
ABF HONG KONG BOND INDEX FUND

ABF 香港創富債券指數基金

(Stock Code:2819)

Announcements

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IMPORTANT

This document is important and requires your immediate attention. If you are in any doubt about the Prospectus and this Supplement, you should consult your stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

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ABF HONG KONG BOND INDEX FUND

ABF 香港創富債券指數基金

(a Hong Kong unit trust authorised under section 104 of the Securities and Futures Ordinance
(Chapter 571 of the Laws of Hong Kong))
(Stock Code: 2819)

Announcement

Reference is made to the notice issued by the Manager on 29 April 2020 (the "**April Announcement**") in which HSBC Investment Funds (Hong Kong) Limited, as the Manager of ABF Hong Kong Bond Index Fund (the "**Trust**"), announced that with effect from 29 April 2020 (the "**Effective Date**"), the prospectus of the Trust (the "**Prospectus**") was updated to reflect the change that the maximum rate of duties and charges stated in the Prospectus for the creation of Units in cash or partially in cash and partially in-kind (the "**Anti-Dilution Levy**") may be exceeded on a temporary basis. Since 29 April 2020, the maximum rate of the Anti-Dilution Levy has not been exceeded.

This announcement supplements and clarifies the April Announcement that the maximum rate of the Anti-Dilution Levy may be exceeded under exceptional market conditions on a temporary basis. Investors should refer to this announcement for the most up-to-date information.

Unless otherwise defined herein, capitalised terms used herein shall have the same meanings ascribed to them under the Prospectus.

Change

In view of the aforesaid change with respect to the Anti-Dilution Levy, the section "Duties and charges" under the heading "Fees Payable by Investors when creating or redeeming Units" in the Prospectus is amended as follows:

Previous disclosure in the Prospectus dated December 2019	Amended disclosure from the Effective Date (emphasis added to highlight changes made)
<p>Creations attract a provision for duties and charges at a maximum rate of (i) 100 bp of the cash payment in lieu of Deposit Securities (for partial in-kind creation); and (ii) 100 bp of the cash payment in respect of cash creations on a Dealing Day. The level of this additional fee may be changed at the discretion of the Manager within the maximum. If the actual duties and charges incurred by the Trust are less than the Manager's provision therefor, such difference will be for the benefit of the Trust and to the extent such duties and charges incurred by the Trust are more than the provision therefor then any such deficiency will be borne by the Trust.</p> <p>The maximum rate may be increased by the Manager as long as not less than one month's notice of the increase will be given to Participating Dealers and investors, subject to the SFC's approval.</p>	<p>Under normal market conditions, creations attract a provision for duties and charges at a maximum rate of (i) 100 bp of the cash payment in lieu of Deposit Securities (for partial in-kind creation); and (ii) 100 bp of the cash payment in respect of cash creations on a Dealing Day. The level of this additional fee may be changed at the discretion of the Manager within the maximum. However, the provision for duties and charges may be significantly higher than the stated maximum under exceptional market conditions, for example, where market spreads widen due to a financial crisis (often indicated by extreme volatility), on a temporary basis. Any applicable duties and charges will be representative of the prevailing market conditions and will be levied in the best interests of unitholders of the Trust.</p> <p>If the actual duties and charges incurred by the Trust are less than the Manager's provision therefor, such difference will be for the benefit of the Trust and to the extent such duties and charges incurred by the Trust are more than the provision therefor then any such deficiency will be borne by the Trust.</p> <p>The maximum rate applicable under normal market conditions may be increased by the Manager as long as not less than one month's notice of the increase will be given to Participating Dealers and investors, subject to the SFC's approval.</p>

Reason for the change

The aim of the Anti-Dilution Levy is to protect unitholders of the Trust from the effects of transaction costs of purchasing more assets when there is an inflow into the Trust.

Under normal market conditions, transaction costs are typically below 100 bp so the maximum rate of the Anti-Dilution Levy is sufficient to protect unitholders of the Trust. However, during exceptional market conditions, such transaction costs may be significantly higher than 100 bp.

This change is being made in light of the exceptional market conditions resulting from the spread of the COVID-19 pandemic, whereby the Manager may consider that market conditions are exceptional such that the Anti-Dilution Levy may temporarily exceed the maximum rate applicable under normal market conditions in the best interests of unitholders of the Trust.

As future financial crises may also result in exceptional market conditions that are similar to those resulting from the spread of the COVID-19 pandemic, this change is applied generally such that unitholders can also be sufficiently protected in potential future financial crises.

A copy of the Prospectus dated June 2020 is available on the Trust's website (www.assetmanagement.hsbc.com/hk-ABF¹) from the Effective Date. The same is also available for inspection, free of charge, during normal business hours at the registered office of the Manager from the Effective Date.

Save as disclosed in this announcement, there will be no change in the operation and/or manner in which the Trust is managed.

Unitholders are advised to consult their advisers regarding the effect of the above in light of their individual circumstances.

The Manager accepts responsibility for the accuracy of the information contained in this announcement.

Investors who have any questions regarding the above may contact the Manager at Level 22, HSBC Main Building, 1 Queen's Road Central, Hong Kong (telephone number: (852) 2284 1229).

HSBC Investment Funds (Hong Kong) Limited
Manager of ABF Hong Kong Bond Index Fund
5 June 2020

As at the date of this announcement, the board of directors of the Manager is comprised as follows: Mr. BERRY, Stuart Glenn, Mr. BOTELHO BASTOS, Pedro Augusto, Ms. LAU, Ka Yin Joanne, Dr. MALDONADO-CODINA, Guillermo Eduardo and Mr. TAM, Chun Pong Stephen.

¹ Please note that this website has not been reviewed by the SFC.

IMPORTANT

This document is important and requires your immediate attention. If you are in any doubt about the Prospectus and this Supplement, you should consult your stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

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ABF HONG KONG BOND INDEX FUND

ABF 香港創富債券指數基金

(a Hong Kong unit trust authorised under section 104 of the Securities and Futures Ordinance
(Chapter 571 of the Laws of Hong Kong))

(Stock Code: 2819)

Announcement

HSBC Investment Funds (Hong Kong) Limited, as the Manager of ABF Hong Kong Bond Index Fund (the "**Trust**"), hereby announces that with effect from 29 April 2020 (the "**Effective Date**"), the prospectus of the Trust (the "**Prospectus**") is updated to clarify that the maximum rate of duties and charges stated in the Prospectus for the creation of Units in cash or partially in cash and partially in-kind (the "**Anti-Dilution Levy**") may be exceeded under special circumstances on a temporary basis.

Clarification

Under normal market conditions, the Anti-Dilution Levy may be levied at a maximum rate of (i) 100 bp of the cash payment in lieu of Deposit Securities (for partial in-kind creation); and (ii) 100 bp of the cash payment in respect of cash creations on a Dealing Day.

Under special circumstances, such as when a tax or levy at a rate that is higher than normal is imposed on the Trust by a regulator or tax authority or where market spreads widen due to a financial crisis, the Anti-Dilution Levy may be significantly higher than the stated maximum rate temporarily. Any decision by the Manager on levying the Anti-Dilution Levy will be representative of the prevailing market conditions and will be made in the best interests of unitholders of the Trust.

The section "Duties and charges" under the heading "Fees Payable by Investors when creating or redeeming Units" in the Prospectus is updated to reflect the above.

Unless otherwise defined herein, capitalised terms used herein shall have the same meanings ascribed to them under the Prospectus.

Reason for the clarification

The aim of the Anti-Dilution Levy is to protect unitholders of the Trust from the effects of transaction costs of purchasing more assets when there is an inflow into the Trust.

Under normal market conditions, transaction costs are typically below 100 bp so the Anti-Dilution Levy is sufficient to protect unitholders of the Trust. However, when market conditions are not normal then such transaction costs may be significantly higher than 100 bp.

This clarification is being made in light of the exceptional market conditions resulting from the spread of the COVID-19 pandemic, whereby the Manager may consider that market conditions are not normal such that the Anti-Dilution Levy may temporarily exceed the maximum rate applicable under normal market conditions in the best interests of unitholders of the Trust.

A copy of the Prospectus dated April 2020 is available on the Trust's website (www.assetmanagement.hsbc.com/hk-ABF¹) from the Effective Date. The same is also available for inspection, free of charge, during normal business hours at the registered office of the Manager from the Effective Date.

Save as disclosed in this announcement, there will be no change in the operation and/or manner in which the Trust is managed.

Unitholders are advised to consult their advisers regarding the effect of the above in light of their individual circumstances.

The Manager accepts responsibility for the accuracy of the information contained in this announcement.

¹ Please note that this website has not been reviewed by the SFC.

Investors who have any questions regarding the above may contact the Manager at Level 22, HSBC Main Building, 1 Queen's Road Central, Hong Kong (telephone number: (852) 2284 1229).

HSBC Investment Funds (Hong Kong) Limited
Manager of ABF Hong Kong Bond Index Fund
29 April 2020

As at the date of this announcement, the board of directors of the Manager is comprised as follows: Mr. BERRY, Stuart Glenn, Mr. BOTELHO BASTOS, Pedro Augusto, Ms. LAU, Ka Yin Joanne, Dr. MALDONADO-CODINA, Guillermo Eduardo and Mr. TAM, Chun Pong Stephen.