



ABF Hong Kong Bond Index Fund

Interim Report 2013

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Investment Adviser's Report

Market review

For the six months ended 31 January 2013, the Fund delivered a negative return. The Fund's continues to be composed of high-quality issues, including bonds issued by the Hong Kong SAR Government, quasi-government entities in Hong Kong as well as multilateral international agency entities. This reflects the characteristics of the Fund of being a conservative investment which aims to achieve investment return and distribute potential income on a semi-annual basis. Over the review period, uncertainties around the growth outlook in the developed markets, along with moderate inflation and stubbornly high unemployment, have led central banks across major advanced economies to maintain their accommodative monetary policies. The relative strength of the Asian economic environment has attracted further liquidity into the region, benefiting Asian bond markets in general, including the Hong Kong dollar bond market. In 2013, we expect further upward movements of the Hong Kong government yield curve as it moves in tandem with the US treasury yield curve amid the improving US growth outlook.

HSBC Global Asset Management (Hong Kong) Limited

31 January 2013

Statement of Assets and Liabilities

ABF Hong Kong Bond Index Fund

	31 January 2013 HKD	31 July 2012 HKD
ASSETS		
Investments	3,333,694,763	3,424,300,271
Accounts receivable	58,617,544	48,238,698
Cash at banks	4,279,972	3,673,021
Total assets	3,396,592,279	3,476,211,990
LIABILITIES		
Accounts payable	14,975,440	940,506
Distribution payable	34,330,801	37,273,441
Total liabilities	49,306,241	38,213,947
TOTAL NET ASSETS	3,347,286,038	3,437,998,043
EQUITY		
Capital attributable to unitholders	3,347,286,038	3,437,998,043
TOTAL EQUITY	3,347,286,038	3,437,998,043
Number of units outstanding	32,696,001	32,946,001
Net asset value per unit	102.38	104.35

Portfolio Statement

ABF Hong Kong Bond Index Fund

as at 31 January 2013

	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
Debt securities							
				HONG KONG (GOVT OF) 4.65%			
				29AUG2022	68,750,000	90,380,469	2.70
EUROFIMA 4.18% EMTN 8JUN2015	99,500,000	107,413,693	3.21	HONG KONG (GOVT OF) 4.85%			
HK GOVERNMENT BOND 1412 3.51%				27JUN2017	43,000,000	51,110,604	1.53
8DEC2014	97,400,000	103,312,920	3.09	HONG KONG (GOVT OF) 5.125%			
HK GOVERNMENT BOND 1.67%				23JUL2019	12,500,000	15,534,927	0.46
24MAR2014	55,750,000	56,690,742	1.69	HONG KONG (GOVT) 0.97%			
HK GOVERNMENT BOND 2.39%				20JUN2022	24,000,000	23,622,970	0.71
20AUG2025	58,300,000	65,347,753	1.95	HONG KONG (GOVT) 02Y1408 0.17%			
HK GOVERNMENT BOND 3.78%				18AUG2014	97,000,000	96,938,793	2.90
6DEC2016 1612	22,000,000	24,812,082	0.74	HONG KONG (GOVT) 02Y1402 0.26%			
HK GOVERNMENT BOND 4.83%				17FEB2014	40,000,000	40,030,668	1.20
7JUN2016 1606	48,500,000	55,712,469	1.66	HONG KONG (GOVT) 03GB1505 0.46%			
HK GOVERNMENT EX FD NT 1406				11MAY15	152,000,000	152,475,000	4.56
4.82% 2JUN14	56,500,000	59,981,688	1.79	HONG KONG (GOVT) 05Y1703 0.55%			
HONG KONG (GOVT OF) 1.43%				20MAR2017	52,000,000	52,168,334	1.56
2DEC2015	218,000,000	224,627,200	6.71	HONG KONG (GOVT) 05Y1609 0.79%			
HONG KONG (GOVT OF) 1.65%				19SEP2016	55,000,000	55,784,008	1.67
15JUN2015	95,600,000	98,737,095	2.95	HONG KONG (GOVT) 15Y2708 0.8%			
HONG KONG (GOVT OF) 1.69%				27AUG2027	15,000,000	13,708,892	0.41
29SEP2014	37,000,000	37,906,485	1.13	HONG KONG (GOVT) 05GB1612 0.97%			
HONG KONG (GOVT OF) 1.73%				8DEC2016	242,400,000	246,835,920	7.37
20FEB2024	46,000,000	48,147,206	1.44	HONG KONG (GOVT) 15Y2702 1.51%			
HONG KONG (GOVT OF) 2.07%				24FEB2027	5,000,000	5,051,247	0.15
3NOV2014	188,500,000	194,550,850	5.81	HONG KONG (GOVT) 05Y1512 1.52%			
HONG KONG (GOVT OF) 2.16%				21DEC2015	21,000,000	21,735,525	0.65
9DEC2019	25,000,000	27,184,752	0.81	HONG KONG (GOVT) 05Y1606 1.57%			
HONG KONG (GOVT OF) 2.46%				13JUN2016	95,200,000	99,036,274	2.96
23JUN2014	90,000,000	92,819,106	2.77	HONG KONG (GOVT) 10Y1812 1.61%			
HONG KONG(GOVT OF) 10Y1906 2.64%				10DEC2018	62,500,000	65,701,194	1.96
10JUN19	65,000,000	72,476,365	2.17	HONG KONG (GOVT) 05Y1412 1.69%			
HONG KONG (GOVT OF) 2.53%				22DEC2014	71,000,000	72,969,732	2.18
22JUN2020	88,250,000	98,457,463	2.94	HONG KONG (GOVT) 05Y1603 1.91%			
HONG KONG (GOVT OF) 2.71%				21MAR2016	40,000,000	41,963,280	1.25
20FEB2023	23,000,000	26,252,543	0.78	HONG KONG (GOVT) 10Y2106 2.31%			
HONG KONG (GOVT OF) 2.95%				21JUN2021	53,500,000	59,001,694	1.76
24FEB2025	50,000,000	59,106,665	1.77	HONG KONG (GOVT) 10GB2108 2.46%			
HONG KONG (GOVT OF) 3.5%				4AUG2021	39,000,000	42,954,600	1.28
22JUN2015	37,200,000	40,087,561	1.20	HONG KONG (GOVT) 10GB2001 2.93%			
HONG KONG (GOVT OF) 3.52%				13JAN2020	221,500,000	250,656,776	7.49
5DEC2017	22,500,000	25,652,050	0.77	INTER-AMERICAN DEV BANK 4.2%			
HONG KONG (GOVT OF) 4.04%				24MAR2014	57,000,000	59,346,718	1.77
30MAY2014	52,000,000	54,644,122	1.63	MTR CORP (C.I.) LTD 2.25%			
HONG KONG (GOVT OF) 4.33%				12OCT2022	30,000,000	29,216,517	0.87
7DEC2015	12,000,000	13,374,400	0.40				

Portfolio Statement

ABF Hong Kong Bond Index Fund

as at 31 January 2013

	Holdings	Market value HKD	% of net asset value
MTR CORP (C.I.) LTD 4.6% 3JUN2013			
EMTN	25,500,000	25,811,100	0.77
MTR CORP (C.I.) 4.28% 6JUL2020			
EMTN	8,000,000	9,118,265	0.27
MTR CORP (C.I.) 4.5% 11MAY2015	33,500,000	36,123,050	1.08
MTR CORP (C.I.) 4.75% 11MAY2020	66,000,000	80,490,346	2.41
MTR CORP (C.I.) 4.9% 25JUN2018	7,000,000	8,126,300	0.24
MTR CORP (C.I.) 5.25% 21MAY2013	500,000	506,350	0.02
		<hr/>	<hr/>
Total Investments		3,333,694,763	99.59
		<hr/>	<hr/>
Other Net Assets		13,591,275	0.41
		<hr/>	<hr/>
Total Net Assets		3,347,286,038	100.00
		<hr/>	<hr/>
Total Cost of Investment		3,269,432,062	
		<hr/>	

Statement of Movements in Portfolio Holdings

ABF Hong Kong Bond Index Fund

	% of net asset value 31 January 2013	% of net asset value 31 July 2012
Debt Securities	99.59	99.60
Total Investments	99.59	99.60
Other Net Assets	0.41	0.40
Total Net Assets	100.00	100.00

Performance Record

ABF Hong Kong Bond Index Fund

	Net asset value per unit	
	Lowest HKD	Highest HKD
2011	99.53	103.72
2012	102.13	105.54
1 August 2012 to 31 January 2013	102.38	104.92
	31 January 2013 HKD	31 July 2012 HKD
Total net asset value	3,347,286,038	3,437,998,043
Net asset value per unit	102.38	104.35

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

	6 months ended 31 January 2013	12 months ended 31 July 2012
ABF Hong Kong Bond Index Fund	(0.89)% ^(a)	4.76% ^(a)
Markit iBoxx ABF Hong Kong Index	(0.55)% ^(b)	5.07% ^(b)

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

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

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

Distribution Disclosure

ABF Hong Kong Bond Index Fund

	Date of Ex-distribution	Date of Payment	Distribution Per Unit HKD	Total Distribution HKD
2013 Interim Distribution	30 January 2013	8 February 2013	1.05	34,330,801
2012 Final Distribution	30 July 2012	8 August 2012	1.14	37,273,441
2012 Interim Distribution	30 January 2012	8 February 2012	1.19	29,983,241

Administration

Manager and listing agent

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