

ABF Pan Asia Bond Index Fund

Annual Report 2012

1st July 2011 to 30th June 2012

Contents

	Page
Investment Manager's Report	1
Statement by the Manager	4
Report of the Trustee	5
Independent Auditor's Report to the Unitholders of ABF Pan Asia Bond Index Fund	6
Statement of Net Assets	8
Statement of Comprehensive Income	9
Statement of Changes in Net Assets Attributable to Holders of Redeemable Units	10
Statement of Cash Flows	11
Notes to the Financial Statements	12
Investment Portfolio	38
Statement of Movements in Portfolio Holdings	53
Performance Record	54
Administration and Management	55

ABF Pan Asia Bond Index Fund

Annual Report 2012

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 primarily in domestic currency-denominated bonds and other debt obligations issued or guaranteed by government, quasi-government organizations and supranational financial institutions in eight EMEAP markets, namely, China, Hong Kong, Indonesia, South 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 an indicator of investment returns of Asian currency denominated bonds and other debt obligations issued or guaranteed by government, quasi-government organizations and supranational financial institutions in China, Hong Kong, Indonesia, South Korea, Malaysia, Philippines, Singapore, and Thailand.

Country weights were reviewed in October 2011 and changed effective 31st October 2011. The previous and current market weights of the index are:

Market	Current Weights (%)	Previous Weights (%)
China	21.25	20.77
Hong Kong	19.43	19.34
Indonesia	5.69	5.52
Malaysia	10.14	10.59
Philippines	5.25	5.50
Singapore	14.05	14.14
South Korea	14.90	15.29
Thailand	9.29	8.85

* Source: Markit, SSgA (as of 30 June 2012).

INVESTMENT MANAGER'S REPORT *(Continued)*

PERFORMANCE SUMMARY

Periods Ended						Annualized since inception ^(a)
30th June 2012	3 months	6 months	1 Year	3 Years	5 Years	
ABF Pan Asia Bond Index Fund (PAIF) ^(b)	0.33%	2.29%	4.21%	7.89%	6.35%	6.89%
Markit iBoxx ABF Pan-Asia Index	0.42%	2.52%	4.73%	8.45%	6.99%	7.60%

Notes:

- (a) Performance inception date is from 29th June 2005 when the units of PAIF were first issued.
- (b) PAIF'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 PAIF, including dividends, was 6.89% compared to an index return of 7.60%. This is a difference of -0.71% and is principally attributable to an amount of -0.63% 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 PAIF.

The Markit iBoxx ABF Pan-Asia Index performance on an unhedged basis was 7.60% since inception. This performance was generated from resilient bond markets (contributing 4.95% to returns) as well as from Asian currencies' appreciation (contributing 2.65%).

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 representative sampling approach to match the index's characteristics and returns through investing in a well diversified portfolio of securities that represents the underlying 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

PAIF has grown to a total net asset value of US\$3,010 million, resulting in a 21.8% growth during the past year. In terms of units outstanding, PAIF grew by 20.6% for the 12-month period with 23,828,050 units outstanding at period-end. During the same period, fund subscriptions (including dividend reinvestments) net of redemptions totaled 4,075,580 units.

INVESTMENT MANAGER'S REPORT *(Continued)*

EXPOSURE TO FINANCIAL DERIVATIVES

Types of Derivatives	Fair value at	Percentage of	Unrealised	Realised
	30th June 2012	total net assets		
	<i>US\$</i>	holders of redeemable units <i>%</i>	<i>US\$</i>	<i>US\$</i>
Foreign exchange contracts	–	–	–	(944)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

GLOBAL EXPOSURE TO FINANCIAL DERIVATIVES

The global exposure to financial derivatives is computed using the commitment approach which is calculated as the sum of:

- a) the absolute value of the exposure of each individual financial derivative not involved in netting or hedging arrangements;
- b) the absolute value of the net exposure of each individual financial derivative after netting or hedging arrangements ; and
- c) the sum of the values of cash collateral received pursuant to:
 - i) the reduction of exposure to counterparties of OTC financial derivatives; and
 - ii) EPM technique relating to securities lending and repurchase transactions,
 and that are reinvested.

OTHER INFORMATION

During the reporting period, PAIF had no exposure to other unit trusts, mutual funds and collective investment schemes and did not hold any collateral. PAIF had no borrowings, securities lending and repurchase transactions. There is no other material information that will adversely impact the valuation of PAIF.

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 8 to 37, 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 2012, and the results of its operation for the financial 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
28th September 2012

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 2012.

For and on behalf of the Trustee

HSBC Institutional Trust Services (Singapore) Limited
28th September 2012

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 8 to 37 which comprise the Statement of Net Assets as of 30th June 2012 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 2012, 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, 28th September 2012

STATEMENT OF NET ASSETS

As at 30th June 2012

	Notes	30th June 2012 US\$	30th June 2011 US\$
Assets			
Current assets			
Investments	10(b)	2,995,360,940	2,421,788,640
Amounts receivable on subscription		–	15,014,832
Amounts due from brokers		41,583,030	35,039,895
Cash at banks	8(e)	38,354,604	55,298,757
		<u>3,075,298,574</u>	<u>2,527,142,124</u>
Total assets			
		<u>3,075,298,574</u>	<u>2,527,142,124</u>
Liabilities			
Current liabilities			
Amounts due to brokers		63,491,092	54,139,555
Derivative financial instruments	10(b), 12	–	8,791
Audit fee payable		47,274	29,161
Trustee fee payable	8(d)	117,492	100,654
Management fee payable	8(c)	264,778	232,129
Index license fee payable	9(a)	173,584	78,561
Other payables		1,467,548	1,075,064
		<u>1,467,548</u>	<u>1,075,064</u>
Liabilities (excluding net assets attributable to holders of redeemable units)			
		<u>65,561,768</u>	<u>55,663,915</u>
Net assets attributable to holders of redeemable units			
	3	<u>3,009,736,806</u>	<u>2,471,478,209</u>

HSBC Institutional Trust
Services (Singapore) Limited

State Street Global Advisors
Singapore Limited

*The notes on pages 12 to 37 form part of these financial statements.
Independent auditor's report – pages 6 and 7*

ABF Pan Asia Bond Index Fund
Annual Report 2012

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30th June 2012

	Notes	For the year ended 30th June 2012 US\$	For the year ended 30th June 2011 US\$
Income			
Interest income on bank deposits		91,009	186,801
Net gain on investments and derivative financial instruments	6	89,017,812	199,571,037
Net foreign exchange gain		29,979,759	34,224,137
Other income	5	892,972	282,456
Total investment income		<u>119,981,552</u>	<u>234,264,431</u>
Expenses			
Management fee	8(c)	2,900,677	2,475,154
Trustee fee	8(d)	1,372,900	1,170,733
Index license fee	9(a)	346,505	315,553
Publication and printing expenses		76,218	81,809
Audit fee		66,721	57,000
Processing agent fee	9(b)	16,463	15,952
Safe custody and bank charges		58,827	34,418
Legal and professional fees		227,395	154,893
Annual insurance premium		43,535	31,028
SFC fee expenses		–	769
Other operating expenses		29,371	30,814
Total operating expenses		<u>5,138,612</u>	<u>4,368,123</u>
Operating profit		<u>114,842,940</u>	<u>229,896,308</u>
Finance costs			
Distributions to holders of redeemable units	13	(83,001,525)	(71,477,594)
Profit after distributions and before tax		<u>31,841,415</u>	<u>158,418,714</u>
Withholding taxes	7	(6,323,660)	(5,348,284)
Profit after distributions and tax/increase in net assets attributable to holders of redeemable units from operations		<u>25,517,755</u>	<u>153,070,430</u>

*The notes on pages 12 to 37 form part of these financial statements.
Independent auditor's report – pages 6 and 7*

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

For the year ended 30th June 2012

	For the year ended 30th June 2012 US\$	For the year ended 30th June 2011 US\$
Balance at beginning of the year	2,471,478,209	2,024,889,573
Issue of units	686,143,380	354,157,936
Redemption of units	(173,402,538)	(60,639,730)
Net issue of units	512,740,842	293,518,206
Increase in net assets attributable to holders of redeemable units from operations	25,517,755	153,070,430
Balance at the end of the year	<u>3,009,736,806</u>	<u>2,471,478,209</u>

*The notes on pages 12 to 37 form part of these financial statements.
Independent auditor's report – pages 6 and 7*

ABF Pan Asia Bond Index Fund
Annual Report 2012

STATEMENT OF CASH FLOWS

For the year ended 30th June 2012

	For the year ended 30th June 2012 US\$	For the year ended 30th June 2011 US\$
Cash flows from operating activities		
Increase in net assets attributable to holders of redeemable units from operations	25,517,755	153,070,430
Adjustment for:		
Interest income on bank deposits	(91,009)	(186,801)
Distributions to holders of redeemable units	83,001,525	71,477,594
	<hr/>	<hr/>
Operating profit before working capital changes	108,428,271	224,361,223
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Net increase in investments and derivative financial instruments	(573,581,091)	(395,945,296)
Net (increase)/decrease in amounts due from brokers	(6,543,135)	3,015,389
Net decrease in other receivables	-	29,681
Net increase in amounts due to brokers	9,351,537	7,031,961
Net increase in accounts payable and accrued expenses	555,107	335,713
	<hr/>	<hr/>
Cash used in operations	(461,789,311)	(161,171,329)
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Interest income on bank deposits received	91,009	186,801
	<hr/>	<hr/>
Net cash used in operating activities	(461,698,302)	(160,984,528)
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Cash flows from financing activities		
Distributions paid to holders of redeemable units	(83,001,525)	(71,477,594)
Issue of units	701,158,212	339,143,104
Redemption of units	(173,402,538)	(60,639,730)
	<hr/>	<hr/>
Net cash generated from financing activities	444,754,149	207,025,780
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Net (decrease)/increase in cash and cash equivalents	(16,944,153)	46,041,252
Cash and cash equivalents at the beginning of the year	55,298,757	9,257,505
	<hr/>	<hr/>
Cash and cash equivalents at the end of the year	38,354,604	55,298,757
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>
Analysis of balance of cash and cash equivalents:		
Cash at banks	38,354,604	55,298,757
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

*The notes on pages 12 to 37 form part of these financial statements.
Independent auditor's report – pages 6 and 7*

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"). 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 supplemental 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 debt obligations denominated in China Renminbi, Hong Kong Dollars, Indonesian Rupiah, Korean Won, Malaysian Ringgits, Philippine Pesos, Singapore Dollars or Thai Baht (each an "Asian Currency") issued or guaranteed by government, quasi-government organizations or supranational financial institutions, 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)*

Standards and amendments to existing standards effective in current year

IFRS 7 (amendment) 'Financial instruments: Disclosures'. This amendment was part of the IASB's annual improvement project published in May 2010. The amendment emphasizes the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments. Adoption of this amendment did not have a significant impact on the Fund's financial statements.

There are no other standards, interpretations or amendments to existing standards in the current year that are effective that would be expected to have a significant impact on the Fund.

'Improvements to IFRS' were issued in May 2010 and contain several amendments to IFRS, which the IASB considers non-urgent but necessary. 'Improvements to IFRS' comprise amendments that result in accounting changes for presentation, recognition or measurement purposes, as well as terminology or editorial amendments related to a variety of individual standards. Most of the amendments are effective for annual periods beginning on or after 1st January 2011. No material changes to accounting policies are expected as a result of these amendments.

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

IFRS 9, 'Financial instruments', effective for annual periods beginning on or after 1st January 2015, specifies how an entity should classify and measure financial assets and liabilities, including some hybrid contracts. The standard improves and simplifies the approach for classification and measurement of financial assets compared with the requirements of IAS 39. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged. The standard applies a consistent approach to classifying financial assets and replaces the numerous categories of financial assets in IAS 39, each of which had its own classification criteria. The standard is not expected to have a significant impact on the Fund's financial position or performance, as it is expected that the Fund will continue to classify its financial assets and financial liabilities (both long and short) as being at fair value through profit or loss.

IFRS 13, 'Fair value measurement', effective for annual periods beginning on or after 1st January 2013. The standard improves consistency and reduces complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS. If an asset or a liability measured at fair value has a bid price and an ask price, the standard requires valuation to be based on a price within the bid-ask spread that is most representative of fair value and allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurement within a bid-ask spread. On adoption of the standard, the Fund would change their valuation inputs for listed financial assets and liabilities to last traded prices to be consistent with the inputs prescribed in the Fund's offering document for the calculation of its per unit trading value for subscriptions and redemptions. The use of last traded prices is recognised as a standard pricing convention within the industry. The Trustee and the Manager are currently assessing the impact on the Fund's financial statements.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a significant impact on the Fund.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

(b) Investments

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

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

Foreign exchange contracts are valued at the difference between forward rates ruling at the valuation date and the contract rates. Realised and unrealised gains and losses on foreign exchange contracts are recognised in the Statement of Comprehensive Income.

(c) Income

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

(d) Expenses

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

(e) Cash and cash equivalents

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

(f) Amounts due from/to brokers

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

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

(g) Translation of foreign currencies

Functional and presentation currency

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

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the year end date.

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

(h) Offsetting financial instruments

Financial assets and liabilities are offset against each other, and the net amount is reported in the Statement of Net Assets, when (i) there is a legally enforceable right to offset the recognised amounts, and (ii) 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, redeemable units are generally only issued and redeemed in blocks of 20,000 units or in whole multiples thereof.

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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

(j) 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.

(k) Distributions

Proposed distributions to holders of redeemable units are recognised in the Statement of Comprehensive Income when they are appropriately authorized. The distribution on 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, redeemable units are generally only issued and redeemed in blocks of 20,000 units or in whole multiples thereof. 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.

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.

ABF Pan Asia Bond Index Fund
Annual Report 2012

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

Number of units in issue

	2012 <i>units</i>	2011 <i>units</i>
Units in issue at the beginning of the year	19,752,470	17,304,340
Issue of units	5,455,580	2,948,130
Redemption of units	<u>(1,380,000)</u>	<u>(500,000)</u>
Units in issue at the end of the year	<u><u>23,828,050</u></u>	<u><u>19,752,470</u></u>

	2012 <i>US\$</i>	2011 <i>US\$</i>
Net assets attributable to holders of redeemable units	<u>3,009,736,806</u>	<u>2,471,478,209</u>
Net assets attributable to holders of redeemable units (per unit)	<u><u>126.31</u></u>	<u><u>125.12</u></u>
Net asset value per Creation unit (1 Creation unit is equivalent to 20,000 units)	<u><u>2,526,213</u></u>	<u><u>2,502,450</u></u>

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

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 2012. 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.

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

	2012 <i>US\$</i>	2011 <i>US\$</i>
Change in unrealised gain/loss in value of investments and derivative financial instruments	(17,249,431)	105,722,530
Realised gain on sale of investments	106,267,243	93,848,507
	89,017,812	199,571,037

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

7. TAXATION

No provision for Hong Kong profits tax has been made as the Fund was authorized as collective investment scheme under Section 104 of the Hong Kong Securities and Futures Ordinance and is therefore exempted from profits tax under Section 26A(1A) 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 sections 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.

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 ordinary 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\$240,700,000 (2011: US\$121,401,928) in foreign currency transactions through its affiliated party, State Street Global Markets, LLC for the Fund's investments and settlement purpose. The amount represents 17.87% (2011: 16.23%) 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 %
2012				
State Street Global Markets, LLC	240,700,000	-	-	-
2011				
State Street Global Markets, LLC	121,401,928	-	-	-

(b) As at 30th June 2012, the directors and officers of the Manager did not hold any units in the Fund (2011: 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 months' 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.

* This fee may be increased to a maximum of 0.15% per annum upon three months' notice in writing to unitholders.

(e) Bank balances

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

	As at 30th June 2012 US\$	As at 30th June 2011 US\$
Bank balances	<u>38,354,604</u>	<u>55,252,509</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 (2011: 0.0175% per annum) on the daily average net asset value of the Fund, subject to a minimum of US\$184,000 per annum (2011: 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 Securities Clearing Company Limited, certain of its services in connection with the creation and redemption of Units by authorized participants including facilitating the deposit of units into Central Clearing and Settlement System ("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 Underlying Index, before fees and expenses. The Underlying Index is determined and composed by 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, quasi Asian government organizations or supranational financial institutions, 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 and derivative financial instruments, which are classified as financial assets at fair value through profit or loss.

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

These 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:

	2012			2011		
	Fair value US\$	Cost US\$	% of net assets	Fair value US\$	Cost US\$	% of net assets
Held for trading:						
Debt securities	2,995,360,940	2,783,256,601	99.52	2,421,788,640	2,192,434,870	97.99
Derivative financial instruments (note 12)	-	-	-	(8,791)	-	(0.00)
	<u>2,995,360,940</u>	<u>2,783,256,601</u>	<u>99.52</u>	<u>2,421,779,849</u>	<u>2,192,434,870</u>	<u>97.99</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.

	2012 <i>US\$ equivalent</i>	2011 <i>US\$ equivalent</i>
Markets exposed to		
China	624,445,346	463,928,876
Hong Kong	583,495,026	476,082,703
Indonesia	170,134,690	135,981,823
Malaysia	306,491,226	262,346,609
Philippines	154,722,070	133,893,554
Singapore	425,802,595	351,347,758
South Korea	450,556,011	379,733,704
Thailand	279,713,976	218,473,613
	<u>2,995,360,940</u>	<u>2,421,788,640</u>
Derivative financial instruments (note 12)	<u>–</u>	<u>(8,791)</u>
	<u><u>2,995,360,940</u></u>	<u><u>2,421,779,849</u></u>

There were investments issued by a single issuer with market value exceeding 10% of the Fund's net asset value at 30th June 2012 and 30th June 2011, as follows:

	2012 %	2011 %
Hong Kong Government	17.77	17.30
China Government	17.18	16.50
Korea Treasury	13.06	13.10
Singapore Government	12.59	11.71

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

During the year, the Markit iBoxx ABF Pan-Asia Index increased by 4.73% (2011: 10.98%), while the returns of the Fund including dividends increased by 4.21% (2011: 10.44%).

The table below summarises the impact on net assets attributable to holders of redeemable units as a result of increases/decreases of the Underlying Index to which the Fund is exposed. The analysis is based on the assumption that the Underlying 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 Underlying Index.

	2012		2011	
	Change in market index % +/-	Impact US\$ +/-	Change in market index % +/-	Impact US\$ +/-
Markit iBoxx ABF Pan-Asia Index in US\$	7.00	209,675,266	8.00	193,743,091

Assumption: The change is based on the annualised return of the Underlying Index since inception and takes into consideration the Fund's historical correlation with the Underlying Index.

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(c) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Interest rate risk is generally lower for shorter-term investments and higher for longer-term investments.

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 2012

	Up to 1 year US\$	1-5 years US\$	Over 5 years US\$	Non-interest bearing US\$	Total US\$
Assets					
Investments	61,516,175	1,438,033,976	1,495,810,789	–	2,995,360,940
Cash at banks	38,354,604	–	–	–	38,354,604
Other assets	–	–	–	41,583,030	41,583,030
Total assets	<u>99,870,779</u>	<u>1,438,033,976</u>	<u>1,495,810,789</u>	<u>41,583,030</u>	<u>3,075,298,574</u>
Liabilities					
Amounts due to brokers	–	–	–	(63,491,092)	(63,491,092)
Other liabilities	–	–	–	(2,070,676)	(2,070,676)
Liabilities (excluding net assets attributable to holders of redeemable units)	<u>–</u>	<u>–</u>	<u>–</u>	<u>(65,561,768)</u>	<u>(65,561,768)</u>
Total interest sensitivity gap	<u>99,870,779</u>	<u>1,438,033,976</u>	<u>1,495,810,789</u>		

NOTES TO THE FINANCIAL STATEMENTS (Continued)

As at 30th June 2011

	Up to 1 year US\$	1-5 years US\$	Over 5 years US\$	Non-interest bearing US\$	Total US\$
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
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>146,948,075</u>	<u>1,189,667,597</u>	<u>1,140,471,725</u>	<u>50,054,727</u>	<u>2,527,142,124</u>
Liabilities					
Amounts due to brokers	-	-	-	(54,139,555)	(54,139,555)
Other liabilities	-	-	-	(1,524,360)	(1,524,360)
	<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>(55,663,915)</u>	<u>(55,663,915)</u>
Total interest sensitivity gap	<u>146,948,075</u>	<u>1,189,667,597</u>	<u>1,140,471,725</u>		

At 30th June 2012, should interest rates have lowered/risen by 20 basis points (2011: 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\$35,388,000 and US\$32,615,000, respectively (2011: US\$25,042,000 and US\$24,573,000), 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 2012 and 2011:

As at 30th June 2012

	US\$	Credit rating	Source of credit rating
Custodians and Banks			
The Hongkong & Shanghai Banking Corporation Limited	2,999,637,763	Aa2	Moody's
Euroclear Bank Brussels	34,077,781	N/A	N/A

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

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 (Markit iBoxx/S&P)	2012 %	2011 %
AAA	21	20
AA	38	41
AA-	2	3
A	21	18
A-	–	1
BBB+	1	–
BBB	7	1
BB	6	11
Non-rated	4	5
	<hr/>	<hr/>
Total	100	100
	<hr/> <hr/>	<hr/> <hr/>

The maximum exposure to credit risk as at 30th June 2012 and 2011 is the carrying amount of the financial assets as set out below:

	2012 US\$	2011 US\$
Investments	2,995,360,940	2,421,788,640
Amounts receivable on subscription	–	15,014,832
Amounts due from brokers	41,583,030	35,039,895
Cash at banks	38,354,604	55,298,757
	<hr/>	<hr/>
	3,075,298,574	2,527,142,124
	<hr/> <hr/>	<hr/> <hr/>

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(e) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty or incur higher costs 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 2012			
Amounts due to brokers	63,491,092	–	–
Audit fee payable	–	47,274	–
Trustee fee payable	–	117,492	–
Management fee payable	–	264,778	–
Index license fee payable	–	173,584	–
Other payables	30,088,024	18,859	1,436,585
Net assets attributable to holders of redeemable units	<u>3,009,736,806</u>	<u>–</u>	<u>–</u>
Contractual cash out flows (excluding gross settled derivatives)	<u>3,103,315,922</u>	<u>621,987</u>	<u>1,436,585</u>
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>

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 <i>US\$</i>	1-3 months <i>US\$</i>
As at 30th June 2012		
Gross settled derivatives		
– Outflow	–	–
– Inflow	–	–

As at 30th June 2011

Gross settled derivatives		
– Outflow	16,500,021	–
– Inflow	16,491,230	–

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 2012 and 2011, 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 <i>US\$</i>	7 days to less than 1 month <i>US\$</i>	1-12 months <i>US\$</i>
As at 30th June 2012			
Total assets	<u>3,075,298,574</u>	<u>–</u>	<u>–</u>
As at 30th June 2011			
Total assets	<u>2,527,142,124</u>	<u>–</u>	<u>–</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 dollars, 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:

	2012	2011
	<i>US\$</i>	<i>US\$</i>
	<i>equivalents</i>	<i>equivalents</i>
Hong Kong Dollar	584,544,012	476,586,674
Indonesian Rupiah	170,248,918	136,063,940
South Korean Won	451,115,469	380,910,666
Malaysian Ringgit	306,524,365	262,773,253
Philippine Peso	155,583,467	134,000,577
Renminbi	636,222,722	510,395,325
Singapore Dollar	426,430,822	351,936,118
Thai Baht	279,984,008	219,135,262

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.

	2012		2011	
	Change %	Impact <i>US\$</i>	Change %	Impact <i>US\$</i>
	+/-	+/-	+/-	+/-
Hong Kong Dollar	1	5,845,440	1	4,765,867
Indonesian Rupiah	12	20,429,870	12	16,327,673
South Korean Won	10	45,111,547	10	38,091,067
Malaysian Ringgit	10	30,652,437	10	26,277,325
Philippine Peso	10	15,558,347	10	13,400,058
Renminbi	3	19,086,682	3	15,311,860
Singapore Dollar	6	25,585,849	6	21,116,167
Thai Baht	10	27,998,401	10	21,913,526

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 risks 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 Underlying 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 Underlying 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 and supplemental deeds.

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 2012 and 2011:

As at 30th June 2012	Level 1 <i>US\$</i>	Level 2 <i>US\$</i>	Level 3 <i>US\$</i>	Total balance <i>US\$</i>
Financial assets held for trading				
– Debt securities	–	2,995,360,940	–	2,995,360,940
	–	2,995,360,940	–	2,995,360,940
	<u>–</u>	<u>2,995,360,940</u>	<u>–</u>	<u>2,995,360,940</u>
As at 30th June 2011	Level 1 <i>US\$</i>	Level 2 <i>US\$</i>	Level 3 <i>US\$</i>	Total balance <i>US\$</i>
Financial assets held for trading				
– Debt securities	–	2,421,788,640	–	2,421,788,640
– Derivative financial instruments	–	(8,791)	–	(8,791)
	–	2,421,779,849	–	2,421,779,849
	<u>–</u>	<u>2,421,779,849</u>	<u>–</u>	<u>2,421,779,849</u>

Investments whose values are based on quoted market prices in active markets are classified within level 1. As of 30th June 2012 and 2011, 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 2012 and 2011, the Fund did not hold any investments classified in level 3.

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments represent outstanding forward foreign exchange contracts as at year end. As at 30th June 2012, there is no outstanding forward foreign exchange contract. 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)

13. DISTRIBUTIONS

	2012 US\$	2011 US\$
Interim distribution		
– US\$1.88 on 21,181,470 units paid on 8th February 2012	39,821,164	–
– US\$1.88 on 19,822,410 units paid on 8th February 2011	–	37,266,131
	83,001,525	71,477,594
Final distribution		
– US\$2.13 on 20,272,470 units paid on 4th August 2011	43,180,361	–
– US\$1.95 on 17,544,340 units paid on 4th August 2010	–	34,211,463
	83,001,525	71,477,594
Total distribution	83,001,525	71,477,594

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

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 issued by a single issuer that account for more than 10% of the Fund's net assets.

The Fund also has a diversified unitholder population. As at 30th June 2012, there were two unitholders (2011: one unitholder) holding more than 10% of the Fund's units.

15. SUPPLEMENTAL RATIOS

	Year ended 30th June 2012	Year ended 30th June 2011
Ratio of expenses to weighted average net assets	0.19% ^(a)	0.19% ^(a)
Portfolio turnover ratio	26.16% ^(b)	20.00% ^(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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

16. EVENT OCCURRING AFTER YEAR END DATE

Subsequent to the year end, the Fund announced a dividend distribution of US\$1.80 per unit. The dividend was paid on 2nd August 2012. The net assets attributable to holders of redeemable units as at 30th June 2012 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 28th September 2012.

INVESTMENT PORTFOLIO

As at 30th June 2012 (Unaudited)

PRIMARY – BY GEOGRAPHY

	Holdings at 30th June 2012	Fair value at 30th June 2012 US\$	Percentage of total net assets at 30th June 2012 (%)
CHINA (20.75%)			
Denominated in RMB			
AGRIC DEV BANK CHINA 3.4% 12OCT2014	20,000,000	3,229,888	0.11
AGRICUL DEV BANK CHINA 3.1% 24NOV2015	30,000,000	4,759,470	0.16
AGRICUL DEV BANK CHINA 3.5% 16DEC2018	20,000,000	3,148,743	0.10
AGRICUL DEV BANK CHINA 3.65% 26MAR2020	50,000,000	7,825,653	0.26
CHINA (GOVT OF) 1.77% 18DEC2013 0826	80,000,000	12,602,710	0.42
CHINA (GOVT OF) 2.29% 2APR2014 0904	25,000,000	3,950,340	0.13
CHINA (GOVT OF) 2.53% 10JUN2015 1017	40,000,000	6,296,777	0.21
CHINA (GOVT OF) 2.7% 8APR2015 1008	20,000,000	3,180,454	0.11
CHINA (GOVT OF) 2.71% 24NOV2015 0822	60,000,000	9,608,808	0.32
CHINA (GOVT OF) 2.82% 16APR2016 SER 0906	20,000,000	3,173,944	0.11
CHINA (GOVT OF) 2.83% 25AUG2012 0509	8,000,000	1,289,896	0.04
CHINA (GOVT OF) 2.9% 15DEC2018 0825	30,000,000	4,667,579	0.16
CHINA (GOVT OF) 2.9% 24SEP2014 0924	20,000,000	3,248,459	0.11
CHINA (GOVT OF) 2.9% 3DEC2014 0931	10,000,000	1,615,479	0.05
CHINA (GOVT OF) 2.92% 11MAR2017 1005	90,000,000	14,286,279	0.47
CHINA (GOVT OF) 2.93% 6FEB2014 SER 0701	20,000,000	3,210,927	0.11
CHINA (GOVT OF) 2.97% 6AUG2014 0918	30,000,000	4,900,428	0.16
CHINA (GOVT OF) 3.02% 7MAY2019 0907	30,000,000	4,704,097	0.16
CHINA (GOVT OF) 3.14% 16FEB2017 1203	40,000,000	6,449,257	0.21
CHINA (GOVT OF) 3.17% 20AUG2016 0919	60,000,000	9,829,072	0.33
CHINA (GOVT OF) 3.26% 2JUN2014 1113	180,000,000	28,872,136	0.96
CHINA (GOVT OF) 3.27% 15NOV2021 0619	25,000,000	3,878,131	0.13
CHINA (GOVT OF) 3.28% 5AUG2020 1024	50,000,000	7,991,617	0.27
CHINA (GOVT OF) 3.36% 25MAR2020 1007	30,000,000	4,809,568	0.16
CHINA (GOVT OF) 3.4% 17APR2023 1303	65,663,000	10,338,283	0.34
CHINA (GOVT OF) 3.41% 8MAR2019 1205	120,000,000	19,425,788	0.65
CHINA (GOVT OF) 3.43% 4FEB2020 1002	30,000,000	4,857,342	0.16
CHINA (GOVT OF) 3.44% 17SEP2019 0923	50,000,000	8,073,117	0.27
CHINA (GOVT OF) 3.48% 23JUL2019 0916	30,000,000	4,886,378	0.16
CHINA (GOVT OF) 3.51% 23FEB2022 1204	120,000,000	19,404,502	0.64
CHINA (GOVT OF) 3.55% 20OCT2016 1122	180,000,000	29,796,968	0.99
CHINA (GOVT OF) 3.57% 17NOV2021 1124	20,000,000	3,221,076	0.11
CHINA (GOVT OF) 3.62% 27NOV2023 0823	90,000,000	14,405,380	0.48
CHINA (GOVT OF) 3.64% 2DEC2015 1039	30,000,000	4,968,293	0.17
CHINA (GOVT OF) 3.65% 13OCT2018 1121	50,000,000	8,316,991	0.28
CHINA (GOVT OF) 3.68% 22SEP2018 0818	50,000,000	8,211,156	0.27

ABF Pan Asia Bond Index Fund
Annual Report 2012

INVESTMENT PORTFOLIO *(Continued)*
As at 30th June 2012 (Unaudited)

PRIMARY – BY GEOGRAPHY *(Continued)*

	Holdings at 30th June 2012	Fair value at 30th June 2012 US\$	Percentage of total net assets at 30th June 2012 (%)
CHINA <i>(Continued)</i>			
Denominated in RMB			
CHINA (GOVT OF) 3.68% 5NOV2019 0927	20,000,000	3,264,146	0.11
CHINA (GOVT OF) 3.69% 16SEP2013 0817	50,000,000	8,219,433	0.27
CHINA (GOVT OF) 3.7% 26JUN2026 SER 0609	10,000,000	1,584,976	0.05
CHINA (GOVT OF) 3.7% 7JUL2018 1117	70,000,000	11,796,670	0.39
CHINA (GOVT OF) 3.74% 24MAY2014 0707	20,000,000	3,237,812	0.11
CHINA (GOVT OF) 3.82% 2SEP2030 1029	80,000,000	12,633,525	0.42
CHINA (GOVT OF) 3.83% 27JAN2018 1103	180,000,000	29,953,158	1.00
CHINA (GOVT OF) 3.86% 19FEB2029 SER 0902	20,000,000	3,215,169	0.11
CHINA (GOVT OF) 3.9% 23AUG2014 0714	20,000,000	3,348,187	0.11
CHINA (GOVT OF) 3.93% 18AUG2021 1119	110,000,000	18,386,461	0.61
CHINA (GOVT OF) 3.95% 13FEB2015 0801	30,000,000	4,961,873	0.16
CHINA (GOVT OF) 3.96% 15APR2030 1009	20,000,000	3,212,242	0.11
CHINA (GOVT OF) 3.96% 29JUL2040 1023	40,000,000	6,201,186	0.21
CHINA (GOVT OF) 3.99% 16JUN2021 1115	20,000,000	3,319,683	0.11
CHINA (GOVT OF) 4% 27AUG2029 0920	30,000,000	4,928,044	0.16
CHINA (GOVT OF) 4.03% 21JUN2040 1018	20,000,000	3,090,314	0.10
CHINA (GOVT OF) 4.08% 1MAR2040 1003	110,000,000	17,377,301	0.58
CHINA (GOVT OF) 4.16% 28FEB2023 SER 0802	6,000,000	1,019,771	0.03
CHINA (GOVT OF) 4.23% 18AUG2015 0814	30,000,000	5,121,841	0.17
CHINA (GOVT OF) 4.23% 9DEC2040 1040	30,000,000	4,796,811	0.16
CHINA (GOVT OF) 4.25% 17MAY2062 1208	20,000,000	3,594,862	0.12
CHINA (GOVT OF) 4.3% 30NOV2059 0930	20,000,000	3,219,771	0.11
CHINA (GOVT OF) 4.31% 24FEB2041 1105	20,000,000	3,278,746	0.11
CHINA (GOVT OF) 4.4% 25JUN2017 0710	20,000,000	3,360,152	0.11
CHINA (GOVT OF) 4.5% 23JUN2041 1116	130,000,000	21,873,805	0.73
CHINA (GOVT OF) 4.5% 8MAY2038 1806	20,000,000	3,371,872	0.11
CHINA (GOVT OF) 4.94% 11AUG2028 0813	40,000,000	7,321,058	0.24
CHINA (GOVT OF) SER 0501 4.44% 28FEB2015	20,000,000	3,334,335	0.11
CHINA DEV BANK 3.42% 2AUG2015 0514	11,000,000	1,780,883	0.06
CHINA DEV BANK 3.75% 11NOV2014 0920	30,000,000	4,870,836	0.16
CHINA DEV BANK 3.8% 30OCT2036 0624	10,000,000	1,412,912	0.05
CHINA DEV BANK 3.97% 20JAN2017 1001	30,000,000	4,860,622	0.16
CHINA DEV BANK 4.1% 30AUG2025 0517	28,000,000	4,342,414	0.14
CHINA DEV BANK CORP 4.3% 17MAR2030 1005	30,000,000	4,654,353	0.15
CHINA DEV BANK CORP 4.42% 7APR2040 1007	40,000,000	6,059,898	0.20
CHINA DEVELOPMENT BK 3.45% 16SEP2014	20,000,000	3,236,590	0.11

ABF Pan Asia Bond Index Fund
Annual Report 2012

INVESTMENT PORTFOLIO *(Continued)*

As at 30th June 2012 (Unaudited)

PRIMARY – BY GEOGRAPHY *(Continued)*

	Holdings at 30th June 2012	Fair value at 30th June 2012 US\$	Percentage of total net assets at 30th June 2012 (%)
CHINA <i>(Continued)</i>			
Denominated in RMB			
CHINA GOVT BOND 2.51% 27FEB2013 0601	6,000,000	951,984	0.03
CHINA GOVT BOND 2.51% 27FEB2013 1601	4,000,000	635,172	0.02
CHINA GOVT BOND 2.6% 20SEP2017 1213	58,767,000	9,104,815	0.30
CHINA GOVT BOND 2.8% 27MAR2016 0603	20,000,000	3,177,771	0.11
CHINA GOVT BOND 2.8% 9APR2013 0302	6,000,000	952,297	0.03
CHINA GOVT BOND 2.89% 31AUG2013 0613	10,000,000	1,620,931	0.05
CHINA GOVT BOND 2.9% 24MAY2032 0205	20,000,000	2,676,785	0.09
CHINA GOVT BOND 2.92% 26SEP2016 0616	4,000,000	636,420	0.02
CHINA GOVT BOND 3.91% 23OCT2038 SER 0820	30,000,000	4,597,513	0.15
CHINA GOVT BOND 4.18% 24OCT2018 0309	10,000,000	1,683,509	0.06
CHINA GOVT BOND 4.27% 17MAY2037 SER 0706	10,000,000	1,628,417	0.05
CHINA GOVT BOND 4.41% 17DEC2017 SER SPC8	10,000,000	1,687,452	0.06
CHINA GOVT BOND 4.46% 24SEP2017 SER SPC3	30,000,000	5,115,478	0.17
CHINA GOVT BOND 4.55% 29SEP2022 SER SPC4	50,000,000	8,748,920	0.29
PBOC SER 2032 3.8% 13MAY2014	50,000,000	8,046,339	0.27
PEOPLE'S BK OF CHINA 2.65% 16JUL2013	120,000,000	19,310,550	0.64
PEOPLE'S BK OF CHINA 2.65% 27AUG13 1074	100,000,000	16,044,806	0.53
PEOPLE'S BK OF CHINA 2.7% 21MAY2013 1042	90,000,000	14,149,489	0.47
		624,445,346	20.75

HONG KONG (19.39%)

Denominated in HKD

EUROFIMA 4.18% EMTN 8JUN2015	157,500,000	22,255,516	0.74
HK (GOVT OF) 05Y1312 1.67% 19DEC2013	105,000,000	13,839,128	0.46
HK GOVERNMENT BOND 1.67% 24MAR2014	347,000,000	46,074,371	1.53
HK GOVERNMENT BOND 1412 3.51% 8DEC2014	15,500,000	2,162,314	0.07
HK GOVERNMENT BOND 2.39% 20AUG2025	48,000,000	7,270,394	0.24
HK GOVERNMENT BOND 2.88% 17JUN2013	13,000,000	1,719,192	0.06
HK GOVERNMENT BOND 3.27% 28AUG2023	26,000,000	4,194,876	0.14
HK GOVERNMENT BOND 3.78% 6DEC2016 1612	30,000,000	4,466,116	0.15
HK GOVERNMENT BOND 4.28% 28FEB2014	17,500,000	2,442,181	0.08
HK GOVERNMENT BOND 4.83% 7JUN2016 1606	32,000,000	4,871,830	0.16
HK GOVERNMENT EX FD NT 1312 4.32% 2DEC13	17,200,000	2,354,757	0.08
HK GOVERNMENT EX FD NT 1406 4.82% 2JUN14	17,000,000	2,393,511	0.08
HONG KONG (GOVT OF) 1.18% 21SEP2015	60,000,000	7,990,088	0.27
HONG KONG (GOVT OF) 1.43% 2DEC2015	363,000,000	48,233,753	1.60

ABF Pan Asia Bond Index Fund
Annual Report 2012

INVESTMENT PORTFOLIO *(Continued)*
As at 30th June 2012 (Unaudited)

PRIMARY – BY GEOGRAPHY *(Continued)*

	Holdings at 30th June 2012	Fair value at 30th June 2012 US\$	Percentage of total net assets at 30th June 2012 (%)
HONG KONG <i>(Continued)</i>			
Denominated in HKD			
HONG KONG (GOVT OF) 1.65% 15JUN2015	50,000,000	6,716,999	0.22
HONG KONG (GOVT OF) 1.69% 29SEP2014	58,000,000	7,757,646	0.26
HONG KONG (GOVT OF) 1.73% 20FEB2024	22,000,000	3,081,214	0.10
HONG KONG (GOVT OF) 2.07% 3NOV2014	279,000,000	37,531,630	1.25
HONG KONG (GOVT OF) 2.16% 9DEC2019	30,000,000	4,290,868	0.14
HONG KONG (GOVT OF) 2.46% 23JUN2014	45,500,000	6,129,290	0.20
HONG KONG (GOVT OF) 2.53% 22JUN2020	24,000,000	3,526,088	0.12
HONG KONG (GOVT OF) 2.54% 25SEP2013	95,000,000	12,687,756	0.42
HONG KONG (GOVT OF) 2.6% 20AUG2024	16,000,000	2,454,889	0.08
HONG KONG (GOVT OF) 2.71% 20FEB2023	28,000,000	4,274,561	0.14
HONG KONG (GOVT OF) 2.95% 24FEB2025	25,000,000	3,992,063	0.13
HONG KONG (GOVT OF) 3.32% 25FEB2026	30,000,000	5,027,474	0.17
HONG KONG (GOVT OF) 3.5% 22JUN2015	26,700,000	3,776,892	0.13
HONG KONG (GOVT OF) 3.52% 5DEC2017	37,000,000	5,568,533	0.19
HONG KONG (GOVT OF) 3.83% 22NOV2013	16,500,000	2,244,186	0.07
HONG KONG (GOVT OF) 4.04% 30MAY2014	14,000,000	1,943,459	0.06
HONG KONG (GOVT OF) 4.33% 7DEC2015	31,500,000	4,637,648	0.15
HONG KONG (GOVT OF) 4.4% 22AUG2013	29,500,000	4,046,330	0.13
HONG KONG (GOVT OF) 4.65% 29AUG2022	39,000,000	6,891,203	0.23
HONG KONG (GOVT OF) 4.85% 27JUN2017	33,500,000	5,272,603	0.18
HONG KONG (GOVT OF) 5.125% 23JUL2019	66,500,000	11,083,526	0.37
HONG KONG (GOVT) 0.97% 20JUN2022	30,000,000	3,875,759	0.13
HONG KONG (GOVT) 02GB1309 0.32% 9SEP2013	135,000,000	17,449,087	0.58
HONG KONG (GOVT) 02Y1308 0.26% 19AUG2013	18,000,000	2,325,451	0.08
HONG KONG (GOVT) 02Y1311 0.26% 18NOV2013	80,000,000	10,329,905	0.34
HONG KONG (GOVT) 02Y1405 0.23% 19MAY2014	35,000,000	4,517,183	0.15
HONG KONG (GOVT) 05GB1612 0.97% 8DEC2016	165,000,000	21,588,799	0.72
HONG KONG (GOVT) 05Y1412 1.69% 22DEC2014	90,000,000	12,026,959	0.40
HONG KONG (GOVT) 05Y1503 1.75% 23MAR2015	27,000,000	3,641,037	0.12
HONG KONG (GOVT) 05Y1512 1.52% 21DEC2015	40,000,000	5,383,692	0.18
HONG KONG (GOVT) 05Y1603 1.91% 21MAR2016	80,000,000	10,994,431	0.37
HONG KONG (GOVT) 05Y1606 1.57% 13JUN2016	61,000,000	8,268,980	0.27
HONG KONG (GOVT) 05Y1612 0.82% 19DEC2016	55,000,000	7,246,329	0.24
HONG KONG (GOVT) 05Y1703 0.55% 20MAR2017	72,000,000	9,379,065	0.31

INVESTMENT PORTFOLIO *(Continued)*

As at 30th June 2012 (Unaudited)

PRIMARY – BY GEOGRAPHY *(Continued)*

	Holdings at 30th June 2012	Fair value at 30th June 2012 US\$	Percentage of total net assets at 30th June 2012 (%)
HONG KONG <i>(Continued)</i>			
Denominated in HKD			
HONG KONG (GOVT) 05Y1706 0.44% 19JUN2017	30,000,000	3,875,659	0.13
HONG KONG (GOVT) 10GB2108 2.46% 4AUG2021	207,000,000	29,685,159	0.99
HONG KONG (GOVT) 10Y1806 3.56% 25JUN2018	62,000,000	9,435,163	0.31
HONG KONG (GOVT) 10Y1812 1.61% 10DEC2018	32,000,000	4,403,574	0.15
HONG KONG (GOVT) 10Y2012 2.44% 7DEC2020	42,000,000	6,153,771	0.20
HONG KONG (GOVT) 10Y2112 1.19% 6DEC2021	17,000,000	2,252,722	0.07
HONG KONG (GOVT) 15Y2608 2.07% 26AUG2026	35,000,000	5,146,027	0.17
HONG KONG (GOVT) 15Y2702 1.51% 24FEB2027	30,000,000	4,121,588	0.14
HONG KONG GOVT 10GB2001 2.93% 13JAN2020	364,000,000	53,905,285	1.79
HONG KONG(GOVT OF)10Y1906 2.64% 10JUN19	55,000,000	8,073,587	0.27
INTER-AMERICAN DEV BANK 4.2% 24MAR2014	34,000,000	4,655,865	0.15
KOWLOON-CANTON RAILWAY 4.65% 10JUN2013	28,500,000	3,808,911	0.13
MTR CORP (C.I.) 2% 20JAN2014 MTN	9,000,000	1,183,854	0.04
MTR CORP (C.I.) 4.28% 6JUL2020 EMTN	35,000,000	5,121,265	0.17
MTR CORP (C.I.) 4.5% 11MAY2015	10,000,000	1,417,233	0.05
MTR CORP (C.I.) 4.75% 11MAY2020	22,000,000	3,359,217	0.11
MTR CORP (C.I.) 4.9% 25JUN2018	3,000,000	461,835	0.02
MTR CORP (C.I.) LTD 4.6% 3JUN2013 EMTN	12,500,000	1,671,003	0.06
URBAN RENEWAL AUTH 2.08% 27JUL2012 MTN	35,000,000	4,533,746	0.15
		<u>583,495,026</u>	<u>19.39</u>

ABF Pan Asia Bond Index Fund
Annual Report 2012

INVESTMENT PORTFOLIO *(Continued)*
As at 30th June 2012 (Unaudited)

PRIMARY – BY GEOGRAPHY *(Continued)*

	Holdings at 30th June 2012	Fair value at 30th June 2012 US\$	Percentage of total net assets at 30th June 2012 (%)
INDONESIA (5.65%)			
Denominated in IDR			
INDONESIA (REP OF) 10% 15FEB2028 FR47	69,000,000,000	9,590,486	0.32
INDONESIA (REP OF) 10.25% 15JUL2022 FR43	38,000,000,000	5,276,651	0.18
INDONESIA (REP OF) 10.5% 15AUG2030 FR52	64,000,000,000	9,345,471	0.31
INDONESIA (REP OF) 10.5% 15JUL2038 FR50	44,000,000,000	6,624,864	0.22
INDONESIA (REP OF) 10.75% 15MAY16 FR30	50,000,000,000	6,302,308	0.21
INDONESIA (REP OF) 11% 15SEP2025 FR40	76,000,000,000	11,204,943	0.37
INDONESIA (REP OF) 11.25% 15MAY2014 FR51	20,000,000,000	2,363,302	0.08
INDONESIA (REP OF) 11.5% 15SEP2019 FR36	23,000,000,000	3,256,588	0.11
INDONESIA (REP OF) 11.6% 15AUG2018 FR38	10,500,000,000	1,461,413	0.05
INDONESIA (REP OF) 11.75% 15AUG23 FR39	20,000,000,000	3,039,228	0.10
INDONESIA (REP OF) 12% 15SEP2026 FR37	14,000,000,000	2,223,094	0.07
INDONESIA (REP OF) 12.8% 15JUN2021 FR34	31,000,000,000	4,752,850	0.16
INDONESIA (REP OF) 12.9% 15JUN2022 FR35	26,000,000,000	4,055,666	0.13
INDONESIA (REP OF) 6.25% 15APR2017 FR60	30,000,000,000	3,301,570	0.11
INDONESIA (REP OF) 6.375% 15APR2042 FR62	20,000,000,000	2,058,551	0.07
INDONESIA (REP OF) 7% 15MAY2022 FR61	100,000,000,000	11,249,160	0.37
INDONESIA (REP OF) 7% 15MAY2027 FR59	78,000,000,000	8,595,875	0.29
INDONESIA (REP OF) 7.375% 15SEP2016 FR55	47,000,000,000	5,398,235	0.18
INDONESIA (REP OF) 8.25% 15JUL2021	33,000,000,000	4,075,272	0.14
INDONESIA (REP OF) 8.25% 15JUN2032 FR58	67,000,000,000	8,091,854	0.27
INDONESIA (REP OF) 8.375% 15SEP2026 FR56	8,000,000,000	986,823	0.03
INDONESIA (REP OF) 9% 15SEP2018 FR48	15,000,000,000	1,867,965	0.06
INDONESIA (REP OF) 9.5% 15JUL2023 FR46	44,000,000,000	5,872,998	0.19
INDONESIA (REP OF) 9.5% 15JUL2031 FR54	69,000,000,000	9,437,027	0.31
INDONESIA (REP OF) 9.5% 15MAY2041 FR57	26,000,000,000	3,509,792	0.12
INDONESIA (REP OF) 9.75% 15MAY2037 FR45	15,000,000,000	2,067,248	0.07
INDONESIA GOVERNMENT 10% 15JUL2017 FR28	31,000,000,000	4,013,351	0.13
INDONESIA GOVERNMENT 11% 15OCT2014 FR26	42,000,000,000	5,065,832	0.17
INDONESIA GOVERNMENT 9.5% 15JUN2015 FR27	70,000,000,000	8,254,631	0.27
INDONESIA GOVT 10% 15SEP2024 FR44	32,000,000,000	4,376,698	0.15
INDONESIA GOVT 10.25% 15JUL2027 SER FR42	44,000,000,000	6,260,147	0.21
INDONESIA GOVT 11% 15NOV2020 SER FR31	44,000,000,000	6,154,797	0.20
		<u>170,134,690</u>	<u>5.65</u>

INVESTMENT PORTFOLIO *(Continued)*

As at 30th June 2012 (Unaudited)

PRIMARY – BY GEOGRAPHY *(Continued)*

	Holdings at 30th June 2012	Fair value at 30th June 2012 US\$	Percentage of total net assets at 30th June 2012 (%)
MALAYSIA (10.18%)			
Denominated in MYR			
DANGA CAPITAL BHD 4.22% 24APR2014	10,000,000	3,218,155	0.11
DANGA CAPITAL BHD 4.35% 13APR2015	10,000,000	3,243,705	0.11
MALAYSIA (GOVT OF) 3.418% 15AUG2022 0112	15,000,000	4,737,677	0.16
MALAYSIA (GOVT OF) 3.461% 31JUL2013	18,000,000	5,768,170	0.19
MALAYSIA (GOVT OF) 3.58% 28SEP2018 0511	40,000,000	12,842,671	0.43
MALAYSIA (GOVT OF) 3.835% 12AUG2015	55,500,000	18,092,735	0.60
MALAYSIA (GOVT OF) 3.892% 15MAR2027 0212	8,000,000	2,576,980	0.09
MALAYSIA (GOVT OF) 3.899% 15JUN2027 0512	10,000,000	3,161,463	0.10
MALAYSIA (GOVT OF) 4.16% 15JUL2021 0111	71,000,000	23,821,444	0.79
MALAYSIA (GOVT OF) 4.498% 15APR2030	8,000,000	2,723,911	0.09
MALAYSIA GOVERNMENT BD 3.741% 27FEB2015	73,500,000	23,830,051	0.79
MALAYSIA GOVT INV ISS 4.273% 14FEB2014	4,270,000	1,388,661	0.05
MALAYSIA INVESTMENT ISS 3.199% 30SEP2013	3,000,000	951,206	0.03
MALAYSIA INVESTMENT ISS 3.86% 30SEP2015	8,000,000	2,591,535	0.09
MALAYSIA INVESTMENT ISS 3.909% 31JUL2014	20,000,000	6,490,388	0.22
MALAYSIA INVESTMENT ISS 3.941% 15JUN2017	2,000,000	647,563	0.02
MALAYSIA INVESTMENT ISS 4.17% 30APR2021	19,000,000	6,274,087	0.21
MALAYSIA INVESTMENT ISS 4.284% 15JUN2020	14,000,000	4,625,177	0.15
MALAYSIA INVESTMENT ISS 4.295% 31OCT2018	19,000,000	6,293,157	0.21
MALAYSIA INVESTMENT ISS 4.492% 30APR2020	7,420,000	2,494,673	0.08
MALAYSIAN (GOVT OF) 4.232% 30JUN2031	15,000,000	4,962,971	0.16
MALAYSIAN (GOVT OF) 4.392% 15APR2026	29,000,000	9,783,992	0.32
MALAYSIAN GOVERNMENT 3.502% 31MAY2027	16,300,000	4,969,574	0.16
MALAYSIAN GOVT 3.434% 15AUG2014 0211	43,500,000	13,976,140	0.46
MALAYSIAN GOVT 3.814% 15FEB2017 SER 0207	25,500,000	8,331,777	0.28
MALAYSIAN GOVT 4.012% 15SEP2017 0210	59,000,000	19,444,743	0.65
MALAYSIAN GOVT 4.24% 7FEB2018 2/03	6,000,000	2,000,645	0.07
MALAYSIAN GOVT 4.262% 15SEP2016 1/06	73,800,000	24,521,378	0.81
MALAYSIAN GOVT 4.378% 29NOV2019 0902	64,500,000	21,549,640	0.72
MALAYSIAN GOVT 4.709% 15SEP2026 2/06	1,000,000	349,670	0.01
MALAYSIAN GOVT 4.72% 30SEP2015 2/05	15,830,000	5,290,598	0.18

ABF Pan Asia Bond Index Fund
Annual Report 2012

INVESTMENT PORTFOLIO *(Continued)*
As at 30th June 2012 (Unaudited)

PRIMARY – BY GEOGRAPHY *(Continued)*

	Holdings at 30th June 2012	Fair value at 30th June 2012 US\$	Percentage of total net assets at 30th June 2012 (%)
MALAYSIA <i>(Continued)</i>			
Denominated in MYR			
MALAYSIAN GOVT 4.837% 15JUL2025 3/05	17,670,000	6,290,102	0.21
MALAYSIAN GOVT 5.094% 30APR2014 2/04	63,500,000	20,886,891	0.69
MALAYSIAN GOVT 5.248% 15SEP2028 0308	9,000,000	3,325,770	0.11
MALAYSIAN GOVT 5.734% 30JUL2019 3/04	20,000,000	7,338,857	0.24
MALAYSIAN GOVT INV 3.82% 15NOV2016 0603	15,000,000	4,846,260	0.16
SILTERRA CAPITAL BHD 3.9% 6JUN2014	9,000,000	2,866,791	0.09
SYARIKAT PRASARANA NEGARA 4.4% 30MAY2018	10,000,000	3,283,155	0.11
SYKT PRASARANA NEGAR 4.27% 30NOV2016	10,000,000	3,263,431	0.11
SYKT PRASARANA NEGARA 4.85% 27SEP2024	5,000,000	1,708,819	0.06
SYKT PRASARANA NEGARA 5.07% 28SEP2029	5,000,000	1,726,613	0.06
		306,491,226	10.18

ABF Pan Asia Bond Index Fund
Annual Report 2012

INVESTMENT PORTFOLIO *(Continued)*

As at 30th June 2012 (Unaudited)

PRIMARY – BY GEOGRAPHY *(Continued)*

	Holdings at 30th June 2012	Fair value at 30th June 2012 US\$	Percentage of total net assets at 30th June 2012 (%)
PHILIPPINES (5.14%)			
Denominated in PHP			
PHILIPPINE (GOVT OF) 18.25% 29NOV2025	50,000,000	2,412,559	0.08
PHILIPPINE (GOVT OF) 7.75% 23AUG2017	100,000,000	2,685,548	0.09
PHILIPPINE (GOVT OF) 7.875% 19FEB2019	399,000,000	10,963,318	0.36
PHILIPPINE (GOVT OF) 8.5% 29NOV2032	100,000,000	3,014,806	0.10
PHILIPPINE (GOVT OF) 8.625% 6SEP2027	54,000,000	1,643,344	0.05
PHILIPPINE (GOVT OF) 9.25% 5NOV2034	113,000,000	3,646,076	0.12
PHILIPPINE (GOVT OF) 9.375% 5OCT2031	50,000,000	1,623,320	0.05
PHILIPPINE GOVT 12.375% 24FEB15 1036	116,000,000	3,344,918	0.11
PHILIPPINES (REP OF) 10.25% 19JAN2026	77,000,000	2,590,196	0.09
PHILIPPINES (REP OF) 5% 18AUG2018 7-51	127,000,000	3,071,496	0.10
PHILIPPINES (REP OF) 5.75% 24NOV2021	120,000,000	2,945,147	0.10
PHILIPPINES (REP OF) 5.875% 16DEC2020	45,000,000	1,112,976	0.04
PHILIPPINES (REP OF) 6.25% 27JAN2014	233,026,545	5,869,487	0.20
PHILIPPINES (REP OF) 6.375% 19JAN2022	335,000,000	8,669,806	0.29
PHILIPPINES (REP OF) 6.5% 4OCT2014	220,000,000	5,577,861	0.19
PHILIPPINES (REP OF) 7% 27JAN2016	451,702,725	11,793,047	0.39
PHILIPPINES (REP OF) 7% 31MAR2017	188,000,000	4,873,691	0.16
PHILIPPINES (REP OF) 7.75% 18FEB2020	50,000,000	1,379,000	0.05
PHILIPPINES (REP OF) 8% 19JUL2031	1,102,174,950	32,457,275	1.08
PHILIPPINES (REP OF) 8% 30SEP2035	110,000,000	3,205,456	0.11
PHILIPPINES (REP OF) 8.125% 16DEC2035	696,902,627	20,312,362	0.67
PHILIPPINES (REP OF) 8.375% 22MAY2015	210,000,000	5,544,993	0.18
PHILIPPINES (REP OF) 8.75% 27MAY2030	80,000,000	2,450,321	0.08
PHILIPPINES (REP OF) 8.75% 3MAR2013 7-43	148,282	3,714	0.00
PHILIPPINES (REP OF) 9.125% 4SEP2016	412,467,977	11,412,884	0.38
PHILIPPINES (REP OF) 9.5% 4DEC2028	66,000,000	2,118,469	0.07
		154,722,070	5.14
		-----	-----

ABF Pan Asia Bond Index Fund
Annual Report 2012

INVESTMENT PORTFOLIO *(Continued)*

As at 30th June 2012 (Unaudited)

PRIMARY – BY GEOGRAPHY *(Continued)*

	Holdings at 30th June 2012	Fair value at 30th June 2012 US\$	Percentage of total net assets at 30th June 2012 (%)
SINGAPORE (14.15%)			
Denominated in SGD			
HOUSING & DEVELOPMENT BOARD 2.505%			
27JUN2024 MTN	5,000,000	3,932,729	0.13
HOUSING & DEVELOPMENT BRD 3.375% 21APR15	4,500,000	3,816,853	0.13
INTL BK RECON & DEV 1.57% 21AUG2012	5,000,000	3,962,351	0.13
LAND TRANSPORT AUTH 2.159% 19JUN2013	5,000,000	3,986,499	0.13
LAND TRANSPORT AUTH 2.9% 19JUN2023	2,000,000	1,684,749	0.06
LAND TRANSPORT AUTHORITY 4.17% 10MAY2016	3,000,000	2,658,483	0.09
PSA CORP LTD 2.83% 6JUL2015	3,000,000	2,466,949	0.08
SINGAPORE (GOVT OF) 0.25% 1FEB2014	19,500,000	15,388,285	0.51
SINGAPORE (GOVT OF) 1.125% 1APR2016	22,500,000	18,335,911	0.61
SINGAPORE (GOVT OF) 1.375% 1OCT2014	32,500,000	26,369,579	0.88
SINGAPORE (GOVT OF) 2.25% 1JUN2021	28,300,000	23,823,180	0.79
SINGAPORE (GOVT OF) 2.375% 1APR2017	30,500,000	26,364,373	0.88
SINGAPORE (GOVT OF) 2.5% 1JUN2019	21,300,000	18,456,560	0.61
SINGAPORE (GOVT OF) 2.75% 1APR2042	14,000,000	11,340,417	0.38
SINGAPORE (GOVT OF) 2.875% 1JUL2015	24,600,000	21,171,592	0.70
SINGAPORE (GOVT OF) 2.875% 1SEP2030	19,500,000	16,898,824	0.56
SINGAPORE (GOVT OF) 3% 1SEP2024	33,700,000	29,886,875	0.99
SINGAPORE (GOVT OF) 3.125% 1SEP2022	28,800,000	26,121,637	0.87
SINGAPORE (GOVT OF) 3.5% 1MAR2027	21,400,000	19,868,638	0.66
SINGAPORE GOVERNMENT 3.25% 1SEP2020	34,250,000	31,158,342	1.04
SINGAPORE, GOVERNMENT OF 3.625% 1JUL2014	37,600,000	32,181,875	1.07
SINGAPORE, GOVERNMENT OF 3.75% 1SEP2016	34,100,000	31,005,552	1.03
SINGAPORE, GOVERNMENT OF 4% 1SEP2018	31,850,000	30,372,857	1.01
SINGAPORE, REPUBLIC OF 2.25% 1JUL2013	8,700,000	7,093,821	0.24
SP POWERASSETS LTD 4.84% EMTN 22OCT2018	4,100,000	3,768,470	0.12
TEMASEK FINANCIAL I LTD 3.265% 19FEB2020	10,000,000	8,713,667	0.29
TEMASEK FINANCIAL I LTD 4.2% 2AUG2050	5,750,000	4,973,527	0.16
		<u>425,802,595</u>	<u>14.15</u>

INVESTMENT PORTFOLIO *(Continued)*

As at 30th June 2012 (Unaudited)

PRIMARY – BY GEOGRAPHY *(Continued)*

	Holdings at 30th June 2012	Fair value at 30th June 2012 US\$	Percentage of total net assets at 30th June 2012 (%)
SOUTH KOREA (14.97%)			
Denominated in KRW			
KDICB REDEMPTION FUND 4.09% 29SEP2015	10,000,000,000	8,870,863	0.29
KDICB REDEMPTION FUND 5.6% 9MAY2013	10,000,000,000	8,963,574	0.30
KOREA (TREASURY) 4% 10SEP2015 1509	14,000,000,000	12,602,724	0.42
KOREA (TREASURY) 5% 10SEP2014 1409	12,000,000,000	11,006,299	0.37
KOREA DEVELOPMENT BANK 3.91% 12AUG2014	10,000,000,000	8,855,499	0.29
KOREA HIGHWAY CORP 5.1% 14MAR2014 SR 412	10,000,000,000	8,984,351	0.30
KOREA MONETARY STAB BOND 3.9% 2AUG2013	25,000,000,000	22,099,081	0.73
KOREA TREASURY BD 4.25% 10SEP2014 1409	20,600,000,000	18,568,744	0.62
KOREA TREASURY BD 4.75% 17SEP2013 1309	6,000,000,000	5,397,821	0.18
KOREA TREASURY BOND 3.25% 10DEC2014 1412	24,000,000,000	20,959,009	0.70
KOREA TREASURY BOND 3.5% 10JUN2014 1406	21,000,000,000	18,431,850	0.61
KOREA TREASURY BOND 3.5% 10SEP2016 1609	19,000,000,000	16,810,857	0.56
KOREA TREASURY BOND 3.75% 10JUN2022 2206	5,000,000,000	4,416,401	0.15
KOREA TREASURY BOND 4% 10DEC2031 3112	16,000,000,000	14,491,622	0.48
KOREA TREASURY BOND 4% 10MAR2016 1603	26,000,000,000	23,437,700	0.78
KOREA TREASURY BOND 4.25% 10JUN2021 2106	31,000,000,000	28,385,181	0.94
KOREA TREASURY BOND 4.5% 10MAR2015 1503	19,000,000,000	17,306,174	0.57
KOREA TREASURY BOND 4.75% 10DEC2030 3012	9,000,000,000	8,922,948	0.30
KOREA TREASURY BOND 4.75% 10MAR2014 1403	21,000,000,000	19,031,117	0.63
KOREA TREASURY BOND 5% 10JUN2020 0000	23,000,000,000	22,065,909	0.73
KOREA TREASURY BOND 5% 10SEP2016 1609	14,000,000,000	13,143,129	0.44
KOREA TREASURY BOND 5.25% 10MAR2027 2703	7,000,000,000	7,244,070	0.24
KOREA TREASURY BOND 5.25% 10SEP2015 1509	18,000,000,000	16,840,268	0.56
KOREA TREASURY BOND 5.25% 17MAR2014	10,000,000,000	9,139,621	0.30
KOREA TREASURY BOND 5.5% 10DEC2029 2912	16,000,000,000	17,132,462	0.57
KOREA TREASURY BOND 5.5% 10MAR2028 2803	13,000,000,000	13,889,667	0.46
KOREA TREASURY BOND 5.5% 10SEP2017 1709	17,000,000,000	16,507,001	0.55
KOREA TREASURY BOND 5.75% 10MAR2026 2603	8,000,000,000	8,598,173	0.29
KOREA TREASURY BOND 5.75% 10SEP2013 1309	16,000,000,000	14,608,605	0.49
KOREA TREASURY BOND 5.75% 10SEP2018 1809	34,000,000,000	33,845,291	1.12
		450,556,011	14.97

ABF Pan Asia Bond Index Fund
Annual Report 2012

INVESTMENT PORTFOLIO *(Continued)*

As at 30th June 2012 (Unaudited)

PRIMARY – BY GEOGRAPHY *(Continued)*

	Holdings at 30th June 2012	Fair value at 30th June 2012 US\$	Percentage of total net assets at 30th June 2012 (%)
THAILAND (9.29%)			
Denominated in THB			
BANK OF THAILAND BD 2.53% 18NOV2013 3YR	100,000,000	3,121,485	0.10
BANK OF THAILAND BD 2.6% 20MAY2013 SR3YR	210,000,000	6,584,215	0.22
BANK OF THAILAND BD 2.6% 23SEP2013 3YR	50,000,000	1,570,484	0.05
BANK OF THAILAND BD 3% 22DEC2013 2YR	290,000,000	9,081,441	0.30
BANK OF THAILAND BD 3.05% 30JAN2015 3YR	200,000,000	6,311,031	0.21
BANK OF THAILAND BD 3.33% 12MAY2014 3YR	30,000,000	946,994	0.03
BANK OF THAILAND BD 3.4% 8SEP2014 3YR	370,000,000	11,784,232	0.39
BANK OF THAILAND BD 3.42% 18AUG2013 2YR	120,000,000	3,818,765	0.13
PTT PCL 4.86% 20MAR2015	50,000,000	1,637,044	0.06
PTT PCL 5.79% 12OCT2016	82,000,000	2,805,589	0.09
THAI (GOVT OF) 3.65% 20JUN2031	148,000,000	4,385,322	0.15
THAILAND (GOVT OF) 2.8% 10OCT2017	260,000,000	7,997,569	0.27
THAILAND (GOVT OF) 3.125% 11DEC2015	325,000,000	10,193,993	0.34
THAILAND (GOVT OF) 3.25% 16JUN2017	290,000,000	9,088,156	0.30
THAILAND (GOVT OF) 3.45% 8MAR2019	150,000,000	4,771,436	0.16
THAILAND (GOVT OF) 3.58% 17DEC2027	90,000,000	2,753,812	0.09
THAILAND (GOVT OF) 3.625% 16JUN2023	230,000,000	7,169,908	0.24
THAILAND (GOVT OF) 3.625% 22MAY2015	551,000,000	17,569,345	0.58
THAILAND (GOVT OF) 3.65% 17DEC2021	380,000,000	12,093,449	0.40
THAILAND (GOVT OF) 3.775% 25JUN2032	123,000,000	3,718,307	0.12
THAILAND (GOVT OF) 3.8% 14JUN2041	80,000,000	2,323,848	0.08
THAILAND (GOVT OF) 3.85% 12DEC2025	200,000,000	6,333,267	0.21
THAILAND (GOVT OF) 3.875% 13JUN2019	340,000,000	10,958,629	0.36
THAILAND (GOVT OF) 4.125% 18NOV2016	185,000,000	6,030,025	0.20
THAILAND (GOVT OF) 4.5% 9APR2024	89,000,000	3,012,244	0.10
THAILAND (GOVT OF) 4.75% 20DEC2024	160,000,000	5,491,988	0.18
THAILAND (GOVT OF) 4.875% 22JUN2029	155,000,000	5,415,728	0.18
THAILAND (GOVT OF) 5.25% 12MAY2014	515,000,000	17,178,685	0.57
THAILAND (GOVT OF) 5.25% 13JUL2013	214,000,000	7,030,740	0.23
THAILAND (GOVT OF) 5.4% 27JUL2016	123,000,000	4,252,280	0.14
THAILAND (GOVT OF) 5.5% 13MAR2023	150,000,000	5,543,981	0.19
THAILAND (GOVT OF) 5.67% 13MAR2028	204,000,000	7,903,279	0.26

INVESTMENT PORTFOLIO *(Continued)*

As at 30th June 2012 (Unaudited)

PRIMARY – BY GEOGRAPHY *(Continued)*

	Holdings at 30th June 2012	Fair value at 30th June 2012 US\$	Percentage of total net assets at 30th June 2012 (%)
THAILAND <i>(Continued)</i>			
Denominated in THB			
THAILAND GOVT BOND 4.25% 13MAR2013	259,000,000	8,304,132	0.28
THAILAND GOVT BOND 5% 26MAY2017	110,000,000	3,783,763	0.13
THAILAND GOVT BOND 5% 3DEC2014 05-2	139,000,000	4,562,773	0.15
THAILAND GOVT BOND 5.125% 13MAR2018	277,000,000	9,604,972	0.32
THAILAND GOVT BOND 5.5% 13AUG2019 04-5	95,000,000	3,421,912	0.11
THAILAND GOVT BOND 5.625% 12JAN2019	136,000,000	4,927,611	0.16
THAILAND GOVT BOND 5.85% 31MAR2021 06-5	288,000,000	10,740,439	0.36
THAILAND GOVT BOND 6.15% 7JUL2026 06-6	115,000,000	4,607,753	0.15
THAILAND, GOVERNMENT OF 3.875% 7MAR2018	85,000,000	2,757,413	0.09
THAILAND, GOVERNMENT OF 4% 17OCT2013	10,000,000	321,549	0.01
THAILAND, GOVERNMENT OF 5.125% 8NOV2022	51,000,000	1,812,239	0.06
THAILAND, GOVERNMENT OF 5.375% 3DEC2019	129,000,000	4,562,331	0.15
THAILAND, GOVERNMENT OF 5.5% 18JAN2017	103,000,000	3,611,373	0.12
THAILAND, GOVERNMENT OF 7.2% 7JUL2015	96,000,000	3,462,614	0.12
THAILAND, GOVERNMENT OF 8.25% 5MAR2014	125,000,000	4,355,831	0.15
		<u>279,713,976</u>	<u>9.29</u>
Total quoted investments		<u>2,995,360,940</u>	<u>99.52</u>
Total investments		<u>2,995,360,940</u>	<u>99.52</u>
Total investments, at cost		<u>2,783,256,601</u>	

ABF Pan Asia Bond Index Fund
Annual Report 2012

INVESTMENT PORTFOLIO *(Continued)*
As at 30th June 2012 (Unaudited)

	Fair value at 30th June 2012 US\$	Percentage of total net assets at 30th June 2012 %
DISTRIBUTION OF INVESTMENTS		
(a) By credit rating		
AAA	635,650,829	21.12
AA	1,146,529,060	38.10
AA-	51,546,575	1.71
A	622,230,190	20.67
A-	5,162,108	0.17
BBB+	12,694,988	0.42
BBB	210,909,379	7.01
BB+	8,673,520	0.29
BB	180,332,383	5.99
Non-rated	121,631,908	4.04
	<u>2,995,360,940</u>	<u>99.52</u>

PORTFOLIO OF INVESTMENTS

(b) By asset class		
Bonds	<u>2,995,360,940</u>	<u>99.52</u>

PORTFOLIO OF INVESTMENTS

(c) By industry		
Consumer, Non-cyclic	11,451,300	0.38
Energy	4,442,633	0.15
Financial	255,360,087	8.48
Government	2,703,680,730	89.83
Industrial	13,790,929	0.46
Technology	2,866,791	0.10
Utilities	3,768,470	0.12
	<u>2,995,360,940</u>	<u>99.52</u>

INVESTMENT PORTFOLIO *(Continued)*
As at 30th June 2012 (Unaudited)

Top Ten Holdings

	Fair value at 30th June 2012 US\$	Percentage of total net assets at 30th June 2012 %
HONG KONG GOVT 10GB2001 2.93% 13JAN2020	53,905,285	1.79
HONG KONG (GOVT OF) 1.43% 2DEC2015	48,233,753	1.60
HK GOVERNMENT BOND 1.67% 24MAR2014	46,074,371	1.53
HONG KONG (GOVT OF) 2.07% 3NOV2014	37,531,630	1.25
KOREA TREASURY BOND 5.75% 10SEP2018 1809	33,845,291	1.12
PHILIPPINES (REP OF) 8% 19JUL2031	32,457,275	1.08
SINGAPORE, GOVERNMENT OF 3.625% 1JUL2014	32,181,875	1.07
SINGAPORE GOVERNMENT 3.25% 1SEP2020	31,158,342	1.04
SINGAPORE, GOVERNMENT OF 3.75% 1SEP2016	31,005,552	1.03
SINGAPORE, GOVERNMENT OF 4% 1SEP2018	30,372,857	1.01
	<u>376,766,231</u>	<u>12.52</u>

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>

ABF Pan Asia Bond Index Fund
Annual Report 2012

STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS

For the year ended 30th June 2012 (Unaudited)

	Percentage of total net assets as at 30th June 2012 (%)	Percentage of total net assets as at 30th June 2011 (%)
Quoted Investments		
Debt securities		
China	20.75	18.77
Hong Kong	19.39	19.26
Indonesia	5.65	5.50
Malaysia	10.18	10.62
Philippines	5.14	5.42
Singapore	14.15	14.22
South Korea	14.97	15.36
Thailand	9.29	8.84
	<hr/>	<hr/>
Total quoted investments	99.52	97.99
	<hr/> <hr/>	<hr/> <hr/>

PERFORMANCE RECORD

NET ASSET VALUES

	Net asset value of the Fund US\$	Net asset value per unit US\$
At the end of financial period dated		
30th June 2010	2,024,889,573	117.02
30th June 2011	2,471,478,209	125.12
30th June 2012	3,009,736,806	126.31

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
30th June 2012	128.45	120.85

Performance as of 30th June 2012

PERFORMANCE SUMMARY

Periods Ended	3 Months	6 Months	1 Year	3 Years	5 Years	Annualized since inception ^(a)
30th June 2012						
ABF Pan Asia Bond Index Fund (PAIF) ^(b)	0.33%	2.29%	4.21%	7.89%	6.35%	6.89%
Markit iBoxx ABF Pan-Asia Index	0.42%	2.52%	4.73%	8.45%	6.99%	7.60%

Notes:

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

ABF Pan Asia Bond Index Fund
Annual Report 2012

ADMINISTRATION AND MANAGEMENT

Directors of the Manager

Bernard Patrick Reilly
Hon Wing Cheung
Kelly Quinn Driscoll
(resigned on 19th December 2011)
Janice Ho Kwan Wu
(appointed on 11th November 2011)

Members of the Supervisory Committee

Dr. Philip Lowe
Ms. Suchada Kirakul
Dr. Jong Hwa Kim
Mr. Eddie Yue
Mr. Hartadi A. Sarwono
Mr. Huang Guobo
Mr. Hiroshi Nakaso
Mr. Grant Spencer
Mrs. Ma. Ramona G. D. T. Santiago
Mr. Ong Chong Tee
Mr. Muhammad Ibrahim

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