

# ANNUAL REPORT

For the financial year ended 30 June 2022

## ABF Singapore Bond Index Fund



**MANAGERS**

Nikko Asset Management Asia Limited  
12 Marina View, #18-02, Asia Square Tower 2,  
Singapore 018961  
Company Registration No. 198202562H

**DIRECTORS OF THE MANAGERS**

Kiyotaka Ryu  
Seet Oon Hui Eleanor  
Hiroki Tsujimura

**TRUSTEE & REGISTRAR**

HSBC Institutional Trust Services (Singapore) Limited  
10 Marina Boulevard,  
Marina Bay Financial Centre Tower 2, #48-01  
Singapore 018983

**AUDITORS**

PricewaterhouseCoopers LLP  
7 Straits View, Marina One,  
East Tower, Level 12,  
Singapore 018936

**CUSTODIAN**

The Hongkong and Shanghai Banking Corporation Limited  
1 Queen's Road Central, Hong Kong

This report is also available on our website ([www.nikkoam.com.sg](http://www.nikkoam.com.sg))

## PERFORMANCE SUMMARY

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<b>Returns (%)</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>	<b>10 Yr</b>	<b>Since Inception</b>
ABF Singapore Bond Index Fund	-3.58	-8.39	-9.44	-0.96	0.13	0.82	1.93
iBoxx ABF Singapore Bond Index total return series	-3.50	-8.21	-9.19	-0.62	0.47	1.13	2.22

Source: Nikko Asset Management Asia Limited & Markit Indices Limited. Returns as at 30 June 2022. Returns are calculated on a NAV-NAV<sup>1</sup> basis, SGD, and based on the assumption that 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**

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### **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

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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.**

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This document is purely for informational purposes only with no consideration given to the specific investment objective, financial situation and particular needs of any specific person. It should not be relied upon as financial advice. 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 funds 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 Fund or any underlying fund may use or invest in financial derivative instruments. The value of units and income from them may fall or rise. **Investments in the Fund are subject to investment risks, including the possible loss of principal amount invested.** You should read the relevant prospectus (including the risk warnings) and product highlights sheet of the Fund, which are available and may be obtained from appointed distributors of Nikko AM Asia or our website ([www.nikkoam.com.sg](http://www.nikkoam.com.sg)) before deciding whether to invest in the Fund.

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The performance of the ETF's price on the Singapore Exchange Securities Trading Limited (“SGX-ST”) may be different from the net asset value per unit of the ETF. The ETF may also be suspended or delisted from the SGX-ST. Listing of the units does not guarantee a liquid market for the units. 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.

The Central Provident Fund (“CPF”) Ordinary Account (“OA”) interest rate is the legislated minimum 2.5% per annum, or the 3-month average of major local banks’ interest rates, whichever is higher, reviewed quarterly. The interest rate for Special Account (“SA”) is currently 4% per annum or the 12-month average yield of 10-year Singapore Government Securities plus 1%, whichever is higher, reviewed quarterly. Only monies in excess of \$20,000 in OA and \$40,000 in SA can be invested under the CPF Investment Scheme (“CPFIS”). Please refer to the website of the CPF Board for further information. Investors should note that the applicable interest rates for the CPF accounts and the terms of CPFIS may be varied by the CPF Board from time to time.

Nikko Asset Management Asia Limited. Registration Number 198202562H

**ABF SINGAPORE BOND INDEX FUND**

*(Constituted under a Trust Deed registered in the Republic of Singapore)*

**REPORT OF THE TRUSTEE**

*For the financial year ended 30 June 2022*

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The Trustee is under a duty to take into custody and hold the assets of ABF Singapore Bond Index Fund (the "Fund") in trust for the unitholders. In accordance with the Securities and Futures Act 2001, its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of the Manager for compliance with the limitations imposed on the investment and borrowing powers as set out in the Trust Deed in each annual accounting year and report thereon to unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Fund during the financial year covered by these financial statements, set out on pages 10 to 29, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee  
HSBC Institutional Trust Services (Singapore) Limited

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Authorised signatory  
28 September 2022

**ABF SINGAPORE BOND INDEX FUND**

*(Constituted under a Trust Deed registered in the Republic of Singapore)*

**STATEMENT BY THE MANAGER**

*For the financial year ended 30 June 2022*

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In the opinion of Nikko Asset Management Asia Limited, the accompanying financial statements set out on pages 10 to 29, comprising the Statement of Total Return, Statement of Financial Position, Statement of Movements of Unitholders' Funds, Statement of Portfolio and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position and the portfolio holdings of the ABF Singapore Bond Index Fund (the "Fund") as at 30 June 2022, and the financial performance and movements in unitholders' funds for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds" issued by the Institute of Singapore Chartered Accountants. At the date of this statement, there are reasonable grounds to believe that the Fund will be able to meet its financial obligations as and when they materialise.

For and on behalf of the Manager  
Nikko Asset Management Asia Limited

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Authorised signatory  
28 September 2022



**INDEPENDENT AUDITOR'S REPORT  
TO THE UNITHOLDERS OF ABF SINGAPORE BOND INDEX FUND**  
*(Constituted under a Trust Deed registered in the Republic of Singapore)*

***Our Opinion***

In our opinion, the accompanying financial statements of ABF Singapore Bond Index Fund (the "Fund") are properly drawn up in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds" issued by the Institute of Singapore Chartered Accountants, so as to present fairly, in all material respects, the financial position and portfolio holdings of the Fund as at 30 June 2022, and the financial performance and movements of unitholders' funds for the financial year ended on that date.

***What we have audited***

The financial statements of the Fund comprise:

- the Statement of Total Return for the financial year ended 30 June 2022;
- the Statement of Financial Position as at 30 June 2022;
- the Statement of Movements of Unitholders' Funds for the financial year ended 30 June 2022;
- the Statement of Portfolio as at 30 June 2022; and
- the notes to the financial statements, including a summary of significant accounting policies.

***Basis for opinion***

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Independence***

We are independent of the Fund in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

***Our Audit Approach***

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

***Key Audit Matters***

We have determined that there are no key audit matters to communicate in our report.

**INDEPENDENT AUDITOR'S REPORT  
TO THE UNITHOLDERS OF ABF SINGAPORE BOND INDEX FUND**  
(Constituted under a Trust Deed registered in the Republic of Singapore)

***Other Information***

The Fund's Manager (the "Manager") is responsible for the other information. The other information comprises all the sections of the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

***Responsibilities of the Manager for the financial statements***

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds" issued by the Institute of Singapore Chartered Accountants and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to terminate the Fund or to cease the Fund's operations, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Fund's financial reporting process.

***Auditor's responsibilities for the Audit of the financial statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

**INDEPENDENT AUDITOR'S REPORT  
TO THE UNITHOLDERS OF ABF SINGAPORE BOND INDEX FUND**

*(Constituted under a Trust Deed registered in the Republic of Singapore)*

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lim Kheng Wah.

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PricewaterhouseCoopers LLP  
Public Accountants and Chartered Accountants  
Singapore, 28 September 2022

**ABF SINGAPORE BOND INDEX FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF TOTAL RETURN***For the financial year ended 30 June 2022*

	Note	2022 S\$	2021 S\$
<b>Expenses</b>			
Administrator fee		243,538	272,848
Audit fee		31,796	34,007
Custody fee		165,730	202,066
Management fee		1,525,826	1,521,358
Legal and professional fee		33,213	24,888
Trustee fee		213,389	232,848
Transaction costs		4,879	5,488
Other expenses		208,385	171,758
		<u>2,426,756</u>	<u>2,465,261</u>
<b>Net expenses</b>		<u>(2,426,756)</u>	<u>(2,465,261)</u>
<b>Net gains or losses on value of investments</b>			
Net losses on investments		(97,683,359)	(25,995,548)
Net foreign exchange (losses)/gains		(1,933)	1,162
		<u>(97,685,292)</u>	<u>(25,994,386)</u>
<b>Total deficit for the financial year before income tax</b>		<u>(100,112,048)</u>	<u>(28,459,647)</u>
<b>Less: Income tax</b>	3	-	-
<b>Total deficit for the financial year after income tax</b>		<u>(100,112,048)</u>	<u>(28,459,647)</u>

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*The accompanying notes form an integral part of these financial statements.*

**ABF SINGAPORE BOND INDEX FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF FINANCIAL POSITION***As at 30 June 2022*

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	Note	2022 S\$	2021 S\$
<b>ASSETS</b>			
Portfolio of investments		<b>954,853,248</b>	1,009,476,113
Cash and cash equivalents		<b>6,197,585</b>	2,553,724
Sales awaiting settlement		<b>3,012,749</b>	3,799,656
Receivables	4	-	355,250
<b>Total assets</b>		<b>964,063,582</b>	1,016,184,743
<b>LIABILITIES</b>			
Payables	5	<b>468,498</b>	573,689
Purchase awaiting settlement		<b>971,444</b>	4,184,890
Distribution payable	6	<b>11,186,946</b>	10,844,591
<b>Total liabilities</b>		<b>12,626,888</b>	15,603,170
<b>EQUITY</b>			
Net assets attributable to unitholders	7	<b>951,436,694</b>	1,000,581,573

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*The accompanying notes form an integral part of these financial statements.*

**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 year ended 30 June 2022*

	Note	2022 S\$	2021 S\$
<b>Net assets attributable to unitholders at the beginning of financial year</b>		<b>1,000,581,573</b>	996,632,083
<b>Operations</b>			
Change in net assets attributable to unitholders resulting from operations		<b>(100,112,048)</b>	(28,459,647)
<b>Unitholders' contributions/(withdrawals)</b>			
Creation of units		<b>104,279,473</b>	91,027,697
Cancellation of units		<b>(30,959,100)</b>	(27,892,000)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		<b>73,320,373</b>	63,135,697
Distributions	6	<b>(22,353,204)</b>	(30,726,560)
Total (decrease)/increase in net assets attributable to unitholders		<b>(49,144,879)</b>	3,949,490
<b>Net assets attributable to unitholders at the end of financial year</b>	7	<b>951,436,694</b>	1,000,581,573

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*The accompanying notes form an integral part of these financial statements.*

**ABF SINGAPORE BOND INDEX FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 30 June 2022*

<b>By Industry (Primary)</b>	<b>Holdings at 30 June 2022</b>	<b>Fair value at 30 June 2022 S\$</b>	<b>Percentage of total net assets attributable to unitholders at 30 June 2022 %</b>
<b>Quoted Fixed Income Securities</b>			
<b>ELECTRIC</b>			
SP Power Assets Limited EMTN 3.4% 19/09/2032	3,500,000	3,471,991	0.36
		<u>3,471,991</u>	<u>0.36</u>
<b>ENGINEERING CONSTRUCTION</b>			
Land Transport Authority MTN 2.75% 19/03/2028	500,000	488,181	0.05
Land Transport Authority MTN 3.09% 31/08/2027	1,500,000	1,492,712	0.16
Land Transport Authority MTN 3.3% due 03/06/2054	10,000,000	8,903,217	0.93
Land Transport Authority MTN 3.35% 19/03/2048	11,000,000	10,163,579	1.07
Land Transport Authority MTN 3.38% due 30/01/2059	5,750,000	5,028,196	0.53
Land Transport Authority MTN 3.43% 30/10/2053	6,500,000	5,964,748	0.63
Land Transport Authority MTN 3.45% 30/07/2058	18,500,000	16,483,931	1.73
Land Transport Authority MTN 3.51% 18/09/2030	1,500,000	1,530,023	0.16
		<u>50,054,587</u>	<u>5.26</u>
<b>FINANCE</b>			
Temasek Financial I Ltd GMTN 4.0475% 05/03/2035	4,000,000	4,203,878	0.44
Temasek Financial I Ltd 2.8% 17/08/2071	9,500,000	7,232,388	0.76
Temasek Financial I Ltd GMTN 3.785% 05/03/2025	4,250,000	4,315,893	0.45
Temasek Financial I Ltd GMTN 4.2% 02/08/2050	6,000,000	6,366,941	0.67
Temasek Financial IV PRIV Ltd 2.7% 25/10/2023	3,250,000	3,243,500	0.34
Temasek Financial IV PRIV Ltd MTN 1.8% 24/11/2026	750,000	702,750	0.08
		<u>26,065,350</u>	<u>2.74</u>
<b>REAL ESTATE</b>			
Housing & Development Board 1.845% 15/03/2027	8,500,000	8,054,020	0.85
Housing & Development Board MTN 1.265% 24/06/2030	4,000,000	3,448,380	0.36
Housing & Development Board MTN 1.3% 03/12/2035	2,000,000	1,531,896	0.16
Housing & Development Board MTN 1.37% 16/03/2028	1,000,000	908,385	0.10
Housing & Development Board MTN 1.73% 19/05/2031	7,000,000	6,167,482	0.65
Housing & Development Board MTN 1.76% 24/02/2027	1,000,000	944,668	0.10
Housing & Development Board MTN 1.865% 21/07/2033	4,250,000	3,652,309	0.38
Housing & Development Board MTN 1.971% 25/01/2029	11,000,000	10,201,819	1.07
Housing & Development Board MTN 2.035% 16/09/2026	3,750,000	3,606,669	0.38
Housing & Development Board MTN 2.27% 16/07/2029	500,000	469,707	0.05
Housing & Development Board MTN 2.315% 18/09/2034	3,750,000	3,328,379	0.35
Housing & Development Board MTN 2.32% 24/01/2028	3,750,000	3,597,004	0.38
Housing & Development Board MTN 2.35% 25/05/2027	2,750,000	2,660,829	0.28
Housing & Development Board MTN 2.545% 04/07/2031	6,000,000	5,653,200	0.59
Housing & Development Board MTN 2.598% 30/10/2029	2,750,000	2,635,515	0.28
Housing & Development Board MTN 2.625% 17/09/2025	1,000,000	989,629	0.10
Housing & Development Board MTN 2.627% 09/06/2025	250,000	247,707	0.03
Housing & Development Board MTN 3.22% 01/12/2026	2,000,000	2,015,676	0.21
		<u>60,113,274</u>	<u>6.32</u>
<b>SOVEREIGN</b>			
Singapore Government Bond 0.5% 01/11/2025	39,500,000	36,659,756	3.85
Singapore Government Bond 1.25% 01/11/2026	35,500,000	33,269,343	3.49
Singapore Government Bond 1.625% 01/07/2031	32,700,000	29,234,052	3.07
Singapore Government Bond 1.875% 01/03/2050	38,263,000	29,978,100	3.15

*The accompanying notes form an integral part of these financial statements.*

**ABF SINGAPORE BOND INDEX FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 30 June 2022***By Industry (Primary)** (continued)

	Holdings at 30 June 2022	Fair value at 30 June 2022 S\$	Percentage of total net assets attributable to unitholders at 30 June 2022 %
<b>Quoted Fixed Income Securities</b> (continued)			
<b>SOVEREIGN</b> (continued)			
Singapore Government Bond 1.875% 01/10/2051	14,200,000	11,177,019	1.17
Singapore Government Bond 2% due 01/02/2024	60,600,000	60,110,110	6.32
Singapore Government Bond 2.125% 01/06/2026	57,230,000	55,826,892	5.87
Singapore Government Bond 2.25% 01/08/2036	55,050,000	49,835,202	5.24
Singapore Government Bond 2.375% 01/06/2025	41,700,000	41,261,499	4.34
Singapore Government Bond 2.375% 01/07/2039	20,300,000	18,322,563	1.92
Singapore Government Bond 2.625% 01/05/2028	37,050,000	36,614,211	3.85
Singapore Government Bond 2.75% 01/03/2046	40,230,000	37,561,005	3.95
Singapore Government Bond 2.75% 01/04/2042	34,690,000	32,712,909	3.44
Singapore Government Bond 2.75% 01/07/2023	60,150,000	60,378,149	6.35
Singapore Government Bond 2.875% 01/07/2029	49,990,000	49,906,252	5.25
Singapore Government Bond 2.875% 01/09/2030	56,185,000	55,832,495	5.87
Singapore Government Bond 3% 01/09/2024	60,500,000	60,934,190	6.40
Singapore Government Bond 3.375% 01/09/2033	37,680,000	38,911,213	4.09
Singapore Government Bond 3.5% 01/03/2027	66,558,000	68,562,873	7.21
		<b>807,087,833</b>	<b>84.83</b>
<b>Total Quoted Fixed Income Securities</b>		<b>946,793,035</b>	<b>99.51</b>
Accrued interest receivable on quoted fixed income securities		<b>8,060,213</b>	<b>0.85</b>
<b>Portfolio of investments</b>		<b>954,853,248</b>	<b>100.36</b>
<b>Other net liabilities</b>		<b>(3,416,554)</b>	<b>(0.36)</b>
<b>Net assets attributable to unitholders</b>		<b>951,436,694</b>	<b>100.00</b>

**By Industry (Summary)**

	Percentage of total net assets attributable to unitholders at 30 June 2022 %	Percentage of total net assets attributable to unitholders at 30 June 2021 %
<b>Quoted Fixed Income Securities</b>		
Bank	-	0.13
Electric	0.36	0.34
Engineering Construction	5.26	5.52
Finance	2.74	1.80
Real Estate	6.32	2.87
Sovereign	84.83	89.42
Accrued interest receivable on quoted fixed income securities	0.85	0.81
<b>Portfolio of investments</b>	<b>100.36</b>	<b>100.89</b>
<b>Other net liabilities</b>	<b>(0.36)</b>	<b>(0.89)</b>
<b>Net assets attributable to unitholders</b>	<b>100.00</b>	<b>100.00</b>

*The accompanying notes form an integral part of these financial statements.*



**ABF SINGAPORE BOND INDEX FUND**

(Constituted under a Trust Deed registered in the Republic of Singapore)

**STATEMENT OF PORTFOLIO**

As at 30 June 2022

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**By Geography (Secondary)**

	Fair value at 30 June 2022 S\$	Percentage of total net assets attributable to unitholders at 30 June 2022 %	Percentage of total net assets attributable to unitholders at 30 June 2021 %
Singapore	946,793,035	99.51	99.95
South Korea	-	-	0.13
Accrued interest receivable on quoted fixed income securities	8,060,213	0.85	0.81
	<hr/>		
<b>Portfolio of investments</b>	<b>954,853,248</b>	<b>100.36</b>	100.89
<b>Other net liabilities</b>	<b>(3,416,554)</b>	<b>(0.36)</b>	(0.89)
<b>Net assets attributable to unitholders</b>	<b>951,436,694</b>	<b>100.00</b>	100.00

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*The accompanying notes form an integral part of these financial statements.*

## **ABF SINGAPORE BOND INDEX FUND**

*(Constituted under a Trust Deed registered in the Republic of Singapore)*

### **NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 30 June 2022*

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These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

#### **1. General**

ABF Singapore Bond Index Fund (the “Fund”) is a Singapore domiciled fund constituted under a Trust Deed dated 12 August 2005 as amended by Supplemental Deed and Amended and Restated Deeds (collectively referred to as the “Deeds”). The Deeds are governed by the laws of the Republic of Singapore. The Trustee of the Fund is HSBC Institutional Trust Services (Singapore) Limited (the “Trustee”). The Manager of the Fund is Nikko Asset Management Asia Limited (the “Manager”).

#### **2. Significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below.

##### **(a) Basis of preparation**

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, and in accordance with the recommendations of Statement of Recommended Accounting Practice 7 “Reporting Framework for Investment Funds” (“RAP 7”) issued by the Institute of Singapore Chartered Accountants.

##### **(b) Recognition of income**

Interest income is recognised on a time-proportion basis using the effective interest rate method.

##### **(c) Foreign currency translation**

###### **(i) *Functional and presentation currency***

The Fund qualifies as an authorised scheme under the Securities and Futures Act 2001 (“SFA”) of Singapore and is offered to retail investors in Singapore. The Fund’s activities are substantially based in Singapore, with subscriptions and redemptions of the units of the Fund being denominated in Singapore Dollar.

## ABF SINGAPORE BOND INDEX FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

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#### 2. Significant accounting policies (continued)

##### (c) Foreign currency translation (continued)

###### (i) *Functional and presentation currency* (continued)

The performance of the Fund is measured and reported to the investors in Singapore Dollar. The Manager considers the Singapore Dollar as the currency which most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are expressed in Singapore Dollar, which is the Fund's functional and presentation currency.

###### (ii) *Transactions and balances*

Foreign currency monetary assets and liabilities are translated into Singapore Dollar at the rates of exchange prevailing at the date of the Statement of Financial Position. The net unrealised gain or loss is taken to the Statement of Total Return. Transactions during the year are recorded in Singapore Dollar at the rates of exchange ruling on transaction dates. All realised gains or losses are recognised in the Statement of Total Return.

##### (d) Distributions

The Manager has the absolute discretion to determine whether a distribution is to be made. In such an event, an appropriate amount will be transferred to a distribution account to be paid on the distribution date. The amount shall not be treated as part of the property of the Fund. Distributions are accrued for at the point in time when the necessary approvals have been obtained and a legal or constructive obligation has been created.

##### (e) Investments

Investments are classified as financial assets at fair value through profit and loss.

###### (i) *Initial recognition*

Purchases of investments are recognised on the trade date. Investments are recorded at fair value on initial recognition.

###### (ii) *Subsequent measurement*

Investments are subsequently carried at fair value. Net change in fair value on investments are included in the Statement of Total Return in the year in which they arise.

## ABF SINGAPORE BOND INDEX FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

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#### 2. Significant accounting policies (continued)

##### (e) Investments (continued)

###### (iii) *Derecognition*

Investments are derecognised on the trade date of disposal. The resultant realised gains and losses on the sales of investments are computed on the basis of the difference between the weighted average cost and selling price gross of transaction costs, and are taken up in the Statement of Total Return.

##### (f) Basis of valuation of investments

The fair value of financial assets and liabilities traded in active markets is based on quoted market prices at the close of trading on the reporting date. The quoted market price for these investments held by the Fund is the current market quoted bid price furnished by the index provider, a pricing service approved by the Manager and the Trustee. Accrued interest or discount or premium on fixed income securities at financial year end date is included in the fair value of fixed income securities. Interest income on fixed income securities is presented within "Net losses on investments" in the Statement of Total Return.

##### (g) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are initially recognised at their fair value and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

##### (h) Sales and purchases awaiting settlement

Sales and purchases awaiting settlement represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the Statement of Financial Position date respectively. These amounts are recognised initially at fair value and subsequently measured at amortised cost.

##### (i) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand which are subject to an insignificant risk of changes in value.

##### (j) Payables

Accrued expenses are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

## ABF SINGAPORE BOND INDEX FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

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#### 3. Income tax

The Manager and Trustee of the Fund have assessed and are satisfied that the Fund has met the requisite conditions under the Designated Unit Trust (DUT) scheme for the current financial year. The Manager and the Trustee of the Fund ensures that the Fund fulfills its reporting obligations under the DUT Scheme.

Under the DUT Scheme, certain income of the DUT Fund is not taxable in accordance with Sections 35(12) and 35(12A) of the Income Tax Act. Such income includes:

- (a) gains or profits derived from Singapore or elsewhere from the disposal of securities;
- (b) interest (other than interest for which tax has been deducted under section 45 of the Income Tax Act);
- (c) dividends derived from outside Singapore and received in Singapore;
- (d) gains or profits derived from foreign exchange transactions, transactions in futures contracts, transactions in interest rate or currency forwards swaps or option contracts and transactions in forwards, swaps or option contracts relating to any securities or financial index;
- (e) discount, prepayment fee, redemption premium and break cost from qualifying debt securities issued during the prescribed period; and
- (f) distributions from foreign unit trusts derived from outside Singapore and received in Singapore.

There is no income tax for the financial year ended 30 June 2022 and 2021.

#### 4. Receivables

	2022 S\$	2021 S\$
Amount receivable for creation of units	-	355,250

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**ABF SINGAPORE BOND INDEX FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 30 June 2022***5. Payables**

	<b>2022</b>	2021
	<b>S\$</b>	S\$
Amount due to the Manager	<b>365,103</b>	375,557
Amount due to the Trustee	<b>15,815</b>	19,101
Provision for audit fee	<b>31,798</b>	34,102
Other payables	<b>55,782</b>	144,929
	<b>468,498</b>	573,689

Amount due to the Manager comprises management fee payable to Nikko Asset Management Asia Limited. Amount due to the Trustee comprises trustee fee payable to HSBC Institutional Trust Services (Singapore) Limited.

**6. Distributions**

	<b>2022</b>	2021
	<b>S\$</b>	S\$
Final distribution of S\$1.23 per 100 units in respect of the financial year ended 30 June 2021	<b>11,166,258</b>	-
Interim distribution of S\$1.22 per 100 units in respect of the financial year ended 30 June 2022	<b>11,186,946</b>	-
Final distribution of S\$2.44 per 100 units in respect of the financial year ended 30 June 2020	-	19,881,969
Interim distribution of S\$1.27 per 100 units in respect of the financial year ended 30 June 2021	-	10,844,591
	<b>22,353,204</b>	30,726,560

**7. Units in issue**

During the year ended 30 June 2022 and 2021, the number of units issued, redeemed and outstanding were as follow:

	<b>2022</b>	2021
Units at beginning of the financial year	<b>853,904,800</b>	802,058,800
Units created	<b>90,208,000</b>	74,277,000
Units cancelled	<b>(27,150,000)</b>	(22,431,000)
Units at end of the financial year	<b>916,962,800</b>	853,904,800
Net assets attributable to unitholders - S\$	<b>951,436,694</b>	1,000,581,573
Net asset value per unit - S\$	<b>1.0376</b>	1.1718

## ABF SINGAPORE BOND INDEX FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

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#### 7. Units in issue (continued)

A reconciliation of the net asset value as reported in the Statement of Financial Position to the net asset value as determined for the purpose of processing unit subscription and redemption is provided below:

	2022 S\$	2021 S\$
Net assets attributable to unitholders as per financial statements per unit	1.0376	1.1718
Effect for movement in the net asset value between the last dealing date and the end of the reporting period <sup>^</sup>	-	(0.0001)
Effect of distribution per unit	0.0122	0.0127
Net assets attributable to unitholders for issuing/redeeming per unit	<u>1.0498</u>	<u>1.1844</u>

<sup>^</sup> The net asset value for the purposes of processing unit subscription and redemption was established in accordance with the methodology indicated in the Fund's Prospectus. This item reflects the movement in net asset value between the last dealing date and the end of the reporting period due to accrual of operating expenses.

#### 8. Financial risk management

The Fund's activities expose it to a variety of risk, including but not limited to market risk (including price risk, interest rate risk and currency risk), liquidity risk and credit risk. The Manager is responsible for the implementation of the overall risk management programme, which seeks to minimise potential adverse effects on the Fund's financial performance. Specific guidelines on exposures to individual securities and certain industries and/or countries are in place as part of the overall financial risk management to reduce the Fund's risk exposures to these risks

The Fund's primary objective is to provide investors with investment returns that correspond closely to the total return of the iBoxx ABF Singapore Bond Index (the "Index") before fees and expenses.

The Fund's assets primarily consist of debt obligations denominated in Singapore Dollar issued or guaranteed by the government of Singapore or any Asian government, by an agency or instrumentality of the Singapore government or any Asian government, by a Singapore government or any Asian government sponsored entity or a quasi-Singapore government or any Asian government entity, in each case as determined by the index provider as being constituent securities of the Index. The Fund may also invest in certain securities other than the constituent securities of the Index.

The financial instruments are held in accordance with the published investment policies of the Fund and managed accordingly to achieve the investment objectives.

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## **ABF SINGAPORE BOND INDEX FUND**

*(Constituted under a Trust Deed registered in the Republic of Singapore)*

### **NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 30 June 2022*

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#### **8. Financial risk management (continued)**

The COVID-19 pandemic continues to evolve and develop. The situation is dynamic with various cities and countries around the world responding in different ways to address the pandemic. As a result of the COVID-19 pandemic, global financial markets have experienced significant volatility. Given the extent of the crisis, it is difficult to estimate the impact or duration of the volatility on the portfolio of the Fund. The Manager is closely monitoring the development of the COVID-19 pandemic and its related impact.

##### **(a) Market risk - Price risk**

Price risk is the risk that arises from uncertainties about future prices of financial instruments.

The Fund's investment is substantially dependent on the changes of market prices. The Fund's overall market positions are monitored regularly so as to assess changes in fundamentals and valuation. However, events beyond reasonable control of the Manager could affect the prices of the underlying investments and hence, the net asset value of the Fund.

The Fund's market price risk is managed through diversification of the investment portfolio across various industries.

The market prices of financial assets held by the Fund are primarily dependent on prevailing market interest rates, as the Fund invests primarily in listed sovereign and quasi-sovereign bonds. Hence, no separate price risk sensitivity analysis is prepared as it is covered as part of interest rate risk sensitivity analysis.

##### **(b) Market risk - Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates (fair value risk).

The Manager will regularly assess the economic condition, monitor changes in interest rates outlook and take appropriate measures accordingly to control the impact of interest rate risk. The Fund's overall market positions are monitored frequently and are reviewed formally on a quarterly basis by the Manager.

The tables below summarise the Fund's exposure to interest rate risks. They include the Fund's assets and liabilities categorised by the earlier of contractual re-pricing or maturity dates.



**ABF SINGAPORE BOND INDEX FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 30 June 2022***8. Financial risk management (continued)****(b) Market risk - Interest rate risk (continued)****As at 30 June 2022**

	<u>Floating rate</u>	<u>Up to 1 year</u>	<u>Fixed rate</u>	<u>Over</u>	<u>Non-interest</u>	<u>Total</u>
	S\$	S\$	1-5 years S\$	5 years S\$	bearing S\$	S\$
<b>Assets</b>						
Portfolio of investments	-	60,378,149	383,406,004	503,008,882	8,060,213	954,853,248
Cash and cash equivalents	6,197,585	-	-	-	-	6,197,585
Sales awaiting settlement	-	-	-	-	3,012,749	3,012,749
<b>Total assets</b>	<b>6,197,585</b>	<b>60,378,149</b>	<b>383,406,004</b>	<b>503,008,882</b>	<b>11,072,962</b>	<b>964,063,582</b>
<b>Liabilities</b>						
Payables	-	-	-	-	468,498	468,498
Purchases awaiting settlement	-	-	-	-	971,444	971,444
Distribution payable	-	-	-	-	11,186,946	11,186,946
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,626,888</b>	<b>12,626,888</b>

**As at 30 June 2021**

	<u>Floating rate</u>	<u>Up to 1 year</u>	<u>Fixed rate</u>	<u>Over</u>	<u>Non-interest</u>	<u>Total</u>
	S\$	S\$	1-5 years S\$	5 years S\$	bearing S\$	S\$
<b>Assets</b>						
Portfolio of investments	-	-	396,968,450	604,398,463	8,109,200	1,009,476,113
Cash and cash equivalents	2,553,724	-	-	-	-	2,553,724
Sales awaiting settlement	-	-	-	-	3,799,656	3,799,656
Receivables	-	-	-	-	355,250	355,250
<b>Total assets</b>	<b>2,553,724</b>	<b>-</b>	<b>396,968,450</b>	<b>604,398,463</b>	<b>12,264,106</b>	<b>1,016,184,743</b>
<b>Liabilities</b>						
Payables	-	-	-	-	573,689	573,689
Purchases awaiting settlement	-	-	-	-	4,184,890	4,184,890
Distribution payable	-	-	-	-	10,844,591	10,844,591
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,603,170</b>	<b>15,603,170</b>

## **ABF SINGAPORE BOND INDEX FUND**

*(Constituted under a Trust Deed registered in the Republic of Singapore)*

### **NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 30 June 2022*

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#### **8. Financial risk management (continued)**

##### **(b) Market risk - Interest rate risk (continued)**

As at 30 June 2022, an increase/decrease of interest rates by 1% (2021: 1%), with all other variables remaining constant, would result in a decrease/ increase of the net assets attributable to unit holders by approximately 7% (2021: 8%). Changes in interest rates are revised annually depending on the Manager's current view of market volatility and other factors.

##### **(c) Market risk - Currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

To minimise currency risk, the Fund mainly holds its excess cash in its functional currency. For hedging purposes, the Fund may also enter into forward foreign exchange contracts.

The Manager does not consider currency risk to be significant as most of the financial assets and financial liabilities of the Fund are denominated in Singapore Dollar, which is the functional currency of the Fund.

##### **(d) Liquidity risk**

Liquidity risk is the risk of loss arising from the inability of the Fund to meet its obligations as and when they fall due without incurring unacceptable cost or losses.

The Fund is exposed to daily cash redemptions from unit holders. However, in accordance with the Fund's prospectus, minimum redemption size is set.

To manage the liquidity risk, a cash buffer is maintained in the Fund and monitored for minimum cash balances to prevent any extensive disposition of assets which may occur at lower prices and overdraft situations to meet trade settlements and obligations.

## ABF SINGAPORE BOND INDEX FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

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#### 8. Financial risk management (continued)

##### (d) Liquidity risk (continued)

The Fund's financial liabilities are analysed using contractual undiscounted cash flows for maturity groupings based on the remaining period at the Statement of Financial Position date to the contractual maturity date. As at 30 June 2022 and 2021, all liabilities are either payable upon demand or due in less than 3 months. The impact of discounting is not significant.

	<b>Less than 3 months</b>	
	<b>As at 30 June 2022 S\$</b>	<b>As at 30 June 2021 S\$</b>
Payables	<b>468,498</b>	573,689
Purchases awaiting settlement	<b>971,444</b>	4,184,890
Distribution payable	<b>11,186,946</b>	10,844,591
<b>Contractual cash outflows</b>	<b>12,626,888</b>	15,603,170

##### (e) Credit risk

Credit risk is the risk that a counterparty will be unable to fulfil its obligation to the Fund in part or in full as and when they fall due.

Concentrations of credit risk are minimised primarily by:

- ensuring counterparties as well as the respective credit limits are approved;
- ensuring there are controls in place to identify and assess the creditworthiness of counterparties and review such controls on a semi-annual basis; and
- ensuring that transactions are undertaken with a large number of counterparties.

The Fund is also exposed to counterparty credit risk on its financial assets held at amortised cost. As at 30 June 2022 and 2021, the Fund's financial assets held at amortised cost as disclosed in the Statement of Financial Position are realisable within three months. The Manager considers the probability of default to be insignificant as the counterparties generally have a strong capacity to meet their contractual obligations in the near term. Hence, no loss allowance has been recognised based on the 12-month expected credit losses as any such impairment would be insignificant to the Fund.

**ABF SINGAPORE BOND INDEX FUND***(Constituted under a Trust Deed registered in the Republic of Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 30 June 2022***8. Financial risk management (continued)****(e) Credit risk (continued)**

The table below analyses the Fund's investments by credit ratings. The credit ratings are reviewed regularly.

<b>Rating</b>	<b>Fixed rate securities</b>	
	<b>Fair value as at</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>S\$</b>	<b>S\$</b>
AAA*	<b>943,321,044</b>	996,724,948
AA+	<b>3,471,991</b>	-
AA	-	4,641,965
Accrued interest receivable on quoted fixed income securities	<b>8,060,213</b>	8,109,200
<b>Total</b>	<b>954,853,248</b>	<b>1,009,476,113</b>

\* The balance includes securities that are issued by government agencies of governments that have AAA rating as rated by Standard & Poor's.

All trade settlement with approved counterparties are on Delivery versus Payment and/or Receipt versus Payment basis, with the exception of initial public offerings, new issues and placement transactions.

Credit risk also arises from cash and cash equivalents and outstanding and committed transactions with brokers. The table below summarises the credit rating of bank and custodian in which the Fund's assets are held as at 30 June 2022 and 2021.

	<b>Credit rating as at 30 June 2022</b>	Credit rating as at 30 June 2021	<b>Source of credit rating</b>
<b>Bank and custodian</b>			
- The Hong Kong and Shanghai Banking Corporation Limited	AA-	AA-	Standard & Poor's

The credit ratings are based on Long-Term Local Issuer Ratings published by the rating agency.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

## ABF SINGAPORE BOND INDEX FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

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#### 8. Financial risk management (continued)

##### (f) Capital management

The Fund's capital is represented by the net assets attributable to unitholders. The Fund strives to invest the subscriptions of redeemable participating units in investments that meet the Fund's investment objectives while maintaining sufficient liquidity to meet unitholder redemptions.

##### (g) Fair value estimation

The Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table analyses within the fair value hierarchy the Fund's financial assets and liabilities (by class) measured at fair value at 30 June 2022 and 2021:

	Level 1 S\$	Level 2 S\$	Level 3 S\$	Total S\$
<b><u>As at 30 June 2022</u></b>				
<b>Assets</b>				
Financial assets designated at fair value through profit or loss at inception:				
- Quoted fixed income securities	813,865,567	140,987,681	-	954,853,248
	<hr/>	<hr/>	<hr/>	<hr/>
	Level 1 S\$	Level 2 S\$	Level 3 S\$	Total S\$
<b><u>As at 30 June 2021</u></b>				
<b>Assets</b>				
Financial assets designated at fair value through profit or loss at inception:				
- Quoted fixed income securities	901,944,532	107,531,581	-	1,009,476,113
	<hr/>	<hr/>	<hr/>	<hr/>

## ABF SINGAPORE BOND INDEX FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

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#### 8. Financial risk management (continued)

##### (g) Fair value estimation (continued)

Investments whose values are based on quoted market prices in active markets, and therefore classified within Level 1, comprise of Singapore government bonds. The Fund does not adjust the quoted prices for these investments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include investment-grade corporate bonds.

Except for cash and cash equivalents which are classified as Level 1, the Fund's assets and liabilities not measured at fair value at 30 June 2022 and 2021 have been classified as Level 2. The carrying amounts of these assets and liabilities approximate their fair values as at the Statement of Financial Position date.

#### 9. Related party transactions

In addition to related party information shown elsewhere in the financial statements, the following significant transactions took place during the financial year between the Fund and a related party at terms agreed between the parties and within the provisions of the Deeds:

	2022 S\$	2021 S\$
Bank balances held with related party of the Trustee	<b>6,197,585</b>	2,553,724

#### 10. Financial ratios

	2022	2021
<b>Expense ratio</b>		
Total operating expenses	S\$ <b>2,421,877</b>	2,459,773
Average daily net asset value	S\$ <b>1,017,477,886</b>	1,014,283,514
<b>Total expense ratio<sup>1</sup></b>	% <b>0.24</b>	0.24
	<b>2022</b>	<b>2021</b>
<b>Turnover ratio</b>		
Lower of total value of purchases or sales	S\$ <b>357,314,731</b>	296,432,893
Average daily net asset value	S\$ <b>1,017,477,886</b>	1,014,283,514
<b>Total turnover ratio<sup>2</sup></b>	% <b>35.12</b>	29.23

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## **ABF SINGAPORE BOND INDEX FUND**

*(Constituted under a Trust Deed registered in the Republic of Singapore)*

### **NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 30 June 2022*

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#### **10. Financial ratios (continued)**

- <sup>1</sup> The 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 financial year end was based on total operating expenses divided by the average net asset value for the year. The total operating expenses do not include (where applicable) 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.
- <sup>2</sup> The 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.

#### **11. Comparatives**

When necessary, comparatives figures have been adjusted to conform with the changes in presentation in the current period. The revised presentation does not result in a change in the Fund's net assets or deficit/return after income tax.

## ABF SINGAPORE BOND INDEX FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

### REPORT TO UNITHOLDERS

For the financial year ended 30 June 2022

The following contains additional information relating to the Fund.

#### 1. Distribution of investments

Please refer to the Statement of Portfolio on pages 13 to 15.

#### 2. Credit rating of debt securities

<b>CREDIT RATINGS</b>	<b>Fair value at 30 June 2022 S\$</b>	<b>Percentage of total net assets attributable to unitholders at 30 June 2022 %</b>	<b>Percentage of total net assets attributable to unitholders at 30 June 2021 %</b>
AAA	943,321,044	99.15	99.61
AA+	3,471,991	0.36	-
AA	-	-	0.47
Accrued interest receivable on quoted fixed income securities	8,060,213	0.85	0.81
	<b>954,853,248</b>	<b>100.36</b>	<b>100.89</b>

#### 3. Top 10 holdings

##### 10 largest holdings at 30 June 2022

	<b>Cost S\$</b>	<b>Fair value S\$</b>	<b>Percentage of total net assets attributable to unitholders %</b>
Singapore Government Bond 3.5% 01/03/2027	73,792,130	68,562,873	7.21
Singapore Government Bond 3% 01/09/2024	64,811,440	60,934,190	6.40
Singapore Government Bond 2.75% 01/07/2023	62,431,494	60,378,149	6.35
Singapore Government Bond 2% due 01/02/2024	61,540,120	60,110,110	6.32
Singapore Government Bond 2.875% 01/09/2030	62,419,196	55,832,495	5.87
Singapore Government Bond 2.125% 01/06/2026	59,403,496	55,826,892	5.87
Singapore Government Bond 2.875% 01/07/2029	55,291,719	49,906,252	5.25
Singapore Government Bond 2.25% 01/08/2036	56,935,976	49,835,202	5.24
Singapore Government Bond 2.375% 01/06/2025	43,464,535	41,261,499	4.34
Singapore Government Bond 3.375% 01/09/2033	42,854,726	38,911,213	4.09



## ABF SINGAPORE BOND INDEX FUND

(Constituted under a Trust Deed registered in the Republic of Singapore)

### REPORT TO UNITHOLDERS

For the financial year ended 30 June 2022

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#### 3. Top 10 holdings (continued)

10 largest holdings at 30 June 2021

	Cost S\$	Fair value S\$	Percentage of total net assets attributable to unitholders %
Singapore Government Bond 2.875% 01/09/2030	73,081,108	73,307,836	7.33
Singapore Government Bond 1.75% 01/02/2023	66,134,737	66,616,348	6.66
Singapore Government Bond 3.5% 01/03/2027	62,249,420	62,895,306	6.29
Singapore Government Bond 2.75% 01/07/2023	60,494,501	60,771,001	6.07
Singapore Government Bond 3.125% 01/09/2022	62,272,325	60,258,260	6.02
Singapore Government Bond 3% 01/09/2024	58,594,642	58,561,133	5.85
Singapore Government Bond 2.75% 01/03/2046	55,100,528	58,113,607	5.81
Singapore Government Bond 2.25% 01/08/2036	56,918,165	57,004,831	5.70
Singapore Government Bond 2.875% 01/07/2029	56,446,458	56,789,348	5.68
Singapore Government Bond 3.375% 01/09/2033	51,346,457	53,228,854	5.32

#### 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

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## **ABF SINGAPORE BOND INDEX FUND**

*(Constituted under a Trust Deed registered in the Republic of Singapore)*

### **REPORT TO UNITHOLDERS**

*For the financial year ended 30 June 2022*

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**10. Amount of units created and cancelled for the financial year ended 30 June 2022**

	<b>S\$</b>
Units created	<b>104,279,473</b>
Units cancelled	<b><u>(30,959,100)</u></b>

**11. Turnover ratios**

Please refer to Note 10 of the Notes to the Financial Statements on pages 28 and 29.

**12. Expense ratios**

Please refer to Note 10 of the Notes to the Financial Statements on pages 28 and 29.

**13. Related party transactions**

Please refer to Note 9 of the Notes to the Financial Statements on page 28.

**14. Any other material information that will adversely impact the valuation of the Fund**

Nil.

**15. Soft Dollar Commissions/Arrangements**

In its management of the Fund, the Manager currently does not receive or enter into any soft dollar commissions or arrangements.



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