



ABF Hong Kong Bond Index Fund

Interim Report 2012

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Investment Adviser's Report

ABF Hong Kong Bond Index Fund

For the six months ended 31 January 2012, the Fund delivered positive return. The Fund's investment holdings continued to compose of high-quality issuers, such as the Hong Kong SAR Government, quasi-government entities in Hong Kong as well as multilateral international agency entities. This reflected the characteristics of the Fund of being a conservative investment which aims to achieve investment return and distribute potential income on a semi-annual basis. In August we saw the US downgraded by S&P from AAA to AA+ with a negative outlook. The ratings downgrade was indicative of concerns on the failure from US politicians to curtail the US budget deficit. However, towards the end of fourth quarter of 2011 the US economy showed encouraging signs of improvement, especially in the all important labour and housing markets. However, concerns about European debt issues continued to weigh on the markets.

Statement of Assets and Liabilities

ABF Hong Kong Bond Index Fund

	31 January 2012 HKD	31 July 2011 HKD
ASSETS		
Investments	2,591,626,592	2,577,333,343
Accounts receivable	41,669,355	83,572,593
Cash at banks	3,524,740	3,286,191
Total assets	2,636,820,687	2,664,192,127
LIABILITIES		
Accounts payable	802,872	37,420,622
Distribution payable	29,983,241	34,352,101
Total liabilities	30,786,113	71,772,723
TOTAL NET ASSETS	2,606,034,574	2,592,419,404
EQUITY		
Capital attributable to unitholders	2,606,034,574	2,592,419,404
TOTAL EQUITY	2,606,034,574	2,592,419,404
Number of units outstanding	25,196,001	25,446,001
Net asset value per unit	103.43	101.88

Portfolio Statement

ABF Hong Kong Bond Index Fund

as at 31 January 2012

	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
Debt Securities				HONG KONG (GOVT OF)			
				4.33% 7DEC2015	12,000,000	13,813,234	0.53
EUROFIMA 4.18% EMTN				HONG KONG (GOVT OF)			
8JUN2015	46,000,000	51,174,319	1.96	4.65% 29AUG2022	41,550,000	55,373,963	2.12
HK GOVERNMENT BOND				HONG KONG (GOVT OF)			
1412 3.51% 8DEC2014	37,000,000	40,400,063	1.55	4.85% 27JUN2017	43,000,000	52,580,602	2.02
HK GOVERNMENT BOND				HONG KONG (GOVT OF)			
2.39% 20AUG2025	28,500,000	32,227,609	1.24	5.125% 23JUL2019	12,500,000	15,882,988	0.61
HK GOVERNMENT BOND				HONG KONG (GOVT)			
4.83% 6DEC2016 1612	22,000,000	25,405,761	0.97	02Y1311 0.26% 18NOV2013	78,000,000	78,020,537	2.99
HK GOVERNMENT BOND				HONG KONG (GOVT)			
4.13% 22FEB2013 7302	70,500,000	73,414,287	2.82	05Y1609 0.79% 19SEP2016	55,000,000	55,705,843	2.14
HK GOVERNMENT BOND				HONG KONG (GOVT)			
4.83% 7JUN2016 1606	48,500,000	57,617,874	2.21	02GB1303 0.85% 4MAR2013	156,000,000	157,041,300	6.03
HK GOVERNMENT EX FD				HONG KONG (GOVT)			
NT 1306 3.73% 5JUN13	55,450,000	58,050,006	2.23	05Y1606 1.57% 13JUN2016	40,000,000	41,908,432	1.61
HK GOVERNMENT EX FD				HONG KONG (GOVT)			
NT 1312 4.32% 2DEC13	50,400,000	54,163,706	2.08	10Y1812 1.61% 10DEC2018	42,000,000	43,925,070	1.69
HK GOVERNMENT EX FD				HONG KONG (GOVT)			
NT 1406 4.82% 2JUN14	56,500,000	62,507,882	2.40	05Y1412 1.69% 22DEC2014	71,000,000	73,870,175	2.83
HONG KONG (GOVT OF)				HONG KONG (GOVT)			
0.7% 5MAR2012	33,000,000	32,997,690	1.27	05Y1603 1.91% 21MAR2016	40,000,000	42,424,852	1.63
HONG KONG (GOVT OF)				HONG KONG (GOVT)			
05Y1312 1.67% 19DEC2013	42,000,000	43,120,001	1.65	10Y2106 2.31% 21JUN2021	41,000,000	44,991,625	1.73
HONG KONG (GOVT OF)				HONG KONG (GOVT)			
1.43% 2DEC2015	196,000,000	201,592,527	7.74	10GB2108 2.46% 4AUG2021	26,000,000	27,848,600	1.07
HONG KONG (GOVT OF)				HONG KONG (GOVT)			
1.65% 15JUN2015	50,000,000	52,209,250	2.00	10Y1906 2.64% 10JUN2019	9,000,000	10,060,290	0.39
HONG KONG (GOVT OF)				HONG KONG (GOVT)			
1.73% 20FEB2024	62,000,000	64,925,575	2.49	10GB2001 2.93% 13JAN2020	161,500,000	179,706,428	6.90
HONG KONG (GOVT OF)				INTER-AMERICAN DEV BANK			
2.03% 18MAR2013	149,500,000	152,530,918	5.85	4.2% 24MAR2014	41,000,000	44,107,386	1.69
HONG KONG (GOVT OF)				KOWLOON-CANTON RAILWAY			
2.07% 3NOV2014	171,500,000	178,577,239	6.85	3.88% 15JUN2021	16,000,000	17,673,600	0.68
HONG KONG (GOVT OF)				KOWLOON-CANTON RAILWAY			
2.16% 9DEC2019	45,000,000	48,788,438	1.87	4.65% 10JUN2013	10,000,000	10,481,490	0.40
HONG KONG (GOVT OF)				MTR CORP (C.I.) 4.28%			
2.53% 22JUN2020	80,000,000	89,181,336	3.42	6JUL2020 EMTN	8,000,000	8,978,579	0.34
HONG KONG (GOVT OF)				MTR CORP (C.I.) 4.5%			
2.71% 20FEB2023	23,000,000	26,342,572	1.01	11MAY2015	33,500,000	37,430,883	1.44
HONG KONG (GOVT OF)				MTR CORP (C.I.) 4.6%			
3.5% 22JUN2015	8,500,000	9,406,265	0.36	3JUN2013 EMTN	25,500,000	26,673,000	1.02
HONG KONG (GOVT OF)				MTR CORP (C.I.) 4.75%			
3.52% 5DEC2017	48,500,000	56,225,890	2.16	11MAY2020	66,000,000	76,672,919	2.94
HONG KONG (GOVT OF)				MTR CORP (C.I.) 4.9%			
4.04% 30MAY2014	52,000,000	56,555,200	2.17	25JUN2018	7,000,000	8,513,838	0.33

Portfolio Statement

ABF Hong Kong Bond Index Fund

as at 31 January 2012

	Holdings	Market value HKD	% of net asset value
MTR CORP (C.I.) 5.25% 21MAY2013	5,000,000	526,550	0.02
Total Investments		2,591,626,592	99.45
Other Net Assets		14,407,982	0.55
Total Net Assets		2,606,034,574	100.00
Total Cost of Investment		2,489,518,041	

Statement of Movements in Portfolio Holdings

ABF Hong Kong Bond Index Fund

	% of net asset value 31 January 2012	% of net asset value 31 July 2011
Debt Securities	99.45	99.42
Total Investments	99.45	99.42
Other Net Assets	0.55	0.58
Total Net Assets	100.00	100.00

Performance Record

ABF Hong Kong Bond Index Fund

	Net asset value per unit	
	Lowest HKD	Highest HKD
2010	101.39	104.67
2011	99.53	103.72
1 August 2011 to 31 January 2012	102.13	104.56
	31 January 2012 HKD	31 July 2011 HKD
Total net asset value	2,606,034,574	2,592,419,404
Net asset value per unit	103.43	101.88

In accordance with chapter 8.6(l) of the Code on Unit Trusts and Mutual Funds, the Trust is required to provide a comparison of the Trust performance and the actual index performance over the relevant period.

	6 months ended 31 January 2012	12 months ended 31 July 2011
ABF Hong Kong Bond Index Fund	2.71% ^(a)	2.06% ^(a)
Markit iBoxx ABF Hong Kong Index	2.74% ^(b)	2.23% ^(b)

(a) The Trust's returns are calculated on NAV-to-NAV basis, dividends reinvested.

(b) The benchmark returns are stated on a total return basis. Unlike the Trust, the benchmark returns do not include the impact of Trust expenses or Trust transaction costs.

Investor should note that investment involves risk and past performance may not be indicative of future performance. Investors should refer to the Trust's Prospectus before making any investment decision.

Distribution Disclosure

ABF Hong Kong Bond Index Fund

	Date of Ex-distribution	Date of Payment	Distribution Per Unit HKD	Total Distribution HKD
2012 Interim Distribution	30 January 2012	8 February 2012	1.19	29,983,241
2011 Final Distribution	28 July 2011	8 August 2011	1.35	34,352,101
2011 Interim Distribution	28 January 2011	11 February 2011	1.49	37,542,042

Administration

ABF Hong Kong Bond Index Fund

Manager and Listing Agent

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