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IMPORTANT

ABF PAN ASIA BOND INDEX FUND

*A Singapore unit trust authorized under
Section 286 of the Securities and Futures Act, Chapter 289 of Singapore and
Section 104 of the Securities and Futures Ordinance (Cap.571) of Hong Kong*

(Stock Code: 2821)

NOTICE TO UNITHOLDERS

This notice is important and requires your immediate attention. If you have any questions about the content of this notice, you should seek independent professional advice.

Proposed Changes to the Rules Governing the Market Weighting of the Underlying Index

The underlying index for the ABF Pan Asia Bond Index Fund (the "**Trust**") is the Markit iBoxx[®] ABF Pan-Asia Index (the "**Underlying Index**") compiled by Markit Indices Limited (the "**Index Provider**"). The Index Provider has announced changes to the rules governing the market weighting of the Markit iBoxx[®] ABF Pan-Asia indices, which include the Underlying Index.

Proposed Changes to the Market Weight Composition for the Underlying Index

The following changes will be made to the market weight composition for the Underlying Index:

	Current	New
Baseline weight	Adjusted by the factors (i) local bond market size; (ii) sovereign local debt rating; (iii) turnover ratio; and (iv) market openness	Adjusted by the factors (i) local bond market size; (ii) sovereign local debt rating; and (iii) GEMLOC Investability Indicators

Following the implementation of the proposed changes to the index methodology, the indicators for two of the four weighting factors for the Underlying Index – the "liquidity" and "investability" factors – will be replaced by the GEMLOC Investability Indicators, a transparent

measure of a market's investability using multiple factors developed by the World Bank, as illustrated in the table below. All other aspects of the annual market weights review will remain unchanged.

Weighting factors	Current rules	New rules
Market Size	<u>Indicator:</u> Local bond market size <u>Weight:</u> 20% <u>Data source:</u> Asianbondsonline and official local sources	<u>Indicator:</u> Local bond market size <u>Weight:</u> 20% <u>Data source:</u> Asianbondsonline and official local sources
Credit Rating	<u>Indicator:</u> Best local currency sovereign debt rating <u>Weight:</u> 20% <u>Data sources:</u> Fitch, Moody's and Standard & Poor's	<u>Indicator:</u> Best local currency sovereign debt rating <u>Weight:</u> 20% <u>Data sources:</u> Fitch, Moody's and Standard & Poor's
Liquidity	<u>Indicator:</u> Turnover ratio <u>Weight:</u> 20% <u>Data sources:</u> Official local sources for each market	<u>Indicator:</u> GEMLOC Investability Indicators <u>Weight:</u> 60%
Investability	<u>Indicator:</u> Market openness score <u>Weight:</u> 40% <u>Data sources:</u> Markit iBoxx Asia Technical Committee	<u>Data sources:</u> Indicators maintained by Amba Research. Individual data sources as described in the GEMLOC Investability Indicator Methodology

According to the Index Provider, the GEMLOC Investability Indicators are based on a transparent and objective methodology, which is publicly available alongside data sources. They use a multi-factor score based on turnover, bid-ask spreads, benchmark yield curve and bond pricing data to assess market liquidity. This method offers a deeper and more detailed view of liquidity than pure turnover measures. GEMLOC stands for Global Emerging Markets Local Currency Bond Program, a World Bank Group initiative that supports emerging market economies in developing their local currency bond markets.

As a result of the above changes to the methodology, the new weights detailed below are effective from 31 October 2012. The new weights will be implemented over a six-month transition period starting 31 October 2012 and ending 31 March 2013.

	Current weight	Weight under the new methodology	Change
China	21.25%	20.36%	-0.89%
Hong Kong	19.43%	15.18%	-4.25%
Indonesia	5.69%	6.54%	+0.85%
Malaysia	10.14%	11.37%	+1.23%
Philippines	5.25%	5.52%	+0.27%
Singapore	14.05%	15.31%	+1.26%
South Korea ^{Note}	14.90%	17.18%	+2.28%
Thailand	9.29%	8.54%	-0.75%

Note: A reference to South Korea has the same meaning as a reference to the Republic of Korea.

The Index Provider will now publish quarterly predictions in order to help index users gauge potential weight changes in advance of the annual weight reviews. The predictions will be freely available on www.markit.com.

Transition period

The amendment to the index rules will result in larger than normal changes to the weights of individual markets. As a result, for the 2012 annual review of market weights, a six-month transition period will be implemented to cushion the one-time impact of the methodology change on the market weights as described above. The weights calculated according to the new methodology will be implemented in six equal monthly changes starting on 31 October 2012 and ending on 31 March 2013.

The Prospectus of the Trust will be amended to reflect the changes in the methodology of the Underlying Index and replaced in due course, upon which another notice will be issued to update Unitholders.

Investors who have any questions concerning this Trust and/or the contents of this notice may contact the Manager at telephone number +65 6826 7500 in Singapore and +852 2103 0288 in Hong Kong.

The directors of the Manager accept responsibility for the accuracy of the contents of this notice and confirm, having made all reasonably enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement misleading.

State Street Global Advisors Singapore Limited
Manager

28 September 2012

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