Press Statement

The two-phase implementation of the Asian Bond Fund 2 (ABF2) Single-market Funds has been completed

14 July 2011

The EMEAP (Executives’ Meeting of East Asia and Pacific Central Banks) Group, comprising 11 central banks and monetary authorities in the East Asia and Pacific region, is pleased to announce the full implementation of Phase 2 of the eight Asian Bond Fund 2 (ABF2) Single-market Funds1.

As part of its efforts to help develop bond markets in Asia, the EMEAP Group launched ABF2 in December 2004. ABF2 funds invest in sovereign and quasi-sovereign domestic currency-denominated bonds issued in eight EMEAP markets and comprise two components: a Pan-Asian Bond Index Fund (PAIF) and eight Single-market Funds. The initial investments in the Funds (Phase 1) were made by EMEAP central banks. It was intended that the Funds, which were confined to investment by EMEAP central banks in Phase 1 should, having regard to the readiness of each of the EMEAP bond markets, be open to public investment in Phase 2. In accordance with that intention, PAIF is now listed in Hong Kong and Japan. Following the successful transition of the Single-market China Fund in China on 25 May 2011, all the eight Single-market Funds have successfully completed the two-phase implementation of ABF2.

The objective of the ABF2 fund is to provide a low-cost and efficient product in the form of passively managed bond funds, as well as to catalyse market and regulatory reforms at both regional and domestic levels. Benefits are expected to accrue as a result of the role of ABF2 in introducing into Asia a set of transparent, replicable and credible bond indices (the iBoxx ABF indices).

The size of local currency bond markets in the EMEAP economies (excluding Japan, Australia and New Zealand) has grown by over 200% since December 2004. Since inception, the size of ABF2 has also grown from approximately US$2bn at inception to about US$4.2bn as at May 1

1 China, Hong Kong, Indonesia, Korea, Malaysia, Philippines, Singapore, and Thailand
2011. The introduction of the iBoxx ABF indices has also complemented the growing suite of bond indices in the market.

The EMEAP Group remains committed to its common objective of helping deepen and broaden the bond markets to promote the efficiency of financial intermediation in the region.