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IMPORTANT: This notice is important and requires your immediate attention. If you are in doubt about the contents of this notice, you should seek independent professional advice.

IMPORTANT

ABF PAN ASIA BOND INDEX FUND

A Singapore unit trust authorised 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

Amendments to Trust Deed, Prospectus and Product Key Facts Statement

We, as the Manager of the ABF Pan Asia Bond Index Fund (the "**Trust**"), are writing to inform you that with effect from 17 August 2020 (the "**Effective Date**") the prospectus, key facts statement and trust deed of the Trust (the "**Trust Deed**") will be amended to, among other amendments, (i) incorporate changes to the securities lending limit and restrictions applicable to the Trust and (ii) update the definitions of "Business Day" and "Hong Kong Business Day" and include the corresponding definition of "Extreme Conditions" to align with the change in trading arrangements by The Stock Exchange of Hong Kong Limited.

Unless otherwise defined in this notice, terms and expressions used in this notice shall have the same meanings ascribed to them under the prospectus of the Trust, as amended from time to time.

Amendments to the Trust Deed

The Trust Deed will be amended by way of a Sixth Amending and Restating Deed to incorporate the following:

- (i) increase the securities lending limit from 10% to 30% of the Value (as defined under the Trust Deed) of the Trust (including assets derived from such lending activities) as set out in Clause 15.16.1 of the Trust Deed;
- (ii) update the definitions of "Business Day" and "Hong Kong Business Day" to exclude any day on which the announcement of Extreme Conditions is in force in Hong Kong at any time after the Stock Exchange officially opens for trading and before the Stock Exchange officially closes for trading on that day. The corresponding definition of "Extreme Conditions" is also included to refer to the occurrence of "extreme conditions" as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before typhoon signal number 8 or above is replaced with typhoon signal number 3 or below;
- (iii) update the value of the collateral required for any securities lending transactions from "not less than 100%" to "exceeding 100%" of the Value of the Index Securities and Non-Index Securities lent (terms as defined under the Trust Deed); and
- (iv) other drafting updates.

Pursuant to Clause 38.1 of the Trust Deed, the trustee of the Trust, HSBC Institutional Trust Services (Singapore) Limited (the "**Trustee**"), has certified that in its opinion the alterations, modifications or variations to the Trust Deed effected by the Sixth Amending and Restating Deed as reflected above are not materially prejudicial to the interest of the Trust's unitholders, do not to any material extent release the Trustee or the Manager or any other person from any liability to the Trust's unitholders and do not increase the costs and charges payable out of the Trust (other than costs incurred in altering, modifying or varying the Trust Deed).

Accordingly, such alterations, modifications or variations of the Trust Deed do not require the sanction of an extraordinary resolution of the Trust's unitholders.

Offering Documents

A supplementary prospectus (the "**Supplementary Prospectus**") to the prospectus of the Trust and a revised product key facts statement of the Trust (the "**KFS**") will also be issued on the Effective Date.

The Supplementary Prospectus will reflect the following changes:

- (i) increase in the securities lending limit from 10% to 30% of the NAV of the Trust, including assets derived from such lending activities;
- (ii) the securities lending restrictions applicable to the Trust are expanded to allow the Trust to lend to borrowers with a minimum long-term rating of 'Baa' by Moody's, 'BBB' by Standard and Poor's, or 'BBB' by Fitch (including sub-categories or gradations therein) provided that where the borrower is rated by more than one credit rating agency, the lowest minimum long-term credit rating will be used, as long as the securities lending agent (which has and maintains a minimum long-term rating of 'A' by Moody's, 'A' by Standard and Poor's, or 'A' by Fitch (including sub-categories or gradations therein))

continues to indemnify the Trust against losses suffered as a result of the counterparty's failure;

- (iii) clarification that the balance of any securities lending income derived from the Trust's securities lending activities (after the amount due to the Trust) will be for the account of the securities lending agent;
- (iv) clarification that the value of the collateral required for any securities lending transactions during the duration of the securities lending agreement will exceed 102% of the global valuation of the securities lent, marked to market on a daily basis;
- (v) clarification of the exceptional circumstances where the Trust may accept cash collateral;
- (vi) include additional risk disclosure to reflect that the Trust may face difficulties in enforcing borrower default protection in case of liquidation, bankruptcy or insolvency of the securities lending agent or other circumstances in which the securities default protection is not available;
- (vii) include additional risk disclosure to reflect that the Trust would also be subject to operational risk such as delay or failure of settlement where the Manager delays in notifying the securities lending agent of a sale such that the securities lent are not recalled in time; and
- (viii) update the definitions of "Business Day" and "Hong Kong Business Day" to exclude any day on which the announcement of extreme conditions (as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before typhoon signal number 8 or above is replaced with typhoon signal number 3 or below) is in force in Hong Kong at any time after the Stock Exchange officially opens for trading and before the Stock Exchange officially closes for trading on that day.

The revised KFS will provide updates in relation to the following:

- (i) increase in the securities lending limit from 10% to 30% of the NAV of the Trust, including assets derived from such lending activities; and
- (ii) update disclosure to reflect that the Trust will receive collateral, the value of which, during the duration of the securities lending agreement, will exceed 102% of the global valuation of the securities lent, marked to market on a daily basis.

The Sixth Amending and Restating Deed, the Supplementary Prospectus and the revised KFS with the relevant above-mentioned changes incorporated will be available from the Effective Date at www.abf-paif.com¹, and for inspection during normal business hours at the offices of the Manager at 68/F Two International Finance Centre, 8 Finance Street, Central, Hong Kong or the Receiving Agent (i.e. HSBC Institutional Trust Services (Asia) Limited) at 6/F, Tower 1, HSBC Centre, 1 Sham Mong Road, Kowloon, Hong Kong.

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

Save as disclosed in this notice, there will be no change in the operation and/or manner in which the Trust is being managed, there will be no change in the fee structure in managing the Trust and the changes will not result in any material change to the investment objective and overall risk profile of the Trust. The expenses arising as a result of the above changes will be borne by the Trust.

Investors who have any questions concerning the Trust 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
17 July 2020

STATE STREET GLOBAL
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.