

# ANNUAL REPORT

For the financial year ended 30 June 2017

## ABF Singapore Bond Index Fund

**MANAGERS**

Nikko Asset Management Asia Limited  
12 Marina View, #18-02 Asia Square Tower 2  
Singapore 018961  
Company Registration No. 198202562H

**DIRECTORS**

Lim Say Boon  
Lim Soon Chong  
Junichi Sayato  
Seet Oon Hui Eleanor  
David Jonathan Semaya  
Yu-Ming Wang

**TRUSTEE & REGISTRAR**

HSBC Institutional Trust Services (Singapore) Limited  
21 Collyer Quay, #13-02 HSBC Building  
Singapore 049320

**AUDITORS**

PricewaterhouseCoopers LLP  
8 Cross Street, #17-00 PWC Building  
Singapore 048424

**CUSTODIAN**

The Hongkong and Shanghai Banking Corporation Limited  
1 Queen's Road Central, Hong Kong

This report is also available on our website ([www.nikkoam.com.sg](http://www.nikkoam.com.sg))

## PERFORMANCE SUMMARY

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<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
iBoxx ABF Singapore Bond Index total return series	1.30	3.71	1.56	2.94	1.80	3.00	2.97
ABF Singapore Bond Index Fund	1.17	3.50	1.26	2.64	1.51	2.71	2.69

Source: ©2017 Morningstar. All Rights Reserved., Markit & Nikko Asset Management Asia Limited as at 30 June 2017. iBoxx® is a mark of Markit Indices Limited and have been licensed for use by Nikko Asset Management Asia Ltd. Returns are calculated on a NAV-NAV<sup>1</sup> basis, in SGD, and assuming all dividends and distributions are reinvested, if any. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

### **Note:**

(1) Nil subscription fee or preliminary charge

### **Inception date: 31 August 2005**

### **About ABF Singapore Bond Index Fund**

The ABF Singapore Bond Index Fund (the "Fund") is Singapore's first exchange traded bond fund. The Fund invests in a portfolio of high quality, Singapore government and quasi government bonds. It closely tracks the basket of bonds in the iBoxx ABF Singapore Bond Index. The target tracking error of the fund is set at not more than 0.4% per annum.

The Fund is a collective investment scheme, authorised in Singapore and listed on the Singapore Exchange Securities Trading Limited (the "SGX-ST").

The Fund is an index fund which seeks investment results that correspond closely to the total return of the iBoxx ABF Singapore Bond Index before fees and expenses. The iBoxx ABF Singapore Bond Index is an indicator of investment returns of debt obligations denominated in Singapore dollars issued or guaranteed by the government of Singapore or any government of People's Republic of China, Hong Kong SAR, Indonesia, Korea, Malaysia, Philippines, Singapore or Thailand (collectively, the "Asian Governments"), by an agency or instrumentality of the Singapore government (or any other Asian Government), by a Singapore government (or any other Asian Government) sponsored entity or a quasi-Singapore government (or any other Asian Government) entity and Singapore dollar denominated debt obligations issued by supranational financial institutions. The Index Provider determines the composition of the iBoxx ABF Singapore Bond Index in accordance with its rules and procedures for the iBoxx ABF Singapore Bond Index (which may change from time to time), and publishes information regarding the composition, investment characteristics and return of the iBoxx ABF Singapore Bond Index.

The Fund is suitable for investors who seek an "index-based" approach to investing in a portfolio of Singapore government (or any other Asian Government) sovereign and quasi-sovereign bond securities in a cost effective and easy to access manner. Units may also be used as an asset allocation tool or as a trading instrument. Whilst the Fund invests in a portfolio of bonds issued by the Singapore government (or any other Asian Government) and quasi-sovereign Singapore (or any other Asian Government) entities, the Fund itself is not guaranteed by the Singapore government, any Singapore government agency or any government or government agency of any other country.

**Note: Investors are advised to refer to the Fund's prospectus for more details on the Fund.**

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This document is for information only with no consideration given to the specific investment objective, financial situation and particular needs of any specific person. Any securities mentioned herein are for illustration purposes only and should not be construed as a recommendation for investment. You should seek advice from a financial adviser before making any investment. In the event that you choose not to do so, you should consider whether the investment selected is suitable for you. Investments in unit trusts are not deposits in, obligations of, or guaranteed or insured by Nikko Asset Management Asia Limited (**"Nikko AM Asia"**).

**Past performance or any prediction, projection or forecast is not indicative of future performance.**

The funds may use or invest in financial derivative instruments. The value of units and income from them may fall or rise. Investments in the funds are subject to investment risks, including the possible loss of principal amount invested. You should read the relevant prospectus and product highlights sheet obtainable from appointed distributors of Nikko AM Asia or our website ([www.nikkoam.com.sg](http://www.nikkoam.com.sg)) before investing.

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The performance of the ETF's price on the Singapore Stock Exchange ("SGX") may be different from the net asset value per unit of the ETF. The ETF may also be delisted from the SGX. Transaction in units of the ETF will result in brokerage commissions. Listing of the units does not guarantee a liquid market for the units. Units of the ETF may be bought or sold throughout trading hours of the SGX through any brokerage account. Investors should note that the ETF differs from a typical unit trust and units may only be created or redeemed directly by a participating dealer in large creation or redemption units. Investors may only redeem the units with Nikko AM Asia under certain specified conditions.

The CPF interest rate for the Ordinary Account ("OA") is based on the 12-month fixed deposit and month-end savings rates of major local banks, subject to a minimum 2.5% interest per annum. The interest rate for Special, Medisave and Retirement Accounts ("SMRA") is pegged to the 12-month average yield of 10-year Singapore Government Securities yield plus 1%. A 4% floor rate will be maintained for interest earned on SMRA until 31 December 2017, after which a 2.5% minimum rate will apply. An extra 1% interest is paid on the first S\$60,000 of a member's combined balances, including up to S\$20,000 in the OA. The first S\$20,000 in the OA and the first S\$40,000 in the Special Account ("SA") cannot be invested under the CPF Investment Scheme ("CPFIS").

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Nikko Asset Management Asia Limited. Registration Number 198202562H

## **SOFT DOLLAR COMMISSIONS/ARRANGEMENTS**

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In its management of the ABF Singapore Bond Index Fund (the "Fund"), the Manager currently does not receive or enter into any soft dollar commissions or arrangements.

**ABF SINGAPORE BOND INDEX FUND**

*(Constituted under a Trust Deed registered in the Republic of Singapore)*

**REPORT OF THE TRUSTEE**

*For the financial year ended 30 June 2017*

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The Trustee is under a duty to take into custody and hold the assets of ABF Singapore Bond Index Fund (the "Fund") in trust for the unitholders. In accordance with the Securities and Futures Act (Cap. 289), its subsidiary legislation and the Code on Collective Investment Schemes, 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 annual accounting year and report thereon to unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Fund during the financial year covered by these financial statements, set out on pages 10 to 29, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee  
HSBC Institutional Trust Services (Singapore) Limited

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Authorised Signatory  
29 September 2017

**ABF SINGAPORE BOND INDEX FUND**

*(Constituted under a Trust Deed registered in the Republic of Singapore)*

**STATEMENT BY THE MANAGER**

*For the financial year ended 30 June 2017*

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In the opinion of Nikko Asset Management Asia Limited, the accompanying financial statements set out on pages 10 to 29, comprising the Statement of Total Return, Statement of Financial Position, Statement of Movements of Unitholders' Funds, Statement of Portfolio and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position and the portfolio holdings of ABF Singapore Bond Index Fund (the "Fund") as at 30 June 2017, and the financial performance and movements in unitholders' funds for the financial year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants. 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  
Nikko Asset Management Asia Limited

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Authorised Signatory  
29 September 2017

## **INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF ABF SINGAPORE BOND INDEX FUND**

*(Constituted under a Trust Deed registered in the Republic of Singapore)*

### **Our Opinion**

In our opinion, the accompanying financial statements of ABF Singapore Bond Index Fund (the "Fund") are properly drawn up in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants, so as to present fairly, in all material respects, the financial position and portfolio holdings of the Fund as at 30 June 2017, and of the financial performance and movements of unitholders' funds for the financial year ended on that date.

What we have audited

The financial statements of the Fund comprise:

- the Statement of Total Return for the financial year ended 30 June 2017;
- the Statement of Financial Position as at 30 June 2017;
- the Statement of Movements of Unitholders' Funds for the financial year ended 30 June 2017;
- the Statement of Portfolio as at 30 June 2017; and
- the notes to the financial statements, including a summary of significant accounting policies.

### **Basis for opinion**

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). 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 audit 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.

Key Audit Matters

We have determined that there are no key audit matters to communicate in our report.



**INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF  
ABF SINGAPORE BOND INDEX FUND**

*(Constituted under a Trust Deed registered in the Republic of Singapore)*

**Other Information**

The Fund's Manager (the "Manager") is responsible for the other information. The other information comprises all 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 identified above 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 on the other information, 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.

**Responsibilities of the Manager for the financial statements**

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager 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 management either intends to terminate the Fund or to cease the Fund's operations, or has no realistic alternative but to do so.

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

**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 SSAs 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.

As part of an audit in accordance with SSAs, we exercise professional judgement 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.

**INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF  
ABF SINGAPORE BOND INDEX FUND**

*(Constituted under a Trust Deed registered in the Republic of Singapore)*

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager'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 those charged with governance 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.

We also provide those charged with governance 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 those charged with governance, 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.

The engagement partner on the audit resulting in this independent auditor's report is Ong King Howe.

PricewaterhouseCoopers LLP  
Public Accountants and Chartered Accountants  
Singapore, 29 September 2017

**ABF SINGAPORE BOND INDEX FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF TOTAL RETURN***For the financial year ended 30 June 2017*

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	Note	2017 S\$	2016 S\$
<b>Expenses</b>			
Audit fee		40,092	38,108
Custodian fee		167,571	126,023
Management fee		1,252,068	876,715
Legal and professional fee		23,855	36,362
Trustee fee		416,639	253,845
Transaction costs		2,988	4,613
Other expenses		197,622	130,915
		<u>2,100,835</u>	<u>1,466,581</u>
<b>Net expenses</b>		<u>(2,100,835)</u>	<u>(1,466,581)</u>
<b>Net gains or losses on value of investments</b>			
Net gains on investments		13,142,103	38,045,712
Net foreign exchange (losses)/gains		(406)	276
		<u>13,141,697</u>	<u>38,045,988</u>
<b>Total return for the financial year before income tax</b>		<u>11,040,862</u>	<u>36,579,407</u>
<b>Less: Income tax</b>	3	-	-
<b>Total return for the financial year after income tax</b>		<u>11,040,862</u>	<u>36,579,407</u>

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*The accompanying notes form an integral part of these financial statements.*

**ABF SINGAPORE BOND INDEX FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF FINANCIAL POSITION***As at 30 June 2017*

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	Note	2017 S\$	2016 S\$
<b>ASSETS</b>			
Portfolio of investments		<b>876,747,826</b>	752,938,186
Cash and bank balances		<b>4,100,221</b>	6,269,337
Sales awaiting settlement		<b>7,978,654</b>	13,950,814
Receivables	4	<b>1,011,474</b>	249,855
Prepayment		<b>1,240</b>	2,120
<b>Total assets</b>		<b>889,839,415</b>	773,410,312
<b>LIABILITIES</b>			
Payables	5	<b>485,796</b>	369,460
Purchases awaiting settlement		<b>11,612,330</b>	19,841,692
<b>Total liabilities</b>		<b>12,098,126</b>	20,211,152
<b>EQUITY</b>			
Net assets attributable to unitholders	7	<b>877,741,289</b>	753,199,160

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*The accompanying notes form an integral part of these financial statements.*

**ABF SINGAPORE BOND INDEX FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS***For the financial year ended 30 June 2017*

	Note	2017 S\$	2016 S\$
<b>Net assets attributable to unitholders at the beginning of financial year</b>		<b>753,199,160</b>	545,530,372
<b>Operations</b>			
Change in net assets attributable to unitholders resulting from operations		<b>11,040,862</b>	36,579,407
<b>Unitholders' contributions/(withdrawals)</b>			
Creation of units		<b>130,208,676</b>	185,618,694
Cancellation of units		<b>(1,117,877)</b>	(1,298,883)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		<b>129,090,799</b>	184,319,811
Distributions	6	<b>(15,589,532)</b>	(13,230,430)
Total increase in net assets attributable to unitholders		<b>124,542,129</b>	207,668,788
<b>Net assets attributable to unitholders at the end of financial year</b>	7	<b>877,741,289</b>	753,199,160

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*The accompanying notes form an integral part of these financial statements.*

**ABF SINGAPORE BOND INDEX FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 30 June 2017***By Industry (Primary)**

	Holdings at 30 June 2017	Fair value at 30 June 2017 S\$	Percentage of total net assets attributable to unitholders at 30 June 2017 %
<b>Quoted Fixed Income Securities</b>			
<b>BANK</b>			
Export-Import Bank of Korea EMTN 2.04% 24/07/2018	2,500,000	2,511,409	0.29
Korea Development Bank GMTN 2.05% 23/07/2018	500,000	502,594	0.06
Korea Development Bank GMTN 2.65% 03/12/2018	3,000,000	3,035,572	0.34
		<b>6,049,575</b>	<b>0.69</b>
<b>ELECTRIC</b>			
SP PowerAssets Limited EMTN 3.4% 19/09/2032	2,250,000	2,256,126	0.26
SP PowerAssets Limited EMTN 4.665% 18/08/2020	3,500,000	3,819,189	0.43
SP PowerAssets Limited EMTN 4.84% 22/10/2018	2,000,000	2,090,038	0.24
		<b>8,165,353</b>	<b>0.93</b>
<b>ENGINEERING CONSTRUCTION</b>			
Land Transport Authority 2.71% 27/05/2020	1,000,000	1,033,654	0.12
Land Transport Authority 3.09% 31/08/2027	3,750,000	3,971,809	0.45
Land Transport Authority 3.275% 29/10/2025	3,250,000	3,505,978	0.40
Land Transport Authority MTN 2.57% 31/08/2022	3,250,000	3,362,267	0.38
Land Transport Authority MTN 2.73% 18/09/2020	3,500,000	3,627,022	0.42
Land Transport Authority MTN 3.51% 18/09/2030	2,000,000	2,202,434	0.25
		<b>17,703,164</b>	<b>2.02</b>
<b>FINANCE</b>			
Temasek Financial I Ltd 3.785% 05/03/2025	4,250,000	4,675,567	0.53
Temasek Financial I Ltd GMTN 3.265% 19/02/2020	11,750,000	12,266,933	1.40
Temasek Financial I Ltd GMTN 4.2% 02/08/2050	4,750,000	5,366,913	0.61
		<b>22,309,413</b>	<b>2.54</b>
<b>REAL ESTATE</b>			
Housing & Development Board MTN 2.035% 16/09/2026	1,500,000	1,466,784	0.17
Housing & Development Board MTN 2.088% 30/08/2022	4,000,000	4,037,864	0.46
Housing & Development Board MTN 2.1% 03/11/2020	9,750,000	9,906,348	1.13
Housing & Development Board MTN 2.22% 22/11/2021	1,250,000	1,272,829	0.14
Housing & Development Board MTN 2.35% 25/05/2027	2,500,000	2,488,411	0.28
Housing & Development Board MTN 2.5% 29/01/2023	7,000,000	7,202,264	0.82
Housing & Development Board MTN 2.505% 27/06/2024	500,000	512,462	0.06
Housing & Development Board MTN 2.545% 04/07/2031	7,500,000	7,500,733	0.85
Housing & Development Board MTN 3.008% 26/03/2021	1,750,000	1,833,766	0.21
Housing & Development Board MTN 3.1% 24/07/2024	5,500,000	5,848,362	0.67
Housing & Development Board Series 55 2.365% 19/09/2018	14,000,000	14,198,453	1.62
		<b>56,268,276</b>	<b>6.41</b>
<b>SOVEREIGN</b>			
Singapore Government Bond 1.25% 01/10/2021	22,500,000	22,285,681	2.54
Singapore Government Bond 1.625% 01/10/2019	37,550,000	37,848,436	4.31
Singapore Government Bond 1.75% 01/04/2022	21,000,000	21,196,711	2.41
Singapore Government Bond 2% 01/07/2020	24,400,000	24,874,377	2.83
Singapore Government Bond 2.125% 01/06/2026	19,000,000	19,179,865	2.19
Singapore Government Bond 2.25% 01/06/2021	60,700,000	62,560,504	7.13
Singapore Government Bond 2.25% 01/08/2036	19,670,000	19,288,487	2.20
Singapore Government Bond 2.375% 01/06/2025	20,500,000	21,105,716	2.40
Singapore Government Bond 2.5% 01/06/2019	66,700,000	68,299,526	7.78

*The accompanying notes form an integral part of these financial statements.*

**ABF SINGAPORE BOND INDEX FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 30 June 2017***By Industry (Primary) (continued)**

	Holdings at 30 June 2017	Fair value at 30 June 2017 S\$	Percentage of total net assets attributable to unitholders at 30 June 2017 %
<b>Quoted Fixed Income Securities (continued)</b>			
<b>SOVEREIGN (continued)</b>			
Singapore Government Bond 2.75% 01/03/2046	34,050,000	36,235,836	4.13
Singapore Government Bond 2.75% 01/04/2042	39,350,000	41,942,051	4.78
Singapore Government Bond 2.75% 01/07/2023	47,750,000	50,432,146	5.75
Singapore Government Bond 2.875% 01/07/2029	16,950,000	18,115,918	2.06
Singapore Government Bond 2.875% 01/09/2030	33,355,000	35,634,661	4.06
Singapore Government Bond 3% 01/09/2024	45,350,000	48,711,582	5.55
Singapore Government Bond 3.125% 01/09/2022	36,830,000	39,590,490	4.51
Singapore Government Bond 3.25% 01/09/2020	40,266,000	42,620,244	4.86
Singapore Government Bond 3.375% 01/09/2033	26,750,000	30,378,153	3.46
Singapore Government Bond 3.5% 01/03/2027	60,628,000	68,078,927	7.76
Singapore Government Bond 4% 01/09/2018	49,450,000	51,098,381	5.82
		<b>759,477,692</b>	<b>86.53</b>
<b>Total Quoted Fixed Income Securities</b>		<b>869,973,473</b>	<b>99.12</b>
Accrued interest receivable on quoted fixed income securities		<b>6,774,353</b>	<b>0.77</b>
<b>Portfolio of investments</b>		<b>876,747,826</b>	<b>99.89</b>
<b>Other net assets</b>		<b>993,463</b>	<b>0.11</b>
<b>Net assets attributable to unitholders</b>		<b>877,741,289</b>	<b>100.00</b>

**By Industry (Summary)**

	Percentage of total net assets attributable to unitholders at 30 June 2017 %	Percentage of total net assets attributable to unitholders at 30 June 2016 %
<b>Quoted Fixed Income Securities</b>		
Bank	0.69	0.47
Electric	0.93	0.67
Engineering Construction	2.02	1.81
Finance	2.54	1.72
Real Estate	6.41	8.36
Sovereign	86.53	86.22
Accrued interest receivable on quoted fixed income securities	0.77	0.72
<b>Portfolio of investments</b>	<b>99.89</b>	<b>99.97</b>
<b>Other net assets</b>	<b>0.11</b>	<b>0.03</b>
<b>Net assets attributable to unitholders</b>	<b>100.00</b>	<b>100.00</b>

*The accompanying notes form an integral part of these financial statements.*

**ABF SINGAPORE BOND INDEX FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 30 June 2017***By Geography (Secondary)**

	<b>Fair value at 30 June 2017 S\$</b>	<b>Percentage of total net assets attributable to unitholders at 30 June 2017 %</b>	<b>Percentage of total net assets attributable to unitholders at 30 June 2016 %</b>
Singapore	<b>863,923,898</b>	<b>98.43</b>	98.78
South Korea	<b>6,049,575</b>	<b>0.69</b>	0.47
Accrued interest receivable on quoted fixed income securities	<b>6,774,353</b>	<b>0.77</b>	0.72
<b>Portfolio of investments</b>	<b>876,747,826</b>	<b>99.89</b>	99.97
<b>Other net assets</b>	<b>993,463</b>	<b>0.11</b>	0.03
<b>Net assets attributable to unitholders</b>	<b>877,741,289</b>	<b>100.00</b>	100.00

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*The accompanying notes form an integral part of these financial statements.*



## **ABF SINGAPORE BOND INDEX FUND**

*(Constituted under a Trust Deed registered in the Republic of Singapore)*

### **NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 30 June 2017*

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These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

#### **1. General**

ABF Singapore Bond Index Fund (the "Fund") is a Singapore domiciled fund constituted under a Trust Deed dated 12 August 2005 as amended by Supplemental Deed (collectively referred to as the "Deeds"). The Deeds are governed by the laws of the Republic of Singapore. The Trustee of the Fund is HSBC Institutional Trust Services (Singapore) Limited (the "Trustee"). The Manager of the Fund is Nikko Asset Management Asia Limited (the "Manager").

#### **2. Significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below.

##### **(a) Basis of preparation**

The financial statements have been prepared under the historical-cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, and in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" ("RAP 7") issued by the Institute of Singapore Chartered Accountants in June 2016 for the financial year beginning on or after 1 July 2016.

The Fund has adopted the following Singapore Financial Reporting Standards ("FRS") and related amendments in accordance with the recommendations of the RAP7:

##### **(i) Consolidation and disclosure of interests in other entities**

FRS 110 "Consolidated financial statements"

FRS 112 "Disclosure of interests in other entities"

Amendments to FRS 110, FRS 112 and FRS 27 "Investment entities"

FRS 110 and the amendments define an investment entity and introduce an exception from the consolidation requirements for investment entities.

FRS 112 and the amendments require entities to disclose significant judgements and assumptions made in determining whether the entity controls, jointly controls, significantly influences or has some interests in other entities. Entities are also required to provide disclosure around certain "structured entities". The amendments to FRS 112 introduce new disclosure requirements related to investment entities.

## ABF SINGAPORE BOND INDEX FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

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#### 2. Significant accounting policies (continued)

##### (a) Basis of preparation (continued)

###### (ii) Offsetting financial assets and liabilities disclosures

Amendments to FRS 32 “Financial instruments: Presentation – Offsetting financial assets and financial liabilities”

Amendments to FRS 107 “Disclosures – Offsetting financial assets and financial liabilities”

The amendments to FRS 32 provide clarification on the offsetting criteria in FRS 32 and address inconsistencies in their application.

The amendments to FRS 107 require additional disclosures to enable users of financial statements to evaluate the effect or the potential effects of netting arrangements, including rights of set-off associated with an entity’s recognised financial assets and recognised financial liabilities, on the entity’s financial position.

The adoption of these new or amended FRS did not impact the Fund’s level of disclosures and accounting policies, and had no material effect on the amounts reported for the current or prior financial years.

##### (b) Recognition of income

Interest income is recognised on a time-proportion basis using the effective interest rate method.

##### (c) Foreign currency translation

###### (i) *Functional and presentation currency*

The Fund qualifies as an authorised scheme under the Securities and Futures Act (“SFA”) of Singapore and is offered to retail investors in Singapore. The Fund’s activities are substantially based in Singapore, with subscriptions and redemptions of the units of the Fund being denominated in Singapore dollars.

The performance of the Fund is measured and reported to the investors in Singapore dollars. The Manager considers the Singapore Dollar as the currency which most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are expressed in Singapore dollars, which is the Fund’s functional and presentation currency.

## ABF SINGAPORE BOND INDEX FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

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#### 2. Significant accounting policies (continued)

##### (c) Foreign currency translation (continued)

###### (ii) *Transactions and balances*

Foreign currency monetary assets and liabilities are translated into Singapore dollars at the rates of exchange prevailing at the date of the Statement of Financial Position. The net unrealised gain or loss is taken to the Statement of Total Return. Transactions during the year are recorded in Singapore dollars at the rates of exchange ruling on transaction dates. All realised gains or losses are recognised in the Statement of Total Return.

##### (d) Distributions

The Manager has the absolute discretion to determine whether a distribution is to be made. In such an event, an appropriate amount will be transferred to a distribution account to be paid on the distribution date. The amount shall not be treated as part of the property of the Fund. Distributions are accrued for at the point in time when the necessary approvals have been obtained and a legal or constructive obligation has been created.

##### (e) Investments

Investments are classified as financial assets at fair value through profit and loss.

###### (i) *Initial recognition*

Purchases of investments are recognised on the trade date. Investments are recorded at fair value on initial recognition.

###### (ii) *Subsequent measurement*

Investments are subsequently carried at fair value. Net change in fair value on investments are included in the Statement of Total Return in the year in which they arise.

###### (iii) *Derecognition*

Investments are derecognised on the trade date of disposal. The resultant realised gains and losses on the sales of investments are computed on the basis of the difference between the weighted average cost and selling price gross of transaction costs, and are taken up in the Statement of Total Return.

## **ABF SINGAPORE BOND INDEX FUND**

*(Constituted under a Trust Deed registered in the Republic of Singapore)*

### **NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 30 June 2017*

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#### **2. Significant accounting policies (continued)**

(f) Basis of valuation of investments

The fair value of financial assets and liabilities traded in active markets is based on quoted market prices at the close of trading on the reporting date. The quoted market price for these investments held by the Fund is the current market quoted bid price furnished by the Index Provider, a pricing service approved by the Manager and the Trustee.

(g) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are initially recognised at their fair value and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

#### **3. Income tax**

The Fund was granted the status of a Designated Unit Trust ("DUT") in Singapore. The Manager and Trustee of the Fund will ensure that the Fund fulfills its reporting obligations under the DUT Scheme.

Under the DUT Scheme, subject to certain conditions and reporting obligations being met, certain income of the DUT Fund is not taxable in accordance to Sections 35(12) and (12A) of the Income Tax Act. Such income includes:

- (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 futures contracts, transactions in interest rate or currency forwards swaps or option contracts and transactions in forwards, swaps or option contracts relating to any securities or financial index;
  - (e) discount, prepayment fee, redemption premium and break cost from qualifying debt securities issued during the prescribed period; and
  - (f) distributions from foreign unit trusts derived from outside Singapore and received in Singapore.
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**ABF SINGAPORE BOND INDEX FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 30 June 2017***4. Receivables**

	<b>2017</b>	2016
	<b>S\$</b>	S\$
Amount receivable for creation of units	<b>1,011,474</b>	239,537
Other receivables	-	10,318
	<b>1,011,474</b>	<b>249,855</b>

**5. Payables**

	<b>2017</b>	2016
	<b>S\$</b>	S\$
Amount due to the Manager	<b>325,972</b>	239,362
Amount due to the Trustee	<b>16,892</b>	24,868
Provision for audit fee	<b>40,200</b>	38,108
Other payables	<b>102,732</b>	67,122
	<b>485,796</b>	<b>369,460</b>

Amount due to the Manager comprises management fee payable to Nikko Asset Management Asia Limited. Amount due to the Trustee comprises trustee fee payable to HSBC Institutional Trust Services (Singapore) Limited.

**6. Distributions**

	<b>2017</b>	2016
	<b>S\$</b>	S\$
Final distribution of S\$2.14 per 100 units in respect of the financial year ended 30 June 2016	<b>15,589,532</b>	-
Final distribution of S\$2.65 per 100 units in respect of the financial year ended 30 June 2015	-	13,230,430
	<b>15,589,532</b>	<b>13,230,430</b>

## ABF SINGAPORE BOND INDEX FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

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#### 7. Units in issue

During the year ended 30 June 2017 and 30 June 2016, the number of units issued, redeemed and outstanding were as follow:

	2017	2016
Units at beginning of the financial year	644,523,400	484,966,500
Units created	112,313,400	160,701,900
Units cancelled	(950,000)	(1,145,000)
Units at end of the financial year	<u>755,886,800</u>	<u>644,523,400</u>
Net assets attributable to unitholders - S\$	877,741,289	753,199,160
Net asset value per unit - S\$	<u>1.1612</u>	<u>1.1686</u>

A reconciliation of the net asset value as reported in the Statement of Financial Position to the net asset value as determined for the purpose of processing unit subscription and redemption is not presented as there is no difference to the net assets attributable to unitholders value per unit.

#### 8. Financial risk management

The Fund's activities expose it to a variety of risk, including but not limited to market risk (including currency risk, interest rate risk and price risk), liquidity risk and credit risk. The Manager is responsible for the implementation of the overall risk management programme, which seeks to minimise potential adverse effects on the Fund's financial performance. Specific guidelines on exposures to individual securities and certain industries and/or countries are in place as part of the overall financial risk management to reduce the Fund's risk exposures to these risks.

The Fund's primary objective is to provide investors with investment returns that correspond closely to the total return of the iBoxx ABF Singapore Bond Index before fees and expenses.

The Fund's assets primarily consist of financial instruments such as debt obligations denominated in Singapore dollars issued or guaranteed by any Asian Government, by an agency or instruments of any Asian Government, by an Asian Government sponsored entity or a quasi-Asian Government entity, which is determined by the index provider as being constituent securities of the iBoxx ABF Singapore Bond Index.

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## **ABF SINGAPORE BOND INDEX FUND**

*(Constituted under a Trust Deed registered in the Republic of Singapore)*

### **NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 30 June 2017*

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#### **8. Financial risk management (continued)**

The financial instruments are held in accordance with the published investment policies of the Fund and managed accordingly to achieve the investment objectives.

##### **(a) Market risk - Price risk**

Price risk is the risk that arises from uncertainties about future prices of financial instruments.

The Fund's investment is substantially dependent on the changes of market prices. The Fund's overall market positions are monitored regularly so as to assess changes in fundamentals and valuation. However, events beyond reasonable control of the Manager could affect the prices of the underlying investments and hence the net asset value of the Fund.

The Fund's market price risk is managed through diversification of the investment portfolio across various industries.

The market prices of financial assets held by the Fund are primarily dependent on prevailing market interest rates, as the Fund invests primarily in listed sovereign and quasi sovereign bonds. Hence, no separate price risk sensitivity analysis is prepared as it is covered as part of interest rate risk sensitivity analysis.

##### **(b) Market risk - 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 (fair value risk).

The Manager will regularly assess the economic condition, monitor changes in interest rates outlook and take appropriate measures accordingly to control the impact of interest rate risk. The Fund's overall market positions are monitored frequently and are reviewed formally on a quarterly basis by the Manager.

**ABF SINGAPORE BOND INDEX FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 30 June 2017***8. Financial risk management (continued)****(b) Market risk - Interest rate risk (continued)**

The tables below summarise the Fund's exposure to interest rate risk. They include the Fund's assets and liabilities categorised by the earlier of contractual re-pricing or maturity dates.

	<u>Floating rate</u> ←		<u>Fixed rate</u>		<u>Non-interest bearing</u>	
	S\$	Up to 1 year S\$	1-5 years S\$	Over 5 years S\$	S\$	Total S\$
<b>As at 30 June 2017</b>						
<b>Assets</b>						
Portfolio of investments	-	-	386,881,667	483,091,806	6,774,353	876,747,826
Cash and bank balances	4,100,221	-	-	-	-	4,100,221
Sales awaiting settlement	-	-	-	-	7,978,654	7,978,654
Receivables	-	-	-	-	1,011,474	1,011,474
Prepayment	-	-	-	-	1,240	1,240
<b>Total assets</b>	<b>4,100,221</b>	<b>-</b>	<b>386,881,667</b>	<b>483,091,806</b>	<b>15,765,721</b>	<b>889,839,415</b>
<b>Liabilities</b>						
Payables	-	-	-	-	485,796	485,796
Purchases awaiting settlement	-	-	-	-	11,612,330	11,612,330
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,098,126</b>	<b>12,098,126</b>
<b>As at 30 June 2016</b>						
<b>Assets</b>						
Portfolio of investments	-	-	343,541,234	404,007,650	5,389,302	752,938,186
Cash and bank balances	6,269,337	-	-	-	-	6,269,337
Sales awaiting settlement	-	-	-	-	13,950,814	13,950,814
Receivables	-	-	-	-	249,855	249,855
Prepayment	-	-	-	-	2,120	2,120
<b>Total assets</b>	<b>6,269,337</b>	<b>-</b>	<b>343,541,234</b>	<b>404,007,650</b>	<b>19,592,091</b>	<b>773,410,312</b>
<b>Liabilities</b>						
Payables	-	-	-	-	369,460	369,460
Purchases awaiting settlement	-	-	-	-	19,841,692	19,841,692
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,211,152</b>	<b>20,211,152</b>



## **ABF SINGAPORE BOND INDEX FUND**

*(Constituted under a Trust Deed registered in the Republic of Singapore)*

### **NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 30 June 2017*

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#### **8. Financial risk management (continued)**

##### **(b) Market risk - Interest rate risk (continued)**

As at 30 June 2017, an increase/decrease of interest rates by 1% (2016: 1%), with all other variables remaining constant, would result in a decrease/increase of the net assets attributable to unit holders by approximately 7% (2016: 7%). Changes in interest rates are revised annually depending on management's current view of market volatility and other factors.

##### **(c) Market risk - Currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

To minimise currency risk, the Fund mainly holds its excess cash in its functional currency. For hedging purposes, the Fund may also enter into forward foreign exchange contracts.

The Manager does not consider currency risk to be significant as most of the financial assets and financial liabilities of the Fund are denominated in Singapore dollars, which is the functional currency of the Fund.

##### **(d) Liquidity risk**

Liquidity risk is the risk of loss arising from the inability of the Fund to meet its obligations as and when they fall due without incurring unacceptable cost or losses.

The Fund is exposed to daily cash redemptions from unit holders. However, in accordance with the Fund's prospectus, minimum redemption size is set.

To manage the liquidity risk, a cash buffer is maintained in the Fund and monitored for minimum cash balances to prevent any extensive disposition of assets which may occur at lower prices and overdraft situations to meet trade settlements and obligations.

The Fund's securities are considered readily realisable, as the majority of securities are listed on the recognised stock exchange.

**ABF SINGAPORE BOND INDEX FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 30 June 2017***8. Financial risk management (continued)****(d) Liquidity risk (continued)**

The Fund's financial liabilities are analysed using contractual undiscounted cash flows for maturity groupings based on the remaining period at the Statement of Financial Position date to the contractual maturity date. As at 30 June 2017 and 2016, all liabilities are either payable upon demand or due in less than 3 months. The impact of discounting is not significant.

	<b>Less than 3 months</b>	
	<b>As at 30 June 2017 S\$</b>	<b>As at 30 June 2016 S\$</b>
Payables	485,796	369,460
Purchases awaiting settlement	11,612,330	19,841,692
<b>Contractual cash out flows</b>	<b>12,098,126</b>	<b>20,211,152</b>

**(e) Credit risk**

Credit risk is the risk that a counterparty will be unable to fulfil its obligation to the Fund in part or in full as and when they fall due.

Concentrations of credit risk are minimised primarily by:

- ensuring counterparties as well as the respective credit limits are approved;
- ensuring there are controls in place to identify and assess the creditworthiness of counterparties and review such controls on a semi-annual basis; and
- ensuring that transactions are undertaken with a large number of counterparties.

The Fund invests in financial assets, which have an investment grade as rated by Standard & Poor's, Moody's or Fitch. The credit ratings are reviewed regularly.

**ABF SINGAPORE BOND INDEX FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 30 June 2017***8. Financial risk management (continued)****(e) Credit risk (continued)**

The table below analyses the Fund's investments by credit ratings:

<b>Rating</b>	<b>Fixed rate securities</b>	
	<b>Fair value as at</b>	
	<b>30 June 2017</b>	<b>30 June 2016</b>
	<b>S\$</b>	<b>S\$</b>
AAA	<b>855,758,545*</b>	739,004,906*
AA	<b>8,165,353</b>	5,024,518
AA-	<b>6,049,575</b>	3,519,460
Accrued interest receivable on quoted fixed income securities	<b>6,774,353</b>	5,389,302
<b>Total</b>	<b>876,747,826</b>	<b>752,938,186</b>

\* The balance includes securities that are issued by government agencies of governments that have AAA rating as rated by Standard & Poor's.

All trade settlement with approved counterparties are on Delivery versus Payment and/or Receipt versus Payment basis, with the exception of initial public offerings, new issues and placement transactions.

Credit risk also arises from cash and cash balances and outstanding and committed transactions with brokers. The table below summarises the credit rating of bank and custodian in which the Fund's assets are held as at 30 June 2017 and 30 June 2016.

	<b>Credit rating as at 30 June 2017</b>	<b>Credit rating as at 30 June 2016</b>	<b>Source of credit rating</b>
<b>Bank balances</b>			
- The Hong Kong and Shanghai Banking Corporation Limited	<b>AA-</b>	AA-	Standard & Poor's
<b>Custodian</b>			
- The Hong Kong and Shanghai Banking Corporation Limited	<b>AA-</b>	AA-	Standard & Poor's

The credit ratings are based on Long-Term Local Issuer Ratings published by the rating agency.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

**ABF SINGAPORE BOND INDEX FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 30 June 2017***8. Financial risk management (continued)****(f) Capital management**

The Fund's capital is represented by the net assets attributable to unitholders. The Fund strives to invest the subscriptions of redeemable participating units in investments that meet the Fund's investment objectives while maintaining sufficient liquidity to meet unitholder redemptions.

**(g) Fair value estimation**

The Fund classifies 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 following table analyses within the fair value hierarchy the Fund's financial assets and liabilities (by class) measured at fair value at 30 June 2017 and 2016:

	Level 1 S\$	Level 2 S\$	Level 3 S\$	Total S\$
<b><u>30 June 2017</u></b>				
<b>Assets</b>				
Financial assets designated at fair value through profit or loss at inception:				
- Quoted fixed income securities		- 876,747,826	-	876,747,826
	Level 1 S\$	Level 2 S\$	Level 3 S\$	Total S\$
<b><u>30 June 2016</u></b>				
<b>Assets</b>				
Financial assets designated at fair value through profit or loss at inception:				
- Quoted fixed income securities		- 752,938,186	-	752,938,186

**ABF SINGAPORE BOND INDEX FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 30 June 2017***8. Financial risk management (continued)****(g) Fair value estimation (continued)**

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. These include investment-grade corporate and government bonds.

Except for cash and cash balances which are classified as level 1, the Fund's assets and liabilities not measured at fair value at 30 June 2017 and 2016 have been classified as level 2. The carrying amounts of these assets and liabilities approximate their fair values as at the Statement of Financial Position date.

**9. Related party transactions**

In addition to related party information shown elsewhere in the financial statements, the following significant transactions took place during the financial year between the Fund and a related party at terms agreed between the parties and within the provisions of the Deeds:

	2017 S\$	2016 S\$
Bank balances held with related party of the Trustee	<b>4,100,221</b>	6,269,337

**10. Financial ratios**

	2017	2016
<b>Expense ratio</b>		
Total operating expenses	S\$ <b>2,097,847</b>	1,461,968
Average daily net asset value	S\$ <b>834,923,230</b>	583,523,664
<b>Total expense ratio<sup>1</sup></b>	% <b>0.25</b>	0.25
	<b>2017</b>	2016
<b>Turnover ratio</b>		
Lower of total value of purchases or sales	S\$ <b>164,057,726</b>	180,408,840
Average daily net asset value	S\$ <b>834,923,230</b>	583,523,664
<b>Total turnover ratio<sup>2</sup></b>	% <b>19.65</b>	30.92

## **ABF SINGAPORE BOND INDEX FUND**

*(Constituted under a Trust Deed registered in the Republic of Singapore)*

### **NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 30 June 2017*

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#### **10. Financial ratios (continued)**

- <sup>1</sup> 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 divided by the average net asset value 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.
- <sup>2</sup> 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 and sales of the underlying investments, divided by the average daily net asset value.

## ABF SINGAPORE BOND INDEX FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

### REPORT TO UNITHOLDERS

For the financial year ended 30 June 2017

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The following contains additional information relating to the Fund.

#### 1. Distribution of investments

Please refer to the Statement of Portfolio on pages 13 to 15.

#### 2. Credit rating of debt securities

<b>CREDIT RATINGS</b>	<b>Fair value at 30 June 2017 S\$</b>	<b>Percentage of total net assets attributable to unitholders at 30 June 2017 %</b>	<b>Percentage of total net assets attributable to unitholders at 30 June 2016 %</b>
AAA	855,758,545	97.50	98.11
AA	8,165,353	0.93	0.67
AA-	6,049,575	0.69	0.47
Accrued interest receivable on quoted fixed income securities	6,774,353	0.77	0.72
	<b>876,747,826</b>	<b>99.89</b>	<b>99.97</b>

#### 3. Top 10 holdings

##### 10 Largest holdings at 30 June 2017

	<b>Cost S\$</b>	<b>Fair value S\$</b>	<b>Percentage of total net assets attributable to unitholders %</b>
Singapore Government Bond 2.5% 01/06/2019	69,812,006	68,299,526	7.78
Singapore Government Bond 3.5% 01/03/2027	67,679,672	68,078,927	7.76
Singapore Government Bond 2.25% 01/06/2021	62,421,547	62,560,504	7.13
Singapore Government Bond 4% 01/09/2018	54,238,385	51,098,381	5.82
Singapore Government Bond 2.75% 01/07/2023	49,659,480	50,432,146	5.75
Singapore Government Bond 3% 01/09/2024	48,699,195	48,711,582	5.55
Singapore Government Bond 3.25% 01/09/2020	43,618,455	42,620,244	4.86
Singapore Government Bond 2.75% 01/04/2042	39,730,032	41,942,051	4.78
Singapore Government Bond 3.125% 01/09/2022	40,304,140	39,590,490	4.51
Singapore Government Bond 1.625% 01/10/2019	37,900,991	37,848,436	4.31

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**ABF SINGAPORE BOND INDEX FUND**

(Constituted under a Trust Deed registered in the Republic of Singapore)

**REPORT TO UNITHOLDERS**

For the financial year ended 30 June 2017

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**3. Top 10 holdings (continued)**

10 Largest holdings at 30 June 2016

	Cost S\$	Fair value S\$	Percentage of total net assets attributable to unitholders %
Singapore Government Bond 2.25% 01/06/2021	57,620,779	58,025,576	7.70
Singapore Government Bond 3.5% 01/03/2027	50,820,603	51,981,709	6.90
Singapore Government Bond 2.75% 01/07/2023	50,937,132	51,980,005	6.90
Singapore Government Bond 2.5% 01/06/2019	52,338,656	51,520,675	6.84
Singapore Government Bond 0.5% 01/04/2018	49,528,071	49,536,165	6.58
Singapore Government Bond 3% 01/09/2024	47,475,240	48,151,800	6.39
Singapore Government Bond 3.25% 01/09/2020	43,618,455	43,235,618	5.74
Singapore Government Bond 2.75% 01/04/2042	38,041,624	40,666,700	5.40
Singapore Government Bond 3.125% 01/09/2022	40,330,811	39,896,098	5.30
Singapore Government Bond 4% 01/09/2018	36,514,442	34,695,523	4.61

**4. Exposure to derivatives**

Nil

**5. Global exposure to financial derivatives**

Nil

**6. Collateral**

Nil

**7. Securities lending or repurchase transactions**

Nil

**8. Investment in unit trusts, mutual funds and collective investment schemes**

Nil

**9. Borrowings**

Nil

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## ABF SINGAPORE BOND INDEX FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

### REPORT TO UNITHOLDERS

For the financial year ended 30 June 2017

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**10. Amount of units created and cancelled for the financial year ended 30 June 2017**

	S\$
Units created	130,208,676
Units cancelled	(1,117,877)

**11. Turnover ratios**

Please refer to Note 10 of the Notes to the Financial Statements on page 28.

**12. Expense ratios**

Please refer to Note 10 of the Notes to the Financial Statements on page 28.

**13. Related party transactions**

Please refer to Note 9 of the Notes to the Financial Statements on page 28.

**14. Additional information**

**Service Providers:**

Fund Manager	: Nikko Asset Management Asia Limited appointed on 12 Aug 05; any retirement or removal per Clause 29 of Trust Deed
Remuneration Basis	: 0.15% p.a. on NAV
Trustee/Custodian/ Valuation Agent/ Fund Registrar	: HSBC Institutional Trust Services (Singapore) Limited
Market Makers	: Flow Traders Asia Pte Ltd
Participating Dealers	: DBS Vickers Securities (S) Pte Ltd, CIMB-GK Securities Pte Ltd, Phillip Securities Pte Ltd & Deutsche Bank AG, Singapore Branch
Corporate Secretariat	: Boardroom Corporate & Advisory Services Pte Ltd
Auditor	: PricewaterhouseCoopers appointed on 12 Aug 05
Audit Partner	: Ong King Howe
Tax Agent	: Ernst & Young Solutions LLP
Solicitors to Managers	: Allen & Gledhill LLP
Solicitors to Trustee	: WongPartnership LLP

**15. Any other material information that will adversely impact the valuation of the Fund**

Nil.

12 Marina View, #18-02 Asia Square Tower 2, Singapore 018961  
Intermediaries Hotline: 1800 535 8025 / 65 6535 8025  
Website: [www.nikkoam.com.sg](http://www.nikkoam.com.sg)

Company registration number 198202562H

# SEMI-ANNUAL REPORT

For the financial period ending 31 December 2016

## ABF Singapore Bond Index Fund

**MANAGERS**

Nikko Asset Management Asia Limited  
12 Marina View, #18-02, Asia Square Tower 2,  
Singapore 018961  
Company Registration No. 198202562H

**DIRECTORS**

Lim Say Boon  
Lim Soon Chong  
Seet Oon Hui Eleanor  
David Jonathan Semaya  
Yu-Ming Wang

**TRUSTEE & REGISTRAR**

HSBC Institutional Trust Services (Singapore) Limited  
21 Collyer Quay, #13-02 HSBC Building  
Singapore 049320

**AUDITORS**

PricewaterhouseCoopers LLP  
8 Cross Street, #17-00 PWC Building  
Singapore 048424

**CUSTODIAN**

The Hongkong and Shanghai Banking Corporation Limited  
1 Queen's Road Central, Hong Kong

This report is also available on our website ([www.nikkoam.com.sg](http://www.nikkoam.com.sg))

## PERFORMANCE SUMMARY

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<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
iBoxx ABF Singapore Bond Index total return series	-3.69	-2.07	2.86	2.53	1.51	2.91	2.78
ABF Singapore Bond Index Fund	-3.69	-2.16	2.54	2.25	1.21	2.63	2.50

Source: ©2016 Morningstar. All Rights Reserved., Markit & Nikko Asset Management Asia Limited, as at 31 December 2016. iBoxx® is a mark of Markit Indices Limited and have been licensed for use by Nikko Asset Management Asia Ltd. Returns are calculated on a NAV-NAV<sup>1</sup> basis, in SGD, and assuming all dividends and distributions are reinvested, if any. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

### **Note:**

(1) Nil subscription fee or preliminary charge

### **Inception date: 31 August 2005**

### **About ABF Singapore Bond Index Fund**

The ABF Singapore Bond Index Fund (the "Fund") is Singapore's first exchange traded bond fund. The Fund invests in a portfolio of high quality, Singapore government and quasi government bonds. It closely tracks the basket of bonds in the iBoxx ABF Singapore Bond Index. The target tracking error of the fund is set at not more than 0.4% per annum.

The Fund is a collective investment scheme, authorised in Singapore and listed on the Singapore Exchange Securities Trading Limited (the "SGX-ST").

The Fund is an index fund which seeks investment results that correspond closely to the total return of the iBoxx ABF Singapore Bond Index before fees and expenses. The iBoxx ABF Singapore Bond Index is an indicator of investment returns of debt obligations denominated in Singapore dollars issued or guaranteed by the government of Singapore or any government of People's Republic of China, Hong Kong SAR, Indonesia, Korea, Malaysia, Philippines, Singapore or Thailand (collectively, the "Asian Governments"), by an agency or instrumentality of the Singapore government (or any other Asian Government), by a Singapore government (or any other Asian Government) sponsored entity or a quasi-Singapore government (or any other Asian Government) entity and Singapore dollar denominated debt obligations issued by supranational financial institutions. The Index Provider determines the composition of the iBoxx ABF Singapore Bond Index in accordance with its rules and procedures for the iBoxx ABF Singapore Bond Index (which may change from time to time), and publishes information regarding the composition, investment characteristics and return of the iBoxx ABF Singapore Bond Index.

The Fund is suitable for investors who seek an "index-based" approach to investing in a portfolio of Singapore government (or any other Asian Government) sovereign and quasi-sovereign bond securities in a cost effective and easy to access manner. Units may also be used as an asset allocation tool or as a trading instrument. Whilst the Fund invests in a portfolio of bonds issued by the Singapore government (or any other Asian Government) and quasi-sovereign Singapore (or any other Asian Government) entities, the Fund itself is not guaranteed by the Singapore government, any Singapore government agency or any government or government agency of any other country.

**Note: Investors are advised to refer to the Fund's prospectus for more details on the Fund.**

## IMPORTANT INFORMATION

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This document is for information only with no consideration given to the specific investment objective, financial situation and particular needs of any specific person. Any securities mentioned herein are for illustration purposes only and should not be construed as a recommendation for investment. You should seek advice from a financial adviser before making any investment. In the event that you choose not to do so, you should consider whether the investment selected is suitable for you. Investments in unit trusts are not deposits in, obligations of, or guaranteed or insured by Nikko Asset Management Asia Limited (**"Nikko AM Asia"**).

**Past performance or any prediction, projection or forecast is not indicative of future performance.**

The funds may use or invest in financial derivative instruments. The value of units and income from them may fall or rise. Investments in the funds are subject to investment risks, including the possible loss of principal amount invested. You should read the relevant prospectus and product highlights sheet obtainable from appointed distributors of Nikko AM Asia or our website ([www.nikkoam.com.sg](http://www.nikkoam.com.sg)) before investing.

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The performance of the ETF's price on the Singapore Stock Exchange ("SGX") may be different from the net asset value per unit of the ETF. The ETF may also be delisted from the SGX. Transaction in units of the ETF will result in brokerage commissions. Listing of the units does not guarantee a liquid market for the units. Units of the ETF may be bought or sold throughout trading hours of the SGX through any brokerage account. Investors should note that the ETF differs from a typical unit trust and units may only be created or redeemed directly by a participating dealer in large creation or redemption units. Investors may only redeem the units with Nikko AM Asia under certain specified conditions.

The CPF interest rate for the Ordinary Account ("OA") is based on the 12-month fixed deposit and month-end savings rates of major local banks, subject to a minimum 2.5% interest per annum. The interest rate for Special, Medisave and Retirement Accounts ("SMRA") is pegged to the 12-month average yield of 10-year Singapore Government Securities yield plus 1%. A 4% floor rate will be maintained for interest earned on SMRA until 31 December 2016, after which a 2.5% minimum rate will apply. An extra 1% interest is paid on the first S\$60,000 of a member's combined balances, including up to S\$20,000 in the OA. The first S\$20,000 in the OA and the first S\$40,000 in the Special Account ("SA") cannot be invested under the CPF Investment Scheme ("CPFIS").

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Nikko Asset Management Asia Limited. Registration Number 198202562H

## **SOFT DOLLAR COMMISSIONS/ARRANGEMENTS**

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In its management of the ABF Singapore Bond Index Fund (the "Fund"), the Manager currently does not receive or enter into any soft dollar commissions or arrangements.

**ABF SINGAPORE BOND INDEX FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF TOTAL RETURN***For the financial period ended 31 December 2016 (Unaudited)*

---

	<b>31 December 2016 S\$</b>	31 December 2015 S\$
<b>Expenses</b>		
Administrator fee	<b>68,342</b>	-
Audit fee	<b>19,049</b>	18,504
Custodian fee	<b>82,521</b>	64,987
Management fee	<b>614,437</b>	422,420
Legal and professional fee	<b>9,320</b>	9,180
Trustee fee	<b>128,672</b>	122,727
Transaction costs	<b>1,350</b>	1,625
Other expenses	<b>103,562</b>	66,319
	<b>1,027,253</b>	705,762
	<hr/>	<hr/>
<b>Net expenses</b>	<b>(1,027,253)</b>	(705,762)
	<hr/>	<hr/>
<b>Net gains or losses on value of investments</b>		
Net (losses)/gains on investments	<b>(17,116,909)</b>	8,817,604
Net foreign exchange losses	<b>(2,358)</b>	(1,482)
	<b>(17,119,267)</b>	8,816,122
	<hr/>	<hr/>
<b>Total (deficit)/return for the financial period before income tax</b>	<b>(18,146,520)</b>	8,110,360
<b>Less: Income tax</b>	<b>-</b>	-
	<hr/>	<hr/>
<b>Total (deficit)/return for the financial period after income tax</b>	<b>(18,146,520)</b>	8,110,360
	<hr/>	<hr/>

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**ABF SINGAPORE BOND INDEX FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF FINANCIAL POSITION***As at 31 December 2016 (Unaudited)*

---

	<b>31 December 2016 S\$</b>	30 June 2016 S\$
<b>ASSETS</b>		
Portfolio of investments	<b>825,940,086</b>	752,938,186
Cash and bank balances	<b>6,799,722</b>	6,269,337
Sales awaiting settlement	-	13,950,814
Receivables	-	249,855
Prepayment	<b>1,120</b>	2,120
<b>Total assets</b>	<b>832,740,928</b>	<b>773,410,312</b>
<b>LIABILITIES</b>		
Payables	<b>411,401</b>	369,460
Purchases awaiting settlement	-	19,841,692
Distribution payable	<b>15,589,532</b>	-
<b>Total liabilities</b>	<b>16,000,933</b>	<b>20,211,152</b>
<b>EQUITY</b>		
Net assets attributable to unitholders	<b>816,739,995</b>	<b>753,199,160</b>

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**ABF SINGAPORE BOND INDEX FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS***For the financial period ended 31 December 2016 (Unaudited)*

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	<b>31 December 2016 S\$</b>	30 June 2016 S\$
<b>Net assets attributable to unitholders at the beginning of financial period/year</b>	<b>753,199,160</b>	545,530,372
<b>Operations</b>		
Change in net assets attributable to unitholders resulting from operations	<b>(18,146,520)</b>	36,579,407
<b>Unitholders' contributions/(withdrawals)</b>		
Creation of units	<b>98,151,860</b>	185,618,694
Cancellation of units	<b>(874,973)</b>	(1,298,883)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	<b>97,276,887</b>	184,319,811
Distribution	<b>(15,589,532)</b>	(13,230,430)
Total increase in net assets attributable to unitholders	<b>63,540,835</b>	207,668,788
<b>Net assets attributable to unitholders at the end of financial period/year</b>	<b>816,739,995</b>	753,199,160

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**ABF SINGAPORE BOND INDEX FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 31 December 2016 (Unaudited)***By Industry (Primary)**

	Holdings at 31 December 2016	Fair value at 31 December 2016 S\$	Percentage of total net assets attributable to unitholders at 31 December 2016 %
<b>Quoted Fixed Income Securities</b>			
<b>BANK</b>			
Export-Import Bank of Korea EMTN 2.04% 24/07/2018	2,500,000	2,486,497	0.30
Korea Development Bank GMTN 2.65% 03/12/2018	3,000,000	3,010,416	0.37
		<b>5,496,913</b>	<b>0.67</b>
<b>ELECTRIC</b>			
SP Power assets Limited EMTN 3.4% 19/09/2032	1,750,000	1,726,267	0.21
SP Power assets Limited EMTN 4.665% 18/08/2020	1,000,000	1,073,479	0.13
SP Power assets Limited EMTN 4.84% 22/10/2018	2,000,000	2,101,790	0.26
		<b>4,901,536</b>	<b>0.60</b>
<b>ENGINEERING CONSTRUCTION</b>			
Land Transport Authority 2.71% 27/05/2020	1,000,000	1,018,500	0.12
Land Transport Authority 3.09% 31/08/2027	3,500,000	3,488,135	0.43
Land Transport Authority 3.275% 29/10/2025	3,250,000	3,328,112	0.41
Land Transport Authority MTN 2.57% 31/08/2022	2,500,000	2,498,130	0.30
Land Transport Authority MTN 2.73% 18/09/2020	3,500,000	3,564,764	0.44
Land Transport Authority MTN 3.51% 18/09/2030	1,500,000	1,545,690	0.19
		<b>15,443,331</b>	<b>1.89</b>
<b>FINANCE</b>			
Temasek Financial I Ltd GMTN 3.265% 19/02/2020	8,000,000	8,226,225	1.01
Temasek Financial I Ltd GMTN 4.2% 02/08/2050	4,750,000	5,177,500	0.63
		<b>13,403,725</b>	<b>1.64</b>
<b>REAL ESTATE</b>			
Housing & Development Board MTN 1.23% 30/01/2018	5,500,000	5,486,404	0.67
Housing & Development Board MTN 2.035% 16/09/2026	1,500,000	1,369,905	0.17
Housing & Development Board MTN 2.088% 30/08/2022	4,000,000	3,889,524	0.48
Housing & Development Board MTN 2.1% 03/11/2020	7,000,000	6,972,130	0.85
Housing & Development Board MTN 2.5% 29/01/2023	7,000,000	6,925,940	0.85
Housing & Development Board MTN 2.505% 27/06/2024	2,250,000	2,194,337	0.27
Housing & Development Board MTN 2.545% 04/07/2031	6,500,000	5,928,910	0.73
Housing & Development Board MTN 3.008% 26/03/2021	1,750,000	1,797,994	0.22
Housing & Development Board MTN 3.1% 24/07/2024	5,500,000	5,581,042	0.68
Housing & Development Board Series 55 2.365% 19/09/2018	14,000,000	14,144,200	1.73
		<b>54,290,386</b>	<b>6.65</b>
<b>SOVEREIGN</b>			
Singapore Government Bond 0.5% 01/04/2018	49,400,000	48,976,420	6.00
Singapore Government Bond 1.25% 01/10/2021	19,500,000	18,962,484	2.32
Singapore Government Bond 1.625% 01/10/2019	37,550,000	37,610,981	4.60
Singapore Government Bond 2% 01/07/2020	24,400,000	24,667,348	3.02
Singapore Government Bond 2.125% 01/06/2026	20,000,000	19,416,000	2.38
Singapore Government Bond 2.25% 01/06/2021	57,700,000	58,783,162	7.20
Singapore Government Bond 2.25% 01/08/2036	13,900,000	12,893,919	1.58
Singapore Government Bond 2.375% 01/06/2025	26,500,000	26,360,109	3.23
Singapore Government Bond 2.5% 01/06/2019	49,700,000	50,875,072	6.23
Singapore Government Bond 2.75% 01/03/2046	23,250,000	23,398,370	2.86
Singapore Government Bond 2.75% 01/04/2042	40,100,000	40,331,862	4.94

**ABF SINGAPORE BOND INDEX FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 31 December 2016 (Unaudited)***By Industry (Primary) (continued)**

	Holdings at 31 December 2016	Fair value at 31 December 2016 S\$	Percentage of total net assets attributable to unitholders at 31 December 2016 %
<b>Quoted Fixed Income Securities (continued)</b>			
<b>SOVEREIGN (continued)</b>			
Singapore Government Bond 2.75% 01/07/2023	48,450,000	49,853,737	6.10
Singapore Government Bond 2.875% 01/07/2029	19,950,000	20,381,070	2.50
Singapore Government Bond 2.875% 01/09/2030	31,825,000	32,401,618	3.97
Singapore Government Bond 3% 01/09/2024	46,600,000	48,526,738	5.94
Singapore Government Bond 3.125% 01/09/2022	38,830,000	40,977,621	5.02
Singapore Government Bond 3.25% 01/09/2020	40,266,000	42,474,510	5.20
Singapore Government Bond 3.375% 01/09/2033	28,050,000	30,367,146	3.72
Singapore Government Bond 3.5% 01/03/2027	44,878,000	48,540,592	5.94
Singapore Government Bond 4% 01/09/2018	48,150,000	50,259,904	6.15
		<b>726,058,663</b>	<b>88.90</b>
<b>Total Quoted Fixed Income Securities</b>		<b>819,594,554</b>	<b>100.35</b>
Accrued interest receivable on quoted fixed income securities		<b>6,345,532</b>	<b>0.77</b>
<b>Portfolio of investments</b>		<b>825,940,086</b>	<b>101.12</b>
<b>Other net liabilities</b>		<b>(9,200,091)</b>	<b>(1.12)</b>
<b>Net assets attributable to unitholders</b>		<b>816,739,995</b>	<b>100.00</b>

**By Industry (Summary)**

	Percentage of total net assets attributable to unitholders at 31 December 2016 %	Percentage of total net assets attributable to unitholders at 30 June 2016 %
<b>Quoted Fixed Income Securities</b>		
Bank	0.67	0.47
Electric	0.60	0.67
Engineering Construction	1.89	1.81
Finance	1.64	1.72
Real Estate	6.65	8.36
Sovereign	88.90	86.22
Accrued interest receivable on quoted fixed income securities	0.77	0.72
<b>Portfolio of investments</b>	<b>101.12</b>	<b>99.97</b>
<b>Other net (liabilities)/assets</b>	<b>(1.12)</b>	<b>0.03</b>
<b>Net assets attributable to unitholders</b>	<b>100.00</b>	<b>100.00</b>

**ABF SINGAPORE BOND INDEX FUND**

(Constituted under a Trust Deed registered in the Republic of Singapore)

**STATEMENT OF PORTFOLIO**

As at 31 December 2016 (Unaudited)

---

**By Geography (Secondary)**

	<b>Fair value at 31 December 2016 S\$</b>	<b>Percentage of total net assets attributable to unitholders at 31 December 2016 %</b>	<b>Percentage of total net assets attributable to unitholders at 30 June 2016 %</b>
Singapore	814,097,641	99.68	98.78
South Korea	5,496,913	0.67	0.47
Accrued interest receivable on quoted fixed income securities	6,345,532	0.77	0.72
<b>Portfolio of investments</b>	<b>825,940,086</b>	<b>101.12</b>	<b>99.97</b>
<b>Other net (liabilities)/assets</b>	<b>(9,200,091)</b>	<b>(1.12)</b>	<b>0.03</b>
<b>Net assets attributable to unitholders</b>	<b>816,739,995</b>	<b>100.00</b>	<b>100.00</b>

## ABF SINGAPORE BOND INDEX FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

### REPORT TO UNITHOLDERS

For the financial period ended 31 December 2016 (Unaudited)

The following contains additional information relating to the Fund.

#### 1. Distribution of investments

Please refer to the Statement of Portfolio on pages 8 to 10.

#### 2. Credit rating of debt securities

CREDIT RATINGS	Fair value at 31 December 2016 S\$	Percentage of total net assets attributable to unitholders at 31 December 2016 %	Percentage of total net assets attributable to unitholders at 30 June 2016 %
AAA	809,196,105	99.08	98.11
AA	10,398,449	1.27	0.67
AA-	-	-	0.47
Accrued interest receivable on quoted fixed income securities	6,345,532	0.77	0.72
	<b>825,940,086</b>	<b>101.12</b>	<b>99.97</b>

#### 3. Top 10 holdings

##### 10 Largest holdings at 31 December 2016

	Cost S\$	Fair value S\$	Percentage of total net assets attributable to unitholders %
Singapore Government Bond 2.25% 01/06/2021	59,357,622	58,783,162	7.20
Singapore Government Bond 2.5% 01/06/2019	52,338,656	50,875,072	6.23
Singapore Government Bond 4% 01/09/2018	52,994,242	50,259,904	6.15
Singapore Government Bond 2.75% 01/07/2023	50,346,809	49,853,737	6.10
Singapore Government Bond 0.5% 01/04/2018	48,933,734	48,976,420	6.00
Singapore Government Bond 3.5% 01/03/2027	50,153,553	48,540,592	5.94
Singapore Government Bond 3% 01/09/2024	50,053,638	48,526,738	5.94
Singapore Government Bond 3.25% 01/09/2020	43,618,455	42,474,510	5.20
Singapore Government Bond 3.125% 01/09/2022	42,567,975	40,977,621	5.02
Singapore Government Bond 2.75% 01/04/2042	40,487,609	40,331,862	4.94

**ABF SINGAPORE BOND INDEX FUND**

(Constituted under a Trust Deed registered in the Republic of Singapore)

**REPORT TO UNITHOLDERS**

For the financial period ended 31 December 2016 (Unaudited)

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**3. Top 10 holdings (continued)**

10 Largest holdings at 31 December 2015

	Cost S\$	Fair value S\$	Percentage of total net assets attributable to unitholders %
Singapore Government Bond 2.375% 01/04/2017	45,915,165	44,525,123	8.00
Singapore Government Bond 3.5% 01/03/2027	40,366,380	39,048,880	7.01
Singapore Government Bond 3% 01/09/2024	39,739,735	38,523,505	6.92
Singapore Government Bond 2.5% 01/06/2019	37,697,161	36,775,793	6.61
Singapore Government Bond 2.25% 01/06/2021	36,566,476	35,791,482	6.43
Singapore Government Bond 3.125% 01/09/2022	34,850,998	33,290,243	5.98
Singapore Government Bond 3.25% 01/09/2020	32,114,144	31,268,806	5.62
Singapore Government Bond 2.75% 01/07/2023	30,939,757	30,602,880	5.50
Singapore Government Bond 4% 01/09/2018	32,127,643	30,356,837	5.45
Singapore Government Bond 2.75% 01/04/2042	31,340,803	30,238,744	5.43

**4. Exposure to derivatives**

Nil

**5. Global exposure to financial derivatives**

Nil

**6. Collateral**

Nil

**7. Securities lending or repurchase transactions**

Nil

**8. Investment in unit trusts, mutual funds and collective investment schemes**

Nil

**9. Borrowings**

Nil

## ABF SINGAPORE BOND INDEX FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

### REPORT TO UNITHOLDERS

For the financial period ended 31 December 2016 (Unaudited)

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#### 10. Amount of redemptions and subscriptions for the financial period ended 31 December 2016

	<b>S\$</b>
Units created	<b>98,151,860</b>
Units cancelled	<b>(874,973)</b>

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#### 11. Financial ratios

##### Expense ratio

	<b>31 December 2016</b>	31 December 2015
Total operating expenses	<b>S\$ 1,783,734</b>	1,366,068
Average daily net asset value	<b>S\$ 711,542,479</b>	553,539,936
<b>Total expense ratio<sup>1</sup></b>	<b>% 0.25</b>	0.25

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##### Turnover ratio

	<b>31 December 2016</b>	31 December 2015
Lower of total value of purchases or sales	<b>S\$ 59,860,180</b>	79,520,775
Average daily net asset value	<b>S\$ 813,203,346</b>	558,792,290
<b>Total turnover ratio<sup>2</sup></b>	<b>% 7.36</b>	14.23

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<sup>1</sup>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 31 December 2016 was based on total operating expenses divided by the average net asset value for the year. The total operating expenses do not include 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.

<sup>2</sup>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 and sales of the underlying investments, divided by the average daily net asset value. In line with Statement of Recommended Accounting Practice 7 "Reporting framework for Unit Trusts" ("RAP 7") issued by the Institute of Singapore Chartered Accountants in June 2012, total value of purchases or sale for the current period do not include brokerage and other transaction costs.

#### 12. Related party transactions

	<b>31 December 2016</b>	30 June 2016
	<b>S\$</b>	<b>S\$</b>
Bank balances held with related party of the Trustee	<b>6,799,722</b>	6,269,337

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## **ABF SINGAPORE BOND INDEX FUND**

*(Constituted under a Trust Deed registered in the Republic of Singapore)*

### **REPORT TO UNITHOLDERS**

*For the financial period ended 31 December 2016 (Unaudited)*

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#### **13. Additional information**

##### **Service Providers:**

Fund Manager	: Nikko Asset Management Asia Limited appointed on 12 Aug 05; any retirement or removal per Clause 29 of Trust Deed
Remuneration Basis	: 0.15% p.a. on NAV
Trustee/Custodian/ Valuation Agent/	
Fund Registrar	: HSBC Institutional Trust Services (Singapore) Limited
Market Makers	: FlowTraders Asia Pte Ltd
Participating Dealers	: DBS Vickers Securities (Singapore) Pte Ltd, CIMB-GK Securities Pte Ltd, Phillip Securities Pte Ltd & Deutsche Bank AG, Singapore Branch
Corporate Secretariat	: Boardroom Corporate & Advisory Services Pte Ltd
Auditor	: PricewaterhouseCoopers appointed on 12 Aug 05
Audit Partner	: Justin Ong
Tax Agent	: Ernst & Young Solutions LLP
Solicitors to Managers	: Allen & Gledhill LLP
Solicitors to Trustee	: WongPartnership LLP

#### **14. Any other material information that will adversely impact the valuation of the fund**

Nil

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12 Marina View, #18-02 Asia Square Tower 2, Singapore 018961  
Intermediaries Hotline: 1800 535 8025 / 65 6535 8025  
Website: [www.nikkoam.com.sg](http://www.nikkoam.com.sg)

Company registration number 198202562H

# ANNUAL REPORT

For the financial year ended 30 June 2016

## ABF Singapore Bond Index Fund

### **MANAGERS**

Nikko Asset Management Asia Limited  
12 Marina View, #18-02, Asia Square Tower 2,  
Singapore 018961  
Company Registration No. 198202562H

### **DIRECTORS**

Lim Say Boon  
Lim Soon Chong  
Andrew Ross Long  
Seet Oon Hui Eleanor  
David Jonathan Semaya  
Yu-Ming Wang

### **TRUSTEE & REGISTRAR**

HSBC Institutional Trust Services (Singapore) Limited  
21 Collyer Quay, #10-02 HSBC Building  
Singapore 049320

### **AUDITORS**

PricewaterhouseCoopers LLP  
8 Cross Street, #17-00 PWC Building  
Singapore 048424

### **CUSTODIAN**

The Hongkong and Shanghai Banking Corporation Limited  
1 Queen's Road Central, Hong Kong

This report is also available on our website ([www.nikkoam.com.sg](http://www.nikkoam.com.sg))

## PERFORMANCE SUMMARY

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<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>Since Inception</b>
iBoxx ABF Singapore Bond Index	0.41	5.03	6.68	3.28	2.58	3.11
ABF Singapore Bond Index Fund	0.27	4.80	6.35	3.00	2.30	2.83

Source: ©2016 Morningstar. All Rights Reserved., Markit & Nikko Asset Management Asia Limited, as at 30 June 2016. Returns are calculated on a NAV-NAV<sup>1</sup> basis, in SGD, and assuming all dividends and distributions are reinvested, if any. Returns for period in excess of 1 year are annualised. Past performance is not indicative of future performance.

### **Note:**

(1) Nil subscription fee or preliminary charge

### **Inception Date: 31 August 2005**

### **About ABF Singapore Bond Index Fund**

The ABF Singapore Bond Index Fund (the “Fund”) is Singapore’s first exchange traded bond fund. The Fund invests in a portfolio of high quality, Singapore government and quasi government bonds. It closely tracks the basket of bonds in the iBoxx ABF Singapore Bond Index. The target tracking error of the fund is set at not more than 0.4% per annum.

The Fund is a collective investment scheme, authorised in Singapore and listed on the Singapore Exchange Securities Trading Limited (the “SGX-ST”).

The Fund is an index fund which seeks investment results that correspond closely to the total return of the iBoxx ABF Singapore Bond Index before fees and expenses. The iBoxx ABF Singapore Bond Index is an indicator of investment returns of debt obligations denominated in Singapore dollars issued or guaranteed by the government of Singapore or any government of People’s Republic of China, Hong Kong SAR, Indonesia, Korea, Malaysia, Philippines, Singapore or Thailand (collectively, the “Asian Governments”), by an agency or instrumentality of the Singapore government (or any other Asian Government), by a Singapore government (or any other Asian Government) sponsored entity or a quasi-Singapore government (or any other Asian Government) entity and Singapore dollar denominated debt obligations issued by supranational financial institutions. The Index Provider determines the composition of the iBoxx ABF Singapore Bond Index in accordance with its rules and procedures for the iBoxx ABF Singapore Bond Index (which may change from time to time), and publishes information regarding the composition, investment characteristics and return of the iBoxx ABF Singapore Bond Index.

The Fund is suitable for investors who seek an “index-based” approach to investing in a portfolio of Singapore government (or any other Asian Government) sovereign and quasi-sovereign bond securities in a cost effective and easy to access manner. Units may also be used as an asset allocation tool or as a trading instrument. Whilst the Fund invests in a portfolio of bonds issued by the Singapore government (or any other Asian Government) and quasi-sovereign Singapore (or any other Asian Government) entities, the Fund itself is not guaranteed by the Singapore government, any Singapore government agency or any government or government agency of any other country.

**Note: Investors are advised to refer to the Fund’s prospectus for more details on the Fund.**

## IMPORTANT INFORMATION

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This document is for information only with no consideration given to the specific investment objective, financial situation and particular needs of any specific person. Any securities mentioned herein are for illustration purposes only and should not be construed as a recommendation for investment. You should seek advice from a financial adviser before making any investment. In the event that you choose not to do so, you should consider whether the investment selected is suitable for you. Investments in unit trusts are not deposits in, obligations of, or guaranteed or insured by Nikko Asset Management Asia Limited (**"Nikko AM Asia"**).

**Past performance or any prediction, projection or forecast is not indicative of future performance.** The funds may use or invest in financial derivative instruments. The value of units and income from them may fall or rise. Investments in the funds are subject to investment risks, including the possible loss of principal amount invested. You should read the relevant prospectus and product highlights sheet obtainable from appointed distributors of Nikko AM Asia or our website ([www.nikkoam.com.sg](http://www.nikkoam.com.sg)) before investing.

The information contained herein may not be copied, reproduced or redistributed without the express consent of Nikko AM Asia. While reasonable care has been taken to ensure the accuracy of the information as at the date of publication, Nikko AM Asia does not give any warranty or representation, either express or implied, and expressly disclaims liability for any errors or omissions. Information may be subject to change without notice. Nikko AM Asia accepts no liability for any loss, indirect or consequential damages, arising from any use of or reliance on this document.

The performance of the ETF's price on the Singapore Stock Exchange ("SGX") may be different from the net asset value per unit of the ETF. The ETF may also be delisted from the SGX. Transaction in units of the ETF will result in brokerage commissions. Listing of the units does not guarantee a liquid market for the units. Units of the ETF may be bought or sold throughout trading hours of the SGX through any brokerage account. Investors should note that the ETF differs from a typical unit trust and units may only be created or redeemed directly by a participating dealer in large creation or redemption units. Investors may only redeem the units with Nikko AM Asia under certain specified conditions.

The CPF interest rate for the Ordinary Account ("OA") is based on the 12-month fixed deposit and month-end savings rates of major local banks, subject to a minimum 2.5% interest per annum. The interest rate for Special, Medisave and Retirement Accounts ("SMRA") is pegged to the 12-month average yield of 10-year Singapore Government Securities yield plus 1%. A 4% floor rate will be maintained for interest earned on SMRA until 31 December 2016, after which a 2.5% minimum rate will apply. An extra 1% interest is paid on the first S\$60,000 of a member's combined balances, including up to S\$20,000 in the OA. The first S\$20,000 in the OA and the first S\$40,000 in the Special Account ("SA") cannot be invested under the CPF Investment Scheme ("CPFIS").

Nikko Asset Management Asia Limited. Registration Number 198202562H



## **SOFT DOLLAR COMMISSIONS/ARRANGEMENTS**

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In its management of the ABF Singapore Bond Index Fund (the "Fund"), the Manager currently does not receive or enter into any soft dollar commissions or arrangements.

**ABF SINGAPORE BOND INDEX FUND**

*(Constituted under a Trust Deed registered in the Republic of Singapore)*

**REPORT OF THE TRUSTEE**

*For the financial year ended 30 June 2016*

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The Trustee is under a duty to take into custody and hold the assets of ABF Singapore Bond Index Fund (the “Fund”) in trust for the unitholders. In accordance with the Securities and Futures Act (Cap. 289), its subsidiary legislation and the Code on Collective Investment Schemes, 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 annual accounting year and report thereon to unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Fund during the financial year covered by these financial statements, set out on pages 8 to 26, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee  
HSBC Institutional Trust Services (Singapore) Limited

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Authorised Signatory

**ABF SINGAPORE BOND INDEX FUND**

*(Constituted under a Trust Deed registered in the Republic of Singapore)*

**STATEMENT BY THE MANAGER**

*For the financial year ended 30 June 2016*

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In the opinion of the directors of Nikko Asset Management Asia Limited, the accompanying financial statements set out on pages 8 to 26, comprising the Statement of Total Return, Statement of Financial Position, Statement of Movements of Unitholders' Funds, Statement of Portfolio and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position of ABF Singapore Bond Index Fund (the "Fund") as at 30 June 2016, and the total return and changes in unitholders' funds for the financial year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants. 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  
Nikko Asset Management Asia Limited

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Authorised Signatory

**INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF  
ABF SINGAPORE BOND INDEX FUND**  
(Constituted under a Trust Deed registered in the Republic of Singapore)

We have audited the financial statements of ABF Singapore Bond Index Fund (the "Fund"), which comprise the Statement of Financial Position and Statement of Portfolio as at 30 June 2016, the Statement of Total Return and Statement of Movements of Unitholders' Funds for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 8 to 26.

***Manager's Responsibility for the Financial Statements***

The Fund's Manager (the "Manager") is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund's preparation and fair presentation of the financial statements 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager, as well as evaluating the overall presentation of the financial statements.

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

***Opinion***

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at 30 June 2016 and the total return for the financial year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants.

PricewaterhouseCoopers LLP  
Public Accountants and Chartered Accountants  
Singapore

**ABF SINGAPORE BOND INDEX FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF TOTAL RETURN***For the financial year ended 30 June 2016*

	Note	2016 S\$	2015 S\$
<b>Expenses</b>			
Audit fee		38,108	42,374
Custodian fee		126,023	106,170
Management fee		876,715	798,129
Legal and professional fee		36,362	22,707
Trustee fee		253,845	243,354
Transaction costs		4,613	3,757
Other expenses		130,915	107,270
		<u>1,466,581</u>	<u>1,323,761</u>
<b>Net expenses</b>		<u>(1,466,581)</u>	<u>(1,323,761)</u>
<b>Net gains or losses on value of investments</b>			
Net gains on investments		38,045,712	2,379,711
Net foreign exchange gains/(losses)		276	(2,354)
		<u>38,045,988</u>	<u>2,377,357</u>
<b>Total return for the financial year before income tax</b>		<u>36,579,407</u>	<u>1,053,596</u>
<b>Less: Income tax</b>	3	-	-
<b>Total return for the financial year after income tax</b>		<u>36,579,407</u>	<u>1,053,596</u>

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*The accompanying notes form an integral part of these financial statements.*

**ABF SINGAPORE BOND INDEX FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF FINANCIAL POSITION***As at 30 June 2016*

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	Note	2016 S\$	2015 S\$
<b>ASSETS</b>			
Portfolio of investments		<b>752,938,186</b>	545,255,321
Cash and bank balances		<b>6,269,337</b>	1,530,151
Sales awaiting settlement		<b>13,950,814</b>	13,594,905
Receivables	4	<b>249,855</b>	-
Prepayment		<b>2,120</b>	2,120
<b>Total assets</b>		<b>773,410,312</b>	560,382,497
<b>LIABILITIES</b>			
Payables	5	<b>369,460</b>	414,553
Purchases awaiting settlement		<b>19,841,692</b>	14,437,572
<b>Total liabilities</b>		<b>20,211,152</b>	14,852,125
<b>EQUITY</b>			
Net assets attributable to unitholders	7	<b>753,199,160</b>	545,530,372

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*The accompanying notes form an integral part of these financial statements.*

**ABF SINGAPORE BOND INDEX FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS***For the financial year ended 30 June 2016*

	Note	2016 S\$	2015 S\$
<b>Net assets attributable to unitholders at the beginning of financial year</b>		<b>545,530,372</b>	509,787,131
<b>Operations</b>			
Change in net assets attributable to unitholders resulting from operations		<b>36,579,407</b>	1,053,596
<b>Unitholders' contributions/(withdrawals)</b>			
Creation of units		<b>185,618,694</b>	54,577,834
Cancellation of units		<b>(1,298,883)</b>	(5,880,564)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		<b>184,319,811</b>	48,697,270
Distributions	6	<b>(13,230,430)</b>	(14,007,625)
Total increase in net assets attributable to unitholders		<b>207,668,788</b>	35,743,241
<b>Net assets attributable to unitholders at the end of financial year</b>	7	<b>753,199,160</b>	545,530,372

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*The accompanying notes form an integral part of these financial statements.*

**ABF SINGAPORE BOND INDEX FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 30 June 2016***By Industry (Primary)**

	Holdings at 30 June 2016	Fair value at 30 June 2016 S\$	Percentage of total net assets attributable to unitholders at 30 June 2016 %
<b>Quoted Fixed Income Securities</b>			
<b>BANK</b>			
Export-Import Bank of Korea EMTN 2.04% 24/07/2018	500,000	501,940	0.07
Korea Development Bank GMTN 2.65% 03/12/2018	3,000,000	3,017,520	0.40
		<b>3,519,460</b>	<b>0.47</b>
<b>ELECTRIC</b>			
SP PowerAssets Limited EMTN 3.4% 19/09/2032	1,750,000	1,771,870	0.23
SP PowerAssets Limited EMTN 4.665% 18/08/2020	1,000,000	1,102,363	0.15
SP PowerAssets Limited EMTN 4.84% 22/10/2018	2,000,000	2,150,285	0.29
		<b>5,024,518</b>	<b>0.67</b>
<b>ENGINEERING CONSTRUCTION</b>			
Land Transport Authority 2.71% 27/05/2020	1,000,000	1,039,850	0.14
Land Transport Authority 3.09% 31/08/2027	3,000,000	3,258,982	0.43
Land Transport Authority 3.275% 29/10/2025	3,250,000	3,570,569	0.47
Land Transport Authority MTN 2.57% 31/08/2022	2,500,000	2,611,258	0.35
Land Transport Authority MTN 2.73% 18/09/2020	3,000,000	3,141,489	0.42
		<b>13,622,148</b>	<b>1.81</b>
<b>FINANCE</b>			
Temasek Financial I Ltd GMTN 3.265% 19/02/2020	7,000,000	7,382,939	0.98
Temasek Financial I Ltd GMTN 4.2% 02/08/2050	4,750,000	5,605,000	0.74
		<b>12,987,939</b>	<b>1.72</b>
<b>REAL ESTATE</b>			
Housing & Development Board MTN 1.23% 30/01/2018	5,500,000	5,492,960	0.73
Housing & Development Board MTN 1.875% 13/11/2017	6,500,000	6,559,458	0.87
Housing & Development Board MTN 2.088% 30/08/2022	4,000,000	4,038,200	0.54
Housing & Development Board MTN 2.1% 03/11/2020	6,500,000	6,615,524	0.88
Housing & Development Board MTN 2.5% 29/01/2023	7,000,000	7,217,419	0.96
Housing & Development Board MTN 2.505% 27/06/2024	4,000,000	4,122,160	0.55
Housing & Development Board MTN 2.545% 04/07/2031	5,000,000	5,000,000	0.66
Housing & Development Board MTN 3.008% 26/03/2021	3,500,000	3,707,690	0.49
Housing & Development Board MTN 3.1% 24/07/2024	5,500,000	5,888,213	0.78
Housing & Development Board Series 55 2.365% 19/09/2018	14,000,000	14,313,998	1.90
		<b>62,955,622</b>	<b>8.36</b>
<b>SOVEREIGN</b>			
Singapore Government Bond 0.5% 01/04/2018	50,000,000	49,536,165	6.58
Singapore Government Bond 1.375% 01/10/2017	12,300,000	12,378,146	1.64
Singapore Government Bond 1.625% 01/10/2019	20,550,000	20,796,600	2.76
Singapore Government Bond 2% 01/07/2020	17,900,000	18,326,915	2.43
Singapore Government Bond 2.125% 01/06/2026	14,000,000	14,269,920	1.90
Singapore Government Bond 2.25% 01/06/2021	56,100,000	58,025,576	7.70
Singapore Government Bond 2.375% 01/06/2025	19,800,000	20,596,950	2.74
Singapore Government Bond 2.5% 01/06/2019	49,700,000	51,520,675	6.84
Singapore Government Bond 2.75% 01/03/2046	15,450,000	16,673,485	2.21
Singapore Government Bond 2.75% 01/04/2042	37,900,000	40,666,700	5.40
Singapore Government Bond 2.75% 01/07/2023	48,950,000	51,980,005	6.90
Singapore Government Bond 2.875% 01/07/2029	14,550,000	15,753,503	2.09
Singapore Government Bond 2.875% 01/09/2030	31,825,000	34,378,081	4.56

*The accompanying notes form an integral part of these financial statements.*



**ABF SINGAPORE BOND INDEX FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 30 June 2016***By Industry (Primary)** (continued)

	Holdings at 30 June 2016	Fair value at 30 June 2016 S\$	Percentage of total net assets attributable to unitholders at 30 June 2016 %
<b>Quoted Fixed Income Securities</b> (continued)			
<b>SOVEREIGN</b> (continued)			
Singapore Government Bond 3% 01/09/2024	44,400,000	48,151,800	6.39
Singapore Government Bond 3.125% 01/09/2022	36,830,000	39,896,098	5.30
Singapore Government Bond 3.25% 01/09/2020	40,266,000	43,235,618	5.74
Singapore Government Bond 3.375% 01/09/2033	23,050,000	26,575,728	3.53
Singapore Government Bond 3.5% 01/03/2027	45,578,000	51,981,709	6.90
Singapore Government Bond 4% 01/09/2018	32,650,000	34,695,523	4.61
		<b>649,439,197</b>	<b>86.22</b>
<b>Total Quoted Fixed Income Securities</b>		<b>747,548,884</b>	<b>99.25</b>
Accrued interest receivable on quoted fixed income securities		5,389,302	0.72
<b>Portfolio of investments</b>		<b>752,938,186</b>	<b>99.97</b>
<b>Other net assets</b>		<b>260,974</b>	<b>0.03</b>
<b>Net assets attributable to unitholders</b>		<b>753,199,160</b>	<b>100.00</b>

**By Industry (Summary)**

	Percentage of total net assets attributable to unitholders at 30 June 2016 %	Percentage of total net assets attributable to unitholders at 30 June 2015 %
<b>Quoted Fixed Income Securities</b>		
Bank	0.47	-
Commercial Services	-	0.20
Electric	0.67	0.77
Engineering Construction	1.81	0.79
Finance	1.72	2.08
Real Estate	8.36	5.47
Sovereign	86.22	89.83
Accrued interest receivable on quoted fixed income securities	0.72	0.81
<b>Portfolio of investments</b>	<b>99.97</b>	<b>99.95</b>
<b>Other net assets</b>	<b>0.03</b>	<b>0.05</b>
<b>Net assets attributable to unitholders</b>	<b>100.00</b>	<b>100.00</b>

*The accompanying notes form an integral part of these financial statements.*

**ABF SINGAPORE BOND INDEX FUND**

(Constituted under a Trust Deed registered in the Republic of Singapore)

**STATEMENT OF PORTFOLIO**

As at 30 June 2016

---

**By Geography (Secondary)**

	Fair value at 30 June 2016 S\$	Percentage of total net assets attributable to unitholders at 30 June 2016 %	Percentage of total net assets attributable to unitholders at 30 June 2015 %
Singapore	744,029,424	98.78	99.14
South Korea	3,519,460	0.47	-
Accrued interest receivable on quoted fixed income securities	5,389,302	0.72	0.81
<b>Portfolio of investments</b>	<b>752,938,186</b>	<b>99.97</b>	<b>99.95</b>
<b>Other net assets</b>	<b>260,974</b>	<b>0.03</b>	<b>0.05</b>
<b>Net assets attributable to unitholders</b>	<b>753,199,160</b>	<b>100.00</b>	<b>100.00</b>

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*The accompanying notes form an integral part of these financial statements.*

## **ABF SINGAPORE BOND INDEX FUND**

*(Constituted under a Trust Deed registered in the Republic of Singapore)*

### **NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 30 June 2016*

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These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

#### **1. General**

ABF Singapore Bond Index Fund (the “Fund”) is a Singapore domiciled fund constituted under a Trust Deed dated 12 August 2005 as amended by Supplemental Deed (collectively referred to as the “Deeds”). The Deeds are governed by the laws of the Republic of Singapore. The Trustee of the Fund is HSBC Institutional Trust Services (Singapore) Limited (the “Trustee”). The Manager of the Fund is Nikko Asset Management Asia Limited (the “Manager”).

#### **2. Significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below.

##### **(a) Basis of preparation**

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, and in accordance with the recommendations of Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” (“RAP 7”) issued by the Institute of Singapore Chartered Accountants.

##### **(b) Recognition of income**

Interest income is recognised on a time-proportion basis using the effective interest rate method.

##### **(c) Foreign currency translation**

###### **(i) *Functional and presentation currency***

The Fund qualifies as an authorised scheme under the Securities and Futures Act (“SFA”) of Singapore and is offered to retail investors in Singapore. The Fund’s activities are substantially based in Singapore, with subscriptions and redemptions of the units of the Fund being denominated in Singapore dollars.

The performance of the Fund is measured and reported to the investors in Singapore dollars. The Manager considers the Singapore Dollar as the currency which most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are expressed in Singapore dollars, which is the Fund’s functional and presentation currency.

## ABF SINGAPORE BOND INDEX FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

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#### 2. Significant accounting policies (continued)

##### (c) Foreign currency translation (continued)

###### (ii) *Transactions and balances*

Foreign currency monetary assets and liabilities are translated into Singapore dollars at the rates of exchange prevailing at the date of the Statement of Financial Position. The net unrealised gain or loss is taken to the Statement of Total Return. Transactions during the year are recorded in Singapore dollars at the rates of exchange ruling on transaction dates. All realised gains or losses are recognised in the Statement of Total Return.

##### (d) Distributions

The Manager has the absolute discretion to determine whether a distribution is to be made. In such an event, an appropriate amount will be transferred to a distribution account to be paid on the distribution date. The amount shall not be treated as part of the property of the Fund. Distributions are accrued for at the point in time when the necessary approvals have been obtained and a legal or constructive obligation has been created.

##### (e) Investments

Investments are classified as financial assets at fair value through profit and loss.

###### (i) *Initial recognition*

Purchases of investments are recognised on the trade date. Investments are recorded at fair value on initial recognition.

###### (ii) *Subsequent measurement*

Investments are subsequently carried at fair value. Net change in fair value on investments are included in the Statement of Total Return in the year in which they arise.

###### (iii) *Derecognition*

Investments are derecognised on the trade date of disposal. The resultant realised gains and losses on the sales of investments are computed on the basis of the difference between the weighted average cost and selling price gross of transaction costs, and are taken up in the Statement of Total Return.

## **ABF SINGAPORE BOND INDEX FUND**

*(Constituted under a Trust Deed registered in the Republic of Singapore)*

### **NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 30 June 2016*

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#### **2. Significant accounting policies (continued)**

(f) Basis of valuation of investments

The fair value of financial assets and liabilities traded in active markets is based on quoted market prices at the close of trading on the reporting date. The quoted market price for these investments held by the Fund is the current market quoted bid price furnished by the Index Provider, a pricing service approved by the Manager and the Trustee.

(g) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are initially recognised at their fair value and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

#### **3. Income tax**

The Fund was granted the status of a Designated Unit Trust (“DUT”) in Singapore. Under the DUT Scheme, subject to certain conditions and reporting obligations being met, certain income of the DUT Fund is not taxable in accordance with Sections 35(12) and 35(12A) of the Income Tax Act. Such income includes:

- (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 futures contracts, transactions in interest rate or currency forwards swaps or option contracts and transactions in forwards, swaps or option contracts relating to any securities or financial index;
- (e) discount, prepayment fee, redemption premium and break cost from qualifying debt securities issued during the prescribed period; and
- (f) distributions from foreign unit trusts derived from outside Singapore and received in Singapore.

**ABF SINGAPORE BOND INDEX FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 30 June 2016***4. Receivables**

	<b>2016</b>	2015
	<b>S\$</b>	S\$
Amount receivable for creation of units	<b>239,537</b>	-
Other receivables	<b>10,318</b>	-
	<b>249,855</b>	-

**5. Payables**

	<b>2016</b>	2015
	<b>S\$</b>	S\$
Amount payable for cancellation of units	-	120,343
Amount due to the Manager	<b>239,362</b>	206,104
Amount due to the Trustee	<b>24,868</b>	19,601
Provision for audit fee	<b>38,108</b>	36,000
Other payables	<b>67,122</b>	32,505
	<b>369,460</b>	414,553

Amount due to the Manager comprises management fee payable to Nikko Asset Management Asia Limited. Amount due to the Trustee comprises trustee fee payable to HSBC Institutional Trust Services (Singapore) Limited.

**6. Distributions**

	<b>2016</b>	2015
	<b>S\$</b>	S\$
Final distribution of S\$2.65 per 100 units in respect of the financial year ended 30 June 2015	<b>13,230,430</b>	-
Final distribution of S\$3.05 per 100 units in respect of the financial year ended 30 June 2014	-	14,007,625
	<b>13,230,430</b>	14,007,625

## ABF SINGAPORE BOND INDEX FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

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#### 7. Units in issue

During the year ended 30 June 2016 and 30 June 2015, the number of units issued, redeemed and outstanding were as follow:

	2016	2015
Units at beginning of the financial year	<b>484,966,500</b>	443,111,700
Units created	<b>160,701,900</b>	47,009,100
Units cancelled	<b>(1,145,000)</b>	(5,154,300)
Units at end of the financial year	<b>644,523,400</b>	484,966,500
Net assets attributable to unitholders - S\$	<b>753,199,160</b>	545,530,372
Net asset value per unit - S\$	<b>1.1686</b>	1.1249

A reconciliation of the net asset value as reported in the Statement of Financial Position to the net asset value as determined for the purpose of processing unit subscription and redemption is not presented as there is no difference to the net assets attributable to unitholders value per unit.

#### 8. Financial risk management

The Fund's activities expose it to a variety of risk, including but not limited to market risk (including currency risk, interest rate risk and price risk), liquidity risk and credit risk. The Manager is responsible for the implementation of the overall risk management programme, which seeks to minimise potential adverse effects on the Fund's financial performance. Specific guidelines on exposures to individual securities and certain industries and/or countries are in place as part of the overall financial risk management to reduce the Fund's risk exposures to these risks.

The Fund's primary objective is to provide investors with investment returns that correspond closely to the total return of the iBoxx ABF Singapore Bond Index before fees and expenses.

The Fund's assets primarily consist of financial instruments such as debt obligations denominated in Singapore dollars issued or guaranteed by any Asian Government, by an agency or instruments of any Asian Government, by an Asian Government sponsored entity or a quasi-Asian Government entity, which is determined by the index provider as being constituent securities of the iBoxx ABF Singapore Bond Index.

## **ABF SINGAPORE BOND INDEX FUND**

*(Constituted under a Trust Deed registered in the Republic of Singapore)*

### **NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 30 June 2016*

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#### **8. Financial risk management (continued)**

The financial instruments are held in accordance with the published investment policies of the Fund and managed accordingly to achieve the investment objectives.

##### **(a) Market risk - Price risk**

Price risk is the risk that arises from uncertainties about future prices of financial instruments.

The Fund's investment is substantially dependent on the changes of market prices. The Fund's overall market positions are monitored regularly so as to assess changes in fundamentals and valuation. However, events beyond reasonable control of the Manager could affect the prices of the underlying investments and hence the net asset value of the Fund.

The Fund's market price risk is managed through diversification of the investment portfolio across various industries.

The market prices of financial assets held by the Fund are primarily dependent on prevailing market interest rates, as the Fund invests primarily in listed sovereign and quasi sovereign bonds. Hence, no separate price risk sensitivity analysis is prepared as it is covered as part of interest rate risk sensitivity analysis.

##### **(b) Market risk - 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 (fair value risk).

The Manager will regularly assess the economic condition, monitor changes in interest rates outlook and take appropriate measures accordingly to control the impact of interest rate risk. The Fund's overall market positions are monitored frequently and are reviewed formally on a quarterly basis by the Manager.



**ABF SINGAPORE BOND INDEX FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 30 June 2016***8. Financial risk management (continued)****(b) Market risk - Interest rate risk (continued)**

The tables below summarise the Fund's exposure to interest rate risk. They include the Fund's assets and liabilities categorised by the earlier of contractual re-pricing or maturity dates.

	<u>Floating rate</u> ←		<u>Fixed rate</u>		<u>Non-interest bearing</u>	
	S\$	Up to 1 year S\$	1-5 years S\$	Over 5 years S\$	S\$	Total S\$
<b>As at 30 June 2016</b>						
<b>Assets</b>						
Portfolio of investments	-	-	343,541,234	404,007,650	5,389,302	752,938,186
Cash and bank balances	6,269,337	-	-	-	-	6,269,337
Sales awaiting settlement	-	-	-	-	13,950,814	13,950,814
Receivables	-	-	-	-	249,855	249,855
Prepayment	-	-	-	-	2,120	2,120
<b>Total assets</b>	<b>6,269,337</b>	<b>-</b>	<b>343,541,234</b>	<b>404,007,650</b>	<b>19,592,091</b>	<b>773,410,312</b>
<b>Liabilities</b>						
Payables	-	-	-	-	369,460	369,460
Purchases awaiting settlement	-	-	-	-	19,841,692	19,841,692
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,211,152</b>	<b>20,211,152</b>
<b>As at 30 June 2015</b>						
<b>Assets</b>						
Portfolio of investments	-	-	222,481,084	318,365,667	4,408,570	545,255,321
Cash and bank balances	1,530,151	-	-	-	-	1,530,151
Sales awaiting settlement	-	-	-	-	13,594,905	13,594,905
Prepayment	-	-	-	-	2,120	2,120
<b>Total assets</b>	<b>1,530,151</b>	<b>-</b>	<b>222,481,084</b>	<b>318,365,667</b>	<b>18,005,595</b>	<b>560,382,497</b>
<b>Liabilities</b>						
Payables	-	-	-	-	414,553	414,553
Purchases awaiting settlement	-	-	-	-	14,437,572	14,437,572
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,852,125</b>	<b>14,852,125</b>

## **ABF SINGAPORE BOND INDEX FUND**

*(Constituted under a Trust Deed registered in the Republic of Singapore)*

### **NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 30 June 2016*

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#### **8. Financial risk management (continued)**

##### **(b) Market risk - Interest rate risk (continued)**

As at 30 June 2016, an increase/decrease of interest rates by 1% (2015: 1%), with all other variables remaining constant, would result in a decrease/ increase of the net assets attributable to unitholders by approximately 7% (2015: 6%). Changes in interest rates are revised annually depending on management's current view of market volatility and other factors.

##### **(c) Market risk - Currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

To minimise currency risk, the Fund mainly holds its excess cash in its functional currency. For hedging purposes, the Fund may also enter into forward foreign exchange contracts.

The Manager does not consider currency risk to be significant as most of the financial assets and financial liabilities of the Fund are denominated in Singapore dollars, which is the functional currency of the Fund.

##### **(d) Liquidity risk**

Liquidity risk is the risk of loss arising from the inability of the Fund to meet its obligations as and when they fall due without incurring unacceptable cost or losses.

The Fund is exposed to daily cash redemptions from unitholders. However, in accordance with the Fund's prospectus, minimum redemption size is set.

To manage the liquidity risk, a cash buffer is maintained in the Fund and monitored for minimum cash balances to prevent any extensive disposition of assets which may occur at lower prices and overdraft situations to meet trade settlements and obligations.

The Fund's securities are considered readily realisable, as the majority of securities are listed on the recognised stock exchange.

**ABF SINGAPORE BOND INDEX FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 30 June 2016***8. Financial risk management (continued)****(d) Liquidity risk (continued)**

The Fund's financial liabilities are analysed using contractual undiscounted cash flows for maturity groupings based on the remaining period at the Statement of Financial Position date to the contractual maturity date. As at 30 June 2016 and 30 June 2015, all liabilities are either payable upon demand or due in less than 3 months. The impact of discounting is not significant.

	<b>Less than 3 months</b>	
	<b>As at</b>	<b>As at</b>
	<b>30 June</b>	<b>30 June</b>
	<b>2016</b>	<b>2015</b>
	<b>S\$</b>	<b>S\$</b>
Payables	<b>369,460</b>	414,553
Purchases awaiting settlement	<b>19,841,692</b>	14,437,572
<b>Contractual cash out flows</b>	<b>20,211,152</b>	14,852,125

**(e) Credit risk**

Credit risk is the risk that a counterparty will be unable to fulfil its obligation to the Fund in part or in full as and when they fall due.

Concentrations of credit risk are minimised primarily by:

- ensuring counterparties as well as the respective credit limits are approved;
- ensuring there are controls in place to identify and assess the creditworthiness of counterparties and review such controls on a semi-annual basis; and
- ensuring that transactions are undertaken with a large number of counterparties.

The Fund invests in financial assets, which have an investment grade as rated by Standard & Poor's, Moody's or Fitch. The credit ratings are reviewed regularly.

**ABF SINGAPORE BOND INDEX FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 30 June 2016***8. Financial risk management (continued)****(e) Credit risk (continued)**

The table below analyses the Fund's investments by credit ratings:

<b>Rating</b>	<b>Fixed rate securities</b>	
	<b>Fair value as at</b>	
	<b>30 June 2016</b>	<b>30 June 2015</b>
	<b>S\$</b>	<b>S\$</b>
AAA	<b>739,004,906*</b>	535,567,887*
AA	<b>5,024,518</b>	4,214,043
AA-	<b>3,519,460</b>	-
Not rated	-	1,064,821
Accrued interest receivable on quoted fixed income securities	<b>5,389,302</b>	4,408,570
<b>Total</b>	<b><u>752,938,186</u></b>	<b><u>545,255,321</u></b>

\* The balance includes securities that are issued by government agencies of governments that have a AAA rating as rated by Standard & Poor's.

All trade settlement with approved counterparties are on Delivery versus Payment and/or Receipt versus Payment basis, with the exception of initial public offerings, new issues and placement transactions.

Credit risk also arises from cash and cash balances and outstanding and committed transactions with brokers. The table below summarises the credit rating of bank and custodian in which the Fund's assets are held as at 30 June 2016 and 30 June 2015.

	<b>Credit rating as at 30 June 2016</b>	<b>Credit rating as at 30 June 2015</b>	<b>Source of credit rating</b>
<b>Bank balances</b>			
- The Hong Kong and Shanghai Banking Corporation Limited	<b>AA-</b>	AA-	Standard & Poor's
<b>Custodian</b>			
- The Hong Kong and Shanghai Banking Corporation Limited	<b>AA-</b>	AA-	Standard & Poor's

The credit ratings are based on Long-Term Local Issuer Ratings published by the rating agency.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

**ABF SINGAPORE BOND INDEX FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 30 June 2016***8. Financial risk management (continued)****(f) Capital management**

The Fund's capital is represented by the net assets attributable to unitholders. The Fund strives to invest the subscriptions of redeemable participating units in investments that meet the Fund's investment objectives while maintaining sufficient liquidity to meet unitholder redemptions.

**(g) Fair value estimation**

The Fund classifies 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 following table analyses within the fair value hierarchy the Fund's financial assets and liabilities (by class) measured at fair value at 30 June 2016 and 2015:

	Level 1 S\$	Level 2 S\$	Level 3 S\$	Total S\$
<b>30 June 2016</b>				
<b>Assets</b>				
Financial assets designated at fair value through profit or loss at inception:				
- Quoted fixed income securities	-	752,938,186	-	752,938,186
	-	752,938,186	-	752,938,186
<hr/>				
	Level 1 S\$	Level 2 S\$	Level 3 S\$	Total S\$
<b>30 June 2015</b>				
<b>Assets</b>				
Financial assets designated at fair value through profit or loss at inception:				
- Quoted fixed income securities	-	545,255,321	-	545,255,321
	-	545,255,321	-	545,255,321
<hr/>				

**ABF SINGAPORE BOND INDEX FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 30 June 2016***8. Financial risk management (continued)****(g) Fair value estimation (continued)**

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include investment-grade corporate and government bonds.

Except for cash and cash balances which are classified as Level 1, the Fund's assets and liabilities not measured at fair value at 30 June 2016 and 2015 have been classified as Level 2. The carrying amounts of these assets and liabilities approximate their fair values as at the Statement of Financial Position date.

**9. Related party transactions**

In addition to related party information shown elsewhere in the financial statements, the following significant transactions took place during the financial year between the Fund and a related party at terms agreed between the parties and within the provisions of the Deeds:

	<b>2016</b>	<b>2015</b>
	<b>S\$</b>	<b>S\$</b>
Bank balances held with related party of the Trustee	<b>6,269,337</b>	1,530,151

**10. Financial ratios**

	<b>2016</b>	<b>2015</b>
<b>Expense ratio</b>		
Total operating expenses	S\$ <b>1,461,968</b>	1,320,004
Average daily net asset value	S\$ <b>583,523,664</b>	532,012,008
<b>Total expense ratio<sup>1</sup></b>	% <b>0.25</b>	0.25
	<b>2016</b>	<b>2015</b>
<b>Turnover ratio</b>		
Lower of total value of purchases or sales	S\$ <b>180,408,840</b>	156,917,225
Average daily net asset value	S\$ <b>583,523,664</b>	532,012,008
<b>Total turnover ratio<sup>2</sup></b>	% <b>30.92</b>	29.50

## **ABF SINGAPORE BOND INDEX FUND**

*(Constituted under a Trust Deed registered in the Republic of Singapore)*

### **NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 30 June 2016*

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#### **10. Financial ratios (continued)**

- <sup>1</sup> 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 divided by the average net asset value 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.
- <sup>2</sup> 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 and sales of the underlying investments, divided by the average daily net asset value. In line with Statement of Recommended Accounting Practice 7 "Reporting framework for Unit Trusts" ("RAP 7") issued by the Institute of Singapore Chartered Accountants in June 2012, total value of purchases or sale for the current year do not include brokerage and other transaction costs.

## ABF SINGAPORE BOND INDEX FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

### REPORT TO UNITHOLDERS

For the financial year ended 30 June 2016

The following contains additional information relating to the Fund.

#### 1. Distribution of investments

Please refer to the Statement of Portfolio on pages 11 to 13.

#### 2. Credit rating of debt securities

CREDIT RATINGS	Fair value at 30 June 2016 S\$	Percentage of total net assets attributable to unitholders at 30 June 2016 %	Percentage of total net assets attributable to unitholders at 30 June 2015 %
AAA	739,004,906	98.11	98.17
AA	5,024,518	0.67	0.77
AA-	3,519,460	0.47	-
Not rated	-	-	0.20
Accrued interest receivable on quoted fixed income securities	5,389,302	0.72	0.81
	<b>752,938,186</b>	<b>99.97</b>	<b>99.95</b>

#### 3. Top 10 holdings

##### 10 Largest holdings at 30 June 2016

	Cost S\$	Fair value S\$	Percentage of total net assets attributable to unitholders %
Singapore Government Bond 2.25% 01/06/2021	57,620,779	58,025,576	7.70
Singapore Government Bond 3.5% 01/03/2027	50,820,603	51,981,709	6.90
Singapore Government Bond 2.75% 01/07/2023	50,937,132	51,980,005	6.90
Singapore Government Bond 2.5% 01/06/2019	52,338,656	51,520,675	6.84
Singapore Government Bond 0.5% 01/04/2018	49,528,071	49,536,165	6.58
Singapore Government Bond 3% 01/09/2024	47,475,240	48,151,800	6.39
Singapore Government Bond 3.25% 01/09/2020	43,618,455	43,235,618	5.74
Singapore Government Bond 2.75% 01/04/2042	38,041,624	40,666,700	5.40
Singapore Government Bond 3.125% 01/09/2022	40,330,811	39,896,098	5.30
Singapore Government Bond 4% 01/09/2018	36,514,442	34,695,523	4.61



## ABF SINGAPORE BOND INDEX FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

### REPORT TO UNITHOLDERS

For the financial year ended 30 June 2016

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#### 3. Top 10 holdings (continued)

10 Largest holdings at 30 June 2015

	Cost S\$	Fair value S\$	Percentage of total net assets attributable to unitholders %
Singapore Government Bond 2.375% 01/04/2017	49,063,633	47,947,684	8.79
Singapore Government Bond 3.75% 01/09/2016	44,276,939	41,715,306	7.65
Singapore Government Bond 3% 01/09/2024	39,938,410	38,254,367	7.01
Singapore Government Bond 2.5% 01/06/2019	38,482,454	37,494,876	6.87
Singapore Government Bond 3.5% 01/03/2027	38,373,835	36,657,591	6.72
Singapore Government Bond 3.25% 01/09/2020	34,017,150	33,119,874	6.07
Singapore Government Bond 2.25% 01/06/2021	33,637,071	32,661,754	5.99
Singapore Government Bond 3.125% 01/09/2022	33,739,113	31,919,988	5.85
Singapore Government Bond 2.75% 01/07/2023	30,939,757	30,376,209	5.57
Singapore Government Bond 4% 01/09/2018	31,157,700	29,604,816	5.43

#### 4. Exposure to derivatives

Nil.

#### 5. Global exposure to financial derivatives

Nil.

#### 6. Collateral

Nil.

#### 7. Securities lending or repurchase transactions

Nil.

#### 8. Investment in unit trusts, mutual funds and collective investment schemes

Nil.

#### 9. Borrowings

Nil.

## ABF SINGAPORE BOND INDEX FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

### REPORT TO UNITHOLDERS

For the financial year ended 30 June 2016

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#### 10. Amount of units created and cancelled for the financial year ended 30 June 2016

	<b>S\$</b>
Units created	<b>185,618,694</b>
Units cancelled	<b>1,298,883</b>

#### 11. Turnover ratios

Please refer to Note 10 of the Notes to the financial statements on page 25.

#### 12. Expense ratios

Please refer to Note 10 of the Notes to the financial statements on page 25.

#### 13. Related party transactions

Please refer to Note 9 of the Notes to the financial statements on page 25.

#### 14. Additional information

##### Service Providers:

Fund Manager	: Nikko Asset Management Asia Limited appointed on 12 Aug 05; any retirement or removal per Clause 29 of Trust Deed
Remuneration Basis	: 0.15% p.a. on NAV
Trustee/Custodian/ Valuation Agent/ Fund Registrar	: HSBC Institutional Trust Services (Singapore) Limited
Market Makers	: DBS Vickers Securities (S) Pte Ltd, Overseas-Chinese Banking Corporation Limited
Participating Dealers	: DBS Vickers Securities (S) Pte Ltd, CIMB-GK Securities Pte Ltd, Phillip Securities Pte Ltd & Deutsche Bank AG, Singapore Branch
Corporate Secretariat	: Boardroom Corporate & Advisory Services Pte Ltd
Auditor	: PricewaterhouseCoopers appointed on 12 Aug 05
Audit Partner	: Patrick Yeo
Tax Agent	: Ernst & Young Solutions LLP
Solicitors to Managers	: Allen & Gledhill LLP
Solicitors to Trustee	: WongPartnership LLP

#### 15. Any other material information that will adversely impact the valuation of the fund

Nil.

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