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IMPORTANT: This notice requires your immediate attention. If you have any questions about the content of this notice, you should seek independent professional advice.

IMPORTANT

ABF PAN ASIA BOND INDEX FUND

A Singapore unit trust authorized under

*Section 286 of the Securities and Futures Act, Chapter 289 of Singapore and
Section 104 of the Securities and Futures Ordinance (Cap.571) of Hong Kong*

(Stock Code: 2821)

NOTICE TO UNITHOLDERS

Information disclosed regarding (i) securities lending on website and (ii) various items in the interim report

We, the Manager of ABF Pan Asia Bond Index Fund (the "**Trust**"), are writing to inform you that we have become aware of certain issues with the following information disclosure made available by the Trust:

- a. certain securities lending data relating to the Trust disclosed on a voluntary basis on the Trust's website (www.abf-paif.com¹) for the period from 19 July 2018 to 15 March 2019 (the "**Website Incident**"); and
- b. certain information disclosed in relation to the Trust's interim report for the period from 1 July 2018 to 31 December 2018 (the "**Interim Report Incident**").

1. Website Incident

Under Q7 to the "Frequently Asked Questions on Exchange Traded Funds and Listed Funds" issued by the Securities and Futures Commission ("**FAQ 7**"), where securities

¹ This website has not been reviewed by the Securities and Futures Commission.

lending transactions undertaken by an exchange traded fund exceed 50% of its total NAV (the "**50% Disclosure Threshold**"), the exchange traded fund should make available a range of information through its website or other acceptable channels on an ongoing basis to investors. Although the Trust has not reached the 50% Disclosure Threshold, the Trust on a voluntary basis for information purposes, made available information regarding its securities lending transactions on its website taking reference from the requirements set out in FAQ 7.

For the period between 19 July 2018 to 15 March 2019, the tab titled "Securities Lending" on the Trust's website (the "**Securities Lending Tab**") contained the following data regarding the Trust's securities lending activities (the "**Securities Lending Data**") that was not correctly described or otherwise did not fully followed the requirements set out in FAQ 7:

- the figures under the "Securities Lending Return Amount" and the "Lending Return Distribution" fields in the table titled "Lending Return" represented return figures on a monthly basis, as opposed to the return "over the past 12 months" as stated in the note underneath the table;
- the "Lending Return Distribution" figure under the "Lending Return" table was shown as a percentage amount rather than an absolute dollar amount as stated in the note underneath the table;
- the figure for "Securities Lending Return" was stated as a percentage, as opposed to basis points; and
- the figures under the "Current Percentage on Loan" and "Average Percentage on Loan" fields in the table titled "Securities Lending" represented the proportion of the amount of securities on loan as against the Trust's NAV, but not also against the Trust's total lendable assets.

For the reasons set out below, the Manager is of the view that the Website Incident (i) has no material prejudicial effect to the unitholders of the Trust and (ii) does not have direct financial impact on the unitholders of the Trust:

- the Securities Lending Data has no impact on the Trust's actual NAV calculation or NAV publication;
- the Securities Lending Data was disclosed on a voluntary basis by the Trust for information purposes; and
- securities lending activities only forms a small proportion of the Trust's NAV (not more than 2% of the NAV of the Trust as of 14 March 2019).

The Manager will seek to reassess feasibility and to enhance the disclosure methodologies and data connectivity before providing the Securities Lending Data again on the Trust's website.

2. Interim Report Incident

The Trust's interim report for the period from 1 July 2018 to 31 December 2018 (the "**Interim Report**") was issued on 28 February 2019. The Manager became aware that the Interim Report contained inaccurate figures and/or information relating to taxation, securities lending arrangements, supplemental ratios and related party transactions. A list of the identified inaccuracies (the "**Issues**") is set out in Appendix 1.

The Trust has issued a revised Interim Report with corrective mark-ups on 7 May 2019 which rectifies the inaccuracies stated in Appendix 1, and which is available on the Trust's website.

For the reasons set out below, the Manager is of the view that the Interim Report Incident (i) has no material prejudicial effect to the unitholders of the Trust and (ii) does not have direct financial impact on the unitholders of the Trust:

- no additional costs or loss was incurred by the Trust in correcting the Issues in the revised Interim Report.
- the Issues relate to disclosure in the notes of the Interim Report, and has no impact on the Trust's actual NAV calculation or NAV publication;
- the majority of Issues related to securities lending activities, which only forms a small proportion of the Trust's NAV (not more than 2% of NAV as of 14 March 2019);
- certain corrections were made to comply with regulatory requirements applicable to securities lending disclosures in financial reports which only came into effect on 1 January 2019; and
- the quantum of the discrepancy in the figures was not material compared to the NAV of the Trust.

In order to prevent similar issues arising in the future, the Administrator will enhance its internal procedures to strengthen its control of the preparation of interim and final financial reports of the Trust, and the Manager will also carry out enhanced internal procedures on the interim and annual financial reports before their issuance.

Unitholders who have any questions concerning this notice may contact the Manager at telephone number +65 6826 7555 in Singapore and +852 2103 0100 in Hong Kong.

State Street Global Advisors Singapore Limited
Manager
8 May 2019

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ADVISORS

The Manager accepts full responsibility for the accuracy of the information contained in this notice as at the date of publication, and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief, there are no other facts the omission of which would make any statement in this notice misleading.

Appendix 1

List of Issues in Interim Report

Section ²	Changes
Note 5 (Taxation) (Page 12)	Amount of the overseas withholding tax has been incorrectly stated US\$5,545,946. The correct figure is US\$5,664,779.
Note 6 (Transactions with Related Parties Including the Manager and its Connected Persons) – section (b) "Holding of units" (Page 13)	The year stated in the brackets has been misstated as 2018 (instead of 2017).
Note 9 (Supplemental Ratios) – the headings to two columns setting out the period applicable to the expense ratio and turnover ratio and the period set out under note 1 (Page 17)	To provide more clarity, the disclosure has now been revised to specify that the relevant periods applicable to the expense ratios and turnover ratios set out therein run from 1 January 2018 to 31 December 2018 and from 1 January 2017 to 31 December 2017 respectively.
Note 9 (Supplemental Ratios) – under note 1 (Page 17)	The amount of the total operating expenses for year 2018 was overstated as US\$7,141,047. The correct figure is US\$7,022,214.
Note 11 (Securities Lending Arrangements) – section (a) "Holdings of Collateral" (Page 18)	The figures set out in the following columns were incorrect: - "Marked-to-market value of non-cash collaterals (if applicable) " - "% of net asset value covered by collateral" - "Value of the collateral"
Note 11 (Securities Lending Arrangements) – section (b) "Credit Rating of fixed income collateral" (Page 18)	The figures set out in the following columns were incorrect: - "% of net asset value covered by collateral" - "Value of the collateral"
Note 11 (Securities Lending Arrangements) – section (e) "Breakdown of securities lending and	Issue 1: Inclusion of a separate table representing the data regarding Securities Lending Transactions.

² The page references and section headings herein follows that of the original Interim Report available at <http://www3.hkexnews.hk/listedco/listconews/SEHK/2019/0228/LTN20190228543.pdf>

Section ²	Changes
<p>repurchase transactions"</p> <p>(Page 19)</p>	<p>Issue 2: There needs to be further sub-categorization of the collateral type.</p> <p>Issue 3: The maturity tenor of the collaterals were previously incorrectly stated.</p> <p>Issue 4: The proportion of cash versus non-cash collateral should be stated as 0% instead of 100%.</p> <p>Issue 5: Two dates in the column "Maturity of non-cash collateral" were incorrectly stated.</p> <p>Issue 6: title refers to both securities lending and repurchase transactions, but the figures included only relate to securities lending transactions.</p>
<p>Note 11 (Securities Lending Arrangements) – section (g) "Top ten collateral securities received by the Fund Holdings"</p> <p>(Page 20)</p>	<p>Section (g) The name of two collateral securities are incorrectly stated and the figures set out under "Fair value at 31st December 2018" and "Percentage of total net assets at 31st December 2018" were incorrect.</p>
<p>Note 11 (Securities Lending Arrangements) – section (i) "Custodians and the amount of assets held by each custodian"</p> <p>(Page 21)</p>	<p>Collateral is held by HSBC in segregated accounts under bilateral collateral custodian arrangement. This is omitted. The stated amounts are also incorrect.</p>
<p>Note 11 (Securities Lending Arrangements) – section (j) "Revenue earned arising from securities lending for the Fund (if applicable)"</p> <p>(Page 21)</p>	<p>The amount under "Revenue earned by the Manager" was incorrectly stated.</p>
<p>Note 11 (Securities Lending Arrangements) – section (k) "Split between the return from securities lending and repurchase transactions and the return from cash collateral reinvestment"</p> <p>(Page 21)</p>	<p>The amount under "Return from securities lending and repurchase transaction" was incorrectly stated.</p>