



## **ABF Singapore Bond Index Fund**

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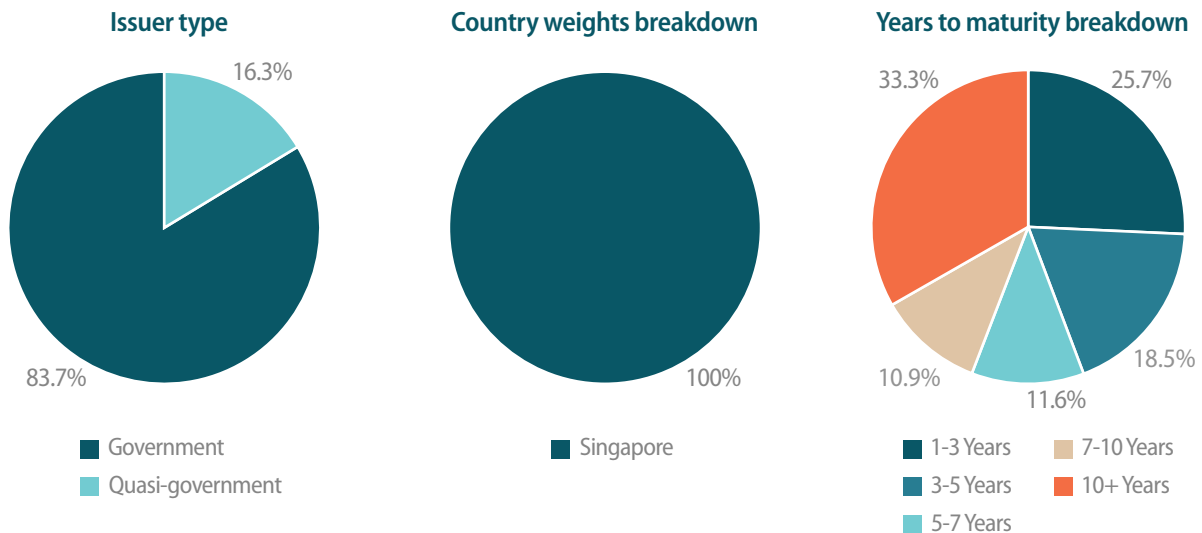
Gain access to one of the world's highest-yielding  
AAA-rated government bonds

# The iBoxx ABF Singapore index

The iBoxx ABF Singapore index (the "Index") comprises mainly of SGD bonds issued by the Singapore Government and Singapore Quasi-government entities. From time to time, the Index may also include SGD bonds issued by other Asian Governments, Asian Quasi-government entities, and/or supranational organisations.

Figure 1 shows the issuer type, country weights, and years to maturity breakdown of bonds that make up the Index as at September 2024.

**Figure 1: Index characteristics of iBoxx ABF Singapore index**



Source: S&P Global, 30 Sep 2024

## Why invest in the ABF Singapore Bond Index Fund?

### 1. Singapore government bonds are rated with the highest credit rating possible

Singapore is the only Asian country that has the highest AAA credit rating awarded by all 3 major credit rating agencies. Singapore has retained this status throughout the last 20 years, covering multiple periods of crisis, including the Asian Financial Crisis in 1997, the Global Financial Crisis in 2008, and the Covid-19 Pandemic from 2020 to 2022. Singapore's AAA credit rating is supported by its USD 375 billion\* of official foreign reserves and a prudent fiscal policy.

\*Source: Monetary Authority of Singapore, Sep 2024 (preliminary)

**Table 1: Sovereign credit ratings**

|  | S&P  | Moody's | Fitch |
|--|------|---------|-------|
| <b>Singapore</b>                               | AAA  | Aaa     | AAA   |
| <b>Asia</b>                                    |      |         |       |
| Taiwan   | AA+  | Aa3     | AA    |
| Hong Kong                                      | AA+  | Aa3     | AA-   |
| South Korea                                    | AA   | Aa2     | AA-   |
| China  | A+   | A1      | A+    |
| Malaysia                                       | A-   | A3      | BBB+  |
| Thailand                                       | BBB+ | Baa1    | BBB+  |
| Philippines                                    | BBB+ | Baa2    | BBB   |
| Indonesia                                      | BBB  | Baa2    | BBB   |
| India  | BBB- | Baa3    | BBB-  |
| Vietnam  | BB+  | Ba2     | BB+   |
| <b>Major advanced economies (G7 countries)</b> |      |         |       |
| Germany  | AAA  | Aaa     | AAA   |
| Canada   | AAA  | Aaa     | AA+   |
| United States                                  | AA+  | Aaa     | AA+   |
| United Kingdom                                 | AA   | Aa3     | AA-   |
| France   | AA-  | Aa2     | AA-   |
| Japan  | A+   | A1      | A     |
| Italy  | BBB  | Baa3    | BBB   |

Source: Bloomberg, 14 Nov 2024

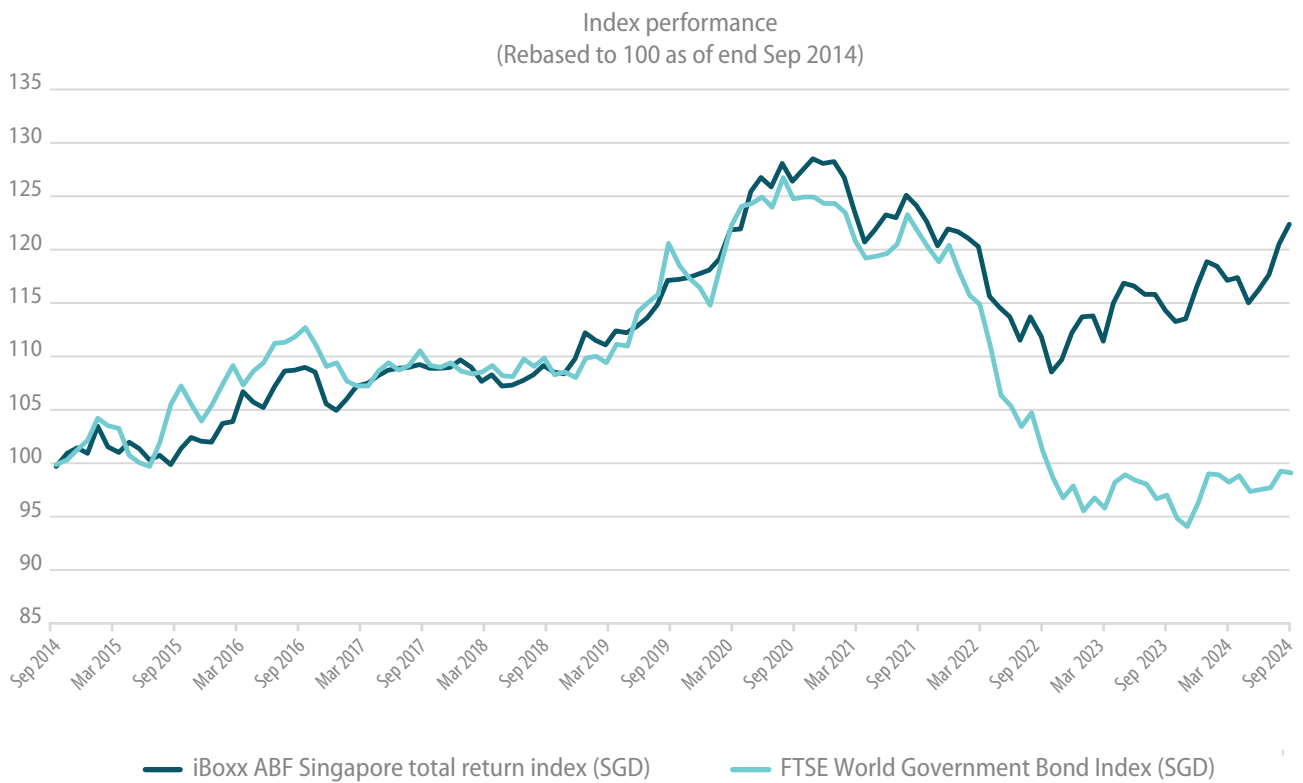
## 2. Gain access to one of the world's highest yielding AAA-rated sovereign government bonds

Over the last 10 years\*, the iBoxx ABF Singapore index has an annualised return of 2.2%. In comparison, the FTSE World Government Bond Index (WGBI), a widely used benchmark which tracks sovereign debt from over 20 countries, returned -0.1% on an annualised basis.

Not only are bonds issued by the Singapore Government and quasi-Singapore Government entities of the highest quality, returns are relatively attractive compared to equivalent or even less highly rated sovereign debt globally.

\*Sep 2014 to Sep 2024

**Figure 2: Comparison of index performance between the iBoxx ABF Singapore index and FTSE World Government Bond Index (rebased to 100 as of end Sep 2014)**

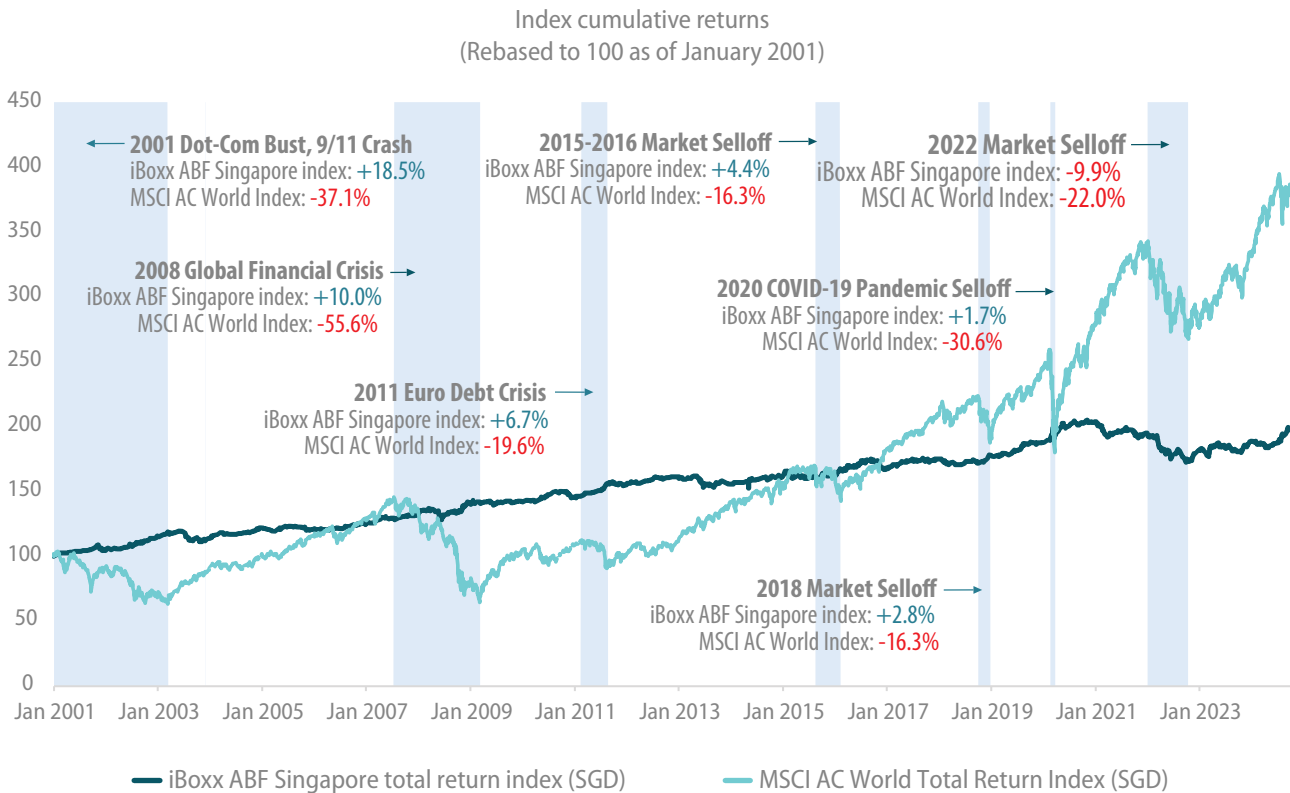


Source: Bloomberg, 30 Sep 2024. This chart is purely for illustrative purposes only and not to be relied upon as financial advice in any way. Index performance is not exactly the same as that of the Fund, it does not factor in any management fees and expenses of the Fund. Returns and performance figures are stated in SGD terms. Past performance is not indicative of future performance.

### 3. A portfolio diversifier

The Index has largely performed well relative to global equities during periods of challenging market conditions, as illustrated in Figure 3 below where global equities are represented by the MSCI All Country (AC) World Index. Due to the high credit quality of its constituents and strength of the SGD, Singapore Government bonds can be a compelling asset class for strategic asset allocation purposes to improve risk-adjusted returns of a portfolio.

**Figure 3: Returns comparison during periods of market distress**



Source: Bloomberg, as of 30 Sep 2024. This chart is purely for illustrative purposes only and not to be relied upon as financial advice in any way. Index performance is not exactly the same as that of the Fund, it does not factor in any management fees and expenses of the Fund. Past performance is not indicative of future performance.

## 4. Stability and strength of the Singapore Dollar

- For local investors, the ABF Singapore Bond Index Fund being SGD-denominated poses no currency risk.



- For foreign investors, the stability and strength of the Singapore Dollar is positive.

The Singapore Dollar is managed against a basket of currencies of its major trading partners along a typically appreciating path or crawl within a policy band.

An appreciating trajectory for the Singapore Dollar Nominal Effective Exchange Rate (S\$NEER) helps to contain inflationary pressures, and Singapore believes that a strong S\$NEER is one of the several prime indicators of a highly-competitive economy.

Source: MAS FAQ on Singapore's Monetary Policy Framework, 21 Apr 2023

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### Who is the Fund suitable for?

The Fund is only suitable for investors who:

- Seek medium to long-term capital appreciation
- Believe that the Index will increase in value
- Are willing and able to accept that their principal will be at risk
- 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

**You should consult your financial advisers if in doubt about whether this Fund is suitable for you.**

### What are the key risks of this Fund?

- Market and credit risks
- Liquidity risks
- Product-specific risks
  - Tracking error risk
  - Risk associated with the investment strategy of the Fund / lack of discretion by Manager to adapt to market changes
  - Emerging market risks

**You should be aware that investment in the Fund may be exposed to other risks of an exceptional nature from time to time. Please refer to the Fund Prospectus and Product Highlights Sheet for further details.**

## ABF Singapore Bond Index Fund

The ABF Singapore Bond Index Fund is Singapore's first bond ETF. It seeks to track the total return of the Index before expenses.

It adopts a full replication strategy, investing substantially all of its assets in the bond securities of the Index, and in the same approximate proportion of their weightings within the Index.

In Singapore, the ABF Singapore Bond Index Fund is classified as an Excluded Investment Product. This means that a Customer Account Review is not required before an investor transacts in the fund.

The Fund is included under the CPF Investment Scheme ("CPFIS") – Ordinary Account and has been classified by the CPF Board under the Low to Medium Risk - Narrowly Focused - Country - Singapore.

### The ABF Singapore Bond Index Fund could be of interest to investors:



Seeking a portfolio of high quality Singapore-government/government-linked bonds



Seeking potentially higher returns\* than SGD risk-free rate in the medium to long-term



Seeking a lower risk asset class that has mostly performed well relative to global equities during periods of adverse market conditions

## Fund information

|                                 |  |
|---------------------------------|--|
| Benchmark                       | iBoxx ABF Singapore index total return series                  |
| Listing Date                    | 31 August 2005   |
| Fund Structure                  | Open-ended Listed Unit Trust traded on Singapore Exchange      |
| Lot Structure                   | 1 unit per lot   |
| Dividend Distribution Frequency | Semi-annually <sup>^</sup>                                     |
| Manager                         | Nikko Asset Management Asia Limited                            |
| Trustee                         | HSBC Institutional Trust Services (Singapore) Limited          |
| Management Fee                  | 0.15% p.a  |
| Total Expense Ratio             | 0.25% p.a. (Audited as of financial period ended 30 June 2024) |
| Designated Market Makers        | Flow Traders Asia Pte. Ltd. / Phillip Securities Pte. Ltd.     |
| SGX Stock Code                  | A35  |
| SGX Trading Name                | ABF SG BOND ETF  |
| Bloomberg Ticker                | SBIF SP  |
| ISIN Stock Code                 | SG1S08926457   |

\* Please note that Fund investment is subject to risks, including the possible loss of principal amount invested. Please refer to the Fund prospectus for more information on risks of investing in the Fund.

<sup>^</sup> Distributions are not guaranteed and are at the absolute discretion of the Manager. Please refer to the Fund Prospectus and Product Highlight Sheet for further details.



Find out more on [nikkoam.com.sg/abf](https://nikkoam.com.sg/abf)

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**Important information:** The Central Provident Fund ("CPF") Ordinary Account ("OA") interest rate is the legislated minimum 2.5% per annum, or the 3-month average of major local banks' interest rates, whichever is higher, reviewed quarterly. The interest rate for Special Account ("SA") is currently 4% per annum or the 12-month average yield of 10-year Singapore Government Securities plus 1%, whichever is higher, reviewed quarterly. Only monies in excess of \$20,000 in OA and \$40,000 in SA can be invested under the CPF Investment Scheme ("CPFIS"). Please refer to the website of the CPF Board for further information. Investors should note that the applicable interest rates for the CPF accounts and the terms of CPFIS may be varied by the CPF Board from time to time.

The performance of the ETF's price on the Singapore Exchange Securities Trading Limited ("SGX-ST") may be different from the net asset value per unit of the ETF. The ETF may also be suspended or delisted from the SGX-ST. Listing of the units does not guarantee a liquid market for the units. 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.

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

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