



ABF Pan Asia Bond Index Fund

# ABF Pan Asia Bond Index Fund

Stock Code: 2821

Website : [www.abf-paif.com](http://www.abf-paif.com)

## **Annual Report** 2010

1st July 2009 to 30th June 2010

# Contents

	Page
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 Comprehensive Income	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	36
Statement of Movements in Portfolio Holdings	50
Performance Record	51
Administration and Management	52

## **INVESTMENT MANAGER'S REPORT**

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

ABF Pan Asia Bond Index Fund (PAIF) 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 PAIF 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**

PAIF 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 October 2009 and changed effective 1st November 2009. The previous and current market weights of the index are:

Market	Current Weights (%)	Previous Weights (%)
China	20.87	17.77
Hong Kong	19.26	19.14
Indonesia	5.37	5.64
Korea	14.20	16.39
Malaysia	10.58	10.59
Philippines	5.44	5.24
Singapore	14.82	14.92
Thailand	9.46	10.31

\* Source: Markit, SSGA (as of 30 June 2010).

**ABF Pan Asia Bond Index Fund**  
Annual Report 2010

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

**PERFORMANCE SUMMARY**

Periods Ended						Annualized since inception <sup>(a)</sup>
30th June 2010	3 months	6 months	1 Year	3 Years	5 Years	
ABF Pan Asia Bond Index Fund (PAIF) <sup>(b)</sup>	1.04%	4.23%	9.14%	5.73%	6.74%	6.74%
iBoxx ABF Pan-Asia Index	1.17%	4.54%	9.74%	6.44%	7.51%	7.51%

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 6.74% compared to an index return of 7.51%. This is a difference of -0.77% and is principally attributable to an amount of -0.68% 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 fees and expenses under the Trust Deed, and withholding taxes); the balance of -0.09% is attributable to tracking difference resulting from the sampling approach used in the management of the Fund.

The iBoxx ABF Pan-Asia Index performance on an unhedged basis was 7.51% since inception. This performance was generated from resilient bond markets (contributing 5.25% to returns) as well as from Asian currencies' appreciation (contributing 2.26%).

**PORTFOLIO STRATEGY**

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

**FUND GROWTH**

The Fund has grown to a total net asset value of US\$2,025 million, resulting to a 30.7% growth during the past year. In terms of units outstanding, the Fund grew by 23.7% for the 12-month period with 17,304,340 units outstanding at period-end. During the same period, fund subscriptions (including dividend reinvestments) net of redemptions totaled 3,313,520 units.

**OTHER INFORMATION**

During the reporting period, the Fund had no exposure to other unit trusts, mutual funds and collective investment schemes and had no borrowings. There are no other material information that will adversely impact the valuation of the Fund.

## **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 and Futures Commission of Hong Kong (the "SFC Code") and the Trust Deed dated 21st June 2005, as amended (the "Trust Deed"), 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, with the assistance of the service provider, is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 35, comprising the Statement of Net Assets, Statement of Comprehensive Income, 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 2010, and the results of its operation for the year then 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**  
20th September 2010

## **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 2010.

For and on behalf of the Trustee

**HSBC Institutional Trust Services (Singapore) Limited**  
20th September 2010

## **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") set out on pages 7 to 35 which comprise the Statement of Net Assets as of 30th June 2010 and the Statement of Comprehensive Income, 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**

The Manager (the "Management") of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and is responsible for ensuring 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. 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 as to 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 the 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 opinion.

**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 2010, 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 DISCLOSURE 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.

**OTHER MATTERS**

This report, including the opinion, has been prepared for and only for you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

**PricewaterhouseCoopers LLP**

*Public Accountants and Certified Public Accountants*  
Singapore, 20th September 2010



**STATEMENT OF NET ASSETS**

As at 30th June 2010

		30th June 2010 US\$	30th June 2009 US\$
	Notes		
<b>Assets</b>			
<b>Current assets</b>			
Investments	10(b)	2,025,834,553	1,557,328,929
Amounts due from brokers		38,055,284	27,310,167
Other receivables		29,681	–
Cash at banks	8(e)	<u>9,257,505</u>	<u>7,248,809</u>
<b>Total assets</b>		<u><u>2,073,177,023</u></u>	<u><u>1,591,887,905</u></u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Amounts due to brokers		47,107,594	42,302,168
Audit fee payable		19,183	41,233
Trustee fee payable	8(d)	82,644	67,257
Management fee payable	8(c)	196,110	167,391
Index license fee payable	9(a)	68,934	56,684
Other payables		<u>812,985</u>	<u>397,170</u>
<b>Liabilities (excluding net assets attributable to holders of redeemable units)</b>		<u><u>48,287,450</u></u>	<u><u>43,031,903</u></u>
<b>Net assets attributable to holders of redeemable units (before adjustments on formation expenses)</b>	3	2,024,889,573	1,548,856,002
Adjustments for different bases adopted by the Fund in arriving at the net assets attributable to holders of redeemable units	3	<u>–</u>	<u>168,603</u>
<b>Net assets attributable to holders of redeemable units (after adjustments on formation expenses)</b>	3	<u><u>2,024,889,573</u></u>	<u><u>1,549,024,605</u></u>

HSBC Institutional Trust  
Services (Singapore) Limited

State Street Global Advisors  
Singapore Limited

The notes on pages 11 to 35 form part of these financial statements.  
Independent auditor's report – pages 5 and 6

**ABF Pan Asia Bond Index Fund**  
Annual Report 2010

**STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 30th June 2010

	Notes	For the year ended 30th June 2010 US\$	For the year ended 30th June 2009 US\$
<b>Income</b>			
Interest income on bank deposits		16,533	18,396
Net gain on investments	6	158,652,566	83,977,825
Net foreign exchange gain/(loss)		7,323,017	(19,119,770)
Other income	5	448,318	116,135
<b>Total investment income</b>		<u>166,440,434</u>	<u>64,992,586</u>
<b>Expenses</b>			
Management fee	8(c)	2,131,346	1,978,897
Trustee fee	8(d)	923,690	802,131
Index license fee	9(a)	276,973	261,240
Publication and printing expenses		65,077	57,493
Audit fee		43,341	32,513
Processing agent fee	9(b)	14,297	10,171
Safe custody and bank charges		39,525	11,667
Legal and professional fees		123,367	75,554
Annual insurance premium		41,000	47,850
SFC fee expenses		769	774
Other operating expenses		30,513	30,376
<b>Total operating expenses</b>		<u>3,689,898</u>	<u>3,308,666</u>
<b>Operating profit</b>		<u>162,750,536</u>	<u>61,683,920</u>
<b>Finance costs</b>			
Distributions to holders of redeemable units	12	(55,676,732)	(64,716,082)
<b>Profit/(loss) after distributions and before tax</b>		<u>107,073,804</u>	<u>(3,032,162)</u>
Withholding taxes	7	(4,620,564)	(3,767,245)
<b>Profit/(loss) after distributions and tax</b>		<u>102,453,240</u>	<u>(6,799,407)</u>
Adjustments for different bases adopted by the Fund in arriving at the net assets attributable to holders of redeemable units	3	(168,603)	(170,000)
<b>Increase/(decrease) in net assets attributable to holders of redeemable units from operations</b>		<u>102,284,637</u>	<u>(6,969,407)</u>

The notes on pages 11 to 35 form part of these financial statements.

Independent auditor's report – pages 5 and 6

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

*For the year ended 30th June 2010*

	For the year ended 30th June 2010 US\$	For the year ended 30th June 2009 US\$
Balance at beginning of the year	1,549,024,605	1,716,743,912
Issue of units	444,977,559	80,204,942
Redemption of units	(71,397,228)	(240,954,842)
Net issue/(redemption) of units	373,580,331	(160,749,900)
Increase/(decrease) in net assets attributable to holders of redeemable units from operations	102,284,637	(6,969,407)
Balance at the end of the year	<u>2,024,889,573</u>	<u>1,549,024,605</u>

*The notes on pages 11 to 35 form part of these financial statements.  
Independent auditor's report – pages 5 and 6*

**ABF Pan Asia Bond Index Fund**  
Annual Report 2010

**STATEMENT OF CASH FLOWS**

*For the year ended 30th June 2010*

	For the year ended 30th June 2010 US\$	For the year ended 30th June 2009 US\$
<b>Cash flows from operating activities</b>		
Increase/(decrease) in net assets attributable to holders of redeemable units from operations	102,284,637	(6,969,407)
Adjustment for:		
Interest income on bank deposits	(16,533)	(18,396)
Distributions to holders of redeemable units	55,676,732	64,716,082
Adjustments for different bases adopted by the Fund in arriving at the net assets attributable to holders of redeemable units	168,603	170,000
	<hr/>	<hr/>
<b>Operating profit before working capital changes</b>	158,113,439	57,898,279
	<hr/>	<hr/>
Net (increase)/decrease in investments	(468,505,624)	159,318,466
Net (increase)/decrease in amounts due from brokers	(10,745,117)	9,301,825
Net increase in other receivables	(29,681)	-
Net increase/(decrease) in amounts due to brokers	4,805,426	(2,464,861)
Net increase in accounts payable and accrued expenses	450,121	56,212
	<hr/>	<hr/>
<b>Cash (used in)/generated from operations</b>	(315,911,436)	224,109,921
	<hr/>	<hr/>
Interest income on bank deposits received	16,533	18,694
	<hr/>	<hr/>
<b>Net cash (used in)/generated from operating activities</b>	(315,894,903)	224,128,615
	<hr/>	<hr/>
<b>Cash flows from financing activities</b>		
Distributions paid to holders of redeemable units	(55,676,732)	(64,716,082)
Issue of units	444,977,559	80,204,942
Redemption of units	(71,397,228)	(240,954,842)
	<hr/>	<hr/>
<b>Net cash generated from/(used in) financing activities</b>	317,903,599	(225,465,982)
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	2,008,696	(1,337,367)
Cash and cash equivalents at the beginning of the year	7,248,809	8,586,176
	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the year</b>	<u>9,257,505</u>	<u>7,248,809</u>
	<hr/>	<hr/>
Analysis of balance of cash and cash equivalents:		
Cash at banks	<u>9,257,505</u>	<u>7,248,809</u>
	<hr/>	<hr/>

*The notes on pages 11 to 35 form part of these financial statements.  
Independent auditor's report – pages 5 and 6*

## **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, a Second Amending and Restating Deed dated 28th June 2007 and a supplemental deed dated 27th June 2008. 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 and Tokyo Stock Exchange. 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 financial liabilities (including derivative financial instruments) held at fair value through profit or 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 their judgment in the process of applying the Fund’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

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

*New and amended standards that are effective in the current year and have been adopted by the Fund*

IAS 1 (revised), 'Presentation of Financial Statements'. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity. It requires non-owner changes in equity to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they are required to present a restated statement of net assets as at the beginning of the comparative period, in addition to the current requirement to present statements of net assets at the end of the current period and comparative period. The Fund has applied IAS 1 (revised) from 1st July 2009 and has elected to present solely a Statement of Comprehensive Income. The adoption of this revised standard has not resulted in a significant change to the presentation of the Fund's performance statement, as the Fund has no elements of other comprehensive income.

IAS 1 (Amendment), 'Presentation of Financial Statements'. The amendment clarifies that some rather than all financial assets and liabilities classified as held for trading in accordance with IAS 39, "Financial Instruments: Recognition and Measurement", are examples of current assets and liabilities respectively. The amendment has no impact on the Fund's financial statements.

IAS 32 (Amendment), 'Financial Instruments: Presentation', and IAS 1 (Amendment), 'Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation'. The amended standards require entities to classify puttable financial instruments, or components of instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation as equity, provided the financial instruments have particular features and meet specific conditions, including that all financial instruments in the class of instruments that is subordinate to all other instruments have identical features. As the Fund has a contractual obligation to pay distributions on a half-yearly basis to holders of redeemable units, the condition in IAS 32 (Amendment) is not met. The adoption of these amendments has not therefore resulted in any change in the classification of the Fund's redeemable units.

IAS 39 (Amendment), 'Financial Instruments: Recognition and Measurement'. The definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading was amended. This clarifies that a financial asset or liability that is part of a portfolio of financial instruments managed together with evidence of an actual recent pattern of short-term profit taking is included in such a portfolio on initial recognition. The adoption does not have any impact on the Fund's financial statements.

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

IFRS 7 (Amendment) 'Financial Instruments: Disclosures'. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The adoption of the amendment results in additional disclosures but does not have an impact on the Fund's financial position or performance.

IFRS 8, 'Operating Segments' was effective from 1st January 2009. IFRS 8 replaces IAS 14, 'Segment Reporting', and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The segment information is therefore reported in a manner that is more consistent with the internal reporting provided to the chief operating decision-maker.

*New standards and amendments to standards that are relevant to the Fund but are not yet effective and have not been early adopted by the Fund*

IFRS 9, "Financial Instruments Part 1: Classification and Measurement". IFRS 9 was issued in November 2009 and replaces those parts of IAS 39 relating to the classification and measurement of financial assets. Key features are as follows:

Financial assets are required to be classified into two measurement categories: those to be measured subsequently at fair value, and those to be measured subsequently at amortised cost. The decision is to be made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

An instrument is subsequently measured at amortised cost only if it is a debt instrument and both the objective of the entity's business model is to hold the asset to collect the contractual cash flows, and the asset's contractual cash flows represent only payments of principal and interest (that is, it has only 'basic loan features'). All other debt instruments are to be measured at fair value through profit or loss.

All equity instruments are to be measured subsequently at fair value. Equity instruments that are held for trading will be measured at fair value through profit or loss. For all other equity instruments, an irrevocable election can be made at initial recognition, to recognise unrealised and realised fair value gains and losses through other comprehensive income rather than profit or loss. There will be no recycling of fair value gains and losses to profit and loss. This election may be made on an instrument-by-instrument basis. Dividends are to be presented in profit and loss, as long as they represent a return on investment.

The Fund will apply the standard from 1st July 2013. However, it is not expected to have a significant impact on the Fund's financial statements.

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

**(b) Investments**

The Fund invests in debt securities which are classified as financial assets at fair value through profit or 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 Comprehensive Income 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. Realised and unrealised gains and losses on foreign exchange contracts are recognised in the Statement of Comprehensive Income.

**(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 Comprehensive Income. Other income is accounted for in the Statement of Comprehensive Income on an accrual basis.

**(d) Expenses**

Expenses are accounted for in the Statement of Comprehensive Income on an accrual basis.

**(e) Cash and cash equivalents**

For the purpose of the Statement of Cash Flows, cash and cash equivalents comprise bank deposits with original maturities of three months or less.

**(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.



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

**(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 currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the year end date.

Foreign exchange gains and losses arising from translation are included in the Statement of Comprehensive Income.

**(h) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the Statement of Net Assets when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

**(i) Redeemable units**

The Fund issues redeemable units, which are redeemable at the holder’s option and are classified as financial liabilities. Redeemable units can be put back to the Fund for cash 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 year end 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 asset 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.

**(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.

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

### **(k) Segmental information**

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The Manager, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision-maker that makes strategic decisions.

### **(l) Distributions**

Proposed distributions to holders of redeemable units are recognised in the Statement of Comprehensive Income when they are appropriately authorized. The distribution on the redeemable units is recognised as a finance cost in the Statement of Comprehensive Income.

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

### **Net assets attributable to holders of redeemable units**

The Fund's capital is represented by the units in the Fund, and is shown as net assets attributable to holders of redeemable units in the Statement of Net Assets. In accordance with the Fund's Trust Deed, the minimum redemption unit is 20,000 units. Subscriptions and redemptions of units during the year are shown in the Statement of Changes in Net Assets Attributable to Holders of Redeemable Units. In order to achieve the investment objectives, the Fund endeavors to invest its capital in accordance with the defined investment policies, whilst maintaining sufficient liquidity to meet redemption requests. Such liquidity is augmented by the holding of liquid investments.

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 2010, the expensing of the unamortized formation expenses as stated in the financial statements resulted in a decrease in the Fund's other assets by Nil (2009: US\$168,603) 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 movement in the differences of US\$168,603 (2009: US\$170,000) as described above is recognised in the Statements of Comprehensive Income. 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.

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

**Number of units in issue**

	2010 <i>units</i>	2009 <i>units</i>
Units in issue at the beginning of the year	13,990,820	15,528,850
Issue of units	3,933,520	731,970
Redemption of units	<u>(620,000)</u>	<u>(2,270,000)</u>
Units in issue at the end of the year	<u><u>17,304,340</u></u>	<u><u>13,990,820</u></u>
	2010 <i>US\$</i>	2009 <i>US\$</i>
Net assets attributable to holders of redeemable units	<u>2,024,889,573</u>	<u>1,549,024,605</u>
Net assets attributable to holders of redeemable units (per unit)	<u><u>117.02</u></u>	<u><u>110.72</u></u>
Net asset value per Creation unit (1 Creation unit is equivalent to 20,000 units)	<u><u>2,340,326</u></u>	<u><u>2,214,344</u></u>

**4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS**

The Manager makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

*Fair value of investments*

The Fund holds a number of unlisted debt securities that are valued by reference to broker quotes. In determining the fair value of such investments, the Manager exercises judgments and estimates on the sources of brokers and the quantity and quality of quotes used. Such quotes adopted to fair value the investments may be indicative and not executable or legally binding. As such, broker quotes do not necessarily indicate the price at which the security could actually be traded at as of 30th June 2010. Actual transacted prices may differ from the quotes provided by the brokers. The Manager considers that in the absence of any other reliable market sources, the broker quotes available to them reflect the best estimate of fair value.

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

**5. 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.

**6. NET GAIN ON INVESTMENTS**

	2010 US\$	2009 US\$
Change in unrealised gain/loss in value of investments	79,698,317	(3,109,890)
Realised gain on sale of investments	<u>78,954,249</u>	<u>87,087,715</u>
	<u><u>158,652,566</u></u>	<u><u>83,977,825</u></u>

**7. TAXATION**

No provision for Hong Kong profits tax has been made as the interest income and realised gains on disposal of investments of the Fund are excluded from the charge to profits tax under Sections 14, 26 or 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 45 of the Income Tax Act); and
- (c) dividends derived from outside Singapore and received in Singapore.

Withholding tax was charged on certain interest income received during the year.

The Fund invests in RMB denominated bonds ("RMB bonds") listed on the stock exchanges in the People's Republic of China ("PRC"). Under both the PRC Corporate Income Tax Law and Foreign Enterprise Income Tax Law, the Fund may be liable to pay PRC withholding income tax on the capital gains realised in the trading of RMB bonds. The Manager has assessed the likelihood of such exposure and believes that there is no material tax exposure on the basis that no collection has been made by the China government since the commencement of operation of the Fund. As such, no provision was made for taxation from such gains in the financial statements. The Manager continues to monitor the position and will make an appropriate adjustment if and when it is considered that there are sufficient grounds to do so.

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

**8. TRANSACTIONS WITH RELATED PARTIES INCLUDING 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 year between the Fund and the related parties including Manager and its Connected Persons were carried out in the normal course of business and on normal commercial terms.

**(a) Foreign currency transactions with connected person of the Manager**

During the year, the Manager transacted US\$138,296,000 (2009: US\$122,299,974) in foreign currency transactions through its affiliated party, State Street Global Markets, LLC for the Fund's investments and settlement purpose. The amount represents 14.81% (2009: 11.15%) of all the Fund's transactions during the year.

Name of company	Aggregate value of foreign currency transactions US\$	Total commission paid US\$	% of the Fund's total commission paid in the year %	Average commission rate %
2010				
State Street Global Markets, LLC	138,296,000	-	-	-
2009				
State Street Global Markets, LLC	122,299,974	-	-	-

**(b)** As at 30th June 2010, the directors and officers of the Manager together did not hold units in the Fund (2009: Nil).

**(c) Management fee**

The Fund pays 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	0.13%
For next US\$250 million	0.12%
For next US\$250 million	0.11%
Thereafter	0.10%

\* This fee may be increased to a maximum of 0.25% per annum upon three month's notice in writing to unitholders.

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

(d) **Trustee fee**

The Fund pays 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 2010 US\$	As at 30th June 2009 US\$
Bank balances	9,257,505	7,145,132

**9. 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 a scale rate with a maximum of 0.0175% per annum (2009: 0.0175% per annum) on the daily average net asset value of the Fund, subject to a minimum of US\$184,000 per annum (2009: US\$184,000 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 is also charged to the Fund.

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

**10. FINANCIAL RISK MANAGEMENT**

**(a) Strategy in using financial instruments**

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.

All the financial assets and liabilities are classified as loans and receivables except for investments, which are classified as financial assets at fair value through profit or loss.

The Fund is exposed to market price risk, interest rate risk, credit risk, liquidity risk, currency risk and emerging market risk.

The risks and the respective risk management policies employed by the Fund to manage these risks are discussed below:

**(b) Market price risk**

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market.

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:

	2010			2009		
	Fair value US\$	Cost US\$	% of net assets	Fair value US\$	Cost US\$	% of net assets
Held for trading:						
Debt securities	2,025,834,553	1,902,216,710	100.05	1,557,328,929	1,513,404,797	100.54
	<u>2,025,834,553</u>	<u>1,902,216,710</u>	<u>100.05</u>	<u>1,557,328,929</u>	<u>1,513,404,797</u>	<u>100.54</u>

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

**Market exposures**

The following table shows the market exposure the Fund has to various markets, incorporating the underlying market risk through all financial assets and liabilities held by the Fund.

	2010 <i>US\$ equivalent</i>	2009 <i>US\$ equivalent</i>
Markets exposed to		
China	422,624,041	276,531,995
Hong Kong	389,911,599	295,931,808
Indonesia	107,144,488	86,518,052
Korea	288,726,414	261,491,559
Malaysia	214,799,167	163,721,944
Philippines	108,673,271	80,047,439
Singapore	302,457,193	233,467,168
Thailand	191,498,380	159,618,964
	<u>2,025,834,553</u>	<u>1,557,328,929</u>

There were investments issued by a single issuer with market value exceeding 10% of the Fund's net asset value at 30th June 2010 and 30th June 2009, as follows:

	2010 %	2009 %
China Government	18.18	12.09
Hong Kong Government	17.28	15.87
Singapore Government	12.35	12.94
Korea Treasury	12.16	14.18



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

The table below summarises the impact on net assets attributable to holders of redeemable units as a result of increases/decreases of the key index to which the Fund is exposed. The analysis is based on the assumption that the index had increased/decreased by the respective percentage with all other variables held constant and the Fund's investments moved according to the historical correlation with the index.

	2010		2009	
	Change in market index % +/-	Impact US\$ +/-	Change in market index % +/-	Impact US\$ +/-
iBoxx ABF Pan-Asia Index in US\$	7.00	141,808,741	7.81	121,627,389

Assumption: 7.00% (2009: 7.81%) change is based on an annualized return of 7.00% from 2001 to 2010 (2009: 7.81% from 2001 to 2009).

The Investment Manager has used their view of what would be a "reasonable shift" in each key market to estimate the change for use in the market sensitivity analysis above.

Disclosures above are shown in absolute terms, changes and impacts could be positive or negative. Changes in market index % are revised annually depending on management's current view of market volatility and other relevant factors.

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

(c) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

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

**As at 30th June 2010**

	Up to 1 year US\$	1-5 years US\$	Over 5 years US\$	Non-interest bearing US\$	Total US\$
<b>Assets</b>					
Investments	52,986,813	1,075,357,512	897,490,228	–	2,025,834,553
Cash at banks	9,257,505	–	–	–	9,257,505
Other assets	–	–	–	38,084,965	38,084,965
<b>Total assets</b>	<b>62,244,318</b>	<b>1,075,357,512</b>	<b>897,490,228</b>	<b>38,084,965</b>	<b>2,073,177,023</b>
<b>Liabilities</b>					
Amount due to brokers	–	–	–	(47,107,594)	(47,107,594)
Other liabilities	–	–	–	(1,179,856)	(1,179,856)
<b>Liabilities (excluding net assets attributable to holders of redeemable units)</b>					
	–	–	–	(48,287,450)	(48,287,450)
<b>Total interest sensitivity gap</b>	<b>62,244,318</b>	<b>1,075,357,512</b>	<b>897,490,228</b>		

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

**As at 30th June 2009**

	Up to 1 year US\$	1-5 years US\$	Over 5 years US\$	Non-interest bearing US\$	Total US\$
<b>Assets</b>					
Investments	33,704,917	916,838,018	606,785,994	-	1,557,328,929
Cash at banks	7,248,809	-	-	-	7,248,809
Other assets	-	-	-	27,310,167	27,310,167
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Total assets</b>	<u>40,953,726</u>	<u>916,838,018</u>	<u>606,785,994</u>	<u>27,310,167</u>	<u>1,591,887,905</u>
<b>Liabilities</b>					
Amount due to brokers	-	-	-	(42,302,168)	(42,302,168)
Other liabilities	-	-	-	(729,735)	(729,735)
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Liabilities</b> <b>(excluding net assets</b> <b>attributable to holders</b> <b>of redeemable units)</b>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>(43,031,903)</u>	<u>(43,031,903)</u>
<b>Total interest</b> <b>sensitivity gap</b>	<u>40,953,726</u>	<u>916,838,018</u>	<u>606,785,994</u>		

At 30th June 2010, should interest rates have lowered/risen by 20 basis points (2009: 15 basis points) with all other variables remaining constant, the increase/decrease in net assets attributable to holders of redeemable units for the year would amount to approximately US\$19,934,000 and US\$19,594,000 respectively (2009: US\$1,561,415 and US\$1,540,822), arising substantially from the increase/decrease in market values of debt securities.

The Manager monitors the Fund's overall interest sensitivity on a daily basis.

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

(d) Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to pay amounts in full when due.

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 when the broker has received payment. Payment is made on a purchase when the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

The Fund's financial assets which are potentially subject to concentration of credit risk consist principally of bank deposits and assets held with the custodians.

The table below summarises the assets placed with banks and custodians at 30th June 2010 and 2009:

**As at 30th June 2010**

	US\$	Credit rating	Source of credit rating
Custodians and Banks			
The Hongkong & Shanghai Banking Corporation Limited	2,018,265,980	Aa2	Moody's
Euroclear Bank Brussels	16,830,684	N/A	N/A

**As at 30th June 2009**

	US\$	Credit rating	Source of credit rating
Custodians and Banks			
The Hongkong & Shanghai Banking Corporation Limited	1,540,461,204	Aa2	Moody's
Brown Brothers Harriman Co NY	57,236	N/A	N/A
Euroclear Bank Brussels	24,059,298	N/A	N/A

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

The table below summarises the credit rating of the investment portfolio by iBoxx or Standard & Poor's:

*Portfolio by rating category*

Rating	2010 %	2009 %
AAA	14	14
AA+	1	1
AA	18	18
A+	3	–
A	35	45
A-	6	1
AA-	2	–
BBB+	2	–
BBB	–	1
BB	11	11
Non-rated	8	9
	<hr/>	<hr/>
Total	100	100
	<hr/> <hr/>	<hr/> <hr/>

The maximum exposure to credit risk as at 30th June 2010 and 2009 is the carrying amount of the financial assets as set out below.

	2010 US\$	2009 US\$
Investments	2,025,834,553	1,557,328,929
Amount due from brokers	38,055,284	27,310,167
Other receivables	29,681	–
Cash at banks	9,257,505	7,248,809
	<hr/>	<hr/>
	2,073,177,023	1,591,887,905
	<hr/> <hr/>	<hr/> <hr/>

None of these assets are impaired nor past due but not impaired.

The Fund limits its exposure to credit risk by transacting the majority of its securities and contractual commitment activities with broker-dealers, banks and regulated exchanges with high credit ratings and that the Fund considers to be well established.

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

(e) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in settling a liability, including a redemption request.

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

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the year end date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month US\$	1 month to less than 3 months US\$	Over 3 months US\$
<b>As at 30th June 2010</b>			
Amount due to brokers	47,107,594	–	–
Audit fee payable	–	19,183	–
Trustee fee payable	–	82,644	–
Management fee payable	–	196,110	–
Index license fee payable	–	68,934	–
Other payables	–	15,286	797,699
Net assets attributable to holders of redeemable units	<u>2,024,889,573</u>	<u>–</u>	<u>–</u>
<b>Total financial liabilities</b>	<b><u>2,071,997,167</u></b>	<b><u>382,157</u></b>	<b><u>797,699</u></b>
<b>As at 30th June 2009</b>			
Amount due to brokers	42,302,168	–	–
Audit fee payable	–	41,233	–
Trustee fee payable	–	67,257	–
Management fee payable	–	167,391	–
Index license fee payable	–	56,684	–
Other payables	–	13,908	383,262
Net assets attributable to holders of redeemable units	<u>1,549,024,605</u>	<u>–</u>	<u>–</u>
<b>Total financial liabilities</b>	<b><u>1,591,326,773</u></b>	<b><u>346,473</u></b>	<b><u>383,262</u></b>

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

Units are redeemed on demand at the holder's option. However, the Trustee and the Manager do not envisage that the contractual maturity disclosed in the tables above will be representative of the actual cash outflows, as the holders typically retain their units for the medium to long term. At 30th June 2010 and 2009, there was one unitholder holding more than 10% of the Fund's units.

The Fund manages its liquidity risk by investing in investments that it expects to be able to liquidate within 7 days or less. The following table illustrates the expected liquidity of assets held:

<b>As at 30th June 2010</b>	Less than 7 days <i>US\$</i>	7 days to less than 1 month <i>US\$</i>	1-12 months <i>US\$</i>
Total assets	2,073,147,342	-	29,681

**(f) Currency risk**

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

The Fund has assets and liabilities denominated in currencies other than US dollar, the functional currency. The Fund is therefore exposed to currency risk, as the value of the assets and liabilities denominated in other currencies will fluctuate due to change in exchange rates. The Manager may enter into forward foreign exchange contracts from time to time to hedge against the fluctuation in exchange rates.

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

	2010 <i>US\$</i> <i>equivalents</i>	2009 <i>US\$</i> <i>equivalents</i>
Hong Kong Dollar	389,919,287	297,913,051
Indonesian Rupiah	112,510,159	86,903,131
South Korean Won	281,563,506	250,742,003
Malaysian Ringgit	214,459,348	163,446,658
Philippine Peso	108,972,457	78,670,029
Renminbi	421,835,391	277,178,966
Singapore Dollar	303,911,074	231,488,021
Thai Baht	191,825,479	162,559,078

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

The table below summarises the impact on net assets attributable to holders of redeemable units as a result of increases/decreases of key exchange rates on the exposures tabled above, to which the Fund is exposed. The analysis is based on the assumption that the exchange rates had increased/decreased by the respective percentage with all other variables held constant.

	2010		2009	
	Change % +/-	Impact US\$ +/-	Change % +/-	Impact US\$ +/-
Hong Kong Dollar	1	3,899,193	1	2,979,131
Indonesian Rupiah	12	13,501,219	18	15,642,564
South Korean Won	10	28,156,351	16	40,118,720
Malaysian Ringgit	10	21,445,935	6	9,806,799
Philippine Peso	10	10,897,246	8	6,293,602
Renminbi	3	12,655,062	1.5	4,157,684
Singapore Dollar	6	18,234,664	8	18,519,042
Thai Baht	10	19,182,548	7	11,379,135

**(g) 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 ABF Pan-Asia 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.



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

### **(h) Capital risk management**

The Fund's capital is represented by the net assets attributable to holders of redeemable units. The amount of net assets attributable to holders of redeemable units can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of the holders of redeemable units. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for the holders of redeemable units and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

In order to maintain or adjust the capital structure, the Fund's policy is to perform the following:

- monitor the level of daily subscriptions and redemptions relative to the liquid assets; and
- redeem and issue units in accordance with the trust deed of the Fund.

The Trustee and Manager monitor capital on the basis of the value of net assets attributable to holders of redeemable units.

### **(i) Fair value estimation**

The fair value of financial assets and liabilities traded in active markets are based on quoted market prices at the close of trading on the year end date. The quoted market price used for financial assets held by the Fund is the current bid price; the appropriate quoted market price for financial liabilities is the current asking price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Fund for similar financial instruments.

The Fund adopted the amendment to IFRS 7, effective 1st July 2009. This requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

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

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table analyses within the fair value hierarchy the Fund's investments (by class) measured at fair value at 30th June 2010:

	Level 1 <i>US\$</i>	Level 2 <i>US\$</i>	Level 3 <i>US\$</i>	Total balance <i>US\$</i>
<b>Financial assets held for trading</b>				
– Debt securities	–	2,025,834,553	–	2,025,834,553
	<u>–</u>	<u>2,025,834,553</u>	<u>–</u>	<u>2,025,834,553</u>

Investments whose values are based on quoted market prices in active markets are classified within level 1. As of 30th June 2010, the Fund did not hold any investments classified in level 1.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. As of 30th June 2010, the Fund did not hold any investments classified in level 3.

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

**11. 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.

**12. DISTRIBUTIONS**

	2010	2009
	<i>US\$</i>	<i>US\$</i>
Interim distribution		
– US\$1.95 on 16,364,750 units paid on 4th February 2010	31,911,263	–
– US\$2.14 on 14,977,470 units paid on 9th February 2009	–	32,051,786
	–	32,051,786
Final distribution		
– US\$1.67 on 14,230,820 units paid on 4th August 2009	23,765,469	–
– US\$2.09 on 15,628,850 units paid on 5th August 2008	–	32,664,296
	–	32,664,296
Total distribution	55,676,732	64,716,082

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

**13. SEGMENT INFORMATION**

The Manager makes the strategic resource allocations on behalf of the Fund. The Fund has determined the operating segments based on the reports reviewed by the Manager, which are used to make strategic decisions.

The Manager is responsible for the Fund's entire portfolio and considers the business to have a single operating segment. The Manager's asset allocation decisions are based on a single, integrated investment strategy and the Fund's performance is evaluated on an overall basis.

The investment objective of the Fund is to seek to provide investment results that correspond to the total return of the iBoxx ABF Pan-Asia Index, before fees and expenses.

The internal reporting provided to the Manager for the Fund's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of IFRS.

There were no changes in the reportable segments during the year.

All activities of the Fund are in a single business of investment activities conducted mainly in the Asia Pacific region. The Fund's income is from investments in debt securities issued by organisations in the Asia Pacific region.

The Fund has no assets classified as non-current assets. The Fund has a diversified portfolio of investments and no single investment accounts for more than 10% of the Fund's income. Please refer to note 10 for investment holdings account for more than 10% of the Fund's net assets.

The Fund also has a diversified unitholder population. As at 30th June 2010 and 2009, there was one unitholder holding more than 10% of the Fund's units.

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

**14. SUPPLEMENTAL RATIOS**

	Year ended 30th June 2010	Year ended 30th June 2009
Ratio of expenses to weighted average net assets	0.20% <sup>(a)</sup>	0.21% <sup>(a)</sup>
Portfolio turnover ratio	33.49% <sup>(b)</sup>	32.72% <sup>(b)</sup>

Notes:

- (a) The expense ratio is computed in accordance with the revised Investment Management Association of Singapore's ("IMAS") guidelines on disclosure of expense ratio. Brokerage and other transaction costs, interest expense, foreign exchange gains/losses, tax deducted at source or arising on income received and dividends paid to unitholders are not included in the calculation of expense ratio.
- (b) The portfolio turnover ratio is calculated in accordance with the formula stated in the "Code on Collective Investment Schemes" established by The Monetary Authority of Singapore.

**15. EVENT OCCURRING AFTER YEAR END DATE**

Subsequent to the year end, the Fund announced a dividend distribution of US\$1.95 per unit. The dividend was paid on 4th August 2010. The net assets attributable to holders of redeemable units as at 30th June 2010 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 20th September 2010.

**ABF Pan Asia Bond Index Fund**  
Annual Report 2010

**INVESTMENT PORTFOLIO**

As at 30th June 2010 (Unaudited)

**PRIMARY – BY GEOGRAPHY**

	Holdings at 30th June 2010	Fair value at 30th June 2010 US\$	Percentage of total net assets at 30th June 2010 (%)
<b>CHINA (20.85%)</b>			
Denominated in RMB			
AGRIC DEV BANK CHINA 3.4% 12OCT2014	20,000,000	3,054,819	0.15
AGRICUL DEV BANK CHINA 3.1% 24NOV2015	30,000,000	4,493,549	0.22
AGRICUL DEV BANK CHINA 3.5% 16DEC2018	20,000,000	2,994,377	0.15
AGRICUL DEV BANK CHINA 3.65% 26MAR2020	50,000,000	7,463,545	0.37
AGRICULTURAL DEV BK CHINA 2.86% 22AUG10	20,000,000	3,013,972	0.15
CHINA (GOVT OF) 1.55% 21MAY2012 0909	40,000,000	5,829,592	0.29
CHINA (GOVT OF) 1.77% 18DEC2013 0826	80,000,000	11,600,654	0.57
CHINA (GOVT OF) 2.14% 20OCT2010 0511	10,000,000	1,495,864	0.07
CHINA (GOVT OF) 2.18% 10SEP2012 0922	80,000,000	11,964,125	0.59
CHINA (GOVT OF) 2.22% 16JUL2012 0915	50,000,000	7,510,480	0.37
CHINA (GOVT OF) 2.29% 2APR2014 0904	25,000,000	3,673,194	0.18
CHINA (GOVT OF) 2.42% 19NOV2012 0929	80,000,000	11,980,205	0.59
CHINA (GOVT OF) 2.7% 21MAY2013 1042	120,000,000	17,731,755	0.88
CHINA (GOVT OF) 2.7% 8APR2015 1008	20,000,000	2,972,981	0.15
CHINA (GOVT OF) 2.71% 24NOV2015 0822	60,000,000	8,979,208	0.44
CHINA (GOVT OF) 2.72% 15AUG2011 0612	16,000,000	2,425,145	0.12
CHINA (GOVT OF) 2.82% 16APR2016 SER 0906	20,000,000	2,973,724	0.15
CHINA (GOVT OF) 2.83% 25AUG2012 0509	8,000,000	1,219,904	0.06
CHINA (GOVT OF) 2.9% 15DEC2018 0825	30,000,000	4,343,904	0.21
CHINA (GOVT OF) 2.9% 24SEP2014 0924	100,000,000	15,249,994	0.75
CHINA (GOVT OF) 2.9% 3DEC2014 0931	10,000,000	1,516,338	0.08
CHINA (GOVT OF) 2.92% 11MAR2017 1005	90,000,000	13,413,834	0.66
CHINA (GOVT OF) 2.93% 6FEB2014 SER 0701	20,000,000	3,009,353	0.15
CHINA (GOVT OF) 2.97% 6AUG2014 0918	30,000,000	4,607,585	0.23
CHINA (GOVT OF) 3.02% 7MAY2019 0907	30,000,000	4,378,251	0.22
CHINA (GOVT OF) 3.05% 30OCT2011	5,481,000	834,671	0.04
CHINA (GOVT OF) 3.15% 30JUL2016 0917	80,000,000	12,372,106	0.61
CHINA (GOVT OF) 3.17% 20AUG2016 0919	60,000,000	9,274,930	0.46
CHINA (GOVT OF) 3.18% 23APR2012 0705	20,000,000	3,011,221	0.15
CHINA (GOVT OF) 3.27% 15NOV2021 0619	25,000,000	3,628,898	0.18
CHINA (GOVT OF) 3.36% 25MAR2020 1007	30,000,000	4,490,963	0.22
CHINA (GOVT OF) 3.43% 4FEB2020 1002	30,000,000	4,539,726	0.22
CHINA (GOVT OF) 3.44% 17SEP2019 0923	50,000,000	7,559,016	0.37
CHINA (GOVT OF) 3.48% 23JUL2019 0916	30,000,000	4,575,382	0.23

**INVESTMENT PORTFOLIO** *(Continued)*

As at 30th June 2010 (Unaudited)

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

	Holdings at 30th June 2010	Fair value at 30th June 2010 US\$	Percentage of total net assets at 30th June 2010 (%)
<b>CHINA</b> <i>(Continued)</i>			
Denominated in RMB			
CHINA (GOVT OF) 3.5% 19NOV2010 0311	19,000,000	2,878,600	0.14
CHINA (GOVT OF) 3.62% 27NOV2023 0823	110,000,000	16,152,969	0.80
CHINA (GOVT OF) 3.68% 22SEP2018 0818	50,000,000	7,762,331	0.38
CHINA (GOVT OF) 3.68% 5NOV2019 0927	20,000,000	3,064,468	0.15
CHINA (GOVT OF) 3.69% 16SEP2013 0817	50,000,000	7,860,582	0.39
CHINA (GOVT OF) 3.7% 26JUN2026 SER 0609	10,000,000	1,460,139	0.07
CHINA (GOVT OF) 3.74% 24MAY2014 0707	20,000,000	3,086,551	0.15
CHINA (GOVT OF) 3.86% 19FEB2029 SER 0902	20,000,000	2,964,320	0.15
CHINA (GOVT OF) 3.9% 23AUG2014 0714	20,000,000	3,199,311	0.16
CHINA (GOVT OF) 3.92% 14JUL2011 0811	20,000,000	3,119,237	0.15
CHINA (GOVT OF) 3.95% 13FEB2015 0801	30,000,000	4,736,135	0.23
CHINA (GOVT OF) 4% 27AUG2029 0920	30,000,000	4,515,479	0.22
CHINA (GOVT OF) 4.03% 21JUN2040 1018	10,000,000	1,449,392	0.07
CHINA (GOVT OF) 4.08% 1MAR2040 1003	110,000,000	16,440,494	0.81
CHINA (GOVT OF) 4.16% 28FEB2023 SER 0802	6,000,000	949,138	0.05
CHINA (GOVT OF) 4.23% 18AUG2015 0814	30,000,000	4,918,880	0.24
CHINA (GOVT OF) 4.3% 30NOV2059 0930	20,000,000	3,029,871	0.15
CHINA (GOVT OF) 4.4% 25JUN2017 0710	20,000,000	3,217,453	0.16
CHINA (GOVT OF) 4.5% 8MAY2038 1806	20,000,000	3,193,845	0.16
CHINA (GOVT OF) 4.86% 25NOV2011 SER 0410	14,000,000	2,195,612	0.11
CHINA (GOVT OF) 4.94% 11AUG2028 0813	40,000,000	6,804,754	0.34
CHINA (GOVT OF) SER 0501 4.44% 28FEB2015	20,000,000	3,204,721	0.16
CHINA (GOVT OF) SER 0505 3.37% 25MAY2012	18,000,000	2,718,184	0.13
CHINA DEV BANK 3.42% 2AUG2015 0514	11,000,000	1,679,571	0.08
CHINA DEV BANK 3.75% 11NOV2014 0920	30,000,000	4,619,537	0.23
CHINA DEV BANK 3.8% 30OCT2036 0624	10,000,000	1,346,549	0.07
CHINA DEV BANK 3.97% 20JAN2017 1001	30,000,000	4,648,348	0.23
CHINA DEV BANK 4.1% 30AUG2025 0517	28,000,000	4,171,810	0.21
CHINA DEV BANK CORP 4.3% 17MAR2030 1005	30,000,000	4,535,257	0.22
CHINA DEVELOPMENT BK 2.21% 5DEC2011 0821	20,000,000	2,965,152	0.15
CHINA DEVELOPMENT BK 3.45% 16SEP2014	20,000,000	3,058,206	0.15
CHINA GOVERNMENT BOND 2.95% 25SEP2011	1,688,000	257,469	0.01
CHINA GOVERNMENT BOND 3.4% 17APR2023	65,663,000	9,648,340	0.48
CHINA GOVT BOND 2.48% 25OCT2011 0618	46,000,000	6,927,206	0.34

**ABF Pan Asia Bond Index Fund**  
Annual Report 2010

**INVESTMENT PORTFOLIO** *(Continued)*

As at 30th June 2010 (Unaudited)

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

	Holdings at 30th June 2010	Fair value at 30th June 2010 US\$	Percentage of total net assets at 30th June 2010 (%)
<b>CHINA</b> <i>(Continued)</i>			
Denominated in RMB			
CHINA GOVT BOND 2.51% 27FEB2013 0601	6,000,000	895,804	0.04
CHINA GOVT BOND 2.51% 27FEB2013 1601	4,000,000	597,203	0.03
CHINA GOVT BOND 2.54% 18APR2012 1203	44,500,000	6,626,953	0.33
CHINA GOVT BOND 2.6% 20SEP2017 1213	58,767,000	8,511,719	0.42
CHINA GOVT BOND 2.8% 27MAR2016 0603	20,000,000	2,929,913	0.14
CHINA GOVT BOND 2.8% 9APR2013 0302	6,000,000	897,653	0.04
CHINA GOVT BOND 2.89% 31AUG2013 0613	10,000,000	1,537,118	0.08
CHINA GOVT BOND 2.9% 24MAY2032 0205	20,000,000	2,476,219	0.12
CHINA GOVT BOND 2.92% 26SEP2016 0616	4,000,000	592,479	0.03
CHINA GOVT BOND 3.01% 25NOV2012 0513	23,000,000	3,488,477	0.17
CHINA GOVT BOND 3.91% 23OCT2038 SER 0820	30,000,000	4,324,170	0.21
CHINA GOVT BOND 4.18% 24OCT2018 0309	10,000,000	1,602,003	0.08
CHINA GOVT BOND 4.27% 17MAY2037 SER 0706	10,000,000	1,501,834	0.07
CHINA GOVT BOND 4.41% 17DEC2017 SER SPC8	10,000,000	1,618,368	0.08
CHINA GOVT BOND 4.46% 24SEP2017 SER SPC3	30,000,000	4,914,154	0.24
CHINA GOVT BOND 4.55% 29SEP2022 SER SPC4	50,000,000	8,186,123	0.40
CHINA GOVT BOND 4.71% 25AUG2011 0407	16,000,000	2,527,143	0.13
CHINA GOVT BOND 4.89% 25MAY2011 1404	17,000,000	2,582,444	0.13
EXPORT IMPORT BANK CHINA 3.38% 24JUN2012	30,000,000	4,483,180	0.22
PEOPLE'S BANK OF CHINA 4.56% 1FEB2011	9,000,000	1,367,908	0.07
		422,624,041	20.85

**HONG KONG (19.26%)**

Denominated in HKD

EUROFIMA 4.18% EMTN 8JUN2015	32,500,000	4,615,163	0.23
HK (GOVT OF) 05Y1212 2.66% 17DEC2012	74,000,000	9,925,050	0.49
HK (GOVT OF) 05Y1312 1.67% 19DEC2013	42,000,000	5,487,638	0.27
HK GOVERNMENT 4.49% 26NOV2012 7211	25,000,000	3,503,087	0.17
HK GOVERNMENT BOND 0.64% 17FEB2012	40,000,000	5,145,351	0.25
HK GOVERNMENT BOND 1.67% 24MAR2014	47,000,000	6,154,948	0.30
HK GOVERNMENT BOND 1412 3.51% 8DEC2014	15,500,000	2,173,924	0.11
HK GOVERNMENT BOND 2.54% 25SEP2013	35,000,000	4,727,902	0.23



**INVESTMENT PORTFOLIO** *(Continued)*

*As at 30th June 2010 (Unaudited)*

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

	Holdings at 30th June 2010	Fair value at 30th June 2010 US\$	Percentage of total net assets at 30th June 2010 (%)
<b>HONG KONG</b> <i>(Continued)</i>			
Denominated in HKD			
HK GOVERNMENT BOND 2.88% 17JUN2013	46,000,000	6,234,077	0.31
HK GOVERNMENT BOND 3.27% 28AUG2023	16,000,000	2,293,553	0.11
HK GOVERNMENT BOND 3.56% 25JUN2018	40,000,000	5,698,042	0.28
HK GOVERNMENT BOND 3.63% 19DEC2011 5112	91,000,000	12,209,965	0.60
HK GOVERNMENT BOND 3.78% 6DEC2016 1612	30,000,000	4,310,001	0.21
HK GOVERNMENT BOND 3.97% 19SEP2011 5109	80,000,000	10,809,178	0.53
HK GOVERNMENT BOND 4.06% 19MAR2012	84,000,000	11,529,999	0.57
HK GOVERNMENT BOND 4.13% 22FEB2013 7302	31,000,000	4,371,549	0.22
HK GOVERNMENT BOND 4.28% 28FEB2014	17,500,000	2,524,074	0.12
HK GOVERNMENT BOND 4.33% 7DEC2015 1512	31,500,000	4,622,303	0.23
HK GOVERNMENT BOND 4.4% 22AUG2013 7308	29,500,000	4,235,617	0.21
HK GOVERNMENT BOND 4.53% 18JUN2012	94,500,000	13,055,827	0.64
HK GOVERNMENT BOND 4.74% 24MAY2013 7305	20,000,000	2,854,187	0.14
HK GOVERNMENT BOND 4.83% 7JUN2016 1606	26,500,000	4,004,084	0.20
HK GOVERNMENT BOND 7108 3.93% 26AUG2011	5,000,000	674,448	0.03
HK GOVERNMENT BOND 7111 3.12% 25NOV2011	16,000,000	2,132,345	0.11
HK GOVERNMENT BOND 7202 3.14% 24FEB2012	20,000,000	2,699,682	0.13
HK GOVERNMENT BOND 7205 3.61% 28MAY2012	15,000,000	2,038,666	0.10
HK GOVERNMENT EX FD NT 1112 5.92% 5DEC11	13,000,000	1,801,041	0.09
HK GOVERNMENT EX FD NT 1206 5.8% 19JUN12	32,400,000	4,577,788	0.23
HK GOVERNMENT EX FD NT 1212 4.5% 4DEC12	26,500,000	3,709,967	0.18
HK GOVERNMENT EX FD NT 1306 3.73% 5JUN13	23,400,000	3,247,551	0.16
HK GOVERNMENT EX FD NT 1312 4.32% 2DEC13	17,200,000	2,450,309	0.12
HK GOVERNMENT EX FD NT 1406 4.82% 2JUN14	17,000,000	2,484,938	0.12
HK GOVERNMENT SER 1506 3.5% 22JUN2015	26,700,000	3,753,730	0.19
HK GOVERNMENT SER 7208 4% 27AUG2012	12,000,000	1,667,836	0.08
HK MORTGAGE CORP 3.78% 4APR2011	5,000,000	660,866	0.03
HK MORTGAGE CORP EMTN 3.8% 6APR2011	13,000,000	1,718,831	0.09
HKSAR GOVERNMENT 5.125% 23JUL2019	36,500,000	5,836,511	0.29
HONG KONG (GOVT OF) 0.43% 17AUG2011	45,000,000	5,776,986	0.29
HONG KONG (GOVT OF) 0.55% 16NOV2011	55,000,000	7,059,515	0.35
HONG KONG (GOVT OF) 0.7% 5MAR2012	134,000,000	17,268,901	0.85
HONG KONG (GOVT OF) 0.72% 17MAY2012	25,000,000	3,213,306	0.16
HONG KONG (GOVT OF) 0.92% 5SEP2011	131,000,000	16,965,037	0.84

**ABF Pan Asia Bond Index Fund**  
Annual Report 2010

**INVESTMENT PORTFOLIO** *(Continued)*

As at 30th June 2010 (Unaudited)

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

	Holdings at 30th June 2010	Fair value at 30th June 2010 US\$	Percentage of total net assets at 30th June 2010 (%)
<b>HONG KONG</b> <i>(Continued)</i>			
Denominated in HKD			
HONG KONG (GOVT OF) 1.61% 10DEC2018	27,000,000	3,332,778	0.16
HONG KONG (GOVT OF) 1.69% 29SEP2014	46,000,000	6,009,094	0.30
HONG KONG (GOVT OF) 1.73% 20FEB2024	25,000,000	2,999,667	0.15
HONG KONG (GOVT OF) 2.03% 18MAR2013	99,800,000	13,260,881	0.66
HONG KONG (GOVT OF) 2.07% 3NOV2014	122,000,000	16,072,028	0.79
HONG KONG (GOVT OF) 2.16% 9DEC2019	30,000,000	3,838,247	0.19
HONG KONG (GOVT OF) 2.46% 23JUN2014	45,500,000	6,104,214	0.30
HONG KONG (GOVT OF) 2.6% 20AUG2024	16,000,000	2,130,985	0.11
HONG KONG (GOVT OF) 2.64% 10JUN2019	55,000,000	7,344,812	0.36
HONG KONG (GOVT OF) 2.71% 20FEB2023	28,000,000	3,780,276	0.19
HONG KONG (GOVT OF) 2.93% 13JAN2020	198,000,000	26,936,761	1.33
HONG KONG (GOVT OF) 2.95% 24FEB2025	30,000,000	4,168,324	0.21
HONG KONG (GOVT OF) 3.52% 5DEC2017	37,000,000	5,247,631	0.26
HONG KONG (GOVT OF) 3.83% 22NOV2013	16,500,000	2,315,437	0.11
HONG KONG (GOVT OF) 4.04% 30MAY2014	14,000,000	1,991,908	0.10
HONG KONG (GOVT OF) 4.2% 17SEP2012	96,000,000	13,395,990	0.66
HONG KONG (GOVT OF) 4.65% 29AUG2022	18,000,000	2,916,587	0.14
HONG KONG (GOVT OF) 4.85% 27JUN2017	37,000,000	5,643,272	0.28
HONG KONG (GOVT) 05Y1412 1.69% 22DEC2014	40,000,000	5,197,335	0.26
HONG KONG (GOVT) 05Y1503 1.75% 23MAR2015	32,000,000	4,178,940	0.21
HONG KONG MORTGAGE CORP 5.17% 17MAY2011	30,000,000	4,015,572	0.20
HONG KONG MTG CORP 4.1% 9JAN2012 MTN	72,000,000	9,746,198	0.48
INTER-AMERICAN DEV BANK 4.2% 24MAR2014	34,000,000	4,801,260	0.24
KOWLOON-CANTON RAILWAY 4.65% 10JUN2013	19,500,000	2,739,294	0.14
MTR CORP (C.I.) 2% 20JAN2014 MTN	9,000,000	1,177,931	0.06
MTR CORP (C.I.) 4.28% 6JUL2020 EMTN	35,000,000	5,066,989	0.25
MTR CORP (C.I.) 4.75% 11MAY2020	22,000,000	3,299,517	0.16
URBAN RENEWAL AUTHORITY 2.08% 27JUL2012	15,000,000	1,975,898	0.10
		<u>389,911,599</u>	<u>19.26</u>

**ABF Pan Asia Bond Index Fund**  
Annual Report 2010

**INVESTMENT PORTFOLIO** *(Continued)*

*As at 30th June 2010 (Unaudited)*

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

	Holdings at 30th June 2010	Fair value at 30th June 2010 US\$	Percentage of total net assets at 30th June 2010 (%)
<b>INDONESIA (5.29%)</b>			
Denominated in IDR			
INDO RECAP BD 14.275% 15DEC2013 FR20	21,000,000,000	2,793,126	0.14
INDON RECAP BD 13.15% 15JAN12 FR0017 (1)	8,000,000,000	1,003,941	0.05
INDON RECAP BD 13.45% 15AUG2011 FR0016	12,000,000,000	1,474,690	0.07
INDON RECAP BD 14.25% 15JUN2013 FR0019	27,000,000,000	3,529,400	0.17
INDONESIA (GOVT OF) 10% 15OCT2011 FR25	13,000,000,000	1,515,797	0.07
INDONESIA (GOVT OF) 10.75% 15MAY16 FR30	39,000,000,000	4,904,248	0.24
INDONESIA (GOVT OF) 11% 15DEC2012 FR23	39,000,000,000	4,670,771	0.23
INDONESIA (GOVT OF) 11.5% 15SEP2019 FR36	26,000,000,000	3,544,789	0.18
INDONESIA (GOVT OF) 11.6% 15AUG2018 FR38	10,500,000,000	1,430,523	0.07
INDONESIA (GOVT OF) 11.75% 15AUG23 FR39	20,000,000,000	2,729,493	0.13
INDONESIA (GOVT OF) 12% 15SEP2026 FR37	20,000,000,000	2,718,998	0.13
INDONESIA (GOVT OF) 12.5% 15MAR2013 FR33	26,000,000,000	3,305,972	0.16
INDONESIA (GOVT OF) 12.8% 15JUN2021 FR34	56,000,000,000	8,155,544	0.40
INDONESIA (GOVT OF) 12.9% 15JUN2022 FR35	26,000,000,000	3,773,723	0.19
INDONESIA (GOVT OF) 9% 15SEP2018 FR48	15,000,000,000	1,779,378	0.09
INDONESIA (REP OF) 10% 15FEB2028 FR47	59,000,000,000	6,802,135	0.34
INDONESIA (REP OF) 10% 15FEB2028 FR47(1)	10,000,000,000	1,152,904	0.06
INDONESIA (REP OF) 10.25% 15JUL2022 FR43	38,000,000,000	4,819,764	0.24
INDONESIA (REP OF) 10.5% 15AUG2030 FR52	10,000,000,000	1,196,925	0.06
INDONESIA (REP OF) 10.5% 15JUL2038 FR50	20,000,000,000	2,347,284	0.12
INDONESIA (REP OF) 11% 15SEP2025 FR40	56,000,000,000	7,220,543	0.36
INDONESIA (REP OF) 11.25% 15MAY2014 FR51	20,000,000,000	2,493,145	0.12
INDONESIA (REP OF) 12% 15SEP2011 FR22	14,000,000,000	1,679,404	0.08
INDONESIA (REP OF) 9% 15SEP2013 FR49	10,000,000,000	1,172,596	0.06
INDONESIA (REP OF) 9.5% 15JUL2023 FR46	44,000,000,000	5,197,444	0.26
INDONESIA (REP OF) 9.75% 15MAY2037 FR45	15,000,000,000	1,623,777	0.08
INDONESIA GOVERNMENT 10% 15JUL2017 FR28	32,000,000,000	4,023,269	0.20
INDONESIA GOVERNMENT 11% 15OCT2014 FR26	4,000,000,000	501,893	0.03
INDONESIA GOVERNMENT 9.5% 15JUN2015 FR27	45,000,000,000	5,302,188	0.26
INDONESIA GOVT 10% 15SEP2024 FR44	17,000,000,000	2,024,521	0.10
INDONESIA GOVT 10.25% 15JUL2027 SER FR42	44,000,000,000	5,284,204	0.26
INDONESIA GOVT 11% 15NOV2020 SER FR31	34,000,000,000	4,463,131	0.22
INDONESIA GOVT 11% 15OCT2014 FR26 (1)	20,000,000,000	2,508,968	0.12
		107,144,488	5.29

**ABF Pan Asia Bond Index Fund**  
Annual Report 2010

**INVESTMENT PORTFOLIO** (Continued)

As at 30th June 2010 (Unaudited)

**PRIMARY – BY GEOGRAPHY** (Continued)

	Holdings at 30th June 2010	Fair value at 30th June 2010 US\$	Percentage of total net assets at 30th June 2010 (%)
<b>KOREA (14.27%)</b>			
Denominated in KRW			
KDICB REDEMPTION FUND 5.6% 9MAY2013	10,000,000,000	8,532,577	0.42
KOREA (TREASURY) 4.25% 10DEC2012 1212	6,000,000,000	4,969,258	0.25
KOREA (TREASURY) 5% 10SEP2014 1409	12,000,000,000	10,190,410	0.50
KOREA HIGHWAY CORP 5.1% 14MAR2014 SR 412	10,000,000,000	8,415,936	0.42
KOREA MONETARY STAB BD 3.52% 2JUN2011	9,000,000,000	7,412,876	0.37
KOREA MONETARY STAB BD 3.68% 2JUN2012	3,000,000,000	2,453,162	0.12
KOREA MONETARY STAB BD 4.12% 2FEB2012	7,000,000,000	5,802,469	0.29
KOREA MONETARY STAB BD 4.15% 2AUG2011	12,000,000,000	9,976,966	0.49
KOREA TREASURY BD 4.25% 10SEP2014 1409	14,600,000,000	12,007,166	0.59
KOREA TREASURY BD 4.75% 17SEP2013 1309	6,000,000,000	5,064,651	0.25
KOREA TREASURY BD 6.91% 18JUL2011 1107	8,000,000,000	6,882,963	0.34
KOREA TREASURY BOND 4% 10JUN2012 1206	20,000,000,000	16,476,526	0.81
KOREA TREASURY BOND 4.5% 10MAR2015 1503	10,000,000,000	8,314,112	0.41
KOREA TREASURY BOND 4.75% 10DEC2011 1112	7,000,000,000	5,835,303	0.29
KOREA TREASURY BOND 4.75% 10MAR2012 1203	19,000,000,000	16,038,103	0.79
KOREA TREASURY BOND 4.75% 10MAR2014 1403	10,000,000,000	8,428,147	0.42
KOREA TREASURY BOND 4.75% 10SEP2011 1109	7,500,000,000	6,329,264	0.31
KOREA TREASURY BOND 5% 10SEP2016 1609	14,000,000,000	11,852,723	0.59
KOREA TREASURY BOND 5% 26MAR2013 1303	9,000,000,000	7,647,439	0.38
KOREA TREASURY BOND 5.25% 10MAR2013 1303	14,000,000,000	12,005,536	0.59
KOREA TREASURY BOND 5.25% 10MAR2027 2703	4,000,000,000	3,360,535	0.17
KOREA TREASURY BOND 5.25% 10SEP2012 1209	12,000,000,000	10,258,489	0.51
KOREA TREASURY BOND 5.25% 10SEP2015 1509	16,000,000,000	13,725,286	0.68
KOREA TREASURY BOND 5.25% 17MAR2014	10,000,000,000	8,553,631	0.42
KOREA TREASURY BOND 5.5% 10DEC2029 2912	8,000,000,000	6,843,363	0.34
KOREA TREASURY BOND 5.5% 10JUN2011 1106	10,000,000,000	8,386,976	0.41
KOREA TREASURY BOND 5.5% 10MAR2028 2803	9,000,000,000	7,786,270	0.38
KOREA TREASURY BOND 5.5% 10SEP2017 1709	17,000,000,000	14,770,363	0.73
KOREA TREASURY BOND 5.75% 10MAR2026 2603	7,000,000,000	6,196,011	0.31
KOREA TREASURY BOND 5.75% 10SEP2013 1309	11,000,000,000	9,597,459	0.47
KOREA TREASURY BOND 5.75% 10SEP2018 1809	28,000,000,000	24,612,444	1.22
		288,726,414	14.27

**INVESTMENT PORTFOLIO** *(Continued)*

As at 30th June 2010 (Unaudited)

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

	Holdings at 30th June 2010	Fair value at 30th June 2010 US\$	Percentage of total net assets at 30th June 2010 (%)
<b>MALAYSIA (10.62%)</b>			
Denominated in MYR			
ASIA DEVELOPMENT BK 4.265% 25APR2011 MTN	2,000,000	627,242	0.03
DANGA CAPITAL BHD 4.22% 24APR2014	10,000,000	3,127,859	0.15
DANGA CAPITAL BHD 4.35% 13APR2015	10,000,000	3,148,531	0.16
MALAYSIA (GOVT OF) 2.509% 27AUG2012	25,000,000	7,659,207	0.38
MALAYSIA (GOVT OF) 3.21% 31MAY2013	7,000,000	2,162,959	0.11
MALAYSIA (GOVT OF) 3.461% 31JUL2013	25,000,000	7,857,502	0.39
MALAYSIA (GOVT OF) 3.835% 12AUG2015	5,000,000	1,582,712	0.08
MALAYSIA GOVERNMENT BD 3.741% 27FEB2015	36,000,000	11,290,054	0.56
MALAYSIA GOVT INV ISS 4.273% 14FEB2014	4,270,000	1,368,827	0.07
MALAYSIA INVESTMENT ISS 3.278% 15MAR2013	9,000,000	2,797,351	0.14
MALAYSIA INVESTMENT ISS 3.86% 30SEP2015	8,000,000	2,508,194	0.12
MALAYSIA INVESTMENT ISS 3.909% 31JUL2014	20,000,000	6,324,797	0.31
MALAYSIA INVESTMENT ISS 3.941% 15JUN2017	2,000,000	618,081	0.03
MALAYSIA INVESTMENT ISS 4.284% 15JUN2020	2,000,000	622,920	0.03
MALAYSIA INVESTMENT ISS 4.295% 31OCT2018	19,000,000	5,990,281	0.30
MALAYSIA INVESTMENT ISS 4.492% 30APR2020	7,420,000	2,361,741	0.12
MALAYSIA INVESTMENT ISS 4.635% 14JUL2011	3,500,000	1,119,282	0.06
MALAYSIAN GOVERNMENT 3.502% 31MAY2027	16,300,000	4,479,258	0.22
MALAYSIAN GOVT 3.644% 25AUG2010 1/05	300,000	93,663	-
MALAYSIAN GOVT 3.702% 25FEB2013 3/03	44,400,000	14,022,340	0.69
MALAYSIAN GOVT 3.718% 15JUN2012 5/06	38,500,000	12,012,964	0.59
MALAYSIAN GOVT 3.814% 15FEB2017 SER 0207	25,500,000	7,952,588	0.39
MALAYSIAN GOVT 3.833% 28SEP2011 1/01	44,500,000	13,998,581	0.69
MALAYSIAN GOVT 4.24% 7FEB2018 2/03	44,000,000	14,066,751	0.69
MALAYSIAN GOVT 4.262% 15SEP2016 1/06	24,300,000	7,774,191	0.38
MALAYSIAN GOVT 4.378% 29NOV2019 0902	41,500,000	13,239,493	0.65
MALAYSIAN GOVT 4.709% 15SEP2026 2/06	1,000,000	323,692	0.02
MALAYSIAN GOVT 4.72% 30SEP2015 2/05	15,830,000	5,172,442	0.26
MALAYSIAN GOVT 4.837% 15JUL2025 3/05	20,670,000	6,861,784	0.34
MALAYSIAN GOVT 5.094% 30APR2014 2/04	59,000,000	19,395,452	0.96
MALAYSIAN GOVT 5.248% 15SEP2028 0308	9,000,000	3,074,398	0.15
MALAYSIAN GOVT 5.734% 30JUL2019 3/04	20,000,000	7,119,992	0.35
MALAYSIAN GOVT INV 3.581% 14SEP2012 0703	5,000,000	1,572,566	0.08
MALAYSIAN GOVT INV 3.82% 15NOV2016 0603	15,000,000	4,634,554	0.23

**ABF Pan Asia Bond Index Fund**  
Annual Report 2010

**INVESTMENT PORTFOLIO** *(Continued)*

*As at 30th June 2010 (Unaudited)*

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

	Holdings at 30th June 2010	Fair value at 30th June 2010 US\$	Percentage of total net assets at 30th June 2010 (%)
<b>MALAYSIA (10.62%)</b> <i>(Continued)</i>			
Denominated in MYR			
MALAYSIAN, GOVT OF 3.756% 28APR2011	13,000,000	4,057,924	0.20
SILTERRA CAPITAL BHD 3.9% 6JUN2014	9,000,000	2,786,730	0.14
SYARIKAT PRASARANA NEGARA 3.8% 30NOV2011	5,000,000	1,550,840	0.08
SYARIKAT PRASARANA NEGARA 4.4% 30MAY2018	10,000,000	3,113,510	0.16
SYKT PRASARANA NEGAR 4.27% 30NOV2016	10,000,000	3,139,180	0.15
SYKT PRASARANA NEGARA 4.85% 27SEP2024	5,000,000	1,577,937	0.08
SYKT PRASARANA NEGARA 5.07% 28SEP2029	5,000,000	1,610,797	0.08
		214,799,167	10.62
<b>PHILIPPINES (5.35%)</b>			
Denominated in PHP			
PHILIPPINE (GOVT OF) 18.25% 29NOV2025	50,000,000	1,916,866	0.09
PHILIPPINE (GOVT OF) 5.25% 7JAN2013	315,000,000	6,937,778	0.34
PHILIPPINE (GOVT OF) 7.125% 2NOV2013	91,000,000	2,061,148	0.10
PHILIPPINE (GOVT OF) 7.75% 23AUG2017	100,000,000	2,273,887	0.11
PHILIPPINE (GOVT OF) 7.875% 19FEB2019	319,000,000	7,211,024	0.36
PHILIPPINE (GOVT OF) 8.375% 22MAY2015	110,000,000	2,562,374	0.13
PHILIPPINE (GOVT OF) 8.5% 29NOV2032	100,000,000	2,094,319	0.10
PHILIPPINE (GOVT OF) 8.625% 6SEP2027	54,000,000	1,205,961	0.06
PHILIPPINE (GOVT OF) 9.25% 5NOV2034	113,000,000	2,520,225	0.12
PHILIPPINE (GOVT OF) 9.375% 5OCT2031	50,000,000	1,149,121	0.06
PHILIPPINE (REP OF) 6.5% 4OCT2014	220,000,000	4,885,046	0.24
PHILIPPINE GOVT 11.375% 18AUG2012 7-40	35,000,000	856,125	0.04
PHILIPPINE GOVT 11.875% 29MAY2023 20-5	46,000,000	1,268,331	0.06
PHILIPPINE GOVT 12.375% 24FEB15 1036	116,000,000	3,102,302	0.15
PHILIPPINE GOVT 14.375% 24APR2017 20-1	65,500,000	1,911,231	0.09
PHILIPPINE GOVT BONDS 13% 25APR2012	104,000,000	2,531,279	0.13
PHILIPPINES (REP OF) 10.25% 19JAN2026	167,000,000	4,280,222	0.21
PHILIPPINES (REP OF) 5.75% 21FEB2012	492,000,000	10,887,467	0.54
PHILIPPINES (REP OF) 6.25% 27JAN2014	492,026,545	11,020,815	0.54
PHILIPPINES (REP OF) 7% 27JAN2016	674,702,725	15,074,067	0.74
PHILIPPINES (REP OF) 8.5% 3MAR2011 5-62	195,535	4,403	-
PHILIPPINES (REP OF) 8.75% 3MAR2013 7-43	403,148,282	9,507,929	0.47
PHILIPPINES (REP OF) 9.125% 4SEP2016	492,467,977	11,872,695	0.59
PHILIPPINES (REP OF) 9.5% 4DEC2028	66,000,000	1,538,656	0.08
		108,673,271	5.35

**INVESTMENT PORTFOLIO** *(Continued)*

As at 30th June 2010 (Unaudited)

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

	Holdings at 30th June 2010	Fair value at 30th June 2010 US\$	Percentage of total net assets at 30th June 2010 (%)
<b>SINGAPORE (14.94%)</b>			
Denominated in SGD			
ASIA DEVELOPMENT BK 3.335% 18SEP2011 MTN	2,000,000	1,487,896	0.07
HOUSING & DEV BRD 3.455% 1MAR2011 MTN	2,500,000	1,842,580	0.09
HOUSING & DEVELOPMENT BRD 3.375% 21APR15	4,500,000	3,478,521	0.17
INTL BK RECON & DEV 1.57% 21AUG2012	5,000,000	3,637,505	0.18
LAND TRANSPORT AUTH 2.159% 19JUN2013	5,000,000	3,671,184	0.18
LAND TRANSPORT AUTH 2.9% 19JUN2023	2,000,000	1,391,580	0.07
LAND TRANSPORT AUTHORITY 4.08% 21MAY2012	3,000,000	2,281,869	0.11
LAND TRANSPORT AUTHORITY 4.17% 10MAY2016	3,000,000	2,401,259	0.12
PSA CORP LTD 2.83% 6JUL2015	3,000,000	2,219,416	0.11
SINGAPORE (GOVT OF) 1.375% 1OCT2014	14,000,000	10,301,526	0.51
SINGAPORE (GOVT OF) 1.625% 1APR2013	14,300,000	10,587,966	0.52
SINGAPORE (GOVT OF) 2.375% 1APR2017	5,000,000	3,781,366	0.19
SINGAPORE (GOVT OF) 2.5% 1JUN2019	11,000,000	8,193,918	0.40
SINGAPORE (GOVT OF) 2.5% 1OCT2012	20,200,000	15,205,390	0.75
SINGAPORE (GOVT OF) 2.625% 1APR2012	28,100,000	20,991,235	1.04
SINGAPORE (GOVT OF) 2.875% 1JUL2015	15,100,000	11,893,133	0.59
SINGAPORE (GOVT OF) 3% 1SEP2024	16,000,000	11,721,097	0.58
SINGAPORE (GOVT OF) 3.125% 1FEB2011	50,000	36,790	–
SINGAPORE (GOVT OF) 3.125% 1SEP2022	18,800,000	14,299,382	0.71
SINGAPORE (GOVT OF) 3.5% 1MAR2027	24,000,000	18,452,565	0.91
SINGAPORE GOVERNMENT 3.25% 1SEP2020	23,950,000	18,663,734	0.92
SINGAPORE, GOVERNMENT OF 3.5% 1JUL2012	19,000,000	14,650,956	0.72
SINGAPORE, GOVERNMENT OF 3.625% 1JUL2011	28,800,000	21,620,877	1.07
SINGAPORE, GOVERNMENT OF 3.625% 1JUL2014	33,600,000	27,168,155	1.34
SINGAPORE, GOVERNMENT OF 3.75% 1SEP2016	30,600,000	25,179,765	1.24
SINGAPORE, GOVERNMENT OF 4% 1SEP2018	20,850,000	17,421,498	0.86
SINGAPORE, REPUBLIC OF 2.25% 1JUL2013	21,200,000	16,111,629	0.80
SP POWERASSETS LTD 3.73% EMTN 22OCT10	4,100,000	2,979,527	0.15
SP POWERASSETS LTD 4.84% EMTN 22OCT2018	4,100,000	3,341,361	0.17
TEMASEK FINANCIAL I LTD 3.265% 19FEB2020	10,000,000	7,443,513	0.37
		302,457,193	14.94

**ABF Pan Asia Bond Index Fund**  
Annual Report 2010

**INVESTMENT PORTFOLIO** *(Continued)*

*As at 30th June 2010 (Unaudited)*

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

	Holdings at 30th June 2010	Fair value at 30th June 2010 US\$	Percentage of total net assets at 30th June 2010 (%)
<b>THAILAND (9.47%)</b>			
Denominated in THB			
ASIA DEVELOPMENT BANK 5.34% 18SEP2011	40,000,000	1,301,219	0.06
BANK OF THAILAND BD 1.65% 21MAY2012	50,000,000	1,528,242	0.08
BANK OF THAILAND BD 2.05% 29JAN2012 3YR	60,000,000	1,866,971	0.09
BANK OF THAILAND BD 2.25% 25JUN2011	70,000,000	2,169,827	0.11
BANK OF THAILAND BD 2.25% 29APR2012 2YR	25,000,000	775,567	0.04
BANK OF THAILAND BD 2.475% 16JUL2012 3YR	188,000,000	5,897,055	0.29
BANK OF THAILAND BD 3.4% 13NOV2011	50,000,000	1,581,772	0.08
BANK OF THAILAND BD 4.75% 31JUL2011	50,000,000	1,620,430	0.08
PTT PCL 4.86% 20MAR2015	50,000,000	1,665,234	0.08
PTT PCL 5.79% 12OCT2016	82,000,000	2,897,383	0.14
THAILAND (GOVT OF) 1.75% 17JUN2011	170,000,000	5,249,078	0.26
THAILAND (GOVT OF) 3.625% 22MAY2015	276,000,000	8,804,426	0.43
THAILAND (GOVT OF) 3.875% 13JUN2019	190,000,000	6,205,562	0.31
THAILAND (GOVT OF) 4.125% 18NOV2016	140,000,000	4,610,793	0.23
THAILAND (GOVT OF) 4.5% 9APR2024	89,000,000	3,039,617	0.15
THAILAND (GOVT OF) 4.75% 20DEC2024	110,000,000	3,831,299	0.19
THAILAND (GOVT OF) 4.875% 22JUN2029	70,000,000	2,472,340	0.12
THAILAND (GOVT OF) 5.25% 12MAY2014	325,000,000	11,149,879	0.55
THAILAND (GOVT OF) 5.25% 13JUL2013	184,000,000	6,271,080	0.31
THAILAND (GOVT OF) 5.4% 27JUL2016	123,000,000	4,366,569	0.22
THAILAND (GOVT OF) 5.5% 13MAR2023	150,000,000	5,615,156	0.28
THAILAND (GOVT OF) 5.67% 13MAR2028	164,000,000	6,378,747	0.32
THAILAND GOVT BOND 4.25% 13MAR2013	439,000,000	14,386,773	0.71
THAILAND GOVT BOND 5% 26MAY2017	110,000,000	3,842,658	0.19
THAILAND GOVT BOND 5% 3DEC2014 05-2	139,000,000	4,665,797	0.23
THAILAND GOVT BOND 5.125% 13MAR2018	257,000,000	9,078,649	0.45
THAILAND GOVT BOND 5.5% 13AUG2019 04-5	95,000,000	3,502,476	0.17
THAILAND GOVT BOND 5.625% 12JAN2019	136,000,000	5,048,086	0.25
THAILAND GOVT BOND 5.85% 31MAR2021 06-5	313,000,000	11,937,804	0.59
THAILAND GOVT BOND 6.15% 7JUL2026 06-6	155,000,000	6,324,842	0.31
THAILAND, GOVERNMENT OF 3.875% 7MAR2018	125,000,000	4,073,851	0.20
THAILAND, GOVERNMENT OF 3.875% 9JAN2011	–	4,606	–
THAILAND, GOVERNMENT OF 4% 17OCT2013	10,000,000	324,470	0.02
THAILAND, GOVERNMENT OF 4.125% 1NOV2012	110,000,000	3,560,063	0.18



**INVESTMENT PORTFOLIO** *(Continued)*

As at 30th June 2010 (Unaudited)

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

	Holdings at 30th June 2010	Fair value at 30th June 2010 US\$	Percentage of total net assets at 30th June 2010 (%)
<b>THAILAND</b> <i>(Continued)</i>			
Denominated in THB			
THAILAND, GOVERNMENT OF 4.5% 11MAR2012	188,000,000	6,107,347	0.30
THAILAND, GOVERNMENT OF 5.125% 8NOV2022	51,000,000	1,837,263	0.09
THAILAND, GOVERNMENT OF 5.375% 30NOV2011	260,000,000	8,444,860	0.42
THAILAND, GOVERNMENT OF 5.375% 3DEC2019	129,000,000	4,655,765	0.23
THAILAND, GOVERNMENT OF 5.5% 18JAN2017	103,000,000	3,690,174	0.18
THAILAND, GOVERNMENT OF 7.2% 7JUL2015	96,000,000	3,634,768	0.18
THAILAND, GOVERNMENT OF 7.5% 5MAR2011	73,000,000	2,391,872	0.12
THAILAND, GOVERNMENT OF 8.25% 5MAR2014	125,000,000	4,692,616	0.23
		191,498,380	9.47
Total Quoted Investments		<u>2,025,834,553</u>	<u>100.05</u>
Total investments, at cost		<u><u>1,902,216,710</u></u>	

**ABF Pan Asia Bond Index Fund**  
Annual Report 2010

**INVESTMENT PORTFOLIO** *(Continued)*

*As at 30th June 2010 (Unaudited)*

**DISTRIBUTION OF INVESTMENTS**

(a) By credit rating		
AAA	290,194,781	14.33
AA+	10,312,494	0.51
AA	370,182,682	18.28
A+	65,460,590	3.23
A	707,044,221	34.92
A-	127,206,907	6.28
AA-	36,226,040	1.79
BBB+	43,786,940	2.16
BBB	8,215,882	0.41
BB+	4,403	–
BB	215,813,355	10.66
Non-rated	151,386,258	7.48
	<u>2,025,834,553</u>	<u>100.05</u>

**PORTFOLIO OF INVESTMENTS**

(b) By asset class		
Bonds	<u>2,025,834,553</u>	<u>100.05</u>
(c) By industry		
Consumer, Non-cyclic	2,219,416	0.11
Energy	4,562,617	0.23
Financial	133,217,599	6.58
Government	1,867,028,847	92.20
Industrial	12,485,186	0.62
Utilities	6,320,888	0.31
	<u>2,025,834,553</u>	<u>100.05</u>

**INVESTMENT PORTFOLIO** *(Continued)*

*As at 30th June 2010 (Unaudited)*

**Top Ten Holdings**

	Fair value at 30th June 2010 US\$	Percentage of total net assets at 30th June 2010 %
SINGAPORE, GOVERNMENT OF 3.625% 1JUL2014	27,168,155	1.34
HONG KONG (GOVT OF) 2.93% 13JAN2020	26,936,761	1.33
SINGAPORE, GOVERNMENT OF 3.75% 1SEP2016	25,179,765	1.24
KOREA TREASURY BOND 5.75% 10SEP2018 1809	24,612,444	1.22
SINGAPORE, GOVERNMENT OF 3.625% 1JUL2011	21,620,877	1.07
SINGAPORE (GOVT OF) 2.625% 1APR2012	20,991,235	1.04
MALAYSIAN GOVT 5.094% 30APR2014 2/04	19,395,452	0.96
SINGAPORE GOVERNMENT 3.25% 1SEP2020	18,663,734	0.92
SINGAPORE (GOVT OF) 3.5% 1MAR2027	18,452,565	0.91
CHINA (GOVT OF) 2.7% 21MAY2013 1042	17,731,755	0.88
	<u>220,752,743</u>	<u>10.91</u>

*As at 30th June 2009 (Unaudited)*

**Top Ten Holdings**

	Fair value at 30th June 2009 US\$	Percentage of total net assets at 30th June 2009 %
SINGAPORE, GOVERNMENT OF 3.625% 1JUL2014	18,847,007	1.22
SINGAPORE, GOVERNMENT OF 4% 1SEP2018	17,979,408	1.16
KOREA TREASURY BOND 5.25% 10SEP2015 1509	17,839,331	1.15
SINGAPORE, GOVERNMENT OF 3.75% 1SEP2016	17,809,788	1.15
SINGAPORE, GOVERNMENT OF 3.625% 1JUL2011	17,087,868	1.10
KOREA TREASURY BOND 5.5% 10SEP2017 1709	17,086,036	1.10
CHINA (GOVT OF) 3.53% 16JUL2010 0711	17,069,174	1.10
PEOPLE'S BANK OF CHINA 4.56% 28MAR2011	17,060,171	1.10
MALAYSIAN GOVT 5.094% 30APR2014 2/04	16,935,668	1.09
KOREA TREASURY BOND 5% 10MAR2011 1103	15,834,175	1.02
	<u>173,548,626</u>	<u>11.19</u>

**ABF Pan Asia Bond Index Fund**  
Annual Report 2010

**STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS**

*For the year ended 30th June 2010 (Unaudited)*

	Percentage of total net assets as at 30th June 2010 (%)	Percentage of total net assets as at 30th June 2009 (%)
<b>Quoted Investments</b>		
<b>Debt securities</b>		
China	20.85	17.85
Hong Kong	19.26	19.10
Indonesia	5.29	5.59
Korea	14.27	16.88
Malaysia	10.62	10.57
Philippines	5.35	5.17
Singapore	14.94	15.07
Thailand	9.47	10.31
	<hr/>	<hr/>
<b>Total quoted investments</b>	<b>100.05</b>	<b>100.54</b>
	<hr/> <hr/>	<hr/> <hr/>

## PERFORMANCE RECORD

### NET ASSET VALUES

	Net asset value of the Fund US\$	Net asset value per unit US\$
At the end of financial period dated		
30th June 2008	1,716,743,912	110.55
30th June 2009	1,549,024,605	110.72
30th June 2010	2,024,889,573	117.02

### HIGHEST OFFER AND LOWEST BID PRICES

Financial period ended	Highest offer US\$	Lowest bid US\$
30th June 2006 (since inception)	104.22	99.80
30th June 2007	111.79	101.94
30th June 2008	116.95	107.44
30th June 2009	113.32	101.65
30th June 2010	118.15	109.68

Performance as of 30th June 2010

### PERFORMANCE SUMMARY

Periods Ended	3 Months	6 Months	1 Year	3 Years	5 Years	Annualized since inception <sup>(a)</sup>
30th June 2010						
ABF Pan Asia Bond Index Fund (PAIF) <sup>(b)</sup>	1.04%	4.23%	9.14%	5.73%	6.74%	6.74%
iBoxx ABF Pan-Asia Index	1.17%	4.54%	9.74%	6.44%	7.51%	7.51%

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.

# ABF Pan Asia Bond Index Fund

## Annual Report 2010

### ADMINISTRATION AND MANAGEMENT

#### Directors of the Manager

Bernard Patrick Reilly  
Hon Wing Cheung  
Kelly Quinn Driscoll  
Sheau-Yien Wang

#### Members of the Supervisory Committee

Mr. Ric Battellino  
Dr., Mrs Atchana Waiquamdee  
(resigned on 4th November 2009)  
Dr. Bandid Nijathaworn  
(appointed on 4th November 2009)  
Dr., Mr. Gwang-Ju Rhee  
(resigned on 9th April 2010)  
Mr. Kim, Jae-Chun  
(appointed on 9th Apr 2010)  
Mr. Peter Pang  
Mr. Budi Mulya  
Mr. Mu Huaipeng  
(resigned on 6th May 2010)  
Mr. Huang Guobo  
(appointed on 6th May 2010)  
Mr. Akinari Horii  
(resigned on 2nd June 2010)  
Mr. Hiroshi Nakaso  
(appointed on 2nd June 2010)  
Dato' Ooi Sang Kuang  
Mr. Grant Spencer  
Mrs. Ma. Ramona G. D. T. Santiago  
Mr. Ong Chong Tee

#### 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  
Center  
8 Finance Street  
Central  
Hong Kong

#### Processing Agent

HK Conversion Agency Services Limited  
2nd Floor, Vicwood Plaza  
199 Des Voeux Road  
Central  
Hong Kong

#### Auditor

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