

ABF Hong Kong Bond Index Fund

Interim Report 2021



HSBC
Global Asset
Management

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Statement of Financial Position

ABF Hong Kong Bond Index Fund

	31 January 2021 HKD	31 July 2020 HKD
ASSETS		
Financial assets at fair value through profit or loss	2,338,835,631	2,386,555,172
Interest receivable	13,779,158	15,563,142
Amounts due from brokers	41,563,989	5,404,222
Cash and cash equivalents	8,333,310	5,608,613
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Total assets	2,402,512,088	2,413,131,149
	<hr/>	<hr/>
LIABILITIES		
Amounts due to brokers	41,813,830	–
Distributions payable	6,620,700	10,601,160
Other payables	591,359	669,262
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Total liabilities	49,025,889	11,270,422
	<hr/>	<hr/>
Net assets attributable to unitholders (bid prices)	2,353,486,199	2,401,860,727
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Representing:		
Equity	2,353,486,199	2,401,860,727
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Total number of units in issue	22,830,001	23,046,001
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Net asset value per unit at bid prices	103.09	104.22
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Note: Interim reports have applied the same accounting policies and methods of computation as are applied in the annual reports of the Fund.

Statement of Comprehensive Income for the period ended 31 January 2021

ABF Hong Kong Bond Index Fund

	1 August 2020 31 January 2021 HKD	1 August 2019 31 January 2020 HKD
Net (losses)/gains from financial assets at fair value through profit or loss	(16,510,023)	36,658,780
Net foreign exchange loss	(25)	(57)
Refund from the Manager	–	2,710,174
Sundry income	4,501	76,564
Interest income	13	1,600
Total (loss)/revenue	(16,505,534)	39,447,061
Management fees ^{Note 2}	1,653,036	1,743,496
Transaction fees ^{Note 1}	12,253	16,534
Trustee's fees ^{Note 1}	591,756	628,200
Registrar fees ^{Note 1}	10,852	10,151
Legal and professional fees	199,314	31,867
Auditor's remuneration	75,951	76,785
Miscellaneous expenses ^{Note 1}	329,519	281,265
Total operating expenses	2,872,681	2,788,298
(Decrease)/increase in net assets attributable to unitholders and total comprehensive income for the period	(19,378,215)	36,658,763

^{Note 1} During the period ended 31 January 2021 and 2020, other than Trustee's fees, Registrar fees and Transaction fees, other respective amounts paid to the Trustee/connected person of Trustee were as follows:

	1 August 2020 31 January 2021 HKD	1 August 2019 31 January 2020 HKD
Miscellaneous expenses	44,575	3,913

^{Note 2} During the period ended 31 January 2021 and 2020, other than Management fee that paid to Manager, no other amounts paid to the Manager/connected person of Manager.

Statement of Changes in Equity for the period ended 31 January 2021

ABF Hong Kong Bond Index Fund

	1 August 2020 31 January 2021 HKD	1 August 2019 31 January 2020 HKD
Balance at the beginning of the period	2,401,860,727	2,618,526,872
(Decrease)/increase in net assets attributable to unitholders and total comprehensive income for the period	(19,378,215)	36,658,763
Subscriptions of units (excluding equalisation)	–	97,866,400
Redemptions of units (excluding equalisation)	(22,276,318)	(307,865,685)
Equalisation on subscriptions and redemptions	(99,295)	(530,670)
Distributions to unitholders during the period	(6,620,700)	(16,793,281)
	(28,996,313)	(227,323,236)
Balance at the end of the period	2,353,486,199	2,427,862,399
Number of units in issue	Units	Units
Number of units in issue brought forward	23,046,001	26,546,001
Units issued during the period	–	1,000,000
Units redeemed during the period	(216,000)	(3,100,000)
Number of units in issue carried forward	22,830,001	24,446,001

Cash Flow Statement

for the period ended 31 January 2021

ABF Hong Kong Bond Index Fund

	1 August 2020 31 January 2021 HKD	1 August 2019 31 January 2020 HKD
Operating activities		
Interest received	13	1,600
Management fees paid	(1,674,458)	(1,782,768)
Trustee's fees paid	(599,658)	(643,449)
Transaction fees paid	(9,919)	(18,868)
Payments on purchase of investments	(374,697,541)	(315,985,085)
Proceeds from sale of investments (including coupon interest received from investments)	413,345,106	524,220,654
Other operating expenses paid	(666,574)	(566,753)
Refund from the Manager	-	2,710,174
Sundry income received	4,501	76,564
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Net cash generated from operating activities	35,701,470	208,012,069
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Financing activities		
Proceeds from issue of units including equalisation	-	98,701,000
Payments on redemption of units including equalisation	(22,375,613)	(284,424,355)
Distributions paid	(10,601,160)	(22,829,561)
	<hr/>	<hr/>
Net cash used in financing activities	(32,976,773)	(208,552,916)
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	2,724,697	(540,847)
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Cash and cash equivalents at the beginning of the period	5,608,613	867,789
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	8,333,310	326,942
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Portfolio Statement

ABF Hong Kong Bond Index Fund

as at 31 January 2021

	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
Debt securities							
				THE GOVERNMENT OF THE HKSAR OF THE PRC 1.09% 5 JUNE 2023	11,500,000	11,756,251	0.50
Listed investments				THE GOVERNMENT OF THE HKSAR OF THE PRC 1.1% 17 JANUARY 2023	267,900,000	272,992,109	11.60
China				THE GOVERNMENT OF THE HKSAR OF THE PRC 1.16% 18 MAY 2022	118,100,000	119,731,162	5.09
CHINA DEVELOPMENT BK/HK 0.55% 12 JANUARY 2023	82,500,000	82,533,825	3.51	THE GOVERNMENT OF THE HKSAR OF THE PRC 1.25% 29 JUNE 2027	83,300,000	87,198,573	3.71
		<u>82,533,825</u>	<u>3.51</u>	THE GOVERNMENT OF THE HKSAR OF THE PRC 1.49% 22 FEBRUARY 2028	17,000,000	18,139,231	0.77
Hong Kong				THE GOVERNMENT OF THE HKSAR OF THE PRC 1.68% 21 JANUARY 2026	146,200,000	155,854,390	6.62
HONG KONG MONETARY AUTHORITY 1.51% EXCHANGE FUND NOTES 24 FEBRUARY 2027	6,800,000	7,237,271	0.31	THE GOVERNMENT OF THE HKSAR OF THE PRC 1.89% 2 MARCH 2032	38,500,000	42,197,467	1.79
HONG KONG MONETARY AUTHORITY 1.73% EXCHANGE FUND NOTES 20 FEBRUARY 2024	107,100,000	112,188,728	4.77	THE GOVERNMENT OF THE HKSAR OF THE PRC 1.94% 4 DECEMBER 2023	6,500,000	6,828,023	0.29
HONG KONG MONETARY AUTHORITY 1.96% EXCHANGE FUND NOTES 3 JUNE 2024	66,850,000	70,778,928	3.01	THE GOVERNMENT OF THE HKSAR OF THE PRC 1.97% 17 JANUARY 2029	116,000,000	127,780,972	5.43
HONG KONG MONETARY AUTHORITY 2.39% EXCHANGE FUND NOTES 20 AUGUST 2025	10,000,000	10,944,795	0.46	THE GOVERNMENT OF THE HKSAR OF THE PRC 2.02% 7 MARCH 2034	56,200,000	62,572,451	2.66
HONG KONG MONETARY AUTHORITY 2.48% EXCHANGE FUND NOTES 28 FEBRUARY 2029	2,500,000	2,867,878	0.12	THE GOVERNMENT OF THE HKSAR OF THE PRC 2.07% 26 AUGUST 2026	21,000,000	22,942,809	0.97
HONG KONG MONETARY AUTHORITY 2.49% EXCHANGE FUND NOTES 22 AUGUST 2028	5,000,000	5,711,259	0.24	THE GOVERNMENT OF THE HKSAR OF THE PRC 2.13% 16 JULY 2030	52,100,000	58,480,760	2.48
HONG KONG MONETARY AUTHORITY 2.6% EXCHANGE FUND NOTES 20 AUGUST 2024	29,000,000	31,448,316	1.34	THE GOVERNMENT OF THE HKSAR OF THE PRC 2.22% 7 AUGUST 2024	217,400,000	232,658,806	9.89
HONG KONG MONETARY AUTHORITY 2.95% EXCHANGE FUND NOTES 24 FEBRUARY 2025	20,000,000	22,174,684	0.94	THE GOVERNMENT OF THE HKSAR OF THE PRC 2.24% 27 AUGUST 2029	74,000,000	83,764,907	3.56
THE GOVERNMENT OF THE HKSAR OF THE PRC 0.11% 23 NOVEMBER 2022	1,300,000	1,299,911	0.06	THE GOVERNMENT OF THE HKSAR OF THE PRC 2.71% 20 FEBRUARY 2023	3,000,000	3,158,553	0.13
THE GOVERNMENT OF THE HKSAR OF THE PRC 0.51% 23 OCTOBER 2023	50,000,000	50,482,380	2.15	THE GOVERNMENT OF THE HKSAR OF THE PRC 3.27% 28 AUGUST 2023	17,150,000	18,522,636	0.79
THE GOVERNMENT OF THE HKSAR OF THE PRC 0.55% 5 DECEMBER 2022	4,000,000	4,031,900	0.17	THE GOVERNMENT OF THE HKSAR OF THE PRC 4.65% 29 AUGUST 2022	15,000,000	16,069,626	0.68
THE GOVERNMENT OF THE HKSAR OF THE PRC 0.97% 20 JUNE 2022	20,000,000	20,241,562	0.86			<u>1,680,056,338</u>	<u>71.39</u>
				South Korea			
				KOREA EXPRESSWAY CORP 3.02% 5 MARCH 2023	30,000,000	31,333,299	1.33
						<u>31,333,299</u>	<u>1.33</u>
				Listed Investments Total		<u>1,793,923,462</u>	<u>76.23</u>

Statement of Movements in Portfolio Holdings

ABF Hong Kong Bond Index Fund

as at 31 January 2021

	% of net asset value 31 January 2021	% of net asset value 31 July 2020
Debt securities		
Listed investments	76.23	75.09
Unlisted but quoted investments	23.15	24.27
	<hr/>	<hr/>
Debt securities (Total)	99.38	99.36
	<hr/>	<hr/>
Total investments	99.38	99.36
	<hr/>	<hr/>
Other net assets	0.62	0.64
	<hr/>	<hr/>
Total net assets	100.00	100.00
	<hr/>	<hr/>

Performance Record

ABF Hong Kong Bond Index Fund

	Net asset value per unit		
	Lowest HKD	Highest HKD	
1 August 2020 to 31 January 2021	103.08	104.24	
2020	98.42	104.63	
2019	95.25	99.98	
2018	95.89	100.02	
2017	97.28	101.52	
2016	98.44	102.30	
2015	98.64	101.48	
2014	98.08	100.42	
2013	98.92	104.92	
2012	102.13	105.54	
2011	99.53	103.72	
	31 January 2021 HKD	31 July 2020 HKD	31 July 2019 HKD
Total net asset value	2,353,486,199	2,401,860,727	2,618,526,872
Net asset value per unit	103.09	104.22	98.64

In accordance with chapter 8.6(l) of the Code on Unit Trusts and Mutual Funds, the Trustee is required to provide a comparison of the Trust's performance and the actual index performance over the relevant period.

	6 months ended 31 January 2021	12 months ended 31 July 2020
ABF Hong Kong Bond Index Fund	(0.82)% ^(a)	6.85% ^(a)
Markit iBoxx ABF Hong Kong Index	(0.45)% ^(b)	6.80% ^(b)

- (a) Performance is calculated in base currency with Unit-price to Unit price, dividend (if any) reinvested.
- (b) The benchmark returns are stated on a total return basis. Unlike the Trust, the benchmark returns do not include the impact of trust expenses or trust transaction costs.

Investors should note that investment involves risk and past performance may not be indicative of future performance. Investors should refer to the Trust's Prospectus before making any investment decision.

Distribution Disclosure

ABF Hong Kong Bond Index Fund

	Date of Ex-distribution	Date of Payment	Distribution Per Unit HKD	Total Distribution HKD
2021 Interim Distribution	28 January 2021	8 February 2021	0.29	6,620,700
2020 Final Distribution	30 July 2020	13 August 2020	0.46	10,601,160
2020 Interim Distribution	30 January 2020	13 February 2020	0.68	16,793,281

Underlying Index Constituent Stocks Disclosure

As at 31 January 2021

The Trust is an index fund which seeks investment results that correspond closely to the total return of the Markit iBoxx ABF Hong Kong Index ("the Index"). Following is the list of constituent security of the Index that accounted for more than 10% of the Index.

Weighting

As at 31 January 2021

THE GOVERNMENT OF THE HKSAR OF THE PRC 1.1% 17 JANUARY 2023

14.25%

During the period from 1 August 2020 to 31 January 2021, the Markit iBoxx ABF Hong Kong Index decreased by 0.45% while the net asset value per unit of the ABF Hong Kong Bond Index (dividends reinvested) decreased by 0.82%.

Administration

Manager and listing agent

HSBC Investment Funds (Hong Kong) Limited
HSBC Main Building
1 Queen's Road Central
Hong Kong

Directors of the Manager

Stuart Glenn BERRY (resigned on 28 August 2020)
Pedro Augusto BOTELHO BASTOS
Guillermo Eduardo MALDONADO-CODINA
Chun Pong Stephen TAM
Ka Yin Joanne LAU

Members of supervisory committee

Stephen Y L CHEUNG
Kyle HUNG
Andrew MALCOLM
Anthony YUEN

Investment adviser

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