

ABF Hong Kong Bond Index Fund

Interim Report 2024



HSBC
Global Asset
Management

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Statement of Financial Position

ABF Hong Kong Bond Index Fund

	31 January 2024 HKD	31 July 2023 HKD
ASSETS		
Financial assets at fair value through profit or loss	2,161,908,134	2,031,680,476
Interest receivable	14,998,763	14,813,093
Amounts due from brokers	14,022,768	57,963,104
Cash and cash equivalents	12,276,516	8,177,302
Total assets	2,203,206,181	2,112,633,975
LIABILITIES		
Amounts due to brokers	–	58,058,421
Distributions payable	24,418,801	7,846,200
Other payables	958,757	816,558
Total liabilities	25,377,558	66,721,179
Net assets attributable to unitholders (bid prices)	2,177,828,623	2,045,912,796
Representing:		
Equity	2,177,828,623	2,045,912,796
Total number of units in issue	22,610,001	21,795,001
Net asset value per unit at bid prices	96.32	93.87

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 2024

ABF Hong Kong Bond Index Fund

	1 August 2023 to 31 January 2024 HKD	1 August 2022 to 31 January 2023 HKD
Net gains/(losses) from financial assets at fair value through profit or loss	81,440,420	(31,469,681)
Net foreign exchange loss	(215)	(142)
Sundry income	135,810	4,501
Interest income	31,409	12,190
	<hr/>	<hr/>
Total revenue/(loss)	81,607,424	(31,453,132)
	<hr/>	<hr/>
Management fees ^{Note 2}	1,504,627	1,514,620
Transaction fees ^{Note 1}	23,146	9,920
Trustee's fees ^{Note 1}	528,675	531,722
Registrar fees ^{Note 1}	10,944	10,963
Legal and professional fees	5,231	83,270
Auditor's remuneration	76,750	77,620
Miscellaneous expenses ^{Note 1}	364,152	335,470
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Total operating expenses	2,513,525	2,563,585
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Increase/(decrease) in net assets attributable to unitholders and total comprehensive income for the period	79,093,899	(34,016,717)
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^{Note 1} During the period ended 31 January 2024 and 2023, other than Transaction fees, Trustee's fees and Registrar fees, other respective amounts paid to the Trustee/connected person of Trustee were as follows:

	1 August 2023 to 31 January 2024 HKD	1 August 2022 to 31 January 2023 HKD
Miscellaneous expenses	70,261	70,650

^{Note 2} During the period ended 31 January 2024 and 2023, 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 2024

ABF Hong Kong Bond Index Fund

	1 August 2023 to 31 January 2024 HKD	1 August 2022 to 31 January 2023 HKD
Balance at the beginning of the period	2,045,912,796	2,197,178,821
Increase/(decrease) in net assets attributable to unitholders and total comprehensive income for the period	79,093,899	(34,016,717)
Subscriptions of units (excluding equalisation)	76,676,749	–
Redemptions of units (excluding equalisation)	–	(100,490,060)
Equalisation on subscriptions and redemptions	563,980	(534,050)
Distributions to unitholders during the period	(24,418,801)	(1,089,750)
	52,821,928	(102,113,860)
Balance at the end of the period	2,177,828,623	2,061,048,244
Number of units in issue	Units	Units
Number of units in issue brought forward	21,795,001	22,895,001
Units issued during the period	815,000	–
Units redeemed during the period	–	(1,100,000)
	22,610,001	21,795,001

Cash Flow Statement

for the period ended 31 January 2024

ABF Hong Kong Bond Index Fund

	1 August 2023 to 31 January 2024 HKD	1 August 2022 to 31 January 2023 HKD
Operating activities		
Interest received	31,409	12,190
Management fees paid	(1,473,794)	(1,503,340)
Trustee's fees paid	(516,848)	(528,625)
Transaction fees paid	(21,201)	(11,476)
Payments on purchase of investments	(515,679,421)	(159,997,976)
Proceeds from sale of investments (including coupon interest received from investments)	452,588,428	268,249,780
Other operating expenses paid	(359,698)	(569,242)
Sundry income received	135,810	4,501
Net cash (used in)/generated from operating activities	(65,295,315)	105,655,812
Financing activities		
Proceeds from issue of units including equalisation	77,240,729	–
Payments on redemption of units including equalisation	–	(101,024,110)
Distributions paid	(7,846,200)	(228,950)
Net cash generated from/(used in) financing activities	69,394,529	(101,253,060)
Net increase in cash and cash equivalents	4,099,214	4,402,752
Cash and cash equivalents at the beginning of the period	8,177,302	856,892
Cash and cash equivalents at the end of the period	12,276,516	5,259,644

Portfolio Statement

ABF Hong Kong Bond Index Fund

as at 31 January 2024

	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
Debt securities							
Listed investments							
China							
CHINA DEVELOPMENT BK/HK 1.6% 16 FEBRUARY 2025	31,000,000	30,077,483	1.38	THE GOVERNMENT OF THE HKSAR OF THE PRC 1.84% 9 DECEMBER 2024	13,000,000	12,773,540	0.59
CHINA DEVELOPMENT BK/HK 2.85% 19 JULY 2024	85,000,000	84,371,000	3.88	THE GOVERNMENT OF THE HKSAR OF THE PRC 1.89% 2 MARCH 2032	90,500,000	81,955,929	3.76
		114,448,483	5.26	THE GOVERNMENT OF THE HKSAR OF THE PRC 1.97% 17 JANUARY 2029	95,000,000	90,123,101	4.14
				THE GOVERNMENT OF THE HKSAR OF THE PRC 2.02% 7 MARCH 2034	103,200,000	90,438,736	4.15
				THE GOVERNMENT OF THE HKSAR OF THE PRC 2.07% 26 AUGUST 2026	50,500,000	49,131,630	2.26
				THE GOVERNMENT OF THE HKSAR OF THE PRC 2.13% 16 JULY 2030	115,100,000	108,163,219	4.97
				THE GOVERNMENT OF THE HKSAR OF THE PRC 2.24% 27 AUGUST 2029	11,000,000	10,499,840	0.48
				THE GOVERNMENT OF THE HKSAR OF THE PRC 2.95% 24 FEBRUARY 2025	15,000,000	14,890,265	0.68
				THE GOVERNMENT OF THE HKSAR OF THE PRC 3.3% 26 MAY 2042	41,000,000	37,485,797	1.72
				THE GOVERNMENT OF THE HKSAR OF THE PRC 3.32% 25 FEBRUARY 2026	14,000,000	14,009,321	0.64
				THE GOVERNMENT OF THE HKSAR OF THE PRC 3.74% 12 JANUARY 2038	50,000,000	49,261,033	2.26
						1,543,179,775	70.86
Hong Kong							
AIRPORT AUTHORITY HK 3.83% 9 JULY 2027	42,000,000	41,986,140	1.93	South Korea			
HONG KONG MONETARY AUTHORITY 1.51% EXCHANGE FUND NOTES 24 FEBRUARY 2027	25,800,000	24,621,950	1.13	KOREA EXPRESSWAY CORP 4.06% 12 MAY 2027	16,000,000	15,766,720	0.72
HONG KONG MONETARY AUTHORITY 2.39% EXCHANGE FUND NOTES 20 AUGUST 2025	30,000,000	29,514,444	1.36			15,766,720	0.72
HONG KONG MONETARY AUTHORITY 2.48% EXCHANGE FUND NOTES 28 FEBRUARY 2029	10,000,000	9,713,258	0.45	Listed investments total			
HONG KONG MONETARY AUTHORITY 2.49% EXCHANGE FUND NOTES 22 AUGUST 2028	20,000,000	19,494,140	0.90			1,673,394,978	76.84
HONG KONG MORTGAGE CORP LTD 4.68% 12 SEPTEMBER 2025	70,000,000	70,447,695	3.23	Unlisted but quoted investments			
HONG KONG MORTGAGE CORP LTD 5% 25 OCTOBER 2024	62,500,000	62,670,719	2.88	Cayman Islands			
THE GOVERNMENT OF THE HKSAR OF THE PRC 0.8% 27 AUGUST 2027	13,000,000	12,002,938	0.55	MTR CORPORATION CI LTD 2.25% 28 DECEMBER 2024	22,000,000	21,573,708	0.99
THE GOVERNMENT OF THE HKSAR OF THE PRC 1.25% 29 JUNE 2027	249,300,000	234,577,920	10.77	MTR CORPORATION CI LTD 2.46% 20 SEPTEMBER 2032	60,000,000	52,322,818	2.40
THE GOVERNMENT OF THE HKSAR OF THE PRC 1.49% 22 FEBRUARY 2028	20,000,000	18,789,962	0.86			73,896,526	3.39
THE GOVERNMENT OF THE HKSAR OF THE PRC 1.59% 4 MARCH 2036	90,000,000	71,722,213	3.29				
THE GOVERNMENT OF THE HKSAR OF THE PRC 1.68% 21 JANUARY 2026	324,200,000	314,060,972	14.42				
THE GOVERNMENT OF THE HKSAR OF THE PRC 1.79% 14 APRIL 2025	76,500,000	74,845,013	3.44				

Portfolio Statement

ABF Hong Kong Bond Index Fund

as at 31 January 2024

	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
China				South Korea			
CHINA DEVELOPMENT BANK CORP 4.47% 14 JANUARY 2026	2,000,000	2,007,916	0.09	EXPORT-IMPORT BANK OF KOREA 0.9% 13 AUGUST 2026	25,000,000	22,764,250	1.05
NEW DEVELOPM BANK BRICS 4.1% 22 MAY 2026	14,000,000	13,849,615	0.64	KOREA EXPRESSWAY CORP 3.93% 22 MAY 2030	5,000,000	4,891,494	0.22
		<u>15,857,531</u>	<u>0.73</u>			<u>27,655,744</u>	<u>1.27</u>
Hong Kong				Unlisted but quoted investments total			
AIRPORT AUTHORITY HK 1.55% 30 OCTOBER 2027	45,000,000	41,165,145	1.89		488,513,156	22.43	
AIRPORT AUTHORITY HK 1.95% 16 JUNE 2027	20,000,000	18,730,343	0.86	Total investments	2,161,908,134	99.27	
AIRPORT AUTHORITY HK 2.3% 24 APRIL 2030	47,000,000	42,251,359	1.94	Other Net Assets	15,920,489	0.73	
AIRPORT AUTHORITY HK 3.2% 16 AUGUST 2027	20,000,000	19,455,666	0.89	Total Net Assets	<u>2,177,828,623</u>	<u>100.00</u>	
HONG KONG MORTGAGE CORP LTD 0.8% 15 APRIL 2024	5,000,000	4,963,950	0.23	Total Cost of Investment	<u>2,251,620,545</u>		
HONG KONG MORTGAGE CORP LTD 1.65% 17 FEBRUARY 2025	15,000,000	14,567,250	0.67				
HONG KONG MORTGAGE CORP LTD 2.87% 28 MAY 2024	30,000,000	29,829,000	1.37				
HONG KONG MORTGAGE CORP LTD 3.15% 19 MARCH 2049	30,000,000	23,071,863	1.06				
HONG KONG MORTGAGE CORP LTD 4.6% 10 MARCH 2025	30,000,000	29,978,100	1.38				
HONG KONG MORTGAGE CORP LTD 4.63% 14 JULY 2026	22,000,000	22,310,501	1.02				
MTR CORPORATION LTD 3.25% 15 AUGUST 2024	22,000,000	21,775,184	1.00				
MTR CORPORATION LTD 3.95% 29 MAY 2025	10,000,000	9,950,100	0.46				
MTR CORPORATION LTD 4.2% 30 SEPTEMBER 2024	13,000,000	12,975,194	0.59				
MTR CORPORATION LTD 4.5% 22 FEBRUARY 2025	60,000,000	60,040,200	2.76				
MTR CORPORATION LTD 4.7% 9 MARCH 2025	20,000,000	20,039,500	0.92				
		<u>371,103,355</u>	<u>17.04</u>				

Statement of Movements in Portfolio Holdings

ABF Hong Kong Bond Index Fund

as at 31 January 2024

	% of net asset value 31 January 2024	% of net asset value 31 July 2023
Debt securities		
Listed investments	76.84	70.78
Unlisted but quoted investments	22.43	28.52
Debt securities (Total)	99.27	99.30
Total investments	99.27	99.30
Other net assets	0.73	0.70
Total net assets	100.00	100.00

Performance Record

ABF Hong Kong Bond Index Fund

	Net asset value per unit		
	Lowest HKD	Highest HKD	
1 August 2023 to 31 January 2024	92.96	97.81	
2023	90.13	96.46	
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	
	31 January 2024 HKD	31 July 2023 HKD	31 July 2022 HKD
Total net asset value	2,177,828,623	2,045,912,796	2,197,178,821
Net asset value per unit	96.32	93.87	95.97

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 2024	12 months ended 31 July 2023
ABF Hong Kong Bond Index Fund	3.76% ^(a)	(6.88)% ^(a)
Markit iBoxx ABF Hong Kong Index	4.05% ^(b)	1.01% ^(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
2024 Interim Distribution	30 January 2024	8 February 2024	1.08	24,418,801
2023 Final Distribution	28 July 2023	14 August 2023	0.36	7,846,200
2023 Interim Distribution	30 January 2023	13 February 2023	0.05	1,089,750

Underlying Index Constituent Stocks Disclosure

As at 31 January 2024

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 are the list of constituent securities of the Index that accounted for more than 10% of the Index.

As at 31 January 2024

Weighting

THE GOVERNMENT OF THE HKSAR OF THE PRC 1.68% 21 JANUARY 2026	16.21%
THE GOVERNMENT OF THE HKSAR OF THE PRC 1.25% 29 JUNE 2027	11.18%

During the period from 1 August 2023 to 31 January 2024, the Markit iBoxx ABF Hong Kong Index increased by 4.05% while the net asset value per unit of the ABF Hong Kong Bond Index (dividends reinvested) increased by 3.76%.

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 (resigned on 30 November 2023)
Ka Yin Joanne LAU
Wai Fun HO
Chun Pong Stephen TAM
Edgar GEHRINGER (appointed on 01 November 2023)

Members of supervisory committee

Stephen Y L CHEUNG
Kyle HUNG
Andrew MALCOLM
Anthony YUEN

Investment adviser

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