



ABF Hong Kong Bond Index Fund

Interim Report 2015

Contents

	Page
Investment Adviser’s Report	1
Statement of Assets and Liabilities	2
Portfolio Statement	3
Statement of Movements in Portfolio Holdings	5
Performance Record	6
Distribution Disclosure	7
Underlying Index Constituent Stocks Disclosure	8
Administration	9

Investment Adviser's Report

Market review

For the six months ending 31 January 2015, the Fund posted positive returns on the backdrop of significantly lower US Treasury yields, with the 10-year yields down over 90 bps. Headline CPI for Hong Kong remained elevated towards year end, though part of this was due to technical factors. Hong Kong's economic outlook remains sensitive to developments in the external environment. After China's economy showed more signs of slowing down, global deflationary environment and the slump in international oil price, we should be aware of all these impacts on Hong Kong. The city's export should remain sensitive to the external environment with a continuously recovering US economy, QE in the Eurozone and recent surprise eases by a number of central banks and the appreciation of the US dollar at the backdrop. We expect sluggish domestic demand, subdued global commodity prices to continue to put downward pressure on inflation. However, the recent re-acceleration in property prices growth should feed through to the housing segment and keep headline inflation elevated in the near term.

HSBC Global Asset Management (Hong Kong) Limited

31 January 2015

Statement of Assets and Liabilities

ABF Hong Kong Bond Index Fund

	31 January 2015 HKD	31 July 2014 HKD
ASSETS		
Investments	2,955,126,701	2,924,732,776
Accounts receivable	147,108,790	30,292,306
Cash at banks	11,893,601	11,727,803
Total assets	3,114,129,092	2,966,752,885
LIABILITIES		
Accounts payable	71,784,034	1,088,983
Distribution payable	29,047,621	27,617,281
Total liabilities	100,831,655	28,706,264
TOTAL NET ASSETS	3,013,297,437	2,938,046,621
EQUITY		
Capital attributable to unitholders	3,013,297,437	2,938,046,621
TOTAL EQUITY	3,013,297,437	2,938,046,621
Number of units outstanding	29,946,001	29,696,001
Net asset value per unit	100.62	98.94

Portfolio Statement

ABF Hong Kong Bond Index Fund

as at 31 January 2015

	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
Debt securities							
				HONG KONG (GOVT OF) 3.52% 5DEC2017	42,500,000	45,976,296	1.53
				HONG KONG (GOVT OF) 4.65% 29AUG2022	68,750,000	85,928,494	2.85
				HONG KONG (GOVT OF) 4.85% 27JUN2017	103,000,000	113,639,385	3.77
				HONG KONG (GOVT OF) 5.125% 23JUL2019	12,500,000	14,796,066	0.49
				HONG KONG (GOVT) 0.97% 20JUN2022	4,000,000	3,942,349	0.13
				HONG KONG (GOVT) 05GB1612 0.97% 8DEC2016	204,500,000	206,763,386	6.86
				HONG KONG (GOVT) 05GB1802 0.61% 5FEB2018	87,000,000	86,786,650	2.88
				HONG KONG (GOVT) 05Y1512 1.52% 21DEC2015	8,500,000	8,605,145	0.29
				HONG KONG (GOVT) 05Y1603 1.91% 21MAR2016	40,000,000	40,792,808	1.35
				HONG KONG (GOVT) 05Y1606 1.57% 13JUN2016	95,200,000	96,939,218	3.22
				HONG KONG (GOVT) 05Y1703 0.55% 20MAR2017	22,000,000	22,051,218	0.73
				HONG KONG (GOVT) 05Y1803 0.53% 19MAR2018	35,000,000	34,858,359	1.16
				HONG KONG (GOVT) 05Y1812 1.17% 19DEC2018	30,000,000	30,435,843	1.01
				HONG KONG (GOVT) 05Y2808 2.49% 22AUG2028	5,000,000	5,621,704	0.19
				HONG KONG (GOVT) 1.49% 30SEP2019 HONG KONG (GOVT) 10GB2108 2.46% 4AUG2021	5,600,000	5,738,083	0.19
				HONG KONG (GOVT) 10GB2301 1.1% 17JAN2023	119,000,000	128,031,826	4.25
				HONG KONG (GOVT) 10Y1812 1.61% 10DEC2018	33,000,000	32,302,238	1.07
				HONG KONG (GOVT) 10Y2106 2.31% 21JUN2021	59,300,000	61,151,026	2.03
				HONG KONG (GOVT) 15Y2702 1.51% 24FEB2027	23,500,000	25,261,715	0.84
				HONG KONG (GOVT) 15Y2708 0.8% 27AUG2027	5,000,000	5,051,850	0.17
				HONG KONG GOVT 10GB2001 2.93% 13JAN2020	15,000,000	13,907,714	0.46
					221,500,000	242,137,731	8.04
						<u>2,672,880,861</u>	<u>88.70</u>
Listed investments							
HK GOVERNMENT BOND 0.34% 9MAY2016	192,000,000	192,343,622	6.38				
HK GOVERNMENT BOND 2.39% 20AUG2025	44,300,000	48,779,953	1.62				
HK GOVERNMENT BOND 3.78% 6DEC2016 1612	102,000,000	108,369,665	3.60				
HK GOVERNMENT BOND 4.83% 7JUN2016 1606	48,500,000	51,490,379	1.71				
HONG KONG (GOVT OF) 0.44% 18AUG2016	12,000,000	12,029,813	0.40				
HONG KONG (GOVT OF) 0.83% 6NOV2017	110,000,000	110,618,420	3.67				
HONG KONG (GOVT OF) 1.02% 10APR2017 HKD	165,000,000	167,031,232	5.54				
HONG KONG (GOVT OF) 1.32% 23DEC2019	83,000,000	84,511,886	2.80				
HONG KONG (GOVT OF) 1.47% 20FEB2019	135,000,000	138,296,281	4.59				
HONG KONG (GOVT OF) 1.52% 25SEP2018	25,000,000	25,691,238	0.85				
HONG KONG (GOVT OF) 1.73% 20FEB2024	34,000,000	35,304,886	1.17				
HONG KONG (GOVT OF) 1.84% 9DEC2024	57,000,000	59,691,842	1.98				
HONG KONG (GOVT OF) 1.96% 3JUN2024	55,000,000	58,183,840	1.93				
HONG KONG (GOVT OF) 2.16% 9DEC2019	2,000,000	2,115,975	0.07				
HONG KONG (GOVT OF) 2.24% 27AUG2029	6,000,000	6,568,966	0.22				
HONG KONG (GOVT OF) 2.48% 28FEB2029	21,000,000	23,629,523	0.78				
HONG KONG (GOVT OF) 2.6% 20AUG2024	36,000,000	40,152,470	1.33				
HONG KONG (GOVT OF) 2.71% 20FEB2023	62,000,000	69,073,940	2.29				
HONG KONG (GOVT OF) 2.95% 24FEB2025	100,700,000	115,916,908	3.85				
HONG KONG (GOVT OF) 3.5% 22JUN2015	12,200,000	12,360,918	0.41				

Portfolio Statement

ABF Hong Kong Bond Index Fund

as at 31 January 2015

	Holdings	Market value HKD	% of net asset value
<i>Unlisted but quoted investments</i>			
CHINA DEV BK CORP/HK 2.1% CD 23JAN2017	30,000,000	30,189,000	1.00
CHINA DEV BK CORP/HK 2.95% CD 20MAR2017	5,000,000	5,112,000	0.17
KOREA DEV BANK 1.4% 23NOV2015 GMTN	16,000,000	16,065,600	0.53
KOREA GAS CORP 2.6% 20JUN2017 EMTN	1,500,000	1,527,693	0.05
KOREA LAND & HOUSING CORP 4.2% 18JAN2022	20,000,000	21,780,944	0.72
KOREA NATIONAL OIL CORP 1.8% 22JAN2018	32,000,000	31,836,800	1.06
MTR CORP (C.I.) 4.28% 6JUL2020 EMTN	7,500,000	8,403,949	0.28
MTR CORP (C.I.) 4.5% 11MAY2015	33,500,000	33,855,100	1.13
MTR CORP (C.I.) 4.75% 11MAY2020	83,000,000	94,842,017	3.15
MTR CORP (C.I.) 4.9% 25JUN2018	7,000,000	7,793,100	0.26
MTR CORP (C.I.) LTD 2.25% 12OCT2022	30,000,000	29,835,411	0.99
URBAN RENEWAL AUTH 1.75% 2AUG2019 MTN	1,000,000	1,004,226	0.03
		<u>282,245,840</u>	<u>9.37</u>
Total Investments		2,955,126,701	98.07
Other Net Assets		<u>58,170,736</u>	<u>1.93</u>
Total Net Assets		<u>3,013,297,437</u>	<u>100.00</u>
Total Cost of Investment		<u>2,920,772,207</u>	

Statement of Movements in Portfolio Holdings

ABF Hong Kong Bond Index Fund

	% of net asset value 31 January 2015	% of net asset value 31 July 2014
Debt securities		
Listed investments	88.70	90.25
Unlisted but quoted investments	9.37	9.30
	<hr/>	<hr/>
Debt securities (Total)	98.07	99.55
	<hr/>	<hr/>
Total investments	98.07	99.55
	<hr/>	<hr/>
Other net assets	1.93	0.45
	<hr/>	<hr/>
Total net assets	100.00	100.00
	<hr/>	<hr/>

Performance Record

ABF Hong Kong Bond Index Fund

	Net asset value per unit		
		Lowest HKD	Highest HKD
1 August 2014 to 31 January 2015		98.64	101.47
2014		98.08	100.42
2013		98.92	104.92
2012		102.13	105.54
2011		99.53	103.72
2010		101.39	104.67
2009		99.69	108.45
2008		96.32	105.99
2007		96.10	100.69
2006		95.52	100.33
	31 January 2015 HKD	31 July 2014 HKD	31 July 2013 HKD
Total net asset value	\$3,013,297,437	\$2,938,046,621	\$2,962,186,668
Net asset value per unit	100.62	98.94	98.92

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 2015	12 months ended 31 July 2014
ABF Hong Kong Bond Index Fund	2.68% ^(a)	1.90% ^(a)
Markit iBoxx ABF Hong Kong Index	2.78% ^(b)	2.23% ^(b)

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

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

Investors 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
2015 Interim Distribution	29 January 2015	9 February 2015	0.97	29,047,621
2014 Final Distribution	30 July 2014	8 August 2014	0.93	27,617,281
2014 Interim Distribution	29 January 2014	10 February 2014	0.92	27,320,321

Underlying Index Constituent Stocks Disclosure

As at 31 January 2015

The underline index of ABF Hong Kong Bond Index Fund namely Markit iBoxx ABF Hong Kong Index, did not have any constituent stock that accounted for more than 10% of the index as at 31 January 2015.

During the period from 1 August 2014 to 31 January 2015, the Markit iBoxx ABF Hong Kong Index increased by 2.78% while the net asset value per unit of the ABF Hong Kong Bond Index Fund (dividends reinvested) increased by 2.68%.

Administration

Manager and listing agent

HSBC Investment Funds (Hong Kong) Limited
HSBC Main Building
1 Queen's Road Central
Hong Kong

Directors of the Manager

Stuart Glenn BERRY
Pedro Augusto BOTELHO BASTOS
Patrice Pierre Henri CONXICOEUR
Guillermo Eduardo MALDONADO-CODINA
Kai Man Edgar NG
Chun Pong Stephen TAM

Members of supervisory committee

Stephen Y L CHEUNG
Gillian HUI
Andrew MALCOLM
Anthony YUEN

Investment adviser

HSBC Global Asset Management (Hong Kong) Limited
HSBC Main Building
1 Queen's Road Central
Hong Kong

Trustee, custodian, administrator, receiving agent and registrar

HSBC Institutional Trust Services (Asia) Limited
HSBC Main Building
1 Queen's Road Central
Hong Kong

Processing agent

HK Conversion Agency Services Limited
2/F Vicwood Plaza
199 Des Voeux Road Central
Hong Kong

Legal adviser

Clifford Chance
29th Floor, Jardine House
One Connaught Place Central
Hong Kong

Auditor

KPMG
8th Floor, Prince's Building
10 Chater Road Central
Hong Kong

Issued by HSBC Global Asset Management (Hong Kong) Limited