

- ABF Pan Asia Bond Index Fund (the "Trust") is an exchange traded bond fund investing primarily in local currency government and quasi-government bonds in eight Asian markets, comprising of China, Hong Kong, Indonesia, Korea, Malaysia, Philippines, Singapore and Thailand.
- Investment involves risks. Investing in the Trust may involve a higher risk as it involves exposure to bonds in both developed and emerging Asian markets. Investors should be aware that the Trust is different from a typical unit trust. The trading price of Units of the Trust on the stock exchange may differ from the net asset value per Unit of the Trust.
- In the case of turbulent market situation, investors may suffer significant loss.
- Investment is a personal decision. Investors should consider the product features, their own investment objectives, risk tolerance level and other circumstances and seek independent financial and professional advice as appropriate before making any investment decision.



## ABF Pan Asia Bond Index Fund (2821)

# ABF Pan Asia Bond Index Fund (PAIF)

## An exciting way to benefit from Asia's strong and stable economies amid global uncertainty

### Major Themes Driving Asia

- Dynamic economies and increased competitiveness driving strong outperformance relative to major industrialized countries
- Structural reforms and prudent policies leading to greater stability and sustainability of growth throughout the global economic cycle
- Abundant reserves mean less reliance on foreign borrowing and resilience to external shocks
- Increasing size, depth and liquidity of bond markets are accompanying the region's rapid expansion
- Structural balance of payments surplus and relaxation of currency policies to exert upward pressure for currencies over the medium to long-term

### Why Asian Local Currency Bonds?

- An emerging core asset class, with size of USD 4.5 trillion comprising 6.5% of world's bond markets<sup>1</sup>
- Presents diversification benefits to portfolios of equities or developed market bonds
- Provides attractive yields combined with exposure to a basket of Asian currencies
- Intra-regional diversification leads to competitive returns with moderate volatility
- Sound policies and prudent fiscal spending positions Asian bonds well relative to highly indebted developed nations

### Why invest through an Exchange Traded Fund (ETF)?

ETFs offer many advantages over traditional mutual funds:

<b>Tradability</b>	Easy and convenient to buy and sell during trading hours, just like stocks
<b>Cost efficiency</b>	Lower management fees and trading costs than traditional open-ended investment funds
<b>Transparency</b>	Continuous pricing calculated regularly during trading hours
<b>Diversification</b>	A single purchase allocates your investment across the underlying assets



# About the Fund

ABF Pan Asia Bond Index Fund (PAIF) is an open-ended, listed bond fund investing in local currency government and quasi-government bonds in 8 Asian markets:

**China, Hong Kong, Indonesia, Korea, Malaysia, Philippines, Singapore and Thailand**

PAIF is a collective investment scheme, authorized in Hong Kong and Singapore, listed on the Stock Exchange of Hong Kong and cross-listed on the Tokyo Stock Exchange.

## Investment Objective

PAIF aims to track the performance of the iBoxx ABF Pan Asia Index ("Index"), before fees and expenses.

## Investment Strategy

The manager employs stratified sampling approach to match the Index's characteristics and returns through investing in a well-diversified portfolio that represents the Index.

## Key Features

- First exchange-traded Asian bond fund in Asia
- Potential semi-annual distributions
- Entry price of approximately USD 1,200<sup>2</sup>
- Low expense ratio
- Stamp duty exempted

## Fund details

<b>Stock Code</b>	2821
<b>Exchanges</b>	Listed on the Stock Exchange of Hong Kong, cross-listed on the Tokyo Stock Exchange
<b>Investment Manager</b>	State Street Global Advisors Singapore Limited ("SSgA")
<b>Management Approach</b>	Indexed
<b>Fund Listing Date</b>	7 July 2005
<b>Benchmark</b>	iBoxx ABF Pan Asia Index
<b>Base Currency</b>	USD
<b>Board Lot</b>	10 units
<b>Expense Ratio</b>	0.20% of the Net Asset Value (NAV) per annum <sup>3</sup>
<b>Distribution Policy</b>	Potential semi-annual distributions
<b>Website Address</b>	www.abf-paif.com <sup>4</sup>

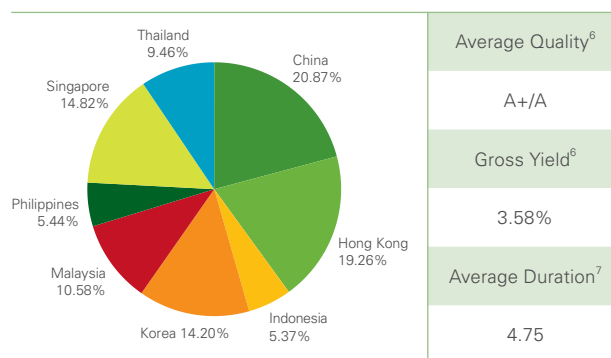
# About the Index<sup>5</sup>

The iBoxx ABF Pan Asia Index comprises local currency debt from China, Hong Kong, Indonesia, Korea, Malaysia, Philippines, Singapore, and Thailand. Only sovereign and quasi-sovereign issues are included, with no minimum rating for sovereign issues and an investment grade rating for quasi-sovereigns.

The market weights are dependent on a combination of the following factors:

- Size of local bond market
- Market liquidity
- Sovereign local debt rating
- Market functionality

## Index Market Weights as of 30 June 2010



## Index Annual Returns (in US dollar) as of 30 June 2010



## Fund Performance

Performance (as of 30 June 2010)							
	2010 YTD	2009	2008	2007	2006	2005*	Since Inception**
ABF Pan Asia Bond Index Fund (PAIF)^	4.23%	4.34%	3.53%	7.80%	13.71%	1.33%	6.96%
<b>iBoxx ABF Pan Asia Index ^^</b>	<b>4.54%</b>	<b>5.13%</b>	<b>4.22%</b>	<b>8.39%</b>	<b>14.59%</b>	<b>1.85%</b>	<b>7.72%</b>
<b>PAIF Tracking Performance †</b>	<b>4.47%</b>	<b>5.01%</b>	<b>4.09%</b>	<b>8.49%</b>	<b>14.53%</b>	<b>1.69%</b>	<b>7.63%</b>

\* Since listing on 7 July 2005 up to 30 December 2005.

\*\* Annualized returns since listing on 7 July 2005.

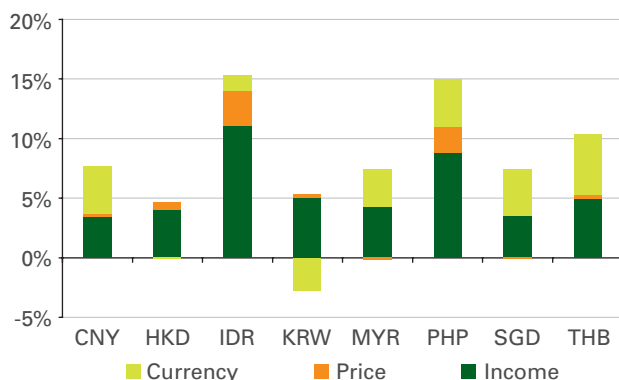
^ PAIF's net of fees returns calculated in USD terms and on NAV-to-NAV basis, with all distributions reinvested.

^^ Benchmark returns are stated on a total return basis. Unlike the Fund, the benchmark returns do not include impact of permitted expenses under the Trust Deed, withholding taxes, transaction costs and valuations using different sources of FX rates.

† The PAIF tracking performance measures the Fund's efficiency in tracking the benchmark by adding back permitted expenses under the Trust Deed and withholding taxes.

Source: Markit, HSBC Institutional Trust Services (Asia) Ltd, and SSgA

## PAIF: Annualized Performance Attribution by Currency



Source: SSgA estimates since inception 7 July 2005 up to 30 June 2010

## PAIF NAV Cumulative Return



\* The fund's NAV is rebased to 100 on the listing date for comparison purpose. Returns are based on the assumption all distributions are reinvested. PAIF performance is net of taxes, fees, and expenses.

Source: Markit, HSBC Institutional Trust Services (Asia) Ltd, and SSgA from since inception 7 July 2005 up to 30 June 2010

## Key drivers of fund performance

- All eight markets delivered strong performance since inception
- Coupons provide a regular source of income return
- Asian currency appreciation contributed returns
- Price returns exhibited interest rate mean reversion, with minimal net contribution over the past five years

1) Asian bonds online as of 31 December 2009.

2) Based on board lot size of 10 units and closing NAV as of 30 June 2010.

3) Annualized ratio of expenses to weighted average net assets for the period 1 July 2009 to 30 June 2010, which is computed in accordance with the revised Investment Management Association of Singapore's ("IMAS") guidelines on disclosure of expense ratio. Brokerage and other transaction costs, interest expense, foreign exchange gains/losses, tax deducted at source or arising on income received and dividends paid to unitholders are not included in the calculation of expense ratio.

4) This website is not authorized by the Securities and Futures Commission ("SFC") and it may contain information relating to the investment funds which are not authorized by SFC.

5) Source: Markit & SSgA as of 30 June 2010.

6) The average quality and gross yield are weighted by market capitalization and modified duration.

7) The average duration is weighted by market capitalization.

Nothing contained here constitutes investment advice or should be relied on as such. The past performance of PAIF is not necessarily indicative of its future performance. Investors should read the prospectus including the risks factors carefully before deciding to purchase units in PAIF. The prospectus for PAIF is available and may be obtained from State Street Global Advisors Singapore Limited (the Manager) and authorized participants. The value of PAIF and the income from them, if any, may fall or rise. The semi-annual distributions are dependent on PAIF's performance and are not guaranteed. Redemption of PAIF's units could only be executed in substantial size through designated dealers and the listing of PAIF on the Stock Exchange of Hong Kong (Stock Exchange) does not guarantee a liquid market for the units, and PAIF may be delisted from the Stock Exchange. PAIF has been authorised for purchase in Hong Kong by the SFC, but such authorisation does not imply official recommendation.

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For more information, please visit [www.abf-paif.com](http://www.abf-paif.com)<sup>4</sup> or call customer hotline +852 2103 0288