



ABF PAN ASIA BOND INDEX FUND

Annual Report 2007

For the period from 1st July 2006 to 30th June 2007

CONTENTS

| | <i>Page</i> |
|--|-------------|
| Investment Manager's Report | 1 |
| Statement by the Manager | 3 |
| Report of the Trustee | 4 |
| Independent Auditor's Report to the Unitholders of ABF Pan Asia Bond Index Fund | 5 |
| Statement of Net Assets | 7 |
| Statement of Operations | 8 |
| Statement of Changes in Net Assets Attributable to Holders of Redeemable Units | 9 |
| Statement of Cash Flows | 10 |
| Notes to the Financial Statements | 11 |
| Investment Portfolio | 30 |
| Statement of Movements in Portfolio Holdings | 41 |
| Performance Record | 42 |
| Administration and Management | 43 |

INVESTMENT MANAGER'S REPORT

ABOUT ABF PAN ASIA BOND INDEX FUND

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 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 organizations in China, Hong Kong, Indonesia, Korea, Malaysia, Philippines, Singapore, and Thailand.

Country weights were reviewed in January 2007 and changed effective 1st February 2007. The previous and current market weights of the index are:

| Market | Current Weights | Previous Weights |
|-------------|--------------------|---------------------|
| | (%) | (%) |
| China | 12.31 | 12.26 |
| Hong Kong | 18.56 | 18.36 |
| Indonesia | 6.06 | 5.94 |
| Korea | 20.96 | 20.84 |
| Malaysia | 10.37 | 10.22 |
| Philippines | 5.26 | 5.14 |
| Singapore | 17.92 | 17.73 |
| Thailand | 8.56 | 9.52 |

*Source: International Index Company, SSgA (as of 30th June 2007).

INVESTMENT MANAGER'S REPORT *(Continued)*

PERFORMANCE SUMMARY

| Periods Ending 30th June 2007 | 3 Months | Year to Date | Annualized Since Inception ^(a) |
|--|----------|--------------|---|
| ABF Pan Asia Bond Index Fund (PAIF) ^(b) | 0.71% | 2.67% | 8.26% |
| iBoxx ABF Pan-Asia Index | 0.87% | 2.93% | 9.13% |

Notes:

- (a) Performance inception date is from 29th 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 annualized total return of the Fund, including dividends, was 8.26% compared to an index return of 9.14%. This is a difference of -0.87% and is principally attributable to an amount of -0.93% 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 +0.05% 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 9.14% since inception. This performance was generated from resilient bond markets (contributing 4.95% to returns) as well as strong Asian currencies (contributing 4.19%).

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.

STATEMENT BY THE MANAGER

MANAGER'S RESPONSIBILITIES

The Manager of ABF Pan Asia Bond Index Fund (the "Fund") is required by the Code on Unit Trusts and Mutual Funds established by the Securities & Futures Commission of Hong Kong (the "SFC Code") and the Trust Deed dated 21st June 2005 (the "Trust Deed"), as amended, to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Fund at the end of that period and of the transactions for the period then ended. In respect of these financial statements the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are prudent and reasonable; and
- prepare or arrange for the preparation of the financial statements on the basis that the Fund will continue in operation unless it is inappropriate to presume this.

The Manager is also required to manage the Fund in accordance with the Trust Deed and take reasonable steps for the prevention and detection of fraud and other irregularities.

In the opinion of the Manager of the Fund, the accompanying financial statements set out on pages 7 to 29, comprising the Statement of Net Assets, Statement of Operations, Statement of Changes in Net Assets Attributable to Holders of Redeemable Units, Statement of Cash Flows and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position of the Fund as at 30th June 2007, and the results of its operation for the year ended and have been properly prepared in accordance with International Financial Reporting Standards. At the date of this statement, there are reasonable grounds to believe that the Fund will be able to meet its financial obligations as and when they materialize.

For and on behalf of the Manager

STATE STREET GLOBAL ADVISORS SINGAPORE LIMITED
27th September 2007

REPORT OF THE TRUSTEE

The Trustee of ABF Pan Asia Bond Index Fund (the "Fund") is required to:

- ensure that the Fund is managed by the Manager in accordance with the Trust Deed and that the investment and borrowing powers are complied with;
- satisfy itself that sufficient accounting and other records have been maintained;
- safeguard the property of the Fund and rights attaching thereto; and
- report to the Unitholders for each annual accounting period on the conduct of the Manager in the management of the Fund.

The Trustee is under a duty to take into custody and hold the accounts of the Fund in trust for the unitholders. In accordance with the Securities and Futures Act (Cap. 289) of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes (collectively referred to as the "laws and regulations"), the Trustee shall monitor the activities of the Manager for compliance with the limitations imposed on the investment and borrowing powers as set out in the Trust Deed in each accounting year and report thereon to unitholders in an annual report which shall contain the matters prescribed by the laws and regulations as well as International Financial Reporting Standards.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Fund during the period covered by these financial statements in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed, laws and regulations and otherwise in accordance with the provisions of the Trust Deed.

We hereby confirm that, in our opinion, the Manager of the Fund has, in all material respects, managed the Fund in accordance with the provisions of the Trust Deed dated 21st June 2005, as amended, for the year ended 30th June 2007.

For and on behalf of the Trustee

HSBC Institutional Trust Services (Singapore) Limited
27th September 2007

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF ABF PAN ASIA BOND INDEX FUND

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of ABF Pan Asia Bond Index Fund (the "Fund") which comprise the Statement of Net Assets as of 30th June 2007, Statement of Operations, Statement of Changes in Net Assets Attributable to Holders of Redeemable Units and Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF ABF PAN ASIA BOND INDEX FUND *(Continued)*

OPINION

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as of 30th June 2007, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

We report that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed dated 21st June 2005, as amended, and the relevant financial statements disclosure provisions specified in Appendix E of the Code on Unit Trusts and Mutual Funds established by the Securities and Futures Commission of Hong Kong.

PricewaterhouseCoopers
Certified Public Accountants
Singapore, 27th September 2007

STATEMENT OF NET ASSETS

As at 30th June 2007

| | <i>Notes</i> | 30th June 2007 | 30th June 2006 |
|---|--------------|----------------------|----------------------|
| | | US\$ | US\$ |
| Assets | | | |
| Investments | <i>9(a)</i> | 1,563,730,288 | 1,196,946,272 |
| Amount due from brokers | | 17,536,203 | 24,313,204 |
| Interest income receivable from bank deposits | | 3,533 | 3,875 |
| Cash at banks | | 6,849,204 | 2,566,091 |
| | | <u>1,588,119,228</u> | <u>1,223,829,442</u> |
| Total assets | | | |
| | | | |
| Liabilities | | | |
| Amount due to brokers | | 23,918,084 | 25,379,341 |
| Audit fee payable | | 40,000 | 40,000 |
| Trustee fee payable | <i>7(d)</i> | 129,347 | 48,818 |
| Management fee payable | <i>7(c)</i> | 397,946 | 154,673 |
| Index license fee payable | <i>8(a)</i> | 114,612 | 77,653 |
| Other payables | | 97,100 | 188,713 |
| | | <u>24,697,089</u> | <u>25,889,198</u> |
| Liabilities (excluding net assets attributable to holders of redeemable units) | | | |
| | | | |
| Net assets attributable to holders of redeemable units (before adjustments on formation expenses) | | | |
| | <i>3</i> | 1,563,422,139 | 1,197,940,244 |
| Adjustments for different bases adopted by the fund in arriving at the net assets attributable to holders of redeemable units | | | |
| | <i>3</i> | 509,534 | 679,069 |
| Net assets attributable to holders of redeemable units (after adjustments on formation expenses) | | | |
| | <i>3</i> | <u>1,563,931,673</u> | <u>1,198,619,313</u> |

Approved by the Trustee and the Manager on 27th September 2007.

HSBC Institutional Trust
Services (Singapore) Limited

State Street Global Advisors
Singapore Limited

The notes on pages 11 to 29 form part of these financial statements.

STATEMENT OF OPERATIONS

For the year ended 30th June 2007

| | | | For the period from 21st June 2005 (Date of the Trust Deed) to 30th June 2006 |
|---|--|--------------|--|
| Notes | For the year ended 30th June 2007 | US\$ | US\$ |
| Income | | | |
| | | 82,422 | 83,729 |
| Interest income on bank deposits | | | |
| Net gain on investments | 5 | 118,861,509 | 59,618,473 |
| Net foreign exchange gain | | 28,275,247 | 6,775,692 |
| Other income | 4 | 209,796 | 3,968 |
| | | 147,428,974 | 66,481,862 |
| Total investment income | | 147,428,974 | 66,481,862 |
| Expenses | | | |
| Management fee | 7(c) | 2,210,654 | 1,796,899 |
| Trustee fee | 7(d) | 709,941 | 565,637 |
| Index license fee | 8(a) | 307,288 | 264,060 |
| Formation expenses | | - | 850,000 |
| Transaction costs | | 1,665,997 | 576,425 |
| Publication and printing expenses | | 58,318 | 73,739 |
| Audit fee | | 40,000 | 40,000 |
| Processing agent fee | 8(b) | 12,570 | 9,949 |
| Bank charges | | 15,838 | 9,671 |
| Legal and professional fees | | 103,668 | 7,118 |
| Other operating expenses | | 438,005 | 221,968 |
| | | 5,562,279 | 4,415,466 |
| Total operating expenses | | 5,562,279 | 4,415,466 |
| Net operating profit | | 141,866,695 | 62,066,396 |
| Finance costs | | | |
| Distributions to holders of redeemable units | 13 | (54,413,160) | (22,362,742) |
| Profit for the year/period | | 87,453,535 | 39,703,654 |
| Adjustments for different bases adopted by the fund in arriving at the net assets attributable to holders of redeemable units | 3 | (169,535) | 679,069 |
| Increase in net assets attributable to holders of redeemable units | | 87,284,000 | 40,382,723 |

The notes on pages 11 to 29 form part of these financial statements.

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

For the year ended 30th June 2007

| | | For the year ended 30th June 2007 | For the period from 21st June 2005 (Date of the Trust Deed) to 30th June 2006 |
|---|-------------|--|--|
| | <i>Note</i> | US\$ | US\$ |
| Balance at beginning of the year/period | | 1,198,619,313 | - |
| Issue of units | 12 | 309,125,960 | 1,264,925,590 |
| Redemption of units | | (31,097,600) | (106,689,000) |
| Net issue of units | | 278,028,360 | 1,158,236,590 |
| Increase in net assets attributable to holders of redeemable units | | 87,284,000 | 40,382,723 |
| Balance at the end of the year/period | | <u>1,563,931,673</u> | <u>1,198,619,313</u> |

The notes on pages 11 to 29 form part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 30th June 2007

| | | | | For the year ended 30th June 2007 | For the period from 21st June 2005 (Date of the Trust Deed) to 30th June 2006 | |
|--|--------------|--|--|--|--|--|
| | <i>Notes</i> | | | US\$ | US\$ | |
| Operating activities | | | | | | |
| Payment for purchase of investments | 12 | | | (663,102,797) | (462,688,339) | |
| Proceeds from sale of investments | | | | 448,174,939 | 331,935,561 | |
| Interest expense | | | | (4,041) | (2,803) | |
| Legal and professional fee paid | | | | (103,668) | (7,118) | |
| Realised loss on foreign exchange contract | | | | (25,884) | (17,184) | |
| Printing and advertising expenses paid | | | | (58,318) | (67,523) | |
| Safe custody and bank charges paid | | | | (33,886) | (73,382) | |
| Trustee fee paid | | | | (629,412) | (516,819) | |
| Formation expenses | | | | - | (825,438) | |
| Management fee paid | | | | (1,967,381) | (1,642,226) | |
| Transaction costs paid | | | | (1,665,997) | (576,425) | |
| Index license fee paid | | | | (270,329) | (186,407) | |
| Interest received on bank deposits | | | | 82,764 | 79,853 | |
| Others | | | | (365,403) | (150,872) | |
| | | | | <u>(219,969,413)</u> | <u>(134,739,122)</u> | |
| Financing activities | | | | | | |
| Subscription of units | 12 | | | 309,125,960 | 266,355,590 | |
| Redemption of units | | | | (31,097,600) | (106,689,000) | |
| Distribution paid | 13 | | | (54,413,160) | (22,362,742) | |
| | | | | <u>223,615,200</u> | <u>137,303,848</u> | |
| Net cash inflow from financing activities | | | | | | |
| Increase in cash and cash equivalents | | | | 3,645,787 | 2,564,726 | |
| Effect of foreign exchange rate changes | | | | 637,326 | 1,365 | |
| Cash and cash equivalents at the beginning of the year/period | | | | 2,566,091 | - | |
| | | | | <u>6,849,204</u> | <u>2,566,091</u> | |
| Cash and cash equivalents at the end of the year/period | | | | | | |
| | | | | <u>6,849,204</u> | <u>2,566,091</u> | |
| Analysis of balances of cash and cash equivalents: | | | | | | |
| Cash at banks | | | | <u>6,849,204</u> | <u>2,566,091</u> | |

Refer to Note 12 for the details of non-cash transactions.

The notes on pages 11 to 29 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

ABF Pan Asia Bond Index Fund (the "Fund") is a Singapore unit trust authorized under Section 286 of the Securities and Futures Act (Cap. 289) of Singapore and Section 104 of the Securities and Futures Ordinance (Cap. 571) of Hong Kong. The Fund was constituted by a Trust Deed dated 21st June 2005 between State Street Global Advisors Singapore Limited and HSBC Institutional Trust Services (Singapore) Limited. The Trust Deed was amended and restated by an Amending and Restating Deed on 28th June 2006 and a Second Amending and Restating Deed dated 28th June 2007. 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 29th 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit and loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Manager to exercise its judgement in the process of applying the Fund's accounting policies.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

Amendment to published standards effective in 2006

IAS 39 (Amendment), The Fair Value Option is mandatory for the Fund's accounting period beginning on 1st January 2006. It allows entities to designate financial assets and financial liabilities at fair value through profit or loss when not held for trading if doing so eliminates or significantly reduces a measurement or recognition inconsistency ('an accounting mismatch') or if a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis. Adoption of this amendment only impacts the format and extent of disclosures presented in the financial statements.

Standards, interpretations and amendments to published standards that are not yet effective and not early adopted

IFRS 7 "Financial Instruments: Disclosures" introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, as well as including sensitivity analysis to market risk. It replaces the disclosure requirements in IAS 32. Amendment to IAS 1 "Presentation of Financial Statements – Capital Disclosures" introduces disclosures about the level of an entity's capital and how it manages capital. The Fund is assessing the impact of this new IFRS but is not yet in a position to state whether this new IFRS would have a significant impact on its results of operations and financial position.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

(b) Investments

The Fund invests in debt securities which are designated by the Manager as financial assets at fair value through profit and loss. Purchases and sales of investments are accounted for on the trade date basis. Investments are initially recognised at fair value, excluding transaction costs which are expensed as incurred, and are subsequently re-measured at fair value. Realised and unrealised gains and losses on investments are included in the Statement of Operations in the period in which they arise. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

Investments that are listed or traded on an exchange are fair valued based on quoted bid prices. Investments which are not listed on an exchange are valued by using quotes from brokers. The investments are fair valued based on quoted prices inclusive of accrued interests.

Foreign exchange contracts are valued at the difference between forward rates ruling at the valuation date and the contract rates. Realized and unrealized gains and losses on foreign exchange contracts are recognized in the Statement of Operations.

(c) Income

Interest income on bank deposits is recognised on a time-proportionate basis using the effective interest method. Interest income on investments is accounted for as part of net gain/loss on investments in the Statement of Operations. Other income are accounted for in the Statement of Operations on an accrual basis.

(d) Expenses

All expenses are accounted for in the Statement of Operations on an accrual basis.

(e) Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents comprise bank balances.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

(f) Amounts due from/to brokers

Amounts due from/to brokers represent receivables for investments sold and payables for investments purchased that have been contracted for but not yet settled by the end of the year.

(g) Translation of foreign currencies

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates ("the functional currency"). The financial statements are presented in United States dollars, which is the Fund's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of assets and liabilities denominated in foreign currencies are recognised in the Statement of Operations.

(h) Proceeds and payments on allotment and redemption of units

The net asset value per unit is computed for each dealing day. The price at which units are allotted or redeemed is calculated by reference to the net asset value per unit as at the close of business on the relevant dealing day. Units in the Fund are classified as a financial liability in the Statement of Net Assets and are stated at fair value representing the relevant net asset value at which holders of redeemable units can subscribe/redeem the units from the Fund.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

(i) Redeemable units

The Fund issues redeemable units, which are redeemable at the holder's option. Redeemable units can only redeem equal to a proportionate share of the Fund's net asset value. The redeemable unit is carried at the redemption amount that is payable at the balance sheet date if the holder exercises the right to put the unit back to the Fund. In accordance with the Fund's Trust Deed, the minimum redemption unit is 20,000 units.

Redeemable units are issued and redeemed at the holder's option at prices based on the Fund's net assets value per unit at the time of issue or redemption. The Fund's net asset value per unit is calculated by dividing the net assets attributable to the holders of redeemable units with the total number of outstanding redeemable units. In accordance with the provisions of the Fund's Trust Deed, investment positions are valued based on the last traded market price for the purpose of determining the net asset value per unit for creations and redemptions.

(j) Formation expenses

Expenditures incurred in the formation of the Fund are recognised as expenses of the Fund in the period in which they arise. Refer to note 3.

(k) Segmental information

In the opinion of the Manager, all activities of the Fund is in the single business of investment activities conducted mainly in Asia Pacific region. Geographical information is provided in note 9(a).

(l) Use of estimates

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the amounts reported in the accounts and accompanying notes. Actual results could differ from those estimates.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

3. NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS AND NUMBER OF UNITS IN ISSUE

Net assets attributable to holders of redeemable units

In accordance with the provisions of the Fund's Trust Deed dated 21st June 2005, as amended, the formation expenses (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(j), the accounting policy of the Fund for the purpose of compliance with IAS 38 – Intangible Assets and for reporting purpose is to expense the costs incurred in the formation of the Fund in the period in which they arose. As at 30th June 2007, the expensing of the unamortized formation expenses as stated in the financial statements resulted in a decrease in the Fund's other assets by US\$ 509,534 (2006: US\$ 679,069) compared with using the methodology indicated in the Fund's Trust Deed.

Net assets attributable to holders of redeemable units represent a liability in the Statement of Net Assets, carried at the redemption amount that would be payable at the Statement of Net Assets date if the holders of redeemable units exercised the right to redeem units in the Fund. Consequently, the changes in carrying amount of the net assets attributable to holders of redeemable units amounted to US\$169,535 decrease (2006: US\$679,069 increase) is recognized in the Statement of Operations. The cumulative differences are included as "Adjustments for different bases adopted by the Fund in arriving at the net assets attributable to holders of redeemable units" on the Statement of Net Assets.

Number of units in issue

| | 2007 | 2006 |
|--|------------|-------------|
| | units | units |
| Units in issue at the beginning of the year/period | 11,574,670 | – |
| Issue of units | 2,889,120 | 12,634,670 |
| Redemption of units | (280,000) | (1,060,000) |
| Units in issue at the end of the year/period | 14,183,790 | 11,574,670 |

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

| | 2007 | 2006 |
|--|---------------|---------------|
| | US\$ | US\$ |
| Net assets attributable to holders of redeemable units | 1,563,931,673 | 1,198,619,313 |
| Net assets attributable to holders of redeemable units (per unit) | 110.26 | 103.56 |
| Net asset value per Creation Unit (1 Creation Unit is equivalent to 20,000 units) | 2,205,238 | 2,071,108 |

4. OTHER INCOME

For each application for the creation of units or for the redemption of units, the Fund is entitled to receive a transaction fee of HK\$1,000 (approximately US\$128) per application and 0.125% for dilution charges.

5. NET GAIN ON INVESTMENTS

| | 2007 | 2006 |
|--|-------------|------------|
| | US\$ | US\$ |
| Change in unrealized gain/loss in value of investments | 63,866,846 | 32,741,819 |
| Realized gain on sale of investments | 54,994,663 | 26,876,654 |
| | 118,861,509 | 59,618,473 |

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

6. TAXATION

No provision for Hong Kong profits tax has been made as the interest income and realized gains on disposal of investments of the Fund are excluded from the charge to profits tax under Section 14, Section 26 or Section 26A of the Hong Kong Inland Revenue Ordinance.

The Fund is also a designated unit trust in Singapore and therefore, the following income is exempted from tax in accordance with section 35(12) of the Income Tax Act:

- (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 4d of the Income Tax Act); and
- (c) dividends derived from outside Singapore and received in Singapore.

7. TRANSACTIONS WITH THE MANAGER AND ITS CONNECTED PERSONS

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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

(a) Foreign currency transactions with connected person of The Manager

During the year, the Manager transacted US\$ 63,589,930 (2006: US\$ 142,161,942) in foreign currency transactions through its affiliated party, State Street Global Markets for the Fund's investments settlement purpose. The amount represents 10.86 % (2006: 20.18 %) of all the Fund's transactions during the period.

| Name of company | Aggregate value of foreign currency transactions | Total commission paid | % of the Fund's total commission paid in the year/period | Average commission rate |
|-----------------------------|--|-----------------------|--|-------------------------|
| | US\$ | US\$ | % | % |
| 2007 | | | | |
| State Street Global Markets | 63,589,930 | - | - | - |
| 2006 | | | | |
| State Street Global Markets | 142,161,942 | - | - | - |

(b) As at 30th June 2007, the directors and officers of the Manager together did not hold units in the Fund (2006: Nil).

(c) 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:

| | Prior to 30th June 2007 | With effect from 30th June 2007 |
|--------------------------|--|--|
| For first US\$1 billion | 0.16% | 0.13% |
| For next US\$250 million | 0.15% | 0.12% |
| For next US\$250 million | 0.14% | 0.11% |
| Thereafter | 0.13% | 0.10% |
| | Up to a maximum of 0.25% per annum of the Fund | Up to a maximum of 0.25% per annum of the Fund |

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

(d) 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.

(e) Bank balances

The bank balance of the Fund held with a related party of the Trustee is :

| | As at 30th June 2007 | As at 30th June 2006 |
|---|----------------------------|----------------------------|
| | US\$ | US\$ |
| HSBC Institutional Trust Services (Asia) Limited | 6,825,330 | 2,507,039 |

8. OTHER EXPENSES

(a) Index license fee

The index license fee is paid to the Index Provider of the Underlying Index. The index license fee is calculated at the rate of 0.023% per annum on the daily average net asset value of the Fund, subject to a minimum of US\$ 230,000 per annum. The index license fee is accrued daily and is payable quarterly in arrears.

(b) Processing agent fee

The processing agent fee is paid to Hong Kong Conversion Agency Services Limited. The processing agent performs through Hong Kong Clearing, certain of its services in connection with the creation and redemption of Units by authorized participants including facilitating the deposit of units into CCASS upon creation of units and the withdrawal of units from CCASS upon redemption.

A monthly retainer fee of HK\$5,000 will also be charged to the Fund.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

9. FINANCIAL RISK MANAGEMENT

The objective of the Fund is to provide investment results that closely correspond to the performance of the iBoxx ABF Pan-Asia Index. The risk exposures inherent in the Fund as at 30th June 2007 are summarized below.

(a) Market Price Risk

The Fund's fixed income securities are susceptible to market price risk arising from uncertainties about future price of the securities. The Fund's market price risk is managed through diversification of investment portfolio. As at year end, the overall market exposures were as follows:

| | As at 30th June 2007 | | As at 30th June 2006 | |
|--|----------------------|-----------------------|----------------------|-----------------------|
| | Fair value US\$ | % of net assets | Fair value US\$ | % of net assets |
| Listed/quoted bonds | | | | |
| – China | 192,717,524 | 12.32 | 133,512,995 | 11.14 |
| – Hong Kong | 289,754,071 | 18.53 | 217,891,005 | 18.18 |
| – Indonesia | 94,377,000 | 6.04 | 71,687,924 | 5.98 |
| – Korea | 327,326,672 | 20.93 | 248,330,884 | 20.72 |
| – Malaysia | 162,863,618 | 10.41 | 127,424,534 | 10.63 |
| – Philippine | 80,426,117 | 5.14 | 59,037,493 | 4.93 |
| – Singapore | 282,466,470 | 18.06 | 219,877,677 | 18.34 |
| – Thailand | 133,804,178 | 8.56 | 119,183,760 | 9.94 |
| | 1,563,735,650 | 99.99 | 1,196,946,272 | 99.86 |
| Unrealised loss on foreign exchange contracts <i>(Note 11)</i> | (5,362) | - | - | - |
| | 1,563,730,288 | 99.99 | 1,196,946,272 | 99.86 |
| Total investment, at cost | 1,473,532,214 | | 1,220,112,074 | |

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

(b) Credit risk

The Fund takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Impairment provisions are provided for losses that have been incurred by the balance sheet date, if any.

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet their obligation.

(c) Interest rate risk

The majority of the Fund's financial assets and liabilities are interest bearing; as a result, the Fund is subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents are invested at short-term market interest rates.

The Fund is exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

The table below summarize the Fund's exposure to interest rate risk. It includes the Fund's assets and liabilities at fair values, categorized by the earlier of contractual repricing or maturity dates.

As at 30th June 2007

| | Up to 1 year | 1-5 years | Over 5 years | Non-interest Bearing | Total |
|---|------------------|--------------------|--------------------|-------------------------|----------------------|
| | US\$ | US\$ | US\$ | US\$ | US\$ |
| Assets | | | | | |
| Investments | - | 995,431,553 | 564,867,558 | 3,431,177 | 1,563,730,288 |
| Cash at banks | 6,849,204 | - | - | - | 6,849,204 |
| Other assets | 3,533 | - | - | 17,536,203 | 17,539,736 |
| Total assets | 6,852,737 | 995,431,553 | 564,867,558 | 20,967,380 | 1,588,119,228 |
| Liabilities | | | | | |
| Amount due to brokers | - | - | - | (23,918,084) | (23,918,084) |
| Other liabilities | - | - | - | (779,005) | (779,005) |
| Liabilities (excluding net assets attributable to holders of redeemable units) | - | - | - | (24,697,089) | (24,697,089) |
| Total interest sensitivity gap | 6,852,737 | 995,431,553 | 564,867,558 | | |

As at 30th June 2006

| | Up to 1 year | 1-5 years | Over 5 years | Non-interest Bearing | Total |
|---|-------------------|--------------------|--------------------|-------------------------|----------------------|
| | US\$ | US\$ | US\$ | US\$ | US\$ |
| Assets | | | | | |
| Investments | 16,543,733 | 720,327,783 | 455,808,814 | 4,265,942 | 1,196,946,272 |
| Cash at banks | - | - | - | 2,566,091 | 2,566,091 |
| Other assets | 3,875 | - | - | 24,313,204 | 24,317,079 |
| Total assets | 16,547,608 | 720,327,783 | 455,808,814 | 31,145,237 | 1,223,829,442 |
| Liabilities | | | | | |
| Amount due to brokers | - | - | - | (25,379,341) | (25,379,341) |
| Other liabilities | - | - | - | (509,857) | (509,857) |
| Liabilities (excluding net assets attributable to holders of redeemable units) | - | - | - | (25,889,198) | (25,889,198) |
| Total interest sensitivity gap | 16,547,608 | 720,327,783 | 455,808,814 | | |

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

(d) Currency risk

The Fund holds assets denominated in currencies other than in US dollar, the functional currency. The Fund is therefore exposed to currency risk, as the value of the securities denominated in other currencies will fluctuate due to change in exchange rates.

The table below summarizes the Fund's exposure to currency risks.

As at 30th June 2007

| Original currency | HKD | IDR | KRW | MYR | PHP | RMB | SGD | THB | US\$ | Total |
|--|--------------------|-------------------|--------------------|--------------------|-------------------|--------------------|--------------------|--------------------|----------------------|----------------------|
| Equivalent to USD | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ |
| Assets | | | | | | | | | | |
| Investments | 289,754,071 | 94,377,000 | 327,326,672 | 162,863,618 | 80,426,117 | 192,717,524 | 282,466,470 | 133,804,178 | (5,362) | 1,563,730,288 |
| Cash at banks | 2,535,982 | 1,033,036 | 1,587,427 | 356,060 | 13,071 | 360,556 | 88,710 | 849,752 | 24,610 | 6,849,204 |
| Other assets | 3,892,001 | - | 7,617,612 | - | - | 6,029,345 | - | - | 778 | 17,539,736 |
| Total assets | 296,182,054 | 95,410,036 | 336,531,711 | 163,219,678 | 80,439,188 | 199,107,425 | 282,555,180 | 134,653,930 | 20,026 | 1,588,119,228 |
| Liabilities | | | | | | | | | | |
| Other liabilities | 4,145,201 | 2,801,548 | 4,236,070 | 3,998,317 | 501,936 | 6,280,358 | - | 1,954,653 | 779,005 | 24,697,089 |
| Liabilities (excluding net assets attributable to holders of redeemable units) | 4,145,201 | 2,801,548 | 4,236,070 | 3,998,317 | 501,936 | 6,280,358 | - | 1,954,653 | 779,005 | 24,697,089 |
| Net assets attributable to holders of redeemable units (before adjustments on formation expenses) | - | - | - | - | - | - | - | - | 1,563,422,139 | 1,563,422,139 |
| Adjustments for different bases adopted by the Fund in arriving at the net assets attributable to holders of redeemable units | - | - | - | - | - | - | - | - | 509,534 | 509,534 |
| Net assets attributable to holders of redeemable units (after adjustments on formation expenses) | - | - | - | - | - | - | - | - | 1,563,931,673 | 1,563,931,673 |

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

As at 30th June 2006

| Original currency | HKD | IDR | KRW | MYR | PHP | RMB | SGD | THB | US\$ | Total |
|---|--------------------|-------------------|--------------------|--------------------|-------------------|--------------------|--------------------|--------------------|---------------|----------------------|
| Equivalent to USD | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ |
| Assets | | | | | | | | | | |
| Investments | 217,881,005 | 71,687,924 | 248,330,884 | 127,424,534 | 58,037,493 | 133,512,995 | 219,877,677 | 119,183,760 | - | 1,196,946,272 |
| Cash at banks | 942,668 | 472,758 | 179,781 | 24,559 | 105,770 | 183,473 | 212,556 | 381,828 | 62,898 | 2,566,091 |
| Other assets | 5,141,064 | 3,622 | 10,689,091 | 5,951,590 | (439) | 2,518,997 | 11,522 | - | 1,632 | 24,317,079 |
| Total assets | 223,974,737 | 72,164,304 | 259,199,756 | 133,400,683 | 58,142,824 | 136,215,465 | 220,101,755 | 119,565,588 | 64,530 | 1,223,829,442 |
| Liabilities | | | | | | | | | | |
| Other liabilities | 3,861,851 | 1,847,685 | 10,680,192 | 6,659,763 | - | - | 2,331,125 | - | 508,582 | 25,889,198 |
| Liabilities | | | | | | | | | | |
| (excluding net assets attributable to holders of redeemable units) | 3,861,851 | 1,847,685 | 10,680,192 | 6,659,763 | - | - | 2,331,125 | - | 508,582 | 25,889,198 |
| Net assets attributable to holders of redeemable units (before adjustments on formation expenses) | - | - | - | - | - | - | - | - | 1,197,940,244 | 1,197,940,244 |
| Adjustments for different bases adopted by the Fund in arriving at the net assets attributable to holders of redeemable units | - | - | - | - | - | - | - | - | 679,069 | 679,069 |
| Net assets attributable to holders of redeemable units (after adjustments on formation expenses) | - | - | - | - | - | - | - | - | 1,198,619,313 | 1,198,619,313 |

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

(e) Emerging market risk

The Fund invests in certain Asian bond markets that are considered to be emerging markets. These markets are subject to special risk 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 capitalization; 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.

The Fund is designed to track the performance of the iBoxx Pan-Asia Bond Index, a broad Asian local currency bond index; therefore the exposure to emerging market risk in the Fund will be substantially the same as the index. As an indexed fund, the Manager manages the Fund's exposure to emerging market risk by ensuring that the key characteristics of the Fund, such as market weights and duration, are closely aligned to the characteristics of the index.

(f) Liquidity risk

The Fund is exposed to daily redemptions of units. It therefore invests the majority of its assets in investments that are traded in an active market which can be readily disposed of.

(g) Fair values of financial instruments

The Fund's carrying amounts of securities, other assets and liabilities approximate to their fair values. Other assets and liabilities include bank balances, accruals and other payables which are realized or settled within a short period of time.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

10. SOFT DOLLAR PRACTICES

The Manager may effect transactions, provided that any such transaction is consistent with standards of "best execution", by or through the agency of another person for the account of the Fund with whom the Manager or any of its Connected Persons have an arrangement under which that party will from time to time provide to or procure for the Manager or any of its Connected Persons goods, services or other benefits (such as research and advisory services, computer hardware associated with specialized software or research services and performance measures) the nature of which is such that their provision can reasonably be expected to benefit the Fund as a whole and may contribute to an improvement in the performance of the Fund. For the avoidance of doubt, such goods and services may not include travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employees' salaries or direct money payments.

Since the inception of the Fund, the Manager has not participated in any soft dollar arrangements in respect of any transactions for the account of the Fund.

11. OUTSTANDING FOREIGN EXCHANGE CONTRACTS

Outstanding foreign exchange contracts as at the year end were as follows:

| Contract to deliver | In exchange for | Settlement date | Unrealised loss |
|---------------------|-----------------|-----------------|-----------------|
| | | | US\$ |
| 2007 | | | |
| KRW 899,869,000 | USD 970,000 | 6th July 2007 | (5,362) |

2006

There were no outstanding foreign exchange contracts at period end.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

12. NON-CASH TRANSACTIONS

There was no non-cash transactions for the year ended 30th June 2007. For the period ended 30th June 2006, non-cash activities include:

| | 2006 |
|-------------------------|---------------|
| | US\$ |
| Purchase of investments | (998,570,000) |
| Subscription of units | 998,570,000 |

The Fund was initially funded by various organisations. On 29th 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.

13. DISTRIBUTION

| | 2007 | 2006 |
|--|--------------|--------------|
| | US\$ | US\$ |
| Amount available for distribution | 54,413,160 | 22,362,742 |
| Interim distribution | | |
| - US\$2.16 on 13,241,540 unit paid on 5th February 2007 | (28,601,726) | - |
| - US\$2.06 on 10,855,700 units paid on 7th February 2006 | - | (22,362,742) |
| | - | (22,362,742) |
| Final distribution | | |
| - US\$2.17 on 11,894,670 units paid on 2nd August 2006 | (25,811,434) | - |
| | (25,811,434) | - |
| Undistributed Amount | - | - |

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

14. SUPPLEMENTAL RATIOS

| | Year ended 30th June 2007 | Period ended 30th June 2006 |
|---|------------------------------|--------------------------------|
| Ratio of expenses to weighted average net assets ^(a) | 0.39% | 0.33% |
| Portfolio turnover ratio ^(b) | 29.64% | 31.48% |

Notes:

- (a) annualised ratio;
- (b) for the period from 1st July 2006 to 30th June 2007 computed as the lower of sales and purchases divided by the average net assets.

For the period ended 30th June 2006, the annualised ratio of expenses to weighted average net assets includes an amount of US\$ 850,000 set up costs written-off as stated in the Statement of Operation, and in accordance with the Accounting Policies. The annualised ratio of expenses of 0.33% includes 0.07 % that is attributable to this non-recurring charge. No set up costs incurred for the year ended 30th June 2007.

15. EVENT OCCURRING AFTER BALANCE SHEET DATE

Subsequent to the period end, the Fund announced a dividend distribution of US\$2.05 per unit. The dividend was paid on 6th August 2007. The net assets attributable to holders of redeemable units as at 30th June 2007 has not accrued the dividend distribution payable as mentioned above.

16. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Trustee and the Manager on 27th September 2007.

INVESTMENT PORTFOLIO

As at 30th June 2007 (Unaudited)

PRIMARY – BY GEOGRAPHY

| | Holdings at 30th June 2007 | Fair value at 30th June 2007 | Percentage of total net assets at 30th June 2007 |
|--|----------------------------------|------------------------------------|--|
| | | USD | % |
| CHINA (12.32%) | | | |
| Denominated in RMB | | | |
| AGRICUL DEV BANK CHINA 2.55% 22NOV2008 | 16,000,000 | 2,132,850 | 0.14 |
| AGRICUL DEV BANK CHINA 3.05% 12JUL2009 | 40,000,000 | 5,362,384 | 0.34 |
| AGRICULTURAL DEV BK CHINA 2.5% 15JUL2008 | 47,000,000 | 6,268,296 | 0.40 |
| AGRICULTURAL DEV BK CHINA 2.86% 22AUG10 | 20,000,000 | 2,674,851 | 0.17 |
| CHINA (GOVT OF) 2% 6JUN2009 SER 0206 | 55,000,000 | 7,079,860 | 0.45 |
| CHINA (GOVT OF) 2.14% 20OCT2010 0511 | 10,000,000 | 1,269,179 | 0.08 |
| CHINA (GOVT OF) 2.29% 16OCT2009 SER 0617 | 50,000,000 | 6,546,042 | 0.42 |
| CHINA (GOVT OF) 2.72% 15AUG2011 0612 | 26,000,000 | 3,370,224 | 0.22 |
| CHINA (GOVT OF) 2.83% 25AUG2012 0509 | 39,000,000 | 5,003,684 | 0.32 |
| CHINA (GOVT OF) 3.18% 23APR2012 0705 | 20,000,000 | 2,564,412 | 0.16 |
| CHINA (GOVT OF) 3.27% 15NOV2021 0619 | 25,000,000 | 2,906,069 | 0.19 |
| CHINA (GOVT OF) 3.5% 19NOV2010 0311 | 19,000,000 | 2,532,295 | 0.16 |
| CHINA (GOVT OF) 3.7% 26JUN2026 SER 0609 | 10,000,000 | 1,364,324 | 0.09 |
| CHINA (GOVT OF) 4.86% 25NOV2011 SER 0410 | 14,000,000 | 1,976,016 | 0.13 |
| CHINA (GOVT OF) SER 0215 2.93% 6DEC2009 | 140,000,000 | 18,535,773 | 1.18 |
| CHINA (GOVT OF) SER 0301 2.66% 19FEB2010 | 60,000,000 | 7,792,240 | 0.50 |
| CHINA (GOVT OF) SER 0501 4.44% 28FEB2015 | 35,000,000 | 4,761,510 | 0.30 |
| CHINA (GOVT OF) SER 0505 3.37% 25MAY2012 | 50,000,000 | 6,462,018 | 0.41 |
| CHINA (GOVT OF) SER 1503 3.3% 26APR2010 | 2,288,000 | 300,952 | 0.02 |
| CHINA DEV BANK 3.42% 2AUG2015 0514 | 25,000,000 | 3,136,197 | 0.20 |
| CHINA DEV BANK 3.8% 30OCT2036 0624 | 10,000,000 | 1,078,009 | 0.07 |
| CHINA DEV BANK 4.1% 30AUG2025 0517 | 28,000,000 | 3,413,765 | 0.22 |
| CHINA DEV BANK 4.52% 12JAN2032 0121 | 3,000,000 | 410,606 | 0.03 |
| CHINA GOVERNMENT BD 2.66% 19FEB2010 1301 | 11,000,000 | 1,427,966 | 0.09 |
| CHINA GOVERNMENT BOND 2.66% 20AUG2010 | 44,000,000 | 5,757,399 | 0.37 |
| CHINA GOVERNMENT BOND 2.95% 25SEP2011 | 4,688,000 | 587,893 | 0.04 |
| CHINA GOVERNMENT BOND 3% 18DEC2008 | 60,000,000 | 8,032,652 | 0.51 |
| CHINA GOVERNMENT BOND 3.05% 30OCT11 1112 | 5,481,000 | 704,467 | 0.05 |
| CHINA GOVERNMENT BOND 3.4% 17APR2023 | 70,000,000 | 8,223,122 | 0.53 |
| CHINA GOVT BOND 2.48% 25OCT2011 0618 | 46,000,000 | 5,851,611 | 0.37 |
| CHINA GOVT BOND 2.51% 27FEB2013 0601 | 6,000,000 | 738,447 | 0.05 |
| CHINA GOVT BOND 2.51% 27FEB2013 1601 | 4,000,000 | 490,063 | 0.03 |
| CHINA GOVT BOND 2.54% 18APR2012 1203 | 55,500,000 | 6,791,445 | 0.43 |
| CHINA GOVT BOND 2.6% 20SEP2017 1213 | 58,767,000 | 6,690,394 | 0.43 |
| CHINA GOVT BOND 2.64% 23AUG2009 0211 | 40,000,000 | 5,321,000 | 0.34 |

INVESTMENT PORTFOLIO *(Continued)*

As at 30th June 2007 (Unaudited)

PRIMARY – BY GEOGRAPHY *(Continued)*

| | Holdings at 30th June 2007 | Fair value at 30th June 2007 | Percentage of total net assets at 30th June 2007 |
|--|----------------------------------|------------------------------------|--|
| | USD | | % |
| CHINA <i>(Continued)</i> | | | |
| Denominated in RMB | | | |
| CHINA GOVT BOND 2.8% 27MAR2016 0603 | 20,000,000 | 2,363,365 | 0.15 |
| CHINA GOVT BOND 2.8% 9APR2013 0302 | 6,000,000 | 747,361 | 0.05 |
| CHINA GOVT BOND 2.89% 31AUG2013 0613 | 10,000,000 | 1,263,833 | 0.08 |
| CHINA GOVT BOND 2.9% 24MAY2032 0205 | 20,000,000 | 1,949,855 | 0.12 |
| CHINA GOVT BOND 2.92% 26SEP2016 0616 | 4,000,000 | 472,616 | 0.03 |
| CHINA GOVT BOND 3.01% 25NOV2012 0513 | 23,000,000 | 2,946,775 | 0.19 |
| CHINA GOVT BOND 3.3% 26APR2010 0503 | 2,000,000 | 262,118 | 0.02 |
| CHINA GOVT BOND 4.18% 24OCT2018 0309 | 10,000,000 | 1,287,386 | 0.08 |
| CHINA GOVT BOND 4.27% 17MAY2037 SER 0706 | 10,000,000 | 1,283,376 | 0.08 |
| CHINA GOVT BOND 4.3% 20OCT2009 1408 | 22,000,000 | 3,035,385 | 0.19 |
| CHINA GOVT BOND 4.42% 20APR2009 0403 | 40,000,000 | 5,440,976 | 0.35 |
| CHINA GOVT BOND 4.42% 20APR2009 1403 | 8,035,000 | 1,089,083 | 0.07 |
| CHINA GOVT BOND 4.71% 25AUG2011 0407 | 6,000,000 | 850,472 | 0.05 |
| CHINA GOVT BOND 4.89% 25MAY2011 1404 | 17,000,000 | 2,337,286 | 0.15 |
| EXPORT IMPORT BANK CHINA 3.38% 24JUN2012 | 30,000,000 | 3,802,392 | 0.24 |
| EXPORT IMPORT BANK CHINA 4.13% 15APR2010 | 10,000,000 | 1,340,552 | 0.09 |
| PEOPLE'S BANK OF CHINA 3.1% 2MAR2010 | 15,000,000 | 1,972,795 | 0.13 |
| PEOPLE'S BANK OF CHINA 3.24% 23MAR2010 | 30,000,000 | 3,944,324 | 0.25 |
| PEOPLE'S BANK OF CHINA 3.28% 13APR2010 | 20,000,000 | 2,624,533 | 0.17 |
| PEOPLE'S BANK OF CHINA 3.28% 6APR2010 | 47,000,000 | 6,145,026 | 0.39 |
| | | 192,717,524 | 12.32 |
| HONG KONG (18.53%) | | | |
| Denominated in HKD | | | |
| ASIA DEVELOPMENT BK 4.28% 21SEP2009 EMTN | 59,000,000 | 7,484,700 | 0.48 |
| EUROFIMA 4.18% EMTN 8JUN2015 | 32,500,000 | 3,897,624 | 0.25 |
| HK GOVERNMENT 4.49% 26NOV2012 7211 | 16,500,000 | 2,111,441 | 0.14 |
| HK GOVERNMENT BOND 1012 7.01% 6DEC2010 | 15,600,000 | 2,165,418 | 0.14 |
| HK GOVERNMENT BOND 1412 3.51% 8DEC2014 | 15,500,000 | 1,846,250 | 0.12 |
| HK GOVERNMENT BOND 3.78% 6DEC2016 1612 | 30,000,000 | 3,580,823 | 0.23 |
| HK GOVERNMENT BOND 3.8% 17NOV2008 2811 | 24,000,000 | 3,068,005 | 0.20 |
| HK GOVERNMENT BOND 3.97% 19SEP2011 5109 | 35,000,000 | 4,435,006 | 0.28 |
| HK GOVERNMENT BOND 4% 16FEB2009 | 61,500,000 | 7,954,184 | 0.51 |
| HK GOVERNMENT BOND 4.06% 19MAR2012 | 14,000,000 | 1,775,010 | 0.11 |
| HK GOVERNMENT BOND 4.13% 22FEB2013 7302 | 48,000,000 | 6,091,636 | 0.39 |
| HK GOVERNMENT BOND 4.23% 21MAR2011 5103 | 47,500,000 | 6,096,465 | 0.39 |

INVESTMENT PORTFOLIO *(Continued)*

As at 30th June 2007 (Unaudited)

PRIMARY – BY GEOGRAPHY *(Continued)*

| | Holdings at 30th June 2007 | Fair value at 30th June 2007 | Percentage of total net assets at 30th June 2007 |
|---|----------------------------------|------------------------------------|--|
| | USD | | % |
| HONG KONG <i>(Continued)</i> | | | |
| Denominated in HKD | | | |
| HK GOVERNMENT BOND 4.28% 28FEB2014 | 33,000,000 | 4,199,924 | 0.27 |
| HK GOVERNMENT BOND 4.33% 7DEC2015 1512 | 21,500,000 | 2,693,044 | 0.17 |
| HK GOVERNMENT BOND 4.4% 22AUG2013 7308 | 29,500,000 | 3,791,400 | 0.24 |
| HK GOVERNMENT BOND 4.57% 13JUN2011 5106 | 47,500,000 | 6,105,553 | 0.39 |
| HK GOVERNMENT BOND 4.74% 24MAY2013 7305 | 20,000,000 | 2,589,293 | 0.17 |
| HK GOVERNMENT BOND 4.83% 7JUN2016 1606 | 16,000,000 | 2,074,504 | 0.13 |
| HK GOVERNMENT BOND 5003 3.52% 22MAR2010 | 40,000,000 | 5,054,231 | 0.32 |
| HK GOVERNMENT BOND 5012 4.26% 20DEC2010 | 40,000,000 | 5,091,458 | 0.33 |
| HK GOVERNMENT BOND 5809 3.27% 25SEP2008 | 25,000,000 | 3,190,986 | 0.20 |
| HK GOVERNMENT BOND 5906 3.7% 23JUN2009 | 76,000,000 | 9,617,464 | 0.62 |
| HK GOVERNMENT BOND 5909 3.18% 28SEP2009 | 25,300,000 | 3,184,801 | 0.20 |
| HK GOVERNMENT BOND 5912 2.69% 21DEC2009 | 87,000,000 | 10,707,174 | 0.68 |
| HK GOVERNMENT BOND 7002 3.8% 26FEB2010 | 73,000,000 | 9,324,927 | 0.60 |
| HK GOVERNMENT BOND 7008 3.92% 20AUG2010 | 18,500,000 | 2,364,746 | 0.15 |
| HK GOVERNMENT BOND 7108 3.93% 26AUG2011 | 18,000,000 | 2,283,762 | 0.15 |
| HK GOVERNMENT BOND 7111 3.12% 25NOV2011 | 16,000,000 | 1,939,307 | 0.12 |
| HK GOVERNMENT BOND 7202 3.14% 24FEB2012 | 50,000,000 | 6,093,192 | 0.39 |
| HK GOVERNMENT BOND 7205 3.61% 28MAY2012 | 15,000,000 | 1,845,814 | 0.12 |
| HK GOVERNMENT EX FD NT 1006 7.31% 21JUN10 | 52,000,000 | 7,194,658 | 0.46 |
| HK GOVERNMENT EX FD NT 1106 6.13% 20JUN11 | 15,500,000 | 2,102,344 | 0.13 |
| HK GOVERNMENT EX FD NT 1112 5.92% 5DEC11 | 33,400,000 | 4,526,081 | 0.29 |
| HK GOVERNMENT EX FD NT 1206 5.8% 19JUN12 | 42,400,000 | 5,728,402 | 0.37 |
| HK GOVERNMENT EX FD NT 1306 3.73% 5JUN13 | 23,400,000 | 2,868,246 | 0.18 |
| HK GOVERNMENT EX FD NT 1312 4.32% 2DEC13 | 17,200,000 | 2,170,943 | 0.14 |
| HK GOVERNMENT EX FD NT 1406 4.82% 2JUN14 | 17,000,000 | 2,205,226 | 0.14 |
| HK GOVERNMENT EX FD NT 1807 9.8% 28JUL08 | 83,000,000 | 11,674,615 | 0.75 |
| HK GOVERNMENT EX FD NT 1906 7.21% 9JUN09 | 33,000,000 | 4,463,634 | 0.29 |
| HK GOVERNMENT EX FD NT 5812 3.34% 19DEC08 | 54,500,000 | 6,892,352 | 0.44 |
| HK GOVERNMENT EX FD NT 5903 2.52% 24MAR09 | 60,000,000 | 7,506,177 | 0.48 |
| HK GOVERNMENT EX FD NT 7011 3.95% 26NOV10 | 19,000,000 | 2,401,408 | 0.15 |
| HK GOVERNMENT EX FD NT 7102 3.27% 25FEB11 | 33,000,000 | 4,099,439 | 0.26 |
| HK GOVERNMENT EX FD NT 7105 4.5% 27MAY11 | 20,000,000 | 2,569,612 | 0.16 |
| HK GOVERNMENT NOTE 1912 7.47% 8DEC2009 | 37,000,000 | 5,091,857 | 0.33 |
| HK GOVERNMENT SER 1506 3.5% 22JUN2015 | 19,700,000 | 2,328,500 | 0.15 |
| HK GOVERNMENT SER 5009 3.79% 20SEP2010 | 50,000,000 | 6,341,917 | 0.41 |

INVESTMENT PORTFOLIO *(Continued)*

As at 30th June 2007 (Unaudited)

PRIMARY – BY GEOGRAPHY *(Continued)*

| | Holdings at 30th June 2007 | Fair value at 30th June 2007 | Percentage of total net assets at 30th June 2007 |
|--|----------------------------------|------------------------------------|--|
| | USD | USD | % |
| HONG KONG <i>(Continued)</i> | | | |
| Denominated in HKD | | | |
| HK GOVERNMENT SER 7208 4% 27AUG2012 | 12,000,000 | 1,516,500 | 0.10 |
| HK MORTGAGE CORP 3.78% 4APR2011 | 4,000,000 | 494,737 | 0.03 |
| HK MORTGAGE CORP EMTN 3.8% 6APR2011 | 7,000,000 | 865,628 | 0.06 |
| HK MORTGAGE CORPORATION 4.5% 16JAN2009 | 36,000,000 | 4,631,208 | 0.30 |
| HKSAR GOVERNMENT 3.75% 23JUL2009 | 127,000,000 | 16,201,827 | 1.04 |
| HKSAR GOVERNMENT 5.125% 23JUL2019 | 56,500,000 | 7,301,495 | 0.47 |
| HONG KONG (GOVT OF) 4.85% 27JUN2017 | 32,000,000 | 4,141,598 | 0.26 |
| HONG KONG MTG CORP 4.1% 9JAN2012 MTN | 86,000,000 | 10,645,008 | 0.68 |
| INTER-AMERICAN DEV BANK 4.2% 24MAR2014 | 34,000,000 | 4,141,178 | 0.26 |
| INTL FINANCE CORP 4.45% 1SEP2009 | 24,500,000 | 3,132,515 | 0.20 |
| KOWLOON-CANTON RAILWAY 4.65% 10JUN2013 | 19,500,000 | 2,421,976 | 0.15 |
| MTR CORP (C.I.) 4.75% 11MAY2020 | 22,000,000 | 2,658,836 | 0.17 |
| MTR CORP CAYMAN ISLANDS 4.15% 13NOV2009 | 45,000,000 | 5,061,164 | 0.32 |
| MTR CORP CAYMAN ISLANDS 4.15% 13NOV2009 | 39,500,000 | 5,698,769 | 0.36 |
| MTR CORPORATION (C.I.) EMTN 4.28% 6JUL20 | 35,000,000 | 4,044,496 | 0.26 |
| NORDIC INVESTMENT BANK 3.77% 12JUL2010 | 31,000,000 | 3,973,583 | 0.25 |
| | | 289,754,071 | 18.53 |
| | | 289,754,071 | 18.53 |
| INDONESIA (6.04%) | | | |
| Denominated in IDR | | | |
| INDO RECAP BD 14.275% 15DEC2013 FR20 | 12,000,000,000 | 1,680,575 | 0.11 |
| INDON RECAP 13.45% 15AUG2011 FR0016 (1) | 40,000,000,000 | 5,364,477 | 0.34 |
| INDON RECAP BD 13.15% 15JAN12 FR0017 (1) | 50,000,000,000 | 6,739,066 | 0.43 |
| INDON RECAP BD 13.15% 15JAN2012 FR0017 | 22,000,000,000 | 2,965,189 | 0.19 |
| INDON RECAP BD 13.15% 15MAR2010 FR0010 | 35,000,000,000 | 4,456,107 | 0.29 |
| INDON RECAP BD 13.45% 15AUG2011 FR0016 | 19,000,000,000 | 2,548,126 | 0.16 |
| INDON RECAP BD 14% 15JUN2009 FR0002 | 15,500,000,000 | 1,918,417 | 0.12 |
| INDON RECAP BD 14.25% 15JUN2013 FR0019 | 34,000,000,000 | 4,706,284 | 0.30 |
| INDON RECAP BD 15.425% 15SEP2010 FR0013 | 21,500,000,000 | 2,943,102 | 0.19 |
| INDONESIA (GOVT OF) 10.75% 15MAY16 FR30 | 19,000,000,000 | 2,347,100 | 0.15 |
| INDONESIA (GOVT OF) 11% 15DEC2012 FR23 | 48,000,000,000 | 5,867,586 | 0.38 |
| INDONESIA (GOVT OF) 11.5% 15SEP2019 FR36 | 8,000,000,000 | 1,048,769 | 0.07 |
| INDONESIA (GOVT OF) 11.6% 15AUG2018 FR38 | 6,500,000,000 | 865,950 | 0.06 |
| INDONESIA (GOVT OF) 11.75% 15AUG2023 | 20,000,000,000 | 2,677,321 | 0.17 |
| INDONESIA (GOVT OF) 12% 15SEP2026 FR37 | 20,000,000,000 | 2,715,601 | 0.17 |
| INDONESIA (GOVT OF) 12.5% 15MAR2013 FR33 | 6,000,000,000 | 792,805 | 0.05 |

INVESTMENT PORTFOLIO *(Continued)*

As at 30th June 2007 (Unaudited)

PRIMARY – BY GEOGRAPHY *(Continued)*

| | Holdings at 30th June 2007 | Fair value at 30th June 2007 | Percentage of total net assets at 30th June 2007 |
|--|----------------------------------|------------------------------------|--|
| | USD | % | |
| INDONESIA <i>(Continued)</i> | | | |
| Denominated in IDR | | | |
| INDONESIA (GOVT OF) 12.8% 15JUN2021 FR34 | 8,000,000,000 | 1,114,996 | 0.07 |
| INDONESIA (GOVT OF) 12.9% 15JUN2022 FR35 | 16,000,000,000 | 2,238,682 | 0.14 |
| INDONESIA (REP OF) 10.25% 15JUL2022 FR43 | 18,000,000,000 | 2,179,765 | 0.14 |
| INDONESIA (REP OF) 11% 15SEP2025 FR40 | 29,000,000,000 | 3,646,701 | 0.23 |
| INDONESIA (REP OF) 9.75% 15MAY2037 FR45 | 15,000,000,000 | 1,686,331 | 0.11 |
| INDONESIA GOVERNMENT 10% 15JUL2017 FR28 | 37,000,000,000 | 4,516,382 | 0.29 |
| INDONESIA GOVERNMENT 11% 15OCT2014 FR26 | 14,000,000,000 | 1,750,305 | 0.11 |
| INDONESIA GOVERNMENT 9.5% 15JUN2015 FR27 | 50,000,000,000 | 5,725,560 | 0.37 |
| INDONESIA GOVT 10.25% 15JUL2027 SER FR42 | 55,000,000,000 | 6,597,723 | 0.42 |
| INDONESIA GOVT 11% 15NOV2020 SER FR31 | 44,000,000,000 | 5,493,501 | 0.35 |
| INDONESIA GOVT 11% 15OCT2014 FR26 (1) | 50,000,000,000 | 6,251,088 | 0.40 |
| INDONESIA GOVT 12% 15OCT2010 | 20,000,000,000 | 2,480,345 | 0.16 |
| INDONESIA RECAP BD 13.4% 15FEB2011 FR15 | 8,000,000,000 | 1,059,146 | 0.07 |
| | | 94,377,000 | 6.04 |
| KOREA (20.93%) | | | |
| Denominated in KRW | | | |
| KDICB REDEMPTION FUND 4.81% 16AUG2010 | 10,000,000,000 | 10,700,593 | 0.68 |
| KOREA DEPOSIT INSURANCE 6.57% 9NOV2008 | 5,000,000,000 | 5,547,292 | 0.35 |
| KOREA DEVELOPMENT BANK 5% 6JUL09 SER0706 | 10,000,000,000 | 10,866,229 | 0.69 |
| KOREA HIGHWAY CORP 5.1% 14MAR2014 SR 412 | 10,000,000,000 | 10,578,370 | 0.68 |
| KOREA MONETARY STAB 4.75% 15NOV2008 6747 | 7,000,000,000 | 7,566,606 | 0.48 |
| KOREA MONETARY STAB 4.98% 11APR2009 7713 | 14,500,000,000 | 15,775,336 | 1.01 |
| KOREA MONETARY STAB 5% 14FEB2009 7705 | 10,000,000,000 | 10,838,974 | 0.69 |
| KOREA MONETARY STAB 5.12% 9MAY2009 7717 | 10,000,000,000 | 10,860,511 | 0.69 |
| KOREA MONETARY STAB BD 4.91% 26JUL2008 | 6,000,000,000 | 6,528,126 | 0.42 |
| KOREA TREASURY BD 4% 10JUN2010 1006 | 13,000,000,000 | 13,591,133 | 0.87 |
| KOREA TREASURY BD 4.25% 10SEP2014 1409 | 20,600,000,000 | 20,970,140 | 1.34 |
| KOREA TREASURY BD 4.75% 17SEP2013 1309 | 9,000,000,000 | 9,511,553 | 0.61 |
| KOREA TREASURY BD 6.91% 18JUL2011 1107 | 10,000,000,000 | 11,552,618 | 0.74 |
| KOREA TREASURY BOND 3.5% 10DEC2009 | 17,000,000,000 | 17,670,797 | 1.13 |
| KOREA TREASURY BOND 4.25% 10SEP2008 0809 | 2,000,000,000 | 2,167,616 | 0.14 |
| KOREA TREASURY BOND 4.5% 10JUN2009 0906 | 14,000,000,000 | 14,960,383 | 0.96 |
| KOREA TREASURY BOND 4.5% 9SEP2008 0809 | 28,000,000,000 | 30,459,895 | 1.95 |
| KOREA TREASURY BOND 4.75% 10JUN2009 0906 | 11,000,000,000 | 11,812,189 | 0.76 |
| KOREA TREASURY BOND 4.75% 10MAR2012 1203 | 5,000,000,000 | 5,346,727 | 0.34 |
| KOREA TREASURY BOND 4.75% 10SEP2011 1109 | 5,500,000,000 | 5,891,523 | 0.38 |

INVESTMENT PORTFOLIO *(Continued)*

As at 30th June 2007 (Unaudited)

PRIMARY – BY GEOGRAPHY *(Continued)*

| | Holdings at 30th June 2007 | Fair value at 30th June 2007 | Percentage of total net assets at 30th June 2007 |
|--|----------------------------------|------------------------------------|--|
| | | USD | % |
| KOREA <i>(Continued)</i> | | | |
| Denominated in KRW | | | |
| KOREA TREASURY BOND 5% 10MAR2009 0903 | 10,000,000,000 | 10,930,951 | 0.70 |
| KOREA TREASURY BOND 5% 10MAR2011 1103 | 15,500,000,000 | 16,799,548 | 1.07 |
| KOREA TREASURY BOND 5% 10SEP2016 1609 | 14,000,000,000 | 14,820,781 | 0.95 |
| KOREA TREASURY BOND 5% 26MAR2013 1303 | 5,000,000,000 | 5,362,699 | 0.34 |
| KOREA TREASURY BOND 5.25% 10DEC2010 1012 | 13,000,000,000 | 14,045,908 | 0.90 |
| KOREA TREASURY BOND 5.25% 10MAR2027 2703 | 1,000,000,000 | 1,054,508 | 0.07 |
| KOREA TREASURY BOND 5.25% 10SEP2015 1509 | 16,500,000,000 | 17,847,846 | 1.14 |
| KOREA TREASURY BOND 5.25% 17MAR2014 | 5,000,000,000 | 5,426,553 | 0.35 |
| KOREA TREASURY BOND 5.75% 10MAR2026 2603 | 7,000,000,000 | 7,841,267 | 0.50 |
| | | 327,326,672 | 20.93 |
| MALAYSIA (10.41%) | | | |
| Denominated in MYR | | | |
| ASIA DEVELOPMENT BK 4.265% 25APR2011 MTN | 2,000,000 | 595,770 | 0.04 |
| KHAZ NAS BHD 0% 18JAN2010 | 13,000,000 | 3,436,538 | 0.22 |
| MALAYSIA (GOVT OF) 7% 15MAR2009 SR 1/89 | 12,000,000 | 3,749,506 | 0.24 |
| MALAYSIA INVESTMENT ISS 3.895% 14APR2009 | 17,000,000 | 4,986,835 | 0.32 |
| MALAYSIA INVESTMENT ISS 3.941% 15JUN2017 | 2,000,000 | 594,838 | 0.04 |
| MALAYSIA INVESTMENT ISS 4.635% 14JUL2011 | 3,500,000 | 1,070,494 | 0.07 |
| MALAYSIA INVESTMENT ISSUE 3.57% 15MAR10 | 24,500,000 | 7,180,642 | 0.46 |
| MALAYSIAN GOVERNMENT 3.502% 31MAY2027 | 7,000,000 | 1,946,532 | 0.12 |
| MALAYSIAN GOVT 3.644% 25AUG2010 1/05 | 35,300,000 | 10,402,410 | 0.66 |
| MALAYSIAN GOVT 3.702% 25FEB2013 3/03 | 22,400,000 | 6,657,716 | 0.43 |
| MALAYSIAN GOVT 3.718% 15JUN2012 5/06 | 22,500,000 | 6,600,170 | 0.42 |
| MALAYSIAN GOVT 3.814% 15FEB2017 SER 0207 | 3,000,000 | 901,136 | 0.06 |
| MALAYSIAN GOVT 3.833% 28SEP2011 1/01 | 15,500,000 | 4,593,323 | 0.29 |
| MALAYSIAN GOVT 3.869% 13APR2010 3/06 | 17,500,000 | 5,178,785 | 0.33 |
| MALAYSIAN GOVT 4.032% 15SEP2009 4/04 | 35,500,000 | 10,476,393 | 0.67 |
| MALAYSIAN GOVT 4.262% 15SEP2016 1/06 | 26,300,000 | 8,065,815 | 0.52 |
| MALAYSIAN GOVT 4.305% 27FEB2009 1/04 | 62,000,000 | 18,455,521 | 1.18 |
| MALAYSIAN GOVT 4.709% 15SEP2026 2/06 | 1,000,000 | 320,239 | 0.02 |
| MALAYSIAN GOVT 4.72% 30SEP2015 2/05 | 15,830,000 | 5,014,591 | 0.32 |
| MALAYSIAN GOVT 4.837% 15JUL2025 3/05 | 20,670,000 | 6,772,879 | 0.43 |
| MALAYSIAN GOVT 5.094% 30APR2014 2/04 | 71,000,000 | 22,554,929 | 1.44 |
| MALAYSIAN GOVT 5.734% 30JUL2019 3/04 | 8,000,000 | 2,790,862 | 0.18 |
| MALAYSIAN GOVT 6.45% 1JUL2008 2/88 | 15,000,000 | 4,610,500 | 0.29 |

INVESTMENT PORTFOLIO *(Continued)*

As at 30th June 2007 (Unaudited)

PRIMARY – BY GEOGRAPHY *(Continued)*

| | Holdings at 30th June 2007 | Fair value at 30th June 2007 | Percentage of total net assets at 30th June 2007 |
|--|----------------------------------|------------------------------------|--|
| | | USD | % |
| MALAYSIA <i>(Continued)</i> | | | |
| Denominated in MYR | | | |
| MALAYSIAN GOVT INV 3.82% 15NOV2016 0603 | 15,000,000 | 4,408,653 | 0.28 |
| MALAYSIAN, GOVT OF 3.756% 28APR2011 | 29,000,000 | 8,543,380 | 0.55 |
| RANTAU ABANG CAP 4.39% 15MAR2011 IMTN | 19,000,000 | 5,649,553 | 0.36 |
| SYARIKAT PRASARANA NEGAR 3.45% 30NOV08 | 10,000,000 | 2,895,510 | 0.19 |
| SYARIKAT PRASARANA NEGARA 3.8% 30NOV2011 | 5,000,000 | 1,448,541 | 0.09 |
| SYKT PRASARANA NEGAR 4.27% 30NOV2016 | 10,000,000 | 2,961,557 | 0.19 |
| | | 162,863,618 | 10.41 |
| | | ----- | ----- |
| PHILIPPINES (5.14%) | | | |
| Denominated in PHP | | | |
| PHILIPPINE (GOVT OF) 10.75% 12MAY2009 | 48,000,000 | 1,117,827 | 0.07 |
| PHILIPPINE (GOVT OF) 12.125% 20OCT2025 | 25,000,000 | 707,516 | 0.05 |
| PHILIPPINE (GOVT OF) 5.5% 21FEB2010 3-16 | 220,097,642 | 4,752,899 | 0.30 |
| PHILIPPINE (GOVT OF) 7.125% 2NOV2013 | 31,000,000 | 679,343 | 0.04 |
| PHILIPPINE (GOVT OF) 8.5% 17FEB2009 3-13 | 336,274,636 | 7,674,995 | 0.49 |
| PHILIPPINE (GOVT OF) 8.75% 27JUL2009 | 25,000,000 | 578,468 | 0.04 |
| PHILIPPINE (GOVT OF) 9.375% 5OCT2031 | 50,000,000 | 1,142,141 | 0.07 |
| PHILIPPINE GOVT 11.375% 18AUG2012 7-40 | 35,000,000 | 904,978 | 0.06 |
| PHILIPPINE GOVT 11.375% 23OCT2023 20-6 | 100,000,000 | 2,726,590 | 0.18 |
| PHILIPPINE GOVT 11.5% 27JAN2010 5-57 | 65,000,000 | 1,599,433 | 0.10 |
| PHILIPPINE GOVT 11.5% 7APR2010 (5-58) | 73,000,000 | 1,775,750 | 0.11 |
| PHILIPPINE GOVT 11.875% 21OCT08 4-13 | 117,000,000 | 2,727,742 | 0.18 |
| PHILIPPINE GOVT 11.875% 29MAY2023 20-5 | 124,000,000 | 3,471,738 | 0.22 |
| PHILIPPINE GOVT 11.875% 6APR09 5-53 | 94,000,000 | 2,235,399 | 0.14 |
| PHILIPPINE GOVT 12% 13JAN2009 4-14 | 144,000,000 | 3,472,210 | 0.22 |
| PHILIPPINE GOVT 12% 15APR2011 7-36 | 150,000,000 | 3,776,644 | 0.24 |
| PHILIPPINE GOVT 12% 22JUL2011 7-37 | 266,000,000 | 6,873,516 | 0.44 |
| PHILIPPINE GOVT 12.375% 24FEB15 1036 | 158,000,000 | 4,422,108 | 0.28 |
| PHILIPPINE GOVT 14.375% 24APR2017 20-1 | 35,000,000 | 1,095,159 | 0.07 |
| PHILIPPINE GOVT BONDS 11.75% 15MAY2013 | 88,000,000 | 2,291,817 | 0.15 |
| PHILIPPINE GOVT BONDS 13% 25APR2012 | 84,000,000 | 2,229,349 | 0.14 |
| PHILIPPINES (REP OF) 10.25% 19JAN2026 | 145,000,000 | 3,663,892 | 0.23 |
| PHILIPPINES (REP OF) 5.75% 21FEB2012 | 122,000,000 | 2,596,638 | 0.17 |
| PHILIPPINES (REP OF) 8% 7DEC2026 2013 | 19,000,000 | 388,490 | 0.03 |
| PHILIPPINES (REP OF) 8.5% 3MAR2011 5-62 | 176,195,535 | 4,082,559 | 0.26 |
| PHILIPPINES (REP OF) 8.75% 3MAR2013 7-43 | 188,148,282 | 4,457,400 | 0.29 |

INVESTMENT PORTFOLIO *(Continued)*

As at 30th June 2007 (Unaudited)

PRIMARY – BY GEOGRAPHY *(Continued)*

| | Holdings at 30th June 2007 | Fair value at 30th June 2007 | Percentage of total net assets at 30th June 2007 |
|--|----------------------------------|------------------------------------|--|
| | | USD | % |
| PHILIPPINES <i>(Continued)</i> | | | |
| Denominated in PHP | | | |
| PHILIPPINES (REP OF) 9.125% 4SEP2016 | 295,467,977 | 7,245,763 | 0.46 |
| PHILIPPINES (REP OF) 9.25% 12JAN2016 | 70,000,000 | 1,735,753 | 0.11 |
| | | 80,426,117 | 5.14 |
| SINGAPORE (18.06%) | | | |
| Denominated in SGD | | | |
| ASIA DEVELOPMENT BK 3.335% 18SEP2011 MTN | 2,000,000 | 1,338,922 | 0.08 |
| HOUSING & DEV BRD 3.455% 1MAR2011 MTN | 2,500,000 | 1,672,962 | 0.11 |
| HOUSING & DEVELOP BRD 5.07% 21SEP2009 | 5,000,000 | 3,455,556 | 0.22 |
| HOUSING & DEVELOPMENT BRD 3.375% 21APR15 | 4,500,000 | 2,963,712 | 0.19 |
| LAND TRANSPORT AUTH 2.159% 19JUN2013 | 5,000,000 | 3,076,546 | 0.20 |
| LAND TRANSPORT AUTH 2.9% 19JUN2023 | 2,000,000 | 1,212,808 | 0.08 |
| LAND TRANSPORT AUTHORITY 4.08% 21MAY2012 | 3,000,000 | 2,047,260 | 0.13 |
| LAND TRANSPORT AUTHORITY 4.17% 10MAY2016 | 3,000,000 | 2,085,119 | 0.13 |
| LAND TRANSPORT AUTHORITY 4.81% 9JUN2010 | 1,800,000 | 1,236,444 | 0.08 |
| PSA CORP LTD 2.83% 6JUL2015 | 3,000,000 | 1,900,987 | 0.12 |
| PSA CORP LTD 4.91% 15AUG2010 | 8,000,000 | 5,596,000 | 0.36 |
| SINGAPORE (GOVT OF) 2.625% 1APR2012 | 29,700,000 | 19,538,758 | 1.25 |
| SINGAPORE (GOVT OF) 3.125% 1FEB2011 | 17,850,000 | 12,016,060 | 0.77 |
| SINGAPORE (GOVT OF) 3.5% 1MAR2027 | 16,000,000 | 10,977,653 | 0.70 |
| SINGAPORE GOVERNMENT 2.375% 1OCT2009 | 23,200,000 | 15,188,332 | 0.97 |
| SINGAPORE GOVERNMENT 2.625% 1APR2010 | 15,000,000 | 9,873,948 | 0.63 |
| SINGAPORE GOVERNMENT 3.25% 1SEP2020 | 24,600,000 | 16,615,294 | 1.06 |
| SINGAPORE, GOVERNMENT OF 3.5% 1JUL2012 | 23,800,000 | 16,408,947 | 1.05 |
| SINGAPORE, GOVERNMENT OF 3.625% 1JUL2011 | 27,600,000 | 19,031,620 | 1.22 |
| SINGAPORE, GOVERNMENT OF 3.625% 1JUL2014 | 27,700,000 | 19,328,200 | 1.24 |
| SINGAPORE, GOVERNMENT OF 3.75% 1SEP2016 | 31,400,000 | 22,208,770 | 1.42 |
| SINGAPORE, GOVERNMENT OF 4% 1SEP2018 | 17,050,000 | 12,512,812 | 0.80 |
| SINGAPORE, GOVERNMENT OF 4.375% 15JAN09 | 37,300,000 | 25,531,296 | 1.63 |
| SINGAPORE, GOVERNMENT OF 4.625% 1JUL2010 | 30,100,000 | 21,253,497 | 1.36 |
| SINGAPORE, GOVERNMENT OF 5.625% 1JUL2008 | 25,000,000 | 17,282,475 | 1.10 |
| SINGAPORE, REPUBLIC OF 2.25% 1JUL2013 | 22,200,000 | 14,268,921 | 0.91 |
| SP POWERASSETS LTD 3.73% EMTN 22OCT10 | 4,100,000 | 2,747,022 | 0.18 |
| SP POWERASSETS LTD 4.84% EMTN 22OCT2018 | 1,500,000 | 1,096,549 | 0.07 |
| | | 282,466,470 | 18.06 |

INVESTMENT PORTFOLIO *(Continued)*

As at 30th June 2007 (Unaudited)

PRIMARY – BY GEOGRAPHY *(Continued)*

| | Holdings at 30th June 2007 | Fair value at 30th June 2007 | Percentage of total net assets at 30th June 2007 |
|---|----------------------------------|------------------------------------|--|
| | | USD | % |
| THAILAND (8.56%) | | | |
| Denominated in THB | | | |
| ASIA DEVELOPMENT BANK 5.34% 18SEP2011 | 40,000,000 | 1,223,744 | 0.08 |
| ASIAN DEVELOPMENT BK (FR) 3.87% 24MAY10 | 20,000,000 | 580,300 | 0.04 |
| BANK OF THAILAND 5.0625% 12OCT2008 | 65,000,000 | 1,938,044 | 0.12 |
| BANK OF THAILAND BOND 4.625% 1FEB2009 | 111,000,000 | 3,330,259 | 0.21 |
| METROPOL WATERWORKS AUTH 6.16% 15MAR2010 | 10,000,000 | 311,116 | 0.02 |
| PTT PCL (FR) 5.79% 12OCT2016 | 42,000,000 | 1,288,009 | 0.08 |
| PTT PCL 4.86% 20MAR2015 | 50,000,000 | 1,476,323 | 0.10 |
| PTT PCL 5.79% 12OCT2016 | 40,000,000 | 1,226,675 | 0.08 |
| THAILAND (GOVT OF) 4.5% 9APR2024 | 34,000,000 | 953,673 | 0.06 |
| THAILAND (GOVT OF) 5.4% 27JUL2016 | 52,000,000 | 1,645,069 | 0.11 |
| THAILAND GOVT BOND 3.875% 5AUG2008 | 126,000,000 | 3,720,295 | 0.24 |
| THAILAND GOVT BOND 5% 3DEC2014 05-2 | 148,000,000 | 4,475,381 | 0.29 |
| THAILAND GOVT BOND 5.375% 15MAY2009 06-2 | 289,000,000 | 8,696,916 | 0.56 |
| THAILAND GOVT BOND 5.5% 13AUG2019 04-5 | 125,000,000 | 3,949,665 | 0.25 |
| THAILAND GOVT BOND 5.85% 31MAR2021 06-5 | 147,000,000 | 4,757,600 | 0.30 |
| THAILAND GOVT BOND 6.15% 7JUL2026 06-6 | 185,000,000 | 6,247,973 | 0.40 |
| THAILAND GOVT BOND SER 04-4 4.25% 13AUG10 | 60,000,000 | 1,792,452 | 0.12 |
| THAILAND, GOVERNMENT OF 3.875% 7MAR2018 | 125,000,000 | 3,441,775 | 0.22 |
| THAILAND, GOVERNMENT OF 3.875% 9JAN2011 | 50,000,000 | 1,476,672 | 0.09 |
| THAILAND, GOVERNMENT OF 4% 17OCT2013 | 213,000,000 | 6,140,177 | 0.39 |
| THAILAND, GOVERNMENT OF 4.125% 19NOV2009 | 325,000,000 | 9,572,641 | 0.61 |
| THAILAND, GOVERNMENT OF 4.125% 1NOV2012 | 50,000,000 | 1,461,385 | 0.09 |
| THAILAND, GOVERNMENT OF 4.5% 11MAR2012 | 262,000,000 | 7,843,171 | 0.50 |
| THAILAND, GOVERNMENT OF 4.625% 21JUN2009 | 180,000,000 | 5,322,891 | 0.34 |
| THAILAND, GOVERNMENT OF 4.8% 9APR2010 | 135,000,000 | 4,067,573 | 0.26 |
| THAILAND, GOVERNMENT OF 5.125% 8NOV2022 | 51,000,000 | 1,527,719 | 0.10 |
| THAILAND, GOVERNMENT OF 5.375% 30NOV2011 | 193,000,000 | 5,932,978 | 0.38 |
| THAILAND, GOVERNMENT OF 5.375% 3DEC2019 | 317,000,000 | 9,757,462 | 0.62 |
| THAILAND, GOVERNMENT OF 5.5% 18JAN2017 | 240,000,000 | 7,663,179 | 0.49 |
| THAILAND, GOVERNMENT OF 7.2% 7JUL2015 | 96,000,000 | 3,394,749 | 0.22 |
| THAILAND, GOVERNMENT OF 7.5% 5MAR2011 | 178,000,000 | 5,910,392 | 0.38 |
| THAILAND, GOVERNMENT OF 8.25% 5MAR2014 | 175,000,000 | 6,359,558 | 0.41 |
| THAILAND, GOVERNMENT OF 8.5% 8DEC2008 | 203,000,000 | 6,318,362 | 0.40 |
| | | 133,804,178 | 8.56 |
| | | 133,804,178 | 8.56 |

INVESTMENT PORTFOLIO *(Continued)*

As at 30th June 2007 (Unaudited)

| | Fair value at 30th June 2007 | Percentage of total net assets at 30th June 2007 |
|---|------------------------------------|--|
| | US\$ | % |
| Total Listed/Quoted Investments | 1,563,735,650 | 99.99 |
| Unrealised loss on foreign exchange contracts | (5,362) | 0.00 |
| | 1,563,730,288 | 99.99 |
| Other net assets | 201,385 | 0.01 |
| Net assets at 30th June 2007 | 1,563,931,673 | 100.00 |
| Total investments, at cost | 1,473,532,214 | |
| DISTRIBUTION OF INVESTMENTS | | |
| <i>(a) By credit rating</i> | | |
| AAA | 278,404,919 | 17.80 |
| AA | 274,323,431 | 17.54 |
| A+ | 11,138,626 | 0.71 |
| A | 744,529,442 | 47.61 |
| A- | 2,674,851 | 0.17 |
| BBB | 5,268,303 | 0.34 |
| BB+ | 20,534,396 | 1.31 |
| BB | 137,679,699 | 8.80 |
| B | 13,787,695 | 0.88 |
| Non-rated | 75,394,288 | 4.82 |
| | 1,563,735,650 | 99.99 |
| Unrealised loss on foreign exchange contracts | (5,362) | 0.00 |
| | 1,563,730,288 | 99.99 |
| PORTFOLIO OF INVESTMENTS | | |
| <i>(b) By asset class</i> | | |
| Bonds | 1,563,735,650 | 99.99 |
| Foreign exchange contracts | (5,362) | 0.00 |
| Cash and other net assets | 201,385 | 0.01 |
| | 1,563,931,673 | 100.00 |

INVESTMENT PORTFOLIO *(Continued)*

As at 30th June 2007 (Unaudited)

Top Ten Holdings

| | Fair value at 30th June 2007 | Percentage of total net assets at 30th June 2007 |
|--|------------------------------------|--|
| | US\$ | % |
| KOREA TREASURY BOND 4.5% 9SEP2008 0809 | 30,459,895 | 1.95 |
| SINGAPORE, GOVERNMENT OF 4.375% 15JAN09 | 25,531,296 | 1.63 |
| MALAYSIAN GOVT 5.094% 30APR2014 2/04 | 22,554,929 | 1.44 |
| SINGAPORE, GOVERNMENT OF 3.75% 1SEP2016 | 22,208,770 | 1.42 |
| SINGAPORE, GOVERNMENT OF 4.625% 1JUL2010 | 21,253,497 | 1.36 |
| KOREA TREASURY BD 4.25% 10SEP2014 1409 | 20,970,140 | 1.34 |
| SINGAPORE (GOVT OF) 2.625% 1APR2012 | 19,538,758 | 1.25 |
| SINGAPORE, GOVERNMENT OF 3.625% 1JUL2014 | 19,328,200 | 1.24 |
| SINGAPORE, GOVERNMENT OF 3.625% 1JUL2011 | 19,031,620 | 1.22 |
| CHINA (GOVT OF) SER 0215 2.93% 6DEC2009 | 18,535,773 | 1.18 |
| | 219,412,878 | 14.03 |

STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS

For the year ended 30th June 2007 (Unaudited)

| | Percentage of total net assets as at 30th June 2007 | Percentage of total net assets as at 30th June 2006 |
|--|--|--|
| Listed/Quoted Investments | | |
| Debt securities | | |
| China | 12.32 | 11.14 |
| Hong Kong | 18.53 | 18.18 |
| Indonesia | 6.04 | 5.98 |
| Korea | 20.93 | 20.72 |
| Malaysia | 10.41 | 10.63 |
| Philippine | 5.14 | 4.93 |
| Singapore | 18.06 | 18.34 |
| Thailand | 8.56 | 9.94 |
| Foreign exchange contracts | 0.00 | - |
| Total listed/quoted investments | 99.99 | 99.86 |
| Other net assets | 0.01 | 0.14 |
| Net assets at 30th June | 100.00 | 100.00 |

PERFORMANCE RECORD

NET ASSET VALUES

| | Net asset value of the Fund | Net asset value per unit |
|--------------------------------------|-----------------------------------|--------------------------------|
| | US\$ | US\$ |
| At the end of financial period dated | | |
| 30th June 2006 | 1,198,619,313 | 103.56 |
| 30th June 2007 | 1,563,931,673 | 110.26 |

HIGHEST OFFER AND LOWEST BID PRICES

| | Highest offer | Lowest bid |
|----------------------------------|---------------|------------|
| Financial period ended | US\$ | US\$ |
| 30th June 2006 (since inception) | 104.22 | 99.80 |
| 30th June 2007 | 111.79 | 101.94 |

Performance as of 30th June 2007

PERFORMANCE SUMMARY

| Periods ending 30th June 2007 | 3 months | Year to date | Annualised since inception ^(a) |
|---|----------|-----------------|---|
| ABF Pan Asia Bond Index Fund ^(b) | 0.71% | 2.67% | 8.26% |
| iBoxx ABF Pan-Asia Index ^(c) | 0.87% | 2.93% | 9.13% |

Notes:

- Performance inception date is from 29th June 2005 when the units of the Fund were first issued.
- The Fund's returns have been computed from Net Asset Values. The net distributions of the Fund have been included for the purposes of this total return calculation.
- The benchmark returns are stated on a total return basis. Unlike the Fund, the benchmark returns do not include the impact of withholdings taxes, Fund expenses or Fund transaction costs.

ADMINISTRATION AND MANAGEMENT

Directors of the Manager

Hon Wing Cheung
Bernard Patrick Reilly
Lochiel Cameron Crafter (appointed on
8th May 2007)
Sheau-Yien Wang (appointed on
21st May 2007)
Chew Eng Han (resigned on
22nd May 2007)
Yan-Tan Li (resigned on 30th March 2007)

Members of the Supervisory Committee

Mr. Ric Battellino
Mr. Mu Huaipeng
Mr. Peter Pang
Mr. Aslim Tadjuddin
Mr. Akinari Horii
Mr. Guang-ju Rhee
Dato' Ooi Sang Kuang
Mr. Grant Spencer
Mrs. Ma. Ramona G. D. T. Santiago
Mr. Ong Chong Tee
Dr., Mrs Atchana Waiquamdee

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
2nd Floor Viewwood Plaza
199 Des Voeux Road
Central
Hong Kong

Auditors

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