

# ABF Hong Kong Bond Index Fund

## Interim Report 2023



**HSBC**  
Global Asset  
Management

# Contents

	Page
Statement of Financial Position	1
Statement of Comprehensive Income	2
Statement of Changes in Equity	3
Cash Flow Statement	4
Portfolio Statement	5
Statement of Movements in Portfolio Holdings	7
Performance Record	8
Distribution Disclosure	9
Underlying Index Constituent Stocks Disclosure	10
Administration	11

# Statement of Financial Position

## ABF Hong Kong Bond Index Fund

	31 January 2023 HKD	31 July 2022 HKD
<b>ASSETS</b>		
Financial assets at fair value through profit or loss	2,045,692,988	2,180,803,437
Interest receivable	12,262,186	11,437,835
Amounts due from brokers	9,800,072	4,964,965
Cash and cash equivalents	5,259,644	856,892
<b>Total assets</b>	<b>2,073,014,890</b>	<b>2,198,063,129</b>
<b>LIABILITIES</b>		
Amounts due to brokers	10,270,493	–
Distributions payable	1,089,750	228,950
Other payables	606,403	655,358
<b>Total liabilities</b>	<b>11,966,646</b>	<b>884,308</b>
<b>Net assets attributable to unitholders (bid prices)</b>	<b>2,061,048,244</b>	<b>2,197,178,821</b>
Representing:		
<b>Equity</b>	<b>2,061,048,244</b>	<b>2,197,178,821</b>
<b>Total number of units in issue</b>	<b>21,795,001</b>	<b>22,895,001</b>
<b>Net asset value per unit at bid prices</b>	<b>94.57</b>	<b>95.97</b>

**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 2023

## ABF Hong Kong Bond Index Fund

	<b>1 August 2022 to 31 January 2023 HKD</b>	<b>1 August 2021 to 31 January 2022 HKD</b>
Net losses from financial assets at fair value through profit or loss	(31,469,681)	(52,851,778)
Net foreign exchange loss	(142)	(213)
Sundry income	4,501	13,503
Interest income	12,190	521
	<hr/>	<hr/>
<b>Total loss</b>	<b>(31,453,132)</b>	<b>(52,837,967)</b>
	<hr/>	<hr/>
Management fees <sup>Note 2</sup>	1,514,620	1,646,773
Transaction fees <sup>Note 1</sup>	9,920	10,697
Trustee's fees <sup>Note 1</sup>	531,722	587,320
Registrar fees <sup>Note 1</sup>	10,963	10,901
Bank charges <sup>Note 1</sup>	–	400
Legal and professional fees	83,270	328,666
Auditor's remuneration	77,620	77,202
Miscellaneous expenses <sup>Note 1</sup>	335,470	265,371
	<hr/>	<hr/>
<b>Total operating expenses</b>	<b>2,563,585</b>	<b>2,927,330</b>
	<hr/>	<hr/>
<b>Decrease in net assets attributable to unitholders and total comprehensive income for the period</b>	<b>(34,016,717)</b>	<b>(55,765,297)</b>

<sup>Note 1</sup> During the period ended 31 January 2023 and 2022, other than Transaction fees, Trustee's fees and Registrar fees, other respective amounts paid to the Trustee/connected person of Trustee were as follows:

	<b>1 August 2022 to 31 January 2023 HKD</b>	<b>1 August 2021 to 31 January 2022 HKD</b>
Bank charges	–	400
Miscellaneous expenses	70,650	47,946

<sup>Note 2</sup> During the period ended 31 January 2023 and 2022, 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 2023

## ABF Hong Kong Bond Index Fund

	<b>1 August 2022 to 31 January 2023 HKD</b>	<b>1 August 2021 to 31 January 2022 HKD</b>
<b>Balance at the beginning of the period</b>	2,197,178,821	2,343,231,393
<b>Decrease in net assets attributable to unitholders and total comprehensive income for the period</b>	(34,016,717)	(55,765,297)
Subscriptions of units (excluding equalisation)	–	15,314,190
Redemptions of units (excluding equalisation)	(100,490,060)	(13,673,897)
Equalisation on subscriptions and redemptions	(534,050)	(11,255)
Distributions to unitholders during the period	(1,089,750)	(11,650,951)
	(102,113,860)	(10,021,913)
<b>Balance at the end of the period</b>	2,061,048,244	2,277,444,183
<b>Number of units in issue</b>	<b>Units</b>	<b>Units</b>
Number of units in issue brought forward	22,895,001	22,830,001
Units issued during the period	–	150,000
Units redeemed during the period	(1,100,000)	(135,000)
Number of units in issue carried forward	21,795,001	22,845,001

# Cash Flow Statement

## for the period ended 31 January 2023

### ABF Hong Kong Bond Index Fund

	<b>1 August 2022 to 31 January 2023 HKD</b>	<b>1 August 2021 to 31 January 2022 HKD</b>
<b>Operating activities</b>		
Interest received	12,190	521
Management fees paid	(1,503,340)	(1,643,553)
Trustee's fees paid	(528,625)	(586,513)
Transaction fees paid	(11,476)	(10,308)
Payments on purchase of investments	(159,997,976)	(289,937,066)
Proceeds from sale of investments (including coupon interest received from investments)	268,249,780	297,528,785
Other operating expenses paid	(569,242)	(749,210)
Sundry income received	4,501	13,503
	<hr/>	<hr/>
<b>Net cash generated from operating activities</b>	<b>105,655,812</b>	<b>4,616,159</b>
<b>Financing activities</b>		
Proceeds from issue of units including equalisation	–	15,341,775
Payments on redemption of units including equalisation	(101,024,110)	(13,712,737)
Distributions paid	(228,950)	(10,273,501)
	<hr/>	<hr/>
<b>Net cash used in financing activities</b>	<b>(101,253,060)</b>	<b>(8,644,463)</b>
	<hr/>	<hr/>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>4,402,752</b>	<b>(4,028,304)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>856,892</b>	<b>11,448,255</b>
	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the period</b>	<b>5,259,644</b>	<b>7,419,951</b>
	<hr/>	<hr/>

# Portfolio Statement

## ABF Hong Kong Bond Index Fund

as at 31 January 2023

	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
<b>Debt securities</b>					THE GOVERNMENT OF THE HKSAR OF THE PRC 0.8% 27 AUGUST 2027	10,000,000	9,018,492 0.44
<b>Listed investments</b>					THE GOVERNMENT OF THE HKSAR OF THE PRC 0.94% 21 FEBRUARY 2024	25,000,000	24,313,048 1.18
<b>China</b>					THE GOVERNMENT OF THE HKSAR OF THE PRC 1.25% 29 JUNE 2027	107,300,000	99,120,231 4.81
CHINA DEVELOPMENT BK/HK 1.6% 16 FEBRUARY 2025	31,000,000	29,252,840	1.42		THE GOVERNMENT OF THE HKSAR OF THE PRC 1.49% 22 FEBRUARY 2028	9,000,000	8,343,101 0.40
CHINA DEVELOPMENT BK/HK 2.85% 19 JULY 2024	85,000,000	82,956,600	4.02		THE GOVERNMENT OF THE HKSAR OF THE PRC 1.59% 4 MARCH 2036	65,000,000	53,018,381 2.57
		<u>112,209,440</u>	<u>5.44</u>		THE GOVERNMENT OF THE HKSAR OF THE PRC 1.68% 21 JANUARY 2026	181,200,000	172,878,843 8.39
<b>Hong Kong</b>					THE GOVERNMENT OF THE HKSAR OF THE PRC 1.79% 14 APRIL 2025	49,000,000	47,207,595 2.29
HONG KONG MONETARY AUTHORITY 1.51% EXCHANGE FUND NOTES 24 FEBRUARY 2027	25,800,000	24,154,682	1.17		THE GOVERNMENT OF THE HKSAR OF THE PRC 1.84% 9 DECEMBER 2024	13,000,000	12,581,212 0.61
HONG KONG MONETARY AUTHORITY 1.73% EXCHANGE FUND NOTES 20 FEBRUARY 2024	10,100,000	9,904,274	0.48		THE GOVERNMENT OF THE HKSAR OF THE PRC 1.89% 2 MARCH 2032	80,500,000	72,943,207 3.54
HONG KONG MONETARY AUTHORITY 1.96% EXCHANGE FUND NOTES 3 JUNE 2024	6,850,000	6,701,108	0.33		THE GOVERNMENT OF THE HKSAR OF THE PRC 1.94% 4 DECEMBER 2023	6,500,000	6,411,470 0.31
HONG KONG MONETARY AUTHORITY 2.39% EXCHANGE FUND NOTES 20 AUGUST 2025	30,000,000	29,204,685	1.42		THE GOVERNMENT OF THE HKSAR OF THE PRC 1.97% 17 JANUARY 2029	80,000,000	75,259,528 3.65
HONG KONG MONETARY AUTHORITY 2.48% EXCHANGE FUND NOTES 28 FEBRUARY 2029	12,500,000	12,089,004	0.59		THE GOVERNMENT OF THE HKSAR OF THE PRC 2.02% 7 MARCH 2034	52,200,000	46,338,457 2.25
HONG KONG MONETARY AUTHORITY 2.49% EXCHANGE FUND NOTES 22 AUGUST 2028	5,000,000	4,853,316	0.24		THE GOVERNMENT OF THE HKSAR OF THE PRC 2.07% 26 AUGUST 2026	50,500,000	48,485,171 2.35
HONG KONG MONETARY AUTHORITY 2.6% EXCHANGE FUND NOTES 20 AUGUST 2024	14,000,000	13,780,901	0.67		THE GOVERNMENT OF THE HKSAR OF THE PRC 2.13% 16 JULY 2030	93,100,000	87,282,377 4.24
HONG KONG MORTGAGE CORP LTD 5% 25 OCTOBER 2024	62,500,000	63,129,375	3.06		THE GOVERNMENT OF THE HKSAR OF THE PRC 2.22% 7 AUGUST 2024	217,400,000	212,973,801 10.33
THE GOVERNMENT OF THE HKSAR OF THE PRC 0.31% 22 NOVEMBER 2023	3,000,000	2,922,690	0.14		THE GOVERNMENT OF THE HKSAR OF THE PRC 2.24% 27 AUGUST 2029	33,000,000	31,340,278 1.52
THE GOVERNMENT OF THE HKSAR OF THE PRC 0.36% 15 APRIL 2024	149,500,000	143,805,276	6.98		THE GOVERNMENT OF THE HKSAR OF THE PRC 2.95% 24 FEBRUARY 2025	15,000,000	14,795,124 0.72
THE GOVERNMENT OF THE HKSAR OF THE PRC 0.51% 23 OCTOBER 2023	34,000,000	33,253,360	1.61		THE GOVERNMENT OF THE HKSAR OF THE PRC 3.3% 26 MAY 2042	16,000,000	15,573,206 0.76
					THE GOVERNMENT OF THE HKSAR OF THE PRC 3.32% 25 FEBRUARY 2026	4,000,000	3,998,674 0.19
					THE GOVERNMENT OF THE HKSAR OF THE PRC 3.74% 12 JANUARY 2038	10,000,000	10,193,100 0.49
						<u>1,395,873,967</u>	<u>6773</u>
					<b>Listed investments total</b>	<u>1,508,083,407</u>	<u>73.17</u>

# Portfolio Statement

## ABF Hong Kong Bond Index Fund

as at 31 January 2023

	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
<b>Unlisted but quoted investments</b>							
<b>Cayman Islands</b>							
MTR CORPORATION CI LTD 2.25% 28 DECEMBER 2024	22,000,000	21,222,859	1.03				
MTR CORPORATION CI LTD 2.46% 20 SEPTEMBER 2032	60,000,000	51,426,042	2.49				
		<u>72,648,901</u>	<u>3.52</u>	MTR CORPORATION LTD 4.2% 30 SEPTEMBER 2024	13,000,000	12,993,595	0.63
				URBAN RENEWAL AUTHORITY 2.15% 10 MAY 2023	30,000,000	29,876,402	1.45
						<u>405,854,782</u>	<u>19.69</u>
<b>China</b>							
CHINA DEVELOPMENT BANK CORP 4.47% 14 JANUARY 2026	2,000,000	2,010,646	0.10				
		<u>2,010,646</u>	<u>0.10</u>	<b>Malaysia</b>			
				EXPORTIMPORT BANK OF MALAYSIA BHD 2.95% 12 MARCH 2023	15,000,000	14,993,752	0.73
						<u>14,993,752</u>	<u>0.73</u>
<b>Hong Kong</b>							
AIRPORT AUTHORITY HK 1.55% 30 OCTOBER 2027	45,000,000	40,183,034	1.95	<b>South Korea</b>			
AIRPORT AUTHORITY HK 1.95% 16 JUNE 2027	20,000,000	18,344,458	0.89	EXPORTIMPORT BANK OF KOREA 0.9% 13 AUGUST 2026	25,000,000	22,101,500	1.07
AIRPORT AUTHORITY HK 2.3% 24 APRIL 2030	47,000,000	41,523,945	2.01	KOREA DEVELOPMENT BANK 4.6% 18 JANUARY 2024	20,000,000	20,000,000	0.97
AIRPORT AUTHORITY HK 2.8% 26 MAY 2024	20,000,000	19,574,000	0.95			<u>42,101,500</u>	<u>2.04</u>
AIRPORT AUTHORITY HK 2.8% 6 JUNE 2024	20,000,000	19,601,216	0.95	<b>Unlisted but quoted investments total</b>		<u>537,609,581</u>	<u>26.08</u>
AIRPORT AUTHORITY HK 3.2% 16 AUGUST 2027	20,000,000	19,304,496	0.94	<b>Total investments</b>		<u>2,045,692,988</u>	<u>99.25</u>
HONG KONG MORTGAGE CORP LTD 0.65% 25 OCTOBER 2023	27,000,000	26,307,180	1.28	<b>Other Net Assets</b>		<u>15,355,256</u>	<u>0.75</u>
HONG KONG MORTGAGE CORP LTD 0.8% 15 APRIL 2024	75,000,000	71,803,500	3.48	<b>Total Net Assets</b>		<u>2,061,048,244</u>	<u>100.00</u>
HONG KONG MORTGAGE CORP LTD 1.65% 17 FEBRUARY 2025	15,000,000	14,233,500	0.69	<b>Total Cost of Investment</b>		<u>2,198,026,888</u>	
HONG KONG MORTGAGE CORP LTD 2.87% 28 MAY 2024	30,000,000	29,383,800	1.42				
HONG KONG MORTGAGE CORP LTD 3.15% 19 MARCH 2049	30,000,000	23,005,334	1.12				
HONG KONG MORTGAGE CORP LTD 5% 16 NOVEMBER 2023	18,000,000	18,062,820	0.88				
MTR CORPORATION LTD 3.25% 15 AUGUST 2024	22,000,000	21,657,502	1.05				



# Statement of Movements in Portfolio Holdings

## ABF Hong Kong Bond Index Fund

as at 31 January 2023

	% of net asset value 31 January 2023	% of net asset value 31 July 2022
<b>Debt securities</b>		
Listed investments	73.17	76.43
Unlisted but quoted investments	26.08	22.82
<b>Debt securities (Total)</b>	99.25	99.25
<b>Total investments</b>	99.25	99.25
<b>Other net assets</b>	0.75	0.75
<b>Total net assets</b>	100.00	100.00

# Performance Record

## ABF Hong Kong Bond Index Fund

	Net asset value per unit		
	Lowest HKD	Highest HKD	
1 August 2022 to 31 January 2023	96.31	90.13	
2022	93.03	102.83	
2021	101.31	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	
	<b>31 January 2023 HKD</b>	<b>31 July 2022 HKD</b>	<b>31 July 2021 HKD</b>
<b>Total net asset value</b>	2,061,048,244	2,197,178,821	2,343,231,393
<b>Net asset value per unit</b>	94.57	95.97	102.64

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 2023	12 months ended 31 July 2022
ABF Hong Kong Bond Index Fund	(1.40)% <sup>(a)</sup>	(6.02)% <sup>(a)</sup>
Markit iBoxx ABF Hong Kong Index	(1.31)% <sup>(b)</sup>	(5.86)% <sup>(b)</sup>

- (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

	<b>Date of Ex-distribution</b>	<b>Date of Payment</b>	<b>Distribution Per Unit HKD</b>	<b>Total Distribution HKD</b>
2023 Interim Distribution	30 January 2023	13 February 2023	0.05	1,089,750
2022 Final Distribution	28 July 2022	11 August 2022	0.01	228,950
2022 Interim Distribution	27 January 2022	10 February 2022	0.51	11,650,951

# Underlying Index Constituent Stocks Disclosure

## **As at 31 January 2023**

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"). There were no constituent security of the Index that accounted for more than 10% of the Index.

During the period from 1 August 2022 to 31 January 2023, the Markit iBoxx ABF Hong Kong Index decreased by 1.31% while the net asset value per unit of the ABF Hong Kong Bond Index (dividends reinvested) decreased by 1.40%.

# 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**

Po Chi Cecilia CHAN  
Ka Yin Joanne LAU  
Sze Ki YIP (resigned on 10 October 2022)  
Wai Fun HO  
Chun Pong Stephen TAM

## **Members of supervisory committee**

Chordio CHAN  
Prof Kalok CHAN  
Prof Alexa LAM  
Enoch FUNG

## **Investment adviser**

HSBC Global Asset Management (Hong Kong)  
Limited  
HSBC Main Building  
1 Queen's Road Central  
Hong Kong

## **Trustee, custodian, administrator, receiving agent and registrar**

HSBC Institutional Trust Services (Asia) Limited  
HSBC Main Building  
1 Queen's Road Central  
Hong Kong

## **Processing agent**

HK Conversion Agency Services Limited  
2nd Floor Vicwood Plaza  
199 Des Voeux Road Central  
Hong Kong

## **Legal adviser**

Clifford Chance  
27th Floor, Jardine House  
One Connaught Place Central  
Hong Kong

## **Auditor**

KPMG  
Public Interest Entity Auditor registered in accordance with  
the Financial Reporting Council Ordinance  
8th Floor, Prince's Building  
10 Chater Road Central  
Hong Kong

Issued by HSBC Global Asset Management (Hong Kong) Limited