APR2010 3/06	14,000,000	4,032,869	0.28
MALAYSIAN GOVT 4.032% 15SEP2009 4/04	35,500,000	10,249,855	0.72
MALAYSIAN GOVT 4.262% 15SEP2016 1/06	26,300,000	7,847,861	0.55
MALAYSIAN GOVT 4.305% 27FEB2009 1/04	62,000,000	18,017,963	1.26
MALAYSIAN GOVT 4.709% 15SEP2026 2/06	1,000,000	314,190	0.02
MALAYSIAN GOVT 4.72% 30SEP2015 2/05	15,830,000	4,840,717	0.34
MALAYSIAN GOVT 4.837% 15JUL2025 3/05	20,670,000	6,637,899	0.47
MALAYSIAN GOVT 5.094% 30APR2014 2/04	74,000,000	22,900,359	1.61
MALAYSIAN GOVT 5.734% 30JUL2019 3/04	5,000,000	1,699,966	0.12
MALAYSIAN GOVT 6.45% 1JUL2008 2/88	15,000,000	4,567,618	0.32
MALAYSIAN GOVT 7.6% 15MAR2008 1/87	30,000,000	9,054,016	0.64
MALAYSIAN GOVT INV 3.82% 15NOV2016 0603	15,000,000	4,274,324	0.30
MALAYSIAN, GOVERNMENT OF 8.6% 1DEC2007	4,000,000	1,183,796	0.08
MALAYSIAN, GOVT OF 3.756% 28APR2011	29,000,000	8,300,827	0.58
RANTAU ABANG CAP 4.39% 15MAR2011 IMTN	9,000,000	2,606,105	0.18
SYARIKAT PRASARANA NEGAR 3.45% 30NOV08	10,000,000	2,827,616	0.20
SYARIKAT PRASARANA NEGARA 3.8% 30NOV2011	5,000,000	1,414,496	0.10
SYKT PRASARANA NEGAR 4.27% 30NOV2016	10,000,000	2,895,232	0.20
		145,752,754	10.23
		145,752,754	10.23



## INVESTMENT PORTFOLIO *(Continued)*

*For the period from 1 July 2006 to 31 December 2006 (Unaudited)*

### PRIMARY – BY GEOGRAPHY *(Continued)*

	Holdings at 31 December 2006	Fair value at 31 December 2006	Percentage of total net assets at 31 December 2006
		USD	(%)
<b>PHILIPPINES (5.09 %)</b>			
<b>Denominated in PHP</b>			
PHILIPPINE (GOVT OF) 10.75% 12MAY2009	48,000,000	1,080,579	0.08
PHILIPPINE (GOVT OF) 12.125% 20OCT2025	10,000,000	294,545	0.02
PHILIPPINE (GOVT OF) 7.125% 2NOV2013	31,000,000	675,850	0.05
PHILIPPINE (GOVT OF) 8.5% 17FEB2009 3-13	299,274,636	6,546,747	0.46
PHILIPPINE (GOVT OF) 8.75% 27JUL2009	25,000,000	556,101	0.04
PHILIPPINE (GOVT OF) 9.375% 5OCT2031	50,000,000	1,181,214	0.08
PHILIPPINE GOVT 10.5% 4AUG2009 4-17	10,000,000	230,271	0.02
PHILIPPINE GOVT 11.375% 18AUG2012 7-40	35,000,000	894,127	0.06
PHILIPPINE GOVT 11.375% 1APR08 4-09	169,000,000	3,718,423	0.26
PHILIPPINE GOVT 11.375% 23OCT2023 20-6	100,000,000	2,819,848	0.20
PHILIPPINE GOVT 11.5% 27JAN2010 5-57	103,000,000	2,504,472	0.18
PHILIPPINE GOVT 11.5% 7APR2010 (5-58)	23,000,000	545,358	0.04
PHILIPPINE GOVT 11.875% 21OCT08 4-13	170,000,000	3,834,264	0.27
PHILIPPINE GOVT 11.875% 29MAY2023 20-5	124,000,000	3,580,745	0.25
PHILIPPINE GOVT 11.875% 6APR09 5-53	94,000,000	2,166,329	0.15
PHILIPPINE GOVT 12% 13JAN2009 4-14	164,000,000	3,826,271	0.27
PHILIPPINE GOVT 12% 15APR2011 7-36	150,000,000	3,715,095	0.27
PHILIPPINE GOVT 12% 22JUL2011 7-37	266,000,000	6,762,684	0.47
PHILIPPINE GOVT 12.375% 24FEB15 1036	185,000,000	5,166,268	0.36
PHILIPPINE GOVT 12.375% 28OCT2009 5-56	80,000,000	1,891,786	0.13
PHILIPPINE GOVT BONDS 11.75% 15MAY2013	88,000,000	2,278,417	0.16
PHILIPPINE GOVT BONDS 13% 25APR2012	84,000,000	2,208,549	0.16
PHILIPPINES (REP OF) 10.25% 19JAN2026	117,000,000	3,081,845	0.22
PHILIPPINES (REP OF) 8% 7DEC2026 2013	19,000,000	401,444	0.03
PHILIPPINES (REP OF) 8.5% 3MAR2011 5-62	180,395,535	4,087,434	0.29
PHILIPPINES (REP OF) 8.75% 3MAR2013 7-43	188,148,282	4,402,087	0.31
PHILIPPINES (REP OF) 9.125% 4SEP2016	88,467,977	2,168,111	0.15
PHILIPPINES (REP OF) 9.25% 12JAN2016	70,000,000	1,733,530	0.12
		72,352,393	5.09
		72,352,393	5.09

## INVESTMENT PORTFOLIO *(Continued)*

*For the period from 1 July 2006 to 31 December 2006 (Unaudited)*

### PRIMARY – BY GEOGRAPHY *(Continued)*

	Holdings at 31 December 2006	Fair value at 31 December 2006	Percentage of total net assets at 31 December 2006  (%)
		USD	
<b>SINGAPORE (17.78 %)</b>			
<b>Denominated in SGD</b>			
ASIA DEVELOPMENT BK 3.335% 18SEP2011 MTN	2,000,000	1,318,776	0.09
HOUSING & DEV BRD 3.455% 1MAR2011 MTN	2,500,000	1,650,643	0.12
HOUSING & DEVELOP BRD 3.56% 23FEB2014	4,500,000	2,996,821	0.21
HOUSING & DEVELOP BRD 5.07% 21SEP2009	5,000,000	3,448,641	0.24
HOUSING & DEVELOPMENT BRD 3.375% 21APR15	1,000,000	654,853	0.05
LAND TRANSPORT AUTH 2.159% 19JUN2013	5,000,000	3,021,497	0.21
LAND TRANSPORT AUTH 2.9% 19JUN2023	2,000,000	1,184,074	0.08
LAND TRANSPORT AUTHORITY 4.08% 21MAY2012	3,000,000	2,030,588	0.14
LAND TRANSPORT AUTHORITY 4.17% 10MAY2016	3,000,000	2,078,212	0.15
LAND TRANSPORT AUTHORITY 4.81% 9JUN2010	1,800,000	1,230,788	0.09
PSA CORP LTD 2.83% 6JUL2015	3,000,000	1,878,710	0.13
PSA CORP LTD 4.91% 15AUG2010	9,500,000	6,615,555	0.46
SINGAPORE (GOVT OF) 3.125% 1FEB2011	11,850,000	7,865,170	0.55
SINGAPORE GOVERNMENT 2.375% 1OCT2009	14,200,000	9,170,118	0.64
SINGAPORE GOVERNMENT 2.625% 1APR2010	15,000,000	9,736,814	0.68
SINGAPORE GOVERNMENT 3.25% 1SEP2020	23,400,000	15,576,114	1.09
SINGAPORE, GOVERNMENT OF 1.5% 1APR2008	2,000,000	1,285,915	0.09
SINGAPORE, GOVERNMENT OF 3.5% 1JUL2012	30,000,000	20,379,411	1.43
SINGAPORE, GOVERNMENT OF 3.625% 1JUL2011	21,600,000	14,701,688	1.03
SINGAPORE, GOVERNMENT OF 3.625% 1JUL2014	20,000,000	13,788,822	0.97
SINGAPORE, GOVERNMENT OF 3.75% 1SEP2016	31,400,000	21,937,492	1.54
SINGAPORE, GOVERNMENT OF 4% 1SEP2018	17,050,000	12,300,957	0.86
SINGAPORE, GOVERNMENT OF 4.375% 15JAN09	24,500,000	16,740,287	1.18
SINGAPORE, GOVERNMENT OF 4.625% 1JUL2010	39,800,000	27,954,472	1.96
SINGAPORE, GOVERNMENT OF 5.625% 1JUL2008	53,000,000	36,874,254	2.59
SINGAPORE, REPUBLIC OF 2.25% 1JUL2013	20,800,000	13,073,504	0.92
SP POWERASSETS LTD 3.73% EMTN 22OCT10	4,100,000	2,721,223	0.19
SP POWERASSETS LTD 4.84% EMTN 22OCT2018	1,500,000	1,100,630	0.08
		253,316,032	17.78
		253,316,032	17.78

## INVESTMENT PORTFOLIO *(Continued)*

*For the period from 1 July 2006 to 31 December 2006 (Unaudited)*

### PRIMARY – BY GEOGRAPHY *(Continued)*

	Holdings at 31 December 2006	Fair value at 31 December 2006	Percentage of total net assets at 31 December 2006
	USD	USD	(%)
<b>THAILAND (9.44 %)</b>			
Denominated in THB			
ASIA DEVELOPMENT BANK 5.34% 18SEP2011	40,000,000	1,133,743	0.08
ASIAN DEVELOPMENT BANK 3.87% 24MAY2010	20,000,000	533,264	0.04
BANK OF THAILAND 5.0625% 12OCT2008	65,000,000	1,825,458	0.13
BANK OF THAILAND BOND 5% 12JAN2008 2YR	146,000,000	4,144,295	0.29
BANK OF THAILAND BOND 5.375% 7APR2008	57,000,000	1,608,021	0.11
METROPOL WATERWORKS AUTH 6.16% 15MAR2010	10,000,000	289,143	0.02
PTT PCL (FR) 5.79% 12OCT2016	20,022,000	553,353	0.04
PTT PCL 5.79% 12OCT2016	61,978,000	1,712,902	0.12
THAILAND GOVT BOND 3.875% 5AUG2008	126,000,000	3,488,220	0.24
THAILAND GOVT BOND 5% 3DEC2014 05-2	190,000,000	5,286,458	0.37
THAILAND GOVT BOND 5.375% 15MAY2009 06-2	194,000,000	5,460,002	0.38
THAILAND GOVT BOND 5.5% 13AUG2019 04-5	125,000,000	3,515,361	0.25
THAILAND GOVT BOND 5.85% 31MAR2021 06-5	50,000,000	1,432,001	0.10
THAILAND GOVT BOND 6.15% 7JUL2026 06-6	50,000,000	1,421,639	0.10
THAILAND GOVT BOND SER 04-4 4.25%13AUG10	60,000,000	1,645,620	0.12
THAILAND, GOVERNMENT OF 3.875% 7MAR2018	125,000,000	3,038,887	0.21
THAILAND, GOVERNMENT OF 3.875% 9JAN2011	50,000,000	1,351,760	0.09
THAILAND, GOVERNMENT OF 4% 17OCT2013	213,000,000	5,556,565	0.39
THAILAND, GOVERNMENT OF 4.125% 12FEB2008	330,000,000	9,208,475	0.65
THAILAND, GOVERNMENT OF 4.125% 19NOV2009	425,000,000	11,565,131	0.81
THAILAND, GOVERNMENT OF 4.125% 1NOV2012	30,000,000	795,734	0.06
THAILAND, GOVERNMENT OF 4.5% 11MAR2012	225,000,000	6,152,650	0.43
THAILAND, GOVERNMENT OF 4.625% 21JUN2009	180,000,000	4,949,832	0.35
THAILAND, GOVERNMENT OF 4.8% 9APR2010	215,000,000	5,978,146	0.42
THAILAND, GOVERNMENT OF 5.125% 8NOV2022	51,000,000	1,329,185	0.09
THAILAND, GOVERNMENT OF 5.375% 30NOV2011	283,000,000	7,978,326	0.56
THAILAND, GOVERNMENT OF 5.375% 3DEC2019	317,000,000	8,678,578	0.61
THAILAND, GOVERNMENT OF 5.5% 18JAN2017	320,000,000	9,126,455	0.64
THAILAND, GOVERNMENT OF 7.2% 7JUL2015	186,000,000	5,989,633	0.42
THAILAND, GOVERNMENT OF 7.5% 5MAR2011	228,000,000	7,045,772	0.49
THAILAND, GOVERNMENT OF 8.25% 5MAR2014	175,000,000	5,844,822	0.41
THAILAND, GOVERNMENT OF 8.5% 8DEC2008	198,000,000	5,868,124	0.41
		<u>134,507,554</u>	<u>9.44</u>
Total Listed/Quoted Investments		1,416,489,354	99.44
Other net assets		<u>7,955,941</u>	<u>0.56</u>
Net assets at 31 December 2006		<u>1,424,445,295</u>	<u>100.00</u>
Total investments, at cost		<u>1,321,713,656</u>	

## INVESTMENT PORTFOLIO *(Continued)*

*For the period from 1 July 2006 to 31 December 2006 (Unaudited)*

	Fair value at 31 December 2006	Percentage of total net assets at 31 December 2006
	US\$	%
<b>DISTRIBUTION OF INVESTMENTS</b>		
<i>A) By credit rating</i>		
AAA	248,150,968	17.42
AA	200,139,581	14.05
AA-	50,687,745	3.55
A+	18,280,655	1.28
A	532,135,446	37.35
A-	131,129,765	9.21
BB+	74,184,582	5.21
BB	2,208,549	0.16
BB-	76,871,911	5.40
B+	3,265,561	0.23
Non-rated	79,434,591	5.58
<b>PORTFOLIO OF INVESTMENTS</b>	<b>1,416,489,354</b>	<b>99.44</b>
<i>B) By Asset Class</i>		
Bonds	1,416,489,354	99.44
Cash and other net assets	7,955,941	0.56
	<b>1,424,445,295</b>	<b>100.00</b>

## INVESTMENT PORTFOLIO *(Continued)*

*For the period from 1 July 2006 to 31 December 2006 (Unaudited)*

### Top Ten Holdings

	Fair value at 31 December 2006	Percentage of total net assets at 31 December 2006
	USD	%
KOREA TREASURY BOND 4.5% 9SEP2008 0809	37,839,483	2.66
SINGAPORE, GOVERNMENT OF 5.625% 1JUL2008	36,874,254	2.59
SINGAPORE, GOVERNMENT OF 4.625% 1JUL2010	27,954,472	1.96
MALAYSIAN GOVT 5.094% 30APR2014 2/04	22,900,359	1.61
SINGAPORE, GOVERNMENT OF 3.75% 1SEP2016	21,937,492	1.54
KOREA TREASURY BD 4.25% 10MAR2008 0803	21,593,145	1.52
KOREA TREASURY BD 4.25% 10SEP2014 1409	21,319,981	1.50
SINGAPORE, GOVERNMENT OF 3.5% 1JUL2012	20,379,411	1.43
HK GOVERNMENT EX FD NT 1801 9.89%21JAN08	20,274,302	1.42
KOREA TREASURY BOND 5.25% 10SEP2015 1509	18,272,204	1.28
	249,345,103	17.51
	249,345,103	17.51

## STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS

*For the period from 1 July 2006 to 31 December 2006 (Unaudited)*

	Percentage of total net assets at 31 December 2006	Percentage of total net assets at 30 June 2006
Listed/Quoted Investments		
Debt securities		
China	12.04	11.14
Hong Kong	18.35	18.18
Indonesia	5.91	5.98
Korea	20.60	20.72
Malaysia	10.23	10.63
Philippine	5.09	4.93
Singapore	17.78	18.34
Thailand	9.44	9.94
Total listed/quoted investments	99.44	99.86
Other net assets	0.56	0.14
Total net assets	100.00	100.00

## ADMINISTRATION AND MANAGEMENT

### Directors of the Manager

Hon Wing Cheung  
Bernard Patrick Reilly  
Chew Eng Han  
Yan-Yan Li

### Members of the Supervisory Committee

Mr. Guy Debelle  
Mr. Mu Huaipeng  
Mr. Peter Pang  
Mr. Aslim Tadjuddin  
Mr. Akinari Horii  
Mr. Rhee Yeung Kyun  
Dato' Ooi Sang Kuang  
Mr. Adrian Orr  
Mrs. Ma. Ramona G. D. T. Santiago  
Ms. Jacqueline Loh  
Mr. Bandid Nijathaworn

### Trustee

HSBC Institutional Trust  
Services (Singapore) Limited  
21 Collyer Quay  
#14-01 HSBC Building  
Singapore 049320

### Custodian, Administrator, Registrar and Receiving Agent

HSBC Institutional Trust  
Services (Asia) Limited  
HSBC Main Building  
1 Queen's Road Central  
Hong Kong

### Manager

State Street Global Advisors Singapore  
Limited  
Singapore office:  
168 Robinson Road  
#33-01 Capital Tower  
Singapore 068912

Hong Kong branch office:  
68th floor, Two International Finance Centre  
8 Finance Street  
Central  
Hong Kong

### Processing Agent

HK Conversion Agency Services Limited  
2/F Vicwood Plaza  
199 Des Voeux Road  
Central  
Hong Kong

### Auditors

PricewaterhouseCoopers  
8 Cross Street  
#17-00 PWC Building  
Singapore 048424