

PINEBRIDGE ASIAN BOND FUND
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2018

PineBridge Asian Bond Fund

Reports and Financial Statements For the year ended 31 December 2018

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PineBridge Asian Bond Fund

Management and Professional Service Details

Manager

PineBridge Investments Hong Kong Limited
Level 31, Three Pacific Place, 1 Queen's Road East
Hong Kong

Trustee

(effective from 13 October 2018)
AIA Company (Trustee) Limited
11th Floor, AIA Hong Kong Tower
734 King's Road, Quarry Bay
Hong Kong

(up to 12 October 2018)
2nd Floor, AIA Building, 1 Stubbs Road
Hong Kong

Administrator and Custodian

Citibank N.A., Hong Kong Branch
50th Floor, Champion Tower
Three Garden Road, Central
Hong Kong

Application and Redemption Agents

Citicorp Financial Services Limited
Citi Tower, One Bay East
83 Hoi Bun Road
Kwun Tong, Kowloon
Hong Kong

Auditor

Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

Legal Advisers

Deacons
5th Floor, Alexandra House
18 Chater Road
Central, Hong Kong

**PineBridge Asian Bond Fund
Manager's Report
For the year ended 31 December 2018**

2018 Market Overview

It was a challenging year for Fixed Income markets globally in 2018 but the Asian Investment Grade credit did relatively well and ended the year flat. Market performance was driven by widening of credit spreads balanced by Treasury gains and carry.

For the first few months of the year, the monetary policy normalization theme took hold and the market focused on higher inflationary expectations, pushing yields broadly higher. For the remainder of the year, the focal point was the escalating trade tensions between China and the US which impacted risk sentiment and widened spreads from a tight base. As a result, issuance slowed, especially for the second and third quarter of the year. For the full year of 2018, Asia new issuance amounted to US\$ 228 billion where 67% were Chinese issuers.

The US Federal Reserve hiked its policy rate four times during 2018, which was widely expected by the market but signaled a slower path in rate hikes through dovish statements. In addition, some Asian central banks, such as Indonesia, Philippines and Korea raised policy rates signaling less accommodative measures within the region. Throughout the year, but at an accelerating pace as of the second quarter, China implemented further easing policies. It calibrated but did not cease its deleveraging campaign, a medium term positive in our view.

2019 Market Outlook and Strategy

The second half of the year was dominated by themes of escalating tensions between China/US and signs of a slower Chinese economy were more apparent through weaker macro numbers. We expect the China/US trade tensions will continue to generate headlines but it is our view that this is much better priced in now. The fundamental picture within Asia remains stable and valuations are currently at a more attractive level thus providing resilience for the Asia Investment Grade class going into 2019.

The Federal Reserve signaled a more cautious hiking path going forward, which will provide some support to the USD risk market. However, we still believe the Fed's intention is to normalize when the environment allows it to do so. The Fed should be joined this year by the ECB, which ended its QE program in December 2018. China will continue to selectively ease monetary and fiscal policies on the back of a slowing economy and to mitigate pressure stemming from China/US trade tensions. The deleveraging campaign will continue running at a regulated pace.

Gross supply for 2019 should be roughly similar to 2018, again dominated by Chinese issuers. However, net issuance should decrease, providing another strong technical for the market. We expect the credit fundamental trend to be largely stable for next year with a further divergence in credit quality. We enter the year with selective additional risk taking and a dynamic duration approach which is market data dependent.

PineBridge Asian Bond Fund
Investment Report
As at 31 December 2018

INVESTMENT PORTFOLIO

	Nominal value US\$	Market value US\$	% of net assets
LISTED/QUOTED INVESTMENTS			
BONDS			
UNITED STATES DOLLAR			
AUSTRALIA & NEW ZEALAND BANKING GROUP LTD/UNITED KINGDOM 6.75% 29DEC2049	500,000	491,875	0.79%
AZURE NOVA INTERNATIONAL FINANCE LTD 3.5% 21MAR2022	800,000	786,432	1.26%
AZURE ORBIT IV INTERNATIONAL FINANCE LTD 3.75% 25JAN2023	2,000,000	1,955,331	3.13%
BANGKO SENTRAL NG PILIPINAS BOND 8.6% 15JUN2027	1,000,000	1,291,350	2.07%
BANK OF COMMUNICATIONS CO LTD 4.5% 30OCT2024	1,380,000	1,386,443	2.22%
BLUESTAR FINANCE HOLDINGS LTD 3.5% 30SEP2021	1,000,000	978,405	1.57%
BUSAN BANK CO LTD 3.625% 25JUL2026	700,000	646,118	1.03%
CDBL FUNDING 1 3.5% 24OCT2027	700,000	641,255	1.03%
CDBL FUNDING 1 3.86613% 15NOV2021	445,000	444,867	0.71%
CHALCO HONG KONG INVESTMENT CO LTD 4.875% 7SEP2021	900,000	908,583	1.45%
CHINA CLEAN ENERGY DEVELOPMENT LTD 4% 5NOV2025	1,000,000	979,812	1.57%
CHINA CONSTRUCTION BANK ASIA CORP LTD 4.25% 20AUG2024	1,000,000	1,001,353	1.60%
CHINA CONSTRUCTION BANK CORP 3.875% 13MAY2025	2,289,000	2,277,102	3.64%
CHINA LIFE INSURANCE OVERSEAS CO LTD/HONG KONG 3.35% 27JUL2027	330,000	314,365	0.50%
CHINA MENGNIU DAIRY CO LTD 4.25% 7AUG2023	375,000	374,302	0.60%
CHINA MINMETALS CORP 3.75% 31DEC2049	1,300,000	1,176,885	1.88%
CHINA OVERSEAS FINANCE CAYMAN V LTD 3.95% 15NOV2022	500,000	497,726	0.80%
CHINA RESOURCES GAS GROUP LTD 4.5% 5APR2022	450,000	460,206	0.74%
CHINA RESOURCES LAND LTD 4.375% 27FEB2019	400,000	400,867	0.64%
CHINA WING LUNG BANK LTD 3.75% 22NOV2027 (formerly known as WING LUNG BANK LTD 3.75% 22NOV2027)	1,000,000	961,362	1.54%
CMHI FINANCE BVI CO LTD 4.375% 6AUG2023	200,000	201,241	0.32%
CMHI FINANCE BVI CO LTD 5% 6AUG2028	270,000	275,412	0.44%
CNAC HK FINBRIDGE CO LTD 3.5% 19JUL2022	800,000	780,285	1.25%
CNAC HK FINBRIDGE CO LTD 4.125% 14MAR2021	500,000	500,546	0.80%
CNOOC PETROLEUM NA ULC 5.875% 10MAR2035 (formerly known as NEXEN ENERGY ULC 5.875% 10MAR2035)	1,500,000	1,734,393	2.77%
COMMONWEALTH BANK OF AUSTRALIA 3.375% 20OCT2026	1,000,000	973,980	1.56%
DAH SING BANK LTD 4.25% 30NOV2026	1,400,000	1,388,402	2.22%
DAH SING BANK LTD 5.25% 29JAN2024	750,000	750,679	1.20%
ENN ENERGY HOLDINGS LTD 3.25% 24JUL2022	800,000	778,338	1.25%
EXPORT-IMPORT BANK OF KOREA 2.875% 21JAN2025	700,000	669,327	1.07%
EXPORT-IMPORT BANK OF KOREA 3.25% 10NOV2025	605,000	588,217	0.94%
FUKOKU MUTUAL LIFE INSURANCE CO 5% 29DEC2049	750,000	735,713	1.18%
GOODMAN HK FINANCE 4.375% 19JUN2024	1,000,000	1,004,936	1.61%
HUARONG FINANCE II CO LTD 5.5% 16JAN2025	735,000	737,543	1.18%
INDONESIA ASAHAN ALUMINIUM PERSERO PT 5.23% 15NOV2021	290,000	294,223	0.47%
INDONESIA ASAHAN ALUMINIUM PERSERO PT 6.53% 15NOV2028	200,000	210,276	0.34%
INDONESIA GOVERNMENT INTERNATIONAL BOND 4.125% 15JAN2025	500,000	493,217	0.79%
INDONESIA GOVERNMENT INTERNATIONAL BOND 5.875% 15JAN2024	300,000	320,320	0.51%
INDONESIA GOVERNMENT INTERNATIONAL BOND 8.5% 12OCT2035	300,000	404,040	0.65%
JT INTERNATIONAL FINANCIAL SERVICES BV 3.875% 28SEP2028	790,000	799,544	1.28%

PineBridge Asian Bond Fund
Investment Report
As at 31 December 2018

INVESTMENT PORTFOLIO (CONTINUED)

	Nominal value US\$	Market value US\$	% of net assets
LISTED/QUOTED INVESTMENTS (CONTINUED)			
BONDS (CONTINUED)			
UNITED STATES DOLLAR (CONTINUED)			
KEB HANA BANK 4.25% 14OCT2024	600,000	597,559	0.96%
KEB HANA BANK 4.375% 30SEP2024	1,175,000	1,174,954	1.88%
KOREA INTERNATIONAL BOND 3.875% 20SEP2048	200,000	200,203	0.32%
KOREA RESOURCES CORP 2.25% 19APR2021	800,000	778,276	1.25%
LEMBAGA PEMBIAYAAN EKSPOR INDONESIA 3.875% 6APR2024	1,150,000	1,094,486	1.75%
LONGFOR GROUP HOLDINGS LTD 4.5% 16JAN2028 (formerly known as LONGFOR PROPERTIES CO LTD 4.5% 16JAN2028)	400,000	350,409	0.56%
MALAYAN BANKING BHD 3.905% 29OCT2026	800,000	790,888	1.27%
MCC HOLDING HONG KONG CORP LTD 2.95% 31MAY2020	1,000,000	985,646	1.58%
MEIJI YASUDA LIFE INSURANCE CO 5.1% 26APR2048	1,080,000	1,069,200	1.71%
MINMETALS BOUNTEOUS FINANCE BVI LTD 4.75% 30JUL2025	1,400,000	1,415,792	2.26%
MIZUHO FINANCIAL GROUP CAYMAN 3 LTD 4.6% 27MAR2024	1,655,000	1,680,383	2.69%
NAN FUNG TREASURY LTD 5% 5SEP2028	500,000	480,033	0.77%
NTPC LTD 4.375% 26NOV2024	500,000	491,769	0.79%
OIL INDIA INTERNATIONAL PTE LTD 4% 21APR2027	430,000	394,134	0.63%
ONGC VIDESH LTD 4.625% 15JUL2024	400,000	400,142	0.64%
PELABUHAN INDONESIA II PT 4.25% 5MAY2025	900,000	850,500	1.36%
PERTAMINA PERSERO PT 4.3% 20MAY2023	800,000	789,889	1.26%
PERTAMINA PERSERO PT 5.625% 20MAY2043	900,000	854,551	1.37%
PERTAMINA PERSERO PT 6.5% 27MAY2041	400,000	421,074	0.67%
PERTAMINA PERSERO PT 6.5% 7NOV2048	250,000	263,778	0.42%
PERUSAHAAN LISTRIK NEGARA PT 4.125% 15MAY2027	500,000	463,707	0.74%
PHILIPPINE NATIONAL BANK 4.25% 27APR2023	510,000	505,796	0.81%
PTT GLOBAL CHEMICAL PCL 4.25% 19SEP2022	650,000	658,655	1.05%
QATAR GOVERNMENT INTERNATIONAL BOND 5.103% 23APR2048	400,000	421,050	0.67%
RELIANCE HOLDING USA INC 5.4% 14FEB2022	1,200,000	1,243,578	1.99%
SHINHAN BANK 3.875% 24MAR2026	1,500,000	1,450,202	2.32%
SIAM COMMERCIAL BANK PCL/CAYMAN ISLANDS 3.2% 26JUL2022	300,000	294,625	0.47%
SINOPEC CAPITAL 2013 LTD 3.125% 24APR2023	700,000	677,649	1.08%
SINOPEC GROUP OVERSEAS DEVELOPMENT 2015 LTD 3.25% 28APR2025	1,500,000	1,436,395	2.30%
SPIC LUXEMBOURG LATIN AMERICA RENEWABLE ENERGY INVESTMENT CO SARL 4.65% 30OCT2023	730,000	731,513	1.17%
SWIRE PROPERTIES MTN FINANCING LTD 4.375% 18JUN2022	500,000	514,741	0.82%
THAIOIL TREASURY CENTER CO LTD 3.625% 23JAN2023	490,000	484,341	0.77%
THAIOIL TREASURY CENTER CO LTD 5.375% 20NOV2048	200,000	202,101	0.32%
UNITED OVERSEAS BANK LTD 3.5% 16SEP2026	1,200,000	1,189,728	1.90%
WEICHAI INTERNATIONAL HONG KONG ENERGY GROUP CO LTD 3.75% 14SEP2049	1,970,000	1,763,271	2.82%
WOORI BANK 5.125% 6AUG2028	900,000	914,477	1.46%
XINGSHENG BVI CO LTD 4.5% 20SEP2021	1,300,000	1,293,333	2.07%
TOTAL UNITED STATES DOLLAR		<u>60,944,099</u>	<u>97.50%</u>
TOTAL INVESTMENTS*		<u>60,944,099</u>	<u>97.50%</u>
TOTAL INVESTMENTS, AT COST*		<u>61,949,149</u>	

* Investments are accounted for on a trade date basis

PineBridge Asian Bond Fund
Investment Report
For the year ended 31 December 2018

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO

	Nominal value			31 December 2018 US\$
	1 January 2018 US\$	Additions US\$	Deductions US\$	
LISTED/QUOTED INVESTMENTS				
BONDS				
UNITED STATES DOLLAR				
ABU DHABI NATIONAL ENERGY CO PJSC 4.375% 22JUN2026	300,000	–	(300,000)	–
ABU DHABI NATIONAL ENERGY CO PJSC 4.875% 23APR2030	–	1,200,000	(1,200,000)	–
ALIBABA GROUP HOLDING LTD 4% 6DEC2037	520,000	–	(520,000)	–
AUSTRALIA & NEW ZEALAND BANKING GROUP LTD/UNITED KINGDOM 6.75% 29DEC2049	1,500,000	250,000	(1,250,000)	500,000
AZURE NOVA INTERNATIONAL FINANCE LTD 2.625% 1NOV2021	1,500,000	–	(1,500,000)	–
AZURE NOVA INTERNATIONAL FINANCE LTD 3.5% 21MAR2022	–	1,000,000	(200,000)	800,000
AZURE ORBIT INTERNATIONAL FINANCE LTD 3.75% 6MAR2023	1,100,000	–	(1,100,000)	–
AZURE ORBIT IV INTERNATIONAL FINANCE LTD 3.75% 25JAN2023	–	2,000,000	–	2,000,000
BANGKO SENTRAL NG PILIPINAS BOND 8.6% 15JUN2027	1,000,000	–	–	1,000,000
BANGKOK BANK PCL/HONG KONG 4.45% 19SEP2028	–	215,000	(215,000)	–
BANK OF CHINA LTD 5% 13NOV2024	3,400,000	–	(3,400,000)	–
BANK OF COMMUNICATIONS CO LTD 4.5% 3OCT2024	380,000	1,000,000	–	1,380,000
BANK OF THE PHILIPPINE ISLANDS 4.25% 4SEP2023	–	200,000	(200,000)	–
BAOSTEEL FINANCING 2015 PTY LTD 3.875% 28JAN2020	1,500,000	–	(1,500,000)	–
BDO UNIBANK INC 2.95% 6MAR2023	1,520,000	–	(1,520,000)	–
BHARTI AIRTEL INTERNATIONAL NETHERLANDS BV 5.125% 11MAR2023	1,100,000	–	(1,100,000)	–
BLUESTAR FINANCE HOLDINGS LTD 3.5% 30SEP2021	1,000,000	–	–	1,000,000
BOC AVIATION LTD 4.375% 2MAY2023	1,000,000	–	(1,000,000)	–
BUSAN BANK CO LTD 3.625% 25JUL2026	2,000,000	–	(1,300,000)	700,000
CBQ FINANCE LTD 5% 24MAY2023	–	2,000,000	(2,000,000)	–
CCBL CAYMAN CORP LTD 3.25% 28JUL2020	620,000	–	(620,000)	–
CDBL FUNDING 1 3.25% 2DEC2019	750,000	–	(750,000)	–
CDBL FUNDING 1 3.5% 24OCT2027	–	700,000	–	700,000
CDBL FUNDING 1 3.86613% 15NOV2021	–	445,000	–	445,000
CDBL FUNDING 1 4.25% 2DEC2024	2,350,000	–	(2,350,000)	–
CENTURY MASTER INVESTMENT CO LTD 4.75% 19SEP2018	1,000,000	–	(1,000,000)	–
CGN NEW ENERGY HOLDINGS CO LTD 4% 19AUG2018	1,075,000	–	(1,075,000)	–
CGNPC INTERNATIONAL LTD 4% 19MAY2025	900,000	–	(900,000)	–
CHALCO HONG KONG INVESTMENT CO LTD 4.875% 7SEP2021	–	900,000	–	900,000
CHARMING LIGHT INVESTMENTS LTD 4.375% 21DEC2027	200,000	–	(200,000)	–
CHINA CLEAN ENERGY DEVELOPMENT LTD 4% 5NOV2025	–	1,000,000	–	1,000,000
CHINA CONSTRUCTION BANK ASIA CORP LTD 4.25% 20AUG2024	1,000,000	–	–	1,000,000
CHINA CONSTRUCTION BANK CORP 3.875% 13MAY2025	1,500,000	789,000	–	2,289,000
CHINA GREAT WALL INTERNATIONAL HOLDINGS III LTD 3.125% 31AUG2022	200,000	–	(200,000)	–
CHINA HUADIAN OVERSEAS DEVELOPMENT 2018 LTD 3.875% 17MAY2023	–	1,270,000	(1,270,000)	–
CHINA LIFE INSURANCE OVERSEAS CO LTD/HONG KONG 3.35% 27JUL2027	330,000	–	–	330,000
CHINA MENGNIU DAIRY CO LTD 4.25% 7AUG2023	–	375,000	–	375,000
CHINA MINMETALS CORP 3.75% 31DEC2049	3,200,000	–	(1,900,000)	1,300,000
CHINA OVERSEAS FINANCE CAYMAN II LTD 5.5% 10NOV2020	400,000	–	(400,000)	–
CHINA OVERSEAS FINANCE CAYMAN V LTD 3.95% 15NOV2022	1,000,000	–	(500,000)	500,000

PineBridge Asian Bond Fund
Investment Report
For the year ended 31 December 2018

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (CONTINUED)

	Nominal value			31 December 2018 US\$
	1 January 2018 US\$	Additions US\$	Deductions US\$	
LISTED/QUOTED INVESTMENTS (CONTINUED)				
BONDS (CONTINUED)				
UNITED STATES DOLLAR (CONTINUED)				
CHINA OVERSEAS FINANCE CAYMAN VI LTD 4.25% 8MAY2019	1,200,000	–	(1,200,000)	–
CHINA OVERSEAS FINANCE CAYMAN VI LTD 5.95% 8MAY2024	1,500,000	–	(1,500,000)	–
CHINA OVERSEAS FINANCE CAYMAN VII LTD 4.25% 26APR2023	–	500,000	(500,000)	–
CHINA OVERSEAS GRAND OCEANS FINANCE IV CAYMAN LTD 4.875% 1JUN2021	–	600,000	(600,000)	–
CHINA RESOURCES GAS GROUP LTD 4.5% 5APR2022	1,500,000	–	(1,050,000)	450,000
CHINA RESOURCES LAND LTD 4.375% 27FEB2019	800,000	900,000	(1,300,000)	400,000
CHINA SHENHUA OVERSEAS CAPITAL CO LTD 3.125% 20JAN2020	1,000,000	–	(1,000,000)	–
CHINA SHENHUA OVERSEAS CAPITAL CO LTD 3.875% 20JAN2025	1,000,000	–	(1,000,000)	–
CITIC LTD 3.875% 28FEB2027	1,000,000	–	(1,000,000)	–
CK HUTCHISON INTERNATIONAL 17 LTD 2.875% 5APR2022	1,000,000	–	(1,000,000)	–
CMB WING LUNG BANK LTD 3.75% 22NOV2027 (formerly known as WING LUNG BANK LTD 3.75% 22NOV2027)	2,000,000	–	(1,000,000)	1,000,000
CMB WING LUNG BANK LTD 4.793% 7NOV2022 (formerly known as WING LUNG BANK LTD 4.793% 7NOV2022)	500,000	–	(500,000)	–
CMHI FINANCE BVI CO LTD 4.375% 6AUG2023	–	200,000	–	200,000
CMHI FINANCE BVI CO LTD 5% 6AUG2028	–	270,000	–	270,000
CNAC HK FINBRIDGE CO LTD 3.5% 19JUL2022	–	1,500,000	(700,000)	800,000
CNAC HK FINBRIDGE CO LTD 4.125% 14MAR2021	–	1,150,000	(650,000)	500,000
CNAC HK FINBRIDGE CO LTD 4.125% 19JUL2027	–	500,000	(500,000)	–
CNAC HK FINBRIDGE CO LTD 4.625% 14MAR2023	–	550,000	(550,000)	–
CNAC HK FINBRIDGE CO LTD 4.875% 14MAR2025	–	2,000,000	(2,000,000)	–
CNOOC FINANCE 2012 LTD 3.875% 2MAY2022	1,300,000	–	(1,300,000)	–
CNOOC FINANCE 2015 USA LLC 3.5% 5MAY2025	2,000,000	–	(2,000,000)	–
CNOOC NEXEN FINANCE 2014 ULC 4.25% 30APR2024	1,500,000	–	(1,500,000)	–
CNOOC PETROLEUM NA ULC 5.875% 10MAR2035 (formerly known as NEXEN ENERGY ULC 5.875% 10MAR2035)	1,500,000	–	–	1,500,000
COMMONWEALTH BANK OF AUSTRALIA 3.375% 20OCT2026	1,000,000	–	–	1,000,000
CRCC YUPENG LTD 3.95% 28FEB2049	1,000,000	–	(1,000,000)	–
DAEGU BANK LTD 3.75% 13AUG2023	–	350,000	(350,000)	–
DAH SING BANK LTD 4.25% 30NOV2026	1,400,000	–	–	1,400,000
DAH SING BANK LTD 5.25% 29JAN2024	1,000,000	750,000	(1,000,000)	750,000
DAI-ICHI LIFE INSURANCE CO LTD 4% 29DEC2049	1,350,000	–	(1,350,000)	–
DAI-ICHI LIFE INSURANCE CO LTD 5.1% 29OCT2049	500,000	–	(500,000)	–
DBS GROUP HOLDINGS LTD 3.6% 29DEC2049	–	650,000	(650,000)	–
DBS GROUP HOLDINGS LTD 4.52% 11DEC2028	–	1,100,000	(1,100,000)	–
ENN ENERGY HOLDINGS LTD 3.25% 24JUL2022	800,000	–	–	800,000
EXPORT-IMPORT BANK OF CHINA 3.625% 31JUL2024	800,000	–	(800,000)	–
EXPORT-IMPORT BANK OF INDIA 3.375% 5AUG2026	1,000,000	–	(1,000,000)	–
EXPORT-IMPORT BANK OF KOREA 2.875% 21JAN2025	–	700,000	–	700,000
EXPORT-IMPORT BANK OF KOREA 3.25% 10NOV2025	–	605,000	–	605,000
EXPORT-IMPORT BANK OF KOREA 5.125% 29JUN2020	1,000,000	–	(1,000,000)	–
FUKOKU MUTUAL LIFE INSURANCE CO 5% 29DEC2049	750,000	–	–	750,000
GOHL CAPITAL LTD 4.25% 24JAN2027	1,300,000	400,000	(1,700,000)	–
GOODMAN HK FINANCE 4.375% 19JUN2024	1,000,000	–	–	1,000,000
HANKOOK TIRE CO LTD 3.5% 30JAN2023	–	1,530,000	(1,530,000)	–
HINDUSTAN PETROLEUM CORP LTD 4% 12JUL2027	–	1,000,000	(1,000,000)	–
HORSE GALLOP FINANCE LTD 3.51563% 28JUN2021	–	1,750,000	(1,750,000)	–

PineBridge Asian Bond Fund
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STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (CONTINUED)

	Nominal value			31 December 2018 US\$
	1 January 2018 US\$	Additions US\$	Deductions US\$	
LISTED/QUOTED INVESTMENTS (CONTINUED)				
BONDS (CONTINUED)				
UNITED STATES DOLLAR (CONTINUED)				
HUARONG FINANCE 2017 CO LTD 4.25% 7NOV2027	280,000	–	(280,000)	–
HUARONG FINANCE CO LTD 4% 17JUL2019	1,500,000	–	(1,500,000)	–
HUARONG FINANCE II CO LTD 5.5% 16JAN2025	2,500,000	1,035,000	(2,800,000)	735,000
HUTCHISON WHAMPOA INTERNATIONAL 11 LTD 4.625% 13JAN2022	1,000,000	–	(1,000,000)	–
HYUNDAI CAPITAL SERVICES INC 2.625% 29SEP2020	1,700,000	–	(1,700,000)	–
ICBCIL FINANCE CO LTD 3.375% 5APR2022	650,000	–	(650,000)	–
ICBCIL FINANCE CO LTD 3.625% 19MAY2026	1,500,000	–	(1,500,000)	–
ICICI BANK LTD/DUBAI 3.25% 9SEP2022	–	500,000	(500,000)	–
ICICI BANK LTD/DUBAI 4% 18MAR2026	–	500,000	(500,000)	–
INDONESIA ASAHAN ALUMINIUM PERSERO PT 5.23% 15NOV2021	–	290,000	–	290,000
INDONESIA ASAHAN ALUMINIUM PERSERO PT 6.53% 15NOV2028	–	200,000	–	200,000
INDONESIA GOVERNMENT INTERNATIONAL BOND 4.125% 15JAN2025	–	1,750,000	(1,250,000)	500,000
INDONESIA GOVERNMENT INTERNATIONAL BOND 4.35% 8JAN2027	300,000	–	(300,000)	–
INDONESIA GOVERNMENT INTERNATIONAL BOND 4.625% 15APR2043	–	500,000	(500,000)	–
INDONESIA GOVERNMENT INTERNATIONAL BOND 4.75% 8JAN2026	1,500,000	–	(1,500,000)	–
INDONESIA GOVERNMENT INTERNATIONAL BOND 5.25% 17JAN2042	–	500,000	(500,000)	–
INDONESIA GOVERNMENT INTERNATIONAL BOND 5.875% 15JAN2024	–	1,000,000	(700,000)	300,000
INDONESIA GOVERNMENT INTERNATIONAL BOND 7.75% 17JAN2038	500,000	450,000	(950,000)	–
INDONESIA GOVERNMENT INTERNATIONAL BOND 8.5% 12OCT2035	500,000	–	(200,000)	300,000
INDUSTRIAL & COMMERCIAL BANK OF CHINA ASIA LTD 4.5% 10OCT2023	850,000	–	(850,000)	–
INDUSTRIAL & COMMERCIAL BANK OF CHINA LTD 4.875% 21SEP2025	2,000,000	–	(2,000,000)	–
INDUSTRIAL & COMMERCIAL BANK OF CHINA LTD/NEW YORK 2.957% 8NOV2022	1,380,000	–	(1,380,000)	–
INDUSTRIAL & COMMERCIAL BANK OF CHINA LTD/NEW YORK 3.538% 8NOV2027	720,000	–	(720,000)	–
JT INTERNATIONAL FINANCIAL SERVICES BV 3.875% 28SEP2028	–	790,000	–	790,000
KASIKORNBANK PCL/CAYMAN ISLANDS 3.5% 25OCT2019	500,000	–	(500,000)	–
KEB HANA BANK 4.25% 14OCT2024	1,600,000	–	(1,000,000)	600,000
KEB HANA BANK 4.375% 30SEP2024	2,675,000	–	(1,500,000)	1,175,000
KOREA HYDRO & NUCLEAR POWER CO LTD 2.375% 28OCT2019	2,000,000	–	(2,000,000)	–
KOREA HYDRO & NUCLEAR POWER CO LTD 3% 19SEP2022	500,000	–	(500,000)	–
KOREA INTERNATIONAL BOND 3.875% 20SEP2048	–	200,000	–	200,000
KOREA MIDLAND POWER CO LTD 2.5% 21JUL2021	2,000,000	–	(2,000,000)	–
KOREA RESOURCES CORP 2.25% 19APR2021	1,000,000	–	(200,000)	800,000
KOREA RESOURCES CORP 4% 18APR2023	–	1,060,000	(1,060,000)	–
KOREA WESTERN POWER CO LTD 2.625% 22SEP2019	1,300,000	–	(1,300,000)	–
KUNLUN ENERGY CO LTD 3.75% 13MAY2025	1,000,000	–	(1,000,000)	–
LEMBAGA PEMBIAYAAN EKSPOR INDONESIA 3.875% 6APR2024	500,000	2,150,000	(1,500,000)	1,150,000
LONGFOR GROUP HOLDINGS LTD 3.875% 13JUL2022 (formerly known as LONGFOR PROPERTIES CO LTD 3.875% 13JUL2022)	400,000	–	(400,000)	–

PineBridge Asian Bond Fund
Investment Report
For the year ended 31 December 2018

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (CONTINUED)

	Nominal value			31 December 2018 US\$
	1 January 2018 US\$	Additions US\$	Deductions US\$	
LISTED/QUOTED INVESTMENTS (CONTINUED)				
BONDS (CONTINUED)				
UNITED STATES DOLLAR (CONTINUED)				
LONGFOR GROUP HOLDINGS LTD 4.5% 16JAN2028 (formerly known as LONGFOR PROPERTIES CO LTD 4.5% 16JAN2028)	–	800,000	(400,000)	400,000
LOTTE SHOPPING BUSINESS MANAGEMENT HONG KONG LTD 2.375% 5SEP2020	1,000,000	–	(1,000,000)	–
MALAYAN BANKING BHD 3.905% 29OCT2026	–	800,000	–	800,000
MCC HOLDING HONG KONG CORP LTD 2.95% 31MAY2020	–	1,000,000	–	1,000,000
MEIJI YASUDA LIFE INSURANCE CO 5.1% 26APR2048	–	1,880,000	(800,000)	1,080,000
MINERA Y METALURGICA DEL BOLEO SA DE CV 2.875% 7MAY2019	1,500,000	–	(1,500,000)	–
MINMETALS BOUNTEOUS FINANCE BVI LTD 3.5% 30JUL2020	2,100,000	–	(2,100,000)	–
MINMETALS BOUNTEOUS FINANCE BVI LTD 4.2% 27JUL2026	850,000	–	(850,000)	–
MINMETALS BOUNTEOUS FINANCE BVI LTD 4.75% 30JUL2025	2,000,000	–	(600,000)	1,400,000
MIZUHO FINANCIAL GROUP CAYMAN 3 LTD 4.6% 27MAR2024	–	1,655,000	–	1,655,000
NAN FUNG TREASURY LTD 5% 5SEP2028	–	1,000,000	(500,000)	500,000
NIPPON LIFE INSURANCE CO 4.7% 20JAN2046	1,500,000	–	(1,500,000)	–
NONGHYUP BANK 3.875% 30JUL2023	–	600,000	(600,000)	–
NTPC LTD 4.375% 26NOV2024	–	500,000	–	500,000
OIL INDIA INTERNATIONAL PTE LTD 4% 21APR2027	1,730,000	300,000	(1,600,000)	430,000
ONGC VIDESH LTD 4.625% 15JUL2024	1,700,000	400,000	(1,700,000)	400,000
ONGC VIDESH VANKORNEFT PTE LTD 3.75% 27JUL2026	–	3,000,000	(3,000,000)	–
OVERSEA-CHINESE BANKING CORP LTD 4.25% 19JUN2024	1,000,000	2,400,000	(3,400,000)	–
PELABUHAN INDONESIA II PT 4.25% 5MAY2025	4,500,000	2,700,000	(6,300,000)	900,000
PERTAMINA PERSERO PT 4.3% 20MAY2023	–	800,000	–	800,000
PERTAMINA PERSERO PT 4.875% 3MAY2022	2,000,000	–	(2,000,000)	–
PERTAMINA PERSERO PT 5.625% 20MAY2043	–	900,000	–	900,000
PERTAMINA PERSERO PT 6% 3MAY2042	2,000,000	–	(2,000,000)	–
PERTAMINA PERSERO PT 6.45% 30MAY2044	500,000	–	(500,000)	–
PERTAMINA PERSERO PT 6.5% 27MAY2041	1,750,000	–	(1,350,000)	400,000
PERTAMINA PERSERO PT 6.5% 7NOV2048	–	250,000	–	250,000
PERUSAHAAN GAS NEGARA PERSERO TBK 5.125% 16MAY2024	3,800,000	–	(3,800,000)	–
PERUSAHAAN LISTRIK NEGARA PT 4.125% 15MAY2027	–	800,000	(300,000)	500,000
PERUSAHAAN LISTRIK NEGARA PT 5.25% 15MAY2047	–	500,000	(500,000)	–
PERUSAHAAN LISTRIK NEGARA PT 6.15% 21MAY2048	–	1,550,000	(1,550,000)	–
PETROLEOS MEXICANOS 5.35% 12FEB2028	–	500,000	(500,000)	–
PETROLEOS MEXICANOS 6.75% 21SEP2047	–	1,300,000	(1,300,000)	–
PHILIPPINE GOVERNMENT INTERNATIONAL BOND 3% 1FEB2028	–	2,000,000	(2,000,000)	–
PHILIPPINE GOVERNMENT INTERNATIONAL BOND 4% 15JAN2021	750,000	–	(750,000)	–
PHILIPPINE GOVERNMENT INTERNATIONAL BOND 4.2% 21JAN2024	1,700,000	–	(1,700,000)	–
PHILIPPINE GOVERNMENT INTERNATIONAL BOND 9.5% 2FEB2030	–	500,000	(500,000)	–
PHILIPPINE NATIONAL BANK 4.25% 27APR2023	–	510,000	–	510,000
PTT GLOBAL CHEMICAL PCL 4.25% 19SEP2022	650,000	–	–	650,000
QATAR GOVERNMENT INTERNATIONAL BOND 3.875% 23APR2023	–	620,000	(620,000)	–
QATAR GOVERNMENT INTERNATIONAL BOND 5.103% 23APR2048	–	400,000	–	400,000
RELIANCE HOLDING USA INC 5.4% 14FEB2022	2,500,000	–	(1,300,000)	1,200,000

PineBridge Asian Bond Fund
Investment Report
For the year ended 31 December 2018

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (CONTINUED)

	Nominal value			31 December 2018 US\$
	1 January 2018 US\$	Additions US\$	Deductions US\$	
LISTED/QUOTED INVESTMENTS (CONTINUED)				
BONDS (CONTINUED)				
UNITED STATES DOLLAR (CONTINUED)				
RELIANCE INDUSTRIES LTD 4.125% 28JAN2025	500,000	–	(500,000)	–
RH INTERNATIONAL SINGAPORE CORP PTE LTD 3.5% 2MAY2019	1,380,000	–	(1,380,000)	–
RH INTERNATIONAL SINGAPORE CORP PTE LTD 4.5% 27MAR2028	–	960,000	(960,000)	–
RURAL ELECTRIFICATION CORP LTD 3.875% 7JUL2027	500,000	–	(500,000)	–
SANTOS FINANCE LTD 4.125% 14SEP2027	870,000	–	(870,000)	–
SAUDI GOVERNMENT INTERNATIONAL BOND 4.5% 17APR2030	–	1,130,000	(1,130,000)	–
SF HOLDING INVESTMENT LTD 4.125% 26JUL2023	–	200,000	(200,000)	–
SHINHAN BANK CO LTD 3.75% 20SEP2027	800,000	–	(800,000)	–
SHINHAN BANK 3.875% 24MAR2026	1,500,000	800,000	(800,000)	1,500,000
SHINHAN BANK 3.875% 7DEC2026	2,000,000	–	(2,000,000)	–
SIAM COMMERCIAL BANK PCL/CAYMAN ISLANDS 3.2% 26JUL2022	1,000,000	–	(700,000)	300,000
SINOCHEN INTERNATIONAL DEVELOPMENT PTE LTD 3.125% 25JUL2022	210,000	–	(210,000)	–
SINOPEC CAPITAL 2013 LTD 3.125% 24APR2023	2,000,000	–	(1,300,000)	700,000
SINOPEC GROUP OVERSEAS DEVELOPMENT 2015 LTD 3.25% 28APR2025	1,500,000	–	–	1,500,000
SK INNOVATION CO LTD 4.125% 13JUL2023	–	2,000,000	(2,000,000)	–
SK TELECOM CO LTD 3.75% 16APR2023	–	280,000	(280,000)	–
SPIC LUXEMBOURG LATIN AMERICA RENEWABLE ENERGY INVESTMENT CO SARL 4.65% 30OCT2023	–	730,000	–	730,000
STATE GRID OVERSEAS INVESTMENT 2014 LTD 4.125% 7MAY2024	1,000,000	–	(1,000,000)	–
SUMITOMO LIFE INSURANCE CO 4% 14SEP2077	1,000,000	–	(1,000,000)	–
SUN HUNG KAI PROPERTIES CAPITAL MARKET LTD 3.375% 25FEB2024	1,750,000	–	(1,750,000)	–
SUNNY OPTICAL TECHNOLOGY GROUP CO LTD 3.75% 23JAN2023	–	300,000	(300,000)	–
SWIRE PROPERTIES MTN FINANCING LTD 4.375% 18JUN2022	2,000,000	–	(1,500,000)	500,000
TEMASEK FINANCIAL I LTD 3.625% 1AUG2028	–	250,000	(250,000)	–
TEWOO GROUP FINANCE NO 3 LTD 4.625% 6APR2020	1,300,000	–	(1,300,000)	–
THAI OIL PCL 3.625% 23JAN2023	–	990,000	(990,000)	–
THAIOIL TREASURY CENTER CO LTD 3.625% 23JAN2023	–	990,000	(500,000)	490,000
THAIOIL TREASURY CENTER CO LTD 5.375% 20NOV2048	–	200,000	–	200,000
TIANQI FINCO CO LTD 3.75% 28NOV2022	1,000,000	–	(1,000,000)	–
UNION BANK OF THE PHILIPPINES 3.369% 29NOV2022	630,000	–	(630,000)	–
UNITED OVERSEAS BANK LTD 3.5% 16SEP2026	2,000,000	800,000	(1,600,000)	1,200,000
UNITED STATES TREASURY NOTE/BOND 2.875% 15AUG2028	–	470,000	(470,000)	–
VANKE REAL ESTATE HONG KONG CO LTD 3.88% 25MAY2023	–	200,000	(200,000)	–
WEICHAI INTERNATIONAL HONG KONG ENERGY GROUP CO LTD 3.75% 14SEP2049	1,870,000	500,000	(400,000)	1,970,000
WOORI BANK 4.75% 30APR2024	–	500,000	(500,000)	–
WOORI BANK 5.125% 6AUG2028	–	900,000	–	900,000
XIAN MUNICIPAL INFRASTRUCTURE CONSTRUCTION INVESTMENT GROUP CORP LTD 2.8% 13SEP2019	1,350,000	–	(1,350,000)	–
XINGSHENG BVI CO LTD 4.5% 20SEP2021	–	1,300,000	–	1,300,000
ZHUZHOU CITY CONSTRUCTION DEVELOPMENT GROUP CO LTD 2.98% 19OCT2019	1,150,000	–	(1,150,000)	–

PineBridge Asian Bond Fund
Investment Report
For the year ended 31 December 2018

PineBridge Asian Bond Fund (the “Fund”) is a unit trust governed by its Trust Deed dated 10 August 1998, as amended, supplemented and restated. The Fund is managed in accordance with the distinct investment policy. Pursuant to the Unitholder Notice and the Offering Document dated 25 January 2018, the investment policy has been amended with effect from 25 January 2018. The amendments were made to clarify and enhance the investment objectives and policies of the Fund. The investment style, investment philosophy and risk profile of the Fund will remain the same.

Investment objectives and policies

The Fund seeks to provide a stable return and long term capital growth through investing in a wide range of debt securities within the Asian region. The Fund shall predominantly (i.e. at least 70% of the non-cash assets) be invested in fixed or floating rate fixed income securities issued by sovereigns in the Asian region, or issued by corporations and banks in the Asian region.

	2018	2017	2016
	US\$	US\$	US\$
Investments and investment income			
Total value of investments	60,944,099	159,733,385	192,097,970
Interest on bank deposits	29,918	21,695	10,431
Interest on investments (net of withholding tax)	3,980,295	6,615,543	6,548,027
Net foreign currency gains	–	–	26
Net income excluding capital (depreciation)/appreciation	3,901,495	6,458,650	6,426,050
Net (depreciation)/appreciation of financial assets and financial liabilities at fair value through profit or loss			
- realized and unrealized	(5,013,886)	4,734,833	62,177

Performance table

Net asset value

	Total net asset value	Net asset value per unit
	US\$	US\$
Provident Fund units		
2018	62,508,609	13.42
2017	162,883,756	13.36
2016	198,299,279	12.59

**PineBridge Asian Bond Fund
Investment Report
For the year ended 31 December 2018**

Performance table (Continued)

Performance record since inception

	Highest issue price per unit US\$	Lowest redemption price per unit US\$	Annualized investment return (Note 2) %
Provident Fund units			
2018	13.43	13.01	0.45
2017	13.41	12.61	6.12
2016	13.10	12.07	4.66
2015	12.10	11.61	3.62
2014	11.66	10.88	6.71
2013	11.21	10.53	(1.10)
2012 (Note 1)	11.01	9.99	9.96

Note 1: The Fund started to issue Provident Fund units on 10 February 2012.

Note 2: The annualized investment return is calculated by comparing the net asset value per unit at the year end against the net asset value per unit at the beginning of the year except for the first period where the initial subscription price per unit is used. The Fund was launched on 10 February 2012.

Note 3: No Standard units were issued by the Fund since inception. The “Standard units” have been renamed to “Standard units - Accumulation” with effect from 27 June 2013.

Note 4: No Standard units - Monthly Distribution were issued by the Fund since its launch.

Commentary by the Trustee

Based on the information received from the Manager of the Fund during the year, the Trustee of the Fund confirmed, to the best of its knowledge and belief, that the investment objectives and policies for the Fund were complied with.

**PineBridge Asian Bond Fund
Trustee's Report
For the year ended 31 December 2018**

We hereby confirm that, in our opinion, the Manager of the Fund has, in all material respects, managed the Fund for the year ended 31 December 2018 in accordance with the provisions of the Trust Deed dated 10 August 1998, as amended, supplemented and restated.

On behalf of
AIA Company (Trustee) Limited

Director

12 April 2019

Director

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF PINEBRIDGE ASIAN BOND FUND (THE "FUND")

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of PineBridge Asian Bond Fund (the "Fund") set out on pages 16 to 37, which comprise the statement of net assets as at 31 December 2018, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at 31 December 2018, and of its financial transactions and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") and with reference to Practice Note 860.1 (Revised), The Audit of Retirement Schemes issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Fund in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information included in the Reports and Financial Statements

The Manager and the Trustee of the Fund are responsible for the other information. The other information comprises the information included in the Reports and Financial Statements, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager and Trustee and those charged with governance for the financial statements

The Manager and the Trustee of the Fund are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA, and for such internal control as the Manager and the Trustee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager and the Trustee of the Fund are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager and the Trustee of the Fund either intend to liquidate the Fund or to cease operations or have no realistic alternative but to do so.

The Manager and the Trustee of the Fund are required to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the constitutive documents of the Fund ("the Constitutive Documents"), the Mandatory Provident Fund Schemes Ordinance ("the MPFSO"), the Mandatory Provident Fund Schemes (General) Regulation ("the General Regulation"), the Code on MPF Investment Funds ("the MPF Code"), and Guidelines II.5 issued by the Mandatory Provident Fund Schemes Authority ("the MPFA") and the Code on Unit Trusts and Mutual Funds ("the Code") issued by the Hong Kong Securities and Futures Commission ("the SFC").

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEE OF PINEBRIDGE ASIAN BOND FUND (THE "FUND")
(CONTINUED)**

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. In addition, we are required to assess whether the financial statements of the Fund have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Constitutive Documents, the MPFSO, the General Regulation, the MPF Code and Guidelines II.5 issued by the MPFA and the Code issued by the SFC.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager and the Trustee
- Conclude on the appropriateness of the Manager and the Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEE OF PINEBRIDGE ASIAN BOND FUND (THE "FUND")
(CONTINUED)**

Report on matters under the relevant disclosure provisions of the Constitutive Documents, the MPFSO, the General Regulation, the MPF Code, and Guidelines II.5 issued by the MPFA and the Code issued by the SFC

- (a) In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Constitutive Documents, the MPFSO, the General Regulation, the MPF Code and Guidelines II.5 issued by the MPFA and the Code issued by the SFC; and
- (b) We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purpose of our audit.

Certified Public Accountants
Hong Kong
12 April 2019

PineBridge Asian Bond Fund
Statement of Net Assets
As at 31 December 2018

	Note	2018 US\$	2017 US\$
Assets			
Current assets			
Financial assets at fair value through profit or loss			
Investments	4(b)	60,944,099	159,733,385
Interest receivable on investments		658,106	1,569,516
Bank interest receivable		66	231
Amounts receivable on subscription		12,898	68,216
Cash and cash equivalents		980,528	1,723,006
Total assets		<u>62,595,697</u>	<u>163,094,354</u>
Liabilities			
Current liabilities			
Amounts payable on redemption		62,186	166,781
Accounts payable and accrued expenses		24,902	43,817
Total liabilities		<u>87,088</u>	<u>210,598</u>
Equity			
Net assets attributable to unitholders	3	<u>62,508,609</u>	<u>162,883,756</u>

On behalf of
AIA Company (Trustee) Limited

On behalf of
PineBridge Investments Hong Kong
Limited

Director

Director

Director

PineBridge Asian Bond Fund
Statement of Comprehensive Income
For the year ended 31 December 2018

	Note	2018 US\$	2017 US\$
Income			
Interest on bank deposits		29,918	21,695
Interest on investments		3,980,300	6,615,555
Net (losses)/gains on financial assets and financial liabilities at fair value through profit or loss	5	(5,013,886)	4,734,833
Other income		200	—
Total investment (loss)/income		<u>(1,003,468)</u>	<u>11,372,083</u>
Expenses			
Trustee's fee	7(b)	49,476	90,087
Custodian and administration fees	8	47,654	54,332
Audit fee		12,069	12,165
Bank charges		173	214
Legal and professional fees		230	2,518
Other expenses	9	(684)	19,272
Total operating expenses		<u>108,918</u>	<u>178,588</u>
Taxation			
Withholding tax		(5)	(12)
Total comprehensive (loss)/income		<u>(1,112,391)</u>	<u>11,193,483</u>

The notes on pages 20 to 37 are an integral part of these financial statements.

PineBridge Asian Bond Fund
Statement of Changes in Equity
For the year ended 31 December 2018

	Note	2018 US\$	2017 US\$
Balance at the beginning of the year		<u>162,883,756</u>	<u>198,299,279</u>
Issue of units	3	22,732,481	20,552,565
Redemption of units	3	(121,995,237)	(67,161,571)
Net decrease from unit transactions		<u>(99,262,756)</u>	<u>(46,609,006)</u>
Total comprehensive (loss)/income		<u>(1,112,391)</u>	<u>11,193,483</u>
Balance at the end of the year		<u><u>62,508,609</u></u>	<u><u>162,883,756</u></u>

The notes on pages 20 to 37 are an integral part of these financial statements.

PineBridge Asian Bond Fund
Statement of Cash Flows
For the year ended 31 December 2018

	2018	2017
	US\$	US\$
Cash flows from operating activities		
Total comprehensive (loss)/income	(1,112,391)	11,193,483
Adjustment for:		
Interest on investments	(3,980,300)	(6,615,555)
Interest on bank deposits	(29,918)	(21,695)
Withholding tax	5	12
Operating (loss)/profit before working capital changes	<u>(5,122,604)</u>	<u>4,556,245</u>
Net decrease in investments	98,789,286	32,364,585
Net decrease in accounts payable and accrued expenses	<u>(18,915)</u>	<u>(10,155)</u>
Cash generated from operations	93,647,767	36,910,675
Interest on investments received	4,891,705	7,104,993
Interest on bank deposits received	<u>30,083</u>	<u>21,639</u>
Net cash generated from operating activities	<u><u>98,569,555</u></u>	<u><u>44,037,307</u></u>
Cash flows from financing activities		
Proceeds from issue of units	22,787,799	21,198,074
Payments on redemption of units	<u>(122,099,832)</u>	<u>(67,277,212)</u>
Net cash used in financing activities	<u><u>(99,312,033)</u></u>	<u><u>(46,079,138)</u></u>
Net decrease in cash and cash equivalents	(742,478)	(2,041,831)
Cash and cash equivalents at the beginning of the year	<u>1,723,006</u>	<u>3,764,837</u>
Cash and cash equivalents at the end of the year	<u><u>980,528</u></u>	<u><u>1,723,006</u></u>
Analysis of balance of cash and cash equivalents		
Cash at banks	10,028	35,706
Short-term deposits	<u>970,500</u>	<u>1,687,300</u>
	<u><u>980,528</u></u>	<u><u>1,723,006</u></u>

The notes on pages 20 to 37 are an integral part of these financial statements.

PineBridge Asian Bond Fund
Notes to the Financial Statements
For the year ended 31 December 2018

1. The Fund

PineBridge Asian Bond Fund (the “Fund”) is a unit trust governed by its Trust Deed dated 10 August 1998, as amended, supplemented and restated. The Fund has been authorized by the Securities and Futures Commission of Hong Kong and approved by the Mandatory Provident Fund Schemes Authority of Hong Kong.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss (FVPL).

The preparation of financial statements in conformity with HKFRS requires the Trustee and Manager to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

New and amended standards that are effective in the current year and have been adopted by the Fund

The Fund applied, for the first time, certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2018.

The nature and the impact of each new standard and amendment is described below:

HKFRS 9 *Financial Instruments*

The Fund adopted HKFRS 9 Financial Instruments on its effective date of 1 January 2018. HKFRS 9 replaces *HKAS 39 Financial Instruments: Recognition and Measurement* and introduces new requirements for classification and measurement, impairment and hedge accounting. HKFRS 9 is not applicable to items that have already been derecognized at 1 January 2018, the date of initial application.

2. Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

(i) Classification and measurement

The Fund has assessed the classification of financial instruments as at the date of initial application and has applied such classification retrospectively. Based on that assessment:

- All financial assets previously held at fair value continue to be measured at fair value.
- Debt instruments and equity instruments, other than investments in subsidiaries and associates, are acquired for the purpose of generating short-term profit. Therefore, they meet the held-for-trading criteria and are required to be measured at FVPL.
- Financial assets previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. Thus, such instruments continue to be measured at amortized cost under HKFRS 9.
- The classification of financial liabilities under HKFRS 9 remains broadly the same as under HKAS 39. The main impact on measurement from the classification of liabilities under HKFRS 9 relates to the element of gains or losses for financial liabilities designated as at FVPL attributable to changes in credit risk. HKFRS 9 requires that such element be recognized in other comprehensive income (OCI), unless this treatment creates or enlarges an accounting mismatch in profit or loss, in which case, all gains and losses on that liability (including the effects of changes in credit risk) should be presented in profit or loss. The Fund has not designated any financial liabilities at FVPL. Therefore, this requirement has not had an impact on the Fund.

(ii) Impairment

HKFRS 9 requires the Fund to record Expected Credit Losses (“ECL”) on all of its financial assets measured at amortized cost, either on a 12-month or lifetime basis. The Fund’s investments are not subject to HKFRS 9’s impairment requirements as they are measured at FVPL. The Fund holds amortized cost financial assets, including interest receivable on investments, bank interest receivable, amounts receivable on subscription and cash and cash equivalents. The Fund measures the loss allowance at an amount equal to 12-month ECL on its amortized cost financial assets.

(iii) Hedge accounting

The Fund has not applied hedge accounting under HKAS 39 nor will it apply hedge accounting under HKFRS 9.

Impact of adoption of HKFRS 9

The classification and measurement requirements of HKFRS 9 have been adopted retrospectively as of the date of initial application on 1 January 2018, however, the Fund has chosen to take advantage of the option not to restate comparatives. Therefore, the 2017 figures are presented and measured under HKAS 39. The following table shows the original measurement categories in accordance with HKAS 39 and the new measurement categories under HKFRS 9 for the Fund’s financial assets and financial liabilities as at 1 January 2018.

PineBridge Asian Bond Fund
Notes to the Financial Statements
For the year ended 31 December 2018

2. Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

Impact of adoption of HKFRS 9 (Continued)

Financial assets

1 January 2018	HKAS 39 classification	HKAS 39 measurement US\$	HKFRS 9 classification	HKFRS 9 measurement US\$
	Held for trading			
Investments	at FVPL	159,733,385	FVPL	159,733,385
Interest receivable on investments	Loans and receivables	1,569,516	Amortized cost	1,569,516
Bank interest receivable	Loans and receivables	231	Amortized cost	231
Amounts receivable on subscription	Loans and receivables	68,216	Amortized cost	68,216
Cash and cash equivalents	Loans and receivables	1,723,006	Amortized cost	1,723,006

Financial Liabilities

1 January 2018	HKAS 39 classification	HKAS 39 measurement US\$	HKFRS 9 classification	HKFRS 9 measurement US\$
Amounts payable on redemption	Other financial liabilities	166,781	Amortized cost	166,781
Accounts payable and accrued expenses	Other financial liabilities	43,817	Amortized cost	43,817

In line with the characteristics of the Fund's financial instruments as well as its approach to their management, the Fund neither revoked nor made any new designations on the date of initial application. HKFRS 9 has not resulted in changes in the carrying amount of the Fund's financial instruments due to changes in measurement categories. All financial assets that were classified as FVPL under HKAS 39 are still classified as FVPL under HKFRS 9. All financial assets that were classified as loans and receivables and measured at amortized cost continue to be.

In addition, the application of the ECL mode under HKFRS 9 has not significantly changed the carrying amounts of the Fund's amortized cost financial assets. At the reporting date, the credit risk of the Fund's amortized cost financial assets were low or have not increased significantly since initial recognition. No loss allowance has been recognized based on 12-month ECL under HKFRS 9. There was no impairment recorded under HKAS39.

The carrying amounts of amortized cost instruments continued to approximate these instruments' fair values on the date of transition after transitioning to HKFRS 9.

HKFRS 15 Revenue from contracts with customers

The Fund adopted HKFRS 15 Revenue from contracts with customers on its effective date of 1 January 2018. HKFRS 15 replaces HKAS 18 Revenue and establishes a five-step model to account for revenue arising from contracts with customers. In addition, guidance on interest and dividend income have been moved from HKAS 18 to HKFRS 9 without significant changes to the requirements. Therefore, there was no impact of adopting HKFRS 15 for the Fund.

PineBridge Asian Bond Fund
Notes to the Financial Statements
For the year ended 31 December 2018

2. Summary of significant accounting policies (Continued)

(b) Investments

(i) Classification

In accordance with HKFRS 9, the Fund classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

In applying that classification, a financial asset or financial liability is considered to be held for trading if:

- (a) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or
- (b) On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking; or
- (c) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

Financial assets

The Fund classifies its financial assets as subsequently measured at amortized cost or measured at fair value through profit or loss on the basis of both:

- The entity's business model for managing the financial assets
- The contractual cash flow characteristics of the financial asset

All investments are classified as "financial assets at fair value through profit or loss".

Financial assets measured at fair value through profit or loss (FVPL)

A financial asset is measured at fair value through profit or loss if:

- (a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding; or
- (b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- (c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

The Fund includes in this category:

- Equity instruments
- Debt instruments. These include investments that are held under a business model to manage them on a fair value basis for investment income and fair value gains.
- Instruments held for trading. This category includes equity instruments and debt instruments which are acquired principally for the purpose of generating a profit from short-term fluctuations in price. This category also includes derivative contracts in an asset position.

(ii) Recognition

The Fund recognizes a financial asset when it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Fund commits to purchase or sell the asset.

PineBridge Asian Bond Fund
Notes to the Financial Statements
For the year ended 31 December 2018

2. Summary of significant accounting policies (Continued)

(b) Investments (Continued)

The following represent the basis of valuation for financial reporting purposes:

- (i) Investments which are listed or traded on an exchange are fair valued based on last traded prices.
- (ii) Investments which are not listed on an exchange or are thinly traded are valued by using quotes from brokers.
- (iii) Initial measurement

Financial assets at fair value through profit or loss are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognized directly in profit or loss.

(iv) Subsequent measurement

After initial measurement, the Fund measures financial instruments which are classified as at FVPL at fair value. Subsequent changes in the fair value of those financial instruments are recorded in net gain or loss on financial assets and financial liabilities at FVPL in the statement of comprehensive income.

(v) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized where the rights to receive cash flows from the asset have expired or the Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and either:

- (a) the Fund has transferred substantially all the risks and rewards of the asset, or
- (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The following represent the basis of valuation for financial reporting purposes:

- (i) Investments which are listed or traded on an exchange are fair valued based on last traded prices.
- (ii) Investments which are not listed on an exchange or are thinly traded are valued by using quotes from brokers.

PineBridge Asian Bond Fund
Notes to the Financial Statements
For the year ended 31 December 2018

2. Summary of significant accounting policies (Continued)

(c) Income

Interest income is recognized on a time-proportionate basis using the effective interest method in the statement of comprehensive income for all interest bearing instruments. Other income is accounted for on an accrual basis.

The effective interest method is a method of calculating the amortized cost of an interest bearing asset and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial instrument. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

(d) Translation of foreign currencies

(i) Functional and presentation currencies

Items included in the Fund's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). The financial statements are presented in United States dollar, which is the Fund's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the year end date.

Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the statement of comprehensive income within "net foreign currency gains/(losses)".

Foreign exchange gains and losses relating to the financial assets and financial liabilities carried at fair value through profit or loss are presented in the statement of comprehensive income within "net gains/(losses) on financial assets and financial liabilities at fair value through profit or loss".

(e) Expenses

Expenses are accounted for on an accrual basis.

(f) Subscription and redemption of units

Proceeds and payments on the subscription and redemption of units are recorded in the statement of changes in equity. The price at which units are subscribed or redeemed is calculated by reference to the net asset value per unit as at the close of business on the relevant dealing day.

(g) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of net assets where the Fund currently has a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis or realize the asset and liability simultaneously.

(h) Cash and cash equivalents

Cash and cash equivalents include cash at banks, deposits held with banks with original maturities of three months or less and bank overdrafts, if any.

PineBridge Asian Bond Fund
Notes to the Financial Statements
For the year ended 31 December 2018

3. Number of units in issue and net assets attributable to unitholders per unit

The Fund issues units, which are redeemable at the holder's option, are classified as equity.

The Fund has no restrictions on the subscriptions of units. Pursuant to the Trust Deed and subject to the conditions and procedures set out therein, the Manager is entitled, having regard to the interests of unitholders, to limit the total number of units which unitholders are entitled to redeem on any dealing day to 10% of the units then in issue or deemed to be in issue. Subscriptions and redemptions of units during the year are shown in the statement of changes in equity. In order to achieve the investment objectives, the Fund endeavors to invest its capital in accordance with the investment policies as outlined in note 4, whilst maintaining sufficient liquidity to meet redemption requests. Such liquidity is augmented by the holding of liquid investments.

The Fund's objectives and policies for managing its obligations to redeem units are included in note 4(h) on capital risk management and note 4(e) on liquidity risk.

	2018	2017
	Units	Units
Number of Provident Fund units in issue	<u>4,657,674</u>	<u>12,192,824</u>

	US\$	US\$
Net asset value per Provident Fund unit	<u>13.42</u>	<u>13.36</u>

	2018	2018	2018
	Standard	Standard	Provident
	Units -	Units -	Fund Units
	Monthly	Accumulation	Units
	Distribution	Units	Units
	Units	Units	Units
Balance brought forward	–	–	12,192,824
Total issues	–	–	1,722,511
Total redemptions	–	–	(9,257,661)
Balance carried forward	<u>–</u>	<u>–</u>	<u>4,657,674</u>

	2017	2017	2017
	Standard	Standard	Provident
	Units -	Units -	Fund Units
	Monthly	Accumulation	Units
	Distribution	Units	Units
	Units	Units	Units
Balance brought forward	–	–	15,744,870
Total issues	–	–	1,565,210
Total redemptions	–	–	(5,117,256)
Balance carried forward	<u>–</u>	<u>–</u>	<u>12,192,824</u>

PineBridge Asian Bond Fund
Notes to the Financial Statements
For the year ended 31 December 2018

3. Number of units in issue and net assets attributable to unitholders per unit (Continued)

The Fund offers three classes of units. Provident Fund units are offered to provident fund schemes approved by the Mandatory Provident Fund Schemes Authority. Standard units - Accumulation are offered to all investors other than the provident fund schemes approved by the Mandatory Provident Fund Schemes Authority. The Standard units have been renamed to “Standard units - Accumulation” with effect from 27 June 2013. Standard units - Monthly Distribution are offered to all investors other than the provident fund schemes approved by the Mandatory Provident Fund Schemes Authority with distribution policy set out in this class. No Standard units - Accumulation & Standard units - Monthly Distribution were issued for the years ended 31 December 2018 and 2017.

4. Financial risk management

(a) Financial risk factors

The investment objective of the Fund is to seek to provide a stable return and long term capital growth through investing in a wide range of debt securities within the Asian region. The Fund shall predominantly be invested in fixed income securities issued by corporations, banks and sovereigns in the Asian markets.

The Fund is exposed to market price risk, cash flow and fair value interest rate risk, credit and custody risk, liquidity risk and currency risk.

The risks and the respective risk management policies employed by the Fund to manage these risks are discussed below.

(b) Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market.

All investments present a risk of loss of capital. The Fund’s market price risk is managed through (i) deliberate securities selection, and (ii) diversification of the investment portfolio.

As at year end, the overall market exposures were as follows:

	2018		
	Fair value US\$	Cost US\$	% of net assets
Financial assets at fair value through profit or loss:			
- Bonds	<u>60,944,099</u>	<u>61,949,149</u>	<u>97.50</u>
	2017		
	Fair value US\$	Cost US\$	% of net assets
Held for trading:			
- Bonds	<u>159,733,385</u>	<u>158,397,723</u>	<u>98.07</u>

PineBridge Asian Bond Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(b) Market price risk (Continued)

Net market exposures

The following table shows the net market exposure of the Fund to various markets, incorporating the underlying market risk through all financial assets and financial liabilities held by the Fund as at 31 December.

	2018	2017
	US\$ equivalent	US\$ equivalent
Markets exposed to		
Australia	1,465,855	5,087,696
Bermuda	460,206	3,686,115
British Virgin Islands	8,404,386	22,233,073
Canada	1,734,393	3,428,307
Cayman Islands	8,914,846	18,203,766
China	5,154,795	16,507,974
Hong Kong	9,626,097	16,812,228
India	891,911	3,813,801
Indonesia	6,460,061	19,746,411
Isle of Man	–	1,335,317
Japan	1,804,913	5,170,219
Luxembourg	731,513	–
Malaysia	790,888	–
Mexico	–	1,502,656
Netherlands	799,544	1,167,858
Philippines	1,797,146	6,171,010
Qatar	421,050	–
Singapore	1,583,862	7,446,356
South Korea	7,019,333	20,178,911
Thailand	1,639,722	2,195,066
United Arab Emirates	–	309,495
United States of America	1,243,578	4,737,126
	<u>60,944,099</u>	<u>159,733,385</u>

The following table shows the net exposures to sectors as at 31 December 2018 and 2017:

	2018	2017
	%	%
Sectors exposed to		
Basic Materials	11	9
Communications	–	1
Consumer, Cyclical	3	5
Consumer, Non-cyclical	2	–
Diversified	2	1
Energy	16	18
Financial	50	44
Government	7	6
Industrial	3	5
Utilities	6	11
	<u>100</u>	<u>100</u>

There were no investments issued by the same issuer with market value exceeding 10% of the Fund's net asset value as at 31 December 2018 and 2017.

PineBridge Asian Bond Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(b) Market price risk (Continued)

Net market exposures (Continued)

The table below summarizes the impact on net assets attributable to unitholders as a result of increases/decreases of the key index to which the Fund is exposed. The analysis is based on the assumption that the index had increased/decreased by the respective percentage with all other variables held constant and the Fund's investments moved according to the historical correlation with the index.

	2018	Impact	2017	Impact
	Change in	US\$	Change in	US\$
	market index %	US\$	market index %	US\$
	+/-	+/-	+/-	+/-
JACI Investment Grade TRI	2%	1,193,289	5%	7,917,287

The Manager has used their view of what would be a "reasonable shift" in JACI Investment Grade TRI, having regard to the historical volatility of the index, to estimate the change for use in the market price risk sensitivity analysis above.

Disclosures above are shown in absolute terms, changes and impacts could be positive or negative. Changes in market index % are revised annually depending on the Manager's current view of market volatility and other relevant factors.

(c) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Interest rate risk arises from the effects of fluctuations in the prevailing levels of markets interest rates on the fair value of interest-bearing assets and liabilities and future cash flow. The Fund holds bonds that expose the Fund to fair value interest rate risk. The Fund also holds cash and cash equivalents that expose the Fund to cash flow interest rate risk.

PineBridge Asian Bond Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(c) Cash flow and fair value interest rate risk (Continued)

The table below summarizes the Fund's exposure to interest rate risk. It includes the Fund's assets and liabilities at fair values, categorized by the earlier of contractual re-pricing or maturity dates.

At 31 December 2018

	Up to 1 year US\$	1-5 years US\$	Over 5 years US\$	Non-interest bearing US\$	Total US\$
Assets					
Investments	400,867	17,918,527	42,624,705	–	60,944,099
Other assets	–	–	–	671,070	671,070
Cash and cash equivalents	980,528	–	–	–	980,528
Total assets	<u>1,381,395</u>	<u>17,918,527</u>	<u>42,624,705</u>	<u>671,070</u>	<u>62,595,697</u>
Liabilities					
Other liabilities	–	–	–	87,088	87,088
Total liabilities	<u>–</u>	<u>–</u>	<u>–</u>	<u>87,088</u>	<u>87,088</u>
Total interest sensitivity gap	<u>1,381,395</u>	<u>17,918,527</u>	<u>42,624,705</u>		

At 31 December 2017

	Up to 1 year US\$	1-5 years US\$	Over 5 years US\$	Non-interest bearing US\$	Total US\$
Assets					
Investments	2,093,983	51,270,992	106,368,410	–	159,733,385
Other assets	–	–	–	1,637,963	1,637,963
Cash and cash equivalents	1,723,006	–	–	–	1,723,006
Total assets	<u>3,816,989</u>	<u>51,270,992</u>	<u>106,368,410</u>	<u>1,637,963</u>	<u>163,094,354</u>
Liabilities					
Other liabilities	–	–	–	210,598	210,598
Total liabilities	<u>–</u>	<u>–</u>	<u>–</u>	<u>210,598</u>	<u>210,598</u>
Total interest sensitivity gap	<u>3,816,989</u>	<u>51,270,992</u>	<u>106,368,410</u>		

At 31 December 2018, should interest rates have lowered/risen by 25 basis points with all other variables remaining constant, the increase/decrease in net assets attributable to unitholders for the year would amount to approximately US\$1.02 million (2017: US\$2.57 million), arising substantially from the increase/decrease in market values of debt securities.

PineBridge Asian Bond Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(d) Credit and custody risk

The Fund is exposed to credit risk which is the risk that an issuer or counterparty will be unable or unwilling to pay amounts in full when due.

The main concentration of credit risk to which the Fund is exposed arises from the Fund's investments in debt securities. The Fund is also exposed to credit risk on cash and cash equivalents and assets held with custodian. The table below summarizes the assets placed with banks and custodian at 31 December 2018 and 2017:

At 31 December 2018

	US\$	Credit rating	Source of credit rating
<u>Custodian</u>			
Citibank, N.A.	60,944,099	P-1	Moody's
<u>Banks</u>			
Citibank, N.A.	10,028	P-1	Moody's
Dah Sing Bank Limited	970,500	P-1	Moody's

At 31 December 2017

	US\$	Credit rating	Source of credit rating
<u>Custodian</u>			
Citibank, N.A.	159,733,385	P-1	Moody's
<u>Banks</u>			
Citibank, N.A.	35,706	P-1	Moody's
Dah Sing Bank Limited	1,687,300	P-2	Moody's

As the Fund holds debt securities, it is also exposed to risk that the issuers may not be able to repay the principal amount at maturity and interest. The credit risk is mitigated as the debt securities held are subject to the requirements of (i) minimum credit rating, and (ii) maximum holding of 10% of net asset value for any single issuer other than an exempt authority as defined in section 7(1) of Schedule 1 to the Mandatory Provident Fund Schemes (General) Regulation ("Exempt Authority"), and/or (iii) maximum holding of 30% of net asset value for any single issue that is issued by an Exempt Authority (or unconditionally guaranteed by an Exempt Authority).

PineBridge Asian Bond Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(d) Credit and custody risk (Continued)

The table below summarizes the credit rating of the investment portfolio by S&P/Moody's/Fitch:

Portfolio by rating category of bonds:

Rating	2018	2017
AA/Aa	4%	5%
A/A	23%	30%
BBB/Baa	73%	65%
Total	<u>100%</u>	<u>100%</u>

The maximum exposure to credit risk at year end is the carrying amount of the financial assets as shown on the statement of net assets.

The Fund measures credit risk and ECL using probability of default, exposure at default and loss given default. The Manager and the Trustee of the Fund considers both historical analysis and forward looking information in determining any ECL.

None of the assets is impaired nor past due but not impaired.

All transactions in listed/quoted investments are settled/paid for upon delivery using approved and reputable brokers. The risk of default is considered minimal since delivery of securities sold is only made when the broker has received payment. Payment is made on a purchase when the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

The Fund limits its exposure to credit risk by transacting the majority of its securities and contractual commitment activities with broker-dealers, banks and regulated exchanges with high credit ratings and that the Fund considers to be well established.

The Manager and the Trustee of the Fund considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognized based on 12-month ECL as any such impairment would be wholly insignificant to the Fund.

(e) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in settling a liability, including a redemption request.

The Fund is exposed to daily cash redemptions of units in the Fund. The Fund invests the majority of its assets in investments that are traded in an active market and can be readily disposed of.

The table below analyzes the Fund's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the year end date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

PineBridge Asian Bond Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(e) Liquidity risk (Continued)

	Less than 1 month US\$	1-3 months US\$	Over 3 months US\$
At 31 December 2018			
Amounts payable on redemption	62,186	–	–
Accounts payable and accrued expenses	13,938	–	10,964
Total financial liabilities	<u>76,124</u>	<u>–</u>	<u>10,964</u>
	Less than 1 month US\$	1-3 months US\$	Over 3 months US\$
At 31 December 2017			
Amounts payable on redemption	166,781	–	–
Accounts payable and accrued expenses	16,298	–	27,519
Total financial liabilities	<u>183,079</u>	<u>–</u>	<u>27,519</u>

Units are redeemed on demand at the unitholder's option. At 31 December 2018 and 2017, no ultimate individual investor held more than 10% of the Fund's units.

The Fund manages its liquidity risk by investing predominantly in debt securities that it expects to be able to liquidate within 1 month or less. The following table illustrates the expected liquidity of assets held by the Fund:

	Less than 1 month US\$	1-3 months US\$	Over 3 months US\$
At 31 December 2018			
Total assets	<u>62,144,030</u>	<u>271,254</u>	<u>180,413</u>
At 31 December 2017			
Total assets	<u>162,156,251</u>	<u>463,606</u>	<u>474,497</u>

(f) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

The Fund is not exposed to significant currency risk because majority of the assets and liabilities are denominated in United States dollar, the Fund's functional and presentation currency, and Hong Kong dollar which is linked with the United States dollar.

PineBridge Asian Bond Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(g) Fair value estimation

The fair value of financial assets and financial liabilities traded in active markets (such as trading securities) are based on quoted market prices at the close of trading on the year end date. The Fund utilizes the last traded market price as its fair valuation inputs for both financial assets and financial liabilities.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Fund for similar financial instruments.

HKFRS 13 requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (Level 2).
- Inputs for the asset or liability that are unobservable inputs (Level 3).

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes "observable" requires significant judgment by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table analyzes within the fair value hierarchy the Fund's investments (by class) measured at fair value at 31 December 2018 and 2017:

At 31 December 2018

	Level 1	Level 2	Level 3	Total
	US\$	US\$	US\$	US\$
Assets				
Financial assets at fair value through profit or loss:				
- Bonds	—	60,944,099	—	60,944,099
Total assets	<u>—</u>	<u>60,944,099</u>	<u>—</u>	<u>60,944,099</u>

PineBridge Asian Bond Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(g) Fair value estimation (Continued)

At 31 December 2017

Assets	Level 1	Level 2	Level 3	Total
	US\$	US\$	US\$	US\$
Held for trading:				
- Bonds	–	159,733,385	–	159,733,385
Total assets	<u>–</u>	<u>159,733,385</u>	<u>–</u>	<u>159,733,385</u>

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1. As of 31 December 2018 and 2017, the Fund did not hold any investments classified in level 1.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. These include bonds. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. As of 31 December 2018 and 2017, the Fund did not hold any investments classified in level 3.

There is no transfer between levels for the years ended 31 December 2018 and 2017.

Assets and liabilities included in the statement of net assets, except for investments, are carried at amortized cost; their carrying values are a reasonable approximation of fair value.

(h) Capital risk management

The capital of the Fund is represented by the net assets attributable to unitholders. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unitholders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

In order to maintain or adjust the capital structure, the Fund's policy is to perform the following:

- monitor the level of daily subscriptions and redemptions relative to the liquid assets; and
- redeem and issue units in accordance with the Trust Deed of the Fund.

The Manager monitors capital on the basis of the value of net assets attributable to unitholders.

PineBridge Asian Bond Fund
Notes to the Financial Statements
For the year ended 31 December 2018

5. Net (losses)/gains on financial assets and financial liabilities at fair value through profit or loss

	2018	2017
	US\$	US\$
Change in unrealized gains/losses in value of financial assets and financial liabilities at fair value through profit or loss	(2,861,984)	3,280,069
Realized (losses)/gains on sale of financial assets and financial liabilities at fair value through profit or loss	(2,151,902)	1,454,764
	<u>(5,013,886)</u>	<u>4,734,833</u>

6. Taxation

No provision for Hong Kong profits tax has been made as the Fund is authorized as a collective investment scheme under Section 104 of the Hong Kong Securities and Futures Ordinance and is therefore exempted from profits tax under Section 26A(1A) of the Hong Kong Inland Revenue Ordinance.

7. Transactions with Associates/Connected Persons/Related Parties

Associates and connected persons are those as defined in the Mandatory Provident Fund Schemes Ordinance and the Code on Unit Trusts and Mutual Funds issued by the Securities and Futures Commission of Hong Kong.

Apart from the fees as disclosed below, the Fund allows the Manager and its associates/connected persons to subscribe for, and redeem, units in the Fund.

All transactions were entered into in the ordinary course of business and on normal commercial terms.

(a) Management fee

PineBridge Investments Hong Kong Limited, the Manager, is entitled to receive a management fee at 1.00% per annum, with a permitted maximum of 1.00% per annum, of the net asset value of the Standard units - Accumulation & Standard units - Monthly Distribution, being calculated daily and payable monthly in arrears.

No management fee is charged on the Provident Fund units.

No management fee is payable as at year end date (2017: Nil).

(b) Trustee's fee

AIA Company (Trustee) Limited, the Trustee, is entitled to receive a trustee's fee at a permitted maximum of 0.05% per annum of the net asset value of the Fund, being calculated daily and payable monthly in arrears.

Trustee's fee payable as at year end amounted to US\$2,635 (2017: US\$6,883).

8. Custodian and administration fees

The Custodian and Administrator of the Fund is Citibank N.A., Hong Kong Branch and the Application and Redemption Agent of the Fund is Citicorp Financial Services Limited (collectively "Citibank"). Citibank is entitled to receive a custodian fee which comprises safekeeping and transaction fees of 0.025% per annum of the net asset value of the Fund and a transfer agency fee of US\$1,500 per month, with a total permitted maximum of 0.50% per annum. The safekeeping and transaction fee rate of 0.025% per annum is the maximum rate. Citibank is also entitled to receive an administrator fee of US\$1,000 per month.

Custodian and administration fees payable as at year end amounted to US\$11,303 (2017: US\$9,415).

PineBridge Asian Bond Fund
Notes to the Financial Statements
For the year ended 31 December 2018

9. Other expenses

Other expenses included a reversal of overprovision of certain expenses of US\$7,101 during the year ended 31 December 2018.

10. Soft commission arrangements

During the year, the Manager and its associates/connected persons did not enter into any soft commission arrangements with brokers relating to dealing in the assets of the Fund (2017: Nil).

11. Distributions

No distribution was made during the year (2017: Nil).

12. Borrowings, contingent liabilities and commitments

The Fund had no borrowings, contingent liabilities and commitments as at 31 December 2018 and 2017.

13. Negotiability of assets

There were no statutory or contractual requirements restricting the free negotiability of assets held by the Fund as at 31 December 2018 and 2017.

14. Approval of financial statements

The financial statements were approved by the Trustee and the Manager on 12 April 2019.

PINEBRIDGE ASIAN FUND
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2018

PineBridge Asian Fund

Reports and Financial Statements For the year ended 31 December 2018

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PineBridge Asian Fund

Management and Professional Service Details

Manager

PineBridge Investments Hong Kong Limited
Level 31, Three Pacific Place, 1 Queen's Road East
Hong Kong

Trustee

(effective from 13 October 2018)
AIA Company (Trustee) Limited
11th Floor, AIA Hong Kong Tower
734 King's Road, Quarry Bay
Hong Kong

(up to 12 October 2018)
2nd Floor, AIA Building, 1 Stubbs Road
Hong Kong

Administrator and Custodian

Citibank N.A., Hong Kong Branch
50th Floor, Champion Tower
Three Garden Road, Central
Hong Kong

Application and Redemption Agents

Citicorp Financial Services Limited
Citi Tower, One Bay East
83 Hoi Bun Road
Kwun Tong, Kowloon
Hong Kong

Auditor

Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

Legal Advisers

Deacons
5th Floor, Alexandra House
18 Chater Road
Central, Hong Kong

**PineBridge Asian Fund
Manager's Report
For the year ended 31 December 2018**

Manager's Market Perspective

2018 Market Overview

After a stellar 2017, the Asia equity market was on a tailspin in 2018. Trade and tariff dominated the headlines. Amid all that tariff kerfuffle, the bigger issue facing the region in 2018 was the rise in dollar funding costs and greenback soaring. In 2018, the Asian equity markets correcting more than 14%. Within Asia, Korea and China had been impacted the most while most ASEAN markets except Philippines had fared better. Most of the market corrections were largely driven by PE de-ratings, as earnings growth has been positive. With the Fed nearing the end of its tightening cycle the pressure will now ease.

The fund underperformed the benchmark as sentiment turned negative due to the above-mentioned uncertainties. In term of countries, Hong Kong and China were the key contributor, while Korea and Taiwan were the key detractors. On sector wise, real estate had helped the fund performance while industrials and information technology dragged the performance.

2019 Market Outlook and Strategy

We maintain our overweight stance in HK/China as we believe the expectation of slower earnings growth going forward is priced in. Policy easing should help deliver a decent kick in 2019. We also find Thailand attractive as consumption close to inflection point driven by better wage growth (higher capacity utilization rates). On a longer term, Thailand is a beneficiary of trade diversion effect from US-China trade war. We are cautious on Malaysia due to further earnings risks as a result of its fiscal consolidation - cancellation of infrastructure projects and rationalization of expenditure. Similarly, we are cautious on Taiwan as valuation is not attractive coupled with earnings need to be revised down further.

**PineBridge Asian Fund
Investment Report
As at 31 December 2018**

INVESTMENT PORTFOLIO

	Holding shares	Market value US\$	% of net assets
LISTED EQUITIES			
CHINA			
BAOSHAN IRON & STEEL CO LTD	1,595,056	1,509,074	0.93%
TOTAL CHINA		<u>1,509,074</u>	<u>0.93%</u>
HONG KONG			
AIA GROUP LTD	146,600	1,217,091	0.75%
BANK OF CHINA LTD	3,627,000	1,565,814	0.97%
CHINA CONSTRUCTION BANK CORP	8,695,000	7,174,275	4.44%
CHINA GAS HOLDINGS LTD	871,400	3,105,258	1.92%
CHINA MOBILE LTD	293,500	2,824,667	1.75%
CHINA OVERSEAS LAND & INVESTMENT LTD	410,000	1,408,679	0.87%
CHINA PETROLEUM & CHEMICAL CORP	1,534,000	1,095,250	0.68%
CHINA UNICOM HONG KONG LTD	1,642,000	1,753,296	1.08%
CHINA VANKE CO LTD	689,700	2,343,245	1.45%
CHOW TAI FOOK JEWELLERY GROUP LTD	1,582,400	1,319,792	0.82%
CNOOC LTD	1,066,000	1,647,474	1.02%
CRRC CORP LTD	1,929,000	1,882,355	1.16%
DONGFENG MOTOR GROUP CO LTD	794,000	720,037	0.45%
GALAXY ENTERTAINMENT GROUP LTD	45,000	286,232	0.18%
HAIER ELECTRONICS GROUP CO LTD	1,086,000	2,671,542	1.65%
INDUSTRIAL & COMMERCIAL BANK OF CHINA LTD	2,866,000	2,046,275	1.27%
PETROCHINA CO LTD	746,000	464,980	0.29%
PING AN INSURANCE GROUP CO OF CHINA LTD	575,500	5,082,922	3.14%
SHENZHEN EXPRESSWAY CO LTD	1,118,000	1,232,334	0.76%
SITC INTERNATIONAL HOLDINGS CO LTD	1,662,000	1,566,619	0.97%
TENCENT HOLDINGS LTD	266,500	10,688,156	6.60%
TIMES CHINA HOLDINGS LTD	1,050,000	1,166,768	0.72%
YANGTZE OPTICAL FIBRE AND CABLE JOINT STOCK LTD CO	316,500	865,094	0.54%
ZHUZHOU CRRC TIMES ELECTRIC CO LTD	525,000	2,910,214	1.80%
TOTAL HONG KONG		<u>57,038,369</u>	<u>35.28%</u>
MALAYSIA			
GENTING MALAYSIA BHD	1,312,000	958,799	0.59%
TOTAL MALAYSIA		<u>958,799</u>	<u>0.59%</u>
PHILIPPINES			
GT CAPITAL HOLDINGS INC	35,350	655,445	0.41%
SM INVESTMENTS CORP	80,660	1,407,364	0.87%
TOTAL PHILIPPINES		<u>2,062,809</u>	<u>1.28%</u>
SINGAPORE			
DBS GROUP HOLDINGS LTD	213,700	3,714,274	2.30%
HONGKONG LAND HOLDINGS LTD	22,000	138,600	0.09%
JARDINE CYCLE & CARRIAGE LTD	50,100	1,299,366	0.80%

**PineBridge Asian Fund
Investment Report
As at 31 December 2018**

INVESTMENT PORTFOLIO (CONTINUED)

	Holding shares	Market value US\$	% of net assets
LISTED EQUITIES (CONTINUED)			
SINGAPORE (CONTINUED)			
OVERSEA-CHINESE BANKING CORP LTD	128,600	1,062,389	0.66%
SEMBCORP INDUSTRIES LTD	1,305,500	2,432,848	1.50%
TOTAL SINGAPORE		<u>8,647,477</u>	<u>5.35%</u>
SOUTH KOREA			
AMOREPACIFIC CORP	14,687	2,757,603	1.71%
KB FINANCIAL GROUP INC	12,670	528,012	0.33%
KOREA ZINC CO LTD	3,167	1,227,577	0.76%
LG CHEM LTD	3,122	970,906	0.60%
LG ELECTRONICS INC	39,797	2,222,046	1.37%
MANDO CORP	35,595	923,532	0.57%
NAVER CORP	30,683	3,354,844	2.07%
NONGSHIM CO LTD	5,605	1,278,433	0.79%
POSCO	3,750	816,680	0.51%
SAMSUNG BIOLOGICS CO LTD	10,549	3,654,058	2.26%
SAMSUNG ELECTRONICS CO LTD	339,353	11,770,022	7.27%
SAMSUNG LIFE INSURANCE CO LTD	23,633	1,728,318	1.07%
SAMSUNG SDI CO LTD	3,021	592,938	0.37%
SHINHAN FINANCIAL GROUP CO LTD	19,558	694,119	0.43%
SK HYNIX INC	43,084	2,336,071	1.44%
TOTAL SOUTH KOREA		<u>34,855,159</u>	<u>21.55%</u>
TAIWAN			
CATCHER TECHNOLOGY CO LTD	156,000	1,141,943	0.71%
CATHAY FINANCIAL HOLDING CO LTD	756,000	1,155,998	0.71%
DELTA ELECTRONICS INC	389,000	1,638,916	1.01%
FORMOSA CHEMICALS & FIBRE CORP	174,000	594,396	0.37%
FORMOSA PLASTICS CORP	805,000	2,645,177	1.64%
HON HAI PRECISION INDUSTRY CO LTD	270,480	623,026	0.39%
LARGAN PRECISION CO LTD	15,000	1,568,952	0.97%
MEDIATEK INC	329,000	2,456,496	1.52%
TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD	1,476,833	10,834,663	6.69%
TAIWAN UNION TECHNOLOGY CORP	119,000	347,665	0.22%
TOTAL TAIWAN		<u>23,007,232</u>	<u>14.23%</u>
THAILAND			
CENTRAL PATTANA PCL	817,400	1,876,584	1.16%
KASIKORNBANK PCL	445,000	2,521,614	1.56%
OSOTSPA PCL	1,263,100	950,443	0.59%
THAI OIL PCL	1,008,500	2,052,031	1.27%
TOTAL THAILAND		<u>7,400,672</u>	<u>4.58%</u>

INVESTMENT PORTFOLIO (CONTINUED)

**PineBridge Asian Fund
Investment Report
As at 31 December 2018**

	Holding shares	Market value US\$	% of net assets
LISTED EQUITIES (CONTINUED)			
UNITED STATES OF AMERICA			
ALIBABA GROUP HOLDING LTD	41,689	5,714,311	3.53%
BAIDU INC	17,608	2,792,629	1.73%
YUM CHINA HOLDINGS INC	99,298	3,329,462	2.06%
TOTAL UNITED STATES OF AMERICA		<u>11,836,402</u>	<u>7.32%</u>
TOTAL INVESTMENTS*		<u>147,315,993</u>	<u>91.11%</u>
TOTAL INVESTMENTS, AT COST*		<u>160,567,535</u>	

* Investments are accounted for on a trade date basis.

PineBridge Asian Fund
Investment Report
For the year ended 31 December 2018

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO

	Holdings			31 December 2018 Shares
	1 January 2018 Shares	Additions Shares	Deductions Shares	
LISTED EQUITIES				
CHINA				
BAOSHAN IRON & STEEL CO LTD	–	1,991,956	(396,900)	1,595,056
HONG KONG				
AAC TECHNOLOGIES HOLDINGS INC	48,500	13,500	(62,000)	–
AIA GROUP LTD	–	181,400	(34,800)	146,600
A-LIVING SERVICES CO LTD	–	155,500	(155,500)	–
ANHUI CONCH CEMENT CO LTD	471,000	171,500	(642,500)	–
ASM PACIFIC TECHNOLOGY LTD	42,800	–	(42,800)	–
BANK OF CHINA LTD	–	7,194,000	(3,567,000)	3,627,000
BEIJING CAPITAL INTERNATIONAL AIRPORT CO LTD	–	380,000	(380,000)	–
BRILLIANCE CHINA AUTOMOTIVE HOLDINGS LTD	516,000	592,000	(1,108,000)	–
CHINA COMMUNICATIONS CONSTRUCTION CO LTD	–	984,000	(984,000)	–
CHINA CONSTRUCTION BANK CORP	11,654,000	4,723,000	(7,682,000)	8,695,000
CHINA EVERBRIGHT INTERNATIONAL LTD	965,000	1,031,000	(1,996,000)	–
CHINA GAS HOLDINGS LTD	–	1,045,000	(173,600)	871,400
CHINA LIFE INSURANCE CO LTD	574,000	–	(574,000)	–
CHINA MOBILE LTD	369,000	132,000	(207,500)	293,500
CHINA OVERSEAS LAND & INVESTMENT LTD	650,000	740,000	(980,000)	410,000
CHINA PETROLEUM & CHEMICAL CORP	4,098,000	7,024,000	(9,588,000)	1,534,000
CHINA RESOURCES GAS GROUP LTD	172,000	–	(172,000)	–
CHINA UNICOM HONG KONG LTD	–	1,960,000	(318,000)	1,642,000
CHINA VANKE CO LTD	752,900	430,400	(493,600)	689,700
CHINA YUHUA EDUCATION CORP LTD	1,902,000	–	(1,902,000)	–
CHINA ZHENG TONG AUTO SERVICES HOLDINGS LTD	–	871,500	(871,500)	–
CHOW TAI FOOK JEWELLERY GROUP LTD	–	2,055,400	(473,000)	1,582,400
CK ASSET HOLDINGS LTD	306,000	–	(306,000)	–
CNOOC LTD	1,930,000	1,970,000	(2,834,000)	1,066,000
COUNTRY GARDEN HOLDINGS CO LTD	–	636,000	(636,000)	–
CRRC CORP LTD	–	2,307,000	(378,000)	1,929,000
CSPC PHARMACEUTICAL GROUP LTD	2,312,000	440,000	(2,752,000)	–
DONGFENG MOTOR GROUP CO LTD	848,000	794,000	(848,000)	794,000
GALAXY ENTERTAINMENT GROUP LTD	234,000	–	(189,000)	45,000
HAIER ELECTRONICS GROUP CO LTD	–	1,086,000	–	1,086,000
HANG SENG BANK LTD	–	56,200	(56,200)	–
HONG KONG & CHINA GAS CO LTD	–	876,700	(876,700)	–
HONG KONG EXCHANGES AND CLEARING LTD	70,600	77,800	(148,400)	–
INDUSTRIAL & COMMERCIAL BANK OF CHINA LTD	11,297,000	2,383,000	(10,814,000)	2,866,000
JOHNSON ELECTRIC HOLDINGS LTD	258,000	–	(258,000)	–
KINGSOFT CORP LTD	559,000	143,000	(702,000)	–
MELCO INTERNATIONAL DEVELOPMENT LTD	–	257,000	(257,000)	–
NEW WORLD DEVELOPMENT CO LTD	823,000	–	(823,000)	–
PETROCHINA CO LTD	4,936,000	–	(4,190,000)	746,000
PING AN INSURANCE GROUP CO OF CHINA LTD	684,500	539,000	(648,000)	575,500
SHENZHEN EXPRESSWAY CO LTD	–	1,118,000	–	1,118,000
SINO BIOPHARMACEUTICAL LTD	–	298,000	(298,000)	–
SITC INTERNATIONAL HOLDINGS CO LTD	–	1,662,000	–	1,662,000
SUNNY OPTICAL TECHNOLOGY GROUP CO LTD	154,000	118,700	(272,700)	–

PineBridge Asian Fund
Investment Report
For the year ended 31 December 2018

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (CONTINUED)

	Holdings			31 December 2018 Shares
	1 January 2018 Shares	Additions Shares	Deductions Shares	
LISTED EQUITIES (CONTINUED)				
HONG KONG (CONTINUED)				
TENCENT HOLDINGS LTD	422,600	134,800	(290,900)	266,500
TIMES CHINA HOLDINGS LTD	–	1,050,000	–	1,050,000
TINGYI CAYMAN ISLANDS HOLDING CORP	1,060,000	552,000	(1,612,000)	–
WYNN MACAU LTD	–	1,142,800	(1,142,800)	–
YANGTZE OPTICAL FIBRE AND CABLE JOINT STOCK LTD CO	285,500	492,500	(461,500)	316,500
ZHUZHOU CRRC TIMES ELECTRIC CO LTD	607,500	747,500	(830,000)	525,000
INDONESIA				
ADARO ENERGY TBK PT	–	11,560,700	(11,560,700)	–
PP PERSERO TBK PT	2,076,500	–	(2,076,500)	–
MALAYSIA				
GAMUDA BHD	–	1,693,500	(1,693,500)	–
GENTING MALAYSIA BHD	–	1,312,000	–	1,312,000
MALAYAN BANKING BHD	–	711,600	(711,600)	–
SIME DARBY BHD	4,077,300	6,055,900	(10,133,200)	–
TENAGA NASIONAL BHD	388,100	777,800	(1,165,900)	–
PHILIPPINES				
GT CAPITAL HOLDINGS INC	–	35,350	–	35,350
MEGAWORLD CORP	21,655,500	–	(21,655,500)	–
METROPOLITAN BANK & TRUST CO	870,880	–	(870,880)	–
NICKEL ASIA CORP	13,321,400	–	(13,321,400)	–
SM INVESTMENTS CORP	92,850	25,520	(37,710)	80,660
SINGAPORE				
DBS GROUP HOLDINGS LTD	265,500	85,800	(137,600)	213,700
GUOCOLAND LTD	551,200	–	(551,200)	–
HONGKONG LAND HOLDINGS LTD	–	63,800	(41,800)	22,000
JARDINE CYCLE & CARRIAGE LTD	–	50,100	–	50,100
KEPPEL CORP LTD	300,900	333,200	(634,100)	–
OVERSEA-CHINESE BANKING CORP LTD	–	128,600	–	128,600
SEMBCORP INDUSTRIES LTD	–	1,305,500	–	1,305,500
VENTURE CORP LTD	365,600	191,800	(557,400)	–
SOUTH KOREA				
AMOREPACIFIC CORP	7,474	14,687	(7,474)	14,687
CJ CGV CO LTD	75,409	37,914	(113,323)	–
HANA FINANCIAL GROUP INC	99,522	26,576	(126,098)	–
HOTEL SHILLA CO LTD	–	35,725	(35,725)	–
HUGEL INC	–	12,041	(12,041)	–
HYUNDAI HEAVY INDUSTRIES CO LTD	–	27,563	(27,563)	–
HYUNDAI MOTOR CO	23,078	–	(23,078)	–
ING LIFE INSURANCE KOREA LTD	32,031	–	(32,031)	–
KB FINANCIAL GROUP INC	–	60,372	(47,702)	12,670

PineBridge Asian Fund
Investment Report
For the year ended 31 December 2018

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (CONTINUED)

	Holdings			31 December 2018 Shares
	1 January 2018 Shares	Additions Shares	Deductions Shares	
LISTED EQUITIES (CONTINUED)				
SOUTH KOREA (CONTINUED)				
KOREA ZINC CO LTD	3,967	1,256	(2,056)	3,167
LG CHEM LTD	–	3,122	–	3,122
LG ELECTRONICS INC	–	39,797	–	39,797
MANDO CORP	–	35,595	–	35,595
NAVER CORP	6,454	35,533	(11,304)	30,683
NETMARBLE CORP (formerly known as NETMARBLE GAMES CORP)	6,913	–	(6,913)	–
NONGSHIM CO LTD	–	8,790	(3,185)	5,605
POSCO	7,373	15,356	(18,979)	3,750
SAMSUNG BIOLOGICS CO LTD	–	10,549	–	10,549
SAMSUNG ELECTRONICS CO LTD	7,932	470,729	(139,308)	339,353
SAMSUNG LIFE INSURANCE CO LTD	11,335	31,754	(19,456)	23,633
SAMSUNG SDI CO LTD	–	3,021	–	3,021
SHINHAN FINANCIAL GROUP CO LTD	–	48,824	(29,266)	19,558
SK HYNIX INC	31,163	14,871	(2,950)	43,084
S-OIL CORP	29,514	–	(29,514)	–
TAIWAN				
AIRTAC INTERNATIONAL GROUP	50,000	–	(50,000)	–
CATCHER TECHNOLOGY CO LTD	–	156,000	–	156,000
CATHAY FINANCIAL HOLDING CO LTD	2,521,000	–	(1,765,000)	756,000
CTBC FINANCIAL HOLDING CO LTD	–	2,530,000	(2,530,000)	–
DELTA ELECTRONICS INC	–	389,000	–	389,000
FAR EASTONE TELECOMMUNICATIONS CO LTD	1,434,000	–	(1,434,000)	–
FORMOSA CHEMICALS & FIBRE CORP	–	174,000	–	174,000
FORMOSA PLASTICS CORP	–	805,000	–	805,000
GOURMET MASTER CO LTD	496,300	–	(496,300)	–
HON HAI PRECISION INDUSTRY CO LTD	860,100	221,000	(810,620)	270,480
LARGAN PRECISION CO LTD	15,000	24,000	(24,000)	15,000
MEDIATEK INC	269,000	369,000	(309,000)	329,000
PCHOME ONLINE INC	–	520,000	(520,000)	–
TAIWAN CEMENT CORP	–	1,568,600	(1,568,600)	–
TAIWAN PAIHO LTD	–	301,000	(301,000)	–
TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD	1,941,833	689,000	(1,154,000)	1,476,833
TAIWAN UNION TECHNOLOGY CORP	–	701,000	(582,000)	119,000
TONG HSING ELECTRONIC INDUSTRIES LTD	177,000	–	(177,000)	–
THAILAND				
CENTRAL PATTANA PCL	843,900	331,600	(358,100)	817,400
CP ALL PCL	–	1,014,800	(1,014,800)	–
DO DAY DREAM PCL	–	367,400	(367,400)	–
KASIKORNBANK PCL	–	492,800	(47,800)	445,000
OSOTSPA PCL	–	1,263,100	–	1,263,100

PineBridge Asian Fund
Investment Report
For the year ended 31 December 2018

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (CONTINUED)

	Holdings			31 December 2018
	1 January 2018	Additions	Deductions	
	Shares	Shares	Shares	Shares
LISTED EQUITIES (CONTINUED)				
THAILAND (CONTINUED)				
THAI OIL PCL	–	1,008,500	–	1,008,500
TOA PAINT THAILAND PCL	2,687,300	–	(2,687,300)	–
WORKPOINT ENTERTAINMENT PCL	368,900	630,900	(999,800)	–
UNITED STATES OF AMERICA				
ALIBABA GROUP HOLDING LTD	–	56,042	(14,353)	41,689
BAIDU INC	–	17,608	–	17,608
YUM CHINA HOLDINGS INC	–	111,358	(12,060)	99,298
UNLISTED RIGHTS ISSUE				
TAIWAN				
CATHAY FINANCIAL HOLDING CO LTD RTS 22JUN2018	–	73,989	(73,989)	–
TAIWAN CEMENT CORP RTS 5DEC18	–	49,134	(49,134)	–

PineBridge Asian Fund
Investment Report
For the year ended 31 December 2018

PineBridge Asian Fund (the “Fund”) is a unit trust governed by its Trust Deed dated 10 August 1998, as amended, supplemented and restated. The Fund is managed in accordance with the distinct investment policy. Pursuant to the Unitholder Notice and the Offering Document dated 25 January 2018, the investment policy has been amended with effect from 25 January 2018. The amendments were made to clarify and enhance the investment objectives and policies of the Fund. The investment style, investment philosophy and risk profile of the Fund will remain the same.

Investment objectives and policies

The Fund seeks long-term capital appreciation by investing in the equity securities of companies which are expected to benefit from the development and growth of the Asian economies outside of Japan.

The equity securities in which the Fund may invest will include common stock, preferred stock and securities convertible into or exchangeable for such equity securities, or which carry warrants to purchase such equity securities, depository receipts, other securities that are approved, or are of a kind approved by the Mandatory Provident Fund Schemes Authority and such other equity securities permissible under the Mandatory Provident Fund Schemes (General) Regulation (Cap. 485A of the Laws of Hong Kong).

	2018	2017	2016
	US\$	US\$	US\$
Investments and investment income			
Total value of investments	147,315,993	225,838,368	150,356,836
Interest on bank deposits	113,862	58,626	19,791
Dividend income (net of withholding tax)	4,975,365	4,018,599	3,839,948
Net foreign currency (losses)/gains	(574,260)	64,044	(223,190)
Net income excluding capital (depreciation)/ appreciation	3,047,876	2,064,943	1,455,451
Net (depreciation)/appreciation of financial assets and financial liabilities at fair value through profit or loss			
- realized and unrealized	(43,534,549)	51,922,455	2,258,377

Performance table

Net asset value

	Total net asset value	Net asset value per unit
	US\$	US\$
Provident Fund units		
2018	161,688,524	47.17
2017	235,638,747	59.17
2016	152,227,422	43.53

**PineBridge Asian Fund
Investment Report
For the year ended 31 December 2018**

Performance table (Continued)

Performance record for the past 10 years

	Highest issue price per unit US\$	Lowest redemption price per unit US\$	Annualized investment return (Note 1) %
Standard units - Accumulation (Note 2)			
2011	36.25	35.59	–
2010	36.50	27.53	12.57
2009	31.48	15.08	73.58
Provident Fund units			
2018	64.64	46.27	(20.28)
2017	60.61	43.81	35.93
2016	47.54	38.21	0.51
2015	53.75	41.12	(3.30)
2014	47.37	40.32	2.97
2013	43.59	36.10	14.27
2012	38.16	30.51	21.34
2011	41.21	28.28	(20.29)
2010	40.47	30.18	15.40
2009	34.17	17.51	66.46

Note 1: The annualized investment return is calculated by comparing the net asset value per unit at the year-end against the net asset value per unit at the beginning of the year.

Note 2: The “Standard units” have been renamed to “Standard units - Accumulation” with effect from 27 June 2013. No Standard units were issued since the year ended 31 December 2011.

Commentary by the Trustee

Based on the information received from the Manager of the Fund during the year, the Trustee of the Fund confirmed, to the best of its knowledge and belief, that the investment objectives and policies for the Fund were complied with.

**PineBridge Asian Fund
Trustee's Report
For the year ended 31 December 2018**

We hereby confirm that, in our opinion, the Manager of the Fund has, in all material respects, managed the Fund for the year ended 31 December 2018 in accordance with the provisions of the Trust Deed dated 10 August 1998, as amended, supplemented and restated.

On behalf of
AIA Company (Trustee) Limited

Director

Director

12 April 2019

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF PINEBRIDGE ASIAN FUND (THE "FUND")

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of PineBridge Asian Fund (the "Fund") set out on pages 16 to 38, which comprise the statement of net assets as at 31 December 2018, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at 31 December 2018, and of its financial transactions and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") and with reference to Practice Note 860.1 (Revised), The Audit of Retirement Schemes issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Fund in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information included in the Reports and Financial Statements

The Manager and the Trustee of the Fund are responsible for the other information. The other information comprises the information included in the Reports and Financial Statements, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager and Trustee and those charged with governance for the financial statements

The Manager and the Trustee of the Fund are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA, and for such internal control as the Manager and the Trustee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager and the Trustee of the Fund are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager and the Trustee of the Fund either intend to liquidate the Fund or to cease operations or have no realistic alternative but to do so.

The Manager and the Trustee of the Fund are required to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the constitutive documents of the Fund ("the Constitutive Documents"), the Mandatory Provident Fund Schemes Ordinance ("the MPFSO"), the Mandatory Provident Fund Schemes (General) Regulation ("the General Regulation"), the Code on MPF Investment Funds ("the MPF Code"), and Guidelines II.5 issued by the Mandatory Provident Fund Schemes Authority ("the MPFA") and the Code on Unit Trusts and Mutual Funds ("the Code") issued by the Hong Kong Securities and Futures Commission ("the SFC").

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEE OF PINEBRIDGE ASIAN FUND (THE "FUND")
(CONTINUED)**

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. In addition, we are required to assess whether the financial statements of the Fund have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Constitutive Documents, the MPFSO, the General Regulation, the MPF Code and Guidelines II.5 issued by the MPFA and the Code issued by the SFC.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager and the Trustee
- Conclude on the appropriateness of the Manager and the Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEE OF PINEBRIDGE ASIAN FUND (THE "FUND")
(CONTINUED)**

Report on matters under the relevant disclosure provisions of the Constitutive Documents, the MPFSO, the General Regulation, the MPF Code, and Guidelines II.5 issued by the MPFA and the Code issued by the SFC

- (a) In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Constitutive Documents, the MPFSO, the General Regulation, the MPF Code and Guidelines II.5 issued by the MPFA and the Code issued by the SFC; and
- (b) We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purpose of our audit.

Certified Public Accountants
Hong Kong
12 April 2019

PineBridge Asian Fund
Statement of Net Assets
As at 31 December 2018

	Note	2018 US\$	2017 US\$
Assets			
Current assets			
Financial assets at fair value through profit or loss			
Investments	4(b)	147,315,993	225,838,368
Derivative financial instruments	4(b), 7	98	–
Interest receivable		761	1,284
Dividends receivable		–	5,611
Amounts receivable on subscription		55,664	49,367
Amounts receivable from brokers		3,085,913	–
Other receivables		878	–
Cash and cash equivalents		14,271,452	9,883,151
Total assets		<u>164,730,759</u>	<u>235,777,781</u>
Liabilities			
Current liabilities			
Financial liabilities at fair value through profit or loss			
Derivative financial instruments	4(b), 7	684	–
Amounts payable on redemption		90,764	85,883
Amounts payable to brokers		2,913,611	–
Accounts payable and accrued expenses		37,176	53,151
Total liabilities		<u>3,042,235</u>	<u>139,034</u>
Equity			
Net assets attributable to unitholders	3	<u>161,688,524</u>	<u>235,638,747</u>

On behalf of
AIA Company (Trustee) Limited

On behalf of
PineBridge Investments
Hong Kong Limited

Director

Director

Director

The notes on pages 20 to 38 are an integral part of these financial statements.

PineBridge Asian Fund
Statement of Comprehensive Income
For the year ended 31 December 2018

	Note	2018 US\$	2017 US\$
Income			
Interest on bank deposits		113,862	58,626
Dividend income		5,685,478	4,558,581
Net (losses)/gains on financial assets and financial liabilities at fair value through profit or loss	6	(43,534,549)	51,922,455
Net foreign currency (losses)/gains		(574,260)	64,044
Total investment (loss)/income		<u>(38,309,469)</u>	<u>56,603,706</u>
Expenses			
Trustee's fee	9(b)	102,012	90,736
Custodian and administration fees	10	78,163	62,784
Audit fee		12,012	12,104
Bank charges		123	163
Legal and professional fees		3,389	9,269
Other expenses	11	3,773	19,379
Transaction costs		1,267,619	1,881,891
Total operating expenses		<u>1,467,091</u>	<u>2,076,326</u>
Net (loss)/profit before tax		(39,776,560)	54,527,380
Withholding tax	8(c)	(710,113)	(539,982)
Total comprehensive (loss)/income		<u>(40,486,673)</u>	<u>53,987,398</u>

The notes on pages 20 to 38 are an integral part of these financial statements.

PineBridge Asian Fund
Statement of Changes in Equity
For the year ended 31 December 2018

	Note	2018 US\$	2017 US\$
Balance at the beginning of the year		<u>235,638,747</u>	<u>152,227,422</u>
Issue of units	3	103,130,081	76,137,812
Redemption of units	3	(136,593,631)	(46,713,885)
Net (decrease)/increase from unit transactions		<u>(33,463,550)</u>	<u>29,423,927</u>
Total comprehensive (loss)/income		<u>(40,486,673)</u>	<u>53,987,398</u>
Balance at the end of the year	3	<u><u>161,688,524</u></u>	<u><u>235,638,747</u></u>

The notes on pages 20 to 38 are an integral part of these financial statements.

PineBridge Asian Fund
Statement of Cash Flows
For the year ended 31 December 2018

	2018	2017
	US\$	US\$
Cash flows from operating activities		
Total comprehensive (loss)/income	(40,486,673)	53,987,398
Adjustment for:		
Dividend income	(5,685,478)	(4,558,581)
Interest on bank deposits	(113,862)	(58,626)
Withholding tax	710,113	539,982
Operating (loss)/profit before working capital changes	(45,575,900)	49,910,173
Net decrease/(increase) in investments	78,522,375	(75,481,532)
Net change in derivative financial instruments	586	(1,778)
Net (increase)/decrease in amounts receivable from brokers	(3,085,913)	3,758,525
Net increase in other receivables	(878)	–
Net increase/(decrease) in amounts payable to brokers	2,913,611	(838,817)
Net increase in accounts payable and accrued expenses	(15,975)	(4,346)
Cash generated from/(used in) operations	32,757,906	(22,657,775)
Dividend income received	4,980,976	4,066,274
Interest on bank deposits received	114,385	57,854
Net cash generated from/(used in) operating activities	37,853,267	(18,533,647)
Cash flows from financing activities		
Proceeds from issue of units	103,123,784	76,158,152
Payments on redemption of units	(136,588,750)	(59,060,891)
Net cash (used in)/generated from financing activities	(33,464,966)	17,097,261
Net increase/(decrease) in cash and cash equivalents	4,388,301	(1,436,386)
Cash and cash equivalents at the beginning of the year	9,883,151	11,319,537
Cash and cash equivalents at the end of the year	14,271,452	9,883,151
Analysis of balance of cash and cash equivalents		
Cash at banks	549,952	489,751
Short-term deposits	13,721,500	9,393,400
	14,271,452	9,883,151

The notes on pages 20 to 38 are an integral part of these financial statements.

PineBridge Asian Fund
Notes to the Financial Statements
For the year ended 31 December 2018

1. The Fund

PineBridge Asian Fund (the “Fund”) is a unit trust governed by its Trust Deed dated 10 August 1998, as amended, supplemented and restated. The Fund has been authorized by the Securities and Futures Commission of Hong Kong and approved by the Mandatory Provident Fund Schemes Authority of Hong Kong.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss (FVPL).

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires the Trustee and Manager to exercise its judgment in the process of applying the Fund’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 5.

New and amended standards that are effective in the current year and have been adopted by the Fund

The Fund applied, for the first time, certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2018.

The nature and the impact of each new standard and amendment is described below:

HKFRS 9 *Financial Instruments*

The Fund adopted HKFRS 9 Financial Instruments on its effective date of 1 January 2018. HKFRS 9 replaces *HKAS 39 Financial Instruments: Recognition and Measurement* and introduces new requirements for classification and measurement, impairment and hedge accounting. HKFRS 9 is not applicable to items that have already been derecognized at 1 January 2018, the date of initial application.

2. Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

(i) Classification and measurement

The Fund has assessed the classification of financial instruments as at the date of initial application and has applied such classification retrospectively. Based on that assessment:

- All financial assets previously held at fair value continue to be measured at fair value.
- Debt instruments and equity instruments, other than investments in subsidiaries and associates, are acquired for the purpose of generating short-term profit. Therefore, they meet the held-for-trading criteria and are required to be measured at FVPL.
- Financial assets previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. Thus, such instruments continue to be measured at amortized cost under HKFRS 9.
- The classification of financial liabilities under HKFRS 9 remains broadly the same as under HKAS 39. The main impact on measurement from the classification of liabilities under HKFRS 9 relates to the element of gains or losses for financial liabilities designated as at FVPL attributable to changes in credit risk. HKFRS 9 requires that such element be recognized in other comprehensive income (OCI), unless this treatment creates or enlarges an accounting mismatch in profit or loss, in which case, all gains and losses on that liability (including the effects of changes in credit risk) should be presented in profit or loss. Therefore, this requirement has not had an impact on the Fund.

(ii) Impairment

HKFRS 9 requires the Fund to record Expected Credit Losses (“ECL”) on all of its financial assets measured at amortized cost, either on a 12-month or lifetime basis. The Fund’s investments and derivative financial instruments are not subject to HKFRS 9’s impairment requirements as they are measured at FVPL. The Fund holds amortized cost financial assets, including interest receivable, dividends receivable, amounts receivable on subscription, amounts receivable from brokers, other receivables and cash and cash equivalents. The Fund measures the loss allowance at an amount equal to 12-month ECL on its amortized cost financial assets.

(iii) Hedge accounting

The Fund has not applied hedge accounting under HKAS 39 nor will it apply hedge accounting under HKFRS 9.

Impact of adoption of HKFRS 9

The classification and measurement requirements of HKFRS 9 have been adopted retrospectively as of the date of initial application on 1 January 2018, however, the Fund has chosen to take advantage of the option not to restate comparatives. Therefore, the 2017 figures are presented and measured under HKAS 39. The following table shows the original measurement categories in accordance with HKAS 39 and the new measurement categories under HKFRS 9 for the Fund’s financial assets and financial liabilities as at 1 January 2018.

PineBridge Asian Fund
Notes to the Financial Statements
For the year ended 31 December 2018

2. Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

Impact of adoption of HKFRS 9 (Continued)

Financial assets

1 January 2018	HKAS 39 classification	HKAS 39 measurement US\$	HKFRS 9 classification	HKFRS 9 measurement US\$
Investments	Held for trading at FVPL	225,838,368	FVPL	225,838,368
Interest receivable	Loans and receivables	1,284	Amortized cost	1,284
Dividends receivable	Loans and receivables	5,611	Amortized cost	5,611
Amounts receivable on subscription	Loans and receivables	49,367	Amortized cost	49,367
Cash and cash equivalents	Loans and receivables	9,883,151	Amortized cost	9,883,151

Financial Liabilities

1 January 2018	HKAS 39 classification	HKAS 39 measurement US\$	HKFRS 9 classification	HKFRS 9 measurement US\$
Amounts payable on redemption	Other financial liabilities	85,883	Amortized cost	85,883
Accounts payable and accrued expenses	Other financial liabilities	53,151	Amortized cost	53,151

In line with the characteristics of the Fund's financial instruments as well as its approach to their management, the Fund neither revoked nor made any new designations on the date of initial application. HKFRS 9 has not resulted in changes in the carrying amount of the Fund's financial instruments due to changes in measurement categories. All financial assets that were classified as FVPL under HKAS 39 are still classified as FVPL under HKFRS 9. All financial assets that were classified as loans and receivables and measured at amortized cost continue to be.

In addition, the application of the ECL mode under HKFRS 9 has not significantly changed the carrying amounts of the Fund's amortized cost financial assets. At the reporting date, the credit risk of the Fund's amortized cost financial assets were low or have not increased significantly since initial recognition. No loss allowance has been recognized based on 12-month ECL under HKFRS 9. There was no impairment recorded under HKAS39.

The carrying amounts of amortized cost instruments continued to approximate these instruments' fair values on the date of transition after transitioning to HKFRS 9.

HKFRS 15 Revenue from contracts with customers

The Fund adopted HKFRS 15 Revenue from contracts with customers on its effective date of 1 January 2018. HKFRS 15 replaces HKAS 18 Revenue and establishes a five-step model to account for revenue arising from contracts with customers. In addition, guidance on interest and dividend income have been moved from HKAS 18 to HKFRS 9 without significant changes to the requirements. Therefore, there was no impact of adopting HKFRS 15 for the Fund.

2. Summary of significant accounting policies (Continued)

(b) Investments

(i) Classification

In accordance with HKFRS 9, the Fund classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

In applying that classification, a financial asset or financial liability is considered to be held for trading if:

- (a) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or
- (b) On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking; or
- (c) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

Financial assets

The Fund classifies its financial assets as subsequently measured at amortized cost or measured at fair value through profit or loss on the basis of both:

- The entity's business model for managing the financial assets
- The contractual cash flow characteristics of the financial asset

All investments are classified as "financial assets at fair value through profit or loss".

Financial assets measured at fair value through profit or loss (FVPL)

A financial asset is measured at fair value through profit or loss if:

- (a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding; or
- (b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- (c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

The Fund includes in this category:

- Equity instruments
- Debt instruments. These include investments that are held under a business model to manage them on a fair value basis for investment income and fair value gains.
- Instruments held for trading. This category includes equity instruments and debt instruments which are acquired principally for the purpose of generating a profit from short-term fluctuations in price. This category also includes derivative contracts in an asset position.

(ii) Recognition

The Fund recognizes a financial asset when it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Fund commits to purchase or sell the asset.

2. Summary of significant accounting policies (Continued)

(b) Investments (Continued)

The following represent the basis of valuation for financial reporting purposes:

- (i) Investments which are listed or traded on an exchange are fair valued based on last traded prices.
- (ii) Investments which are not listed on an exchange or are thinly traded are valued by using quotes from brokers.
- (iii) Initial measurement

Financial assets at fair value through profit or loss are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognized directly in profit or loss.

(iv) Subsequent measurement

After initial measurement, the Fund measures financial instruments which are classified as at FVPL at fair value. Subsequent changes in the fair value of those financial instruments are recorded in net gain or loss on financial assets and financial liabilities at FVPL in the statement of comprehensive income.

(v) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized where the rights to receive cash flows from the asset have expired or the Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and either:

- (a) the Fund has transferred substantially all the risks and rewards of the asset, or
- (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The following represent the basis of valuation for financial reporting purposes:

- (i) Investments which are listed or traded on an exchange are fair valued based on last traded prices.
- (ii) Investments which are not listed on an exchange or are thinly traded are valued by using quotes from brokers.

PineBridge Asian Fund
Notes to the Financial Statements
For the year ended 31 December 2018

2. Summary of significant accounting policies (Continued)

(c) Income

Dividends on equities are recognized in the statement of comprehensive income when the Fund's right to receive payments is established. The corresponding withholding taxes are recorded as a separate item in the statement of comprehensive income.

Interest income is recognized on a time-proportionate basis using the effective interest method. Other income is accounted for on an accrual basis.

(d) Translation of foreign currencies

(i) Functional and presentation currencies

Items included in the Fund's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). The financial statements are presented in United States dollar, which is the Fund's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the year end date.

Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the statement of comprehensive income within "net foreign currency gains/(losses)".

Foreign exchange gains and losses relating to the financial assets and financial liabilities carried at fair value through profit or loss are presented in the statement of comprehensive income within "net gains/(losses) on financial assets and financial liabilities at fair value through profit or loss".

(e) Expenses

Expenses are accounted for on an accrual basis.

(f) Derivative financial instruments - foreign exchange contracts

Outstanding foreign exchange contracts are valued at the year end date by reference to the rate of exchange applicable to the outstanding term of the contract. Unrealized gains or losses on outstanding contracts and realized gains and losses on closed contracts are shown in the statement of comprehensive income within "net gains/(losses) on financial assets and financial liabilities at fair value through profit or loss".

(g) Subscription and redemption of units

Proceeds and payments on the subscription and redemption of units are recorded in the statement of changes in equity. The price at which units are subscribed or redeemed is calculated by reference to the net asset value per unit as at the close of business on the relevant dealing day.

PineBridge Asian Fund
Notes to the Financial Statements
For the year ended 31 December 2018

2. Summary of significant accounting policies (Continued)

(h) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of net assets where the Fund currently has a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis or realize the asset and liability simultaneously.

(i) Cash and cash equivalents

Cash and cash equivalents include cash at banks, deposits held with banks with original maturities of three months or less and bank overdrafts, if any.

(j) Amounts receivable from/payable to brokers

Amounts receivable from/payable to brokers represent receivables from investments sold and payables for investments purchased that have been contracted for but not yet settled or delivered on the year end date respectively.

(k) Transaction costs

Transaction costs are costs incurred to acquire financial assets or financial liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisers, brokers, and dealers. Transaction costs, when incurred, are immediately recognized in the statement of comprehensive income as an expense.

(l) Taxation

The tax expense for the year comprises of current tax. Tax is recognized in the statement of comprehensive income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In such cases, the tax will be recognized in other comprehensive income or directly in equity, respectively.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted by the end of the period in the countries where the Fund operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It established provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

PineBridge Asian Fund
Notes to the Financial Statements
For the year ended 31 December 2018

3. Number of units in issue and net assets attributable to unitholders per unit

The Fund issues units, which are redeemable at the holder's option, are classified as equity.

The Fund has no restrictions on the subscriptions of units. Pursuant to the Trust Deed and subject to the conditions and procedures set out therein, the Manager is entitled, having regard to the interests of unitholders, to limit the total number of units which unitholders are entitled to redeem on any dealing day to 10% of the units then in issue or deemed to be in issue. Subscriptions and redemptions of units during the year are shown in the statement of changes in equity. In order to achieve the investment objectives, the Fund endeavors to invest its capital in accordance with the investment policies as outlined in note 4, whilst maintaining sufficient liquidity to meet redemption requests. Such liquidity is augmented by the holding of liquid investments.

As at 31 December 2018, the Fund had US\$161,688,524 (2017: US\$235,638,747) of puttable financial instruments classified as equity.

The Fund's objectives and policies for managing its obligations to redeem these instruments are included in note 4(h) on capital risk management and note 4(e) on liquidity risk.

		2018		2017
		Units		Units
Number of Provident Fund units in issue		<u>3,427,644</u>		<u>3,982,385</u>
		US\$		US\$
Net asset value per Provident Fund unit		<u>47.17</u>		<u>59.17</u>
	2018		2017	
	Standard	2018	Standard	2017
	Units -	Provident	Units -	Provident
	Accumulation	Fund Units	Accumulation	Fund Units
	Units	Units	Units	Units
Balance brought forward	–	3,982,385	–	3,497,119
Total issues	–	1,913,562	–	1,381,040
Total redemptions	–	(2,468,303)	–	(895,774)
Balance carried forward	<u>–</u>	<u>3,427,644</u>	<u>–</u>	<u>3,982,385</u>

PineBridge Asian Fund
Notes to the Financial Statements
For the year ended 31 December 2018

3. Number of units in issue and net assets attributable to unitholders per unit (Continued)

The Fund offers two classes of units. Provident Fund units are offered to provident fund schemes approved by the Mandatory Provident Fund Schemes Authority. Standard units - Accumulation are offered to all investors other than the provident fund schemes approved by the Mandatory Provident Fund Schemes Authority. The Standard units have been renamed to "Standard units - Accumulation" with effect from 27 June 2013. No Standard units - Accumulation were issued by the Fund for the years ended 31 December 2018 and 2017.

4. Financial risk management

(a) Financial risk factors

The investment objective of the Fund is to achieve long term capital appreciation. The Fund seeks to achieve its investment objective through investing in the equity securities of companies which are expected to benefit from the development and growth of the economies of countries located in Asia outside of Japan. The Fund may also, to a lesser extent, invest in Australia and New Zealand.

The Fund is exposed to market price risk, cash flow interest rate risk, credit and custody risk, liquidity risk and currency risk.

The risks and the respective risk management policies employed by the Fund to manage these risks are discussed below.

(b) Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market.

All investments present a risk of loss of capital. The Fund's market price risk is managed through (i) deliberate securities selection, and (ii) diversification of the investment portfolio.

As at year end, the overall market exposures were as follows.

	2018		
	Fair value US\$	Cost US\$	% of net assets
Financial assets at fair value through profit or loss:			
- Listed equities	<u>147,315,993</u>	<u>160,567,535</u>	<u>91.11</u>
- Derivative financial instruments (note 7)	<u>98</u>	<u>-</u>	<u>-</u>
Financial liabilities at fair value through profit or loss:			
- Derivative financial instruments (note 7)	<u>(684)</u>	<u>-</u>	<u>-</u>
	2017		
	Fair value US\$	Cost US\$	% of net assets
Held for trading:			
- Listed equities	<u>225,838,368</u>	<u>185,888,410</u>	<u>95.84</u>

PineBridge Asian Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(b) Market price risk (Continued)

Net market exposures

The following table shows the net market exposure of the Fund to various markets, incorporating the underlying market risk through all financial assets and financial liabilities held by the Fund as at 31 December.

	2018	2017
	US\$ equivalent	US\$ equivalent
Markets exposed to		
China	1,509,074	–
Hong Kong	57,038,369	102,636,603
Indonesia	–	404,075
Malaysia	958,799	3,689,959
Philippines	2,062,809	7,537,953
Singapore	8,647,477	13,115,692
South Korea	34,855,159	53,171,199
Taiwan	23,007,232	39,441,895
Thailand	7,400,672	5,840,992
United States of America	11,836,402	–
	<u>147,315,993</u>	<u>225,838,368</u>

The following table shows net exposures to sectors as at 31 December 2018 and 2017:

	2018	2017
	%	%
Sectors exposed to		
Basic Materials	5	4
Communications	19	16
Consumer, Cyclical	10	10
Consumer, Non-cyclical	7	4
Diversified	–	2
Energy	4	6
Financial	24	28
Industrial	8	10
Technology	19	19
Utilities	4	1
	<u>100</u>	<u>100</u>

There were no investments issued by the same issuer with market value exceeding 10% of the Fund's net asset value as at 31 December 2018 and 2017.

PineBridge Asian Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(b) Market price risk (Continued)

The table below summarizes the impact on net assets attributable to unitholders as a result of increases/decreases of the key index to which the Fund is exposed. The analysis is based on the assumption that the index had increased/decreased by the respective percentage with all other variables held constant and the Fund's investments moved according to the historical correlation with the index.

	2018		2017	
	Change in market index % +/-	Impact US\$ +/-	Change in market index % +/-	Impact US\$ +/-
MSCI MPF All Country Far East ex Japan ex Hong Kong Index + China Unhedged Net Index	16%	21,790,678	44%	91,570,658

The Manager has used their view of what would be a "reasonable shift" in the MSCI MPF All Country Far East ex Japan ex Hong Kong Index and China Unhedged Net Index, having regard to the historical volatility of the index, to estimate the change for use in the market price risk sensitivity analysis above.

Disclosures above are shown in absolute terms, changes and impacts could be positive or negative. Changes in market index % are revised annually depending on the Manager's current view of market volatility and other relevant factors.

(c) Cash flow interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The majority of the Fund's financial assets and financial liabilities are non-interest bearing, as the Fund invests mainly in listed equities. As a result, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents are invested at short-term market interest rates.

As at 31 December 2018, the Fund had bank balances of US\$14,271,452 (2017: US\$9,883,151) and is therefore exposed to cash flow interest rate risk which is considered by the Manager to be minimal as they are short-term instruments all with maturities less than one month.

As the Manager believes that the Fund has no significant interest rate risk exposure, no interest rate sensitivity analysis is disclosed.

(d) Credit and custody risk

The Fund is exposed to credit risk which is the risk that an issuer or counterparty will be unable or unwilling to pay amounts in full when due.

PineBridge Asian Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(d) Credit and custody risk (Continued)

The Fund's financial assets which are potentially subject to concentrations of credit risk consist principally of cash and cash equivalents and assets held with the custodian. The table below summarizes the assets placed with banks and custodian at 31 December 2018 and 2017:

At 31 December 2018

	US\$	Credit rating	Source of credit rating
<u>Custodian</u>			
Citibank, N.A.	147,315,993	P-1	Moody's
<u>Banks</u>			
Citibank, N.A.	549,952	P-1	Moody's
Bank of China Limited	2,544,000	P-1	Moody's
Dah Sing Bank Limited	11,177,500	P-1	Moody's

At 31 December 2017

	US\$	Credit rating	Source of credit rating
<u>Custodian</u>			
Citibank, N.A.	225,838,368	P-1	Moody's
<u>Banks</u>			
Citibank, N.A.	489,751	P-1	Moody's
Dah Sing Bank Limited	9,393,400	P-2	Moody's

All derivative financial instruments represent outstanding foreign exchange contracts as disclosed in note 7. As at 31 December 2018, the counterparty of these foreign exchange contracts is Citibank, N.A.. The credit rating is P-1 (Moody's). As at 31 December 2017, the Fund did not hold any derivative financial instruments.

The maximum exposure to credit risk at year end is the carrying amount of the financial assets as shown on the statement of net assets.

The Fund measures credit risk and ECL using probability of default, exposure at default and loss given default. The Manager and the Trustee of the Fund considers both historical analysis and forward-looking information in determining any ECL.

None of the assets is impaired nor past due but not impaired.

All transactions in listed/quoted investments are settled/paid for upon delivery using approved and reputable brokers. The risk of default is considered minimal since delivery of securities sold is only made when the broker has received payment. Payment is made on a purchase when the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

The Fund limits its exposure to credit risk by transacting the majority of its securities and contractual commitment activities with broker-dealers, banks and regulated exchanges with high credit ratings and that the Fund considers to be well established.

The Manager and the Trustee of the Fund considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognized based on 12-month ECL as any such impairment would be wholly insignificant to the Fund.

PineBridge Asian Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(e) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in settling a liability, including a redemption request.

The Fund is exposed to daily cash redemptions of units in the Fund. The Fund invests the majority of its assets in investments that are traded in an active market and can be readily disposed of.

The table below analyzes the Fund's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the year end date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month US\$	1-3 months US\$	Over 3 months US\$
At 31 December 2018			
Amounts payable on redemption	90,764	–	–
Amounts payable to brokers	2,913,611	–	–
Accounts payable and accrued expenses	23,801	–	13,375
Total financial liabilities (excluding net settled derivatives)	3,028,176	–	13,375
At 31 December 2017			
Amounts payable on redemption	85,883	–	–
Accounts payable and accrued expenses	23,166	–	29,985
Total financial liabilities (excluding net settled derivatives)	109,049	–	29,985

All derivative financial instruments entered into by the Fund are settled on a net basis.

The table below analyzes the Fund's derivative financial instruments in a loss position for which the contractual maturities are considered to be essential to an understanding of the timing of cash flows based on the Fund's investment strategy.

	Less than 1 month US\$	1-3 months US\$	Over 3 months US\$
At 31 December 2018			
<u>Net settled derivatives</u>			
Foreign exchange contracts	(684)	–	–

At 31 December 2017

As at 31 December 2017, the Fund did not hold any derivative financial instruments.

Units are redeemed on demand at the unitholder's option. At 31 December 2018 and 2017, no ultimate individual investor held more than 10% of the Fund's units.

PineBridge Asian Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(e) Liquidity risk (Continued)

As at 31 December 2018, the Fund held cash and cash equivalents of US\$14,271,452 (2017: US\$9,883,151) and liquid investments of US\$147,315,993 (2017: US\$225,838,368) that are expected to readily generate cash inflows within 1 month for managing liquidity risk.

(f) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

The Fund has both monetary and non-monetary assets and liabilities denominated in currencies other than United States dollar, the Fund's functional and presentation currency. The Fund is therefore exposed to currency risk, as the value of the assets and liabilities denominated in other currencies will fluctuate due to changes in foreign exchange rates. Details of foreign exchange contracts outstanding at the year end are disclosed in note 7.

The table below summarizes the Fund's net monetary and non-monetary exposure to different major currencies:

	2018	2017
	US\$ equivalents	US\$ equivalents
Monetary items		
Hong Kong Dollar	879	5,611
Taiwanese Dollar	995,837	402,914
Non-monetary items		
Chinese Yuan	1,509,074	–
Hong Kong Dollar	57,038,369	102,636,603
Indonesian Rupiah	–	404,075
Malaysian Ringgit	958,799	3,689,959
Philippine Peso	2,062,809	7,537,953
Singapore Dollar	8,508,877	13,115,692
South Korean Won	34,855,159	53,171,199
Taiwanese Dollar	23,007,232	39,441,895
Thai Baht	7,400,672	5,840,992

Gross exposures to currency risk on foreign exchange contracts outstanding at the year end are disclosed in note 7.

The table below summarizes the impact on net assets attributable to unitholders as a result of increases/decreases of foreign exchange rates on the exposures tabled above, to which the Fund is exposed. The analysis is based on the assumption that the foreign exchange rates had increased/decreased by the respective percentage with all other variables held constant.

PineBridge Asian Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(f) Currency risk (Continued)

	2018		2017	
	Change in foreign exchange rates %	Impact US\$	Change in foreign exchange rates %	Impact US\$
	+/-	+/-	+/-	+/-
Monetary items				
Hong Kong Dollar	1.0%	9	0.5%	28
Taiwanese Dollar	1.0%	9,958	6.0%	24,175
Non-monetary items				
Chinese Yuan	1.0%	15,091	1.0%	–
Hong Kong Dollar	1.0%	570,384	0.5%	513,183
Indonesian Rupiah	2.0%	–	1.0%	4,041
Malaysian Ringgit	6.0%	57,528	4.0%	147,598
Philippine Peso	4.0%	82,512	6.0%	452,277
Singapore Dollar	2.0%	170,178	1.0%	131,157
South Korean Won	3.0%	1,045,655	3.0%	1,595,136
Taiwanese Dollar	1.0%	230,072	6.0%	2,366,514
Thai Baht	5.0%	370,034	4.0%	233,640

The Manager has used their view of what would be a “reasonable shift” in the foreign exchange rates, having regard to historical volatility of those rates, to estimate the change for use in the currency risk sensitivity analysis above.

Disclosures above are shown in absolute terms, changes and impacts could be positive or negative. Changes in foreign exchange rates % are revised annually depending on the Manager’s current view of market volatility and other relevant factors.

(g) Fair value estimation

The fair value of financial assets and financial liabilities traded in active markets (such as trading securities) are based on quoted market prices at the close of trading on the year end date. The Fund utilizes the last traded market price as its fair valuation inputs for both financial assets and financial liabilities.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm’s length basis.

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Fund for similar financial instruments.

PineBridge Asian Fund
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For the year ended 31 December 2018

4. Financial risk management (Continued)

(g) Fair value estimation (Continued)

HKFRS 13 requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (Level 2).
- Inputs for the asset or liability that are unobservable inputs (Level 3).

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes “observable” requires significant judgment by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table analyzes within the fair value hierarchy the Fund’s investments (by class) measured at fair value at 31 December 2018 and 2017:

At 31 December 2018

	Level 1	Level 2	Level 3	Total
	US\$	US\$	US\$	US\$
Assets				
Financial assets at fair value through profit or loss:				
- Listed equities	147,315,993	–	–	147,315,993
- Derivative financial instruments	–	98	–	98
Total assets	<u>147,315,993</u>	<u>98</u>	<u>–</u>	<u>147,316,091</u>
Liabilities				
Financial liabilities at fair value through profit or loss:				
- Derivative financial instruments	–	(684)	–	(684)
Total liabilities	<u>–</u>	<u>(684)</u>	<u>–</u>	<u>(684)</u>

At 31 December 2017

	Level 1	Level 2	Level 3	Total
	US\$	US\$	US\$	US\$
Assets				
Held for trading:				
- Listed equities	225,838,368	–	–	225,838,368
Total assets	<u>225,838,368</u>	<u>–</u>	<u>–</u>	<u>225,838,368</u>

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities. The Fund does not adjust the quoted price for these instruments.

PineBridge Asian Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(g) Fair value estimation (Continued)

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. These include foreign exchange contracts. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. As of 31 December 2017, the Fund did not hold any investments classified in level 2.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. As of 31 December 2018 and 2017, the Fund did not hold any investments classified in level 3.

There is no transfer between levels for the years ended 31 December 2018 and 2017.

Assets and liabilities included in the statement of net assets, except for investments and derivative financial instruments, are carried at amortized cost; their carrying values are a reasonable approximation of fair value.

(h) Capital risk management

The capital of the Fund is represented by the net assets attributable to unitholders. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unitholders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

In order to maintain or adjust the capital structure, the Fund's policy is to perform the following:

- monitor the level of daily subscriptions and redemptions relative to the liquid assets; and
- redeem and issue units in accordance with the Trust Deed of the Fund.

The Manager monitors capital on the basis of the value of net assets attributable to unitholders.

5. Critical judgment

In preparing these financial statements, the Trustee and Manager have made certain judgment which is dependent on what might happen in the future. The judgment made by the Trustee and Manager may not equal the related actual results. Refer to note 8(b) of the financial statements.

6. Net (losses)/gains on financial assets and financial liabilities at fair value through profit or loss

	2018	2017
	US\$	US\$
Change in unrealized gains/losses in value of financial assets and financial liabilities at fair value through profit or loss	(53,202,086)	28,865,918
Realized gains on sale of financial assets and financial liabilities at fair value through profit or loss	9,667,537	23,056,537
	<u>(43,534,549)</u>	<u>51,922,455</u>

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7. Derivative financial instruments

Derivative financial instruments represent outstanding foreign exchange contracts and are summarized below:

At 31 December 2018

<u>Contract to deliver</u>	<u>In exchange for</u>	<u>Settlement date</u>	<u>Fair value</u> US\$
Open contracts: US\$319,913	HK\$2,505,465	2 January 2019	98
US\$1,633,567	HK\$12,788,911	3 January 2019	(103)
HK\$13,073,430	US\$1,669,223	3 January 2019	(581)
			<u>(684)</u>

At 31 December 2017

As at 31 December 2017, the Fund did not hold any derivative financial instruments.

8. Taxation

- (a) No provision for Hong Kong profits tax has been made as the Fund is authorized as a collective investment scheme under Section 104 of the Hong Kong Securities and Futures Ordinance and is therefore exempted from profits tax under Section 26A(1A) of the Hong Kong Inland Revenue Ordinance.
- (b) The Fund invests in shares of companies in the People's Republic of China ("PRC") listed on the Hong Kong Stock Exchange ("H-shares"). Under the PRC Corporate Income Tax Law, the Fund may be liable to pay PRC tax on the capital gains realized in the trading of H-shares. However, no provision was made for taxation from such gains in the financial statements as the Trustee and Manager believe that the Fund can sustain a position for not filing a tax return based on the existing tax regulations and that the enforcement of China tax on capital gains is not probable.
- (c) Withholding tax was charged on certain dividend income received during the years.

9. Transactions with Associates/Connected Persons/Related Parties

Associates and connected persons are those as defined in the Mandatory Provident Fund Schemes Ordinance and the Code on Unit Trusts and Mutual Funds issued by the Securities and Futures Commission of Hong Kong.

Apart from the fees as disclosed below, the Fund allows the Manager and its associates/connected persons to subscribe for, and redeem, units in the Fund.

All transactions were entered into in the ordinary course of business and on normal commercial terms.

(a) Management fee

PineBridge Investments Hong Kong Limited, the Manager, is entitled to receive a management fee at 1.25% per annum, with a permitted maximum of 1.50% per annum, of the net asset value of the Standard units - Accumulation, being calculated daily and payable monthly in arrears.

No management fee is charged on the Provident Fund units.

No management fee is payable as at year end (2017: Nil).

PineBridge Asian Fund
Notes to the Financial Statements
For the year ended 31 December 2018

9. Transactions with Associates/Connected Persons/Related Parties (continued)

(b) Trustee's fee

AIA Company (Trustee) Limited, the Trustee, is entitled to receive a trustee's fee at a permitted maximum of 0.05% per annum of the net asset value of the Fund, being calculated daily and payable monthly in arrears.

Trustee's fee payable as at year end amounted to US\$6,564 (2017: US\$9,288).

10. Custodian and administration fees

The Custodian and Administrator of the Fund is Citibank N.A., Hong Kong Branch and the Application and Redemption Agent of the Fund is Citicorp Financial Services Limited (collectively "Citibank"). Citibank is entitled to receive a custodian fee which comprises safekeeping and transaction fees of 0.025% per annum of the net asset value of the Fund and a transfer agency fee of US\$1,500 per month, with a total permitted maximum of 0.50% per annum. The safekeeping and transaction fee rate of 0.025% per annum is the maximum rate. Citibank is also entitled to receive an administrator fee of US\$1,000 per month.

Custodian and administration fees payable as at year end amounted to US\$17,237 (2017: US\$13,879).

11. Other expenses

Other expenses included a reversal of overprovision of certain expenses of US\$5,643 during the year ended 31 December 2018.

12. Soft commission arrangements

The Manager and its associates/connected persons have entered into soft commission arrangements with some brokers under which certain goods and services used to support investment decision making are obtained from third parties and are paid for by the brokers out of the commissions they receive. These may include, for example, research and advisory services; economic and political analysis; portfolio analysis, including valuation and performance measurement; market analysis, data and quotation services; clearing, registrar and custodial services and investment-related publications; computer hardware and software incidental to the above goods and services.

13. Distributions

No distribution was made during the year (2017: Nil).

14. Borrowings, contingent liabilities and commitments

The Fund had no borrowings, contingent liabilities and commitments as at 31 December 2018 and 2017.

15. Negotiability of assets

There were no statutory or contractual requirements restricting the free negotiability of assets held by the Fund as at 31 December 2018 and 2017.

16. Approval of financial statements

The financial statements were approved by the Trustee and the Manager on 12 April 2019.

PINEBRIDGE EUROPE EQUITY FUND
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2018

PineBridge Europe Equity Fund
Reports and Financial Statements
For the year ended 31 December 2018

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PineBridge Europe Equity Fund

Management and Professional Service Details

Manager

PineBridge Investments Hong Kong Limited
Level 31, Three Pacific Place, 1 Queen's Road East
Hong Kong

Trustee

(effective from 13 October 2018)
AIA Company (Trustee) Limited
11th Floor, AIA Hong Kong Tower
734 King's Road, Quarry Bay
Hong Kong

(up to 12 October 2018)
2nd Floor, AIA Building, 1 Stubbs Road
Hong Kong

Administrator and Custodian

Citibank N.A., Hong Kong Branch
50th Floor, Champion Tower
Three Garden Road, Central
Hong Kong

Application and Redemption Agents

Citicorp Financial Services Limited
Citi Tower, One Bay East
83 Hoi Bun Road
Kwun Tong, Kowloon
Hong Kong

Auditor

Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

Legal Advisers

Deacons
5th Floor, Alexandra House
18 Chater Road
Central, Hong Kong

**PineBridge Europe Equity Fund
Manager's Report
For the year ended 31 December 2018**

Manager's Market Perspective

2018 Market Overview

Eurozone industrial production numbers continued to be an area of macro data strength in January as the IMF raised global growth prospects. Global markets retreated in the month of February, inclusive of European equities as a global sell-off continued early in the month. European market performance lagged the US market, though central bank commentary continued to remain dovish from the ECB. On the political front, the success for Germany's coalition vote was positive for markets, though Italian elections introduced some uncertainty. One of the main concerns for European markets in March came from Trump's announcement of tariffs, with the EU responding in kind, indicating that it would protect its interests. The initial concern tapered as a number of concessions and exclusions were announced, softening the rhetoric. Positive Brexit negotiations were also a positive catalyst for markets but overall, global equities underperformed during the month of March. European equities had a broad rally in the month of April, outperforming US equity markets despite a mixed bag of economic indicators. Within the Eurozone, this mixed bag included rising inflation, falling unemployment, and a surprise decrease in industrial production which had been strong in prior periods. Draghi and the ECB announced the end of quantitative easing with a target date in December as was broadly expected. While the announcement itself was a hawkish move, the commentary surrounding the taper as well as the forward looking guidance was certainly dovish. To close out the year, Europe underperformed during the final quarter of 2018 again tied to the fears of global slowdown. While this was acknowledged by the ECB, it was also downplayed as the scheduled ending of QE continued as planned.

2019 Market Outlook and Strategy

Looking ahead to 2019, Europe faces a growing number of headwinds that could continue to derail market performance, much of it geopolitical. Italy's budget crisis, geopolitical unrest in France, Brexit uncertainty could all contribute to market fluctuations depending on their various outcomes. We continue to monitor the ECB language to see how wary they are of the downside growth risks and whether this adjusts their schedule for policy tightening. Overall, European equities represent a cautious market which is dependent on a variety of political developments.

**PineBridge Europe Equity Fund
Investment Report
As at 31 December 2018**

INVESTMENT PORTFOLIO

	Holding shares	Market value HK\$	% of net assets
LISTED EQUITIES			
AUSTRIA			
ERSTE GROUP BANK AG	17,751	4,615,261	0.28%
TOTAL AUSTRIA		<u>4,615,261</u>	<u>0.28%</u>
BELGIUM			
KBC GROUP NV	17,587	8,921,727	0.54%
UCB SA	28,595	18,247,650	1.10%
TOTAL BELGIUM		<u>27,169,377</u>	<u>1.64%</u>
DENMARK			
CARLSBERG A/S	20,845	17,315,312	1.04%
CHR HANSEN HOLDING A/S	25,279	17,481,571	1.05%
DSV A/S	32,740	16,853,276	1.01%
NOVO NORDISK A/S	752	268,679	0.02%
VESTAS WIND SYSTEMS A/S	33,391	19,707,373	1.18%
TOTAL DENMARK		<u>71,626,211</u>	<u>4.30%</u>
FINLAND			
SAMPO OYJ	58,613	20,149,560	1.21%
TOTAL FINLAND		<u>20,149,560</u>	<u>1.21%</u>
FRANCE			
AIR LIQUIDE SA	23,303	22,618,755	1.36%
ARKEMA SA	19,708	13,222,070	0.79%
ATOS SE	2,568	1,642,884	0.10%
BIOMERIEUX	3,207	1,650,419	0.10%
BNP PARIBAS SA	69,269	24,473,065	1.47%
CAPGEMINI SE	13,587	10,555,301	0.63%
CIE DE SAINT-GOBAIN	56,405	14,723,359	0.88%
CNP ASSURANCES	10,386	1,721,538	0.10%
DASSAULT AVIATION SA	381	4,126,080	0.25%
EIFFAGE SA	11,003	7,184,942	0.43%
ELECTRICITE DE FRANCE SA	38,702	4,780,131	0.29%
ENGIE SA	201,281	22,563,570	1.35%
ESSILOR INTERNATIONAL CIE GENERALE D'OPTIQUE SA	21,862	21,611,401	1.30%
EUTELSAT COMMUNICATIONS SA	12,849	1,978,570	0.12%
FAURECIA SA	523	154,797	0.01%
IPSEN SA	13,934	14,073,583	0.84%
L'OREAL SA	15,683	28,241,283	1.70%
NATIXIS SA	363,359	13,395,379	0.80%
PUBLICIS GROUPE SA	17,631	7,902,574	0.47%
SAFRAN SA	7,037	6,638,278	0.40%
SANOFI	53,880	36,485,578	2.19%
SOCIETE BIC SA	6,222	4,964,536	0.30%
TOTAL SA	24,041	9,936,507	0.60%
TOTAL FRANCE		<u>274,644,600</u>	<u>16.48%</u>

PineBridge Europe Equity Fund
Investment Report
As at 31 December 2018

INVESTMENT PORTFOLIO (CONTINUED)

	Holding shares	Market value HK\$	% of net assets
LISTED EQUITIES (CONTINUED)			
GERMANY			
ADIDAS AG	14,339	23,408,361	1.41%
ALLIANZ SE	21,583	33,831,750	2.03%
BASF SE	52,684	28,480,197	1.71%
CONTINENTAL AG	14,242	15,391,659	0.92%
COVESTRO AG	2,503	967,321	0.06%
DEUTSCHE BOERSE AG	21,751	20,430,970	1.23%
FRESENIUS MEDICAL CARE AG & CO KGAA	21,197	10,745,458	0.65%
HOCHTIEF AG	2,993	3,152,902	0.19%
HUGO BOSS AG	4,998	2,411,979	0.14%
PROSIEBENSAT.1 MEDIA SE	28,673	3,990,532	0.24%
QIAGEN NV	25,887	6,876,587	0.41%
SAP SE	46,814	36,422,750	2.19%
SIEMENS AG	1,335	1,163,532	0.07%
TOTAL GERMANY		<u>187,273,998</u>	<u>11.25%</u>
IRELAND			
BANK OF IRELAND GROUP PLC	292,663	12,730,088	0.76%
TOTAL IRELAND		<u>12,730,088</u>	<u>0.76%</u>
ITALY			
ASSICURAZIONI GENERALI SPA	159,610	20,856,444	1.25%
ATLANTIA SPA	83,984	13,582,572	0.82%
DAVIDE CAMPARI-MILANO SPA	246,938	16,321,713	0.98%
ENEL SPA	505,796	22,833,778	1.37%
ENI SPA	198,433	24,416,349	1.47%
FIAT CHRYSLER AUTOMOBILES NV	36,264	4,116,146	0.25%
TELECOM ITALIA SPA/MILANO SPA	424,771	1,837,380	0.11%
TOTAL ITALY		<u>103,964,382</u>	<u>6.25%</u>
NETHERLANDS			
ABN AMRO GROUP NV	96,414	17,724,249	1.06%
AEGON NV	105,701	3,858,870	0.23%
ARCELORMITTAL	25,525	4,144,101	0.25%
ASML HOLDING NV	21,867	26,843,799	1.61%
ING GROEP NV	213,894	18,014,223	1.08%
KONINKLIJKE AHOLD DELHAIZE NV	117,164	23,148,465	1.39%
UNILEVER NV	1,735	736,357	0.04%
TOTAL NETHERLANDS		<u>94,470,064</u>	<u>5.66%</u>
SPAIN			
ACS ACTIVIDADES DE CONSTRUCCION Y SERVICIOS SA	61,688	18,677,984	1.12%
AENA SME SA	4,246	5,158,781	0.31%
AMADEUS IT GROUP SA	35,725	19,453,097	1.17%
BANCO SANTANDER SA	649,264	23,086,983	1.39%

PineBridge Europe Equity Fund
Investment Report
As at 31 December 2018

INVESTMENT PORTFOLIO (CONTINUED)

	Holding shares	Market value HK\$	% of net assets
LISTED EQUITIES (CONTINUED)			
SPAIN (CONTINUED)			
REPSOL SA	78,740	9,922,597	0.60%
TELEFONICA SA	364,028	23,911,068	1.44%
TOTAL SPAIN		<u>100,210,510</u>	<u>6.03%</u>
SWEDEN			
ALFA LAVAL AB	17,154	2,872,901	0.17%
ASSA ABLOY AB	144,977	20,247,467	1.22%
ATLAS COPCO AB A SHS	44,038	8,186,195	0.49%
ATLAS COPCO AB B SHS	77,993	13,314,805	0.80%
EPIROC AB B SHS	224,792	15,658,499	0.94%
HEXAGON AB	50,699	18,266,778	1.10%
ICA GRUPPEN AB	60,343	16,881,633	1.01%
LUNDIN PETROLEUM AB	36,750	7,185,175	0.43%
SKF AB	56,511	6,709,593	0.40%
TOTAL SWEDEN		<u>109,323,046</u>	<u>6.56%</u>
SWITZERLAND			
ABB LTD	157,904	23,445,206	1.41%
BARRY CALLEBAUT AG	1,205	14,652,027	0.88%
DUFREY AG	20,002	14,792,850	0.89%
NESTLE SA	55,282	35,036,612	2.10%
NOVARTIS AG	33,217	22,170,828	1.33%
PARTNERS GROUP HOLDING AG	3,682	17,428,720	1.05%
ROCHE HOLDING AG	10,015	19,360,073	1.16%
SCHINDLER HOLDING AG	1,056	1,632,922	0.10%
SCHINDLER HOLDING AG REG	11,726	17,750,404	1.07%
SWATCH GROUP AG/THE	37,965	17,126,444	1.03%
VIFOR PHARMA AG	14,686	12,468,571	0.75%
TOTAL SWITZERLAND		<u>195,864,657</u>	<u>11.77%</u>
UNITED KINGDOM			
AIB GROUP PLC	459,179	15,057,913	0.90%
ANGLO AMERICAN PLC	126,431	22,034,462	1.32%
ANTOFAGASTA PLC	66,995	5,232,054	0.31%
ASSOCIATED BRITISH FOODS PLC	76,682	15,621,363	0.94%
ASTRAZENECA PLC	60,680	35,535,523	2.13%
AUTO TRADER GROUP PLC	41,666	1,889,554	0.11%
AVIVA PLC	46,557	1,743,219	0.10%
BAE SYSTEMS PLC	20,007	916,096	0.05%
BARCLAYS PLC	702,218	10,539,580	0.63%
BARRATT DEVELOPMENTS PLC	306,115	14,126,517	0.85%
BERKELEY GROUP HOLDINGS PLC	15,835	5,493,253	0.33%
BHP GROUP PLC	118,078	19,446,032	1.17%
BP PLC	833,021	41,195,614	2.47%

**PineBridge Europe Equity Fund
Investment Report
As at 31 December 2018**

INVESTMENT PORTFOLIO (CONTINUED)

	Holding shares	Market value HK\$	% of net assets
LISTED EQUITIES (CONTINUED)			
UNITED KINGDOM (CONTINUED)			
BT GROUP PLC	831,989	19,753,048	1.19%
CARNIVAL PLC	42,380	15,902,021	0.95%
CENTRICA PLC	1,262,506	16,982,536	1.02%
DIAGEO PLC	4,656	1,297,633	0.08%
GLAXOSMITHKLINE PLC	21,569	3,207,178	0.19%
HSBC HOLDINGS PLC	267,441	17,251,318	1.04%
IMPERIAL BRANDS PLC	96,221	22,806,371	1.37%
ITV PLC	65,188	811,546	0.05%
LEGAL & GENERAL GROUP PLC	581,292	13,389,472	0.80%
LLOYDS BANKING GROUP PLC	1,565,150	8,092,112	0.49%
LONDON STOCK EXCHANGE GROUP PLC	525	212,646	0.01%
MARKS & SPENCER GROUP PLC	14,652	361,162	0.02%
MEGGITT PLC	60,231	2,828,773	0.17%
MONDI PLC	26,647	4,340,349	0.26%
PEARSON PLC	3,352	313,653	0.02%
PRUDENTIAL PLC	51,099	7,143,607	0.43%
RECKITT BENCKISER GROUP PLC	407	244,030	0.01%
ROYAL DUTCH SHELL PLC A SHS	191,475	44,056,595	2.64%
ROYAL DUTCH SHELL PLC B SHS	95,941	22,386,038	1.34%
SHIRE PLC	40,654	18,525,785	1.11%
UNILEVER PLC	4,024	1,648,536	0.10%
TOTAL UNITED KINGDOM		<u>410,385,589</u>	<u>24.60%</u>
LISTED INVESTMENT FUNDS			
UNITED STATES OF AMERICA			
ISHARES EUROPE ETF	157,049	48,101,444	2.89%
TOTAL UNITED STATES OF AMERICA		<u>48,101,444</u>	<u>2.89%</u>
LISTED RIGHTS ISSUE			
SPAIN			
REPSOL SA RTS 9JAN19	78,740	281,892	0.02%
TOTAL SPAIN		<u>281,892</u>	<u>0.02%</u>
TOTAL INVESTMENTS*		<u>1,660,810,679</u>	<u>99.70%</u>
TOTAL INVESTMENTS, AT COST*		<u>1,876,992,366</u>	

*Investments are accounted for on a trade date basis.

PineBridge Europe Equity Fund
Investment Report
For the year ended 31 December 2018

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO

	Holdings			31 December 2018 Shares
	1 January 2018 Shares	Additions Shares	Deductions Shares	
LISTED EQUITIES				
AUSTRIA				
ERSTE GROUP BANK AG	–	18,633	(882)	17,751
OMV AG	–	22,654	(22,654)	–
BELGIUM				
COLRUYT SA	–	15,900	(15,900)	–
KBC GROUP NV	–	42,679	(25,092)	17,587
PROXIMUS SADP	–	67,050	(67,050)	–
SOLVAY SA	1,216	–	(1,216)	–
UCB SA	–	36,718	(8,123)	28,595
DENMARK				
CARLSBERG A/S	26,214	44,313	(49,682)	20,845
CHR HANSEN HOLDING A/S	–	34,066	(8,787)	25,279
DANSKE BANK A/S	92,762	8,769	(101,531)	–
DSV A/S	–	44,046	(11,306)	32,740
GENMAB A/S	–	20,695	(20,695)	–
H LUNDBECK A/S	17,940	38,558	(56,498)	–
NOVO NORDISK A/S	1,761	1,645	(2,654)	752
ORSTED A/S (formerly known as DONG ENERGY A/S)	48,582	–	(48,582)	–
VESTAS WIND SYSTEMS A/S	30,956	34,395	(31,960)	33,391
FINLAND				
ELISA OYJ	–	8,080	(8,080)	–
SAMPO OYJ	–	71,605	(12,992)	58,613
UPM-KYMMENE OYJ	103,550	–	(103,550)	–
FRANCE				
AIR LIQUIDE SA	–	52,452	(29,149)	23,303
ARKEMA SA	22,305	2,669	(5,266)	19,708
ATOS SE	–	3,012	(444)	2,568
AXA SA	70,446	3,861	(74,307)	–
BIOMERIEUX	–	7,978	(4,771)	3,207
BNP PARIBAS SA	66,024	20,042	(16,797)	69,269
BOLLORE SA	–	162,953	(162,953)	–
BOUYGUES SA	57,410	5,940	(63,350)	–
CAPGEMINI SE	15,378	1,684	(3,475)	13,587
CARREFOUR SA	–	23,892	(23,892)	–
CIE DE SAINT-GOBAIN	62,147	9,336	(15,078)	56,405
CNP ASSURANCES	–	132,238	(121,852)	10,386
CREDIT AGRICOLE SA	184,240	3,880	(188,120)	–
DASSAULT AVIATION SA	–	450	(69)	381
EIFPAGE SA	19,559	1,923	(10,479)	11,003
ELECTRICITE DE FRANCE SA	–	59,028	(20,326)	38,702
ENGIE SA	201,751	60,553	(61,023)	201,281

PineBridge Europe Equity Fund
Investment Report
For the year ended 31 December 2018

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (CONTINUED)

	Holdings			31 December 2018 Shares
	1 January 2018 Shares	Additions Shares	Deductions Shares	
LISTED EQUITIES (CONTINUED)				
FRANCE (CONTINUED)				
ESSILOR INTERNATIONAL CIE GENERALE D'OPTIQUE SA	–	26,941	(5,079)	21,862
EUTELSAT COMMUNICATIONS SA	–	12,849	–	12,849
FAURECIA SA	–	612	(89)	523
HERMES INTERNATIONAL	–	42	(42)	–
INGENICO GROUP SA	27,021	–	(27,021)	–
IPSEN SA	–	19,727	(5,793)	13,934
KERING SA	–	2,744	(2,744)	–
L'OREAL SA	14,985	14,429	(13,731)	15,683
LVMH MOET HENNESSY LOUIS VUITTON SE	–	714	(714)	–
NATIXIS SA	–	428,155	(64,796)	363,359
ORANGE SA	–	367,684	(367,684)	–
PEUGEOT SA	151,514	–	(151,514)	–
PUBLICIS GROUPE SA	–	17,631	–	17,631
SAFRAN SA	–	29,461	(22,424)	7,037
SANOFI	6,293	52,896	(5,309)	53,880
SCHNEIDER ELECTRIC SE	–	4,793	(4,793)	–
SES SA	–	240,982	(240,982)	–
SOCIETE BIC SA	–	19,000	(12,778)	6,222
TOTAL SA	87,685	13,228	(76,872)	24,041
GERMANY				
ADIDAS AG	–	17,530	(3,191)	14,339
ALLIANZ SE	24,286	3,415	(6,118)	21,583
BASF SE	2,159	63,964	(13,439)	52,684
BAYER AG	45,391	10,852	(56,243)	–
BAYERISCHE MOTOREN WERKE AG	–	2,406	(2,406)	–
BAYERISCHE MOTOREN WERKE AG	–	11,983	(11,983)	–
BEIERSDORF AG	25,423	716	(26,139)	–
CONTINENTAL AG	–	16,687	(2,445)	14,242
COVESTRO AG	30,657	3,103	(31,257)	2,503
DEUTSCHE BOERSE AG	–	49,731	(27,980)	21,751
DEUTSCHE LUFTHANSA AG	82,319	7,048	(89,367)	–
DEUTSCHE TELEKOM AG	242,028	17,739	(259,767)	–
E.ON SE	269,798	–	(269,798)	–
FRESENIUS MEDICAL CARE AG & CO KGAA	32,255	5,033	(16,091)	21,197
FRESENIUS SE & CO KGAA	46,281	4,096	(50,377)	–
HANNOVER RUECK SE	–	1,147	(1,147)	–
HEIDELBERGCEMENT AG	–	24,989	(24,989)	–
HOCHTIEF AG	–	3,510	(517)	2,993
HUGO BOSS AG	–	17,793	(12,795)	4,998
INNOGY SE	7,304	–	(7,304)	–
MAN SE	–	8,610	(8,610)	–
MERCK KGAA	25,187	–	(25,187)	–
MTU AERO ENGINES AG	–	5,013	(5,013)	–
MUENCHENER RUECKVERSICHERUNGS- GESELLSCHAFT AG IN MUENCHEN	14,199	983	(15,182)	–

PineBridge Europe Equity Fund
Investment Report
For the year ended 31 December 2018

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (CONTINUED)

	Holdings			31 December 2018 Shares
	1 January 2018 Shares	Additions Shares	Deductions Shares	
LISTED EQUITIES (CONTINUED)				
GERMANY (CONTINUED)				
PROSIEBENSAT.1 MEDIA SE	–	28,673	–	28,673
QIAGEN NV	–	25,887	–	25,887
RTL GROUP SA	–	39,357	(39,357)	–
SAP SE	4,249	111,171	(68,606)	46,814
SIEMENS AG	2,091	3,071	(3,827)	1,335
VONOVIA SE	69,126	–	(69,126)	–
IRELAND				
BANK OF IRELAND GROUP PLC	–	344,852	(52,189)	292,663
ITALY				
ASSICURAZIONI GENERALI SPA	170,738	35,519	(46,647)	159,610
ATLANTIA SPA	95,067	10,885	(21,968)	83,984
DAVIDE CAMPARI-MILANO SPA	–	741,064	(494,126)	246,938
ENEL SPA	393,730	759,486	(647,420)	505,796
ENI SPA	232,937	234,883	(269,387)	198,433
FERRARI NV	–	1,427	(1,427)	–
FIAT CHRYSLER AUTOMOBILES NV	181,468	14,621	(159,825)	36,264
INTESA SANPAOLO SPA	357,771	541,718	(899,489)	–
INTESA SANPAOLO SPA	–	1,332,438	(1,332,438)	–
TELECOM ITALIA SPA/MILANO	1,338,708	–	(1,338,708)	–
TELECOM ITALIA SPA/MILANO SPA	–	514,162	(89,391)	424,771
NETHERLANDS				
ABN AMRO GROUP NV	–	114,948	(18,534)	96,414
AEGON NV	–	105,701	–	105,701
ARCELORMITTAL	–	29,936	(4,411)	25,525
ASML HOLDING NV	25,522	2,960	(6,615)	21,867
HEINEKEN HOLDING NV	31,438	3,565	(35,003)	–
ING GROEP NV	132,494	134,363	(52,963)	213,894
KONINKLIJKE AHOLD DELHAIZE NV	–	148,294	(31,130)	117,164
KONINKLIJKE VOPAK NV	1,630	–	(1,630)	–
RELX NV	–	157,404	(157,404)	–
UNILEVER NV	–	1,735	–	1,735
NORWAY				
EQUINOR ASA (formerly known as STATOIL ASA)	166,310	3,436	(169,746)	–
MARINE HARVEST ASA	–	46,324	(46,324)	–
PORTUGAL				
EDP – ENERGIAS DE PORTUGAL SA	157,733	217,759	(375,492)	–
JERONIMO MARTINS SGPS SA	–	119,588	(119,588)	–

**PineBridge Europe Equity Fund
Investment Report
For the year ended 31 December 2018**

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (CONTINUED)

	Holdings			31 December 2018 Shares
	1 January 2018 Shares	Additions Shares	Deductions Shares	
LISTED EQUITIES (CONTINUED)				
SPAIN				
ABERTIS INFRAESTRUCTURAS SA	140,338	9,609	(149,947)	–
ACS ACTIVIDADES DE CONSTRUCCION Y SERVICIOS SA	76,189	7,704	(22,205)	61,688
AENA SME SA	–	4,772	(526)	4,246
AMADEUS IT GROUP SA	50,012	2,019	(16,306)	35,725
BANCO SANTANDER SA	864,907	69,768	(285,411)	649,264
ENAGAS SA	–	43,062	(43,062)	–
REPSOL SA	–	81,640	(2,900)	78,740
TELEFONICA SA	–	448,655	(84,627)	364,028
SWEDEN				
ALFA LAVAL AB	–	20,118	(2,964)	17,154
ASSA ABLOY AB	–	186,966	(41,989)	144,977
ATLAS COPCO AB A REDEMPTION SHS	–	34,122	(34,122)	–
ATLAS COPCO AB A SHS	–	74,977	(30,939)	44,038
ATLAS COPCO AB B REDEMPTION SHS	–	76,180	(76,180)	–
ATLAS COPCO AB B SHS	80,313	21,194	(23,514)	77,993
BOLIDEN AB	83,168	81,828	(164,996)	–
ELECTROLUX AB	90,980	38,168	(129,148)	–
EPIROC AB A SHS	–	70,604	(70,604)	–
EPIROC AB B SHS	–	304,214	(79,422)	224,792
ESSITY AB	–	38,000	(38,000)	–
HEXAGON AB	–	106,039	(55,340)	50,699
ICA GRUPPEN AB	76,917	21,475	(38,049)	60,343
INDUSTRIVARDEN AB	–	13,280	(13,280)	–
KINNEVIK AB	–	88,193	(88,193)	–
LUNDIN PETROLEUM AB	–	38,058	(1,308)	36,750
MODERN TIMES GROUP MTG AB B SHS	–	4,066	(4,066)	–
MODERN TIMES GROUP MTG AB NPV B SHS	–	85,377	(85,377)	–
SKF AB	–	56,511	–	56,511
SVENSKA HANDELSBANKEN AB	–	338,312	(338,312)	–
SWEDBANK AB	113,830	–	(113,830)	–
TELIA CO AB	674,578	–	(674,578)	–
VOLVO AB	–	93,872	(93,872)	–
SWITZERLAND				
ABB LTD	–	274,957	(117,053)	157,904
ADECCO GROUP AG	–	43,295	(43,295)	–
BALOISE HOLDING AG	–	19,350	(19,350)	–
BARRY CALLEBAUT AG	–	2,500	(1,295)	1,205
CHOCOLADEFABRIKEN LINDT & SPRUENGLI AG	482	–	(482)	–
CHOCOLADEFABRIKEN LINDT & SPRUENGLI AG	10	–	(10)	–
CLARIANT AG	–	106,998	(106,998)	–
DUFREY AG	–	25,920	(5,918)	20,002

PineBridge Europe Equity Fund
Investment Report
For the year ended 31 December 2018

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (CONTINUED)

	Holdings			31 December 2018 Shares
	1 January 2018 Shares	Additions Shares	Deductions Shares	
LISTED EQUITIES (CONTINUED)				
SWITZERLAND (CONTINUED)				
LONZA GROUP AG	10,794	154	(10,948)	–
NESTLE SA	57,761	12,708	(15,187)	55,282
NOVARTIS AG	33,675	10,490	(10,948)	33,217
PARTNERS GROUP HOLDING AG	4,459	3,872	(4,649)	3,682
ROCHE HOLDING AG	30,872	27,827	(48,684)	10,015
SCHINDLER HOLDING AG	13,151	5,628	(17,723)	1,056
SCHINDLER HOLDING AG REG	12,868	12,263	(13,405)	11,726
SONOVA HOLDING AG	12,827	–	(12,827)	–
SWATCH GROUP AG/THE	–	74,336	(36,371)	37,965
SWISS LIFE HOLDING AG	901	–	(901)	–
SWISS RE AG	33,308	–	(33,308)	–
VIFOR PHARMA AG	–	19,454	(4,768)	14,686
UNITED KINGDOM				
ADMIRAL GROUP PLC	–	71,451	(71,451)	–
AIB GROUP PLC	–	565,035	(105,856)	459,179
ANGLO AMERICAN PLC	177,429	10,502	(61,500)	126,431
ANTOFAGASTA PLC	–	78,574	(11,579)	66,995
ASHTREAD GROUP PLC	–	16,313	(16,313)	–
ASSOCIATED BRITISH FOODS PLC	79,595	24,847	(27,760)	76,682
ASTRAZENECA PLC	–	131,576	(70,896)	60,680
AUTO TRADER GROUP PLC	–	48,867	(7,201)	41,666
AVIVA PLC	–	54,602	(8,045)	46,557
BABCOCK INTERNATIONAL GROUP PLC	254,624	–	(254,624)	–
BAE SYSTEMS PLC	450,318	20,007	(450,318)	20,007
BARCLAYS PLC	–	822,262	(120,044)	702,218
BARRATT DEVELOPMENTS PLC	346,511	41,451	(81,847)	306,115
BERKELEY GROUP HOLDINGS PLC	18,150	1,644	(3,959)	15,835
BHP GROUP PLC	3,272	135,775	(20,969)	118,078
BP PLC	158,551	915,247	(240,777)	833,021
BRITISH AMERICAN TOBACCO PLC	25,124	3,857	(28,981)	–
BRITISH LAND CO PLC	–	12,115	(12,115)	–
BT GROUP PLC	987,655	998,577	(1,154,243)	831,989
BUNZL PLC	76,944	–	(76,944)	–
BURBERRY GROUP PLC	123,471	–	(123,471)	–
CARNIVAL PLC	46,019	7,388	(11,027)	42,380
CENTRICA PLC	1,190,165	526,688	(454,347)	1,262,506
COCA-COLA HBC AG	–	149,188	(149,188)	–
COMPASS GROUP PLC	–	171,680	(171,680)	–
DIAGEO PLC	–	134,350	(129,694)	4,656
DIRECT LINE INSURANCE GROUP PLC	304,002	22,107	(326,109)	–
GLAXOSMITHKLINE PLC	–	28,890	(7,321)	21,569
GLENCORE PLC	912,079	18,259	(930,338)	–
HSBC HOLDINGS PLC	847,401	41,045	(621,005)	267,441
IMPERIAL BRANDS PLC	–	96,221	–	96,221

PineBridge Europe Equity Fund
Investment Report
For the year ended 31 December 2018

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (CONTINUED)

	Holdings			31 December 2018 Shares
	1 January 2018 Shares	Additions Shares	Deductions Shares	
LISTED EQUITIES (CONTINUED)				
UNITED KINGDOM (CONTINUED)				
INTERTEK GROUP PLC	–	14,509	(14,509)	–
ITV PLC	–	719,667	(654,479)	65,188
J SAINSBURY PLC	864,765	38,874	(903,639)	–
LEGAL & GENERAL GROUP PLC	643,444	89,846	(151,998)	581,292
LLOYDS BANKING GROUP PLC	5,052,204	1,832,297	(5,319,351)	1,565,150
LONDON STOCK EXCHANGE GROUP PLC	–	525	–	525
MARKS & SPENCER GROUP PLC	673,776	163,203	(822,327)	14,652
MEGGITT PLC	–	70,641	(10,410)	60,231
MONDI PLC	–	32,365	(5,718)	26,647
PEARSON PLC	–	3,931	(579)	3,352
PRUDENTIAL PLC	–	59,657	(8,558)	51,099
RECKITT BENCKISER GROUP PLC	–	1,057	(650)	407
ROLLS-ROYCE HOLDINGS PLC	–	118,948	(118,948)	–
ROYAL DUTCH SHELL PLC A SHS	44,074	199,165	(51,764)	191,475
ROYAL DUTCH SHELL PLC B SHS	23,138	138,652	(65,849)	95,941
SCHRODERS PLC	–	47,883	(47,883)	–
SHIRE PLC	–	40,654	–	40,654
SMITH & NEPHEW PLC	–	58,445	(58,445)	–
SSE PLC	17,390	101,984	(119,374)	–
ST JAMES'S PLACE PLC	72,333	50,143	(122,476)	–
TUI AG	62,718	5,679	(68,397)	–
UNILEVER PLC	–	4,024	–	4,024
WM MORRISON SUPERMARKETS PLC	158,299	–	(158,299)	–
WORLDPAY GROUP PLC	392,661	–	(392,661)	–
LISTED INVESTMENT FUNDS				
UNITED STATES OF AMERICA				
ISHARES EUROPE ETF	187,340	1,158,168	(1,188,459)	157,049
LISTED RIGHTS ISSUE				
GERMANY				
BAYER AG RTS 19JUN2018	–	45,409	(45,409)	–
SPAIN				
ACS ACTIVIDADES DE CONSTRUCCION Y SERVICIOS SA RTS 6JUL2018	–	–	–	–
BANCO SANTANDER SA RTS 1NOV18	–	701,144	(701,144)	–
REPSOL SA RTS 9JAN19	–	78,740	–	78,740

**PineBridge Europe Equity Fund
Investment Report
For the year ended 31 December 2018**

PineBridge Europe Equity Fund (the “Fund”) is a unit trust governed by its Trust Deed dated 10 August 1998, as amended, supplemented and restated. The Fund is managed in accordance with the distinct investment policy. Pursuant to the Unitholder Notice and the Offering Document dated 25 January 2018, the investment policy has been amended with effect from 25 January 2018. The amendments were made to clarify and enhance the investment objectives and policies of the Fund. The investment style, investment philosophy and risk profile of the Fund will remain the same.

Investment objectives and policies

The Fund seeks to provide capital appreciation through a managed portfolio of shares in European Companies.

	2018	2017	2016
	HK\$	HK\$	HK\$
Investments and investment income			
Total value of investments	1,660,810,679	2,205,985,244	791,138,822
Interest on bank deposits	31,377	11,861	8,203
Dividend income (net of withholding tax)	58,047,720	36,988,344	46,098,620
Net foreign currency gains	196,592	1,794,047	2,410,455
Net income excluding capital (depreciation)/appreciation	44,057,261	25,758,413	37,562,574
Net (depreciation)/appreciation of financial assets and financial liabilities at fair value through profit or loss			
- realized and unrealized	(390,727,043)	292,094,073	(31,835,758)

Performance table

Net asset value

	Total net asset value	Net asset value per unit
	HK\$	HK\$
Provident Fund units		
2018	1,665,804,204	21.44
2017	2,211,811,329	25.74
2016	845,459,802	20.59

**PineBridge Europe Equity Fund
Investment Report
For the year ended 31 December 2018**

Performance table (Continued)

Performance record for the past 10 years

	Highest issue price per unit HK\$	Lowest redemption price per unit HK\$	Annualized investment return (Note 1) %
Provident Fund units			
2018	27.60	20.89	(16.71)
2017	25.75	20.69	25.01
2016	20.59	16.89	3.31
2015	22.45	18.62	(1.09)
2014	22.66	18.88	(4.46)
2013	21.10	16.59	27.06
2012	16.76	13.03	20.71
2011	17.97	12.57	(11.41)
2010	16.41	12.30	1.01
2009	15.86	8.46	35.09

Note 1: The annualized investment return is calculated by comparing the net asset value per unit at the year end against the net asset value per unit at the beginning of the year.

Note 2: No Standard units were issued by the Fund since the year ended 31 December 2003. The “Standard units” have been renamed to “Standard units - Accumulation” with effect from 27 June 2013.

Commentary by the Trustee

Based on the information received from the Manager of the Fund during the year, the Trustee of the Fund confirmed, to the best of its knowledge and belief, that the investment objectives and policies for the Fund were complied with.

**PineBridge Europe Equity Fund
Trustee's Report
For the year ended 31 December 2018**

We hereby confirm that, in our opinion, the Manager of the Fund has, in all material respects, managed the Fund for the year ended 31 December 2018 in accordance with the provisions of the Trust Deed dated 10 August 1998, as amended, supplemented and restated.

On behalf of
AIA Company (Trustee) Limited

Director

12 April 2019

Director

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF PINEBRIDGE EUROPE EQUITY FUND (THE "FUND")

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of PineBridge Europe Equity Fund (the "Fund") set out on pages 19 to 42, which comprise the statement of net assets as at 31 December 2018, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at 31 December 2018, and of its financial transactions and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") and with reference to Practice Note 860.1 (Revised), The Audit of Retirement Schemes issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Fund in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information included in the Reports and Financial Statements

The Manager and the Trustee of the Fund are responsible for the other information. The other information comprises the information included in the Reports and Financial Statements, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager and Trustee and those charged with governance for the financial statements

The Manager and the Trustee of the Fund are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA, and for such internal control as the Manager and the Trustee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager and the Trustee of the Fund are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager and the Trustee of the Fund either intend to liquidate the Fund or to cease operations or have no realistic alternative but to do so.

The Manager and the Trustee of the Fund are required to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the constitutive documents of the Fund ("the Constitutive Documents"), the Mandatory Provident Fund Schemes Ordinance ("the MPFSO"), the Mandatory Provident Fund Schemes (General) Regulation ("the General Regulation"), the Code on MPF Investment Funds ("the MPF Code"), and Guidelines II.5 issued by the Mandatory Provident Fund Schemes Authority ("the MPFA") and the Code on Unit Trusts and Mutual Funds ("the Code") issued by the Hong Kong Securities and Futures Commission ("the SFC").

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEE OF PINEBRIDGE EUROPE EQUITY FUND (THE "FUND")
(CONTINUED)**

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. In addition, we are required to assess whether the financial statements of the Fund have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Constitutive Documents, the MPFSO, the General Regulation, the MPF Code and Guidelines II.5 issued by the MPFA and the Code issued by the SFC.

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager and the Trustee
- Conclude on the appropriateness of the Manager and the Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEE OF PINEBRIDGE EUROPE EQUITY FUND (THE "FUND")
(CONTINUED)**

Report on matters under the relevant disclosure provisions of the Constitutive Documents, the MPFSO, the General Regulation, the MPF Code, and Guidelines II.5 issued by the MPFA and the Code issued by the SFC

- (a) In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Constitutive Documents, the MPFSO, the General Regulation, the MPF Code and Guidelines II.5 issued by the MPFA and the Code issued by the SFC; and
- (b) We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purpose of our audit.

Certified Public Accountants
Hong Kong
12 April 2019

PineBridge Europe Equity Fund
Statement of Net Assets
As at 31 December 2018

	Note	2018 HK\$	2017 HK\$
Assets			
Current assets			
Financial assets at fair value through profit or loss			
Investments	4(b)	1,660,810,679	2,205,985,244
Interest receivable		331	345
Dividends receivable		772,772	1,842,770
Amounts receivable on subscription		548,469	407,841
Other receivables		61,092	–
Cash and cash equivalents		8,143,264	5,335,911
Total assets		<u>1,670,336,607</u>	<u>2,213,572,111</u>
Liabilities			
Current liabilities			
Financial liabilities at fair value through profit or loss			
Derivative financial instruments	4(b), 6	2,150	548,802
Amounts payable on redemption		1,020,560	806,498
Amounts payable to brokers		3,208,715	–
Accounts payable and accrued expenses		300,978	405,482
Total liabilities		<u>4,532,403</u>	<u>1,760,782</u>
Equity			
Net assets attributable to unitholders	3	<u>1,665,804,204</u>	<u>2,211,811,329</u>

On behalf of
AIA Company (Trustee) Limited

On behalf of
PineBridge Investments
Hong Kong Limited

Director

Director

Director

The notes on pages 23 to 42 are an integral part of these financial statements.

PineBridge Europe Equity Fund
Statement of Comprehensive Income
For the year ended 31 December 2018

	Note	2018 HK\$	2017 HK\$
Income			
Interest on bank deposits		31,377	11,861
Dividend income		72,977,008	46,055,009
Net (losses)/gains on financial assets and financial liabilities at fair value through profit or loss	5	(390,727,043)	292,094,073
Net foreign currency gains		196,592	1,794,047
Total investment (loss)/income		<u>(317,522,066)</u>	<u>339,954,990</u>
Expenses			
Trustee's fee	8(b)	1,044,995	809,816
Custodian and administration fees	9	600,300	523,065
Audit fee		95,887	95,869
Bank charges		950	1,250
Legal and professional fees		1,802	35,632
Other expenses	10	5,473	161,472
Transaction costs		12,469,021	11,408,735
Total operating expenses		<u>14,218,428</u>	<u>13,035,839</u>
Net (loss)/profit before tax		(331,740,494)	326,919,151
Withholding tax	7(b)	(14,929,288)	(9,066,665)
Total comprehensive (loss)/income		<u>(346,669,782)</u>	<u>317,852,486</u>

The notes on pages 23 to 42 are an integral part of these financial statements.

PineBridge Europe Equity Fund
Statement of Changes in Equity
For the year ended 31 December 2018

	Note	2018 HK\$	2017 HK\$
Balance at the beginning of the year		<u>2,211,811,329</u>	<u>845,459,802</u>
Issue of units	3	449,216,340	1,208,696,039
Redemption of units	3	(648,553,683)	(160,196,998)
Net (decrease)/increase from unit transactions		<u>(199,337,343)</u>	<u>1,048,499,041</u>
Total comprehensive (loss)/income		<u>(346,669,782)</u>	<u>317,852,486</u>
Balance at the end of the year		<u>1,665,804,204</u>	<u>2,211,811,329</u>

The notes on pages 23 to 42 are an integral part of these financial statements.

PineBridge Europe Equity Fund
Statement of Cash Flows
For the year ended 31 December 2018

	2018	2017
	HK\$	HK\$
Cash flows from operating activities		
Total comprehensive (loss)/income	(346,669,782)	317,852,486
Adjustment for:		
Dividend income	(72,977,008)	(46,055,009)
Interest on bank deposits	(31,377)	(11,861)
Withholding tax	14,929,288	9,066,665
Operating (loss)/profit before working capital changes	(404,748,879)	280,852,281
Net decrease/(increase) in investments	545,174,565	(1,414,846,422)
Net change in derivative financial instruments	(546,652)	43,406,280
Net decrease in amounts receivable from brokers	–	390,750,894
Net increase in other receivables	(61,092)	–
Net increase in amount payable to brokers	3,208,715	–
Net decrease in accounts payable and accrued expenses	(104,504)	(46,239)
Cash generated from/(used in) operations	142,922,153	(699,883,206)
Dividend income received	59,117,718	36,284,943
Interest on bank deposits received	31,391	11,713
Net cash generated from/(used in) operating activities	202,071,262	(663,586,550)
Cash flows from financing activities		
Proceeds from issue of units	449,075,712	1,208,630,549
Payments on redemption of units	(648,339,621)	(545,792,266)
Net cash (used in)/generated from financing activities	(199,263,909)	662,838,283
Net increase/(decrease) in cash and cash equivalents	2,807,353	(748,267)
Cash and cash equivalents at the beginning of the year	5,335,911	6,084,178
Cash and cash equivalents at the end of the year	8,143,264	5,335,911
Analysis of balance of cash and cash equivalents		
Cash at banks	92,464	95,511
Short-term deposits	8,050,800	5,240,400
	8,143,264	5,335,911

The notes on pages 23 to 42 are an integral part of these financial statements.

PineBridge Europe Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

1. The Fund

PineBridge Europe Equity Fund (the “Fund”) is a unit trust governed by its Trust Deed dated 10 August 1998, as amended, supplemented and restated. The Fund has been authorized by the Securities and Futures Commission of Hong Kong and approved by the Mandatory Provident Fund Schemes Authority of Hong Kong.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss (FVPL).

The preparation of financial statements in conformity with HKFRS requires the Trustee and Manager to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

New and amended standards that are effective in the current year and have been adopted by the Fund

The Fund applied, for the first time, certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2018.

The nature and the impact of each new standard and amendment is described below:

HKFRS 9 *Financial Instruments*

The Fund adopted HKFRS 9 Financial Instruments on its effective date of 1 January 2018. HKFRS 9 replaces *HKAS 39 Financial Instruments: Recognition and Measurement* and introduces new requirements for classification and measurement, impairment and hedge accounting. HKFRS 9 is not applicable to items that have already been derecognized at 1 January 2018, the date of initial application.

2. Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

(i) Classification and measurement

The Fund has assessed the classification of financial instruments as at the date of initial application and has applied such classification retrospectively. Based on that assessment:

- All financial assets previously held at fair value continue to be measured at fair value.
- Debt instruments and equity instruments, other than investments in subsidiaries and associates, are acquired for the purpose of generating short-term profit. Therefore, they meet the held-for-trading criteria and are required to be measured at FVPL.
- Financial assets previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. Thus, such instruments continue to be measured at amortized cost under HKFRS 9.
- The classification of financial liabilities under HKFRS 9 remains broadly the same as under HKAS 39. The main impact on measurement from the classification of liabilities under HKFRS 9 relates to the element of gains or losses for financial liabilities designated as at FVPL attributable to changes in credit risk. HKFRS 9 requires that such element be recognized in other comprehensive income (OCI), unless this treatment creates or enlarges an accounting mismatch in profit or loss, in which case, all gains and losses on that liability (including the effects of changes in credit risk) should be presented in profit or loss. Therefore, this requirement has not had an impact on the Fund.

(ii) Impairment

HKFRS 9 requires the Fund to record Expected Credit Losses (“ECL”) on all of its financial assets measured at amortized cost, either on a 12-month or lifetime basis. The Fund’s investments and derivative financial instruments are not subject to HKFRS 9’s impairment requirements as they are measured at FVPL. The Fund holds amortized cost financial assets, including interest receivable, dividends receivable, amounts receivable on subscription, other receivables and cash and cash equivalents. The Fund measures the loss allowance at an amount equal to 12-month ECL on its amortized cost financial assets.

(iii) Hedge accounting

The Fund has not applied hedge accounting under HKAS 39 nor will it apply hedge accounting under HKFRS 9.

Impact of adoption of HKFRS 9

The classification and measurement requirements of HKFRS 9 have been adopted retrospectively as of the date of initial application on 1 January 2018, however, the Fund has chosen to take advantage of the option not to restate comparatives. Therefore, the 2017 figures are presented and measured under HKAS 39. The following table shows the original measurement categories in accordance with HKAS 39 and the new measurement categories under HKFRS 9 for the Fund’s financial assets and financial liabilities as at 1 January 2018.

PineBridge Europe Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

2. Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

Impact of adoption of HKFRS 9 (Continued)

Financial assets

1 January 2018	HKAS 39 classification	HKAS 39 measurement HK\$	HKFRS 9 classification	HKFRS 9 measurement HK\$
	Held for trading			
Investments	at FVPL	2,205,985,244	FVPL	2,205,985,244
Interest receivable	Loans and receivables	345	Amortized cost	345
Dividends receivable	Loans and receivables	1,842,770	Amortized cost	1,842,770
Amounts receivable on subscription	Loans and receivables	407,841	Amortized cost	407,841
Cash and cash equivalents	Loans and receivables	5,335,911	Amortized cost	5,335,911

Financial Liabilities

1 January 2018	HKAS 39 classification	HKAS 39 measurement HK\$	HKFRS 9 classification	HKFRS 9 measurement HK\$
Derivative financial instruments	Held for trading at FVPL	548,802	FVPL	548,802
Amounts payable on redemption	Other financial liabilities	806,498	Amortized cost	806,498
Accounts payable and accrued expenses	Other financial liabilities	405,482	Amortized cost	405,482

In line with the characteristics of the Fund's financial instruments as well as its approach to their management, the Fund neither revoked nor made any new designations on the date of initial application. HKFRS 9 has not resulted in changes in the carrying amount of the Fund's financial instruments due to changes in measurement categories. All financial assets that were classified as FVPL under HKAS 39 are still classified as FVPL under HKFRS 9. All financial assets that were classified as loans and receivables and measured at amortized cost continue to be.

In addition, the application of the ECL mode under HKFRS 9 has not significantly changed the carrying amounts of the Fund's amortized cost financial assets. At the reporting date, the credit risk of the Fund's amortized cost financial assets were low or have not increased significantly since initial recognition. No loss allowance has been recognized based on 12-month ECL under HKFRS 9. There was no impairment recorded under HKAS39.

The carrying amounts of amortized cost instruments continued to approximate these instruments' fair values on the date of transition after transitioning to HKFRS 9.

HKFRS 15 Revenue from contracts with customers

The Fund adopted HKFRS 15 Revenue from contracts with customers on its effective date of 1 January 2018. HKFRS 15 replaces HKAS 18 Revenue and establishes a five-step model to account for revenue arising from contracts with customers. In addition, guidance on interest and dividend income have been moved from HKAS 18 to HKFRS 9 without significant changes to the requirements. Therefore, there was no impact of adopting HKFRS 15 for the Fund.

PineBridge Europe Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

2. Summary of significant accounting policies (Continued)

(b) Investments

(i) Classification

In accordance with HKFRS 9, the Fund classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

In applying that classification, a financial asset or financial liability is considered to be held for trading if:

- (a) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or
- (b) On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking; or
- (c) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

Financial assets

The Fund classifies its financial assets as subsequently measured at amortized cost or measured at fair value through profit or loss on the basis of both:

- The entity's business model for managing the financial assets
- The contractual cash flow characteristics of the financial asset

All investments are classified as "financial assets at fair value through profit or loss".

Financial assets measured at fair value through profit or loss (FVPL)

A financial asset is measured at fair value through profit or loss if:

- (a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding; or
- (b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- (c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

The Fund includes in this category:

- Equity instruments
- Debt instruments. These include investments that are held under a business model to manage them on a fair value basis for investment income and fair value gains.
- Instruments held for trading. This category includes equity instruments and debt instruments which are acquired principally for the purpose of generating a profit from short-term fluctuations in price. This category also includes derivative contracts in an asset position.

(ii) Recognition

The Fund recognizes a financial asset when it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Fund commits to purchase or sell the asset.

PineBridge Europe Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

2. Summary of significant accounting policies (Continued)

(b) Investments (Continued)

The following represent the basis of valuation for financial reporting purposes:

- (i) Investments which are listed or traded on an exchange are fair valued based on last traded prices.
- (ii) Investments which are not listed on an exchange or are thinly traded are valued by using quotes from brokers.
- (iii) Initial measurement

Financial assets at fair value through profit or loss are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognized directly in profit or loss.

- (iv) Subsequent measurement

After initial measurement, the Fund measures financial instruments which are classified as at FVPL at fair value. Subsequent changes in the fair value of those financial instruments are recorded in net gain or loss on financial assets and financial liabilities at FVPL in the statement of comprehensive income.

- (v) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized where the rights to receive cash flows from the asset have expired or the Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and either:

- (a) the Fund has transferred substantially all the risks and rewards of the asset, or
- (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The following represent the basis of valuation for financial reporting purposes:

- (i) Investments which are listed or traded on an exchange are fair valued based on last traded prices.
- (ii) Investments which are not listed on an exchange or are thinly traded are valued by using quotes from brokers.

PineBridge Europe Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

2. Summary of significant accounting policies (Continued)

(c) Income

Dividends on equities are recognized in the statement of comprehensive income when the Fund's right to receive payments is established. The corresponding withholding taxes are recorded as a separate item in the statement of comprehensive income.

Interest income is recognized on a time-proportionate basis using the effective interest method. Other income is accounted for on an accrual basis.

(d) Translation of foreign currencies

(i) Functional and presentation currencies

Items included in the Fund's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). The financial statements are presented in Hong Kong dollar, which is the Fund's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the year end date.

Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the statement of comprehensive income within "net foreign currency gains/(losses)".

Foreign exchange gains and losses relating to the financial assets and financial liabilities carried at fair value through profit or loss are presented in the statement of comprehensive income within "net gains/(losses) on financial assets and financial liabilities at fair value through profit or loss".

(e) Expenses

Expenses are accounted for on an accrual basis.

(f) Derivative financial instruments - foreign exchange contracts

Outstanding foreign exchange contracts are valued at the year end date by reference to the rate of exchange applicable to the outstanding term of the contract. Unrealized gains or losses on outstanding contracts and realized gains and losses on closed contracts are shown in the statement of comprehensive income within "net gains/(losses) on financial assets and financial liabilities at fair value through profit or loss".

(g) Subscription and redemption of units

Proceeds and payments on the subscription and redemption of units are recorded in the statement of changes in equity. The price at which units are subscribed or redeemed is calculated by reference to the net asset value per unit as at the close of business on the relevant dealing day.

PineBridge Europe Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

2. Summary of significant accounting policies (Continued)

(h) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of net assets where the Fund currently has a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis or realize the asset and liability simultaneously.

(i) Cash and cash equivalents

Cash and cash equivalents include cash at banks, deposits held with banks with original maturities of three months or less and bank overdrafts, if any.

(j) Amounts receivable from/payable to brokers

Amounts receivable from/payable to brokers represent receivables from investments sold and payables for investments purchased that have been contracted for but not yet settled or delivered on the year end date respectively.

(k) Transaction costs

Transaction costs are costs incurred to acquire financial assets or financial liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognized in profit or loss as an expense.

(l) Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes: (a) restricted activities, (b) a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors, (c) insufficient equity to permit the structured entity to finance its activities without subordinated financial support and (d) financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

The Fund considers all of its investments in other funds ("Investee Funds") to be investments in unconsolidated structured entities. The Fund invests in Investee Funds whose objectives range from achieving medium to long term capital growth and whose investment strategy does not include the use of leverage. The Investee Funds apply various investment strategies to accomplish their respective investment objectives. The Investee Funds finance their operations by issuing exchange traded shares which are saleable at the holder's option and entitles the holder to a consideration that approximates proportional stake in the respective fund's net assets. The Fund holds exchange traded shares in each of its Investee Funds.

The change in fair value of each Investee Fund is included in the statement of comprehensive income in "net gains/(losses) on financial assets and financial liabilities through profit or loss".

PineBridge Europe Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

3. Number of units in issue and net assets attributable to unitholders per unit

The Fund issues units, which are redeemable at the holder's option, are classified as equity.

The Fund has no restrictions on the subscriptions of units. Pursuant to the Trust Deed and subject to the conditions and procedures set out therein, the Manager is entitled, having regard to the interests of unitholders, to limit the total number of units which unitholders are entitled to redeem on any dealing day to 10% of the units then in issue or deemed to be in issue. Subscriptions and redemptions of units during the year are shown in the statement of changes in equity. In order to achieve the investment objectives, the Fund endeavors to invest its capital in accordance with the investment policies as outlined in note 4, whilst maintaining sufficient liquidity to meet redemption requests. Such liquidity is augmented by the holding of liquid investments.

As at 31 December 2018, the Fund had HK\$1,665,804,204 (2017: HK\$2,211,811,329) of puttable financial instruments classified as equity.

The Fund's objectives and policies for managing its obligations to redeem these instruments are included in note 4(h) on capital risk management and note 4(e) on liquidity risk.

	2018	2017
	Units	Units
Number of Provident Fund units in issue	<u>77,684,840</u>	<u>85,923,344</u>
	HK\$	HK\$
Net asset value per Provident Fund unit	<u>21.44</u>	<u>25.74</u>

	2018	2018	2017	2017
	Standard	Provident	Standard	Provident
	Units -	Fund Units	Units -	Fund Units
	Accumulation	Units	Accumulation	Units
	Units	Units	Units	Units
Balance brought forward	–	85,923,344	–	41,067,112
Total issues	–	18,109,027	–	51,519,702
Total redemptions	–	(26,347,531)	–	(6,663,470)
Balance carried forward	<u>–</u>	<u>77,684,840</u>	<u>–</u>	<u>85,923,344</u>

The Fund offers two classes of units. Provident Fund units are offered to provident fund schemes approved by the Mandatory Provident Fund Schemes Authority. Standard units - Accumulation are offered to all investors other than the provident fund schemes approved by the Mandatory Provident Fund Schemes Authority. The Standard units have been renamed to "Standard units - Accumulation" with effect from 27 June 2013. No Standard units - Accumulation were issued by the Fund for the years ended 31 December 2018 and 2017.

PineBridge Europe Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management

(a) Financial risk factors

The investment objective of the Fund is to achieve capital appreciation. The Fund seeks to achieve its investment objective through a managed portfolio of shares in European Companies.

The Fund is exposed to market price risk, cash flow interest rate risk, credit and custody risk, liquidity risk and currency risk.

The risks and the respective risk management policies employed by the Fund to manage these risks are discussed below.

(b) Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market.

All investments present a risk of loss of capital. The Fund's market price risk is managed through (i) deliberate securities selection, and (ii) diversification of the investment portfolio.

As at year end, the overall market exposures were as follows:

	Fair value HK\$	2018 Cost HK\$	% of net assets
Financial assets at fair value through profit or loss:			
- Listed equities	1,612,427,343	1,825,675,552	96.79
- Listed investment funds	48,101,444	51,316,814	2.89
- Listed rights issue	281,892	–	0.02
	<u>1,660,810,679</u>	<u>1,876,992,366</u>	<u>99.70</u>
Financial liabilities at fair value through profit or loss:			
- Derivative financial instruments (note 6)	<u>(2,150)</u>	<u>–</u>	<u>–</u>
		2017	
	Fair value HK\$	Cost HK\$	% of net assets
Held for trading:			
- Listed equities	2,136,773,087	1,940,162,791	96.61
- Listed investment funds	69,212,157	67,943,901	3.13
	<u>2,205,985,244</u>	<u>2,008,106,692</u>	<u>99.74</u>
- Derivative financial instruments (note 6)	<u>(548,802)</u>	<u>–</u>	<u>–</u>

PineBridge Europe Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(b) Market price risk (Continued)

Net market exposures

The following table shows the net market exposure of the Fund to various markets, incorporating the underlying market risk through all financial assets and financial liabilities held by the Fund as at 31 December.

	2018	2017
	HK\$ equivalent	HK\$ equivalent
Markets exposed to		
Austria	4,615,261	–
Belgium	27,169,377	1,322,957
Denmark	71,626,211	98,226,634
Finland	20,149,560	25,185,256
France	274,644,600	323,275,709
Germany	187,273,998	353,513,166
Ireland	12,730,088	–
Italy	103,964,382	138,805,986
Netherlands	94,470,064	78,737,760
Norway	–	27,847,836
Portugal	–	4,271,666
Spain	100,492,402	120,469,585
Sweden	109,323,046	136,291,474
Switzerland	195,864,657	286,446,890
United Kingdom	410,385,589	542,378,168
United States of America	48,101,444	69,212,157
	<u>1,660,810,679</u>	<u>2,205,985,244</u>

The following table shows the net exposures to sectors as at 31 December 2018 and 2017:

	2018	2017
	%	%
Sectors exposed to		
Basic Materials	7	7
Communications	4	4
Consumer, Cyclical	7	10
Consumer, Non-cyclical	27	27
Energy	11	6
Financial	19	24
Funds	3	3
Industrial	12	9
Technology	6	5
Utilities	4	5
	<u>100</u>	<u>100</u>

There were no investments issued by the same issuer with market value exceeding 10% of the Fund's net asset value as at 31 December 2018 and 2017.

PineBridge Europe Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(b) Market price risk (Continued)

The table below summarizes the impact on net assets attributable to unitholders as a result of increases/decreases of the key index to which the Fund is exposed. The analysis is based on the assumption that the index had increased/decreased by the respective percentage with all other variables held constant and the Fund's investments moved according to the historical correlation with the index.

	2018		2017	
	Change in market index % +/-	Impact HK\$ +/-	Change in market index % +/-	Impact HK\$ +/-
MSCI Europe DTR Net (HKD) Return	15%	243,134,346	27%	580,175,854

The Manager has used their view of what would be a "reasonable shift" in the MSCI Europe DTR Net (HKD) Return, having regard to the historical volatility of the index, to estimate the change for use in the market price risk sensitivity analysis above.

Disclosures above are shown in absolute terms, changes and impacts could be positive or negative. Changes in market index % are revised annually depending on the Manager's current view of market volatility and other relevant factors.

	2018			2017		
Listed investment funds	Number of Investee Funds	Fair value HK\$	% of net assets	Number of Investee Funds	Fair value HK\$	% of net assets
Equity long	1	<u>48,101,444</u>	<u>2.89</u>	1	<u>69,212,157</u>	<u>3.13</u>

The Fund's investments in Investee Funds are subject to the terms and conditions of the respective Investee Fund's offering documentation and are susceptible to market price risk arising from uncertainties about future values of those Investee Funds. All of the Investee Funds in the investment portfolio are managed by portfolio managers who are compensated by the respective Investee Funds for their services. Such compensation generally consists of an asset based fee and is reflected in the valuation of the Fund's investments in each of the Investee Funds.

The exposure to investments in Investee Funds at fair value by strategy employed is disclosed in the above table. These investments are included in investments in the statement of net assets.

The Fund's holding in a third party Investee Fund, as a percentage of the Investee Fund's total net asset value, will vary from time to time dependent on the volume of subscriptions and redemptions at the Investee Fund level. It is possible that the Fund may, at any point in time, hold a majority of an Investee Fund's total units in issue.

The Fund's maximum exposure to loss from its interests in Investee Funds is equal to the total fair value of its investments in Investee Funds.

Once the Fund has disposed of its shares in an Investee Fund the Fund ceases to be exposed to any risk from that Investee Fund.

Total purchases in Investee Funds during the year ended 31 December 2018 was HK\$418,889,729 (2017: HK\$417,134,331). As at 31 December 2018 and 2017 there were no capital commitment obligations. There were no amounts due to Investee Funds for unsettled purchases as at 31 December 2018 and 2017.

During the year ended 31 December 2018, total net loss incurred on investments in Investee Funds were HK\$3,215,370 (2017: gains of HK\$1,268,256).

PineBridge Europe Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(c) Cash flow interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The majority of the Fund's financial assets and financial liabilities are non-interest bearing, as the Fund invests mainly in listed equities. As a result, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents are invested at short-term market interest rates.

As at 31 December 2018, the Fund had bank balances of HK\$8,143,264 (2017: HK\$5,335,911) and is therefore exposed to cash flow interest rate risk which is considered by the Manager to be minimal as they are short-term instruments all with maturities less than one month.

As the Manager believes that the Fund has no significant interest rate risk exposure, no interest rate sensitivity analysis is disclosed.

(d) Credit and custody risk

The Fund is exposed to credit risk which is the risk that an issuer or counterparty will be unable or unwilling to pay amounts in full when due.

The Fund's financial assets which are potentially subject to concentrations of credit risk consist principally of cash and cash equivalents and assets held with the custodian. The table below summarizes the assets placed with banks and custodian at 31 December 2018 and 2017:

At 31 December 2018

	HK\$	Credit rating	Source of credit rating
<u>Custodian</u>			
Citibank, N.A.	1,660,810,679	P-1	Moody's
<u>Banks</u>			
Citibank, N.A.	92,464	P-1	Moody's
Dah Sing Bank Limited	8,050,800	P-1	Moody's

At 31 December 2017

	HK\$	Credit rating	Source of credit rating
<u>Custodian</u>			
Citibank, N.A.	2,205,985,244	P-1	Moody's
<u>Banks</u>			
Citibank, N.A.	95,511	P-1	Moody's
Dah Sing Bank Limited	5,240,400	P-2	Moody's

All derivative financial instruments represent outstanding foreign exchange contracts as disclosed in note 6. As at 31 December 2018, the counterparties of these foreign exchange contracts are Citibank N.A. (2017: State Street Bank, HK). The credit ratings are P-1 (Moody's) (2017: P-1 (Moody's)).

The maximum exposure to credit risk at year end is the carrying amount of the financial assets as shown on the statement of net assets.

PineBridge Europe Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(d) Credit and custody risk (Continued)

The Fund measures credit risk and ECL using probability of default, exposure at default and loss given default. The Manager and the Trustee of the Fund considers both historical analysis and forward looking information in determining any ECL.

None of the assets is impaired nor past due but not impaired.

All transactions in listed/quoted investments are settled/paid for upon delivery using approved and reputable brokers. The risk of default is considered minimal since delivery of securities sold is only made when the broker has received payment. Payment is made on a purchase when the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

The Fund limits its exposure to credit risk by transacting the majority of its securities and contractual commitment activities with broker-dealers, banks and regulated exchanges with high credit ratings and that the Fund considers to be well established.

The Manager and the Trustee of the Fund considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognized based on 12-month ECL as any such impairment would be wholly insignificant to the Fund.

(e) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in settling a liability, including a redemption request.

The Fund is exposed to daily cash redemptions of units in the Fund. The Fund invests the majority of its assets in investments that are traded in an active market and can be readily disposed of.

The table below analyzes the Fund's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the year end date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month HK\$	1-3 months HK\$	Over 3 months HK\$
At 31 December 2018			
Amounts payable on redemption	1,020,560	–	–
Amounts payable to brokers	3,208,715	–	–
Accounts payable and accrued expenses	214,500	–	86,478
Total financial liabilities (excluding net settled derivatives)	4,443,775	–	86,478
	Less than 1 month HK\$	1-3 months HK\$	Over 3 months HK\$
At 31 December 2017			
Amounts payable on redemption	806,498	–	–
Accounts payable and accrued expenses	179,797	–	225,685
Total financial liabilities (excluding net settled derivatives)	986,295	–	225,685

All derivative financial instruments entered into by the Fund are settled on a net basis.

PineBridge Europe Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(e) Liquidity risk (Continued)

The table below analyzes the Fund's derivative financial instruments in a loss position for which the contractual maturities are considered to be essential to an understanding of the timing of cash flows based on the Fund's investment strategy.

	Less than 1 month HK\$	1-3 months HK\$	Over 3 months HK\$
At 31 December 2018			
<u>Net settled derivatives</u>			
Foreign exchange contracts	(2,150)	–	–
	Less than 1 month HK\$	1-3 months HK\$	Over 3 months HK\$
At 31 December 2017			
<u>Net settled derivatives</u>			
Foreign exchange contracts	–	(548,802)	–

Units are redeemed on demand at the unitholder's option. At 31 December 2018 and 2017, no ultimate individual investors held more than 10% of the Fund's units.

As at 31 December 2018, the Fund held cash and cash equivalents of HK\$8,143,264 (2017: HK\$5,335,911) and liquid investments of HK\$1,660,810,679 (2017: HK\$2,205,985,244) that are expected to readily generate cash inflows within 1 month for managing liquidity risk.

(f) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

The Fund has both monetary and non-monetary assets and liabilities denominated in currencies other than Hong Kong dollar, the Fund's functional and presentation currency. The Fund is therefore exposed to currency risk, as the value of the assets and liabilities denominated in other currencies will fluctuate due to changes in foreign exchange rates. Details of foreign exchange contracts outstanding at the year end are disclosed in note 6.

The table below summarizes the Fund's net monetary and non-monetary exposure to different major currencies:

	2018 HK\$ equivalent	2017 HK\$ equivalent
Monetary items		
Euro	96,396	359,812
Pound Sterling	688,464	1,498,361
United States Dollar	342	66
Non-monetary items		
Danish Krone	71,626,211	98,226,634
Euro	840,567,645	1,045,582,085
Norway Krone	–	27,847,836
Pound Sterling	395,327,676	542,378,168
Swedish Krona	109,323,046	136,291,474
Swiss Franc	195,864,657	286,446,890
United States Dollar	48,101,444	69,212,157

PineBridge Europe Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(f) Currency risk (Continued)

The table below summarizes the impact on net assets attributable to unitholders as a result of increases/decreases of foreign exchange rates on the exposures tabled above, to which the Fund is exposed. The analysis is based on the assumption that the foreign exchange rates had increased/decreased by the respective percentage with all other variables held constant.

Gross exposures to currency risk on foreign exchange contracts outstanding at the year end are disclosed in note 6.

		2018		2017	
	Change in foreign exchange rates %	Impact HK\$	Change in foreign exchange rates %	Impact HK\$	
	+/-	+/-	+/-	+/-	+/-
Monetary items					
Euro	5.0%	4,820	3.0%	10,794	
Pound Sterling	4.0%	27,539	4.0%	59,934	
United States Dollar	1.0%	3	0.5%	–	
Non-monetary items					
Danish Krone	5.0%	3,581,311	3.0%	2,946,799	
Euro	5.0%	42,028,382	3.0%	31,367,463	
Norway Krone	–	–	1.0%	278,478	
Pound Sterling	4.0%	15,813,107	4.0%	21,695,127	
Swedish Krona	1.0%	1,093,230	1.0%	1,362,915	
Swiss Franc	1.0%	1,958,647	1.0%	2,864,469	
United States Dollar	1.0%	481,014	0.5%	346,061	

The Manager has used their view of what would be a “reasonable shift” in the foreign exchange rates, having regard to historical volatility of those rates, to estimate the change for use in the currency risk sensitivity analysis above.

Disclosures above are shown in absolute terms, changes and impacts could be positive or negative. Changes in foreign exchange rates % are revised annually depending on the Manager’s current view of market volatility and other relevant factors.

(g) Fair value estimation

The fair value of financial assets and financial liabilities traded in active markets (such as trading securities) are based on quoted market prices at the close of trading on the year end date. The Fund utilizes the last traded market price as its fair valuation inputs for both financial assets and financial liabilities.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm’s length basis.

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Fund for similar financial instruments.

PineBridge Europe Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(g) Fair value estimation (Continued)

HKFRS 13 requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (Level 2).
- Inputs for the asset or liability that are unobservable inputs (Level 3).

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes “observable” requires significant judgment by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table analyzes within the fair value hierarchy the Fund’s investments (by class) measured at fair value at 31 December 2018 and 2017:

At 31 December 2018

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Assets				
Financial assets at fair value through profit or loss:				
- Listed equities	1,612,427,343	–	–	1,612,427,343
- Listed investment funds	48,101,444	–	–	48,101,444
- Listed rights issue	281,892	–	–	281,892
Total assets	<u>1,660,810,679</u>	<u>–</u>	<u>–</u>	<u>1,660,810,679</u>
Liabilities				
Financial liabilities at fair value through profit or loss:				
- Derivative financial instruments	–	(2,150)	–	(2,150)
Total liabilities	<u>–</u>	<u>(2,150)</u>	<u>–</u>	<u>(2,150)</u>

PineBridge Europe Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(g) Fair value estimation (Continued)

At 31 December 2017

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Assets				
Held for trading:				
- Listed equities	2,136,773,087	–	–	2,136,773,087
- Listed investment funds	69,212,157	–	–	69,212,157
Total assets	2,205,985,244	–	–	2,205,985,244
Liabilities				
Held for trading:				
- Derivative financial instruments	–	(548,802)	–	(548,802)
Total liabilities	–	(548,802)	–	(548,802)

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities, investment funds and listed rights issue. The Fund does not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. These include foreign exchange contracts. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. As of 31 December 2018 and 2017, the Fund did not hold any investments classified in level 3.

There is no transfer between levels for the years ended 31 December 2018 and 2017.

Assets and liabilities included in the statement of net assets, except for investments and derivative financial instruments, are carried at amortized cost; their carrying values are a reasonable approximation of fair value.

(h) Capital risk management

The capital of the Fund is represented by the net assets attributable to unitholders. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unitholders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

In order to maintain or adjust the capital structure, the Fund's policy is to perform the following:

- monitor the level of daily subscriptions and redemptions relative to the liquid assets; and
- redeem and issue units in accordance with the Trust Deed of the Fund.

The Manager monitors capital on the basis of the value of net assets attributable to unitholders.

PineBridge Europe Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

5. Net (losses)/gains on financial assets and financial liabilities at fair value through profit or loss

	2018	2017
	HK\$	HK\$
Change in unrealized gains/losses in value of financial assets and financial liabilities at fair value through profit or loss	(413,513,587)	122,575,788
Realized gains on sale of financial assets and financial liabilities at fair value through profit or loss	22,786,544	169,518,285
	<u>(390,727,043)</u>	<u>292,094,073</u>

6. Derivative financial instruments

Derivative financial instruments represent outstanding foreign exchange contracts and are summarized below:

At 31 December 2018

<u>Contract to deliver</u>	<u>In exchange for</u>	<u>Settlement date</u>	<u>Fair value</u>
			HK\$
Open contracts:			
HK\$3,210,865	US\$409,833	2 January 2019	<u>(2,150)</u>

At 31 December 2017

<u>Contract to deliver</u>	<u>In exchange for</u>	<u>Settlement date</u>	<u>Fair value</u>
			HK\$
Open contracts:			
GBP7,080,671	HK\$74,409,355	21 March 2018	<u>(548,802)</u>

7. Taxation

- (a) No provision for Hong Kong profits tax has been made as the Fund is authorized as a collective investment scheme under Section 104 of the Hong Kong Securities and Futures Ordinance and is therefore exempted from profits tax under Section 26A(1A) of the Hong Kong Inland Revenue Ordinance.
- (b) Withholding tax was charged on certain dividend income received during the years.

PineBridge Europe Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

8. Transactions with Associates/Connected Persons/Related Parties

Associates and connected persons are those as defined in the Mandatory Provident Fund Schemes Ordinance and the Code on Unit Trusts and Mutual Funds issued by the Securities and Futures Commission of Hong Kong.

Apart from the fees as disclosed below, the Fund allows the Manager and its associates/connected persons to subscribe for, and redeem, units in the Fund.

All transactions were entered into in the ordinary course of business and on normal commercial terms.

(a) Management fee

PineBridge Investments Hong Kong Limited, the Manager, is entitled to receive a management fee at 1.25% per annum, with a permitted maximum of 1.50% per annum, of the net asset value of the Standard units - Accumulation, being calculated daily and payable monthly in arrears.

No management fee is charged on the Provident Fund units.

No management fee is payable as at year end (2017: Nil).

(b) Trustee's fee

AIA Company (Trustee) Limited, the Trustee, is entitled to receive a trustee's fee at a permitted maximum of 0.05% per annum of the net asset value of the Fund, being calculated daily and payable monthly in arrears.

Trustee's fee payable as at year end amounted to HK\$70,989 (2017: HK\$92,283).

9. Custodian and administration fees

The Custodian and Administrator of the Fund is Citibank N.A., Hong Kong Branch and the Application and Redemption Agent of the Fund is Citicorp Financial Services Limited (collectively "Citibank"). Citibank is entitled to receive a custodian fee which comprises safekeeping and transaction fees of 0.025% per annum of the net asset value of the Fund and a transfer agency fee of US\$1,500 per month, with a total permitted maximum of 0.50% per annum. The safekeeping and transaction fee rate of 0.025% per annum is the maximum rate. Citibank is also entitled to receive an administrator fee of US\$1,000 per month.

Custodian and administration fees payable as at year end amounted to HK\$143,511 (2017: HK\$87,514).

10. Other expenses

Other expenses included a reversal of overprovision of certain expenses of HK\$45,127 during the year ended 31 December 2018.

11. Soft commission arrangements

The Manager and its associates/connected persons have entered into soft commission arrangements with some brokers under which certain goods and services used to support investment decision making are obtained from third parties and are paid for by the brokers out of the commissions they receive. These may include, for example, research and advisory services; economic and political analysis; portfolio analysis, including valuation and performance measurement; market analysis, data and quotation services; clearing, registrar and custodial services and investment-related publications; computer hardware and software incidental to the above goods and services.

12. Distributions

No distribution was made during the year (2017: Nil).

PineBridge Europe Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

13. Borrowings, contingent liabilities and commitments

The Fund had no borrowings, contingent liabilities and commitments as at 31 December 2018 and 2017.

14. Negotiability of assets

There were no statutory or contractual requirements restricting the free negotiability of assets held by the Fund as at 31 December 2018 and 2017.

15. Approval of financial statements

The financial statements were approved by the Trustee and the Manager on 12 April 2019.

PINEBRIDGE GLOBAL BOND FUND
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2018

PineBridge Global Bond Fund

Reports and Financial Statements For the year ended 31 December 2018

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PineBridge Global Bond Fund

Management and Professional Service Details

Manager

PineBridge Investments Hong Kong Limited
Level 31, Three Pacific Place, 1 Queen's Road East
Hong Kong

Trustee

(effective from 13 October 2018)
AIA Company (Trustee) Limited
11th Floor, AIA Hong Kong Tower
734 King's Road, Quarry Bay
Hong Kong

(up to 12 October 2018)
2nd Floor, AIA Building, 1 Stubbs Road
Hong Kong

Administrator and Custodian

Citibank N.A., Hong Kong Branch
50th Floor, Champion Tower
Three Garden Road, Central
Hong Kong

Application and Redemption Agents

Citicorp Financial Services Limited
Citi Tower, One Bay East
83 Hoi Bun Road
Kwun Tong, Kowloon
Hong Kong

Auditor

Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

Legal Advisers

Deacons
5th Floor, Alexandra House
18 Chater Road
Central, Hong Kong

**PineBridge Global Bond Fund
Manager's Report
For the year ended 31 December 2018**

Manager's Market Perspective

2018 Market Overview

2018 is set to be the worst year on record for returns across a broad spectrum of assets. Indeed at 89%, in USD terms this is the worst year ever with data back to 1901, after 2017 was the best year ever by the same measure. We have seen a regime change in developed countries: between 2010 and 2017, growth was on average below trend, but central banks were doing Quantitative Easing ("QE") and keeping interest rates around or below zero and volatility kept decreasing. Over the last 18 months or so growth has generally improved but importantly for financial markets, central banks have moved from peak QE to Quantitative Tightening, resulting in assets being correlated on the downside and volatility rising sharply. The story for local currency returns might not be quite so dramatic given the dollar has had a strong year, but a similar story holds true with 2018 being very close to being the worst year on record on this measure.

The year has been characterized by a trade war between the US and mainly China, further political turmoil in Europe - this time Italy and the UK taking the spotlight – while the Fed kept the auto-pilot and raised interest rates four times this year. Government bonds in the G4 markets had a mixed performance with the US underperforming while German bunds outperforming. The 10yr UST was at 2.41% at the beginning of the period and closed at 2.68%. JGBs moved from 0.05% to 0.00%, UK Gilts from 1.19% to 1.28% and 10yr Bunds went from 0.43% to 0.24%. At the same time, credit markets had a very poor year with the US posting negative excess returns of 296bps during the period while these returns were negative 237bps in Europe and negative 292bps in the UK. In terms of currencies, the USD had a very strong 12 months appreciating against all G10 currencies except the JPY; the DXY index moved from 92.1 to 96.2. Finally, the oil had a volatile and weak year, ending 14% down on the year.

2019 Market Outlook and Strategy

We expect the major economies in 2019 to continue growing but at a much slower pace. We have seen a deceleration during 2018 and we expect this trend to continue into this year. At the same time, inflation will remain stable for the coming months with a risk to the downside given the recent fall of oil prices. Fed expectations, the US/China trade war and Brexit negotiations should continue to keep volatility elevated in the near term. The team expects less rate hikes than what the Fed is predicting per their dot plot, given the team's view that the US economy could be vulnerable to weakness stemming from the consumer and negative repercussions from the trade war. In addition, the slower growth in China and Europe will not help the Fed. Similarly, we do not expect rate hikes from the BoJ, ECB and BoE given growth and inflation outlook. At the time of this writing, the team's preferred areas of the market were the 3-7 year part of the UST curve and the 10-20 year part of the German curve. The fund is underweight in Japan and the UK. In terms of credit, the fund is overweight with a positive view on the banking, insurance, consumer and communication sectors.

PineBridge Global Bond Fund
Investment Report
As at 31 December 2018

INVESTMENT PORTFOLIO

	Nominal value Local currency	Market value US\$	% of net assets
LISTED/QUOTED INVESTMENTS			
BONDS			
AUSTRALIAN DOLLAR			
AUSTRALIA GOVERNMENT BOND 4.25% 21APR2026	10,000,000	8,010,332	0.95%
TOTAL AUSTRALIAN DOLLAR		8,010,332	0.95%
CANADIAN DOLLAR			
CANADIAN GOVERNMENT BOND 3.5% 1JUN2020	1,900,000	1,423,373	0.17%
CANADIAN GOVERNMENT BOND 3.75% 1JUN2019	1,000,000	738,286	0.09%
CANADIAN GOVERNMENT BOND 5% 1JUN2037	800,000	839,069	0.10%
CANADIAN GOVERNMENT BOND 8% 1JUN2023	5,000,000	4,598,736	0.55%
TOTAL CANADIAN DOLLAR		7,599,464	0.91%
EURO			
ANGLO AMERICAN CAPITAL PLC 3.25% 3APR2023	5,000,000	6,039,651	0.72%
AT&T INC 3.15% 4SEP2036	5,000,000	5,468,767	0.65%
BAYER CAPITAL CORP BV 1.5% 26JUN2026	5,500,000	6,123,363	0.73%
BP CAPITAL MARKETS PLC 2.972% 27FEB2026	6,000,000	7,618,311	0.91%
CAIXABANK SA 0.75% 18APR2023	4,900,000	5,479,138	0.65%
CHUBB INA HOLDINGS INC 2.5% 15MAR2038	8,075,000	9,120,243	1.09%
COOPERATIEVE RABOBANK UA 2.5% 26MAY2026	3,750,000	4,441,113	0.53%
CREDIT SUISSE AG 5.75% 18SEP2025	4,000,000	4,898,398	0.58%
CREDIT SUISSE GROUP AG 1.25% 17JUL2025	2,000,000	2,237,295	0.27%
EDP FINANCE BV 1.625% 26JAN2026	6,000,000	6,708,141	0.80%
EDP FINANCE BV 1.875% 13OCT2025	4,500,000	5,171,655	0.62%
EDP FINANCE BV 2% 22APR2025	4,000,000	4,653,059	0.55%
ELECTRICITE DE FRANCE SA 1% 13OCT2026	3,400,000	3,774,438	0.45%
ELECTRICITE DE FRANCE SA 4% 31DEC2049	4,000,000	4,443,996	0.53%
GAS NATURAL FENOSA FINANCE BV 1.375% 21JAN2025	2,000,000	2,318,888	0.28%
GENERAL ELECTRIC CO 0.375% 17MAY2022	10,000,000	10,792,243	1.28%
GLENCORE FINANCE EUROPE LTD 1.75% 17MAR2025	5,000,000	5,491,493	0.65%
GOLDMAN SACHS GROUP INC 2% 22MAR2028	10,000,000	11,162,771	1.33%
HSBC HOLDINGS PLC 3% 30JUN2025	2,500,000	3,000,911	0.36%
IBERDROLA FINANZAS SA 1.25% 28OCT2026	3,800,000	4,306,690	0.51%
ING GROEP NV 2% 20SEP2028	4,000,000	4,566,199	0.54%
INTESA SANPAOLO SPA 4% 30OCT2023	4,000,000	4,985,104	0.59%
IRELAND GOVERNMENT BOND 2% 18FEB2045	7,500,000	9,060,633	1.08%
ITALY BUONI POLIENNALI DEL TESORO 3.75% 1MAY2021	18,000,000	21,964,035	2.61%
LLOYDS BANKING GROUP PLC 1.75% 7SEP2028	2,000,000	2,126,385	0.25%
MORGAN STANLEY 1.75% 11MAR2024	1,450,000	1,696,608	0.20%
NATIONWIDE BUILDING SOCIETY 1.5% 8MAR2026	4,500,000	4,892,563	0.58%
NATIONWIDE BUILDING SOCIETY 2% 25JUL2029	2,500,000	2,652,093	0.32%
NOVARTIS FINANCE SA 1.625% 9NOV2026	1,500,000	1,809,273	0.22%
ORANGE SA 1.375% 20MAR2028	3,000,000	3,378,234	0.40%
ORANGE SA 1.875% 12SEP2030	6,000,000	6,806,095	0.81%
PORTUGAL OBRIGACOES DO TESOURO OT 4.1% 15FEB2045	2,500,000	3,476,294	0.41%
PROCTER & GAMBLE CO 1.2% 30OCT2028	7,125,000	8,199,800	0.98%
PROCTER & GAMBLE CO 1.875% 30OCT2038	4,820,000	5,704,094	0.68%
ROYAL BANK OF SCOTLAND GROUP PLC 1.75% 2MAR2026	4,000,000	4,372,238	0.52%
SANTANDER ISSUANCES SAU 3.25% 4APR2026	6,000,000	7,036,024	0.84%
SIEMENS FINANCIERINGSMAATSCHAPPIJ NV 1.375% 6SEP2030	5,000,000	5,697,803	0.68%
SPAIN GOVERNMENT BOND 5.15% 31OCT2044	7,500,000	12,962,429	1.54%

PineBridge Global Bond Fund
Investment Report
As at 31 December 2018

INVESTMENT PORTFOLIO (CONTINUED)

	Nominal value Local currency	Market value US\$	% of net assets
LISTED/QUOTED INVESTMENTS (CONTINUED)			
BONDS (CONTINUED)			
EURO (CONTINUED)			
STANDARD CHARTERED PLC 1.625% 3OCT2027	2,000,000	2,188,600	0.26%
TELEFONICA EMISIONES SAU 2.932% 17OCT2029	4,000,000	4,870,413	0.58%
TESCO CORPORATE TREASURY SERVICES PLC 1.375% 24OCT2023	4,000,000	4,455,065	0.53%
TOTAL CAPITAL INTERNATIONAL SA 1.491% 4SEP2030	3,000,000	3,432,097	0.41%
TOTAL SA 3.875% 29DEC2049	6,000,000	7,295,199	0.87%
UBS GROUP AG 4.75% 12FEB2026	5,750,000	6,974,342	0.83%
UNICREDIT SPA 1% 18JAN2023	6,000,000	6,425,504	0.76%
UNICREDIT SPA 2.125% 24OCT2026	1,382,000	1,539,647	0.18%
UNITED TECHNOLOGIES CORP 1.15% 18MAY2024	1,600,000	1,810,120	0.22%
VERIZON COMMUNICATIONS INC 1.875% 26OCT2029	3,500,000	3,951,448	0.47%
VOLKSWAGEN FINANCIAL SERVICES AG 1.375% 16OCT2023	8,000,000	9,055,486	1.08%
VOLKSWAGEN FINANCIAL SERVICES AG 2.25% 16OCT2026	10,000,000	11,287,143	1.34%
VOLKSWAGEN INTERNATIONAL FINANCE NV 1.875% 30MAR2027	1,500,000	1,627,696	0.19%
TOTAL EURO		<u>289,549,228</u>	<u>34.46%</u>
JAPANESE YEN			
CREDIT AGRICOLE SA 0.425% 28NOV2019	800,000,000	7,314,956	0.87%
EUROPEAN INVESTMENT BANK 1.9% 26JAN2026	500,000,000	5,223,240	0.62%
JAPAN GOVERNMENT FIVE YEAR BOND 0.1% 20JUN2021	1,000,000,000	9,170,967	1.09%
JAPAN GOVERNMENT TEN YEAR BOND 0.1% 20DEC2027	1,030,000,000	9,523,161	1.13%
JAPAN GOVERNMENT TEN YEAR BOND 0.6% 20SEP2023	1,500,000,000	14,152,891	1.68%
JAPAN GOVERNMENT TWENTY YEAR BOND 0.6% 20DEC2036	1,000,000,000	9,381,262	1.12%
JAPAN GOVERNMENT TWENTY YEAR BOND 0.6% 20SEP2037	2,500,000,000	23,345,606	2.78%
JAPAN GOVERNMENT TWENTY YEAR BOND 1.2% 20SEP2035	1,500,000,000	15,519,332	1.85%
PROVINCE OF ONTARIO CANADA 1.65% 8JUN2020	120,000,000	1,119,583	0.13%
TOTAL JAPANESE YEN		<u>94,750,998</u>	<u>11.27%</u>
POUND STERLING			
CREDIT SUISSE GROUP AG 2.125% 12SEP2025	2,250,000	2,723,936	0.32%
ENGIE SA 4.625% 10JAN2049	4,000,000	5,103,952	0.61%
HSBC HOLDINGS PLC 2.256% 13NOV2026	3,000,000	3,640,841	0.43%
LEGAL & GENERAL GROUP PLC 5.125% 14NOV2048	2,500,000	3,156,959	0.38%
PRUDENTIAL PLC 6.25% 20OCT2068	4,000,000	4,986,275	0.59%
UNITED KINGDOM GILT 2% 22JUL2020	10,000,000	12,981,229	1.55%
UNITED KINGDOM GILT 4.5% 7SEP2034	5,000,000	8,892,421	1.06%
TOTAL POUND STERLING		<u>41,485,613</u>	<u>4.94%</u>
UNITED STATES DOLLAR			
AIR LIQUIDE FINANCE SA 2.5% 27SEP2026	2,000,000	1,845,926	0.22%
ARGENTUM NETHERLANDS BV FOR ZURICH INSURANCE CO LTD 5.125% 1JUN2048	3,000,000	2,782,500	0.33%
CREDIT AGRICOLE SA/LONDON 3.375% 10JAN2022	1,500,000	1,476,496	0.18%
CVS HEALTH CORP 4.78% 25MAR2038	10,000,000	9,612,122	1.14%
ELECTRICITE DE FRANCE SA 5% 21SEP2048	5,000,000	4,440,232	0.53%
ENEL FINANCE INTERNATIONAL NV 4.875% 14JUN2029	5,000,000	4,779,266	0.57%
ENI SPA 4.75% 12SEP2028	5,000,000	4,897,073	0.58%
ENTERPRISE PRODUCTS OPERATING LLC 6.5% 31JAN2019	3,000,000	3,006,655	0.36%
GEORGIA-PACIFIC LLC 3.6% 1MAR2025	4,000,000	3,993,900	0.48%

PineBridge Global Bond Fund
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INVESTMENT PORTFOLIO (CONTINUED)

	Nominal value Local currency	Market value US\$	% of net assets
LISTED/QUOTED INVESTMENTS (CONTINUED)			
BONDS (CONTINUED)			
UNITED STATES DOLLAR (CONTINUED)			
GLENCORE FINANCE CANADA LTD 4.25% 25OCT2022	5,000,000	4,988,281	0.59%
GOLDMAN SACHS GROUP INC 2.35% 15NOV2021	4,000,000	3,859,486	0.46%
JOHNSON & JOHNSON 3.4% 15JAN2038	4,000,000	3,730,997	0.44%
MACQUARIE GROUP LTD 6.25% 14JAN2021	4,000,000	4,202,166	0.50%
ORACLE CORP 4.375% 15MAY2055	1,000,000	982,936	0.12%
ROYAL BANK OF SCOTLAND GROUP PLC 3.875% 12SEP2023	5,000,000	4,798,503	0.57%
SANTANDER UK GROUP HOLDINGS PLC 2.875% 16OCT2020	5,000,000	4,922,770	0.59%
UBS AG/LONDON 2.45% 1DEC2020	5,000,000	4,909,775	0.58%
UNITED STATES TREASURY NOTE/BOND 1.25% 31JUL2023	15,000,000	14,190,527	1.69%
UNITED STATES TREASURY NOTE/BOND 1.375% 30JUN2023	20,000,000	19,047,266	2.27%
UNITED STATES TREASURY NOTE/BOND 1.375% 30SEP2023	17,000,000	16,140,711	1.92%
UNITED STATES TREASURY NOTE/BOND 1.5% 28FEB2023	12,000,000	11,531,719	1.37%
UNITED STATES TREASURY NOTE/BOND 1.5% 31MAR2023	18,000,000	17,283,164	2.06%
UNITED STATES TREASURY NOTE/BOND 1.875% 31AUG2024	25,000,000	24,132,324	2.87%
UNITED STATES TREASURY NOTE/BOND 2.125% 29FEB2024	25,000,000	24,526,367	2.92%
UNITED STATES TREASURY NOTE/BOND 2.25% 31DEC2024	40,000,000	39,310,156	4.69%
UNITED STATES TREASURY NOTE/BOND 2.5% 15FEB2046	10,000,000	9,031,250	1.08%
UNITED STATES TREASURY NOTE/BOND 2.5% 15MAY2024	25,000,000	24,961,426	2.97%
UNITED STATES TREASURY NOTE/BOND 2.75% 15FEB2028	40,000,000	40,216,404	4.80%
UNITED STATES TREASURY NOTE/BOND 2.875% 30APR2025	22,000,000	22,387,147	2.67%
UNITED STATES TREASURY NOTE/BOND 3% 15FEB2048	12,000,000	11,939,766	1.42%
UNITED STATES TREASURY NOTE/BOND 6.5% 15NOV2026	24,000,000	30,595,310	3.64%
WESTLAKE CHEMICAL CORP 3.6% 15AUG2026	2,000,000	1,836,762	0.22%
TOTAL UNITED STATES DOLLAR		<u>376,359,383</u>	<u>44.83%</u>
TOTAL INVESTMENTS*		<u>817,755,018</u>	<u>97.36%</u>
TOTAL INVESTMENTS, AT COST*		<u>835,905,032</u>	

* Investments are accounted for on a trade date basis.

**PineBridge Global Bond Fund
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STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO

	Nominal value			31 December 2018 Local currency
	1 January 2018 Local currency	Additions Local currency	Deductions Local currency	
LISTED/QUOTED INVESTMENTS				
BONDS				
AUSTRALIAN DOLLAR				
AUSTRALIA GOVERNMENT BOND 4.25% 21APR2026	7,500,000	2,500,000	–	10,000,000
FIRST ABU DHABI BANK PJSC 5% 7MAR2018	750,000	–	(750,000)	–
CANADIAN DOLLAR				
CANADIAN GOVERNMENT BOND 1% 1SEP2022	7,500,000	2,500,000	(10,000,000)	–
CANADIAN GOVERNMENT BOND 3.5% 1JUN2020	1,900,000	–	–	1,900,000
CANADIAN GOVERNMENT BOND 3.75% 1JUN2019	1,000,000	–	–	1,000,000
CANADIAN GOVERNMENT BOND 5% 1JUN2037	800,000	–	–	800,000
CANADIAN GOVERNMENT BOND 8% 1JUN2023	–	15,000,000	(10,000,000)	5,000,000
CANADIAN GOVERNMENT BOND 8% 1JUN2027	6,000,000	–	(6,000,000)	–
EURO				
2I RETE GAS SPA 2.195% 11SEP2025	–	7,000,000	(7,000,000)	–
AMERICAN TOWER CORP 1.95% 22MAY2026	–	3,125,000	(3,125,000)	–
ANGLO AMERICAN CAPITAL PLC 3.25% 3APR2023	–	5,000,000	–	5,000,000
APPLE INC 1.375% 24MAY2029	–	2,000,000	(2,000,000)	–
AT&T INC 3.15% 4SEP2036	–	5,000,000	–	5,000,000
BANK OF AMERICA CORP 1.625% 14SEP2022	1,500,000	–	(1,500,000)	–
BAYER CAPITAL CORP BV 1.5% 26JUN2026	–	5,500,000	–	5,500,000
BAYER CAPITAL CORP BV 2.125% 15DEC2029	–	800,000	(800,000)	–
BP CAPITAL MARKETS PLC 2.972% 27FEB2026	4,500,000	2,725,000	(1,225,000)	6,000,000
BUNDESREPUBLIK DEUTSCHLAND BUNDESANLEIHE 3.25% 4JUL2042	1,400,000	10,500,000	(11,900,000)	–
CAIXABANK SA 0.75% 18APR2023	–	4,900,000	–	4,900,000
CARREFOUR SA 0.875% 12JUN2023	–	1,800,000	(1,800,000)	–
CHUBB INA HOLDINGS INC 1.55% 15MAR2028	–	3,975,000	(3,975,000)	–
CHUBB INA HOLDINGS INC 2.5% 15MAR2038	–	8,075,000	–	8,075,000
CIE DE SAINT-GOBAIN 1.125% 23MAR2026	–	4,500,000	(4,500,000)	–
CIE DE SAINT-GOBAIN 1.875% 21SEP2028	–	1,500,000	(1,500,000)	–
CIE GENERALE DES ETABLISSEMENTS MICHELIN SCA 2.5% 3SEP2038	–	4,000,000	(4,000,000)	–
COOPERATIEVE RABOBANK UA 2.5% 26MAY2026	1,000,000	2,750,000	–	3,750,000
CREDIT AGRICOLE ASSURANCES SA 2.625% 29JAN2048	–	300,000	(300,000)	–
CREDIT SUISSE AG 5.75% 18SEP2025	–	4,000,000	–	4,000,000
CREDIT SUISSE GROUP AG 1.25% 17JUL2025	2,000,000	–	–	2,000,000
DAIMLER AG 1% 15NOV2027	4,000,000	–	(4,000,000)	–
DANSKE BANK A/S 3.875% 4OCT2023	2,000,000	–	(2,000,000)	–
DEUTSCHE TELEKOM INTERNATIONAL FINANCE BV 2% 1DEC2029	–	6,000,000	(6,000,000)	–
EDP FINANCE BV 1.625% 26JAN2026	–	6,000,000	–	6,000,000
EDP FINANCE BV 1.875% 13OCT2025	–	4,500,000	–	4,500,000
EDP FINANCE BV 2% 22APR2025	–	4,000,000	–	4,000,000
ELECTRICITE DE FRANCE SA 1% 13OCT2026	3,400,000	–	–	3,400,000
ELECTRICITE DE FRANCE SA 4% 31DEC2049	–	4,000,000	–	4,000,000
FRENCH REPUBLIC GOVERNMENT BOND OAT 4.5% 25APR2041	1,500,000	10,000,000	(11,500,000)	–
GAS NATURAL FENOSA FINANCE BV 1.375% 19JAN2027	2,500,000	–	(2,500,000)	–

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STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (CONTINUED)

	Nominal value			31 December 2018 Local currency
	1 January 2018 Local currency	Additions Local currency	Deductions Local currency	
LISTED/QUOTED INVESTMENTS				
(CONTINUED)				
BONDS (CONTINUED)				
EURO (CONTINUED)				
GAS NATURAL FENOSA FINANCE BV 1.375% 21JAN2025	–	2,000,000	–	2,000,000
GENERAL ELECTRIC CO 0.375% 17MAY2022	–	10,000,000	–	10,000,000
GENERAL ELECTRIC CO 1.5% 17MAY2029	–	2,000,000	(2,000,000)	–
GLENCORE FINANCE EUROPE LTD 1.75% 17MAR2025	2,500,000	2,500,000	–	5,000,000
GOLDMAN SACHS GROUP INC 1.375% 15MAY2024	1,500,000	–	(1,500,000)	–
GOLDMAN SACHS GROUP INC 2% 22MAR2028	–	10,000,000	–	10,000,000
GOODMAN AUSTRALIA FINANCE PTY LTD 1.375% 27SEP2025	3,550,000	–	(3,550,000)	–
HBOS PLC 5.374% 30JUN2021	4,000,000	–	(4,000,000)	–
HSBC HOLDINGS PLC 3% 30JUN2025	2,500,000	–	–	2,500,000
IBERDROLA FINANZAS SA 1% 7MAR2025	–	1,800,000	(1,800,000)	–
IBERDROLA FINANZAS SA 1.25% 28OCT2026	–	3,800,000	–	3,800,000
IBERDROLA INTERNATIONAL BV 1.125% 21APR2026	1,000,000	–	(1,000,000)	–
ING GROEP NV 2% 20SEP2028	–	4,000,000	–	4,000,000
INNOGY FINANCE BV 1.625% 30MAY2026	–	1,000,000	(1,000,000)	–
INTESA SANPAOLO SPA 2.125% 30AUG2023	–	5,000,000	(5,000,000)	–
INTESA SANPAOLO SPA 4% 30OCT2023	–	4,000,000	–	4,000,000
IRELAND GOVERNMENT BOND 2% 18FEB2045	–	13,500,000	(6,000,000)	7,500,000
ITALY BUONI POLIENNALI DEL TESORO 1.2% 1APR2022	6,500,000	–	(6,500,000)	–
ITALY BUONI POLIENNALI DEL TESORO 1.45% 15NOV2024	–	1,225,000	(1,225,000)	–
ITALY BUONI POLIENNALI DEL TESORO 3.25% 1SEP2046	–	9,350,000	(9,350,000)	–
ITALY BUONI POLIENNALI DEL TESORO 3.75% 1MAY2021	–	47,500,000	(29,500,000)	18,000,000
ITALY BUONI POLIENNALI DEL TESORO 4.75% 1SEP2044	4,000,000	–	(4,000,000)	–
ITALY BUONI POLIENNALI DEL TESORO 5.75% 1FEB2033	3,250,000	2,750,000	(6,000,000)	–
ITALY BUONI POLIENNALI DEL TESORO 6.5% 1NOV2027	–	8,800,000	(8,800,000)	–
LLOYDS BANKING GROUP PLC 1.5% 12SEP2027	1,500,000	–	(1,500,000)	–
LLOYDS BANKING GROUP PLC 1.75% 7SEP2028	–	2,000,000	–	2,000,000
MORGAN STANLEY 1.75% 11MAR2024	1,450,000	–	–	1,450,000
MYLAN INC 2.125% 23MAY2025	–	5,400,000	(5,400,000)	–
NATIONWIDE BUILDING SOCIETY 1.5% 8MAR2026	–	4,500,000	–	4,500,000
NATIONWIDE BUILDING SOCIETY 2% 25JUL2029	1,000,000	1,500,000	–	2,500,000
NESTLE FINANCE INTERNATIONAL LTD 1.75% 2NOV2037	3,500,000	–	(3,500,000)	–
NETHERLANDS GOVERNMENT BOND 2.75% 15JAN2047	3,850,000	–	(3,850,000)	–
NETHERLANDS GOVERNMENT BOND 3.75% 15JAN2042	2,000,000	–	(2,000,000)	–
NOVARTIS FINANCE SA 1.625% 9NOV2026	–	1,500,000	–	1,500,000
ORANGE SA 1.375% 20MAR2028	–	3,000,000	–	3,000,000
ORANGE SA 1.875% 12SEP2030	–	6,000,000	–	6,000,000
PETROLEOS MEXICANOS 3.625% 24NOV2025	–	14,000,000	(14,000,000)	–
PORTUGAL OBRIGACOES DO TESOURO OT 4.1% 15FEB2045	–	2,500,000	–	2,500,000
PROCTER & GAMBLE CO 0.5% 25OCT2024	2,600,000	–	(2,600,000)	–

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	Nominal value			31 December 2018 Local currency
	1 January 2018 Local currency	Additions Local currency	Deductions Local currency	
LISTED/QUOTED INVESTMENTS				
(CONTINUED)				
BONDS (CONTINUED)				
EURO (CONTINUED)				
PROCTER & GAMBLE CO 1.2% 30OCT2028	–	7,125,000	–	7,125,000
PROCTER & GAMBLE CO 1.875% 30OCT2038	–	4,820,000	–	4,820,000
RENAULT SA 1% 18APR2024	–	3,000,000	(3,000,000)	–
ROYAL BANK OF SCOTLAND GROUP PLC 1.75% 2MAR2026	–	4,000,000	–	4,000,000
ROYAL BANK OF SCOTLAND GROUP PLC 2% 8MAR2023	–	4,000,000	(4,000,000)	–
RTE RESEAU DE TRANSPORT D'ELECTRICITE SA 1.875% 23OCT2037	1,700,000	–	(1,700,000)	–
SANTANDER ISSUANCES SAU 3.25% 4APR2026	1,000,000	5,000,000	–	6,000,000
SIEMENS FINANCIERINGSMAATSCHAPPIJ NV 1.375% 6SEP2030	–	5,000,000	–	5,000,000
SPAIN GOVERNMENT BOND 0.45% 31OCT2022	–	5,000,000	(5,000,000)	–
SPAIN GOVERNMENT BOND 1.45% 31OCT2027	5,250,000	–	(5,250,000)	–
SPAIN GOVERNMENT BOND 2.9% 31OCT2046	–	3,500,000	(3,500,000)	–
SPAIN GOVERNMENT BOND 5.15% 31OCT2044	4,000,000	10,800,000	(7,300,000)	7,500,000
STANDARD CHARTERED PLC 1.625% 3OCT2027	–	2,000,000	–	2,000,000
STANDARD CHARTERED PLC 3.125% 19NOV2024	2,000,000	–	(2,000,000)	–
SUEZ 3% 31DEC2049	–	4,000,000	(4,000,000)	–
SWEDBANK AB 1% 22NOV2027	3,000,000	–	(3,000,000)	–
TELEFONICA EMISIONES SAU 2.932% 17OCT2029	600,000	3,400,000	–	4,000,000
TESCO CORPORATE TREASURY SERVICES PLC 1.375% 24OCT2023	–	4,000,000	–	4,000,000
TOTAL CAPITAL INTERNATIONAL SA 1.491% 4SEP2030	–	3,000,000	–	3,000,000
TOTAL SA 2.625% 29DEC2049	–	2,840,000	(2,840,000)	–
TOTAL SA 3.875% 29DEC2049	4,700,000	1,300,000	–	6,000,000
TOYOTA MOTOR CREDIT CORP 0.625% 21NOV2024	5,000,000	–	(5,000,000)	–
UBS GROUP AG 4.75% 12FEB2026	4,000,000	1,750,000	–	5,750,000
UNICREDIT SPA 1% 18JAN2023	–	6,000,000	–	6,000,000
UNICREDIT SPA 2.125% 24OCT2026	–	1,382,000	–	1,382,000
UNITED TECHNOLOGIES CORP 1.15% 18MAY2024	–	1,600,000	–	1,600,000
UNITED TECHNOLOGIES CORP 2.15% 18MAY2030	–	1,600,000	(1,600,000)	–
VERIZON COMMUNICATIONS INC 1.875% 26OCT2029	1,500,000	2,000,000	–	3,500,000
VOLKSWAGEN BANK GMBH 0.625% 8SEP2021	–	3,000,000	(3,000,000)	–
VOLKSWAGEN FINANCIAL SERVICES AG 0.875% 12APR2023	–	1,000,000	(1,000,000)	–
VOLKSWAGEN FINANCIAL SERVICES AG 1.375% 16OCT2023	–	8,000,000	–	8,000,000
VOLKSWAGEN FINANCIAL SERVICES AG 2.25% 16OCT2026	–	10,000,000	–	10,000,000
VOLKSWAGEN INTERNATIONAL FINANCE NV 1.875% 30MAR2027	3,500,000	–	(2,000,000)	1,500,000
VOLKSWAGEN INTERNATIONAL FINANCE NV 2.7% 29DEC2049	–	3,000,000	(3,000,000)	–
VOLKSWAGEN INTERNATIONAL FINANCE NV 4.625% 29DEC2049	–	5,000,000	(5,000,000)	–
WAL-MART STORES INC 2.55% 8APR2026	–	3,250,000	(3,250,000)	–
WELLS FARGO & CO 1.5% 12SEP2022	1,500,000	–	(1,500,000)	–

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	Nominal value			31 December 2018 Local currency
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LISTED/QUOTED INVESTMENTS (CONTINUED)				
BONDS (CONTINUED)				
JAPANESE YEN				
CREDIT AGRICOLE SA 0.425% 28NOV2019	–	800,000,000	–	800,000,000
EUROPEAN INVESTMENT BANK 1.9% 26JAN2026	500,000,000	–	–	500,000,000
JAPAN GOVERNMENT FIVE YEAR BOND 0.1% 20JUN2021	–	1,000,000,000	–	1,000,000,000
JAPAN GOVERNMENT TEN YEAR BOND 0.1% 20DEC2027	–	1,030,000,000	–	1,030,000,000
JAPAN GOVERNMENT TEN YEAR BOND 0.6% 20SEP2023	–	1,500,000,000	–	1,500,000,000
JAPAN GOVERNMENT THIRTY YEAR BOND 1.8% 20MAR2043	400,000,000	–	(400,000,000)	–
JAPAN GOVERNMENT THIRTY YEAR BOND 2% 20SEP2040	–	800,000,000	(800,000,000)	–
JAPAN GOVERNMENT TWENTY YEAR BOND 0.6% 20DEC2036	385,000,000	615,000,000	–	1,000,000,000
JAPAN GOVERNMENT TWENTY YEAR BOND 0.6% 20SEP2037	415,000,000	2,085,000,000	–	2,500,000,000
JAPAN GOVERNMENT TWENTY YEAR BOND 1.2% 20SEP2035	–	1,500,000,000	–	1,500,000,000
JAPAN GOVERNMENT TWENTY YEAR BOND 2.1% 20MAR2027	265,000,000	735,000,000	(1,000,000,000)	–
PROVINCE OF ONTARIO CANADA 1.65% 8JUN2020	120,000,000	–	–	120,000,000
MEXICAN PESO				
MEXICAN BONOS 7.75% 13NOV2042	10,000	–	(10,000)	–
POUND STERLING				
BANCO SANTANDER SA 2.75% 12SEP2023	–	4,500,000	(4,500,000)	–
BANK OF SCOTLAND PLC 9.375% 15MAY2021	–	2,000,000	(2,000,000)	–
CREDIT SUISSE GROUP AG 2.125% 12SEP2025	2,250,000	–	–	2,250,000
ENGIE SA 4.625% 10JAN2049	–	4,000,000	–	4,000,000
HSBC BANK PLC 5% 20MAR2023	3,000,000	–	(3,000,000)	–
HSBC HOLDINGS PLC 2.256% 13NOV2026	3,000,000	–	–	3,000,000
LEGAL & GENERAL GROUP PLC 5.125% 14NOV2048	–	2,500,000	–	2,500,000
PRUDENTIAL PLC 6.25% 20OCT2068	–	4,000,000	–	4,000,000
STANDARD CHARTERED BANK 7.75% 3APR2018	1,750,000	–	(1,750,000)	–
STANDARD CHARTERED PLC 5.125% 6JUN2034	–	1,500,000	(1,500,000)	–
UNITED KINGDOM GILT 2% 22JUL2020	–	10,000,000	–	10,000,000
UNITED KINGDOM GILT 3.5% 22JAN2045	1,500,000	–	(1,500,000)	–
UNITED KINGDOM GILT 4.25% 7SEP2039	400,000	–	(400,000)	–
UNITED KINGDOM GILT 4.5% 7SEP2034	–	5,000,000	–	5,000,000
UNITED STATES DOLLAR				
AIR LIQUIDE FINANCE SA 2.5% 27SEP2026	2,000,000	–	–	2,000,000
ARGENTUM NETHERLANDS BV FOR ZURICH INSURANCE CO LTD 5.125% 1JUN2048	–	3,000,000	–	3,000,000
AT&T INC 4.9% 14AUG2037	–	3,000,000	(3,000,000)	–
CHILE GOVERNMENT INTERNATIONAL BOND 3.24% 6FEB2028	–	3,000,000	(3,000,000)	–
CREDIT AGRICOLE SA/LONDON 3.375% 10JAN2022	1,500,000	–	–	1,500,000
CVS HEALTH CORP 4.3% 25MAR2028	–	10,000,000	(10,000,000)	–
CVS HEALTH CORP 4.78% 25MAR2038	–	10,000,000	–	10,000,000

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	Nominal value			31 December 2018 Local currency
	1 January 2018 Local currency	Additions Local currency	Deductions Local currency	
LISTED/QUOTED INVESTMENTS (CONTINUED)				
BONDS (CONTINUED)				
UNITED STATES DOLLAR (CONTINUED)				
DELL INTERNATIONAL LLC / EMC CORP 6.02% 15JUN2026	1,350,000	–	(1,350,000)	–
DELL INTERNATIONAL LLC / EMC CORP 8.35% 15JUL2046	675,000	–	(675,000)	–
ELECTRICITE DE FRANCE SA 5% 21SEP2048	–	5,000,000	–	5,000,000
ENEL FINANCE INTERNATIONAL NV 4.875% 14JUN2029	–	5,000,000	–	5,000,000
ENI SPA 4.75% 12SEP2028	–	5,000,000	–	5,000,000
ENTERPRISE PRODUCTS OPERATING LLC 6.5% 31JAN2019	3,000,000	–	–	3,000,000
FRIENDS LIFE HOLDINGS PLC 7.875% 8NOV2049	–	1,410,000	(1,410,000)	–
GEORGIA-PACIFIC LLC 3.6% 1MAR2025	4,000,000	–	–	4,000,000
GLENCORE FINANCE CANADA LTD 4.25% 25OCT2022	5,000,000	–	–	5,000,000
GOLDMAN SACHS GROUP INC 2.35% 15NOV2021	4,000,000	–	–	4,000,000
JOHNSON & JOHNSON 3.4% 15JAN2038	4,000,000	–	–	4,000,000
LLOYDS BANKING GROUP PLC 3.75% 11JAN2027	2,000,000	–	(2,000,000)	–
MACQUARIE GROUP LTD 6.25% 14JAN2021	–	4,000,000	–	4,000,000
MEXICO GOVERNMENT INTERNATIONAL BOND 4.15% 28MAR2027	4,557,000	–	(4,557,000)	–
MICHAEL KORS USA INC 4% 1NOV2024	2,000,000	–	(2,000,000)	–
ORACLE CORP 3.25% 15NOV2027	5,000,000	–	(5,000,000)	–
ORACLE CORP 4.375% 15MAY2055	1,000,000	–	–	1,000,000
QATAR GOVERNMENT INTERNATIONAL BOND 5.103% 23APR2048	–	2,850,000	(2,850,000)	–
ROYAL BANK OF SCOTLAND GROUP PLC 3.875% 12SEP2023	–	5,000,000	–	5,000,000
SANTANDER UK GROUP HOLDINGS PLC 2.875% 16OCT2020	–	5,000,000	–	5,000,000
SANTANDER UK GROUP HOLDINGS PLC 3.571% 10JAN2023	2,000,000	3,000,000	(5,000,000)	–
SAUDI GOVERNMENT INTERNATIONAL BOND 4.5% 17APR2030	–	2,850,000	(2,850,000)	–
STANDARD CHARTERED PLC 4.3% 19FEB2027	–	3,000,000	(3,000,000)	–
UBS AG/LONDON 2.45% 1DEC2020	–	5,000,000	–	5,000,000
UBS GROUP FUNDING SWITZERLAND AG 4.253% 23MAR2028	1,500,000	–	(1,500,000)	–
UNITED STATES TREASURY INFLATION INDEXED BONDS 0.125% 15APR2021	8,000,000	–	(8,000,000)	–
UNITED STATES TREASURY NOTE/BOND 1.25% 31JUL2023	11,000,000	4,000,000	–	15,000,000
UNITED STATES TREASURY NOTE/BOND 1.375% 30JUN2023	16,000,000	4,000,000	–	20,000,000
UNITED STATES TREASURY NOTE/BOND 1.375% 30SEP2023	17,000,000	–	–	17,000,000
UNITED STATES TREASURY NOTE/BOND 1.5% 28FEB2023	20,000,000	–	(8,000,000)	12,000,000
UNITED STATES TREASURY NOTE/BOND 1.5% 31MAR2023	8,000,000	12,000,000	(2,000,000)	18,000,000
UNITED STATES TREASURY NOTE/BOND 1.875% 31AUG2024	12,000,000	13,000,000	–	25,000,000
UNITED STATES TREASURY NOTE/BOND 2% 15FEB2023	15,000,000	–	(15,000,000)	–
UNITED STATES TREASURY NOTE/BOND 2.125% 29FEB2024	18,000,000	7,000,000	–	25,000,000
UNITED STATES TREASURY NOTE/BOND 2.125% 30JUN2022	9,250,000	–	(9,250,000)	–

PineBridge Global Bond Fund
Investment Report
For the year ended 31 December 2018

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (CONTINUED)

	Nominal value			31 December 2018 Local currency
	1 January 2018 Local currency	Additions Local currency	Deductions Local currency	
LISTED/QUOTED INVESTMENTS (CONTINUED)				
BONDS (CONTINUED)				
UNITED STATES DOLLAR (CONTINUED)				
UNITED STATES TREASURY NOTE/BOND 2.25% 31DEC2024	–	40,000,000	–	40,000,000
UNITED STATES TREASURY NOTE/BOND 2.5% 15FEB2046	–	19,500,000	(9,500,000)	10,000,000
UNITED STATES TREASURY NOTE/BOND 2.5% 15MAY2024	12,000,000	13,000,000	–	25,000,000
UNITED STATES TREASURY NOTE/BOND 2.75% 15FEB2028	–	50,000,000	(10,000,000)	40,000,000
UNITED STATES TREASURY NOTE/BOND 2.875% 15AUG2028	–	10,000,000	(10,000,000)	–
UNITED STATES TREASURY NOTE/BOND 2.875% 30APR2025	–	22,000,000	–	22,000,000
UNITED STATES TREASURY NOTE/BOND 3% 15FEB2048	–	12,000,000	–	12,000,000
UNITED STATES TREASURY NOTE/BOND 3.625% 15AUG2043	2,000,000	–	(2,000,000)	–
UNITED STATES TREASURY NOTE/BOND 6.5% 15NOV2026	–	24,000,000	–	24,000,000
VODAFONE GROUP PLC 4.375% 30MAY2028	–	2,000,000	(2,000,000)	–
WESTLAKE CHEMICAL CORP 3.6% 15AUG2026	2,000,000	–	–	2,000,000

PineBridge Global Bond Fund
Investment Report
For the year ended 31 December 2018

PineBridge Global Bond Fund (the “Fund”) is a unit trust governed by its Trust Deed dated 10 August 1998, as amended, supplemented and restated. The Fund is managed in accordance with the distinct investment policy. Pursuant to the Unitholder Notice and the Offering Document dated 25 January 2018, the investment policy has been amended with effect from 25 January 2018. The amendments were made to clarify and enhance the investment objectives and policies of the Fund. The investment style, investment philosophy and risk profile of the Fund will remain the same.

Investment objectives and policies

The Fund seeks a high level of return from a combination of current income and capital appreciation by investing in a portfolio of debt securities denominated in US dollars and a variety of foreign currencies. The assets of the Fund shall predominantly (i.e. at least 70% of the non-cash assets) be invested in fixed or floating rate fixed income securities in the international markets, issued by governments, supranational organizations and corporates.

	2018	2017	2016
	US\$	US\$	US\$
Investments and investment income			
Total value of investments	817,755,018	395,618,886	348,790,045
Interest on bank deposits	214,625	68,936	26,262
Interest on investments (net of withholding tax)	13,049,884	7,514,260	6,123,207
Net foreign currency (losses)/gains	(1,004,887)	201,392	(492,397)
Net income excluding capital (depreciation)/appreciation	11,834,293	7,470,917	5,321,123
Net (depreciation)/appreciation of financial assets and financial liabilities at fair value through profit or loss			
- realized and unrealized	(21,315,775)	20,083,420	2,672,987

Performance table

Net asset value

	Total net asset value	Net asset value per unit
	US\$	US\$
Provident Fund units		
2018	839,972,264	21.04
2017	410,069,259	21.47
2016	361,852,333	20.00

**PineBridge Global Bond Fund
Investment Report
For the year ended 31 December 2018**

Performance table (Continued)

Performance record for the past 10 years

	Highest issue price per unit US\$	Lowest redemption price per unit US\$	Annualized investment return (Note 1) %
Standard units - Accumulation (Note 2)			
2018	–	–	–
2017	–	–	–
2016	18.02	17.81	–
2015	18.82	17.66	(5.17)
2014	19.70	18.67	(0.69)
2013	19.35	18.20	(2.83)
2012	19.56	18.56	3.85
2011	19.43	17.61	4.47
2010	18.82	16.44	3.35
2009	18.19	14.90	5.66
Provident Fund units			
2018	21.82	20.54	(2.00)
2017	21.54	19.85	7.35
2016	21.13	19.44	3.04
2015	20.42	19.23	(4.62)
2014	21.27	20.22	0.20
2013	20.69	19.52	(2.26)
2012	20.90	19.74	4.48
2011	20.61	18.60	5.13
2010	19.86	17.31	3.90
2009	19.05	15.69	5.98

Note 1: The annualized investment return is calculated by comparing the net asset value per unit at the year end against the net asset value per unit at the beginning of the year.

Note 2: The “Standard units” have been renamed to “Standard units - Accumulation” with effect from 27 June 2013. The “Standard units - Accumulation” have been fully redeemed on 29 January 2016.

Commentary by the Trustee

Based on the information received from the Manager of the Fund during the year, the Trustee of the Fund confirmed, to the best of its knowledge and belief, that the investment objectives and policies for the Fund were complied with.

PineBridge Global Bond Fund
Trustee's Report
For the year ended 31 December 2018

We hereby confirm that, in our opinion, the Manager of the Fund has, in all material respects, managed the Fund for the year ended 31 December 2018 in accordance with the provisions of the Trust Deed dated 10 August 1998, as amended, supplemented and restated.

On behalf of
AIA Company (Trustee) Limited

Director

Director

12 April 2019

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF PINEBRIDGE GLOBAL BOND FUND (THE "FUND")

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of PineBridge Global Bond Fund (the "Fund") set out on pages 18 to 41, which comprise the statement of net assets as at 31 December 2018, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at 31 December 2018, and of its financial transactions and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") and with reference to Practice Note 860.1 (Revised), The Audit of Retirement Schemes issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Fund in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information included in the Reports and Financial Statements

The Manager and the Trustee of the Fund are responsible for the other information. The other information comprises the information included in the Reports and Financial Statements, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager and Trustee and those charged with governance for the financial statements

The Manager and the Trustee of the Fund are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA, and for such internal control as the Manager and the Trustee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager and the Trustee of the Fund are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager and the Trustee of the Fund either intend to liquidate the Fund or to cease operations or have no realistic alternative but to do so.

The Manager and the Trustee of the Fund are required to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the constitutive documents of the Fund ("the Constitutive Documents"), the Mandatory Provident Fund Schemes Ordinance ("the MPFSO"), the Mandatory Provident Fund Schemes (General) Regulation ("the General Regulation"), the Code on MPF Investment Funds ("the MPF Code"), and Guidelines II.5 issued by the Mandatory Provident Fund Schemes Authority ("the MPFA") and the Code on Unit Trusts and Mutual Funds ("the Code") issued by the Hong Kong Securities and Futures Commission ("the SFC").

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEE OF PINEBRIDGE GLOBAL BOND FUND (THE "FUND")
(CONTINUED)**

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. In addition, we are required to assess whether the financial statements of the Fund have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Constitutive Documents, the MPFSO, the General Regulation, the MPF Code and Guidelines II.5 issued by the MPFA and the Code issued by the SFC.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager and the Trustee
- Conclude on the appropriateness of the Manager and the Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEE OF PINEBRIDGE GLOBAL BOND FUND (THE "FUND")
(CONTINUED)**

Report on matters under the relevant disclosure provisions of the Constitutive Documents, the MPFSO, the General Regulation, the MPF Code, and Guidelines II.5 issued by the MPFA and the Code issued by the SFC

- (a) In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Constitutive Documents, the MPFSO, the General Regulation, the MPF Code and Guidelines II.5 issued by the MPFA and the Code issued by the SFC; and
- (b) We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purpose of our audit.

Certified Public Accountants
Hong Kong
12 April 2019

PineBridge Global Bond Fund
Statement of Net Assets
As at 31 December 2018

	Note	2018 US\$	2017 US\$
Assets			
Current assets			
Financial assets at fair value through profit or loss			
Investments	4(b)	817,755,018	395,618,886
Derivative financial instruments	4(b), 6	–	2,195
Interest receivable on investments		6,461,797	3,470,885
Bank interest receivable		874	1,426
Amounts receivable on subscription		517,062	1,024,019
Cash and cash equivalents		<u>15,709,080</u>	<u>11,004,177</u>
Total assets		<u>840,443,831</u>	<u>411,121,588</u>
Liabilities			
Current liabilities			
Financial liabilities at fair value through profit or loss			
Derivative financial instruments	4(b), 6	–	5,070
Amounts payable on redemption		396,766	975,188
Accounts payable and accrued expenses		<u>74,801</u>	<u>72,071</u>
Total liabilities		<u>471,567</u>	<u>1,052,329</u>
Equity			
Net assets attributable to unitholders	3	<u>839,972,264</u>	<u>410,069,259</u>

On behalf of
AIA Company (Trustee) Limited

On behalf of
PineBridge Investments Hong Kong
Limited

Director

Director

Director

The notes on pages 22 to 41 are an integral part of these financial statements.

PineBridge Global Bond Fund
Statement of Comprehensive Income
For the year ended 31 December 2018

	Note	2018 US\$	2017 US\$
Income			
Interest on bank deposits		214,625	68,936
Interest on investments		13,049,912	7,516,699
Net (losses)/gains on financial assets and financial liabilities at fair value through profit or loss	5	(21,315,775)	20,083,420
Net foreign currency (losses)/gains		<u>(1,004,887)</u>	<u>201,392</u>
Total investment (loss)/income		<u><u>(9,056,125)</u></u>	<u><u>27,870,447</u></u>
Expenses			
Trustee's fee	8(b)	314,752	191,989
Custodian and administration fees	9	104,286	74,893
Audit fee		13,682	13,791
Bank charges		122	162
Legal and professional fees		230	2,001
Other expenses	10	<u>(7,743)</u>	<u>30,835</u>
Total operating expenses		<u><u>425,329</u></u>	<u><u>313,671</u></u>
Net (loss)/profit before tax		(9,481,454)	27,556,776
Withholding tax	7(b)	<u>(28)</u>	<u>(2,439)</u>
Total comprehensive (loss)/income		<u><u>(9,481,482)</u></u>	<u><u>27,554,337</u></u>

The notes on pages 22 to 41 are an integral part of these financial statements.

PineBridge Global Bond Fund
Statement of Changes in Equity
For the year ended 31 December 2018

	Note	2018 US\$	2017 US\$
Balance at the beginning of the year		410,069,259	361,852,333
Issue of units	3	550,411,152	118,155,025
Redemption of units	3	(111,026,665)	(97,492,436)
Net increase from unit transactions		439,384,487	20,662,589
Total comprehensive (loss)/income		(9,481,482)	27,554,337
Balance at the end of the year		839,972,264	410,069,259

The notes on pages 22 to 41 are an integral part of these financial statements.

PineBridge Global Bond Fund
Statement of Cash Flows
For the year ended 31 December 2018

	2018	2017
	US\$	US\$
Cash flows from operating activities		
Total comprehensive (loss)/income	(9,481,482)	27,554,337
Adjustment for:		
Interest on investments	(13,049,912)	(7,516,699)
Interest on bank deposits	(214,625)	(68,936)
Withholding tax	<u>28</u>	<u>2,439</u>
Operating (loss)/profit before working capital changes	(22,745,991)	19,971,141
Net increase in investments	(422,136,132)	(46,828,841)
Net change in derivative financial instruments	(2,875)	4,612,839
Net increase/(decrease) in accounts payable and accrued expenses	<u>2,730</u>	<u>(21,646)</u>
Cash used in operations	(444,882,268)	(22,266,507)
Interest on investments received	10,058,972	6,685,917
Interest on bank deposits received	<u>215,177</u>	<u>67,799</u>
Net cash used in operating activities	<u>(434,608,119)</u>	<u>(15,512,791)</u>
Cash flows from financing activities		
Proceeds from issue of units	550,918,109	117,898,170
Payments on redemption of units	<u>(111,605,087)</u>	<u>(97,797,976)</u>
Net cash generated from financing activities	<u>439,313,022</u>	<u>20,100,194</u>
Net increase in cash and cash equivalents	4,704,903	4,587,403
Cash and cash equivalents at the beginning of the year	<u>11,004,177</u>	<u>6,416,774</u>
Cash and cash equivalents at the end of the year	<u>15,709,080</u>	<u>11,004,177</u>
Analysis of balance of cash and cash equivalents		
Cash at banks	2,873,980	573,377
Short-term deposits	<u>12,835,100</u>	<u>10,430,800</u>
	<u>15,709,080</u>	<u>11,004,177</u>

The notes on pages 22 to 41 are an integral part of these financial statements.

PineBridge Global Bond Fund
Notes to the Financial Statements
For the year ended 31 December 2018

1. The Fund

PineBridge Global Bond Fund (the “Fund”) is a unit trust governed by its Trust Deed dated 10 August 1998, as amended, supplemented and restated. The Fund has been authorized by the Securities and Futures Commission of Hong Kong and approved by the Mandatory Provident Fund Schemes Authority of Hong Kong.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss (FVPL).

The preparation of financial statements in conformity with HKFRS requires the Trustee and Manager to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

New and amended standards that are effective in the current year and have been adopted by the Fund

The Fund applied, for the first time, certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2018.

The nature and the impact of each new standard and amendment is described below:

HKFRS 9 *Financial Instruments*

The Fund adopted HKFRS 9 Financial Instruments on its effective date of 1 January 2018. HKFRS 9 replaces *HKAS 39 Financial Instruments: Recognition and Measurement* and introduces new requirements for classification and measurement, impairment and hedge accounting. HKFRS 9 is not applicable to items that have already been derecognized at 1 January 2018, the date of initial application.

2. Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

(i) Classification and measurement

The Fund has assessed the classification of financial instruments as at the date of initial application and has applied such classification retrospectively. Based on that assessment:

- All financial assets previously held at fair value continue to be measured at fair value.
- Debt instruments and equity instruments, other than investments in subsidiaries and associates, are acquired for the purpose of generating short-term profit. Therefore, they meet the held-for-trading criteria and are required to be measured at FVPL.
- Financial assets previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. Thus, such instruments continue to be measured at amortized cost under HKFRS 9.
- The classification of financial liabilities under HKFRS 9 remains broadly the same as under HKAS 39. The main impact on measurement from the classification of liabilities under HKFRS 9 relates to the element of gains or losses for financial liabilities designated as at FVPL attributable to changes in credit risk. HKFRS 9 requires that such element be recognized in other comprehensive income (OCI), unless this treatment creates or enlarges an accounting mismatch in profit or loss, in which case, all gains and losses on that liability (including the effects of changes in credit risk) should be presented in profit or loss. The Fund has not designated any financial liabilities at FVPL. Therefore, this requirement has not had an impact on the Fund.

(ii) Impairment

HKFRS 9 requires the Fund to record Expected Credit Losses (“ECL”) on all of its financial assets measured at amortized cost, either on a 12-month or lifetime basis. The Fund’s investments and derivative financial instruments are not subject to HKFRS 9’s impairment requirements as they are measured at FVPL. The Fund holds amortized cost financial assets, including interest receivable on investments, bank interest receivable, amounts receivable on subscription and cash and cash equivalents. The Fund measures the loss allowance at an amount equal to 12-month ECL on its amortized cost financial assets.

(iii) Hedge accounting

The Fund has not applied hedge accounting under HKAS 39 nor will it apply hedge accounting under HKFRS 9.

Impact of adoption of HKFRS 9

The classification and measurement requirements of HKFRS 9 have been adopted retrospectively as of the date of initial application on 1 January 2018, however, the Fund has chosen to take advantage of the option not to restate comparatives. Therefore, the 2017 figures are presented and measured under HKAS 39. The following table shows the original measurement categories in accordance with HKAS 39 and the new measurement categories under HKFRS 9 for the Fund’s financial assets and financial liabilities as at 1 January 2018.

PineBridge Global Bond Fund
Notes to the Financial Statements
For the year ended 31 December 2018

2. Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

Impact of adoption of HKFRS 9 (Continued)

Financial assets

1 January 2018	HKAS 39 classification	HKAS 39 measurement US\$	HKFRS 9 classification	HKFRS 9 measurement US\$
Investments	Held for trading at FVPL	395,618,886	FVPL	395,618,886
Derivative financial instruments	Held for trading at FVPL	2,195	FVPL	2,195
Interest receivable on investments	Loans and receivables	3,470,885	Amortized cost	3,470,885
Bank interest receivable	Loans and receivables	1,426	Amortized cost	1,426
Amounts receivable on subscription	Loans and receivables	1,024,019	Amortized cost	1,024,019
Cash and cash equivalents	Loans and receivables	11,004,177	Amortized cost	11,004,177

Financial Liabilities

1 January 2018	HKAS 39 classification	HKAS 39 measurement US\$	HKFRS 9 classification	HKFRS 9 measurement US\$
Derivative financial instruments	Held for trading at FVPL	5,070	FVPL	5,070
Amounts payable on redemption	Other financial liabilities	975,188	Amortized cost	975,188
Accounts payable and accrued expenses	Other financial liabilities	72,071	Amortized cost	72,071

In line with the characteristics of the Fund's financial instruments as well as its approach to their management, the Fund neither revoked nor made any new designations on the date of initial application. HKFRS 9 has not resulted in changes in the carrying amount of the Fund's financial instruments due to changes in measurement categories. All financial assets that were classified as FVPL under HKAS 39 are still classified as FVPL under HKFRS 9. All financial assets that were classified as loans and receivables and measured at amortized cost continue to be.

In addition, the application of the ECL mode under HKFRS 9 has not significantly changed the carrying amounts of the Fund's amortized cost financial assets. At the reporting date, the credit risk of the Fund's amortized cost financial assets were low or have not increased significantly since initial recognition. No loss allowance has been recognized based on 12-month ECL under HKFRS 9. There was no impairment recorded under HKAS39.

The carrying amounts of amortized cost instruments continued to approximate these instruments' fair values on the date of transition after transitioning to HKFRS 9.

HKFRS 15 Revenue from contracts with customers

The Fund adopted HKFRS 15 Revenue from contracts with customers on its effective date of 1 January 2018. HKFRS 15 replaces HKAS 18 Revenue and establishes a five-step model to account for revenue arising from contracts with customers. In addition, guidance on interest and dividend income have been moved from HKAS 18 to HKFRS 9 without significant changes to the requirements. Therefore, there was no impact of adopting HKFRS 15 for the Fund.

2. Summary of significant accounting policies (Continued)

(b) Investments

(i) Classification

In accordance with HKFRS 9, the Fund classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

In applying that classification, a financial asset or financial liability is considered to be held for trading if:

- (a) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or
- (b) On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking; or
- (c) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

Financial assets

The Fund classifies its financial assets as subsequently measured at amortized cost or measured at fair value through profit or loss on the basis of both:

- The entity's business model for managing the financial assets
- The contractual cash flow characteristics of the financial asset

All investments are classified as "financial assets at fair value through profit or loss".

Financial assets measured at fair value through profit or loss (FVPL)

A financial asset is measured at fair value through profit or loss if:

- (a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding; or
- (b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- (c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

The Fund includes in this category:

- Equity instruments
- Debt instruments. These include investments that are held under a business model to manage them on a fair value basis for investment income and fair value gains.
- Instruments held for trading. This category includes equity instruments and debt instruments which are acquired principally for the purpose of generating a profit from short-term fluctuations in price. This category also includes derivative contracts in an asset position.

(ii) Recognition

The Fund recognizes a financial asset when it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Fund commits to purchase or sell the asset.

PineBridge Global Bond Fund
Notes to the Financial Statements
For the year ended 31 December 2018

2. Summary of significant accounting policies (Continued)

(b) Investments (Continued)

The following represent the basis of valuation for financial reporting purposes:

- (i) Investments which are listed or traded on an exchange are fair valued based on last traded prices.
- (ii) Investments which are not listed on an exchange or are thinly traded are valued by using quotes from brokers.
- (iii) Initial measurement

Financial assets at fair value through profit or loss are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognized directly in profit or loss.

- (iv) Subsequent measurement

After initial measurement, the Fund measures financial instruments which are classified as at FVPL at fair value. Subsequent changes in the fair value of those financial instruments are recorded in net gain or loss on financial assets and financial liabilities at FVPL in the statement of comprehensive income.

- (v) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized where the rights to receive cash flows from the asset have expired or the Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and either:

- (a) the Fund has transferred substantially all the risks and rewards of the asset, or
- (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The following represent the basis of valuation for financial reporting purposes:

- (i) Investments which are listed or traded on an exchange are fair valued based on last traded prices.
- (ii) Investments which are not listed on an exchange or are thinly traded are valued by using quotes from brokers.

(c) Income

Interest income is recognized on a time-proportionate basis using the effective interest method in the statement of comprehensive income for all interest bearing instruments. Other income is accounted for on an accrual basis.

The effective interest method is a method of calculating the amortized cost of an interest bearing asset and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial instrument. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

PineBridge Global Bond Fund
Notes to the Financial Statements
For the year ended 31 December 2018

2. Summary of significant accounting policies (Continued)

(d) Translation of foreign currencies

(i) Functional and presentation currencies

Items included in the Fund's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). The financial statements are presented in United States dollar, which is the Fund's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the year end date.

Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the statement of comprehensive income within "net foreign currency gains/(losses)".

Foreign exchange gains and losses relating to the financial assets and financial liabilities carried at fair value through profit or loss are presented in the statement of comprehensive income within "net gains/(losses) on financial assets and financial liabilities at fair value through profit or loss".

(e) Expenses

Expenses are accounted for on an accrual basis.

(f) Derivative financial instruments - foreign exchange contracts

Outstanding foreign exchange contracts are valued at the year end date by reference to the rate of exchange applicable to the outstanding term of the contract. Unrealized gains or losses on outstanding contracts and realized gains and losses on closed contracts are shown in the statement of comprehensive income within "net gains/(losses) on financial assets and financial liabilities at fair value through profit or loss".

(g) Subscription and redemption of units

Proceeds and payments on the subscription and redemption of units are recorded in the statement of changes in net assets attributable to unitholders. The price at which units are subscribed or redeemed is calculated by reference to the net asset value per unit as at the close of business on the relevant dealing day.

(h) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of net assets where the Fund currently has a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis or realize the asset and liability simultaneously.

(i) Amounts receivable from/payable to brokers

Amounts receivable from/payable to brokers represent receivables from investments sold and payables for investments purchased that have been contracted for but not yet settled or delivered on the year end date respectively.

(j) Cash and cash equivalents

Cash and cash equivalents include cash at banks, deposits held with banks with original maturities of three months or less and bank overdrafts, if any.

PineBridge Global Bond Fund
Notes to the Financial Statements
For the year ended 31 December 2018

3. Number of units in issue and net assets attributable to unitholders per unit

The Fund issues units, which are redeemable at the holder's option, are classified as equity.

The Fund has no restrictions on the subscriptions of units. Pursuant to the Trust Deed and subject to the conditions and procedures set out therein, the Manager is entitled, having regard to the interests of unitholders, to limit the total number of units which unitholders are entitled to redeem on any dealing day to 10% of the units then in issue or deemed to be in issue. Subscriptions and redemptions of units during the year are shown in the statement of changes in net assets attributable to unitholders. In order to achieve the investment objectives, the Fund endeavors to invest its capital in accordance with the investment policies as outlined in note 4, whilst maintaining sufficient liquidity to meet redemption requests. Such liquidity is augmented by the holding of liquid investments.

As at 31 December 2018, the Fund had US\$839,972,264 (2017: US\$410,069,259) of puttable financial instruments classified as equity.

The Fund's objectives and policies for managing its obligations to redeem these instruments are included in note 4(h) on capital risk management and note 4(e) on liquidity risk.

	2018	2017
	Units	Units
Number of Provident Fund units in issue	<u>39,927,956</u>	<u>19,102,823</u>
	US\$	US\$
Net asset value per Provident Fund unit	<u>21.04</u>	<u>21.47</u>

	2018	2018	2017	2017
	Standard	Provident	Standard	Provident
	Units -	Fund Units	Units -	Fund Units
	Accumulation	Units	Accumulation	Units
	Units	Units	Units	Units
Balance brought forward	–	19,102,823	–	18,093,538
Total issues	–	26,108,437	–	5,696,545
Total redemptions	–	<u>(5,283,304)</u>	–	<u>(4,687,260)</u>
Balance carried forward	<u>–</u>	<u>39,927,956</u>	<u>–</u>	<u>19,102,823</u>

PineBridge Global Bond Fund
Notes to the Financial Statements
For the year ended 31 December 2018

3. Number of units in issue and net assets attributable to unitholders per unit (Continued)

The Fund offers two classes of units. Provident Fund units are offered to provident fund schemes approved by the Mandatory Provident Fund Schemes Authority. Standard units - Accumulation are offered to all investors other than the provident fund schemes approved by the Mandatory Provident Fund Schemes Authority. The standard units have been renamed to "Standard units - Accumulation" with effect from 27 June 2013. No Standard units - Accumulation were issued by the Fund for the year ended 31 December 2018.

4. Financial risk management

(a) Financial risk factors

The investment objective of the Fund is to seek a high level of return from a combination of current income and capital appreciation. The Fund seeks to achieve its investment objective through investing in a portfolio of debt securities denominated in US dollars and a variety of foreign currencies. The assets of the Fund shall predominantly (i.e. at least 70% of the non-cash assets) be invested in fixed or floating rate fixed income securities in the international markets, issued by governments, supranational organizations and corporates.

The Fund is exposed to market price risk, cash flow and fair value interest rate risk, credit and custody risk, liquidity risk and currency risk.

The risks and the respective risk management policies employed by the Fund to manage these risks are discussed below.

(b) Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market.

All investments present a risk of loss of capital. The Fund's market price risk is managed through (i) deliberate securities selection, and (ii) diversification of the investment portfolio.

As at year end, the overall market exposures were as follows:

	2018		
	Fair value US\$	Cost US\$	% of net assets
Financial assets at fair value through profit or loss:			
- Debt securities	<u>817,755,018</u>	<u>835,905,032</u>	<u>97.36</u>
	2017		
	Fair value US\$	Cost US\$	% of net assets
Held for trading:			
- Debt securities	<u>395,618,886</u>	<u>390,297,770</u>	<u>96.48</u>
- Derivative financial instruments (note 6)	<u>(2,875)</u>	<u>—</u>	<u>—</u>

PineBridge Global Bond Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(b) Market price risk (Continued)

Net market exposures

The following table shows the net market exposure of the Fund to various markets, incorporating the underlying market risk through all financial assets and financial liabilities held by the Fund as at 31 December.

Markets exposed to	2018 US\$ equivalent	2017 US\$ equivalent
Australia	12,212,498	10,849,667
Canada	13,707,328	22,650,998
Denmark	–	2,469,277
France	49,311,621	18,714,197
Germany	20,342,629	7,185,563
Ireland	9,060,633	–
Italy	39,811,363	19,600,750
Japan	81,093,219	14,432,521
Jersey	5,491,493	3,040,630
Luxembourg	1,809,273	4,304,457
Mexico	–	4,782,159
Netherlands	48,869,683	19,861,976
Portugal	3,476,294	–
Spain	34,654,694	15,368,851
Supra-National	5,223,240	5,147,335
Sweden	–	3,595,685
Switzerland	21,743,746	12,428,875
United Arab Emirates	–	589,112
United Kingdom	80,724,815	39,074,555
United States of America	390,222,489	191,522,278
	<u>817,755,018</u>	<u>395,618,886</u>

PineBridge Global Bond Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(b) Market price risk (Continued)

The following table shows the net exposures to sectors as at 31 December 2018 and 2017 are as follows:

	2018	2017
	%	%
Sectors exposed to		
Basic Materials	3	4
Communications	3	1
Consumer, Cyclical	3	4
Consumer, Non-cyclical	5	3
Energy	3	4
Financial	17	17
Government	58	62
Industrial	2	–
Technology	–	2
Utilities	6	3
	<u>100</u>	<u>100</u>

There were no investments issued by the same issuer with market value exceeding 10% of the Fund's net asset value as at 31 December 2018 and 2017, except for the following issuers:

	2018	2017
	% of net assets	% of net assets
United States Treasury	<u>36.37</u>	<u>35.44</u>

The table below summarizes the impact on net assets attributable to unitholders as a result of increases/decreases of the key index to which the Fund is exposed. The analysis is based on the assumption that the index had increased/decreased by the respective percentage with all other variables held constant and the Fund's investments moved according to the historical correlation with the index.

	2018	Impact	2017	Impact
	Change in market index %	US\$	Change in market index %	US\$
	+/-	+/-	+/-	+/-
Citi World Broad Investment Grade (ex-MBS) index in US\$	2.0%	15,809,609	8.0%	30,599,370

The Manager has used their view of what would be a "reasonable shift" in the Citi World Broad Investment Grade (ex-MBS) index in US\$, having regard to the historical volatility of the index, to estimate the change for use in the market price sensitivity analysis above.

Disclosures above are shown in absolute terms, changes and impacts could be positive or negative. Changes in market index % are revised annually depending on the Manager's current view of market volatility and other relevant factors.

PineBridge Global Bond Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(c) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of interest-bearing assets and liabilities and future cash flows. The Fund holds debt securities that expose the Fund to fair value interest rate risk. The Fund also holds cash and cash equivalents that expose the Fund to cash flow interest rate risk.

The table below summarizes the Fund's exposure to interest rate risk. It includes the Fund's assets and liabilities at fair values, categorized by the earlier of contractual re-pricing or maturity dates.

At 31 December 2018

	Up to 1 year US\$	1-5 years US\$	Over 5 years US\$	Non-interest bearing US\$	Total US\$
Assets					
Investments	11,059,897	219,993,869	586,701,252	–	817,755,018
Other assets	–	–	–	6,979,733	6,979,733
Cash and cash equivalents	15,709,080	–	–	–	15,709,080
Total assets	26,768,977	219,993,869	586,701,252	6,979,733	840,443,831
Liabilities					
Other liabilities	–	–	–	471,567	471,567
Total liabilities	–	–	–	471,567	471,567
Total interest sensitivity gap	26,768,977	219,993,869	586,701,252		

At 31 December 2017

	Up to 1 year US\$	1-5 years US\$	Over 5 years US\$	Non-interest bearing US\$	Total US\$
Assets					
Investments	2,997,166	58,051,690	334,570,030	–	395,618,886
Derivative financial instruments	–	–	–	2,195	2,195
Other assets	–	–	–	4,496,330	4,496,330
Cash and cash equivalents	11,004,177	–	–	–	11,004,177
Total assets	14,001,343	58,051,690	334,570,030	4,498,525	411,121,588
Liabilities					
Derivative financial instruments	–	–	–	5,070	5,070
Other liabilities	–	–	–	1,047,259	1,047,259
Total liabilities	–	–	–	1,052,329	1,052,329
Total interest sensitivity gap	14,001,343	58,051,690	334,570,030		

At 31 December 2018, should interest rates have lowered/risen by 50 basis points with all other variables remaining constant, the increase/decrease in net assets attributable to unitholders for the year would amount to approximately US\$32.14 million (2017: US\$15.65 million), arising substantially from the increase/decrease in market values of debt securities.

PineBridge Global Bond Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(d) Credit and custody risk

The Fund is exposed to credit risk which is the risk that an issuer or counterparty will be unable or unwilling to pay amounts in full when due.

The main concentration of credit risk to which the Fund is exposed arises from the Fund's investments in debt securities and derivative financial instruments. The Fund is also exposed to credit risk on cash and cash equivalents and assets held with custodian. The table below summarizes the assets placed with banks and custodian at 31 December 2018 and 2017:

At 31 December 2018

	US\$	Credit rating	Source of credit rating
<u>Custodian</u>			
Citibank, N.A.	817,755,018	P-1	Moody's
<u>Banks</u>			
Citibank, N.A.	2,873,980	P-1	Moody's
Dah Sing Bank Limited	12,835,100	P-1	Moody's

At 31 December 2017

	US\$	Credit rating	Source of credit rating
<u>Custodian</u>			
Citibank, N.A.	395,618,886	P-1	Moody's
<u>Banks</u>			
Citibank, N.A.	573,377	P-1	Moody's
Dah Sing Bank Limited	10,430,800	P-2	Moody's

All derivative financial instruments represent outstanding foreign exchange contracts as disclosed in note 6. As at 31 December 2018, the Fund did not hold any derivative financial instruments. As at 31 December 2017, the counterparty of these foreign exchange contracts was JP Morgan Chase & Co. The credit rating was P-1 (Moody's).

As the Fund holds debt securities, it is also exposed to the risk that the issuers may not be able to repay the principal amount at maturity and interest. The credit risk is mitigated as the debt securities held are subject to the requirements of (i) minimum credit rating, and (ii) maximum holding of 10% of net asset value for any single issuer other than an exempt authority as defined in section 7(1) of Schedule 1 to the Mandatory Provident Fund Schemes (General) Regulation ("Exempt Authority"), and/or (iii) maximum holding of 30% of net asset value for any single issue that is issued by an Exempt Authority (or unconditionally guaranteed by an Exempt Authority).

The table below summarizes the credit rating of the investment portfolio by S&P/Moody's/Fitch:

Portfolio by rating category

Rating	2018	2017
AAA/Aaa	40%	48%
AA/Aa	6%	5%
A/A	25%	22%
BBB/Baa	29%	25%
Total	100%	100%

PineBridge Global Bond Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(d) Credit and custody risk (Continued)

The maximum exposure to credit risk at year end is the carrying amount of the financial assets as shown on the statement of net assets.

The Fund measures credit risk and ECL using probability of default, exposure at default and loss given default. The Manager and the Trustee of the Fund considers both historical analysis and forward looking information in determining any ECL.

None of the assets is impaired nor past due but not impaired.

All transactions in listed/quoted investments are settled/paid for upon delivery using approved and reputable brokers. The risk of default is considered minimal since delivery of securities sold is only made when the broker has received payment. Payment is made on a purchase when the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

The Fund limits its exposure to credit risk by transacting the majority of its securities and contractual commitment activities with broker-dealers, banks and regulated exchanges with high credit ratings and that the Fund considers to be well established.

The Manager and the Trustee of the Fund considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognized based on 12-month ECL as any such impairment would be wholly insignificant to the Fund.

(e) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in settling a liability, including a redemption request.

The Fund is exposed to daily cash redemptions of units in the Fund. The Fund invests the majority of its assets in investments that are traded in an active market and can be readily disposed of.

The Fund may, from time to time, invest in foreign exchange contracts which are not traded in an organized market and may be illiquid.

The table below analyzes the Fund's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the year end date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month US\$	1-3 months US\$	Over 3 months US\$
At 31 December 2018			
Amounts payable on redemption	396,766	–	–
Accounts payable and accrued expenses	63,059	–	11,742
Total financial liabilities	459,825	–	11,742

PineBridge Global Bond Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(e) Liquidity risk (Continued)

	Less than 1 month US\$	1-3 months US\$	Over 3 months US\$
At 31 December 2017			
Amounts payable on redemption	975,188	–	–
Accounts payable and accrued expenses	30,608	–	41,463
Total financial liabilities (excluding net settled derivatives)	1,005,796	–	41,463

All derivative financial instruments entered into by the Fund are settled on a net basis.

The table below analyzes the Fund's derivative financial instruments in a loss position for which the contractual maturities are considered to be essential to an understanding of the timing of cash flows based on the Fund's investment strategy.

At 31 December 2018

As at 31 December 2018, the Fund did not hold any derivative financial instruments.

	Less than 1 month US\$	1-3 months US\$	Over 3 months US\$
At 31 December 2017			
<u>Net settled derivatives</u>			
Foreign exchange contracts	–	(5,070)	–

Units are redeemed on demand at the unitholder's option. However, the Manager does not envisage that the contractual maturity disclosed in the table above will be representative of the actual cash outflows, as the unitholders typically retain the units for the medium to long term. At 31 December 2018 and 2017, no ultimate individual investor held more than 10% of the Fund's units.

The Fund manages its liquidity risk by investing predominantly in debt securities that it expects to be able to liquidate within 1 month or less. The following table illustrates the expected liquidity of assets held by the Fund:

	Less than 1 month US\$	1-3 months US\$	Over 3 months US\$
At 31 December 2018			
Total assets	834,717,629	3,314,446	2,411,756
At 31 December 2017			
Total assets	408,083,885	1,704,512	1,333,191

PineBridge Global Bond Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(f) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

The Fund has monetary assets and liabilities denominated in currencies other than United States dollar, the Fund's functional and presentation currency. The Fund is therefore exposed to currency risk, as the value of the assets and liabilities denominated in other currencies will fluctuate due to changes in exchange rates. The Manager will enter into foreign exchange contracts from time to time to hedge against the fluctuation in exchange rates. Details of foreign exchange contracts outstanding at the year end are disclosed in note 6.

The table below summarizes the Fund's net monetary exposure to different major currencies:

	2018	2017
	US\$ equivalent	US\$ equivalent
Australian Dollar	8,369,628	7,369,329
Canadian Dollar	7,633,389	16,609,715
Euro	294,607,860	143,665,573
Japanese Yen	94,903,808	14,671,800
Mexican Peso	6,237	55,328
Pound Sterling	42,050,170	14,987,261

Gross exposures to currency risk on foreign exchange contracts outstanding at the year end are disclosed in note 6.

The table below summarizes the impact on net assets attributable to unitholders as a result of increases/decreases of foreign exchange rates on the exposures tabled above, to which the Fund is exposed. The analysis is based on the assumption that the foreign exchange rates had increased/decreased by the respective percentage with all other variables held constant.

	2018		2017	
	Change in foreign exchange rates	Impact US\$	Change in foreign exchange rates	Impact US\$
	%	US\$	%	US\$
	+/-	+/-	+/-	+/-
Monetary items				
Australian Dollar	3%	251,089	3.0%	221,080
Canadian Dollar	1%	76,334	2.0%	332,194
Euro	4%	11,784,314	2.0%	2,873,311
Japanese Yen	2%	1,898,076	3.0%	440,154
Mexican Peso	2%	125	1.0%	553
Pound Sterling	4%	1,682,007	5.0%	749,363

The Manager has used their view of what would be a "reasonable shift" in the foreign exchange rates, having regard to historical volatility of those rates, to estimate the change for use in the currency risk sensitivity analysis above.

Disclosures above are shown in absolute terms, changes and impacts could be positive or negative. Changes in foreign exchange rates % are revised annually depending on the Manager's current view of market volatility and other relevant factors.

PineBridge Global Bond Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(g) Fair value estimation

The fair value of financial assets and financial liabilities traded in active markets (such as trading securities) are based on quoted market prices at the close of trading on the year end date. The Fund utilizes the last traded market price as its fair valuation inputs for both financial assets and financial liabilities.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Fund for similar financial instruments.

HKFRS 13 requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (Level 2).
- Inputs for the asset or liability that are unobservable inputs (Level 3).

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes "observable" requires significant judgment by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

PineBridge Global Bond Fund
Notes to the Financial Statements
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4. Financial risk management (Continued)

(g) Fair value estimation (Continued)

The following table analyzes within the fair value hierarchy the Fund's investments (by class) measured at fair value at 31 December 2018 and 2017:

At 31 December 2018

	Level 1	Level 2	Level 3	Total
	US\$	US\$	US\$	US\$
Assets				
Financial assets at fair value through profit or loss:				
- Bonds	817,755,018	-	-	817,755,018
Total assets	<u>817,755,018</u>	<u>-</u>	<u>-</u>	<u>817,755,018</u>

At 31 December 2017

	Level 1	Level 2	Level 3	Total
	US\$	US\$	US\$	US\$
Assets				
Held for trading:				
- Bonds	387,461,109	8,157,777	-	395,618,886
- Derivative financial instruments	-	2,195	-	2,195
Total assets	<u>387,461,109</u>	<u>8,159,972</u>	<u>-</u>	<u>395,621,081</u>
Liabilities				
Held for trading:				
- Derivative financial instruments	-	(5,070)	-	(5,070)
Total liabilities	<u>-</u>	<u>(5,070)</u>	<u>-</u>	<u>(5,070)</u>

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include listed debt securities. The Fund does not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. These include quoted debt securities and foreign exchange contracts. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. As of 31 December 2018, the Fund did not hold any investments classified in level 2.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. As of 31 December 2018 and 2017, the Fund did not hold any investments classified in level 3.

There is no transfer between levels for the years ended 31 December 2018 and 2017.

Assets and liabilities included in the statement of net assets, except for investments and derivative financial instruments, are carried at amortized cost; their carrying values are a reasonable approximation of fair value.

PineBridge Global Bond Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(h) Capital risk management

The capital of the Fund is represented by the net assets attributable to unitholders. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unitholders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

In order to maintain or adjust the capital structure, the Fund's policy is to perform the following:

- monitor the level of daily subscriptions and redemptions relative to the liquid assets; and
- redeem and issue units in accordance with the Trust Deed of the Fund.

The Manager monitors capital on the basis of the value of net assets attributable to unitholders.

5. Net (losses)/gains on financial assets and financial liabilities at fair value through profit or loss

	2018	2017
	US\$	US\$
Change in unrealized gains/losses in value of financial assets and financial liabilities at fair value through profit or loss	(22,681,176)	17,102,243
Realized gains on sale of financial assets and financial liabilities at fair value through profit or loss	1,365,401	2,981,177
	<u>(21,315,775)</u>	<u>20,083,420</u>

6. Derivative financial instruments

As at 31 December 2018, the Fund did not hold any derivative financial instruments.

Derivative financial instruments represent outstanding foreign exchange contracts and are summarized below:

At 31 December 2017

<u>Contract to deliver</u>	<u>In exchange for</u>	<u>Settlement date</u>	<u>Fair value</u>
			US\$
Open contracts:			
GBP1,900,000	US\$2,576,835	22 February 2018	<u>2,195</u>
JPY690,000,000	US\$6,135,765	22 February 2018	<u>(5,070)</u>

PineBridge Global Bond Fund
Notes to the Financial Statements
For the year ended 31 December 2018

7. Taxation

- (a) No provision for Hong Kong profits tax has been made as the Fund is authorized as a collective investment scheme under Section 104 of the Hong Kong Securities and Futures Ordinance and is therefore exempted from profits tax under Section 26A(1A) of the Hong Kong Inland Revenue Ordinance.
- (b) Withholding tax was charged on certain interest income received during the years.

8. Transactions with Associates/Connected Persons/Related Parties

Associates and connected persons are those as defined in the Mandatory Provident Fund Schemes Ordinance and the Code on Unit Trusts and Mutual Funds issued by the Securities and Futures Commission of Hong Kong.

Apart from the fees as disclosed below, the Fund allows the Manager and its associates/connected persons to subscribe for, and redeem, units in the Fund.

All transactions were entered into in the ordinary course of business and on normal commercial terms.

(a) Management fee

PineBridge Investments Hong Kong Limited, the Manager, is entitled to receive a management fee at 0.60% per annum, with a permitted maximum of 0.75% per annum, of the net asset value of the Standard units - Accumulation, being calculated daily and payable monthly in arrears.

No management fee is charged on the Provident Fund units.

No management fee payable as at year end (2017: Nil).

(b) Trustee's fee

AIA Company (Trustee) Limited, the Trustee, is entitled to receive a trustee's fee at a permitted maximum of 0.05% per annum of the net asset value of the Fund, being calculated daily and payable monthly in arrears.

Trustee's fee payable as at year end amounted to US\$35,289 (2017: US\$17,231).

PineBridge Global Bond Fund
Notes to the Financial Statements
For the year ended 31 December 2018

9. Custodian and administration fees

The Custodian and Administrator of the Fund is Citibank N.A., Hong Kong Branch and the Application and Redemption Agent of the Fund is Citicorp Financial Services Limited (collectively "Citibank"). Citibank is entitled to receive a custodian fee which comprises safekeeping and transaction fees of 0.025% per annum of the net asset value of the Fund and a transfer agency fee of US\$1,500 per month, with a total permitted maximum of 0.50% per annum. The safekeeping and transaction fee rate of 0.025% per annum is the maximum rate. Citibank is also entitled to receive an administrator fee of US\$1,000 per month.

Custodian and administration fees payable as at year end amounted to US\$27,770 (2017: US\$13,376).

10. Other expenses

Other expenses included a reversal of overprovision of certain expenses of US\$14,174 during the year ended 31 December 2018.

11. Soft commission arrangements

During the year, the Manager and its associates/connected persons did not enter into any soft commission arrangements with brokers relating to dealing in the assets of the Fund (2017: Nil).

12. Distributions

No distribution was made during the year (2017: Nil).

13. Borrowings, contingent liabilities and commitments

The Fund had no borrowings, contingent liabilities and commitments as at 31 December 2018 and 2017.

14. Negotiability of assets

There were no statutory or contractual requirements restricting the free negotiability of assets held by the Fund as at 31 December 2018 and 2017.

15. Approval of financial statements

The financial statements were approved by the Trustee and the Manager on 12 April 2019.

PINEBRIDGE GREATER CHINA EQUITY FUND
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2018

PineBridge Greater China Equity Fund

Reports and Financial Statements For the year ended 31 December 2018

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PineBridge Greater China Equity Fund

Management and Professional Service Details

Manager

PineBridge Investments Hong Kong Limited
Level 31, Three Pacific Place, 1 Queen's Road East
Hong Kong

Trustee

(effective from 13 October 2018)
AIA Company (Trustee) Limited
11th Floor, AIA Hong Kong Tower
734 King's Road, Quarry Bay
Hong Kong

(up to 12 October 2018)
2nd Floor, AIA Building, 1 Stubbs Road
Hong Kong

Administrator and Custodian

Citibank N.A., Hong Kong Branch
50th Floor, Champion Tower
Three Garden Road, Central
Hong Kong

Application and Redemption Agents

Citicorp Financial Services Limited
Citi Tower, One Bay East
83 Hoi Bun Road
Kwun Tong, Kowloon
Hong Kong

Auditor

Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

Legal Advisers

Deacons
5th Floor, Alexandra House
18 Chater Road
Central, Hong Kong

**PineBridge Greater China Equity Fund
Manager's Report
For the year ended 31 December 2018**

Manager's Market Perspective

2018 Market Overview

Hong Kong equity market started strong in 2018 with macro-economic indicators showing upbeat fundamentals. However, the rally in January was given back in the following months and the market ended 2018 with notable decline. Weakness was caused mainly by concerns over US-China trade tension, slowing economic activity data from China, RMB depreciation, rising corporate bond default and rising volatility from global equity market. Taiwan market declined as well in the year, led by large cap Apple supply chain names and the lower-than-expected earnings from tech sector broadly. During the year, information technology, consumer discretionary and healthcare were the three worst-performing sectors driven by general economic slowdown, policy headwind and profit-taking on rich valuation multiples. Utility and energy sectors performed relatively better than overall market due to the defensiveness of their businesses.

2019 Market Outlook and Strategy

Macroeconomic data continued to show weakness at the end of 2018 and beginning of 2019, as the latest IP and PMI both slowed further. Export remains challenging as well since the front-loading towards 2018 year end started to pay back. Policy stance, as a result, has gradually turned more accommodative on both monetary and fiscal fronts. Market, therefore, will likely range-bound and stay volatile in most part of 2019 as news-flow hits with economic data and policy initiatives. With this backdrop, the fund will stay focused on company-specific fundamental trend rather than macro news-flow. Stocks with better earnings visibility, strong balance sheet, and attractive valuations remain the core holdings for the year.

PineBridge Greater China Equity Fund
Investment Report
As at 31 December 2018

INVESTMENT PORTFOLIO

	Holding shares	Market value HK\$	% of net assets
LISTED EQUITIES			
CHINA			
BAOSHAN IRON & STEEL CO LTD	2,842,064	21,051,954	0.49%
KWEICHOW MOUTAI CO LTD	28,400	19,095,143	0.44%
LAO FENG XIANG CO LTD	411,841	21,119,678	0.49%
ZHEJIANG DAHUA TECHNOLOGY CO LTD	1,599,776	20,892,432	0.48%
ZHENGZHOU YUTONG BUS CO LTD	1,822,000	24,604,352	0.57%
TOTAL CHINA		106,763,559	2.47%
HONG KONG			
AAC TECHNOLOGIES HOLDINGS INC	268,000	12,180,600	0.28%
AGRICULTURAL BANK OF CHINA LTD	6,217,000	21,324,310	0.49%
AIA GROUP LTD	3,172,000	206,180,000	4.78%
ANHUI CONCH CEMENT CO LTD	329,000	12,502,000	0.29%
BAIC MOTOR CORP LTD	3,631,500	14,998,095	0.35%
BANK OF CHINA LTD	22,099,000	74,694,620	1.73%
BOC HONG KONG HOLDINGS LTD	1,011,500	29,434,650	0.68%
CATHAY PACIFIC AIRWAYS LTD	2,017,000	22,469,380	0.52%
CHINA CONSTRUCTION BANK CORP	28,449,000	183,780,540	4.26%
CHINA LIFE INSURANCE CO LTD	2,736,000	45,527,040	1.06%
CHINA LONGYUAN POWER GROUP CORP LTD	2,326,000	12,397,580	0.29%
CHINA MENGNIU DAIRY CO LTD	581,000	14,176,400	0.33%
CHINA MERCHANTS BANK CO LTD	1,196,500	34,339,550	0.80%
CHINA MOBILE LTD	1,844,500	138,983,075	3.22%
CHINA OVERSEAS LAND & INVESTMENT LTD	2,292,000	61,654,800	1.43%
CHINA PACIFIC INSURANCE GROUP CO LTD	778,200	19,727,370	0.46%
CHINA PETROLEUM & CHEMICAL CORP	5,920,000	33,092,800	0.77%
CHINA RESOURCES LAND LTD	1,760,000	52,976,000	1.23%
CHINA SHENHUA ENERGY CO LTD	1,593,000	27,335,880	0.63%
CHINA VANKE CO LTD	1,054,000	28,036,400	0.65%
CK ASSET HOLDINGS LTD	1,530,804	87,715,069	2.03%
CK HUTCHISON HOLDINGS LTD	588,804	44,278,061	1.03%
CK INFRASTRUCTURE HOLDINGS LTD	177,500	10,525,750	0.24%
CLP HOLDINGS LTD	569,500	50,400,750	1.17%
CNOOC LTD	3,198,000	38,695,800	0.90%
CRRC CORP LTD	7,535,000	57,567,400	1.34%
CSPC PHARMACEUTICAL GROUP LTD	1,358,000	15,345,400	0.36%
DONGFENG MOTOR GROUP CO LTD	6,636,000	47,115,600	1.09%
FOSUN INTERNATIONAL LTD	2,325,500	26,510,700	0.61%
GALAXY ENTERTAINMENT GROUP LTD	475,000	23,655,000	0.55%
GUANGDONG INVESTMENT LTD	2,930,000	44,360,200	1.03%
HAIER ELECTRONICS GROUP CO LTD	760,000	14,637,600	0.34%
HAITONG SECURITIES CO LTD	6,354,800	47,661,000	1.11%
HANERGY THIN FILM POWER GROUP LTD	4,746,000	-	0.00%
HANG SENG BANK LTD	194,100	34,122,780	0.79%
HENGAN INTERNATIONAL GROUP CO LTD	244,500	13,936,500	0.32%
HONG KONG & CHINA GAS CO LTD	2,378,000	38,523,600	0.89%
HONG KONG EXCHANGES AND CLEARING LTD	293,797	66,574,400	1.54%
HSBC HOLDINGS PLC	5,351,600	346,783,680	8.05%
HUANENG POWER INTERNATIONAL INC	4,570,000	22,758,600	0.53%
INDUSTRIAL & COMMERCIAL BANK OF CHINA LTD	23,524,685	131,502,989	3.05%

PineBridge Greater China Equity Fund
Investment Report
As at 31 December 2018

INVESTMENT PORTFOLIO (CONTINUED)

	Holding shares	Market value HK\$	% of net assets
LISTED EQUITIES (CONTINUED)			
HONG KONG (CONTINUED)			
JOHNSON ELECTRIC HOLDINGS LTD	884,817	14,121,679	0.33%
K WAH INTERNATIONAL HOLDINGS LTD	3,155,000	11,736,600	0.27%
KUNLUN ENERGY CO LTD	1,816,000	15,072,800	0.35%
LIFESTYLE INTERNATIONAL HOLDINGS LTD	1,618,000	19,189,480	0.45%
LINK REIT	375,000	29,737,500	0.69%
LUK FOOK HOLDINGS INTERNATIONAL LTD	557,000	12,448,950	0.29%
NEW WORLD DEVELOPMENT CO LTD	931,000	9,645,160	0.22%
PETROCHINA CO LTD	10,140,000	49,483,200	1.15%
PING AN INSURANCE GROUP CO OF CHINA LTD	1,218,500	84,259,275	1.95%
POWER ASSETS HOLDINGS LTD	320,000	17,440,000	0.40%
SANDS CHINA LTD	472,000	16,189,600	0.38%
SHANDONG WEIGAO GROUP MEDICAL POLYMER CO LTD	1,144,000	7,252,960	0.17%
SHENZHOU INTERNATIONAL GROUP HOLDINGS LTD	220,000	19,525,000	0.45%
SINO BIOPHARMACEUTICAL LTD	1,311,000	6,764,760	0.16%
SUN HUNG KAI PROPERTIES LTD	652,500	72,819,000	1.69%
SUNNY OPTICAL TECHNOLOGY GROUP CO LTD	129,200	8,992,320	0.21%
TENCENT HOLDINGS LTD	1,281,500	402,391,000	9.34%
WHARF HOLDINGS LTD	723,000	14,749,200	0.34%
WHARF REAL ESTATE INVESTMENT CO LTD	550,000	25,767,500	0.60%
WUXI BIOLOGICS CAYMAN INC	194,000	9,729,100	0.23%
ZHUZHOU CRRC TIMES ELECTRIC CO LTD	2,045,300	88,766,020	2.06%
TOTAL HONG KONG		<u>3,144,563,073</u>	<u>72.95%</u>
TAIWAN			
ASE TECHNOLOGY HOLDING CO LTD	601,084	8,926,173	0.21%
CATCHER TECHNOLOGY CO LTD	301,000	17,250,853	0.40%
CATHAY FINANCIAL HOLDING CO LTD	4,379,000	52,424,507	1.22%
CHUNGHWA TELECOM CO LTD	810,000	23,314,441	0.54%
CTBC FINANCIAL HOLDING CO LTD	14,355,000	73,861,159	1.71%
DELTA ELECTRONICS INC	1,150,000	37,934,046	0.88%
FORMOSA CHEMICALS & FIBRE CORP	1,432,000	38,299,567	0.89%
FORMOSA PLASTICS CORP	1,654,000	42,551,848	0.99%
HON HAI PRECISION INDUSTRY CO LTD	4,062,720	73,267,555	1.70%
INVENTEC CORP	5,555,000	31,199,972	0.72%
LARGAN PRECISION CO LTD	67,000	54,867,773	1.27%
MEDIATEK INC	397,000	23,207,841	0.54%
QUANTA COMPUTER INC	1,998,000	26,820,548	0.62%
SERCOMM CORP	1,460,000	23,875,333	0.55%
TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD	5,958,447	342,248,204	7.95%
UNI-PRESIDENT ENTERPRISES CORP	1,163,000	20,677,436	0.48%
TOTAL TAIWAN		<u>890,727,256</u>	<u>20.67%</u>
TOTAL INVESTMENTS*		<u>4,142,053,888</u>	<u>96.09%</u>
TOTAL INVESTMENTS, AT COST*		<u>3,751,571,338</u>	

*Investments are accounted for on a trade date basis.

**PineBridge Greater China Equity Fund
Investment Report
For the year ended 31 December 2018**

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO

	Holdings			31 December 2018 Shares
	1 January 2018 Shares	Additions Shares	Deductions Shares	
LISTED EQUITIES				
CHINA				
BAOSHAN IRON & STEEL CO LTD	6,309,843	–	(3,467,779)	2,842,064
KWEICHOW MOUTAI CO LTD	–	28,400	–	28,400
LAO FENG XIANG CO LTD	462,841	–	(51,000)	411,841
ZHEJIANG DAHUA TECHNOLOGY CO LTD	–	1,599,776	–	1,599,776
ZHENGZHOU YUTONG BUS CO LTD	–	1,822,000	–	1,822,000
HONG KONG				
AAC TECHNOLOGIES HOLDINGS INC	301,000	–	(33,000)	268,000
AGRICULTURAL BANK OF CHINA LTD	–	6,682,000	(465,000)	6,217,000
AIA GROUP LTD	5,380,400	247,600	(2,456,000)	3,172,000
A-LIVING SERVICES CO LTD	–	2,961,500	(2,961,500)	–
ANHUI CONCH CEMENT CO LTD	3,895,000	–	(3,566,000)	329,000
ASCLETIS PHARMA INC	–	893,000	(893,000)	–
ASM PACIFIC TECHNOLOGY LTD	978,000	–	(978,000)	–
BAIC MOTOR CORP LTD	4,161,000	2,377,000	(2,906,500)	3,631,500
BANK OF CHINA LTD	32,986,000	5,374,000	(16,261,000)	22,099,000
BEIJING CAPITAL INTERNATIONAL AIRPORT CO LTD	–	2,486,000	(2,486,000)	–
BOC HONG KONG HOLDINGS LTD	1,981,500	–	(970,000)	1,011,500
BRILLIANCE CHINA AUTOMOTIVE HOLDINGS LTD	1,048,000	–	(1,048,000)	–
BYD CO LTD	272,000	–	(272,000)	–
CATHAY PACIFIC AIRWAYS LTD	–	3,047,000	(1,030,000)	2,017,000
CHINA COMMUNICATIONS CONSTRUCTION CO LTD	8,051,000	–	(8,051,000)	–
CHINA CONSTRUCTION BANK CORP	43,900,000	7,205,000	(22,656,000)	28,449,000
CHINA EVERBRIGHT BANK CO LTD	–	7,926,000	(7,926,000)	–
CHINA EVERBRIGHT INTERNATIONAL LTD	–	2,796,000	(2,796,000)	–
CHINA GALAXY SECURITIES CO LTD	6,664,500	–	(6,664,500)	–
CHINA GAS HOLDINGS LTD	–	832,800	(832,800)	–
CHINA ISOTOPE & RADIATION CORP	–	804,800	(804,800)	–
CHINA JINMAO HOLDINGS GROUP LTD	–	900,000	(900,000)	–
CHINA LIFE INSURANCE CO LTD	5,702,000	–	(2,966,000)	2,736,000
CHINA LITERATURE LTD	651,996	–	(651,996)	–
CHINA LONGYUAN POWER GROUP CORP LTD	8,751,000	–	(6,425,000)	2,326,000
CHINA MENGNIU DAIRY CO LTD	1,030,000	500,000	(949,000)	581,000
CHINA MERCHANTS BANK CO LTD	1,739,500	420,500	(963,500)	1,196,500
CHINA MERCHANTS PORT HOLDINGS CO LTD	741,893	–	(741,893)	–
CHINA MOBILE LTD	2,241,000	1,398,500	(1,795,000)	1,844,500
CHINA OVERSEAS LAND & INVESTMENT LTD	3,084,000	772,000	(1,564,000)	2,292,000
CHINA PACIFIC INSURANCE GROUP CO LTD	411,000	674,400	(307,200)	778,200
CHINA PETROLEUM & CHEMICAL CORP	10,846,000	652,000	(5,578,000)	5,920,000
CHINA RESOURCES BEER HOLDINGS CO LTD	–	806,000	(806,000)	–
CHINA RESOURCES GAS GROUP LTD	588,000	–	(588,000)	–
CHINA RESOURCES LAND LTD	3,158,000	970,000	(2,368,000)	1,760,000
CHINA RESOURCES PHOENIX HEALTHCARE HOLDINGS CO LTD	–	324,500	(324,500)	–

**PineBridge Greater China Equity Fund
Investment Report
For the year ended 31 December 2018**

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (CONTINUED)

	Holdings			31 December 2018 Shares
	1 January 2018 Shares	Additions Shares	Deductions Shares	
LISTED EQUITIES (CONTINUED)				
HONG KONG (CONTINUED)				
CHINA SHENHUA ENERGY CO LTD	2,778,000	236,500	(1,421,500)	1,593,000
CHINA STATE CONSTRUCTION INTERNATIONAL HOLDINGS LTD	3,382,000	–	(3,382,000)	–
CHINA TELECOM CORP LTD	6,036,000	–	(6,036,000)	–
CHINA UNICOM HONG KONG LTD	6,570,000	–	(6,570,000)	–
CHINA VANKE CO LTD	2,649,300	–	(1,595,300)	1,054,000
CHINA ZHENG TONG AUTO SERVICES HOLDINGS LTD	–	1,177,500	(1,177,500)	–
CK ASSET HOLDINGS LTD	2,131,304	702,000	(1,302,500)	1,530,804
CK HUTCHISON HOLDINGS LTD	1,080,804	173,000	(665,000)	588,804
CK INFRASTRUCTURE HOLDINGS LTD	341,000	–	(163,500)	177,500
CLP HOLDINGS LTD	–	1,138,500	(569,000)	569,500
CNOOC LTD	5,878,000	786,000	(3,466,000)	3,198,000
COUNTRY GARDEN HOLDINGS CO LTD	1,800,000	1,126,000	(2,926,000)	–
COUNTRY GARDEN SERVICES HOLDINGS CO LTD	–	336,321	(336,321)	–
CRRC CORP LTD	–	9,493,000	(1,958,000)	7,535,000
CSPC PHARMACEUTICAL GROUP LTD	7,530,000	–	(6,172,000)	1,358,000
DONGFENG MOTOR GROUP CO LTD	–	6,636,000	–	6,636,000
FOSUN INTERNATIONAL LTD	3,532,000	–	(1,206,500)	2,325,500
GALAXY ENTERTAINMENT GROUP LTD	2,323,000	417,000	(2,265,000)	475,000
GEELY AUTOMOBILE HOLDINGS LTD	1,330,000	–	(1,330,000)	–
GREAT EAGLE HOLDINGS LTD	361,000	–	(361,000)	–
GUANGDONG INVESTMENT LTD	3,894,000	284,000	(1,248,000)	2,930,000
GUANGZHOU AUTOMOBILE GROUP CO LTD	1,780,000	–	(1,780,000)	–
GUANGZHOU R&F PROPERTIES CO LTD	472,800	–	(472,800)	–
GUOTAI JUNAN INTERNATIONAL HOLDINGS LTD	11,470,000	–	(11,470,000)	–
HAIER ELECTRONICS GROUP CO LTD	–	1,103,000	(343,000)	760,000
HAITONG SECURITIES CO LTD	3,475,200	2,879,600	–	6,354,800
HANERGY THIN FILM POWER GROUP LTD	4,746,000	–	–	4,746,000
HANG LUNG PROPERTIES LTD	–	427,000	(427,000)	–
HANG SENG BANK LTD	310,900	23,400	(140,200)	194,100
HENDERSON LAND DEVELOPMENT CO LTD	309,000	212,400	(521,400)	–
HENGAN INTERNATIONAL GROUP CO LTD	301,500	–	(57,000)	244,500
HONG KONG & CHINA GAS CO LTD	–	6,930,000	(4,552,000)	2,378,000
HONG KONG EXCHANGES AND CLEARING LTD	525,097	244,900	(476,200)	293,797
HOPE EDUCATION GROUP CO LTD	–	4,460,000	(4,460,000)	–
HSBC HOLDINGS PLC	8,538,000	409,200	(3,595,600)	5,351,600
HUANENG POWER INTERNATIONAL INC	9,718,000	5,128,000	(10,276,000)	4,570,000
INDUSTRIAL & COMMERCIAL BANK OF CHINA LTD	41,675,685	1,536,000	(19,687,000)	23,524,685
JOHNSON ELECTRIC HOLDINGS LTD	876,000	8,817	–	884,817
K WAH INTERNATIONAL HOLDINGS LTD	–	3,155,000	–	3,155,000
KINGSOFT CORP LTD	1,554,000	319,000	(1,873,000)	–
KUNLUN ENERGY CO LTD	–	2,040,000	(224,000)	1,816,000
LEE & MAN PAPER MANUFACTURING LTD	1,990,000	2,256,000	(4,246,000)	–
LENOVO GROUP LTD	2,954,000	–	(2,954,000)	–

**PineBridge Greater China Equity Fund
Investment Report
For the year ended 31 December 2018**

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (CONTINUED)

	Holdings			31 December 2018 Shares
	1 January 2018 Shares	Additions Shares	Deductions Shares	
LISTED EQUITIES (CONTINUED)				
HONG KONG (CONTINUED)				
LIFESTYLE INTERNATIONAL HOLDINGS LTD	–	2,708,500	(1,090,500)	1,618,000
LINK REIT	747,000	111,500	(483,500)	375,000
LONGFOR PROPERTIES CO LTD	563,000	–	(563,000)	–
LUK FOOK HOLDINGS INTERNATIONAL LTD	2,213,000	–	(1,656,000)	557,000
NEW WORLD DEVELOPMENT CO LTD	–	931,000	–	931,000
PACIFIC BASIN SHIPPING LTD	9,362,000	–	(9,362,000)	–
PETROCHINA CO LTD	16,632,000	7,738,000	(14,230,000)	10,140,000
PING AN HEALTHCARE AND TECHNOLOGY CO LTD	–	22,700	(22,700)	–
PING AN INSURANCE GROUP CO OF CHINA LTD	3,062,000	56,500	(1,900,000)	1,218,500
POWER ASSETS HOLDINGS LTD	–	951,500	(631,500)	320,000
SANDS CHINA LTD	2,277,200	398,400	(2,203,600)	472,000
SHANDONG WEIGAO GROUP MEDICAL POLYMER CO LTD	–	1,144,000	–	1,144,000
SHENZHOU INTERNATIONAL GROUP HOLDINGS LTD	365,000	–	(145,000)	220,000
SINO BIOPHARMACEUTICAL LTD	1,491,000	1,578,000	(1,758,000)	1,311,000
SINO LAND CO LTD	–	318,000	(318,000)	–
SINOPHARM GROUP CO LTD	506,000	–	(506,000)	–
SUN HUNG KAI PROPERTIES LTD	953,000	75,000	(375,500)	652,500
SUNNY OPTICAL TECHNOLOGY GROUP CO LTD	495,000	129,200	(495,000)	129,200
TENCENT HOLDINGS LTD	1,935,000	112,900	(766,400)	1,281,500
TINGYI CAYMAN ISLANDS HOLDING CORP	738,000	–	(738,000)	–
UNI-PRESIDENT CHINA HOLDINGS LTD	7,750,000	–	(7,750,000)	–
WANT WANT CHINA HOLDINGS LTD	2,873,000	–	(2,873,000)	–
WH GROUP LTD	5,459,500	2,260,000	(7,719,500)	–
WHARF HOLDINGS LTD	1,181,000	–	(458,000)	723,000
WHARF REAL ESTATE INVESTMENT CO LTD	840,000	–	(290,000)	550,000
WUXI BIOLOGICS CAYMAN INC	288,000	22,500	(116,500)	194,000
YANGTZE OPTICAL FIBRE AND CABLE JOINT STOCK LTD CO	465,500	421,000	(886,500)	–
YUE YUEN INDUSTRIAL HOLDINGS LTD	396,000	–	(396,000)	–
ZHUZHOU CRRC TIMES ELECTRIC CO LTD	3,092,100	188,400	(1,235,200)	2,045,300
TAIWAN				
ADVANCED SEMICONDUCTOR ENGINEERING INC	4,592,168	–	(4,592,168)	–
AIRTAC INTERNATIONAL GROUP	201,709	65,000	(266,709)	–
ASE TECHNOLOGY HOLDING CO LTD	–	2,296,084	(1,695,000)	601,084
BASSO INDUSTRY CORP	521,000	–	(521,000)	–
CATCHER TECHNOLOGY CO LTD	313,000	–	(12,000)	301,000
CATHAY FINANCIAL HOLDING CO LTD	8,653,000	1,172,000	(5,446,000)	4,379,000
CHUNGHWA TELECOM CO LTD	2,048,000	303,000	(1,541,000)	810,000
CTBC FINANCIAL HOLDING CO LTD	–	17,360,000	(3,005,000)	14,355,000
DELTA ELECTRONICS INC	–	1,245,000	(95,000)	1,150,000
FORMOSA CHEMICALS & FIBRE CORP	806,000	1,996,000	(1,370,000)	1,432,000
FORMOSA PLASTICS CORP	2,089,000	543,000	(978,000)	1,654,000
GOURMET MASTER CO LTD	700,100	55,130	(755,230)	–

**PineBridge Greater China Equity Fund
Investment Report
For the year ended 31 December 2018**

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (CONTINUED)

	Holdings			31 December 2018 Shares
	1 January 2018 Shares	Additions Shares	Deductions Shares	
LISTED EQUITIES (CONTINUED)				
TAIWAN (CONTINUED)				
HON HAI PRECISION INDUSTRY CO LTD	7,436,150	–	(3,373,430)	4,062,720
HOTA INDUSTRIAL MANUFACTURING CO LTD	1,640,586	–	(1,640,586)	–
INVENTEC CORP	9,281,000	–	(3,726,000)	5,555,000
LARGAN PRECISION CO LTD	107,000	5,000	(45,000)	67,000
MEDIATEK INC	604,000	–	(207,000)	397,000
NANYA TECHNOLOGY CORP	729,000	–	(729,000)	–
QUANTA COMPUTER INC	3,454,000	–	(1,456,000)	1,998,000
SERCOMM CORP	–	1,895,000	(435,000)	1,460,000
TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD	10,209,447	346,000	(4,597,000)	5,958,447
UNI-PRESIDENT ENTERPRISES CORP	–	1,673,000	(510,000)	1,163,000
UNLISTED RIGHTS ISSUE				
HONG KONG				
FOSUN INTERNATIONAL LTD RTS 8SEP2017	–	6,430	(6,430)	–
TAIWAN				
CATHAY FINANCIAL HOLDING CO LTD RTS 22JUN2018	–	361,712	(361,712)	–

PineBridge Greater China Equity Fund
Investment Report
For the year ended 31 December 2018

PineBridge Greater China Equity Fund (the “Fund”) is a unit trust governed by its Trust Deed dated 10 August 1998, as amended, supplemented and restated. The Fund is managed in accordance with the distinct investment policy. Pursuant to the Unitholder Notice and the Offering Document dated 25 January 2018, the investment policy has been amended with effect from 25 January 2018. The amendments were made to clarify and enhance the investment objectives and policies of the Fund. The investment style, investment philosophy and risk profile of the Fund will remain the same.

Investment objectives and policies

The Fund seeks to provide long-term capital appreciation by investing in the equity securities of companies with exposure to the economies of countries within the Greater China region, i.e. the People’s Republic of China, Hong Kong and Taiwan.

	2018	2017	2016
	HK\$	HK\$	HK\$
Investments and investment income			
Total value of investments	4,142,053,888	8,305,280,449	6,267,457,321
Interest on bank deposits	784,029	119,876	166,732
Dividend income (net of withholding tax)	216,988,549	220,427,924	195,566,191
Net foreign currency (losses)/gains	(2,539,622)	3,212,492	899,838
Net income excluding capital (depreciation)/appreciation	195,064,076	198,307,934	159,310,897
Net (depreciation)/appreciation of financial assets and financial liabilities at fair value through profit or loss			
- realized and unrealized	(1,123,373,675)	2,198,237,844	(187,724,357)

Performance table

Net asset value

	Total net asset value	Net asset value per unit
	HK\$	HK\$
Provident Fund units		
2018	4,310,794,364	25.01
2017	8,417,490,616	28.63
2016	6,504,092,694	20.80

**PineBridge Greater China Equity Fund
Investment Report
For the year ended 31 December 2018**

Performance table (Continued)

Performance record for the past 10 years

	Highest issue price per unit HK\$	Lowest redemption price per unit HK\$	Annualized investment return (Note 1) %
Provident Fund units			
2018	31.56	24.15	(12.64)
2017	28.97	20.87	37.64
2016	22.56	17.59	(0.43)
2015	27.40	19.51	(9.65)
2014	24.83	20.84	2.66
2013	21.53	18.17	14.80
2012	19.75	15.96	19.68
2011	21.87	14.47	(22.16)
2010	21.79	16.63	7.74
2009	19.71	10.60	64.36

Note 1: The annualized investment return is calculated by comparing the net asset value per unit at the year end against the net asset value per unit at the beginning of the year.

Note 2: No Standard units - Accumulation were issued by the Fund since inception. The "Standard units" have been renamed to "Standard units - Accumulation" with effect from 27 June 2013.

Commentary by the Trustee

Based on the information received from the Manager of the Fund during the year, the Trustee of the Fund confirmed, to the best of its knowledge and belief, that the investment objectives and policies for the Fund were complied with.

**PineBridge Greater China Equity Fund
Trustee's Report
For the year ended 31 December 2018**

We hereby confirm that, in our opinion, the Manager of the Fund has, in all material respects, managed the Fund for the year ended 31 December 2018 in accordance with the provisions of the Trust Deed dated 10 August 1998, as amended, supplemented and restated.

On behalf of
AIA Company (Trustee) Limited

Director

Director

12 April 2019

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF PINEBRIDGE GREATER CHINA EQUITY FUND (THE "FUND")

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of PineBridge Greater China Equity Fund (the "Fund") set out on pages 15 to 37, which comprise the statement of net assets as at 31 December 2018, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at 31 December 2018, and of its financial transactions and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") and with reference to Practice Note 860.1 (Revised), The Audit of Retirement Schemes issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Fund in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information included in the Reports and Financial Statements

The Manager and the Trustee of the Fund are responsible for the other information. The other information comprises the information included in the Reports and Financial Statements, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager and Trustee and those charged with governance for the financial statements

The Manager and the Trustee of the Fund are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA, and for such internal control as the Manager and the Trustee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager and the Trustee of the Fund are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager and the Trustee of the Fund either intend to liquidate the Fund or to cease operations or have no realistic alternative but to do so.

The Manager and the Trustee of the Fund are required to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the constitutive documents of the Fund ("the Constitutive Documents"), the Mandatory Provident Fund Schemes Ordinance ("the MPFSO"), the Mandatory Provident Fund Schemes (General) Regulation ("the General Regulation"), the Code on MPF Investment Funds ("the MPF Code"), and Guidelines II.5 issued by the Mandatory Provident Fund Schemes Authority ("the MPFA") and the Code on Unit Trusts and Mutual Funds ("the Code") issued by the Hong Kong Securities and Futures Commission ("the SFC").

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF PINEBRIDGE GREATER CHINA EQUITY FUND (THE "FUND") (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. In addition, we are required to assess whether the financial statements of the Fund have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Constitutive Documents, the MPFSO, the General Regulation, the MPF Code and Guidelines II.5 issued by the MPFA and the Code issued by the SFC.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager and the Trustee
- Conclude on the appropriateness of the Manager and the Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEE OF PINEBRIDGE GREATER CHINA EQUITY FUND (THE "FUND")
(CONTINUED)**

Report on matters under the relevant disclosure provisions of the Constitutive Documents, the MPFSO, the General Regulation, the MPF Code, and Guidelines II.5 issued by the MPFA and the Code issued by the SFC

- (a) In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Constitutive Documents, the MPFSO, the General Regulation, the MPF Code and Guidelines II.5 issued by the MPFA and the Code issued by the SFC; and
- (b) We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purpose of our audit.

Certified Public Accountants
Hong Kong
12 April 2019

PineBridge Greater China Equity Fund
Statement of Net Assets
As at 31 December 2018

	Note	2018 HK\$	2017 HK\$
Assets			
Current assets			
Financial assets at fair value through profit or loss			
Investments	4(b)	4,142,053,888	8,305,280,449
Dividend receivable		205,548	281,788
Interest receivable		5,176	906
Amounts receivable on subscription		177,611	–
Amounts receivable from brokers		16,909,131	–
Other receivables		33,063	–
Cash and cash equivalents		<u>170,789,873</u>	<u>121,487,672</u>
Total assets		<u>4,330,174,290</u>	<u>8,427,050,815</u>
Liabilities			
Current liabilities			
Amounts payable on redemption		3,596,678	8,345,648
Amounts payable to brokers		15,120,311	–
Accounts payable and accrued expenses		<u>662,937</u>	<u>1,214,551</u>
Total liabilities		<u>19,379,926</u>	<u>9,560,199</u>
Equity			
Net assets attributable to unitholders	3	<u>4,310,794,364</u>	<u>8,417,490,616</u>

On behalf of
AIA Company (Trustee) Limited

On behalf of
PineBridge Investments
Hong Kong Limited

Director

Director

Director

PineBridge Greater China Equity Fund
Statement of Comprehensive Income
For the year ended 31 December 2018

	Note	2018 HK\$	2017 HK\$
Income			
Interest on bank deposits		784,029	119,876
Dividend income		236,842,934	240,132,895
Net (losses)/gains on financial assets and financial liabilities at fair value through profit or loss	6	(1,123,373,675)	2,198,237,844
Net foreign currency (losses)/gains		(2,539,622)	3,212,492
Total investment (loss)/income		<u>(888,286,334)</u>	<u>2,441,703,107</u>
Expenses			
Trustee's fee	8(b)	3,675,154	3,832,014
Custodian and administration fees	9	1,515,152	1,456,392
Audit fee		145,460	145,325
Bank charges		958	1,337
Legal and professional fees		47,341	58,959
Other expenses	10	(164,942)	467,218
Transaction costs		14,949,757	19,491,113
Total operating expenses		<u>20,168,880</u>	<u>25,452,358</u>
Net (loss)/profit before tax		(908,455,214)	2,416,250,749
Withholding tax	7(c)	(19,854,385)	(19,704,971)
Total comprehensive (loss)/income		<u>(928,309,599)</u>	<u>2,396,545,778</u>

The notes on pages 19 to 37 are an integral part of these financial statements.

PineBridge Greater China Equity Fund
Statement of Changes in Equity
For the year ended 31 December 2018

	Note	2018 HK\$	2017 HK\$
Balance at the beginning of the year		<u>8,417,490,616</u>	<u>6,504,092,694</u>
Issue of units	3	605,652,648	314,470,815
Redemption of units	3	(3,784,039,301)	(797,618,671)
Net decrease from unit transactions		<u>(3,178,386,653)</u>	<u>(483,147,856)</u>
Total comprehensive (loss)/income		<u>(928,309,599)</u>	<u>2,396,545,778</u>
Balance at the end of the year		<u><u>4,310,794,364</u></u>	<u><u>8,417,490,616</u></u>

The notes on pages 19 to 37 are an integral part of these financial statements.

PineBridge Greater China Equity Fund
Statement of Cash Flows
For the year ended 31 December 2018

	2018	2017
	HK\$	HK\$
Cash flows from operating activities		
Total comprehensive (loss)/income	(928,309,599)	2,396,545,778
Adjustment for:		
Dividend income	(236,842,934)	(240,132,895)
Interest on bank deposits	(784,029)	(119,876)
Withholding tax	19,854,385	19,704,971
Operating (loss)/profit before working capital changes	(1,146,082,177)	2,175,997,978
Net decrease/(increase) in investments	4,163,226,561	(2,037,823,128)
Net increase in amounts receivable from brokers	(16,909,131)	–
Net increase in other receivables	(33,063)	–
Net increase in amount payable to brokers	15,120,311	–
Net decrease in accounts payable and accrued expenses	(551,614)	(380,871)
Cash generated from operations	3,014,770,887	137,793,979
Dividend income received	217,064,789	220,146,136
Interest on bank deposits received	779,759	125,770
Net cash generated from operating activities	3,232,615,435	358,065,885
Cash flows from financing activities		
Proceeds from issue of units	605,475,037	318,011,372
Payments on redemption of units	(3,788,788,271)	(837,565,268)
Net cash used in financing activities	(3,183,313,234)	(519,553,896)
Net increase/(decrease) in cash and cash equivalents	49,302,201	(161,488,011)
Cash and cash equivalents at the beginning of the year	121,487,672	282,975,683
Cash and cash equivalents at the end of the year	170,789,873	121,487,672
Analysis of balance of cash and cash equivalents		
Cash at banks	44,841,473	107,703,372
Short-term deposits	125,948,400	13,784,300
	170,789,873	121,487,672

The notes on pages 19 to 37 are an integral part of these financial statements.

PineBridge Greater China Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

1. The Fund

PineBridge Greater China Equity Fund (the “Fund”) is a unit trust governed by its Trust Deed dated 10 August 1998, as amended, supplemented and restated. The Fund has been authorized by the Securities and Futures Commission of Hong Kong and approved by the Mandatory Provident Fund Schemes Authority of Hong Kong.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss (FVPL).

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires the Trustee and Manager to exercise its judgment in the process of applying the Fund’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 5.

New and amended standards that are effective in the current year and have been adopted by the Fund

The Fund applied, for the first time, certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2018.

The nature and the impact of each new standard and amendment is described below:

HKFRS 9 *Financial Instruments*

The Fund adopted HKFRS 9 Financial Instruments on its effective date of 1 January 2018. HKFRS 9 replaces *HKAS 39 Financial Instruments: Recognition and Measurement* and introduces new requirements for classification and measurement, impairment and hedge accounting. HKFRS 9 is not applicable to items that have already been derecognized at 1 January 2018, the date of initial application.

PineBridge Greater China Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

2. Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

(i) Classification and measurement

The Fund has assessed the classification of financial instruments as at the date of initial application and has applied such classification retrospectively. Based on that assessment:

- All financial assets previously held at fair value continue to be measured at fair value.
- Debt instruments and equity instruments, other than investments in subsidiaries and associates, are acquired for the purpose of generating short-term profit. Therefore, they meet the held-for-trading criteria and are required to be measured at FVPL.
- Financial assets previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. Thus, such instruments continue to be measured at amortized cost under HKFRS 9.
- The classification of financial liabilities under HKFRS 9 remains broadly the same as under HKAS 39. The main impact on measurement from the classification of liabilities under HKFRS 9 relates to the element of gains or losses for financial liabilities designated as at FVPL attributable to changes in credit risk. HKFRS 9 requires that such element be recognized in other comprehensive income (OCI), unless this treatment creates or enlarges an accounting mismatch in profit or loss, in which case, all gains and losses on that liability (including the effects of changes in credit risk) should be presented in profit or loss. The Fund has not designated any financial liabilities at FVPL. Therefore, this requirement has not had an impact on the Fund.

(ii) Impairment

HKFRS 9 requires the Fund to record Expected Credit Losses (“ECL”) on all of its financial assets measured at amortized cost, either on a 12-month or lifetime basis. The Fund’s investments are not subject to HKFRS 9’s impairment requirements as they are measured at FVPL. The Fund holds amortized cost financial assets, including dividend receivable, interest receivable, amounts receivable on subscription, amounts receivable from brokers, other receivables and cash and cash equivalents. The Fund measures the loss allowance at an amount equal to 12-month ECL on its amortized cost financial assets.

(iii) Hedge accounting

The Fund has not applied hedge accounting under HKAS 39 nor will it apply hedge accounting under HKFRS 9.

Impact of adoption of HKFRS 9

The classification and measurement requirements of HKFRS 9 have been adopted retrospectively as of the date of initial application on 1 January 2018, however, the Fund has chosen to take advantage of the option not to restate comparatives. Therefore, the 2017 figures are presented and measured under HKAS 39. The following table shows the original measurement categories in accordance with HKAS 39 and the new measurement categories under HKFRS 9 for the Fund’s financial assets and financial liabilities as at 1 January 2018.

PineBridge Greater China Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

2. Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

Impact of adoption of HKFRS 9 (Continued)

Financial assets

1 January 2018	HKAS 39 classification	HKAS 39 measurement HK\$	HKFRS 9 classification	HKFRS 9 measurement HK\$
Investments	Held for trading at FVPL	8,305,280,449	FVPL	8,305,280,449
Dividend receivable	Loans and receivables	281,788	Amortized cost	281,788
Interest receivable	Loans and receivables	906	Amortized cost	906
Cash and cash equivalents	Loans and receivables	121,487,672	Amortized cost	121,487,672

Financial Liabilities

1 January 2018	HKAS 39 classification	HKAS 39 measurement HK\$	HKFRS 9 classification	HKFRS 9 measurement HK\$
Amounts payable on redemption	Other financial liabilities	8,345,648	Amortized cost	8,345,648
Accounts payable and accrued expenses	Other financial liabilities	1,214,551	Amortized cost	1,214,551

In line with the characteristics of the Fund's financial instruments as well as its approach to their management, the Fund neither revoked nor made any new designations on the date of initial application. HKFRS 9 has not resulted in changes in the carrying amount of the Fund's financial instruments due to changes in measurement categories. All financial assets that were classified as FVPL under HKAS 39 are still classified as FVPL under HKFRS 9. All financial assets that were classified as loans and receivables and measured at amortized cost continue to be.

In addition, the application of the ECL mode under HKFRS 9 has not significantly changed the carrying amounts of the Fund's amortized cost financial assets. At the reporting date, the credit risk of the Fund's amortized cost financial assets were low or have not increased significantly since initial recognition. No loss allowance has been recognized based on 12-month ECL under HKFRS 9. There was no impairment recorded under HKAS39.

The carrying amounts of amortized cost instruments continued to approximate these instruments' fair values on the date of transition after transitioning to HKFRS 9.

HKFRS 15 Revenue from contracts with customers

The Fund adopted HKFRS 15 Revenue from contracts with customers on its effective date of 1 January 2018. HKFRS 15 replaces HKAS 18 Revenue and establishes a five-step model to account for revenue arising from contracts with customers. In addition, guidance on interest and dividend income have been moved from HKAS 18 to HKFRS 9 without significant changes to the requirements. Therefore, there was no impact of adopting HKFRS 15 for the Fund.

PineBridge Greater China Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

2. Summary of significant accounting policies (Continued)

(b) Investments

(i) Classification

In accordance with HKFRS 9, the Fund classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

In applying that classification, a financial asset or financial liability is considered to be held for trading if:

- (a) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or
- (b) On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking; or
- (c) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

Financial assets

The Fund classifies its financial assets as subsequently measured at amortized cost or measured at fair value through profit or loss on the basis of both:

- The entity's business model for managing the financial assets
- The contractual cash flow characteristics of the financial asset

All investments are classified as "financial assets at fair value through profit or loss".

Financial assets measured at fair value through profit or loss (FVPL)

A financial asset is measured at fair value through profit or loss if:

- (a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding; or
- (b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- (c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

The Fund includes in this category:

- Equity instruments
- Debt instruments. These include investments that are held under a business model to manage them on a fair value basis for investment income and fair value gains.
- Instruments held for trading. This category includes equity instruments and debt instruments which are acquired principally for the purpose of generating a profit from short-term fluctuations in price. This category also includes derivative contracts in an asset position.

(ii) Recognition

The Fund recognizes a financial asset when it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Fund commits to purchase or sell the asset.

PineBridge Greater China Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

2. Summary of significant accounting policies (Continued)

(b) Investments (Continued)

The following represent the basis of valuation for financial reporting purposes:

- (i) Investments which are listed or traded on an exchange are fair valued based on last traded prices.
- (ii) Investments which are not listed on an exchange or are thinly traded are valued by using quotes from brokers.
- (iii) Initial measurement

Financial assets at fair value through profit or loss are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognized directly in profit or loss.

- (iv) Subsequent measurement

After initial measurement, the Fund measures financial instruments which are classified as at FVPL at fair value. Subsequent changes in the fair value of those financial instruments are recorded in net gain or loss on financial assets and financial liabilities at FVPL in the statement of comprehensive income.

- (v) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized where the rights to receive cash flows from the asset have expired or the Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and either:

- (a) the Fund has transferred substantially all the risks and rewards of the asset, or
- (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The following represent the basis of valuation for financial reporting purposes:

- (i) Investments which are listed or traded on an exchange are fair valued based on last traded prices.
- (ii) Investments which are not listed on an exchange or are thinly traded are valued by using quotes from brokers.

PineBridge Greater China Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

2. Summary of significant accounting policies (Continued)

(c) Income

Dividends on equities are recognized in the statement of comprehensive income when the Fund's right to receive payments is established. The corresponding withholding taxes are recorded as a separate item in the statement of comprehensive income.

Interest income is recognized on a time-proportionate basis using the effective interest method. Other income is accounted for on an accrual basis.

(d) Translation of foreign currencies

(i) Functional and presentation currencies

Items included in the Fund's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). The financial statements are presented in Hong Kong dollar, which is the Fund's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the year end date.

Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the statement of comprehensive income within "net foreign currency gains/(losses)".

Foreign exchange gains and losses relating to the financial assets and financial liabilities carried at fair value through profit or loss are presented in the statement of comprehensive income within "net gains/(losses) on financial assets and financial liabilities at fair value through profit or loss".

(e) Expenses

Expenses are accounted for on an accrual basis.

(f) Derivative financial instruments - foreign exchange contracts

Outstanding foreign exchange contracts are valued at the year end date by reference to the rate of exchange applicable to the outstanding term of the contract. Unrealized gains or losses on outstanding contracts and realized gains and losses on closed contracts are shown in the statement of comprehensive income within "net gains/(losses) on financial assets and financial liabilities at fair value through profit or loss".

PineBridge Greater China Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

2. Summary of significant accounting policies (Continued)

(g) Subscription and redemption of units

Proceeds and payments on the subscription and redemption of units are recorded in the statement of changes in equity. The price at which units are subscribed or redeemed is calculated by reference to the net asset value per unit as at the close of business on the relevant dealing day.

(h) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of net assets where the Fund currently has a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis or realize the asset and liability simultaneously.

(i) Cash and cash equivalents

Cash and cash equivalents include cash at banks, deposits held with banks with original maturities of three months or less and bank overdrafts, if any.

(j) Amounts receivable from/payable to brokers

Amounts receivable from/payable to brokers represent receivables from investments sold and payables for investments purchased that have been contracted for but not yet settled or delivered on the year end date respectively.

(k) Transaction costs

Transaction costs are costs incurred to acquire financial assets or financial liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognized in profit or loss as an expense.

PineBridge Greater China Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

3. Number of units in issue and net assets attributable to unitholders per unit

The Fund issues units, which are redeemable at the holder's option, are classified as equity.

The Fund has no restrictions on the subscriptions of units. Pursuant to the Trust Deed and subject to the conditions and procedures set out therein, the Manager is entitled, having regard to the interests of unitholders, to limit the total number of units which unitholders are entitled to redeem on any dealing day to 10% of the units then in issue or deemed to be in issue. Subscriptions and redemptions of units during the year are shown in the statement of changes in equity. In order to achieve the investment objectives, the Fund endeavors to invest its capital in accordance with the investment policies as outlined in note 4, whilst maintaining sufficient liquidity to meet redemption requests. Such liquidity is augmented by the holding of liquid investments.

As at 31 December 2018, the Fund had HK\$4,310,794,364 (2017: HK\$8,417,490,616) of puttable financial instruments classified as equity.

The Fund's objectives and policies for managing its obligations to redeem these instruments are included in note 4(h) on capital risk management and note 4(e) on liquidity risk.

	2018	2017
	Units	Units
Number of Provident Fund units in issue	<u>172,349,790</u>	<u>294,060,524</u>
	HK\$	HK\$
Net asset value per Provident Fund unit	<u>25.01</u>	<u>28.63</u>

	2018	2018	2017	2017
	Standard	Provident	Standard	Provident
	Units -	Fund Units	Units -	Fund Units
	Accumulation	Units	Accumulation	Units
	Units	Units	Units	Units
Balance brought forward	–	294,060,524	–	312,762,284
Total issues	–	22,825,063	–	12,756,129
Total redemptions	–	<u>(144,535,797)</u>	–	<u>(31,457,889)</u>
Balance carried forward	<u>–</u>	<u>172,349,790</u>	<u>–</u>	<u>294,060,524</u>

PineBridge Greater China Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(b) Market price risk (Continued)

Net market exposures

The following table shows the net market exposure of the Fund to various markets, incorporating the underlying market risk through all financial assets and financial liabilities held by the Fund as at 31 December.

	2018	2017
	HK\$ equivalent	HK\$ equivalent
Markets exposed to		
China	106,763,559	88,313,171
Hong Kong	3,144,563,073	6,618,757,196
Taiwan	890,727,256	1,598,210,082
	<u>4,142,053,888</u>	<u>8,305,280,449</u>

The following table shows the net exposures to sectors as at 31 December 2018 and 2017:

	2018	2017
	%	%
Sectors exposed to		
Basic Materials	2	2
Communications	14	14
Consumer, Cyclical	6	8
Consumer, Non-cyclical	3	4
Diversified	1	2
Energy	4	4
Financial	45	42
Industrial	9	11
Technology	11	12
Utilities	5	1
	<u>100</u>	<u>100</u>

There were no investments issued by a single issuer with market value exceeding 10% of the Fund's net asset value as at 31 December 2018 and 2017.

PineBridge Greater China Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(b) Market price risk (Continued)

Net market exposures (Continued)

The table below summarizes the impact on net assets attributable to unitholders as a result of increases/decreases of the key index to which the Fund is exposed. The analysis is based on the assumption that the index had increased/decreased by the respective percentage with all other variables held constant and the Fund's investments moved according to the historical correlation with the index.

	2018	Impact	2017	Impact
	Change in	HK\$	Change in	HK\$
	market index %	HK\$	market index %	HK\$
	+/-	+/-	+/-	+/-
FTSE MPF Greater China Total Return Index	12%	478,567,073	40%	3,203,164,054

The Manager has used their view of what would be a "reasonable shift" in the FTSE MPF Greater China Total Return Index, having regard to the historical volatility of the index, to estimate the change for use in the market price risk sensitivity analysis above.

Disclosures above are shown in absolute terms, changes and impacts could be positive or negative. Changes in market index % are revised annually depending on the Manager's current view of market volatility and other relevant factors.

(c) Cash flow interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The majority of the Fund's financial assets and financial liabilities are non-interest bearing, as the Fund invests mainly in listed equities. As a result, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents are invested at short-term market interest rates.

As at 31 December 2018, the Fund had bank balances of HK\$170,789,873 (2017: HK\$121,487,672) and is therefore exposed to cash flow interest rate risk which is considered by the Manager to be minimal as they are short-term instruments all with maturities less than one month.

As the Manager believes that the Fund has no significant interest rate risk exposure, no interest rate sensitivity analysis is disclosed.

PineBridge Greater China Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(d) Credit and custody risk

The Fund is exposed to credit risk which is the risk that an issuer or counterparty will be unable or unwilling to pay amounts in full when due.

The Fund's financial assets which are potentially subject to concentrations of credit risk consist principally of cash and cash equivalents and assets held with the custodian. The table below summarizes the assets placed with banks and custodian at 31 December 2018 and 2017:

At 31 December 2018

	HK\$	Credit rating	Source of credit rating
<u>Custodian</u>			
Citibank, N.A.	4,142,053,888	P-1	Moody's
<u>Banks</u>			
Citibank, N.A.	44,841,473	P-1	Moody's
Dah Sing Bank Limited	125,948,400	P-1	Moody's

At 31 December 2017

	HK\$	Credit rating	Source of credit rating
<u>Custodian</u>			
Citibank, N.A.	8,305,280,449	P-1	Moody's
<u>Banks</u>			
Citibank, N.A.	107,703,372	P-1	Moody's
Dah Sing Bank Limited	13,784,300	P-2	Moody's

The maximum exposure to credit risk at year end is the carrying amount of the financial assets as shown on the statement of net assets.

The Fund measures credit risk and ECL using probability of default, exposure at default and loss given default. The Manager and the Trustee of the Fund considers both historical analysis and forward looking information in determining any ECL.

None of the assets is impaired nor past due but not impaired.

All transactions in listed/quoted investments are settled/paid for upon delivery using approved and reputable brokers. The risk of default is considered minimal since delivery of securities sold is only made when the broker has received payment. Payment is made on a purchase when the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

The Fund limits its exposure to credit risk by transacting the majority of its securities and contractual commitment activities with broker-dealers, banks and regulated exchanges with high credit ratings and that the Fund considers to be well established.

The Manager and the Trustee of the Fund considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognized based on 12-month ECL as any such impairment would be wholly insignificant to the Fund.

PineBridge Greater China Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(e) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in settling a liability, including a redemption request.

The Fund is exposed to daily cash redemptions of units in the Fund. The Fund invests the majority of its assets in investments that are traded in an active market and can be readily disposed of.

The table below analyzes the Fund's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the year end date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month HK\$	1 - 3 months HK\$	Over 3 months HK\$
At 31 December 2018			
Amounts payable on redemption	3,596,678	–	–
Amounts payable to brokers	15,120,311	–	–
Accounts payable and accrued expenses	517,157	–	145,780
Total financial liabilities	<u>19,234,146</u>	<u>–</u>	<u>145,780</u>
	Less than 1 month HK\$	1 - 3 months HK\$	Over 3 months HK\$
At 31 December 2017			
Amounts payable on redemption	8,345,648	–	–
Accounts payable and accrued expenses	601,900	–	612,651
Total financial liabilities	<u>8,947,548</u>	<u>–</u>	<u>612,651</u>

Units are redeemed on demand at the unitholder's option. At 31 December 2018 and 2017, no ultimate individual investor held more than 10% of the Fund's units.

At 31 December 2018, the Fund held cash and cash equivalents of HK\$170,789,873 (2017: HK\$121,487,672) and liquid investments of HK\$4,142,053,888 (2017: HK\$8,305,280,449) that are expected to readily generate cash inflows within 1 month for managing liquidity risk.

PineBridge Greater China Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(f) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

The Fund has both monetary and non-monetary assets and liabilities denominated in currencies other than Hong Kong dollar, the Fund's functional and presentation currency. The Fund is therefore exposed to currency risk, as the value of the assets and liabilities denominated in other currencies will fluctuate due to changes in foreign exchange rates.

The table below summarizes the Fund's net monetary and non-monetary exposure to different major currencies:

	2018	2017
	HK\$ equivalent	HK\$ equivalent
Monetary items		
Taiwanese Dollar	44,659,306	107,623,369
United States Dollar	257	–
Non-monetary items		
Chinese Offshore Yuan	106,763,559	88,313,171
Taiwanese Dollar	890,727,256	1,598,210,082

The table below summarizes the impact on net assets attributable to unitholders as a result of increases/decreases of foreign exchange rates on the exposures tabled above, to which the Fund is exposed. The analysis is based on the assumption that the foreign exchange rates had increased/decreased by the respective percentage with all other variables held constant.

	2018	Impact	2017	Impact
	Change in foreign	HK\$	Change in foreign	HK\$
	exchange rates %	+/-	exchange rates %	+/-
	+/-	+/-	+/-	+/-
Monetary items				
Taiwanese Dollar	1.0%	446,593	6.0%	6,457,402
United States Dollar	1.0%	3	0.5%	–
Non-monetary items				
Chinese Offshore Yuan	1.0%	1,067,636	3.0%	2,649,395
Taiwanese Dollar	1.0%	8,907,273	6.0%	95,892,605

The Manager has used their view of what would be a “reasonable shift” in the foreign exchange rates, having regard to historical volatility of those rates, to estimate the change for use in the currency risk sensitivity analysis above.

Disclosures above are shown in absolute terms, changes and impacts could be positive or negative. Changes in foreign exchange rates % are revised annually depending on the Manager's current view of market volatility and other relevant factors.

PineBridge Greater China Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(g) Fair value estimation

The fair value of financial assets and financial liabilities traded in active markets (such as trading securities) are based on quoted market prices at the close of trading on the year end date. The Fund utilizes the last traded market price as its fair valuation inputs for both financial assets and financial liabilities.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Fund for similar financial instruments.

HKFRS 13 requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (Level 2).
- Inputs for the asset or liability that are unobservable inputs (Level 3).

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement.

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes "observable" requires significant judgment by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

PineBridge Greater China Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(g) Fair value estimation (Continued)

The following table analyzes within the fair value hierarchy the Fund's investments (by class) measured at fair value at 31 December 2018 and 2017:

At 31 December 2018

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Assets				
Financial assets at fair value though profit or loss:				
- Listed equities	4,142,053,888	–	–	4,142,053,888
Total assets	<u>4,142,053,888</u>	<u>–</u>	<u>–</u>	<u>4,142,053,888</u>

At 31 December 2017

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Assets				
Held for trading:				
- Listed equities	8,305,280,449	–	–	8,305,280,449
Total assets	<u>8,305,280,449</u>	<u>–</u>	<u>–</u>	<u>8,305,280,449</u>

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities. The Fund does not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. As of 31 December 2018 and 2017, the Fund did not hold any investments classified in level 2.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. As at 31 December 2018 and 2017, level 3 instruments include listed equity securities that are suspended from trading. As observable prices are not available for these securities, the Fund has used valuation techniques including estimation of liquidation value, to derive the fair value of these level 3 investments.

As at 31 December 2018 and 2017, the Fund invested in one equity security which was suspended on 21 May 2015. The Manager has applied 100% discount to the last traded price before suspension to be the best estimate of the fair value of this security. This investment was classified as level 3 due to continual suspension of trading as at 31 December 2018 and 2017.

There is no transfer between levels for the years ended 31 December 2018 and 2017.

Assets and liabilities included in the statement of net assets, except for investments, are carried at amortized cost; their carrying values are a reasonable approximation of fair value.

PineBridge Greater China Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(h) Capital risk management

The capital of the Fund is represented by the net assets attributable to unitholders. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unitholders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

In order to maintain or adjust the capital structure, the Fund's policy is to perform the following:

- monitor the level of daily subscriptions and redemptions relative to the liquid assets; and
- redeem and issue units in accordance with the Trust Deed of the Fund.

The Manager monitors capital on the basis of the value of net assets attributable to unitholders.

5. Critical judgement

In preparing these financial statements, the Trustee and Manager have made certain judgement which is dependent on what might happen in the future. The judgement made by the Trustee and Manager may not equal the related actual results. Refer to note 7(b) of the financial statements.

6. Net (losses)/gains on financial assets and financial liabilities at fair value through profit or loss

	2018	2017
	HK\$	HK\$
Change in unrealized gains/losses in value of financial assets and financial liabilities at fair value through profit or loss	(1,745,997,646)	1,821,142,542
Realized gains on sale of financial assets and financial liabilities at fair value through profit or loss	622,623,971	377,095,302
	<u>(1,123,373,675)</u>	<u>2,198,237,844</u>

PineBridge Greater China Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

7. Taxation

- (a) No provision for Hong Kong profits tax has been made as the Fund is authorized as a collective investment scheme under Section 104 of the Hong Kong Securities and Futures Ordinance and is therefore exempted from profits tax under Section 26A(1A) of the Hong Kong Inland Revenue Ordinance.
- (b) The Fund invests in shares of companies in the People's Republic of China ("PRC") listed on the Hong Kong Stock Exchange ("H-shares"). Under the PRC Corporate Income Tax Law, the Fund may be liable to pay PRC tax on the capital gains realized in the trading of H-shares. However, no provision was made for taxation from such gains in the financial statements as the Trustee and Manager believe that the Fund can sustain a position for not filing a tax return based on the existing tax regulations and that the enforcement of China tax on capital gains is not probable.
- (c) Withholding tax was charged on certain dividend income received during the years.

8. Transactions with Associates/Connected Persons/Related Parties

Associates and connected persons are those as defined in the Mandatory Provident Fund Schemes Ordinance and the Code on Unit Trusts and Mutual Funds issued by the Securities and Futures Commission of Hong Kong.

Apart from the fees as disclosed below, the Fund allows the Manager and its associates/connected persons to subscribe for, and redeem, units in the Fund.

All transactions were entered into in the ordinary course of business and on normal commercial terms.

(a) Management fee

PineBridge Investments Hong Kong Limited, the Manager, is entitled to receive a management fee at 1.25% per annum, with a permitted maximum of 1.50% per annum, of the net asset value of the Standard units - Accumulation, being calculated daily and payable monthly in arrears.

No management fee is charged on the Provident Fund units.

No management fee is payable as at year end (2017: Nil).

(b) Trustee's fee

AIA Company (Trustee) Limited, the Trustee, is entitled to receive a trustee's fee at a permitted maximum of 0.05% per annum of the net asset value of the Fund, being calculated daily and payable monthly in arrears.

Trustee's fee payable as at year end amounted to HK\$180,726 (2017: HK\$350,363).

9. Custodian and administration fees

The Custodian and Administrator of the Fund is Citibank N.A., Hong Kong Branch and the Application and Redemption Agent of the Fund is Citicorp Financial Services Limited (collectively "Citibank"). Citibank is entitled to receive a custodian fee which comprises safekeeping and transaction fees of 0.025% per annum of the net asset value of the Fund and a transfer agency fee of US\$1,500 per month, with a total permitted maximum of 0.50% per annum. The safekeeping and transaction fee rate of 0.025% per annum is the maximum rate. Citibank is also entitled to receive an administrator fee of US\$1,000 per month.

Custodian and administration fees payable as at year end amounted to HK\$336,431 (2017: HK\$251,537).

PineBridge Greater China Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

10. Other expenses

Other expenses included a reversal of overprovision of certain expenses of HK\$215,187 during the year ended 31 December 2018.

11. Soft commission arrangements

The Manager and its associates/connected persons have entered into soft commission arrangements with some brokers under which certain goods and services used to support investment decision making are obtained from third parties and are paid for by the brokers out of the commissions they receive. These may include, for example, research and advisory services; economic and political analysis; portfolio analysis, including valuation and performance measurement; market analysis, data and quotation services; clearing, registrar and custodial services and investment-related publications; computer hardware and software incidental to the above goods and services.

12. Distributions

No distribution was made during the year (2017: Nil).

13. Borrowings, contingent liabilities and commitments

The Fund had no borrowings, contingent liabilities and commitments as at 31 December 2018 and 2017.

14. Negotiability of assets

There were no statutory or contractual requirements restricting the free negotiability of assets held by the Fund as at 31 December 2018 and 2017.

15. Approval of financial statements

The financial statements were approved by the Trustee and the Manager on 12 April 2019.

PINEBRIDGE HONG KONG DOLLAR FIXED INCOME FUND
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2018

PineBridge Hong Kong Dollar Fixed Income Fund

Reports and Financial Statements For the year ended 31 December 2018

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PineBridge Hong Kong Dollar Fixed Income Fund

Management and Professional Service Details

Manager

PineBridge Investments Hong Kong Limited
Level 31, Three Pacific Place, 1 Queen's Road East
Hong Kong

Trustee

(effective from 13 October 2018)
AIA Company (Trustee) Limited
11th Floor, AIA Hong Kong Tower
734 King's Road, Quarry Bay
Hong Kong

(up to 12 October 2018)
2nd Floor, AIA Building, 1 Stubbs Road
Hong Kong

Administrator and Custodian

Citibank N.A., Hong Kong Branch
50th Floor, Champion Tower
Three Garden Road, Central
Hong Kong

Application and Redemption Agents

Citicorp Financial Services Limited
Citi Tower, One Bay East
83 Hoi Bun Road
Kwun Tong, Kowloon
Hong Kong

Auditor

Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

Legal Advisers

Deacons
5th Floor, Alexandra House
18 Chater Road
Central, Hong Kong

**PineBridge Hong Kong Dollar Fixed Income Fund
Manager's Report
For the year ended 31 December 2018**

Manager's Market Perspective

2018 Market Overview

It was a challenging year in 2018 for the global fixed income asset class. At the start of the year, fears of higher inflation in the US led to worries of a steeper normalization path, pushing yields broadly higher for US and Hong Kong. Throughout 2018, interest rate differentials between Hong Kong and US kept the local currency at the weaker end of the peg with the US dollar and HKMA took actions to defend the local currency. The Hong Kong Aggregate Balance, which is an indication of liquidity, withdrew to HKD 79 billion from HKD180 billion at the start of 2018. At the end of third quarter, Hong Kong banks raised their lending rates the first time in a decade, amid a mild increase of 12.5bps. Hong Kong's current economy remains healthy, given close economic ties with China. Hong Kong's 3Q GDP slowed to 2.9% from the previous quarter of 3.5%. The city's economic forecast was revised down to 3.2% which is still within the government's 3-4% range, partly due to concerns over the China/US trade tensions given strong economic ties Hong Kong has with China.

The US Federal Reserve continued to tighten its monetary policy by hiking policy rates four times during 2018, which was widely expected by the market. However, the Fed followed by dovish comments towards the end of the year which signaled a slower path in rate hikes. In addition, some Asian central banks such as Indonesia, Philippines, India and Korea raised policy rates signaling less accommodative measures within the region. China accelerated its pace of implementing further easing policies, especially since second quarter of the year. While China did not cease its deleveraging campaign, it was implemented at a more calibrated pace.

The 10-year Hong Kong government yield ended the year at 1.946% and US 10-year Treasury yield 2.685%, rising 19bps and 28bps respectively. The HKD 3-month HIBOR ended higher at the end of December at 2.327 as year-end funding needs kept short-term rates elevated.

2019 Market Outlook and Strategy

Hong Kong's economy will continue to rely on external factors such as China growth and US monetary policies. We expect global growth slowdown and trade tensions between China/US will continue to generate headlines creating some volatility ahead. Seasonal demand for funding needs will occasionally drive funding needs tighter. In general, Hong Kong's liquidity remains flushed thus keeping short-term rates low. Over the medium term, as there is a currency peg which exists between the Hong Kong Dollar and US Dollar, Hong Kong rates will continue to follow the trajectory of US rates.

For the year of 2018, the fund generated positive returns but underperformed the stated benchmark. Majority of the portfolio is invested in bonds denominated in Hong Kong dollars. A prospectus update at the start of 2018 allows the fund invest into USD denominated bonds, which the fund has allocated a small budget to. The decision to invest into USD denominated bonds was on the expectation that the US Federal Reserve takes further steps to normalize its monetary policy, thus HKD rates is expected to underperform USD rates. The lack of Hong Kong dollar paper continues to keep the demand strong despite a growing local currency market. The fund continues to seek for opportunities to invest in corporate bonds to enhance the return of the portfolio. Our underweight in duration provided positive benefits towards the fund's return given our expectations that Hong Kong rates will underperform the US rates. The fund continues to remain defensive and dynamically adjust for duration which is market data dependent.

**PineBridge Hong Kong Dollar Fixed Income Fund
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INVESTMENT PORTFOLIO

	Nominal value HK\$	Market value HK\$	% of net assets
LISTED/QUOTED INVESTMENTS			
BONDS			
HONG KONG DOLLAR			
ADCB FINANCE CAYMAN LTD 2.46% 16MAR2020	1,000,000	988,931	0.20%
ADCB FINANCE CAYMAN LTD 2.84% 21NOV2023	2,000,000	1,970,870	0.40%
ADCB FINANCE CAYMAN LTD 2.86% 4MAY2021	2,000,000	1,988,230	0.40%
ADCB FINANCE CAYMAN LTD 3.2% 3FEB2022	1,000,000	1,001,460	0.20%
ASB FINANCE LTD 2.457% 25SEP2024	2,000,000	1,944,222	0.40%
ASB FINANCE LTD 2.63% 14DEC2021	2,000,000	1,990,796	0.41%
AUSNET SERVICES HOLDINGS PTY LTD 4.125% 16MAR2020	7,000,000	7,104,041	1.45%
BANK OF COMMUNICATIONS CO LTD/HONG KONG 3.2% 9APR2019	2,000,000	2,004,882	0.41%
BANK OF NOVA SCOTIA 2.74% 13FEB2023	2,000,000	1,996,764	0.41%
BANK OF NOVA SCOTIA 3.34% 20SEP2023	2,000,000	2,045,375	0.42%
BNZ INTERNATIONAL FUNDING LTD/LONDON 2.5% 1MAR2021	2,000,000	1,990,781	0.41%
CAGAMAS GLOBAL PLC 3.1% 26JUL2020	3,000,000	3,009,826	0.61%
CANADIAN IMPERIAL BANK OF COMMERCE/CANADA 2.25% 28JUL2020	1,000,000	997,223	0.20%
CANADIAN IMPERIAL BANK OF COMMERCE 2.912% 24JUL2021	3,000,000	3,029,758	0.62%
CENTRICA PLC 3.68% 22FEB2022	3,000,000	2,998,394	0.61%
CITIGROUP INC 2.67% 6OCT2025	2,000,000	1,939,774	0.39%
CK PROPERTY FINANCE MTN LTD 2.25% 25AUG2022	1,500,000	1,468,132	0.30%
CLP POWER HONG KONG FINANCING LTD 2.83% 20SEP2022	3,000,000	2,997,186	0.61%
CLP POWER HONG KONG FINANCING LTD 3.5% 28NOV2029	4,000,000	4,049,173	0.82%
CLP POWER HONG KONG FINANCING LTD 3.88% 5AUG2019	5,000,000	5,036,650	1.02%
COMMONWEALTH BANK OF AUSTRALIA 2.505% 21SEP2026	4,000,000	3,867,520	0.79%
COMMONWEALTH BANK OF AUSTRALIA 2.77% 27JAN2026	2,000,000	1,975,130	0.40%
COMMONWEALTH BANK OF AUSTRALIA 3.36% 24MAY2023	2,000,000	2,051,121	0.42%
COOPERATIEVE RABOBANK UA 4.98% 3SEP2019	5,000,000	5,081,931	1.03%
CORP ANDINA DE FOMENTO 2.89% 18MAR2026	2,000,000	1,966,171	0.40%
CORP ANDINA DE FOMENTO 3.265% 24MAR2027	2,000,000	2,012,624	0.41%
DBS GROUP HOLDINGS LTD 3.24% 19APR2026	5,000,000	4,979,075	1.01%
EASTERN CREATION II INVESTMENT HOLDINGS LTD 3.85% 18DEC2021	3,000,000	3,001,071	0.61%
EMIRATES NBD PJSC 3.4% 13MAY2022	2,000,000	1,999,349	0.41%
ENGIE SA 2.65% 26SEP2032	2,000,000	1,932,908	0.39%
EXPORT-IMPORT BANK OF KOREA 2.2% 15FEB2019	2,000,000	1,999,335	0.41%
EXPORT-IMPORT BANK OF KOREA 3.45% 23SEP2021	1,000,000	1,016,289	0.21%
FIRST GULF BANK PJSC 2.43% 17FEB2020	2,000,000	1,992,366	0.41%
GENERAL ELECTRIC CO 5.05% 27JUN2023	3,000,000	3,185,633	0.65%
HKCG FINANCE LTD 2.25% 22JUL2026	5,000,000	4,702,591	0.96%
HKCG FINANCE LTD 2.65% 3JUL2027	2,000,000	1,919,074	0.39%
HKCG FINANCE LTD 3.3% 16MAY2022	5,000,000	5,077,493	1.03%
HKCG FINANCE LTD 3.9% 3JUN2019	1,000,000	1,005,365	0.20%

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INVESTMENT PORTFOLIO (CONTINUED)

	Nominal value HK\$	Market value HK\$	% of net assets
LISTED/QUOTED INVESTMENTS (CONTINUED)			
BONDS (CONTINUED)			
HONG KONG DOLLAR (CONTINUED)			
HONG KONG GOVERNMENT BOND 0.8% 27AUG2027	4,500,000	4,101,592	0.83%
HONG KONG GOVERNMENT BOND 1.49% 22FEB2028	1,000,000	963,355	0.20%
HONG KONG GOVERNMENT BOND 1.51% 24FEB2027	2,300,000	2,232,933	0.45%
HONG KONG GOVERNMENT BOND 1.84% 9DEC2024	4,000,000	4,002,887	0.81%
HONG KONG GOVERNMENT BOND 1.96% 3JUN2024	5,000,000	5,038,030	1.03%
HONG KONG GOVERNMENT BOND 2.07% 26AUG2026	5,000,000	5,066,385	1.03%
HONG KONG GOVERNMENT BOND 2.24% 27AUG2029	6,000,000	6,162,899	1.25%
HONG KONG GOVERNMENT BOND 2.39% 20AUG2025	3,300,000	3,410,723	0.69%
HONG KONG GOVERNMENT BOND 2.48% 28FEB2029	5,000,000	5,235,974	1.07%
HONG KONG GOVERNMENT BOND 2.6% 20AUG2024	9,500,000	9,895,340	2.01%
HONG KONG GOVERNMENT BOND PROGRAMME 1.68% 21JAN2026	12,000,000	11,755,391	2.39%
HONG KONG GOVERNMENT BOND PROGRAMME 2.13% 16JUL2030	14,000,000	14,058,605	2.85%
HONG KONG GOVERNMENT BOND PROGRAMME 2.22% 7AUG2024	2,000,000	2,028,096	0.41%
HONG KONG SCIENCE & TECHNOLOGY PARKS CORP 2.12% 11JUL2019	1,500,000	1,499,043	0.31%
HONGKONG LAND NOTES CO LTD 3.86% 7MAR2022	7,000,000	7,241,690	1.47%
HONGKONG LAND NOTES CO LTD 3.95% 29NOV2023	6,000,000	6,283,850	1.28%
HONGKONG LAND NOTES CO LTD 3.95% 8JUN2020	5,000,000	5,095,887	1.04%
HONGKONG LAND NOTES CO LTD 4.1% 28JUL2025	6,000,000	6,342,686	1.29%
HYSAN MTN LTD 5.38% 2SEP2020	2,000,000	2,082,528	0.42%
IFC DEVELOPMENT CORPORATE TREASURY LTD 3.4% 26MAR2020	3,000,000	3,029,681	0.62%
KEB HANA BANK 2.61% 22MAR2021	2,000,000	1,991,025	0.41%
KEB HANA BANK 2.96% 1AUG2020	3,000,000	3,012,611	0.61%
KEB HANA BANK 3.165% 15JUN2021	5,000,000	5,033,368	1.02%
KOREA DEVELOPMENT BANK 4.42% 12APR2021	3,000,000	3,106,119	0.63%
KOREA EXPRESSWAY CORP 3.02% 5MAR2023	1,500,000	1,502,767	0.31%
KOREA EXPRESSWAY CORP 4% 2MAR2022	5,000,000	5,164,878	1.05%
KOREA HYDRO & NUCLEAR POWER CO LTD 3.35% 13MAR2028	5,000,000	5,053,732	1.03%
KOREA LAND & HOUSING CORP 2.43% 28SEP2024	2,000,000	1,928,610	0.39%
KOREA LAND & HOUSING CORP 4.2% 18JAN2022	5,000,000	5,184,003	1.05%
KOREA NATIONAL OIL CORP 4.5% 4MAR2021	6,000,000	6,213,619	1.26%
KOREA RAILROAD CORP 3.375% 7JUN2023	1,000,000	1,008,300	0.21%
KOWLOON-CANTON RAILWAY CORP 4.13% 15MAY2024	500,000	535,544	0.11%
LINK FINANCE CAYMAN 2009 LTD 2.67% 4JUL2022	1,000,000	992,095	0.20%
LINK FINANCE CAYMAN 2009 LTD 3% 2MAR2026	2,000,000	1,967,776	0.40%
LINK FINANCE CAYMAN 2009 LTD 3.15% 2FEB2026	2,000,000	1,987,706	0.40%
LINK FINANCE CAYMAN 2009 LTD 3.2% 6SEP2021	3,000,000	3,027,681	0.62%
LINK FINANCE CAYMAN 2009 LTD 4.1% 24DEC2019	1,500,000	1,522,099	0.31%
LINK FINANCE CAYMAN 2009 LTD 4.4% 5AUG2019	5,000,000	5,052,139	1.03%

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INVESTMENT PORTFOLIO (CONTINUED)

	Nominal value HK\$	Market value HK\$	% of net assets
LISTED/QUOTED INVESTMENTS (CONTINUED)			
BONDS (CONTINUED)			
HONG KONG DOLLAR (CONTINUED)			
MACQUARIE BANK LTD 2.06% 12FEB2020	3,000,000	2,979,569	0.61%
MALAYAN BANKING BHD 2.295% 25MAY2022	4,000,000	3,885,973	0.79%
MALAYAN BANKING BHD 2.9% 18JAN2023	2,000,000	1,978,319	0.40%
MALAYAN BANKING BHD 3.25% 20JUL2022	5,000,000	5,009,318	1.02%
MIZUHO BANK LTD 2.65% 22NOV2021	2,000,000	1,988,570	0.40%
NATIONAL AUSTRALIA BANK LTD 3.29% 21JUN2023	10,000,000	10,270,204	2.09%
NATIONAL AUSTRALIA BANK LTD 3.73% 17MAY2026	5,000,000	5,131,719	1.04%
NATIONAL GRID NORTH AMERICA INC 2.62% 9JUN2025	2,000,000	1,945,557	0.40%
OP CORPORATE BANK PLC 2.16% 18SEP2020	1,000,000	988,580	0.20%
OPTUS FINANCE PTY LTD 3.825% 10JUN2020	2,000,000	2,024,423	0.41%
ORIX CORP 2.3% 23AUG2022	1,500,000	1,434,023	0.29%
PLACES FOR PEOPLE TREASURY PLC 3.25% 30AUG2023	2,000,000	1,970,166	0.40%
PSA INTERNATIONAL PTE LTD 3.8% 26MAY2020	5,000,000	5,072,739	1.03%
ROYAL BANK OF CANADA 1.95% 24MAR2019	3,000,000	2,996,114	0.61%
SHINHAN BANK CO LTD 3.14% 26JUL2021	3,000,000	3,025,630	0.62%
SHINHAN BANK CO LTD 3.2% 24AUG2021	4,000,000	4,041,779	0.82%
SINOPEC CENTURY BRIGHT CAPITAL INVESTMENT LTD 3.15% 31OCT2020	1,100,000	1,111,066	0.23%
SUMITOMO MITSUI BANKING CORP 2.92% 30APR2025	2,000,000	1,957,600	0.40%
SUN HUNG KAI PROPERTIES CAPITAL MARKET LTD 2.32% 26JUL2026	2,000,000	1,874,882	0.38%
SUN HUNG KAI PROPERTIES CAPITAL MARKET LTD 2.5% 5SEP2024	6,000,000	5,831,370	1.19%
SUN HUNG KAI PROPERTIES CAPITAL MARKET LTD 2.59% 15APR2026	1,000,000	958,978	0.20%
SUN HUNG KAI PROPERTIES CAPITAL MARKET LTD 2.7% 26JUN2027	2,000,000	1,911,550	0.39%
SUN HUNG KAI PROPERTIES CAPITAL MARKET LTD 2.95% 8MAY2023	5,000,000	5,006,172	1.02%
SUN HUNG KAI PROPERTIES CAPITAL MARKET LTD 3.25% 5DEC2022	6,000,000	6,089,508	1.24%
SUN HUNG KAI PROPERTIES CAPITAL MARKET LTD 3.25% 5DEC2022	4,000,000	4,059,581	0.83%
SWIRE PACIFIC MTN FINANCING LTD 2.85% 18JUL2022	1,000,000	1,003,076	0.20%
SWIRE PACIFIC MTN FINANCING LTD 2.9% 24JAN2023	7,000,000	7,014,099	1.43%
SWIRE PACIFIC MTN FINANCING LTD 3.15% 15NOV2022	2,000,000	2,026,721	0.41%
SWIRE PACIFIC MTN FINANCING LTD 3.35% 31JUL2025	1,500,000	1,524,607	0.31%
SWIRE PACIFIC MTN FINANCING LTD 3.78% 28FEB2022	6,000,000	6,188,908	1.26%
SWIRE PROPERTIES MTN FINANCING LTD 2.6% 5JUL2025	2,000,000	1,943,907	0.40%
SWIRE PROPERTIES MTN FINANCING LTD 2.65% 7JUN2027	5,000,000	4,812,129	0.98%
SWIRE PROPERTIES MTN FINANCING LTD 2.8% 26MAR2025	1,000,000	984,850	0.20%
SWIRE PROPERTIES MTN FINANCING LTD 2.8% 31MAY2027	2,000,000	1,946,826	0.40%
SWIRE PROPERTIES MTN FINANCING LTD 2.9% 23JAN2025	1,000,000	992,073	0.20%
SWIRE PROPERTIES MTN FINANCING LTD 3% 19MAR2025	3,000,000	2,988,542	0.61%
UNITED OVERSEAS BANK LTD 3.19% 26AUG2028	4,000,000	3,913,103	0.80%
UNITED UTILITIES WATER FINANCE PLC 2.37% 4OCT2027	2,000,000	1,909,241	0.39%

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INVESTMENT PORTFOLIO (CONTINUED)

	Nominal value HK\$	Market value HK\$	% of net assets
LISTED/QUOTED INVESTMENTS (CONTINUED)			
BONDS (CONTINUED)			
HONG KONG DOLLAR (CONTINUED)			
VICTORIA POWER NETWORKS FINANCE PTY LTD 3.16% 26MAR2025	2,000,000	2,002,411	0.41%
VODAFONE GROUP PLC 2.85% 28JUN2027	2,000,000	1,947,039	0.40%
WELLS FARGO & CO 3% 5JUN2025	3,000,000	2,979,922	0.61%
WESTPAC BANKING CORP 2.18% 15JUL2022	2,000,000	1,966,770	0.40%
WESTPAC BANKING CORP 4.55% 22JAN2020	7,000,000	7,154,641	1.46%
WHARF REIC FINANCE BVI LTD 3.07% 22JAN2028	1,500,000	1,482,012	0.30%
WHARF REIC FINANCE BVI LTD 3.1% 26JAN2028	3,000,000	2,970,955	0.60%
TOTAL HONG KONG DOLLAR		<u>401,424,383</u>	<u>81.69%</u>
UNITED STATES DOLLAR			
HANWHA LIFE INSURANCE CO LTD 4.7% 23APR2048	700,000	5,243,527	1.07%
MIRVAC GROUP FINANCE LTD 3.625% 18MAR2027	760,000	5,487,941	1.12%
MIZUHO FINANCIAL GROUP CAYMAN 3 LTD 4.6% 27MAR2024	300,000	2,384,820	0.49%
MIZUHO FINANCIAL GROUP INC 4.353% 20OCT2025	770,000	5,998,725	1.22%
SHINHAN BANK CO LTD 3.75% 20SEP2027	630,000	4,629,194	0.94%
SHINHAN BANK CO LTD 3.875% 24MAR2026	673,000	5,094,205	1.04%
SHINHAN BANK CO LTD 4.5% 26MAR2028	950,000	7,359,722	1.50%
UNITED STATES TREASURY NOTE/BOND 2.875% 15AUG2028	200,000	1,590,392	0.32%
WOORI BANK 5.125% 6AUG2028	600,000	4,773,155	0.97%
TOTAL UNITED STATES DOLLAR		<u>42,561,681</u>	<u>8.67%</u>
CERTIFICATES OF DEPOSIT			
HONG KONG DOLLAR			
BANK OF CHINA LTD/HONG KONG CD 3.9% 31MAY2021	3,000,000	3,057,258	0.62%
BANK OF COMMUNICATIONS CO LTD/HONG KONG CD 2% 17AUG2020	3,000,000	2,953,052	0.60%
BANK OF COMMUNICATIONS CO LTD/HONG KONG CD 2.5% 10MAR2020	2,000,000	1,986,654	0.40%
BANK OF TOKYO-MITSUBISHI UFJ LTD/HONG KONG CD 2.05% 17MAR2021	1,500,000	1,482,275	0.30%
BANK OF TOKYO-MITSUBISHI UFJ LTD/HONG KONG CD 2.48% 16MAY2022	5,000,000	4,952,300	1.01%
CHINA CONSTRUCTION BANK CORP/HONG KONG CD 4.05% 15JAN2020	3,000,000	3,035,165	0.62%
CHINA DEVELOPMENT BANK CORP/HONG KONG CD 3% 21FEB2019	5,000,000	5,003,930	1.02%
CHINA DEVELOPMENT BANK CORP/HONG KONG CD 3.2% 30SEP2019	3,000,000	3,009,813	0.61%
CHINA DEVELOPMENT BANK CORP/HONG KONG CD 3.91% 18MAY2020	1,000,000	1,013,186	0.21%
DBS BANK HONG KONG LTD CD 3.92% 21JAN2020	5,000,000	5,068,198	1.03%
FIRST ABU DHABI BANK/HONG KONG CD 4.6% 29JAN2021	1,000,000	1,034,009	0.21%
SUMITOMO MITSUI BANKING CORP/HONG KONG CD 2.7% 21FEB2022	5,000,000	4,935,692	1.00%
TOTAL HONG KONG DOLLAR		<u>37,531,532</u>	<u>7.63%</u>
TOTAL INVESTMENTS*		<u>481,517,596</u>	<u>97.99%</u>
TOTAL INVESTMENTS, AT COST*		<u>488,896,629</u>	

* Investments are accounted for on a trade date basis.

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STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO

	Nominal value			31 December 2018 HK\$
	1 January 2018 HK\$	Additions HK\$	Deductions HK\$	
LISTED/QUOTED INVESTMENTS				
BONDS				
HONG KONG DOLLAR				
ADCB FINANCE CAYMAN LTD 2.46% 16MAR2020	1,000,000	–	–	1,000,000
ADCB FINANCE CAYMAN LTD 2.84% 21NOV2023	2,000,000	–	–	2,000,000
ADCB FINANCE CAYMAN LTD 2.86% 4MAY2021	2,000,000	–	–	2,000,000
ADCB FINANCE CAYMAN LTD 3.2% 3FEB2022	1,000,000	–	–	1,000,000
ASB FINANCE LTD 2.457% 25SEP2024	2,000,000	–	–	2,000,000
ASB FINANCE LTD 2.63% 14DEC2021	2,000,000	–	–	2,000,000
AUSNET SERVICES HOLDINGS PTY LTD 4.125% 16MAR2020	7,000,000	–	–	7,000,000
BANK OF COMMUNICATIONS CO LTD/HONG KONG 3.2% 9APR2019	2,000,000	–	–	2,000,000
BANK OF NOVA SCOTIA 2.74% 13FEB2023	2,000,000	–	–	2,000,000
BANK OF NOVA SCOTIA 3.34% 20SEP2023	–	2,000,000	–	2,000,000
BNZ INTERNATIONAL FUNDING LTD/LONDON 2.5% 1MAR2021	2,000,000	–	–	2,000,000
CAGAMAS GLOBAL PLC 3.1% 26JUL2020	–	3,000,000	–	3,000,000
CANADIAN IMPERIAL BANK OF COMMERCE/CANADA 2.25% 28JUL2020	1,000,000	–	–	1,000,000
CANADIAN IMPERIAL BANK OF COMMERCE 2.912% 24JUL2021	–	3,000,000	–	3,000,000
CENTRICA PLC 3.68% 22FEB2022	3,000,000	–	–	3,000,000
CITIGROUP INC 2.67% 6OCT2025	2,000,000	–	–	2,000,000
CK PROPERTY FINANCE MTN LTD 2.25% 25AUG2022	–	1,500,000	–	1,500,000
CLP POWER HONG KONG FINANCING LTD 2.83% 20SEP2022	3,000,000	–	–	3,000,000
CLP POWER HONG KONG FINANCING LTD 3.41% 4NOV2025	3,000,000	–	(3,000,000)	–
CLP POWER HONG KONG FINANCING LTD 3.5% 28NOV2029	4,000,000	–	–	4,000,000
CLP POWER HONG KONG FINANCING LTD 3.88% 5AUG2019	5,000,000	–	–	5,000,000
COMMONWEALTH BANK OF AUSTRALIA 2.04% 24FEB2019	4,000,000	–	(4,000,000)	–
COMMONWEALTH BANK OF AUSTRALIA 2.505% 21SEP2026	4,000,000	–	–	4,000,000
COMMONWEALTH BANK OF AUSTRALIA 2.77% 27JAN2026	2,000,000	–	–	2,000,000
COMMONWEALTH BANK OF AUSTRALIA 3.36% 24MAY2023	–	2,000,000	–	2,000,000
COOPERATIEVE RABOBANK UA 4.98% 3SEP2019	5,000,000	–	–	5,000,000
CORP ANDINA DE FOMENTO 2.89% 18MAR2026	2,000,000	–	–	2,000,000
CORP ANDINA DE FOMENTO 3.265% 24MAR2027	2,000,000	–	–	2,000,000
DBS GROUP HOLDINGS LTD 3.24% 19APR2026	5,000,000	–	–	5,000,000
EASTERN CREATION II INVESTMENT HOLDINGS LTD 3.85% 18DEC2021	–	3,000,000	–	3,000,000
EMIRATES NBD PJSC 3.4% 13MAY2022	2,000,000	–	–	2,000,000
ENGIE SA 2.63% 18OCT2027	2,000,000	–	(2,000,000)	–
ENGIE SA 2.65% 26SEP2032	2,000,000	–	–	2,000,000
EXPORT-IMPORT BANK OF KOREA 1.57% 11MAY2018	1,000,000	–	(1,000,000)	–
EXPORT-IMPORT BANK OF KOREA 2.2% 15FEB2019	2,000,000	–	–	2,000,000
EXPORT-IMPORT BANK OF KOREA 3.45% 23SEP2021	–	1,000,000	–	1,000,000
FIRST GULF BANK PJSC 2.43% 17FEB2020	2,000,000	–	–	2,000,000
GENERAL ELECTRIC CO 5.05% 27JUN2023	–	3,000,000	–	3,000,000
HKCG FINANCE LTD 2.25% 22JUL2026	5,000,000	–	–	5,000,000
HKCG FINANCE LTD 2.65% 3JUL2027	2,000,000	–	–	2,000,000
HKCG FINANCE LTD 3.3% 16MAY2022	5,000,000	–	–	5,000,000
HKCG FINANCE LTD 3.9% 3JUN2019	1,000,000	–	–	1,000,000
HONG KONG GOVERNMENT BOND 0.55% 5DEC2022	500,000	–	(500,000)	–

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	Nominal value			31 December 2018 HK\$
	1 January 2018 HK\$	Additions HK\$	Deductions HK\$	
LISTED/QUOTED INVESTMENTS (CONTINUED)				
BONDS (CONTINUED)				
HONG KONG DOLLAR (CONTINUED)				
HONG KONG GOVERNMENT BOND 0.8% 27AUG2027	4,500,000	–	–	4,500,000
HONG KONG GOVERNMENT BOND 1.09% 5JUN2023	7,000,000	–	(7,000,000)	–
HONG KONG GOVERNMENT BOND 1.49% 22FEB2028	1,000,000	–	–	1,000,000
HONG KONG GOVERNMENT BOND 1.51% 24FEB2027	9,000,000	–	(6,700,000)	2,300,000
HONG KONG GOVERNMENT BOND 1.73% 20FEB2024	6,000,000	–	(6,000,000)	–
HONG KONG GOVERNMENT BOND 1.84% 9DEC2024	6,000,000	–	(2,000,000)	4,000,000
HONG KONG GOVERNMENT BOND 1.94% 4DEC2023	5,000,000	–	(5,000,000)	–
HONG KONG GOVERNMENT BOND 1.96% 3JUN2024	5,000,000	–	–	5,000,000
HONG KONG GOVERNMENT BOND 2.07% 26AUG2026	5,000,000	–	–	5,000,000
HONG KONG GOVERNMENT BOND 2.24% 27AUG2029	6,000,000	–	–	6,000,000
HONG KONG GOVERNMENT BOND 2.31% 21JUN2021	2,000,000	–	(2,000,000)	–
HONG KONG GOVERNMENT BOND 2.39% 20AUG2025	6,000,000	3,800,000	(6,500,000)	3,300,000
HONG KONG GOVERNMENT BOND 2.48% 28FEB2029	5,000,000	–	–	5,000,000
HONG KONG GOVERNMENT BOND 2.6% 20AUG2024	9,500,000	–	–	9,500,000
HONG KONG GOVERNMENT BOND PROGRAMME 0.91% 5NOV2020	2,500,000	–	(2,500,000)	–
HONG KONG GOVERNMENT BOND PROGRAMME 1.06% 5FEB2020	2,000,000	–	(2,000,000)	–
HONG KONG GOVERNMENT BOND PROGRAMME 1.16% 18MAY2022	8,000,000	–	(8,000,000)	–
HONG KONG GOVERNMENT BOND PROGRAMME 1.68% 21JAN2026	12,000,000	–	–	12,000,000
HONG KONG GOVERNMENT BOND PROGRAMME 2.13% 16JUL2030	14,000,000	–	–	14,000,000
HONG KONG GOVERNMENT BOND PROGRAMME 2.22% 7AUG2024	7,000,000	–	(5,000,000)	2,000,000
HONG KONG SCIENCE & TECHNOLOGY PARKS CORP 2.12% 11JUL2019	3,000,000	–	(1,500,000)	1,500,000
HONG KONG SCIENCE & TECHNOLOGY PARKS CORP 3.2% 11JUL2024	3,000,000	–	(3,000,000)	–
HONGKONG LAND NOTES CO LTD 3.86% 7MAR2022	7,000,000	–	–	7,000,000
HONGKONG LAND NOTES CO LTD 3.95% 29NOV2023	–	6,000,000	–	6,000,000
HONGKONG LAND NOTES CO LTD 3.95% 8JUN2020	5,000,000	–	–	5,000,000
HONGKONG LAND NOTES CO LTD 4.1% 28JUL2025	1,000,000	5,000,000	–	6,000,000
HONGKONG LAND NOTES CO LTD 4.24% 19MAR2020	1,000,000	–	(1,000,000)	–
HYSAN MTN LTD 5.38% 2SEP2020	2,000,000	–	–	2,000,000
IFC DEVELOPMENT CORPORATE TREASURY LTD 3.4% 26MAR2020	3,000,000	–	–	3,000,000
KEB HANA BANK 2% 4MAR2018	1,000,000	–	(1,000,000)	–
KEB HANA BANK 2.61% 22MAR2021	–	2,000,000	–	2,000,000
KEB HANA BANK 2.96% 1AUG2020	–	3,000,000	–	3,000,000
KEB HANA BANK 3.165% 15JUN2021	–	5,000,000	–	5,000,000
KOREA DEVELOPMENT BANK 4.42% 12APR2021	3,000,000	–	–	3,000,000
KOREA EXPRESSWAY CORP 3.02% 5MAR2023	–	1,500,000	–	1,500,000
KOREA EXPRESSWAY CORP 4% 2MAR2022	5,000,000	–	–	5,000,000
KOREA HYDRO & NUCLEAR POWER CO LTD 3.35% 13MAR2028	–	5,000,000	–	5,000,000
KOREA LAND & HOUSING CORP 2.43% 28SEP2024	2,000,000	–	–	2,000,000
KOREA LAND & HOUSING CORP 4.2% 18JAN2022	5,000,000	–	–	5,000,000
KOREA NATIONAL OIL CORP 2.18% 29JAN2020	3,000,000	–	(3,000,000)	–
KOREA NATIONAL OIL CORP 3.95% 10FEB2022	5,000,000	–	(5,000,000)	–
KOREA NATIONAL OIL CORP 4.5% 4MAR2021	6,000,000	–	–	6,000,000
KOREA RAILROAD CORP 3.375% 7JUN2023	–	1,000,000	–	1,000,000
KOWLOON-CANTON RAILWAY CORP 3.5% 29APR2019	4,000,000	–	(4,000,000)	–
KOWLOON-CANTON RAILWAY CORP 4.13% 15MAY2024	500,000	–	–	500,000

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	Nominal value			31 December 2018 HK\$
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LISTED/QUOTED INVESTMENTS (CONTINUED)				
BONDS (CONTINUED)				
HONG KONG DOLLAR (CONTINUED)				
LINK FINANCE CAYMAN 2009 LTD 2.67% 4JUL2022	1,000,000	–	–	1,000,000
LINK FINANCE CAYMAN 2009 LTD 3% 2MAR2026	2,000,000	–	–	2,000,000
LINK FINANCE CAYMAN 2009 LTD 3.12% 28MAY2018	3,000,000	–	(3,000,000)	–
LINK FINANCE CAYMAN 2009 LTD 3.14% 18MAY2018	2,000,000	–	(2,000,000)	–
LINK FINANCE CAYMAN 2009 LTD 3.15% 2FEB2026	2,000,000	–	–	2,000,000
LINK FINANCE CAYMAN 2009 LTD 3.2% 6SEP2021	3,000,000	–	–	3,000,000
LINK FINANCE CAYMAN 2009 LTD 4.1% 24DEC2019	1,500,000	–	–	1,500,000
LINK FINANCE CAYMAN 2009 LTD 4.4% 5AUG2019	5,000,000	–	–	5,000,000
MACQUARIE BANK LTD 2.06% 12FEB2020	3,000,000	–	–	3,000,000
MALAYAN BANKING BHD 2.295% 25MAY2022	2,000,000	2,000,000	–	4,000,000
MALAYAN BANKING BHD 2.9% 18JAN2023	–	2,000,000	–	2,000,000
MALAYAN BANKING BHD 3.25% 20JUL2022	5,000,000	–	–	5,000,000
MIZUHO BANK LTD 2.65% 22NOV2021	2,000,000	–	–	2,000,000
MTR CORP CI LTD 4.28% 6JUL2020	5,000,000	–	(5,000,000)	–
NATIONAL AUSTRALIA BANK LTD 3.29% 21JUN2023	–	10,000,000	–	10,000,000
NATIONAL AUSTRALIA BANK LTD 3.73% 17MAY2026	5,000,000	–	–	5,000,000
NATIONAL GRID NORTH AMERICA INC 2.62% 9JUN2025	2,000,000	–	–	2,000,000
NATIONWIDE BUILDING SOCIETY 1.83% 29JUN2018	2,000,000	–	(2,000,000)	–
NORDEA BANK AB 1.59% 25JUN2018	1,000,000	–	(1,000,000)	–
OP CORPORATE BANK PLC 2.16% 18SEP2020	1,000,000	–	–	1,000,000
OPTUS FINANCE PTY LTD 3.825% 10JUN2020	2,000,000	–	–	2,000,000
ORIX CORP 2.3% 23AUG2022	1,500,000	–	–	1,500,000
PLACES FOR PEOPLE TREASURY PLC 3.25% 30AUG2023	2,000,000	–	–	2,000,000
PSA INTERNATIONAL PTE LTD 3.8% 26MAY2020	5,000,000	–	–	5,000,000
QNB FINANCE LTD 2.51% 29APR2019	2,000,000	–	(2,000,000)	–
QNB FINANCE LTD 2.65% 9MAY2019	2,000,000	–	(2,000,000)	–
QNB FINANCE LTD 2.9% 2AUG2023	2,000,000	–	(2,000,000)	–
ROYAL BANK OF CANADA 1.95% 24MAR2019	3,000,000	–	–	3,000,000
SHINHAN BANK CO LTD 3.14% 26JUL2021	–	3,000,000	–	3,000,000
SHINHAN BANK CO LTD 3.2% 24AUG2021	–	4,000,000	–	4,000,000
SINGTEL GROUP TREASURY PTE LTD 3.32% 4APR2018	2,000,000	–	(2,000,000)	–
SINOPEC CENTURY BRIGHT CAPITAL INVESTMENT LTD 3.15% 31OCT2020	–	1,100,000	–	1,100,000
SUMITOMO MITSUI BANKING CORP 2.92% 30APR2025	2,000,000	–	–	2,000,000
SUN HUNG KAI PROPERTIES CAPITAL MARKET LTD 2.32% 26JUL2026	2,000,000	–	–	2,000,000
SUN HUNG KAI PROPERTIES CAPITAL MARKET LTD 2.5% 5SEP2024	4,000,000	2,000,000	–	6,000,000
SUN HUNG KAI PROPERTIES CAPITAL MARKET LTD 2.59% 15APR2026	1,000,000	–	–	1,000,000
SUN HUNG KAI PROPERTIES CAPITAL MARKET LTD 2.7% 26JUN2027	2,000,000	–	–	2,000,000
SUN HUNG KAI PROPERTIES CAPITAL MARKET LTD 2.95% 8MAY2023	5,000,000	–	–	5,000,000
SUN HUNG KAI PROPERTIES CAPITAL MARKET LTD 3.25% 5DEC2022	4,000,000	–	–	4,000,000
SUN HUNG KAI PROPERTIES CAPITAL MARKET LTD 3.25% 5DEC2022	6,000,000	–	–	6,000,000
SWIRE PACIFIC MTN FINANCING LTD 2.85% 18JUL2022	1,000,000	–	–	1,000,000
SWIRE PACIFIC MTN FINANCING LTD 2.9% 24JAN2023	7,000,000	–	–	7,000,000
SWIRE PACIFIC MTN FINANCING LTD 3.15% 15NOV2022	2,000,000	–	–	2,000,000
SWIRE PACIFIC MTN FINANCING LTD 3.35% 31JUL2025	–	1,500,000	–	1,500,000
SWIRE PACIFIC MTN FINANCING LTD 3.78% 28FEB2022	6,000,000	–	–	6,000,000

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	Nominal value			31 December 2018 HK\$
	1 January 2018 HK\$	Additions HK\$	Deductions HK\$	
LISTED/QUOTED INVESTMENTS (CONTINUED)				
BONDS (CONTINUED)				
HONG KONG DOLLAR (CONTINUED)				
SWIRE PACIFIC MTN FINANCING LTD 4.2% 18DEC2018	5,000,000	–	(5,000,000)	–
SWIRE PACIFIC MTN FINANCING LTD 4.236% 24SEP2018	5,000,000	–	(5,000,000)	–
SWIRE PROPERTIES MTN FINANCING LTD 2.6% 5JUL2025	2,000,000	–	–	2,000,000
SWIRE PROPERTIES MTN FINANCING LTD 2.65% 7JUN2027	5,000,000	–	–	5,000,000
SWIRE PROPERTIES MTN FINANCING LTD 2.8% 26MAR2025	1,000,000	–	–	1,000,000
SWIRE PROPERTIES MTN FINANCING LTD 2.8% 31MAY2027	2,000,000	–	–	2,000,000
SWIRE PROPERTIES MTN FINANCING LTD 2.9% 23JAN2025	1,000,000	–	–	1,000,000
SWIRE PROPERTIES MTN FINANCING LTD 3% 19MAR2025	3,000,000	–	–	3,000,000
TOTAL CAPITAL INTERNATIONAL SA 3.088% 14SEP2026	3,000,000	–	(3,000,000)	–
UNITED OVERSEAS BANK LTD 3.19% 26AUG2028	4,000,000	–	–	4,000,000
UNITED UTILITIES WATER FINANCE PLC 2.37% 4OCT2027	2,000,000	–	–	2,000,000
VICTORIA POWER NETWORKS FINANCE PTY LTD 3.16% 26MAR2025	–	2,000,000	–	2,000,000
VODAFONE GROUP PLC 2.85% 28JUN2027	2,000,000	–	–	2,000,000
WELLS FARGO & CO 3% 5JUN2025	3,000,000	–	–	3,000,000
WESTPAC BANKING CORP 2.18% 15JUL2022	2,000,000	–	–	2,000,000
WESTPAC BANKING CORP 4.55% 22JAN2020	7,000,000	–	–	7,000,000
WHARF REIC FINANCE BVI LTD 3.07% 22JAN2028	–	1,500,000	–	1,500,000
WHARF REIC FINANCE BVI LTD 3.1% 26JAN2028	–	3,000,000	–	3,000,000
UNITED STATES DOLLAR				
AUSTRALIA & NEW ZEALAND BANKING GROUP LTD 4.4% 19MAY2026	–	300,000	(300,000)	–
BANK OF CHINA LTD 5% 13NOV2024	–	520,000	(520,000)	–
BANK OF CHINA LTD/HONG KONG 3.875% 30JUN2025	–	345,000	(345,000)	–
BANK OF COMMUNICATIONS CO LTD 4.5% 3OCT2024	–	250,000	(250,000)	–
CHINA CLEAN ENERGY DEVELOPMENT LTD 4% 5NOV2025	–	530,000	(530,000)	–
CHINA CONSTRUCTION BANK CORP 3.875% 13MAY2025	–	650,000	(650,000)	–
CNAC HK FINBRIDGE CO LTD 4.875% 14MAR2025	–	300,000	(300,000)	–
CNOOC FINANCE 2015 USA LLC 3.5% 5MAY2025	–	270,000	(270,000)	–
COMMONWEALTH BANK OF AUSTRALIA 3.375% 20OCT2026	–	460,000	(460,000)	–
COMMONWEALTH BANK OF AUSTRALIA 4.5% 9DEC2025	–	315,000	(315,000)	–
DAEGU BANK LTD 3.75% 13AUG2023	–	200,000	(200,000)	–
DBS GROUP HOLDINGS LTD 4.52% 11DEC2028	–	500,000	(500,000)	–
EXPORT-IMPORT BANK OF KOREA 2.875% 21JAN2025	–	400,000	(400,000)	–
HANWHA LIFE INSURANCE CO LTD 4.7% 23APR2048	–	700,000	–	700,000
HUARONG FINANCE II CO LTD 5.5% 16JAN2025	–	515,000	(515,000)	–
INCITEC PIVOT FINANCE LLC 3.95% 3AUG2027	–	830,000	(830,000)	–
INDUSTRIAL & COMMERCIAL BANK OF CHINA LTD 4.875% 21SEP2025	–	730,000	(730,000)	–
INDUSTRIAL & COMMERCIAL BANK OF CHINA LTD/HONG KONG 2.875% 21FEB2022	–	260,000	(260,000)	–
KEB HANA BANK 4.25% 14OCT2024	–	540,000	(540,000)	–
KIA MOTORS CORP 3% 25APR2023	–	260,000	(260,000)	–
KING POWER CAPITAL LTD 5.625% 3NOV2024	–	400,000	(400,000)	–

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	Nominal value			31 December 2018 HK\$
	1 January 2018 HK\$	Additions HK\$	Deductions HK\$	
LISTED/QUOTED INVESTMENTS (CONTINUED)				
BONDS (CONTINUED)				
UNITED STATES DOLLAR (CONTINUED)				
MINMETALS BOUNTEOUS FINANCE BVI LTD 4.75% 30JUL2025	–	390,000	(390,000)	–
MIRVAC GROUP FINANCE LTD 3.625% 18MAR2027	–	760,000	–	760,000
MITSUBISHI UFJ FINANCIAL GROUP INC 3.85% 1MAR2026	–	260,000	(260,000)	–
MIZUHO FINANCIAL GROUP CAYMAN 3 LTD 4.6% 27MAR2024	–	546,000	(246,000)	300,000
MIZUHO FINANCIAL GROUP INC 4.353% 20OCT2025	–	1,305,000	(535,000)	770,000
OVERSEA-CHINESE BANKING CORP LTD 4% 15OCT2024	–	250,000	(250,000)	–
SHINHAN BANK CO LTD 3.75% 20SEP2027	–	630,000	–	630,000
SHINHAN BANK CO LTD 3.875% 24MAR2026	–	673,000	–	673,000
SHINHAN BANK CO LTD 4.5% 26MAR2028	–	950,000	–	950,000
UNITED OVERSEAS BANK LTD 2.88% 8MAR2027	–	320,000	(320,000)	–
UNITED STATES TREASURY NOTE/BOND 2.75% 15FEB2028	–	640,000	(640,000)	–
UNITED STATES TREASURY NOTE/BOND 2.875% 15AUG2028	–	200,000	–	200,000
WOORI BANK 4.75% 30APR2024	–	1,085,000	(1,085,000)	–
WOORI BANK 5.125% 6AUG2028	–	600,000	–	600,000
CERTIFICATES OF DEPOSIT				
HONG KONG DOLLAR				
AGRICULTURAL BANK OF CHINA LTD/HONG KONG CD 1.18% 11MAY2018	2,000,000	–	(2,000,000)	–
BANK OF CHINA LTD/HONG KONG CD 1.85% 25JUN2018	500,000	–	(500,000)	–
BANK OF CHINA LTD/HONG KONG CD 2.05% 13MAR2018	2,000,000	–	(2,000,000)	–
BANK OF CHINA LTD/HONG KONG CD 3.9% 31MAY2021	3,000,000	–	–	3,000,000
BANK OF COMMUNICATIONS CO LTD/HONG KONG CD 1.95% 21MAY2018	5,000,000	–	(5,000,000)	–
BANK OF COMMUNICATIONS CO LTD/HONG KONG CD 2% 17AUG2020	3,000,000	–	–	3,000,000
BANK OF COMMUNICATIONS CO LTD/HONG KONG CD 2.5% 10MAR2020	2,000,000	–	–	2,000,000
BANK OF TOKYO-MITSUBISHI UFJ LTD/HONG KONG CD 2.05% 17MAR2021	1,500,000	–	–	1,500,000
BANK OF TOKYO-MITSUBISHI UFJ LTD/HONG KONG CD 2.48% 16MAY2022	5,000,000	–	–	5,000,000
CHINA CONSTRUCTION BANK CORP/HONG KONG CD 4.05% 15JAN2020	3,000,000	–	–	3,000,000
CHINA DEVELOPMENT BANK CORP/HONG KONG CD 3% 21FEB2019	5,000,000	–	–	5,000,000
CHINA DEVELOPMENT BANK CORP/HONG KONG CD 3% 25JUN2018	3,000,000	–	(3,000,000)	–
CHINA DEVELOPMENT BANK CORP/HONG KONG CD 3.2% 30SEP2019	3,000,000	–	–	3,000,000
CHINA DEVELOPMENT BANK CORP/HONG KONG CD 3.91% 18MAY2020	1,000,000	–	–	1,000,000
CHINA MERCHANTS BANK CO LTD/HONG KONG CD 1.5% 12APR2018	3,000,000	–	(3,000,000)	–
CHINA MINSHENG BANKING CORP LTD/HONG KONG CD 1.5% 20APR2018	2,000,000	–	(2,000,000)	–
DBS BANK HONG KONG LTD CD 3.92% 21JAN2020	5,000,000	–	–	5,000,000
DBS BANK HONG KONG LTD CD 3.95% 20JAN2020	2,000,000	–	(2,000,000)	–
FIRST ABU DHABI BANK/HONG KONG CD 4.6% 29JAN2021	1,000,000	–	–	1,000,000
SUMITOMO MITSUI BANKING CORP/HONG KONG CD 2.7% 21FEB2022	2,000,000	3,000,000	–	5,000,000

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PineBridge Hong Kong Dollar Fixed Income Fund (the “Fund”) is a unit trust governed by its Trust Deed dated 10 August 1998, as amended, supplemented and restated. The Fund is managed in accordance with the distinct investment policy. Pursuant to the Unitholder Notice and the Offering Document dated 25 January 2018, the investment policy has been amended with effect from 25 January 2018. The amendments were made to clarify and enhance the investment objectives and policies of the Fund. The investment style, investment philosophy and risk profile of the Fund will remain the same.

Investment objectives and policies

The Fund is a fixed income fund that seeks to provide investors with a stable source of high recurring income through a managed portfolio of bonds and other income yielding securities. The Fund’s objective is to provide security of capital as well as a comparatively high level of income by investing at least 70% of its non-cash assets in a range of fixed and floating rate instruments, either denominated in Hong Kong dollars or, if they are not denominated in Hong Kong dollars, the currency exposure shall be hedged back into Hong Kong dollars in order to ensure that the Fund has an effective exposure of at least 30% to the Hong Kong dollars.

	2018	2017	2016
	HK\$	HK\$	HK\$
Investments and investment income			
Total value of investments	481,517,596	492,077,578	457,844,689
Interest on bank deposits	55,539	5,767	4,893
Interest on investments	13,412,653	12,211,630	12,502,861
Net foreign currency gains	18,022	–	–
Net income excluding capital appreciation	10,297,221	9,065,891	9,142,926
Net (depreciation)/appreciation of financial assets and financial liabilities at fair value through profit or loss			
- realized and unrealized	(3,537,677)	2,377,058	(11,637,100)

Performance table

Net asset value

	Total net asset value	Net asset value per unit
	HK\$	HK\$
Standard units - Accumulation (Note 2)		
2018	331,139,717	18.62
2017	338,059,877	18.41
2016	318,912,728	17.98
Provident Fund units		
2018	160,245,736	21.23
2017	159,165,405	20.83
2016	143,332,288	20.20

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Performance table (Continued)

Performance record for the past 10 years

	Highest issue price per unit HK\$	Lowest redemption price per unit HK\$	Annualized investment return (Note 1) %
Standard units - Accumulation (Note 2)			
2018	18.63	18.04	1.14
2017	18.77	17.98	2.39
2016	18.77	17.82	(0.77)
2015	18.20	17.61	2.72
2014	17.78	16.94	3.76
2013	17.73	16.70	(3.52)
2012	17.64	16.98	3.46
2011	17.28	16.17	4.67
2010	16.63	15.88	2.20
2009	16.11	15.44	0.44
Provident Fund units			
2018	21.24	20.47	1.92
2017	21.18	20.19	3.12
2016	21.03	19.91	0.00
2015	20.26	19.49	3.43
2014	19.67	18.63	4.49
2013	19.10	18.01	(2.85)
2012	18.95	18.12	4.30
2011	18.40	17.14	5.34
2010	17.60	16.70	2.93
2009	16.93	16.20	1.15

Note 1: The annualized investment return is calculated by comparing the net asset value per unit at the year end against the net asset value per unit at the beginning of the year.

Note 2: The “Standard units” have been renamed to “Standard units - Accumulation” with effect from 27 June 2013.

Note 3: No Standard units - Monthly Distribution were issued by the Fund since the year ended 31 December 2013.

Commentary by the Trustee

Based on the information received from the Manager of the Fund during the year, the Trustee of the Fund confirmed, to the best of its knowledge and belief, that the investment objectives and policies for the Fund were complied with.

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Trustee's Report
For the year ended 31 December 2018

We hereby confirm that, in our opinion, the Manager of the Fund has, in all material respects, managed the Fund for the year ended 31 December 2018 in accordance with the provisions of the Trust Deed dated 10 August 1998, as amended, supplemented and restated.

On behalf of
AIA Company (Trustee) Limited

Director

12 April 2019

Director

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF PINEBRIDGE HONG KONG DOLLAR FIXED INCOME FUND (THE "FUND")

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of PineBridge Hong Kong Dollar Fixed Income Fund (the "Fund") set out on pages 18 to 41, which comprise the statement of net assets as at 31 December 2018, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at 31 December 2018, and of its financial transactions and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") and with reference to Practice Note 860.1 (Revised), The Audit of Retirement Schemes issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Fund in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information included in the Reports and Financial Statements

The Manager and the Trustee of the Fund are responsible for the other information. The other information comprises the information included in the Reports and Financial Statements, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager and Trustee and those charged with governance for the financial statements

The Manager and the Trustee of the Fund are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA, and for such internal control as the Manager and the Trustee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager and the Trustee of the Fund are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager and the Trustee of the Fund either intend to liquidate the Fund or to cease operations or have no realistic alternative but to do so.

The Manager and the Trustee of the Fund are required to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the constitutive documents of the Fund ("the Constitutive Documents"), the Mandatory Provident Fund Schemes Ordinance ("the MPFSO"), the Mandatory Provident Fund Schemes (General) Regulation ("the General Regulation"), the Code on MPF Investment Funds ("the MPF Code"), and Guidelines II.5 issued by the Mandatory Provident Fund Schemes Authority ("the MPFA") and the Code on Unit Trusts and Mutual Funds ("the Code") issued by the Hong Kong Securities and Futures Commission ("the SFC").

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEE OF PINEBRIDGE HONG KONG DOLLAR FIXED INCOME FUND
(THE "FUND") (CONTINUED)**

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. In addition, we are required to assess whether the financial statements of the Fund have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Constitutive Documents, the MPFSO, the General Regulation, the MPF Code and Guidelines II.5 issued by the MPFA and the Code issued by the SFC.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager and the Trustee
- Conclude on the appropriateness of the Manager and the Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEE OF PINEBRIDGE HONG KONG DOLLAR FIXED INCOME FUND
(THE "FUND") (CONTINUED)**

Report on matters under the relevant disclosure provisions of the Constitutive Documents, the MPFSO, the General Regulation, the MPF Code, and Guidelines II.5 issued by the MPFA and the Code issued by the SFC

- (a) In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Constitutive Documents, the MPFSO, the General Regulation, the MPF Code and Guidelines II.5 issued by the MPFA and the Code issued by the SFC; and
- (b) We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purpose of our audit.

Certified Public Accountants
Hong Kong
12 April 2019

PineBridge Hong Kong Dollar Fixed Income Fund
Statement of Net Assets
As at 31 December 2018

	Note	2018 HK\$	2017 HK\$
Assets			
Current assets			
Financial assets at fair value through profit or loss			
Investments	4(b)	481,517,596	492,077,578
Interest receivable on investments		5,024,264	4,648,813
Bank interest receivable		252	62
Amounts receivable on subscription		1,449,253	694,113
Cash and cash equivalents		4,948,835	1,030,076
Total assets		<u>492,940,200</u>	<u>498,450,642</u>
Liabilities			
Current liabilities			
Amounts payable on redemption		1,157,521	779,927
Accounts payable and accrued expenses		397,226	445,433
Liabilities (excluding net assets attributable to unitholders)		<u>1,554,747</u>	<u>1,225,360</u>
Net assets attributable to unitholders	3	<u>491,385,453</u>	<u>497,225,282</u>

On behalf of
AIA Company (Trustee) Limited

On behalf of
PineBridge Investments
Hong Kong Limited

Director

Director

Director

PineBridge Hong Kong Dollar Fixed Income Fund
Statement of Comprehensive Income
For the year ended 31 December 2018

	Note	2018 HK\$	2017 HK\$
Income			
Interest on bank deposits		55,539	5,767
Interest on investments		13,412,653	12,211,630
Net (losses)/gains on financial assets and financial liabilities at fair value through profit or loss	6	(3,537,677)	2,377,058
Net foreign currency gains		18,022	–
Total investment income		<u>9,948,537</u>	<u>14,594,455</u>
Expenses			
Management fee	8(a)	2,504,188	2,404,384
Trustee's fee	8(b)	242,379	236,220
Custodian and administration fees	9	322,639	292,498
Audit fee		87,140	87,126
Bank charges		1,350	1,650
Legal and professional fees		1,802	22,089
Other expenses	10	29,495	107,539
Total operating expenses		<u>3,188,993</u>	<u>3,151,506</u>
Increase in net assets attributable to unitholders from operations		<u>6,759,544</u>	<u>11,442,949</u>

The notes on pages 22 to 41 are an integral part of these financial statements.

PineBridge Hong Kong Dollar Fixed Income Fund
Statement of Changes in Net Assets Attributable to Unitholders
For the year ended 31 December 2018

	Note	2018 HK\$	2017 HK\$
Net assets attributable to unitholders at 1 January		<u>497,225,282</u>	<u>462,245,016</u>
Issue of units	3	217,399,295	155,637,078
Redemption of units	3	(229,998,668)	(132,099,761)
Net (decrease)/increase from unit transactions		<u>(12,599,373)</u>	<u>23,537,317</u>
Increase in net assets attributable to unitholders from operations		<u>6,759,544</u>	<u>11,442,949</u>
Net assets attributable to unitholders at 31 December		<u><u>491,385,453</u></u>	<u><u>497,225,282</u></u>

The notes on pages 22 to 41 are an integral part of these financial statements.

PineBridge Hong Kong Dollar Fixed Income Fund
Statement of Cash Flows
For the year ended 31 December 2018

	2018	2017
	HK\$	HK\$
Cash flows from operating activities		
Increase in net assets attributable to unitholders from operations	6,759,544	11,442,949
Adjustment for:		
Interest on investments	(13,412,653)	(12,211,630)
Interest on bank deposits	(55,539)	(5,767)
Operating loss before working capital changes	(6,708,648)	(774,448)
Net decrease/(increase) in investments	10,559,982	(34,232,889)
Net decrease in amounts receivable from brokers	–	8,373,758
Net decrease in accounts payable and accrued expenses	(48,207)	(23,696)
Cash generated from/(used in) operations	3,803,127	(26,657,275)
Interest on investments received	13,037,202	12,089,020
Interest on bank deposits received	55,349	5,705
Net cash generated from/(used in) operating activities	16,895,678	(14,562,550)
Cash flows from financing activities		
Proceeds from issue of units	216,644,155	157,991,408
Payments on redemption of units	(229,621,074)	(142,505,475)
Net cash (used in)/generated from financing activities	(12,976,919)	15,485,933
Net increase in cash and cash equivalents	3,918,759	923,383
Cash and cash equivalents at the beginning of the year	1,030,076	106,693
Cash and cash equivalents at the end of the year	4,948,835	1,030,076
Analysis of balance of cash and cash equivalents		
Cash at banks	80,835	80,076
Short-term deposits	4,868,000	950,000
	<u>4,948,835</u>	<u>1,030,076</u>

The notes on pages 22 to 41 are an integral part of these financial statements.

PineBridge Hong Kong Dollar Fixed Income Fund
Notes to the Financial Statements
For the year ended 31 December 2018

1. The Fund

PineBridge Hong Kong Dollar Fixed Income Fund (the “Fund”) is a unit trust governed by its Trust Deed dated 10 August 1998, as amended, supplemented and restated. The Fund has been authorized by the Securities and Futures Commission of Hong Kong and approved by the Mandatory Provident Fund Schemes Authority of Hong Kong.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss (FVPL).

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires the Trustee and Manager to exercise its judgment in the process of applying the Fund’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 5.

New and amended standards that are effective in the current year and have been adopted by the Fund

The Fund applied, for the first time, certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2018.

The nature and the impact of each new standard and amendment is described below:

HKFRS 9 *Financial Instruments*

The Fund adopted HKFRS 9 Financial Instruments on its effective date of 1 January 2018. HKFRS 9 replaces *HKAS 39 Financial Instruments: Recognition and Measurement* and introduces new requirements for classification and measurement, impairment and hedge accounting. HKFRS 9 is not applicable to items that have already been derecognized at 1 January 2018, the date of initial application.

PineBridge Hong Kong Dollar Fixed Income Fund
Notes to the Financial Statements
For the year ended 31 December 2018

2. Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

(i) Classification and measurement

The Fund has assessed the classification of financial instruments as at the date of initial application and has applied such classification retrospectively. Based on that assessment:

- All financial assets previously held at fair value continue to be measured at fair value.
- Debt instruments and equity instruments, other than investments in subsidiaries and associates, are acquired for the purpose of generating short-term profit. Therefore, they meet the held-for-trading criteria and are required to be measured at FVPL.
- Financial assets previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. Thus, such instruments continue to be measured at amortized cost under HKFRS 9.
- The classification of financial liabilities under HKFRS 9 remains broadly the same as under HKAS 39. The main impact on measurement from the classification of liabilities under HKFRS 9 relates to the element of gains or losses for financial liabilities designated as at FVPL attributable to changes in credit risk. HKFRS 9 requires that such element be recognized in other comprehensive income (OCI), unless this treatment creates or enlarges an accounting mismatch in profit or loss, in which case, all gains and losses on that liability (including the effects of changes in credit risk) should be presented in profit or loss. The Fund has not designated any financial liabilities at FVPL. Therefore, this requirement has not had an impact on the Fund.

(ii) Impairment

HKFRS 9 requires the Fund to record Expected Credit Losses (“ECL”) on all of its financial assets measured at amortized cost, either on a 12-month or lifetime basis. The Fund’s investments are not subject to HKFRS 9’s impairment requirements as they are measured at FVPL. The Fund holds amortized cost financial assets, including interest receivable on investments, bank interest receivable, amounts receivable on subscription and cash and cash equivalents. The Fund measures the loss allowance at an amount equal to 12-month ECL on its amortized cost financial assets.

(iii) Hedge accounting

The Fund has not applied hedge accounting under HKAS 39 nor will it apply hedge accounting under HKFRS 9.

Impact of adoption of HKFRS 9

The classification and measurement requirements of HKFRS 9 have been adopted retrospectively as of the date of initial application on 1 January 2018, however, the Fund has chosen to take advantage of the option not to restate comparatives. Therefore, the 2017 figures are presented and measured under HKAS 39. The following table shows the original measurement categories in accordance with HKAS 39 and the new measurement categories under HKFRS 9 for the Fund’s financial assets and financial liabilities as at 1 January 2018.

PineBridge Hong Kong Dollar Fixed Income Fund
Notes to the Financial Statements
For the year ended 31 December 2018

2. Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

Impact of adoption of HKFRS 9 (Continued)

Financial assets

1 January 2018	HKAS 39 classification	HKAS 39 measurement HK\$	HKFRS 9 classification	HKFRS 9 measurement HK\$
Investments	Held for trading at FVPL	492,077,578	FVPL	492,077,578
Interest receivable on investments	Loans and receivables	4,648,813	Amortized cost	4,648,813
Bank interest receivable	Loans and receivables	62	Amortized cost	62
Amounts receivable on subscription	Loans and receivables	694,113	Amortized cost	694,113
Cash and cash equivalents	Loans and receivables	1,030,076	Amortized cost	1,030,076

Financial Liabilities

1 January 2018	HKAS 39 classification	HKAS 39 measurement HK\$	HKFRS 9 classification	HKFRS 9 measurement HK\$
Amounts payable on redemption	Other financial liabilities	779,927	Amortized cost	779,927
Amounts payable and accrued expenses	Other financial liabilities	445,433	Amortized cost	445,433
Net assets attributable to unitholders	Held for trading at FVPL	497,225,282	FVPL	497,225,282

In line with the characteristics of the Fund's financial instruments as well as its approach to their management, the Fund neither revoked nor made any new designations on the date of initial application. HKFRS 9 has not resulted in changes in the carrying amount of the Fund's financial instruments due to changes in measurement categories. All financial assets that were classified as FVPL under HKAS 39 are still classified as FVPL under HKFRS 9. All financial assets that were classified as loans and receivables and measured at amortized cost continue to be.

In addition, the application of the ECL mode under HKFRS 9 has not significantly changed the carrying amounts of the Fund's amortized cost financial assets. At the reporting date, the credit risk of the Fund's amortized cost financial assets were low or have not increased significantly since initial recognition. No loss allowance has been recognized based on 12-month ECL under HKFRS 9. There was no impairment recorded under HKAS39.

The carrying amounts of amortized cost instruments continued to approximate these instruments' fair values on the date of transition after transitioning to HKFRS 9.

HKFRS 15 Revenue from contracts with customers

The Fund adopted HKFRS 15 Revenue from contracts with customers on its effective date of 1 January 2018. HKFRS 15 replaces HKAS 18 Revenue and establishes a five-step model to account for revenue arising from contracts with customers. In addition, guidance on interest and dividend income have been moved from HKAS 18 to HKFRS 9 without significant changes to the requirements. Therefore, there was no impact of adopting HKFRS 15 for the Fund.

PineBridge Hong Kong Dollar Fixed Income Fund
Notes to the Financial Statements
For the year ended 31 December 2018

2. Summary of significant accounting policies (Continued)

(b) Investments

(i) Classification

In accordance with HKFRS 9, the Fund classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

In applying that classification, a financial asset or financial liability is considered to be held for trading if:

- (a) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or
- (b) On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking; or
- (c) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

Financial assets

The Fund classifies its financial assets as subsequently measured at amortized cost or measured at fair value through profit or loss on the basis of both:

- The entity's business model for managing the financial assets
- The contractual cash flow characteristics of the financial asset

All investments are classified as "financial assets at fair value through profit or loss".

Financial assets measured at fair value through profit or loss (FVPL)

A financial asset is measured at fair value through profit or loss if:

- (a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding; or
- (b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- (c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

The Fund includes in this category:

- Equity instruments
- Debt instruments. These include investments that are held under a business model to manage them on a fair value basis for investment income and fair value gains.
- Instruments held for trading. This category includes equity instruments and debt instruments which are acquired principally for the purpose of generating a profit from short-term fluctuations in price. This category also includes derivative contracts in an asset position.

(ii) Recognition

The Fund recognizes a financial asset when it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Fund commits to purchase or sell the asset.

PineBridge Hong Kong Dollar Fixed Income Fund
Notes to the Financial Statements
For the year ended 31 December 2018

2. Summary of significant accounting policies (Continued)

(b) Investments (Continued)

The following represent the basis of valuation for financial reporting purposes:

- (i) Investments which are listed or traded on an exchange are fair valued based on last traded prices.
- (ii) Investments which are not listed on an exchange or are thinly traded are valued by using quotes from brokers.
- (iii) Initial measurement

Financial assets at fair value through profit or loss are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognized directly in profit or loss.

- (iv) Subsequent measurement

After initial measurement, the Fund measures financial instruments which are classified as at FVPL at fair value. Subsequent changes in the fair value of those financial instruments are recorded in net gain or loss on financial assets and financial liabilities at FVPL in the statement of comprehensive income.

- (v) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized where the rights to receive cash flows from the asset have expired or the Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and either:

- (a) the Fund has transferred substantially all the risks and rewards of the asset, or
- (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The following represent the basis of valuation for financial reporting purposes:

- (i) Investments which are listed or traded on an exchange are fair valued based on last traded prices.
- (ii) Investments which are not listed on an exchange or are thinly traded are valued by using quotes from brokers.

(c) Income

Interest income is recognized on a time-proportionate basis using the effective interest method in the statement of comprehensive income for all interest bearing instruments. Other income is accounted for on an accrual basis.

The effective interest method is a method of calculating the amortized cost of an interest bearing asset and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial instrument. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

PineBridge Hong Kong Dollar Fixed Income Fund
Notes to the Financial Statements
For the year ended 31 December 2018

2. Summary of significant accounting policies (Continued)

(d) Translation of foreign currencies

(i) Functional and presentation currencies

Items included in the Fund's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). The financial statements are presented in Hong Kong dollar, which is the Fund's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the year end date.

Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the statement of comprehensive income within "net foreign currency gains/(losses)".

Foreign exchange gains and losses relating to the financial assets and financial liabilities carried at fair value through profit or loss are presented in the statement of comprehensive income within "net gains/(losses) on financial assets and financial liabilities at fair value through profit or loss".

(e) Expenses

Expenses are accounted for on an accrual basis.

(f) Subscription and redemption of units

Proceeds and payments on the subscription and redemption of units are recorded in the statement of changes in net assets attributable to unitholders. The price at which units are subscribed or redeemed is calculated by reference to the net asset value per unit as at the close of business on the relevant dealing day.

(g) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of net assets where the Fund currently has a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis or realize the asset and liability simultaneously.

(h) Amounts receivable from/payable to brokers

Amounts receivable from/payable to brokers represent receivables from investments sold and payables for investments purchased that have been contracted for but not yet settled or delivered on the year end date respectively.

(i) Cash and cash equivalents

Cash and cash equivalents include cash at banks, deposits held with banks with original maturities of three months or less and bank overdrafts, if any.

PineBridge Hong Kong Dollar Fixed Income Fund
Notes to the Financial Statements
For the year ended 31 December 2018

3. Number of units in issue and net assets attributable to unitholders per unit

The Fund's capital is represented by the units in the Fund, and shown as "net assets attributable to unitholders" in the statement of net assets.

The Fund has no restrictions on the subscriptions of units. Pursuant to the Trust Deed and subject to the conditions and procedures set out therein, the Manager is entitled, having regard to the interests of unitholders, to limit the total number of units which unitholders are entitled to redeem on any dealing day to 10% of the units then in issue or deemed to be in issue. Subscriptions and redemptions of units during the year are shown in the statement of changes in net assets attributable to unitholders. In order to achieve the investment objectives, the Fund endeavors to invest its capital in accordance with the investment policies as outlined in note 4, whilst maintaining sufficient liquidity to meet redemption requests. Such liquidity is augmented by the holding of liquid investments.

Net assets attributable to unitholders represent a liability in the statement of net assets, carried at the redemption amount that would be payable at the year end date if the unitholders exercised the right to redeem the units in the Fund.

	Number of units in issue	Net asset value per unit HK\$
2018 - Standard units - Accumulation	<u>17,781,198</u>	<u>18.62</u>
2018 - Provident Fund units	<u>7,548,028</u>	<u>21.23</u>
2017 - Standard units - Accumulation	<u>18,358,460</u>	<u>18.41</u>
2017 - Provident Fund units	<u>7,639,824</u>	<u>20.83</u>

PineBridge Hong Kong Dollar Fixed Income Fund
Notes to the Financial Statements
For the year ended 31 December 2018

3. Number of units in issue and net assets attributable to unitholders per unit (Continued)

	2018	2018	2018
	Standard	Standard	Provident
	Units -	Units -	Fund Units
	Monthly	Accumulation	Units
	Distribution	Units	Units
	Units	Units	Units
Balance brought forward	–	18,358,460	7,639,824
Total issues	–	7,174,550	4,178,203
Total redemptions	–	(7,751,812)	(4,269,999)
Balance carried forward	–	17,781,198	7,548,028
	2017	2017	2017
	Standard	Standard	Provident
	Units -	Units -	Fund Units
	Monthly	Accumulation	Units
	Distribution	Units	Units
	Units	Units	Units
Balance brought forward	–	17,734,101	7,096,765
Total issues	–	7,196,571	1,082,915
Total redemptions	–	(6,572,212)	(539,856)
Balance carried forward	–	18,358,460	7,639,824

The Fund offers three classes of units. Provident Fund units are offered to provident fund schemes approved by the Mandatory Provident Fund Schemes Authority. Standard units - Accumulation are offered to all investors other than the provident fund schemes approved by the Mandatory Provident Fund Schemes Authority. The standard units have been renamed to “Standard units - Accumulation” with effect from 27 June 2013. Standard units - Monthly Distribution are offered to all investors other than the provident fund schemes approved by the Mandatory Provident Fund Schemes Authority with distribution policy set out in this class. No Standard units - Monthly Distribution were issued by the Fund for the years ended 31 December 2018 and 2017.

4. Financial risk management

(a) Financial risk factors

The investment objective of the Fund is to provide investors with a stable source of high recurring income through a managed portfolio of bonds and other income yielding securities. The Fund’s objective is to provide security of capital as well as a comparatively high level of income by investing at least 70% of its non-cash assets in a range of fixed and floating rate instruments, either denominated in Hong Kong dollars or, if they are not denominated in Hong Kong dollars, the currency exposure shall be hedged back into Hong Kong dollars in order to ensure that the Fund has an effective exposure of at least 30% to the Hong Kong dollars.

The Fund is exposed to market price risk, cash flow and fair value interest rate risk, credit and custody risk, liquidity risk and currency risk.

The risks and the respective risk management policies employed by the Fund to manage these risks are discussed below.

PineBridge Hong Kong Dollar Fixed Income Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(b) Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market.

All investments present a risk of loss of capital. The Fund's market price risk is managed through (i) deliberate securities selection, and (ii) diversification of the investment portfolio.

As at year end, the overall market exposures were as follows:

	2018		
	Fair value HK\$	Cost HK\$	% of net assets
Financial assets at fair value through profit or loss:			
- Bonds	443,986,064	450,502,299	90.35
- Certificates of deposit	37,531,532	38,394,330	7.64
	<u>481,517,596</u>	<u>488,896,629</u>	<u>97.99</u>
	2017		
	Fair value HK\$	Cost HK\$	% of net assets
Held for trading:			
- Bonds	437,411,950	442,317,479	87.97
- Certificates of deposit	54,665,628	55,078,880	10.99
	<u>492,077,578</u>	<u>497,396,359</u>	<u>98.96</u>

The investments above are valued with reference to one broker quote.

Net market exposures

The following table shows the net market exposure of the Fund to various markets, incorporating the underlying market risk through all financial assets and financial liabilities held by the Fund as at 31 December.

	2018 HK\$ equivalent	2017 HK\$ equivalent
Markets exposed to		
Australia	52,015,490	36,525,421
British Virgin Islands	49,613,369	35,186,182
Canada	11,065,234	5,988,700
Cayman Islands	67,841,391	87,293,662
China	22,063,940	39,931,639
Finland	988,580	987,841
France	1,932,908	6,965,088
Hong Kong	108,538,911	169,074,531
Japan	22,749,185	13,926,909
Malaysia	13,883,436	7,081,775
Netherlands	5,081,931	5,214,895
New Zealand	5,925,799	5,962,490
Singapore	13,964,917	16,073,974
South Korea	76,381,868	34,087,916
Supra-National	3,978,795	3,994,358
Sweden	-	998,629
United Arab Emirates	5,025,724	5,033,334
United Kingdom	8,824,840	10,868,690
United States of America	11,641,278	6,881,544
	<u>481,517,596</u>	<u>492,077,578</u>

PineBridge Hong Kong Dollar Fixed Income Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(b) Market price risk (Continued)

Net market exposures (Continued)

The following table shows the net exposures to sectors as at 31 December 2018 and 2017:

	2018	2017
	%	%
Sectors exposed to		
Communications	1	1
Consumer, Non-cyclical	1	1
Diversified	4	5
Energy	1	4
Financial	61	48
Government	19	29
Industrial	3	3
Utilities	10	9
	<u>100</u>	<u>100</u>

There were no investments issued by the same issuer with market value exceeding 10% of the Fund's net asset value as at 31 December 2018 and 2017 except for the following issuers:

	2018	2017
	% of net assets	% of net assets
Hong Kong Government	<u>15.02</u>	<u>24.97</u>

The table below summarizes the impact on net assets attributable to unitholders as a result of increases/decreases of the key index to which the Fund is exposed. The analysis is based on the assumption that if the index had increased/decreased by the respective percentage with all other variables held constant and the Fund's investments moved according to the historical correlation with the index.

	2018		2017	
	Change in market	Impact	Change in market	Impact
	index %	HK\$	index %	HK\$
	+/-	+/-	+/-	+/-
Markit iBoxx ALBI Hong Kong TRI	2.0%	8,536,090	4.0%	17,434,870

The Manager has used their view of what would be a "reasonable shift" in the Markit iBoxx ALBI Hong Kong TRI, having regard to the historical volatility of the index, to estimate the change for use in the market price risk sensitivity analysis above.

Disclosures above are shown in absolute terms, changes and impacts could be positive or negative. Changes in market index % are revised annually depending on the Manager's current view of market volatility and other relevant factors.

PineBridge Hong Kong Dollar Fixed Income Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(c) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of interest-bearing assets and liabilities and future cash flow. The Fund holds bonds and certificates of deposit that expose the Fund to fair value interest rate risk. The Fund also holds cash and cash equivalents that expose the Fund to cash flow interest rate risk.

The table below summarizes the Fund's exposure to interest rate risks. It includes the Fund's assets and liabilities at fair values, categorized by the earlier of contractual re-pricing or maturity dates.

At 31 December 2018

	Up to 1 year HK\$	1-5 years HK\$	Over 5 years HK\$	Non-interest bearing HK\$	Total HK\$
Assets					
Investments	34,211,301	229,678,815	217,627,480	–	481,517,596
Other assets	–	–	–	6,473,769	6,473,769
Cash and cash equivalents	4,948,835	–	–	–	4,948,835
Total assets	<u>39,160,136</u>	<u>229,678,815</u>	<u>217,627,480</u>	<u>6,473,769</u>	<u>492,940,200</u>
Liabilities					
Other liabilities	–	–	–	1,554,747	1,554,747
Liabilities (excluding net assets attributable to unitholders)	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,554,747</u>	<u>1,554,747</u>
Total interest sensitivity gap	<u>39,160,136</u>	<u>229,678,815</u>	<u>217,627,480</u>		

At 31 December 2017

	Up to 1 year HK\$	1-5 years HK\$	Over 5 years HK\$	Non-interest bearing HK\$	Total HK\$
Assets					
Investments	39,707,280	230,033,121	222,337,177	–	492,077,578
Other assets	–	–	–	5,342,988	5,342,988
Cash and cash equivalents	1,030,076	–	–	–	1,030,076
Total assets	<u>40,737,356</u>	<u>230,033,121</u>	<u>222,337,177</u>	<u>5,342,988</u>	<u>498,450,642</u>
Liabilities					
Other liabilities	–	–	–	1,225,360	1,225,360
Liabilities (excluding net assets attributable to unitholders)	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,225,360</u>	<u>1,225,360</u>
Total interest sensitivity gap	<u>40,737,356</u>	<u>230,033,121</u>	<u>222,337,177</u>		

At 31 December 2018, should interest rates have lowered/risen by 25 basis points with all other variables remaining constant, the increase/decrease in net assets attributable to unitholders for the year would amount to approximately HK\$3.68 million (2017: HK\$5.74 million), arising substantially from the increase/decrease in market values of debt securities.

PineBridge Hong Kong Dollar Fixed Income Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(d) Credit and custody risk

The Fund is exposed to credit risk which is the risk that an issuer or counterparty will be unable or unwilling to pay amounts in full when due.

The Fund's financial assets which are potentially subject to concentration of credit risk consist of cash and cash equivalents and assets held with custodian. The table below summarizes the assets placed with banks and custodian at 31 December 2018 and 2017:

At 31 December 2018

	HK\$	Credit rating	Source of credit rating
<u>Custodian</u>			
Citibank, N.A.	481,517,596	P-1	Moody's
<u>Banks</u>			
Citibank, N.A.	80,835	P-1	Moody's
Dah Sing Bank Limited	4,868,000	P-1	Moody's

At 31 December 2017

	HK\$	Credit rating	Source of credit rating
<u>Custodian</u>			
Citibank, N.A.	492,077,578	P-1	Moody's
<u>Banks</u>			
Citibank, N.A.	80,076	P-1	Moody's
Dah Sing Bank Limited	950,000	P-2	Moody's

As the Fund holds debt securities, it is also exposed to risk that the issuers may not be able to repay the principal amount at maturity and interest. The credit risk is mitigated as the debt securities held are subject to the requirements of (i) minimum credit rating, and (ii) maximum holding of 10% of net asset value for any single issuer other than an exempt authority as defined in section 7(1) of Schedule 1 to the Mandatory Provident Fund Schemes (General) Regulation ("Exempt Authority"), and/or (iii) maximum holding of 30% of net asset value for any single issue that is issued by an Exempt Authority (or unconditionally guaranteed by an Exempt Authority).

PineBridge Hong Kong Dollar Fixed Income Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(d) Credit and custody risk (Continued)

The table below summarizes the credit rating of the investment portfolio by S&P/Moody's/Fitch:

Portfolio by rating category of bonds:

Rating	2018	2017
AAA/Aaa	–	–
AA/Aa	38%	49%
A/A	52%	47%
BBB/Baa	10%	3%
NR	–	1%
Total	100%	100%

Portfolio by rating category of the issuer of certificates of deposit:

Rating	2018	2017
AA/Aa	3%	2%
A/A	97%	89%
BBB/Baa	–	5%
NR	–	4%
Total	100%	100%

The maximum exposure to credit risk at year end is the carrying amount of the financial assets as shown on the statement of net assets.

The Fund measures credit risk and ECL using probability of default, exposure at default and loss given default. The Manager and the Trustee of the Fund considers both historical analysis and forward looking information in determining any ECL.

None of the assets is impaired nor past due but not impaired.

All transactions in listed/quoted investments are settled/paid for upon delivery using approved and reputable brokers. The risk of default is considered minimal since delivery of securities sold is only made when the broker has received payment. Payment is made on a purchase when the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

The Fund limits its exposure to credit risk by transacting the majority of its securities and contractual commitment activities with broker-dealers, banks and regulated exchanges with high credit ratings and that the Fund considers to be well established.

The Manager and the Trustee of the Fund considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognized based on 12-month ECL as any such impairment would be wholly insignificant to the Fund.

(e) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in settling a liability, including a redemption request.

The Fund is exposed to daily cash redemptions of units in the Fund. The Fund invests the majority of its assets in investments that are traded in an active market and can be readily disposed of.

PineBridge Hong Kong Dollar Fixed Income Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(e) Liquidity risk (Continued)

The table below analyzes the Fund's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the year end date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month HK\$	1-3 months HK\$	Over 3 months HK\$
At 31 December 2018			
Amounts payable on redemption	1,157,521	–	–
Accounts payable and accrued expenses	315,390	–	81,836
Net assets attributable to unitholders	491,385,453	–	–
Total financial liabilities	<u>492,858,364</u>	<u>–</u>	<u>81,836</u>

	Less than 1 month HK\$	1-3 months HK\$	Over 3 months HK\$
At 31 December 2017			
Amounts payable on redemption	779,927	–	–
Accounts payable and accrued expenses	288,519	–	156,914
Net assets attributable to unitholders	497,225,282	–	–
Total financial liabilities	<u>498,293,728</u>	<u>–</u>	<u>156,914</u>

Units are redeemed on demand at the unitholder's option. However, the Manager does not envisage that the contractual maturity disclosed in the table above will be representative of the actual cash outflows, as the unitholders typically retain the units for the medium to long term. At 31 December 2018 and 2017, no ultimate individual investor held more than 10% of the Fund's units.

The Fund manages its liquidity risk by investing predominantly in debt securities and money market instruments that it expects to be able to liquidate within 1 month or less. The following table illustrates the expected liquidity of assets held:

	Less than 1 month HK\$	1-3 months HK\$	Over 3 months HK\$
At 31 December 2018			
Total assets	<u>489,264,327</u>	<u>1,902,699</u>	<u>1,773,174</u>
At 31 December 2017			
Total assets	<u>495,096,378</u>	<u>1,863,800</u>	<u>1,490,464</u>

PineBridge Hong Kong Dollar Fixed Income Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(f) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

As at 31 December 2018, the Fund holds monetary assets and liabilities denominated in currencies other than Hong Kong dollar, the Fund's functional and presentation currency. The Fund is therefore exposed to currency risk, as the value of the assets and liabilities denominated in other currencies will fluctuate due to changes in foreign exchange rates.

The table below summarizes the Fund's net monetary exposure to different major currencies:

	2018 HK\$ equivalent
Monetary items	
United States Dollar	43,062,003

The table below summarizes the impact on net assets attributable to unitholders as a result of increases/decreases of foreign exchange rates on the exposures tabled above, to which the Fund is exposed. The analysis is based on the assumption that the foreign exchange rates had increased/decreased by the respective percentage with all other variables held constant.

	2018 Change in foreign exchange rates % +/-	Impact HK\$ +/-
Monetary items		
United States Dollar	1.0%	430,620

The Manager has used their view of what would be a "reasonable shift" in the foreign exchange rates, having regard to historical volatility of those rates, to estimate the change for use in the currency risk sensitivity analysis above.

Disclosures above are shown in absolute terms, changes and impacts could be positive or negative. Changes in foreign exchange rates % are revised annually depending on the Manager's current view of market volatility and other relevant factors.

As at 31 December 2017, the Fund holds monetary assets and liabilities which were mainly denominated in Hong Kong dollar, the Fund's functional and presentation currency. The Fund's own units are also denominated in Hong Kong dollar and therefore there was no significant exposure to currency risk.

PineBridge Hong Kong Dollar Fixed Income Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(g) Fair value estimation

The fair value of financial assets and financial liabilities traded in active markets (such as trading securities) are based on quoted market prices at the close of trading on the year end date. The Fund utilizes the last traded market price as its fair valuation inputs for both financial assets and financial liabilities.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Fund for similar financial instruments.

HKFRS 13 requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (Level 2).
- Inputs for the asset or liability that are unobservable inputs (Level 3).

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes "observable" requires significant judgment by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

PineBridge Hong Kong Dollar Fixed Income Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(g) Fair value estimation (Continued)

The following table analyzes within the fair value hierarchy the Fund's investments (by class) measured at fair value at 31 December 2018 and 2017:

At 31 December 2018

	Level 1	Level 2	Level 3	Total
Assets	HK\$	HK\$	HK\$	HK\$
Financial assets at fair value through profit or loss:				
- Bonds	–	443,986,064	–	443,986,064
- Certificates of deposit	–	37,531,532	–	37,531,532
Total assets	<u>–</u>	<u>481,517,596</u>	<u>–</u>	<u>481,517,596</u>

At 31 December 2017

	Level 1	Level 2	Level 3	Total
Assets	HK\$	HK\$	HK\$	HK\$
Held for trading:				
- Bonds	–	437,411,950	–	437,411,950
- Certificates of deposit	–	54,665,628	–	54,665,628
Total assets	<u>–</u>	<u>492,077,578</u>	<u>–</u>	<u>492,077,578</u>

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1. As of 31 December 2018 and 2017, the Fund did not hold any investments classified in level 1.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. These include bonds and certificates of deposit. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. As of 31 December 2018 and 2017, the Fund did not hold any investments classified in level 3.

There is no transfer between levels for the years ended 31 December 2018 and 2017.

Assets and liabilities included in the statement of net assets, except for investments, are carried at amortized cost; their carrying values are a reasonable approximation of fair value.

PineBridge Hong Kong Dollar Fixed Income Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(h) Capital risk management

The capital of the Fund is represented by the net assets attributable to unitholders. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unitholders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

In order to maintain or adjust the capital structure, the Fund's policy is to perform the following:

- monitor the level of daily subscriptions and redemptions relative to the liquid assets; and
- redeem and issue units in accordance with the Trust Deed of the Fund.

The Manager monitors capital on the basis of the value of net assets attributable to unitholders.

5. Critical accounting estimates and assumptions

The Trustee and the Manager make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Fair value of investments

The Fund holds a number of unlisted debt securities that are valued by reference to broker quotes. In determining the fair value of such investments, the Trustee and the Manager exercise judgments and estimates on the sources of brokers and the quantity and quality of quotes used. Such quotes adopted to fair value the investments may be indicative and not executable or legally binding. As such, broker quotes do not necessarily indicate the price at which the security could actually be traded as of 31 December 2018 and 2017. Actual transacted prices may differ from the quotes provided by the brokers. The Trustee and the Manager consider that in the absence of any other reliable market sources, the broker quotes available to them reflect the best estimate of fair value.

6. Net (losses)/gains on financial assets and financial liabilities at fair value through profit or loss

	2018	2017
	HK\$	HK\$
Change in unrealized gains/losses in value of financial assets and financial liabilities at fair value through profit or loss	(1,957,636)	1,870,004
Realized (losses)/gains on sale of financial assets and financial liabilities at fair value through profit or loss	(1,580,041)	507,054
	<u>(3,537,677)</u>	<u>2,377,058</u>

7. Taxation

No provision for Hong Kong profits tax has been made as the Fund is authorized as a collective investment scheme under Section 104 of the Hong Kong Securities and Futures Ordinance and is therefore exempted from profits tax under Section 26A(1A) of the Hong Kong Inland Revenue Ordinance.

PineBridge Hong Kong Dollar Fixed Income Fund
Notes to the Financial Statements
For the year ended 31 December 2018

8. Transactions with Associates/Connected Persons/Related Parties

Associates and connected persons are those as defined in the Mandatory Provident Fund Schemes Ordinance and the Code on Unit Trusts and Mutual Funds issued by the Securities and Futures Commission of Hong Kong.

Apart from the fees as disclosed below, the Fund allows the Manager and its associates/connected persons to subscribe for, and redeem, units in the Fund.

All transactions were entered into in the ordinary course of business and on normal commercial terms.

(a) Management fee

PineBridge Investments Hong Kong Limited, the Manager, is entitled to receive a management fee at 0.75% per annum, with a permitted maximum of 1.00% per annum, of the net asset value of the Standard units - Accumulation & Standard units - Monthly Distribution, being calculated daily and payable monthly in arrears.

No management fee is charged on the Provident Fund units.

Management fee payable as at year end amounted to HK\$210,308 (2017: HK\$215,309).

(b) Trustee's fee

AIA Company (Trustee) Limited, the Trustee, is entitled to receive a trustee's fee at a permitted maximum of 0.05% per annum of the net asset value of the Fund, being calculated daily and payable monthly in arrears.

Trustee's fee payable as at year end amounted to HK\$20,769 (2017: HK\$21,058).

9. Custodian and administration fees

The Custodian and Administrator of the Fund is Citibank N.A., Hong Kong Branch and the Application and Redemption Agent of the Fund is Citicorp Financial Services Limited (collectively "Citibank"). Citibank is entitled to receive a custodian fee which comprises safekeeping and transaction fees of 0.025% per annum of the net asset value of the Fund and a transfer agency fee of US\$1,500 per month, with a total permitted maximum of 0.50% per annum. The safekeeping and transaction fee rate of 0.025% per annum is the maximum rate. Citibank is also entitled to receive an administrator fee of US\$1,000 per month.

Custodian and administration fees payable as at year end amounted to HK\$84,313 (2017: HK\$52,151).

10. Other expenses

Other expenses included a reversal of overprovision of certain expenses of HK\$21,114 during the year ended 31 December 2018.

11. Soft commission arrangements

During the year, the Manager and its associates/connected persons did not enter into any soft commission arrangements with brokers relating to dealing in the assets of the Fund (2017: Nil).

12. Distributions

No distribution was made during the year (2017: Nil).

PineBridge Hong Kong Dollar Fixed Income Fund
Notes to the Financial Statements
For the year ended 31 December 2018

13. Borrowings, contingent liabilities and commitments

The Fund had no borrowings, contingent liabilities and commitments as at 31 December 2018 and 2017.

14. Negotiability of assets

There were no statutory or contractual requirements restricting the free negotiability of assets held by the Fund as at 31 December 2018 and 2017.

15. Approval of financial statements

The financial statements were approved by the Trustee and the Manager on 12 April 2019.

PINEBRIDGE HONG KONG DOLLAR MONEY MARKET FUND
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2018

PineBridge Hong Kong Dollar Money Market Fund

Reports and Financial Statements For the year ended 31 December 2018

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PineBridge Hong Kong Dollar Money Market Fund

Management and Professional Service Details

Manager

PineBridge Investments Hong Kong Limited
Level 31, Three Pacific Place, 1 Queen's Road East
Hong Kong

Trustee

(effective from 13 October 2018)
AIA Company (Trustee) Limited
11th Floor, AIA Hong Kong Tower
734 King's Road, Quarry Bay
Hong Kong

(up to 12 October 2018)
2nd Floor, AIA Building, 1 Stubbs Road
Hong Kong

Administrator and Custodian

Citibank N.A., Hong Kong Branch
50th Floor, Champion Tower
Three Garden Road, Central
Hong Kong

Application and Redemption Agents

Citicorp Financial Services Limited
Citi Tower, One Bay East
83 Hoi Bun Road
Kwun Tong, Kowloon
Hong Kong

Auditor

Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

Legal Advisers

Deacons
5th Floor, Alexandra House
18 Chater Road
Central, Hong Kong

**PineBridge Hong Kong Dollar Money Market Fund
Manager's Report
For the year ended 31 December 2018**

Manager's Market Perspective

2018 Market Overview

It was a challenging year in 2018 for the global fixed income asset class. At the start of the year, fears of higher inflation in the US led to worries of a steeper normalization path, pushing yields broadly higher for US and Hong Kong. Throughout 2018, interest rate differentials between Hong Kong and US kept the local currency at the weaker end of the peg with the US dollar and HKMA took actions to defend the local currency. The Hong Kong Aggregate Balance, which is an indication of liquidity, withdrew to HKD 79 billion from HKD180 billion at the start of 2018. At the end of third quarter, Hong Kong banks raised their lending rates for the first time in a decade, amid a mild increase of 12.5bps. Hong Kong's current economy remains healthy, given close economic ties with China. Hong Kong's 3Q GDP slowed to 2.9% from the previous quarter of 3.5%. The city's economic forecast was revised down to 3.2% which is still within the government's 3-4% range, partly due to concerns over the China/US trade tensions given strong economic ties Hong Kong has with China.

The US Federal Reserve continued to tighten its monetary policy by hiking policy rates four times during 2018, which was widely expected by the market. However, the Fed followed by dovish comments towards the end of the year which signaled a slower path in rate hikes. In addition, some Asian central banks such as Indonesia, Philippines, India and Korea raised policy rates signaling less accommodative measures within the region. China accelerated its pace of implementing further easing policies, especially since second quarter of the year. While China did not cease its deleveraging campaign, it was implemented at a more calibrated pace.

The 10-year Hong Kong government yield ended the year at 1.946% and US 10-year Treasury yield 2.685%, rising 19bps and 28bps respectively. The HKD 3-month HIBOR ended higher at the end of December at 2.327 as year-end funding needs kept short-term rates elevated.

2019 Market Outlook and Strategy

Hong Kong's economy will continue to rely on external factors such as China growth and US monetary policies. We expect global growth slowdown and trade tensions between China/US will continue to generate headlines creating some volatility ahead. Seasonal demand for funding needs will occasionally drive funding needs tighter, but in general, Hong Kong's liquidity remains flushed thus keeping short-term rates low. Over the medium term, as there is a currency peg which exists between the Hong Kong Dollar and US Dollar, Hong Kong rates will continue to follow the trajectory of US rates.

Majority of the fund are placed in banks' short-term deposits given the availability of money market instruments. For diversification, the fund also participated in private placements and certificate of deposits offering higher yield over saving deposit rates.

The fund expects to maintain a certain degree of liquidity to position for opportunities to place the funds into high quality short term papers from various institutions offering attractive yield.

PineBridge Hong Kong Dollar Money Market Fund
Investment Report
As at 31 December 2018

INVESTMENT PORTFOLIO

	Nominal value HK\$	Market value HK\$	% of net assets
LISTED/QUOTED INVESTMENTS			
CERTIFICATES OF DEPOSIT			
HONG KONG DOLLAR			
AGRICULTURAL BANK OF CHINA LTD/HONG KONG CD 1.85% 22FEB2019	50,000,000	49,988,920	0.77%
BANK OF CHINA LTD/HONG KONG CD 0% 20SEP2019	100,000,000	98,071,990	1.50%
BANK OF CHINA LTD/HONG KONG CD 1.97% 12APR2019	1,000,000	998,665	0.02%
BANK OF CHINA LTD/MACAU CD 2.3% 26APR2019	41,000,000	40,996,995	0.63%
BANK OF CHINA LTD/MACAU CD 2.4% 24APR2019	37,000,000	36,991,786	0.57%
BANK OF CHINA LTD/MACAU CD 2.5% 8OCT2019	18,000,000	17,958,807	0.28%
BANK OF CHINA LTD/SYDNEY CD 2% 13MAR2019	60,000,000	59,964,108	0.92%
CANADIAN IMPERIAL BANK OF COMMERCE/HONG KONG CD 0% 14FEB2019	80,000,000	79,802,096	1.22%
CHINA DEVELOPMENT BANK CORP/HONG KONG CD 0% 11MAR2019	70,000,000	69,713,658	1.07%
DBS BANK HONG KONG LTD CD 0% 18APR2019	150,000,000	149,002,065	2.28%
INDUSTRIAL & COMMERCIAL BANK OF CHINA LTD/LUXEMBOURG CD 0% 27AUG2019	100,000,000	98,390,390	1.51%
INDUSTRIAL & COMMERCIAL BANK OF CHINA LTD/SYDNEY CD 0% 4MAR2019	100,000,000	99,634,040	1.53%
SHINHAN BANK/HONG KONG CD 0% 10JAN2019	160,000,000	159,916,208	2.44%
TOTAL HONG KONG DOLLAR		<u>961,429,728</u>	<u>14.74%</u>
TOTAL INVESTMENTS*		<u>961,429,728</u>	<u>14.74%</u>
TOTAL INVESTMENTS, AT COST*		<u>958,329,986</u>	

* Investments are accounted for on a trade date basis.

PineBridge Hong Kong Dollar Money Market Fund
Investment Report
For the year ended 31 December 2018

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO

	Nominal value			31 December 2018 HK\$
	1 January 2018 HK\$	Additions HK\$	Deductions HK\$	
LISTED/QUOTED INVESTMENTS				
CERTIFICATES OF DEPOSIT				
HONG KONG DOLLAR				
AGRICULTURAL BANK OF CHINA LTD/HONG KONG CD 1.18% 11MAY2018	66,000,000	–	(66,000,000)	–
AGRICULTURAL BANK OF CHINA LTD/HONG KONG CD 1.85% 22FEB2019	–	50,000,000	–	50,000,000
BANK OF CHINA LTD/HONG KONG CD 0% 12JAN2018	100,000,000	–	(100,000,000)	–
BANK OF CHINA LTD/HONG KONG CD 0% 20SEP2019	–	100,000,000	–	100,000,000
BANK OF CHINA LTD/HONG KONG CD 0% 5JAN2018	100,000,000	–	(100,000,000)	–
BANK OF CHINA LTD/HONG KONG CD 1.8% 28SEP2018	–	60,000,000	(60,000,000)	–
BANK OF CHINA LTD/HONG KONG CD 1.97% 12APR2019	–	1,000,000	–	1,000,000
BANK OF CHINA LTD/HONG KONG CD 2.05% 13MAR2018	8,000,000	–	(8,000,000)	–
BANK OF CHINA LTD/MACAU CD 0% 12JAN2018	29,000,000	–	(29,000,000)	–
BANK OF CHINA LTD/MACAU CD 1.91% 28SEP2018	70,000,000	–	(70,000,000)	–
BANK OF CHINA LTD/MACAU CD 1.95% 31OCT2018	–	90,000,000	(90,000,000)	–
BANK OF CHINA LTD/MACAU CD 2.3% 26APR2019	–	41,000,000	–	41,000,000
BANK OF CHINA LTD/MACAU CD 2.4% 24APR2019	–	37,000,000	–	37,000,000
BANK OF CHINA LTD/MACAU CD 2.5% 8OCT2019	–	18,000,000	–	18,000,000
BANK OF CHINA LTD/SYDNEY CD 0% 20AUG2018	–	80,000,000	(80,000,000)	–
BANK OF CHINA LTD/SYDNEY CD 0% 27NOV2018	–	90,000,000	(90,000,000)	–
BANK OF CHINA LTD/SYDNEY CD 0% 29MAY2018	80,000,000	–	(80,000,000)	–
BANK OF CHINA LTD/SYDNEY CD 1.8% 19OCT2018	–	60,000,000	(60,000,000)	–
BANK OF CHINA LTD/SYDNEY CD 2% 13MAR2019	–	60,000,000	–	60,000,000
CANADIAN IMPERIAL BANK OF COMMERCE/HONG KONG CD 0% 14FEB2019	–	80,000,000	–	80,000,000
CHINA CONSTRUCTION BANK CORP/HONG KONG CD 0% 28MAR2018	60,000,000	–	(60,000,000)	–
CHINA DEVELOPMENT BANK CORP/HONG KONG CD 0% 11MAR2019	–	70,000,000	–	70,000,000
CHINA DEVELOPMENT BANK CORP/HONG KONG CD 0% 18OCT2018	–	100,000,000	(100,000,000)	–
CHINA DEVELOPMENT BANK CORP/HONG KONG CD 1.1% 14MAY2018	75,000,000	–	(75,000,000)	–
CHINA DEVELOPMENT BANK CORP/HONG KONG CD 1.4% 10JUL2018	–	80,000,000	(80,000,000)	–
CHINA DEVELOPMENT BANK CORP/HONG KONG CD 1.9% 10JAN2018	20,000,000	–	(20,000,000)	–
CHINA DEVELOPMENT BANK CORP/HONG KONG CD 1.93% 11JAN2018	6,000,000	–	(6,000,000)	–
CHINA MERCHANTS BANK CO LTD/HONG KONG CD 1.5% 12APR2018	119,000,000	–	(119,000,000)	–
CHINA MERCHANTS BANK CO LTD/HONG KONG CD 1.5% 20JUL2018	82,500,000	–	(82,500,000)	–
DAH SING BANK LTD CD 1.86% 2FEB2018	50,000,000	–	(50,000,000)	–
DBS BANK HONG KONG LTD CD 0% 18APR2019	–	150,000,000	–	150,000,000
INDUSTRIAL & COMMERCIAL BANK OF CHINA LTD/LUXEMBOURG CD 0% 27AUG2019	–	100,000,000	–	100,000,000
INDUSTRIAL & COMMERCIAL BANK OF CHINA LTD/SYDNEY CD 0% 4MAR2019	–	100,000,000	–	100,000,000
INDUSTRIAL & COMMERCIAL BANK OF CHINA LTD/SYDNEY CD 0% 7DEC2018	–	100,000,000	(100,000,000)	–
INDUSTRIAL & COMMERCIAL BANK OF CHINA MACAU LTD CD 0% 12FEB2018	70,000,000	–	(70,000,000)	–
INDUSTRIAL & COMMERCIAL BANK OF CHINA MACAU LTD CD 0% 17APR2018	50,000,000	–	(50,000,000)	–

PineBridge Hong Kong Dollar Money Market Fund
Investment Report
For the year ended 31 December 2018

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (CONTINUED)

	Nominal value			31 December 2018 HK\$
	1 January 2018 HK\$	Additions HK\$	Deductions HK\$	
LISTED/QUOTED INVESTMENTS (CONTINUED)				
CERTIFICATES OF DEPOSIT (CONTINUED)				
HONG KONG DOLLAR (CONTINUED)				
INDUSTRIAL & COMMERCIAL BANK OF CHINA MACAU LTD CD 0% 17MAY2018	60,000,000	–	(60,000,000)	–
INDUSTRIAL & COMMERCIAL BANK OF CHINA MACAU LTD CD 0% 18OCT2018	–	80,000,000	(80,000,000)	–
INDUSTRIAL & COMMERCIAL BANK OF CHINA MACAU LTD CD 0% 26FEB2018	40,000,000	–	(40,000,000)	–
INDUSTRIAL & COMMERCIAL BANK OF CHINA MACAU LTD CD 1% 10APR2018	50,000,000	–	(50,000,000)	–
INDUSTRIAL & COMMERCIAL BANK OF CHINA MACAU LTD CD 1.11625% 5JAN2018	20,000,000	–	(20,000,000)	–
KOOKMIN BANK CD 0% 2MAY2018	156,000,000	–	(156,000,000)	–
mitsubishi UFJ TRUST & BANKING CORP/HONG KONG CD 0% 12APR2018	–	80,000,000	(80,000,000)	–
mitsubishi UFJ TRUST & BANKING CORP/HONG KONG CD 0% 19JAN2018	50,000,000	–	(50,000,000)	–
SHANGHAI PUDONG DEVELOPMENT BANK CO LTD/HONG KONG CD 0% 14MAY2018	80,000,000	–	(80,000,000)	–
SHANGHAI PUDONG DEVELOPMENT BANK CO LTD/HONG KONG CD 0% 16MAY2018	100,000,000	–	(100,000,000)	–
SHANGHAI PUDONG DEVELOPMENT BANK CO LTD/HONG KONG CD 0% 16NOV2018	–	90,000,000	(90,000,000)	–
SHANGHAI PUDONG DEVELOPMENT BANK CO LTD/HONG KONG CD 0% 26JUL2018	–	80,000,000	(80,000,000)	–
SHANGHAI PUDONG DEVELOPMENT BANK CO LTD/HONG KONG CD 0% 6AUG2018	–	100,000,000	(100,000,000)	–
SHINHAN BANK/HONG KONG CD 0% 10JAN2019	–	160,000,000	–	160,000,000
SUMITOMO MITSUI TRUST BANK LTD/HONG KONG CD 0% 12JAN2018	30,000,000	–	(30,000,000)	–
SUMITOMO MITSUI TRUST BANK LTD/HONG KONG CD 1.5% 18SEP2018	100,000,000	–	(100,000,000)	–

PineBridge Hong Kong Dollar Money Market Fund
Investment Report
For the year ended 31 December 2018

PineBridge Hong Kong Dollar Money Market Fund (the “Fund”) is a unit trust governed by its Trust Deed dated 10 August 1998, as amended, supplemented and restated. The Fund is managed in accordance with the distinct investment policy. Pursuant to the Unitholder Notice and the Offering Document dated 25 January 2018, the investment policy has been amended with effect from 25 January 2018. The amendments were made to clarify and enhance the investment objectives and policies of the Fund. The investment style, investment philosophy and risk profile of the Fund will remain the same.

Investment objectives and policies

The Fund seeks to preserve principal value and maintain a high degree of liquidity while providing current income by investing in short-term, high quality Hong Kong dollar denominated instruments in Hong Kong.

	2018	2017	2016
	HK\$	HK\$	HK\$
Investments and investment income			
Total value of investments	961,429,728	1,668,653,541	1,757,631,345
Interest on bank deposits	79,112,025	30,510,860	18,174,027
Interest on investments (net of withholding tax)	21,445,356	17,944,169	12,379,628
Net income excluding capital (depreciation)/appreciation	98,186,012	46,062,414	28,087,221

Performance table

Net asset value

	Total net asset value HK\$	Net asset value per unit HK\$
Standard units - Accumulation (Note 2)		
2018	688,080,649	14.00
2017	563,438,430	13.81
2016	493,757,399	13.71
Provident Fund units		
2018	5,836,238,464	14.79
2017	4,295,624,538	14.55
2016	3,735,242,945	14.40

PineBridge Hong Kong Dollar Money Market Fund
Investment Report
For the year ended 31 December 2018

Performance table (Continued)

Performance record for the past 10 years

	Highest issue price per unit (Note 3) HK\$	Lowest redemption price per unit (Note 3) HK\$	Annualized investment return (Note 1) %
Standard units - Accumulation (Note 2)			
2018	13.99	13.81	1.38
2017	13.80	13.70	0.73
2016	13.70	13.64	0.44
2015	13.64	13.59	0.44
2014	13.65	13.55	0.22
2013	13.55	13.50	0.44
2012	13.50	13.40	0.75
2011	13.39	13.34	0.37
2010	13.34	13.33	0.07
2009	13.34	13.30	0.32
Provident Fund units			
2018	14.79	14.55	1.65
2017	14.55	14.40	1.04
2016	14.40	14.29	0.70
2015	14.29	14.19	0.78
2014	14.19	14.04	1.07
2013	14.03	13.93	0.72
2012	13.93	13.78	1.02
2011	13.78	13.68	0.73
2010	13.68	13.64	0.37
2009	13.64	13.56	0.61

Note 1: The annualized investment return is calculated by comparing the net asset value per unit at the year end against the net asset value per unit at the beginning of the year.

Note 2: The “Standard units” have been renamed to “Standard units - Accumulation” with effect from 27 June 2013.

Note 3: Issue prices and redemption prices of the Fund are rounded downward to the nearest cent.

Commentary by the Trustee

Based on the information received from the Manager of the Fund during the year, the Trustee of the Fund confirmed, to the best of its knowledge and belief, that the investment objectives and policies for the Fund were complied with.

PineBridge Hong Kong Dollar Money Market Fund
Trustee's Report
For the year ended 31 December 2018

We hereby confirm that, in our opinion, the Manager of the Fund has, in all material respects, managed the Fund for the year ended 31 December 2018 in accordance with the provisions of the Trust Deed dated 10 August 1998, as amended, supplemented and restated.

On behalf of
AIA Company (Trustee) Limited

Director

Director

12 April 2019

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF PINEBRIDGE HONG KONG DOLLAR MONEY MARKET FUND (THE "FUND")

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of PineBridge Hong Kong Dollar Money Market Fund (the "Fund") set out on pages 12 to 31, which comprise the statement of net assets as at 31 December 2018, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at 31 December 2018, and of its financial transactions and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKASs") and with reference to Practice Note 860.1 (Revised), The Audit of Retirement Schemes issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Fund in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information included in the Reports and Financial Statements

The Manager and the Trustee of the Fund are responsible for the other information. The other information comprises the information included in the Reports and Financial Statements, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager and Trustee and those charged with governance for the financial statements

The Manager and the Trustee of the Fund are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA, and for such internal control as the Manager and the Trustee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager and the Trustee of the Fund are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager and the Trustee of the Fund either intend to liquidate the Fund or to cease operations or have no realistic alternative but to do so.

The Manager and the Trustee of the Fund are required to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the constitutive documents of the Fund ("the Constitutive Documents"), the Mandatory Provident Fund Schemes Ordinance ("the MPFSO"), the Mandatory Provident Fund Schemes (General) Regulation ("the General Regulation"), the Code on MPF Investment Funds ("the MPF Code"), and Guidelines II.5 issued by the Mandatory Provident Fund Schemes Authority ("the MPFA") and the Code on Unit Trusts and Mutual Funds ("the Code") issued by the Hong Kong Securities and Futures Commission ("the SFC").

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF PINEBRIDGE HONG KONG DOLLAR MONEY MARKET FUND (THE "FUND") (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. In addition, we are required to assess whether the financial statements of the Fund have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Constitutive Documents, the MPFSO, the General Regulation, the MPF Code and Guidelines II.5 issued by the MPFA and the Code issued by the SFC.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager and the Trustee
- Conclude on the appropriateness of the Manager and the Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEE OF PINEBRIDGE HONG KONG DOLLAR MONEY MARKET FUND
(THE "FUND") (CONTINUED)**

Report on matters under the relevant disclosure provisions of the Constitutive Documents, the MPFSO, the General Regulation, the MPF Code, and Guidelines II.5 issued by the MPFA and the Code issued by the SFC

- (a) In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Constitutive Documents, the MPFSO, the General Regulation, the MPF Code and Guidelines II.5 issued by the MPFA and the Code issued by the SFC; and
- (b) We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purpose of our audit.

Certified Public Accountants
Hong Kong
12 April 2019

PineBridge Hong Kong Dollar Money Market Fund
Statement of Net Assets
As at 31 December 2018

	Note	2018 HK\$	2017 HK\$
Assets			
Current assets			
Financial assets at fair value through profit or loss			
Investments	4(b)	961,429,728	1,668,653,541
Interest receivable on investments		2,531,649	4,144,193
Bank interest receivable		28,098,056	7,689,191
Other bank deposits		4,356,724,076	2,192,000,000
Cash and cash equivalents		1,177,664,319	995,114,382
Total assets		<u>6,526,447,828</u>	<u>4,867,601,307</u>
Liabilities			
Current liabilities			
Amounts payable on redemption		1,751,778	7,935,932
Accounts payable and accrued expenses		376,937	602,407
Total liabilities (excluding net assets attributable to unitholders)		<u>2,128,715</u>	<u>8,538,339</u>
Net assets attributable to unitholders	3	<u>6,524,319,113</u>	<u>4,859,062,968</u>

On behalf of
AIA Company (Trustee) Limited

On behalf of
PineBridge Investments
Hong Kong Limited

Director

Director

Director

PineBridge Hong Kong Dollar Money Market Fund
Statement of Comprehensive Income
For the year ended 31 December 2018

	Note	2018 HK\$	2017 HK\$
Income			
Interest on bank deposits		79,112,025	30,510,860
Interest on investments		<u>21,445,359</u>	<u>17,944,182</u>
Total investment income		<u>100,557,384</u>	<u>48,455,042</u>
Expenses			
Management fee	6(a)	1,650,304	1,324,902
Trustee's fee	6(b)	330,061	264,981
Custodian and administration fees	7	356,835	334,309
Audit fee		120,424	120,358
Bank charges		5,150	5,050
Legal and professional fees		1,804	15,583
Other expenses	8	<u>(93,209)</u>	<u>327,432</u>
Total operating expenses		<u>2,371,369</u>	<u>2,392,615</u>
Taxation			
Withholding tax		<u>(3)</u>	<u>(13)</u>
Increase in net assets attributable to unitholders from operations		<u>98,186,012</u>	<u>46,062,414</u>

The notes on pages 16 to 31 are an integral part of these financial statements.

PineBridge Hong Kong Dollar Money Market Fund
Statement of Changes in Net Assets Attributable to Unitholders
For the year ended 31 December 2018

	Note	2018 HK\$	2017 HK\$
Net assets attributable to unitholders at 1 January		<u>4,859,062,968</u>	<u>4,229,000,344</u>
Issue of units	3	2,802,284,189	1,216,731,885
Redemption of units	3	(1,235,214,056)	(632,731,675)
Net increase from unit transactions		<u>1,567,070,133</u>	<u>584,000,210</u>
Increase in net assets attributable to unitholders from operations		<u>98,186,012</u>	<u>46,062,414</u>
Net assets attributable to unitholders at 31 December		<u>6,524,319,113</u>	<u>4,859,062,968</u>

The notes on pages 16 to 31 are an integral part of these financial statements.

PineBridge Hong Kong Dollar Money Market Fund
Statement of Cash Flows
For the year ended 31 December 2018

	2018	2017
	HK\$	HK\$
Cash flows from operating activities		
Increase in net assets attributable to unitholders from operations	98,186,012	46,062,414
Adjustment for:		
Interest on investments	(21,445,359)	(17,944,182)
Interest on bank deposits	(79,112,025)	(30,510,860)
Withholding tax	3	13
Operating loss before working capital changes	(2,371,369)	(2,392,615)
Net decrease in investments	707,223,813	88,977,804
Net increase in other bank deposits	(2,164,724,076)	(590,000,000)
Net decrease in amounts payable to brokers	–	(14,985,248)
Net decrease in accounts payable and accrued expenses	(225,470)	(208,361)
Cash used in operations	(1,460,097,102)	(518,608,420)
Interest on investments received	23,057,900	15,929,664
Interest on bank deposits received	58,703,160	27,870,766
Net cash used in operating activities	<u>(1,378,336,042)</u>	<u>(474,807,990)</u>
Cash flows from financing activities		
Proceeds from issue of units	2,802,284,189	1,216,731,885
Payments on redemption of units	(1,241,398,210)	(630,148,890)
Net cash generated from financing activities	<u>1,560,885,979</u>	<u>586,582,995</u>
Net increase in cash and cash equivalents	182,549,937	111,775,005
Cash and cash equivalents at the beginning of the year	995,114,382	883,339,377
Cash and cash equivalents at the end of the year	<u>1,177,664,319</u>	<u>995,114,382</u>
Analysis of balance of cash and cash equivalents		
Cash at banks	10,914,964	4,414,382
Short-term deposits	1,166,749,355	990,700,000
	<u>1,177,664,319</u>	<u>995,114,382</u>

The notes on pages 16 to 31 are an integral part of these financial statements.

PineBridge Hong Kong Dollar Money Market Fund
Notes to the Financial Statements
For the year ended 31 December 2018

1. The Fund

PineBridge Hong Kong Dollar Money Market Fund (the “Fund”) is a unit trust governed by its Trust Deed dated 10 August 1998, as amended, supplemented and restated. The Fund has been authorized by the Securities and Futures Commission of Hong Kong and approved by the Mandatory Provident Fund Schemes Authority of Hong Kong.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss (FVPL).

The preparation of financial statements in conformity with HKFRS requires the Trustee and Manager to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

New and amended standards that are effective in the current year and have been adopted by the Fund

The Fund applied, for the first time, certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2018.

The nature and the impact of each new standard and amendment is described below:

HKFRS 9 *Financial Instruments*

The Fund adopted HKFRS 9 Financial Instruments on its effective date of 1 January 2018. HKFRS 9 replaces *HKAS 39 Financial Instruments: Recognition and Measurement* and introduces new requirements for classification and measurement, impairment and hedge accounting. HKFRS 9 is not applicable to items that have already been derecognized at 1 January 2018, the date of initial application.

PineBridge Hong Kong Dollar Money Market Fund
Notes to the Financial Statements
For the year ended 31 December 2018

2. Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

(i) Classification and measurement

The Fund has assessed the classification of financial instruments as at the date of initial application and has applied such classification retrospectively. Based on that assessment:

- All financial assets previously held at fair value continue to be measured at fair value.
- Debt instruments and equity instruments, other than investments in subsidiaries and associates, are acquired for the purpose of generating short-term profit. Therefore, they meet the held-for-trading criteria and are required to be measured at FVPL.
- Financial assets previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. Thus, such instruments continue to be measured at amortized cost under HKFRS 9.
- The classification of financial liabilities under HKFRS 9 remains broadly the same as under HKAS 39. The main impact on measurement from the classification of liabilities under HKFRS 9 relates to the element of gains or losses for financial liabilities designated as at FVPL attributable to changes in credit risk. HKFRS 9 requires that such element be recognized in other comprehensive income (OCI), unless this treatment creates or enlarges an accounting mismatch in profit or loss, in which case, all gains and losses on that liability (including the effects of changes in credit risk) should be presented in profit or loss. The Fund has not designated any financial liabilities at FVPL. Therefore, this requirement has not had an impact on the Fund.

(ii) Impairment

HKFRS 9 requires the Fund to record Expected Credit Losses (“ECL”) on all of its financial assets measured at amortized cost, either on a 12-month or lifetime basis. The Fund’s investments are not subject to HKFRS 9’s impairment requirements as they are measured at FVPL. The Fund holds amortized cost financial assets, including interest receivable on investments, bank interest receivable, other bank deposits and cash and cash equivalents. The Fund measures the loss allowance at an amount equal to 12-month ECL on its amortized cost financial assets.

(iii) Hedge accounting

The Fund has not applied hedge accounting under HKAS 39 nor will it apply hedge accounting under HKFRS 9.

Impact of adoption of HKFRS 9

The classification and measurement requirements of HKFRS 9 have been adopted retrospectively as of the date of initial application on 1 January 2018, however, the Fund has chosen to take advantage of the option not to restate comparatives. Therefore, the 2017 figures are presented and measured under HKAS 39. The following table shows the original measurement categories in accordance with HKAS 39 and the new measurement categories under HKFRS 9 for the Fund’s financial assets and financial liabilities as at 1 January 2018.

PineBridge Hong Kong Dollar Money Market Fund
Notes to the Financial Statements
For the year ended 31 December 2018

2. Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

Impact of adoption of HKFRS 9 (Continued)

Financial assets

1 January 2018	HKAS 39 classification	HKAS 39 measurement HK\$	HKFRS 9 classification	HKFRS 9 measurement HK\$
	Held for trading			
Investments	at FVPL	1,668,653,541	FVPL	1,668,653,541
Interest receivable on investments	Loans and receivables	4,144,193	Amortized cost	4,144,193
Bank interest receivable	Loans and receivables	7,689,191	Amortized cost	7,689,191
Other bank deposits	Loans and receivables	2,192,000,000	Amortized cost	2,192,000,000
Cash and cash equivalents	Loans and receivables	995,114,382	Amortized cost	995,114,382

Financial Liabilities

1 January 2018	HKAS 39 classification	HKAS 39 measurement HK\$	HKFRS 9 classification	HKFRS 9 measurement HK\$
Amounts payable on redemption	Other financial liabilities	7,935,932	Amortized cost	7,935,932
Accounts payable and accrued expenses	Other financial liabilities	602,407	Amortized cost	602,407
Net assets attributable to unitholders	Held for trading at FVPL	4,859,062,968	FVPL	4,859,062,968

In line with the characteristics of the Fund's financial instruments as well as its approach to their management, the Fund neither revoked nor made any new designations on the date of initial application. HKFRS 9 has not resulted in changes in the carrying amount of the Fund's financial instruments due to changes in measurement categories. All financial assets that were classified as FVPL under HKAS 39 are still classified as FVPL under HKFRS 9. All financial assets that were classified as loans and receivables and measured at amortized cost continue to be.

In addition, the application of the ECL mode under HKFRS 9 has not significantly changed the carrying amounts of the Fund's amortized cost financial assets. At the reporting date, the credit risk of the Fund's amortized cost financial assets were low or have not increased significantly since initial recognition. No loss allowance has been recognized based on 12-month ECL under HKFRS 9. There was no impairment recorded under HKAS39.

The carrying amounts of amortized cost instruments continued to approximate these instruments' fair values on the date of transition after transitioning to HKFRS 9.

HKFRS 15 Revenue from contracts with customers

The Fund adopted HKFRS 15 Revenue from contracts with customers on its effective date of 1 January 2018. HKFRS 15 replaces HKAS 18 Revenue and establishes a five-step model to account for revenue arising from contracts with customers. In addition, guidance on interest and dividend income have been moved from HKAS 18 to HKFRS 9 without significant changes to the requirements. Therefore, there was no impact of adopting HKFRS 15 for the Fund.

PineBridge Hong Kong Dollar Money Market Fund
Notes to the Financial Statements
For the year ended 31 December 2018

2. Summary of significant accounting policies (Continued)

(b) Investments

(i) Classification

In accordance with HKFRS 9, the Fund classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

In applying that classification, a financial asset or financial liability is considered to be held for trading if:

- (a) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or
- (b) On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking; or
- (c) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

Financial assets

The Fund classifies its financial assets as subsequently measured at amortized cost or measured at fair value through profit or loss on the basis of both:

- The entity's business model for managing the financial assets
- The contractual cash flow characteristics of the financial asset

All investments are classified as "financial assets at fair value through profit or loss".

Financial assets measured at fair value through profit or loss (FVPL)

A financial asset is measured at fair value through profit or loss if:

- (a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding; or
- (b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- (c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

The Fund includes in this category:

- Equity instruments
- Debt instruments. These include investments that are held under a business model to manage them on a fair value basis for investment income and fair value gains.
- Instruments held for trading. This category includes equity instruments and debt instruments which are acquired principally for the purpose of generating a profit from short-term fluctuations in price. This category also includes derivative contracts in an asset position.

(ii) Recognition

The Fund recognizes a financial asset when it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Fund commits to purchase or sell the asset.

PineBridge Hong Kong Dollar Money Market Fund
Notes to the Financial Statements
For the year ended 31 December 2018

2. Summary of significant accounting policies (Continued)

(b) Investments (Continued)

The following represent the basis of valuation for financial reporting purposes:

- (i) Investments which are listed or traded on an exchange are fair valued based on last traded prices.
- (ii) Investments which are not listed on an exchange or are thinly traded are valued by using quotes from brokers.
- (iii) Initial measurement

Financial assets at fair value through profit or loss are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognized directly in profit or loss.

- (iv) Subsequent measurement

After initial measurement, the Fund measures financial instruments which are classified as at FVPL at fair value. Subsequent changes in the fair value of those financial instruments are recorded in net gain or loss on financial assets and financial liabilities at FVPL in the statement of comprehensive income.

- (v) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized where the rights to receive cash flows from the asset have expired or the Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and either:

- (a) the Fund has transferred substantially all the risks and rewards of the asset, or
- (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The following represent the basis of valuation for financial reporting purposes:

- (i) Investments which are listed or traded on an exchange are fair valued based on last traded prices.
- (ii) Investments which are not listed on an exchange or are thinly traded are valued by using quotes from brokers.

(c) Income

Interest income is recognized on a time-proportionate basis using the effective interest method in the statement of comprehensive income for all interest bearing instruments. Other income is accounted for on an accrual basis.

The effective interest method is a method of calculating the amortized cost of an interest bearing asset and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial instrument. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

PineBridge Hong Kong Dollar Money Market Fund
Notes to the Financial Statements
For the year ended 31 December 2018

2. Summary of significant accounting policies (Continued)

(d) Translation of foreign currencies

(i) Functional and presentation currencies

Items included in the Fund's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). The financial statements are presented in Hong Kong dollar, which is the Fund's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the year end date.

Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the statement of comprehensive income within "net foreign currency gains/(losses)".

Foreign exchange gains and losses relating to the financial assets and financial liabilities carried at fair value through profit or loss are presented in the statement of comprehensive income within "net gains/(losses) on financial assets and financial liabilities through profit or loss".

(e) Expenses

Expenses are accounted for on an accrual basis.

(f) Subscription and redemption of units

Proceeds and payments on the subscription and redemption of units recorded in the statement of changes in net assets attributable to unitholders. The price at which units are subscribed or redeemed is calculated by reference to the net asset value per unit as at the close of business on the relevant dealing day.

(g) Cash and cash equivalents

Cash and cash equivalents include cash at banks, deposits held with banks with original maturities of three months or less and bank overdrafts, if any.

(h) Other bank deposits

Other bank deposits include deposits held with banks with original maturities of more than three months.

PineBridge Hong Kong Dollar Money Market Fund
Notes to the Financial Statements
For the year ended 31 December 2018

3. Number of units in issue and net assets attributable to unitholders per unit

The Fund's capital is represented by the units in the Fund, and shown as "net assets attributable to unitholders" in the statement of net assets.

The Fund has no restrictions on the subscriptions of units. Pursuant to the Trust Deed and subject to the conditions and procedures set out therein, the Manager is entitled, having regard to the interests of unitholders, to limit the total number of units which unitholders are entitled to redeem on any dealing day to 10% of the units then in issue or deemed to be in issue. Subscriptions and redemptions of units during the year are shown in the statement of changes in net assets attributable to unitholders. In order to achieve the investment objectives, the Fund endeavors to invest its capital in accordance with the investment policies as outlined in note 4, whilst maintaining sufficient liquidity to meet redemption requests. Such liquidity is augmented by the holding of liquid investments.

Net assets attributable to unitholders represent a liability in the statement of net assets, carried at the redemption amount that would be payable at the year end date if the unitholders exercised the right to redeem the units in the Fund.

	Number of units in issue	Net asset value per unit HK\$
2018 - Standard units - Accumulation	<u>49,153,654</u>	<u>14.00</u>
2018 - Provident Fund units	<u>394,504,875</u>	<u>14.79</u>
2017 - Standard units - Accumulation	<u>40,799,622</u>	<u>13.81</u>
2017 - Provident Fund units	<u>295,200,431</u>	<u>14.55</u>

	2018 Standard Units - Accumulation Units	2018 Provident Fund Units Units	2017 Standard Units - Accumulation Units	2017 Provident Fund Units Units
Balance brought forward	40,799,622	295,200,431	36,020,225	259,377,952
Total issues	41,705,017	151,939,943	31,794,607	53,846,819
Total redemptions	<u>(33,350,985)</u>	<u>(52,635,499)</u>	<u>(27,015,210)</u>	<u>(18,024,340)</u>
Balance carried forward	<u>49,153,654</u>	<u>394,504,875</u>	<u>40,799,622</u>	<u>295,200,431</u>

The Fund offers two classes of units. Provident Fund units are offered to provident fund schemes approved by the Mandatory Provident Fund Schemes Authority. Standard units - Accumulation are offered to all investors other than the provident fund schemes approved by the Mandatory Provident Fund Schemes Authority. The standard units have been renamed to "Standard units - Accumulation" with effect from 27 June 2013.

4. Financial risk management

(a) Financial risk factors

The investment objective of the Fund is to preserve principal value and maintain a high degree of liquidity while providing current income by investing in short-term, high quality Hong Kong dollar denominated instruments in Hong Kong.

PineBridge Hong Kong Dollar Money Market Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(a) Financial risk factors (Continued)

The Fund is exposed to market price risk, cash flow and fair value interest rate risk, credit and custody risk and liquidity risk.

The risks and the respective risk management policies employed by the Fund to manage these risks are discussed below.

(b) Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market.

All investments present a risk of loss of capital. The Fund's market price risk is managed through (i) deliberate securities selection, and (ii) diversification of the investment portfolio.

As at year end, the overall market exposures were as follows:

	2018		
	Fair value HK\$	Cost HK\$	% of net assets
Financial assets at fair value through profit or loss:			
- Certificates of deposit	<u>961,429,728</u>	<u>958,329,986</u>	<u>14.74</u>
	2017		
	Fair value HK\$	Cost HK\$	% of net assets
Held for trading:			
- Certificates of deposit	<u>1,668,653,541</u>	<u>1,665,139,956</u>	<u>34.34</u>

Net market exposures

The following table shows the net market exposure of the Fund to various markets, incorporating the underlying market risk through all financial assets and financial liabilities held by the Fund as at 31 December.

	2018 HK\$ equivalent	2017 HK\$ equivalent
Markets exposed to		
Canada	79,802,096	–
China	572,709,359	994,020,959
Hong Kong	149,002,065	50,021,225
Japan	–	179,900,032
Macao	–	289,292,987
South Korea	<u>159,916,208</u>	<u>155,418,338</u>
Total	<u>961,429,728</u>	<u>1,668,653,541</u>

The following table shows the net exposures to sectors as at 31 December 2018 and 2017:

	2018 %	2017 %
Sectors exposed to		
Financial	<u>100</u>	<u>100</u>

PineBridge Hong Kong Dollar Money Market Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(b) Market price risk (Continued)

There were no investments issued by the same issuer with market value exceeding 10% of the Fund's net asset value as at 31 December 2018 and 2017.

The Fund mainly invests in certificates of deposit with maturity of less than 12 months. The price sensitivity of the investments would mainly be driven by interest rate movements. For details of fair value interest rate risk sensitivity analysis, please refer to note 4(c).

(c) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of interest-bearing assets and liabilities and future cash flow. The Fund holds interest-bearing investments that expose the Fund to fair value interest rate risk. The Fund also holds cash and cash equivalents that expose the Fund to cash flow interest rate risk.

The table below summarizes the Fund's exposure to interest rate risks. It includes the Fund's assets and liabilities at fair values, categorized by the earlier of contractual re-pricing or maturity dates.

At 31 December 2018

	Less than 3 months HK\$	3-6 months HK\$	Over 6 months HK\$	Non-interest bearing HK\$	Total HK\$
Assets					
Investments	519,019,030	227,989,511	214,421,187	–	961,429,728
Other assets	–	–	–	30,629,705	30,629,705
Other bank deposits	2,881,410,845	1,133,672,949	341,640,282	–	4,356,724,076
Cash and cash equivalents	1,177,664,319	–	–	–	1,177,664,319
Total assets	<u>4,578,094,194</u>	<u>1,361,662,460</u>	<u>556,061,469</u>	<u>30,629,705</u>	<u>6,526,447,828</u>
Liabilities					
Other liabilities	–	–	–	2,128,715	2,128,715
Liabilities (excluding net assets attributable to unitholders)	<u>–</u>	<u>–</u>	<u>–</u>	<u>2,128,715</u>	<u>2,128,715</u>
Total interest sensitivity gap	<u>4,578,094,194</u>	<u>1,361,662,460</u>	<u>556,061,469</u>		

PineBridge Hong Kong Dollar Money Market Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(c) Cash flow and fair value interest rate risk (Continued)

At 31 December 2017

	Less than 3 months HK\$	3-6 months HK\$	Over 6 months HK\$	Non-interest bearing HK\$	Total HK\$
Assets					
Investments	582,551,764	833,632,274	252,469,503	–	1,668,653,541
Other assets	–	–	–	11,833,384	11,833,384
Other bank deposits	1,946,000,000	158,000,000	88,000,000	–	2,192,000,000
Cash and cash equivalents	995,114,382	–	–	–	995,114,382
Total assets	3,523,666,146	991,632,274	340,469,503	11,833,384	4,867,601,307
Liabilities					
Other liabilities	–	–	–	8,538,339	8,538,339
Liabilities (excluding net assets attributable to unitholders)					
	–	–	–	8,538,339	8,538,339
Total interest sensitivity gap	3,523,666,146	991,632,274	340,469,503		

At 31 December 2018, should interest rates have lowered/risen by 25 basis points with all other variables remaining constant, the increase/decrease in net assets attributable to unitholders for the year would amount to approximately HK\$705,167 (2017: HK\$1,162,274), arising substantially from the increase/decrease in market values of debt securities.

In accordance with the internal monitoring process, the Manager monitors the Fund's overall interest sensitivity on a daily basis by monitoring the days to maturity of the portfolio, as days to maturity increase, interest rate risk increases, and vice versa with shorter days to maturity.

(d) Credit and custody risk

The Fund is exposed to credit risk which is the risk that an issuer or counterparty will be unable or unwilling to pay amounts in full when due.

The Fund's financial assets which are potentially subject to concentrations of credit risk consist of cash and cash equivalents and assets held with custodian. The table below summarizes the assets placed with banks and custodian at 31 December 2018 and 2017.

At 31 December 2018

	HK\$	Credit rating	Source of credit rating
<u>Custodian</u>			
Citibank, N.A.	961,429,728	P-1	Moody's
<u>Banks</u>			
Citibank, N.A.	10,914,964	P-1	Moody's
Agriculture Bank of China Limited, HK	448,000,000	P-1	Moody's
Bangkok Bank Public Company Limited	505,000,000	P-2	Moody's
Bank of China (Hong Kong) Limited	110,000,000	P-1	Moody's
Bank Of Communications Company Limited	461,000,000	P-1	Moody's
China Construction Bank Corp, HK	515,000,000	P-1	Moody's
CIMB Bank Berhad	516,000,000	P-2	Moody's
Dah Sing Bank Limited	238,000,000	P-1	Moody's
Fubon Bank (Hong Kong) Limited	516,000,000	P-2	Moody's
Malayan Banking Berhad	499,572,753	P-1	Moody's
Shanghai Commercial Bank Limited	191,000,000	P-1	Moody's

PineBridge Hong Kong Dollar Money Market Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(d) Credit and custody risk (Continued)

At 31 December 2018

	HK\$	Credit rating	Source of credit rating
<u>Banks (Continued)</u>			
The Bank of East Asia Limited	515,000,000	P-1	Moody's
Wing Hang Bank Limited	511,000,000	P-1	Moody's
Wing Lung Bank Limited	497,900,678	P-1	Moody's

At 31 December 2017

	HK\$	Credit rating	Source of credit rating
<u>Custodian</u>			
Citibank, N.A.	1,668,653,541	P-1	Moody's
<u>Banks</u>			
Citibank, N.A.	4,414,382	P-1	Moody's
Agriculture Bank of China Limited, HK	313,000,000	P-1	Moody's
Bangkok Bank Public Company Limited	110,000,000	P-2	Moody's
Bank Of Communications Company Limited	380,000,000	P-2	Moody's
CIMB Bank Berhad	383,000,000	P-2	Moody's
Dah Sing Bank Limited	143,700,000	P-2	Moody's
Fubon Bank (Hong Kong) Limited	356,000,000	P-2	Moody's
Malayan Banking Berhad	387,000,000	P-2	Moody's
OCBC Wing Hang Bank Limited	336,000,000	P-1	Moody's
The Bank of East Asia Limited	386,000,000	P-2	Moody's
Wing Lung Bank Limited	388,000,000	P-2	Moody's

As the Fund holds debt securities and money market instruments, it is also exposed to risk that the issuers may not be able to repay the principal amount at maturity and interest. The credit risk is mitigated as the debt securities and money market instruments held are subject to the requirements of (i) minimum credit rating, and (ii) maximum holding of 10% of net asset value for any single issuer other than an exempt authority as defined in section 7(1) of Schedule 1 to the Mandatory Provident Fund Schemes (General) Regulation ("Exempt Authority"), and/or (iii) maximum holding of 30% of net asset value for any single issue that is issued by an Exempt Authority (or unconditionally guaranteed by an Exempt Authority).

The table below summarizes the credit rating of the investment portfolio by S&P/Moody's/Fitch:

Portfolio by rating category of certificates of deposit:

Rating	2018	2017
A-1/P-1/F1	100%	57%
A-2/P-2/F2	–	26%
NR	–	17%
Total	100%	100%

The maximum exposure to credit risk at year end is the carrying amount of the financial assets as shown on the statement of net assets.

The Fund measures credit risk and ECL using probability of default, exposure at default and loss given default. The Manager and the Trustee of the Fund considers both historical analysis and forward looking information in determining any ECL.

PineBridge Hong Kong Dollar Money Market Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(d) Credit and custody risk (Continued)

None of the assets is impaired nor past due but not impaired.

All transactions in listed/quoted investments are settled/paid for upon delivery using approved and reputable brokers. The risk of default is considered minimal since delivery of securities sold is only made when the broker has received payment. Payment is made on a purchase when the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

The Fund limits its exposure to credit risk by transacting the majority of its securities and contractual commitment activities with broker-dealers, banks and regulated exchanges with high credit ratings and that the Fund considers to be well established.

The Manager and the Trustee of the Fund considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognized based on 12-month ECL as any such impairment would be wholly insignificant to the Fund.

(e) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in settling a liability, including a redemption request.

The Fund is exposed to daily cash redemptions of units in the Fund. The Fund invests the majority of its assets in investments that are traded in an active market and can be readily disposed of.

The table below analyzes the Fund's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the year end date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month HK\$	1-3 months HK\$	Over 3 months HK\$
At 31 December 2018			
Amounts payable on redemption	1,751,778	–	–
Accounts payable and accrued expenses	279,117	–	97,820
Net assets attributable to unitholders	6,524,319,113	–	–
Total financial liabilities	<u>6,526,350,008</u>	<u>–</u>	<u>97,820</u>
	Less than 1 month HK\$	1-3 months HK\$	Over 3 months HK\$
At 31 December 2017			
Amounts payable on redemption	7,935,932	–	–
Accounts payable and accrued expenses	196,314	–	406,093
Net assets attributable to unitholders	4,859,062,968	–	–
Total financial liabilities	<u>4,867,195,214</u>	<u>–</u>	<u>406,093</u>

Units are redeemed on demand at the unitholder's option. However, the Manager does not envisage that the contractual maturity disclosed in the table above will be representative of the actual cash outflows, as the unitholders typically retain the units for the medium to long term. At 31 December 2018 and 2017, no ultimate individual investor held more than 10% of the Fund's units.

PineBridge Hong Kong Dollar Money Market Fund
Notes to the Financial Statements
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4. Financial risk management (Continued)

(e) Liquidity risk (Continued)

The Fund manages its liquidity risk by investing predominantly in investments that it expects to be able to liquidate within 1 month or less. The following table illustrates the expected liquidity of assets held by the Fund:

	Less than 1 month HK\$	1-3 months HK\$	Over 3 months HK\$
At 31 December 2018			
Total assets	<u>3,541,877,126</u>	<u>1,499,988,803</u>	<u>1,484,581,899</u>
	Less than 1 month HK\$	1-3 months HK\$	Over 3 months HK\$
At 31 December 2017			
Total assets	<u>2,862,894,771</u>	<u>1,755,576,744</u>	<u>249,129,792</u>

(f) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

The Fund holds monetary assets and liabilities which are mainly denominated in Hong Kong dollars, the Fund's functional and presentation currency. The Fund's own units are also denominated in Hong Kong dollars and therefore there is no significant exposure to currency risk.

(g) Fair value estimation

The fair value of financial assets and financial liabilities traded in active markets (such as trading securities) are based on quoted market prices at the close of trading on the year end date. The Fund utilizes the last traded market price as its fair valuation inputs for both financial assets and financial liabilities.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Fund for similar financial instruments.

PineBridge Hong Kong Dollar Money Market Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(g) Fair value estimation (Continued)

HKFRS 13 requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (Level 2).
- Inputs for the asset or liability that are unobservable inputs (Level 3).

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes “observable” requires significant judgment by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table analyzes within the fair value hierarchy the Fund’s investments (by class) measured at fair value at 31 December 2018 and 2017:

At 31 December 2018

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Assets				
Financial assets at fair value through profit or loss:				
- Certificates of deposit	–	961,429,728	–	961,429,728
Total assets	–	961,429,728	–	961,429,728

At 31 December 2017

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Assets				
Held for trading:				
- Certificates of deposit	–	1,668,653,541	–	1,668,653,541
Total assets	–	1,668,653,541	–	1,668,653,541

PineBridge Hong Kong Dollar Money Market Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(g) Fair value estimation (Continued)

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1. As of 31 December 2018 and 2017, the Fund did not hold any investments classified in level 1.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. These include certificates of deposit. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. As of 31 December 2018 and 2017, the Fund did not hold any investments classified in level 3.

There is no transfer between levels for the years ended 31 December 2018 and 2017.

Assets and liabilities included in the statement of net assets, except for investments and derivative financial instruments, are carried at amortized cost; their carrying values are a reasonable approximation of fair value.

(h) Capital risk management

The capital of the Fund is represented by the net assets attributable to unitholders. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unitholders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

In order to maintain or adjust the capital structure, the Fund's policy is to perform the following:

- monitor the level of daily subscriptions and redemptions relative to the liquid assets; and
- redeem and issue units in accordance with the Trust Deed of the Fund.

The Manager monitors capital on the basis of the value of net assets attributable to unitholders.

5. Taxation

No provision for Hong Kong profits tax has been made as the Fund is authorized as a collective investment scheme under Section 104 of the Hong Kong Securities and Futures Ordinance and is therefore exempted from profits tax under Section 26A(1A) of the Hong Kong Inland Revenue Ordinance.

6. Transactions with Associates/Connected Persons/Related Parties

Associates and connected persons are those as defined in the Mandatory Provident Fund Schemes Ordinance and the Code on Unit Trusts and Mutual Funds issued by the Securities and Futures Commission of Hong Kong.

Apart from the fees as disclosed below, the Fund allows the Manager and its associates/connected persons to subscribe for, and redeem, units in the Fund.

All transactions were entered into in the ordinary course of business and on normal commercial terms.

PineBridge Hong Kong Dollar Money Market Fund
Notes to the Financial Statements
For the year ended 31 December 2018

6. Transactions with Associates/Connected Persons/Related Parties (Continued)

(a) Management fee

PineBridge Investments Hong Kong Limited, the Manager, is entitled to receive a management fee at 0.25% per annum, with a permitted maximum of 1% per annum, of the net asset value of the Standard units - Accumulation, being calculated daily and payable monthly in arrears.

No management fee is charged on the Provident Fund units.

Management fee payable as at year end amounted to HK\$146,918 (2017: HK\$120,650).

(b) Trustee's fee

AIA Company (Trustee) Limited, the Trustee, is entitled to receive a trustee's fee at a permitted maximum of 0.05% per annum of the net asset value of the Standard units - Accumulation, being calculated daily and payable monthly in arrears.

No trustee's fee is charged on the Provident Fund units.

Trustee's fee payable as at year end amounted to HK\$29,384 (2017: HK\$24,130).

7. Custodian and administration fees

The Custodian and Administrator of the Fund is Citibank N.A., Hong Kong Branch and the Application and Redemption Agent of the Fund is Citicorp Financial Services Limited (collectively "Citibank"). Citibank is entitled to receive a custodian fee which comprises safekeeping and transaction fees of 0.025% per annum of the net asset value of the Fund and a transfer agency fee of US\$1,500 per month, with a total permitted maximum of 0.50% per annum. The safekeeping and transaction fee rate of 0.025% per annum is the maximum rate. No administrator's fee is charged on the Fund.

Custodian and administration fees payable as at year end amounted to HK\$102,815 (2017: HK\$51,533).

8. Other expenses

Other expenses included a reversal of overprovision of certain expenses of HK\$143,919 during the year ended 31 December 2018.

9. Soft commission arrangements

During the year, the Manager and its associates/connected persons did not enter into any soft commission arrangements with brokers relating to dealing in the assets of the Fund (2017: Nil).

10. Distributions

No distribution was made during the year (2017: Nil).

11. Borrowings, contingent liabilities and commitments

The Fund had no borrowings, contingent liabilities and commitments as at 31 December 2018 and 2017.

12. Negotiability of assets

There were no statutory or contractual requirements restricting the free negotiability of assets held by the Fund as at 31 December 2018 and 2017.

13. Approval of financial statements

The financial statements were approved by the Trustee and the Manager on 12 April 2019.

PINEBRIDGE HONG KONG EQUITY FUND
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2018

PineBridge Hong Kong Equity Fund

Reports and Financial Statements For the year ended 31 December 2018

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PineBridge Hong Kong Equity Fund

Management and Professional Service Details

Manager

PineBridge Investments Hong Kong Limited
Level 31, Three Pacific Place, 1 Queen's Road East
Hong Kong

Trustee

(effective from 13 October 2018)
AIA Company (Trustee) Limited
11th Floor, AIA Hong Kong Tower
734 King's Road, Quarry Bay
Hong Kong

(up to 12 October 2018)
2nd Floor, AIA Building, 1 Stubbs Road
Hong Kong

Administrator and Custodian

Citibank N.A., Hong Kong Branch
50th Floor, Champion Tower
Three Garden Road, Central
Hong Kong

Application and Redemption Agents

Citicorp Financial Services Limited
Citi Tower, One Bay East
83 Hoi Bun Road
Kwun Tong, Kowloon
Hong Kong

Auditor

Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

Legal Advisers

Deacons
5th Floor, Alexandra House
18 Chater Road
Central, Hong Kong

**PineBridge Hong Kong Equity Fund
Manager's Report
For the year ended 31 December 2018**

Manager's Market Perspective

2018 Market Overview

Hong Kong equity market started strong in 2018 with macro-economic indicators showing upbeat fundamentals. However, the rally in January was given back in the following months and the market ended 2018 with notable decline. Weakness was caused mainly by concerns over US-China trade tension, slowing economic activity data from China, RMB depreciation, rising corporate bond default and rising volatility from global equity market. During the year, information technology, consumer discretionary and healthcare were the three worst-performing sectors driven by general economic slowdown, policy headwind and profit-taking on rich valuation multiples. Utility and energy sectors performed relatively better than overall market due to the defensiveness of their businesses.

2019 Market Outlook and Strategy

Macro economic data continued to show weakness at the end of 2018 and beginning of 2019, as the latest IP and PMI both slowed further. Export remains challenging as well since the front-loading towards 2018 year end started to pay back. Policy stance, as a result, has gradually turned more accommodative on both monetary and fiscal fronts. Market, therefore, will likely range-bound and stay volatile in most part of 2019 as news-flow hits with economic data and policy initiatives. With this backdrop, the fund will stay focused on company-specific fundamental trend rather than macro news-flow. Stocks with better earnings visibility, strong balance sheet, and attractive valuations remain the core holdings for the year.

PineBridge Hong Kong Equity Fund
Investment Report
As at 31 December 2018

INVESTMENT PORTFOLIO

	Holding shares	Market value HK\$	% of net assets
LISTED EQUITIES			
CHINA			
KWEICHOW MOUTAI CO LTD	34,053	22,896,018	0.40%
ZHEJIANG DAHUA TECHNOLOGY CO LTD	383,300	5,005,744	0.09%
ZHENGZHOU YUTONG BUS CO LTD	1,562,730	21,103,160	0.37%
TOTAL CHINA		<u>49,004,922</u>	<u>0.86%</u>
HONG KONG			
AAC TECHNOLOGIES HOLDINGS INC	265,000	12,044,250	0.21%
AGRICULTURAL BANK OF CHINA LTD	21,521,000	73,817,030	1.31%
AIA GROUP LTD	5,883,000	382,395,000	6.76%
ANHUI CONCH CEMENT CO LTD	1,114,500	42,351,000	0.75%
ASM PACIFIC TECHNOLOGY LTD	281,600	21,246,720	0.38%
BAIC MOTOR CORP LTD	5,553,000	22,933,890	0.41%
BANK OF CHINA LTD	30,208,000	102,103,040	1.81%
BOC HONG KONG HOLDINGS LTD	2,373,000	69,054,300	1.22%
BRILLIANCE CHINA AUTOMOTIVE HOLDINGS LTD	1,772,000	10,330,760	0.18%
CATHAY PACIFIC AIRWAYS LTD	2,610,000	29,075,400	0.51%
CHINA CONSTRUCTION BANK CORP	47,273,500	305,386,810	5.40%
CHINA GAS HOLDINGS LTD	759,400	21,187,260	0.37%
CHINA LIFE INSURANCE CO LTD	5,235,000	87,110,400	1.54%
CHINA LONGYUAN POWER GROUP CORP LTD	3,597,000	19,172,010	0.34%
CHINA MENGNIU DAIRY CO LTD	1,308,000	31,915,200	0.56%
CHINA MERCHANTS BANK CO LTD	2,444,500	70,157,150	1.24%
CHINA MOBILE LTD	2,962,500	223,224,375	3.95%
CHINA OVERSEAS LAND & INVESTMENT LTD	3,142,000	84,519,800	1.49%
CHINA PACIFIC INSURANCE GROUP CO LTD	980,200	24,848,070	0.44%
CHINA PETROLEUM & CHEMICAL CORP	12,276,000	68,622,840	1.21%
CHINA RESOURCES BEER HOLDINGS CO LTD	774,000	21,168,900	0.37%
CHINA RESOURCES LAND LTD	2,900,000	87,290,000	1.54%
CHINA SHENHUA ENERGY CO LTD	3,582,500	61,475,700	1.09%
CHINA UNICOM HONG KONG LTD	2,410,000	20,147,600	0.36%
CHINA VANKE CO LTD	2,508,800	66,734,080	1.18%
CK ASSET HOLDINGS LTD	2,151,861	123,301,635	2.18%
CK HUTCHISON HOLDINGS LTD	1,075,861	80,904,747	1.43%
CK INFRASTRUCTURE HOLDINGS LTD	254,500	15,091,850	0.27%
CLP HOLDINGS LTD	1,297,000	114,784,500	2.03%
CNOOC LTD	6,569,000	79,484,900	1.41%
COUNTRY GARDEN HOLDINGS CO LTD	1,542,000	14,695,260	0.26%
CRRC CORP LTD	8,846,000	67,583,440	1.20%
CSPC PHARMACEUTICAL GROUP LTD	2,958,000	33,425,400	0.59%
DONGFENG MOTOR GROUP CO LTD	4,096,000	29,081,600	0.51%
FOSUN INTERNATIONAL LTD	3,198,500	36,462,900	0.64%
GALAXY ENTERTAINMENT GROUP LTD	1,011,000	50,347,800	0.89%
GEELY AUTOMOBILE HOLDINGS LTD	1,660,000	22,908,000	0.41%
GUANGDONG INVESTMENT LTD	3,340,000	50,567,600	0.89%
HAIER ELECTRONICS GROUP CO LTD	1,440,000	27,734,400	0.49%

PineBridge Hong Kong Equity Fund
Investment Report
As at 31 December 2018

INVESTMENT PORTFOLIO (CONTINUED)

	Holding shares	Market value HK\$	% of net assets
LISTED EQUITIES (CONTINUED)			
HONG KONG (CONTINUED)			
HAITONG SECURITIES CO LTD	7,438,800	55,791,000	0.99%
HANERGY THIN FILM POWER GROUP LTD	5,510,000	–	0.00%
HANG SENG BANK LTD	311,600	54,779,280	0.97%
HENDERSON LAND DEVELOPMENT CO LTD	548,300	21,383,700	0.38%
HENGAN INTERNATIONAL GROUP CO LTD	491,000	27,987,000	0.49%
HONG KONG & CHINA GAS CO LTD	3,989,000	64,621,800	1.14%
HONG KONG EXCHANGES AND CLEARING LTD	520,264	117,891,822	2.08%
HSBC HOLDINGS PLC	8,111,021	525,594,161	9.30%
HUANENG POWER INTERNATIONAL INC	7,606,000	37,877,880	0.67%
INDUSTRIAL & COMMERCIAL BANK OF CHINA LTD	38,749,545	216,609,957	3.83%
JOHNSON ELECTRIC HOLDINGS LTD	1,063,598	16,975,024	0.30%
K WAH INTERNATIONAL HOLDINGS LTD	3,624,000	13,481,280	0.24%
KUNLUN ENERGY CO LTD	2,160,000	17,928,000	0.32%
LIFESTYLE INTERNATIONAL HOLDINGS LTD	1,910,500	22,658,530	0.40%
LINK REIT	871,000	69,070,300	1.22%
LUK FOOK HOLDINGS INTERNATIONAL LTD	824,000	18,416,400	0.33%
MTR CORP LTD	424,000	17,468,800	0.31%
NEW WORLD DEVELOPMENT CO LTD	1,168,000	12,100,480	0.21%
PETROCHINA CO LTD	12,282,000	59,936,160	1.06%
PING AN INSURANCE GROUP CO OF CHINA LTD	2,660,000	183,939,000	3.25%
POWER ASSETS HOLDINGS LTD	538,500	29,348,250	0.52%
SANDS CHINA LTD	1,362,400	46,730,320	0.83%
SHANDONG WEIGAO GROUP MEDICAL POLYMER CO LTD	1,388,000	8,799,920	0.16%
SHENZHEN EXPRESSWAY CO LTD	4,754,000	41,027,020	0.73%
SHENZHOU INTERNATIONAL GROUP HOLDINGS LTD	282,000	25,027,500	0.44%
SINO BIOPHARMACEUTICAL LTD	2,156,000	11,124,960	0.20%
SINOPHARM GROUP CO LTD	302,400	9,948,960	0.18%
SUN HUNG KAI PROPERTIES LTD	914,000	102,002,400	1.80%
SUNNY OPTICAL TECHNOLOGY GROUP CO LTD	403,900	28,111,440	0.50%
SWIRE PROPERTIES LTD	1,635,400	44,973,500	0.80%
TENCENT HOLDINGS LTD	1,753,000	550,442,000	9.73%
TINGYI CAYMAN ISLANDS HOLDING CORP	438,000	4,581,480	0.08%
UNI-PRESIDENT CHINA HOLDINGS LTD	2,418,000	16,442,400	0.29%
WANT WANT CHINA HOLDINGS LTD	2,543,000	13,935,640	0.25%
WHARF HOLDINGS LTD	1,496,000	30,518,400	0.54%
WHARF REAL ESTATE INVESTMENT CO LTD	987,000	46,240,950	0.82%
WUXI BIOLOGICS CAYMAN INC	286,000	14,342,900	0.25%
ZHUZHOU CRRC TIMES ELECTRIC CO LTD	2,267,100	98,392,140	1.74%
TOTAL HONG KONG		<u>5,381,186,371</u>	<u>95.17%</u>
SINGAPORE			
JARDINE MATHESON HOLDINGS LTD	65,100	35,464,146	0.63%
TOTAL SINGAPORE		<u>35,464,146</u>	<u>0.63%</u>
TOTAL INVESTMENTS*		<u>5,465,655,439</u>	<u>96.66%</u>
TOTAL INVESTMENTS, AT COST*		<u>5,075,494,512</u>	

* Investments are accounted for on a trade date basis.

PineBridge Hong Kong Equity Fund
Investment Report
For the year ended 31 December 2018

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO

	Holdings			31 December 2018 Shares
	1 January 2018 Shares	Additions Shares	Deductions Shares	
LISTED EQUITIES				
CHINA				
KWEICHOW MOUTAI CO LTD	–	34,053	–	34,053
ZHEJIANG DAHUA TECHNOLOGY CO LTD	–	383,300	–	383,300
ZHENGZHOU YUTONG BUS CO LTD	–	1,562,730	–	1,562,730
HONG KONG				
AAC TECHNOLOGIES HOLDINGS INC	467,500	–	(202,500)	265,000
AGRICULTURAL BANK OF CHINA LTD	14,104,000	11,135,000	(3,718,000)	21,521,000
AIA GROUP LTD	8,502,000	796,400	(3,415,400)	5,883,000
A-LIVING SERVICES CO LTD	–	3,354,250	(3,354,250)	–
ANGANG STEEL CO LTD	1,266,000	–	(1,266,000)	–
ANHUI CONCH CEMENT CO LTD	4,606,000	–	(3,491,500)	1,114,500
ASCLETIS PHARMA INC	–	1,044,000	(1,044,000)	–
ASM PACIFIC TECHNOLOGY LTD	1,137,500	–	(855,900)	281,600
BAIC MOTOR CORP LTD	4,720,000	2,734,500	(1,901,500)	5,553,000
BANK OF CHINA LTD	53,598,000	–	(23,390,000)	30,208,000
BEIJING CAPITAL INTERNATIONAL AIRPORT CO LTD	–	2,784,000	(2,784,000)	–
BOC HONG KONG HOLDINGS LTD	5,410,500	–	(3,037,500)	2,373,000
BRILLIANCE CHINA AUTOMOTIVE HOLDINGS LTD	1,772,000	–	–	1,772,000
BYD CO LTD	422,500	–	(422,500)	–
CATHAY PACIFIC AIRWAYS LTD	–	3,452,000	(842,000)	2,610,000
CHINA COMMUNICATIONS CONSTRUCTION CO LTD	10,041,000	–	(10,041,000)	–
CHINA CONSTRUCTION BANK CORP	63,631,500	10,418,000	(26,776,000)	47,273,500
CHINA EVERBRIGHT BANK CO LTD	–	9,114,000	(9,114,000)	–
CHINA EVERBRIGHT INTERNATIONAL LTD	–	3,264,000	(3,264,000)	–
CHINA GALAXY SECURITIES CO LTD	11,760,500	–	(11,760,500)	–
CHINA GAS HOLDINGS LTD	–	959,400	(200,000)	759,400
CHINA ISOTOPE & RADIATION CORP	–	938,400	(938,400)	–
CHINA JINMAO HOLDINGS GROUP LTD	–	1,036,000	(1,036,000)	–
CHINA LIFE INSURANCE CO LTD	8,981,000	–	(3,746,000)	5,235,000
CHINA LITERATURE LTD	733,068	–	(733,068)	–
CHINA LONGYUAN POWER GROUP CORP LTD	11,201,000	–	(7,604,000)	3,597,000
CHINA MENGNIU DAIRY CO LTD	1,799,000	389,000	(880,000)	1,308,000
CHINA MERCHANTS BANK CO LTD	2,855,500	476,000	(887,000)	2,444,500
CHINA MERCHANTS PORT HOLDINGS CO LTD	835,695	–	(835,695)	–
CHINA MOBILE LTD	3,479,000	2,071,500	(2,588,000)	2,962,500
CHINA OVERSEAS LAND & INVESTMENT LTD	5,238,000	708,000	(2,804,000)	3,142,000
CHINA PACIFIC INSURANCE GROUP CO LTD	463,400	761,800	(245,000)	980,200
CHINA PETROLEUM & CHEMICAL CORP	24,684,000	–	(12,408,000)	12,276,000
CHINA RESOURCES BEER HOLDINGS CO LTD	–	1,270,000	(496,000)	774,000
CHINA RESOURCES GAS GROUP LTD	664,000	–	(664,000)	–
CHINA RESOURCES LAND LTD	5,268,000	1,116,000	(3,484,000)	2,900,000

PineBridge Hong Kong Equity Fund
Investment Report
For the year ended 31 December 2018

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (CONTINUED)

	Holdings			31 December 2018 Shares
	1 January 2018 Shares	Additions Shares	Deductions Shares	
LISTED EQUITIES (CONTINUED)				
HONG KONG (CONTINUED)				
CHINA RESOURCES PHOENIX HEALTHCARE HOLDINGS CO LTD	–	372,500	(372,500)	–
CHINA SHENHUA ENERGY CO LTD	4,327,000	–	(744,500)	3,582,500
CHINA STATE CONSTRUCTION INTERNATIONAL HOLDINGS LTD	4,282,000	–	(4,282,000)	–
CHINA TELECOM CORP LTD	9,552,000	–	(9,552,000)	–
CHINA UNICOM HONG KONG LTD	9,124,000	–	(6,714,000)	2,410,000
CHINA VANKE CO LTD	3,084,600	1,772,600	(2,348,400)	2,508,800
CHINA ZHENG TONG AUTO SERVICES HOLDINGS LTD	–	1,359,500	(1,359,500)	–
CK ASSET HOLDINGS LTD	3,102,361	512,500	(1,463,000)	2,151,861
CK HUTCHISON HOLDINGS LTD	1,729,361	195,500	(849,000)	1,075,861
CK INFRASTRUCTURE HOLDINGS LTD	385,500	–	(131,000)	254,500
CLP HOLDINGS LTD	–	1,948,500	(651,500)	1,297,000
CNOOC LTD	9,580,000	905,000	(3,916,000)	6,569,000
COUNTRY GARDEN HOLDINGS CO LTD	2,764,000	1,294,000	(2,516,000)	1,542,000
COUNTRY GARDEN SERVICES HOLDINGS CO LTD	–	466,436	(466,436)	–
CRRC CORP LTD	–	10,591,000	(1,745,000)	8,846,000
CSPC PHARMACEUTICAL GROUP LTD	10,194,000	–	(7,236,000)	2,958,000
DONGFENG MOTOR GROUP CO LTD	–	4,096,000	–	4,096,000
FOSUN INTERNATIONAL LTD	4,300,500	–	(1,102,000)	3,198,500
GALAXY ENTERTAINMENT GROUP LTD	3,483,000	324,000	(2,796,000)	1,011,000
GEELY AUTOMOBILE HOLDINGS LTD	2,192,000	–	(532,000)	1,660,000
GREAT EAGLE HOLDINGS LTD	408,000	–	(408,000)	–
GUANGDONG INVESTMENT LTD	3,744,000	–	(404,000)	3,340,000
GUANGZHOU AUTOMOBILE GROUP CO LTD	3,988,000	578,400	(4,566,400)	–
GUANGZHOU R&F PROPERTIES CO LTD	524,000	–	(524,000)	–
GUOTAI JUNAN INTERNATIONAL HOLDINGS LTD	14,238,000	–	(14,238,000)	–
HAIER ELECTRONICS GROUP CO LTD	–	2,016,000	(576,000)	1,440,000
HAITONG SECURITIES CO LTD	3,052,800	5,134,400	(748,400)	7,438,800
HANERGY THIN FILM POWER GROUP LTD	5,510,000	–	–	5,510,000
HANG LUNG PROPERTIES LTD	–	734,000	(734,000)	–
HANG SENG BANK LTD	418,400	42,900	(149,700)	311,600
HENDERSON LAND DEVELOPMENT CO LTD	352,000	344,300	(148,000)	548,300
HENGAN INTERNATIONAL GROUP CO LTD	491,000	–	–	491,000
HONG KONG & CHINA GAS CO LTD	–	10,374,000	(6,385,000)	3,989,000
HONG KONG EXCHANGES AND CLEARING LTD	785,064	341,700	(606,500)	520,264
HOPE EDUCATION GROUP CO LTD	–	5,226,000	(5,226,000)	–
HSBC HOLDINGS PLC	11,112,221	–	(3,001,200)	8,111,021
HUANENG POWER INTERNATIONAL INC	16,450,000	7,606,000	(16,450,000)	7,606,000
INDUSTRIAL & COMMERCIAL BANK OF CHINA LTD	68,439,545	–	(29,690,000)	38,749,545
JOHNSON ELECTRIC HOLDINGS LTD	1,053,000	10,598	–	1,063,598
K WAH INTERNATIONAL HOLDINGS LTD	–	3,624,000	–	3,624,000
KINGSOFT CORP LTD	2,223,000	–	(2,223,000)	–

**PineBridge Hong Kong Equity Fund
Investment Report
For the year ended 31 December 2018**

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (CONTINUED)

	Holdings			31 December 2018 Shares
	1 January 2018 Shares	Additions Shares	Deductions Shares	
LISTED EQUITIES (CONTINUED)				
HONG KONG (CONTINUED)				
KUNLUN ENERGY CO LTD	–	2,344,000	(184,000)	2,160,000
LEE & MAN PAPER MANUFACTURING LTD	3,119,000	2,600,000	(5,719,000)	–
LENOVO GROUP LTD	4,970,000	–	(4,970,000)	–
LI & FUNG LTD	2,874,000	680,000	(3,554,000)	–
LIFESTYLE INTERNATIONAL HOLDINGS LTD	–	3,082,000	(1,171,500)	1,910,500
LINK REIT	1,052,000	–	(181,000)	871,000
LONGFOR PROPERTIES CO LTD	850,000	–	(850,000)	–
LUK FOOK HOLDINGS INTERNATIONAL LTD	2,827,000	–	(2,003,000)	824,000
MTR CORP LTD	–	424,000	–	424,000
NEW WORLD DEVELOPMENT CO LTD	–	1,168,000	–	1,168,000
PACIFIC BASIN SHIPPING LTD	10,596,000	–	(10,596,000)	–
PETROCHINA CO LTD	17,394,000	9,594,000	(14,706,000)	12,282,000
PING AN HEALTHCARE AND TECHNOLOGY CO LTD	–	26,100	(26,100)	–
PING AN INSURANCE GROUP CO OF CHINA LTD	4,796,500	–	(2,136,500)	2,660,000
POWER ASSETS HOLDINGS LTD	–	1,347,500	(809,000)	538,500
SANDS CHINA LTD	3,193,200	722,000	(2,552,800)	1,362,400
SHANDONG WEIGAO GROUP MEDICAL POLYMER CO LTD	–	1,388,000	–	1,388,000
SHENZHEN EXPRESSWAY CO LTD	8,966,000	562,000	(4,774,000)	4,754,000
SHENZHOU INTERNATIONAL GROUP HOLDINGS LTD	330,000	113,000	(161,000)	282,000
SINO BIOPHARMACEUTICAL LTD	2,382,000	2,136,000	(2,362,000)	2,156,000
SINO LAND CO LTD	–	384,000	(384,000)	–
SINOPHARM GROUP CO LTD	727,600	–	(425,200)	302,400
SUN HUNG KAI PROPERTIES LTD	1,336,000	–	(422,000)	914,000
SUNNY OPTICAL TECHNOLOGY GROUP CO LTD	595,000	73,500	(264,600)	403,900
SWIRE PROPERTIES LTD	1,937,200	–	(301,800)	1,635,400
TENCENT HOLDINGS LTD	2,180,400	195,000	(622,400)	1,753,000
TINGYI CAYMAN ISLANDS HOLDING CORP	1,258,000	–	(820,000)	438,000
UNI-PRESIDENT CHINA HOLDINGS LTD	12,329,000	–	(9,911,000)	2,418,000
UNITED CO RUSAL PLC	1,698,000	–	(1,698,000)	–
WANT WANT CHINA HOLDINGS LTD	4,073,000	–	(1,530,000)	2,543,000
WH GROUP LTD	8,195,000	–	(8,195,000)	–
WHARF HOLDINGS LTD	1,934,000	–	(438,000)	1,496,000
WHARF REAL ESTATE INVESTMENT CO LTD	1,356,000	–	(369,000)	987,000
WUXI BIOLOGICS CAYMAN INC	340,500	26,000	(80,500)	286,000
YANGTZE OPTICAL FIBRE AND CABLE JOINT STOCK LTD CO	528,000	478,500	(1,006,500)	–
YUE YUEN INDUSTRIAL HOLDINGS LTD	597,000	–	(597,000)	–
ZHUZHOU CRRC TIMES ELECTRIC CO LTD	3,611,800	221,500	(1,566,200)	2,267,100
SINGAPORE				
JARDINE MATHESON HOLDINGS LTD	–	65,100	–	65,100
UNLISTED RIGHTS ISSUE				
HONG KONG				
FOSUN INTERNATIONAL LTD RTS 8SEP2017	–	7,996	(7,996)	–

PineBridge Hong Kong Equity Fund
Investment Report
For the year ended 31 December 2018

PineBridge Hong Kong Equity Fund (the “Fund”), is a unit trust governed by its Trust Deed dated 10 August 1998, as amended, supplemented and restated. The Fund is managed in accordance with the distinct investment policy. Pursuant to the Unitholder Notice and the Offering Document dated 25 January 2018, the investment policy has been amended with effect from 25 January 2018. The amendments were made to clarify and enhance the investment objectives and policies of the Fund. The investment style, investment philosophy and risk profile of the Fund will remain the same.

Investment objectives and policies

The Fund seeks to provide capital appreciation through a managed portfolio of shares in companies primarily listed on The Stock Exchange of Hong Kong Limited. Hong Kong is in the Manager’s view well placed to prosper directly from economic activity in Asia and the economic emergence of the People’s Republic of China.

	2018	2017	2016
	HK\$	HK\$	HK\$
Investments and investment income			
Total value of investments	5,465,655,439	9,564,494,517	7,598,500,354
Interest on bank deposits	1,471,731	372,111	405,634
Dividend income (net of withholding tax)	262,069,813	274,478,331	251,698,274
Net foreign currency losses	(106,567)	–	–
Net income excluding capital (depreciation)/appreciation	238,448,315	243,633,492	208,042,778
Net (depreciation)/appreciation of financial assets and financial liabilities at fair value through profit or loss			
- realized and unrealized	(1,299,005,779)	2,593,244,570	(418,553,318)

Performance table

Net asset value

	Total net asset value	Net asset value per unit
	HK\$	HK\$
Standard units - Accumulation (Note 2)		
2018	326,958,091	33.28
2017	424,860,480	38.16
2016	373,167,705	28.02
Provident Fund units		
2018	5,327,454,159	39.51
2017	9,253,067,835	44.73
2016	7,654,575,513	32.44

**PineBridge Hong Kong Equity Fund
Investment Report
For the year ended 31 December 2018**

Performance table (Continued)

Performance record for the past 10 years

	Highest issue price per unit HK\$	Lowest redemption price per unit HK\$	Annualized investment return (Note 1) %
Standard units - Accumulation (Note 2)			
2018	42.28	31.90	(12.79)
2017	38.32	28.14	36.19
2016	30.57	23.72	(4.17)
2015	38.73	27.57	(10.17)
2014	34.54	29.29	1.02
2013	32.46	26.15	11.95
2012	28.87	23.53	19.32
2011	33.10	21.09	(23.50)
2010	33.83	25.39	8.20
2009	30.11	14.81	61.99
Provident Fund units			
2018	49.60	37.79	(11.67)
2017	44.85	32.58	37.89
2016	35.26	27.16	(2.99)
2015	43.88	31.40	(9.01)
2014	38.95	32.90	2.00
2013	36.14	28.96	13.38
2012	31.76	25.72	20.82
2011	35.56	22.86	(22.54)
2010	36.26	27.06	9.55
2009	31.82	16.32	58.79

Note 1: The annualized investment return is calculated by comparing the net asset value per unit at the year end against the net asset value per unit at the beginning of the year.

Note 2: The “Standard units” have been renamed to “Standard units - Accumulation” with effect from 27 June 2013.

Commentary by the Trustee

Based on the information received from the Manager of the Fund during the year, the Trustee of the Fund confirmed, to the best of its knowledge and belief, that the investment objectives and policies for the Fund were complied with.

PineBridge Hong Kong Equity Fund
Trustee's Report
For the year ended 31 December 2018

We hereby confirm that, in our opinion, the Manager of the Fund has, in all material respects, managed the Fund for the year ended 31 December 2018 in accordance with the provisions of the Trust Deed dated 10 August 1998, as amended, supplemented and restated.

On behalf of
AIA Company (Trustee) Limited

Director

12 April 2019

Director

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF PINEBRIDGE HONG KONG EQUITY FUND (THE "FUND")

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of PineBridge Hong Kong Equity Fund (the "Fund") set out on pages 14 to 35, which comprise the statement of net assets as at 31 December 2018, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at 31 December 2018, and of its financial transactions and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") and with reference to Practice Note 860.1 (Revised), The Audit of Retirement Schemes issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Fund in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information included in the Reports and Financial Statements

The Manager and the Trustee of the Fund are responsible for the other information. The other information comprises the information included in the Reports and Financial Statements, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager and Trustee and those charged with governance for the financial statements

The Manager and the Trustee of the Fund are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA, and for such internal control as the Manager and the Trustee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager and the Trustee of the Fund are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager and the Trustee of the Fund either intend to liquidate the Fund or to cease operations or have no realistic alternative but to do so.

The Manager and the Trustee of the Fund are required to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the constitutive documents of the Fund ("the Constitutive Documents"), the Mandatory Provident Fund Schemes Ordinance ("the MPFSO"), the Mandatory Provident Fund Schemes (General) Regulation ("the General Regulation"), the Code on MPF Investment Funds ("the MPF Code"), and Guidelines II.5 issued by the Mandatory Provident Fund Schemes Authority ("the MPFA") and the Code on Unit Trusts and Mutual Funds ("the Code") issued by the Hong Kong Securities and Futures Commission ("the SFC").

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEE OF PINEBRIDGE HONG KONG EQUITY FUND (THE "FUND")
(CONTINUED)**

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. In addition, we are required to assess whether the financial statements of the Fund have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Constitutive Documents, the MPFSO, the General Regulation, the MPF Code and Guidelines II.5 issued by the MPFA and the Code issued by the SFC.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager and the Trustee
- Conclude on the appropriateness of the Manager and the Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEE OF PINEBRIDGE HONG KONG EQUITY FUND (THE "FUND")
(CONTINUED)**

Report on matters under the relevant disclosure provisions of the Constitutive Documents, the MPFSO, the General Regulation, the MPF Code, and Guidelines II.5 issued by the MPFA and the Code issued by the SFC

- (a) In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Constitutive Documents, the MPFSO, the General Regulation, the MPF Code and Guidelines II.5 issued by the MPFA and the Code issued by the SFC; and
- (b) We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purpose of our audit.

Certified Public Accountants
Hong Kong
12 April 2019

PineBridge Hong Kong Equity Fund
Statement of Net Assets
As at 31 December 2018

	Note	2018 HK\$	2017 HK\$
Assets			
Current assets			
Financial assets at fair value through profit or loss			
Investments	4(b)	5,465,655,439	9,564,494,517
Dividends receivable		247,716	379,610
Interest receivable		7,662	8,028
Amounts receivable on subscription		2,195,242	1,476,868
Amounts receivable from brokers		11,044,158	–
Other receivables		45,227	–
Cash and cash equivalents		<u>186,524,571</u>	<u>122,170,473</u>
Total assets		<u>5,665,720,015</u>	<u>9,688,529,496</u>
Liabilities			
Current liabilities			
Amounts payable on redemption		4,463,241	8,833,876
Amounts payable to brokers		5,779,792	–
Accounts payable and accrued expenses		<u>1,064,732</u>	<u>1,767,305</u>
Liabilities (excluding net assets attributable to unitholders)		<u>11,307,765</u>	<u>10,601,181</u>
Net assets attributable to unitholders	3	<u>5,654,412,250</u>	<u>9,677,928,315</u>

On behalf of
AIA Company (Trustee) Limited

On behalf of
PineBridge Investments
Hong Kong Limited

Director

Director

Director

The notes on pages 18 to 35 are an integral part of these financial statements.

PineBridge Hong Kong Equity Fund
Statement of Comprehensive Income
For the year ended 31 December 2018

	Note	2018 HK\$	2017 HK\$
Income			
Interest on bank deposits		1,471,731	372,111
Dividend income		275,328,300	288,924,206
Net (losses)/gains on financial assets and financial liabilities at fair value through profit or loss	6	(1,299,005,779)	2,593,244,570
Net foreign currency losses		(106,567)	–
Total investment (loss)/income		<u>(1,022,312,315)</u>	<u>2,882,540,887</u>
Expenses			
Management fee	8(a)	4,805,820	5,119,526
Trustee's fee	8(b)	4,365,786	4,475,477
Custodian and administration fees	9	1,491,540	1,310,490
Audit fee		156,191	156,208
Bank charges		950	1,250
Legal and professional fees		1,802	25,171
Other expenses	10	(236,130)	578,980
Transaction costs		14,400,703	19,549,848
Total operating expenses		<u>24,986,662</u>	<u>31,216,950</u>
Net (loss)/profit before tax		(1,047,298,977)	2,851,323,937
Withholding tax	7(c)	(13,258,487)	(14,445,875)
(Decrease)/increase in net assets attributable to unitholders from operations		<u>(1,060,557,464)</u>	<u>2,836,878,062</u>

The notes on pages 18 to 35 are an integral part of these financial statements.

PineBridge Hong Kong Equity Fund
Statement of Changes in Net Assets Attributable to Unitholders
For the year ended 31 December 2018

	Note	2018 HK\$	2017 HK\$
Net assets attributable to unitholders at 1 January		<u>9,677,928,315</u>	<u>8,027,743,218</u>
Issue of units	3	1,433,768,298	579,483,208
Redemption of units	3	(4,396,726,899)	(1,766,176,173)
Net decrease from unit transactions		<u>(2,962,958,601)</u>	<u>(1,186,692,965)</u>
(Decrease)/increase in net assets attributable to unitholders from operations		<u>(1,060,557,464)</u>	<u>2,836,878,062</u>
Net assets attributable to unitholders at 31 December		<u>5,654,412,250</u>	<u>9,677,928,315</u>

The notes on pages 18 to 35 are an integral part of these financial statements.

PineBridge Hong Kong Equity Fund
Statement of Cash Flows
For the year ended 31 December 2018

	2018	2017
	HK\$	HK\$
Cash flows from operating activities		
(Decrease)/increase in net assets attributable to unitholders from operations	(1,060,557,464)	2,836,878,062
Adjustment for:		
Dividend income	(275,328,300)	(288,924,206)
Interest on bank deposits	(1,471,731)	(372,111)
Withholding tax	13,258,487	14,445,875
Operating (loss)/profit before working capital changes	(1,324,099,008)	2,562,027,620
Net decrease/(increase) in investments	4,098,839,078	(1,965,994,163)
Net increase in amounts receivable from brokers	(11,044,158)	–
Net increase in other receivables	(45,227)	–
Net increase in amount payable to brokers	5,779,792	–
Net decrease in accounts payable and accrued expenses	(702,573)	(458,993)
Cash generated from operations	2,768,727,904	595,574,464
Dividend income received	262,201,707	274,098,721
Interest on bank deposits received	1,472,097	380,293
Net cash generated from operating activities	3,032,401,708	870,053,478
Cash flows from financing activities		
Proceeds from issue of units	1,433,049,924	587,181,656
Payments on redemption of units	(4,401,097,534)	(1,828,197,240)
Net cash used in financing activities	(2,968,047,610)	(1,241,015,584)
Net increase/(decrease) in cash and cash equivalents	64,354,098	(370,962,106)
Cash and cash equivalents at the beginning of the year	122,170,473	493,132,579
Cash and cash equivalents at the end of the year	186,524,571	122,170,473
Analysis of balance of cash and cash equivalents		
Cash at banks	80,371	80,073
Short-term deposits	186,444,200	122,090,400
	186,524,571	122,170,473

The notes on pages 18 to 35 are an integral part of these financial statements.

PineBridge Hong Kong Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

1. The Fund

PineBridge Hong Kong Equity Fund (the “Fund”) is a unit trust governed by its Trust Deed dated 10 August 1998, as amended, supplemented and restated. The Fund has been authorized by the Securities and Futures Commission of Hong Kong and approved by the Mandatory Provident Fund Schemes Authority of Hong Kong.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss (FVPL).

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires the Trustee and Manager to exercise its judgment in the process of applying the Fund’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 5.

New and amended standards that are effective in the current year and have been adopted by the Fund

The Fund applied, for the first time, certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2018.

The nature and the impact of each new standard and amendment is described below:

HKFRS 9 *Financial Instruments*

The Fund adopted HKFRS 9 Financial Instruments on its effective date of 1 January 2018. HKFRS 9 replaces *HKAS 39 Financial Instruments: Recognition and Measurement* and introduces new requirements for classification and measurement, impairment and hedge accounting. HKFRS 9 is not applicable to items that have already been derecognized at 1 January 2018, the date of initial application.

2. Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

(i) Classification and measurement

The Fund has assessed the classification of financial instruments as at the date of initial application and has applied such classification retrospectively. Based on that assessment:

- All financial assets previously held at fair value continue to be measured at fair value.
- Debt instruments and equity instruments, other than investments in subsidiaries and associates, are acquired for the purpose of generating short-term profit. Therefore, they meet the held-for-trading criteria and are required to be measured at FVPL.
- Financial assets previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. Thus, such instruments continue to be measured at amortized cost under HKFRS 9.
- The classification of financial liabilities under HKFRS 9 remains broadly the same as under HKAS 39. The main impact on measurement from the classification of liabilities under HKFRS 9 relates to the element of gains or losses for financial liabilities designated as at FVPL attributable to changes in credit risk. HKFRS 9 requires that such element be recognized in other comprehensive income (OCI), unless this treatment creates or enlarges an accounting mismatch in profit or loss, in which case, all gains and losses on that liability (including the effects of changes in credit risk) should be presented in profit or loss. The Fund has not designated any financial liabilities at FVPL. Therefore, this requirement has not had an impact on the Fund.

(ii) Impairment

HKFRS 9 requires the Fund to record Expected Credit Losses (“ECL”) on all of its financial assets measured at amortized cost, either on a 12-month or lifetime basis. The Fund’s investments are not subject to HKFRS 9’s impairment requirements as they are measured at FVPL. The Fund holds amortized cost financial assets, including dividends receivable, interest receivable, amounts receivable on subscription, amounts receivable from brokers, other receivables and cash and cash equivalents. The Fund measures the loss allowance at an amount equal to 12-month ECL on its amortized cost financial assets.

(iii) Hedge accounting

The Fund has not applied hedge accounting under HKAS 39 nor will it apply hedge accounting under HKFRS 9.

Impact of adoption of HKFRS 9

The classification and measurement requirements of HKFRS 9 have been adopted retrospectively as of the date of initial application on 1 January 2018, however, the Fund has chosen to take advantage of the option not to restate comparatives. Therefore, the 2017 figures are presented and measured under HKAS 39. The following table shows the original measurement categories in accordance with HKAS 39 and the new measurement categories under HKFRS 9 for the Fund’s financial assets and financial liabilities as at 1 January 2018.

PineBridge Hong Kong Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

2. Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

Impact of adoption of HKFRS 9 (Continued)

Financial assets

1 January 2018	HKAS 39 classification	HKAS 39 measurement HK\$	HKFRS 9 classification	HKFRS 9 measurement HK\$
Investments	Held for trading at FVPL	9,564,494,517	FVPL	9,564,494,517
Dividends receivable	Loans and receivables	379,610	Amortized cost	379,610
Interest receivable	Loans and receivables	8,028	Amortized cost	8,028
Amounts receivable on subscription	Loans and receivables	1,476,868	Amortized cost	1,476,868
Cash and cash equivalents	Loans and receivables	122,170,473	Amortized cost	122,170,473

Financial Liabilities

1 January 2018	HKAS 39 classification	HKAS 39 measurement HK\$	HKFRS 9 classification	HKFRS 9 measurement HK\$
Amounts payable on redemption	Other financial liabilities	8,833,876	Amortized cost	8,833,876
Accounts payable and accrued expenses	Other financial liabilities	1,767,305	Amortized cost	1,767,305
Net assets attributable to unitholders	Held for trading at FVPL	9,677,928,315	FVPL	9,677,928,315

In line with the characteristics of the Fund's financial instruments as well as its approach to their management, the Fund neither revoked nor made any new designations on the date of initial application. HKFRS 9 has not resulted in changes in the carrying amount of the Fund's financial instruments due to changes in measurement categories. All financial assets that were classified as FVPL under HKAS 39 are still classified as FVPL under HKFRS 9. All financial assets that were classified as loans and receivables and measured at amortized cost continue to be.

In addition, the application of the ECL mode under HKFRS 9 has not significantly changed the carrying amounts of the Fund's amortized cost financial assets. At the reporting date, the credit risk of the Fund's amortized cost financial assets were low or have not increased significantly since initial recognition. No loss allowance has been recognized based on 12-month ECL under HKFRS 9. There was no impairment recorded under HKAS39.

The carrying amounts of amortized cost instruments continued to approximate these instruments' fair values on the date of transition after transitioning to HKFRS 9.

HKFRS 15 Revenue from contracts with customers

The Fund adopted HKFRS 15 Revenue from contracts with customers on its effective date of 1 January 2018. HKFRS 15 replaces HKAS 18 Revenue and establishes a five-step model to account for revenue arising from contracts with customers. In addition, guidance on interest and dividend income have been moved from HKAS 18 to HKFRS 9 without significant changes to the requirements. Therefore, there was no impact of adopting HKFRS 15 for the Fund.

PineBridge Hong Kong Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

2. Summary of significant accounting policies (Continued)

(b) Investments

(i) Classification

In accordance with HKFRS 9, the Fund classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

In applying that classification, a financial asset or financial liability is considered to be held for trading if:

- (a) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or
- (b) On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking; or
- (c) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

Financial assets

The Fund classifies its financial assets as subsequently measured at amortized cost or measured at fair value through profit or loss on the basis of both:

- The entity's business model for managing the financial assets
- The contractual cash flow characteristics of the financial asset

All investments are classified as "financial assets at fair value through profit or loss".

Financial assets measured at fair value through profit or loss (FVPL)

A financial asset is measured at fair value through profit or loss if:

- (a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding; or
- (b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- (c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

The Fund includes in this category:

- Equity instruments
- Debt instruments. These include investments that are held under a business model to manage them on a fair value basis for investment income and fair value gains.
- Instruments held for trading. This category includes equity instruments and debt instruments which are acquired principally for the purpose of generating a profit from short-term fluctuations in price. This category also includes derivative contracts in an asset position.

(ii) Recognition

The Fund recognizes a financial asset when it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Fund commits to purchase or sell the asset.

PineBridge Hong Kong Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

2. Summary of significant accounting policies (Continued)

(b) Investments (Continued)

The following represent the basis of valuation for financial reporting purposes:

- (i) Investments which are listed or traded on an exchange are fair valued based on last traded prices.
- (ii) Investments which are not listed on an exchange or are thinly traded are valued by using quotes from brokers.
- (iii) Initial measurement

Financial assets at fair value through profit or loss are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognized directly in profit or loss.

(iv) Subsequent measurement

After initial measurement, the Fund measures financial instruments which are classified as at FVPL at fair value. Subsequent changes in the fair value of those financial instruments are recorded in net gain or loss on financial assets and financial liabilities at FVPL in the statement of comprehensive income.

(v) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized where the rights to receive cash flows from the asset have expired or the Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and either:

- (a) the Fund has transferred substantially all the risks and rewards of the asset, or
- (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The following represent the basis of valuation for financial reporting purposes:

- (i) Investments which are listed or traded on an exchange are fair valued based on last traded prices.
- (ii) Investments which are not listed on an exchange or are thinly traded are valued by using quotes from brokers.

(c) Income

Dividends on equities are recognized in the statement of comprehensive income when the Fund's right to receive payments is established. The corresponding withholding taxes are recorded as a separate item in the statement of comprehensive income.

Interest income is recognized on a time-proportionate basis using the effective interest method. Other income is accounted for on an accrual basis.

(d) Translation of foreign currencies

(i) Functional and presentation currencies

Items included in the Fund's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). The financial statements are presented in Hong Kong dollar, which is the Fund's functional and presentation currency.

PineBridge Hong Kong Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

2. Summary of significant accounting policies (Continued)

(d) Translation of foreign currencies (Continued)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the year end date.

Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the statement of comprehensive income within “net foreign currency gains/(losses)”.

Foreign exchange gains and losses relating to the financial assets and financial liabilities carried at fair value through profit or loss are presented in the statement of comprehensive income within “net gains/(losses) on financial assets and financial liabilities at fair value through profit or loss”.

(e) Expenses

Expenses are accounted for on an accrual basis.

(f) Subscription and redemption of units

Proceeds and payments on the subscription and redemption of units are recorded in the statement of changes in net assets attributable to unitholders. The price at which units are subscribed or redeemed is calculated by reference to the net asset value per unit as at the close of business on the relevant dealing day.

(g) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of net assets where the Fund currently has a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis or realize the asset and liability simultaneously.

(h) Amounts receivable from/payable to brokers

Amounts receivable from/payable to brokers represent receivables from investments sold and payables for investments purchased that have been contracted for but not yet settled or delivered on the year end date respectively.

(i) Cash and cash equivalents

Cash and cash equivalents include cash at banks, deposits held with banks with original maturities of three months or less and bank overdrafts, if any.

(j) Transaction costs

Transaction costs are costs incurred to acquire financial assets or financial liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognized in profit or loss as an expense.

PineBridge Hong Kong Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

3. Number of units in issue and net assets attributable to unitholders per unit

The Fund's capital is represented by the units in the Fund, and shown as "net assets attributable to unitholders" in the statement of net assets.

The Fund has no restrictions on the subscriptions of units. Pursuant to the Trust Deed and subject to the conditions and procedures set out therein, the Manager is entitled, having regard to the interests of unitholders, to limit the total number of units which unitholders are entitled to redeem on any dealing day to 10% of the units then in issue or deemed to be in issue. Subscriptions and redemptions of units during the year are shown in the statement of changes in net assets attributable to unitholders. In order to achieve the investment objectives, the Fund endeavors to invest its capital in accordance with the investment policies as outlined in note 4, whilst maintaining sufficient liquidity to meet redemption requests. Such liquidity is augmented by the holding of liquid investments.

Net assets attributable to unitholders represent a liability in the statement of net assets, carried at the redemption amount that would be payable at the year end date if the unitholders exercised the right to redeem the units in the Fund.

	Number of units in issue	Net asset value per unit HK\$
2018 - Standard units - Accumulation	<u>9,823,020</u>	<u>33.28</u>
2018 - Provident Fund units	<u>134,830,321</u>	<u>39.51</u>
2017 - Standard units - Accumulation	<u>11,134,912</u>	<u>38.16</u>
2017 - Provident Fund units	<u>206,871,645</u>	<u>44.73</u>

PineBridge Hong Kong Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

3. Number of units in issue and net assets attributable to unitholders per unit (Continued)

	2018	2018	2017	2017
	Standard	Provident	Standard	Provident
	Units -	Fund Units	Units -	Fund Units
	Accumulation	Units	Accumulation	Units
	Units	Units	Units	Units
Balance brought forward	11,134,912	206,871,645	13,315,967	235,930,684
Total issues	690,819	32,519,399	1,056,251	14,050,313
Total redemptions	<u>(2,002,711)</u>	<u>(104,560,723)</u>	<u>(3,237,306)</u>	<u>(43,109,352)</u>
Balance carried forward	<u>9,823,020</u>	<u>134,830,321</u>	<u>11,134,912</u>	<u>206,871,645</u>

The Fund offers two classes of units. Provident Fund units are offered to provident fund schemes approved by the Mandatory Provident Fund Schemes Authority. Standard units - Accumulation are offered to all investors other than the provident fund schemes approved by the Mandatory Provident Fund Schemes Authority. The Standard units have been renamed to "Standard units - Accumulation" with effect from 27 June 2013.

4. Financial risk management

(a) Financial risk factors

The investment objective of the Fund is to achieve capital appreciation. The Fund seeks to achieve its investment objective through a managed portfolio of shares in companies primarily listed on The Stock Exchange of Hong Kong Limited.

The Fund is exposed to market price risk, cash flow interest rate risk, credit and custody risk, liquidity risk and currency risk.

The risks and the respective risk management policies employed by the Fund to manage these risks are discussed below.

(b) Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market.

All investments present a risk of loss of capital. The Fund's market price risk is managed through (i) deliberate securities selection, and (ii) diversification of the investment portfolio.

PineBridge Hong Kong Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(b) Market price risk (Continued)

As at year end, the overall market exposures were as follows:

	2018		
	Fair value HK\$	Cost HK\$	% of net assets
Financial assets at fair value through profit or loss:			
- Listed equities	<u>5,465,655,439</u>	<u>5,075,494,512</u>	<u>96.66</u>
	2017		
	Fair value HK\$	Cost HK\$	% of net assets
Held for trading:			
- Listed equities	<u>9,564,494,517</u>	<u>7,408,757,690</u>	<u>98.83</u>

Net market exposures

The following table shows the net market exposure of the Fund to various markets, incorporating the underlying market risk through all financial assets and financial liabilities held by the Fund as at 31 December.

	2018 HK\$ equivalent	2017 HK\$ equivalent
Markets exposed to		
China	49,004,922	–
Hong Kong	5,381,186,371	9,564,494,517
Singapore	35,464,146	–
	<u>5,465,655,439</u>	<u>9,564,494,517</u>

The following table shows net exposures to sectors as at 31 December 2018 and 2017:

	2018 %	2017 %
Sectors exposed to		
Basic Materials	–	1
Communications	15	14
Consumer, Cyclical	6	8
Consumer, Non-cyclical	5	6
Diversified	3	2
Energy	5	5
Financial	55	53
Industrial	5	8
Technology	–	2
Utilities	6	1
	<u>100</u>	<u>100</u>

There were no investments issued by the same issuer with market value exceeding 10% of the Fund's net asset value as at 31 December 2018 and 2017.

PineBridge Hong Kong Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(b) Market price risk (Continued)

The table below summarizes the impact on net assets attributable to unitholders as a result of increases/decreases of the key index to which the Fund is exposed. The analysis is based on the assumption that the index had increased/decreased by the respective percentage with all other variables held constant and the Fund's investments moved according to the historical correlation with the index.

	2018		2017	
	Change in market index % +/-	Impact HK\$ +/-	Change in market index % +/-	Impact HK\$ +/-
FTSE MPF HK Index Total Return	13%	678,630,094	43.0%	3,928,522,638

The Manager has used their view of what would be a "reasonable shift" in the FTSE MPF HK Index Total Return, having regard to the historical volatility of the index, to estimate the change for use in the market price risk sensitivity analysis above.

Disclosures above are shown in absolute terms, changes and impacts could be positive or negative. Changes in market index % are revised annually depending on the Manager's current view of market volatility and other relevant factors.

(c) Cash flow interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The majority of the Fund's financial assets and financial liabilities are non-interest bearing, as the Fund invests mainly in listed equities. As a result, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents are invested at short-term market interest rates.

As at 31 December 2018, the Fund had bank balances of HK\$186,524,571 (2017: HK\$122,170,473) and is therefore exposed to cash flow interest rate risk which is considered by the Manager to be minimal as they are short-term instruments all with maturities less than one month.

As the Manager believes that the Fund has no significant interest rate risk exposure, no interest rate sensitivity analysis is disclosed.

PineBridge Hong Kong Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(d) Credit and custody risk

The Fund is exposed to credit risk which is the risk that an issuer or counterparty will be unable or unwilling to pay amounts in full when due.

The Fund's financial assets which are potentially subject to concentrations of credit risk consist principally of cash and cash equivalents and assets held with the custodian. The table below summarizes the assets placed with banks and custodian at 31 December 2018 and 2017:

At 31 December 2018

	HK\$	Credit rating	Source of credit rating
<u>Custodian</u>			
Citibank, N.A.	5,465,655,439	P-1	Moody's
<u>Banks</u>			
Citibank, N.A.	80,371	P-1	Moody's
Dah Sing Bank Limited	186,444,200	P-1	Moody's

At 31 December 2017

	HK\$	Credit rating	Source of credit rating
<u>Custodian</u>			
Citibank, N.A.	9,564,494,517	P-1	Moody's
<u>Banks</u>			
Citibank, N.A.	80,073	P-1	Moody's
Dah Sing Bank Limited	122,090,400	P-2	Moody's

The maximum exposure to credit risk at year end is the carrying amount of the financial assets as shown on the statement of net assets.

The Fund measures credit risk and ECL using probability of default, exposure at default and loss given default. The Manager and the Trustee of the Fund considers both historical analysis and forward looking information in determining any ECL.

None of the assets is impaired nor past due but not impaired.

All transactions in listed/quoted investments are settled/paid for upon delivery using approved and reputable brokers. The risk of default is considered minimal since delivery of securities sold is only made when the broker has received payment. Payment is made on a purchase when the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

The Fund limits its exposure to credit risk by transacting the majority of its securities and contractual commitment activities with broker-dealers, banks and regulated exchanges with high credit ratings and that the Fund considers to be well established.

The Manager and the Trustee of the Fund considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognized based on 12-month ECL as any such impairment would be wholly insignificant to the Fund.

PineBridge Hong Kong Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(e) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in settling a liability, including a redemption request.

The Fund is exposed to daily cash redemptions of units in the Fund. The Fund invests the majority of its assets in investments that are traded in an active market and can be readily disposed of.

The table below analyzes the Fund's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the year end date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month HK\$	1-3 months HK\$	Over 3 months HK\$
At 31 December 2018			
Amounts payable on redemption	4,463,241	–	–
Amounts payable to brokers	5,779,792	–	–
Accounts payable and accrued expenses	949,732	–	115,000
Net assets attributable to unitholders	<u>5,654,412,250</u>	<u>–</u>	<u>–</u>
Total financial liabilities	<u>5,665,605,015</u>	<u>–</u>	<u>115,000</u>
	Less than 1 month HK\$	1-3 months HK\$	Over 3 months HK\$
At 31 December 2017			
Amounts payable on redemption	8,833,876	–	–
Accounts payable and accrued expenses	1,079,143	–	688,162
Net assets attributable to unitholders	<u>9,677,928,315</u>	<u>–</u>	<u>–</u>
Total financial liabilities	<u>9,687,841,334</u>	<u>–</u>	<u>688,162</u>

Units are redeemed on demand at the unitholder's option. However, the Manager does not envisage that the contractual maturity disclosed in the table above will be representative of the actual cash outflows, as the unitholders typically retain the units for the medium to long term. At 31 December 2018 and 2017, no ultimate individual investor held more than 10% of the Fund's units.

As at 31 December 2018, the Fund held cash and cash equivalents of HK\$186,524,571 (2017: HK\$122,170,473) and liquid investments of HK\$5,465,655,439 (2017: HK\$9,564,494,517) that are expected to readily generate cash inflows within 1 month for managing liquidity risk.

PineBridge Hong Kong Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(f) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

As at 31 December 2018, the Fund has both monetary and non-monetary assets and liabilities denominated in currencies other than Hong Kong dollar, the Fund's functional and presentation currency. The Fund is therefore exposed to currency risk, as the value of the assets and liabilities denominated in other currencies will fluctuate due to changes in foreign exchange rates.

The table below summarizes the Fund's net monetary and non-monetary exposure to different major currencies:

	2018 HK\$ equivalent
Monetary items	
United States Dollar	338
Non-monetary items	
Chinese Offshore Yuan	49,004,922
United States Dollar	35,464,146

The table below summarizes the impact on net assets attributable to unitholders as a result of increases/decreases of foreign exchange rates on the exposures tabled above, to which the Fund is exposed. The analysis is based on the assumption that the foreign exchange rates had increased/decreased by the respective percentage with all other variables held constant.

	2018 Change in foreign exchange rates % +/-	Impact HK\$ +/-
Monetary items		
United States Dollar	1.0%	3
Non-monetary items		
Chinese Offshore Yuan	1.0%	490,049
United States Dollar	1.0%	354,641

The Manager has used their view of what would be a "reasonable shift" in the foreign exchange rates, having regard to historical volatility of those rates, to estimate the change for use in the currency risk sensitivity analysis above.

Disclosures above are shown in absolute terms, changes and impacts could be positive or negative. Changes in foreign exchange rates % are revised annually depending on the Manager's current view of market volatility and other relevant factors.

As at 31 December 2017, the Fund holds monetary assets and liabilities which were mainly denominated in Hong Kong dollar, the Fund's functional and presentation currency. The Fund's own units are also denominated in Hong Kong dollar and therefore there was no significant exposure to currency risk.

PineBridge Hong Kong Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(g) Fair value estimation

The fair value of financial assets and financial liabilities traded in active markets (such as trading securities) are based on quoted market prices at the close of trading on the year end date. The Fund utilizes the last traded market price as its fair valuation inputs for both financial assets and financial liabilities.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Fund for similar financial instruments.

HKFRS 13 requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (Level 2).
- Inputs for the asset or liability that are unobservable inputs (Level 3).

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes "observable" requires significant judgment by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

PineBridge Hong Kong Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(g) Fair value estimation (Continued)

The following table analyzes within the fair value hierarchy the Fund's investments (by class) measured at fair value at 31 December 2018 and 2017:

At 31 December 2018

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Assets				
Financial assets at fair value through profit or loss:				
- Listed equities	5,465,655,439	–	–	5,465,655,439
Total assets	<u>5,465,655,439</u>	<u>–</u>	<u>–</u>	<u>5,465,655,439</u>

At 31 December 2017

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Assets				
Held for trading:				
- Listed equities	9,564,494,517	–	–	9,564,494,517
Total assets	<u>9,564,494,517</u>	<u>–</u>	<u>–</u>	<u>9,564,494,517</u>

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1 include active listed equities. The Fund does not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. As of 31 December 2018 and 2017, the Fund did not hold any investments classified in level 2.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. As at 31 December 2018 and 2017, level 3 instruments include listed equity securities that are suspended from trading. As observable prices are not available for these securities, the Fund has used valuation techniques including estimation of liquidation value, to derive the fair value of these level 3 investments.

As at 31 December 2018 and 2017, the Fund invested in one equity security which was suspended on 21 May 2015. The Manager has applied 100% discount to the last traded price before suspension to be the best estimate of the fair value of this security. This investment was classified as level 3 due to continual suspension of trading as at 31 December 2018 and 2017.

There is no transfer between levels for the years ended 31 December 2018 and 2017.

Assets and liabilities included in the statement of net assets, except for investments, are carried at amortized cost; their carrying values are a reasonable approximation of fair value.

PineBridge Hong Kong Equity Fund
Notes to the Financial Statements
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4. Financial risk management (Continued)

(h) Capital risk management

The capital of the Fund is represented by the net assets attributable to unitholders. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unitholders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

In order to maintain or adjust the capital structure, the Fund's policy is to perform the following:

- monitor the level of daily subscriptions and redemptions relative to the liquid assets; and
- redeem and issue units in accordance with the Trust Deed of the Fund.

The Manager monitors capital on the basis of the value of net assets attributable to unitholders.

5. Critical judgment

In preparing these financial statements, the Trustee and Manager have made certain judgment which is dependent on what might happen in the future. The judgment made by the Trustee and Manager may not equal the related actual results. Refer to note 7(b) of the financial statements.

6. Net (losses)/gains on financial assets and financial liabilities at fair value through profit or loss

	2018	2017
	HK\$	HK\$
Change in unrealized gains/losses in value of financial assets and financial liabilities at fair value through profit or loss	(1,765,575,900)	2,135,572,974
Realized gains on sale of financial assets and financial liabilities at fair value through profit or loss	466,570,121	457,671,596
	<u>(1,299,005,779)</u>	<u>2,593,244,570</u>

7. Taxation

- (a) No provision for Hong Kong profits tax has been made as the Fund is authorized as a collective investment scheme under Section 104 of the Hong Kong Securities and Futures Ordinance and is therefore exempted from profits tax under Section 26A(1A) of the Hong Kong Inland Revenue Ordinance.
- (b) The Fund invests in shares of companies in the People's Republic of China ("PRC") listed on the Hong Kong Stock Exchange ("H-shares"). Under the PRC Corporate Income Tax Law, the Fund may be liable to pay PRC tax on the capital gains realized in the trading of H-shares. However, no provision was made for taxation from such gains in the financial statements as the Trustee and Manager believe that the Fund can sustain a position for not filing a tax return based on the existing tax regulations and that the enforcement of China tax on capital gains is not probable.
- (c) Withholding tax was charged on dividend income received from H-shares during the years.

PineBridge Hong Kong Equity Fund
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8. Transactions with Associates/Connected Persons/Related Parties

Associates and connected persons are those as defined in the Mandatory Provident Fund Schemes Ordinance and the Code on Unit Trusts and Mutual Funds issued by the Securities and Futures Commission of Hong Kong.

Apart from the fees as disclosed below, the Fund allows the Manager and its associates/connected persons to subscribe for, and redeem, units in the Fund.

All transactions were entered into in the ordinary course of business and on normal commercial terms.

(a) Management fee

PineBridge Investments Hong Kong Limited, the Manager, is entitled to receive a management fee at 1.25% per annum, with a permitted maximum of 1.50% per annum, of the net asset value of the Standard units - Accumulation, being calculated daily and payable monthly in arrears.

No management fee is charged on the Provident Fund units.

Management fee payable as at year end amounted to HK\$352,113 (2017: HK\$442,490).

(b) Trustee's fee

AIA Company (Trustee) Limited, the Trustee, is entitled to receive a trustee's fee at a permitted maximum of 0.05% per annum of the net asset value of the Fund, being calculated daily and payable monthly in arrears.

Trustee's fee payable as at year end amounted to HK\$244,319 (2017: HK\$401,203).

9. Custodian and administration fees

The Custodian and Administrator of the Fund is Citibank N.A., Hong Kong Branch and the Application and Redemption Agent of the Fund is Citicorp Financial Services Limited (collectively "Citibank"). Citibank is entitled to receive a custodian fee which comprises safekeeping and transaction fees of 0.025% per annum of the net asset value of the Fund and a transfer agency fee of US\$1,500 per month, with a total permitted maximum of 0.50% per annum. The safekeeping and transaction fee rate of 0.025% per annum is the maximum rate. Citibank is also entitled to receive an administrator fee of US\$1,000 per month.

Custodian and administration fees payable as at year end amounted to HK\$353,300 (2017: HK\$235,450).

10. Other expenses

Other expenses included a reversal of overprovision of certain expenses of HK\$287,251 during the year ended 31 December 2018.

11. Soft commission arrangements

The Manager and its associates/connected persons have entered into soft commission arrangements with some brokers under which certain goods and services used to support investment decision making are obtained from third parties and are paid for by the brokers out of the commissions they receive. These may include, for example, research and advisory services; economic and political analysis; portfolio analysis, including valuation and performance measurement; market analysis, data and quotation services; clearing, registrar and custodial services and investment-related publications; computer hardware and software incidental to the above goods and services.

PineBridge Hong Kong Equity Fund
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12. Distributions

No distribution was made during the year (2017: Nil).

13. Borrowings, contingent liabilities and commitments

The Fund had no borrowings, contingent liabilities and commitments as at 31 December 2018 and 2017.

14. Negotiability of assets

There were no statutory or contractual requirements restricting the free negotiability of assets held by the Fund as at 31 December 2018 and 2017.

15. Approval of financial statements

The financial statements were approved by the Trustee and the Manager on 12 April 2019.

PINEBRIDGE INDIA EQUITY FUND
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2018

PineBridge India Equity Fund

Reports and Financial Statements For the year ended 31 December 2018

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PineBridge India Equity Fund

Management and Professional Service Details

Manager

PineBridge Investments Hong Kong Limited
Level 31, Three Pacific Place, 1 Queen's Road East
Hong Kong

Trustee

(effective from 13 October 2018)
AIA Company (Trustee) Limited
11th Floor, AIA Hong Kong Tower
734 King's Road, Quarry Bay
Hong Kong

(up to 12 October 2018)
2nd Floor, AIA Building, 1 Stubbs Road
Hong Kong

Administrator and Custodian

Citibank N.A., Hong Kong Branch
50th Floor, Champion Tower
Three Garden Road, Central
Hong Kong

Application and Redemption Agents

Citicorp Financial Services Limited
Citi Tower, One Bay East
83 Hoi Bun Road
Kwun Tong, Kowloon
Hong Kong

Auditor

Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

Legal Advisers

Deacons
5th Floor, Alexandra House
18 Chater Road
Central, Hong Kong

**PineBridge India Equity Fund
Manager's Report
For the year ended 31 December 2018**

Manager's Market Perspective

2018 Market Overview

For the most part of 2018, macro conditions were decidedly mixed as sharp uptick in crude prices and an attendant depreciation in INR pressured India's macroeconomic fundamentals - GDP growth pick up of 1H18 and interest rate cycle turned up as RBI raised interest rates twice in 2018. Equities faced a tough, volatile year, albeit softened by continuous support from domestic investors even as FIIs turned the biggest net sellers since 2011.

The year 2018 was characterized by almost no returns in local currency – the MSCI India index was up 1.17%. The depreciation of the currency was the dominating contributor to overall returns. The reason for the currency to depreciate was the rise in oil prices.

While there will be lot of news flow regarding elections in India over the next few months, we would like to focus on improving economic conditions in India.

- a) With the price of crude oil lower, we see the stress on the currency and interest rates abate.
- b) We also note the acceleration of domestic investments in the past four quarters to 14.6 % from 7.2 % in the four quarters preceding them. Investments growth is also higher than the consumption growth of 11.6%. This is the effective adjustment required to get the current account deficit in control and to stabilize the currency and put India on a more sustainable growth rate.
- c) With bankruptcy law producing the desired results we note that the bank credit growth has accelerated from 9.3% last year to 15.1%.

In short, these economic parameters bode well for companies and their profitability. We therefore remain sanguine about India's prospects and most importantly, our portfolio.

2019 Market Outlook and Strategy

A steep drop in crude oil at the end of the year has rekindled investor interest in an oil-importing country like India. The currency has stabilized, interest rates have come down and foreign portfolio inflows have resumed. Anecdotal evidence along with granular data on various infrastructure and housing sectors point to rising utilization of assets resulting in rising order books of engineering companies.

We however highlight that the country will witness central elections around May and this may cause volatility in the markets. In the context of elections, we would like to state couple of interesting observations. First, India witnessed some of its finest moments in its economic history during times of coalition governments (early nineties, late nineties and most of the years of the first decade of the twenty first century). In fact, one may almost argue that very strong single party governments are not conducive for economic prosperity. Second, irrespective of who leads the country, price of oil has a greater influence on economic outcomes thereby overshadowing every other factor. This is borne out by enough evidence where even under the same leadership, the economic outcomes were different when price of oil fluctuated and hence the price of oil can make the same political leader look like a stalwart or pusillanimous.

Given virtually stagnant markets in 2018, valuations on an average are fairly reasonable now and any acceleration of growth will immediately translate into healthy returns.

**PineBridge India Equity Fund
Investment Report
As at 31 December 2018**

INVESTMENT PORTFOLIO

	Holding shares	Market value US\$	% of net assets
LISTED EQUITIES			
INDIA			
ASIAN PAINTS LTD	3,600	70,803	0.22%
AVANTI FEEDS LTD	146,055	806,815	2.51%
BAJAJ AUTO LTD	34,135	1,330,017	4.14%
BAJAJ FINANCE LTD	13,000	492,559	1.53%
BHANSALI ENGINEERING POLYMERS LTD	398,000	503,964	1.57%
BHARAT HEAVY ELECTRICALS LTD	2,211,736	2,315,874	7.21%
CARE RATINGS LTD	42,000	593,607	1.85%
DIVIS LABORATORIES LTD	135,892	2,886,003	8.98%
ELANTAS BECK INDIA LTD	28,194	909,412	2.83%
FDC LTD	245,733	605,771	1.89%
GABRIEL INDIA LTD	288,009	585,194	1.82%
GANDHI SPECIAL TUBES LTD	175,292	940,577	2.93%
HDFC BANK LTD	53,000	1,610,735	5.01%
HEIDELBERGCEMENT INDIA LTD	74,824	161,999	0.50%
HERO MOTOCORP LTD	23,000	1,022,701	3.18%
IGARASHI MOTORS INDIA LTD	12,940	105,354	0.33%
INFOSYS LTD	267,621	2,526,021	7.86%
KOTAK MAHINDRA BANK LTD	137,000	2,465,741	7.67%
KSB PUMPS LTD	45,494	504,838	1.57%
MPS LTD	162,000	1,121,028	3.49%
MRF LTD	10	9,595	0.03%
NMDC LTD	217,116	301,201	0.94%
ORIENT REFRACTORIES LTD	404,000	1,357,316	4.22%
SHARDA CROPCHEM LTD	67,000	290,072	0.90%
SHREE CEMENT LTD	12,372	3,054,522	9.51%
SUN PHARMACEUTICAL INDUSTRIES LTD	218,000	1,344,293	4.18%
TATA CONSULTANCY SERVICES LTD	70,000	1,898,123	5.91%
TOTAL INDIA		<u>29,814,135</u>	<u>92.78%</u>
UNITED STATES OF AMERICA			
HDFC BANK LTD ADR	8,000	828,720	2.58%
TOTAL UNITED STATES OF AMERICA		<u>828,720</u>	<u>2.58%</u>
TOTAL INVESTMENTS*		<u>30,642,855</u>	<u>95.36%</u>
TOTAL INVESTMENTS, AT COST*		<u>28,452,729</u>	

* Investments are accounted for on a trade date basis.

PineBridge India Equity Fund
Investment Report
For the year ended 31 December 2018

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO

	Holdings			31 December 2018 Shares
	1 January 2018 Shares	Additions Shares	Deductions Shares	
LISTED EQUITIES				
INDIA				
ASIAN PAINTS LTD	–	3,600	–	3,600
AVANTI FEEDS LTD	48,685	97,370	–	146,055
BAJAJ AUTO LTD	34,135	–	–	34,135
BAJAJ FINANCE LTD	–	27,000	(14,000)	13,000
BHANSALI ENGINEERING POLYMERS LTD	148,000	250,000	–	398,000
BHARAT HEAVY ELECTRICALS LTD	2,605,759	147,736	(541,759)	2,211,736
BSE LTD	–	60,000	(60,000)	–
CARE RATINGS LTD	–	42,000	–	42,000
DIVI'S LABORATORIES LTD	172,392	–	(36,500)	135,892
ELANTAS BECK INDIA LTD	28,194	–	–	28,194
FDC LTD	254,247	–	(8,514)	245,733
GABRIEL INDIA LTD	288,009	–	–	288,009
GANDHI SPECIAL TUBES LTD	189,858	–	(14,566)	175,292
HDFC BANK LTD	–	53,000	–	53,000
HEIDELBERGCEMENT INDIA LTD	–	74,824	–	74,824
HERO MOTOCORP LTD	23,000	–	–	23,000
IGARASHI MOTORS INDIA LTD	12,000	1,425	(485)	12,940
INDRAPRASTHA GAS LTD	170,000	–	(170,000)	–
INFOSYS LTD	252,069	156,500	(140,948)	267,621
JM FINANCIAL LTD	–	102,000	(102,000)	–
KOTAK MAHINDRA BANK LTD	225,000	–	(88,000)	137,000
KSB PUMPS LTD	45,494	–	–	45,494
LAKSHMI MACHINE WORKS LTD	7,308	–	(7,308)	–
LARSEN & TOUBRO LTD	107,000	–	(107,000)	–
MPS LTD	162,000	–	–	162,000
MRF LTD	–	10	–	10
NMDC LTD	–	217,116	–	217,116
ORIENT REFRACTORIES LTD	404,000	–	–	404,000
SHARDA CROPCHEM LTD	67,000	–	–	67,000
SHREE CEMENT LTD	13,600	1,522	(2,750)	12,372
STOVEC INDUSTRIES LTD	2,010	–	(2,010)	–
SUN PHARMACEUTICAL INDUSTRIES LTD	173,000	45,000	–	218,000
TATA CONSULTANCY SERVICES LTD	30,000	56,000	(16,000)	70,000
WIPRO LTD	255,200	–	(255,200)	–
UNITED STATES OF AMERICA				
HDFC BANK LTD ADR	8,000	–	–	8,000

**PineBridge India Equity Fund
Investment Report
For the year ended 31 December 2018**

PineBridge India Equity Fund (the "Fund") is a unit trust governed by its Trust Deed dated 10 August 1998, as amended, supplemented and restated. The Fund is managed in accordance with the distinct investment policy. Pursuant to the Unitholder Notice and the Offering Document dated 25 January 2018, the investment policy has been amended with effect from 25 January 2018. The amendments were made to clarify and enhance the investment objectives and policies of the Fund. The investment style, investment philosophy and risk profile of the Fund will remain the same.

Investment objectives and policies

The Fund seeks to provide long-term capital appreciation by investing principally in equity and equity-related securities of Indian companies.

	2018	2017	2016
	US\$	US\$	US\$
Investments and investment income			
Total value of investments	30,642,855	40,584,157	21,033,742
Interest on bank deposits	4,561	1,534	550
Dividend income (net of withholding tax)	467,169	346,424	321,069
Net foreign currency gains/(losses)	36,241	94,156	(4,510)
Net income/(loss) excluding capital (depreciation)/appreciation	406,382	(197,781)	124,865
Net (depreciation)/appreciation of financial assets and financial liabilities at fair value through profit or loss			
- realized and unrealized	(4,471,890)	10,438,388	1,546,613

Performance table

Net asset value	Total net asset value	Net asset value per unit
	US\$	US\$
Provident Fund units		
2018	32,134,395	13.90
2017	43,496,342	15.40
2016	21,754,639	10.67

**PineBridge India Equity Fund
Investment Report
For the year ended 31 December 2018**

Performance table (Continued)

Performance record since inception

	Highest issue price per unit US\$	Lowest redemption price per unit US\$	Annualized investment return (Note 1) %
Provident Fund units			
2018	15.92	12.47	(9.74)
2017	15.41	10.60	44.33
2016	11.66	8.60	7.13
2015	10.70	9.28	(0.40)

Note 1: The annualized investment return is calculated by comparing the net asset value per unit at the year end against the net asset value per unit at the beginning of the year except for the first period where the initial subscription price per unit is used. The Fund commenced operations on 15 January 2015.

Note 2: No Standard units - Accumulation were issued by the Fund since inception.

Commentary by the Trustee

Based on the information received from the Manager of the Fund during the year ended 31 December 2018, the Trustee of the Fund confirmed, to the best of its knowledge and belief, that the investment objectives and policies for the Fund were complied with.

**PineBridge India Equity Fund
Trustee's Report
For the year ended 31 December 2018**

We hereby confirm that, in our opinion, the Manager of the Fund has, in all material respects, managed the Fund for the year ended 31 December 2018 in accordance with the provisions of the Trust Deed dated 10 August 1998, as amended, supplemented and restated.

On behalf of
AIA Company (Trustee) Limited

Director

12 April 2019

Director

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF PINEBRIDGE INDIA EQUITY FUND (THE "FUND")

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of PineBridge India Equity Fund (the "Fund") set out on pages 11 to 32, which comprise the statement of net assets as at 31 December 2018, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at 31 December 2018, and of its financial transactions and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") and with reference to Practice Note 860.1 (Revised), The Audit of Retirement Schemes issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Fund in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information included in the Reports and Financial Statements

The Manager and the Trustee of the Fund are responsible for the other information. The other information comprises the information included in the Reports and Financial Statements, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager and Trustee and those charged with governance for the financial statements

The Manager and the Trustee of the Fund are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA, and for such internal control as the Manager and the Trustee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager and the Trustee of the Fund are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager and the Trustee of the Fund either intend to liquidate the Fund or to cease operations or have no realistic alternative but to do so.

The Manager and the Trustee of the Fund are required to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the constitutive documents of the Fund ("the Constitutive Documents"), the Mandatory Provident Fund Schemes Ordinance ("the MPFSO"), the Mandatory Provident Fund Schemes (General) Regulation ("the General Regulation"), the Code on MPF Investment Funds ("the MPF Code"), and Guidelines II.5 issued by the Mandatory Provident Fund Schemes Authority ("the MPFA") and the Code on Unit Trusts and Mutual Funds ("the Code") issued by the Hong Kong Securities and Futures Commission ("the SFC").

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEE OF PINEBRIDGE INDIA EQUITY FUND (THE "FUND")
(CONTINUED)**

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. In addition, we are required to assess whether the financial statements of the Fund have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Constitutive Documents, the MPFSO, the General Regulation, the MPF Code and Guidelines II.5 issued by the MPFA and the Code issued by the SFC.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager and the Trustee
- Conclude on the appropriateness of the Manager and the Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEE OF PINEBRIDGE INDIA EQUITY FUND (THE "FUND")
(CONTINUED)**

Report on matters under the relevant disclosure provisions of the Constitutive Documents, the MPFSO, the General Regulation, the MPF Code, and Guidelines II.5 issued by the MPFA and the Code issued by the SFC

- (a) In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Constitutive Documents, the MPFSO, the General Regulation, the MPF Code and Guidelines II.5 issued by the MPFA and the Code issued by the SFC; and
- (b) We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purpose of our audit.

Certified Public Accountants
Hong Kong
12 April 2019

PineBridge India Equity Fund
Statement of Net Assets
As at 31 December 2018

	Note	2018 US\$	2017 US\$
Assets			
Current assets			
Financial assets at fair value through profit or loss			
Investments	4(b)	30,642,855	40,584,157
Interest receivable		30	6
Amounts receivable on subscription		–	59,035
Cash and cash equivalents		1,807,450	17,733,907
Total assets		<u>32,450,335</u>	<u>58,377,105</u>
Liabilities			
Current liabilities			
Amounts payable on redemption		87,334	–
Amounts payable to brokers		–	14,473,882
Accounts payable and accrued expenses		31,249	39,773
Total current liabilities		<u>118,583</u>	<u>14,513,655</u>
Non-current liabilities			
Deferred tax liabilities	6	197,357	367,108
Total non-current liabilities		<u>197,357</u>	<u>367,108</u>
Total liabilities		<u>315,940</u>	<u>14,880,763</u>
Equity			
Net assets attributable to unitholders	3	<u>32,134,395</u>	<u>43,496,342</u>

On behalf of
AIA Company (Trustee) Limited

On behalf of
PineBridge Investments
Hong Kong Limited

Director

Director

Director

The notes on pages 15 to 32 are an integral part of these financial statements.

PineBridge India Equity Fund
Statement of Comprehensive Income
For the year ended 31 December 2018

	Note	2018 US\$	2017 US\$
Income			
Interest on bank deposits		4,561	1,534
Dividend income		467,171	346,428
Net (losses)/gains on financial assets and financial liabilities at fair value through profit or loss	5	(4,471,890)	10,438,388
Net foreign currency gains		36,241	94,156
Total investment (loss)/income		<u>(3,963,917)</u>	<u>10,880,506</u>
Expenses			
Trustee's fee	7(b)	18,143	14,911
Custodian and administration fees	8	49,957	41,817
Audit fee		10,823	10,902
Bank charges		122	162
Legal and professional fees		17,879	19,510
Other expenses	9	4,925	12,232
Transaction costs		64,211	150,146
Total operating expenses		<u>166,060</u>	<u>249,680</u>
Net (loss)/profit before tax		(4,129,977)	10,630,826
Capital gains tax	6(b)	64,471	(390,215)
Withholding tax	6(c)	(2)	(4)
Total comprehensive (loss)/income		<u>(4,065,508)</u>	<u>10,240,607</u>

The notes on pages 15 to 32 are an integral part of these financial statements.

PineBridge India Equity Fund
Statement of Changes in Equity
For the year ended 31 December 2018

	Note	2018 US\$	2017 US\$
Balance at the beginning of the year		43,496,342	21,754,639
Issue of units	3	845,071	26,782,957
Redemption of units	3	(8,141,510)	(15,281,861)
Net (decrease)/increase from unit transactions		(7,296,439)	11,501,096
Total comprehensive (loss)/income		(4,065,508)	10,240,607
Balance at the end of the year		32,134,395	43,496,342

The notes on pages 15 to 32 are an integral part of these financial statements.

PineBridge India Equity Fund
Statement of Cash Flows
For the year ended 31 December 2018

	2018	2017
	US\$	US\$
Cash flows from operating activities		
Total comprehensive (loss)/income	(4,065,508)	10,240,607
Adjustment for:		
Dividend income	(467,171)	(346,428)
Withholding tax	2	4
Capital gains tax	(64,471)	390,215
Interest on bank deposits	(4,561)	(1,534)
Operating (loss)/profit before working capital changes	(4,601,709)	10,282,864
Net decrease/(increase) in investments	9,941,302	(19,550,415)
Net decrease in amount receivable from brokers	–	65,418
Net (decrease)/increase in amounts payable to brokers	(14,473,882)	14,473,882
Net decrease in accounts payable and accrued expenses	(8,524)	(805)
Cash (used in)/generated from operations	(9,142,813)	5,270,944
Dividend income received	467,169	346,424
Interest on bank deposits received	4,537	1,528
Capital gains tax paid	(105,280)	(47,652)
Net cash (used in)/generated from operating activities	(8,776,387)	5,571,244
Cash flows from financing activities		
Proceeds from issue of units	904,106	26,723,922
Payments on redemption of units	(8,054,176)	(15,281,861)
Net cash (used in)/generated from financing activities	(7,150,070)	11,442,061
Net (decrease)/increase in cash and cash equivalents	(15,926,457)	17,013,305
Cash and cash equivalents at the beginning of the year	17,733,907	720,602
Cash and cash equivalents at the end of the year	1,807,450	17,733,907
Analysis of balance of cash and cash equivalents		
Cash at banks	1,366,750	17,691,807
Short-term deposits	440,700	42,100
	<u>1,807,450</u>	<u>17,733,907</u>

The notes on pages 15 to 32 are an integral part of these financial statements.

PineBridge India Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

1. The Fund

PineBridge India Equity Fund (the “Fund”) is a unit trust governed by its Trust Deed dated 10 August 1998, as amended, supplemented and restated. The Fund has been authorized by the Securities and Futures Commission of Hong Kong and approved by the Mandatory Provident Fund Schemes Authority of Hong Kong.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss (FVPL).

The preparation of financial statements in conformity with HKFRS requires the Trustee and Manager to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

New and amended standards that are effective in the current year and have been adopted by the Fund

The Fund applied, for the first time, certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2018.

The nature and the impact of each new standard and amendment is described below:

HKFRS 9 *Financial Instruments*

The Fund adopted HKFRS 9 Financial Instruments on its effective date of 1 January 2018. HKFRS 9 replaces *HKAS 39 Financial Instruments: Recognition and Measurement* and introduces new requirements for classification and measurement, impairment and hedge accounting. HKFRS 9 is not applicable to items that have already been derecognized at 1 January 2018, the date of initial application.

PineBridge India Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

2. Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

(i) Classification and measurement

The Fund has assessed the classification of financial instruments as at the date of initial application and has applied such classification retrospectively. Based on that assessment:

- All financial assets previously held at fair value continue to be measured at fair value.
- Debt instruments and equity instruments, other than investments in subsidiaries and associates, are acquired for the purpose of generating short-term profit. Therefore, they meet the held-for-trading criteria and are required to be measured at FVPL.
- Financial assets previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. Thus, such instruments continue to be measured at amortized cost under HKFRS 9.
- The classification of financial liabilities under HKFRS 9 remains broadly the same as under HKAS 39. The main impact on measurement from the classification of liabilities under HKFRS 9 relates to the element of gains or losses for financial liabilities designated as at FVPL attributable to changes in credit risk. HKFRS 9 requires that such element be recognized in other comprehensive income (OCI), unless this treatment creates or enlarges an accounting mismatch in profit or loss, in which case, all gains and losses on that liability (including the effects of changes in credit risk) should be presented in profit or loss. The Fund has not designated any financial liabilities at FVPL. Therefore, this requirement has not had an impact on the Fund.

(ii) Impairment

HKFRS 9 requires the Fund to record Expected Credit Losses (“ECL”) on all of its financial assets measured at amortized cost, either on a 12-month or lifetime basis. The Fund’s investments are not subject to HKFRS 9’s impairment requirements as they are measured at FVPL. The Fund holds amortized cost financial assets, including interest receivable, amounts receivable on subscription and cash and cash equivalents. The Fund measures the loss allowance at an amount equal to 12-month ECL on its amortized cost financial assets.

(iii) Hedge accounting

The Fund has not applied hedge accounting under HKAS 39 nor will it apply hedge accounting under HKFRS 9.

Impact of adoption of HKFRS 9

The classification and measurement requirements of HKFRS 9 have been adopted retrospectively as of the date of initial application on 1 January 2018, however, the Fund has chosen to take advantage of the option not to restate comparatives. Therefore, the 2017 figures are presented and measured under HKAS 39. The following table shows the original measurement categories in accordance with HKAS 39 and the new measurement categories under HKFRS 9 for the Fund’s financial assets and financial liabilities as at 1 January 2018.

PineBridge India Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

2. Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

Impact of adoption of HKFRS 9 (Continued)

Financial assets

1 January 2018	HKAS 39 classification	HKAS 39 measurement US\$	HKFRS 9 classification	HKFRS 9 measurement US\$
Investments	Held for trading at FVPL	40,584,157	FVPL	40,584,157
Interest receivable	Loans and receivables	6	Amortized cost	6
Amounts receivable on subscription	Loans and receivables	59,035	Amortized cost	59,035
Cash and cash equivalents	Loans and receivables	17,733,907	Amortized cost	17,733,907

Financial Liabilities

1 January 2018	HKAS 39 classification	HKAS 39 measurement US\$	HKFRS 9 classification	HKFRS 9 measurement US\$
Amounts payable to brokers	Other financial liabilities	14,473,882	Amortized cost	14,473,882
Accounts payable and accrued expenses	Other financial liabilities	39,773	Amortized cost	39,773

In line with the characteristics of the Fund's financial instruments as well as its approach to their management, the Fund neither revoked nor made any new designations on the date of initial application. HKFRS 9 has not resulted in changes in the carrying amount of the Fund's financial instruments due to changes in measurement categories. All financial assets that were classified as FVPL under HKAS 39 are still classified as FVPL under HKFRS 9. All financial assets that were classified as loans and receivables and measured at amortized cost continue to be.

In addition, the application of the ECL mode under HKFRS 9 has not significantly changed the carrying amounts of the Fund's amortized cost financial assets. At the reporting date, the credit risk of the Fund's amortized cost financial assets were low or have not increased significantly since initial recognition. No loss allowance has been recognized based on 12-month ECL under HKFRS 9. There was no impairment recorded under HKAS39.

The carrying amounts of amortized cost instruments continued to approximate these instruments' fair values on the date of transition after transitioning to HKFRS 9.

HKFRS 15 Revenue from contracts with customers

The Fund adopted HKFRS 15 Revenue from contracts with customers on its effective date of 1 January 2018. HKFRS 15 replaces HKAS 18 Revenue and establishes a five-step model to account for revenue arising from contracts with customers. In addition, guidance on interest and dividend income have been moved from HKAS 18 to HKFRS 9 without significant changes to the requirements. Therefore, there was no impact of adopting HKFRS 15 for the Fund.

PineBridge India Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

2. Summary of significant accounting policies (Continued)

(b) Investments

(i) Classification

In accordance with HKFRS 9, the Fund classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

In applying that classification, a financial asset or financial liability is considered to be held for trading if:

- (a) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or
- (b) On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking; or
- (c) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

Financial assets

The Fund classifies its financial assets as subsequently measured at amortized cost or measured at fair value through profit or loss on the basis of both:

- The entity's business model for managing the financial assets
- The contractual cash flow characteristics of the financial asset

All investments are classified as "financial assets at fair value through profit or loss".

Financial assets measured at fair value through profit or loss (FVPL)

A financial asset is measured at fair value through profit or loss if:

- (a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding; or
- (b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- (c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

The Fund includes in this category:

- Equity instruments
- Debt instruments. These include investments that are held under a business model to manage them on a fair value basis for investment income and fair value gains.
- Instruments held for trading. This category includes equity instruments and debt instruments which are acquired principally for the purpose of generating a profit from short-term fluctuations in price. This category also includes derivative contracts in an asset position.

(ii) Recognition

The Fund recognizes a financial asset when it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Fund commits to purchase or sell the asset.

PineBridge India Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

2. Summary of significant accounting policies (Continued)

(b) Investments (Continued)

The following represent the basis of valuation for financial reporting purposes:

- (i) Investments which are listed or traded on an exchange are fair valued based on last traded prices.
- (ii) Investments which are not listed on an exchange or are thinly traded are valued by using quotes from brokers.
- (iii) Initial measurement

Financial assets at fair value through profit or loss are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognized directly in profit or loss.

(iv) Subsequent measurement

After initial measurement, the Fund measures financial instruments which are classified as at FVPL at fair value. Subsequent changes in the fair value of those financial instruments are recorded in net gain or loss on financial assets and financial liabilities at FVPL in the statement of comprehensive income.

(v) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized where the rights to receive cash flows from the asset have expired or the Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and either:

- (a) the Fund has transferred substantially all the risks and rewards of the asset, or
- (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The following represent the basis of valuation for financial reporting purposes:

- (i) Investments which are listed or traded on an exchange are fair valued based on last traded prices.
- (ii) Investments which are not listed on an exchange or are thinly traded are valued by using quotes from brokers.

(c) Income

Dividends on equities are recognized in the statement of comprehensive income when the Fund's right to receive payments is established. The corresponding withholding taxes are recorded as a separate item in the statement of comprehensive income.

Interest income is recognized on a time-proportionate basis using the effective interest method. Other income is accounted for on an accrual basis.

(d) Translation of foreign currencies

(i) Functional and presentation currencies

Items included in the Fund's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). The financial statements are presented in United States dollar, which is the Fund's functional and presentation currency.

PineBridge India Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

2. Summary of significant accounting policies (Continued)

(d) Translation of foreign currencies (Continued)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the year end date.

Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the statement of comprehensive income within “net foreign currency gains/(losses)”.

Foreign exchange gains and losses relating to the financial assets and financial liabilities carried at fair value through profit or loss are presented in the statement of comprehensive income within “net gains/(losses) on financial assets at fair value through profit or loss”.

(e) Expenses

Expenses are accounted for on an accrual basis.

(f) Subscription and redemption of units

Proceeds and payments on the subscription and redemption of units are recorded in the statement of changes in equity. The price at which units are subscribed or redeemed is calculated by reference to the net asset value per unit as at the close of business on the relevant dealing day.

(g) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of net assets where the Fund currently has a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis or realize the asset and liability simultaneously.

(h) Amounts receivable from/payable to brokers

Amounts receivable from/payable to brokers represent receivables from investments sold and payables for investments purchased that have been contracted for but not yet settled or delivered on the year end date respectively.

(i) Cash and cash equivalents

Cash and cash equivalents include cash at banks, deposits held with banks with original maturities of three months or less and bank overdrafts, if any.

(j) Transaction costs

Transaction costs are costs incurred to acquire financial assets or financial liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognized in profit or loss as an expense.

PineBridge India Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

2. Summary of significant accounting policies (Continued)

(k) Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognized in the statement of comprehensive income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In such cases, the tax will be recognized in other comprehensive income or directly in equity, respectively.

Current tax

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted by the end of the period in the countries where the Fund operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It established provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the end of reporting period and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets are recognized on deductible temporary differences arising from investments in securities, only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

PineBridge India Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

3. Number of units in issue and net assets attributable to unitholders per unit

The Fund issues units, which are redeemable at the holder's option, are classified as equity.

The Fund has no restrictions on the subscriptions of units. Pursuant to the Trust Deed and subject to the conditions and procedures set out therein, the Manager is entitled, having regard to the interests of unitholders, to limit the total number of units which unitholders are entitled to redeem on any dealing day to 10% of the units then in issue or deemed to be in issue. Subscriptions and redemptions of units during the year are shown in the statement of changes in equity. In order to achieve the investment objectives, the Fund endeavors to invest its capital in accordance with the investment policies as outlined in note 4, whilst maintaining sufficient liquidity to meet redemption requests. Such liquidity is augmented by the holding of liquid investments.

As at 31 December 2018, the Fund had US\$32,134,395 (2017: US\$43,496,342) of puttable financial instruments classified as equity.

The Fund's objectives and policies for managing its obligations to redeem these instruments are included in note 4(h) on capital risk management and note 4(e) on liquidity risk.

	2018 Units	2017 Units
Number of Provident Fund units in issue	<u>2,311,203</u>	<u>2,823,717</u>
	US\$	US\$
Net asset value per Provident Fund units	<u>13.90</u>	<u>15.40</u>

	2018 Standard Units - Accumulation Units	2018 Provident Fund Units Units	2017 Standard Units - Accumulation Units	2017 Provident Fund Units Units
Balance brought forward	–	2,823,717	–	2,039,614
Total issues	–	58,747	–	1,932,090
Total redemptions	–	<u>(571,261)</u>	–	<u>(1,147,987)</u>
Balance carried forward	<u>–</u>	<u>2,311,203</u>	<u>–</u>	<u>2,823,717</u>

The Fund offers two classes of units. Provident Fund units are offered to provident fund schemes approved by the Mandatory Provident Fund Schemes Authority. Standard units - Accumulation are offered to all investors other than the provident fund schemes approved by the Mandatory Provident Fund Schemes Authority. No Standard units - Accumulation were issued by the Fund for the years ended 31 December 2018 and 2017.

PineBridge India Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management

(a) Financial risk factors

The investment objective of the Fund is to achieve long-term capital appreciation. The Fund seeks to achieve its investment objective by investing principally in equity and equity-related securities of Indian companies.

The Fund is exposed to market price risk, cash flow interest rate risk, credit and custody risk, liquidity risk and currency risk.

The risks and the respective risk management policies employed by the Fund to manage these risks are discussed below.

(b) Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market.

All investments present a risk of loss of capital. The Fund's market price risk is managed through (i) deliberate securities selection, and (ii) diversification of the investment portfolio.

As at year end, the overall market exposures were as follows:

	2018		
	Fair value	Cost	% of net
	US\$	US\$	assets
Financial assets at fair value through profit or loss:			
- Listed equities	<u>30,642,855</u>	<u>28,452,729</u>	<u>95.36</u>
	2017		
	Fair value	Cost	% of net
	US\$	US\$	assets
Held for trading:			
- Listed equities	<u>40,584,157</u>	<u>32,550,862</u>	<u>93.30</u>

Net market exposures

The following table shows the net market exposure of the Fund to various markets, incorporating the underlying market risk through all financial assets and financial liabilities held by the Fund as at 31 December.

	2018	2017
	US\$ equivalent	US\$ equivalent
Markets exposed to		
India	29,814,135	39,770,797
United States of America	<u>828,720</u>	<u>813,360</u>
	<u>30,642,855</u>	<u>40,584,157</u>

PineBridge India Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(b) Market price risk (Continued)

Net market exposures (Continued)

The following table shows the net exposures to sectors as at 31 December 2018 and 2017:

	2018	2017
	%	%
Sectors exposed to		
Basic Materials	7	5
Communications	4	4
Consumer, Cyclical	10	10
Consumer, Non-cyclical	20	18
Financial	18	11
Industrial	27	34
Technology	14	16
Utilities	–	2
	100	100

There were no investments issued by the same issuer with market value exceeding 10% of the Fund's net asset value as at 31 December 2018 and 2017.

The table below summarizes the impact on net assets attributable to unitholders as a result of increases/decreases of the key index to which the Fund is exposed. The analysis is based on the assumption that the index had increased/decreased by the respective percentage with all other variables held constant and the Fund's investments moved according to the historical correlation with the index.

	2018	Impact	2017	Impact
	Change in	US\$	Change in	US\$
	market index %	US\$	market index %	US\$
	+/-	+/-	+/-	+/-
MSCI India Daily Total Return				
Net Index	7%	1,822,905	39%	14,108,901

The Manager has used their view of what would be a "reasonable shift" in the MSCI India Daily Total Return Net Index, having regard to the historical volatility of the index, to estimate the change for use in the market price risk sensitivity analysis above.

Disclosures above are shown in absolute terms, changes and impacts could be positive or negative. Changes in market index % are revised annually depending on the Manager's current view of market volatility and other relevant factors.

(c) Cash flow interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The majority of the Fund's financial assets and financial liabilities are non-interest bearing, as the Fund invests only in listed equities. As a result, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents are invested at short-term market interest rates.

As at 31 December 2018, the Fund had bank balances of US\$1,807,450 (2017: US\$17,733,907) and is therefore exposed to cash flow interest rate risk which is considered by the Manager to be minimal as they are short-term instruments all with maturities less than one month.

As the Manager believes that the Fund has no significant interest rate risk exposure, no interest rate sensitivity analysis is disclosed.

PineBridge India Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(d) Credit and custody risk

The Fund is exposed to credit risk which is the risk that an issuer or counterparty will be unable or unwilling to pay amounts in full when due.

The Fund's financial assets which are potentially subject to concentrations of credit risk consist principally of cash and cash equivalents and assets held with the custodian. The table below summarizes the assets placed with banks and custodian at 31 December 2018 and 2017:

At 31 December 2018

	US\$	Credit rating	Source of credit rating
<u>Custodian</u>			
Citibank, N.A.	30,642,855	P-1	Moody's
<u>Banks</u>			
Citibank, N.A.	1,366,750	P-1	Moody's
Dah Sing Bank Limited	440,700	P-1	Moody's

At 31 December 2017

	US\$	Credit rating	Source of credit rating
<u>Custodian</u>			
Citibank, N.A.	40,584,157	P-1	Moody's
<u>Banks</u>			
Citibank, N.A.	17,691,807	P-1	Moody's
Dah Sing Bank Limited	42,100	P-2	Moody's

The maximum exposure to credit risk at year end is the carrying amount of the financial assets as shown on the statement of net assets.

The Fund measures credit risk and ECL using probability of default, exposure at default and loss given default. The Manager and the Trustee of the Fund considers both historical analysis and forward looking information in determining any ECL.

None of the assets is impaired nor past due but not impaired.

All transactions in listed/quoted investments are settled/paid for upon delivery using approved and reputable brokers. The risk of default is considered minimal since delivery of securities sold is only made when the broker has received payment. Payment is made on a purchase when the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

The Fund limits its exposure to credit risk by transacting the majority of its securities and contractual commitment activities with broker-dealers, banks and regulated exchanges with high credit ratings and that the Fund considers to be well established.

The Manager and the Trustee of the Fund considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognized based on 12-month ECL as any such impairment would be wholly insignificant to the Fund.

PineBridge India Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(e) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in settling a liability, including a redemption request.

The Fund is exposed to daily cash redemptions of units in the Fund. The Fund invests the majority of its assets in investments that are traded in an active market and can be readily disposed of.

The table below analyzes the Fund's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the year end date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month US\$	1-3 months US\$	Over 3 months US\$
At 31 December 2018			
Amounts payable on redemption	87,334	–	–
Accounts payable and accrued expenses	13,181	–	18,068
Total financial liabilities	<u>100,515</u>	<u>–</u>	<u>18,068</u>
At 31 December 2017			
Amounts payable to brokers	14,473,882	–	–
Accounts payable and accrued expenses	8,933	–	30,840
Total financial liabilities	<u>14,482,815</u>	<u>–</u>	<u>30,840</u>

Units are redeemed on demand at the unitholder's option. At 31 December 2018 and 2017, no ultimate individual investor held more than 10% of the Fund's units.

As at 31 December 2018, the Fund held cash and cash equivalents of US\$1,807,450 (2017: US\$17,733,907) and liquid investments of US\$30,642,855 (2017: US\$40,584,157) that are expected to readily generate cash inflows within 1 month for managing liquidity risk.

(f) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

The Fund has both monetary and non-monetary assets and liabilities denominated in currencies other than United States dollar, the Fund's functional and presentation currency. The Fund is therefore exposed to currency risk, as the value of the assets and liabilities denominated in other currencies will fluctuate due to changes in foreign exchange rates.

PineBridge India Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(f) Currency risk (Continued)

The table below summarizes the Fund's net monetary and non-monetary exposure to different major currencies:

	2018	2017
	US\$ equivalent	US\$ equivalent
Monetary items		
Indian Rupee	1,159,336	2,840,788
Non-monetary items		
Indian Rupee	29,814,135	39,770,797

The table below summarizes the impact on net assets attributable to unitholders as a result of increases/decreases of foreign exchange rates on the exposures tabled above, to which the Fund is exposed. The analysis is based on the assumption that the foreign exchange rates had increased/decreased by the respective percentage with all other variables held constant.

	2018	Impact	2017	Impact
	Change in foreign	US\$	Change in foreign	US\$
	exchange rates %	+/-	exchange rates %	+/-
	+/-	+/-	+/-	+/-
Monetary items				
Indian Rupee	5.0%	57,967	3.0%	85,224
Non-monetary items				
Indian Rupee	5.0%	1,490,707	3.0%	1,193,124

The Manager has used their view of what would be a "reasonable shift" in the foreign exchange rates, having regard to historical volatility of those rates, to estimate the change for use in the currency risk sensitivity analysis above.

Disclosures above are shown in absolute terms, changes and impacts could be positive or negative. Changes in foreign exchange rates % are revised annually depending on the Manager's current view of market volatility and other relevant factors.

(g) Fair value estimation

The fair value of financial assets and financial liabilities traded in active markets (such as trading securities) are based on quoted market prices at the close of trading on the year end date. The Fund utilizes the last traded market price as its fair valuation inputs for both financial assets and financial liabilities.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

PineBridge India Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(g) Fair value estimation (Continued)

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Fund for similar financial instruments.

HKFRS 13 requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (Level 2).
- Inputs for the asset or liability that are unobservable inputs (Level 3).

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes “observable” requires significant judgment by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table analyzes within the fair value hierarchy the Fund’s investments (by class) measured at fair value at 31 December 2018 and 2017:

At 31 December 2018

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Assets				
Financial assets at fair value through profit or loss:				
- Listed equities	30,642,855	–	–	30,642,855
Total assets	<u>30,642,855</u>	<u>–</u>	<u>–</u>	<u>30,642,855</u>

At 31 December 2017

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Assets				
Held for trading:				
- Listed equities	40,584,157	–	–	40,584,157
Total assets	<u>40,584,157</u>	<u>–</u>	<u>–</u>	<u>40,584,157</u>

Investments whose values are based on quoted market prices in active markets and therefore classified within level 1 include active listed equities. The Fund does not adjust the quoted price for these instruments.

PineBridge India Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(g) Fair value estimation (Continued)

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. As of 31 December 2018 and 2017, the Fund did not hold any investments classified in level 2.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. As of 31 December 2018 and 2017, the Fund did not hold any investments classified in level 3.

There is no transfer between levels for the years ended 31 December 2018 and 2017.

Assets and liabilities included in the statement of net assets, except for investments, are carried at amortized cost; their carrying values are a reasonable approximation of fair value.

(h) Capital risk management

The capital of the Fund is represented by the net assets attributable to unitholders. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unitholders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

In order to maintain or adjust the capital structure, the Fund's policy is to perform the following:

- monitor the level of daily subscriptions and redemptions relative to the liquid assets; and
- redeem and issue units in accordance with the Trust Deed of the Fund.

The Manager monitors capital on the basis of the value of net assets attributable to unitholders.

5. Net (losses)/gains on financial assets and financial liabilities at fair value through profit or loss

	2018	2017
	US\$	US\$
Change in unrealized gains/losses in value of financial assets and financial liabilities at fair value through profit or loss	(5,843,169)	6,729,324
Realized gains on sale of financial assets and financial liabilities at fair value through profit or loss	1,371,279	3,709,064
	<u>(4,471,890)</u>	<u>10,438,388</u>

6. Taxation

- (a) No provision for Hong Kong profits tax has been made as the Fund is authorized as a collective investment scheme under Section 104 of the Hong Kong Securities and Futures Ordinance and is therefore exempted from profits tax under Section 26A(1A) of the Hong Kong Inland Revenue Ordinance.

PineBridge India Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

6. Taxation (Continued)

- (b) Depending on the period for which India equity shares are held, the gains arising to the Fund on the transfer of such shares would be taxable as short-term or long-term capital gains under the India tax laws. The same is discussed below:

Type of instrument	Period of holding immediately preceding the date of transfer	
Listed equity shares	More than 12 months	Long Term Capital Asset
	12 months or less	Short Term Capital Asset
Unlisted equity shares	More than 24 months	Long Term Capital Asset
	24 months or less	Short Term Capital Asset

Under the current laws, the Fund is subject to the following rates of tax on the gains earned from transfer of shares.

Nature of income		Rates of tax (%)
Capital gains on sale of listed equity shares on-market (where securities transaction tax is paid on both purchase and sale transactions)	Long-term (For transfer/ sale before 1 April 2018)	Nil
	Long-term (For transfer/ sale on or after 1 April 2018)	10
	Short-term	15
Capital gains on sale of listed equity shares off-market (where securities transaction tax is not paid) or in case of sale of unlisted shares	Long-term	10
	Short-term	30

The aforementioned rates are to be increased by applicable surcharge and education cess.

Under current practice, capital gains tax is charged on net realized gains (i.e. realized gains offset by realized losses subject to satisfying certain conditions) and is reported and settled on an ongoing basis i.e. whenever the sales are executed. To fairly reflect the taxation impact in the Fund's daily valuation, the Manager has engaged an independent tax advisor to calculate daily capital gains tax accruals at prevailing tax rates. For this purpose, daily realized and unrealized gains are treated as taxable, and daily realized and unrealized losses are treated as deductible. This practice of treating daily realized and unrealized gains as taxable and daily realized and unrealized losses as deductible is followed consistently by the independent tax advisor for the Fund as well as other foreign investors who have engaged them for calculating capital gains tax accruals.

Taxation of long-term capital gains

Prior to 1 April 2018, the long term capital gains arising from transfer of equity shares, units of equity oriented mutual funds, units of Real Estate Investment Trusts (REITs) and units of Infrastructure Investment Trusts (INVITs) are exempt from tax provided the transactions are subject to securities transaction tax (STT) as prescribed.

With effect from 1 April 2018, a concessional tax at the rate of 10% (plus applicable surcharge and cess) shall be levied on long-term capital gains exceeding INR 100,000 from these securities. The capital gains shall be computed without any benefit of indexation or foreign currency fluctuations and the transaction should have been subject to payment of Securities Transaction Tax as under:

- In case of equity shares – at the time of acquisition and transfer (subject to the negative list provided vide notification number. 60/2018 dated 1 October 2018); and
- In case of units of equity oriented mutual fund/ REITs / INVITs – at the time of time transfer.

PineBridge India Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

6. Taxation (Continued)

However, with a view to grandfather gains notionally realised by investors up to 31 January 2018, it has been provided that long-term taxable capital gains will be determined by considering the cost of acquisition to be the higher of:

- actual cost of acquisition; or
- lower of full value of consideration and Fair Market Value on 31 January 2018 (being the highest price quoted on the stock exchange on 31 January 2018 or on the last traded date prior to such date in case of listed securities or net asset value in case of a unit which is unlisted).

The amount of taxation charged to the statement of comprehensive income represents:

	2018	2017
	US\$	US\$
Capital gains tax		
Capital gains tax on realized gains	105,280	47,652
Deferred tax (credit)/charge on changes in unrealized gains/(losses)	(169,751)	342,563
	<u>(64,471)</u>	<u>390,215</u>
The movement in capital gains tax payable during the year is as follows:		
At the beginning of the year	–	–
Capital gains tax charged to the statement of comprehensive income	105,280	47,652
Capital gains tax paid	(105,280)	(47,652)
At the end of the year	<u>–</u>	<u>–</u>
The movement in deferred tax liabilities during the year is as follows:		
At the beginning of the year	367,108	24,545
Deferred tax (liabilities)/assets credited to the statement of comprehensive income	(169,751)	342,563
At the end of the year	<u>197,357</u>	<u>367,108</u>

(c) Withholding tax was charged on certain dividend income received during the years.

7. Transactions with Associates/Connected Persons/Related Parties

Associates and connected persons are those as defined in the Mandatory Provident Fund Schemes Ordinance and the Code on Unit Trusts and Mutual Funds issued by the Securities and Futures Commission of Hong Kong.

Apart from the fees as disclosed below, the Fund allows the Manager and its associates/connected persons to subscribe for, and redeem, units in the Fund.

All transactions were entered into in the ordinary course of business and on normal commercial terms.

(a) Management fee

PineBridge Investments Hong Kong Limited, the Manager, is entitled to receive a management fee at 1.50% per annum, with a permitted maximum of 1.50% per annum, of the net asset value of the Standard units - Accumulation, being calculated daily and payable monthly in arrears.

PineBridge India Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

7. Transactions with Associates/Connected Persons/Related Parties (Continued)

No management fee is charged on the Provident Fund units.

No management fee is payable as at year end date (2017: Nil).

(b) Trustee's fee

AIA Company (Trustee) Limited, the Trustee, is entitled to receive a trustee's fee at a permitted maximum of 0.05% per annum of the net asset value of the Fund, being calculated daily and payable monthly in arrears.

Trustee's fee payable as at year end amounted to US\$1,337 (2017: US\$1,322).

8. Custodian and administration fees

The Custodian and Administrator of the Fund is Citibank N.A., Hong Kong Branch and the Application and Redemption Agent of the Fund is Citicorp Financial Services Limited (collectively "Citibank"). Citibank is entitled to receive a custodian fee which comprises safekeeping and transaction fees of 0.055% per annum of the net asset value of the Fund and a transfer agency fee of US\$1,500 per month, with a total permitted maximum of 0.50% per annum. The safekeeping and transaction fee rate of 0.055% per annum is the maximum rate. Citibank is also entitled to receive an administrator fee of US\$1,000 per month.

Custodian and administration fees payable as at year end amounted to US\$11,844 (2017: US\$7,611).

9. Other expenses

Other expenses included a reversal of overprovision of certain expenses of US\$1,632 during the year ended 31 December 2018.

10. Soft commission arrangements

During the year ended 31 December 2018, the Manager and its associates/connected persons have entered into soft commission arrangements with some brokers under which certain goods and services used to support investment decision making are obtained from third parties and are paid for by the brokers out of the commissions they receive. These may include, for example, research and advisory services; economic and political analysis; portfolio analysis, including valuation and performance measurement; market analysis, data and quotation services; clearing, registrar and custodial services and investment-related publications; computer hardware and software incidental to the above goods and services.

During the year ended 31 December 2017, the Manager and its associates/connected persons did not enter into any soft commission arrangements with brokers relating to dealing in the assets of the Fund.

11. Distributions

No distribution was made during the year (2017: Nil).

12. Borrowings, contingent liabilities and commitments

The Fund had no borrowings, contingent liabilities and commitments as at 31 December 2018 and 2017.

13. Negotiability of assets

There were no statutory or contractual requirements restricting the free negotiability of assets held by the Fund as at 31 December 2018 and 2017.

14. Approval of financial statements

The financial statements were approved by the Trustee and the Manager on 12 April 2019.

PINEBRIDGE JAPAN EQUITY FUND
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2018

PineBridge Japan Equity Fund

Reports and Financial Statements For the year ended 31 December 2018

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PineBridge Japan Equity Fund

Management and Professional Service Details

Manager

PineBridge Investments Hong Kong Limited
Level 31, Three Pacific Place, 1 Queen's Road East
Hong Kong

Trustee

(effective from 13 October 2018)
AIA Company (Trustee) Limited
11th Floor, AIA Hong Kong Tower
734 King's Road, Quarry Bay
Hong Kong

(up to 12 October 2018)
2nd Floor, AIA Building, 1 Stubbs Road
Hong Kong

Administrator and Custodian

Citibank N.A., Hong Kong Branch
50th Floor, Champion Tower
Three Garden Road, Central
Hong Kong

Application and Redemption Agents

Citicorp Financial Services Limited
Citi Tower, One Bay East
83 Hoi Bun Road
Kwun Tong, Kowloon
Hong Kong

Auditor

Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

Legal Advisers

Deacons
5th Floor, Alexandra House
18 Chater Road
Central, Hong Kong

**PineBridge Japan Equity Fund
Manager's Report
For the year ended 31 December 2018**

Manager's Market Perspective

2018 Market Overview

The Japanese equity market, as represented by the broad market index of Topix, declined 16.03% in the local currency and 14.18% in HK dollars. The 2018 market was the reversal of 2017: the market drivers of 2017, i.e., small cap growth and global cyclicals, especially the technology and commodity sectors, reversed in 2018. The US-China trade tension and its lagging impact on macro economy had escalated and prolonged the market correction of global cyclicals. Defensive and domestic sectors outperformed on the back of static earnings growth progress, with exception of telecom and construction sectors. Financials underperformed due to poor performance of banks with bond yields decline. As for corporate fundamentals, the FY2018 earnings growth had been revised downward from 9% to 6% mainly due to the global cyclicals reflecting the weak demand and some of the stock specific reasons. The loss of global risk appetite and net selling pressures from the overseas investors pushed down the market valuations at the same time.

2019 Market Outlook and Strategy

The market may remain volatile given the poor visibility of business environment surrounding global cyclicals. The cyclical downturn of technology and certain capital goods sectors, which became the major detractor in 2018, would have a lesser negative impact on YoY or QoQ basis, as the hurdle rate would be lower. However, the future progress of US-China trade tension and its impact on earnings needs to be cautiously monitored going forward. As for Japan specific issues, the overall macro condition remains generally firm, especially business-to-business segments. In terms of valuation, the market is trading at 1.2x by Price to Book, 11.5x by Fy2019 Price to Earnings, 2.2% by dividend yield, which are the cheapest since the Abenomics started in 2013. We believe that once the political tension has a better visibility, the market would regain the risk appetite. Our overall portfolio positioning is unchanged. The team maintains overweight in stable-high growth and cyclical-high growth stocks among global and domestic cyclical sectors. We continue to invest in diversified investment themes, such as IoT (Internet of Things), labor saving technology and sector consolidation, and remains selective due to the structural changes of certain Japanese companies to be more shareholder oriented and to improve profitability.

PineBridge Japan Equity Fund
Investment Report
As at 31 December 2018

INVESTMENT PORTFOLIO

	Holding shares	Market value HK\$	% of net assets
LISTED EQUITIES			
JAPAN			
ASAHI GROUP HOLDINGS LTD	72,600	22,116,717	1.74%
BANDAI NAMCO HOLDINGS INC	45,400	15,955,851	1.25%
BELLUNA CO LTD	93,600	6,686,022	0.52%
CAPCOM CO LTD	160,900	24,938,697	1.96%
CASIO COMPUTER CO LTD	147,300	13,706,868	1.08%
CHIBA BANK LTD	133,700	5,858,112	0.46%
COMSYS HOLDINGS CORP	54,400	10,415,436	0.82%
DAI-ICHI LIFE HOLDINGS INC	151,900	18,622,536	1.46%
DAIKIN INDUSTRIES LTD	31,800	26,539,042	2.08%
DISCO CORP	11,400	10,453,600	0.82%
DON QUIJOTE HOLDINGS CO LTD	73,600	35,819,546	2.81%
FANCL CORP	40,800	8,172,604	0.64%
FUJI ELECTRIC CO LTD	99,800	23,110,170	1.81%
FUJI OIL HOLDINGS INC	67,300	16,856,992	1.32%
FUJITSU LTD	18,200	8,892,617	0.70%
HIS CO LTD	59,000	16,777,924	1.32%
HOYA CORP	27,200	12,839,752	1.01%
INPEX CORP	131,500	9,212,180	0.72%
ITOCHU CORP	165,500	22,049,574	1.73%
JFE HOLDINGS INC	83,900	10,519,416	0.83%
KAO CORP	18,600	10,822,848	0.85%
KEYENCE CORP	11,400	45,296,221	3.56%
KOITO MANUFACTURING CO LTD	52,200	21,158,103	1.66%
KOMATSU LTD	81,600	13,774,346	1.08%
KUREHA CORP	11,400	4,954,274	0.39%
LINK AND MOTIVATION INC	79,400	4,782,124	0.38%
MABUCHI MOTOR CO LTD	27,200	6,541,189	0.51%
MATSUOKA CORP	22,700	4,304,030	0.34%
MEGACHIPS CORP	25,000	4,154,965	0.33%
MINEBEA MITSUMI INC	194,900	22,113,977	1.74%
MITSUBISHI UFJ FINANCIAL GROUP INC	888,300	34,097,230	2.68%
mitsui & CO LTD	120,100	14,488,255	1.14%
mitsui FUDOSAN CO LTD	163,200	28,474,553	2.23%
MS&AD INSURANCE GROUP HOLDINGS INC	93,000	20,785,601	1.63%
NICHIAS CORP	43,100	5,785,274	0.45%
NIDEC CORP	29,500	26,261,556	2.06%
NIHON UNISYS LTD	88,400	15,461,566	1.21%
NINTENDO CO LTD	4,500	9,404,065	0.74%
NIPPON TELEGRAPH & TELEPHONE CORP	106,500	34,062,722	2.67%
NISSEI ASB MACHINE CO LTD	22,700	5,677,691	0.45%

PineBridge Japan Equity Fund
Investment Report
As at 31 December 2018

INVESTMENT PORTFOLIO (CONTINUED)

	Holding shares	Market value HK\$	% of net assets
LISTED EQUITIES (CONTINUED)			
JAPAN (CONTINUED)			
NITORI HOLDINGS CO LTD	11,400	11,169,488	0.88%
OMRON CORP	70,300	20,066,573	1.57%
OPEN HOUSE CO LTD	36,300	9,610,333	0.75%
OTSUKA CORP	36,300	7,822,966	0.61%
PENTA-OCEAN CONSTRUCTION CO LTD	197,200	8,570,025	0.67%
PEPTIDREAM INC	45,400	14,060,588	1.10%
POLA ORBIS HOLDINGS INC	74,800	15,847,826	1.24%
RECRUIT HOLDINGS CO LTD	61,200	11,627,837	0.91%
RENGO CO LTD	256,100	15,863,068	1.24%
SANKYU INC	49,900	17,715,423	1.39%
SCSK CORP	79,400	22,040,833	1.73%
SEKISUI PLASTICS CO LTD	74,800	4,948,109	0.39%
SEVEN & I HOLDINGS CO LTD	68,000	23,209,575	1.82%
SG HOLDINGS CO LTD	138,300	28,265,266	2.22%
SHIMA SEIKI MANUFACTURING LTD	40,800	9,331,385	0.73%
SHIMADZU CORP	129,200	20,043,795	1.57%
SHIN-ETSU CHEMICAL CO LTD	29,500	17,969,430	1.41%
SHIONOGI & CO LTD	86,200	38,574,647	3.03%
SMS CO LTD	83,900	10,357,763	0.81%
SOFTBANK GROUP CORP	38,300	19,965,348	1.57%
SONY CORP	79,400	30,177,243	2.37%
SUMITOMO BAKELITE CO LTD	54,400	14,751,643	1.16%
SUMITOMO METAL MINING CO LTD	59,000	12,409,770	0.97%
SUMITOMO MITSUI FINANCIAL GROUP INC	151,900	39,510,561	3.10%
SUZUKI MOTOR CORP	68,000	27,013,946	2.12%
SYSMEX CORP	11,400	4,292,077	0.34%
TOKYO CENTURY CORP	29,500	10,167,801	0.80%
TOKYO TATEMONO CO LTD	79,400	6,459,267	0.51%
TOPCON CORP	97,500	10,179,040	0.80%
TORAY INDUSTRIES INC	244,800	13,486,107	1.06%
TOYOTA MOTOR CORP	90,700	41,462,178	3.26%
YAMAHA CORP	29,300	9,785,237	0.77%
YAMAHA MOTOR CO LTD	77,100	11,878,590	0.93%
YOKOGAWA ELECTRIC CORP	131,500	17,838,805	1.40%
ZENKOKU HOSHO CO LTD	43,100	10,595,572	0.83%
TOTAL JAPAN		<u>1,239,012,361</u>	<u>97.24%</u>
TOTAL INVESTMENTS*		<u>1,239,012,361</u>	<u>97.24%</u>
TOTAL INVESTMENTS, AT COST*		<u>1,309,648,559</u>	

* Investments are accounted for on a trade date basis.

PineBridge Japan Equity Fund
Investment Report
For the year ended 31 December 2018

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO

	Holdings			31 December 2018 Shares
	1 January 2018 Shares	Additions Shares	Deductions Shares	
LISTED EQUITIES				
JAPAN				
AI HOLDINGS CORP	53,100	23,700	(76,800)	–
AJINOMOTO CO INC	45,200	–	(45,200)	–
ASAHI GROUP HOLDINGS LTD	40,900	60,300	(28,600)	72,600
BANDAI NAMCO HOLDINGS INC	41,500	39,300	(35,400)	45,400
BELLUNA CO LTD	–	93,600	–	93,600
CAPCOM CO LTD	63,500	168,900	(71,500)	160,900
CASIO COMPUTER CO LTD	87,600	116,700	(57,000)	147,300
CHIBA BANK LTD	–	230,500	(96,800)	133,700
COMSYS HOLDINGS CORP	–	76,400	(22,000)	54,400
CYBERDYNE INC	34,800	47,900	(82,700)	–
DAI-ICHI LIFE HOLDINGS INC	103,600	114,500	(66,200)	151,900
DAIKIN INDUSTRIES LTD	16,100	28,200	(12,500)	31,800
DAIKYO INC	50,300	–	(50,300)	–
DISCO CORP	8,600	8,300	(5,500)	11,400
DON QUIJOTE HOLDINGS CO LTD	51,900	71,400	(49,700)	73,600
FANCL CORP	–	40,800	–	40,800
FERROTEC HOLDINGS CORP	22,800	5,200	(28,000)	–
FUJI ELECTRIC CO LTD	327,000	132,700	(359,900)	99,800
FUJI OIL HOLDINGS INC	–	67,300	–	67,300
FUJITSU LTD	210,000	53,300	(245,100)	18,200
GMO INTERNET INC	52,800	–	(52,800)	–
HIS CO LTD	44,800	44,000	(29,800)	59,000
HITACHI METALS LTD	53,000	–	(53,000)	–
HOYA CORP	19,100	20,200	(12,100)	27,200
INPEX CORP	–	177,000	(45,500)	131,500
ISUZU MOTORS LTD	156,000	23,400	(179,400)	–
ITOCHU CORP	91,100	151,700	(77,300)	165,500
JFE HOLDINGS INC	71,700	63,900	(51,700)	83,900
KAO CORP	16,600	14,700	(12,700)	18,600
KENKO MAYONNAISE CO LTD	28,000	11,800	(39,800)	–
KEYENCE CORP	3,300	10,700	(2,600)	11,400
KOITO MANUFACTURING CO LTD	31,800	40,400	(20,000)	52,200
KOMATSU LTD	55,000	63,500	(36,900)	81,600
KUBOTA CORP	56,400	–	(56,400)	–
KUREHA CORP	–	13,300	(1,900)	11,400
LINK AND MOTIVATION INC	–	109,000	(29,600)	79,400
MABUCHI MOTOR CO LTD	–	34,200	(7,000)	27,200
MATSUOKA CORP	26,000	23,200	(26,500)	22,700
MEGACHIPS CORP	11,600	22,700	(9,300)	25,000
MINEBEA MITSUMI INC	130,300	149,900	(85,300)	194,900
MITSUBISHI UFJ FINANCIAL GROUP INC	779,000	805,400	(696,100)	888,300
mitsui & CO LTD	104,100	97,600	(81,600)	120,100
mitsui FUDOSAN CO LTD	61,900	146,500	(45,200)	163,200
MS&AD INSURANCE GROUP HOLDINGS INC	52,800	70,500	(30,300)	93,000
NICHIAS CORP	72,000	43,900	(72,800)	43,100

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (CONTINUED)

PineBridge Japan Equity Fund
Investment Report
For the year ended 31 December 2018

	Holdings			
	1 January 2018 Shares	Additions Shares	Deductions Shares	31 December 2018 Shares
LISTED EQUITIES (CONTINUED)				
JAPAN (CONTINUED)				
NIDEC CORP	19,400	22,300	(12,200)	29,500
NIHON UNISYS LTD	–	108,100	(19,700)	88,400
NINTENDO CO LTD	1,400	3,800	(700)	4,500
NIPPON TELEGRAPH & TELEPHONE CORP	55,300	94,300	(43,100)	106,500
NISSEI ASB MACHINE CO LTD	–	26,400	(3,700)	22,700
NITORI HOLDINGS CO LTD	10,500	8,600	(7,700)	11,400
NTT URBAN DEVELOPMENT CORP	80,900	25,300	(106,200)	–
OMRON CORP	41,700	57,300	(28,700)	70,300
OPEN HOUSE CO LTD	–	36,300	–	36,300
OTSUKA CORP	16,900	44,300	(24,900)	36,300
PARK24 CO LTD	–	31,400	(31,400)	–
PENTA-OCEAN CONSTRUCTION CO LTD	153,300	160,300	(116,400)	197,200
PEPTIDREAM INC	30,400	34,200	(19,200)	45,400
POLA ORBIS HOLDINGS INC	45,600	60,900	(31,700)	74,800
RECRUIT HOLDINGS CO LTD	34,800	49,700	(23,300)	61,200
RENGO CO LTD	–	270,700	(14,600)	256,100
SANKYU INC	35,900	42,300	(28,300)	49,900
SCSK CORP	54,700	64,700	(40,000)	79,400
SEKISUI CHEMICAL CO LTD	63,800	5,700	(69,500)	–
SEKISUI PLASTICS CO LTD	68,200	56,400	(49,800)	74,800
SEVEN & I HOLDINGS CO LTD	22,700	69,900	(24,600)	68,000
SG HOLDINGS CO LTD	–	156,300	(18,000)	138,300
SHIMA SEIKI MANUFACTURING LTD	–	43,600	(2,800)	40,800
SHIMADZU CORP	103,800	100,100	(74,700)	129,200
SHIMANO INC	–	6,800	(6,800)	–
SHIN-ETSU CHEMICAL CO LTD	25,400	23,800	(19,700)	29,500
SHIONOGI & CO LTD	46,400	71,400	(31,600)	86,200
SMS CO LTD	31,800	83,000	(30,900)	83,900
SOFTBANK GROUP CORP	31,000	38,500	(31,200)	38,300
SONY CORP	45,600	62,900	(29,100)	79,400
SUMITOMO BAKELITE CO LTD	–	165,700	(111,300)	54,400
SUMITOMO METAL MINING CO LTD	37,500	44,900	(23,400)	59,000
SUMITOMO MITSUI FINANCIAL GROUP INC	102,100	114,100	(64,300)	151,900
SUNDRUG CO LTD	35,200	22,000	(57,200)	–
SUZUKI MOTOR CORP	43,100	52,900	(28,000)	68,000
SYSMEX CORP	8,300	11,000	(7,900)	11,400
TAISEI CORP	15,800	–	(15,800)	–
TOKYO CENTURY CORP	13,900	25,800	(10,200)	29,500
TOKYO TATEMONO CO LTD	52,500	63,900	(37,000)	79,400
TOPCON CORP	64,400	81,100	(48,000)	97,500
TORAY INDUSTRIES INC	183,900	217,400	(156,500)	244,800
TOYOBO CO LTD	23,800	–	(23,800)	–
TOYOTA MOTOR CORP	54,400	72,800	(36,500)	90,700
W-SCOPE CORP	30,700	–	(30,700)	–
YAMAHA CORP	–	45,700	(16,400)	29,300

PineBridge Japan Equity Fund
Investment Report
For the year ended 31 December 2018

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (CONTINUED)

	Holdings			31 December 2018
	1 January 2018	Additions	Deductions	
	Shares	Shares	Shares	Shares
LISTED EQUITIES (CONTINUED)				
JAPAN (CONTINUED)				
YAMAHA MOTOR CO LTD	28,000	74,300	(25,200)	77,100
YOKOGAWA ELECTRIC CORP	96,300	99,600	(64,400)	131,500
ZENKOKU HOSHO CO LTD	28,900	32,700	(18,500)	43,100

**PineBridge Japan Equity Fund
Investment Report
For the year ended 31 December 2018**

PineBridge Japan Equity Fund (the “Fund”), is a unit trust governed by its Trust Deed dated 10 August 1998, as amended, supplemented and restated. The Fund is managed in accordance with the distinct investment policy. Pursuant to the Unitholder Notice and the Offering Document dated 25 January 2018, the investment policy has been amended with effect from 25 January 2018. The amendments were made to clarify and enhance the investment objectives and policies of the Fund. The investment style, investment philosophy and risk profile of the Fund will remain the same.

Investment objectives and policies

The Fund seeks to provide capital appreciation through a managed portfolio of shares in Japanese Companies.

	2018	2017	2016
	HK\$	HK\$	HK\$
Investments and investment income			
Total value of investments	1,239,012,361	939,853,337	548,221,541
Interest on bank deposits	51,219	15,240	7,397
Dividend income (net of withholding tax)	11,286,954	11,573,539	12,244,427
Net foreign currency gains/(losses)	1,908,319	(212,334)	31,202
Net income excluding capital (depreciation)/appreciation	11,626,390	10,106,373	10,469,684
Net (depreciation)/appreciation of financial assets and financial liabilities at fair value through profit or loss			
- realized and unrealized	(143,021,247)	224,091,580	(134,449,731)

Performance table

Net asset value

	Total net asset value HK\$	Net asset value per unit HK\$
Provident Fund units		
2018	1,274,191,909	17.99
2017	961,098,154	21.21
2016	563,879,940	15.86

**PineBridge Japan Equity Fund
Investment Report
For the year ended 31 December 2018**

Performance table (Continued)

Performance record for the past 10 years

	Highest issue price per unit HK\$	Lowest redemption price per unit HK\$	Annualized investment return (Note 1) %
Provident Fund units			
2018	23.06	17.69	(15.18)
2017	21.27	15.71	33.73
2016	17.94	14.29	(13.85)
2015	19.65	16.17	9.52
2014	18.38	15.71	(8.39)
2013	18.48	14.16	27.69
2012	14.67	12.61	8.90
2011	16.38	12.92	(13.86)
2010	15.34	13.05	9.19
2009	14.30	9.95	1.06

Note 1: The annualized investment return is calculated by comparing the net asset value per unit at the year end against the net asset value per unit at the beginning of the year.

Note 2: No Standard units were issued by the Fund since the year ended 31 December 2003. The “Standard units” have been renamed to “Standard units - Accumulation” with effect from 27 June 2013.

Commentary by the Trustee

Based on the information received from the Manager of the Fund during the year, the Trustee of the Fund confirmed, to the best of its knowledge and belief, that the investment objectives and policies for the Fund were complied with.

**PineBridge Japan Equity Fund
Trustee's Report
For the year ended 31 December 2018**

We hereby confirm that, in our opinion, the Manager of the Fund has, in all material respects, managed the Fund for the year ended 31 December 2018 in accordance with the provisions of the Trust Deed dated 10 August 1998, as amended, supplemented and restated.

On behalf of
AIA Company (Trustee) Limited

Director

12 April 2019

Director

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF PINEBRIDGE JAPAN EQUITY FUND (THE "FUND")

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of PineBridge Japan Equity Fund (the "Fund") set out on pages 14 to 34, which comprise the statement of net assets as at 31 December 2018, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at 31 December 2018, and of its financial transactions and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") and with reference to Practice Note 860.1 (Revised), The Audit of Retirement Schemes issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Fund in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information included in the Reports and Financial Statements

The Manager and the Trustee of the Fund are responsible for the other information. The other information comprises the information included in the Reports and Financial Statements, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager and Trustee and those charged with governance for the financial statements

The Manager and the Trustee of the Fund are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA, and for such internal control as the Manager and the Trustee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager and the Trustee of the Fund are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager and the Trustee of the Fund either intend to liquidate the Fund or to cease operations or have no realistic alternative but to do so.

The Manager and the Trustee of the Fund are required to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the constitutive documents of the Fund ("the Constitutive Documents"), the Mandatory Provident Fund Schemes Ordinance ("the MPFSO"), the Mandatory Provident Fund Schemes (General) Regulation ("the General Regulation"), the Code on MPF Investment Funds ("the MPF Code"), and Guidelines II.5 issued by the Mandatory Provident Fund Schemes Authority ("the MPFA") and the Code on Unit Trusts and Mutual Funds ("the Code") issued by the Hong Kong Securities and Futures Commission ("the SFC").

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEE OF PINEBRIDGE JAPAN EQUITY FUND (THE "FUND")
(CONTINUED)**

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. In addition, we are required to assess whether the financial statements of the Fund have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Constitutive Documents, the MPFSO, the General Regulation, the MPF Code and Guidelines II.5 issued by the MPFA and the Code issued by the SFC.

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager and the Trustee
- Conclude on the appropriateness of the Manager and the Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEE OF PINEBRIDGE JAPAN EQUITY FUND (THE "FUND")
(CONTINUED)**

Report on matters under the relevant disclosure provisions of the Constitutive Documents, the MPFSO, the General Regulation, the MPF Code, and Guidelines II.5 issued by the MPFA and the Code issued by the SFC

- (a) In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Constitutive Documents, the MPFSO, the General Regulation, the MPF Code and Guidelines II.5 issued by the MPFA and the Code issued by the SFC; and
- (b) We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purpose of our audit.

Certified Public Accountants
Hong Kong
12 April 2019

PineBridge Japan Equity Fund
Statement of Net Assets
As at 31 December 2018

	Note	2018 HK\$	2017 HK\$
Assets			
Current assets			
Financial assets at fair value through profit or loss			
Investments	4(b)	1,239,012,361	939,853,337
Interest receivable		1,010	682
Dividends receivable		1,300,380	777,740
Amounts receivable on subscription		416,585	257,983
Cash and cash equivalents		34,541,711	20,865,605
Total assets		<u>1,275,272,047</u>	<u>961,755,347</u>
Liabilities			
Current liabilities			
Financial liabilities at fair value through profit or loss			
Derivative financial instruments	4(b), 6	–	1,478
Amounts payable on redemption		827,871	355,384
Accounts payable and accrued expenses		252,267	300,331
Total liabilities		<u>1,080,138</u>	<u>657,193</u>
Equity			
Net assets attributable to unitholders	3	<u>1,274,191,909</u>	<u>961,098,154</u>

On behalf of
AIA Company (Trustee) Limited

On behalf of
PineBridge Investments
Hong Kong Limited

Director

Director

Director

PineBridge Japan Equity Fund
Statement of Comprehensive Income
For the year ended 31 December 2018

	Note	2018 HK\$	2017 HK\$
Income			
Interest on bank deposits		51,219	15,240
Dividend income		12,541,060	12,859,522
Net (losses)/gains on financial assets and financial liabilities at fair value through profit or loss	5	(143,021,247)	224,091,580
Net foreign currency gains/(losses)		1,908,319	(212,334)
Total investment (loss)/income		<u>(128,520,649)</u>	<u>236,754,008</u>
Expenses			
Trustee's fee	8(b)	390,110	388,886
Custodian and administration fees	9	430,853	218,241
Audit fee		89,413	89,396
Bank charges		950	1,250
Legal and professional fees		1,802	15,582
Other expenses	10	19,150	120,291
Transaction costs		687,824	436,426
Total operating expenses		<u>1,620,102</u>	<u>1,270,072</u>
Net (loss)/profit before tax		(130,140,751)	235,483,936
Withholding tax	7(b)	(1,254,106)	(1,285,983)
Total comprehensive (loss)/income		<u>(131,394,857)</u>	<u>234,197,953</u>

The notes on pages 18 to 34 are an integral part of these financial statements.

PineBridge Japan Equity Fund
Statement of Changes in Equity
For the year ended 31 December 2018

	Note	2018 HK\$	2017 HK\$
Balance at the beginning of the year		961,098,154	563,879,940
Issue of units	3	1,102,134,463	354,715,582
Redemption of units	3	(657,645,851)	(191,695,321)
Net increase from unit transactions		444,488,612	163,020,261
Total comprehensive (loss)/income		(131,394,857)	234,197,953
Balance at the end of the year		1,274,191,909	961,098,154

The notes on pages 18 to 34 are an integral part of these financial statements.

PineBridge Japan Equity Fund
Statement of Cash Flows
For the year ended 31 December 2018

	2018	2017
	HK\$	HK\$
Cash flows from operating activities		
Total comprehensive (loss)/income	(131,394,857)	234,197,953
Adjustment for:		
Dividend income	(12,541,060)	(12,859,522)
Interest on bank deposits	(51,219)	(15,240)
Withholding tax	1,254,106	1,285,983
Operating (loss)/profit before working capital changes	(142,733,030)	222,609,174
Net increase in investments	(299,159,024)	(391,631,796)
Net change in derivative financial instruments	(1,478)	6,564,068
Net increase in amounts receivable from brokers	–	5,039,012
Net decrease in amounts payable to brokers	–	(3,010,673)
Net decrease in accounts payable and accrued expenses	(48,064)	(43,472)
Cash used in operations	(441,941,596)	(160,473,687)
Dividend income received	10,764,314	11,179,088
Interest on bank deposits received	50,891	15,237
Net cash used in operating activities	(431,126,391)	(149,279,362)
Cash flows from financing activities		
Proceeds from issue of units	1,101,975,861	355,912,009
Payments on redemption of units	(657,173,364)	(211,784,479)
Net cash generated from financing activities	444,802,497	144,127,530
Net increase/(decrease) in cash and cash equivalents	13,676,106	(5,151,832)
Cash and cash equivalents at the beginning of the year	20,865,605	26,017,437
Cash and cash equivalents at the end of the year	34,541,711	20,865,605
Analysis of balance of cash and cash equivalents		
Cash at banks	9,977,011	10,489,805
Short-term deposits	24,564,700	10,375,800
	34,541,711	20,865,605

The notes on pages 18 to 34 are an integral part of these financial statements.

PineBridge Japan Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

1. The Fund

PineBridge Japan Equity Fund (the “Fund”) is a unit trust governed by its Trust Deed dated 10 August 1998, as amended, supplemented and restated. The Fund has been authorized by the Securities and Futures Commission of Hong Kong and approved by the Mandatory Provident Fund Schemes Authority of Hong Kong.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss (FVPL).

The preparation of financial statements in conformity with HKFRS requires the Trustee and Manager to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

New and amended standards that are effective in the current year and have been adopted by the Fund

The Fund applied, for the first time, certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2018.

The nature and the impact of each new standard and amendment is described below:

HKFRS 9 *Financial Instruments*

The Fund adopted HKFRS 9 Financial Instruments on its effective date of 1 January 2018. HKFRS 9 replaces *HKAS 39 Financial Instruments: Recognition and Measurement* and introduces new requirements for classification and measurement, impairment and hedge accounting. HKFRS 9 is not applicable to items that have already been derecognized at 1 January 2018, the date of initial application.

2. Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

(i) Classification and measurement

The Fund has assessed the classification of financial instruments as at the date of initial application and has applied such classification retrospectively. Based on that assessment:

- All financial assets previously held at fair value continue to be measured at fair value.
- Debt instruments and equity instruments, other than investments in subsidiaries and associates, are acquired for the purpose of generating short-term profit. Therefore, they meet the held-for-trading criteria and are required to be measured at FVPL.
- Financial assets previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. Thus, such instruments continue to be measured at amortized cost under HKFRS 9.
- The classification of financial liabilities under HKFRS 9 remains broadly the same as under HKAS 39. The main impact on measurement from the classification of liabilities under HKFRS 9 relates to the element of gains or losses for financial liabilities designated as at FVPL attributable to changes in credit risk. HKFRS 9 requires that such element be recognized in other comprehensive income (OCI), unless this treatment creates or enlarges an accounting mismatch in profit or loss, in which case, all gains and losses on that liability (including the effects of changes in credit risk) should be presented in profit or loss. The Fund has not designated any financial liabilities at FVPL. Therefore, this requirement has not had an impact on the Fund.

(ii) Impairment

HKFRS 9 requires the Fund to record Expected Credit Losses (“ECL”) on all of its financial assets measured at amortized cost, either on a 12-month or lifetime basis. The Fund’s investments and derivative financial instruments are not subject to HKFRS 9’s impairment requirements as they are measured at FVPL. The Fund holds amortized cost financial assets, including interest receivable, dividends receivable, amounts receivable on subscription and cash and cash equivalents. The Fund measures the loss allowance at an amount equal to 12-month ECL on its amortized cost financial assets.

(iii) Hedge accounting

The Fund has not applied hedge accounting under HKAS 39 nor will it apply hedge accounting under HKFRS 9.

Impact of adoption of HKFRS 9

The classification and measurement requirements of HKFRS 9 have been adopted retrospectively as of the date of initial application on 1 January 2018, however, the Fund has chosen to take advantage of the option not to restate comparatives. Therefore, the 2017 figures are presented and measured under HKAS 39. The following table shows the original measurement categories in accordance with HKAS 39 and the new measurement categories under HKFRS 9 for the Fund’s financial assets and financial liabilities as at 1 January 2018.

PineBridge Japan Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

2. Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

Impact of adoption of HKFRS 9 (Continued)

Financial assets

1 January 2018	HKAS 39 classification	HKAS 39 measurement HK\$	HKFRS 9 classification	HKFRS 9 measurement HK\$
Investments	Held for trading at FVPL	939,853,337	FVPL	939,853,337
Interest receivable	Loans and receivables	682	Amortized cost	682
Dividends receivable	Loans and receivables	777,740	Amortized cost	777,740
Amounts receivable on subscription	Loans and receivables	257,983	Amortized cost	257,983
Cash and cash equivalents	Loans and receivables	20,865,605	Amortized cost	20,865,605

Financial Liabilities

1 January 2018	HKAS 39 classification	HKAS 39 measurement HK\$	HKFRS 9 classification	HKFRS 9 measurement HK\$
Derivative financial instruments	Held for trading at FVPL	1,478	FVPL	1,478
Amounts payable on redemption	Other financial liabilities	355,384	Amortized cost	355,384
Accounts payable and accrued expenses	Other financial liabilities	300,331	Amortized cost	300,331

In line with the characteristics of the Fund's financial instruments as well as its approach to their management, the Fund neither revoked nor made any new designations on the date of initial application. HKFRS 9 has not resulted in changes in the carrying amount of the Fund's financial instruments due to changes in measurement categories. All financial assets that were classified as FVPL under HKAS 39 are still classified as FVPL under HKFRS 9. All financial assets that were classified as loans and receivables and measured at amortized cost continue to be.

In addition, the application of the ECL mode under HKFRS 9 has not significantly changed the carrying amounts of the Fund's amortized cost financial assets. At the reporting date, the credit risk of the Fund's amortized cost financial assets were low or have not increased significantly since initial recognition. No loss allowance has been recognized based on 12-month ECL under HKFRS 9. There was no impairment recorded under HKAS39.

The carrying amounts of amortized cost instruments continued to approximate these instruments' fair values on the date of transition after transitioning to HKFRS 9.

HKFRS 15 Revenue from contracts with customers

The Fund adopted HKFRS 15 Revenue from contracts with customers on its effective date of 1 January 2018. HKFRS 15 replaces HKAS 18 Revenue and establishes a five-step model to account for revenue arising from contracts with customers. In addition, guidance on interest and dividend income have been moved from HKAS 18 to HKFRS 9 without significant changes to the requirements. Therefore, there was no impact of adopting HKFRS 15 for the Fund.

2. Summary of significant accounting policies (Continued)

(b) Investments

(i) Classification

In accordance with HKFRS 9, the Fund classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

In applying that classification, a financial asset or financial liability is considered to be held for trading if:

- (a) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or
- (b) On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking; or
- (c) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

Financial assets

The Fund classifies its financial assets as subsequently measured at amortized cost or measured at fair value through profit or loss on the basis of both:

- The entity's business model for managing the financial assets
- The contractual cash flow characteristics of the financial asset

All investments are classified as "financial assets at fair value through profit or loss".

Financial assets measured at fair value through profit or loss (FVPL)

A financial asset is measured at fair value through profit or loss if:

- (a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding; or
- (b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- (c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

The Fund includes in this category:

- Equity instruments
- Debt instruments. These include investments that are held under a business model to manage them on a fair value basis for investment income and fair value gains.
- Instruments held for trading. This category includes equity instruments and debt instruments which are acquired principally for the purpose of generating a profit from short-term fluctuations in price. This category also includes derivative contracts in an asset position.

(ii) Recognition

The Fund recognizes a financial asset when it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Fund commits to purchase or sell the asset.

PineBridge Japan Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

2. Summary of significant accounting policies (Continued)

(b) Investments (Continued)

The following represent the basis of valuation for financial reporting purposes:

- (i) Investments which are listed or traded on an exchange are fair valued based on last traded prices.
- (ii) Investments which are not listed on an exchange or are thinly traded are valued by using quotes from brokers.
- (iii) Initial measurement

Financial assets at fair value through profit or loss are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognized directly in profit or loss.

(iv) Subsequent measurement

After initial measurement, the Fund measures financial instruments which are classified as at FVPL at fair value. Subsequent changes in the fair value of those financial instruments are recorded in net gain or loss on financial assets and financial liabilities at FVPL in the statement of comprehensive income.

(v) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized where the rights to receive cash flows from the asset have expired or the Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and either:

- (a) the Fund has transferred substantially all the risks and rewards of the asset, or
- (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The following represent the basis of valuation for financial reporting purposes:

- (i) Investments which are listed or traded on an exchange are fair valued based on last traded prices.
- (ii) Investments which are not listed on an exchange or are thinly traded are valued by using quotes from brokers.

(c) Income

Dividends on equities are recognized in the statement of comprehensive income when the Fund's right to receive payment is established. The corresponding withholding taxes are recorded as a separate item in the statement of comprehensive income.

Interest income is recognized on a time-proportionate basis using the effective interest method. Other income is accounted for on an accrual basis.

(d) Translation of foreign currencies

(i) Functional and presentation currencies

Items included in the Fund's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). The financial statements are presented in Hong Kong dollar, which is the Fund's functional and presentation currency.

2. Summary of significant accounting policies (Continued)

(d) Translation of foreign currencies (Continued)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the year end date.

Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the statement of comprehensive income within “net foreign currency gains/(losses)”.

Foreign exchange gains and losses relating to the financial assets and financial liabilities carried at fair value through profit or loss are presented in the statement of comprehensive income within “net gains/(losses) on financial assets and financial liabilities at fair value through profit or loss”.

(e) Expenses

Expenses are accounted for on an accrual basis.

(f) Derivative financial instruments - foreign exchange contracts

Outstanding foreign exchange contracts are valued at the year end date by reference to the rate of exchange applicable to the outstanding term of the contract. Unrealized gains or losses on outstanding contracts and realized gains and losses on closed contracts are shown in the statement of comprehensive income within “net gains/(losses) on financial assets and financial liabilities at fair value through profit or loss”.

(g) Subscription and redemption of units

Proceeds and payments on the subscription and redemption of units recorded in the statement of changes in equity. The price at which units are subscribed or redeemed is calculated by reference to the net asset value per unit as at the close of business on the relevant dealing day.

(h) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of net assets where the Fund currently has a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis or realize the asset and liability simultaneously.

(i) Cash and cash equivalents

Cash and cash equivalents include cash at banks, deposits held with banks with original maturities of three months or less and bank overdrafts, if any.

(j) Amounts receivable from/payable to brokers

Amounts receivable from/payable to brokers represent receivables from investments sold and payables for investments purchased that have been contracted for but not yet settled or delivered on the year end date respectively.

(k) Transaction costs

Transaction costs are costs incurred to acquire financial assets or financial liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognized in profit or loss as an expense.

PineBridge Japan Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

3. Number of units in issue and net assets attributable to unitholders per unit

The Fund issues units, which are redeemable at the holder's option, are classified as equity.

The Fund has no restrictions on the subscriptions of units. Pursuant to the Trust Deed and subject to the conditions and procedures set out therein, the Manager is entitled, having regard to the interests of unitholders, to limit the total number of units which unitholders are entitled to redeem on any dealing day to 10% of the units then in issue or deemed to be in issue. Subscriptions and redemptions of units during the year are shown in the statement of changes in equity. In order to achieve the investment objectives, the Fund endeavors to invest its capital in accordance with the investment policies as outlined in note 4, whilst maintaining sufficient liquidity to meet redemption requests. Such liquidity is augmented by the holding of liquid investments.

As at 31 December 2018, the Fund had HK\$1,274,191,909 (2017: HK\$961,098,154) of puttable financial instruments classified as equity.

The Fund's objectives and policies for managing its obligations to redeem these instruments are included in note 4(h) on capital risk management and note 4(e) on liquidity risk.

	2018	2017
	Units	Units
Number of Provident Fund units in issue	<u>70,833,424</u>	<u>45,311,459</u>
	HK\$	HK\$
Net asset value per Provident Fund unit	<u>17.99</u>	<u>21.21</u>

	2018	2018	2017	2017
	Standard	Provident	Standard	Provident
	Units -	Fund Units	Units -	Fund Units
	Accumulation	Units	Accumulation	Units
	Units	Units	Units	Units
Balance brought forward	–	45,311,459	–	35,554,012
Total issues	–	56,147,209	–	19,820,469
Total redemptions	–	<u>(30,625,244)</u>	–	<u>(10,063,022)</u>
Balance carried forward	<u>–</u>	<u>70,833,424</u>	<u>–</u>	<u>45,311,459</u>

The Fund offers two classes of units. Provident Fund units are offered to provident fund schemes approved by the Mandatory Provident Fund Schemes Authority. Standard units - Accumulation are offered to all investors other than the provident fund schemes approved by the Mandatory Provident Fund Schemes Authority. The Standard units have been renamed to "Standard units - Accumulation" with effect from 27 June 2013. No Standard units - Accumulation were issued by the Fund for the years ended 31 December 2018 and 2017.

PineBridge Japan Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management

(a) Financial risk factors

The investment objective of the Fund is to achieve capital appreciation. The Fund seeks to achieve its investment objective through a managed portfolio of shares in Japanese companies.

The Fund is exposed to market price risk, cash flow interest rate risk, credit and custody risk, liquidity risk and currency risk.

The risks and the respective risk management policies employed by the Fund to manage these risks are discussed below.

(b) Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market.

All investments present a risk of loss of capital. The Fund's market price risk is managed through (i) deliberate securities selection, and (ii) diversification of the investment portfolio.

As at year end, the overall market exposures were as follows:

	2018		
	Fair value HK\$	Cost HK\$	% of net assets
Financial assets at fair value through profit or loss:			
- Listed equities	1,239,012,361	1,309,648,559	97.24
	<hr/>	<hr/>	<hr/>
	2017		
	Fair value HK\$	Cost HK\$	% of net assets
Held for trading:			
- Listed equities	939,853,337	758,083,809	97.79
	<hr/>	<hr/>	<hr/>
- Derivative financial instruments (note 6)	(1,478)	-	-
	<hr/>	<hr/>	<hr/>

PineBridge Japan Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(b) Market price risk (Continued)

Net market exposures

The following table shows the net market exposure of the Fund to various markets, incorporating the underlying market risk through all financial assets and financial liabilities held by the Fund as at 31 December.

	2018 HK\$ equivalent	2017 HK\$ equivalent
Markets exposed to		
Japan	<u>1,239,012,361</u>	<u>939,853,337</u>

The following table shows the net exposures to sectors as at 31 December 2018 and 2017:

	2018 %	2017 %
Sectors exposed to		
Basic Materials	6	7
Communications	5	6
Consumer, Cyclical	23	25
Consumer, Non-cyclical	16	14
Energy	1	–
Financial	14	17
Industrial	28	24
Technology	7	7
	<u>100</u>	<u>100</u>

There were no investments issued by a single issuer with market value exceeding 10% of the Fund's net asset value as at 31 December 2018 and 2017.

The table below summarizes the impact on net assets attributable to unitholders as a result of increases/decreases of the key index to which the Fund is exposed. The analysis is based on the assumption that the index had increased/decreased by the respective percentage with all other variables held constant and the Fund's investments moved according to the historical correlation with the index.

	2018		2017	
	Change in market index %	Impact HK\$	Change in market index %	Impact HK\$
	+/-	+/-	+/-	+/-
TOPIX Index	14%	180,490,256	28%	273,773,665

The Manager has used their view of what would be a "reasonable shift" in the TOPIX Index, having regard to the historical volatility of the index, to estimate the change for use in the market price risk sensitivity analysis above.

Disclosures above are shown in absolute terms, changes and impacts could be positive or negative. Changes in market index % are revised annually depending on the Manager's current view of market volatility and other relevant factors.

PineBridge Japan Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(c) Cash flow interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The majority of the Fund's financial assets and financial liabilities are non-interest bearing, as the Fund invests mainly in listed equities. As a result, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents are invested at short-term market interest rates.

As at 31 December 2018, the Fund had bank balances of HK\$34,541,711 (2017: HK\$20,865,605) and is therefore exposed to cash flow interest rate risk which is considered by the Manager to be minimal as they are short-term instruments all with maturities less than one month.

As the Manager believes that the Fund has no significant interest rate risk exposure, no interest rate sensitivity analysis is disclosed.

(d) Credit and custody risk

The Fund is exposed to credit risk which is the risk that an issuer or counterparty will be unable or unwilling to pay amounts in full when due.

The Fund's financial assets which are potentially subject to concentrations of credit risk consist principally of cash and cash equivalents and assets held with the custodian. The table below summarizes the assets placed with banks and custodian at 31 December 2018 and 2017:

At 31 December 2018

	HK\$	Credit rating	Source of credit rating
<u>Custodian</u>			
Citibank, N.A.	1,239,012,361	P-1	Moody's
<u>Banks</u>			
Citibank, N.A.	9,977,011	P-1	Moody's
Dah Sing Bank Limited	24,564,700	P-1	Moody's

At 31 December 2017

	HK\$	Credit rating	Source of credit rating
<u>Custodian</u>			
Citibank, N.A.	939,853,337	P-1	Moody's
<u>Banks</u>			
Citibank, N.A.	10,489,805	P-1	Moody's
Dah Sing Bank Limited	10,375,800	P-2	Moody's

All derivative financial instruments represent outstanding foreign exchange contracts as disclosed in note 6. As at 31 December 2018, the Fund did not hold any derivative financial instruments. As at 31 December 2017, the counterparty of these foreign exchange contracts is State Street Bank, Hong Kong. The credit rating is P-1 (Moody's).

The maximum exposure to credit risk at year end is the carrying amount of the financial assets as shown on the statement of net assets.

PineBridge Japan Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(d) Credit and custody risk (Continued)

The Fund measures credit risk and ECL using probability of default, exposure at default and loss given default. The Manager and the Trustee of the Fund considers both historical analysis and forward looking information in determining any ECL.

None of the assets is impaired nor past due but not impaired.

All transactions in listed/quoted investments are settled/paid for upon delivery using approved and reputable brokers. The risk of default is considered minimal since delivery of securities sold is only made when the broker has received payment. Payment is made on a purchase when the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

The Fund limits its exposure to credit risk by transacting the majority of its securities and contractual commitment activities with broker-dealers, banks and regulated exchanges with high credit ratings and that the Fund considers to be well established.

The Manager and the Trustee of the Fund considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognized based on 12-month ECL as any such impairment would be wholly insignificant to the Fund.

(e) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in settling a liability, including a redemption request.

The Fund is exposed to daily cash redemptions of units in the Fund. The Fund invests the majority of its assets in investments that are traded in an active market and can be readily disposed of.

The table below analyzes the Fund's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the year end date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month HK\$	1-3 months HK\$	Over 3 months HK\$
At 31 December 2018			
Amounts payable on redemption	827,871	–	–
Accounts payable and accrued expenses	168,899	–	83,368
Total financial liabilities (excluding net settled derivatives)	996,770	–	83,368
	Less than 1 month HK\$	1-3 months HK\$	Over 3 months HK\$
At 31 December 2017			
Amounts payable on redemption	355,384	–	–
Accounts payable and accrued expenses	121,626	–	178,705
Total financial liabilities (excluding net settled derivatives)	477,010	–	178,705

All derivative financial instruments entered into by the Fund are settled on a net basis.

PineBridge Japan Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(e) Liquidity risk (Continued)

The table below analyzes the Fund's derivative financial instruments in a loss position for which the contractual maturities are considered to be essential to an understanding of the timing of cash flows based on the Fund's investment strategy.

At 31 December 2018

As at 31 December 2018, the Fund did not hold any derivative financial instruments.

	Less than 1 month HK\$	1 - 3 months HK\$	Over 3 months HK\$
At 31 December 2017			
<u>Net settled derivatives</u>			
Foreign exchange contracts	—	(1,478)	—

Units are redeemed on demand at the unitholder's option. At 31 December 2018 and 2017, no ultimate individual investor held more than 10% of the Fund's units.

As at 31 December 2018, the Fund held cash and cash equivalents of HK\$34,541,711 (2017: HK\$20,865,605) and liquid investments of HK\$1,239,012,361 (2017: HK\$939,853,337) that are expected to readily generate cash inflows within 1 month for managing liquidity risk.

(f) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

The Fund has both monetary and non-monetary assets and liabilities denominated in currencies other than Hong Kong dollar, the Fund's functional and presentation currency. The Fund is therefore exposed to currency risk, as the value of the assets and liabilities denominated in other currencies will fluctuate due to changes in foreign exchange rates. Details of foreign exchange contracts outstanding at the year end are disclosed in note 6.

The table below summarizes the Fund's net monetary and non-monetary exposure to different major currencies:

	2018 HK\$ equivalents	2017 HK\$ equivalents
Monetary items		
Japanese Yen	11,197,329	(269,052,580)
Non-monetary items		
Japanese Yen	1,239,012,361	939,853,337

Gross exposures to currency risk on foreign exchange contracts outstanding at the year end are disclosed in note 6.

PineBridge Japan Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(f) Currency risk (Continued)

The table below summarizes the impact on net assets attributable to unitholders as a result of increases/decreases of foreign exchange rates on the exposures tabled above, to which the Fund is exposed. The analysis is based on the assumption that the foreign exchange rates had increased/decreased by the respective percentage with all other variables held constant.

	2018	Impact	2017	Impact
	Change in foreign	HK\$	Change in foreign	HK\$
	exchange rates %	+/-	exchange rates %	+/-
	+/-	+/-	+/-	+/-
Monetary items				
Japanese Yen	2.0%	223,947	3.0%	(8,071,577)
Non-monetary items				
Japanese Yen	2.0%	24,780,247	3.0%	28,195,600

The Manager has used their view of what would be a “reasonable shift” in the foreign exchange rates, having regard to historical volatility of those rates, to estimate the change for use in the currency risk sensitivity analysis above.

Disclosures above are shown in absolute terms, changes and impacts could be positive or negative. Changes in foreign exchange rates % are revised annually depending on the Manager’s current view of market volatility and other relevant factors.

(g) Fair value estimation

The fair value of financial assets and financial liabilities traded in active markets (such as trading securities) are based on quoted market prices at the close of trading on the year end date. The Fund utilizes the last traded market price as its fair valuation inputs for both financial assets and financial liabilities.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm’s length basis.

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Fund for similar financial instruments.

HKFRS 13 requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (Level 2).
- Inputs for the asset or liability that are unobservable inputs (Level 3).

PineBridge Japan Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(g) Fair value estimation (Continued)

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes “observable” requires significant judgement by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table analyzes within the fair value hierarchy the Fund’s investments (by class) measured at fair value at 31 December 2018 and 2017:

At 31 December 2018

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Assets				
Financial assets at fair value through profit or loss:				
- Listed equities	1,239,012,361	–	–	1,239,012,361
Total assets	<u>1,239,012,361</u>	<u>–</u>	<u>–</u>	<u>1,239,012,361</u>

At 31 December 2017

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Assets				
Held for trading:				
- Listed equities	939,853,337	–	–	939,853,337
Total assets	<u>939,853,337</u>	<u>–</u>	<u>–</u>	<u>939,853,337</u>
Liabilities				
Held for trading:				
- Derivative financial instruments	–	(1,478)	–	(1,478)
Total liabilities	<u>–</u>	<u>(1,478)</u>	<u>–</u>	<u>(1,478)</u>

PineBridge Japan Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(g) Fair value estimation (Continued)

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities. The Fund does not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. These include foreign exchange contracts. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. As of 31 December 2018, the Fund did not hold any investments classified in level 2.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. As of 31 December 2018 and 2017, the Fund did not hold any investments classified in level 3.

There is no transfer between levels for the years ended 31 December 2018 and 2017.

Assets and liabilities included in the statement of net assets, except for investments and derivative financial instruments, are carried at amortized cost; their carrying values are a reasonable approximation of fair value.

(h) Capital risk management

The capital of the Fund is represented by the net assets attributable to unitholders. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unitholders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

In order to maintain or adjust the capital structure, the Fund's policy is to perform the following:

- monitor the level of daily subscriptions and redemptions relative to the liquid assets; and
- redeem and issue units in accordance with the Trust Deed of the Fund.

The Manager monitors capital on the basis of the value of net assets attributable to unitholders.

5. Net (losses)/gains on financial assets and financial liabilities at fair value through profit or loss

	2018	2017
	HK\$	HK\$
Change in unrealized gains/losses in value of financial assets and financial liabilities at fair value through profit or loss	(252,404,248)	155,417,217
Realized gains on sale of financial assets and financial liabilities at fair value through profit or loss	109,383,001	68,674,363
	<u>(143,021,247)</u>	<u>224,091,580</u>

PineBridge Japan Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

6. Derivative financial instruments

At 31 December 2018

As at 31 December 2018, the Fund did not hold any derivative financial instruments.

Derivative financial instruments represent outstanding foreign exchange contracts and are summarized below:

At 31 December 2017

<u>Contract to deliver</u>	<u>In exchange for</u>	<u>Settlement date</u>	<u>Fair value</u>
			HK\$
Open contracts:			
JPY4,027,870,000	HK\$280,238,642	22 March 2018	<u>(1,478)</u>

7. Taxation

(a) No provision for Hong Kong profits tax has been made as the Fund is authorized as a collective investment scheme under Section 104 of the Hong Kong Securities and Futures Ordinance and is therefore exempted from profits tax under Section 26A(1A) of the Hong Kong Inland Revenue Ordinance.

(b) Withholding tax was charged on certain dividend income received during the years.

8. Transactions with Associates/Connected Persons/Related Parties

Associates and connected persons are those as defined in the Mandatory Provident Fund Schemes Ordinance and the Code on Unit Trusts and Mutual Funds issued by the Securities and Futures Commission of Hong Kong.

Apart from the fees as disclosed below, the Fund allows the Manager and its associates/connected persons to subscribe for, and redeem, units in the Fund.

All transactions were entered into in the ordinary course of business and on normal commercial terms.

PineBridge Japan Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

8. Transactions with Associates/Connected Persons/Related Parties (Continued)

(a) Management fee

PineBridge Investments Hong Kong Limited, the Manager, is entitled to receive a management fee at 1.25% per annum, with a permitted maximum of 1.50% per annum, of the net asset value of the Standard units - Accumulation, being calculated daily and payable monthly in arrears.

No management fee is charged on the Provident Fund units.

No management fee is payable as at year end (2017: Nil).

(b) Trustee's fee

AIA Company (Trustee) Limited, the Trustee, is entitled to receive a trustee's fee at a permitted maximum of 0.05% per annum of the net asset value of the Fund, being calculated daily and payable monthly in arrears.

Trustee's fee payable as at year end amounted to HK\$53,908 (2017: HK\$41,290).

9. Custodian and administration fees

The Custodian and Administrator of the Fund is Citibank N.A., Hong Kong Branch and the Application and Redemption Agent of the Fund is Citicorp Financial Services Limited (collectively "Citibank"). Citibank is entitled to receive a custodian fee which comprises safekeeping and transaction fees of 0.025% per annum of the net asset value of the Fund and a transfer agency fee of US\$1,500 per month, with a total permitted maximum of 0.50% per annum. The safekeeping and transaction fee rate of 0.025% per annum is the maximum rate. Citibank is also entitled to receive an administrator fee of US\$1,000 per month.

Custodian and administration fees payable as at year end amounted to HK\$115,801 (2017: HK\$80,336).

10. Other expenses

Other expenses included a reversal of overprovision of certain expenses of HK\$31,450 during the year ended 31 December 2018.

11. Soft commission arrangements

During the year, the Manager and its associates/connected persons did not enter into any soft commission arrangements with brokers relating to dealing in the assets of the Fund (2017: Nil).

12. Distributions

No distribution was made during the year (2017: Nil).

13. Borrowings, contingent liabilities and commitments

The Fund had no borrowings, contingent liabilities and commitments as at 31 December 2018 and 2017.

14. Negotiability of assets

There were no statutory or contractual requirements restricting the free negotiability of assets held by the Fund as at 31 December 2018 and 2017.

15. Approval of financial statements

The financial statements were approved by the Trustee and the Manager on 12 April 2019.

PINEBRIDGE US EQUITY FUND
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2018

PineBridge US Equity Fund

Reports and Financial Statements For the year ended 31 December 2018

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PineBridge US Equity Fund

Management and Professional Service Details

Manager

PineBridge Investments Hong Kong Limited
Level 31, Three Pacific Place, 1 Queen's Road East
Hong Kong

Trustee

(effective from 13 October 2018)
AIA Company (Trustee) Limited
11th Floor, AIA Hong Kong Tower
734 King's Road, Quarry Bay
Hong Kong

(up to 12 October 2018)
2nd Floor, AIA Building, 1 Stubbs Road
Hong Kong

Administrator and Custodian

Citibank N.A., Hong Kong Branch
50th Floor, Champion Tower
Three Garden Road, Central
Hong Kong

Application and Redemption Agents

Citicorp Financial Services Limited
Citi Tower, One Bay East
83 Hoi Bun Road
Kwun Tong, Kowloon
Hong Kong

Auditor

Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

Legal Advisers

Deacons
5th Floor, Alexandra House
18 Chater Road
Central, Hong Kong

**PineBridge US Equity Fund
Manager's Report
For the year ended 31 December 2018**

Manager's Market Perspective

2018 Market Overview

The US equity markets continued to rally into the year 2018 as continued positive sentiment from tax reform and improving fundamentals of economic growth boosted investor confidence. In somewhat of a carryover effect, the optimism of tax reform passed into law in December of 2017 led to a sustained market rally in January as indices continued to push record highs. The US market underperformed in the month of February. The sell-off in equities from end of January intensified through the beginning of February as the S&P saw the worst daily performance since 2011 related to elevated volatility. The US equity markets overall had a strong quarter as the S&P ended the quarter in positive territory. The general theme seemed to be strength in underlying fundamentals signaling a continuously strong US economy while a series of disruptive geopolitical developments tapered index performance. In April, the talks of a global trade war eased as the rhetoric coming from China was not as harsh as expected given the Trump administration's language on tariffs. The market had the strongest month of the quarter in May as earnings led to outperformance over the period despite continued back and forth regarding a planned US-North Korea summit which eventually did take place over the quarter. Midterm elections came and went with minimal surprise as the election results of a Democratic house majority and a Republican senate were as expected. Consumer retail strength during the beginning of the holiday shopping season was also a positive for markets. December equity markets were volatile as a sell-off gained traction on concerns about the longer lasting effects of the US-China trade dispute as well as the near and medium term monetary path of the Fed.

2019 Market Outlook and Strategy

The continued political headache caused by the back and forth between the US and China may have taken a back seat to investor concerns that a global slowdown may be on the horizon and accelerate in the near term. While Trump continues to provide rhetoric on the progress of trade negotiations, the market has begun to take those comments in stride with index action indicating that participants are awaiting a more concrete development rather than reacting on individual statements. Looking ahead to 2019, most will focus on the Fed and any change in language indicating a change in the rate path and what that spells for the broader US economy given the data dependency stressed by Chairman Powell. On the current administration, with a Democratic majority in the House, the risk for political gridlock increases in 2019.

**PineBridge US Equity Fund
Investment Report
As at 31 December 2018**

INVESTMENT PORTFOLIO

	Holding shares	Market value HK\$	% of net assets
LISTED EQUITIES			
UNITED STATES OF AMERICA			
ABBVIE INC	92,606	66,841,630	1.72%
ABIOMED INC	17,496	44,524,563	1.14%
ACCENTURE PLC	24,022	26,520,589	0.68%
AES CORP	205,340	23,246,948	0.60%
ALLSTATE CORP	69,307	44,837,247	1.15%
ALPHABET INC CLASS A	2,048	16,755,358	0.43%
ALPHABET INC CLASS C	9,043	73,321,756	1.88%
ALTRIA GROUP INC	133,259	51,529,943	1.32%
AMAZON.COM INC	6,147	72,285,062	1.85%
AMERICAN NATIONAL INSURANCE CO	2,947	2,935,810	0.08%
AMETEK INC	75,351	39,939,422	1.02%
AMGEN INC	40,706	62,041,394	1.59%
APPLE INC	125,729	155,274,946	3.97%
AT&T INC	297,773	66,537,024	1.71%
ATHENAHEALTH INC	18,044	18,638,050	0.48%
AUTOZONE INC	6,365	41,777,523	1.07%
BANK OF AMERICA CORP	399,258	77,022,643	1.98%
BERKSHIRE HATHAWAY INC	69,000	110,302,760	2.82%
BIOGEN INC	20,327	47,890,396	1.23%
BOEING CO	27,798	70,188,726	1.80%
Booking Holdings INC	3,915	52,795,258	1.35%
BRISTOL-MYERS SQUIBB CO	94,144	38,313,604	0.98%
BURLINGTON STORES INC	31,181	39,711,985	1.02%
CAPITAL ONE FINANCIAL CORP	74,928	44,343,766	1.14%
CARDINAL HEALTH INC	81,904	28,599,870	0.73%
CH ROBINSON WORLDWIDE INC	61,165	40,269,053	1.03%
CHEVRON CORP	87,631	74,639,863	1.92%
CIGNA CORP	29,406	43,725,093	1.12%
CINEMARK HOLDINGS INC	38,159	10,695,574	0.27%
CISCO SYSTEMS INC	117,215	39,764,541	1.02%
CITIGROUP INC	68,621	27,969,538	0.72%
CITRIX SYSTEMS INC	12,990	10,420,477	0.27%
COLGATE-PALMOLIVE CO	98,067	45,699,337	1.17%
COMCAST CORP	89,708	23,915,110	0.61%
COMERICA INC	58,724	31,581,535	0.81%
CONAGRA BRANDS INC	163,412	27,328,090	0.70%
CONOCOPHILLIPS	12,595	6,148,352	0.16%
DELTA AIR LINES INC	105,323	41,147,917	1.06%
DOLLAR GENERAL CORP	10,977	9,288,660	0.24%
DXC TECHNOLOGY CO	17,340	7,218,382	0.19%
E*TRADE FINANCIAL CORP	90,320	31,029,490	0.80%
EASTMAN CHEMICAL CO	63,707	36,465,992	0.94%
EMERSON ELECTRIC CO	98,181	45,929,260	1.18%
ENTERGY CORP	41,679	28,086,213	0.72%

**PineBridge US Equity Fund
Investment Report
As at 31 December 2018**

INVESTMENT PORTFOLIO (CONTINUED)

	Holding shares	Market value HK\$	% of net assets
LISTED EQUITIES (CONTINUED)			
UNITED STATES OF AMERICA (CONTINUED)			
EXXON MOBIL CORP	84,455	45,088,952	1.16%
FACEBOOK INC	42,918	44,048,703	1.13%
FIFTH THIRD BANCORP	170,850	31,474,656	0.81%
FIRST CITIZENS BANCSHARES INC	11,119	32,823,793	0.84%
GILEAD SCIENCES INC	6,830	3,344,815	0.09%
HCA HEALTHCARE INC	25,329	24,679,538	0.63%
HEALTHSOUTH CORP	35,207	17,007,414	0.44%
HOME DEPOT INC	55,491	74,648,374	1.92%
HONEYWELL INTERNATIONAL INC	50,926	52,678,357	1.35%
HOST HOTELS & RESORTS INC	14,523	1,895,466	0.05%
HP INC	255,253	40,888,443	1.05%
HUNTINGTON INGALLS INDUSTRIES INC	22,926	34,159,695	0.88%
ICU MEDICAL INC	13,298	23,907,769	0.61%
ILLUMINA INC	1,083	2,543,153	0.07%
INTEL CORP	210,091	77,193,741	1.98%
INTERNATIONAL BUSINESS MACHINES CORP	63,279	56,315,709	1.45%
INTUIT INC	30,856	47,555,323	1.22%
JAZZ PHARMACEUTICALS PLC	34,310	33,298,631	0.85%
JOHNSON & JOHNSON	24,767	25,023,929	0.64%
JPMORGAN CHASE & CO	113,114	86,452,838	2.22%
LEAR CORP	31,369	30,174,166	0.77%
LULULEMON ATHLETICA INC	34,828	33,160,564	0.85%
LYONDELLBASELL INDUSTRIES NV	63,297	41,211,811	1.06%
MARATHON PETROLEUM CORP	84,279	38,937,591	1.00%
MASTERCARD INC	46,103	68,094,194	1.75%
MEDTRONIC PLC	14,602	10,398,888	0.27%
MICROSOFT CORP	162,480	129,208,014	3.31%
NATIONAL OILWELL VARCO INC	138,976	27,963,854	0.72%
NORFOLK SOUTHERN CORP	39,751	46,540,337	1.19%
NUCOR CORP	94,063	38,155,444	0.98%
OCCIDENTAL PETROLEUM CORP	71,428	34,325,705	0.88%
OMNICOM GROUP INC	70,766	40,578,601	1.04%
PACKAGING CORP OF AMERICA	16,995	11,105,130	0.28%
PALO ALTO NETWORKS INC	24,873	36,679,033	0.94%
PEPSICO INC	75,977	65,718,841	1.69%
PFIZER INC	20,105	6,870,881	0.18%
PHILLIPS 66	59,927	40,420,521	1.04%
PROCTER & GAMBLE CO	3,963	2,852,057	0.07%
PROGRESSIVE CORP	90,578	42,783,877	1.10%
RAYTHEON CO	7,120	8,548,460	0.22%
REGIONS FINANCIAL CORP	5,354	560,865	0.01%
SHERWIN-WILLIAMS CO/THE	14,951	46,056,923	1.18%
SIMON PROPERTY GROUP INC	35,199	46,295,400	1.19%
SUNTRUST BANKS INC	10,845	4,282,809	0.11%

**PineBridge US Equity Fund
Investment Report
As at 31 December 2018**

INVESTMENT PORTFOLIO (CONTINUED)

	Holding shares	Market value HK\$	% of net assets
LISTED EQUITIES (CONTINUED)			
UNITED STATES OF AMERICA (CONTINUED)			
SYSCO CORP	87,575	42,963,002	1.10%
TARGET CORP	76,196	39,426,844	1.01%
TEXAS INSTRUMENTS INC	15,317	11,332,601	0.29%
UNITEDHEALTH GROUP INC	2,974	5,800,610	0.15%
VERIZON COMMUNICATIONS INC	6,678	2,939,418	0.08%
VIACOM INC	168,697	33,944,121	0.87%
VISA INC	78,023	80,597,805	2.07%
WAL-MART STORES INC	35,949	26,217,650	0.67%
WW GRAINGER INC	17,790	39,328,122	1.01%
ZOETIS INC	24,891	16,670,003	0.43%
TOTAL UNITED STATES OF AMERICA		<u>3,802,672,191</u>	<u>97.57%</u>
LISTED INVESTMENT FUNDS			
UNITED STATES OF AMERICA			
SPDR S&P500 ETF TRUST	42,566	83,289,056	2.14%
TOTAL UNITED STATES OF AMERICA		<u>83,289,056</u>	<u>2.14%</u>
TOTAL INVESTMENTS*		<u>3,885,961,247</u>	<u>99.71%</u>
TOTAL INVESTMENTS, AT COST*		<u>3,968,698,542</u>	

* Investments are accounted for on a trade date basis

**PineBridge US Equity Fund
Investment Report
For the year ended 31 December 2018**

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO

	Holdings			31 December 2018 Shares
	1 January 2018 Shares	Additions Shares	Deductions Shares	
LISTED EQUITIES				
UNITED STATES OF AMERICA				
ABBVIE INC	11,927	117,621	(36,942)	92,606
ABIOMED INC	–	23,663	(6,167)	17,496
ACCENTURE PLC	–	26,436	(2,414)	24,022
ACTIVISION BLIZZARD INC	–	122,658	(122,658)	–
ADOBE SYSTEMS INC	53,488	–	(53,488)	–
AES CORP	128,088	138,433	(61,181)	205,340
AFLAC INC	–	3,472	(3,472)	–
ALLSTATE CORP	76,492	21,489	(28,674)	69,307
ALPHABET INC CLASS A	2,606	3,720	(4,278)	2,048
ALPHABET INC CLASS C	15,698	10,977	(17,632)	9,043
ALTRIA GROUP INC	158,212	20,812	(45,765)	133,259
AMAZON.COM INC	6,320	2,543	(2,716)	6,147
AMERICAN INTERNATIONAL GROUP INC	–	85,623	(85,623)	–
AMERICAN NATIONAL INSURANCE CO	–	3,098	(151)	2,947
AMERIPRISE FINANCIAL INC	46,839	8,802	(55,641)	–
AMERISOURCEBERGEN CORP	3,705	–	(3,705)	–
AMETEK INC	–	97,803	(22,452)	75,351
AMGEN INC	62,594	1,231	(23,119)	40,706
ANTHEM INC	24,040	4,014	(28,054)	–
APPLE INC	200,465	–	(74,736)	125,729
ARCHER-DANIELS-MIDLAND CO	162,879	–	(162,879)	–
AT&T INC	344,133	498,683	(545,043)	297,773
ATHENAHEALTH INC	–	19,857	(1,813)	18,044
AUTOZONE INC	–	9,061	(2,696)	6,365
AVALONBAY COMMUNITIES INC	43,282	–	(43,282)	–
AVERY DENNISON CORP	–	70,951	(70,951)	–
BANK OF AMERICA CORP	59,386	458,328	(118,456)	399,258
BAXTER INTERNATIONAL INC	122,901	–	(122,901)	–
BB&T CORP	–	78,923	(78,923)	–
BERKSHIRE HATHAWAY INC	23,597	164,994	(119,591)	69,000
BIOGEN INC	–	33,009	(12,682)	20,327
BLACKROCK INC	–	11,337	(11,337)	–
BOEING CO	41,292	1,610	(15,104)	27,798
BOOKING HOLDINGS INC	–	5,348	(1,433)	3,915
BRISTOL-MYERS SQUIBB CO	–	121,765	(27,621)	94,144
BROADCOM LTD	38,816	–	(38,816)	–
BURLINGTON STORES INC	–	45,920	(14,739)	31,181
CAPITAL ONE FINANCIAL CORP	–	93,909	(18,981)	74,928
CARDINAL HEALTH INC	–	101,237	(19,333)	81,904
CATERPILLAR INC	66,587	69,793	(136,380)	–
CBOE GLOBAL MARKETS INC	–	10,275	(10,275)	–
CENTERPOINT ENERGY INC	–	100,016	(100,016)	–
CERNER CORP	–	86,879	(86,879)	–
CH ROBINSON WORLDWIDE INC	–	63,419	(2,254)	61,165

**PineBridge US Equity Fund
Investment Report
For the year ended 31 December 2018**

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (CONTINUED)

	Holdings			31 December 2018 Shares
	1 January 2018 Shares	Additions Shares	Deductions Shares	
LISTED EQUITIES (CONTINUED)				
UNITED STATES OF AMERICA (CONTINUED)				
CHARTER COMMUNICATIONS INC	22,706	–	(22,706)	–
CHEVRON CORP	117,792	5,946	(36,107)	87,631
CIGNA CORP	41,922	9,682	(22,198)	29,406
CINEMARK HOLDINGS INC	–	41,994	(3,835)	38,159
CISCO SYSTEMS INC	–	152,140	(34,925)	117,215
CITIGROUP INC	141,079	68,621	(141,079)	68,621
CITRIX SYSTEMS INC	–	13,655	(665)	12,990
CLOROX CO	4,204	–	(4,204)	–
COGNIZANT TECHNOLOGY SOLUTIONS CORP	–	106,694	(106,694)	–
COLGATE-PALMOLIVE CO	–	134,850	(36,783)	98,067
COMCAST CORP	–	116,436	(26,728)	89,708
COMERICA INC	88,532	–	(29,808)	58,724
CONAGRA BRANDS INC	200,537	32,566	(69,691)	163,412
CONOCOPHILLIPS	–	95,887	(83,292)	12,595
CORNING INC	230,886	–	(230,886)	–
CREDIT ACCEPTANCE CORP	–	1,788	(1,788)	–
CSX CORP	–	155,659	(155,659)	–
CVS HEALTH CORP	103,369	–	(103,369)	–
DELTA AIR LINES INC	–	143,672	(38,349)	105,323
DOLLAR GENERAL CORP	–	12,877	(1,900)	10,977
DR PEPPER SNAPPLE GROUP INC	49,939	–	(49,939)	–
DXC TECHNOLOGY CO	–	21,497	(4,157)	17,340
E*TRADE FINANCIAL CORP	150,585	–	(60,265)	90,320
EAST WEST BANCORP INC	75,248	–	(75,248)	–
EASTMAN CHEMICAL CO	–	82,194	(18,487)	63,707
ELI LILLY & CO	111,853	9,692	(121,545)	–
EMERSON ELECTRIC CO	–	98,181	–	98,181
ENTERGY CORP	90,121	48,259	(96,701)	41,679
ESSEX PROPERTY TRUST INC	29,041	–	(29,041)	–
EXPRESS SCRIPTS HOLDING CO	83,764	8,938	(92,702)	–
EXXON MOBIL CORP	141,122	63,366	(120,033)	84,455
FACEBOOK INC	112,632	2,426	(72,140)	42,918
FIDELITY NATIONAL INFORMATION SERVICES INC	–	80,450	(80,450)	–
FIFTH THIRD BANCORP	221,756	–	(50,906)	170,850
FIRST CITIZENS BANCSHARES INC	–	11,984	(865)	11,119
FIRSTENERGY CORP	215,333	–	(215,333)	–
GARRETT MOTION INC	–	6,255	(6,255)	–
GENERAL DYNAMICS CORP	44,254	–	(44,254)	–
GENERAL ELECTRIC CO	341,334	–	(341,334)	–
GENERAL MILLS INC	142,419	–	(142,419)	–
GILEAD SCIENCES INC	–	7,179	(349)	6,830
GRAHAM HOLDINGS CO	–	4,937	(4,937)	–
HANOVER INSURANCE GROUP INC	–	20,824	(20,824)	–
HCA HEALTHCARE INC	–	25,329	–	25,329

PineBridge US Equity Fund
Investment Report
For the year ended 31 December 2018

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (CONTINUED)

	Holdings			31 December 2018 Shares
	1 January 2018 Shares	Additions Shares	Deductions Shares	
LISTED EQUITIES (CONTINUED)				
UNITED STATES OF AMERICA (CONTINUED)				
HEALTHSOUTH CORP	–	38,745	(3,538)	35,207
HERSHEY CO	–	3,233	(3,233)	–
HOME DEPOT INC	46,191	30,347	(21,047)	55,491
HONEYWELL INTERNATIONAL INC	–	68,723	(17,797)	50,926
HOST HOTELS & RESORTS INC	–	18,005	(3,482)	14,523
HP INC	337,463	–	(82,210)	255,253
HUNTINGTON INGALLS INDUSTRIES INC	–	61,132	(38,206)	22,926
ICU MEDICAL INC	–	14,433	(1,135)	13,298
ILLUMINA INC	–	1,138	(55)	1,083
INGERSOLL-RAND PLC	82,980	–	(82,980)	–
INTEL CORP	115,950	456,739	(362,598)	210,091
INTERNATIONAL BUSINESS MACHINES CORP	73,274	76,115	(86,110)	63,279
INTERNATIONAL PAPER CO	–	146,013	(146,013)	–
INTUIT INC	44,299	8,063	(21,506)	30,856
INTUITIVE SURGICAL INC	21,270	–	(21,270)	–
JAZZ PHARMACEUTICALS PLC	–	37,758	(3,448)	34,310
JOHNSON & JOHNSON	35,087	15,252	(25,572)	24,767
JONES LANG LASALLE INC	–	38,440	(38,440)	–
JPMORGAN CHASE & CO	42,050	119,034	(47,970)	113,114
KIMBERLY-CLARK CORP	64,984	–	(64,984)	–
KRAFT HEINZ CO	–	5,990	(5,990)	–
LAM RESEARCH CORP	–	20,318	(20,318)	–
LAS VEGAS SANDS CORP	100,524	–	(100,524)	–
LEAR CORP	38,845	5,898	(13,374)	31,369
LEUCADIA NATIONAL CORP	275,589	–	(275,589)	–
LINCOLN NATIONAL CORP	26,752	–	(26,752)	–
LOCKHEED MARTIN CORP	–	20,427	(20,427)	–
LOEWS CORP	136,936	–	(136,936)	–
LOWE'S COS INC	56,002	–	(56,002)	–
LULULEMON ATHLETICA INC	–	53,845	(19,017)	34,828
LYONDELLBASELL INDUSTRIES NV	76,486	17,881	(31,070)	63,297
MANPOWERGROUP INC	25,041	–	(25,041)	–
MARATHON PETROLEUM CORP	15,529	110,868	(42,118)	84,279
MASTERCARD INC	–	63,564	(17,461)	46,103
MCDONALD'S CORP	–	57,922	(57,922)	–
MCKESSON CORP	–	59,480	(59,480)	–
MEDTRONIC PLC	–	142,009	(127,407)	14,602
MERCK & CO INC	193,171	–	(193,171)	–
MICROSOFT CORP	158,343	45,340	(41,203)	162,480
MONSTER BEVERAGE CORP	–	48,933	(48,933)	–
NATIONAL OILWELL VARCO INC	–	169,344	(30,368)	138,976
NORFOLK SOUTHERN CORP	–	39,751	–	39,751
NUCOR CORP	–	114,210	(20,147)	94,063
NXP SEMICONDUCTORS NV	–	61,543	(61,543)	–

**PineBridge US Equity Fund
Investment Report
For the year ended 31 December 2018**

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (CONTINUED)

	Holdings			31 December 2018 Shares
	1 January 2018 Shares	Additions Shares	Deductions Shares	
LISTED EQUITIES (CONTINUED)				
UNITED STATES OF AMERICA (CONTINUED)				
OCCIDENTAL PETROLEUM CORP	–	71,428	–	71,428
OMNICOM GROUP INC	91,420	111,137	(131,791)	70,766
PACCAR INC	–	67,691	(67,691)	–
PACKAGING CORP OF AMERICA	–	22,058	(5,063)	16,995
PALO ALTO NETWORKS INC	–	36,129	(11,256)	24,873
PAYPAL HOLDINGS INC	87,171	–	(87,171)	–
PEPSICO INC	–	154,326	(78,349)	75,977
PFIZER INC	–	250,799	(230,694)	20,105
PHILLIPS 66	–	73,540	(13,613)	59,927
PRINCIPAL FINANCIAL GROUP INC	109,230	–	(109,230)	–
PROCTER & GAMBLE CO	23,317	88,170	(107,524)	3,963
PROGRESSIVE CORP	–	123,268	(32,690)	90,578
PRUDENTIAL FINANCIAL INC	74,441	9,466	(83,907)	–
RAYTHEON CO	–	7,484	(364)	7,120
RED HAT INC	–	58,920	(58,920)	–
REGIONS FINANCIAL CORP	6,638	–	(1,284)	5,354
REPUBLIC SERVICES INC	114,313	4,120	(118,433)	–
RESIDEO TECHNOLOGIES INC	–	9,341	(9,341)	–
ROSS STORES INC	105,333	–	(105,333)	–
ROYAL CARIBBEAN CRUISES LTD	61,975	–	(61,975)	–
SCRIPPS NETWORKS INTERACTIVE INC	33,374	–	(33,374)	–
SHERWIN-WILLIAMS CO/THE	–	18,809	(3,858)	14,951
SIMON PROPERTY GROUP INC	48,488	20,520	(33,809)	35,199
SKYWORKS SOLUTIONS INC	66,683	–	(66,683)	–
SPECTRUM BRANDS HOLDINGS INC	49,304	–	(49,304)	–
SUNTRUST BANKS INC	–	12,722	(1,877)	10,845
SYSCO CORP	25,637	107,670	(45,732)	87,575
TARGET CORP	79,454	30,447	(33,705)	76,196
TEXAS INSTRUMENTS INC	100,631	16,101	(101,415)	15,317
TIME WARNER INC	100,659	–	(100,659)	–
TJX COS INC	114,850	–	(114,850)	–
T-MOBILE US INC	113,101	2,529	(115,630)	–
TWENTY-FIRST CENTURY FOX INC	225,634	–	(225,634)	–
UNITED CONTINENTAL HOLDINGS INC	78,591	–	(78,591)	–
UNITED RENTALS INC	9,190	–	(9,190)	–
UNITEDHEALTH GROUP INC	61,848	1,538	(60,412)	2,974
US BANCORP	101,217	81,762	(182,979)	–
VALERO ENERGY CORP	94,018	715	(94,733)	–
VARIAN MEDICAL SYSTEMS INC	–	6,015	(6,015)	–
VERIZON COMMUNICATIONS INC	–	7,885	(1,207)	6,678
VIACOM INC	–	265,571	(96,874)	168,697
VISA INC	119,016	–	(40,993)	78,023
VISTRA ENERGY CORP	–	146,039	(146,039)	–
WALGREENS BOOTS ALLIANCE INC	124,574	–	(124,574)	–

PineBridge US Equity Fund
Investment Report
For the year ended 31 December 2018

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (CONTINUED)

	Holdings			31 December 2018
	1 January 2018	Additions	Deductions	
	Shares	Shares	Shares	
LISTED EQUITIES (CONTINUED)				
UNITED STATES OF AMERICA (CONTINUED)				
WAL-MART STORES INC	–	46,661	(10,712)	35,949
WALT DISNEY CO	–	54,611	(54,611)	–
WASTE MANAGEMENT INC	–	95,146	(95,146)	–
WATERS CORP	–	39,255	(39,255)	–
WELLS FARGO & CO	19,782	8,470	(28,252)	–
WESTERN DIGITAL CORP	–	77,554	(77,554)	–
WW GRAINGER INC	–	25,480	(7,690)	17,790
WYNDHAM DESTINATIONS INC	–	27,624	(27,624)	–
WYNDHAM HOTELS & RESORTS INC	–	27,624	(27,624)	–
ZEBRA TECHNOLOGIES CORP	20,202	8,684	(28,886)	–
ZOETIS INC	–	97,740	(72,849)	24,891
LISTED INVESTMENT FUNDS				
UNITED STATES OF AMERICA				
SPDR S&P500 ETF TRUST	53,675	519,286	(530,395)	42,566

PineBridge US Equity Fund
Investment Report
For the year ended 31 December 2018

PineBridge US Equity Fund (the “Fund”) is a unit trust governed by its Trust Deed dated 10 August 1998, as amended, supplemented and restated. The Fund is managed in accordance with the distinct investment policy. Pursuant to the Unitholder Notice and the Offering Document dated 25 January 2018, the investment policy has been amended with effect from 25 January 2018. The amendments were made to clarify and enhance the investment objectives and policies of the Fund. The investment style, investment philosophy and risk profile of the Fund will remain the same.

Investment objectives and policies

The Fund seeks to provide capital appreciation through a managed portfolio of shares in US Companies.

	2018	2017	2016
	HK\$	HK\$	HK\$
Investments and investment income			
Total value of investments	3,885,961,247	5,673,611,249	5,147,792,388
Interest on bank deposits	114,331	27,367	9,251
Dividend income (net of withholding tax)	61,375,097	79,430,404	55,975,702
Net foreign currency gains	228,081	967,082	305,762
Net income excluding capital (depreciation)/appreciation	51,597,712	69,377,091	47,124,124
Net (depreciation)/appreciation of financial assets and financial liabilities at fair value through profit or loss			
- realized and unrealized	(224,735,319)	1,113,399,215	328,008,506

Performance table

Net asset value

	Total net asset value	Net asset value per unit
	HK\$	HK\$
Provident Fund units		
2018	3,897,115,458	27.58
2017	5,689,661,023	29.37
2016	5,170,886,377	23.71

**PineBridge US Equity Fund
Investment Report
For the year ended 31 December 2018**

Performance table (Continued)

Performance record for the past 10 years

	Highest issue price per unit HK\$	Lowest redemption price per unit HK\$	Annualized investment return (Note 1) %
Provident Fund units			
2018	32.60	25.85	(6.09)
2017	29.52	23.93	23.87
2016	24.09	19.19	11.00
2015	22.46	19.41	(0.47)
2014	21.82	18.06	13.31
2013	18.94	14.41	34.02
2012	14.34	12.11	18.39
2011	12.62	10.27	4.33
2010	11.45	9.31	15.01
2009	10.07	5.98	25.99

Note 1: The annualized investment return is calculated by comparing the net asset value per unit at the year end against the net asset value per unit at the beginning of the year.

Note 2: No Standard units were issued by the Fund since the year ended 31 December 2003. The “Standard units” have been renamed to “Standard units - Accumulation” with effect from 27 June 2013.

Commentary by the Trustee

Based on the information received from the Manager of the Fund during the year, the Trustee of the Fund confirmed, to the best of its knowledge and belief, that the investment objectives and policies for the Fund were complied with.

**PineBridge US Equity Fund
Trustee's Report
For the year ended 31 December 2018**

We hereby confirm that, in our opinion, the Manager of the Fund has, in all material respects, managed the Fund for the year ended 31 December 2018 in accordance with the provisions of the Trust Deed dated 10 August 1998, as amended, supplemented and restated.

On behalf of
AIA Company (Trustee) Limited

Director

12 April 2019

Director

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF PINEBRIDGE US EQUITY FUND (THE "FUND")

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of PineBridge US Equity Fund (the "Fund") set out on pages 17 to 39, which comprise the statement of net assets as at 31 December 2018, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at 31 December 2018, and of its financial transactions and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") and with reference to Practice Note 860.1 (Revised), The Audit of Retirement Schemes issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Fund in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information included in the Reports and Financial Statements

The Manager and the Trustee of the Fund are responsible for the other information. The other information comprises the information included in the Reports and Financial Statements, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager and Trustee and those charged with governance for the financial statements

The Manager and the Trustee of the Fund are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA, and for such internal control as the Manager and the Trustee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager and the Trustee of the Fund are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager and the Trustee of the Fund either intend to liquidate the Fund or to cease operations or have no realistic alternative but to do so.

The Manager and the Trustee of the Fund are required to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the constitutive documents of the Fund ("the Constitutive Documents"), the Mandatory Provident Fund Schemes Ordinance ("the MPFSO"), the Mandatory Provident Fund Schemes (General) Regulation ("the General Regulation"), the Code on MPF Investment Funds ("the MPF Code"), and Guidelines II.5 issued by the Mandatory Provident Fund Schemes Authority ("the MPFA") and the Code on Unit Trusts and Mutual Funds ("the Code") issued by the Hong Kong Securities and Futures Commission ("the SFC").

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEE OF PINEBRIDGE US EQUITY FUND (THE "FUND")
(CONTINUED)**

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. In addition, we are required to assess whether the financial statements of the Fund have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Constitutive Documents, the MPFSO, the General Regulation, the MPF Code and Guidelines II.5 issued by the MPFA and the Code issued by the SFC.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager and the Trustee
- Conclude on the appropriateness of the Manager and the Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEE OF PINEBRIDGE US EQUITY FUND (THE "FUND")
(CONTINUED)**

Report on matters under the relevant disclosure provisions of the Constitutive Documents, the MPFSO, the General Regulation, the MPF Code, and Guidelines II.5 issued by the MPFA and the Code issued by the SFC

- (a) In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Constitutive Documents, the MPFSO, the General Regulation, the MPF Code and Guidelines II.5 issued by the MPFA and the Code issued by the SFC; and
- (b) We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purpose of our audit.

Certified Public Accountants
Hong Kong
12 April 2019

PineBridge US Equity Fund
Statement of Net Assets
As at 31 December 2018

	Note	2018 HK\$	2017 HK\$
Assets			
Current assets			
Financial assets at fair value through profit or loss			
Investments	4(b)	3,885,961,247	5,673,611,249
Derivative financial instruments	4(b), 6	20	–
Interest receivable		347	455
Dividends receivable		3,923,479	5,427,898
Amounts receivable on subscription		2,144,258	5,196,281
Cash and cash equivalents		8,810,791	7,932,885
Total assets		<u>3,900,840,142</u>	<u>5,692,168,768</u>
Liabilities			
Current liabilities			
Financial liabilities at fair value through profit or loss			
Derivative financial instruments	4(b), 6	–	265
Amounts payable on redemption		3,261,126	1,742,351
Accounts payable and accrued expenses		463,558	765,129
Total liabilities		<u>3,724,684</u>	<u>2,507,745</u>
Equity			
Net assets attributable to unitholders	3	<u>3,897,115,458</u>	<u>5,689,661,023</u>

On behalf of
AIA Company (Trustee) Limited

On behalf of
PineBridge Investments
Hong Kong Limited

Director

Director

Director

The notes on pages 21 to 39 are an integral part of these financial statements.

PineBridge US Equity Fund
Statement of Comprehensive Income
For the year ended 31 December 2018

	Note	2018 HK\$	2017 HK\$
Income			
Interest on bank deposits		114,331	27,367
Dividend income		103,277,404	110,598,771
Net (losses)/gains on financial assets and financial liabilities at fair value through profit or loss	5	(224,735,319)	1,113,399,215
Net foreign currency gains		228,081	967,082
Other income		—	204,892
Total investment (loss)/income		<u>(121,115,503)</u>	<u>1,225,197,327</u>
Expenses			
Trustee's fee	8(b)	2,691,237	2,760,690
Custodian and administration fees	9	803,558	808,840
Audit fee		128,568	128,018
Bank charges		948	1,250
Legal and professional fees		1,802	15,581
Other expenses	11	(44,764)	288,023
Transaction costs		6,538,448	7,250,252
Total operating expenses		<u>10,119,797</u>	<u>11,252,654</u>
Net (loss)/profit before tax		(131,235,300)	1,213,944,673
Withholding tax	7(b)	<u>(41,902,307)</u>	<u>(31,168,367)</u>
Total comprehensive (loss)/income		<u>(173,137,607)</u>	<u>1,182,776,306</u>

The notes on pages 21 to 39 are an integral part of these financial statements.

PineBridge US Equity Fund
Statement of Changes in Equity
For the year ended 31 December 2018

	Note	2018 HK\$	2017 HK\$
Balance at the beginning of the year		<u>5,689,661,023</u>	<u>5,170,886,377</u>
Issue of units	3	1,023,305,169	1,000,766,606
Redemption of units	3	(2,642,713,127)	(1,664,768,266)
Net decrease from unit transactions		<u>(1,619,407,958)</u>	<u>(664,001,660)</u>
Total comprehensive (loss)/income		<u>(173,137,607)</u>	<u>1,182,776,306</u>
Balance at the end of the year		<u>3,897,115,458</u>	<u>5,689,661,023</u>

The notes on pages 21 to 39 are an integral part of these financial statements.

PineBridge US Equity Fund
Statement of Cash Flows
For the year ended 31 December 2018

	2018	2017
	HK\$	HK\$
Cash flows from operating activities		
Total comprehensive (loss)/income	(173,137,607)	1,182,776,306
Adjustment for:		
Dividend income	(103,277,404)	(110,598,771)
Interest on bank deposits	(114,331)	(27,367)
Withholding tax	41,902,307	31,168,367
Operating (loss)/profit before working capital changes	(234,627,035)	1,103,318,535
Net decrease/(increase) in investments	1,787,650,002	(525,818,861)
Net change in derivative financial instruments	(285)	(609,391)
Net decrease in amounts payable to brokers	–	(676,952,215)
Net decrease in accounts payable and accrued expenses	(301,571)	(148,737)
Cash generated from/(used in) operations	1,552,721,111	(100,210,669)
Dividend income received	62,879,516	78,343,126
Interest on bank deposits received	114,439	27,445
Net cash generated from/(used in) operating activities	1,615,715,066	(21,840,098)
Cash flows from financing activities		
Proceeds from issue of units	1,026,357,192	1,677,170,379
Payments on redemption of units	(2,641,194,352)	(1,664,036,012)
Net cash (used in)/generated from financing activities	(1,614,837,160)	13,134,367
Net increase/(decrease) in cash and cash equivalents	877,906	(8,705,731)
Cash and cash equivalents at the beginning of the year	7,932,885	16,638,616
Cash and cash equivalents at the end of the year	8,810,791	7,932,885
Analysis of balance of cash and cash equivalents		
Cash at banks	378,591	1,005,785
Short-term deposits	8,432,200	6,927,100
	8,810,791	7,932,885

The notes on pages 21 to 39 are an integral part of these financial statements.

PineBridge US Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

1. The Fund

PineBridge US Equity Fund (the “Fund”) is a unit trust governed by its Trust Deed dated 10 August 1998, as amended, supplemented and restated. The Fund has been authorized by the Securities and Futures Commission of Hong Kong and approved by the Mandatory Provident Fund Schemes Authority of Hong Kong.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss (FVPL).

The preparation of financial statements in conformity with HKFRS requires the Trustee and Manager to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

New and amended standards that are effective in the current year and have been adopted by the Fund

The Fund applied, for the first time, certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2018.

The nature and the impact of each new standard and amendment is described below:

HKFRS 9 *Financial Instruments*

The Fund adopted HKFRS 9 Financial Instruments on its effective date of 1 January 2018. HKFRS 9 replaces *HKAS 39 Financial Instruments: Recognition and Measurement* and introduces new requirements for classification and measurement, impairment and hedge accounting. HKFRS 9 is not applicable to items that have already been derecognized at 1 January 2018, the date of initial application.

2. Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

(i) Classification and measurement

The Fund has assessed the classification of financial instruments as at the date of initial application and has applied such classification retrospectively. Based on that assessment:

- All financial assets previously held at fair value continue to be measured at fair value.
- Debt instruments and equity instruments, other than investments in subsidiaries and associates, are acquired for the purpose of generating short-term profit. Therefore, they meet the held-for-trading criteria and are required to be measured at FVPL.
- Financial assets previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. Thus, such instruments continue to be measured at amortized cost under HKFRS 9.
- The classification of financial liabilities under HKFRS 9 remains broadly the same as under HKAS 39. The main impact on measurement from the classification of liabilities under HKFRS 9 relates to the element of gains or losses for financial liabilities designated as at FVPL attributable to changes in credit risk. HKFRS 9 requires that such element be recognized in other comprehensive income (OCI), unless this treatment creates or enlarges an accounting mismatch in profit or loss, in which case, all gains and losses on that liability (including the effects of changes in credit risk) should be presented in profit or loss. The Fund has not designated any financial liabilities at FVPL. Therefore, this requirement has not had an impact on the Fund.

(ii) Impairment

HKFRS 9 requires the Fund to record Expected Credit Losses (“ECL”) on all of its financial assets measured at amortized cost, either on a 12-month or lifetime basis. The Fund’s investments and derivative financial instruments are not subject to HKFRS 9’s impairment requirements as they are measured at FVPL. The Fund holds amortized cost financial assets, including interest receivable, dividends receivable, amounts receivable on subscription and cash and cash equivalents. The Fund measures the loss allowance at an amount equal to 12-month ECL on its amortized cost financial assets.

(iii) Hedge accounting

The Fund has not applied hedge accounting under HKAS 39 nor will it apply hedge accounting under HKFRS 9.

Impact of adoption of HKFRS 9

The classification and measurement requirements of HKFRS 9 have been adopted retrospectively as of the date of initial application on 1 January 2018, however, the Fund has chosen to take advantage of the option not to restate comparatives. Therefore, the 2017 figures are presented and measured under HKAS 39. The following table shows the original measurement categories in accordance with HKAS 39 and the new measurement categories under HKFRS 9 for the Fund’s financial assets and financial liabilities as at 1 January 2018.

PineBridge US Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

2. Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

Impact of adoption of HKFRS 9 (Continued)

Financial assets

1 January 2018	HKAS 39 classification	HKAS 39 measurement HK\$	HKFRS 9 classification	HKFRS 9 measurement HK\$
Investments	Held for trading at FVPL	5,673,611,249	FVPL	5,673,611,249
Interest receivable	Loans and receivables	455	Amortized cost	455
Dividends receivable	Loans and receivables	5,427,898	Amortized cost	5,427,898
Amounts receivable on subscription	Loans and receivables	5,196,281	Amortized cost	5,196,281
Cash and cash equivalents	Loans and receivables	7,932,885	Amortized cost	7,932,885

Financial Liabilities

1 January 2018	HKAS 39 classification	HKAS 39 measurement HK\$	HKFRS 9 classification	HKFRS 9 measurement HK\$
Derivative financial instruments	Held for trading at FVPL	265	FVPL	265
Amounts payable on redemption	Other financial liabilities	1,742,351	Amortized cost	1,742,351
Accounts payable and accrued expenses	Other financial liabilities	765,129	Amortized cost	765,129

In line with the characteristics of the Fund's financial instruments as well as its approach to their management, the Fund neither revoked nor made any new designations on the date of initial application. HKFRS 9 has not resulted in changes in the carrying amount of the Fund's financial instruments due to changes in measurement categories. All financial assets that were classified as FVPL under HKAS 39 are still classified as FVPL under HKFRS 9. All financial assets that were classified as loans and receivables and measured at amortized cost continue to be.

In addition, the application of the ECL mode under HKFRS 9 has not significantly changed the carrying amounts of the Fund's amortized cost financial assets. At the reporting date, the credit risk of the Fund's amortized cost financial assets were low or have not increased significantly since initial recognition. No loss allowance has been recognized based on 12-month ECL under HKFRS 9. There was no impairment recorded under HKAS39.

The carrying amounts of amortized cost instruments continued to approximate these instruments' fair values on the date of transition after transitioning to HKFRS 9.

HKFRS 15 Revenue from contracts with customers

The Fund adopted HKFRS 15 Revenue from contracts with customers on its effective date of 1 January 2018. HKFRS 15 replaces HKAS 18 Revenue and establishes a five-step model to account for revenue arising from contracts with customers. In addition, guidance on interest and dividend income have been moved from HKAS 18 to HKFRS 9 without significant changes to the requirements. Therefore, there was no impact of adopting HKFRS 15 for the Fund.

2. Summary of significant accounting policies (Continued)

(b) Investments

(i) Classification

In accordance with HKFRS 9, the Fund classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

In applying that classification, a financial asset or financial liability is considered to be held for trading if:

- (a) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or
- (b) On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking; or
- (c) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

Financial assets

The Fund classifies its financial assets as subsequently measured at amortized cost or measured at fair value through profit or loss on the basis of both:

- The entity's business model for managing the financial assets
- The contractual cash flow characteristics of the financial asset

All investments are classified as "financial assets at fair value through profit or loss".

Financial assets measured at fair value through profit or loss (FVPL)

A financial asset is measured at fair value through profit or loss if:

- (a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding; or
- (b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- (c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

The Fund includes in this category:

- Equity instruments
- Debt instruments. These include investments that are held under a business model to manage them on a fair value basis for investment income and fair value gains.
- Instruments held for trading. This category includes equity instruments and debt instruments which are acquired principally for the purpose of generating a profit from short-term fluctuations in price. This category also includes derivative contracts in an asset position.

(ii) Recognition

The Fund recognizes a financial asset when it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Fund commits to purchase or sell the asset.

PineBridge US Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

2. Summary of significant accounting policies (Continued)

(b) Investments (Continued)

The following represent the basis of valuation for financial reporting purposes:

- (i) Investments which are listed or traded on an exchange are fair valued based on last traded prices.
- (ii) Investments which are not listed on an exchange or are thinly traded are valued by using quotes from brokers.
- (iii) Initial measurement

Financial assets at fair value through profit or loss are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognized directly in profit or loss.

(iv) Subsequent measurement

After initial measurement, the Fund measures financial instruments which are classified as at FVPL at fair value. Subsequent changes in the fair value of those financial instruments are recorded in net gain or loss on financial assets and financial liabilities at FVPL in the statement of comprehensive income.

(v) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized where the rights to receive cash flows from the asset have expired or the Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and either:

- (a) the Fund has transferred substantially all the risks and rewards of the asset, or
- (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The following represent the basis of valuation for financial reporting purposes:

- (i) Investments which are listed or traded on an exchange are fair valued based on last traded prices.
- (ii) Investments which are not listed on an exchange or are thinly traded are valued by using quotes from brokers.

(c) Income

Dividends on equities are recognized in the statement of comprehensive income when the Fund's right to receive payments is established. The corresponding withholding taxes are recorded as a separate item in the statement of comprehensive income.

Interest income is recognized on a time-proportionate basis using the effective interest method. Other income is accounted for on an accrual basis.

(d) Translation of foreign currencies

(i) Functional and presentation currencies

Items included in the Fund's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). The financial statements are presented in Hong Kong dollar, which is the Fund's functional and presentation currency.

2. Summary of significant accounting policies (Continued)

(d) Translation of foreign currencies (Continued)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the year end date.

Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the statement of comprehensive income within “net foreign currency gains/(losses)”.

Foreign exchange gains and losses relating to the financial assets and financial liabilities carried at fair value through profit or loss are presented in the statement of comprehensive income within “net gains/(losses) on financial assets and financial liabilities at fair value through profit or loss”.

(e) Expenses

Expenses are accounted for on an accrual basis.

(f) Derivative financial instruments - foreign exchange contracts

Outstanding foreign exchange contracts are valued at the year end date by reference to the rate of exchange applicable to the outstanding term of the contract. Unrealized gains or losses on outstanding contracts and realized gains and losses on closed contracts are shown in the statement of comprehensive income within “net gains/(losses) on financial assets and financial liabilities at fair value through profit or loss”.

(g) Subscription and redemption of units

Proceeds and payments on the subscription and redemption of units are recorded in the statement of changes in equity. The price at which units are subscribed or redeemed is calculated by reference to the net asset value per unit as at the close of business on the relevant dealing day.

(h) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of net assets where the Fund currently has a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis or realize the asset and liability simultaneously.

PineBridge US Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

2. Summary of significant accounting policies (Continued)

(i) Amounts receivable from/payable to brokers

Amounts receivable from/payable to brokers represent receivables from investments sold and payables for investments purchased that have been contracted for but not yet settled or delivered on the year end date respectively.

(j) Cash and cash equivalents

Cash and cash equivalents include cash at banks, deposits held with banks with original maturities of three months or less and bank overdrafts, if any.

(k) Transaction costs

Transaction costs are costs incurred to acquire financial assets or financial liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognized in profit or loss as an expense.

(l) Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes: (a) restricted activities, (b) a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors, (c) insufficient equity to permit the structured entity to finance its activities without subordinated financial support and (d) financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

The Fund considers all of its investments in other funds ("Investee Funds") to be investments in unconsolidated structured entities. The Fund invests in Investee Funds whose objectives range from achieving medium to long term capital growth and whose investment strategy does not include the use of leverage. The Investee Funds apply various investment strategies to accomplish their respective investment objectives. The Investee Funds finance their operations by issuing exchange traded shares which are saleable at the holder's option and entitles the holder to a consideration that approximates proportional stake in the respective fund's net assets. The Fund holds exchange traded shares in each of its Investee Funds.

The change in fair value of each Investee Fund is included in the statement of comprehensive income in "net gains/(losses) on financial assets and financial liabilities at fair value through profit or loss".

PineBridge US Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

3. Number of units in issue and net assets attributable to unitholders per unit

The Fund issues units, which are redeemable at the holder's option and are classified as equity.

The Fund has no restrictions on the subscriptions of units. Pursuant to the Trust Deed and subject to the conditions and procedures set out therein, the Manager is entitled, having regard to the interests of unitholders, to limit the total number of units which unitholders are entitled to redeem on any dealing day to 10% of the units then in issue or deemed to be in issue. Subscriptions and redemptions of units during the year are shown in the statement of changes in equity. In order to achieve the investment objectives, the Fund endeavors to invest its capital in accordance with the investment policies as outlined in note 4, whilst maintaining sufficient liquidity to meet redemption requests. Such liquidity is augmented by the holding of liquid investments.

As at 31 December 2018, the Fund had HK\$3,897,115,458 (2017: HK\$5,689,661,023) of puttable financial instruments classified as equity.

The Fund's objectives and policies for managing its obligations to redeem these instruments are included in note 4(h) on capital risk management and note 4(e) on liquidity risk.

	2018	2017
	Units	Units
Number of Provident Fund units in issue	<u>141,316,775</u>	<u>193,726,595</u>
	HK\$	HK\$
Net asset value per Provident Fund unit	<u>27.58</u>	<u>29.37</u>

	2018	2018	2017	2017
	Standard	Provident	Standard	Provident
	Units -	Fund Units	Units -	Fund Units
	Accumulation	Units	Accumulation	Units
	Units	Units	Units	Units
Balance brought forward	–	193,726,595	–	218,133,475
Total issues	–	33,419,934	–	38,577,930
Total redemptions	–	(85,829,754)	–	(62,984,810)
Balance carried forward	<u>–</u>	<u>141,316,775</u>	<u>–</u>	<u>193,726,595</u>

The Fund offers two classes of units. Provident Fund units are offered to provident fund schemes approved by the Mandatory Provident Fund Schemes Authority. Standard units - Accumulation are offered to all investors other than the provident fund schemes approved by the Mandatory Provident Fund Schemes Authority. The Standard units have been renamed to "Standard units - Accumulation" with effect from 27 June 2013. No Standard units - Accumulation were issued by the Fund for the years ended 31 December 2018 and 2017.

PineBridge US Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management

(a) Financial risk factors

The investment objective of the Fund is to achieve capital appreciation. The Fund seeks to achieve its investment objective through investing in a managed portfolio of shares in US Companies.

The Fund is exposed to market price risk, cash flow interest rate risk, credit and custody risk, liquidity risk and currency risk.

The risks and the respective risk management policies employed by the Fund to manage these risks are discussed below.

(b) Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market.

All investments present a risk of loss of capital. The Fund's market price risk is managed through (i) deliberate securities selection, and (ii) diversification of the investment portfolio.

As at year end, the overall market exposures were as follows:

	2018		
	Fair value HK\$	Cost HK\$	% of net assets
Financial assets at fair value through profit or loss:			
- Listed equities	3,802,672,191	3,881,056,388	97.57
- Listed investment funds	83,289,056	87,642,154	2.14
	<u>3,885,961,247</u>	<u>3,968,698,542</u>	<u>99.71</u>
- Derivative financial instruments (note 6)	<u>20</u>	<u>-</u>	<u>-</u>
	2017		
	Fair value HK\$	Cost HK\$	% of net assets
Held for trading:			
- Listed equities	5,561,638,152	4,807,023,410	97.75
- Listed investment funds	111,973,097	110,193,307	1.97
	<u>5,673,611,249</u>	<u>4,917,216,717</u>	<u>99.72</u>
- Derivative financial instruments (note 6)	<u>(265)</u>	<u>-</u>	<u>-</u>

Net market exposures

The following table shows the net market exposure of the Fund to various markets, incorporating the underlying market risk through all financial assets and financial liabilities held by the Fund as at 31 December.

	2018 HK\$ equivalent	2017 HK\$ equivalent
Markets exposed to		
United States of America	<u>3,885,961,247</u>	<u>5,673,611,249</u>

PineBridge US Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(b) Market price risk (Continued)

The following table shows the net exposures to sectors as at 31 December 2018 and 2017:

	2018	2017
	%	%
Sectors exposed to		
Basic Materials	4	1
Communications	13	14
Consumer, Cyclical	10	11
Consumer, Non-cyclical	19	21
Diversified	–	1
Energy	7	5
Financial	20	18
Funds	2	2
Industrial	9	9
Technology	15	16
Utilities	1	2
	<u>100</u>	<u>100</u>

There were no individual investments with market value exceeding 10% of the Fund's net asset value as at 31 December 2018 and 2017.

The table below summarizes the impact on net assets attributable to unitholders as a result of increases/decreases of the key index to which the Fund is exposed. The analysis is based on the assumption that the index had increased/decreased by the respective percentage with all other variables held constant and the Fund's investments moved according to the historical correlation with the index.

	2018		2017	
	Change in	Impact	Change in	Impact
	market index %	HK\$	market index %	HK\$
	+/-	+/-	+/-	+/-
S&P 500 Total Return				
Index	4%	154,916,380	23%	1,302,010,257

The Manager has used their view of what would be a "reasonable shift" in the S&P 500 Total Return Index, having regard to the historical volatility of the index, to estimate the change for use in the market price risk sensitivity analysis above.

Disclosures above are shown in absolute terms, changes and impacts could be positive or negative. Changes in market index % are revised annually depending on the Manager's current view of market volatility and other relevant factors.

	2018			2017		
	Number of		%	Number of		%
	Investee	Fair value	of net	Investee	Fair value	of net
	Funds	HK\$	assets	Funds	HK\$	assets
Listed investment funds						
Equity long	1	<u>83,289,056</u>	<u>2.14</u>	1	<u>111,973,097</u>	<u>1.97</u>

PineBridge US Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(b) Market price risk (Continued)

The Fund's investments in Investee Funds are subject to the terms and conditions of the respective Investee Fund's offering documentation and are susceptible to market price risk arising from uncertainties about future values of those Investee Funds. All of the Investee Funds in the investment portfolio are managed by portfolio managers who are compensated by the respective Investee Funds for their services. Such compensation generally consists of an asset based fee and is reflected in the valuation of the Fund's investments in each of the Investee Funds.

The exposure to investments in Investee Funds at fair value by strategy employed is disclosed in the above table. These investments are included in investments in the statement of net assets.

The Fund's holding in a third party Investee Fund, as a percentage of the Investee Fund's total net asset value, will vary from time to time dependent on the volume of subscriptions and redemptions at the Investee Fund level. It is possible that the Fund may, at any point in time, hold a majority of an Investee Fund's total units in issue.

The Fund's maximum exposure to loss from its interests in Investee Funds is equal to the total fair value of its investments in Investee Funds.

Once the Fund has disposed of its shares in an Investee Fund the Fund ceases to be exposed to any risk from that Investee Fund.

Total purchases in Investee Funds during the year ended 31 December 2018 was HK\$1,120,707,553 (2017: HK\$778,024,907). As at 31 December 2018 and 2017 there were no capital commitment obligations. There were no amounts due to Investee Funds for unsettled purchases as at 31 December 2018 and 2017.

During the year ended 31 December 2018 total net loss incurred on investments in Investee Funds were HK\$4,353,098 (2017: gains of HK\$1,779,790).

(c) Cash flow interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The majority of the Fund's financial assets and financial liabilities are non-interest bearing, as the Fund invests mainly in listed equities. As a result, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents are invested at short-term market interest rates.

As at 31 December 2018, the Fund had bank balances of HK\$8,810,791 (2017: HK\$7,932,885) and is therefore exposed to cash flow interest rate risk which is considered by the Manager to be minimal as they are short-term instruments all with maturities less than one month.

As the Manager believes that the Fund has no significant interest rate risk exposure, no interest rate sensitivity analysis is disclosed.

PineBridge US Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(d) Credit and custody risk

The Fund is exposed to credit risk which is the risk that an issuer or counterparty will be unable or unwilling to pay amounts in full when due.

The Fund's financial assets which are potentially subject to concentrations of credit risk consist principally of cash and cash equivalents and assets held with the custodian. The table below summarizes the assets placed with banks and custodian at 31 December 2018 and 2017:

At 31 December 2018

	HK\$	Credit rating	Source of credit rating
<u>Custodian</u>			
Citibank, N.A.	3,885,961,247	P-1	Moody's
<u>Banks</u>			
Citibank, N.A.	378,591	P-1	Moody's
Dah Sing Bank Limited	8,432,200	P-1	Moody's

At 31 December 2017

	HK\$	Credit rating	Source of credit rating
<u>Custodian</u>			
Citibank, N.A.	5,673,611,249	P-1	Moody's
<u>Banks</u>			
Citibank, N.A.	1,005,785	P-1	Moody's
Dah Sing Bank Limited	6,927,100	P-2	Moody's

All derivative financial instruments represent outstanding foreign exchange contracts as disclosed in note 6. As at 31 December 2018, the counterparties of these foreign exchange contracts are Citibank, N.A. (2017: Citibank, N.A.). The credit ratings are P-1 (Moody's) (2017: P-1 (Moody's)).

The maximum exposure to credit risk at year end is the carrying amount of the financial assets as shown on the statement of net assets.

The Fund measures credit risk and ECL using probability of default, exposure at default and loss given default. The Manager and the Trustee of the Fund considers both historical analysis and forward looking information in determining any ECL.

None of the assets is impaired nor past due but not impaired.

All transactions in listed/quoted investments are settled/paid for upon delivery using approved and reputable brokers. The risk of default is considered minimal since delivery of securities sold is only made when the broker has received payment. Payment is made on a purchase when the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

The Fund limits its exposure to credit risk by transacting the majority of its securities and contractual commitment activities with broker-dealers, banks and regulated exchanges with high credit ratings and that the Fund considers to be well established.

The Manager and the Trustee of the Fund considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognized based on 12-month ECL as any such impairment would be wholly insignificant to the Fund.

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4. Financial risk management (Continued)

(e) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in settling a liability, including a redemption request.

The Fund is exposed to daily cash redemptions of units in the Fund. The Fund invests the majority of its assets in investments that are traded in an active market and can be readily disposed of.

The table below analyzes the Fund's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the year end date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month HK\$	1 - 3 months HK\$	Over 3 months HK\$
At 31 December 2018			
Amounts payable on redemption	3,261,126	–	–
Accounts payable and accrued expenses	361,385	–	102,173
Total financial liabilities	3,622,511	–	102,173
	Less than 1 month HK\$	1 - 3 months HK\$	Over 3 months HK\$
At 31 December 2017			
Amounts payable on redemption	1,742,351	–	–
Accounts payable and accrued expenses	382,504	–	382,625
Total financial liabilities (excluding net settled derivatives)	2,124,855	–	382,625

PineBridge US Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(e) Liquidity risk (Continued)

All derivative financial instruments entered into by the Fund are settled on a net basis.

The table below analyzes the Fund's derivative financial instruments in a loss position for which the contractual maturities are considered to be essential to an understanding of the timing of cash flows based on the Fund's investment strategy.

At 31 December 2018

As at 31 December 2018, the Fund did not have any derivative financial instruments that were in a loss position.

	Less than 1 month HK\$	1 - 3 months HK\$	Over 3 months HK\$
At 31 December 2017			
<u>Net settled derivatives</u>			
Foreign exchange contracts	<u>(265)</u>	<u>–</u>	<u>–</u>

Units are redeemed on demand at the unitholder's option. At 31 December 2018 and 2017, no ultimate individual investor held more than 10% of the Fund's units.

As at 31 December 2018, the Fund held cash and cash equivalents of HK\$8,810,791 (2017: HK\$7,932,885) and liquid investments of HK\$3,885,961,247 (2017: HK\$5,673,611,249) that are expected to readily generate cash inflows within 1 month for managing liquidity risk.

(f) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

The Fund has both monetary and non-monetary assets and liabilities denominated in currencies other than Hong Kong dollar, the Fund's functional and presentation currency. The Fund is therefore exposed to currency risk, as the value of the assets and liabilities denominated in other currencies will fluctuate due to changes in foreign exchange rates. Details of foreign exchange contracts outstanding at the year end are disclosed in note 6.

The table below summarizes the Fund's net monetary and non-monetary exposure to different major currencies:

	2018 HK\$ equivalent	2017 HK\$ equivalent
Monetary items		
United States Dollar	4,160,565	5,634,741
Non-monetary items		
United States Dollar	3,885,961,247	5,673,611,249

Gross exposures to currency risk on foreign exchange contracts outstanding at the year end are disclosed in note 6.

PineBridge US Equity Fund
Notes to the Financial Statements
For the year ended 31 December 2018

4. Financial risk management (Continued)

(f) Currency risk (Continued)

The table below summarizes the impact on net assets attributable to unitholders as a result of increases/decreases of foreign exchange rates on the exposures tabled above, to which the Fund is exposed. The analysis is based on the assumption that the foreign exchange rates had increased/decreased by the respective percentage with all other variables held constant.

	2018	Impact	2017	Impact
	Change in	HK\$	Change in	HK\$
	foreign exchange	HK\$	foreign exchange	HK\$
	rates %	+/-	rates %	+/-
	+/-		+/-	
Monetary items				
United States Dollar	1.0%	41,606	0.5%	28,174
Non-monetary items				
United States Dollar	1.0%	38,859,612	0.5%	28,368,056

The Manager has used their view of what would be a “reasonable shift” in the foreign exchange rates, having regard to historical volatility of those rates, to estimate the change for use in the currency risk sensitivity analysis above.

Disclosures above are shown in absolute terms, changes and impacts could be positive or negative. Changes in foreign exchange rates % are revised annually depending on the Manager’s current view of market volatility and other relevant factors.

(g) Fair value estimation

The fair value of financial assets and financial liabilities traded in active markets (such as trading securities) are based on quoted market prices at the close of trading on the year end date. The Fund utilizes the last traded market price as its fair valuation inputs for both financial assets and financial liabilities.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm’s length basis.

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Fund for similar financial instruments.

HKFRS 13 requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (Level 2).
- Inputs for the asset or liability that are unobservable inputs (Level 3).

PineBridge US Equity Fund
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4. Financial risk management (Continued)

(g) Fair value estimation (Continued)

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes “observable” requires significant judgment by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table analyzes within the fair value hierarchy the Fund’s investments (by class) measured at fair value at 31 December 2018 and 2017:

At 31 December 2018

	Level 1	Level 2	Level 3	Total
	HK\$	HK\$	HK\$	HK\$
Assets				
Financial assets at fair value through profit or loss:				
- Listed equities	3,802,672,191	–	–	3,802,672,191
- Listed investment funds	83,289,056	–	–	83,289,056
- Derivative financial instruments	–	20	–	20
Total assets	<u>3,885,961,247</u>	<u>20</u>	<u>–</u>	<u>3,885,961,267</u>

At 31 December 2017

	Level 1	Level 2	Level 3	Total
	HK\$	HK\$	HK\$	HK\$
Assets				
Held for trading:				
- Listed equities	5,561,638,152	–	–	5,561,638,152
- Listed investment funds	111,973,097	–	–	111,973,097
Total assets	<u>5,673,611,249</u>	<u>–</u>	<u>–</u>	<u>5,673,611,249</u>
Liabilities				
Held for trading:				
- Derivative financial instruments	–	(265)	–	(265)
Total liabilities	<u>–</u>	<u>(265)</u>	<u>–</u>	<u>(265)</u>

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities and investment funds. The Fund does not adjust the quoted price for these instruments.

PineBridge US Equity Fund
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4. Financial risk management (Continued)

(g) Fair value estimation (Continued)

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. These include foreign exchange contracts. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. As of 31 December 2018 and 2017, the Fund did not hold any investments classified in level 3.

There is no transfer between levels for the years ended 31 December 2018 and 2017.

Assets and liabilities included in the statement of net assets, except for investments and derivative financial instruments, are carried at amortized cost; their carrying values are a reasonable approximation of fair value.

(h) Capital risk management

The capital of the Fund is represented by the net assets attributable to unitholders. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unitholders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

In order to maintain or adjust the capital structure, the Fund's policy is to perform the following:

- monitor the level of daily subscriptions and redemptions relative to the liquid assets; and
- redeem and issue units in accordance with the Trust Deed of the Fund.

The Manager monitors capital on the basis of the value of net assets attributable to unitholders.

5. Net (losses)/gains on financial assets and financial liabilities at fair value through profit or loss

	2018	2017
	HK\$	HK\$
Change in unrealized gains/losses in value of financial assets and financial liabilities at fair value through profit or loss	(839,131,542)	509,318,759
Realized gains on sale of financial assets and financial liabilities at fair value through profit or loss	614,396,223	604,080,456
	<u>(224,735,319)</u>	<u>1,113,399,215</u>

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6. Derivative financial instruments

Derivative financial instruments represent outstanding foreign exchange contracts and are summarized below:

At 31 December 2018

<u>Contract to deliver</u>	<u>In exchange for</u>	<u>Settlement date</u>	<u>Fair value</u> HK\$
Open contracts:			
US\$7,850	HK\$61,481	2 January 2019	<u>20</u>

At 31 December 2017

<u>Contract to deliver</u>	<u>In exchange for</u>	<u>Settlement date</u>	<u>Fair value</u> HK\$
Open contracts:			
US\$51,368	HK\$401,293	2 January 2018	<u>(265)</u>

7. Taxation

(a) No provision for Hong Kong profits tax has been made as the Fund is authorized as a collective investment scheme under Section 104 of the Hong Kong Securities and Futures Ordinance and is therefore exempted from profits tax under Section 26A(1A) of the Hong Kong Inland Revenue Ordinance.

(b) Withholding tax was charged on certain dividend income received during the years.

8. Transactions with Associates/Connected Persons/Related Parties

Associates and connected persons are those as defined in the Mandatory Provident Fund Schemes Ordinance and the Code on Unit Trusts and Mutual Funds issued by the Securities and Futures Commission of Hong Kong.

Apart from the fees as disclosed below, the Fund allows the Manager and its associates/connected persons to subscribe for, and redeem, units in the Fund.

All transactions were entered into in the ordinary course of business and on normal commercial terms.

(a) Management fee

PineBridge Investments Hong Kong Limited, the Manager, is entitled to receive a management fee at 1.25% per annum, with a permitted maximum of 1.50% per annum, of the net asset value of the Standard units - Accumulation, being calculated daily and payable monthly in arrears.

No management fee is charged on the Provident Fund units.

No management fee is payable as at year end (2017: Nil).

(b) Trustee's fee

AIA Company (Trustee) Limited, the Trustee, is entitled to receive a trustee's fee at a permitted maximum of 0.05% per annum of the net asset value of the Fund, being calculated daily and payable monthly in arrears.

Trustee's fee payable as at year end amounted to HK\$174,774 (2017: HK\$241,519).

PineBridge US Equity Fund
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9. Custodian and administration fees

The Custodian and Administrator of the Fund is Citibank N.A., Hong Kong Branch and the Application and Redemption Agent of the Fund is Citicorp Financial Services Limited (collectively "Citibank"). Citibank is entitled to receive a custodian fee which comprises safekeeping and transaction fees of 0.025% per annum of the net asset value of the Fund and a transfer agency fee of US\$1,500 per month, with a total permitted maximum of 0.50% per annum. The safekeeping and transaction fee rate of 0.025% per annum is the maximum rate. Citibank is also entitled to receive an administrator fee of US\$1,000 per month.

Custodian and administration fees payable as at year end amounted to HK\$186,611 (2017: HK\$140,985).

10. Soft commission arrangements

The Manager and its associates/connected persons have entered into soft commission arrangements with some brokers under which certain goods and services used to support investment decision making are obtained from third parties and are paid for by the brokers out of the commissions they receive. These may include, for example, research and advisory services; economic and political analysis; portfolio analysis, including valuation and performance measurement; market analysis, data and quotation services; clearing, registrar and custodial services and investment-related publications; computer hardware and software incidental to the above goods and services.

11. Other expenses

Other expenses included a reversal of overprovision of certain expenses of HK\$95,477 during the year ended 31 December 2018.

12. Distributions

No distribution was made during the year (2017: Nil).

13. Borrowings, contingent liabilities and commitments

The Fund had no borrowings, contingent liabilities and commitments as at 31 December 2018 and 2017.

14. Negotiability of assets

There were no statutory or contractual requirements restricting the free negotiability of assets held by the Fund as at 31 December 2018 and 2017.

15. Approval of financial statements

The financial statements were approved by the Trustee and the Manager on 12 April 2019.