

ABF Pan Asia Bond Index Fund

Annual Report 2011

1st July 2010 to 30th June 2011



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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 Markit 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 MARKIT IBOXX ABF PAN-ASIA INDEX

PAIF is benchmarked to the Markit iBoxx ABF Pan-Asia Index, which is constructed and published by Markit Indices Limited. The Markit 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 2010 and changed effective 1st November 2010. The previous and current market weights of the index are:

Market	Current Weights (%)	Previous Weights (%)
China	20.77	20.87
Hong Kong	19.34	19.26
Indonesia	5.52	5.37
Korea	15.29	14.20
Malaysia	10.59	10.58
Philippines	5.50	5.44
Singapore	14.14	14.82
Thailand	8.85	9.46

* Source: Markit, SSgA (as of 30 June 2011).

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INVESTMENT MANAGER'S REPORT *(Continued)*

PERFORMANCE SUMMARY

Periods Ended						Annualized since inception ^(a)
30th June 2011	3 months	6 months	1 Year	3 Years	5 Years	
ABF Pan Asia Bond Index Fund (PAIF) ^(b)	2.62%	4.49%	10.44%	7.84%	7.69%	7.34%
Markit iBoxx ABF Pan-Asia Index	2.76%	4.76%	10.98%	8.58%	8.38%	8.08%

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 7.34% compared to an index return of 8.08%. This is a difference of -0.74% and is principally attributable to an amount of -0.66% 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 -0.08% is attributable to tracking difference resulting from trading costs and the sampling approach used in the management of the Fund.

The Markit iBoxx ABF Pan-Asia Index performance on an unhedged basis was 8.08% since inception. This performance was generated from resilient bond markets (contributing 4.82% to returns) as well as from Asian currencies' appreciation (contributing 3.26%).

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 a 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\$2,471 million, resulting in a 22.0% growth during the past year. In terms of units outstanding, the Fund grew by 14.1% for the 12-month period with 19,752,470 units outstanding at period-end. During the same period, fund subscriptions (including dividend reinvestments) net of redemptions totaled 2,448,130 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 2011, 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
26th September 2011

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 2011.

For and on behalf of the Trustee

HSBC Institutional Trust Services (Singapore) Limited
26th September 2011

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 2011 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 information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Manager (the "Management") of the Fund is responsible for the preparation of financial statements that give a true and fair view 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, and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 of financial statements that give a true and fair view 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 2011, 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, 26th September 2011

STATEMENT OF NET ASSETS

As at 30th June 2011

	Notes	30th June 2011 US\$	30th June 2010 US\$
Assets			
Current assets			
Investments	10(b)	2,421,788,640	2,025,834,553
Amounts receivable on subscription		15,014,832	–
Amounts due from brokers		35,039,895	38,055,284
Other receivables		–	29,681
Cash at banks	8(e)	<u>55,298,757</u>	<u>9,257,505</u>
Total assets		<u>2,527,142,124</u>	<u>2,073,177,023</u>
Liabilities			
Current liabilities			
Amounts due to brokers		54,139,555	47,107,594
Derivative financial instruments	10(b),12	8,791	–
Audit fee payable		29,161	19,183
Trustee fee payable	8(d)	100,654	82,644
Management fee payable	8(c)	232,129	196,110
Index license fee payable	9(a)	78,561	68,934
Other payables		<u>1,075,064</u>	<u>812,985</u>
Liabilities (excluding net assets attributable to holders of redeemable units)		<u>55,663,915</u>	<u>48,287,450</u>
Net assets attributable to holders of redeemable units	3	<u>2,471,478,209</u>	<u>2,024,889,573</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
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STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30th June 2011

	Notes	For the year ended 30th June 2011 US\$	For the year ended 30th June 2010 US\$
Income			
Interest income on bank deposits		186,801	16,533
Net gain on investments and derivative financial instruments	6	199,571,037	158,652,566
Net foreign exchange gain		34,224,137	7,323,017
Other income	5	282,456	448,318
Total investment income		<u>234,264,431</u>	<u>166,440,434</u>
Expenses			
Management fee	8(c)	2,475,154	2,131,346
Trustee fee	8(d)	1,170,733	923,690
Index license fee	9(a)	315,553	276,973
Publication and printing expenses		81,809	65,077
Audit fee		57,000	43,341
Processing agent fee	9(b)	15,952	14,297
Safe custody and bank charges		34,418	39,525
Legal and professional fees		154,893	123,367
Annual insurance premium		31,028	41,000
SFC fee expenses		769	769
Other operating expenses		30,814	30,513
Total operating expenses		<u>4,368,123</u>	<u>3,689,898</u>
Operating profit		<u>229,896,308</u>	<u>162,750,536</u>
Finance costs			
Distributions to holders of redeemable units	13	(71,477,594)	(55,676,732)
Profit after distributions and before tax		<u>158,418,714</u>	<u>107,073,804</u>
Withholding taxes	7	(5,348,284)	(4,620,564)
Profit after distributions and tax		<u>153,070,430</u>	<u>102,453,240</u>
Adjustments for different bases adopted by the Fund in arriving at the net assets attributable to holders of redeemable units	3	-	(168,603)
Increase in net assets attributable to holders of redeemable units from operations		<u>153,070,430</u>	<u>102,284,637</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 2011

	For the year ended 30th June 2011 US\$	For the year ended 30th June 2010 US\$
Balance at beginning of the year	2,024,889,573	1,549,024,605
Issue of units	354,157,936	444,977,559
Redemption of units	(60,639,730)	(71,397,228)
Net issue of units	293,518,206	373,580,331
Increase in net assets attributable to holders of redeemable units from operations	153,070,430	102,284,637
Balance at the end of the year	<u>2,471,478,209</u>	<u>2,024,889,573</u>

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

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STATEMENT OF CASH FLOWS

For the year ended 30th June 2011

	For the year ended 30th June 2011 US\$	For the year ended 30th June 2010 US\$
Cash flows from operating activities		
Increase in net assets attributable to holders of redeemable units from operations	153,070,430	102,284,637
Adjustment for:		
Interest income on bank deposits	(186,801)	(16,533)
Distributions to holders of redeemable units	71,477,594	55,676,732
Adjustments for different bases adopted by the Fund in arriving at the net assets attributable to holders of redeemable units	–	168,603
	<u>224,361,223</u>	<u>158,113,439</u>
Operating profit before working capital changes		
	-----	-----
Net increase in investments and derivative financial instruments	(395,945,296)	(468,505,624)
Net decrease/(increase) in amounts due from brokers	3,015,389	(10,745,117)
Net decrease/(increase) in other receivables	29,681	(29,681)
Net increase in amounts due to brokers	7,031,961	4,805,426
Net increase in accounts payable and accrued expenses	335,713	450,121
	<u>(161,171,329)</u>	<u>(315,911,436)</u>
Cash used in operations		
	-----	-----
Interest income on bank deposits received	186,801	16,533
	<u>(160,984,528)</u>	<u>(315,894,903)</u>
Cash flows from financing activities		
Distributions paid to holders of redeemable units	(71,477,594)	(55,676,732)
Issue of units	339,143,104	444,977,559
Redemption of units	(60,639,730)	(71,397,228)
	<u>207,025,780</u>	<u>317,903,599</u>
Net cash generated from financing activities		
	-----	-----
Net increase in cash and cash equivalents	46,041,252	2,008,696
Cash and cash equivalents at the beginning of the year	9,257,505	7,248,809
	<u>55,298,757</u>	<u>9,257,505</u>
Cash and cash equivalents at the end of the year		
	<u><u>55,298,757</u></u>	<u><u>9,257,505</u></u>
Analysis of balance of cash and cash equivalents:		
Cash at banks	<u>55,298,757</u>	<u>9,257,505</u>

*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, a supplemental deed dated 27th June 2008 and a Third Amending and Restating Deed dated 24th June 2011. 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 Markit iBoxx ABF Pan-Asia Index (the “Underlying Index”), before fees and expenses. The Underlying Index is determined and composed by Markit Indices 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 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 effective date of the standard is currently scheduled to be 1st January 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 interest.

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 2011 and 2010, there were no unamortised formation expense.

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 as described above is recognised in the Statement of Comprehensive Income for the year ended 30th June 2010.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Number of units in issue

	2011 <i>units</i>	2010 <i>units</i>
Units in issue at the beginning of the year	17,304,340	13,990,820
Issue of units	2,948,130	3,933,520
Redemption of units	<u>(500,000)</u>	<u>(620,000)</u>
Units in issue at the end of the year	<u><u>19,752,470</u></u>	<u><u>17,304,340</u></u>

	2011 <i>US\$</i>	2010 <i>US\$</i>
Net assets attributable to holders of redeemable units	<u>2,471,478,209</u>	<u>2,024,889,573</u>
Net assets attributable to holders of redeemable units (per unit)	<u><u>125.12</u></u>	<u><u>117.02</u></u>
Net asset value per Creation unit (1 Creation unit is equivalent to 20,000 units)	<u><u>2,502,450</u></u>	<u><u>2,340,326</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 2011. 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 AND DERIVATIVE FINANCIAL INSTRUMENTS

	2011 <i>US\$</i>	2010 <i>US\$</i>
Change in unrealised gain in value of investments and derivative financial instruments	105,722,530	79,698,317
Realised gain on sale of investments	93,848,507	78,954,249
	199,571,037	158,652,566

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) and (12)A of the Income Tax Act (Cap 134):

- (a) gains or profits derived from Singapore or elsewhere from the disposal of securities;
- (b) interest (other than interest for which tax has been deducted under section 45 of the Income Tax Act);
- (c) dividends derived from outside Singapore and received in Singapore;
- (d) gains or profits derived from foreign exchange transactions, transactions in future contracts, transactions in interest rate or currency forwards, swaps or option contracts and transactions in forwards, swaps or option contracts relating to any securities of financial index; and
- (e) distributions from foreign unit trusts 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.

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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 the 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\$121,401,928 (2010: US\$138,296,000) in foreign currency transactions through its affiliated party, State Street Global Markets, LLC for the Fund's investments and settlement purpose. The amount represents 16.23% (2010: 14.81%) 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 %
2011				
State Street Global Markets, LLC	121,401,928	-	-	-
2010				
State Street Global Markets, LLC	138,296,000	-	-	-

(b) As at 30th June 2011, the directors and officers of the Manager did not hold any units in the Fund (2010: 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 2011 US\$	As at 30th June 2010 US\$
Bank balances	<u>55,252,509</u>	<u>9,257,505</u>

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 (2010: 0.0175% per annum) on the daily average net asset value of the Fund, subject to a minimum of US\$184,000 per annum (2010: 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 Markit iBoxx ABF Pan-Asia Index (the "Underlying Index"), before fees and expenses. The Underlying Index is determined and composed by Markit Indices 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:

	2011			2010		
	Fair value US\$	Cost US\$	% of net assets	Fair value US\$	Cost US\$	% of net assets
Held for trading:						
Debt securities	2,421,788,640	2,192,434,870	97.99	2,025,834,553	1,902,216,710	100.05
Derivative financial instruments (note 12)	(8,791)	-	(0.00)	-	-	-
	<u>2,421,779,849</u>	<u>2,192,434,870</u>	<u>97.99</u>	<u>2,025,834,553</u>	<u>1,902,216,710</u>	<u>100.05</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.

	2011 <i>US\$ equivalent</i>	2010 <i>US\$ equivalent</i>
Markets exposed to		
China	463,928,876	422,624,041
Hong Kong	476,082,703	389,911,599
Indonesia	135,981,823	107,144,488
Korea	379,733,704	288,726,414
Malaysia	262,346,609	214,799,167
Philippines	133,893,554	108,673,271
Singapore	351,347,758	302,457,193
Thailand	218,473,613	191,498,380
	2,421,788,640	2,025,834,553
Derivative financial instruments <i>(note 12)</i>	(8,791)	–
	2,421,779,849	2,025,834,553

There were investments issued by a single issuer with market value exceeding 10% of the Fund's net asset value at 30th June 2011 and 30th June 2010, as follows:

	2011 %	2010 %
Hong Kong Government	17.30	17.28
China Government	16.50	18.18
Korea Treasury	13.10	12.16
Singapore Government	11.71	12.35

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NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

During the year, the Markit iBoxx ABF Pan-Asia Index increased by 10.98% (2010: 9.74%), while the returns of the Fund including dividends increased by 10.44% (2010: 9.14%).

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.

	2011		2010	
	Change in market index % +/-	Impact US\$ +/-	Change in market index % +/-	Impact US\$ +/-
Markit iBoxx ABF Pan-Asia Index in US\$	8.00	193,743,091	7.00	141,808,741

Assumption: 8.00% (2010: 7.00%) change is based on an annualized return of 8.30% from 2001 to 2011 (2010: 7.00% from 2001 to 2010).

The Investment Manager has used their view of what would be a "reasonable shift" in each 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 2011

	Up to 1 year <i>US\$</i>	1-5 years <i>US\$</i>	Over 5 years <i>US\$</i>	Non-interest bearing <i>US\$</i>	Total <i>US\$</i>
Assets					
Investments	91,649,318	1,189,667,597	1,140,471,725	-	2,421,788,640
Cash at banks	55,298,757	-	-	-	55,298,757
Other assets	-	-	-	50,054,727	50,054,727
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	146,948,075	1,189,667,597	1,140,471,725	50,054,727	2,527,142,124
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Liabilities					
Amounts due to brokers	-	-	-	(54,139,555)	(54,139,555)
Other liabilities	-	-	-	(1,524,360)	(1,524,360)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Liabilities					
(excluding net assets					
attributable to holders					
of redeemable units)					
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
	-	-	-	(55,663,915)	(55,663,915)
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Total interest					
sensitivity gap	146,948,075	1,189,667,597	1,140,471,725		
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>		

NOTES TO THE FINANCIAL STATEMENTS (Continued)

As at 30th June 2010

	Up to 1 year US\$	1-5 years US\$	Over 5 years US\$	Non-interest bearing US\$	Total US\$
Assets					
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
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>62,244,318</u>	<u>1,075,357,512</u>	<u>897,490,228</u>	<u>38,084,965</u>	<u>2,073,177,023</u>
Liabilities					
Amounts due to brokers	-	-	-	(47,107,594)	(47,107,594)
Other liabilities	-	-	-	(1,179,856)	(1,179,856)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Liabilities (excluding net assets attributable to holders of redeemable units)	<u> </u>	<u> </u>	<u> </u>	<u>(48,287,450)</u>	<u>(48,287,450)</u>
Total interest sensitivity gap	<u>62,244,318</u>	<u>1,075,357,512</u>	<u>897,490,228</u>		

At 30th June 2011, should interest rates have lowered/risen by 20 basis points (2010: 20 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\$25,042,000 and US\$24,573,000 respectively (2010: US\$19,934,000 and US\$19,594,000), 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 2011 and 2010:

As at 30th June 2011

	US\$	Credit rating	Source of credit rating
Custodians and Banks			
The Hongkong & Shanghai Banking Corporation Limited	2,450,933,770	Aa2	Moody's
Euroclear Bank Brussels	26,153,627	N/A	N/A

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

Portfolio by rating category

Rating	2011 %	2010 %
AAA	20	14
AA+	–	1
AA	41	18
AA-	3	2
A+	–	3
A	18	35
A-	1	6
BBB+	–	2
BBB	1	–
BB	11	11
Non-rated	5	8
Total	<u>100</u>	<u>100</u>

The maximum exposure to credit risk as at 30th June 2011 and 2010 is the carrying amount of the financial assets as set out below.

	2011 US\$	2010 US\$
Investments	2,421,788,640	2,025,834,553
Amounts receivable on subscription	15,014,832	–
Amounts due from brokers	35,039,895	38,055,284
Other receivables	–	29,681
Cash at banks	55,298,757	9,257,505
	<u>2,527,142,124</u>	<u>2,073,177,023</u>

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 non-derivative 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\$
As at 30th June 2011			
Amounts due to brokers	54,139,555	-	-
Audit fee payable	-	40,231	-
Trustee fee payable	-	100,654	-
Management fee payable	-	232,129	-
Index license fee payable	-	78,561	-
Other payables	-	16,609	1,047,385
Net assets attributable to holders of redeemable units	<u>2,471,478,209</u>	<u>-</u>	<u>-</u>
Contractual cash out flows (excluding gross settled derivatives)	<u>2,525,617,764</u>	<u>468,184</u>	<u>1,047,385</u>
As at 30th June 2010			
Amounts 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>
Contractual cash out flows (excluding gross settled derivatives)	<u>2,071,997,167</u>	<u>382,157</u>	<u>797,699</u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

The table below analyses the Fund's derivative financial instruments in a loss position based on an expected maturity basis rather than on a contractual basis, as the contractual maturities for such contracts are not considered to be essential to an understanding of the timing of cash flows based on the Fund's investment strategies. The amounts disclosed in the table represent the 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\$	1-3 months US\$
As at 30th June 2011		
Gross settled derivatives		
– Outflow	16,500,021	–
– Inflow	16,491,230	–

As at 30th June 2010

Gross settled derivatives		
– Outflow	–	–
– Inflow	–	–

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 2011 and 2010, 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:

	Less than 7 days US\$	7 days to less than 1 month US\$	1-12 months US\$
As at 30th June 2011			
Total assets	<u>2,527,142,124</u>	<u>–</u>	<u>–</u>
As at 30th June 2010			
Total assets	<u>2,073,147,342</u>	<u>–</u>	<u>29,681</u>

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

(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:

	2011 US\$ <i>equivalents</i>	2010 US\$ <i>equivalents</i>
Hong Kong Dollar	476,586,674	389,919,287
Indonesian Rupiah	136,063,940	112,510,159
South Korean Won	380,910,666	281,563,506
Malaysian Ringgit	262,773,253	214,459,348
Philippine Peso	134,000,577	108,972,457
Renminbi	510,395,325	421,835,391
Singapore Dollar	351,936,118	303,911,074
Thai Baht	219,135,262	191,825,479

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.

	2011		2010	
	Change % +/-	Impact US\$ +/-	Change % +/-	Impact US\$ +/-
Hong Kong Dollar	1	4,765,867	1	3,899,193
Indonesian Rupiah	12	16,327,673	12	13,501,219
South Korean Won	10	38,091,067	10	28,156,351
Malaysian Ringgit	10	26,277,325	10	21,445,935
Philippine Peso	10	13,400,058	10	10,897,246
Renminbi	3	15,311,860	3	12,655,062
Singapore Dollar	6	21,116,167	6	18,234,664
Thai Baht	10	21,913,526	10	19,182,548

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

(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 Markit 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

(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.

IFRS 7 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).

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

The following table analyses within the fair value hierarchy the Fund's investments (by class) measured at fair value at 30th June 2011 and 2010:

As at 30th June 2011	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total balance US\$
Financial assets held for trading				
– Debt securities	–	2,421,788,640	–	2,421,788,640
– Derivative financial instruments	–	(8,791)	–	(8,791)
	<u>–</u>	<u>2,421,779,849</u>	<u>–</u>	<u>2,421,779,849</u>
	<u><u>–</u></u>	<u><u>2,421,779,849</u></u>	<u><u>–</u></u>	<u><u>2,421,779,849</u></u>
As at 30th June 2010	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total balance US\$
Financial assets held for trading				
– Debt securities	–	2,025,834,553	–	2,025,834,553
– Derivative financial instruments	–	–	–	–
	<u>–</u>	<u>2,025,834,553</u>	<u>–</u>	<u>2,025,834,553</u>
	<u><u>–</u></u>	<u><u>2,025,834,553</u></u>	<u><u>–</u></u>	<u><u>2,025,834,553</u></u>

Investments whose values are based on quoted market prices in active markets are classified within level 1. As of 30th June 2011 and 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 2011 and 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. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments represent outstanding forward foreign exchange contracts as at year end. As at 30th June 2010, there were no outstanding forward foreign exchange contracts. As at 30th June 2011, outstanding forward foreign exchange contracts were as follows:

As at 30th June 2011

Contract to deliver		In exchange for		Settlement date	Fair value US\$
US\$	3,300,000	CNY	21,316,680	1st July 2011	(2,909)
US\$	5,700,000	THB	175,218,000	5th July 2011	(555)
US\$	1,400,000	IDR	12,005,000,000	5th July 2011	(3,086)
US\$	1,300,000	KRW	1,388,140,000	5th July 2011	(7)
US\$	1,500,000	MYR	4,525,800	5th July 2011	(1,392)
US\$	700,000	PHP	30,324,000	5th July 2011	(968)
US\$	1,800,000	SG\$	2,211,300	5th July 2011	146
HK\$	6,226,320	US\$	800,000	5th July 2011	(20)
					(8,791)

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. DISTRIBUTIONS

	2011 US\$	2010 US\$
Interim distribution		
– US\$1.88 on 19,822,410 units paid on 8th February 2011	37,266,131	–
– US\$1.95 on 16,364,750 units paid on 4th February 2010	–	31,911,263
	<u>–</u>	<u>31,911,263</u>
Final distribution		
– US\$1.95 on 17,544,340 units paid on 4th August 2010	34,211,463	–
– US\$1.67 on 14,230,820 units paid on 4th August 2009	–	23,765,469
	<u>–</u>	<u>23,765,469</u>
Total distribution	<u>71,477,594</u>	<u>55,676,732</u>

14. 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 Markit 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 organizations 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 2011 and 2010, there was one unitholder holding more than 10% of the Fund's units.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

15. SUPPLEMENTAL RATIOS

	Year ended 30th June 2011	Year ended 30th June 2010
Ratio of expenses to weighted average net assets	0.19% ^(a)	0.20% ^(a)
Portfolio turnover ratio	20.00% ^(b)	33.49% ^(b)

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.

16. EVENT OCCURRING AFTER YEAR END DATE

Subsequent to the year end, the Fund announced a dividend distribution of US\$2.13 per unit. The dividend was paid on 4th August 2011. The net assets attributable to holders of redeemable units as at 30th June 2011 has not accrued the dividend distribution payable as mentioned above.

17. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Trustee and the Manager on 26th September 2011.

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INVESTMENT PORTFOLIO

As at 30th June 2011 (Unaudited)

PRIMARY – BY GEOGRAPHY

	Holdings at 30th June 2011	Fair value at 30th June 2011 US\$	Percentage of total net assets at 30th June 2011 (%)
CHINA (18.77%)			
Denominated in RMB			
AGRIC DEV BANK CHINA 3.4% 12OCT2014	20,000,000	3,091,009	0.13
AGRICUL DEV BANK CHINA 3.1% 24NOV2015	30,000,000	4,527,493	0.18
AGRICUL DEV BANK CHINA 3.5% 16DEC2018	20,000,000	2,980,686	0.12
AGRICUL DEV BANK CHINA 3.65% 26MAR2020	50,000,000	7,386,016	0.30
CHINA (GOVT OF) 1.77% 18DEC2013 0826	80,000,000	11,984,176	0.49
CHINA (GOVT OF) 2.18% 10SEP2012 0922	10,000,000	1,548,595	0.06
CHINA (GOVT OF) 2.29% 2APR2014 0904	25,000,000	3,762,436	0.15
CHINA (GOVT OF) 2.42% 19NOV2012 0929	80,000,000	12,376,490	0.50
CHINA (GOVT OF) 2.53% 10JUN2015 1017	40,000,000	5,942,441	0.24
CHINA (GOVT OF) 2.7% 8APR2015 1008	20,000,000	3,010,276	0.12
CHINA (GOVT OF) 2.71% 24NOV2015 0822	60,000,000	9,060,183	0.37
CHINA (GOVT OF) 2.82% 16APR2016 SER 0906	20,000,000	3,002,211	0.12
CHINA (GOVT OF) 2.83% 25AUG2012 0509	8,000,000	1,258,016	0.05
CHINA (GOVT OF) 2.9% 15DEC2018 0825	30,000,000	4,339,247	0.18
CHINA (GOVT OF) 2.9% 24SEP2014 0924	100,000,000	15,475,640	0.63
CHINA (GOVT OF) 2.9% 3DEC2014 0931	10,000,000	1,536,502	0.06
CHINA (GOVT OF) 2.92% 11MAR2017 1005	90,000,000	13,429,291	0.54
CHINA (GOVT OF) 2.93% 6FEB2014 SER 0701	20,000,000	3,080,104	0.12
CHINA (GOVT OF) 2.97% 6AUG2014 0918	30,000,000	4,678,487	0.19
CHINA (GOVT OF) 3.02% 7MAY2019 0907	30,000,000	4,395,219	0.18
CHINA (GOVT OF) 3.05% 30OCT2011	5,481,000	863,583	0.03
CHINA (GOVT OF) 3.15% 30JUL2016 0917	80,000,000	12,396,112	0.50
CHINA (GOVT OF) 3.17% 20AUG2016 0919	60,000,000	9,286,321	0.38
CHINA (GOVT OF) 3.27% 15NOV2021 0619	25,000,000	3,665,552	0.15
CHINA (GOVT OF) 3.28% 5AUG2020 1024	50,000,000	7,460,984	0.30
CHINA (GOVT OF) 3.36% 25MAR2020 1007	30,000,000	4,508,096	0.18
CHINA (GOVT OF) 3.43% 4FEB2020 1002	30,000,000	4,530,759	0.18
CHINA (GOVT OF) 3.44% 17SEP2019 0923	50,000,000	7,537,501	0.31
CHINA (GOVT OF) 3.48% 23JUL2019 0916	30,000,000	4,566,421	0.18
CHINA (GOVT OF) 3.62% 27NOV2023 0823	110,000,000	16,715,077	0.68
CHINA (GOVT OF) 3.64% 2DEC2015 1039	30,000,000	4,749,193	0.19
CHINA (GOVT OF) 3.68% 22SEP2018 0818	50,000,000	7,763,507	0.31
CHINA (GOVT OF) 3.68% 5NOV2019 0927	20,000,000	3,057,622	0.12

INVESTMENT PORTFOLIO *(Continued)*

As at 30th June 2011 (Unaudited)

PRIMARY – BY GEOGRAPHY *(Continued)*

	Holdings at 30th June 2011	Fair value at 30th June 2011 US\$	Percentage of total net assets at 30th June 2011 (%)
CHINA <i>(Continued)</i>			
Denominated in RMB			
CHINA (GOVT OF) 3.69% 16SEP2013 0817	50,000,000	7,979,487	0.32
CHINA (GOVT OF) 3.7% 26JUN2026 SER 0609	10,000,000	1,465,511	0.06
CHINA (GOVT OF) 3.74% 24MAY2014 0707	20,000,000	3,117,390	0.13
CHINA (GOVT OF) 3.82% 25SEP2030 1029	80,000,000	11,844,320	0.48
CHINA (GOVT OF) 3.83% 27JAN2018 1103	100,000,000	15,788,971	0.64
CHINA (GOVT OF) 3.86% 19FEB2029 SER 0902	20,000,000	2,992,528	0.12
CHINA (GOVT OF) 3.9% 23AUG2014 0714	20,000,000	3,232,679	0.13
CHINA (GOVT OF) 3.95% 13FEB2015 0801	30,000,000	4,769,125	0.19
CHINA (GOVT OF) 3.96% 15APR2030 1009	20,000,000	3,023,173	0.12
CHINA (GOVT OF) 3.96% 29JUL2040 1023	40,000,000	5,933,271	0.24
CHINA (GOVT OF) 4% 27AUG2029 0920	30,000,000	4,566,419	0.18
CHINA (GOVT OF) 4.03% 21JUN2040 1018	20,000,000	2,944,492	0.12
CHINA (GOVT OF) 4.08% 1MAR2040 1003	110,000,000	16,524,696	0.67
CHINA (GOVT OF) 4.16% 28FEB2023 SER 0802	6,000,000	953,936	0.04
CHINA (GOVT OF) 4.23% 18AUG2015 0814	30,000,000	4,938,026	0.20
CHINA (GOVT OF) 4.23% 9DEC2040	30,000,000	4,589,205	0.19
CHINA (GOVT OF) 4.3% 30NOV2059 0930	20,000,000	3,080,661	0.12
CHINA (GOVT OF) 4.4% 25JUN2017 0710	20,000,000	3,213,114	0.13
CHINA (GOVT OF) 4.5% 8MAY2038 1806	20,000,000	3,193,453	0.13
CHINA (GOVT OF) 4.94% 11AUG2028 0813	40,000,000	6,841,681	0.28
CHINA (GOVT OF) SER 0501 4.44% 28FEB2015	20,000,000	3,201,591	0.13
CHINA DEV BANK 3.42% 2AUG2015 0514	11,000,000	1,703,145	0.07
CHINA DEV BANK 3.75% 11NOV2014 0920	30,000,000	4,682,066	0.19
CHINA DEV BANK 3.8% 30OCT2036 0624	10,000,000	1,312,931	0.05
CHINA DEV BANK 3.97% 20JAN2017 1001	30,000,000	4,666,225	0.19
CHINA DEV BANK 4.1% 30AUG2025 0517	28,000,000	4,093,981	0.17
CHINA DEV BANK CORP 4.3% 17MAR2030 1005	30,000,000	4,382,201	0.18
CHINA DEV BANK CORP 4.42% 7APR2040 1007	40,000,000	5,955,452	0.24
CHINA DEVELOPMENT BK 2.21% 5DEC2011 0821	20,000,000	3,107,836	0.13
CHINA DEVELOPMENT BK 3.45% 16SEP2014	20,000,000	3,105,377	0.13
CHINA GOVERNMENT BOND 2.95% 25SEP2011	1,688,000	266,587	0.01
CHINA GOVERNMENT BOND 3.4% 17APR2023	65,663,000	9,705,481	0.39
CHINA GOVT BOND 2.51% 27FEB2013 0601	6,000,000	918,835	0.04
CHINA GOVT BOND 2.51% 27FEB2013 1601	4,000,000	612,557	0.02
CHINA GOVT BOND 2.54% 18APR2012 1203	44,500,000	6,842,424	0.28

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INVESTMENT PORTFOLIO (Continued)

As at 30th June 2011 (Unaudited)

PRIMARY – BY GEOGRAPHY (Continued)

	Holdings at 30th June 2011	Fair value at 30th June 2011 US\$	Percentage of total net assets at 30th June 2011 (%)
CHINA (Continued)			
Denominated in RMB			
CHINA GOVT BOND 2.6% 20SEP2017 1213	58,767,000	8,566,376	0.35
CHINA GOVT BOND 2.8% 27MAR2016 0603	20,000,000	2,887,613	0.12
CHINA GOVT BOND 2.8% 9APR2013 0302	6,000,000	922,136	0.04
CHINA GOVT BOND 2.89% 31AUG2013 0613	10,000,000	1,563,114	0.06
CHINA GOVT BOND 2.9% 24MAY2032 0205	20,000,000	2,499,093	0.10
CHINA GOVT BOND 2.92% 26SEP2016 0616	4,000,000	614,360	0.02
CHINA GOVT BOND 3.01% 25NOV2012 0513	23,000,000	3,585,833	0.15
CHINA GOVT BOND 3.91% 23OCT2038 SER 0820	30,000,000	4,272,873	0.17
CHINA GOVT BOND 4.18% 24OCT2018 0309	10,000,000	1,603,680	0.06
CHINA GOVT BOND 4.27% 17MAY2037 SER 0706	10,000,000	1,517,190	0.06
CHINA GOVT BOND 4.41% 17DEC2017 SER SPC8	10,000,000	1,611,013	0.07
CHINA GOVT BOND 4.46% 24SEP2017 SER SPC3	30,000,000	4,898,761	0.20
CHINA GOVT BOND 4.55% 29SEP2022 SER SPC4	50,000,000	8,212,208	0.33
EXPORT IMPORT BANK CHINA 3.38% 24JUN2012	30,000,000	4,619,105	0.19
PEOPLE'S BANK OF CHINA 2.65% 16JUL2013 1060	70,000,000	10,873,056	0.44
PEOPLE'S BANK OF CHINA 2.7% 21MAY2013 1042	240,000,000	36,168,392	1.46
		463,928,876	18.77
HONG KONG (19.26%)			
Denominated in HKD			
EUROFIMA 4.18% EMTN 8JUN2015	77,500,000	11,027,082	0.45
HK (GOVT OF) 05Y1212 2.66% 17DEC2012	74,000,000	9,854,204	0.40
HK (GOVT OF) 05Y1312 1.67% 19DEC2013	105,000,000	13,898,148	0.56
HK GOVERNMENT 4.49% 26NOV2012 7211	25,000,000	3,419,065	0.14
HK GOVERNMENT BOND 0.5% 16AUG2012	36,000,000	4,650,735	0.19
HK GOVERNMENT BOND 1.67% 24MAR2014	87,000,000	11,571,387	0.47
HK GOVERNMENT BOND 1412 3.51% 8DEC2014	15,500,000	2,180,324	0.09
HK GOVERNMENT BOND 2.39% 20AUG2025	18,000,000	2,305,568	0.09
HK GOVERNMENT BOND 2.88% 17JUN2013	135,000,000	18,234,753	0.74
HK GOVERNMENT BOND 3.27% 28AUG2023	26,000,000	3,689,063	0.15
HK GOVERNMENT BOND 3.78% 6DEC2016 1612	30,000,000	4,338,864	0.18
HK GOVERNMENT BOND 4.06% 19MAR2012	24,000,000	3,200,494	0.13
HK GOVERNMENT BOND 4.13% 22FEB2013 7302	31,000,000	4,294,056	0.17
HK GOVERNMENT BOND 4.28% 28FEB2014	17,500,000	2,504,288	0.10
HK GOVERNMENT BOND 4.53% 18JUN2012	100,500,000	13,471,605	0.54

INVESTMENT PORTFOLIO *(Continued)*

As at 30th June 2011 (Unaudited)

PRIMARY – BY GEOGRAPHY *(Continued)*

	Holdings at 30th June 2011	Fair value at 30th June 2011 US\$	Percentage of total net assets at 30th June 2011 (%)
HONG KONG <i>(Continued)</i>			
Denominated in HKD			
HK GOVERNMENT BOND 4.74% 24MAY2013 7305	20,000,000	2,797,389	0.11
HK GOVERNMENT BOND 4.83% 7JUN2016 1606	32,000,000	4,818,347	0.19
HK GOVERNMENT BOND 7205 3.61% 28MAY2012	15,000,000	1,993,557	0.08
HK GOVERNMENT EX FD NT 1212 4.5% 4DEC12	26,500,000	3,621,814	0.15
HK GOVERNMENT EX FD NT 1306 3.73% 5JUN13	23,400,000	3,211,681	0.13
HK GOVERNMENT EX FD NT 1312 4.32% 2DEC13	17,200,000	2,423,532	0.10
HK GOVERNMENT EX FD NT 1406 4.82% 2JUN14	17,000,000	2,459,786	0.10
HK GOVERNMENT SER 7208 4% 27AUG2012	12,000,000	1,630,960	0.07
HONG KONG (GOVT OF) 0.36% 19NOV2012	25,000,000	3,219,756	0.13
HONG KONG (GOVT OF) 0.48% 3SEP2012	137,000,000	17,672,964	0.71
HONG KONG (GOVT OF) 0.72% 17MAY2012	38,000,000	4,909,418	0.20
HONG KONG (GOVT OF) 1.18% 21SEP2015	60,000,000	7,773,277	0.31
HONG KONG (GOVT OF) 1.43% 2DEC2015	155,000,000	20,173,685	0.82
HONG KONG (GOVT OF) 1.61% 10DEC2018	27,000,000	3,409,239	0.14
HONG KONG (GOVT OF) 1.65% 15JUN2015	25,000,000	3,299,995	0.13
HONG KONG (GOVT OF) 1.69% 29SEP2014	46,000,000	6,122,323	0.25
HONG KONG (GOVT OF) 1.73% 20FEB2024	25,000,000	2,995,613	0.12
HONG KONG (GOVT OF) 2.03% 18MAR2013	99,800,000	13,283,895	0.54
HONG KONG (GOVT OF) 2.07% 3NOV2014	174,000,000	23,371,093	0.95
HONG KONG (GOVT OF) 2.16% 9DEC2019	30,000,000	3,897,929	0.16
HONG KONG (GOVT OF) 2.46% 23JUN2014	45,500,000	6,167,765	0.25
HONG KONG (GOVT OF) 2.53% 22JUN2020	24,000,000	3,190,121	0.13
HONG KONG (GOVT OF) 2.54% 25SEP2013	95,000,000	12,871,998	0.52
HONG KONG (GOVT OF) 2.6% 20AUG2024	16,000,000	2,112,874	0.09
HONG KONG (GOVT OF) 2.71% 20FEB2023	28,000,000	3,760,323	0.15
HONG KONG (GOVT OF) 2.93% 13JAN2020	315,000,000	43,784,639	1.77
HONG KONG (GOVT OF) 2.95% 24FEB2025	30,000,000	4,111,244	0.17
HONG KONG (GOVT OF) 3.32% 25FEB2026	30,000,000	4,281,653	0.17
HONG KONG (GOVT OF) 3.5% 22JUN2015	26,700,000	3,770,504	0.15
HONG KONG (GOVT OF) 3.52% 5DEC2017	37,000,000	5,300,728	0.21
HONG KONG (GOVT OF) 3.83% 22NOV2013	16,500,000	2,299,803	0.09
HONG KONG (GOVT OF) 4.04% 30MAY2014	14,000,000	1,983,771	0.08
HONG KONG (GOVT OF) 4.2% 17SEP2012	96,000,000	13,081,410	0.53
HONG KONG (GOVT OF) 4.33% 7DEC2015	31,500,000	4,619,026	0.19

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INVESTMENT PORTFOLIO *(Continued)*

As at 30th June 2011 (Unaudited)

PRIMARY – BY GEOGRAPHY *(Continued)*

	Holdings at 30th June 2011	Fair value at 30th June 2011 US\$	Percentage of total net assets at 30th June 2011 (%)
HONG KONG <i>(Continued)</i>			
Denominated in HKD			
HONG KONG (GOVT OF) 4.4% 22AUG2013	29,500,000	4,175,270	0.17
HONG KONG (GOVT OF) 4.65% 29AUG2022	60,000,000	9,580,426	0.39
HONG KONG (GOVT OF) 4.85% 27JUN2017	33,500,000	5,113,846	0.21
HONG KONG (GOVT OF) 5.125% 23JUL2019	66,500,000	10,471,795	0.42
HONG KONG (GOVT OF) 5.8% 19JUN2012	32,400,000	4,396,081	0.18
HONG KONG (GOVT) 05Y1412 1.69% 22DEC2014	40,000,000	5,298,801	0.21
HONG KONG (GOVT) 05Y1503 1.75% 23MAR2015	32,000,000	4,262,050	0.17
HONG KONG (GOVT) 05Y1512 1.52% 21DEC2015	40,000,000	5,228,133	0.21
HONG KONG (GOVT) 05Y1603 1.91% 21MAR2016	80,000,000	10,660,440	0.43
HONG KONG (GOVT) 1.57% 13JUN2016	30,000,000	3,901,138	0.16
HONG KONG (GOVT) 10Y1806 3.56% 25JUN2018	67,000,000	9,603,073	0.39
HONG KONG (GOVT) 10Y2012 2.44% 7DEC2020	42,000,000	5,524,058	0.22
HONG KONG MTG CORP 2.05% 20APR2012 EMTN	22,000,000	2,870,156	0.12
HONG KONG MTG CORP 4.1% 9JAN2012 MTN	72,000,000	9,501,060	0.38
HONG KONG(GOVT OF)10Y1906 2.64% 10JUN19	55,000,000	7,435,102	0.30
INTER-AMERICAN DEV BANK 4.2% 24MAR2014	34,000,000	4,765,919	0.19
KOWLOON-CANTON RAILWAY 4.65% 10JUN2013	28,500,000	3,930,402	0.16
MTR CORP (C.I.) 2% 20JAN2014 MTN	9,000,000	1,191,040	0.05
MTR CORP (C.I.) 4.28% 6JUL2020 EMTN	35,000,000	5,065,890	0.20
MTR CORP (C.I.) 4.6% 3JUN2013	12,500,000	1,730,599	0.07
MTR CORP (C.I.) 4.75% 11MAY2020	22,000,000	3,279,121	0.13
MTR CORP (C.I.) 4.9% 25JUN2018	3,000,000	447,761	0.02
URBAN RENEWAL AUTHORITY 2.08% 27JUL2012	35,000,000	4,588,794	0.19
		476,082,703	19.26

INVESTMENT PORTFOLIO *(Continued)*

As at 30th June 2011 (Unaudited)

PRIMARY – BY GEOGRAPHY *(Continued)*

	Holdings at 30th June 2011	Fair value at 30th June 2011 US\$	Percentage of total net assets at 30th June 2011 (%)
INDONESIA (5.50%)			
Denominated in IDR			
INDONESIA (REP OF) 10% 15FEB2028 FR47	69,000,000,000	9,246,455	0.37
INDONESIA (REP OF) 10.25% 15JUL2022 FR43	38,000,000,000	5,311,097	0.21
INDONESIA (REP OF) 10.5% 15AUG2030 FR52	78,000,000,000	10,815,313	0.44
INDONESIA (REP OF) 10.5% 15JUL2038 FR50	44,000,000,000	5,979,571	0.24
INDONESIA (REP OF) 10.75% 15MAY16 FR30	30,000,000,000	4,078,070	0.16
INDONESIA (REP OF) 11% 15SEP2025 FR40	76,000,000,000	11,047,314	0.45
INDONESIA (REP OF) 11.25% 15MAY2014 FR51	20,000,000,000	2,647,666	0.11
INDONESIA (REP OF) 11.5% 15SEP2019 FR36	23,000,000,000	3,394,998	0.14
INDONESIA (REP OF) 11.6% 15AUG2018 FR38	10,500,000,000	1,548,930	0.06
INDONESIA (REP OF) 11.75% 15AUG23 FR39	20,000,000,000	3,045,551	0.12
INDONESIA (REP OF) 12% 15SEP2026 FR37	14,000,000,000	2,177,465	0.09
INDONESIA (REP OF) 12.5% 15MAR2013 FR33	35,000,000,000	4,601,539	0.19
INDONESIA (REP OF) 12.8% 15JUN2021 FR34	31,000,000,000	4,897,362	0.20
INDONESIA (REP OF) 12.9% 15JUN2022 FR35	26,000,000,000	4,112,956	0.17
INDONESIA (REP OF) 7.375% 15SEP2016 FR55	17,000,000,000	2,057,947	0.08
INDONESIA (REP OF) 8.25% 15JUL2021	16,000,000,000	2,008,628	0.08
INDONESIA (REP OF) 9% 15SEP2013 FR49	17,000,000,000	2,131,246	0.09
INDONESIA (REP OF) 9% 15SEP2018 FR48	15,000,000,000	1,939,122	0.08
INDONESIA (REP OF) 9.5% 15JUL2023 FR46	44,000,000,000	5,848,089	0.24
INDONESIA (REP OF) 9.5% 15JUL2031 FR54	37,000,000,000	4,801,739	0.19
INDONESIA (REP OF) 9.75% 15MAY2037 FR45	15,000,000,000	1,857,719	0.07
INDONESIA GOVERNMENT 10% 15JUL2017 FR28	37,000,000,000	5,061,834	0.20
INDONESIA GOVT 11% 15OCT2014 FR26	39,000,000,000	5,218,376	0.21
INDONESIA GOVERNMENT 9.5% 15JUN2015 FR27	60,000,000,000	7,672,861	0.31
INDONESIA GOVT 10% 15SEP2024 FR44	32,000,000,000	4,329,144	0.17
INDONESIA GOVT 10.25% 15JUL2027 SER FR42	44,000,000,000	6,083,696	0.25
INDONESIA GOVT 11% 15NOV2020 SER FR31	44,000,000,000	6,341,279	0.26
INDONESIA RECAPITAL BD 14.25% 15JUN2013	36,000,000,000	4,829,425	0.20
INDONESIA RECAPITAL BD 14.275% 15DEC2013	21,000,000,000	2,896,431	0.12
		135,981,823	5.50
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ABF Pan Asia Bond Index Fund
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INVESTMENT PORTFOLIO *(Continued)*

As at 30th June 2011 (Unaudited)

PRIMARY – BY GEOGRAPHY *(Continued)*

	Holdings at 30th June 2011	Fair value at 30th June 2011 US\$	Percentage of total net assets at 30th June 2011 (%)
KOREA (15.36%)			
Denominated in KRW			
KDICB REDEMPTION FUND 4.09% 29SEP2015	10,000,000,000	9,357,474	0.38
KDICB REDEMPTION FUND 5.6% 9MAY2013	10,000,000,000	9,722,747	0.39
KOREA (TREASURY) 4% 10SEP2015 1509	12,000,000,000	11,369,002	0.46
KOREA (TREASURY) 4.25% 10DEC2012 1212	9,000,000,000	8,516,925	0.34
KOREA (TREASURY) 5% 10SEP2014 1409	12,000,000,000	11,755,660	0.48
KOREA HIGHWAY CORP 5.1% 14MAR2014 SR 412	10,000,000,000	9,652,225	0.39
KOREA MONETARY STAB BD 3.28% 2OCT2012	3,000,000,000	2,815,368	0.11
KOREA MONETARY STAB BD 3.68% 2JUN2012	3,000,000,000	2,817,333	0.11
KOREA MONETARY STAB BD 3.81% 2AUG2012	7,000,000,000	6,601,451	0.27
KOREA MONETARY STAB BOND 3.99% 1FEB2013	16,000,000,000	15,117,936	0.61
KOREA TREASURY BD 4.25% 10SEP2014 1409	17,600,000,000	16,830,195	0.68
KOREA TREASURY BD 4.75% 17SEP2013 1309	6,000,000,000	5,799,339	0.24
KOREA TREASURY BOND 3.75% 10JUN2013 1306	10,000,000,000	9,392,035	0.38
KOREA TREASURY BOND 4% 10JUN2012 1206	16,000,000,000	15,074,123	0.61
KOREA TREASURY BOND 4% 10MAR2016 1603	7,000,000,000	6,630,702	0.27
KOREA TREASURY BOND 4.5% 10MAR2015 1503	19,000,000,000	18,339,616	0.74
KOREA TREASURY BOND 4.75% 10DEC2030 3012	2,000,000,000	1,958,212	0.08
KOREA TREASURY BOND 4.75% 10MAR2014 1403	19,000,000,000	18,429,431	0.75
KOREA TREASURY BOND 5% 10JUN2020 0000	24,000,000,000	23,721,887	0.96
KOREA TREASURY BOND 5% 10SEP2016 1609	14,000,000,000	13,865,223	0.56
KOREA TREASURY BOND 5% 26MAR2013 1303	9,000,000,000	8,708,434	0.35
KOREA TREASURY BOND 5.25% 10MAR2013 1303	14,000,000,000	13,639,304	0.55
KOREA TREASURY BOND 5.25% 10MAR2027 2703	4,000,000,000	4,155,419	0.17
KOREA TREASURY BOND 5.25% 10SEP2012 1209	12,000,000,000	11,626,670	0.47
KOREA TREASURY BOND 5.25% 10SEP2015 1509	16,000,000,000	15,902,831	0.64
KOREA TREASURY BOND 5.25% 17MAR2014	10,000,000,000	9,817,736	0.40
KOREA TREASURY BOND 5.5% 10DEC2029 2912	16,000,000,000	17,075,606	0.69
KOREA TREASURY BOND 5.5% 10MAR2028 2803	13,000,000,000	13,921,122	0.56
KOREA TREASURY BOND 5.5% 10SEP2017 1709	17,000,000,000	17,358,888	0.70
KOREA TREASURY BOND 5.75% 10MAR2026 2603	7,000,000,000	7,605,104	0.31
KOREA TREASURY BOND 5.75% 10SEP2013 1309	11,000,000,000	10,895,315	0.44
KOREA TREASURY BOND 5.75% 10SEP2018 1809	30,000,000,000	31,260,391	1.27
		379,733,704	15.36

INVESTMENT PORTFOLIO *(Continued)*

As at 30th June 2011 (Unaudited)

PRIMARY – BY GEOGRAPHY *(Continued)*

	Holdings at 30th June 2011	Fair value at 30th June 2011 US\$	Percentage of total net assets at 30th June 2011 (%)
MALAYSIA (10.62%)			
Denominated in MYR			
DANGA CAPITAL BHD 4.22% 24APR2014	10,000,000	3,382,720	0.14
DANGA CAPITAL BHD 4.35% 13APR2015	10,000,000	3,394,066	0.14
MALAYSIA (GOVT OF) 2.509% 27AUG2012	25,000,000	8,310,627	0.34
MALAYSIA (GOVT OF) 3.21% 31MAY2013	23,000,000	7,642,947	0.31
MALAYSIA (GOVT OF) 3.461% 31JUL2013	25,000,000	8,435,994	0.34
MALAYSIA (GOVT OF) 3.835% 12AUG2015	33,500,000	11,434,678	0.46
MALAYSIA (GOVT OF) 4.16% 15JUL2021 0111	10,000,000	3,439,174	0.14
MALAYSIA (GOVT OF) 4.498% 15APR2030	8,000,000	2,745,852	0.11
MALAYSIA GOVERNMENT BD 3.741% 27FEB2015	52,500,000	17,761,500	0.72
MALAYSIA GOVT INV ISS 4.273% 14FEB2014	4,270,000	1,470,449	0.06
MALAYSIA INVESTMENT ISS 3.199% 30SEP2013	3,000,000	996,508	0.04
MALAYSIA INVESTMENT ISS 3.278% 15MAR2013	9,000,000	3,012,593	0.12
MALAYSIA INVESTMENT ISS 3.86% 30SEP2015	8,000,000	2,710,588	0.11
MALAYSIA INVESTMENT ISS 3.909% 31JUL2014	20,000,000	6,820,049	0.28
MALAYSIA INVESTMENT ISS 3.941% 15JUN2017	2,000,000	671,068	0.03
MALAYSIA INVESTMENT ISS 4.17% 30APR2021	19,000,000	6,405,424	0.26
MALAYSIA INVESTMENT ISS 4.284% 15JUN2020	14,000,000	4,753,571	0.19
MALAYSIA INVESTMENT ISS 4.295% 31OCT2018	19,000,000	6,523,281	0.26
MALAYSIA INVESTMENT ISS 4.492% 30APR2020	7,420,000	2,573,117	0.10
MALAYSIAN GOVERNMENT 3.502% 31MAY2027	16,300,000	5,004,601	0.20
MALAYSIAN GOVT 3.434% 15AUG2014 0211	5,500,000	1,855,593	0.07
MALAYSIAN GOVT 3.702% 25FEB2013 3/03	46,400,000	15,706,125	0.64
MALAYSIAN GOVT 3.718% 15JUN2012 5/06	18,500,000	6,178,423	0.25
MALAYSIAN GOVT 3.814% 15FEB2017 SER 0207	25,500,000	8,622,537	0.35
MALAYSIAN GOVT 4.012% 15SEP2017 0210	29,000,000	9,867,085	0.40
MALAYSIAN GOVT 4.24% 7FEB2018 2/03	44,000,000	15,229,066	0.62
MALAYSIAN GOVT 4.262% 15SEP2016 1/06	19,800,000	6,867,669	0.28
MALAYSIAN GOVT 4.378% 29NOV2019 0902	67,500,000	23,258,372	0.94
MALAYSIAN GOVT 4.709% 15SEP2026 2/06	1,000,000	357,328	0.01
MALAYSIAN GOVT 4.72% 30SEP2015 2/05	15,830,000	5,567,865	0.22
MALAYSIAN GOVT 4.837% 15JUL2025 3/05	17,670,000	6,368,572	0.26
MALAYSIAN GOVT 5.094% 30APR2014 2/04	63,500,000	22,233,461	0.90
MALAYSIAN GOVT 5.248% 15SEP2028 0308	9,000,000	3,393,605	0.14
MALAYSIAN GOVT 5.734% 30JUL2019 3/04	20,000,000	7,656,577	0.31
MALAYSIAN GOVT INV 3.581% 14SEP2012 0703	5,000,000	1,683,124	0.07
MALAYSIAN GOVT INV 3.82% 15NOV2016 0603	15,000,000	5,033,339	0.20
SILTERRA CAPITAL BHD 3.9% 6JUN2014	9,000,000	3,011,466	0.12

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INVESTMENT PORTFOLIO (Continued)

As at 30th June 2011 (Unaudited)

PRIMARY – BY GEOGRAPHY (Continued)

	Holdings at 30th June 2011	Fair value at 30th June 2011 US\$	Percentage of total net assets at 30th June 2011 (%)
MALAYSIA (Continued)			
Denominated in MYR			
SYARIKAT PRASARANA NEGARA 3.8% 30NOV2011	5,000,000	1,665,466	0.07
SYARIKAT PRASARANA NEGARA 4.4% 30MAY2018	10,000,000	3,393,192	0.14
SYKT PRASARANA NEGAR 4.27% 30NOV2016	10,000,000	3,387,621	0.14
SYKT PRASARANA NEGARA 4.85% 27SEP2024	5,000,000	1,759,064	0.07
SYKT PRASARANA NEGARA 5.07% 28SEP2029	5,000,000	1,762,252	0.07
		262,346,609	10.62
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PHILIPPINES (5.42%)

Denominated in PHP

PHILIPPINE (GOVT OF) 18.25% 29NOV2025	50,000,000	2,162,565	0.09
PHILIPPINE (GOVT OF) 5.25% 7JAN2013	55,000,000	1,319,584	0.05
PHILIPPINE (GOVT OF) 7.125% 2NOV2013	91,000,000	2,232,272	0.09
PHILIPPINE (GOVT OF) 7.75% 23AUG2017	100,000,000	2,577,137	0.10
PHILIPPINE (GOVT OF) 7.875% 19FEB2019	449,000,000	11,629,765	0.47
PHILIPPINE (GOVT OF) 8.375% 22MAY2015	210,000,000	5,371,153	0.22
PHILIPPINE (GOVT OF) 8.5% 29NOV2032	100,000,000	2,409,647	0.10
PHILIPPINE (GOVT OF) 8.625% 6SEP2027	54,000,000	1,389,533	0.06
PHILIPPINE (GOVT OF) 9.25% 5NOV2034	113,000,000	2,935,926	0.12
PHILIPPINE (GOVT OF) 9.375% 5OCT2031	50,000,000	1,305,805	0.05
PHILIPPINE (REP OF) 6.5% 4OCT2014	220,000,000	5,380,008	0.22
PHILIPPINE (REP OF) 8% 30SEP2035	110,000,000	2,568,683	0.10
PHILIPPINE (REP OF) 8.75% 27MAY2030	80,000,000	1,980,366	0.08
PHILIPPINE GOVT 11.375% 18AUG2012 7-40	15,000,000	382,337	0.02
PHILIPPINE GOVT 12.375% 24FEB15 1036	116,000,000	3,322,208	0.14
PHILIPPINES (REP OF) 10.25% 19JAN2026	137,000,000	4,032,979	0.16
PHILIPPINES (REP OF) 5.875% 16DEC2020	45,000,000	1,016,688	0.04
PHILIPPINES (REP OF) 6.25% 27JAN2014	728,026,545	17,827,639	0.72
PHILIPPINES (REP OF) 7% 27JAN2016	841,702,725	21,229,212	0.86
PHILIPPINES (REP OF) 7% 31MAR2017	58,000,000	1,446,155	0.06
PHILIPPINES (REP OF) 7.75% 18FEB2020	50,000,000	1,286,144	0.05
PHILIPPINES (REP OF) 8.125% 16DEC2035	696,902,627	16,260,372	0.66
PHILIPPINES (REP OF) 8.75% 3MAR2013 7-43	348,148,282	8,742,858	0.35
PHILIPPINES (REP OF) 9.125% 4SEP2016	492,467,977	13,323,321	0.54
PHILIPPINES (REP OF) 9.5% 4DEC2028	66,000,000	1,761,197	0.07
		133,893,554	5.42
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INVESTMENT PORTFOLIO *(Continued)*

As at 30th June 2011 (Unaudited)

PRIMARY – BY GEOGRAPHY *(Continued)*

	Holdings at 30th June 2011	Fair value at 30th June 2011 US\$	Percentage of total net assets at 30th June 2011 (%)
SINGAPORE (14.22%)			
Denominated in SGD			
ASIA DEVELOPMENT BK 3.335% 18SEP2011 MTN	2,000,000	1,653,800	0.07
HOUSING & DEVELOPMENT BRD 3.375% 21APR15	4,500,000	3,957,674	0.16
INTL BK RECON & DEV 1.57% 21AUG2012	5,000,000	4,147,231	0.17
LAND TRANSPORT AUTH 2.159% 19JUN2013	5,000,000	4,184,589	0.17
LAND TRANSPORT AUTH 2.9% 19JUN2023	2,000,000	1,602,830	0.06
LAND TRANSPORT AUTHORITY 4.08% 21MAY2012	3,000,000	2,528,882	0.10
LAND TRANSPORT AUTHORITY 4.17% 10MAY2016	3,000,000	2,735,220	0.11
PSA CORP LTD 2.83% 6JUL2015	3,000,000	2,566,162	0.10
SINGAPORE (GOVT OF) 1.125% 1APR2016	6,000,000	4,930,302	0.20
SINGAPORE (GOVT OF) 1.375% 1OCT2014	14,000,000	11,747,145	0.48
SINGAPORE (GOVT OF) 1.625% 1APR2013	18,800,000	15,686,159	0.63
SINGAPORE (GOVT OF) 2.375% 1APR2017	15,500,000	13,437,014	0.54
SINGAPORE (GOVT OF) 2.5% 1JUN2019	16,300,000	13,787,449	0.56
SINGAPORE (GOVT OF) 2.5% 1OCT2012	29,700,000	24,956,307	1.01
SINGAPORE (GOVT OF) 2.875% 1JUL2015	24,600,000	21,955,031	0.89
SINGAPORE (GOVT OF) 2.875% 1SEP2030	17,500,000	14,214,019	0.58
SINGAPORE (GOVT OF) 3% 1SEP2024	13,200,000	11,159,331	0.45
SINGAPORE (GOVT OF) 3.125% 1SEP2022	19,800,000	17,230,899	0.70
SINGAPORE (GOVT OF) 3.5% 1MAR2027	24,300,000	21,541,397	0.87
SINGAPORE GOVERNMENT 3.25% 1SEP2020	28,250,000	25,164,947	1.02
SINGAPORE, GOVERNMENT OF 3.5% 1JUL2012	13,250,000	11,305,011	0.46
SINGAPORE, GOVERNMENT OF 3.625% 1JUL2014	33,600,000	30,336,173	1.23
SINGAPORE, GOVERNMENT OF 3.75% 1SEP2016	29,100,000	27,103,207	1.10
SINGAPORE, GOVERNMENT OF 4% 1SEP2018	25,850,000	24,449,249	0.99
SINGAPORE, REPUBLIC OF 2.25% 1JUL2013	25,200,000	21,479,174	0.87
SP POWERASSETS LTD 4.84% EMTN 22OCT2018	4,100,000	3,827,697	0.15
TEMASEK FINANCIAL I LTD 3.265% 19FEB2020	10,000,000	8,630,802	0.35
TEMASEK FINANCIAL I LTD 4.2% 2AUG2050	5,750,000	5,030,057	0.20
		<u>351,347,758</u>	<u>14.22</u>

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INVESTMENT PORTFOLIO *(Continued)*

As at 30th June 2011 (Unaudited)

PRIMARY – BY GEOGRAPHY *(Continued)*

	Holdings at 30th June 2011	Fair value at 30th June 2011 US\$	Percentage of total net assets at 30th June 2011 (%)
THAILAND (8.84%)			
Denominated in THB			
ASIA DEVELOPMENT BANK 5.34% 18SEP2011	40,000,000	1,325,898	0.05
BANK OF THAILAND BD 1.65% 21MAY2012	50,000,000	1,602,436	0.06
BANK OF THAILAND BD 2.05% 29JAN2012 3YR	60,000,000	1,953,173	0.08
BANK OF THAILAND BD 2.25% 29APR2012 2YR	25,000,000	807,878	0.03
BANK OF THAILAND BD 2.35% 21OCT2012 2YR	100,000,000	3,220,286	0.13
BANK OF THAILAND BD 2.475% 16JUL2012 3YR	188,000,000	6,121,612	0.25
BANK OF THAILAND BD 2.48% 19AUG2012 2YR	100,000,000	3,254,759	0.13
BANK OF THAILAND BD 2.53% 18NOV2013 3YR	100,000,000	3,182,762	0.13
BANK OF THAILAND BD 2.6% 20MAY2013 SR3YR	210,000,000	6,705,562	0.27
PTT PCL 4.86% 20MAR2015	50,000,000	1,699,456	0.07
PTT PCL 5.79% 12OCT2016	82,000,000	2,898,856	0.12
THAI (GOVT OF) 3.65% 20JUN2031	63,000,000	1,938,994	0.08
THAILAND (GOVT OF) 2.8% 10OCT2017	110,000,000	3,401,405	0.14
THAILAND (GOVT OF) 3.125% 11DEC2015	195,000,000	6,195,891	0.25
THAILAND (GOVT OF) 3.625% 16JUN2023	190,000,000	5,994,031	0.24
THAILAND (GOVT OF) 3.625% 22MAY2015	331,000,000	10,761,154	0.43
THAILAND (GOVT OF) 3.65% 17DEC2021	45,000,000	1,436,042	0.06
THAILAND (GOVT OF) 3.8% 14JUN2041	50,000,000	1,496,953	0.06
THAILAND (GOVT OF) 3.85% 12DEC2025	150,000,000	4,834,396	0.20
THAILAND (GOVT OF) 3.875% 13JUN2019	340,000,000	11,085,169	0.45
THAILAND (GOVT OF) 4.125% 18NOV2016	185,000,000	6,145,375	0.25
THAILAND (GOVT OF) 4.5% 9APR2024	89,000,000	3,075,047	0.12
THAILAND (GOVT OF) 4.75% 20DEC2024	110,000,000	3,873,771	0.16
THAILAND (GOVT OF) 4.875% 22JUN2029	130,000,000	4,679,422	0.19
THAILAND (GOVT OF) 5.25% 12MAY2014	415,000,000	14,384,044	0.58
THAILAND (GOVT OF) 5.25% 13JUL2013	184,000,000	6,314,980	0.26
THAILAND (GOVT OF) 5.4% 27JUL2016	123,000,000	4,389,161	0.18
THAILAND (GOVT OF) 5.5% 13MAR2023	150,000,000	5,656,573	0.23
THAILAND (GOVT OF) 5.67% 13MAR2028	174,000,000	6,863,323	0.28
THAILAND GOVT BOND 4.25% 13MAR2013	689,000,000	22,906,386	0.93
THAILAND GOVT BOND 5% 26MAY2017	110,000,000	3,877,329	0.16
THAILAND GOVT BOND 5% 3DEC2014 05-2	139,000,000	4,718,854	0.19
THAILAND GOVT BOND 5.125% 13MAR2018	207,000,000	7,337,584	0.30
THAILAND GOVT BOND 5.5% 13AUG2019 04-5	95,000,000	3,497,361	0.14

INVESTMENT PORTFOLIO *(Continued)*

As at 30th June 2011 (Unaudited)

PRIMARY – BY GEOGRAPHY *(Continued)*

	Holdings at 30th June 2011	Fair value at 30th June 2011 US\$	Percentage of total net assets at 30th June 2011 %
THAILAND <i>(Continued)</i>			
Denominated in THB			
THAILAND GOVT BOND 5.625% 12JAN2019	136,000,000	5,040,061	0.20
THAILAND GOVT BOND 5.85% 31MAR2021 06-5	248,000,000	9,440,922	0.38
THAILAND GOVT BOND 6.15% 7JUL2026 06-6	115,000,000	4,735,175	0.19
THAILAND, GOVERNMENT OF 3.875% 7MAR2018	85,000,000	2,803,736	0.11
THAILAND, GOVERNMENT OF 4% 17OCT2013	10,000,000	330,310	0.01
THAILAND, GOVERNMENT OF 5.125% 8NOV2022	51,000,000	1,852,991	0.07
THAILAND, GOVERNMENT OF 5.375% 3DEC2019	129,000,000	4,654,287	0.19
THAILAND, GOVERNMENT OF 5.5% 18JAN2017	103,000,000	3,713,555	0.15
THAILAND, GOVERNMENT OF 7.2% 7JUL2015	96,000,000	3,627,904	0.15
THAILAND, GOVERNMENT OF 8.25% 5MAR2014	125,000,000	4,638,749	0.19
		<u>218,473,613</u>	<u>8.84</u>
Total quoted investments		<u>2,421,788,640</u>	<u>97.99</u>
Derivative financial instruments		<u>(8,791)</u>	<u>(0.00)</u>
Total investments		<u>2,421,779,849</u>	<u>97.99</u>
Total investments, at cost		<u>2,192,434,870</u>	

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INVESTMENT PORTFOLIO *(Continued)*

As at 30th June 2011 (Unaudited)

	Fair value at 30th June 2011 US\$	Percentage of total net assets at 30th June 2011 %
DISTRIBUTION OF INVESTMENTS		
(a) By credit rating		
AAA	494,885,198	20.02
AA	993,358,407	40.19
AA-	78,008,841	3.16
A	425,200,835	17.20
A-	15,229,066	0.62
BBB+	3,196,409	0.13
BBB	33,593,269	1.36
BB	269,875,377	10.92
Non-rated	108,441,238	4.39
	<u>2,421,788,640</u>	<u>97.99</u>

PORTFOLIO OF INVESTMENTS

(b) By asset class		
Bonds	<u>2,421,788,640</u>	<u>97.99</u>

PORTFOLIO OF INVESTMENTS

(c) By industry		
Consumer, Non-cyclic	2,566,162	0.10
Energy	4,598,312	0.19
Financial	185,487,379	7.51
Government	2,195,348,106	88.83
Industrial	26,949,518	1.09
Technology	3,011,466	0.12
Utilities	3,827,697	0.15
	<u>2,421,788,640</u>	<u>97.99</u>

INVESTMENT PORTFOLIO *(Continued)*

As at 30th June 2011 (Unaudited)

Top Ten Holdings

	Fair value at 30th June 2011 US\$	Percentage of total net assets at 30th June 2011 %
HONG KONG (GOVT OF) 2.93% 13JAN2020	43,784,639	1.77
PEOPLE'S BANK OF CHINA 2.7% 21MAY2013 1042	36,168,392	1.46
KOREA TREASURY BOND 5.75% 10SEP2018 1809	31,260,391	1.27
SINGAPORE, GOVERNMENT OF 3.625% 1JUL2014	30,336,173	1.23
SINGAPORE, GOVERNMENT OF 3.75% 1SEP2016	27,103,207	1.10
SINGAPORE GOVERNMENT 3.25% 1SEP2020	25,164,947	1.02
SINGAPORE (GOVT OF) 2.5% 1OCT2012	24,956,307	1.01
SINGAPORE, GOVERNMENT OF 4% 1SEP2018	24,449,249	0.99
KOREA TREASURY BOND 5% 10JUN2020 0000	23,721,887	0.96
HONG KONG (GOVT OF) 2.07% 3NOV2014	23,371,093	0.95
	<u>290,316,285</u>	<u>11.76</u>

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>

ABF Pan Asia Bond Index Fund
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STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS

For the year ended 30th June 2011 (Unaudited)

	Percentage of total net assets as at 30th June 2011 (%)	Percentage of total net assets as at 30th June 2010 (%)
Quoted Investments		
Debt securities		
China	18.77	20.85
Hong Kong	19.26	19.26
Indonesia	5.50	5.29
Korea	15.36	14.27
Malaysia	10.62	10.62
Philippines	5.42	5.35
Singapore	14.22	14.94
Thailand	8.84	9.47
Total quoted investments	97.99	100.05

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 2009	1,549,024,605	110.72
30th June 2010	2,024,889,573	117.02
30th June 2011	2,471,478,209	125.12

HIGHEST OFFER AND LOWEST BID PRICES

	Highest offer US\$	Lowest bid US\$
Financial period ended		
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
30th June 2011	126.05	117.05

Performance as of 30th June 2011

PERFORMANCE SUMMARY

Periods Ended	3 Months	6 Months	1 Year	3 Years	5 Years	Annualized since inception ^(a)
30th June 2011						
ABF Pan Asia Bond Index Fund (PAIF) ^(b)	2.62%	4.49%	10.44%	7.84%	7.69%	7.34%
Markit iBoxx ABF Pan-Asia Index	2.76%	4.76%	10.98%	8.58%	8.38%	8.08%

Notes:

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

ADMINISTRATION AND MANAGEMENT

Directors of the Manager

Bernard Patrick Reilly
Hon Wing Cheung
Kelly Quinn Driscoll
Sheau-Yien Wang (resigned on 31st March 2011)

Members of the Supervisory Committee

Mr. Ric Battellino
Dr. Atchana Waiquamdee
(appointed on 1st November 2010)
Dr. Bandid Nijathaworn
(resigned on 1st November 2010)
Mr. Kim, Jae-Chun
Mr. Peter Pang
Mr. Budi Mulya
Mr. Huang Guobo
Mr. Hiroshi Nakaso
Dato' Ooi Sang Kuang
(resigned on 14th August 2010)
Mr. Grant Spencer
Mrs. Ma. Ramona G. D. T. Santiago
Mr. Ong Chong Tee
Mr. Muhammad Ibrahim
(appointed on 14th August 2010)

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