

SEMI-ANNUAL REPORT

For the financial period ending 31 December 2019

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

Hou Wey Fook
Lim Soon Chong
Kiyotaka Ryu
Seet Oon Hui Eleanor
Yu-Ming Wang (resigned with effect from 24 January 2020)

TRUSTEE & REGISTRAR

HSBC Institutional Trust Services (Singapore) Limited
21 Collyer Quay, #13-02 HSBC Building
Singapore 049320

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)

PERFORMANCE SUMMARY

Returns (%)	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
ABF Singapore Bond Index Fund	0.61	3.67	4.76	3.59	2.80	2.53	2.73
iBoxx ABF Singapore Bond Index total return series	0.70	3.81	5.07	3.93	3.11	2.83	3.02

Source: Nikko Asset Management Asia Limited & Markit Indices Limited. Returns as at 31 December 2019. Returns are calculated on a NAV-NAV¹ 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

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.

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) 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 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 Central Provident Board ("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 plus 1% per annum. A 4% per annum floor rate will be maintained for interest earned on SMRA until 31 December 2020, after which a 2.5% per annum minimum rate will apply. An extra 1% per annum 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"). Investors should note that the applicable interest rates for each of the CPF accounts may be varied by the CPF Board from time to time.

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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 2019 (Unaudited)*

	31 December 2019 S\$	31 December 2018 S\$
Income		
Interest	2	1
	2	1
Expenses		
Administrator fee	124,442	109,839
Audit fee	17,189	17,261
Custodian fee	88,740	63,064
Management fee	668,655	571,623
Legal and professional fee	15,511	20,567
Trustee fee	104,277	90,784
Transaction costs	2,590	2,650
Other expenses	118,473	111,979
	1,139,877	987,767
Net expenses	(1,139,875)	(987,766)
Net gains or losses on value of investments		
Net gains on investments	32,179,666	30,895,632
Net foreign exchange gains	78	185
	32,179,744	30,895,817
Total return for the financial period before income tax	31,039,869	29,908,051
Less: Income tax	-	-
Total return for the financial period after income tax	31,039,869	29,908,051

ABF SINGAPORE BOND INDEX FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF FINANCIAL POSITION***As at 31 December 2019 (Unaudited)*

	31 December 2019 S\$	30 June 2019 S\$
ASSETS		
Portfolio of investments	906,427,794	836,439,225
Cash and bank balances	3,678,823	1,498,158
Receivables	476,800	2,511
Total assets	910,583,417	837,939,894
LIABILITIES		
Payables	459,679	452,108
Distribution payable	19,012,017	-
Total liabilities	19,471,696	452,108
EQUITY		
Net assets attributable to unitholders	891,111,721	837,487,786

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 2019 (Unaudited)*

	31 December 2019 S\$	30 June 2019 S\$
Net assets attributable to unitholders at the beginning of financial period/year	837,487,786	743,393,863
Operations		
Change in net assets attributable to unitholders resulting from operations	31,039,869	38,676,392
Unitholders' contributions/(withdrawals)		
Creation of units	45,801,787	77,368,555
Cancellation of units	(4,205,704)	(3,971,279)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	41,596,083	73,397,276
Distributions	(19,012,017)	(17,979,745)
Total increase in net assets attributable to unitholders	53,623,935	94,093,923
Net assets attributable to unitholders at the end of financial period/year	891,111,721	837,487,786

ABF SINGAPORE BOND INDEX FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 31 December 2019 (Unaudited)***By Industry (Primary)**

	Holdings at 31 December 2019	Fair value at 31 December 2019 S\$	Percentage of total net assets attributable to unitholders at 31 December 2019 %
Quoted Fixed Income Securities			
BANK			
Export-Import Bank Korea EMTN 2.318% 27/09/2022	2,750,000	2,764,000	0.31
		2,764,000	0.31
ELECTRIC			
SP Power Assets Limited EMTN 3.4% 19/09/2032	2,750,000	2,965,245	0.33
		2,965,245	0.33
ENGINEERING CONSTRUCTION			
Land Transport Authority MTN 3.3% due 03/06/2054	7,750,000	8,628,491	0.97
Land Transport Authority MTN 3.35% or 19/03/2048	13,750,000	15,530,573	1.74
Land Transport Authority MTN 3.38% due 30/01/2059	3,000,000	3,350,078	0.38
Land Transport Authority MTN 3.43% 30/10/2053	5,000,000	5,716,937	0.64
Land Transport Authority MTN 3.45% 30/07/2058	11,500,000	13,049,097	1.46
		46,275,176	5.19
FINANCE			
Temasek Fin IV PRIV Ltd 2.7% 25/10/2023	5,250,000	5,374,688	0.61
Temasek Financial I Ltd GMTN 3.785% 05/03/2025	4,250,000	4,587,060	0.51
Temasek Financial I Ltd GMTN 4.2% 02/08/2050	5,000,000	6,071,396	0.68
		16,033,144	1.80
REAL ESTATE			
Housing & Development Board MTN 2.164% 22/05/2024	1,000,000	1,014,668	0.12
Housing & Development Board MTN 2.22% 22/11/2021	5,500,000	5,548,155	0.62
Housing & Development Board MTN 2.2325% 21/02/2022	6,000,000	6,060,749	0.68
Housing & Development Board MTN 2.25% 21/11/2024	1,500,000	1,529,498	0.17
Housing & Development Board MTN 2.315% 18/09/2034	6,500,000	6,505,308	0.73
Housing & Development Board MTN 2.5% 29/01/2023	7,250,000	7,411,532	0.83
Housing & Development Board MTN 2.545% 04/07/2031	7,750,000	8,028,375	0.90
Housing & Development Board MTN 3.1% 24/07/2024	2,250,000	2,375,379	0.27
		38,473,664	4.32
SOVEREIGN			
Singapore Government Bond 1.25% 01/10/2021	58,750,000	58,463,094	6.56
Singapore Government Bond 1.75% 01/02/2023	33,250,000	33,450,973	3.76
Singapore Government Bond 1.75% 01/04/2022	23,700,000	23,810,658	2.67
Singapore Government Bond 2% due 01/02/2024	19,900,000	20,241,854	2.27
Singapore Government Bond 2.125% 01/06/2026	37,530,000	38,679,064	4.34
Singapore Government Bond 2.25% 01/06/2021	52,150,000	52,669,424	5.91
Singapore Government Bond 2.25% 01/08/2036	30,950,000	32,507,110	3.65
Singapore Government Bond 2.375% 01/06/2025	25,550,000	26,607,236	2.99
Singapore Government Bond 2.375% 01/07/2039	16,000,000	17,182,688	1.93
Singapore Government Bond 2.625% 01/05/2028	35,950,000	38,526,119	4.32
Singapore Government Bond 2.75% 01/03/2046	53,630,000	60,634,244	6.80

ABF SINGAPORE BOND INDEX FUND*(Constituted under a Trust Deed registered in the Republic of Singapore)***STATEMENT OF PORTFOLIO***As at 31 December 2019 (Unaudited)***By Industry (Primary) (continued)**

	Holdings at 31 December 2019	Fair value at 31 December 2019 S\$	Percentage of total net assets attributable to unitholders at 31 December 2019 %
Quoted Fixed Income Securities (continued)			
SOVEREIGN (continued)			
Singapore Government Bond 2.75% 01/04/2042	37,690,000	42,736,955	4.80
Singapore Government Bond 2.75% 01/07/2023	58,250,000	60,609,509	6.80
Singapore Government Bond 2.875% 01/07/2029	35,290,000	38,783,788	4.35
Singapore Government Bond 2.875% 01/09/2030	25,285,000	28,024,969	3.15
Singapore Government Bond 3% 01/09/2024	57,500,000	61,210,602	6.87
Singapore Government Bond 3.125% 01/09/2022	41,830,000	43,549,389	4.89
Singapore Government Bond 3.375% 01/09/2033	42,230,000	50,010,582	5.61
Singapore Government Bond 3.5% 01/03/2027	58,058,000	65,266,957	7.32
		792,965,215	88.99
Total Quoted Fixed Income Securities		899,476,444	100.94
Accrued interest receivable on quoted fixed income securities		6,951,350	0.78
Portfolio of investments		906,427,794	101.72
Other net liabilities		(15,316,073)	(1.72)
Net assets attributable to unitholders		891,111,721	100.00

By Industry (Summary)

	Percentage of total net assets attributable to unitholders at 31 December 2019 %	Percentage of total net assets attributable to unitholders at 30 June 2019 %
Quoted Fixed Income Securities		
Bank	0.31	0.33
Electric	0.33	0.77
Engineering Construction	5.19	4.95
Finance	1.80	2.45
Real Estate	4.32	4.45
Sovereign	88.99	86.12
Accrued interest receivable on quoted fixed income securities	0.78	0.81
Portfolio of investments	101.72	99.88
Other net (liabilities)/assets	(1.72)	0.12
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 2019 (Unaudited)***By Geography (Secondary)**

	Fair value at 31 December 2019 S\$	Percentage of total net assets attributable to unitholders at 31 December 2019 %	Percentage of total net assets attributable to unitholders at 30 June 2019 %
Malaysia	-	-	0.72
Singapore	896,712,444	100.63	98.02
South Korea	2,764,000	0.31	0.33
Accrued interest receivable on quoted fixed income securities	6,951,350	0.78	0.81
Portfolio of investments	906,427,794	101.72	99.88
Other net (liabilities)/assets	(15,316,073)	(1.72)	0.12
Net assets attributable to unitholders	891,111,721	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 2019 (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 2019 S\$	Percentage of total net assets attributable to unitholders at 31 December 2019 %	Percentage of total net assets attributable to unitholders at 30 June 2019 %
AAA*	893,747,199	100.30	97.25
AA	5,729,245	0.64	1.10
N.A.	-	-	0.72
Accrued interest receivable on quoted fixed income securities	6,951,350	0.78	0.81
	906,427,794	101.72	99.88

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

3. Top 10 holdings**10 largest holdings at 31 December 2019**

	Cost S\$	Fair value S\$	Percentage of total net assets attributable to unitholders %
Singapore Government Bond 3.5% 01/03/2027	64,708,241	65,266,957	7.32
Singapore Government Bond 3% 01/09/2024	61,413,852	61,210,602	6.87
Singapore Government Bond 2.75% 01/03/2046	55,568,448	60,634,244	6.80
Singapore Government Bond 2.75% 01/07/2023	60,285,023	60,609,509	6.80
Singapore Government Bond 1.25% 01/10/2021	58,137,344	58,463,094	6.56
Singapore Government Bond 2.25% 01/06/2021	53,368,271	52,669,424	5.91
Singapore Government Bond 3.375% 01/09/2033	46,627,681	50,010,582	5.61
Singapore Government Bond 3.125% 01/09/2022	44,938,647	43,549,389	4.89
Singapore Government Bond 2.75% 01/04/2042	38,733,251	42,736,955	4.80
Singapore Government Bond 2.875% 01/07/2029	38,041,923	38,783,788	4.35

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 2019 (Unaudited)***3. Top 10 holdings** (continued)

10 largest holdings at 31 December 2018

	Cost S\$	Fair value S\$	Percentage of total net assets attributable to unitholders %
Singapore Government Bond 3.5% 01/03/2027	60,938,282	60,996,415	7.81
Singapore Government Bond 2.75% 01/07/2023	60,063,175	60,144,084	7.70
Singapore Government Bond 2.25% 01/06/2021	54,936,709	54,108,064	6.93
Singapore Government Bond 3.25% 01/09/2020	52,217,271	50,259,029	6.44
Singapore Government Bond 3% 01/09/2024	47,203,299	46,577,494	5.97
Singapore Government Bond 3.375% 01/09/2033	42,764,455	44,736,554	5.73
Singapore Government Bond 3.125% 01/09/2022	44,798,194	43,437,450	5.56
Singapore Government Bond 2.75% 01/03/2046	41,271,522	43,414,300	5.56
Singapore Government Bond 2.75% 01/04/2042	35,604,635	37,220,836	4.77
Singapore Government Bond 2% 01/07/2020	35,733,731	35,561,525	4.55

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 2019 (Unaudited)***10. Amount of units created and cancelled for the financial period ended 31 December 2019**

	S\$
Units created	45,801,787
Units cancelled	(4,205,704)

11. Financial ratios**Expense ratio**

	31 December 2019	31 December 2018
Total operating expenses	S\$ 2,132,645	1,938,295
Average daily net asset value	S\$ 842,922,474	746,886,103
Total expense ratio¹	% 0.25	0.26

Turnover ratio

	31 December 2019	31 December 2018
Lower of total value of purchases or sales	S\$ 147,305,508	146,540,462
Average daily net asset value	S\$ 883,789,850	755,614,743
Total turnover ratio²	% 16.67	19.39

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 2019 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.

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 2019 (Unaudited)

12. Related party transactions

The Manager of the Fund is Nikko Asset Management Asia Limited, a subsidiary of Nikko Asset Management International Limited. The Trustee of the Fund is HSBC Institutional Trust Services (Singapore) Limited (the "Trustee").

Management fee is payable to the Manager. Administrator fee and trustee fee are payable to the Trustee. Custody fee is payable to a related company of the Trustee, The Hongkong and Shanghai Banking Corporation Limited.

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

	31 December 2019 S\$	30 June 2019 S\$
Bank balances held with related party of the Trustee	3,678,823	1,498,158

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	: Flow Traders Asia Pte. Ltd. and Phillip Securities Pte Ltd
Participating Dealers	: ABN Amro, CGS-CIMB Securities, DBS Vickers, Phillip Securities
Corporate Secretariat	: Boardroom Corporate & Advisory Services Pte Ltd
Auditor	: PricewaterhouseCoopers appointed on 12 Aug 05
Audit Partner	: Lim Kheng Wah
Tax Agent	: Ernst & Young Solutions LLP
Solicitors to Managers	: Chan & Goh LLP
Solicitors to Trustee	: Clifford Chance Pte Ltd

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

Nil

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