

ABF Pan Asia Bond Index Fund

Annual Report 2018

1st July 2017 to 30th June 2018

Contents

| | Page |
|--|------|
| Manager's Investment 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 | 11 |
| Statement of Comprehensive Income | 12 |
| Statement of Changes in Net Assets Attributable to Holders of Redeemable Units | 13 |
| Statement of Cash Flows | 14 |
| Notes to the Financial Statements | 16 |
| Investment Portfolio (Unaudited) | 45 |
| Statement of Movements in Portfolio Holdings (Unaudited) | 60 |
| Performance Record (Unaudited) | 61 |
| Administration and Management | 63 |

ABF Pan Asia Bond Index Fund

Annual Report 2018

MANAGER'S INVESTMENT REPORT

ABOUT ABF PAN ASIA BOND INDEX FUND

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.

PAIF is designed to track the performance of the Markit iBoxx ABF Pan-Asia Index (the "Underlying 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, Malaysia, Philippines, Singapore, South Korea 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 organisations and supranational financial institutions in China, Hong Kong, Indonesia, Malaysia, Philippines, Singapore, South Korea, and Thailand.

As part of the 2017 Asian Annual Index Review, IHS Markit has calculated the 2017 weights of the eight markets included in the iBoxx ABF indices and new weights were effective from 31st October 2017. The previous and current market weights of the Underlying Index are:

| Market | Current Weights* (%) | Previous Weights (%) |
|-------------|----------------------------|----------------------------|
| China | 24.26 | 23.17 |
| Hong Kong | 8.92 | 8.73 |
| Indonesia | 7.75 | 7.73 |
| Malaysia | 11.15 | 11.21 |
| Philippines | 5.83 | 6.09 |
| Singapore | 15.63 | 16.09 |
| South Korea | 16.55 | 17.23 |
| Thailand | 9.91 | 9.75 |

* Source: Markit, SSgA (as of 30th June 2018).

The current weights shown above are as of 30th June 2018. Please visit www.markit.com for more details.

MANAGER'S INVESTMENT REPORT *(Continued)*

PERFORMANCE SUMMARY

| Periods Ended | | | | | | Annualised since Inception ^(a) |
|--|----------|----------|--------|---------|---------|---|
| 30th June 2018 | 3 months | 6 months | 1 Year | 3 Years | 5 Years | |
| ABF Pan Asia Bond Index Fund (PAIF) ^(b) | -4.06% | -2.26% | 1.59% | 1.15% | 0.93% | 4.16% |
| Markit iBoxx ABF Pan-Asia Index | -3.93% | -2.08% | 2.08% | 1.65% | 1.44% | 4.78% |

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. Performance returns for periods of less than one year are not annualised.

PORTFOLIO AND MARKET REVIEW

Since inception, the annualised total return of PAIF, including dividends, was 4.16% compared to an index return of 4.78%. This is a difference of 0.62% and is principally attributable to an amount of 0.52% 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 taxes); the balance of 0.10% 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 annualised performance on an unhedged basis was 4.78% since inception. This performance was generated from resilient bond markets (contributing 3.35% to returns) as well as from Asian currencies' movement (contributing 1.43%).

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.

MANAGER'S INVESTMENT REPORT *(Continued)*

FUND GROWTH

PAIF's total net asset value has fallen to US\$3,701 million, representing a 5.2% decline during the past year. In terms of units outstanding, these decreased by 3.9% for the 12-month period with 32,678,844 units outstanding at the year-end. During the year ended 30th June 2018, fund redemptions net of subscription (including dividend reinvestment) totaled 1,339,890 units.

EXPOSURE TO FINANCIAL DERIVATIVES

PAIF had no exposure to derivatives in the years ended 30th June 2018 and 30th June 2017.

GLOBAL EXPOSURE TO FINANCIAL DERIVATIVES

The global exposure to financial derivatives (if any) 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) Efficient Portfolio Management technique relating to securities lending and repurchase transactions,

and that are reinvested.

OTHER INFORMATION

During the year ended 30th June 2018, PAIF had no exposure to other unit trusts, mutual funds and collective investment schemes and did not hold any collateral. During the year ended 30th June 2018, PAIF had no borrowings, securities lending or repurchase transactions. There is no other material information that would 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 year which give a true and fair view of the financial position of the Fund at the end of the year and of the transactions for the year then ended. In respect of these financial statements the Manager, with the assistance of the service provider, HSBC Institutional Trust Services (Singapore) Limited, 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 11 to 44, 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 give a true and fair view of the financial position of the Fund as at 30th June 2018, and its financial transactions 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 materialise.

For and on behalf of the Manager

STATE STREET GLOBAL ADVISORS SINGAPORE LIMITED

26th September 2018

REPORT OF THE TRUSTEE

The Trustee of ABF Pan Asia Bond Index Fund (the “Fund”) is required to:

- ensure that the Fund in all material respects is managed 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 year should the Manager not be managing the Fund in accordance to the Trust Deed.

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 year 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 2018.

For and on behalf of the Trustee

HSBC Institutional Trust Services (Singapore) Limited
26th September 2018

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF ABF PAN ASIA BOND INDEX FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENT

OUR OPINION

In our opinion, the accompanying financial statements of ABF Pan Asia Bond Index Fund (the "Fund") are drawn up in accordance with the International Financial Reporting Standards ("IFRSs") so as to give a true and fair view of the financial position of the Fund as at 30 June 2018 and of the financial performance, change in net assets attributable to holders of redeemable units and the cash flows of the Fund for the financial year ended on that date.

WHAT WE HAVE AUDITED

The financial statements of the Fund comprise:

- the statement of net assets as at 30 June 2018;
- the statement of comprehensive income for the year ended 30 June 2018;
- the statement of changes in net assets attributable to holders of redeemable units for the year ended 30 June 2018;
- the statement of cash flows for the year ended 30 June 2018; and
- the notes to the financial statements, including a summary of significant accounting policies.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE

We are independent of the Fund in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

OUR AUDIT APPROACH

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF ABF PAN ASIA BOND INDEX FUND *(Continued)*

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in our audit is related to existence and valuation of investments.

| Key Audit Matter | How our audit addressed the Key Audit Matter |
|---|--|
| <p>Valuation and existence of investments</p> <p>The value of the Fund's investments is presented on the statement of net assets.</p> <p>The valuation and existence of investments were areas of focus because investments represent the principal element of net asset value as disclosed on the statement of net assets.</p> | <p>We tested the valuation of the Fund's investment portfolio by comparing the prices used in valuation to third party sources. The results of our testing were consistent with the pricing used in the Fund.</p> <p>We tested the existence of investments by obtaining confirmation directly from the custodian regarding the quantity of the investment holding. Based on the procedures we performed, we found the Fund's holdings of investments to be in agreement with the confirmation received.</p> |

OTHER INFORMATION

The Manager and the Trustee (the "Management") is responsible for the other information. The other information comprises all the sections of the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF ABF PAN ASIA BOND INDEX FUND *(Continued)*

RESPONSIBILITIES OF THE MANAGEMENT FOR THE FINANCIAL STATEMENTS

The Management of the Fund is responsible for the preparation of financial statements that give a true and fair view in accordance with the IFRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, the Management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Fund or to cease the Fund's operations, or has no realistic alternative but to do so.

The Management's responsibilities include overseeing the Fund's financial reporting process.

In addition, the Management of the Fund is required to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed dated 21 June 2005, as amended ("Trust Deed") and the relevant disclosure provisions of Appendix E of the Code on Unit Trusts and Mutual Funds issued by the Hong Kong Securities and Futures Commission (the "SFC Code").

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. In addition, we are required to assess whether the financial statements of the Fund have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and the relevant disclosure provisions of Appendix E of the SFC Code.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF ABF PAN ASIA BOND INDEX FUND *(Continued)*

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS *(Continued)*

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF ABF PAN ASIA BOND INDEX FUND *(Continued)*

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS *(Continued)*

We also provide the Management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Management, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON MATTERS UNDER THE RELEVANT DISCLOSURE PROVISIONS OF THE TRUST DEED AND THE RELEVANT DISCLOSURE PROVISIONS OF APPENDIX E OF THE SFC CODE

In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and the relevant disclosure provisions of Appendix E of the SFC Code.

The engagement partner on the audit resulting in this independent auditor's report is Lim Kheng Wah.

PricewaterhouseCoopers LLP

Public Accountants and Chartered Accountants

Singapore, 26 September 2018

ABF Pan Asia Bond Index Fund
Annual Report 2018

STATEMENT OF NET ASSETS

As at 30th June 2018

| | Notes | 30th June 2018 US\$ | 30th June 2017 US\$ |
|---|-----------|---------------------------|---------------------------|
| Assets | | | |
| Current assets | | | |
| Investments | 10(b)&(c) | 3,703,091,528 | 3,907,610,455 |
| Amounts due from brokers | | 81,292,908 | 24,119,685 |
| Interest receivable | 8(e) | – | 1 |
| Cash at banks | 8(e) | 13,309,163 | 14,930,650 |
| | | <u>3,797,693,599</u> | <u>3,946,660,791</u> |
| Total assets | | | |
| | | <u>3,797,693,599</u> | <u>3,946,660,791</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Amounts payable on redemption of units | | 1,132,451 | 2,295,278 |
| Amounts due to brokers | | 87,976,464 | 33,279,804 |
| Audit fee payable | | 72,040 | 74,518 |
| Trustee fee payable | 8(d) | 149,312 | 161,327 |
| Management fee payable | 8(c) | 1,055,148 | 1,422,383 |
| Index license fee payable | 9(a) | 120,256 | 121,216 |
| Other payables | | 6,165,700 | 5,311,738 |
| | | <u>6,165,700</u> | <u>5,311,738</u> |
| Liabilities (excluding net assets attributable to holders of redeemable units) | | | |
| | | <u>96,671,371</u> | <u>42,666,264</u> |
| Net assets attributable to holders of redeemable units | | | |
| | 3 | <u>3,701,022,228</u> | <u>3,903,994,527</u> |

HSBC Institutional Trust
Services (Singapore) Limited

State Street Global Advisors
Singapore Limited

The notes on pages 16 to 44 form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30th June 2018

| | | For the year ended 30th June 2018 US\$ | For the year ended 30th June 2017 US\$ |
|--|------|--|--|
| Income | | | |
| Interest income on bank deposits | 8(e) | 44,555 | 22,462 |
| Net gain/(loss) on investments | 6 | 84,912,561 | (54,115,046) |
| Net foreign exchange loss | | (590,023) | (1,296,620) |
| Other income | 5 | 116,178 | 692,920 |
| | | <u>84,483,271</u> | <u>(54,696,284)</u> |
| Total investment income/(loss) | | <u>84,483,271</u> | <u>(54,696,284)</u> |
| Expenses | | | |
| Management fee | 8(c) | 4,248,240 | 4,404,858 |
| Trustee fee | 8(d) | 1,941,660 | 1,959,440 |
| Index license fee | 9(a) | 349,040 | 349,999 |
| Publication and printing expenses | | 38,891 | 38,903 |
| Audit fee | | 73,208 | 114,746 |
| Processing agent fee | 9(b) | 12,922 | 15,199 |
| Safe custody and bank charges | 8(e) | 33,700 | 63,982 |
| Legal and professional fees | | 190,739 | 311,730 |
| Annual insurance premium | | 26,750 | 26,750 |
| Other operating expenses | | 26,285 | 15,401 |
| | | <u>6,941,435</u> | <u>7,301,008</u> |
| Total operating expenses | | <u>6,941,435</u> | <u>7,301,008</u> |
| Operating profit/(loss) | | <u>77,541,836</u> | <u>(61,997,292)</u> |
| Finance costs | | | |
| Distributions to holders of redeemable units | 12 | (113,472,967) | (91,855,546) |
| Loss after distributions and before tax | | (35,931,131) | (153,852,838) |
| Taxation | 7 | (10,537,039) | (8,067,845) |
| Loss after distributions and tax/decrease in net assets attributable to holders of redeemable units from operations | | <u>(46,468,170)</u> | <u>(161,920,683)</u> |

The notes on pages 16 to 44 form part of these financial statements.

ABF Pan Asia Bond Index Fund
Annual Report 2018

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

For the year ended 30th June 2018

| | For the year ended 30th June 2018 <i>US\$</i> | For the year ended 30th June 2017 <i>US\$</i> |
|---|---|---|
| Balance at beginning of the year | 3,903,994,527 | 3,688,337,097 |
| Issue of units | 136,894,063 | 535,521,493 |
| Redemption of units | (293,398,192) | (157,943,380) |
| Net (redemption)/issue of units | (156,504,129) | 377,578,113 |
| Decrease in net assets attributable to holders of redeemable units from operations | (46,468,170) | (161,920,683) |
| Balance at the end of the year | <u>3,701,022,228</u> | <u>3,903,994,527</u> |

The notes on pages 16 to 44 form part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 30th June 2018

| | For the year ended 30th June 2018 US\$ | For the year ended 30th June 2017 US\$ |
|---|--|--|
| Cash flows from operating activities | | |
| Decrease in net assets attributable to holders of redeemable units from operations | (46,468,170) | (161,920,683) |
| Adjustment for: | | |
| Interest income on bank deposits | (44,555) | (22,462) |
| Distributions to holders of redeemable units | 113,472,967 | 91,855,546 |
| Taxation | 10,537,039 | 8,067,845 |
| Revaluation (gain)/loss in foreign exchange | (21,497) | 1,130,737 |
| | 78,087,304 | (60,723,134) |
| Operating profit/(loss) before working capital changes | 78,087,304 | (60,723,134) |
| Net decrease/(increase) in investments | 204,518,927 | (223,859,215) |
| Net (increase)/decrease in amounts due from brokers | (57,173,223) | 25,674,381 |
| Net decrease/(increase) in interest receivable | 1 | (1) |
| Net increase/(decrease) in amounts due to brokers | 54,696,660 | (19,382,437) |
| Net (decrease)/increase in accounts payable and accrued expenses | (378,857) | 719,787 |
| | 279,750,812 | (277,570,619) |
| Cash generated from/(used in) operations | 279,750,812 | (277,570,619) |
| Interest income on bank deposits received | 44,556 | 22,461 |
| Taxes paid | (9,686,909) | (6,953,026) |
| | 270,108,459 | (284,501,184) |
| Net cash generated from/(used in) operating activities | 270,108,459 | (284,501,184) |
| Cash flows from financing activities | | |
| Distributions paid to holders of redeemable units | (113,472,967) | (91,855,546) |
| Issue of units | 136,894,063 | 535,521,493 |
| Redemption of units | (294,561,019) | (155,648,102) |
| | (271,139,923) | 288,017,845 |
| Net cash (used in)/generated from financing activities | (271,139,923) | 288,017,845 |
| Net (decrease)/increase in cash and cash equivalents | (1,031,464) | 3,516,661 |
| Effect of currency translation | 21,497 | (1,130,737) |
| Cash and cash equivalents at the beginning of the year | 14,930,650 | 12,710,609 |
| | 13,309,163 | 14,930,650 |
| Cash and cash equivalents at the end of the year | 13,309,163 | 14,930,650 |
| Analysis of balance of cash and cash equivalents: | | |
| Cash at banks | 13,309,163 | 14,930,650 |

The notes on pages 16 to 44 form part of these financial statements.

ABF Pan Asia Bond Index Fund
Annual Report 2018

STATEMENT OF CASH FLOWS *(Continued)*

For the year ended 30th June 2018

Reconciliation of liabilities arising from financing activities

| | For the year ended 30th June 2018 US\$ | For the year ended 30th June 2017 US\$ |
|-----------------------------------|--|--|
| At 1st July | 2,295,278 | – |
| Changes from financing cash flows | | |
| Redemption paid | (294,561,019) | (155,648,102) |
| Other changes | | |
| Redemption of units | 293,398,192 | 157,943,380 |
| At 30th June | <u>1,132,451</u> | <u>2,295,278</u> |

The notes on pages 16 to 44 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

ABF Pan Asia Bond Index Fund (the "Fund") is a Singapore unit trust authorised 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, a Third Amending and Restating Deed dated 24th June 2011, and a Fourth Amending and Restating Deed dated after year ended 30th June 2018. 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 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 Dollar, Indonesian Rupiah, Korean Won, Malaysian Ringgit, Philippine Peso, Singapore Dollar 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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

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 ("IFRSs"). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative financial instruments) held at fair value through profit or loss.

The preparation of financial statements in conformity with IFRSs require 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.

New and amended standards that are effective in the current year and have been adopted by the Fund

Amendments to IAS 7, "Statement of Cash Flows" became effective for annual periods beginning on or after 1st July 2017. These amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Adoption of these amendments did not have a material impact on the Fund's financial statements.

There are no other standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1st July 2017 that have a material impact on the Fund.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(a) Basis of preparation *(Continued)*

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

IFRS 9, "Financial instruments", addresses the classification, measurement and derecognition of financial assets and financial liabilities. It replaces the multiple classification and measurement models in IAS 39 and is effective for reporting periods beginning on or after 1st July 2018.

Classification and measurement of debt assets will be driven by the entity's business model for managing the financial assets and contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if the objective of the business model is to hold the financial asset for the collection of the contractual cash flows and the contractual cash flows under the instrument solely represent payments of principal and interest (SPPI). A debt instrument is measured at fair value through other comprehensive income if the objective of the business model is to hold the financial asset both to collect contractual cash flows from SPPI and to sell. All other debt instruments must be recognised at fair value through profit or loss. An entity may however, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Derivative and equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading, an irrevocable option is taken to measure at fair value through other comprehensive income. IFRS 9 also introduces a new expected credit loss (ECL) impairment model.

On adoption of IFRS 9, the Fund's investment portfolio will continue to be classified as fair value through profit or loss. Other financial assets which are held for collection will continue to be measured at amortised cost with no material impact expected from application of the new impairment model. As a result, the adoption of IFRS 9 is not expected to have a material 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)*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Investments

The Fund invests in debt securities which are classified as financial assets at fair value through profit or loss. These investments are designated by the Manager at fair value through profit or loss at inception. Purchases and sales of investments are accounted for on a 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 bid 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.

Transfers between levels of fair value hierarchy are deemed to have occurred at the beginning of the reporting period.

(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) Taxation

No provision for Hong Kong profits tax has been made as the Fund was authorised as a 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 may potentially be liable to pay PRC withholding income tax on the PRC sourced capital gains, unless reduced or exempted under relevant tax treaty. Withholding taxes are disclosed separately in the Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Cash and cash equivalents

Cash and cash equivalents include cash in hand and demand deposits with original maturities of three months or less.

(g) 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.

(h) Translation of foreign currencies

Functional and presentation currency

The Fund's subscription and redemption of units are denominated in United States Dollar ("US\$"). The performance of the Fund is measured and reported to the investors in the United States Dollar, 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.

(i) Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount is reported in the Statement of Net Assets, where the Fund currently has a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Fund or the counterparty.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(j) 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 date of redemption if the holder exercises the right to put the unit back to the Fund.

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.

(k) Segmental information

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The Manager, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision-maker that makes strategic decisions.

(l) Distributions

Proposed distributions to holders of redeemable units are recognised in the Statement of Comprehensive Income when they are appropriately authorised. 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 10,000 units with effect from 20th June 2013 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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

3. NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS AND NUMBER OF UNITS IN ISSUE *(Continued)*

Number of units in issue

| | 2018 <i>units</i> | 2017 <i>units</i> |
|---|--------------------------|--------------------------|
| Units in issue at the beginning of the year | 34,018,734 | 30,907,054 |
| Issue of units | 1,180,110 | 4,511,680 |
| Redemption of units | <u>(2,520,000)</u> | <u>(1,400,000)</u> |
| Units in issue at the end of the year | <u><u>32,678,844</u></u> | <u><u>34,018,734</u></u> |

| | 2018 <i>US\$</i> | 2017 <i>US\$</i> |
|--|-----------------------------|-----------------------------|
| Net assets attributable to holders of redeemable units | <u><u>3,701,022,228</u></u> | <u><u>3,903,994,527</u></u> |
| Net assets attributable to holders of redeemable units (per unit) | <u><u>113.25</u></u> | <u><u>114.76</u></u> |
| Net asset value per Creation unit (1 Creation unit is equivalent to 10,000 units) | <u><u>1,132,544</u></u> | <u><u>1,147,601</u></u> |

ABF Pan Asia Bond Index Fund

Annual Report 2018

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 Manager is of the opinion that the Fund has no critical accounting estimates and assumptions during the financial year.

5. OTHER INCOME

For each application for the creation or redemption of units, the Fund is entitled to receive a transaction fee of HK\$1,000 (approximately US\$128) per application and 0.23% for creation of units and 0.125% for redemption of units dilution charges from authorised participants.

6. NET GAIN/(LOSS) ON INVESTMENTS

| | 2018 US\$ | 2017 US\$ |
|--|--------------------------|----------------------------|
| Change in unrealised gain/(loss) in value of investments | (85,013,697) | (155,979,421) |
| Realised gain on sale of investments | <u>169,926,258</u> | <u>101,864,375</u> |
| | <u><u>84,912,561</u></u> | <u><u>(54,115,046)</u></u> |

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

7. TAXATION

No provision for Hong Kong profits tax has been made as the Fund is authorised as a 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 (12A) 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.

The Fund had incurred taxes of US\$10,537,039 (2017: US\$8,067,845) during the year ended 30th June 2018. The amount includes withholding taxes from China, Philippines and Indonesia totaling US\$9,807,373 (2017: US\$9,080,362) and the remaining portion of US\$729,666 (2017: tax credit US\$1,012,517) relate to payments of corporate income tax and other taxes.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

7. TAXATION *(Continued)*

Capital gains on debt securities in PRC

The Fund invests in RMB denominated bonds (“RMB bonds”) in the China Inter-bank Bond Market (“CIBM”) in the People’s Republic of China (“PRC”). Under the prevailing PRC tax regulations, there are no specific rules or regulations governing the taxation of the disposal of RMB bonds by foreign institutional investors. Under the general taxing provision of the Corporate Income Tax Law, the Fund may potentially be liable to pay PRC withholding income tax on the PRC sourced capital gains at the rate of 10%, unless reduced or exempted under relevant tax treaty. Based on the current verbal interpretation of the PRC State Administration of Taxation and the local PRC tax authorities, the authorities are with the view that capital gains derived by foreign institutional investors from disposal of PRC debt securities should not be treated as PRC sourced income and thus should not be subject to PRC withholding income tax. However, there are no written tax regulations issued by the PRC tax authorities to confirm this interpretation. As a matter of practice, PRC withholding income tax on capital gains realised by non-PRC tax resident enterprises from the trading of debt securities has not been strictly enforced by the PRC tax authorities. 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 tax authority since the commencement of operation of the Fund. As such, no provision was made for taxation from such gains in the financial statements. However, there is a possibility that the PRC tax authorities may change their current interpretation or issue specific regulation to clarify the tax treatment on bond trading gains. 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.

Furthermore, according to the notice Caishui [2016] No. 36 (“Circular 36”), Value-Added Tax (“VAT”) at 6% shall be levied on the difference between the selling and buying prices of those marketable securities effective from 1st May 2016, unless specifically reduced or exempted under the prevailing regulations. The gains derived from trading of RMB denominated debt securities by the foreign institutional investors recognised by People’s Bank of China in CIBM are exempted from VAT in the PRC under Circular 36 and Caishui [2016] No.70.

Interest income on debt securities in PRC

Overseas and PRC withholding tax was charged on certain interest income received during the year. As at 30th June 2018, the Fund made provision of US\$3,966,939 for withholding income tax on interest income from PRC non-government securities (2017: US\$3,065,400). The amount is included in “Other payables” in the Statement of Net Assets. In addition, according to Circular 36, interest received from government bonds and local government bonds are exempted from VAT. However, the prevailing VAT regulations do not specifically exempt VAT on interest received by foreign institutional investors. Hence, interest income on non-government bonds (including corporate bonds) would be subject to 6.72% VAT and local surtaxes.

As at 30th June 2018 and 30th June 2017, the Manager does not consider that the potential VAT and surtaxes exposure arising from the Fund’s accumulated interest income received from PRC non-government bonds since 1st May 2016 to be material.

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. To the best of the Manager's knowledge, the Fund does not have any other transactions with the Connected Persons of the Manager except for those disclosed below.

(a) Foreign currency transactions with connected persons of the Manager and the Trustee

During the year ended 30th June 2018, the Manager transacted in foreign currency transactions totaling US\$922,577,384 (2017: US\$1,444,903,466) through its affiliated party, State Street Global Markets, LLC and the Trustee's affiliated parties, HSBC Hong Kong and HSBC Australia for the Fund's investments and settlement purpose. The amount represents 100% (2017: 100%) of the Fund's foreign currency transactions during the year ended 30th June 2018.

| Name of company | Aggregate value of foreign currency transactions <i>US\$</i> | % of total foreign currency transactions % |
|----------------------------------|---|---|
| 2018 | | |
| HSBC Australia | 573,165,015 | 62.13 |
| HSBC Hong Kong | 229,272,369 | 24.85 |
| State Street Global Markets, LLC | 120,140,000 | 13.02 |
| 2017 | | |
| HSBC Australia | 915,091,237 | 63.33 |
| HSBC Hong Kong | 291,942,230 | 20.21 |
| State Street Global Markets, LLC | 237,870,000 | 16.46 |

During the years ended 30th June 2018 and 2017, the Connected Persons of the Manager and the Trustee as listed above had included normal bid-offer spread for the foreign currency transactions entered with the Fund, which were carried out in the ordinary course of business and on normal commercial terms. There were no direct commissions paid to Connected Persons of the Manager or the Trustee during the years ended 30th June 2018 and 2017.

ABF Pan Asia Bond Index Fund

Annual Report 2018

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

8. TRANSACTIONS WITH RELATED PARTIES INCLUDING THE MANAGER AND ITS CONNECTED PERSONS *(Continued)*

(b) Holdings of units

As at 30th June 2018, the directors and officers of the Manager did not hold any units in the Fund (2017: Nil). The Hong Kong and Shanghai Banking Corporation Limited, a related party, held 27,841,917 units (2017: 27,146,358 units) of the Fund as nominee on behalf of its clients, representing 85.17% (2017: 79.75%) of the Fund's net assets.

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

8. TRANSACTIONS WITH RELATED PARTIES INCLUDING THE MANAGER AND ITS CONNECTED PERSONS *(Continued)*

(e) Bank balances

The bank balance of the Fund is held with a related party of the Trustee, (i.e. The Hongkong Shanghai Banking Corporation Limited). The details of such transactions are as follows:

| | As at 30th June 2018 US\$ | As at 30th June 2017 US\$ |
|---------------------|------------------------------------|------------------------------------|
| Bank balances | 13,309,163 | 14,930,650 |
| Interest receivable | - | 1 |
| | 13,309,163 | 14,930,651 |

During the year ended 30 June 2018 and 2017, the below income and expenses related to the bank balance of the Fund stated in Statement of Comprehensive Income was earned/paid from/to a related party of the Trustee, (i.e. The Hongkong Shanghai Banking Corporation Limited).

| | For the year ended 30th June 2018 US\$ | For the year ended 30th June 2017 US\$ |
|-------------------|---|---|
| Interest income | 44,555 | 22,462 |
| Interest expenses | 17,193 | 39,124 |
| Bank charges | - | 109 |
| | 44,555 | 61,695 |

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

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 (2017: 0.0175% per annum) on the daily average net asset value of the Fund, subject to a minimum of US\$184,000 per annum (2017: 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 authorised 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.

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 organisations 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:

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

10. FINANCIAL RISK MANAGEMENT *(Continued)*

(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 the investment portfolio. As at year end, the overall market exposures were as follows:

| | 2018 | | | 2017 | | |
|-------------------|----------------------|----------------------|--------------------|----------------------|----------------------|--------------------|
| | Fair value US\$ | Cost US\$ | % of net assets | Fair value US\$ | Cost US\$ | % of net assets |
| Investments | | | | | | |
| – Debt securities | 3,703,091,528 | 3,922,531,530 | 100.06 | 3,907,610,455 | 4,042,036,760 | 100.09 |
| | <u>3,703,091,528</u> | <u>3,922,531,530</u> | <u>100.06</u> | <u>3,907,610,455</u> | <u>4,042,036,760</u> | <u>100.09</u> |

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.

| | 2018 US\$ equivalent | 2017 US\$ equivalent |
|--------------------|-------------------------|-------------------------|
| Markets exposed to | | |
| China | 900,043,434 | 904,380,723 |
| Hong Kong | 329,116,331 | 340,746,083 |
| Indonesia | 284,000,035 | 305,094,977 |
| Malaysia | 412,771,256 | 437,920,981 |
| Philippines | 215,795,823 | 235,711,011 |
| Singapore | 580,742,371 | 631,025,101 |
| South Korea | 614,873,284 | 670,696,395 |
| Thailand | 365,748,994 | 382,035,184 |
| | <u>3,703,091,528</u> | <u>3,907,610,455</u> |

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

10. FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Market price risk *(Continued)*

There were investments issued by a single issuer with market value exceeding 10% of the Fund's net asset value at 30th June 2018 or 30th June 2017, as follows:

| | 2018 | 2017 |
|----------------------|-------|-------|
| | % | % |
| China Government | 18.17 | 18.26 |
| Korea Treasury | 16.23 | 16.81 |
| Singapore Government | 14.06 | 14.48 |

During the year ended 30th June 2018, the Underlying Index increased by 2.08% (1 year return as of 30th June 2017: declined by 0.97%), while the returns of the Fund including dividends increased by 1.59% (1 year return as of 30th June 2017: declined by 1.49%).

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.

| | 2018 | | 2017 | |
|--|--------------------------------|----------------|--------------------------------|----------------|
| | Change in market index % | Impact US\$ | Change in market index % | Impact US\$ |
| | +/- | +/- | +/- | +/- |
| Markit iBoxx ABF Pan-Asia Index in US\$ | 6.00 | 222,185,492 | 6.00 | 234,456,627 |

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, which would be revised when there is evidence that the Underlying Index have become significantly more volatile.

The 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)

10. FINANCIAL RISK MANAGEMENT (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 2018

| | Up to 1 year US\$ | 1-5 years US\$ | Over 5 years US\$ | Non-interest bearing US\$ | Total US\$ |
|--|----------------------|----------------------|----------------------|---------------------------------|------------------------|
| Assets | | | | | |
| Investments | 205,286,809 | 1,480,368,561 | 2,017,436,158 | - | 3,703,091,528 |
| Cash at banks | 13,309,163 | - | - | - | 13,309,163 |
| Amounts due from brokers | - | - | - | 81,292,908 | 81,292,908 |
| | <u>218,595,972</u> | <u>1,480,368,561</u> | <u>2,017,436,158</u> | <u>81,292,908</u> | <u>3,797,693,599</u> |
| Total assets | | | | | |
| | <u>218,595,972</u> | <u>1,480,368,561</u> | <u>2,017,436,158</u> | <u>81,292,908</u> | <u>3,797,693,599</u> |
| Liabilities | | | | | |
| Amounts due to brokers | - | - | - | (87,976,464) | (87,976,464) |
| Other liabilities | - | - | - | (8,694,907) | (8,694,907) |
| Net assets attributable to holders of redeemable units | - | - | - | (3,701,022,228) | (3,701,022,228) |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>(3,797,693,599)</u> | <u>(3,797,693,599)</u> |
| Total liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>(3,797,693,599)</u> | <u>(3,797,693,599)</u> |
| Total interest sensitivity gap | | | | | |
| | <u>218,595,972</u> | <u>1,480,368,561</u> | <u>2,017,436,158</u> | | |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. FINANCIAL RISK MANAGEMENT (Continued)

(c) Interest rate risk (Continued)

As at 30th June 2017

| | Up to 1 year US\$ | 1-5 years US\$ | Over 5 years US\$ | Non-interest bearing US\$ | Total US\$ |
|--|----------------------|----------------------|----------------------|---------------------------------|------------------------|
| Assets | | | | | |
| Investments | 176,332,593 | 1,507,049,911 | 2,224,227,951 | - | 3,907,610,455 |
| Cash at banks | 14,930,650 | - | - | - | 14,930,650 |
| Amounts due from brokers | - | - | - | 24,119,685 | 24,119,685 |
| Other assets | - | - | - | 1 | 1 |
| Total assets | 191,263,243 | 1,507,049,911 | 2,224,227,951 | 24,119,686 | 3,946,660,791 |
| Liabilities | | | | | |
| Amounts due to brokers | - | - | - | (33,279,804) | (33,279,804) |
| Other liabilities | - | - | - | (9,386,460) | (9,386,460) |
| Net assets attributable to holders of redeemable units | - | - | - | (3,903,994,527) | (3,903,994,527) |
| Total liabilities | - | - | - | (3,946,660,791) | (3,946,660,791) |
| Total interest sensitivity gap | 191,263,243 | 1,507,049,911 | 2,224,227,951 | | |

At 30th June 2018, should interest rates have lowered/risen by 50 basis points (2017: 50 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\$124,127,783 and US\$115,951,702 respectively (2017: US\$130,620,619 and US\$122,383,282), arising substantially from the increase/decrease in market values of debt securities.

Assumption: The change is based on the historical interest rate fluctuations and would be revised when there is evidence that interest rates have become significantly more volatile.

The Manager manages the investment portfolio by ensuring that the Fund replicates the Underlying Index movements effectively based on market exposures as well as duration risks across the yield curve.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

10. FINANCIAL RISK MANAGEMENT *(Continued)*

(d) Credit and counterparty risk

Credit and counterparty risk is the risk that an issuer or counterparty will be unable or unwilling to pay amounts in full when due.

All transactions in securities are settled/paid for upon delivery using approved brokers. The risk of default from transactions 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 counterparty 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 2018 and 2017:

As at 30th June 2018

| | US\$ | Credit rating | Source of credit rating |
|---|---------------|---------------|-------------------------|
| Custodians and Banks | | | |
| The Hongkong & Shanghai Banking Corporation Limited | 3,716,400,691 | Aa3 | Moody's |

As at 30th June 2017

| | US\$ | Credit rating | Source of credit rating |
|---|---------------|---------------|-------------------------|
| Custodians and Banks | | | |
| The Hongkong & Shanghai Banking Corporation Limited | 3,922,541,105 | Aa2 | Moody's |

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

10. FINANCIAL RISK MANAGEMENT *(Continued)*

(d) Credit and counterparty risk *(Continued)*

The table below categorised the investment portfolio by credit rating sourced from Markit iBoxx and supplemented by Standard & Poor's (converted to the Markit iBoxx credit rating for disclosure purpose):

Portfolio by rating category

| Rating (Markit iBoxx) | 2018 % of Investment | 2017 % of Investment |
|-----------------------|-------------------------|-------------------------|
| AAA | 14 | 23 |
| AA | 25 | 40 |
| A | 35 | 11 |
| BBB | 22 | 22 |
| Non-rated | 4 | 4 |
| | 100 | 100 |
| Total | 100 | 100 |

The maximum exposure to credit and counterparty risk as at 30th June 2018 and 2017 is the carrying amount of the financial assets as set out below:

| | 2018 US\$ | 2017 US\$ |
|--------------------------|---------------|---------------|
| Investments | 3,703,091,528 | 3,907,610,455 |
| Amounts due from brokers | 81,292,908 | 24,119,685 |
| Interest receivable | – | 1 |
| Cash at banks | 13,309,163 | 14,930,650 |
| | 3,797,693,599 | 3,946,660,791 |
| | 3,797,693,599 | 3,946,660,791 |

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

The Manager limits the Fund's exposure to counterparty 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 Manager considers to be well established.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. FINANCIAL RISK MANAGEMENT (Continued)

(e) Liquidity risk

Liquidity risk is the risk that the Fund 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 Manager invests the majority of the Fund's 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 2018 | | | |
| Amounts payable on redemption | 1,132,451 | – | – |
| Amounts due to brokers | 87,976,464 | – | – |
| Audit fee payable | – | 72,040 | – |
| Trustee fee payable | – | 149,312 | – |
| Management fee payable | – | 1,055,148 | – |
| Index license fee payable | – | 120,256 | – |
| Other payables | 37,451 | 89,547 | 6,038,702 |
| Net assets attributable to holders of redeemable units | <u>3,701,022,228</u> | <u>–</u> | <u>–</u> |
| Contractual cash out flows | <u>3,790,168,594</u> | <u>1,486,303</u> | <u>6,038,702</u> |
| As at 30th June 2017 | | | |
| Amounts payable on redemption | 2,295,278 | – | – |
| Amounts due to brokers | 33,279,804 | – | – |
| Audit fee payable | – | 74,518 | – |
| Trustee fee payable | – | 161,327 | – |
| Management fee payable | – | 1,422,383 | – |
| Index license fee payable | – | 121,216 | – |
| Other payables | 13,976 | 109,190 | 5,188,572 |
| Net assets attributable to holders of redeemable units | <u>3,903,994,527</u> | <u>–</u> | <u>–</u> |
| Contractual cash out flows | <u>3,939,583,585</u> | <u>1,888,634</u> | <u>5,188,572</u> |

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

10. FINANCIAL RISK MANAGEMENT *(Continued)*

(e) Liquidity risk *(Continued)*

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 2018 and 2017, there were 2 unitholders, which were the nominee account holders of the Fund holding more than 10% of the Fund's units. Please refer to note 13 for details.

The Fund manages its liquidity risk by investing in investments that it expects to be able to liquidate within one month or less. The following table illustrates the expected liquidity of assets held:

| | Less than 1 month <i>US\$</i> | 1-12 months <i>US\$</i> |
|-----------------------------|----------------------------------|----------------------------|
| As at 30th June 2018 | | |
| Total assets | <u>3,797,693,599</u> | <u>–</u> |
| | <i>US\$</i> | <i>US\$</i> |
| As at 30th June 2017 | | |
| Total assets | <u>3,946,660,791</u> | <u>–</u> |

(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 changes in exchange rates. Although the Fund has not actively engaged in hedging activities, the Manager may enter into spot and forward foreign exchange contracts from time to time to hedge against the fluctuations in exchange rates in relation to the settlement of creation and redemption of units, and other operational uses such as covering the Fund's exposure to currency risk from re-balancing the portfolios prior to market closure due to holiday.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

10. FINANCIAL RISK MANAGEMENT *(Continued)*

(f) **Currency risk** *(Continued)*

The table below summarises the Fund's monetary exposure to currency risks:

| | 2018 | 2017 |
|-------------------|--------------------|--------------------|
| | <i>US\$</i> | <i>US\$</i> |
| | <i>equivalents</i> | <i>equivalents</i> |
| Hong Kong Dollar | 329,366,690 | 340,958,041 |
| Indonesian Rupiah | 283,459,165 | 304,932,784 |
| Malaysian Ringgit | 412,871,787 | 438,382,932 |
| Philippine Peso | 215,387,906 | 235,108,350 |
| Renminbi | 897,457,451 | 904,280,659 |
| Singapore Dollar | 580,031,150 | 631,289,945 |
| South Korean Won | 616,675,797 | 671,527,273 |
| Thai Baht | 366,480,362 | 382,240,958 |

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 (based on historical currency fluctuations and would be revised when the currency have become significantly more volatile) with all other variables held constant.

| | 2018 | | 2017 | |
|-------------------|----------|--------------------|----------|--------------------|
| | Change | Impact | Change | Impact |
| | % +/- | <i>US\$</i> +/- | % +/- | <i>US\$</i> +/- |
| Hong Kong Dollar | 1 | 3,293,667 | 1 | 3,409,580 |
| Indonesian Rupiah | 12 | 34,015,100 | 12 | 36,591,934 |
| Malaysian Ringgit | 12 | 49,544,614 | 11 | 48,222,123 |
| Philippine Peso | 12 | 25,846,549 | 11 | 25,861,919 |
| Renminbi | 11 | 98,720,320 | 8 | 72,342,453 |
| Singapore Dollar | 8 | 46,402,492 | 8 | 50,503,196 |
| South Korean Won | 12 | 74,001,096 | 11 | 73,868,000 |
| Thai Baht | 12 | 43,977,643 | 11 | 42,046,505 |

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

10. FINANCIAL RISK MANAGEMENT *(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 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; and social, economic and political uncertainties.

The Fund is designed to track the performance of the Underlying 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 index 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 objectives when managing capital are 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)*

10. FINANCIAL RISK MANAGEMENT *(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.

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 13, 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 judgment, considering factors specific to the asset or liability.

The determination of what constitutes "observable" requires significant judgment 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)*

10. FINANCIAL RISK MANAGEMENT *(Continued)*

(i) Fair value estimation *(Continued)*

The following table analyses within the fair value hierarchy the Fund's investments (by class) measured at fair value at 30th June 2018 and 2017:

| As at 30th June 2018 | Level 1 US\$ | Level 2 US\$ | Level 3 US\$ | Total balance US\$ |
|-----------------------------|-----------------|----------------------|-----------------|-----------------------|
| Investments | | | | |
| – Debt securities | – | 3,703,091,528 | – | 3,703,091,528 |
| | – | 3,703,091,528 | – | 3,703,091,528 |
| | <u>–</u> | <u>3,703,091,528</u> | <u>–</u> | <u>3,703,091,528</u> |
| As at 30th June 2017 | Level 1 US\$ | Level 2 US\$ | Level 3 US\$ | Total balance US\$ |
| Investments | | | | |
| – Debt securities | – | 3,907,610,455 | – | 3,907,610,455 |
| | – | 3,907,610,455 | – | 3,907,610,455 |
| | <u>–</u> | <u>3,907,610,455</u> | <u>–</u> | <u>3,907,610,455</u> |

Investments whose values are based on quoted market prices in active markets are classified within Level 1. As of 30th June 2018 and 2017, the Fund did not hold any investments classified in Level 1.

Financial instruments that trade in markets that are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. As of 30th June 2018 and 2017, the Fund held investments in debt securities which were classified in Level 2.

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently. As of 30th June 2018 and 2017, the Fund did not hold any investments classified in Level 3.

There was no transfer between levels for the years ended 30th June 2018 and 2017.

The assets and liabilities included in the Statement of Net Assets, except for investments are carried at amortised cost; their carrying values are a reasonable approximation of fair value.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

11. SOFT DOLLAR PRACTICES

The Manager may effect transactions, provided that any such transaction is consistent with standards of “best execution”, by or through the agency of another person for the account of the Fund with whom the Manager or any of its Connected Persons have an arrangement under which that party will from time to time provide to or procure for the Manager or any of its Connected Persons goods, services or other benefits (such as research and advisory services, computer hardware associated with specialised 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.

The Manager has not participated in any soft dollar arrangements in respect of any transactions for the account of the Fund.

12. DISTRIBUTIONS

| | 2018 | 2017 |
|--|--|--|
| | <i>US\$</i> | <i>US\$</i> |
| Interim distribution | | |
| – US\$1.74 on 33,021,584 units paid on 1st February 2018 | 57,457,556 | – |
| – US\$1.52 on 33,739,624 units paid on 7th February 2017 | – | 51,284,228 |
| Final distribution | | |
| – US\$1.65 on 33,948,734 units paid on 3rd August 2017 | 56,015,411 | – |
| – US\$1.25 on 32,457,054 units paid on 4th August 2016 | – | 40,571,318 |
| | <hr style="border-top: 1px solid black;"/> | <hr style="border-top: 1px solid black;"/> |
| Total distribution | <u>113,472,967</u> | <u>91,855,546</u> |

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

13. 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 IFRSs.

There were no changes in the reportable segments during the years ended 30th June 2018 and 2017.

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 organisations in the Asia Pacific region.

The Fund has no assets classified as non-current assets. The Fund has a diversified portfolio of investments. 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 underlying index of the Fund namely Markit iBoxx ABF Pan-Asia Index, did not have any constituent stock that accounted for more than 10% of the index as at 30th June 2018 (2017: Nil).

The Fund also has a diversified unitholder population. As at 30th June 2018, there were 2 unitholders, which were the nominee account holders of the Fund (2017: two unitholders) holding more than 10% of the Fund's units. The two nominee account holders hold 85% and 11% (2017: 80% and 12%) of the Fund's units as at 30th June 2018.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

14. SUPPLEMENTAL RATIOS

| | 2018 | 2017 |
|-----------------------------|--------|--------|
| Expense ratio ¹ | 0.18% | 0.19% |
| Turnover ratio ² | 41.46% | 24.02% |

¹ The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). The calculation of the expense ratio at financial year end was based on total operating expenses of US\$6,924,242 (2017: US\$7,261,884) divided by the average net asset value of US\$3,894,741,334 (2017: US\$3,921,577,363) for the year. The total operating expenses do not include (where applicable) brokerage and other transactions costs, performance fee, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The Fund does not pay any performance fee. The average net asset value is based on the daily balances.

² The portfolio turnover ratio is calculated in accordance with the formula stated in the Code on Collective Investment Schemes. The calculation of the portfolio turnover ratio was based on the lower of the total value of purchases or sales, being purchases of US\$1,614,654,216 (2017: sales of US\$941,927,694) of the underlying investments, divided by the average daily net asset value of US\$3,894,741,334 (2017: US\$3,921,577,363). In line with Statement of Recommended Accounting Practice 7 "Reporting framework for Unit Trusts" ("RAP 7") issued by the Institute of Singapore Chartered Accountants, total value of purchases or sales for the current year do not include brokerage and other transaction costs.

15. EVENT OCCURRING AFTER YEAR END DATE

Subsequent to the year end, the Fund announced a dividend distribution of US\$1.84 per unit on 17th July 2018. The dividend was paid on 2nd August 2018. The net assets attributable to holders of redeemable units as at 30th June 2018 has not accrued the dividend distribution payable as mentioned above.

The Trustee appointed HSBC Bank Plc (connected person of the Trustee) as the stock lending agent for stock lending transactions after the year ended 30th June 2018.

On 30 August 2018, the Standing Committee of the State Council proposed a three-year exemption from Corporate Income Tax (CIT) and Value Added Tax (VAT) on interest income derived by overseas investors from their investment in China bond markets. However, the specific tax regulation has not been issued as at 26th September 2018 and there are some issues such as the effective date of the exemption and applicable participants for the exemption, etc. remain unclear as at 26th September 2018. The impact can only be assessed when there are further updates.

16. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Trustee and the Manager on 26th September 2018.

ABF Pan Asia Bond Index Fund
Annual Report 2018

INVESTMENT PORTFOLIO

As at 30th June 2018 (Unaudited)

PRIMARY – BY GEOGRAPHY

| Listed investments | Holdings at 30th June 2018 | Fair value at 30th June 2018 US\$ | Percentage of total net assets at 30th June 2018 (%) |
|---|----------------------------------|--|---|
| CHINA (24.32%) | | | |
| AGRICUL DEV BANK 3.58% 22APR26 (INTERBANK) | 100,000,000 | 14,296,547 | 0.39 |
| AGRICUL DEV BANK 3.83% 06JAN2024 (INTERBANK) | 70,000,000 | 10,470,926 | 0.28 |
| AGRICUL DEV BANK 3.85% 06JAN2027 (INTERBANK) | 50,000,000 | 7,352,941 | 0.20 |
| AGRICUL DEV BANK CHINA 3.01% 06JAN2021 | 20,000,000 | 2,988,464 | 0.08 |
| AGRICUL DEV BANK CHINA 3.37% 26FEB2026 (INTERBANK) | 100,000,000 | 14,304,233 | 0.39 |
| AGRICUL DEV BANK CHINA 3.5% 16DEC2018 | 20,000,000 | 3,075,169 | 0.08 |
| AGRICUL DEV BANK CHINA 3.65% 26MAR2020 | 50,000,000 | 7,582,516 | 0.21 |
| CHINA (GOVT OF) 2.55% 28APR2019 (INTERBANK) | 20,000,000 | 3,018,915 | 0.08 |
| CHINA (GOVT OF) 2.55% 28JAN2019 (INTERBANK) | 60,000,000 | 9,126,919 | 0.25 |
| CHINA (GOVT OF) 2.75% 01SEP2023 (INTERBANK) | 80,000,000 | 11,965,050 | 0.32 |
| CHINA (GOVT OF) 2.9% 15DEC2018 (INTERBANK) | 30,000,000 | 4,531,702 | 0.12 |
| CHINA (GOVT OF) 2.95% 16JUN23 (INTERBANK) | 230,000,000 | 34,031,578 | 0.92 |
| CHINA (GOVT OF) 3.02% 07MAY2019 | 30,000,000 | 4,542,972 | 0.12 |
| CHINA (GOVT OF) 3.1% 28MAY20 (INTERBANK) | 10,000,000 | 1,526,293 | 0.04 |
| CHINA (GOVT OF) 3.14% 07JUN19 (INTERBANK) | 60,000,000 | 9,077,399 | 0.25 |
| CHINA (GOVT OF) 3.27% 15NOV2021 | 25,000,000 | 3,777,408 | 0.10 |
| CHINA (GOVT OF) 3.36% 25MAR2020 | 30,000,000 | 4,576,791 | 0.12 |
| CHINA (GOVT OF) 3.4% 17APR2023 | 65,663,000 | 9,973,245 | 0.27 |
| CHINA (GOVT OF) 3.41% 24JUN2020 | 30,000,000 | 4,541,640 | 0.12 |
| CHINA (GOVT OF) 3.43% 04FEB2020 | 30,000,000 | 4,605,115 | 0.12 |
| CHINA (GOVT OF) 3.44% 17SEP2019 | 50,000,000 | 7,645,823 | 0.21 |
| CHINA (GOVT OF) 3.48% 23JUL2019 | 30,000,000 | 4,613,382 | 0.12 |
| CHINA (GOVT OF) 3.51% 16JUL2025 (INTERBANK) | 20,000,000 | 3,053,861 | 0.08 |
| CHINA (GOVT OF) 3.51% 23FEB2022 | 120,000,000 | 18,411,851 | 0.50 |
| CHINA (GOVT OF) 3.52% 25APR2046 (INTERBANK) | 310,000,000 | 42,412,846 | 1.15 |
| CHINA (GOVT OF) 3.53% 30OCT2019 (INTERBANK) | 30,000,000 | 4,654,453 | 0.13 |
| CHINA (GOVT OF) 3.64% 09APR25 (INTERBANK) | 100,000,000 | 15,281,564 | 0.41 |
| CHINA (GOVT OF) 3.65% 13OCT2018 1121 | 50,000,000 | 7,761,349 | 0.21 |
| CHINA (GOVT OF) 3.68% 22SEP2018 | 50,000,000 | 7,636,094 | 0.21 |
| CHINA (GOVT OF) 3.7% 07JUL2018 | 70,000,000 | 10,959,234 | 0.30 |
| CHINA (GOVT OF) 3.7% 23MAY2066 (INTERBANK) | 20,000,000 | 2,793,596 | 0.08 |
| CHINA (GOVT OF) 3.77% 20FEB2047 (INTERBANK) | 80,000,000 | 11,623,339 | 0.31 |
| CHINA (GOVT OF) 3.82% 02SEP2030 | 20,000,000 | 3,126,415 | 0.08 |
| CHINA (GOVT OF) 3.91% 23OCT2038 | 30,000,000 | 4,517,639 | 0.12 |

INVESTMENT PORTFOLIO *(Continued)*

As at 30th June 2018 (Unaudited)

PRIMARY – BY GEOGRAPHY *(Continued)*

| | Holdings at 30th June 2018 | Fair value at 30th June 2018 US\$ | Percentage of total net assets at 30th June 2018 (%) |
|--|----------------------------------|--|---|
| Listed investments <i>(Continued)</i> | | | |
| CHINA (24.32%) <i>(Continued)</i> | | | |
| CHINA (GOVT OF) 3.93% 18AUG2021 | 110,000,000 | 17,126,667 | 0.46 |
| CHINA (GOVT OF) 3.96% 29JUL2040 | 40,000,000 | 6,210,669 | 0.17 |
| CHINA (GOVT OF) 3.99% 16JUN2021 | 80,000,000 | 12,314,603 | 0.33 |
| CHINA (GOVT OF) 4% 19JUN2024 | 60,000,000 | 9,298,431 | 0.25 |
| CHINA (GOVT OF) 4% 27AUG2029 | 30,000,000 | 4,785,964 | 0.13 |
| CHINA (GOVT OF) 4.07% 17OCT2020 1320 | 220,000,000 | 34,705,930 | 0.94 |
| CHINA (GOVT OF) 4.08% 01MAR2040 | 80,000,000 | 12,365,020 | 0.33 |
| CHINA (GOVT OF) 4.23% 09DEC2040 | 30,000,000 | 4,772,148 | 0.13 |
| CHINA (GOVT OF) 4.31% 24FEB2041 | 20,000,000 | 3,255,029 | 0.09 |
| CHINA (GOVT OF) 4.35% 15NOV2062 | 40,000,000 | 6,411,943 | 0.17 |
| CHINA (GOVT OF) 4.44% 16JAN2021 1403 | 50,000,000 | 7,901,272 | 0.21 |
| CHINA (GOVT OF) 4.5% 08MAY2038 | 20,000,000 | 3,258,491 | 0.09 |
| CHINA (GOVT OF) 4.5% 23JUN2041 | 50,000,000 | 8,078,894 | 0.22 |
| CHINA (GOVT OF) 4.55% 29SEP2022 | 50,000,000 | 7,970,013 | 0.22 |
| CHINA (REP OF) 2.9% 5MAY2026 (INTERBANK) | 140,000,000 | 20,228,443 | 0.55 |
| CHINA (REP OF) 3.05% 22OCT22 (INTERBANK) | 70,000,000 | 10,634,661 | 0.29 |
| CHINA DEVELOPMENT 3.24% 25FEB2023 (INTERBANK) | 180,000,000 | 26,438,924 | 0.71 |
| CHINA DEVELOPMENT BANK 2.96% 18FEB2021 | 90,000,000 | 13,371,091 | 0.36 |
| CHINA DEVELOPMENT BANK 3.18% 05APR2026 | 300,000,000 | 42,127,107 | 1.14 |
| CHINA DEVELOPMENT BANK 3.74% 10SEP2025 | 80,000,000 | 12,022,736 | 0.33 |
| CHINA DEVELOPMENT BANK 3.8% 30OCT2036 | 10,000,000 | 1,349,454 | 0.04 |
| CHINA DEVELOPMENT BANK 4.1% 30AUG2025 | 28,000,000 | 4,221,715 | 0.11 |
| CHINA DEVELOPMENT BANK 4.3% 17MAR2030 | 30,000,000 | 4,522,969 | 0.12 |
| CHINA DEVELOPMENT BANK 4.42% 07APR2040 | 40,000,000 | 5,842,092 | 0.16 |
| CHINA GOVERNMENT BOND 2.75% 17MAR2023 | 90,000,000 | 13,304,645 | 0.36 |
| CHINA GOVERNMENT BOND 2.85% 28JAN2026 | 70,000,000 | 10,178,031 | 0.28 |
| CHINA GOVERNMENT BOND 2.9% 24MAY2032 | 20,000,000 | 2,773,582 | 0.08 |
| CHINA GOVERNMENT BOND 3.14% 08SEP2020 | 20,000,000 | 3,085,414 | 0.08 |
| CHINA GOVERNMENT BOND 3.3% 09JUL2022 | 100,000,000 | 15,517,292 | 0.42 |
| CHINA GOVERNMENT BOND 3.36% 24MAY2022 (INTERBANK) | 160,000,000 | 24,192,636 | 0.65 |
| CHINA GOVERNMENT BOND 3.41% 08MAR2019 | 120,000,000 | 18,345,514 | 0.50 |
| CHINA GOVERNMENT BOND 3.42% 24JAN2020 | 10,000,000 | 1,535,964 | 0.04 |
| CHINA GOVERNMENT BOND 3.57% 17NOV2021 | 20,000,000 | 3,051,114 | 0.08 |

ABF Pan Asia Bond Index Fund
Annual Report 2018

INVESTMENT PORTFOLIO (Continued)
As at 30th June 2018 (Unaudited)

PRIMARY – BY GEOGRAPHY (Continued)

| Listed investments (Continued) | Holdings at 30th June 2018 | Fair value at 30th June 2018 US\$ | Percentage of total net assets at 30th June 2018 (%) |
|---|----------------------------------|--|---|
| CHINA (24.32%) (Continued) | | | |
| CHINA GOVERNMENT BOND 3.68% 05NOV2019 | 20,000,000 | 3,055,191 | 0.08 |
| CHINA GOVERNMENT BOND 3.7% 26JUN2026 | 10,000,000 | 1,520,736 | 0.04 |
| CHINA GOVERNMENT BOND 3.86% 19FEB2029 | 20,000,000 | 3,157,295 | 0.09 |
| CHINA GOVERNMENT BOND 3.96% 15APR2030 | 20,000,000 | 3,158,464 | 0.09 |
| CHINA GOVERNMENT BOND 4.03% 21JUN2040 | 20,000,000 | 3,029,476 | 0.08 |
| CHINA GOVERNMENT BOND 4.12% 02AUG2042 | 20,000,000 | 3,099,720 | 0.08 |
| CHINA GOVERNMENT BOND 4.16% 28FEB2023 | 6,000,000 | 947,223 | 0.03 |
| CHINA GOVERNMENT BOND 4.18% 24OCT2018 | 10,000,000 | 1,527,755 | 0.04 |
| CHINA GOVERNMENT BOND 4.25% 17MAY2062 | 20,000,000 | 3,142,731 | 0.09 |
| CHINA GOVERNMENT BOND 4.27% 17MAY2037 | 10,000,000 | 1,587,016 | 0.04 |
| CHINA GOVERNMENT BOND 4.3% 30NOV2059 | 20,000,000 | 3,166,168 | 0.09 |
| CHINA GOVT 2.99% 15OCT2025 (INTERBANK) | 160,000,000 | 23,383,227 | 0.63 |
| CHINA GOVT 3.27% 22AUG2046 (INTERBANK) | 100,000,000 | 13,365,503 | 0.36 |
| CHINA GOVT BOND 2.58% 14APR2021 (INTERBANK) | 130,000,000 | 19,343,615 | 0.52 |
| CHINA GOVT BOND 2.74% 04AUG2026 (INTERBANK) | 80,000,000 | 11,488,201 | 0.31 |
| CHINA GOVT BOND 3.23% 27APR2020 (INTERBANK) | 40,000,000 | 6,068,259 | 0.16 |
| CHINA GOVT BOND 3.47% 13JUL2022 (INTERBANK) | 120,000,000 | 18,757,833 | 0.51 |
| CHINA GOVT BOND 3.61% 07JUN2025 (INTERBANK) | 20,000,000 | 3,053,382 | 0.08 |
| CHINA GOVT BOND 3.62% 15JUN2019 (INTERBANK) | 20,000,000 | 3,037,643 | 0.08 |
| CHINA GOVT BOND 3.69% 21SEP2024 (INTERBANK) | 50,000,000 | 7,824,627 | 0.21 |
| CHINA GOVT BOND 3.77% 18DEC2024 (INTERBANK) | 60,000,000 | 9,181,067 | 0.25 |
| CHINA GOVT BOND 4.05% 24JUL2047 (INTERBANK) | 70,000,000 | 10,710,547 | 0.29 |
| CHINA GOVT BOND 4.22% 19MAR2048 (INTERBANK) | 50,000,000 | 7,827,337 | 0.21 |
| EXPORT-IMPORT 3.33% 22FEB2026 (INTERBANK) | 200,000,000 | 28,718,899 | 0.78 |
| EXPORT-IMPORT 3.88% 12JAN2036 (INTERBANK) | 20,000,000 | 2,729,419 | 0.07 |
| EXPORT-IMPORT BANK CHINA 3.07% 22FEB2021 | 20,000,000 | 2,971,444 | 0.08 |
| EXPORT-IMPORT BANK CHINA 4.11% 20MAR2027 (INTERBANK) | 50,000,000 | 7,527,270 | 0.20 |
| EXPORT-IMPORT BK CHINA 3.94% 21AUG2019 | 100,000,000 | 15,607,659 | 0.42 |
| | | 900,043,434 | 24.32 |
| | | 900,043,434 | 24.32 |

ABF Pan Asia Bond Index Fund
Annual Report 2018

INVESTMENT PORTFOLIO *(Continued)*
As at 30th June 2018 (Unaudited)

PRIMARY – BY GEOGRAPHY *(Continued)*

| Listed investments <i>(Continued)</i> | Holdings at 30th June 2018 | Fair value at 30th June 2018 US\$ | Percentage of total net assets at 30th June 2018 (%) |
|---|----------------------------------|--|---|
| HONG KONG (8.53%) | | | |
| HK GOVERNMENT BOND 1.09% 05JUN2023 | 30,000,000 | 3,650,851 | 0.10 |
| HK GOVERNMENT BOND 2.39% 20AUG2025 | 55,000,000 | 7,184,516 | 0.19 |
| HONG KONG (GOVT OF) 0.55% 05DEC2022 | 20,000,000 | 2,389,735 | 0.07 |
| HONG KONG (GOVT OF) 0.8% 27AUG2027 | 54,000,000 | 6,131,169 | 0.17 |
| HONG KONG (GOVT OF) 0.91% 05NOV2020 | 10,000,000 | 1,246,811 | 0.03 |
| HONG KONG (GOVT OF) 0.97% 20JUN2022 | 70,000,000 | 8,570,749 | 0.23 |
| HONG KONG (GOVT OF) 1.06% 05FEB2020 | 10,000,000 | 1,264,621 | 0.03 |
| HONG KONG (GOVT OF) 1.1% 17JAN2023 | 120,000,000 | 14,675,001 | 0.40 |
| HONG KONG (GOVT OF) 1.16% 18MAY2022 | 50,000,000 | 6,175,702 | 0.17 |
| HONG KONG (GOVT OF) 1.19% 06DEC2021 | 70,000,000 | 8,698,719 | 0.24 |
| HONG KONG (GOVT OF) 1.32% 23DEC2019 | 88,000,000 | 11,146,040 | 0.30 |
| HONG KONG (GOVT OF) 1.47% 20FEB2019 | 60,000,000 | 7,666,546 | 0.21 |
| HONG KONG (GOVT OF) 1.49% 22FEB2028 | 40,000,000 | 4,831,097 | 0.13 |
| HONG KONG (GOVT OF) 1.49% 30SEP2019 | 8,000,000 | 1,050,771 | 0.03 |
| HONG KONG (GOVT OF) 1.51% 24FEB2027 | 45,000,000 | 5,476,603 | 0.15 |
| HONG KONG (GOVT OF) 1.68% 21JAN2026 | 19,000,000 | 2,355,570 | 0.06 |
| HONG KONG (GOVT OF) 1.73% 20FEB2024 | 54,000,000 | 6,790,382 | 0.18 |
| HONG KONG (GOVT OF) 1.79% 21MAY2020 | 12,000,000 | 1,531,105 | 0.04 |
| HONG KONG (GOVT OF) 1.84% 09DEC2024 | 30,000,000 | 3,763,072 | 0.10 |
| HONG KONG (GOVT OF) 1.96% 03JUN2024 | 30,500,000 | 3,860,962 | 0.10 |
| HONG KONG (GOVT OF) 10GB2108 2.46% 4AUG2021 | 152,000,000 | 19,826,053 | 0.54 |
| HONG KONG (GOVT OF) 10Y2012 2.44% 7DEC2020 | 54,000,000 | 6,982,683 | 0.19 |
| HONG KONG (GOVT OF) 10Y2106 2.31% 21JUN2021 | 73,000,000 | 9,409,701 | 0.25 |
| HONG KONG (GOVT OF) 2.13% 16JUL2030 | 167,000,000 | 21,234,475 | 0.57 |
| HONG KONG (GOVT OF) 2.16% 9DEC2019 | 70,000,000 | 8,983,103 | 0.24 |
| HONG KONG (GOVT OF) 2.22% 07AUG2024 | 35,000,000 | 4,521,001 | 0.12 |
| HONG KONG (GOVT OF) 2.24% 27AUG2029 | 53,000,000 | 6,848,230 | 0.19 |
| HONG KONG (GOVT OF) 2.48% 28FEB2029 | 56,000,000 | 7,407,494 | 0.20 |
| HONG KONG (GOVT OF) 2.53% 22JUN2020 | 72,000,000 | 9,302,259 | 0.25 |
| HONG KONG (GOVT OF) 2.6% 20AUG2024 | 55,000,000 | 7,269,937 | 0.20 |
| HONG KONG (GOVT OF) 2.71% 20FEB2023 | 51,000,000 | 6,749,413 | 0.18 |
| HONG KONG (GOVT OF) 2.93% 13JAN2020 | 318,000,000 | 41,758,849 | 1.13 |
| HONG KONG (GOVT OF) 2.95% 24FEB2025 | 55,000,000 | 7,434,981 | 0.20 |

ABF Pan Asia Bond Index Fund
Annual Report 2018

INVESTMENT PORTFOLIO (Continued)

As at 30th June 2018 (Unaudited)

PRIMARY – BY GEOGRAPHY (Continued)

| | Holdings at 30th June 2018 | Fair value at 30th June 2018 US\$ | Percentage of total net assets at 30th June 2018 (%) |
|--|----------------------------------|--|---|
| Listed investments (Continued) | | | |
| HONG KONG (8.53%) (Continued) | | | |
| HONG KONG (GOVT OF) 3.32% 25FEB2026 | 25,000,000 | 3,485,338 | 0.09 |
| HONG KONG (GOVT OF) 4.65% 29AUG2022 | 54,000,000 | 7,704,861 | 0.21 |
| HONG KONG (GOVT OF) 5.125% 23JUL2019 | 66,500,000 | 8,952,408 | 0.24 |
| HONG KONG GOVERNMENT 0.77% 21AUG2019 | 40,000,000 | 5,057,700 | 0.14 |
| HONG KONG GOVERNMENT 1.04% 20NOV2019 | 100,000,000 | 12,635,771 | 0.34 |
| HONG KONG GOVERNMENT 1.94% 04DEC2023 | 40,000,000 | 5,065,392 | 0.14 |
| HONG KONG GOVERNMENT 2.49% 22AUG2028 | 50,000,000 | 6,619,633 | 0.18 |
| | | 315,709,304 | 8.53 |
| | | ----- | ----- |
| INDONESIA (7.68%) | | | |
| INDONESIA (GOVT OF) 8.75% 15MAY2031 | 193,000,000,000 | 14,021,360 | 0.38 |
| INDONESIA (REP OF) 10% 15FEB2028 FR47 | 69,000,000,000 | 5,544,340 | 0.15 |
| INDONESIA (REP OF) 10.25% 15JUL2022 FR43 | 38,000,000,000 | 2,977,256 | 0.08 |
| INDONESIA (REP OF) 10.5% 15AUG2030 FR52 | 112,000,000,000 | 9,358,621 | 0.25 |
| INDONESIA (REP OF) 10.5% 15JUL2038 FR50 | 62,000,000,000 | 5,395,937 | 0.15 |
| INDONESIA (REP OF) 11% 15SEP2025 FR40 | 76,000,000,000 | 6,275,486 | 0.17 |
| INDONESIA (REP OF) 11.5% 15SEP2019 FR36 | 53,000,000,000 | 3,980,784 | 0.11 |
| INDONESIA (REP OF) 11.75% 15AUG23 FR39 | 20,000,000,000 | 1,685,887 | 0.05 |
| INDONESIA (REP OF) 12% 15SEP2026 FR37 | 14,000,000,000 | 1,228,192 | 0.03 |
| INDONESIA (REP OF) 12.8% 15JUN2021 FR34 | 31,000,000,000 | 2,456,284 | 0.07 |
| INDONESIA (REP OF) 12.9% 15JUN2022 FR35 | 26,000,000,000 | 2,129,103 | 0.06 |
| INDONESIA (REP OF) 6.375% 15APR2042 | 37,000,000,000 | 2,101,257 | 0.06 |
| INDONESIA (REP OF) 6.625% 15MAY2033 | 121,000,000,000 | 7,324,615 | 0.20 |
| INDONESIA (REP OF) 7% 15MAY2022 FR61 | 118,000,000,000 | 8,074,892 | 0.22 |
| INDONESIA (REP OF) 7% 15MAY2027 FR59 | 433,000,000,000 | 28,672,446 | 0.77 |
| INDONESIA (REP OF) 7.5% 15MAY2038 | 194,500,000,000 | 12,645,793 | 0.34 |
| INDONESIA (REP OF) 8.25% 15JUL2021 | 194,100,000,000 | 14,222,712 | 0.38 |
| INDONESIA (REP OF) 8.25% 15JUN2032 FR58 | 117,000,000,000 | 8,018,180 | 0.22 |
| INDONESIA (REP OF) 8.25% 15MAY2036 | 257,000,000,000 | 17,782,606 | 0.48 |
| INDONESIA (REP OF) 8.375% 15MAR2024 | 336,000,000,000 | 24,341,290 | 0.66 |
| INDONESIA (REP OF) 8.375% 15MAR2034 | 175,000,000,000 | 12,404,057 | 0.33 |
| INDONESIA (REP OF) 8.375% 15SEP2026 FR56 | 288,000,000,000 | 20,773,805 | 0.56 |
| INDONESIA (REP OF) 9% 15MAR2029 | 172,000,000,000 | 12,889,683 | 0.35 |

INVESTMENT PORTFOLIO *(Continued)*

As at 30th June 2018 (Unaudited)

PRIMARY – BY GEOGRAPHY *(Continued)*

| | Holdings at 30th June 2018 | Fair value at 30th June 2018 US\$ | Percentage of total net assets at 30th June 2018 (%) |
|---|----------------------------------|--|---|
| Listed investments <i>(Continued)</i> | | | |
| INDONESIA (7.68%) <i>(Continued)</i> | | | |
| INDONESIA (REP OF) 9% 15SEP2018 FR48 | 6,000,000,000 | 429,930 | 0.01 |
| INDONESIA (REP OF) 9.5% 15JUL2023 FR46 | 44,000,000,000 | 3,424,578 | 0.09 |
| INDONESIA (REP OF) 9.5% 15JUL2031 FR54 | 129,000,000,000 | 10,158,961 | 0.27 |
| INDONESIA (REP OF) 9.5% 15MAY2041 FR57 | 56,000,000,000 | 4,381,534 | 0.12 |
| INDONESIA (REP OF) 9.75% 15MAY2037 FR45 | 20,000,000,000 | 1,575,824 | 0.04 |
| INDONESIA GOVERNMENT 5.625% 15MAY2023 | 175,000,000,000 | 11,262,156 | 0.30 |
| INDONESIA GOVERNMENT 6.125% 15MAY2028 | 30,000,000,000 | 1,856,962 | 0.05 |
| INDONESIA GOVERNMENT 7.5% 15AUG2032 | 20,000,000,000 | 1,327,539 | 0.04 |
| INDONESIA GOVERNMENT 7.875% 15APR2019 | 35,000,000,000 | 2,484,459 | 0.07 |
| INDONESIA GOVERNMENT 8.75% 15FEB2044 | 25,000,000,000 | 1,884,498 | 0.05 |
| INDONESIA GOVT 10% 15SEP2024 FR44 | 32,000,000,000 | 2,489,913 | 0.07 |
| INDONESIA GOVT 10.25% 15JUL2027 SER FR42 | 44,000,000,000 | 3,604,773 | 0.10 |
| INDONESIA GOVT 11% 15NOV2020 SER FR31 | 104,000,000,000 | 7,872,303 | 0.21 |
| PERUSAHAAN PENERBIT 6.9% 10MAR2020 | 70,000,000,000 | 4,839,231 | 0.13 |
| PERUSAHAAN PENERBIT SBSN 6.25% 15MAY2019 | 20,000,000,000 | 1,397,192 | 0.04 |
| PERUSAHAAN PENERBIT SBSN 8.3% 10MAR2019 | 10,000,000,000 | 705,596 | 0.02 |
| | | 284,000,035 | 7.68 |
| SINGAPORE (15.69%) | | | |
| HOUSING & DEVELOPMENT 2.1% 03NOV2020 | 14,000,000 | 10,248,145 | 0.28 |
| HOUSING & DEVELOPMENT 2.545% 04JUL2031 | 1,000,000 | 702,426 | 0.02 |
| HOUSING & DEVELOPMENT BRD 2.088% 30AUG2022 | 8,000,000 | 5,807,692 | 0.16 |
| HOUSING & DEVELOPMENT BRD 2.22% 22NOV2021 | 15,000,000 | 10,944,203 | 0.30 |
| HOUSING & DEVELOPMENT BRD 2.5% 29JAN2023 | 10,000,000 | 7,395,469 | 0.20 |
| HOUSING & DEVELOPMENT BRD 2.505% 27JUN2024 | 11,000,000 | 8,000,962 | 0.22 |
| LAND TRANSPORT AUTHORITY 2.9% 19JUN2023 | 2,000,000 | 1,490,268 | 0.04 |
| SINGAPORE (GOVT OF) 1.75% 01APR2022 | 22,500,000 | 16,342,407 | 0.44 |
| SINGAPORE (GOVT OF) 2.125% 01JUN2026 | 20,000,000 | 14,350,084 | 0.39 |
| SINGAPORE (GOVT OF) 2.25% 1JUN2021 | 52,800,000 | 38,961,424 | 1.05 |
| SINGAPORE (GOVT OF) 2.375% 01JUN2025 | 35,200,000 | 25,784,850 | 0.70 |
| SINGAPORE (GOVT OF) 2.75% 01APR2042 | 36,500,000 | 26,407,542 | 0.71 |
| SINGAPORE (GOVT OF) 2.75% 01JUL2023 | 60,000,000 | 45,378,416 | 1.23 |
| SINGAPORE (GOVT OF) 2.875% 01SEP2030 | 37,000,000 | 28,048,969 | 0.76 |
| SINGAPORE (GOVT OF) 3% 01SEP2024 | 40,700,000 | 31,210,748 | 0.84 |

ABF Pan Asia Bond Index Fund
Annual Report 2018

INVESTMENT PORTFOLIO (Continued)
As at 30th June 2018 (Unaudited)

PRIMARY – BY GEOGRAPHY (Continued)

| | Holdings at 30th June 2018 | Fair value at 30th June 2018 US\$ | Percentage of total net assets at 30th June 2018 (%) |
|---|----------------------------------|--|---|
| Listed investments (Continued) | | | |
| SINGAPORE (15.69%) (Continued) | | | |
| SINGAPORE (GOVT OF) 3.125% 01SEP2022 | 38,300,000 | 29,439,716 | 0.79 |
| SINGAPORE (GOVT OF) 3.375% 01SEP2033 | 35,400,000 | 28,172,483 | 0.76 |
| SINGAPORE (GOVT OF) 3.5% 1MAR2027 | 54,300,000 | 43,432,322 | 1.17 |
| SINGAPORE (REP OF) 2% 01JUL2020 | 43,000,000 | 31,864,923 | 0.86 |
| SINGAPORE GOV 1.625% 01OCT2019 | 46,400,000 | 34,070,879 | 0.92 |
| SINGAPORE GOVERNMENT 1.25% 01OCT2021 | 25,000,000 | 17,894,433 | 0.48 |
| SINGAPORE GOVERNMENT 2.25% 01AUG2036 | 18,000,000 | 12,281,612 | 0.33 |
| SINGAPORE GOVERNMENT 2.625% 01MAY2028 | 25,000,000 | 18,560,045 | 0.50 |
| SINGAPORE GOVERNMENT 2.75% 01MAR2046 | 47,000,000 | 33,886,254 | 0.92 |
| SINGAPORE GOVERNMENT 2.875% 01JUL2029 | 21,000,000 | 16,043,483 | 0.43 |
| SINGAPORE GOVERNMENT 3.25% 1SEP2020 | 37,750,000 | 28,713,482 | 0.78 |
| SP POWERASSETS LTD 4.84% 22OCT2018 | 4,100,000 | 3,060,035 | 0.08 |
| TEMASEK FINANCIAL I LTD 3.265% 19FEB2020 | 10,000,000 | 7,533,933 | 0.20 |
| TEMASEK FINANCIAL I LTD 4.2% 02AUG2050 | 5,750,000 | 4,715,166 | 0.13 |
| | | 580,742,371 | 15.69 |
| SOUTH KOREA (16.62%) | | | |
| (D) KOREA (REP OF) 2% 10MAR2020 | 17,000,000,000 | 15,350,364 | 0.42 |
| (D) KOREA (REP OF) 2% 10SEP2020 | 26,000,000,000 | 23,434,341 | 0.63 |
| (D) KOREA (REP OF) 3.5% 10MAR2024 | 12,000,000,000 | 11,480,060 | 0.31 |
| (D) KOREA MONETARY STA BND 1.6% 02APR2019 | 6,000,000,000 | 5,375,036 | 0.15 |
| (D) KOREA TREASURY 3.75% 10DEC2033 | 21,200,000,000 | 21,941,299 | 0.59 |
| (D) KOREA TREASURY BOND 1.25% 10DEC2019 | 2,000,000,000 | 1,777,310 | 0.05 |
| (D) KOREA TREASURY BOND 1.375% 10SEP2021 | 23,900,000,000 | 21,008,081 | 0.57 |
| (D) KOREA TREASURY BOND 1.5% 10DEC2026 | 12,000,000,000 | 9,935,528 | 0.27 |
| (D) KOREA TREASURY BOND 1.5% 10JUN2019 | 17,000,000,000 | 15,215,792 | 0.41 |
| (D) KOREA TREASURY BOND 1.5% 10SEP2036 | 4,000,000,000 | 3,056,049 | 0.08 |
| (D) KOREA TREASURY BOND 1.75% 10DEC2018 | 6,000,000,000 | 5,391,079 | 0.15 |
| (D) KOREA TREASURY BOND 1.75% 10JUN2020 | 19,000,000,000 | 16,972,783 | 0.46 |
| (D) KOREA TREASURY BOND 1.875% 10JUN2026 | 27,000,000,000 | 23,134,939 | 0.63 |
| (D) KOREA TREASURY BOND 2% 10MAR2021 | 30,000,000,000 | 26,987,212 | 0.73 |
| (D) KOREA TREASURY BOND 2% 10MAR2046 | 25,000,000,000 | 20,122,326 | 0.54 |
| (D) KOREA TREASURY BOND 2% 10SEP2022 | 30,000,000,000 | 26,746,760 | 0.72 |

ABF Pan Asia Bond Index Fund
Annual Report 2018

INVESTMENT PORTFOLIO *(Continued)*
As at 30th June 2018 (Unaudited)

PRIMARY – BY GEOGRAPHY *(Continued)*

| | Holdings at 30th June 2018 | Fair value at 30th June 2018 US\$ | Percentage of total net assets at 30th June 2018 (%) |
|--|----------------------------------|--|---|
| Listed investments <i>(Continued)</i> | | | |
| SOUTH KOREA (16.62%) <i>(Continued)</i> | | | |
| (D) KOREA TREASURY BOND 2.125% 10JUN2027 | 10,000,000,000 | 8,677,437 | 0.24 |
| (D) KOREA TREASURY BOND 2.125% 10MAR2047 | 21,000,000,000 | 17,358,253 | 0.47 |
| (D) KOREA TREASURY BOND 2.25% 10DEC2025 | 16,000,000,000 | 14,131,333 | 0.38 |
| (D) KOREA TREASURY BOND 2.25% 10JUN2025 | 16,000,000,000 | 14,167,383 | 0.38 |
| (D) KOREA TREASURY BOND 2.375% 10DEC2027 | 6,000,000,000 | 5,308,212 | 0.14 |
| (D) KOREA TREASURY BOND 2.625% 10MAR2048 | 11,000,000,000 | 10,151,666 | 0.28 |
| (D) KOREA TREASURY BOND 2.625% 10SEP2035 | 17,000,000,000 | 15,517,664 | 0.42 |
| (D) KOREA TREASURY BOND 2.75% 10DEC2044 | 16,000,000,000 | 14,913,209 | 0.40 |
| (D) KOREA TREASURY BOND 2.75% 10SEP2019 | 24,000,000,000 | 21,924,208 | 0.59 |
| (D) KOREA TREASURY BOND 3% 10DEC2042 | 23,000,000,000 | 22,326,196 | 0.60 |
| (D) KOREA TREASURY BOND 3% 10MAR2023 | 16,000,000,000 | 14,880,754 | 0.40 |
| (D) KOREA TREASURY BOND 3% 10SEP2024 | 18,000,000,000 | 16,793,061 | 0.45 |
| (D) KOREA TREASURY BOND 3.125% 10MAR2019 | 9,000,000,000 | 8,226,242 | 0.22 |
| (D) KOREA TREASURY BOND 3.375% 10SEP2023 | 13,000,000,000 | 12,325,554 | 0.33 |
| (D) KOREA TREASURY BOND 3.75% 10JUN2022 | 22,000,000,000 | 20,879,376 | 0.57 |
| (D) KOREA TREASURY BOND 4% 10DEC2031 | 23,000,000,000 | 24,054,031 | 0.65 |
| (D) KOREA TREASURY BOND 4.25% 10JUN2021 | 27,000,000,000 | 25,720,519 | 0.70 |
| (D) KOREA TREASURY BOND 4.75% 10DEC2030 | 13,000,000,000 | 14,407,293 | 0.39 |
| (D) KOREA TREASURY BOND 5% 10JUN2020 | 23,000,000,000 | 21,850,283 | 0.59 |
| (D) KOREA TREASURY BOND 5.25% 10MAR2027 | 6,000,000,000 | 6,598,375 | 0.18 |
| (D) KOREA TREASURY BOND 5.5% 10DEC2029 | 13,000,000,000 | 15,087,348 | 0.41 |
| (D) KOREA TREASURY BOND 5.5% 10MAR2028 | 9,000,000,000 | 10,239,500 | 0.28 |
| (D) KOREA TREASURY BOND 5.75% 10MAR2026 | 11,000,000,000 | 12,269,417 | 0.33 |
| (D) KOREA TREASURY BOND 5.75% 10SEP2018 1809 | 11,000,000,000 | 10,122,152 | 0.27 |
| (D) KOREA WESTERN PWR 3.46% 12SEP2018 | 10,000,000,000 | 9,014,859 | 0.24 |
| | | 614,873,284 | 16.62 |
| | | ----- | ----- |

ABF Pan Asia Bond Index Fund
Annual Report 2018

INVESTMENT PORTFOLIO *(Continued)*
As at 30th June 2018 (Unaudited)

PRIMARY – BY GEOGRAPHY *(Continued)*

| Listed investments <i>(Continued)</i> | Holdings at 30th June 2018 | Fair value at 30th June 2018 US\$ | Percentage of total net assets at 30th June 2018 (%) |
|--|----------------------------------|--|---|
| THAILAND (9.88%) | | | |
| BANK OF THAILAND BOND 1.55% 20JUL2018 | 80,000,000 | 2,431,224 | 0.07 |
| BANK OF THAILAND BOND 1.59% 20FEB2019 | 400,000,000 | 12,139,621 | 0.33 |
| BANK OF THAILAND BOND 1.62% 12MAR2021 | 100,000,000 | 3,015,504 | 0.08 |
| BANK OF THAILAND BOND 1.77% 27MAR2020 | 270,000,000 | 8,191,481 | 0.22 |
| THAILAND (GOVT OF) 1.875% 17JUN2022 | 400,000,000 | 12,025,662 | 0.32 |
| THAILAND (GOVT OF) 3.4% 17JUN2036 | 810,000,000 | 25,070,038 | 0.68 |
| THAILAND (GOVT OF) 3.58% 17DEC2027 | 188,000,000 | 6,065,749 | 0.16 |
| THAILAND (GOVT OF) 3.625% 16JUN2023 | 672,000,000 | 21,756,929 | 0.59 |
| THAILAND (GOVT OF) 3.65% 17DEC2021 | 794,500,000 | 25,415,337 | 0.69 |
| THAILAND (GOVT OF) 3.65% 20JUN2031 | 448,000,000 | 14,396,220 | 0.39 |
| THAILAND (GOVT OF) 3.775% 25JUN2032 | 443,000,000 | 14,392,895 | 0.39 |
| THAILAND (GOVT OF) 3.8% 14JUN2041 | 109,000,000 | 3,503,302 | 0.09 |
| THAILAND (GOVT OF) 3.85% 12DEC2025 | 670,000,000 | 22,144,888 | 0.60 |
| THAILAND (GOVT OF) 3.875% 13JUN2019 | 796,500,000 | 24,620,326 | 0.67 |
| THAILAND (GOVT OF) 4.5% 9APR2024 | 89,000,000 | 3,040,759 | 0.08 |
| THAILAND (GOVT OF) 4.675% 29JUN2044 | 883,000,000 | 31,904,099 | 0.86 |
| THAILAND (GOVT OF) 4.75% 20DEC2024 | 90,000,000 | 3,107,008 | 0.08 |
| THAILAND (GOVT OF) 4.85% 17JUN2061 | 281,000,000 | 10,745,540 | 0.29 |
| THAILAND (GOVT OF) 4.875% 22JUN2029 | 594,000,000 | 21,345,448 | 0.58 |
| THAILAND (GOVT OF) 5.125% 08NOV2022 | 51,000,000 | 1,748,015 | 0.05 |
| THAILAND (GOVT OF) 5.375% 03DEC2019 | 129,000,000 | 4,116,076 | 0.11 |
| THAILAND (GOVT OF) 5.5% 13AUG2019 | 95,000,000 | 3,050,906 | 0.08 |
| THAILAND (GOVT OF) 5.5% 13MAR2023 | 150,000,000 | 5,293,657 | 0.14 |
| THAILAND (GOVT OF) 5.67% 13MAR2028 | 164,000,000 | 6,254,175 | 0.17 |
| THAILAND (GOVT OF) 6.15% 07JUL2026 | 150,000,000 | 5,855,168 | 0.16 |
| THAILAND GOVERN BOND 2.125% 17DEC2026 | 610,000,000 | 17,781,748 | 0.48 |
| THAILAND GOVERNMENT BOND 2% 17DEC2022 | 200,000,000 | 6,026,633 | 0.16 |
| THAILAND GOVERNMENT BOND 2.55% 26JUN2020 | 795,000,000 | 24,396,429 | 0.66 |
| THAILAND GOVERNMENT BOND 4% 17JUN2066 | 449,000,000 | 14,703,536 | 0.40 |
| THAILAND GOVT BOND 5.625% 12JAN2019 | 46,000,000 | 1,454,064 | 0.04 |
| THAILAND GOVT BOND 5.85% 31MAR2021 06-5 | 288,000,000 | 9,756,557 | 0.26 |
| | | 365,748,994 | 9.88 |
| | | 365,748,994 | 9.88 |

ABF Pan Asia Bond Index Fund
Annual Report 2018

INVESTMENT PORTFOLIO *(Continued)*
As at 30th June 2018 (Unaudited)

PRIMARY – BY GEOGRAPHY *(Continued)*

| | Holdings at 30th June 2018 | Fair value at 30th June 2018 US\$ | Percentage of total net assets at 30th June 2018 (%) |
|--|----------------------------------|--|---|
| Unlisted investments | | | |
| HONG KONG (0.36%) | | | |
| MTR CORP (C.I.) 4.28% 6JUL2020 EMTN | 35,000,000 | 4,656,538 | 0.13 |
| MTR CORP (C.I.) 4.75% 11MAY2020 | 22,000,000 | 2,938,175 | 0.08 |
| URBAN RENEWAL AUTHORITY 1.65% 17JAN2020 | 45,000,000 | 5,685,314 | 0.15 |
| URBAN RENEWAL AUTHORITY 1.75% 02AUG2019 | 1,000,000 | 127,000 | 0.00 |
| | | 13,407,027 | 0.36 |
| | | 13,407,027 | 0.36 |
| MALAYSIA (11.15%) | | | |
| BANK PEMBANGUNAN MALAY 4.75% 12SEP2029 | 10,000,000 | 2,507,036 | 0.07 |
| DANGA CAPITAL BHD 4.1% 09APR2020 | 5,000,000 | 1,245,241 | 0.03 |
| GOVCO HOLDINGS BHD 4.29% 22FEB2024 | 5,000,000 | 1,251,210 | 0.03 |
| GOVCO HOLDINGS BHD 4.55% 22FEB2027 | 10,000,000 | 2,512,946 | 0.07 |
| GOVCO HOLDINGS BHD 4.95% 20FEB2032 | 10,000,000 | 2,514,962 | 0.07 |
| JABATAN KEDUA SDN BHD 4.3% 28MAY2025 | 5,000,000 | 1,226,317 | 0.03 |
| JOHOR CORP 3.84% 14JUN2022 | 5,000,000 | 1,214,714 | 0.03 |
| KHAZANAH NASIONAL BHD 0% 14AUG2023 | 10,000,000 | 1,982,386 | 0.05 |
| LEMBAGA PEMBIAYAAN PERUM 4.94% 16APR2032 | 5,000,000 | 1,263,646 | 0.03 |
| MALAYSIA (GOVT OF) 3.418% 15AUG2022 | 56,000,000 | 13,825,234 | 0.37 |
| MALAYSIA (GOVT OF) 3.62% 30NOV2021 | 77,000,000 | 19,125,202 | 0.52 |
| MALAYSIA (GOVT OF) 3.659% 15OCT2020 | 61,000,000 | 15,247,162 | 0.41 |
| MALAYSIA (GOVT OF) 3.716% 23MAR2021 | 8,200,000 | 2,048,856 | 0.06 |
| MALAYSIA (GOVT OF) 3.759% 15MAR2019 | 4,000,000 | 1,003,852 | 0.03 |
| MALAYSIA (GOVT OF) 3.892% 15MAR2027 | 39,000,000 | 9,419,345 | 0.25 |
| MALAYSIA (GOVT OF) 3.99% 15OCT2025 | 28,000,000 | 6,863,393 | 0.19 |
| MALAYSIA (GOVT OF) 4.498% 15APR2030 | 62,000,000 | 15,326,403 | 0.41 |
| MALAYSIA (GOVT OF) 4.709% 15SEP2026 | 1,000,000 | 257,245 | 0.01 |
| MALAYSIA (GOVT OF) 4.736% 15MAR2046 | 80,000,000 | 19,474,032 | 0.53 |
| MALAYSIA (GOVT OF) 4.786% 31OCT2035 | 30,000,000 | 7,318,026 | 0.20 |
| MALAYSIA (GOVT OF) 5.734% 30JUL2019 | 2,000,000 | 519,114 | 0.01 |
| MALAYSIA GOVERNMENT 3.654% 31OCT2019 | 33,200,000 | 8,292,019 | 0.22 |
| MALAYSIA GOVERNMENT 3.8% 17AUG2023 | 70,000,000 | 17,408,520 | 0.47 |
| MALAYSIA GOVERNMENT 3.882% 10MAR2022 | 5,000,000 | 1,257,296 | 0.03 |
| MALAYSIA GOVERNMENT 3.882% 14MAR2025 | 60,000,000 | 14,871,919 | 0.40 |
| MALAYSIA GOVERNMENT 3.9% 30NOV2026 | 34,000,000 | 8,181,749 | 0.22 |

ABF Pan Asia Bond Index Fund
Annual Report 2018

INVESTMENT PORTFOLIO *(Continued)*

As at 30th June 2018 (Unaudited)

PRIMARY – BY GEOGRAPHY *(Continued)*

| | Holdings at 30th June 2018 | Fair value at 30th June 2018 US\$ | Percentage of total net assets at 30th June 2018 (%) |
|---|----------------------------------|--|---|
| Unlisted investments <i>(Continued)</i> | | | |
| MALAYSIA (11.15%) <i>(Continued)</i> | | | |
| MALAYSIA GOVERNMENT 4.254% 31MAY2035 | 17,000,000 | 3,898,178 | 0.11 |
| MALAYSIA INVESTMNT ISSUE 3.576% 15MAY2020 | 1,000,000 | 248,234 | 0.01 |
| MALAYSIA INVESTMNT ISSUE 3.699% 15NOV2022 | 2,000,000 | 491,875 | 0.01 |
| MALAYSIA INVESTMNT ISSUE 3.704% 30SEP2019 | 2,000,000 | 500,134 | 0.01 |
| MALAYSIA INVESTMNT ISSUE 3.871% 08AUG2028 | 10,000,000 | 2,395,224 | 0.06 |
| MALAYSIA INVESTMNT ISSUE 3.899% 15JUN2027 | 10,000,000 | 2,386,273 | 0.06 |
| MALAYSIA INVESTMNT ISSUE 4.07% 30SEP2026 | 70,000,000 | 17,147,140 | 0.46 |
| MALAYSIA INVESTMNT ISSUE 4.128% 15AUG2025 | 25,000,000 | 6,264,724 | 0.17 |
| MALAYSIA INVESTMNT ISSUE 4.17% 30APR2021 | 19,000,000 | 4,788,363 | 0.13 |
| MALAYSIA INVESTMNT ISSUE 4.284% 15JUN2020 | 14,000,000 | 3,512,887 | 0.09 |
| MALAYSIA INVESTMNT ISSUE 4.295% 31OCT2018 | 20,000,000 | 5,006,989 | 0.14 |
| MALAYSIA INVESTMNT ISSUE 4.39% 07JUL2023 | 30,000,000 | 7,698,884 | 0.21 |
| MALAYSIA INVESTMNT ISSUE 4.444% 22MAY2024 | 8,500,000 | 2,145,381 | 0.06 |
| MALAYSIA INVESTMNT ISSUE 4.492% 30APR2020 | 7,420,000 | 1,877,966 | 0.05 |
| MALAYSIAN (GOVT OF) 3.441% 15FEB2021 | 10,000,000 | 2,497,554 | 0.07 |
| MALAYSIAN (GOVT OF) 3.48% 15MAR2023 | 43,500,000 | 10,666,171 | 0.29 |
| MALAYSIAN (GOVT OF) 3.492% 31MAR2020 | 28,000,000 | 7,036,895 | 0.19 |
| MALAYSIAN (GOVT OF) 3.502% 31MAY2027 | 16,300,000 | 3,790,120 | 0.10 |
| MALAYSIAN (GOVT OF) 3.795% 30SEP2022 | 18,300,000 | 4,560,776 | 0.12 |
| MALAYSIAN (GOVT OF) 3.955% 15SEP2025 | 39,000,000 | 9,592,593 | 0.26 |
| MALAYSIAN (GOVT OF) 4.048% 30SEP2021 | 32,000,000 | 8,088,447 | 0.22 |
| MALAYSIAN (GOVT OF) 4.127% 15APR2032 | 17,000,000 | 3,999,263 | 0.11 |
| MALAYSIAN (GOVT OF) 4.16% 15JUL2021 | 91,000,000 | 23,287,335 | 0.63 |
| MALAYSIAN (GOVT OF) 4.181% 15JUL2024 | 35,200,000 | 8,938,109 | 0.24 |
| MALAYSIAN (GOVT OF) 4.232% 30JUN2031 | 40,200,000 | 9,734,704 | 0.26 |
| MALAYSIAN (GOVT OF) 4.392% 15APR2026 | 29,000,000 | 7,285,353 | 0.20 |
| MALAYSIAN (GOVT OF) 4.762% 07APR2037 | 50,000,000 | 12,205,794 | 0.33 |
| MALAYSIAN GOVERNMENT 3.733% 15JUN2028 | 26,500,000 | 6,319,659 | 0.17 |
| MALAYSIAN GOVERNMENT 3.844% 15APR2033 | 39,000,000 | 8,795,560 | 0.24 |
| MALAYSIAN GOVERNMENT 3.889% 31JUL2020 | 28,500,000 | 7,218,814 | 0.20 |
| MALAYSIAN GOVERNMENT 4.378% 29NOV2019 | 63,000,000 | 15,852,929 | 0.43 |
| MALAYSIAN GOVERNMENT 4.837% 15JUL2025 | 17,670,000 | 4,631,953 | 0.13 |
| MALAYSIAN GOVERNMENT 4.935% 30SEP2043 | 20,000,000 | 5,007,729 | 0.14 |
| MALAYSIAN GOVERNMENT 5.248% 15SEP2028 | 19,000,000 | 5,084,181 | 0.14 |
| PENGURUSAN AIR SPV BHD 3.96% 05JUN2020 | 10,000,000 | 2,478,564 | 0.07 |

ABF Pan Asia Bond Index Fund
Annual Report 2018

INVESTMENT PORTFOLIO *(Continued)*

As at 30th June 2018 (Unaudited)

PRIMARY – BY GEOGRAPHY *(Continued)*

| | Holdings at | Fair value at | Percentage |
|---|-------------|---|--------------|
| | 30th June | 30th June | of total net |
| | 2018 | 2018 | assets at |
| | | US\$ | 30th June |
| | | | 2018 |
| | | | (%) |
| Unlisted investments <i>(Continued)</i> | | | |
| MALAYSIA (11.15%) <i>(Continued)</i> | | | |
| PENGURUSAN AIR SPV BHD 4.06% 06JUN2022 | 15,000,000 | 3,699,929 | 0.10 |
| PERBADANAN TABUNG PENDID 4.85% 26JUL2041 | 10,000,000 | 2,422,099 | 0.07 |
| RANTAU ABANG CAPITAL 4.57% 19OCT2022 | 5,000,000 | 1,252,936 | 0.03 |
| SYARIKAT PRASARANA NEGAR 3.77% 06SEP2022 | 5,000,000 | 1,232,152 | 0.03 |
| SYARIKAT PRASARANA NEGAR 4.85% 27SEP2024 | 5,000,000 | 1,276,765 | 0.03 |
| SYARIKAT PRASARANA NEGAR 5.07% 28SEP2029 | 5,000,000 | 1,294,795 | 0.04 |
| | | <hr/> | |
| | | 412,771,256 | 11.15 |
| | | <hr style="border-top: 1px dashed black;"/> | |
| PHILIPPINES (5.83%) | | | |
| PHILIPPINE (GOVT OF) 3.375% 20AUG2020 | 720,000,000 | 13,310,669 | 0.36 |
| PHILIPPINE (GOVT OF) 3.5% 20MAR2021 | 350,000,000 | 6,403,704 | 0.17 |
| PHILIPPINE (GOVT OF) 3.5% 21APR2023 | 420,000,000 | 7,297,301 | 0.20 |
| PHILIPPINE (GOVT OF) 3.875% 22NOV2019 | 818,000,000 | 15,259,086 | 0.41 |
| PHILIPPINE (GOVT OF) 4% 06DEC2022 | 80,000,000 | 1,423,803 | 0.04 |
| PHILIPPINE (GOVT OF) 4% 26JAN2022 | 610,000,000 | 11,207,463 | 0.30 |
| PHILIPPINE (GOVT OF) 4.125% 20AUG2024 | 615,000,000 | 10,744,260 | 0.29 |
| PHILIPPINE (GOVT OF) 7.875% 19FEB2019 | 189,000,000 | 3,708,029 | 0.10 |
| PHILIPPINE GOVERNMENT 3.375% 12JAN2020 | 300,000,000 | 5,618,451 | 0.15 |
| PHILIPPINE GOVERNMENT 3.625% 09SEP2025 | 660,000,000 | 10,922,905 | 0.30 |
| PHILIPPINE GOVERNMENT 4.625% 09SEP2040 | 650,000,000 | 9,540,741 | 0.26 |
| PHILIPPINE GOVERNMENT 4.75% 04MAY2027 | 250,000,000 | 4,289,553 | 0.12 |
| PHILIPPINE GOVERNMENT 5.25% 18MAY2037 | 505,000,000 | 8,143,135 | 0.22 |
| PHILIPPINE GOVERNMENT 5.5% 08MAR2023 | 100,000,000 | 1,890,943 | 0.05 |
| PHILIPPINES (REP OF) 10.25% 19JAN2026 | 77,000,000 | 1,791,285 | 0.05 |
| PHILIPPINES (REP OF) 18.25% 29NOV2025 | 50,000,000 | 1,499,763 | 0.04 |
| PHILIPPINES (REP OF) 3.625% 21MAR2033 | 415,000,000 | 5,928,152 | 0.16 |
| PHILIPPINES (REP OF) 4.75% 13SEP2022 | 163,000,000 | 3,019,528 | 0.08 |
| PHILIPPINES (REP OF) 4.875% 02AUG2022 | 240,000,000 | 4,496,835 | 0.12 |
| PHILIPPINES (REP OF) 5% 18AUG2018 7-51 | 167,000,000 | 3,193,121 | 0.09 |
| PHILIPPINES (REP OF) 5.75% 16AUG2037 | 50,000,000 | 863,204 | 0.02 |
| PHILIPPINES (REP OF) 5.75% 24NOV2021 | 120,000,000 | 2,284,632 | 0.06 |
| PHILIPPINES (REP OF) 5.875% 16DEC2020 | 45,000,000 | 858,150 | 0.02 |
| PHILIPPINES (REP OF) 6.375% 19JAN2022 | 105,000,000 | 2,074,398 | 0.06 |

ABF Pan Asia Bond Index Fund
Annual Report 2018

INVESTMENT PORTFOLIO *(Continued)*
As at 30th June 2018 (Unaudited)

PRIMARY – BY GEOGRAPHY *(Continued)*

| | Holdings at 30th June 2018 | Fair value at 30th June 2018 US\$ | Percentage of total net assets at 30th June 2018 (%) |
|---|----------------------------------|--|---|
| Unlisted investments <i>(Continued)</i> | | | |
| PHILIPPINES (5.83%) <i>(Continued)</i> | | | |
| PHILIPPINES (REP OF) 6.5% 28APR2021 | 170,000,000 | 3,311,454 | 0.09 |
| PHILIPPINES (REP OF) 7.75% 18FEB2020 | 50,000,000 | 998,531 | 0.03 |
| PHILIPPINES (REP OF) 8% 19JUL2031 | 1,881,174,950 | 40,087,413 | 1.08 |
| PHILIPPINES (REP OF) 8% 30SEP2035 | 110,000,000 | 2,330,222 | 0.06 |
| PHILIPPINES (REP OF) 8.125% 16DEC2035 | 986,902,627 | 20,808,373 | 0.56 |
| PHILIPPINES (REP OF) 8.5% 29NOV2032 | 100,000,000 | 2,159,541 | 0.06 |
| PHILIPPINES (REP OF) 8.625% 06SEP2027 | 54,000,000 | 1,170,810 | 0.03 |
| PHILIPPINES (REP OF) 8.75% 27MAY2030 | 180,000,000 | 3,917,695 | 0.11 |
| PHILIPPINES (REP OF) 9.25% 05NOV2034 | 113,000,000 | 2,606,929 | 0.07 |
| PHILIPPINES (REP OF) 9.375% 05OCT2031 | 50,000,000 | 1,150,484 | 0.03 |
| PHILIPPINES (REP OF) 9.5% 04DEC2028 | 66,000,000 | 1,485,260 | 0.04 |
| | | 215,795,823 | 5.83 |
| Total quoted investments | | 3,703,091,528 | 100.06 |
| Total investments | | 3,703,091,528 | 100.06 |
| Total investments, at cost | | 3,922,531,530 | |

INVESTMENT PORTFOLIO *(Continued)*
As at 30th June 2018 (Unaudited)

| | Fair value at 30th June 2018 US\$ | Percentage of total net assets at 30th June 2018 (%) |
|------------------------------------|--|---|
| DISTRIBUTION OF INVESTMENTS | | |
| (a) By credit rating | | |
| AAA | 520,844,072 | 14.08 |
| AA | 930,502,529 | 25.14 |
| A | 1,283,438,992 | 34.68 |
| BBB | 832,825,003 | 22.50 |
| Non-rated | 135,480,932 | 3.66 |
| | <u>3,703,091,528</u> | <u>100.06</u> |
| PORTFOLIO OF INVESTMENTS | | |
| (b) By asset class | | |
| Bonds | <u>3,703,091,528</u> | <u>100.06</u> |
| | <u>3,703,091,528</u> | <u>100.06</u> |
| PORTFOLIO OF INVESTMENTS | | |
| (c) By industry | | |
| Consumer, Non-cyclical | 1,214,714 | 0.03 |
| Financial | 227,812,424 | 6.16 |
| Government | 3,443,186,261 | 93.04 |
| Industrial | 12,624,742 | 0.34 |
| Utilities | 18,253,387 | 0.49 |
| | <u>3,703,091,528</u> | <u>100.06</u> |

ABF Pan Asia Bond Index Fund
Annual Report 2018

INVESTMENT PORTFOLIO *(Continued)*
As at 30th June 2018 (Unaudited)

TOP TEN HOLDINGS

| | Fair value at 30th June 2018 US\$ | Percentage of total net assets at 30th June 2018 (%) |
|---|--|---|
| SINGAPORE (GOVT OF) 2.75% 01JUL2023 | 45,378,416 | 1.23 |
| SINGAPORE (GOVT OF) 3.5% 1MAR2027 | 43,432,322 | 1.17 |
| CHINA (GOVT OF) 3.52% 25APR2046 (INTERBANK) | 42,412,846 | 1.15 |
| CHINA DEVELOPMENT BANK 3.18% 05APR2026 | 42,127,107 | 1.14 |
| HONG KONG (GOVT OF) 2.93% 13JAN2020 | 41,758,849 | 1.13 |
| PHILIPPINES (REP OF) 8% 19JUL2031 | 40,087,413 | 1.08 |
| SINGAPORE (GOVT OF) 2.25% 1JUN2021 | 38,961,424 | 1.05 |
| CHINA (GOVT OF) 4.07% 17OCT2020 1320 | 34,705,930 | 0.94 |
| SINGAPORE GOV 1.625% 01OCT2019 | 34,070,879 | 0.92 |
| CHINA (GOVT OF) 2.95% 16JUN23 (INTERBANK) | 34,031,578 | 0.92 |
| | <hr/> <hr/> 396,966,764 | <hr/> <hr/> 10.73 |

| | Fair value at 30th June 2017 US\$ | Percentage of total net assets at 30th June 2017 (%) |
|---|--|---|
| THAILAND (GOVT OF) 3.875% 13JUN2019 | 53,217,546 | 1.36 |
| PHILIPPINES (REP OF) 8% 19JUL2031 | 52,015,235 | 1.33 |
| HONG KONG (GOVT OF) 2.93% 13JAN2020 | 43,378,712 | 1.11 |
| SINGAPORE (GOVT OF) 2.5% 1JUN2019 | 42,925,140 | 1.10 |
| CHINA (GOVT OF) 3.52% 25APR2046 (INTERBANK) | 42,604,974 | 1.09 |
| CHINA DEVELOPMENT BANK 3.18% 05APR2026 | 41,003,350 | 1.05 |
| SINGAPORE (GOVT OF) 2.75% 01JUL2023 | 39,632,445 | 1.02 |
| SINGAPORE (GOVT OF) 0.5% 01APR2018 | 39,105,804 | 1.00 |
| SINGAPORE (GOVT OF) 3% 01SEP2024 | 38,345,624 | 0.98 |
| INDONESIA (REP OF) 8.375% 15MAR2024 | 37,477,381 | 0.96 |
| | <hr/> <hr/> 429,706,211 | <hr/> <hr/> 11.00 |

STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS

For the year ended 30th June 2018 (Unaudited)

| | Percentage of total net assets as at 30th June 2018 (%) | Percentage of total net assets as at 30th June 2017 (%) |
|---------------------------------|---|---|
| Quoted Investments | | |
| Debt securities | | |
| China | 24.32 | 23.16 |
| Hong Kong | 8.89 | 8.73 |
| Indonesia | 7.68 | 7.81 |
| Malaysia | 11.15 | 11.22 |
| Philippines | 5.83 | 6.04 |
| Singapore | 15.69 | 16.16 |
| South Korea | 16.62 | 17.18 |
| Thailand | 9.88 | 9.79 |
| | 100.06 | 100.09 |
| Total quoted investments | 100.06 | 100.09 |

ABF Pan Asia Bond Index Fund
Annual Report 2018

PERFORMANCE RECORD (Unaudited)

NET ASSET VALUES

| | Net asset value of the Fund <i>US\$</i> | Net asset Value per unit <i>US\$</i> |
|--------------------------------------|--|---|
| At the end of financial period dated | | |
| 30th June 2016 | 3,688,337,097 | 119.34 |
| 30th June 2017 | 3,903,994,527 | 114.76 |
| 30th June 2018 | 3,701,022,228 | 113.25 |

HIGHEST OFFER AND LOWEST BID PRICES

| | Highest offer <i>US\$</i> | Lowest bid <i>US\$</i> |
|------------------------|------------------------------|---------------------------|
| Financial period ended | | |
| 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 |
| 30th June 2013 | 131.90 | 122.80 |
| 30th June 2014 | 125.76 | 118.11 |
| 30th June 2015 | 125.22 | 118.00 |
| 30th June 2016 | 120.22 | 110.74 |
| 30th June 2017 | 121.55 | 110.15 |
| 30th June 2018 | 119.02 | 112.97 |

PERFORMANCE RECORD (Unaudited) *(Continued)*

Performance as of 30th June 2018

PERFORMANCE SUMMARY

| Periods Ended | | | | | | Annualised since inception ^(a) |
|---|----------|----------|--------|---------|---------|---|
| 30th June 2018 | 3 Months | 6 Months | 1 Year | 3 Years | 5 Years | |
| ABF Pan Asia Bond Index Fund ^(b) | -4.06% | -2.26% | 1.59% | 1.15% | 0.93% | 4.16% |
| Markit iBoxx ABF Pan-Asia Index | -3.93% | -2.08% | 2.08% | 1.65% | 1.44% | 4.78% |

Notes:

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

ADMINISTRATION AND MANAGEMENT

Directors of the Manager

Mr. Lochiel Cameron Crafter
(Resigned on 18th April 2018)

Mr. James MacNevin
(Appointed on 11th July 2018)

Mr. Hon Wing Cheung
(Resigned on 4th October 2017)

Mr. Ong Hwee Yeow
(Appointed on 4th October 2017)

Mr. Kevin David Anderson

Ms. June Wong

Mr. Louis Anthony Boscia

Members of the Supervisory Committee

Dr. Guy Debelle

Mr. Eiji Maeda
(Resigned on 17th May 2018)

Mr. Shinichi Uchida
(Appointed on 18th May 2018)

Mr. Mathee Supapongse

Mr. Eddie Yue

Dr. Yong Yin
(Resigned on 19th January 2018)

Dr. Chen Yulu
(Appointed on 19th January 2018)

Mr. Grant Spencer
(Resigned on 20th March 2018)

Mr. Geoff Bascand
(Appointed on 21st March 2018)

Mrs. Ma. Ramona G. D. T. Santiago

Mr. Perry Warjiyo
(Resigned on 13th April 2018)

Mr. Dody Budi Waluyo
(Appointed on 17th May 2018)

Mr. Abdul Rasheed Ghaffour

Ms. Jacqueline Loh

Mr. Myun-Shik Yoon
(Resigned on 12th October 2017)

Mr. Jinho Huh
(Appointed on 20th October 2018)

Trustee

HSBC Institutional Trust Services (Singapore) Limited
21 Collyer Quay
#13-02 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
10/F, One International Finance Centre,
1 Harbour View Street,
Central, Hong Kong

Auditor

PricewaterhouseCoopers LLP
7 Straits View, Marina One
East Tower, Level 12
Singapore 018936
Singapore