

SEMI-ANNUAL REPORT

For the financial period ending 31 December 2015

ABF Singapore Bond Index Fund

MANAGERS

Nikko Asset Management Asia Limited
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Company Registration No. 198202562H

DIRECTORS

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V Arivazhagan
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TRUSTEE & REGISTRAR

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AUDITORS

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CUSTODIAN

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1 Queen's Road Central, Hong Kong

This report is also available on our website (www.nikkoam.com.sg)

PERFORMANCE SUMMARY

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	Since Inception
iBoxx ABF Singapore Bond Index	0.53	1.57	0.96	0.28	2.23	2.77
ABF Singapore Bond Index Fund	0.47	1.48	0.72	0.00	1.96	2.50

Source: ©2015 Morningstar, Inc., Bloomberg & Nikko Asset Management Asia Limited, as at 31 December 2015. Returns are calculated on a NAV-NAV¹ 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

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) 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 2015, 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

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 2015 (Unaudited)*

	31 December 2015 S\$	31 December 2014 S\$
Expenses		
Audit fee	18,504	23,216
Custodian fee	64,987	51,330
Management fee	422,420	390,543
Legal and professional fee	9,180	9,002
Trustee fee	122,727	124,747
Transaction costs	1,625	1,507
Other expenses	66,319	59,235
	705,762	659,580
Net expenses	(705,762)	(659,580)
Net gains or losses on value of investments		
Net gains on investments	8,817,604	6,471,131
Net foreign exchange losses	(1,482)	(1,821)
	8,816,122	6,469,310
Total return for the financial period before income tax	8,110,360	5,809,730
Less: Income tax	-	-
Total return for the financial period after income tax	8,110,360	5,809,730

ABF SINGAPORE BOND INDEX FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF FINANCIAL POSITION***As at 31 December 2015 (Unaudited)*

	31 December 2015 S\$	30 June 2015 S\$
ASSETS		
Portfolio of investments	569,010,989	545,255,321
Cash and bank balances	1,227,283	1,530,151
Sales awaiting settlements	-	13,594,905
Receivables	1,405	-
Prepayment	1,000	2,120
Total assets	570,240,677	560,382,497
LIABILITIES		
Payables	306,400	414,553
Purchases awaiting settlement	-	14,437,572
Distribution payable	13,230,430	-
Total liabilities	13,536,830	14,852,125
EQUITY		
Net assets attributable to unitholders	556,703,847	545,530,372

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 2015 (Unaudited)*

	31 December 2015 S\$	30 June 2015 S\$
Net assets attributable to unitholders at the beginning of financial period/year	545,530,372	509,787,131
Operations		
Change in net assets attributable to unitholders resulting from operations	8,110,360	1,053,596
Unitholders' contributions/(withdrawals)		
Creation of units	17,277,481	54,577,834
Cancellation of units	(983,936)	(5,880,564)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	16,293,545	48,697,270
Distribution	(13,230,430)	(14,007,625)
Total increase in net assets attributable to unitholders	11,173,475	35,743,241
Net assets attributable to unitholders at the end of financial period/year	556,703,847	545,530,372

ABF SINGAPORE BOND INDEX FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 31 December 2015 (Unaudited)***By Industry (Primary)**

	Holdings at 31 December 2015	Fair value at 31 December 2015 S\$	Percentage of total net assets attributable to unitholders at 31 December 2015 %
Quoted Fixed Income Securities			
BANK			
Korea Development Bank GMTN 2.65% 03/12/2018	3,000,000	2,998,650	0.54
		<u>2,998,650</u>	<u>0.54</u>
ELECTRIC			
SP Power assets Limited EMTN 3.4% 19/09/2032	1,000,000	953,996	0.17
SP Power assets Limited EMTN 4.665% 18/08/2020	1,000,000	1,084,080	0.20
SP Power assets Limited EMTN 4.84% 22/10/2018	2,000,000	2,140,887	0.38
		<u>4,178,963</u>	<u>0.75</u>
ENGINEERING CONSTRUCTION			
Land Transport Authority 2.71% 27/05/2020	1,000,000	1,008,100	0.18
Land Transport Authority 3.09% 31/08/2027	2,000,000	1,973,700	0.36
Land Transport Authority 3.275% 29/10/2025	3,250,000	3,324,676	0.60
Land Transport Authority MTN 2.57% 31/08/2022	2,000,000	1,962,920	0.35
Land Transport Authority MTN 2.73% 18/09/2020	1,000,000	1,008,620	0.18
		<u>9,278,016</u>	<u>1.67</u>
FINANCE			
Temasek Financial I Ltd GMTN 3.265% 19/02/2020	7,000,000	7,244,456	1.30
Temasek Financial I Ltd GMTN 4.2% 02/08/2050	4,500,000	4,837,500	0.87
		<u>12,081,956</u>	<u>2.17</u>
REAL ESTATE			
Housing & Development Board MTN 1.23% 30/01/2018	6,500,000	6,410,922	1.15
Housing & Development Board MTN 1.95% 22/09/2021	500,000	483,485	0.09
Housing & Development Board MTN 2.088% 30/08/2022	5,500,000	5,296,555	0.95
Housing & Development Board MTN 2.1% 03/11/2020	6,500,000	6,411,210	1.15
Housing & Development Board MTN 2.223% 28/05/2019	1,250,000	1,249,925	0.23
Housing & Development Board MTN 2.505% 27/06/2024	4,000,000	3,868,540	0.69
Housing & Development Board MTN 3.008% 26/03/2021	3,500,000	3,586,380	0.64
Housing & Development Board Series 55 2.365% 19/09/2018	10,250,000	10,363,659	1.86
		<u>37,670,676</u>	<u>6.76</u>
SOVEREIGN			
Singapore Government Bond 0.5% 01/04/2018	25,550,000	25,172,205	4.52
Singapore Government Bond 1.375% 01/10/2017	13,300,000	13,371,288	2.40
Singapore Government Bond 1.625% 01/10/2019	16,050,000	16,055,120	2.88
Singapore Government Bond 2% 01/07/2020	17,100,000	17,183,455	3.09
Singapore Government Bond 2.25% 01/06/2021	35,600,000	35,791,482	6.43
Singapore Government Bond 2.375% 01/04/2017	43,750,000	44,525,123	8.00
Singapore Government Bond 2.375% 01/06/2025	14,800,000	14,525,788	2.61
Singapore Government Bond 2.5% 01/06/2019	35,600,000	36,775,793	6.61
Singapore Government Bond 2.75% 01/04/2042	31,700,000	30,238,744	5.43
Singapore Government Bond 2.75% 01/07/2023	29,950,000	30,602,880	5.50
Singapore Government Bond 2.875% 01/07/2029	13,900,000	13,953,597	2.51
Singapore Government Bond 2.875% 01/09/2030	28,275,000	28,183,426	5.06
Singapore Government Bond 3% 01/09/2024	37,200,000	38,523,505	6.92

ABF SINGAPORE BOND INDEX FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 31 December 2015 (Unaudited)***By Industry (Primary) (continued)**

	Holdings at 31 December 2015	Fair value at 31 December 2015 S\$	Percentage of total net assets attributable to unitholders at 31 December 2015 %
Quoted Fixed Income Securities (continued)			
SOVEREIGN (continued)			
Singapore Government Bond 3.125% 01/09/2022	31,730,000	33,290,243	5.98
Singapore Government Bond 3.25% 01/09/2020	29,566,000	31,268,806	5.62
Singapore Government Bond 3.375% 01/09/2033	18,450,000	19,558,631	3.51
Singapore Government Bond 3.5% 01/03/2027	36,328,000	39,048,880	7.01
Singapore Government Bond 4% 01/09/2018	28,350,000	30,356,837	5.45
		498,425,803	89.53
Total Quoted Fixed Income Securities		564,634,064	101.42
Accrued interest receivable on quoted fixed income securities		4,376,925	0.79
Portfolio of investments		569,010,989	102.21
Other net liabilities		(12,307,142)	(2.21)
Net assets attributable to unitholders		556,703,847	100.00

By Industry (Summary)

	Percentage of total net assets attributable to unitholders at 31 December 2015 %	Percentage of total net assets attributable to unitholders at 30 June 2015 %
Quoted Fixed Income Securities		
Bank	0.54	-
Commercial Services	-	0.20
Electric	0.75	0.77
Engineering Construction	1.67	0.79
Finance	2.17	2.08
Real Estate	6.76	5.47
Sovereign	89.53	89.83
Accrued interest receivable on quoted fixed income securities	0.79	0.81
Portfolio of investments	102.21	99.95
Other net (liabilities)/assets	(2.21)	0.05
Net assets attributable to unitholders	100.00	100.00

ABF SINGAPORE BOND INDEX FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 31 December 2015 (Unaudited)***By Geography (Secondary)**

	Fair value at 31 December 2015 S\$	Percentage of total net assets attributable to unitholders at 31 December 2015 %	Percentage of total net assets attributable to unitholders at 30 June 2015 %
Singapore	561,635,414	100.88	99.14
South Korea	2,998,650	0.54	-
Accrued interest receivable on quoted fixed income securities	4,376,925	0.79	0.81
Portfolio of investments	569,010,989	102.21	99.95
Other net (liabilities)/assets	(12,307,142)	(2.21)	0.05
Net assets attributable to unitholders	556,703,847	100.00	100.00

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 2015 (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 2015 S\$	Percentage of total net assets attributable to unitholders at 31 December 2015 %	Percentage of total net assets attributable to unitholders at 30 June 2015 %
AAA	557,456,451	100.13	98.17
AA	4,178,963	0.75	0.77
AA-	2,998,650	0.54	-
Not rated	-	-	0.20
Accrued interest receivable on quoted fixed income securities	4,376,925	0.79	0.81
	569,010,989	102.21	99.95

3. Top 10 holdings**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

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 2015 (Unaudited)***3. Top 10 holdings (continued)**

10 largest holdings at 31 December 2014

	Cost S\$	Fair value S\$	Percentage of total net assets attributable to unitholders %
Singapore Government Bond 3.75% 01/09/2016	47,191,409	45,142,569	8.67
Singapore Government Bond 1.125% 01/04/2016	41,262,861	40,916,770	7.86
Singapore Government Bond 2.25% 01/06/2021	39,518,400	38,884,447	7.47
Singapore Government Bond 3.5% 01/03/2027	37,820,463	37,610,664	7.23
Singapore Government Bond 3% 01/09/2024	37,450,557	37,094,899	7.13
Singapore Government Bond 2.5% 01/06/2019	37,492,049	36,816,442	7.07
Singapore Government Bond 3.25% 01/09/2020	34,459,387	33,926,720	6.52
Singapore Government Bond 3.125% 01/09/2022	32,663,410	31,366,458	6.03
Singapore Government Bond 4% 01/09/2018	29,180,586	27,979,170	5.37
Singapore Government Bond 2.375% 01/04/2017	25,743,223	24,941,562	4.79

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 2015 (Unaudited)***10. Amount of redemptions and subscriptions for the financial period ended 31 December 2015**

	S\$
Redemptions	983,936
Subscriptions	17,277,481

11. Financial ratios**Expense ratio**

	31 December 2015	31 December 2014
Total operating expenses	S\$ 1,366,068	1,213,938
Average daily net asset value	S\$ 553,539,936	510,917,527
Total expense ratio¹	% 0.25	0.24

Turnover ratio

	31 December 2015	31 December 2014
Lower of total value of purchases or sales	S\$ 79,520,775	62,103,839
Average daily net asset value	S\$ 558,792,290	516,454,267
Total turnover ratio²	% 14.23	12.03

¹The 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 2015 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.

²The 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

	31 December 2015 S\$	30 June 2015 S\$
Current account bank balances maintained with a related company of the Trustee	1,227,283	1,530,151

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 2015 (Unaudited)

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	: DBS Vickers Securities (Singapore) Pte Ltd, Overseas-Chinese Banking Corporation Limited & Deutsche Bank AG, Singapore Branch
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	: Patrick Yeo
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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