

SEMI-ANNUAL REPORT

For the financial period ending 31 December 2016

ABF Singapore Bond Index Fund

MANAGERS

Nikko Asset Management Asia Limited
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Company Registration No. 198202562H

DIRECTORS

Lim Say Boon
Lim Soon Chong
Seet Oon Hui Eleanor
David Jonathan Semaya
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TRUSTEE & REGISTRAR

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21 Collyer Quay, #13-02 HSBC Building
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AUDITORS

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CUSTODIAN

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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	10 Yr	Since Inception
iBoxx ABF Singapore Bond Index total return series	-3.69	-2.07	2.86	2.53	1.51	2.91	2.78
ABF Singapore Bond Index Fund	-3.69	-2.16	2.54	2.25	1.21	2.63	2.50

Source: ©2016 Morningstar. All Rights Reserved., Markit & Nikko Asset Management Asia Limited, as at 31 December 2016. iBoxx® is a mark of Markit Indices Limited and have been licensed for use by Nikko Asset Management Asia Ltd. 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 2016, 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").

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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 2016 (Unaudited)*

	31 December 2016 S\$	31 December 2015 S\$
Expenses		
Administrator fee	68,342	-
Audit fee	19,049	18,504
Custodian fee	82,521	64,987
Management fee	614,437	422,420
Legal and professional fee	9,320	9,180
Trustee fee	128,672	122,727
Transaction costs	1,350	1,625
Other expenses	103,562	66,319
	1,027,253	705,762
Net expenses	(1,027,253)	(705,762)
Net gains or losses on value of investments		
Net (losses)/gains on investments	(17,116,909)	8,817,604
Net foreign exchange losses	(2,358)	(1,482)
	(17,119,267)	8,816,122
Total (deficit)/return for the financial period before income tax	(18,146,520)	8,110,360
Less: Income tax	-	-
Total (deficit)/return for the financial period after income tax	(18,146,520)	8,110,360

ABF SINGAPORE BOND INDEX FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF FINANCIAL POSITION***As at 31 December 2016 (Unaudited)*

	31 December 2016 S\$	30 June 2016 S\$
ASSETS		
Portfolio of investments	825,940,086	752,938,186
Cash and bank balances	6,799,722	6,269,337
Sales awaiting settlement	-	13,950,814
Receivables	-	249,855
Prepayment	1,120	2,120
Total assets	832,740,928	773,410,312
LIABILITIES		
Payables	411,401	369,460
Purchases awaiting settlement	-	19,841,692
Distribution payable	15,589,532	-
Total liabilities	16,000,933	20,211,152
EQUITY		
Net assets attributable to unitholders	816,739,995	753,199,160

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 2016 (Unaudited)*

	31 December 2016 S\$	30 June 2016 S\$
Net assets attributable to unitholders at the beginning of financial period/year	753,199,160	545,530,372
Operations		
Change in net assets attributable to unitholders resulting from operations	(18,146,520)	36,579,407
Unitholders' contributions/(withdrawals)		
Creation of units	98,151,860	185,618,694
Cancellation of units	(874,973)	(1,298,883)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	97,276,887	184,319,811
Distribution	(15,589,532)	(13,230,430)
Total increase in net assets attributable to unitholders	63,540,835	207,668,788
Net assets attributable to unitholders at the end of financial period/year	816,739,995	753,199,160

ABF SINGAPORE BOND INDEX FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 31 December 2016 (Unaudited)***By Industry (Primary)**

	Holdings at 31 December 2016	Fair value at 31 December 2016 S\$	Percentage of total net assets attributable to unitholders at 31 December 2016 %
Quoted Fixed Income Securities			
BANK			
Export-Import Bank of Korea EMTN 2.04% 24/07/2018	2,500,000	2,486,497	0.30
Korea Development Bank GMTN 2.65% 03/12/2018	3,000,000	3,010,416	0.37
		5,496,913	0.67
ELECTRIC			
SP Power assets Limited EMTN 3.4% 19/09/2032	1,750,000	1,726,267	0.21
SP Power assets Limited EMTN 4.665% 18/08/2020	1,000,000	1,073,479	0.13
SP Power assets Limited EMTN 4.84% 22/10/2018	2,000,000	2,101,790	0.26
		4,901,536	0.60
ENGINEERING CONSTRUCTION			
Land Transport Authority 2.71% 27/05/2020	1,000,000	1,018,500	0.12
Land Transport Authority 3.09% 31/08/2027	3,500,000	3,488,135	0.43
Land Transport Authority 3.275% 29/10/2025	3,250,000	3,328,112	0.41
Land Transport Authority MTN 2.57% 31/08/2022	2,500,000	2,498,130	0.30
Land Transport Authority MTN 2.73% 18/09/2020	3,500,000	3,564,764	0.44
Land Transport Authority MTN 3.51% 18/09/2030	1,500,000	1,545,690	0.19
		15,443,331	1.89
FINANCE			
Temasek Financial I Ltd GMTN 3.265% 19/02/2020	8,000,000	8,226,225	1.01
Temasek Financial I Ltd GMTN 4.2% 02/08/2050	4,750,000	5,177,500	0.63
		13,403,725	1.64
REAL ESTATE			
Housing & Development Board MTN 1.23% 30/01/2018	5,500,000	5,486,404	0.67
Housing & Development Board MTN 2.035% 16/09/2026	1,500,000	1,369,905	0.17
Housing & Development Board MTN 2.088% 30/08/2022	4,000,000	3,889,524	0.48
Housing & Development Board MTN 2.1% 03/11/2020	7,000,000	6,972,130	0.85
Housing & Development Board MTN 2.5% 29/01/2023	7,000,000	6,925,940	0.85
Housing & Development Board MTN 2.505% 27/06/2024	2,250,000	2,194,337	0.27
Housing & Development Board MTN 2.545% 04/07/2031	6,500,000	5,928,910	0.73
Housing & Development Board MTN 3.008% 26/03/2021	1,750,000	1,797,994	0.22
Housing & Development Board MTN 3.1% 24/07/2024	5,500,000	5,581,042	0.68
Housing & Development Board Series 55 2.365% 19/09/2018	14,000,000	14,144,200	1.73
		54,290,386	6.65
SOVEREIGN			
Singapore Government Bond 0.5% 01/04/2018	49,400,000	48,976,420	6.00
Singapore Government Bond 1.25% 01/10/2021	19,500,000	18,962,484	2.32
Singapore Government Bond 1.625% 01/10/2019	37,550,000	37,610,981	4.60
Singapore Government Bond 2% 01/07/2020	24,400,000	24,667,348	3.02
Singapore Government Bond 2.125% 01/06/2026	20,000,000	19,416,000	2.38
Singapore Government Bond 2.25% 01/06/2021	57,700,000	58,783,162	7.20
Singapore Government Bond 2.25% 01/08/2036	13,900,000	12,893,919	1.58
Singapore Government Bond 2.375% 01/06/2025	26,500,000	26,360,109	3.23
Singapore Government Bond 2.5% 01/06/2019	49,700,000	50,875,072	6.23
Singapore Government Bond 2.75% 01/03/2046	23,250,000	23,398,370	2.86
Singapore Government Bond 2.75% 01/04/2042	40,100,000	40,331,862	4.94

ABF SINGAPORE BOND INDEX FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 31 December 2016 (Unaudited)***By Industry (Primary) (continued)**

	Holdings at 31 December 2016	Fair value at 31 December 2016 S\$	Percentage of total net assets attributable to unitholders at 31 December 2016 %
Quoted Fixed Income Securities (continued)			
SOVEREIGN (continued)			
Singapore Government Bond 2.75% 01/07/2023	48,450,000	49,853,737	6.10
Singapore Government Bond 2.875% 01/07/2029	19,950,000	20,381,070	2.50
Singapore Government Bond 2.875% 01/09/2030	31,825,000	32,401,618	3.97
Singapore Government Bond 3% 01/09/2024	46,600,000	48,526,738	5.94
Singapore Government Bond 3.125% 01/09/2022	38,830,000	40,977,621	5.02
Singapore Government Bond 3.25% 01/09/2020	40,266,000	42,474,510	5.20
Singapore Government Bond 3.375% 01/09/2033	28,050,000	30,367,146	3.72
Singapore Government Bond 3.5% 01/03/2027	44,878,000	48,540,592	5.94
Singapore Government Bond 4% 01/09/2018	48,150,000	50,259,904	6.15
		726,058,663	88.90
Total Quoted Fixed Income Securities		819,594,554	100.35
Accrued interest receivable on quoted fixed income securities		6,345,532	0.77
Portfolio of investments		825,940,086	101.12
Other net liabilities		(9,200,091)	(1.12)
Net assets attributable to unitholders		816,739,995	100.00

By Industry (Summary)

	Percentage of total net assets attributable to unitholders at 31 December 2016 %	Percentage of total net assets attributable to unitholders at 30 June 2016 %
Quoted Fixed Income Securities		
Bank	0.67	0.47
Electric	0.60	0.67
Engineering Construction	1.89	1.81
Finance	1.64	1.72
Real Estate	6.65	8.36
Sovereign	88.90	86.22
Accrued interest receivable on quoted fixed income securities	0.77	0.72
Portfolio of investments	101.12	99.97
Other net (liabilities)/assets	(1.12)	0.03
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 2016 (Unaudited)***By Geography (Secondary)**

	Fair value at 31 December 2016 S\$	Percentage of total net assets attributable to unitholders at 31 December 2016 %	Percentage of total net assets attributable to unitholders at 30 June 2016 %
Singapore	814,097,641	99.68	98.78
South Korea	5,496,913	0.67	0.47
Accrued interest receivable on quoted fixed income securities	6,345,532	0.77	0.72
Portfolio of investments	825,940,086	101.12	99.97
Other net (liabilities)/assets	(9,200,091)	(1.12)	0.03
Net assets attributable to unitholders	816,739,995	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 2016 (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 2016 S\$	Percentage of total net assets attributable to unitholders at 31 December 2016 %	Percentage of total net assets attributable to unitholders at 30 June 2016 %
AAA	809,196,105	99.08	98.11
AA	10,398,449	1.27	0.67
AA-	-	-	0.47
Accrued interest receivable on quoted fixed income securities	6,345,532	0.77	0.72
	825,940,086	101.12	99.97

3. Top 10 holdings**10 Largest holdings at 31 December 2016**

	Cost S\$	Fair value S\$	Percentage of total net assets attributable to unitholders %
Singapore Government Bond 2.25% 01/06/2021	59,357,622	58,783,162	7.20
Singapore Government Bond 2.5% 01/06/2019	52,338,656	50,875,072	6.23
Singapore Government Bond 4% 01/09/2018	52,994,242	50,259,904	6.15
Singapore Government Bond 2.75% 01/07/2023	50,346,809	49,853,737	6.10
Singapore Government Bond 0.5% 01/04/2018	48,933,734	48,976,420	6.00
Singapore Government Bond 3.5% 01/03/2027	50,153,553	48,540,592	5.94
Singapore Government Bond 3% 01/09/2024	50,053,638	48,526,738	5.94
Singapore Government Bond 3.25% 01/09/2020	43,618,455	42,474,510	5.20
Singapore Government Bond 3.125% 01/09/2022	42,567,975	40,977,621	5.02
Singapore Government Bond 2.75% 01/04/2042	40,487,609	40,331,862	4.94

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 2016 (Unaudited)***3. Top 10 holdings (continued)**

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

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 2016 (Unaudited)***10. Amount of redemptions and subscriptions for the financial period ended 31 December 2016**

	S\$
Units created	98,151,860
Units cancelled	(874,973)

11. Financial ratios**Expense ratio**

	31 December 2016	31 December 2015
Total operating expenses	S\$ 1,783,734	1,366,068
Average daily net asset value	S\$ 711,542,479	553,539,936
Total expense ratio¹	% 0.25	0.25

Turnover ratio

	31 December 2016	31 December 2015
Lower of total value of purchases or sales	S\$ 59,860,180	79,520,775
Average daily net asset value	S\$ 813,203,346	558,792,290
Total turnover ratio²	% 7.36	14.23

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 2016 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 2016 S\$	30 June 2016 S\$
Bank balances held with related party of the Trustee	6,799,722	6,269,337

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 2016 (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	: FlowTraders Asia Pte Ltd
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	: Justin Ong
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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