

HSBC OpenFunds

Annual Report and Accounts

15 April 2020

Company Information

Company

HSBC OpenFunds
Registered in England
with Company Number IC000488

Registered Office

8 Canada Square
London E14 5HQ

Directors

The Authorised Corporate Director (ACD) is HSBC Global Asset Management (UK) Limited which is the sole director.

HSBC Global Asset Management (UK) Limited is authorised and regulated by the Financial Conduct Authority (FCA) and is a member of The Investment Association (IA).

HSBC Global Asset Management (UK) Limited - Directors

R.E.W. Apenbrink (appointed 1 July 2020)

C.S. Cheetham (resigned 30 June 2020)

A.S. Clark (resigned 27 April 2020)

A.C. Corfield (resigned 27 April 2020)

P.G.P. Dew

P.J.F. Glaze (resigned 28 February 2020)

M.G. McDonald

J.M. Munro (resigned 23 September 2019)

T.J. Palmer

J.R. Paterson

S. White (appointed 27 April 2020)

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Director's Report

We are pleased to present the Annual Report and Financial Statements for HSBC OpenFunds Open-Ended Investment Company (OEIC), ("the Company"), covering the year from 16 April 2019 to 15 April 2020.

HSBC OEICs are investment companies with variable capital under regulation 12 (Authorisation) of the OEIC Regulations. All Funds within the OEIC are classed as securities funds.

The ACD, HSBC Global Asset Management (UK) Limited, is incorporated in England and Wales under number 1917956 and authorised and regulated by the Financial Conduct Authority.

The Company is an umbrella company comprising various Funds, each of which is operated as a distinct Fund, with its own portfolio of investments.

Each Fund has the investment powers equivalent to those of a securities company.

Shareholders are not liable for the debts of the Company. A shareholder is not liable to make any further payment to the Company after the purchase price of the shares has been paid for.


M.G. McDonald

Director



T.J. Palmer

Director



**For and on behalf of HSBC Global Asset Management (UK) Limited
Authorised Corporate Director**

22 July 2020

Market Review

Welcome to the Annual Report for the HSBC OpenFunds Open-Ended Investment Company (OEIC). The report covers the year 16 April 2019 to 15 April 2020.

Please do take the time to look through the report and if you have any questions, contact our Customer Services on 0800 358 3011*.

To help us continually improve our service, and in the interests of security, we may monitor and/or record your communications with us.

***Lines are open 9am to 5pm Monday to Friday (excluding public holidays).**

Global equities

Global equities fell over the year to 15 April 2020. After having achieved positive returns through 2019, global equities peaked in early 2020 before falling dramatically in the final two months of the period. For much of 2019 and early 2020, stocks followed the pattern set over the past several years – gradually rising and setting new highs, in aggregate. Markets were buoyed by the prevailing easy monetary conditions and the rising optimism regarding a settlement between the US and China on trade, eventually embodied in the ‘phase one’ agreement, signed in January. However, the end of January witnessed a sea change and equities sold off, as the coronavirus emerged in China and gradually spread throughout the world. February and March witnessed a marked sell-off in equities worldwide as the threat of the virus – from both an economic and health perspective – became more apparent and most countries moved into a lockdown period, with most business activity grinding to a halt. Markets recovered somewhat in the final few weeks of the period as measures were implemented by governments to support their respective economies.

Prior to the advent of COVID-19, worries about slowing economic trends had been mitigated by the accommodative monetary policy prevailing across the globe. The US Federal Reserve (Fed) cut interest rates further to boost the economy and appease market fears over increasingly sluggish global growth rates. The European Central Bank (ECB) reinstated stimulus measures to help the eurozone’s economy and confirmed that rates would stay low for the foreseeable future, while other major central banks also adopted easy monetary policies.

The US economy continued to be relatively resilient compared to other economies, driven by persistently robust employment that underpinned consumption. However, China, Japan, Europe and the UK experienced a greater downturn in activity. China’s 2019 Gross Domestic Product (GDP) growth rate settled at 6.1% – the slowest rate in almost 30 years. Germany grew by a disappointing 0.6% in 2019, almost falling into recession as its manufacturing base suffered badly from the effects of slowing global activity and the trade dispute between the US and China. The UK was impacted by the uncertainties surrounding Brexit. The outlook for the global economy was revised downwards at the end of the period as economists began to quantify the negative impact of COVID-19 on global growth.

US equities

While the US market did relatively better than most other global equity markets, it was not immune from the sell-off late in the period that ensured the market was lower in absolute terms. For much of the period, US equities moved higher, breaching new all-time highs, driven by decent economic performance, positive earnings growth and the likelihood of a trade deal with China, which materialised with the signing of the 'phase one' deal in January. However, the market experienced a dramatic decline from the end of February and into March, due to the COVID-19 pandemic. Although the US market rebounded somewhat from late March, as the US government and Fed introduced emergency measures, it could not recover all the decline.

The Fed cut interest rates three times in 2019 to a range of 1.50–1.75% as Chairman Jerome Powell acknowledged the rising risks in the US and global economies from slowing growth and trade issues. However, by the end of the period, and faced with the growing turmoil caused by COVID-19, the Fed slashed rates to just 0–0.25%.

In economic news, GDP growth slowed but remained relatively resilient. Fourth quarter of 2019 annualised growth was 2.1%, the same level as the third quarter, albeit down from first-quarter growth of 3.1%. Employment data was more robust, with the US unemployment rate falling to 3.5% in December, the joint-lowest figure for 50 years. However, it rose to 4.4% by March. Weekly jobless claims surged and reached a new high of 6.9 million in the final week in March as the huge negative impact of the coronavirus became clearer.

US corporate earnings proved to be relatively resilient during much of the period, with the majority of companies beating consensus expectations. However, profit growth slowed, as companies grappled with the effects of a softer global economy and the US-China trade war. The impact of the coronavirus has yet to be fully quantified but will almost certainly see profits fall.

Europe ex-UK equities

European equities followed a similar trend to other global markets, rising gently through much of the period before collapsing in late February and early March. Italy and Spain were at the heart of the COVID-19 crisis, suffering the largest number of cases in the region. The government effectively closed its borders and placed its population in lockdown, with only essential travel permitted. Italian bond and equity markets fell substantially as investors feared for the financial viability of the country – already saddled with one of the largest levels of debt within the eurozone.

European markets were supported in late 2019 and early 2020 by the supportive monetary policy reintroduced by the ECB – including renewed bond purchases and a cut in the bank deposit to -0.5% – and the improved trade relations between the US and China. Christine Lagarde, at her first meeting as the ECB's president, made it clear that the bank's low rates would remain in place. In early April, the ECB announced a further emergency package, featuring cheap loans and an easing of credit restrictions, in an effort to support the ailing eurozone economy.

Economic growth remained sluggish through the period: fourth-quarter GDP grew 1.0% on an annualised basis, the weakest growth rate for over six years, and down from the previous quarter's 1.3% growth. Meanwhile, Italy and Germany narrowly escaped a technical recession. The eurozone's manufacturing base, particularly in Germany, continued to hollow out, with the manufacturing purchasing managers' index receding to an over seven-year low in March. Moreover, industrial production fell over 3.6% in December, the second weakest figure for 10 years.

Negotiations with the UK government regarding the UK's departure from the EU was another distraction for markets. The UK officially left the EU at the end of January, with an agreed transition period until the end of 2020. Uncertainty surrounding the nature of a future trade deal with the UK was an unsettling factor.

UK equities

UK equities fell over the period, with the FTSE All Share and FTSE 100 both down substantially. The market had been trending higher in the final months of 2019, as the risks of an imminent no-deal Brexit subsided. Brexit was a considerable source of angst for investors, dominating the headlines. Seemingly against the odds, new Prime Minister Boris Johnson secured a new draft deal with the European Union and then won a resounding victory in the general election, delivering a large majority for the Conservative Party. This removed some of the concerns about the Brexit process and timeline, boosting investor sentiment. However, the onset of coronavirus called time on the upward move in UK equities, and they sold off dramatically from late February and into March, before recovering a little in the final weeks of the period.

The UK government introduced measures to support the economy, including a scheme to pay the salaries of 'furloughed' employees (80% of income, up to £2500 per month) during the pandemic and until the lockdown was finished. Along with additional fiscal stimulus measures, this led to equities bouncing in late March. Moreover, the Bank of England (BoE) cut interest rates from 0.75% to 0.1%, in two back-to-back cuts.

UK economic growth remained sluggish, undermined by the continuing uncertainty surrounding Brexit for much of the period and by weak economic trends overseas. While the economy achieved a decent level of 0.5% growth in the third quarter, it stalled in the final quarter of 2019, delivering no growth. On the positive side, unemployment remained at generational lows of 3.8–3.9% through 2019, although expectations rose of a huge increase in the rate following the outbreak of COVID-19. Wage growth also remained positive in real terms, albeit the nominal growth rate subsided to 2.9% in the final quarter of 2019, down from 3.7% in the third quarter. UK inflation also showed signs of picking up towards the end of the period, growing at an annualised rate of 1.8% in January before dipping slightly to 1.7% in February.

Japan equities

Japanese equities fell over the period, with all the damage occurring in the final months of the period when the market, in line with other global markets, sold off due to COVID-19. Prior to that, Japanese equities had risen steadily, taking their cue from the positive sentiment surrounding accommodative monetary policy overseas and steady policy at home. However, Japanese stocks were intermittently affected by the global trade dispute and relatively sluggish growth at home.

Domestic economic indicators were generally bleak. GDP fell 1.8% over the final quarter of 2019 – the steepest decline for over five years – largely due to the impact of the consumption tax increase implemented at the beginning of October. This was raised from 8% to 10%, in an effort to improve the country's strained fiscal position; the measure had previously been postponed twice, given concerns about its potential impact on an already fragile economy. The much-followed Tankan survey – a quarterly indicator of business sentiment – deteriorated over the period.

Worries mounted about a Chinese slowdown, with several Japanese companies – particularly exporters of consumer electronics and automobiles – reducing their profit forecasts. Moreover, the Bank of Japan's (BoJ) ultra-loose monetary policy continued to weigh on the profits of the banking sector, given its effect on net interest margins. The diplomatic dispute with South Korea, deriving from grievances over Japan's treatment of Korea during WWII, also unsettled investors and caused exports to South Korea to fall.

The BoJ maintained its loose monetary policy, targeting -0.1% short-term interest rates, while stating that the long-term inflation target of 2.0% was unlikely to be met in the near future. The inflation rate was subdued for most of the period, but December's consumer price index rose 0.8% year on year, before falling back to 0.4% year on year in February.

Asia ex-Japan equities

Asian Pacific markets fell sharply, owing to the outbreak of COVID-19 and growing expectations that the virus would have a material impact on both society and economies. Asian equities experienced a similar pattern to other world markets, rising into year-end – and peaking in mid-January – before selling off markedly in the final week of February and in March. Initially, a de-escalation in the US-China trade war, culminating in the signing of the ‘phase one’ deal with the US, and loose monetary conditions supported Asian markets.

In China, the central bank continued to ease reserve requirements for banks and introduce fresh stimulus measures, such as cutting short- and medium-term loan rates. China’s GDP growth rate continued to slow, falling to a 6.0% annual growth rate for the third and fourth quarters of 2019 – this marked the lowest growth rate since 1992. For 2019, the growth rate was 6.1%, the weakest annual growth rate for nearly 30 years. Hong Kong’s economy slumped into a technical recession for the first time since the global financial crisis as the pro-democracy protests took their toll on business and leisure activity in the region. Tensions continued despite Hong Kong’s leader Carrie Lam withdrawing her contentious extradition bill, while the US provoked the ire of China by passing two pro-democracy bills backing the protesters.

Other central banks in the region, such as the Reserve Bank of India, the Bank of Korea and the Reserve Bank of Australia, cut interest rates in order to ease the pressure on their respective economies. India’s growth rate slowed over the period, growing by just 1.1% on a quarterly basis in the fourth quarter of 2019, the lowest growth rate since 2011. South Korea’s economy remained relatively resilient and produced quarterly growth of 1.3% in the final quarter of 2019, the best figure since 2017.

Emerging market equities

Emerging markets declined over the period. Stocks rose into the beginning of 2020 before collapsing in late February and March as the coronavirus spread globally. However, a marginal recovery was witnessed in the final few weeks of the period. Latin American markets were one of the weakest emerging markets (in aggregate), with Argentina, Chile and Brazil all suffering from a mix of worsening economic activity, currency weakness and geopolitical issues.

The escalating US-China trade war, a stronger US dollar and ongoing concerns about global economic growth – which led to weakening commodity prices – weighed on emerging markets throughout the summer of 2019. Thereafter, they recovered until year-end, buoyed by easier global monetary policy and growing optimism over a settlement of the trade dispute between the US and China.

In Latin America, the Argentinean market collapsed and the peso slumped during August – triggering the imposition of capital controls and the rescheduling of the country’s US dollar debt – as fears of a populist victory in October’s presidential elections, which came true, increased. In contrast, Brazilian equities initially fared well as the pro-growth policies of President Jair Bolsonaro continued to be rolled out. However, stocks sold off markedly in 2020 as the pandemic hit. Mexican equities suffered when President Trump threatened to increase tariffs on Mexican imports (in response to the immigration crisis at the US border) but subsequently stabilised when Trump backtracked. Falling commodity prices, especially the oil-price collapse in 2020, were a further negative factor undermining emerging markets at large.

The Chinese market was one of the best-performing major emerging market over the period. This partly reflected better news over the trade dispute with the US and the signing of the ‘phase one’ agreement, as well as supportive measures from the People’s Bank of China (PBoC). Additionally, the Chinese economy, although slowing, remained relatively robust compared with other countries in the investment category.

UK bonds

This was a unique period for the UK fixed income market. Yields on 10-year government bonds fell to an all-time low of around 0.2% towards the end of the period as investors sought out safe-haven assets, in light of the developing global pandemic. UK bonds produced a positive return during a very volatile period. Bond yields briefly rose back up again in mid-March before settling at around 0.3% at the end of the period.

Early in the period, gilt yields had initially fallen, as concerns about UK growth and Brexit uncertainty affected investor sentiment. However, yields rose in the autumn months and into year-end, as optimism grew around improving US-China trade relations and as the risk of a 'no deal' Brexit appeared to diminish.

However, they then fell dramatically, along with other major global bond market yields, as the extent of COVID-19, and its social and economic consequences, became clearer. The BoE reacted by implementing an emergency rate cut of 50 basis points, cutting the prime rate from 0.75% to 0.25%, followed quickly by a further cut to 0.1%. The new Conservative government's first budget saw a raft of measures implemented to try and support the economy during this time of crisis. A further substantial emergency package of support measures was later launched.

Corporate and high-yield bonds underperformed government bonds. They enjoyed strong returns in 2019 but suffered in the virus-driven equity market sell-off, as yield spreads widened with investors becoming more risk averse and as concerns around credit risk abounded.

Global bonds

This was a dramatic period for global bonds, with many government bond yields touching new all-time lows. The US Treasury yield fell below 0.4% in early March as investors sought out safe-haven assets as the global pandemic expanded across the world. Monetary policy became increasingly supportive of global bond markets through the period. Having tried to tighten and abandon quantitative easing in 2018, the Fed cut interest rates three times in 2019 before slashing them to almost zero in March 2020. The ECB's reversal of quantitative tightening and introduction of a substantial support package also gave bond markets a boost. Other major central banks, such as the BoJ, the BoE and the PBoC, also introduced measures to support economies and loosen monetary conditions.

This change in stance caused bond yields in developed markets to drift lower in unison. Swiss and German 10-year bond yields remained in negative territory, touching new all-time lows. In fact, the global universe of negative-yielding bonds – led by instruments in Europe and Japan – touched a record level in September 2019 of around \$17 trillion, corresponding to about one fifth of the debt issued by governments and companies. Yields rose in the final weeks of the period as investors reacted positively to the economic support measures introduced by many governments across the world.

With yields near historically low levels, and the prospect of low to zero interest rates predominating across the world, global bond issuance picked up throughout much of the period, although it ground to a halt in the final months as worries over COVID-19 gripped the world.

Property

The performance of global property equity markets turned sharply negative during the 12 months to 15 April 2020 as the effects of COVID-19 negatively impacted real estate. The FTSE EPRA Nareit Developed Index, a measure of listed property in developed markets, recorded a total return of -15.6% in sterling terms over this period. Regional performance fell within a reasonably tight range of between -13.8% in Europe ex UK to -17.6% in Asia. Virtually all of the falls occurred in March 2020, with an Index decline of -20.3%, its second-largest monthly fall in over 30 years.

By contrast, UK unlisted (physical) property markets scarcely moved. The MSCI UK Monthly Index recorded a total return of 0.1% over the 12 months ended 31 March 2020 as capital value declines were almost exactly offset by income. However, the managers of daily-dealt UK direct property funds suspended dealing following the material uncertainty clauses that were introduced by the funds' independent valuers as the lockdown measures prevented usual market operations, such as building inspections and surveys.

Property figures quoted are sourced from MSCI in respect of the MSCI UK Monthly Property Index in sterling terms and Refinitiv in respect of the FTSE EPRA Nareit Developed Total Return index, HSBC Global Asset Management. Data as at 15 April 2020 unless otherwise stated. All other information is provided by HSBC Global Asset Management (UK) Limited 15 April 2020.

Please note that the above information refers to the past and that past performance is not a reliable indication of future returns. Information provided by HSBC Global Asset Management (UK) Limited 15 April 2020.

Notes to the Company Financial Statements

for the year ended 15 April 2020

Accounting Policies

a. Basis of accounting

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments and in compliance with FRS102 and in accordance with the Statement of Recommended Practice (SORP) for Financial Statements of Authorised Funds issued by the Investment Association ("IA") in May 2014. Unless otherwise stated all other accounting policies are consistent with those of the prior year.

The ACD has considered the impact of the emergence and spread of COVID-19 and potential implications on future operations of the sub-funds of reasonably possible downside scenarios. The ACD has undertaken a detailed assessment, and continues to monitor, the sub-funds' ability to meet their liabilities as they fall due, including liquidity, declines in global capital markets and investor redemption levels. Based on this assessment, the other sub-funds continue to be open for trading and the ACD is satisfied the sub-funds have adequate financial resources to continue in operation for at least the next 12 months and accordingly it is appropriate to adopt the going concern basis in preparing the financial statements.

b. Revenue

Dividends on investment funds are recognised when the security is quoted ex-dividend and is accounted for on an accrual basis at an estimated rate based on available information. Interest on deposits is accounted for on an accrual basis.

Income on debt securities is computed on an accrual basis.

Accumulation dividends received from investment funds are recognised as revenue and form part of the distribution. Equalisation received from investment funds is recognised as capital and does not form part of the distribution; with the exception of World Selection - Dividend Distribution Portfolio and World Selection - Interest Income Portfolio, where equalisation is transferred to revenue, and forms part of the distribution.

Special dividends are treated as repayments of capital or revenue depending on the facts of each particular case.

Management fee rebates received from investment funds are recognised on an accrual basis as revenue or capital depending on the policy of the underlying fund in allocating fees in its own accounts. Where fees are recognised as capital they will not form part of the distribution, with the exception of World Selection - Dividend Distribution Portfolio and World Selection - Interest Income Portfolio where the rebates are transferred to revenue to form part of the distribution.

Any reported revenue from an offshore fund in excess of any distributions is recognised as revenue after the end of the offshore fund reporting period, no later than the date when the reporting fund makes this information available.

c. Expenses

All expenses, other than those relating to the purchase and sale of investments are charged to revenue, with the following exceptions: World Selection - Dividend Distribution Portfolio and World Selection - Interest Income Portfolio, where, for purposes of calculating the distribution the expenses are transferred to capital.

Where a Fund has more than one share class, each share class may suffer different expenses. Consequently, the level of net revenue attributable to each share class will differ.

d. Taxation

Corporation tax is charged at 20% of the revenue liable to corporation tax less expenses.

Where overseas tax has been deducted from overseas revenue, that tax can, in some instances, be set off against corporation tax payable by the Fund by way of a double taxation refund.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay less or receive more tax.

Deferred tax assets are recognised only to the extent that the Authorised Corporate Director considers that it is more likely than not that there will be taxable profits from which the underlying timing differences can be deducted.

e. Investments

Investments are initially recognised at fair value on the date the contract is entered into. The listed investments of the Company have been valued at bid prices at the closing valuation point on 15 April 2020 with the exception of fund of fund holdings which are valued on a creation/cancellation price basis. The valuation of unlisted investments is based on the Authorised Corporate Director's assessment of their estimated realisable value. Suspended securities are valued initially at the suspended price but are subject to constant review. Revaluation gains or losses are recognised in the Statement of Total Return. Investments cease to be recognised on the date a contract for sale is entered into or when the Company's interest in the investment is extinguished or terminated.

f. Exchange Rates

All transactions in foreign currencies are converted into sterling at the rates of exchange ruling at the date of such transactions. Foreign currency assets and liabilities at the end of the accounting period are translated at the exchange rates at the closing valuation point on 15 April 2020. Forward foreign currency contracts held at the end of the accounting year are valued at the price required to close out the contract at the balance sheet date.

Any gains or losses as a result of foreign currency transactions are applied to the capital of the Funds.

g. Distributions

Where the revenue from investments exceeds the expenses, a distribution will be made. Should expenses exceed revenue, there will be no distribution and the shortfall will be transferred to capital.

For the purpose of calculating the distribution, revenue on debt securities is computed on an accrual basis and is distributed on an effective yield basis across all sub-funds.

The policy of the Funds is to make distributions to shareholders quarterly on 15 June, 15 September, 15 December and 15 March for World Selection - Dividend Distribution Portfolio and World Selection - Interest Income Portfolio and semi-annually on 15 June and 15 December for all other Funds within this OEIC.

h. Derivatives

Derivatives are initially recognised at fair value on the date the contract is entered into and are subsequently remeasured at fair value at the 15 April 2020. Where the fair value of the derivative is positive, it is carried as a derivative asset and where negative as a derivative liability. The gain or loss on remeasurement to fair value is taken to capital gains or losses.

Financial Instruments

In pursuing its Investment Objective, the Company holds a number of financial instruments. The Company's financial instruments, other than derivatives, comprise securities and other investments, cash balances, debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for issues and payable for redemptions and debtors for accrued revenue.

The main risks arising from the Company's financial instruments and the Authorised Corporate Director's policies for managing these risks in each of the Funds are summarised below. These policies have been applied throughout the year.

General Risk Management Process

The management of financial instruments is fundamental to the management of the Company's business. The Company's risk management process is managed by the ACD and oversight of these functions is carried out by the Depositary. This is organised by function with distinct separation of responsibility between managers, dealers and investment administration personnel.

Risks specific to each Fund are managed by the relevant Fund Manager. In addition, these teams are supported by a series of committees which are responsible for oversight and monitoring of the risk management process, the investment process, and performance and operational processes. Those committees and their responsibilities are discussed below.

Risk Management Meeting (RMM)

The most senior risk management forum for the business is the Risk Management Meeting. The RMM sits on a quarterly basis. The RMM is responsible for all aspects of risk policy and control supported by a number of specialist committees. The RMM monitors and controls key business risks, including reviewing the internal control and assurance framework and risk profile, and considering the activities of Business Risk Internal Audit. In addition the Committee considers reports from other committees that assess the nature and extent of risks.

Operational Risk Framework - Three Lines of Defence

HSBC Global Asset Management (UK) Limited operates a three lines of defence model. The first line (Business, Operations & Functional Management) owns the risk and is responsible for identifying, recording, reporting and managing risks, and ensuring that the right controls and assessments are in place to mitigate these risks. The second line includes Risk and Compliance specialists who set policy and guidelines for managing risk, and who provide challenge and guidance on effective risk management. The third line is Internal Audit which independently assures that the business is managing its risks effectively.

Pricing Valuation Committee (PVC)

The PVC meets on a monthly basis and its role is to ensure robust pricing policies across the Fund range and to provide oversight of any exception to these policies that might arise from time to time. The Committee reports into the RMM.

Business Risk Forum (BRF)

The Business Risk Forum is the principal forum for overseeing the management of non-financial risk and internal control within AMEU. The Forum meets quarterly and is chaired by the AMEU CEO.

New Business Committee (NBC)

The NBC meets monthly and provides independent oversight of product development to ensure that the investment guidelines and risks in new products, or significant changes to existing products have been reviewed and challenged from the perspective of customers, the investment teams, the systems and risk management processes used to deal and monitor positions and the wider business strategy. This includes considering whether a product is consistent with the concept of 'Treating Customers Fairly'.

The same approach applies where the use of new instruments is proposed (including derivatives), whether for a new or an existing product. All new products will in the first instance be considered by the Company. Proposed changes to existing products will be considered significant when they materially alter the product characteristics. This may occur due to changes in the market or due to changing internal or external risks.

Market Price Risk

Market price risk is the risk that the value of the Company's investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises mainly from uncertainty about future prices of financial instruments the Company holds. It represents the potential loss the Company might suffer through holding market positions in the face of price movements. The Company's investment portfolio is exposed to market price fluctuations which are monitored by the Authorised Corporate Director in pursuance of the Investment Objective and Policy as set out in the Instrument of Incorporation.

Adherence to investment guidelines and to investment and borrowing powers set out in the Instrument of Incorporation, the Prospectus and the rules of the FCA's Collective Investment Schemes Sourcebook mitigates the risk of excessive exposure to any particular type of security or issuer.

There are inherent risks in investing in securities markets. Security prices are subject to market fluctuations and can move irrationally and be unpredictably affected by many and various factors including political and economic events, pandemics and market rumours. There can be no assurance that any appreciation in the value of investments will occur. The value of investments and the income derived from them may go down as well as up and investors may receive back less than the original amount invested.

Foreign Currency Risk

Foreign currency risk is the risk that the value of the Company's investment holdings will fluctuate as a result of changes in foreign currency exchange rates.

A proportion of the Company's investment portfolio is invested in overseas securities and the balance sheet can be affected by movements in foreign exchange rates. The Authorised Corporate Director may seek to manage exposure to currency movements by using forward exchange contracts or by hedging the sterling value of investments that are priced in other currencies. Revenue received in other currencies is converted to sterling on the date of receipt. Where applicable, the assets by value denominated in foreign currencies is disclosed in the Fund Financial Statements.

Interest Rate Risk

Interest rate risk is the risk that the value of the Company's investment holdings will fluctuate as a result of changes in interest rates.

The Company invests in fixed and floating rate securities. The revenue of the Company may be affected by changes to interest rates relevant to particular securities or as a result of the Authorised Corporate Director being unable to secure similar returns on the expiry of contracts or sale of securities. The value of fixed interest securities may be affected by interest rate movements or the expectation of such movements in the future. Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates. Where applicable, the value of interest bearing assets is disclosed in the Fund Financial Statements.

Liquidity Risk

The Company's assets comprise mainly of readily realisable securities. The main liability of the Company is the redemption of any shares that investors wish to sell. Assets of the Company may need to be sold if insufficient cash is available to finance such redemptions.

Credit Risk

Certain transactions in securities that the Company enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Company has fulfilled its responsibilities. The Company only buys and sells investments through brokers which have been approved by the Authorised Corporate Director as acceptable counterparties.

In current market conditions exposure to cash within the Fund could be at risk if the counterparty fails. All cash is held at HSBC (HSBC is rated AA- by Standard and Poor's) and exposure is limited to a maximum 10% of the value of the Fund. All assets held within the Depositary are ring-fenced. The banks and Depositary used by the Company and the ACD are subject to regular revisions.

Global Property Fund

Investment Objective

The Fund aims to provide growth in the long term, which is a period of five years or more.

Investment Policy

To achieve its objective, the Fund will invest at least 80% of its value in property-related securities and collective investment schemes that, in turn, invest in direct property (physical buildings) and property-related securities. There will be no geographical restrictions.

The Fund may also invest up to 20% of its value in money market instruments, deposits, cash and collective investment schemes that invest in such assets to manage day-to-day cash flow requirements.

The collective investment schemes in which the Fund may invest will, where possible, be those managed or operated by the HSBC Group.

The Fund may invest in derivatives for efficient portfolio management purposes, including hedging. This means investment techniques that aim to reduce risks, reduce costs or generate growth and income. On giving 60 days' notice to Shareholders the Fund may also use derivatives for broader investment purposes to help the Fund meet its objective. The Fund does not intend to use derivatives extensively and their use will be consistent with the risk profile of the Fund.

Investment Strategy

The investment strategy aims to provide capital growth by investment into property-related securities in the UK and globally, and in collective investment schemes that invest in direct property (physical buildings) and shares of property-related securities. The Fund will not buy physical buildings directly. The balance between direct property (through collective investment schemes), property-related securities, and cash, and the geographic composition of the portfolio, will vary over time depending on our view of prospective returns.

By investing in collective investment schemes that hold direct property (physical buildings) and property-related securities, the fund manager is able to access specialist, local skills. This also provides the scope to change the composition of the Fund quickly and reduce the risk of investing in any one manager.

Use of Benchmark

The Fund is actively managed and is not managed with reference to a benchmark. The performance of the Fund is shown against the performance of a combination of a 50% weighting to the Investment Association UK Direct Property Sector and a 50% weighting to the Investment Association Property Other Sector for comparison purposes only. Prior to 1 September 2018, the performance was compared to the Investment Association Property Sector.

This has been selected to enable investors to assess the performance of the Fund because it consists of funds similar to the Fund. Many funds sold in the UK are grouped into sectors by the Investment Association (the trade body that represents UK investment managers), to help investors to compare funds with broadly similar characteristics.

Use of Derivatives

The Fund may invest in exchange traded and over-the-counter derivatives in accordance with Part C and Part D of Appendix 3 in the Prospectus. In particular, currency forward contracts may be used with the aim of hedging against movements in the rate of exchange between sterling and the currency in which assets of the Fund may be denominated.

Portfolio Activity

The Manager continued to reduce the Fund's weighting to UK direct property funds, which fell to 9.8% as at 15 April 2020, compared with 14.1% a year earlier. Three funds were exited entirely (M&G Property Portfolio, Aberdeen UK Property Fund and Standard Life Investments UK Real Estate Fund). Holdings in other direct property funds were reduced. The change reflected a view of the relative pricing between listed and unlisted property, concerns over the retail sector and the liquidity of underlying vehicles.

The weighting to listed property consequently rose over the review period to 84.8%, an increase of 2.6% points. No new funds were introduced but changes were made to the composition of this part of the strategy. Increases in the weighting to AXA World Framlington Global Flexible Property Fund, BMO Real Estate Securities Fund and directly-held real estate equities were partially offset by reductions in the allocation to iShares US and UK Property Yield UCITS ETFs. Cash and liquidity rose to 5.3% compared with 3.6% a year earlier.

The COVID-19 pandemic resulted in a sharp decline in the prices of real estate equities during March 2020. The valuers of daily-dealt UK direct property funds – including those held by the Fund – introduced material uncertainty clauses to their valuations because the lockdown measures prevented the usual operation of the market (such as inspections and surveys of buildings). As a result, the managers of these funds temporarily suspended dealing. The HSBC Global Property Fund remained open for dealing throughout the review period.

Investment Performance

During the 12 months to 15 April 2020, the Fund's retail accumulation share class fell in value by 14.89% whilst the C share class accumulation units fell in value by 14.34%.

During the 12 months to 15 April 2020, the Fund's performance comparator was - 6.12%.

(Source: Morningstar Direct, GBP, UK net of tax, for the Accumulation C share class. Returns based on the NAV, which is a single price.)

The performance of the Fund is shown against the performance of the 50% Investment Association UK Direct Property sector, 50% Investment Association Property Other sector for comparison purposes.

Please note that the above information refers to the past and that past performance is not a reliable indication of future returns.

| Fund Particulars as at 16 April 2020 | | | | |
|---------------------------------------------------------|------------------------|---------------------------|---------------------------------|-------------|
| | Retail Accumulation | Institutional A Income | Institutional A Accumulation | Income C |
| Price | 156.2p | 123.0p xd | 127.7p | 132.6p xd |
| Distribution payable (on 15 June 2020) per share net | 1.209107p | 1.483951p | 1.756921p | 1.673760p |
| Current net estimated yield | 1.88% | 2.60% | 2.91% | 2.71% |
| Annual ACD charge | 1.25% | 0.75% | 0.40% | 0.55% |

Portfolio Statement

as at 15 April 2020

| <i>Security</i> | <i>Holding</i> | <i>Bid value £'000</i> | <i>Total net assets %</i> |
|-----------------------------------------------------------|----------------|--------------------------------|---------------------------------------|
| Asia-Pacific Equities - 15.32% (13.74%) | | | |
| ^Advance Residence | 139 | 322 | 0.10 |
| ^CapitaLand Commercial Real Estate Investment Trust | 836,802 | 691 | 0.22 |
| ^CapitaLand Mall Trust | 690,538 | 679 | 0.21 |
| ^Dexus | 170,481 | 812 | 0.26 |
| ^General Property Group | 348,743 | 700 | 0.22 |
| ^GLP J Real Estate Investment Trust | 1,028 | 919 | 0.29 |
| ^Hong Kong Land (Singapore registered US\$) | 276,835 | 957 | 0.30 |
| ^Hysan Development | 198,227 | 524 | 0.17 |
| ^*tiShares Asia Property Yield UCITS ETF | 2,047,811 | 35,949 | 11.36 |
| ^Japan Real Estate Investment Trust | 294 | 1,299 | 0.41 |
| ^Link Real Estate Investment Trust | 123,750 | 873 | 0.28 |
| ^Nippon Building Real Estate Investment Trust | 259 | 1,221 | 0.39 |
| ^Nippon Prologis Real Estate Investment Trust | 434 | 841 | 0.26 |
| ^Scentre Group | 353,296 | 381 | 0.12 |
| ^Swire Properties | 401,527 | 889 | 0.28 |
| ^United Urban Investment | 1,364 | 1,076 | 0.34 |
| ^Vicinity Centres Real Estate Investment Trust | 480,468 | 338 | 0.11 |
| Total Asia-Pacific Equities | | 48,471 | 15.32 |
| Direct Property Funds - 9.84% (14.11%) | | | |
| Janus Henderson UK Property PAIF | 3,475,656 | 3,882 | 1.23 |
| Kames Property Income Fund | 11,279,725 | 10,575 | 3.34 |
| Legal & General UK Property Fund | 15,493,310 | 8,529 | 2.69 |
| Threadneedle UK Property Authorised Investment Fund | 10,885,283 | 8,169 | 2.58 |
| Total Direct Property Funds | | 31,155 | 9.84 |
| European (Including UK) Equities - 27.73% (28.05%) | | | |
| ^BMO Commercial Property Trust | 4,670,811 | 3,452 | 1.09 |
| *†BMO Real Estate Securities Fund | 1,130,388 | 24,405 | 7.71 |
| ^British Land Real Estate Investment Trust | 163,951 | 621 | 0.20 |
| ^Derwent London Real Estate Investment Trust | 24,769 | 812 | 0.26 |
| ^Deutsche Wohnen | 57,464 | 1,759 | 0.56 |
| ^Gecina | 9,941 | 1,062 | 0.34 |
| ^Great Portland Real Estate Investment Trust | 109,209 | 750 | 0.24 |
| ^Inmobiliaria Colonial | 150,839 | 1,056 | 0.33 |
| ^*tiShares UK Property UCITS ETF | 3,918,351 | 19,063 | 6.02 |
| ^Klepierre | 86,646 | 1,249 | 0.39 |
| ^Land Securities | 98,304 | 610 | 0.19 |
| ^Leg Immobilien | 13,203 | 1,197 | 0.38 |
| Premier Pan European Property Fund | 34,147,206 | 22,728 | 7.18 |
| ^Segro Real Estate Investment Trust | 141,926 | 1,146 | 0.36 |
| ^TR Property Investment Trust | 2,053,523 | 6,859 | 2.17 |
| ^Unibail-Rodamco | 15,287 | 713 | 0.22 |
| ^Unite Group | 35,392 | 275 | 0.09 |
| Total European (Including UK) Equities | | 87,757 | 27.73 |

Portfolio Statement

as at 15 April 2020

| <i>Security</i> | <i>Holding</i> | <i>Bid value £'000</i> | <i>Total net assets %</i> |
|-----------------------------------------------------------|----------------|--------------------------------|---------------------------------------|
| Global Property Equities Funds - 21.23% (17.29%) | | | |
| *AXA World Framlington Global Flexible Property Fund | 373,077 | 36,767 | 11.62 |
| *AXA World Framlington Global Real Estate Securities Fund | 124,558 | 16,554 | 5.23 |
| *Kempen Global Property Fund | 16,633 | 13,865 | 4.38 |
| Total Global Property Equities Funds | | 67,186 | 21.23 |
| Money Markets - 2.07% (1.60%) | | | |
| +HSBC Global Sterling Liquidity Fund | 6,541,020 | 6,541 | 2.07 |
| Total Money Markets | | 6,541 | 2.07 |
| North American Equities - 20.54% (23.12%) | | | |
| ^Alexandria Real Estate Equities | 9,721 | 1,182 | 0.37 |
| ^Allied Properties Real Estate Investment Trust | 33,224 | 847 | 0.27 |
| ^AvalonBay Communities | 11,601 | 1,497 | 0.47 |
| ^Boston Properties | 11,284 | 900 | 0.28 |
| ^Camden Property Trust | 22,383 | 1,530 | 0.48 |
| ^Cousins Properties Real Estate Investment Trust | 38,034 | 962 | 0.30 |
| ^CubeSmart | 71,378 | 1,474 | 0.47 |
| ^Douglas Emmett | 43,556 | 1,065 | 0.34 |
| ^Duke Realty | 93,942 | 2,533 | 0.80 |
| ^Equity Residential | 29,206 | 1,542 | 0.49 |
| ^Essex Property Real Estate Investment Trust | 7,899 | 1,552 | 0.49 |
| ^Federal Realty Investment Trust | 15,658 | 977 | 0.31 |
| ^Healthcare Real Estate Investment Trust | 55,575 | 1,105 | 0.35 |
| ^Healthpeak Properties | 66,190 | 1,349 | 0.43 |
| ^Hudson Pacific Properties Real Estate Investment Trust | 46,729 | 964 | 0.30 |
| ^Invitation Homes Real Estate Investment Trust | 53,125 | 1,012 | 0.32 |
| ^*iShares US Property Yield UCITS ETF | 1,572,284 | 28,348 | 8.96 |
| ^Kimco Realty | 114,398 | 888 | 0.28 |
| ^National Retail Properties | 70,252 | 1,748 | 0.55 |
| ^Prologis | 36,444 | 2,522 | 0.80 |
| ^Public Storage | 9,283 | 1,451 | 0.46 |
| ^Realty Income | 40,234 | 1,658 | 0.52 |
| ^Regency Centers | 27,463 | 906 | 0.29 |
| ^RioCan Real Estate Investment Trust | 80,394 | 750 | 0.24 |
| ^Simon Property Group | 10,851 | 531 | 0.17 |
| ^SL Green Realty | 17,583 | 720 | 0.23 |
| ^Store Capital | 122,131 | 1,664 | 0.52 |
| ^Ventas | 51,381 | 1,254 | 0.40 |
| ^Vornado Realty Trust | 24,743 | 841 | 0.26 |
| ^Welltower | 31,878 | 1,237 | 0.39 |
| Total North American Equities | | 65,009 | 20.54 |

Portfolio Statement

as at 15 April 2020

| <i>Security</i> | <i>Holding</i> | <i>Bid value £'000</i> | <i>Total net assets %</i> |
|---------------------------------------------------------------|----------------|--------------------------------|---------------------------------------|
| Forward Foreign Exchange Contracts - 0.66% (0.05%) | | | |
| #Sold GBP 3,408,117 for EUR 3,770,621 settled 23 April 2020 | | (118) | (0.04) |
| #Sold EUR 22,216,742 for GBP 20,179,979 settled 23 April 2020 | | 791 | 0.25 |
| #Sold USD 92,828,179 for GBP 76,463,605 settled 23 April 2020 | | 2,190 | 0.69 |
| #Sold GBP 22,726,272 for USD 27,437,144 settled 23 April 2020 | | (773) | (0.24) |
| Total Forward Foreign Exchange Contracts | | 2,090 | 0.66 |
| Portfolio of investments | | 308,209 | 97.39 |
| Net other assets | | 8,254 | 2.61 |
| Net assets | | 316,463 | 100.00 |

*offshore fund

†Dublin ICVC

+related party

^listed

#unlisted

Figures in brackets denote comparative percentage holdings as at 15 April 2019.

Unless otherwise stated, all investments are listed securities.

The counterparties for the forward foreign exchange contracts are HSBC, Merrill Lynch, Goldman Sachs and Royal Bank of Scotland.

Comparative Tables

for the year ended 15 April 2020

| Retail Income# | 15.4.20 | 15.4.19 | 15.4.18 |
|----------------------------------------|----------------|----------------|----------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 158.50p | 143.10p | 152.70p |
| Return before operating charges* | 13.64p | 20.56p | (4.70p) |
| Operating charges** | (1.64p) | (2.03p) | (1.98p) |
| Return after operating charges* | 12.00p | 18.53p | (6.68p) |
| Distributions on income shares | (1.50p) | (3.13p) | (2.92p) |
| Cancellation price | (169.00p) | - | - |
| Closing net asset value per share | 0.00p | 158.50p | 143.10p |
| *after direct transaction costs of:*** | 0.03p | 0.03p | 0.01p |
| Performance | | | |
| Return after charges | 7.57% | 12.95% | (4.37%) |
| Other information | | | |
| Closing net asset value | N/A | £637,048 | £560,792 |
| Closing number of shares | N/A | 401,812 | 391,823 |
| Operating charges - OCF | N/A | 1.83% | 1.88% |
| Direct transaction costs | N/A | 0.02% | 0.01% |
| Prices | | | |
| Highest share price | 169.00p | 161.40p | 153.50p |
| Lowest share price | 157.20p | 144.10p | 143.10p |

| Retail Accumulation | 15.4.20 | 15.4.19 | 15.4.18 |
|-----------------------------------------------|----------------|----------------|----------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 185.80p | 164.40p | 172.00p |
| Return before operating charges* | (27.29p) | 23.75p | (5.36p) |
| Operating charges** | (2.51p) | (2.35p) | (2.24p) |
| Return after operating charges* | (29.80p) | 21.40p | (7.60p) |
| Distributions on accumulation shares | (2.97p) | (3.61p) | (3.31p) |
| Retained distributions on accumulation shares | 2.97p | 3.61p | 3.31p |
| Closing net asset value per share | 156.00p | 185.80p | 164.40p |
| *after direct transaction costs of:*** | 0.03p | 0.03p | 0.01p |
| Performance | | | |
| Return after charges | (16.04%) | 13.02% | (4.42%) |
| Other information | | | |
| Closing net asset value | £4,881,201 | £11,375,980 | £13,124,257 |
| Closing number of shares | 3,129,823 | 6,122,840 | 7,985,745 |
| Operating charges - OCF | 1.83% | 1.83% | 1.88% |
| Direct transaction costs | 0.02% | 0.02% | 0.01% |
| Prices | | | |
| Highest share price | 203.90p | 187.40p | 173.90p |
| Lowest share price | 138.70p | 165.50p | 162.60p |

#The Retail Income share class converted to Income C class on 17 January 2020. The class closed on 7 February 2020.

**The operating charges include all costs borne by the Fund, except for direct transaction costs.

***The direct transaction costs are made up of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

Comparative Tables

for the year ended 15 April 2020

| Institutional A Income | 15.4.20 | 15.4.19 | 15.4.18 |
|----------------------------------------|----------------|----------------|----------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 148.80p | 134.40p | 143.40p |
| Return before operating charges* | (21.61p) | 19.09p | (4.55p) |
| Operating charges** | (1.17p) | (1.11p) | (1.09p) |
| Return after operating charges* | (22.78p) | 17.98p | (5.64p) |
| Distributions on income shares | (3.22p) | (3.58p) | (3.36p) |
| Closing net asset value per share | 122.80p | 148.80p | 134.40p |
| *after direct transaction costs of:*** | 0.02p | 0.02p | 0.01p |
| Performance | | | |
| Return after charges | (15.31 %) | 13.38% | (3.93 %) |
| Other information | | | |
| Closing net asset value | £128,181 | £329,071 | £430,800 |
| Closing number of shares | 104,417 | 221,115 | 320,615 |
| Operating charges - OCF | 1.28% | 1.28% | 1.34% |
| Direct transaction costs | 0.02% | 0.02% | 0.01% |
| Prices | | | |
| Highest share price | 162.30p | 151.80p | 144.30p |
| Lowest share price | 110.40p | 135.30p | 134.60p |

| Institutional A Accumulation# | 15.4.20 | 15.4.19 | 15.4.18 |
|-----------------------------------------------|----------------|----------------|----------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 150.60p | 149.80p | N/A |
| Return before operating charges* | (22.46p) | 0.85p | N/A |
| Operating charges** | (0.64p) | (0.05p) | N/A |
| Return after operating charges* | (23.10p) | 0.80p | N/A |
| Distributions on accumulation shares | (3.75p) | (1.76p) | N/A |
| Retained distributions on accumulation shares | 3.75p | 1.76p | N/A |
| Closing net asset value per share | 127.50p | 150.60p | N/A |
| *after direct transaction costs of:*** | 0.02p | 0.03p | N/A |
| Performance | | | |
| Return after charges | (15.34%) | 0.53% | N/A |
| Other information | | | |
| Closing net asset value | £25,397,603 | £40,214 | N/A |
| Closing number of shares | 19,916,588 | 26,702 | N/A |
| Operating charges - OCF | 0.93% | 0.93% | N/A |
| Direct transaction costs | 0.02% | 0.02% | N/A |
| Prices | | | |
| Highest share price | 166.50p | 151.90p | N/A |
| Lowest share price | 113.30p | 149.70p | N/A |

#The Institutional A Accumulation share class launched on 15 March 2019.

**The operating charges include all costs borne by the Fund, except for direct transaction costs.

***The direct transaction costs are made up of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

Comparative Tables

for the year ended 15 April 2020

| Income C | 15.4.20 | 15.4.19 | 15.4.18 |
|----------------------------------------|----------------|----------------|----------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 160.50p | 144.90p | 154.60p |
| Return before operating charges* | (23.49p) | 20.65p | (4.93p) |
| Operating charges** | (1.09p) | (1.05p) | (1.02p) |
| Return after operating charges* | (24.58p) | 19.60p | (5.95p) |
| Distributions on income shares | (3.62p) | (4.00p) | (3.75p) |
| Closing net asset value per share | 132.30p | 160.50p | 144.90p |
| *after direct transaction costs of:*** | 0.03p | 0.03p | 0.01p |
| Performance | | | |
| Return after charges | (15.31 %) | 13.53% | (3.85%) |
| Other information | | | |
| Closing net asset value | £44,137,133 | £54,826,316 | £30,827,080 |
| Closing number of shares | 33,349,138 | 34,164,966 | 21,280,150 |
| Operating charges - OCF | 1.18% | 1.18% | 1.24% |
| Direct transaction costs | 0.02% | 0.02% | 0.01% |
| Prices | | | |
| Highest share price | 175.10p | 163.80p | 155.60p |
| Lowest share price | 119.10p | 145.90p | 145.20p |

| Accumulation C | 15.4.20 | 15.4.19 | 15.4.18 |
|-----------------------------------------------|----------------|----------------|----------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 194.10p | 170.80p | 177.80p |
| Return before operating charges* | (28.78p) | 24.54p | (5.82p) |
| Operating charges** | (1.32p) | (1.24p) | (1.18p) |
| Return after operating charges* | (30.10p) | 23.30p | (7.00p) |
| Distributions on accumulation shares | (4.41p) | (4.73p) | (4.34p) |
| Retained distributions on accumulation shares | 4.41p | 4.73p | 4.34p |
| Closing net asset value per share | 164.00p | 194.10p | 170.80p |
| *after direct transaction costs of:*** | 0.03p | 0.03p | 0.01p |
| Performance | | | |
| Return after charges | (15.51 %) | 13.64% | (3.94%) |
| Other information | | | |
| Closing net asset value | £241,919,378 | £313,158,627 | £256,544,376 |
| Closing number of shares | 147,522,921 | 161,344,308 | 150,204,089 |
| Operating charges - OCF | 1.18% | 1.18% | 1.24% |
| Direct transaction costs | 0.02% | 0.02% | 0.01% |
| Prices | | | |
| Highest share price | 214.20p | 195.80p | 180.50p |
| Lowest share price | 145.70p | 172.00p | 169.00p |

**The operating charges include all costs borne by the Fund, except for direct transaction costs.

***The direct transaction costs are made up of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

Statement of Total Return

for the year ended 15 April 2020

| | Notes | 15.4.20 | | 15.4.19 | |
|------------------------------------------------------------------------------|-------|---------|----------|---------|---------|
| | | £'000 | £'000 | £'000 | £'000 |
| Income | | | | | |
| Net capital (losses)/gains | 2 | | (69,058) | | 33,086 |
| Revenue | 3 | 10,809 | | 11,100 | |
| Expenses | 4 | (2,488) | | (2,280) | |
| Net revenue before taxation | | 8,321 | | 8,820 | |
| Taxation | 5 | (253) | | (536) | |
| Net revenue after taxation | | | 8,068 | | 8,284 |
| Total (deficit)/return before distributions | | | (60,990) | | 41,370 |
| Distributions | 6 | | (8,127) | | (8,311) |
| Change in net assets attributable to shareholders from investment activities | | | (69,117) | | 33,059 |

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 15 April 2020

| | 15.4.20 | | 15.4.19 | |
|--------------------------------------------------------------------------------------------------------------------|----------|----------|----------|---------|
| | £'000 | £'000 | £'000 | £'000 |
| Opening net assets attributable to shareholders | | 380,367 | | 301,487 |
| Amounts receivable on creation of shares | 96,874 | | 88,866 | |
| Amounts payable on cancellation of shares | (98,946) | | (51,287) | |
| | | (2,072) | | 37,579 |
| Dilution adjustment | | 327 | | 800 |
| Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above) | | (69,117) | | 33,059 |
| Retained distribution on accumulation shares | | 6,958 | | 7,442 |
| Closing net assets attributable to shareholders | | 316,463 | | 380,367 |

Balance Sheet

as at 15 April 2020

| | Notes | 15.4.20 | | 15.4.19 | |
|-----------------------------------------|-------|---------|---------|---------|---------|
| | | £'000 | £'000 | £'000 | £'000 |
| Assets | | | | | |
| Investments | | | 309,100 | | 372,603 |
| Current assets | | | | | |
| Debtors | 8 | 6,922 | | 1,196 | |
| Cash and bank balances | | 7,397 | | 7,473 | |
| Total current assets | | | 14,319 | | 8,669 |
| Total assets | | | 323,419 | | 381,272 |
| Liabilities | | | | | |
| Investment liabilities | | | (891) | | - |
| Creditors | | | | | |
| Distribution payable on income shares | | (560) | | (669) | |
| Other creditors | 9 | (5,505) | | (236) | |
| Total creditors | | | (6,065) | | (905) |
| Total liabilities | | | (6,956) | | (905) |
| Net assets attributable to shareholders | | | 316,463 | | 380,367 |

Distribution Tables (pence per share)

for the year ended 15 April 2020

| Group 1: Shares purchased prior to 16 October 2019 | | | | |
|---------------------------------------------------------------------------------------------------------------------|-----------------------|---------------------|---------------------------------------------|------------------------------------------|
| Group 2: Shares purchased from 16 October 2019 to 15 April 2020 | | | | |
| | <i>Net income</i> | <i>Equalisation</i> | <i>Distribution payable 15.6.20</i> | <i>Distribution paid 15.6.19</i> |
| Retail Income# | | | | |
| Group 1 | N/A | - | N/A | 1.491412 |
| Group 2 | N/A | N/A | N/A | 1.491412 |
| Retail Accumulation | | | | |
| Group 1 | 1.209107 | - | 1.209107 | 1.723838 |
| Group 2 | 0.834556 | 0.374551 | 1.209107 | 1.723838 |
| Institutional A Income | | | | |
| Group 1 | 1.483951 | - | 1.483951 | 1.716128 |
| Group 2 | 1.483951 | 0.000000 | 1.483951 | 1.716128 |
| Institutional A Accumulation | | | | |
| Group 1 | 1.756921 | - | 1.756921 | 1.757191 |
| Group 2 | 1.129068 | 0.627853 | 1.756921 | 1.757191 |
| Income C | | | | |
| Group 1 | 1.673760 | - | 1.673760 | 1.930259 |
| Group 2 | 0.584783 | 1.088977 | 1.673760 | 1.930259 |
| Accumulation C | | | | |
| Group 1 | 2.060233 | - | 2.060233 | 2.289713 |
| Group 2 | 0.953487 | 1.106746 | 2.060233 | 2.289713 |
| #The Retail Income share class converted to Income C class on 17 January 2020. The class closed on 7 February 2020. | | | | |

Distribution Tables (pence per share)

for the year ended 15 April 2020

| Group 1: Shares purchased prior to 16 April 2019 | | | | |
|--------------------------------------------------------------------------|-----------------------|---------------------|-------------------------------------------|-------------------------------------------|
| Group 2: Shares purchased from 16 April 2019 to 15 October 2019 | | | | |
| | <i>Net income</i> | <i>Equalisation</i> | <i>Distribution paid 15.12.19</i> | <i>Distribution paid 15.12.18</i> |
| Retail Income | | | | |
| Group 1 | 1.500000 | - | 1.500000 | 1.640000 |
| Group 2 | 0.070000 | 1.430000 | 1.500000 | 1.640000 |
| Retail Accumulation | | | | |
| Group 1 | 1.760000 | - | 1.760000 | 1.890000 |
| Group 2 | 0.780000 | 0.980000 | 1.760000 | 1.890000 |
| Institutional A Income | | | | |
| Group 1 | 1.740000 | - | 1.740000 | 1.860000 |
| Group 2 | 0.760000 | 0.980000 | 1.740000 | 1.860000 |
| Institutional A Accumulation# | | | | |
| Group 1 | 1.990000 | - | 1.990000 | N/A |
| Group 2 | 0.710000 | 1.280000 | 1.990000 | N/A |
| Income C | | | | |
| Group 1 | 1.950000 | - | 1.950000 | 2.070000 |
| Group 2 | 0.790000 | 1.160000 | 1.950000 | 2.070000 |
| Accumulation C | | | | |
| Group 1 | 2.350000 | - | 2.350000 | 2.440000 |
| Group 2 | 1.170000 | 1.180000 | 2.350000 | 2.440000 |
| #The Institutional A Accumulation share class launched on 15 March 2019. | | | | |

Notes to the Financial Statements

for the year ended 15 April 2020

| | 15.4.20 £'000 | 15.4.19 £'000 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| 1. Accounting Policies | | |
| The accounting policies are set out on pages 10 and 11. | | |
| 2. Net Capital (Losses)/Gains | | |
| The net capital (losses)/gains during the year comprise: | | |
| Realised (losses)/gains on currency | (9) | 11 |
| Unrealised gains on currency | 4 | 4 |
| Transaction charges | (4) | (12) |
| Capital US REIT income | 378 | 108 |
| Realised (losses)/gains on forward foreign currency contracts | (7,696) | 2,116 |
| Unrealised gains on forward foreign currency contracts | 2,090 | 183 |
| Realised gains/(losses) on non-derivative securities | 386 | (469) |
| Unrealised (losses)/gains on non-derivative securities | (64,293) | 31,058 |
| Management fee rebate | 86 | 87 |
| Net capital (losses)/gains | (69,058) | 33,086 |
| Realised gains/(losses) in the current accounting year include unrealised gains/(losses) arising in previous years. In such circumstances a corresponding loss/gain is included in unrealised gains/(losses) figure. | | |
| 3. Revenue | | |
| UK dividends (net) | 307 | 281 |
| Property investment income | 270 | 152 |
| Overseas dividends | 2,495 | 2,216 |
| Unfranked distributions from UK authorised ICVCs and unit trusts | 1,200 | 2,888 |
| Franked distributions from UK authorised ICVCs and unit trusts | 6,389 | 5,296 |
| Interest on bonds and other debt securities | 103 | 109 |
| Bank interest | 15 | 16 |
| Management fee rebates | 30 | 142 |
| Total revenue | 10,809 | 11,100 |
| 4. Expenses | | |
| Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them: | | |
| Authorised Corporate Director's charge | 2,074 | 1,901 |
| Registration fee | 350 | 323 |
| Safe custody fee | 19 | 15 |
| | 2,443 | 2,239 |
| Payable to the Depositary, associates of the Depositary and agents of either of them: | | |
| Depositary fee | 38 | 35 |
| Other expenses: | | |
| Audit fee | 6 | 6 |
| Report and accounts fee | 1 | - |
| | 7 | 6 |
| Total expenses | 2,488 | 2,280 |

| | 15.4.20 £'000 | 15.4.19 £'000 |
|---------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| 5. Taxation | | |
| a) Analysis of charge in year: | | |
| Corporation tax | 249 | 496 |
| Adjustments in respect of prior years | - | 58 |
| Overseas tax | 291 | 210 |
| Double tax relief | (242) | (196) |
| Total current tax charge for the year (note 5b) | 298 | 568 |
| Deferred tax (note 5c) | (45) | (32) |
| Total tax for the year (note 5b) | 253 | 536 |
| b) Factors affecting taxation charge for the year: | | |
| The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an open-ended investment company (20%). | | |
| The differences are explained below: | | |
| Net revenue before taxation | 8,321 | 8,820 |
| Corporation tax at 20% | 1,664 | 1,764 |
| Effects of: | | |
| Revenue not subject to taxation | (1,477) | (1,259) |
| Taxable management fee rebates accounted for as capital | 17 | 17 |
| Overseas tax | 259 | 200 |
| Overseas tax on special dividends in capital | 32 | 10 |
| Double tax relief | (242) | (196) |
| Current tax charge for the year (note 5a) | 253 | 536 |
| c) Provision for deferred taxation | | |
| Provision at start of year | 58 | 90 |
| Deferred tax credit in profit and loss account for the year (note 5a) | (45) | (32) |
| Provision at end of year (note 5a) | 13 | 58 |
| 6. Distributions | | |
| The distributions take account of amounts received on the issue of shares and amounts deducted on the cancellation of shares, and comprise: | | |
| Interim dividend distribution | 4,212 | 4,055 |
| Final dividend distribution | 3,987 | 4,470 |
| | 8,199 | 8,525 |
| Add: Amounts deducted on cancellation of shares | 489 | 300 |
| Deduct: Amounts received on issue of shares | (561) | (514) |
| Net distribution for the year | 8,127 | 8,311 |
| 7. Movement Between Net Revenue and Distributions | | |
| Net revenue after taxation | 8,068 | 8,284 |
| Equalisation on conversions | 10 | - |
| Withholding tax on capital dividends | 32 | 9 |
| Corporation tax on taxable items in capital | 17 | 18 |
| Net distribution for the year | 8,127 | 8,311 |

15.4.20 15.4.19
£'000 £'000

8. Debtors

| | | |
|-------------------------------------------|--------------|-------|
| Amounts receivable for creation of shares | 265 | 457 |
| Sales awaiting settlement | 6,048 | - |
| Accrued revenue | 392 | 611 |
| Management fee rebates receivable | 34 | 41 |
| Overseas tax recoverable | 38 | 20 |
| Income tax recoverable | 84 | 67 |
| Corporation tax recoverable | 61 | - |
| Total debtors | 6,922 | 1,196 |

9. Other creditors

| | | |
|--------------------------------------------|--------------|-----|
| Amounts payable for cancellation of shares | 4,996 | 58 |
| Accrued expenses | 496 | 120 |
| Deferred tax (note 5c) | 13 | 58 |
| Total other creditors | 5,505 | 236 |

10. Reconciliation of Shares

| | <i>Retail Income#</i> | <i>Retail Accumulation</i> | <i>Institutional A Income</i> | <i>Institutional A Accumulation</i> | <i>Income C</i> | <i>Accumulation C</i> |
|-------------------------------------------|---------------------------|--------------------------------|-----------------------------------|-----------------------------------------|---------------------|---------------------------|
| Opening shares issued at 16.4.19 | 401,812 | 6,122,840 | 221,115 | 26,702 | 34,164,966 | 161,344,308 |
| Share movements 16.4.19 to 15.4.20 | | | | | | |
| Shares issued | 349,403 | 699,868 | 164 | 20,322,040 | 11,946,706 | 22,808,531 |
| Shares cancelled | (417,305) | (1,695,018) | (91,272) | (562,042) | (13,273,650) | (38,302,232) |
| Shares converted | (333,910) | (1,997,867) | (25,590) | 129,888 | 511,116 | 1,672,314 |
| Closing shares issued at 15.4.20 | - | 3,129,823 | 104,417 | 19,916,588 | 33,349,138 | 147,522,921 |

#The Retail Income share class converted to Income C class on 17 January 2020. The class closed on 7 February 2020.

11. Ultimate Controlling Party and Related Party Transactions

The Authorised Corporate Director (ACD) is regarded as a controlling party of the Fund by virtue of having the ability to act in concert in respect of Fund operations. The ultimate controlling party of the ACD is HSBC Group plc. This entity and its subsidiaries are also related parties of the Fund.

At the year end, the ACD and its associates held the following of the Fund's shares in issue:

| | <i>Retail Income#</i> | <i>Retail Accumulation</i> | <i>Institutional A Income</i> | <i>Institutional A Accumulation</i> | <i>Income C</i> | <i>Accumulation C</i> |
|---------------|---------------------------|--------------------------------|-----------------------------------|-----------------------------------------|---------------------|---------------------------|
| | % | % | % | % | % | % |
| As at 15.4.20 | N/A | 1.63 | - | - | 1.20 | 1.02 |
| As at 15.4.19 | - | 0.98 | - | 100.00 | 1.57 | 0.58 |

#The Retail Income share class converted to Income C class on 17 January 2020. The class closed on 7 February 2020.

Details of all other material related party transactions during the year and any payment amounts outstanding at the balance sheet date are disclosed in notes 8 and 9 to the financial statements and the Statement of Change in Net Assets Attributable to Shareholders and the Portfolio Statement.

The balance due to/from the ACD (including amounts due to associates and agents) at the year end was £5,213,476 (15.4.19: £290,110). Further details of such amounts can be found in notes 8 and 9.

At the year end, the Fund held £6,541,020 (15.4.19: £6,086,811) in Authorised Investment Funds managed by HSBC and/or HSBC Holdings, the parent company of the ACD. During the year, transactions in Authorised Investment Funds managed by HSBC and/or HSBC Holdings totalled £25,454,209 (15.4.19: £51,000,000).

Investments in related parties are disclosed in the Portfolio Statement.

12. Financial Instruments

The financial instrument risks and risk management policies are set out on pages 12 and 13.

Foreign Currency Risk

A substantial portion of the net assets of the Fund are denominated in currencies other than sterling with the effect that the balance sheet and total return can be significantly affected by currency movements.

Net currency monetary assets and liabilities consist of:

| | <i>Portfolio of investments</i> | | <i>Net other assets</i> | | <i>Net assets</i> | |
|----------------------|---------------------------------|---------|-------------------------|---------|-------------------|---------|
| | 15.4.20 | 15.4.19 | 15.4.20 | 15.4.19 | 15.4.20 | 15.4.19 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Sterling* | 235,145 | 297,741 | 6,582 | 7,546 | 241,727 | 305,287 |
| Australian dollar | 2,231 | 3,480 | - | - | 2,231 | 3,480 |
| Canadian dollar | 1,597 | 1,114 | - | - | 1,597 | 1,114 |
| Euro | 21,692 | 19,043 | 224 | 20 | 21,916 | 19,063 |
| Hong Kong dollar | 2,286 | 3,454 | 29 | 20 | 2,315 | 3,474 |
| Japanese yen | 5,677 | 6,074 | 50 | 43 | 5,727 | 6,117 |
| Singapore dollar | 1,371 | 1,543 | 2 | - | 1,373 | 1,543 |
| United States dollar | 38,210 | 40,154 | 1,367 | 135 | 39,577 | 40,289 |
| Total | 308,209 | 372,603 | 8,254 | 7,764 | 316,463 | 380,367 |

*No currency risk as base currency.

Interest Rate Risk

At the year end, 2.34% (15.4.19: 1.96%) of the Fund's assets by value were interest-bearing.

Interest rates are based upon LIBOR (London Interbank Offered Rate).

13. Shareholders' Funds

This Fund has a retail share class, an institutional A share class and a C share class.

The annual ACD charge on the retail share class is 1.25%, 0.75% on the institutional income share class, 0.40% on the institutional accumulation class and 0.55% on the C share class.

The net asset value of the share class, the net asset value per share and the number of shares in each class are given in the Comparative Tables on pages 19 to 21.

The distribution per share class is given in the Distribution Tables on pages 23 and 24.

All share classes within the OEIC have the same rights on winding up.

14 Financial Derivatives

The Fund has used financial derivatives for hedging and meeting investment objectives including risk reduction and implementation of investment policies.

The use of derivatives can create additional counterparty risks. Details of the policy adopted by the ACD for managing counterparty and other risks are set out in the Notes to the Financial Statements.

The type of derivatives held at the year end was forward currency contracts.

Details of the individual contracts are shown on the Portfolio Statement on pages 16 to 18, and the total position by the counterparty at the year end is summarised below. The underlying exposure for each category of derivatives were as follows:

| Counterparty | Forward Currency £'000 | | Total £'000 | |
|---------------|---------------------------|------|----------------|------|
| | 2020 | 2019 | 2020 | 2019 |
| HSBC Bank | 2,548 | 183 | 2,548 | 183 |
| Merrill Lynch | 448 | - | 448 | - |

Eligible collateral types are approved by the ACD and may consist of cash, UK gilts, certificates of deposit, treasury bills, sovereign debt, eurosterling bonds and equities.

At 15 April 2020, there was no collateral held in respect of the above derivatives (15.4.19: £nil).

15 Contingent Liabilities and Commitments

At the year end, the Fund had no contingent liabilities or commitments (15.4.19: none).

16. Portfolio Transaction Costs

| For the year ended 15 April 2020 | Purchases £'000 | Commissions £'000 | % | Taxes £'000 | % | Other Expenses £'000 | % |
|------------------------------------------------|--------------------|----------------------|------|----------------|------|-------------------------|------|
| Analysis of total purchases costs | | | | | | | |
| Equity transactions | 25,815 | 6 | 0.02 | 18 | 0.07 | 1 | 0.00 |
| Pooled investment vehicles | 92,458 | 12 | 0.01 | - | - | - | - |
| Total purchases before transaction costs | 118,273 | 18 | | 18 | | 1 | |
| Transaction costs | 37 | | | | | | |
| Total purchases after commission, tax and fees | 118,310 | | | | | | |
| | Sales £'000 | Commissions £'000 | % | Taxes £'000 | % | Other Expenses £'000 | % |
| Analysis of total sales costs | | | | | | | |
| Equity transactions | 18,769 | 4 | 0.02 | 1 | 0.01 | 1 | 0.01 |
| Pooled investment vehicles | 102,514 | 15 | 0.01 | - | - | - | - |
| Corporate actions | 6 | - | - | - | - | - | - |
| Total sales before transaction costs | 121,289 | 19 | | 1 | | 1 | |
| Transaction costs | (21) | | | | | | |
| Total sales after commission, tax and fees | 121,268 | | | | | | |

The Fund had paid £nil as commission on purchases and sales derivative transactions for the year ended 15.4.20.

Commissions, taxes and fees as % of average Net Assets:

| | |
|----------------|-------|
| Commissions | 0.01% |
| Taxes | 0.01% |
| Other expenses | 0.00% |

At the balance sheet date the portfolio dealing spread was 0.82%, being the difference between the respective bid and offer prices for the Fund's investments.

| For the year ended 15 April 2019 | Purchases | Commissions | | Taxes | | Other Expenses | |
|------------------------------------------------|------------------|--------------------|------|--------------|------|-----------------------|------|
| | £'000 | £'000 | % | £'000 | % | £'000 | % |
| Analysis of total purchases costs | | | | | | | |
| Equity transactions | 30,567 | 8 | 0.03 | 17 | 0.06 | 2 | 0.01 |
| Pooled investment vehicles | 136,235 | 18 | 0.01 | - | - | - | - |
| Total purchases before transaction costs | 166,802 | 26 | | 17 | | 2 | |
| Transaction costs | 45 | | | | | | |
| Total purchases after commission, tax and fees | 166,847 | | | | | | |
| | Sales | Commissions | | Taxes | | Other Expenses | |
| | £'000 | £'000 | % | £'000 | % | £'000 | % |
| Analysis of total sales costs | | | | | | | |
| Equity transactions | 28,155 | 7 | 0.02 | - | - | 1 | - |
| Pooled investment vehicles | 92,179 | 3 | - | - | - | - | - |
| Corporate actions | 1 | - | - | - | - | - | - |
| Total sales before transaction costs | 120,335 | 10 | | - | | 1 | |
| Transaction costs | (11) | | | | | | |
| Total sales after commission, tax and fees | 120,324 | | | | | | |

The Fund had paid £nil as commission on purchases and sales derivative transactions for the year ended 15.4.19.

Commissions, taxes and fees as % of average Net Assets:

| | |
|----------------|-------|
| Commissions | 0.01% |
| Taxes | 0.01% |
| Other expenses | 0.00% |

At the balance sheet date the portfolio dealing spread was 0.86%, being the difference between the respective bid and offer prices for the Fund's investments.

Portfolio transaction costs are incurred by the Fund when buying and selling underlying investments. These costs vary depending on the class of investment, country of exchange and method of execution.

These costs can be classified as either direct or indirect transaction costs:

Direct transaction costs: Broker commissions, fees and taxes.

Indirect transaction costs: 'Dealing spread' – the difference between the buying and selling prices of the Fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the Fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

17. Fair Value of Investments

FRS 102 requires an entity 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 shall have the following classifications:

- Level 1: unadjusted quoted prices in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3: inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

For the year ended 15 April 2020

| Category | 1 | 2 | 3 | Total |
|-------------------------------|---------|---------|--------|---------|
| | £'000 | £'000 | £'000 | £'000 |
| Investment Assets | | | | |
| Equities | 70,744 | - | - | 70,744 |
| Pooled investment vehicles | 83,360 | 120,860 | 31,155 | 235,375 |
| Derivatives | - | 2,981 | - | 2,981 |
| | 154,104 | 123,841 | 31,155 | 309,100 |
| Investment Liabilities | | | | |
| Derivatives | - | (891) | - | (891) |
| | - | (891) | - | (891) |

For the year ended 15 April 2019

| Category | 1 | 2 | 3 | Total |
|----------------------------|---------|---------|-------|---------|
| | £'000 | £'000 | £'000 | £'000 |
| Investment Assets | | | | |
| Equities | 82,823 | - | - | 82,823 |
| Pooled investment vehicles | 117,060 | 172,537 | - | 289,597 |
| Derivatives | - | 183 | - | 183 |
| | 199,883 | 172,720 | - | 372,603 |

18. Sensitivity Analysis

Price risk sensitivity:

If the price of investments at 15 April 2020 had increased or decreased by 10% with all other variables held constant, this would have increased or decreased the net assets attributable to shareholders by £30,820,904 (15.4.19: £37,260,311).

Currency risk sensitivity:

If the exchange rate at 15 April 2020 had increased or decreased by 10% with all other variables held constant, this would have increased or decreased the net assets attributable to shareholders by £7,473,647 (15.4.19: £7,508,112).

Interest rate risk sensitivity:

At the balance sheet date, the Fund did not have a significant exposure to interest rate risk, therefore no sensitivity analysis is disclosed (15.4.19: no significant exposure).

19. Events after the balance sheet date

Since the year end, markets and operations have continued to be disrupted by the effects of the COVID-19 pandemic. Since the year end the NAV of the lead share class was 169.9p and has increased by 3.47% (to 10 July 2020). Contingency plans at the ACD and key service suppliers have proven effective in mitigating the effects on management of the portfolio and on all supporting operations.

World Selection - Adventurous Portfolio

Investment Objective

To provide capital growth through investment in a range of asset classes across global markets with a bias towards asset classes that focus on equity investment strategies.

Investment Policy*

This is one of a range of actively managed World Selection Portfolios offered at five different risk levels. The asset allocation of each fund in the range reflects the risk level. The Fund is rated as 5, where 1 is a lower level of risk and 5 is a higher level of risk. The Fund is managed with the aim of maximising returns in line with its agreed long-term risk profile therefore any potential returns are likely to be limited by the risk profile of the Fund.

To achieve its objective the Fund invests substantially in collective investment schemes that in turn invest in equities, fixed income securities, alternative asset classes and derivatives. Typically the Fund will primarily invest in asset classes that focus on equity investment strategies.

The Fund may, in addition to its other investment powers, use exchange traded and over-the-counter derivatives and forward currency contracts for investment purposes.

Using these investment powers for investment purposes means, in particular, maintaining positions in these investments for the long term rather than just for tactical short-term purposes.

Where the use of derivatives is for investment purposes in addition to hedging it is envisaged that the use of such instruments will not affect the overall risk profile of the Fund.

*The full policy can be found in the prospectus.

Investment Strategy*

The starting point for the World Selection Portfolios is the Strategic Asset Allocation (SAA). SAA is the long-term blend of assets for each risk level. Tactical Asset Allocation (TAA) is another layer on top of the SAA and is driven by the investment team's shorter term market outlook.

Portfolio Implementation is the final stage in the investment process, where we decide how best to take exposure to each asset class.

98% of the Fund invests in collective investment schemes. This includes 83% in collective investment schemes that aim to track the performance of market indices.

Derivatives may be used with the aim of hedging to reduce market risk and to reduce the impact of currency movements but also with the aim of generating returns to assist the Fund in meeting its investment objective. Exchange traded futures may be used to gain or reduce exposure to certain asset classes. Forward currency contracts may be used to gain exposure to currencies or for hedging to reduce the impact of currency movements for certain asset classes that are not denominated in Sterling.

*The full strategy can be found in the prospectus.

Portfolio Activity

At the start of the period, the portfolio was positioned to be overweight to risk assets. Towards the end of 2019, the Portfolio Management team took steps to reduce this overweight. In Q1 2020, this was extended to move the portfolio underweight risk as the spread of coronavirus increased market volatility.

During the first half of the year, various trades were executed to reposition the portfolio and slightly reduce risk. For example, exposure to emerging markets equities, through the broad index and a specific position in China A shares were reduced, or closed, with the proceeds invested in US equity.

Later in the year, we further reduced risk, trimming our overweights to the UK, Japan and Emerging Markets (EM) while also taking profit from our Indian bond positions. Proceeds were reinvested into a mix of cash and liquid alternatives.

At the end of 2019, we reduced our FX hedge on global equities. Sterling appreciated in the run up to and after the general election in the UK leading to the potential for future depreciation of the currency, which would be beneficial for an unhedged position.

In January and early February, we adjusted our EM equity exposure, adding specifically to China and Russia from the broader EM allocation. Russia appeared to have strong momentum and attractive valuations while China had already seen a hit to asset prices from the outbreak of coronavirus, leading to an attractive entry point.

In mid-February, as coronavirus spread, portfolios were repositioned to reduce risk further, cutting exposure to equities, and corporate bonds with the proceeds added to cash. A second tranche of risk reduction was executed at the beginning of March with EM and UK equity reduced and the proceeds held in cash.

March saw a period where numerous adjustments were made to steer the portfolio through a period of extreme volatility with further reductions to equity positions with proceeds added to government bonds and cash.

Steps were also taken to diversify our defensive allocations, with positions initiated in safe haven currencies (USD, JPY and Swiss Franc).

Major purchases included: HSBC Index Tracker Investment Fund FTSE all World Index, iShares Core S And P 500 UCITS ETF, HSBC Global Sterling Liquidity Funds, Structured Inv Goldman Sachs Cross Asset USD, AQR Managed Futures UCITS Fund, HSBC MSCI China A Inclusion UC ETF and HSBC MSCI Russia Capped ETF.

Major sales included: HSBC Index Tracker Investment Fund FTSE all World Index, HSBC American Index Fund, iShares Core MSCI Emerging Markets IMI UCITS ETF, HGIF GEM Local Debt ZQ, HSBC MSCI China A Inclusion UC ETF and HSBC MSCI Russia Capped ETF.

Investment Performance

During the year under review the value of the shares in the Fund decreased by 7.02%.

(Source: Morningstar Direct, GBP, UK net of tax, for the Accumulation C share class. Returns based on the NAV, which is a single price.)

Please note that the above information refers to the past and that past performance is not a reliable indication of future returns.

Fund Particulars

as at 16 April 2020

| | Institutional Income | Institutional Accumulation | Income C | Accumulation C | Accumulation P |
|------------------------------------------------------------|-------------------------|-------------------------------|-------------|-------------------|-------------------|
| Price | 133.3p xd | 143.6p | 133.3p xd | 142.5p | 145.1p |
| Distribution payable (on 15 June 2020) per share net | 0.535748p | 0.579225p | 0.193280p | 0.212482p | 0.442553p |
| Current net estimated yield | 2.15% | 2.12% | 1.52% | 1.50% | 1.86% |
| Annual ACD charge | 0.00% | 0.00% | 0.55% | 0.55% | 0.25% |

Portfolio Statement

as at 15 April 2020

| <i>Security</i> | <i>Holding</i> | <i>Bid value £'000</i> | <i>Total net assets %</i> |
|----------------------------------------------------------------|----------------|--------------------------------|---------------------------------------|
| Asia-Pacific (excluding Japan) Equities - 1.83% (2.01%) | | | |
| *iShares Core MSCI Pacific ex Japan UCITS ETF GBP | 3,796 | 366 | 0.38 |
| *iShares Core MSCI Pacific ex Japan UCITS ETF USD | 14,598 | 1,409 | 1.45 |
| Total Asia-Pacific (excluding Japan) Equities | | 1,775 | 1.83 |
| Chinese Equities - 0.00% (0.62%) | | | |
| European Equities - 7.14% (7.67%) | | | |
| +HSBC European Index Fund | 733,734 | 6,348 | 6.54 |
| *Xtrackers S&P Europe ex UK UCITS ETF | 14,638 | 580 | 0.60 |
| Total European Equities | | 6,928 | 7.14 |
| Japanese Equities - 4.14% (4.73%) | | | |
| +HSBC Japan Index Fund | 3,214,036 | 4,014 | 4.14 |
| Total Japanese Equities | | 4,014 | 4.14 |
| Global Emerging Markets Equities - 8.51% (10.36%) | | | |
| *+HSBC GIF Economic Scale Index GEM Equity Fund | 358,658 | 2,424 | 2.50 |
| *iShares Core MSCI Emerging Markets IMI UCITS ETF USD | 309,689 | 5,828 | 6.01 |
| Total Global Emerging Markets Equities | | 8,252 | 8.51 |
| Global Emerging Markets Debt - 5.30% (5.57%) | | | |
| *+HSBC GIF Global Emerging Markets Bond Fund | 189,652 | 1,281 | 1.32 |
| *+HSBC GIF Global Emerging Markets Local Debt Fund | 592,194 | 3,858 | 3.98 |
| Total Global Emerging Markets Debt | | 5,139 | 5.30 |
| Global Equities - 27.62% (27.69%) | | | |
| +HSBC FTSE All-World Index Fund | 11,293,265 | 18,803 | 19.39 |
| *+HSBC GIF Economic Scale Index Global Equity Fund | 205,858 | 5,420 | 5.59 |
| *+HSBC Multi Factor Worldwide Equity UCITS ETF | 191,854 | 2,565 | 2.64 |
| Total Global Equities | | 26,788 | 27.62 |
| Global Property Equities Funds - 4.26% (4.94%) | | | |
| *+HSBC GIF Global Real Estate Equity Fund | 601,626 | 4,129 | 4.26 |
| Total Global Property Equities Funds | | 4,129 | 4.26 |
| US Equities - 26.71% (25.46%) | | | |
| +HSBC American Index Fund | 2,733,070 | 17,825 | 18.38 |
| *iShares Core S&P 500 UCITS ETF | 30,187 | 6,695 | 6.90 |
| *Vanguard S&P 500 UCITS ETF | 32,964 | 1,383 | 1.43 |
| Total US Equities | | 25,903 | 26.71 |
| UK Equities - 2.62% (2.71%) | | | |
| +HSBC FTSE 100 Index Fund | 1,318,164 | 2,538 | 2.62 |
| Total UK Equities | | 2,538 | 2.62 |

Portfolio Statement

as at 15 April 2020

| <i>Security</i> | <i>Holding</i> | <i>Bid value £'000</i> | <i>Total net assets %</i> |
|--------------------------------------------------------------|----------------|--------------------------------|---------------------------------------|
| Global High Yield Bonds - 1.07% (1.43%) | | | |
| *+HSBC GIF Global High Yield Bond Fund | 138,272 | 1,034 | 1.07 |
| Total Global High Yield Bonds | | 1,034 | 1.07 |
| Money Markets - 2.60% (0.75%) | | | |
| *+HSBC Global Sterling Liquidity Fund | 2,523,296 | 2,523 | 2.60 |
| Total Money Markets | | 2,523 | 2.60 |
| Liquid Alternatives - 5.87% (4.85%) | | | |
| *AQR Managed Future UCITS | 27,838 | 2,444 | 2.52 |
| *Goldman Sachs Cross Asset Trend Portfolio | 414,651 | 3,251 | 3.35 |
| Total Liquid Alternatives | | 5,695 | 5.87 |
| Forward Foreign Exchange Contracts - 0.27% (0.20%) | | | |
| #Sold GBP 483,079 for CHF 577,735 settled 23 April 2020 | | (4) | - |
| #Sold GBP 482,533 for JPY 64,777,122 settled 23 April 2020 | | - | - |
| #Sold GBP 1,220,499 for USD 1,456,039 settled 23 April 2020 | | (56) | (0.06) |
| #Sold USD 11,263,494 for GBP 9,335,780 settled 23 April 2020 | | 324 | 0.33 |
| Total Forward Foreign Exchange Contracts | | 264 | 0.27 |
| Futures - 0.11% (0.00%) | | | |
| CBT US 10Yr Ultra Future June 2020 | 9 | 28 | 0.03 |
| CME S&P 500 E-Mini Index Future June 2020 | 7 | 61 | 0.06 |
| ICF FTSE 100 Index Future June 2020 | 4 | 19 | 0.02 |
| Total Futures | | 108 | 0.11 |
| Portfolio of investments | | 95,090 | 98.05 |
| Net other assets | | 1,890 | 1.95 |
| Net assets | | 96,980 | 100.00 |

*offshore funds

+related party

#unlisted

Figures in brackets denote comparative percentage holdings at 15 April 2019.

Unless otherwise stated, all holdings are authorised investment funds.

The counterparty for futures is HSBC.

The counterparties for forward foreign exchange contracts are Citigroup, Goldman Sachs, HSBC, Royal Bank of Scotland and UBS.

Comparative Tables

for the year ended 15 April 2020

| Retail Income# | 15.4.20 | 15.4.19 | 15.4.18 |
|----------------------------------------|----------------|----------------|----------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 141.60p | 130.80p | 127.80p |
| Return before operating charges* | 14.68p | 14.00p | 6.13p |
| Operating charges** | (1.48p) | (1.82p) | (1.81p) |
| Return after operating charges* | 13.20p | 12.18p | 4.32p |
| Distributions on income shares | (1.30p) | (1.38p) | (1.32p) |
| Cancellation price | (153.50p) | - | - |
| Closing net asset value per share | - | 141.60p | 130.80p |
| *after direct transaction costs of:*** | 0.00p | 0.00p | 0.00p |
| Performance | | | |
| Return after charges | 9.32% | 9.31% | 3.38% |
| Other information | | | |
| Closing net asset value | N/A | £205,446 | £169,861 |
| Closing number of shares | N/A | 145,120 | 129,875 |
| Operating charges - OCF | N/A | 1.45% | 1.44% |
| Direct transaction costs | N/A | 0.00% | 0.00% |
| Prices | | | |
| Highest share price | 153.50p | 144.20p | 141.30p |
| Lowest share price | 137.60p | 125.70p | 125.90p |

| Retail Accumulation## | 15.4.20 | 15.4.19 | 15.4.18 |
|-----------------------------------------------|----------------|----------------|----------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 150.40p | 137.50p | 132.90p |
| Return before operating charges* | 15.67p | 14.82p | 6.46p |
| Operating charges** | (1.57p) | (1.92p) | (1.86p) |
| Return after operating charges* | 14.10p | 12.90p | 4.60p |
| Distributions on accumulation shares | (1.35p) | (1.45p) | (1.39p) |
| Retained distributions on accumulation shares | 1.35p | 1.45p | 1.39p |
| Cancellation price | (164.50p) | - | - |
| Closing net asset value per share | - | 150.40p | 137.50p |
| *after direct transaction costs of:*** | 0.00p | 0.00p | 0.00p |
| Performance | | | |
| Return after charges | 9.38% | 9.38% | 3.46% |
| Other information | | | |
| Closing net asset value | N/A | £6,562,072 | £5,676,980 |
| Closing number of shares | N/A | 4,364,241 | 4,129,226 |
| Operating charges - OCF | N/A | 1.45% | 1.44% |
| Direct transaction costs | N/A | 0.00% | 0.00% |
| Prices | | | |
| Highest share price | 164.50p | 151.60p | 148.50p |
| Lowest share price | 146.10p | 133.50p | 130.90p |

#The Retail Income share class converted to Income C class on 17 January 2020.

##The Retail Accumulation share class converted to Accumulation C class on 17 January 2020.

**The operating charges include all costs borne by the Fund, except for direct transaction costs.

***The direct transaction costs are made up of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

Comparative Tables

for the year ended 15 April 2020

| Institutional Income### | 15.4.20 | 15.4.19 | 15.4.18 |
|----------------------------------------|----------------|----------------|----------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 146.10p | 136.20p | N/A |
| Return before operating charges* | (9.99p) | 10.41p | N/A |
| Operating charges** | (0.04p) | (0.02p) | N/A |
| Return after operating charges* | (10.03p) | 10.39p | N/A |
| Distributions on income shares | (2.87p) | (0.49p) | N/A |
| Closing net asset value per share | 133.20p | 146.10p | N/A |
| *after direct transaction costs of:*** | 0.00p | 0.00p | N/A |
| Performance | | | |
| Return after charges | (6.87%) | 7.63% | N/A |
| Other information | | | |
| Closing net asset value | £1,802,638 | £3,089,860 | N/A |
| Closing number of shares | 1,353,209 | 2,115,096 | N/A |
| Operating charges - OCF | 0.13% | 0.16% | N/A |
| Direct transaction costs | 0.00% | 0.00% | N/A |
| Prices | | | |
| Highest share price | 160.20p | 146.70p | N/A |
| Lowest share price | 122.40p | 129.70p | N/A |

| Institutional Accumulation### | 15.4.20 | 15.4.19 | 15.4.18 |
|-----------------------------------------------|----------------|----------------|----------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 154.40p | 143.50p | N/A |
| Return before operating charges* | (10.75p) | 10.92p | N/A |
| Operating charges** | (0.05p) | (0.02p) | N/A |
| Return after operating charges* | (10.80p) | 10.90p | N/A |
| Distributions on accumulation shares | (3.04p) | (0.52p) | N/A |
| Retained distributions on accumulation shares | 3.04p | 0.52p | N/A |
| Closing net asset value per share | 143.60p | 154.40p | N/A |
| *after direct transaction costs of:*** | 0.00p | 0.00p | N/A |
| Performance | | | |
| Return after charges | (6.99%) | 7.60% | N/A |
| Other information | | | |
| Closing net asset value | £8,915,993 | £11,186,676 | N/A |
| Closing number of shares | 6,210,661 | 7,245,751 | N/A |
| Operating charges - OCF | 0.13% | 0.16% | N/A |
| Direct transaction costs | 0.00% | 0.00% | N/A |
| Prices | | | |
| Highest share price | 172.00p | 154.50p | N/A |
| Lowest share price | 131.40p | 136.60p | N/A |

###The Institutional Income and Accumulation share classes launched on 23 November 2018.

**The operating charges include all costs borne by the Fund, except for direct transaction costs.

***The direct transaction costs are made up of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

Comparative Tables

for the year ended 15 April 2020

| Income C | 15.4.20 | 15.4.19 | 15.4.18 |
|----------------------------------------|----------------|----------------|----------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 146.10p | 134.70p | 131.10p |
| Return before operating charges* | (9.77p) | 14.39p | 6.35p |
| Operating charges** | (1.01p) | (0.96p) | (0.94p) |
| Return after operating charges* | (10.78p) | 13.43p | 5.41p |
| Distributions on income shares | (2.02p) | (2.03p) | (1.81p) |
| Closing net asset value per share | 133.30p | 146.10p | 134.70p |
| *after direct transaction costs of:*** | 0.00p | 0.00p | 0.00p |
| Performance | | | |
| Return after charges | (7.38%) | 9.97% | 4.13% |
| Other information | | | |
| Closing net asset value | £5,897,896 | £6,887,354 | £6,288,676 |
| Closing number of shares | 4,425,918 | 4,713,940 | 4,667,654 |
| Operating charges - OCF | 0.78% | 0.80% | 0.79% |
| Direct transaction costs | 0.00% | 0.00% | 0.00% |
| Prices | | | |
| Highest share price | 160.00p | 148.80p | 145.30p |
| Lowest share price | 122.10p | 129.60p | 129.20p |

| Accumulation C | 15.4.20 | 15.4.19 | 15.4.18 |
|-----------------------------------------------|----------------|----------------|----------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 154.10p | 140.00p | 134.50p |
| Return before operating charges* | (10.53p) | 15.10p | 6.47p |
| Operating charges** | (1.07p) | (1.00p) | (0.97p) |
| Return after operating charges* | (11.60p) | 14.10p | 5.50p |
| Distributions on accumulation shares | (2.14p) | (2.11p) | (1.86p) |
| Retained distributions on accumulation shares | 2.14p | 2.11p | 1.86p |
| Closing net asset value per share | 142.50p | 154.10p | 140.00p |
| *after direct transaction costs of:*** | 0.00p | 0.00p | 0.00p |
| Performance | | | |
| Return after charges | (7.53%) | 10.07% | 4.09% |
| Other information | | | |
| Closing net asset value | £60,409,196 | £55,275,692 | £42,254,422 |
| Closing number of shares | 42,406,699 | 35,879,830 | 30,183,498 |
| Operating charges - OCF | 0.78% | 0.80% | 0.79% |
| Direct transaction costs | 0.00% | 0.00% | 0.00% |
| Prices | | | |
| Highest share price | 170.80p | 154.60p | 151.00p |
| Lowest share price | 130.40p | 136.60p | 132.50p |

**The operating charges include all costs borne by the Fund, except for direct transaction costs.

***The direct transaction costs are made up of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

Comparative Tables

for the year ended 15 April 2020

| Accumulation P | 15.4.20 | 15.4.19 | 15.4.18 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|----------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 156.30p | 141.60p | 135.50p |
| Return before operating charges* | (10.77p) | 15.19p | 6.58p |
| Operating charges** | (0.53p) | (0.49p) | (0.48p) |
| Return after operating charges* | (11.30p) | 14.70p | 6.10p |
| Distributions on accumulation shares | (2.69p) | (2.63p) | (2.37p) |
| Retained distributions on accumulation shares | 2.69p | 2.63p | 2.37p |
| Closing net asset value per share | 145.00p | 156.30p | 141.60p |
| *after direct transaction costs of:*** | 0.00p | 0.00p | 0.00p |
| Performance | | | |
| Return after charges | (7.23%) | 10.38% | 4.50% |
| Other information | | | |
| Closing net asset value | £19,954,109 | £16,087,003 | £8,189,756 |
| Closing number of shares | 13,762,301 | 10,291,850 | 5,784,998 |
| Operating charges - OCF | 0.43% | 0.45% | 0.44% |
| Direct transaction costs | 0.00% | 0.00% | 0.00% |
| Prices | | | |
| Highest share price | 173.80p | 156.50p | 152.60p |
| Lowest share price | 132.70p | 138.40p | 133.50p |
| <p>**The operating charges include all costs borne by the Fund, except for direct transaction costs.</p> <p>***The direct transaction costs are made up of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.</p> | | | |

Statement of Total Return

for the year ended 15 April 2020

| | Notes | 15.4.20 | | 15.4.19 | |
|------------------------------------------------------------------------------|-------|---------|---------|---------|---------|
| | | £'000 | £'000 | £'000 | £'000 |
| Income | | | | | |
| Net capital (losses)/gains | 2 | | (9,359) | | 7,063 |
| Revenue | 3 | 2,101 | | 1,519 | |
| Expenses | 4 | (575) | | (495) | |
| Net revenue before taxation | | 1,526 | | 1,024 | |
| Taxation | 5 | - | | - | |
| Net revenue after taxation | | | 1,526 | | 1,024 |
| Total (deficit)/return before distributions | | | (7,833) | | 8,087 |
| Distributions | 6 | | (1,533) | | (1,036) |
| Change in net assets attributable to shareholders from investment activities | | | (9,366) | | 7,051 |

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 15 April 2020

| | 15.4.20 | | 15.4.19 | |
|--------------------------------------------------------------------------------------------------------------------|----------|---------|---------|--------|
| | £'000 | £'000 | £'000 | £'000 |
| Opening net assets attributable to shareholders | | 99,294 | | 62,580 |
| Amounts receivable on creation of shares | 18,268 | | 18,852 | |
| Amounts receivable on in-specie creation of shares | - | | 19,519 | |
| Amounts payable on cancellation of shares | (12,621) | | (9,693) | |
| | | 5,647 | | 28,678 |
| Dilution adjustment | | 3 | | 3 |
| Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above) | | (9,366) | | 7,051 |
| Retained distribution on accumulation shares | | 1,402 | | 982 |
| Closing net assets attributable to shareholders | | 96,980 | | 99,294 |

Balance Sheet

as at 15 April 2020

| | Notes | 15.4.20 | | 15.4.19 | |
|-----------------------------------------|-------|---------|--------|---------|--------|
| | | £'000 | £'000 | £'000 | £'000 |
| Assets | | | | | |
| Investments | | | 95,150 | | 98,298 |
| Current assets | | | | | |
| Debtors | 8 | 486 | | 994 | |
| Cash and bank balances | | 1,825 | | 265 | |
| Total current assets | | | 2,311 | | 1,259 |
| Total assets | | | 97,461 | | 99,557 |
| Liabilities | | | | | |
| Investment liabilities | | | (60) | | (2) |
| Creditors | | | | | |
| Distribution payable on income shares | | (16) | | (17) | |
| Other creditors | 9 | (405) | | (244) | |
| Total creditors | | | (421) | | (261) |
| Total liabilities | | | (481) | | (263) |
| Net assets attributable to shareholders | | | 96,980 | | 99,294 |

Distribution Tables (pence per share)

for the year ended 15 April 2020

| Group 1: Shares purchased prior to 16 October 2019 | | | | |
|---------------------------------------------------------------------------------------------|-----------------------|---------------------|---------------------------------------------|------------------------------------------|
| Group 2: Shares purchased from 16 October 2019 to 15 April 2020 | | | | |
| | <i>Net income</i> | <i>Equalisation</i> | <i>Distribution payable 15.6.20</i> | <i>Distribution paid 15.6.19</i> |
| Retail Income# | | | | |
| Group 1 | N/A | - | N/A | 0.000000 |
| Group 2 | N/A | N/A | N/A | 0.000000 |
| Retail Accumulation## | | | | |
| Group 1 | N/A | - | N/A | 0.000000 |
| Group 2 | N/A | N/A | N/A | 0.000000 |
| Institutional Income | | | | |
| Group 1 | 0.535748 | - | 0.535748 | 0.493866 |
| Group 2 | 0.535748 | 0.000000 | 0.535748 | 0.493866 |
| Institutional Accumulation | | | | |
| Group 1 | 0.579225 | - | 0.579225 | 0.520175 |
| Group 2 | 0.246953 | 0.332272 | 0.579225 | 0.520175 |
| Income C | | | | |
| Group 1 | 0.193280 | - | 0.193280 | 0.141745 |
| Group 2 | 0.181961 | 0.011319 | 0.193280 | 0.141745 |
| Accumulation C | | | | |
| Group 1 | 0.212482 | - | 0.212482 | 0.141185 |
| Group 2 | 0.200191 | 0.012291 | 0.212482 | 0.141185 |
| Accumulation P | | | | |
| Group 1 | 0.442553 | - | 0.442553 | 0.380793 |
| Group 2 | 0.387478 | 0.055075 | 0.442553 | 0.380793 |
| #The Retail Income share class converted to Income C class on 17 January 2020. | | | | |
| ##The Retail Accumulation share class converted to Accumulation C class on 17 January 2020. | | | | |

Distribution Tables (pence per share)

for the year ended 15 April 2020

| Group 1: Shares purchased prior to 16 April 2019 | | | | |
|----------------------------------------------------------------------------------------------------|-----------------------|---------------------|-------------------------------------------|-------------------------------------------|
| Group 2: Shares purchased from 16 April 2019 to 15 October 2019 | | | | |
| | <i>Net income</i> | <i>Equalisation</i> | <i>Distribution paid 15.12.19</i> | <i>Distribution paid 15.12.18</i> |
| Retail Income | | | | |
| Group 1 | 1.300000 | - | 1.300000 | 1.380000 |
| Group 2 | 1.290000 | 0.010000 | 1.300000 | 1.380000 |
| Retail Accumulation | | | | |
| Group 1 | 1.350000 | - | 1.350000 | 1.450000 |
| Group 2 | 1.340000 | 0.010000 | 1.350000 | 1.450000 |
| Institutional Income† | | | | |
| Group 1 | 2.330000 | - | 2.330000 | N/A |
| Group 2 | 2.330000 | 0.000000 | 2.330000 | N/A |
| Institutional Accumulation† | | | | |
| Group 1 | 2.460000 | - | 2.460000 | N/A |
| Group 2 | 2.110000 | 0.350000 | 2.460000 | N/A |
| Income C | | | | |
| Group 1 | 1.830000 | - | 1.830000 | 1.890000 |
| Group 2 | 1.740000 | 0.090000 | 1.830000 | 1.890000 |
| Accumulation C | | | | |
| Group 1 | 1.930000 | - | 1.930000 | 1.970000 |
| Group 2 | 1.650000 | 0.280000 | 1.930000 | 1.970000 |
| Accumulation P | | | | |
| Group 1 | 2.250000 | - | 2.250000 | 2.250000 |
| Group 2 | 1.680000 | 0.570000 | 2.250000 | 2.250000 |
| †The Institutional Income and Institutional Accumulation share class launched on 23 November 2018. | | | | |

Notes to the Financial Statements

for the year ended 15 April 2020

| | 15.4.20 | 15.4.19 |
|-----------------------------------------------------------------------------------------------------------------------------|----------------|---------|
| | £'000 | £'000 |
| 1. Accounting Policies | | |
| The accounting policies are set out on pages 10 and 11. | | |
| 2. Net Capital (Losses)/Gains | | |
| The net capital (losses)/gains during the year comprise: | | |
| Realised losses on currency | (5) | - |
| Unrealised gains on currency | 16 | - |
| Transaction charges | (6) | (3) |
| Realised losses on forward foreign currency contracts | (1,586) | (882) |
| Unrealised gains on forward foreign currency contracts | 264 | 198 |
| Realised losses on derivative securities | (479) | (24) |
| Unrealised gains on derivative securities | 108 | - |
| Realised gains on non-derivative securities | 2,284 | 2,607 |
| Unrealised (losses)/gains on non-derivative securities | (9,955) | 5,167 |
| Net capital (losses)/gains | (9,359) | 7,063 |
| Realised gains/(losses) in the current accounting year include unrealised gains/(losses) arising in previous years. | | |
| In such circumstances a corresponding loss/gain is included in unrealised gains/(losses) figure. | | |
| 3. Revenue | | |
| Unfranked distributions from UK authorised ICVCs and unit trusts | 18 | 13 |
| Franked distributions from UK authorised ICVCs and unit trusts | 1,694 | 1,218 |
| Interest on bonds and other debt securities | 384 | 286 |
| Deposit interest | 2 | - |
| Bank interest | 3 | 2 |
| Total revenue | 2,101 | 1,519 |
| 4. Expenses | | |
| Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them: | | |
| Authorised Corporate Director's charge | 473 | 410 |
| Registration fee | 79 | 64 |
| Safe custody fee | 5 | 3 |
| | 557 | 477 |
| Payable to the Depositary, associates of the Depositary, and agents of either of them: | | |
| Depositary fee | 12 | 10 |
| Other expenses: | | |
| Audit fee | 6 | 6 |
| Report and accounts fee | - | 2 |
| | 6 | 8 |
| Total expenses | 575 | 495 |

| | |
|----------------|---------|
| 15.4.20 | 15.4.19 |
| £'000 | £'000 |

5. Taxation**a) Analysis of charge in year:**

| | | |
|----------------------------------|---|---|
| Corporation tax | - | - |
| Total tax for the year (note 5b) | - | - |

b) Factors affecting taxation charge for the year:

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an open-ended investment company (20%).

The differences are explained below:

| | | |
|-------------------------------------------|--------------|-------|
| Net revenue before taxation | 1,526 | 1,024 |
| Corporation tax at 20% | 305 | 205 |
| Effects of: | | |
| Revenue not subject to taxation | (339) | (244) |
| Current year expenses not utilised | 34 | 39 |
| Current tax charge for the year (note 5a) | - | - |

c) Provision for deferred taxation

At 15 April 2020, there is a potential deferred tax asset of £149,269 (15.4.19: £115,481) in relation to surplus management expenses. It is unlikely the Fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the year or prior year.

6. Distributions

The distributions take account of amounts received on the issue of shares and amounts deducted on the cancellation of shares, and comprise:

| | | |
|-------------------------------------------------|--------------|-------|
| Interim dividend distribution | 1,344 | 940 |
| Final dividend distribution | 202 | 145 |
| | 1,546 | 1,085 |
| Add: Amounts deducted on cancellation of shares | 14 | 48 |
| Deduct: Amounts received on issue of shares | (27) | (97) |
| Net distribution for the year | 1,533 | 1,036 |

7. Movement Between Net Revenue and Distributions

| | | |
|------------------------------------|--------------|-------|
| Net revenue after taxation | 1,526 | 1,024 |
| Equalisation on conversions | 7 | - |
| Income deficit transfer to capital | - | 12 |
| Net distribution for the year | 1,533 | 1,036 |

8. Debtors

| | | |
|-------------------------------------------|------------|-----|
| Amounts receivable for creation of shares | 479 | 40 |
| Sales awaiting settlement | - | 810 |
| Accrued revenue | 1 | 141 |
| Income tax recoverable | 6 | 3 |
| Total debtors | 486 | 994 |

9. Other creditors

| | | |
|--------------------------------------------|------------|-----|
| Amounts payable for cancellation of shares | 27 | 215 |
| Purchases awaiting settlement | 264 | - |
| Accrued expenses | 114 | 29 |
| Total other creditors | 405 | 244 |

10. Reconciliation of Shares

| | <i>Retail Income#</i> | <i>Retail Accumulation##</i> | <i>Institutional Income</i> | <i>Institutional Accumulation</i> |
|-------------------------------------------|---------------------------|----------------------------------|---------------------------------|---------------------------------------|
| Opening shares issued at 16.4.19 | 145,120 | 4,364,241 | 2,115,096 | 7,245,751 |
| Share movements 16.4.19 to 15.4.20 | | | | |
| Shares issued | 15,251 | 586,361 | 34,956 | 27,748 |
| Shares cancelled | (26,861) | (1,245,976) | (366,154) | (1,062,838) |
| Shares converted | (133,510) | (3,704,626) | (430,689) | - |
| Closing shares issued at 15.4.20 | - | - | 1,353,209 | 6,210,661 |

| | <i>Income C</i> | <i>Accumulation C</i> | <i>Accumulation P</i> |
|-------------------------------------------|---------------------|---------------------------|---------------------------|
| Opening shares issued at 16.4.19 | 4,713,940 | 35,879,830 | 10,291,850 |
| Share movements 16.4.19 to 15.4.20 | | | |
| Shares issued | 268,270 | 6,964,398 | 3,733,695 |
| Shares cancelled | (1,117,058) | (4,037,122) | (263,244) |
| Shares converted | 560,766 | 3,599,593 | - |
| Closing shares issued at 15.4.20 | 4,425,918 | 42,406,699 | 13,762,301 |

#The Retail Income share class converted to Income C class on 17 January 2020.

##The Retail Accumulation share class converted to Accumulation C class on 17 January 2020.

11. Ultimate Controlling Party and Related Party Transactions

The Authorised Corporate Director (ACD) is regarded as a controlling party of the Fund by virtue of having the ability to act in concert in respect of Fund operations. The ultimate controlling party of the ACD is HSBC Group plc. This entity and its subsidiaries are also related parties of the Fund.

At the year end, the ACD and its associates held the following of the Fund's shares in issue:

| | <i>Retail Income#</i> | <i>Retail Accumulation##</i> | <i>Institutional Income</i> | <i>Institutional Accumulation</i> | <i>Income C</i> | <i>Accumulation C</i> | <i>Accumulation P</i> |
|---------------|---------------------------|----------------------------------|---------------------------------|---------------------------------------|---------------------|---------------------------|---------------------------|
| | % | % | % | % | % | % | % |
| As at 15.4.20 | N/A | N/A | 100.00 | 100.00 | 86.50 | 67.19 | 62.19 |
| As at 15.4.19 | - | - | 100.00 | 100.00 | 4.98 | 5.82 | 58.33 |

#The Retail Income share class converted to Income C class on 17 January 2020.

##The Retail Accumulation share class converted to Accumulation C class on 17 January 2020.

Details of all other material related party transactions during the year and any payment amounts outstanding at the balance sheet date are disclosed in notes 8 and 9 to the financial statements and the Statement of Change in Net Assets Attributable to Shareholders and the Portfolio Statement.

The balance due from/to the ACD (including amounts due to associates and agents) at the year end was £345,693 (15.4.19: £196,490), further details of such amounts can be found in notes 8 and 9.

At the year end, the Fund held £72,762,708 (15.4.19: £79,450,886) in Authorised Investment Funds managed by HSBC and/or HSBC Holdings, the parent company of the ACD. During the year, transactions in Authorised Investment Funds managed by HSBC and/or HSBC Holdings totalled £25,117,848 (15.4.19: £47,152,905).

Investments in related parties are disclosed in the Portfolio Statement.

12. Financial Instruments

The financial instrument risks and risk management policies are set out on pages 12 and 13.

Foreign Currency Risk

A substantial portion of the net assets of the Fund are denominated in currencies other than sterling with the effect that the balance sheet and total return can be significantly affected by currency movements.

Net currency monetary assets and liabilities consist of:

| | <i>Portfolio of investments</i> | | <i>Net other assets/(liabilities)</i> | | <i>Net assets</i> | |
|----------------------|---------------------------------|---------|---------------------------------------|---------|-------------------|---------|
| | 15.4.20 | 15.4.19 | 15.4.20 | 15.4.19 | 15.4.20 | 15.4.19 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Sterling* | 54,339 | 58,611 | 1,907 | 815 | 56,246 | 59,426 |
| Euro | - | 1 | - | - | - | 1 |
| Japanese yen | - | 37 | - | - | - | 37 |
| United States dollar | 40,751 | 39,647 | (17) | 183 | 40,734 | 39,830 |
| Total | 95,090 | 98,296 | 1,890 | 998 | 96,980 | 99,294 |

*No currency risk as base currency.

Interest Rate Risk

At the year end, 1.88% (15.4.19: 0.27%) of the Fund's assets by value were interest-bearing.

Interest rates are based upon LIBOR (London Interbank Offered Rate).

13. Shareholders' Funds

This Fund has an institutional share class, a C share class and a P share class.

The annual ACD charge on the institutional share class is nil, 0.55% on the C share and 0.25% on the P share class.

The net asset value of the share class, the net asset value per share and the number of shares in each class are given in the Comparative Tables on pages 37 to 40. The distribution per share class is given in the Distribution Tables on pages 42 and 43. All share classes within the OEIC have the same rights on winding up.

14. Financial Derivatives

The Fund has used financial derivatives for hedging and meeting investment objectives including risk reduction and implementation of investment policies.

The use of derivatives can create additional counterparty risks. Details of the policy adopted by the ACD for managing counterparty and other risks are set out in the Notes to the Financial Statements.

The types of derivatives held at the year end were index futures and forward currency contracts.

Details of the individual contracts are shown on the Portfolio Statement on pages 35 and 36, and the total position by the counterparty at the year end is summarised below. The underlying exposure for each category of derivatives were as follows:

| Counterparty | <i>Forward Currency</i> | | <i>Total</i> | |
|------------------------|-------------------------|------|--------------|------|
| | 2020 | 2019 | 2020 | 2019 |
| | £'000 | | £'000 | |
| Goldman Sachs | 326 | - | 326 | - |
| HSBC | - | 162 | - | 162 |
| Royal Bank of Scotland | - | 1 | - | 1 |
| State Street | - | 37 | - | 37 |

The economic exposure of future derivative contracts is equal to the market value. The value of exposure and the related counterparty are disclosed in the Portfolio Statement.

Eligible collateral types are approved by the ACD and may consist of cash, UK gilts, certificates of deposit, treasury bills, sovereign debt, eurosterling bonds and equities.

At 15 April 2020, there was no collateral held in respect of the above derivatives (15.4.19: £nil).

15. Contingent Liabilities and Commitments

At the year end, the Fund had no contingent liabilities or commitments (15.4.19: none).

16. Portfolio Transaction Costs

| For the year ended 15 April 2020 | Purchases | Commissions | | Taxes | | Other Expenses | |
|------------------------------------------------|-----------|-------------|------|-------|---|----------------|---|
| | £'000 | £'000 | % | £'000 | % | £'000 | % |
| Analysis of total purchases costs | | | | | | | |
| Pooled investment vehicles | 19,961 | 2 | 0.01 | - | - | - | - |
| Total purchases before transaction costs | 19,961 | 2 | | - | | - | |
| Transaction costs | 2 | | | | | | |
| Total purchases after commission, tax and fees | 19,963 | | | | | | |

| | Sales | Commissions | | Taxes | | Other Expenses | |
|--------------------------------------------|--------|-------------|---|-------|---|----------------|---|
| | £'000 | £'000 | % | £'000 | % | £'000 | % |
| Analysis of total sales costs | | | | | | | |
| Pooled investment vehicles | 16,957 | - | - | - | - | - | - |
| Total sales before transaction costs | 16,957 | - | | - | | - | |
| Transaction costs | - | | | | | | |
| Total sales after commission, tax and fees | 16,957 | | | | | | |

The Fund had paid £202 as commission on purchases and sales derivative transactions for the year ended 15.4.20.

Commissions, taxes and fees as % of average Net Assets:

| | |
|----------------|-------|
| Commissions | 0.00% |
| Taxes | 0.00% |
| Other expenses | 0.00% |

At the balance sheet date the portfolio dealing spread was 0.03%, being the difference between the respective bid and offer prices for the Fund's investments.

| For the year ended 15 April 2019 | Purchases | Commissions | | Taxes | | Other Expenses | |
|------------------------------------------------|-----------|-------------|---|-------|---|----------------|---|
| | £'000 | £'000 | % | £'000 | % | £'000 | % |
| Analysis of total purchases costs | | | | | | | |
| Pooled investment vehicles | 27,923 | 1 | - | - | - | - | - |
| In-specie transactions | 19,281 | - | - | - | - | - | - |
| Total purchases before transaction costs | 47,204 | 1 | | - | | - | |
| Transaction costs | 1 | | | | | | |
| Total purchases after commission, tax and fees | 47,205 | | | | | | |

| | Sales | Commissions | | Taxes | | Other Expenses | |
|--------------------------------------------|--------|-------------|------|-------|---|----------------|---|
| | £'000 | £'000 | % | £'000 | % | £'000 | % |
| Analysis of total sales costs | | | | | | | |
| Pooled investment vehicles | 19,661 | 1 | 0.01 | - | - | - | - |
| Total sales before transaction costs | 19,661 | 1 | | - | | - | |
| Transaction costs | (1) | | | | | | |
| Total sales after commission, tax and fees | 19,660 | | | | | | |

The Fund had paid £57 as commission on purchases and sales derivative transactions for the year ended 15.4.19.

Commissions, taxes and fees as % of average Net Assets:

| | |
|----------------|-------|
| Commissions | 0.00% |
| Taxes | 0.00% |
| Other expenses | 0.00% |

At the balance sheet date the portfolio dealing spread was 0.02%, being the difference between the respective bid and offer prices for the Fund's investments.

Portfolio transaction costs are incurred by the Fund when buying and selling underlying investments. These costs vary depending on the class of investment, country of exchange and method of execution.

These costs can be classified as either direct or indirect transaction costs:

Direct transaction costs: Broker commissions, fees and taxes.

Indirect transaction costs: 'Dealing spread' – the difference between the buying and selling prices of the Fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the Fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

17. Fair Value of Investments

FRS 102 requires an entity 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 shall have the following classifications:

- Level 1: unadjusted quoted prices in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3: inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

For the year ended 15 April 2020

| Category | 1 | 2 | 3 | Total |
|----------------------------|--------|--------|-------|--------|
| | £'000 | £'000 | £'000 | £'000 |
| Investment Assets | | | | |
| Pooled investment vehicles | 18,826 | 75,892 | - | 94,718 |
| Derivatives | 108 | 324 | - | 432 |
| | 18,934 | 76,216 | - | 95,150 |
| Investment Liabilities | £'000 | £'000 | £'000 | £'000 |
| Derivatives | - | (60) | - | (60) |
| | - | (60) | - | (60) |

For the year ended 15 April 2019

| Category | 1 | 2 | 3 | Total |
|----------------------------|--------|--------|-------|--------|
| | £'000 | £'000 | £'000 | £'000 |
| Investment Assets | | | | |
| Pooled investment vehicles | 17,256 | 80,842 | - | 98,098 |
| Derivatives | - | 200 | - | 200 |
| | 17,256 | 81,042 | - | 98,298 |
| Investment Liabilities | £'000 | £'000 | £'000 | £'000 |
| Derivatives | - | (2) | - | (2) |
| | - | (2) | - | (2) |

18. Sensitivity Analysis**Price risk sensitivity:**

If the price of investments at 15 April 2020 had increased or decreased by 10% with all other variables held constant, this would have increased or decreased the net assets attributable to shareholders by £9,509,015 (15.4.19: £9,829,567).

Currency risk sensitivity:

If the exchange rate at 15 April 2020 had increased or decreased by 10% with all other variables held constant, this would have increased or decreased the net assets attributable to shareholders by £4,073,351 (15.4.19: £3,986,828).

Interest rate risk sensitivity:

At the balance sheet date, the Fund did not have a significant exposure to interest rate risk, therefore no sensitivity analysis is disclosed (15.4.19: no significant exposure).

19. Events after the balance sheet date

Since the year end, markets and operations have continued to be disrupted by the effects of the COVID-19 pandemic.

Since the year end the NAV of the lead share class was 159.1p and has increased by 11.65% (to 10 July 2020).

Contingency plans at the ACD and key service suppliers have proven effective in mitigating the effects on management of the portfolio and on all supporting operations.

World Selection - Balanced Portfolio

Investment Objective

To provide capital growth through balanced investment in a broad range of asset classes across global markets.

Investment Policy*

This is one of a range of actively managed World Selection Portfolios offered at five different risk levels. The asset allocation of each fund in the range reflects the risk level. The Fund is rated as 3, where 1 is a lower level of risk and 5 is a higher level of risk. The Fund is managed with the aim of maximising returns in line with its agreed long term risk profile therefore any potential returns are likely to be limited by the risk profile of the Fund.

To achieve its objective the Fund invests primarily in collective investment schemes that in turn invest in equities, fixed income securities, alternative asset classes and derivatives.

The Fund may, in addition to its other investment powers, use exchange traded and over-the-counter derivatives and forward currency contracts for investment purposes.

Using these investment powers for investment purposes means, in particular, maintaining positions in these investments for the long term rather than just for tactical short-term purposes.

Where the use of derivatives is for investment purposes in addition to hedging it is envisaged that the use of such instruments will not affect the overall risk profile of the Fund.

*The full policy can be found in the prospectus.

Investment Strategy*

The starting point for the World Selection Portfolios is the Strategic Asset Allocation (SAA). SAA is the long-term blend of assets for each risk level. Tactical Asset Allocation (TAA) is another layer on top of the SAA and is driven by the investment team's shorter term market outlook. Portfolio Implementation is the final stage in the investment process, where we decide how best to take exposure to each asset class.

97% of the Fund invests in collective investment schemes. This includes 50% in collective investment schemes that aim to track the performance of market indices.

Derivatives may be used with the aim of hedging to reduce market risk and to reduce the impact of currency movements but also with the aim of generating returns to assist the Fund in meeting its investment objective.

Exchange traded futures may be used to gain or reduce exposure to certain asset classes. Forward currency contracts may be used to gain exposure to currencies or for hedging to reduce the impact of currency movements for certain asset classes that are not denominated in sterling.

*The full strategy can be found in the prospectus.

Portfolio Activity

At the start of the period, the portfolio was positioned to be overweight to risk assets. Towards the end of 2019, the Portfolio Management team took steps to reduce this overweight. In Q1 2020, this was extended to move the portfolio underweight risk as the spread of coronavirus increased market volatility.

During the first half of the year, various trades were executed to reposition the portfolio and slightly reduce risk. For example, exposure to emerging markets equities, through the broad index and a specific position in China A shares were reduced, or closed, with the proceeds invested in US equity.

Later in 2019, we adjusted our corporate bond position, selling from the global corporate bond exposure and initiating a position in Euro Corporate Bonds ex Financials. We anticipated that the European Central Bank would ease conditions through a new Corporate Sector Purchase Programme, which should lift the Euro investment grade corporate bond environment.

We further reduced risk, trimming our overweights to the UK, Japan and Emerging Market (EM) while also taking profit from our Indian bond positions. Proceeds were reinvested into a mix of cash and liquid alternatives.

At the end of 2019, we reduced our FX hedge on global equities. Sterling appreciated in the run up to and after the general election in the UK leading to the potential for future depreciation of the currency, which would be beneficial for an unhedged position.

In January and early February, we adjusted our EM equity exposure, adding specifically to China and Russia from the broader EM allocation. Russia appeared to have strong momentum and attractive valuations while China had already seen a hit to asset prices from the outbreak of coronavirus, leading to an attractive entry point.

In mid-February, as coronavirus spread, portfolios were repositioned to reduce risk further, cutting exposure to equities and corporate bonds, with the proceeds added to cash and government bonds. A second tranche of risk reduction was executed at the beginning of March with EM and UK equity reduced and the proceeds held in cash.

March saw a period where numerous adjustments were made to steer the portfolio through a period of extreme volatility with further reductions to equity positions with proceeds added to government bonds and cash.

Steps were also taken to diversify our defensive allocations, with positions initiated in safe haven currencies (USD, JPY and Swiss Franc).

Major purchases included: HSBC FTSE All-World Index Fund, HSBC Global Sterling Liquidity Funds, iShares Euro Corporate Bond ex-Financials UCITS ETF, iShares Core S&P 500 UCITS ETF, HSBC GIF Corporate Bond Fund, Goldman Sachs Cross Asset Trend Portfolio, AQR Managed Futures UCITS Fund, HSBC MSCI China A Inclusion UC ETF and HSBC MSCI Russia Capped ETF.

Major sales included: HSBC GIF Corporate Bond Fund, HSBC FTSE All-World Index Fund, HSBC American Index Fund, iShares Core MSCI Emerging Markets IMI UCITS ETF, HSBC GIF Global Emerging Markets Local Debt Fund, HSBC MSCI China A Inclusion UC ETF and HSBC MSCI Russia Capped ETF.

Investment Performance

During the year under review the value of the shares in the Fund decreased by 5.42%.

(Source: Morningstar Direct, GBP, UK net of tax, for the Accumulation C share class. Returns based on the NAV, which is a single price.)

Please note that the above information refers to the past and that past performance is not a reliable indication of future returns.

Fund Particulars

as at 16 April 2020

| | Retail Income | Retail Accumulation | Institutional Income | Institutional Accumulation |
|---------------------------------------------------------|------------------|------------------------|-------------------------|-------------------------------|
| Price | 180.9p xd | 200.1p | 217.4p xd | 223.3p |
| Distribution payable (on 15 June 2020) per share net | 0.000000p | 0.322197p | 1.642848p | 1.667956p |
| Current net estimated yield | 1.09% | 1.23% | 2.43% | 2.39% |
| Annual ACD charge | 1.25% | 1.25% | 0.00% | 0.00% |

| | Income C | Accumulation C | Income P | Accumulation P |
|---------------------------------------------------------|-------------|-------------------|-------------|-------------------|
| Price | 181.1p xd | 208.1p | 181.2p xd | 211.3p |
| Distribution payable (on 15 June 2020) per share net | 0.844936p | 0.973197p | 1.126873p | 1.310025p |
| Current net estimated yield | 1.86% | 1.83% | 2.17% | 2.13% |
| Annual ACD charge | 0.55% | 0.55% | 0.25% | 0.25% |

Portfolio Statement

as at 15 April 2020

| <i>Security</i> | <i>Holding</i> | <i>Bid value £'000</i> | <i>Total net assets %</i> |
|----------------------------------------------------------------|----------------|--------------------------------|---------------------------------------|
| Asia-Pacific (excluding Japan) Equities - 0.88% (0.93%) | | | |
| ^*iShares Core MSCI Pacific ex-Japan UCITS ETF | 294,296 | 28,413 | 0.88 |
| Total Asia-Pacific (excluding Japan) Equities | | 28,413 | 0.88 |
| European (excluding UK) Equities - 3.39% (3.56%) | | | |
| +HSBC European Index Fund | 11,679,663 | 101,041 | 3.14 |
| ^*Xtrackers S&P Europe ex UK UCITS ETF | 205,000 | 8,119 | 0.25 |
| Total European (excluding UK) Equities | | 109,160 | 3.39 |
| Japanese Equities - 2.02% (2.59%) | | | |
| +HSBC Japan Index Fund | 52,091,796 | 65,063 | 2.02 |
| Total Japanese Equities | | 65,063 | 2.02 |
| Chinese Equities - 0.00% (0.63%) | | | |
| Global Emerging Markets Equities - 2.69% (4.77%) | | | |
| ^*iShares Core MSCI Emerging Markets IMI UCITS ETF | 4,589,618 | 86,376 | 2.69 |
| Total Global Emerging Markets Equities | | 86,376 | 2.69 |
| Global Property Equities Funds - 4.98% (4.97%) | | | |
| *+HSBC GIF Global Real Estate Equity Fund | 23,311,405 | 160,004 | 4.98 |
| Total Global Property Equities Funds | | 160,004 | 4.98 |
| US Equities - 12.78% (12.19%) | | | |
| +HSBC American Index Fund | 43,209,027 | 281,809 | 8.77 |
| ^*iShares Core S&P 500 UCITS ETF | 563,241 | 124,916 | 3.89 |
| ^*Vanguard S&P 500 UCITS ETF | 95,438 | 4,004 | 0.12 |
| Total US Equities | | 410,729 | 12.78 |
| UK Equities - 1.28% (1.34%) | | | |
| +HSBC FTSE 100 Index Fund | 16,331,508 | 31,438 | 0.98 |
| +HSBC FTSE All-Share Index Fund | 1,920,806 | 9,767 | 0.30 |
| Total UK Equities | | 41,205 | 1.28 |
| Global Equities - 26.82% (25.63%) | | | |
| ^*+HSBC ESI Worldwide Equity UCITS ETF | 9,929,315 | 109,479 | 3.41 |
| +HSBC FTSE All-World Index Fund | 404,718,609 | 673,856 | 20.96 |
| ^*+HSBC Multi Factor Worldwide Equity ETF | 5,887,070 | 78,714 | 2.45 |
| Total Global Equities | | 862,049 | 26.82 |
| Global Government Bonds - 1.18% (2.70%) | | | |
| *+HSBC GIF Global Government Bond Fund | 4,110,131 | 37,821 | 1.18 |
| Total Global Government Bonds | | 37,821 | 1.18 |

Portfolio Statement

as at 15 April 2020

| <i>Security</i> | <i>Holding</i> | <i>Bid value £'000</i> | <i>Total net assets %</i> |
|-------------------------------------------------------------------|----------------|--------------------------------|---------------------------------------|
| Global Assets-Backed Bonds - 2.79% (2.90%) | | | |
| *+HSBC GIF Global Asset-Backed Bond Fund | 787,364 | 89,523 | 2.79 |
| Total Global Assets-Backed Bonds | | 89,523 | 2.79 |
| Global Corporate Bonds - 8.39% (9.46%) | | | |
| *+HSBC GIF Corporate Bond Fund | 26,969,955 | 236,434 | 7.36 |
| ^*iShares Euro Corporate Bond ex-Financials UCITS ETF | 332,322 | 33,208 | 1.03 |
| Total Global Corporate Bonds | | 269,642 | 8.39 |
| Global High Yield Bonds - 6.60% (6.38%) | | | |
| *+HSBC GIF Global High Yield Bond Fund | 23,643,567 | 176,851 | 5.50 |
| *+HSBC GIF Global Short Duration High Yield Bond Fund | 4,670,897 | 35,356 | 1.10 |
| Total Global High Yield Bonds | | 212,207 | 6.60 |
| Global Emerging Markets Debt - 11.38% (13.32%) | | | |
| *+HSBC GIF Global Emerging Markets Bond Fund | 22,506,504 | 152,066 | 4.73 |
| *+HSBC GIF Global Emerging Markets Local Debt Fund | 32,807,221 | 213,736 | 6.65 |
| Total Global Emerging Markets Debt | | 365,802 | 11.38 |
| Liquid Alternatives - 5.40% (4.97%) | | | |
| *AQR Managed Futures UCITS Fund | 649,948 | 57,051 | 1.77 |
| *Goldman Sachs Cross Asset Trend Portfolio | 11,179,772 | 87,642 | 2.73 |
| *+HSBC Multi-Asset Style Factor Fund | 2,895,820 | 28,808 | 0.90 |
| Total Liquid Alternatives | | 173,501 | 5.40 |
| Money Market - 7.60% (2.39%) | | | |
| +HSBC Global Liquidity Fund | 18,249,516 | 14,603 | 0.45 |
| +HSBC Global Sterling Liquidity Fund | 229,712,804 | 229,713 | 7.15 |
| Total Money Market | | 244,316 | 7.60 |
| Forward Foreign Exchange Contracts - 0.95% (0.26%) | | | |
| #Sold EUR 74,211,283 for GBP 67,737,120 settled 23 April 2020 | | 2,972 | 0.09 |
| #Sold GBP 16,237,548 for CHF 19,426,794 settled 23 April 2020 | | (133) | 0.00 |
| #Sold GBP 4,723,554 for EUR 5,114,440 settled 23 April 2020 | | (260) | (0.01) |
| #Sold GBP 16,244,268 for JPY 2,180,269,622 settled 23 April 2020 | | (1) | 0.00 |
| #Sold GBP 121,115,928 for USD 141,276,448 settled 23 April 2020 | | (8,078) | (0.25) |
| #Sold USD 1,179,814,005 for GBP 979,985,522 settled 23 April 2020 | | 35,992 | 1.12 |
| Total Forward Foreign Exchange Contracts | | 30,492 | 0.95 |
| Futures - 0.16% (0.01%) | | | |
| CBT US 10Yr Note Future June 2020 | 168 | 884 | 0.03 |
| CBT US 10Yr Ultra Future June 2020 | 975 | 4,179 | 0.13 |
| Total Futures | | 5,063 | 0.16 |

Portfolio Statement

as at 15 April 2020

| <i>Security</i> | <i>Holding</i> | <i>Bid value £'000</i> | <i>Total net assets %</i> |
|---------------------------------|----------------|--------------------------------|---------------------------------------|
| Portfolio of investments | | 3,191,366 | 99.29 |
| Net other assets | | 22,800 | 0.71 |
| Net assets | | 3,214,166 | 100.00 |
| *offshore fund | | | |
| +related party | | | |
| ^listed | | | |
| #unlisted | | | |

Figures in brackets denote comparative percentage holdings as at 15 April 2019.

Unless otherwise stated, all holdings are authorised investment funds.

The counterparties for the forward foreign exchange contracts are Citigroup, Credit Suisse, Goldman Sachs, HSBC, Royal Bank of Scotland and UBS.

The counterparty for the futures is HSBC.

Comparative Tables

for the year ended 15 April 2020

| | | | |
|----------------------------------------|----------------|----------------|----------------|
| Retail Income | | | |
| Change in net assets per share | 15.4.20 | 15.4.19 | 15.4.18 |
| Opening net asset value per share | 194.80p | 184.50p | 184.80p |
| Return before operating charges* | (9.09p) | 15.21p | 4.26p |
| Operating charges** | (2.64p) | (2.49p) | (2.47p) |
| Return after operating charges* | (11.73p) | 12.72p | 1.79p |
| Distributions on income shares | (1.97p) | (2.42p) | (2.09p) |
| Closing net asset value per share | 181.10p | 194.80p | 184.50p |
| *after direct transaction costs of:*** | 0.00p | 0.00p | 0.00p |
| Performance | | | |
| Return after charges | (6.02%) | 6.89% | 0.97% |
| Other information | | | |
| Closing net asset value | £18,969 | £1,210,447 | £1,142,942 |
| Closing number of shares | 10,476 | 621,260 | 619,519 |
| Operating charges - OCF | 1.41 % | 1.46% | 1.45% |
| Direct transaction costs | 0.00% | 0.00% | 0.00% |
| Prices | | | |
| Highest share price | 209.20p | 197.10p | 194.90p |
| Lowest share price | 168.90p | 178.60p | 182.90p |

| | | | |
|-----------------------------------------------|----------------|----------------|----------------|
| Retail Accumulation | | | |
| Change in net assets per share | 15.4.20 | 15.4.19 | 15.4.18 |
| Opening net asset value per share | 213.50p | 199.50p | 197.60p |
| Return before operating charges* | (10.31p) | 16.71p | 4.54p |
| Operating charges** | (2.89p) | (2.71p) | (2.64p) |
| Return after operating charges* | (13.20p) | 14.00p | 1.90p |
| Distributions on accumulation shares | (2.45p) | (2.63p) | (2.08p) |
| Retained distributions on accumulation shares | 2.45p | 2.63p | 2.08p |
| Closing net asset value per share | 200.30p | 213.50p | 199.50p |
| *after direct transaction costs of:*** | 0.00p | 0.00p | 0.00p |
| Performance | | | |
| Return after charges | (6.18%) | 7.02% | 0.96% |
| Other information | | | |
| Closing net asset value | £7,888,945 | £35,409,569 | £36,718,487 |
| Closing number of shares | 3,939,322 | 16,586,936 | 18,401,329 |
| Operating charges - OCF | 1.41 % | 1.46% | 1.45% |
| Direct transaction costs | 0.00% | 0.00% | 0.00% |
| Prices | | | |
| Highest share price | 231.40p | 213.60p | 210.40p |
| Lowest share price | 186.80p | 195.20p | 195.60p |

**The operating charges include all costs borne by the Fund, except for direct transaction costs.

***The direct transaction costs are made up of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

Comparative Tables

for the year ended 15 April 2020

| Institutional Income# | 15.4.20 | 15.4.19 | 15.4.18 |
|----------------------------------------|----------------|----------------|----------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 234.70p | 226.40p | N/A |
| Return before operating charges* | (11.78p) | 9.18p | N/A |
| Operating charges** | (0.03p) | (0.01p) | N/A |
| Return after operating charges* | (11.81p) | 9.17p | N/A |
| Distributions on income shares | (5.29p) | (0.87p) | N/A |
| Closing net asset value per share | 217.60p | 234.70p | N/A |
| *after direct transaction costs of:*** | 0.00p | 0.00p | N/A |
| Performance | | | |
| Return after charges | (5.03%) | 4.05% | N/A |
| Other information | | | |
| Closing net asset value | £37,459,058 | £47,418,845 | N/A |
| Closing number of shares | 17,214,229 | 20,201,034 | N/A |
| Operating charges - OCF | 0.11% | 0.16% | N/A |
| Direct transaction costs | 0.00% | 0.00% | N/A |
| Prices | | | |
| Highest share price | 252.90p | 235.80p | N/A |
| Lowest share price | 204.40p | 226.40p | N/A |

| Institutional Accumulation | 15.4.20 | 15.4.19 | 15.4.18 |
|-----------------------------------------------|----------------|----------------|----------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 235.60p | 217.90p | 213.70p |
| Return before operating charges* | (12.17p) | 17.73p | 4.23p |
| Operating charges** | (0.03p) | (0.03p) | (0.03p) |
| Return after operating charges* | (12.20p) | 17.70p | 4.20p |
| Distributions on accumulation shares | (5.34p) | (5.24p) | (4.79p) |
| Retained distributions on accumulation shares | 5.34p | 5.24p | 4.79p |
| Closing net asset value per share | 223.40p | 235.60p | 217.90p |
| *after direct transaction costs of:*** | 0.00p | 0.00p | 0.00p |
| Performance | | | |
| Return after charges | (5.18%) | 8.12% | 1.97% |
| Other information | | | |
| Closing net asset value | £136,084,143 | £154,592,371 | £97,437,929 |
| Closing number of shares | 60,907,101 | 65,614,728 | 44,707,121 |
| Operating charges - OCF | 0.11% | 0.16% | 0.15% |
| Direct transaction costs | 0.00% | 0.00% | 0.00% |
| Prices | | | |
| Highest share price | 257.80p | 235.80p | 229.20p |
| Lowest share price | 208.30p | 214.80p | 211.60p |

#The Institutional Income share class launched on 8 February 2019.

**The operating charges include all costs borne by the Fund, except for direct transaction costs.

***The direct transaction costs are made up of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

Comparative Tables

for the year ended 15 April 2020

| Income C | 15.4.20 | 15.4.19 | 15.4.18 |
|----------------------------------------|----------------|----------------|----------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 195.50p | 185.10p | 185.50p |
| Return before operating charges* | (9.52p) | 15.08p | 4.01p |
| Operating charges** | (1.32p) | (1.26p) | (1.26p) |
| Return after operating charges* | (10.84p) | 13.82p | 2.75p |
| Distributions on income shares | (3.36p) | (3.42p) | (3.15p) |
| Closing net asset value per share | 181.30p | 195.50p | 185.10p |
| *after direct transaction costs of:*** | 0.00p | 0.00p | 0.00p |
| Performance | | | |
| Return after charges | (5.54%) | 7.47% | 1.48% |
| Other information | | | |
| Closing net asset value | £27,523,449 | £29,427,185 | £26,852,182 |
| Closing number of shares | 15,182,990 | 15,051,675 | 14,504,816 |
| Operating charges - OCF | 0.76% | 0.81% | 0.80% |
| Direct transaction costs | 0.00% | 0.00% | 0.00% |
| Prices | | | |
| Highest share price | 210.30p | 198.10p | 195.90p |
| Lowest share price | 169.80p | 179.40p | 183.60p |

| Accumulation C | 15.4.20 | 15.4.19 | 15.4.18 |
|-----------------------------------------------|----------------|----------------|----------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 220.80p | 205.30p | 202.40p |
| Return before operating charges* | (11.00p) | 16.91p | 4.28p |
| Operating charges** | (1.50p) | (1.41p) | (1.38p) |
| Return after operating charges* | (12.50p) | 15.50p | 2.90p |
| Distributions on accumulation shares | (3.81p) | (3.82p) | (3.44p) |
| Retained distributions on accumulation shares | 3.81p | 3.82p | 3.44p |
| Closing net asset value per share | 208.30p | 220.80p | 205.30p |
| *after direct transaction costs of:*** | 0.00p | 0.00p | 0.00p |
| Performance | | | |
| Return after charges | (5.66%) | 7.55% | 1.43% |
| Other information | | | |
| Closing net asset value | £2,442,971,917 | £2,621,918,547 | £2,358,349,794 |
| Closing number of shares | 1,172,789,144 | 1,187,414,405 | 1,148,603,186 |
| Operating charges - OCF | 0.76% | 0.81% | 0.80% |
| Direct transaction costs | 0.00% | 0.00% | 0.00% |
| Prices | | | |
| Highest share price | 240.50p | 221.00p | 216.20p |
| Lowest share price | 194.20p | 201.60p | 200.30p |

**The operating charges include all costs borne by the Fund, except for direct transaction costs.

***The direct transaction costs are made up of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

Comparative Tables

for the year ended 15 April 2020

| Income P | 15.4.20 | 15.4.19 | 15.4.18 |
|----------------------------------------|----------------|----------------|----------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 195.50p | 185.20p | 185.60p |
| Return before operating charges* | (9.65p) | 14.87p | 3.87p |
| Operating charges** | (0.62p) | (0.60p) | (0.59p) |
| Return after operating charges* | (10.27p) | 14.27p | 3.28p |
| Distributions on income shares | (3.93p) | (3.97p) | (3.68p) |
| Closing net asset value per share | 181.30p | 195.50p | 185.20p |
| *after direct transaction costs of:*** | 0.00p | 0.00p | 0.00p |
| Performance | | | |
| Return after charges | (5.25%) | 7.71% | 1.77% |
| Other information | | | |
| Closing net asset value | £7,042,260 | £7,299,532 | £6,396,161 |
| Closing number of shares | 3,884,517 | 3,732,996 | 3,454,422 |
| Operating charges - OCF | 0.41% | 0.46% | 0.45% |
| Direct transaction costs | 0.00% | 0.00% | 0.00% |
| Prices | | | |
| Highest share price | 210.50p | 198.30p | 196.00p |
| Lowest share price | 170.10p | 179.50p | 183.70p |

| Accumulation P | 15.4.20 | 15.4.19 | 15.4.18 |
|-----------------------------------------------|----------------|----------------|----------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 223.50p | 207.20p | 203.70p |
| Return before operating charges* | (11.38p) | 16.97p | 4.16p |
| Operating charges** | (0.72p) | (0.67p) | (0.66p) |
| Return after operating charges* | (12.10p) | 16.30p | 3.50p |
| Distributions on accumulation shares | (4.51p) | (4.47p) | (4.06p) |
| Retained distributions on accumulation shares | 4.51p | 4.47p | 4.06p |
| Closing net asset value per share | 211.40p | 223.50p | 207.20p |
| *after direct transaction costs of:*** | 0.00p | 0.00p | 0.00p |
| Performance | | | |
| Return after charges | (5.41%) | 7.87% | 1.72% |
| Other information | | | |
| Closing net asset value | £555,177,382 | £386,602,118 | £226,078,886 |
| Closing number of shares | 262,599,937 | 172,992,159 | 109,098,876 |
| Operating charges - OCF | 0.41% | 0.46% | 0.45% |
| Direct transaction costs | 0.00% | 0.00% | 0.00% |
| Prices | | | |
| Highest share price | 244.00p | 223.60p | 218.10p |
| Lowest share price | 197.10p | 203.90p | 201.60p |

**The operating charges include all costs borne by the Fund, except for direct transaction costs.

***The direct transaction costs are made up of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

Statement of Total Return

for the year ended 15 April 2020

| | Notes | 15.4.20 | | 15.4.19 | |
|------------------------------------------------------------------------------|-------|----------|-----------|----------|----------|
| | | £'000 | £'000 | £'000 | £'000 |
| Income | | | | | |
| Net capital (losses)/gains | 2 | | (260,375) | | 165,713 |
| Revenue | 3 | 86,650 | | 77,188 | |
| Expenses | 4 | (20,056) | | (18,086) | |
| Interest payable and similar charges | | (12) | | (3) | |
| Net revenue before taxation | | 66,582 | | 59,099 | |
| Taxation | 5 | (5,899) | | (4,950) | |
| Net revenue after taxation | | | 60,683 | | 54,149 |
| Total (deficit)/return before distributions | | | (199,692) | | 219,862 |
| Distributions | 6 | | (60,702) | | (54,151) |
| Change in net assets attributable to shareholders from investment activities | | | (260,394) | | 165,711 |

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 15 April 2020

| | 15.4.20 | | 15.4.19 | |
|--------------------------------------------------------------------------------------------------------------------|-----------|-----------|----------|-----------|
| | £'000 | £'000 | £'000 | £'000 |
| Opening net assets attributable to shareholders | | 3,283,879 | | 2,752,976 |
| Amounts receivable on creation of shares | 262,253 | | 244,027 | |
| Amounts receivable on in-specie creation of shares | 13,275 | | 119,349 | |
| Amounts payable on cancellation of shares | (144,305) | | (52,877) | |
| | | 131,223 | | 310,499 |
| Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above) | | (260,394) | | 165,711 |
| Retained distribution on accumulation shares | | 59,458 | | 54,693 |
| Closing net assets attributable to shareholders | | 3,214,166 | | 3,283,879 |

Balance Sheet

as at 15 April 2020

| | Notes | 15.4.20 | | 15.4.19 | |
|-----------------------------------------|-------|----------|-----------|----------|-----------|
| | | £'000 | £'000 | £'000 | £'000 |
| Assets | | | | | |
| Investments | | | 3,199,838 | | 3,251,059 |
| Current assets | | | | | |
| Debtors | 8 | 1,399 | | 41,582 | |
| Cash and bank balances | | 50,600 | | 19,079 | |
| Total current assets | | | 51,999 | | 60,661 |
| Total assets | | | 3,251,837 | | 3,311,720 |
| Liabilities | | | | | |
| Investment liabilities | | | (8,472) | | (83) |
| Creditors | | | | | |
| Distribution payable on income shares | | (455) | | (370) | |
| Other creditors | 9 | (28,744) | | (27,388) | |
| Total creditors | | | (29,199) | | (27,758) |
| Total liabilities | | | (37,671) | | (27,841) |
| Net assets attributable to shareholders | | | 3,214,166 | | 3,283,879 |

Distribution Tables (pence per share)

for the year ended 15 April 2020

| Group 1: Shares purchased prior to 16 October 2019 | | | | |
|-----------------------------------------------------------------|-----------------------|---------------------|---------------------------------------------|------------------------------------------|
| Group 2: Shares purchased from 16 October 2019 to 15 April 2020 | | | | |
| | <i>Net income</i> | <i>Equalisation</i> | <i>Distribution payable 15.6.20</i> | <i>Distribution paid 15.6.19</i> |
| Retail Income | | | | |
| Group 1 | 0.000000 | - | 0.000000 | 0.470400 |
| Group 2 | 0.000000 | 0.000000 | 0.000000 | 0.470400 |
| Retail Accumulation | | | | |
| Group 1 | 0.322197 | - | 0.322197 | 0.517448 |
| Group 2 | 0.288263 | 0.033934 | 0.322197 | 0.517448 |
| Institutional Income | | | | |
| Group 1 | 1.642848 | - | 1.642848 | 0.871101 |
| Group 2 | 0.447059 | 1.195789 | 1.642848 | 0.871101 |
| Institutional Accumulation | | | | |
| Group 1 | 1.667956 | - | 1.667956 | 1.737847 |
| Group 2 | 0.377535 | 1.290421 | 1.667956 | 1.737847 |
| Income C | | | | |
| Group 1 | 0.844936 | - | 0.844936 | 0.964329 |
| Group 2 | 0.579115 | 0.265821 | 0.844936 | 0.964329 |
| Accumulation C | | | | |
| Group 1 | 0.973197 | - | 0.973197 | 1.088584 |
| Group 2 | 0.664465 | 0.308732 | 0.973197 | 1.088584 |
| Income P | | | | |
| Group 1 | 1.126873 | - | 1.126873 | 1.226229 |
| Group 2 | 0.607807 | 0.519066 | 1.126873 | 1.226229 |
| Accumulation P | | | | |
| Group 1 | 1.310025 | - | 1.310025 | 1.407199 |
| Group 2 | 0.885113 | 0.424912 | 1.310025 | 1.407199 |

Distribution Tables (pence per share)

for the year ended 15 April 2020

| Group 1: Shares purchased prior to 16 April 2019 | | | | |
|--------------------------------------------------------------------|-----------------------|---------------------|-------------------------------------------|-------------------------------------------|
| Group 2: Shares purchased from 16 April 2019 to 15 October 2019 | | | | |
| | <i>Net income</i> | <i>Equalisation</i> | <i>Distribution paid 15.12.19</i> | <i>Distribution paid 15.12.18</i> |
| Retail Income | | | | |
| Group 1 | 1.970000 | - | 1.970000 | 1.950000 |
| Group 2 | 1.860000 | 0.110000 | 1.970000 | 1.950000 |
| Retail Accumulation | | | | |
| Group 1 | 2.130000 | - | 2.130000 | 2.110000 |
| Group 2 | 1.850000 | 0.280000 | 2.130000 | 2.110000 |
| Institutional Income† | | | | |
| Group 1 | 3.650000 | - | 3.650000 | N/A |
| Group 2 | 3.540000 | 0.110000 | 3.650000 | N/A |
| Institutional Accumulation | | | | |
| Group 1 | 3.670000 | - | 3.670000 | 3.500000 |
| Group 2 | 3.430000 | 0.240000 | 3.670000 | 3.500000 |
| Income C | | | | |
| Group 1 | 2.520000 | - | 2.520000 | 2.460000 |
| Group 2 | 2.340000 | 0.180000 | 2.520000 | 2.460000 |
| Accumulation C | | | | |
| Group 1 | 2.840000 | - | 2.840000 | 2.730000 |
| Group 2 | 2.390000 | 0.450000 | 2.840000 | 2.730000 |
| Income P | | | | |
| Group 1 | 2.800000 | - | 2.800000 | 2.740000 |
| Group 2 | 2.540000 | 0.260000 | 2.800000 | 2.740000 |
| Accumulation P | | | | |
| Group 1 | 3.200000 | - | 3.200000 | 3.060000 |
| Group 2 | 2.550000 | 0.650000 | 3.200000 | 3.060000 |
| †The Institutional Income share class launched on 8 February 2019. | | | | |

Notes to the Financial Statements

for the year ended 15 April 2020

| | 15.4.20 £'000 | 15.4.19 £'000 |
|------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| 1. Accounting Policies | | |
| The accounting policies are set out on pages 10 and 11. | | |
| 2. Net Capital (losses)/gains | | |
| The net capital (losses)/gains during the year comprise: | | |
| Realised/Unrealised gains on currency | 188 | 223 |
| Transaction charges | (6) | (9) |
| Realised losses on forward foreign currency contracts | (125,190) | (93,952) |
| Unrealised gains on forward foreign currency contracts | 30,492 | 8,707 |
| Realised losses on derivative securities | (14,315) | (1,016) |
| Unrealised gains on derivative securities | 5,063 | 382 |
| Realised gains on non-derivative securities | 81,979 | 86,975 |
| Unrealised (losses)/gains on non-derivative securities | (238,560) | 164,402 |
| Management fee rebate | (26) | 1 |
| Net capital (losses)/gains | (260,375) | 165,713 |
| 3. Revenue | | |
| Unfranked distributions from UK authorised ICVCs and unit trusts | 686 | 512 |
| Franked distributions from UK authorised ICVCs and unit trusts | 37,079 | 34,365 |
| Interest on bonds and other debt securities | 48,775 | 42,218 |
| Deposit interest | 103 | 26 |
| Bank interest | 93 | 67 |
| Management fee rebates | (86) | - |
| Total revenue | 86,650 | 77,188 |
| 4. Expenses | | |
| Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director, and agents of either of them: | | |
| Authorised Corporate Director's charge | 16,619 | 15,030 |
| Registration fee | 3,001 | 2,681 |
| Safe custody fee | 125 | 104 |
| | 19,745 | 17,815 |
| Payable to the Depositary, associates of the Depositary, and agents of either of them: | | |
| Depositary fee | 297 | 258 |
| Other expenses: | | |
| Audit fee | 6 | 6 |
| Report and accounts fee | 8 | 7 |
| | 14 | 13 |
| Total expenses | 20,056 | 18,086 |

| | 15.4.20 £'000 | 15.4.19 £'000 |
|---------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| 5. Taxation | | |
| a) Analysis of charge in year: | | |
| Corporation tax | 5,896 | 4,947 |
| Adjustments in respect of prior years | 3 | 3 |
| Total tax for the year (note 5b) | 5,899 | 4,950 |
| b) Factors affecting taxation charge for the year: | | |
| The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an open-ended investment company (20%). | | |
| The differences are explained below: | | |
| Net revenue before taxation | 66,582 | 59,099 |
| Corporation tax at 20% | 13,316 | 11,820 |
| Effects of: | | |
| Revenue not subject to taxation | (7,415) | (6,873) |
| Taxable management fee rebates accounted for as capital | (5) | - |
| Adjustments in respect of prior years | 3 | 3 |
| Current tax charge for the year (note 5a) | 5,899 | 4,950 |
| c) Provision for deferred taxation | | |
| At 15 April 2020, there is no potential deferred tax asset (15.4.19: £nil) in relation to surplus management expenses. | | |
| 6. Distributions | | |
| The distributions take account of amounts received on the issue of shares and amounts deducted on the cancellation of shares, and comprise: | | |
| Interim dividend distribution | 44,739 | 38,577 |
| Final dividend distribution | 16,337 | 16,956 |
| | 61,076 | 55,533 |
| Add: Amounts deducted on cancellation of shares | 276 | 182 |
| Deduct: Amounts received on issue of shares | (650) | (1,564) |
| Net distribution for the year | 60,702 | 54,151 |
| 7. Movement Between Net Revenue and Distributions | | |
| Net revenue after taxation | 60,683 | 54,149 |
| Equalisation on conversions | 24 | 2 |
| Corporation tax on taxable items in capital | (5) | - |
| Net distribution for the year | 60,702 | 54,151 |
| 8. Debtors | | |
| Amounts receivable for creation of shares | 1,358 | 6,018 |
| Sales awaiting settlement | - | 34,456 |
| Accrued revenue | 41 | 924 |
| Management fee rebates receivable | - | 114 |
| Overseas tax recoverable | - | 3 |
| Amount receivable on merger | - | 67 |
| Total debtors | 1,399 | 41,582 |

| | 15.4.20 | 15.4.19 |
|--------------------------------------------|----------------|---------|
| | £'000 | £'000 |
| 9. Other creditors | | |
| Amounts payable for cancellation of shares | 164 | 1,254 |
| Purchases awaiting settlement | 23,554 | 22,908 |
| Accrued expenses | 3,968 | 837 |
| Corporation tax payable | 1,058 | 2,389 |
| Total other creditors | 28,744 | 27,388 |

10. Reconciliation of Shares

| | <i>Retail Income</i> | <i>Retail Accumulation</i> | <i>Institutional Income</i> | <i>Institutional Accumulation</i> |
|-------------------------------------------|--------------------------|--------------------------------|---------------------------------|---------------------------------------|
| Opening shares issued at 16.4.19 | 621,260 | 16,586,936 | 20,201,034 | 65,614,728 |
| Share movements 16.4.19 to 15.4.20 | | | | |
| Shares issued | 5,099 | 705,724 | 491,943 | 755,354 |
| Shares cancelled | (25,182) | (1,511,953) | (2,576,352) | (4,784,457) |
| Shares converted | (590,701) | (11,841,385) | (902,396) | (678,524) |
| Closing shares issued at 15.4.20 | 10,476 | 3,939,322 | 17,214,229 | 60,907,101 |

| | <i>Income C</i> | <i>Accumulation C</i> | <i>Income P</i> | <i>Accumulation P</i> |
|-------------------------------------------|---------------------|---------------------------|---------------------|---------------------------|
| Opening shares issued at 16.4.19 | 15,051,675 | 1,187,414,405 | 3,732,996 | 172,992,159 |
| Share movements 16.4.19 to 15.4.20 | | | | |
| Shares issued | 1,283,163 | 25,910,089 | 633,134 | 91,078,692 |
| Shares cancelled | (2,401,023) | (53,054,470) | (481,613) | (1,470,914) |
| Shares converted | 1,249,175 | 12,519,120 | - | - |
| Closing shares issued at 15.4.20 | 15,182,990 | 1,172,789,144 | 3,884,517 | 262,599,937 |

11. Ultimate Controlling Party and Related Party Transactions

The Authorised Corporate Director (ACD) is regarded as a controlling party of the Fund by virtue of having the ability to act in concert in respect of Fund operations. The ultimate controlling party of the ACD is HSBC Group plc. This entity and its subsidiaries are also related parties of the Fund.

At the year end, the ACD and its associates held the following of the Fund's shares in issue:

| | <i>Retail Income</i> | <i>Retail Accumulation</i> | <i>Institutional Income</i> | <i>Institutional Accumulation</i> | <i>Income C</i> | <i>Accumulation C</i> | <i>Income P</i> | <i>Accumulation P</i> |
|---------------|--------------------------|--------------------------------|---------------------------------|---------------------------------------|---------------------|---------------------------|---------------------|---------------------------|
| | % | % | % | % | % | % | % | % |
| As at 15.4.20 | - | - | 99.79 | 100.00 | 57.86 | 88.04 | - | 56.25 |
| As at 15.4.19 | - | 0.71 | 99.47 | 100.00 | 2.50 | 0.58 | - | 57.10 |

Details of all other material related party transactions during the year and any payment amounts outstanding at the balance sheet date are disclosed in notes 8 and 9 to the financial statements and the Statement of Change in Net Assets Attributable to Shareholders and the Portfolio Statement.

The balance due to/from the ACD (including amounts due to associates and agents) at the year end was £2,706,591 (15.4.19: £3,969,099), further details of such amounts can be found in notes 8 and 9.

At the year end, the Fund held £2,726,082,460 (15.4.19: £2,808,355,724) in Authorised Investment Funds managed by HSBC or HSBC Holdings, the parent company of the ACD. During the year, transactions in Authorised Investment Funds managed by HSBC or HSBC Holdings totalled £1,306,741,665 (15.4.19: £1,513,066,243).

Investments in related parties are disclosed in the Portfolio Statement.

12. Financial Instruments

The financial instrument risks and risk management policies are set out on pages 12 and 13.

Foreign Currency Risk

A substantial portion of the net assets of the Fund are denominated in currencies other than sterling with the effect that the balance sheet and total return can be significantly affected by currency movements.

Net currency monetary assets and liabilities consist of:

| | <i>Portfolio of investments</i> | | <i>Net other assets/(liabilities)</i> | | <i>Net assets</i> | |
|----------------------|---------------------------------|-----------|---------------------------------------|----------|-------------------|-----------|
| | 15.4.20 | 15.4.19 | 15.4.20 | 15.4.19 | 15.4.20 | 15.4.19 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Sterling* | 1,396,338 | 1,314,143 | 26,894 | 46,080 | 1,423,232 | 1,360,223 |
| Euro | 64,988 | 30,998 | - | 3 | 64,988 | 31,001 |
| Japanese yen | - | 684 | 14,471 | - | 14,471 | 684 |
| United States dollar | 1,730,040 | 1,905,151 | (18,565) | (13,180) | 1,711,475 | 1,891,971 |
| Total | 3,191,366 | 3,250,976 | 22,800 | 32,903 | 3,214,166 | 3,283,879 |

*No currency risk as base currency.

Interest Rate Risk

At the year end, 1.57% (15.4.19: 0.58%) of the Fund's assets by value were interest-bearing.

Interest rates are based upon LIBOR (London Interbank Offered Rate).

13. Shareholders' Funds

This Fund has a retail share class, an institutional share class, a C share class and a P share class.

The annual ACD charge on the retail share class is 1.25%, nil on the institutional share class, 0.55% on the C share class and 0.25% on the P share class. The net asset value of the share class, the net asset value per share and the number of shares in each class are given in the Comparative Tables on pages 56 to 59.

The distribution per share class is given in the Distribution Tables on pages 61 and 62. All share classes within the OEIC have the same rights on winding up.

14. Financial Derivatives

The Fund has used financial derivatives for hedging and meeting investment objectives including risk reduction and implementation of investment policies.

The use of derivatives can create additional counterparty risks. Details of the policy adopted by the ACD for managing counterparty and other risks are set out in the Notes to the Financial Statements.

The types of derivatives held at the year end were index futures and forward currency contracts.

Details of the individual contracts are shown on the Portfolio Statement on pages 53 to 55, and the total position by the counterparty at the year end is summarised below.

The underlying exposure for each category of derivatives were as follows:

| Counterparty | Forward Currency £'000 | | Total £'000 | |
|------------------------|---------------------------|-------|----------------|-------|
| | 2020 | 2019 | 2020 | 2019 |
| Citigroup | 2,974 | - | 2,974 | - |
| Goldman Sachs | 35,896 | 27 | 35,896 | 27 |
| HSBC | - | 8,042 | - | 8,042 |
| Royal Bank of Scotland | - | 34 | - | 34 |
| State Street | - | 684 | - | 684 |
| UBS | 96 | - | 96 | - |

The economic exposure of future derivative contracts is equal to the market value. The value of exposure and the related counterparty are disclosed in the Portfolio Statement.

Eligible collateral types are approved by the ACD and may consist of cash, UK gilts, certificates of deposit, treasury bills, sovereign debt, eurosterling bonds and equities.

At 15 April 2020, there was no collateral held in respect of the above derivatives (15.4.19: £nil).

15. Contingent Liabilities and Commitments

At the year end, the Fund had no contingent liabilities or commitments (15.4.19: none).

16. Portfolio Transaction Costs

| For the year ended 15 April 2020 | Purchases | Commissions | | Taxes | | Other Expenses | |
|------------------------------------------------|------------------|--------------------|---|--------------|---|-----------------------|---|
| | £'000 | £'000 | % | £'000 | % | £'000 | % |
| Analysis of total purchases costs | | | | | | | |
| Pooled investment vehicles | 869,168 | 25 | - | - | - | - | - |
| In-specie transactions | 12,042 | - | - | - | - | - | - |
| Corporate actions | 1,236 | - | - | - | - | - | - |
| Total purchases before transaction costs | 882,446 | 25 | | - | | - | |
| Transaction costs | 25 | | | | | | |
| Total purchases after commission, tax and fees | 882,471 | | | | | | |
| | Sales | Commissions | | Taxes | | Other Expenses | |
| | £'000 | £'000 | % | £'000 | % | £'000 | % |
| Analysis of total sales costs | | | | | | | |
| Pooled investment vehicles | 845,627 | 8 | - | - | - | - | - |
| Total sales before transaction costs | 845,627 | 8 | | - | | - | |
| Transaction costs | (8) | | | | | | |
| Total sales after commission, tax and fees | 845,619 | | | | | | |

The Fund had paid £14,114 as commission on purchases and sales derivative transactions for the year ended 15.4.20.

Commissions, taxes and fees as % of average Net Assets:

| | |
|----------------|-------|
| Commissions | 0.00% |
| Taxes | 0.00% |
| Other expenses | 0.00% |

At the balance sheet date the portfolio dealing spread was 0.02%, being the difference between the respective bid and offer prices for the Fund's investments.

| For the year ended 15 April 2019 | Purchases | Commissions | | Taxes | | Other Expenses | |
|------------------------------------------------|------------------|--------------------|---|--------------|---|-----------------------|---|
| | £'000 | £'000 | % | £'000 | % | £'000 | % |
| Analysis of total purchases costs | | | | | | | |
| Pooled investment vehicles | 1,029,976 | 42 | - | - | - | - | - |
| In-specie transactions | 118,226 | - | - | - | - | - | - |
| Corporate actions | 453 | - | - | - | - | - | - |
| Total purchases before transaction costs | 1,148,655 | 42 | | - | | - | |
| Transaction costs | 42 | | | | | | |
| Total purchases after commission, tax and fees | 1,148,697 | | | | | | |
| | Sales | Commissions | | Taxes | | Other Expenses | |
| | £'000 | £'000 | % | £'000 | % | £'000 | % |
| Analysis of total sales costs | | | | | | | |
| Pooled investment vehicles | 898,297 | 15 | - | - | - | - | - |
| Total sales before transaction costs | 898,297 | 15 | | - | | - | |
| Transaction costs | (15) | | | | | | |
| Total sales after commission, tax and fees | 898,282 | | | | | | |

The Fund had paid £7,551 as commission on purchases and sales derivative transactions for the year ended 15.4.19.

Commissions, taxes and fees as % of average Net Assets:

| | |
|----------------|-------|
| Commissions | 0.00% |
| Taxes | 0.00% |
| Other expenses | 0.00% |

At the balance sheet date the portfolio dealing spread was 0.02%, being the difference between the respective bid and offer prices for the Fund's investments.

Portfolio transaction costs are incurred by the Fund when buying and selling underlying investments. These costs vary depending on the class of investment, country of exchange and method of execution.

These costs can be classified as either direct or indirect transaction costs:

Direct transaction costs: Broker commissions, fees and taxes.

Indirect transaction costs: 'Dealing spread' – the difference between the buying and selling prices of the Fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the Fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

17. Fair Value of Investments

FRS 102 requires an entity 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 shall have the following classifications:

- Level 1: unadjusted quoted prices in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3: inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

For the year ended 15 April 2020

| Category | 1 | 2 | 3 | Total |
|----------------------------|---------|-----------|-------|-----------|
| | £'000 | £'000 | £'000 | £'000 |
| Investment Assets | | | | |
| Pooled investment vehicles | 473,229 | 2,682,582 | - | 3,155,811 |
| Derivatives | 5,063 | 38,964 | - | 44,027 |
| | 478,292 | 2,721,546 | - | 3,199,838 |
| Investment Liabilities | £'000 | £'000 | £'000 | £'000 |
| Derivatives | - | (8,472) | - | (8,472) |
| | - | (8,472) | - | (8,472) |

For the year ended 15 April 2019

| Category | 1 | 2 | 3 | Total |
|----------------------------|---------|-----------|-------|-----------|
| | £'000 | £'000 | £'000 | £'000 |
| Investment Assets | | | | |
| Pooled investment vehicles | 534,591 | 2,707,297 | - | 3,241,888 |
| Derivatives | 384 | 8,787 | - | 9,171 |
| | 534,975 | 2,716,084 | - | 3,251,059 |
| Investment Liabilities | £'000 | £'000 | £'000 | £'000 |
| Derivatives | (3) | (80) | - | (83) |
| | (3) | (80) | - | (83) |

18. Sensitivity Analysis

Price risk sensitivity:

If the price of investments at 15 April 2020 had increased or decreased by 10% with all other variables held constant, this would have increased or decreased the net assets attributable to shareholders by £319,136,553 (15.4.19: £325,097,636).

Currency risk sensitivity:

If the exchange rate at 15 April 2020 had increased or decreased by 10% with all other variables held constant, this would have increased or decreased the net assets attributable to shareholders by £179,093,414 (15.4.19: £192,365,498).

Interest rate risk sensitivity:

At the balance sheet date, the Fund did not have a significant exposure to interest rate risk, therefore no sensitivity analysis is disclosed (15.4.19: no significant exposure).

19. Events after the balance sheet date

Since the year end, markets and operations have continued to be disrupted by the effects of the COVID-19 pandemic. Since the year end the NAV of the lead share class was 227.9p and has increased by 9.51% (to 10 July 2020). Contingency plans at the ACD and key service suppliers have proven effective in mitigating the effects on management of the portfolio and on all supporting operations.

World Selection - Cautious Portfolio

Investment Objective

To provide capital growth through cautious investment in a broad range of asset classes across global markets.

Investment Policy*

This is one of a range of actively managed World Selection Portfolios offered at five different risk levels. The asset allocation of each fund in the range reflects the risk level. The Fund is rated as 1, where 1 is a lower level of risk and 5 is a higher level of risk. The Fund is managed with the aim of maximising returns in line with its agreed long term risk profile therefore any potential returns are likely to be limited by the risk profile of the Fund.

To achieve its objective the Fund invests mainly in collective investment schemes that in turn invest in fixed income securities, equities, alternative asset classes and derivatives. Typically the Fund will have a bias towards asset classes that focus on fixed interest strategies.

The Fund may, in addition to its other investment powers, use exchange traded and over-the-counter derivatives and forward currency contracts for investment purposes. Using these investment powers for investment purposes means, in particular, maintaining positions in these investments for the long term rather than just for tactical short-term purposes. Where the use of derivatives is for investment purposes in addition to hedging it is envisaged that the use of such instruments will not affect the overall risk profile of the Fund.

*The full policy can be found in the prospectus.

Investment Strategy*

The starting point for the World Selection Portfolios is the Strategic Asset Allocation (SAA). SAA is the long-term blend of assets for each risk level. Tactical Asset Allocation (TAA) is another layer on top of the SAA and is driven by the investment team's shorter term market outlook. Portfolio Implementation is the final stage in the investment process, where we decide how best to take exposure to each asset class.

76% of the Fund invests in collective investment schemes. This includes 18% in collective investment schemes that aim to track the performance of market indices.

Derivatives may be used with the aim of hedging to reduce market risk and to reduce the impact of currency movements but also with the aim of generating returns to assist the Fund in meeting its investment objective. Exchange traded futures may be used to gain or reduce exposure to certain asset classes. Forward currency contracts may be used to gain exposure to currencies or for hedging to reduce the impact of currency movements for certain asset classes that are not denominated in sterling.

*The full strategy can be found in the prospectus.

Portfolio Activity

At the start of the period, the portfolio was positioned to be overweight to risk assets. Towards the end of 2019, the Portfolio Management team took steps to reduce this overweight. In Q1 2020, this was extended to move the portfolio underweight risk as the spread of coronavirus increased market volatility.

During the first half of the year, various trades were executed to reposition the portfolio and slightly reduce risk. For example, exposure to emerging markets equities, through the broad index and a specific position in China A shares were reduced, or closed, with the proceeds invested in US equity.

Later in 2019, we adjusted our corporate bond position, selling from the global corporate bond exposure and initiating a position in Euro Corporate Bonds ex Financials. We anticipated that the European Central Bank would ease conditions through a new Corporate Sector Purchase Programme, which should lift the Euro investment grade corporate bond environment.

We further reduced risk, trimming our overweights to the UK, Japan and emerging markets (EM) while also taking profit from our Indian bond positions. Proceeds were reinvested into a mix of cash and liquid alternatives.

At the end of 2019, we reduced our FX hedge on global equities. Sterling appreciated in the run up to and after the general election in the UK leading to the potential for future depreciation of the currency, which would be beneficial for an unhedged position.

In January and early February, we adjusted our EM equity exposure, adding specifically to China and Russia from the broader EM allocation. Russia appeared to have strong momentum and attractive valuations while China had already seen a hit to asset prices from the outbreak of coronavirus, leading to an attractive entry point.

In mid-February, as coronavirus spread, portfolios were repositioned to reduce risk further, cutting exposure to equities, and corporate bonds with the proceeds added to cash and government bonds. A second tranche of risk reduction was executed at the beginning of March with EM and UK equity reduced and the proceeds held in cash.

March saw a period where numerous adjustments were made to steer the portfolio through a period of extreme volatility with further reductions to equity positions with proceeds added to government bonds and cash.

Steps were also taken to diversify our defensive allocations, with positions initiated in safe haven currencies (USD, JPY and Swiss Franc).

Major purchases included: HSBC Global Sterling Liquidity Fund, iShares Euro Corporate Bond ex-Financials UCITS ETF, HSBC GIF Global Corporate Bond Fund, Goldman Sachs Cross Asset Trend Portfolio, AQR Managed Future UCITS, HSBC MSCI China A Inclusion UCITS ETF and HSBC MSCI Russia Capped ETF.

Major sales included: HSBC GIF Global Corporate Bond Fund, HSBC FTSE All-World Index Fund, iShares Core MSCI Emerging Markets IMI UCITS ETF, HSBC GIF Global Emerging Markets Local Debt Fund, HSBC MSCI China A Inclusion UCITS ETF and HSBC MSCI Russia Capped ETF.

Investment Performance

During the year under review the value of the shares in the Fund increased by 0.20%.

(Source: Morningstar Direct, GBP, UK net of tax, for the Accumulation C share class. Returns based on the NAV, which is a single price.)

Please note that the above information refers to the past and that past performance is not a reliable indication of future returns.

| Fund Particulars as at 16 April 2020 | | | |
|------------------------------------------------------|-------------------------|-------------------------------|-------------|
| | Institutional Income | Institutional Accumulation | Income C |
| Price | 161.3p xd | 165.3p | 134.6p xd |
| Distribution payable (on 15 June 2020) per share net | 1.078568p | 1.091576p | 0.538803p |
| Current net estimated yield | 1.87% | 1.85% | 1.33% |
| Annual ACD charge | 0.00% | 0.00% | 0.55% |

| | Accumulation C | Income P | Accumulation P |
|------------------------------------------------------|-------------------|-------------|-------------------|
| Price | 154.2p | 134.5p xd | 156.4p |
| Distribution payable (on 15 June 2020) per share net | 0.605454p | 0.730384p | 0.843035p |
| Current net estimated yield | 1.31% | 1.62% | 1.60% |
| Annual ACD charge | 0.55% | 0.25% | 0.25% |

Portfolio Statement

as at 15 April 2020

| <i>Security</i> | <i>Holding</i> | <i>Bid value £'000</i> | <i>Total net assets %</i> |
|---------------------------------------------------------|----------------|--------------------------------|---------------------------------------|
| Liquid Alternatives - 5.88% (4.95%) | | | |
| *AQR Managed Future UCITS | 91,946 | 8,071 | 1.12 |
| *+Goldman Sachs Cross Asset Trend Portfolio | 1,476,679 | 11,576 | 1.61 |
| *HSBC Multi-Asset Style Factor Fund | 2,282,401 | 22,706 | 3.15 |
| Total Liquid Alternatives | | 42,353 | 5.88 |
| Global Assets-Backed Bonds - 4.72% (5.01%) | | | |
| *+HSBC GIF Global Asset-Backed Bond | 298,610 | 33,952 | 4.72 |
| Total Global Assets-Backed Bonds | | 33,952 | 4.72 |
| Global Corporate Bonds - 11.29% (11.96%) | | | |
| *+HSBC GIF Global Corporate Bond Fund | 8,646,960 | 75,804 | 10.53 |
| *iShares Euro Corporate Bond ex-Financials UCITS ETF | 54,532 | 5,449 | 0.76 |
| Total Global Corporate Bonds | | 81,253 | 11.29 |
| Global Emerging Markets Debt - 8.16% (9.90%) | | | |
| *+HSBC GIF Global Emerging Markets Bond Fund | 3,340,446 | 22,570 | 3.13 |
| *+HSBC GIF Global Emerging Markets Local Debt Fund | 5,552,839 | 36,176 | 5.03 |
| Total Global Emerging Markets Debt | | 58,746 | 8.16 |
| Global Emerging Markets Equities - 0.00% (1.92%) | | | |
| Global Equities - 15.19% (14.55%) | | | |
| ^*+HSBC Economic Scale Worldwide Equity UCITS ETF | 1,041,818 | 11,487 | 1.59 |
| ^*+HSBC ESI Worldwide ETF | 435,833 | 5,827 | 0.81 |
| +HSBC FTSE All-World Index Fund | 55,278,514 | 92,039 | 12.79 |
| Total Global Equities | | 109,353 | 15.19 |
| Global Government Bonds - 10.86% (14.41%) | | | |
| *+HSBC GIF Global Government Bond Fund | 8,493,574 | 78,157 | 10.86 |
| Total Global Government Bonds | | 78,157 | 10.86 |
| Global High Yield Bonds - 4.36% (4.25%) | | | |
| *+HSBC GIF Global High Yield Bond Fund | 2,919,973 | 21,841 | 3.03 |
| *+HSBC GIF Global Short Duration High Yield Bond Fund | 1,265,245 | 9,577 | 1.33 |
| Total Global High Yield Bonds | | 31,418 | 4.36 |
| Global Property Equities Funds - 3.53% (3.51%) | | | |
| *+HSBC GIF Global Real Estate Equity Fund | 3,701,290 | 25,405 | 3.53 |
| Total Global Property Equities Funds | | 25,405 | 3.53 |
| Chinese Equities - 0.00% (0.43%) | | | |
| Japanese Equities - 0.00% (0.50%) | | | |

Portfolio Statement

as at 15 April 2020

| <i>Security</i> | <i>Holding</i> | <i>Bid value £'000</i> | <i>Total net assets %</i> |
|---------------------------------------------|----------------|--------------------------------|---------------------------------------|
| US Equities - 0.77% (0.80%) | | | |
| *iShares Core S&P 500 UCITS ETF | 24,871 | 5,516 | 0.77 |
| Total US Equities | | 5,516 | 0.77 |
| Money Markets - 7.56% (3.63%) | | | |
| *+HSBC Global Liquidity Fund | 3,124,659 | 2,500 | 0.35 |
| *+HSBC Global Sterling Liquidity Fund | 51,936,479 | 51,936 | 7.21 |
| Total Money Markets | | 54,436 | 7.56 |
| UK Government Bonds - 1.72% (1.73%) | | | |
| Treasury 0.5% 22/7/2022 | £600,000 | 606 | 0.08 |
| Treasury 0.75% 22/7/2023 | £500,000 | 511 | 0.07 |
| Treasury 1.625% 22/10/2071 | £190,000 | 291 | 0.04 |
| Treasury 1.75% 7/9/2022 | £700,000 | 728 | 0.10 |
| Treasury 2.25% 7/9/2023 | £511,300 | 549 | 0.08 |
| Treasury 3.5% 22/1/2045 | £725,000 | 1,187 | 0.17 |
| Treasury 4% 22/1/2060 | £312,900 | 701 | 0.10 |
| Treasury 4.25% 7/12/2027 | £717,700 | 941 | 0.13 |
| Treasury 4.25% 7/6/2032 | £1,000,000 | 1,453 | 0.20 |
| Treasury 4.25% 7/12/2049 | £450,000 | 884 | 0.12 |
| Treasury 4.25% 7/12/2055 | £475,000 | 1,038 | 0.14 |
| Treasury 4.5% 7/12/2042 | £700,000 | 1,264 | 0.18 |
| Treasury 4.75% 7/12/2038 | £655,000 | 1,135 | 0.16 |
| Treasury 6% 7/12/2028 | £725,000 | 1,087 | 0.15 |
| Total UK Government Bonds | | 12,375 | 1.72 |
| US Government Bonds - 10.93% (8.31%) | | | |
| US Treasury 1.375% 31/1/2022 | \$3,000,000 | 2,451 | 0.34 |
| US Treasury 1.375% 31/8/2023 | \$3,000,000 | 2,490 | 0.35 |
| US Treasury 1.375% 31/1/2025 | \$4,500,000 | 3,778 | 0.52 |
| US Treasury 1.5% 30/9/2021 | \$1,250,000 | 1,019 | 0.14 |
| US Treasury 1.5% 15/1/2023 | \$1,550,000 | 1,284 | 0.18 |
| US Treasury 1.5% 15/8/2026 | \$2,390,000 | 2,036 | 0.28 |
| US Treasury 1.625% 15/5/2026 | \$1,730,000 | 1,482 | 0.21 |
| US Treasury 1.75% 31/5/2022 | \$2,000,000 | 1,652 | 0.23 |
| US Treasury 1.75% 15/5/2023 | \$2,000,000 | 1,674 | 0.23 |
| US Treasury 1.75% 15/11/2029 | \$700,000 | 619 | 0.09 |
| US Treasury 1.875% 30/9/2022 | \$1,335,000 | 1,112 | 0.15 |
| US Treasury 2% 31/10/2021 | \$2,390,000 | 1,965 | 0.27 |
| US Treasury 2% 15/11/2021 | \$1,000,000 | 823 | 0.11 |
| US Treasury 2% 15/2/2023 | \$1,670,000 | 1,403 | 0.20 |
| US Treasury 2% 15/8/2025 | \$1,500,000 | 1,302 | 0.18 |
| US Treasury 2.125% 31/5/2021 | \$1,000,000 | 818 | 0.11 |
| US Treasury 2.125% 15/8/2021 | \$1,000,000 | 821 | 0.11 |
| US Treasury 2.125% 15/5/2022 | \$1,150,000 | 957 | 0.13 |
| US Treasury 2.125% 31/3/2024 | \$300,000 | 257 | 0.04 |

Portfolio Statement

as at 15 April 2020

| <i>Security</i> | <i>Holding</i> | <i>Bid value £'000</i> | <i>Total net assets %</i> |
|----------------------------------|----------------|--------------------------------|---------------------------------------|
| US Treasury 2.125% 15/5/2025 | \$1,350,000 | 1,176 | 0.16 |
| US Treasury 2.25% 15/11/2024 | \$2,250,000 | 1,957 | 0.27 |
| US Treasury 2.25% 15/11/2025 | \$1,350,000 | 1,190 | 0.17 |
| US Treasury 2.25% 15/2/2027 | \$1,600,000 | 1,432 | 0.20 |
| US Treasury 2.25% 15/8/2049 | \$495,000 | 491 | 0.07 |
| US Treasury 2.375% 15/3/2021 | \$1,500,000 | 1,224 | 0.17 |
| US Treasury 2.375% 15/3/2022 | \$1,000,000 | 833 | 0.12 |
| US Treasury 2.375% 15/8/2024 | \$2,000,000 | 1,742 | 0.24 |
| US Treasury 2.375% 15/5/2029 | \$625,000 | 578 | 0.08 |
| US Treasury 2.375% 15/11/2049 | \$2,500,000 | 2,540 | 0.35 |
| US Treasury 2.5% 15/1/2022 | \$2,000,000 | 1,664 | 0.23 |
| US Treasury 2.5% 15/8/2023 | \$2,000,000 | 1,720 | 0.24 |
| US Treasury 2.5% 15/5/2024 | \$2,210,000 | 1,926 | 0.27 |
| US Treasury 2.625% 15/5/2021 | \$2,500,000 | 2,053 | 0.29 |
| US Treasury 2.625% 15/6/2021 | \$1,180,000 | 971 | 0.14 |
| US Treasury 2.625% 15/7/2021 | \$2,000,000 | 1,649 | 0.23 |
| US Treasury 2.625% 31/12/2023 | \$200,000 | 174 | 0.02 |
| US Treasury 2.625% 15/2/2029 | \$600,000 | 564 | 0.08 |
| US Treasury 2.75% 15/9/2021 | \$700,000 | 580 | 0.08 |
| US Treasury 2.75% 15/11/2023 | \$1,700,000 | 1,480 | 0.21 |
| US Treasury 2.75% 15/2/2024 | \$1,850,000 | 1,619 | 0.23 |
| US Treasury 2.875% 15/8/2028 | \$1,000,000 | 950 | 0.13 |
| US Treasury 2.875% 15/5/2043 | \$1,000,000 | 1,070 | 0.15 |
| US Treasury 2.875% 15/5/2049 | \$650,000 | 723 | 0.10 |
| US Treasury 3% 15/5/2045 | \$150,000 | 166 | 0.02 |
| US Treasury 3% 15/11/2045 | \$1,150,000 | 1,279 | 0.18 |
| US Treasury 3% 15/2/2047 | \$1,600,000 | 1,800 | 0.25 |
| US Treasury 3% 15/2/2048 | \$1,770,000 | 1,996 | 0.28 |
| US Treasury 3.125% 15/11/2028 | \$850,000 | 825 | 0.12 |
| US Treasury 3.125% 15/2/2042 | \$1,200,000 | 1,327 | 0.18 |
| US Treasury 3.375% 15/5/2044 | \$1,290,000 | 1,499 | 0.21 |
| US Treasury 3.5% 15/2/2039 | \$570,000 | 654 | 0.09 |
| US Treasury 3.75% 15/11/2043 | \$250,000 | 305 | 0.04 |
| US Treasury 4.25% 15/11/2040 | \$750,000 | 949 | 0.13 |
| US Treasury 4.5% 15/8/2039 | \$500,000 | 644 | 0.09 |
| US Treasury 4.625% 15/2/2040 | \$3,800,000 | 4,983 | 0.69 |
| US Treasury 5.375% 15/2/2031 | \$2,000,000 | 2,390 | 0.33 |
| US Treasury 6.125% 15/11/2027 | \$1,410,000 | 1,601 | 0.22 |
| Total US Government Bonds | | 78,667 | 10.93 |

Portfolio Statement

as at 15 April 2020

| <i>Security</i> | <i>Holding</i> | <i>Bid value £'000</i> | <i>Total net assets %</i> |
|----------------------------------------------------|----------------|--------------------------------|---------------------------------------|
| Australian Government Bonds - 0.38% (0.77%) | | | |
| Government of Australia 1.5% 21/6/2031 | AUD\$420,000 | 225 | 0.03 |
| Government of Australia 2.75% 21/4/2024 | AUD\$1,000,000 | 555 | 0.08 |
| Government of Australia 2.75% 21/11/2029 | AUD\$1,200,000 | 712 | 0.10 |
| Government of Australia 3.25% 21/6/2039 | AUD\$400,000 | 256 | 0.04 |
| Government of Australia 4.25% 21/4/2026 | AUD\$800,000 | 494 | 0.07 |
| Government of Australia 5.75% 15/7/2022 | AUD\$825,000 | 469 | 0.06 |
| Total Australian Government Bonds | | 2,711 | 0.38 |
| Belgium Government Bonds - 0.42% (0.30%) | | | |
| Government of Belgium 0.9% 22/6/2029 | €105,000 | 99 | 0.01 |
| Government of Belgium 1% 22/6/2031 | €600,000 | 571 | 0.08 |
| Government of Belgium 1.45% 22/6/2037 | €600,000 | 608 | 0.08 |
| Government of Belgium 2.15% 22/6/2066 | €60,000 | 77 | 0.01 |
| Government of Belgium 2.25% 22/6/2023 | €150,000 | 142 | 0.02 |
| Government of Belgium 2.25% 22/6/2057 | €100,000 | 127 | 0.02 |
| Government of Belgium 2.6% 22/6/2024 | €350,000 | 343 | 0.05 |
| Government of Belgium 3.75% 22/6/2045 | €278,000 | 418 | 0.06 |
| Government of Belgium 4% 28/3/2022 | €150,000 | 142 | 0.02 |
| Government of Belgium 4.25% 28/9/2022 | €300,000 | 292 | 0.04 |
| Government of Belgium 5.5% 28/3/2028 | €180,000 | 226 | 0.03 |
| Total Belgium Government Bonds | | 3,045 | 0.42 |
| Canadian Government Bonds - 0.33% (1.04%) | | | |
| Government of Canada 0.5% 1/3/2022 | C\$500,000 | 285 | 0.04 |
| Government of Canada 1.25% 1/6/2030 | C\$290,000 | 175 | 0.02 |
| Government of Canada 1.75% 1/3/2023 | C\$800,000 | 472 | 0.07 |
| Government of Canada 2% 1/9/2023 | C\$800,000 | 479 | 0.07 |
| Government of Canada 2.5% 1/6/2024 | C\$500,000 | 308 | 0.04 |
| Government of Canada 3.5% 1/12/2045 | C\$500,000 | 417 | 0.06 |
| Government of Canada 5.75% 1/6/2029 | C\$300,000 | 249 | 0.03 |
| Total Canadian Government Bonds | | 2,385 | 0.33 |
| Danish Government Bonds - 0.10% (0.17%) | | | |
| Government of Denmark 1.5% 15/11/2023 | DKK4,000,000 | 499 | 0.07 |
| Government of Denmark 4.5% 15/11/2039 | DKK1,000,000 | 218 | 0.03 |
| Total Danish Government Bonds | | 717 | 0.10 |

Portfolio Statement

as at 15 April 2020

| <i>Security</i> | <i>Holding</i> | <i>Bid value £'000</i> | <i>Total net assets %</i> |
|------------------------------------------------|----------------|--------------------------------|---------------------------------------|
| Dutch Government Bonds - 0.37% (0.53%) | | | |
| Government of Netherlands 0.5% 15/7/2026 | €330,000 | 304 | 0.04 |
| Government of Netherlands 2% 15/7/2024 | €560,000 | 542 | 0.08 |
| Government of Netherlands 2.25% 15/7/2022 | €570,000 | 529 | 0.07 |
| Government of Netherlands 2.5% 15/1/2033 | €300,000 | 350 | 0.05 |
| Government of Netherlands 2.75% 15/1/2047 | €205,000 | 308 | 0.04 |
| Government of Netherlands 3.25% 15/7/2021 | €45,000 | 41 | 0.01 |
| Government of Netherlands 3.75% 15/1/2023 | €400,000 | 391 | 0.05 |
| Government of Netherlands 3.75% 15/1/2042 | €125,000 | 198 | 0.03 |
| Total Dutch Government Bonds | | 2,663 | 0.37 |
| French Government Bonds - 1.83% (1.55%) | | | |
| Government of France 0.25% 25/11/2026 | €200,000 | 179 | 0.02 |
| Government of France 0.75% 25/11/2028 | €1,200,000 | 1,117 | 0.15 |
| Government of France 1.25% 25/5/2034 | €150,000 | 148 | 0.02 |
| Government of France 1.5% 25/5/2050 | €130,000 | 138 | 0.02 |
| Government of France 1.75% 25/5/2066 | €100,000 | 119 | 0.02 |
| Government of France 2% 25/5/2048 | €800,000 | 932 | 0.13 |
| Government of France 2.25% 25/5/2024 | €1,170,400 | 1,132 | 0.16 |
| Government of France 2.5% 25/5/2030 | €930,000 | 1,012 | 0.14 |
| Government of France 2.75% 25/10/2027 | €100,000 | 106 | 0.01 |
| Government of France 3% 25/4/2022 | €750,000 | 701 | 0.10 |
| Government of France 3.25% 25/10/2021 | €300,000 | 277 | 0.04 |
| Government of France 3.25% 25/5/2045 | €50,000 | 70 | 0.01 |
| Government of France 3.5% 25/4/2026 | €175,000 | 187 | 0.03 |
| Government of France 3.75% 25/4/2021 | €1,400,000 | 1,275 | 0.18 |
| Government of France 4% 25/10/2038 | €800,000 | 1,139 | 0.16 |
| Government of France 4.25% 25/10/2023 | €1,300,000 | 1,323 | 0.18 |
| Government of France 4.5% 25/4/2041 | €750,000 | 1,173 | 0.16 |
| Government of France 4.75% 25/4/2035 | €75,000 | 108 | 0.01 |
| Government of France 5.75% 25/10/2032 | €440,000 | 649 | 0.09 |
| Government of France 6% 25/10/2025 | €1,200,000 | 1,410 | 0.20 |
| Total French Government Bonds | | 13,195 | 1.83 |
| German Government Bonds - 1.04% (2.27%) | | | |
| Government of Germany 0% 7/10/2022 | €600,000 | 533 | 0.07 |
| Government of Germany 0% 15/2/2030 | €2,800,000 | 2,559 | 0.36 |
| Government of Germany 0% 15/8/2050 | €100,000 | 89 | 0.01 |
| Government of Germany 0.5% 15/2/2025 | €1,000,000 | 923 | 0.13 |
| Government of Germany 0.5% 15/2/2026 | €1,100,000 | 1,025 | 0.14 |
| Government of Germany 1.25% 15/8/2048 | €140,000 | 170 | 0.02 |
| Government of Germany 1.75% 4/7/2022 | €1,000,000 | 920 | 0.13 |
| Government of Germany 1.75% 15/2/2024 | €800,000 | 764 | 0.11 |
| Government of Germany 2.5% 4/7/2044 | €360,000 | 522 | 0.07 |
| Total German Government Bonds | | 7,505 | 1.04 |

Portfolio Statement

as at 15 April 2020

| <i>Security</i> | <i>Holding</i> | <i>Bid value £'000</i> | <i>Total net assets %</i> |
|--------------------------------------------------|----------------|--------------------------------|---------------------------------------|
| Italian Government Bonds - 1.26% (1.28%) | | | |
| Government of Italy 1.25% 1/12/2026 | €900,000 | 769 | 0.11 |
| Government of Italy 1.35% 1/4/2030 | €1,500,000 | 1,247 | 0.17 |
| Government of Italy 2.8% 1/3/2067 | €70,000 | 62 | 0.01 |
| Government of Italy 3.35% 1/3/2035 | €250,000 | 249 | 0.04 |
| Government of Italy 3.75% 1/8/2021 | €260,000 | 235 | 0.03 |
| Government of Italy 3.75% 1/9/2024 | €1,050,000 | 1,007 | 0.14 |
| Government of Italy 3.85% 1/9/2049 | €250,000 | 273 | 0.04 |
| Government of Italy 4% 1/2/2037 | €500,000 | 534 | 0.07 |
| Government of Italy 4.5% 1/3/2026 | €665,000 | 676 | 0.09 |
| Government of Italy 4.75% 1/9/2021 | €165,000 | 151 | 0.02 |
| Government of Italy 4.75% 1/8/2023 | €350,000 | 340 | 0.05 |
| Government of Italy 4.75% 1/9/2044 | €600,000 | 725 | 0.10 |
| Government of Italy 5% 1/3/2022 | €1,900,000 | 1,780 | 0.25 |
| Government of Italy 5% 1/3/2025 | €700,000 | 712 | 0.10 |
| Government of Italy 5% 1/8/2034 | €250,000 | 291 | 0.04 |
| Total Italian Government Bonds | | 9,051 | 1.26 |
| Japanese Government Bonds - 4.84% (3.30%) | | | |
| Government of Japan 0.1% 20/3/2021 | ¥150,000,000 | 1,120 | 0.16 |
| Government of Japan 0.1% 20/6/2021 | ¥45,000,000 | 336 | 0.05 |
| Government of Japan 0.1% 20/12/2021 | ¥175,000,000 | 1,309 | 0.18 |
| Government of Japan 0.1% 20/6/2026 | ¥184,000,000 | 1,388 | 0.19 |
| Government of Japan 0.1% 20/3/2028 | ¥130,000,000 | 982 | 0.14 |
| Government of Japan 0.1% 20/3/2029 | ¥110,000,000 | 828 | 0.12 |
| Government of Japan 0.1% 20/12/2029 | ¥280,000,000 | 2,103 | 0.29 |
| Government of Japan 0.2% 20/6/2036 | ¥20,000,000 | 147 | 0.02 |
| Government of Japan 0.3% 20/12/2039 | ¥350,000,000 | 2,584 | 0.36 |
| Government of Japan 0.4% 20/6/2025 | ¥200,000,000 | 1,529 | 0.21 |
| Government of Japan 0.4% 20/3/2036 | ¥85,000,000 | 644 | 0.09 |
| Government of Japan 0.4% 20/12/2049 | ¥70,000,000 | 512 | 0.07 |
| Government of Japan 0.5% 20/9/2024 | ¥180,000,000 | 1,377 | 0.19 |
| Government of Japan 0.5% 20/3/2038 | ¥135,000,000 | 1,035 | 0.14 |
| Government of Japan 0.5% 20/3/2059 | ¥120,000,000 | 898 | 0.12 |
| Government of Japan 0.6% 20/3/2023 | ¥60,000,000 | 457 | 0.06 |
| Government of Japan 0.6% 20/3/2024 | ¥125,000,000 | 958 | 0.13 |
| Government of Japan 0.8% 20/6/2023 | ¥25,000,000 | 192 | 0.03 |
| Government of Japan 0.8% 20/3/2046 | ¥100,000,000 | 810 | 0.11 |
| Government of Japan 0.8% 20/3/2048 | ¥77,000,000 | 623 | 0.09 |
| Government of Japan 0.8% 20/3/2058 | ¥45,000,000 | 371 | 0.05 |
| Government of Japan 0.9% 20/3/2022 | ¥285,700,000 | 2,172 | 0.30 |
| Government of Japan 0.9% 20/9/2048 | ¥115,000,000 | 954 | 0.13 |
| Government of Japan 1.3% 20/6/2035 | ¥25,000,000 | 215 | 0.03 |
| Government of Japan 1.4% 20/9/2034 | ¥150,000,000 | 1,300 | 0.18 |
| Government of Japan 1.7% 20/6/2033 | ¥35,000,000 | 311 | 0.04 |
| Government of Japan 1.7% 20/3/2044 | ¥101,000,000 | 972 | 0.14 |

Portfolio Statement

as at 15 April 2020

| <i>Security</i> | <i>Holding</i> | <i>Bid value £'000</i> | <i>Total net assets %</i> |
|-------------------------------------------------|----------------|--------------------------------|---------------------------------------|
| Government of Japan 1.8% 20/3/2032 | ¥185,000,000 | 1,647 | 0.23 |
| Government of Japan 1.9% 20/9/2023 | ¥260,000,000 | 2,073 | 0.29 |
| Government of Japan 1.9% 20/9/2030 | ¥100,000,000 | 888 | 0.12 |
| Government of Japan 2% 20/9/2040 | ¥100,000,000 | 985 | 0.14 |
| Government of Japan 2% 20/9/2041 | ¥55,000,000 | 546 | 0.08 |
| Government of Japan 2.1% 20/9/2029 | ¥116,000,000 | 1,034 | 0.14 |
| Government of Japan 2.2% 20/9/2028 | ¥175,000,000 | 1,551 | 0.22 |
| Total Japanese Government Bonds | | 34,851 | 4.84 |
| Spanish Government Bonds - 1.31% (0.99%) | | | |
| Government of Spain 0.6% 31/10/2029 | €400,000 | 435 | 0.06 |
| Government of Spain 1.3% 31/10/2026 | €400,000 | 365 | 0.05 |
| Government of Spain 1.45% 31/10/2027 | €950,000 | 875 | 0.12 |
| Government of Spain 1.85% 30/7/2035 | €190,000 | 181 | 0.03 |
| Government of Spain 2.7% 31/10/2048 | €1,800,000 | 1,540 | 0.21 |
| Government of Spain 2.75% 31/10/2024 | €1,445,000 | 1,395 | 0.19 |
| Government of Spain 2.9% 31/10/2046 | €100,000 | 112 | 0.02 |
| Government of Spain 4.4% 31/10/2023 | €800,000 | 799 | 0.11 |
| Government of Spain 5.15% 31/10/2028 | €790,000 | 939 | 0.13 |
| Government of Spain 5.15% 31/10/2044 | €472,000 | 716 | 0.10 |
| Government of Spain 5.5% 30/4/2021 | €895,000 | 825 | 0.11 |
| Government of Spain 5.75% 30/7/2032 | €650,000 | 881 | 0.12 |
| Government of Spain 5.9% 30/7/2026 | €340,000 | 394 | 0.06 |
| Total Spanish Government Bonds | | 9,457 | 1.31 |
| Swedish Government Bonds - 0.05% (0.25%) | | | |
| Government of Sweden 0.75% 12/5/2028 | SEK1,300,000 | 111 | 0.01 |
| Government of Sweden 0.75% 12/11/2029 | SEK3,000,000 | 259 | 0.04 |
| Total Swedish Government Bonds | | 370 | 0.05 |
| Futures - 0.15% (0.00%) | | | |
| CBT US 10Yr Note Future June 2020 | 38 | 200 | 0.03 |
| CBT US 10Yr Ultra Future June 2020 | 188 | 891 | 0.12 |
| EUX Euro-Bund Future June 2020 | 14 | (24) | - |
| Total Futures | | 1,067 | 0.15 |

Portfolio Statement

as at 15 April 2020

| <i>Security</i> | <i>Holding</i> | <i>Bid value £'000</i> | <i>Total net assets %</i> |
|-----------------------------------------------------------------|----------------|--------------------------------|---------------------------------------|
| Forward Foreign Exchange Contracts - 1.56% (0.26%) | | | |
| #Sold SEK 4,345,000 for GBP 358,331 settled 15 May 2020 | | 11 | - |
| #Sold DKK 5,994,000 for GBP 699,849 settled 15 May 2020 | | (1) | - |
| #Sold USD 2,345,946 for JPY 260,000,000 settled 29 May 2020 | | 62 | 0.01 |
| #Sold AUD 5,300,000 for GBP 2,583,648 settled 5 June 2020 | | (101) | (0.01) |
| #Sold EUR 52,835,000 for GBP 46,532,218 settled 5 June 2020 | | 385 | 0.05 |
| #Sold CAD 4,334,000 for GBP 2,489,267 settled 5 June 2020 | | 25 | - |
| #Sold JPY 4,707,000,000 for GBP 35,047,040 settled 8 June 2020 | | (49) | (0.01) |
| #Sold JPY 260,000,000 for USD 2,383,963 settled 29 May 2020 | | (31) | - |
| #Sold USD 2,272,783 for EUR 2,100,000 settled 29 May 2020 | | 16 | - |
| #Sold USD 99,325,000 for GBP 80,813,023 settled 8 June 2020 | | 1,362 | 0.19 |
| #Sold USD 358,294,485 for GBP 297,636,445 settled 23 April 2020 | | 10,958 | 1.52 |
| #Sold EUR 35,253,515 for GBP 32,079,558 settled 23 April 2020 | | 1,313 | 0.18 |
| #Sold GBP 38,625,120 for USD 45,041,317 settled 23 April 2020 | | (2,587) | (0.36) |
| #Sold GBP 2,014,776 for EUR 2,193,134 settled 23 April 2020 | | (101) | (0.01) |
| #Sold GBP 3,511,990 for CHF 4,199,230 settled 23 April 2020 | | (31) | - |
| #Sold GBP 3,516,515 for JPY 471,995,877 settled 23 April 2020 | | - | - |
| Total Forward Foreign Exchange Contracts | | 11,231 | 1.56 |
| Portfolio of investments | | 709,879 | 98.61 |
| Net other assets | | 9,974 | 1.39 |
| Net assets | | 719,853 | 100.00 |

*offshore fund

+related party

#unlisted

Figures in brackets denote comparative percentage holdings as at 15 April 2019.

Unless otherwise stated, all holdings are authorised investment funds.

The counterparty for the futures is HSBC.

The counterparties for the forward foreign exchange contracts are Citigroup, Credit Suisse, Goldman Sachs, HSBC, JP Morgan, State Street and UBS.

Comparative Tables

for the year ended 15 April 2020

| Retail Income# | 15.4.20 | 15.4.19 | 15.4.18 |
|----------------------------------------|----------------|----------------|----------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 135.60p | 131.70p | 135.20p |
| Return before operating charges* | 8.18p | 6.77p | (0.72p) |
| Operating charges** | (1.40p) | (1.75p) | (1.78p) |
| Return after operating charges* | 6.78p | 5.02p | (2.50p) |
| Distributions on income shares | (0.88p) | (1.12p) | (1.00p) |
| Cancellation price | (141.50p) | - | - |
| Closing net asset value per share | - | 135.60p | 131.70p |
| *after direct transaction costs of:*** | 0.00p | 0.00p | 0.00p |
| Performance | | | |
| Return after charges | 5.00% | 3.81% | (1.85%) |
| Other information | | | |
| Closing net asset value | N/A | £147,262 | £142,942 |
| Closing number of shares | N/A | 108,570 | 108,570 |
| Operating charges - OCF | N/A | 1.45% | 1.46% |
| Direct transaction costs | N/A | 0.00% | 0.00% |
| Prices | | | |
| Highest share price | 141.90p | 136.20p | 137.00p |
| Lowest share price | 134.90p | 130.00p | 131.70p |

| Retail Accumulation## | 15.4.20 | 15.4.19 | 15.4.18 |
|-----------------------------------------------|----------------|----------------|----------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 149.50p | 143.90p | 145.80p |
| Return before operating charges* | 8.96p | 7.52p | 0.02p |
| Operating charges** | (1.56p) | (1.92p) | (1.92p) |
| Return after operating charges* | 7.40p | 5.60p | (1.90p) |
| Distributions on accumulation shares | (0.90p) | (1.23p) | (0.63p) |
| Retained distributions on accumulation shares | 0.90p | 1.23p | 0.63p |
| Cancellation price | (156.90p) | - | - |
| Closing net asset value per share | - | 149.50p | 143.90p |
| *after direct transaction costs of:*** | 0.00p | 0.00p | 0.00p |
| Performance | | | |
| Return after charges | 4.95% | 3.89% | (1.30%) |
| Other information | | | |
| Closing net asset value | N/A | £4,362,118 | £4,646,251 |
| Closing number of shares | N/A | 2,917,478 | 3,228,678 |
| Operating charges - OCF | N/A | 1.45% | 1.46% |
| Direct transaction costs | N/A | 0.00% | 0.00% |
| Prices | | | |
| Highest share price | 156.90p | 149.80p | 148.20p |
| Lowest share price | 148.70p | 142.70p | 143.50p |

#The Retail Income share class converted to Income C share class on 17 January 2020.

##The Retail Accumulation share class converted to Accumulation C share class on 17 January 2020.

**The operating charges include all costs borne by the Fund, except for direct transaction costs.

***The direct transaction costs are made up of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

Comparative Tables

for the year ended 15 April 2020

| Institutional Income# | 15.4.20 | 15.4.19 | 15.4.18 |
|----------------------------------------|----------------|----------------|----------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 163.10p | 157.20p | N/A |
| Return before operating charges* | 1.25p | 7.02p | N/A |
| Operating charges** | (0.03p) | (0.01p) | N/A |
| Return after operating charges* | 1.22p | 7.01p | N/A |
| Distributions on income shares | (3.02p) | (1.11p) | N/A |
| Closing net asset value per share | 161.30p | 163.10p | N/A |
| *after direct transaction costs of:*** | 0.00p | 0.00p | N/A |
| Performance | | | |
| Return after charges | 0.75% | 4.46% | N/A |
| Other information | | | |
| Closing net asset value | £2,626,090 | £2,077,194 | N/A |
| Closing number of shares | 1,628,034 | 1,273,222 | N/A |
| Operating charges - OCF | 0.09% | 0.15% | N/A |
| Direct transaction costs | 0.00% | 0.00% | N/A |
| Prices | | | |
| Highest share price | 172.90p | 164.50p | N/A |
| Lowest share price | 156.50p | 156.60p | N/A |

| Institutional Accumulation | 15.4.20 | 15.4.19 | 15.4.18 |
|-----------------------------------------------|----------------|----------------|----------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 164.30p | 156.40p | 156.80p |
| Return before operating charges* | 1.13p | 7.93p | (0.37p) |
| Operating charges** | (0.03p) | (0.03p) | (0.03p) |
| Return after operating charges* | 1.10p | 7.90p | (0.40p) |
| Distributions on accumulation shares | (3.05p) | (3.03p) | (3.11p) |
| Retained distributions on accumulation shares | 3.05p | 3.03p | 3.11p |
| Closing net asset value per share | 165.40p | 164.30p | 156.40p |
| *after direct transaction costs of:*** | 0.00p | 0.00p | 0.00p |
| Performance | | | |
| Return after charges | 0.67% | 5.05% | (0.26%) |
| Other information | | | |
| Closing net asset value | £13,327,089 | £14,096,885 | £14,392,626 |
| Closing number of shares | 8,058,448 | 8,582,106 | 9,200,267 |
| Operating charges - OCF | 0.09% | 0.15% | 0.15% |
| Direct transaction costs | 0.00% | 0.00% | 0.00% |
| Prices | | | |
| Highest share price | 176.10p | 164.50p | 160.70p |
| Lowest share price | 159.40p | 156.00p | 155.90p |

#The Institutional Income share class launched on 23 Nov 2018.

**The operating charges include all costs borne by the Fund, except for direct transaction costs.

***The direct transaction costs are made up of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

Comparative Tables

for the year ended 15 April 2020

| Income C | | | |
|----------------------------------------|----------------|----------------|----------------|
| | 15.4.20 | 15.4.19 | 15.4.18 |
| Change in net assets per share | | | |
| Opening net asset value per share | 136.20p | 132.20p | 135.20p |
| Return before operating charges* | 1.22p | 6.71p | (0.14p) |
| Operating charges** | (0.93p) | (0.89p) | (0.90p) |
| Return after operating charges* | 0.29p | 5.82p | (1.04p) |
| Distributions on income shares | (1.79p) | (1.82p) | (1.96p) |
| Closing net asset value per share | 134.70p | 136.20p | 132.20p |
| *after direct transaction costs of:*** | 0.00p | 0.00p | 0.00p |
| Performance | | | |
| Return after charges | 0.21 % | 4.40 % | (0.77 %) |
| Other information | | | |
| Closing net asset value | £9,158,925 | £9,097,246 | £9,348,869 |
| Closing number of shares | 6,800,961 | 6,679,228 | 7,071,521 |
| Operating charges - OCF | 0.74 % | 0.80 % | 0.80 % |
| Direct transaction costs | 0.00 % | 0.00 % | 0.00 % |
| Prices | | | |
| Highest share price | 144.10p | 137.10p | 137.40p |
| Lowest share price | 130.40p | 130.60p | 132.80p |

| Accumulation C | | | |
|-----------------------------------------------|----------------|----------------|----------------|
| | 15.4.20 | 15.4.19 | 15.4.18 |
| Change in net assets per share | | | |
| Opening net asset value per share | 154.00p | 147.40p | 148.60p |
| Return before operating charges* | 1.26p | 7.60p | (0.20p) |
| Operating charges** | (1.06p) | (1.00p) | (1.00p) |
| Return after operating charges* | 0.20p | 6.60p | (1.20p) |
| Distributions on accumulation shares | (2.03p) | (2.04p) | (2.17p) |
| Retained distributions on accumulation shares | 2.03p | 2.04p | 2.17p |
| Closing net asset value per share | 154.20p | 154.00p | 147.40p |
| *after direct transaction costs of:*** | 0.00p | 0.00p | 0.00p |
| Performance | | | |
| Return after charges | 0.13 % | 4.48 % | (0.81 %) |
| Other information | | | |
| Closing net asset value | £671,391,377 | £727,900,879 | £748,630,898 |
| Closing number of shares | 435,377,667 | 472,771,248 | 507,826,828 |
| Operating charges - OCF | 0.74 % | 0.80 % | 0.80 % |
| Direct transaction costs | 0.00 % | 0.00 % | 0.00 % |
| Prices | | | |
| Highest share price | 164.30p | 154.20p | 151.70p |
| Lowest share price | 148.70p | 146.60p | 147.00p |

**The operating charges include all costs borne by the Fund, except for direct transaction costs.

***The direct transaction costs are made up of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

Comparative Tables

for the year ended 15 April 2020

| Income P | 15.4.20 | 15.4.19 | 15.4.18 |
|----------------------------------------|----------------|----------------|----------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 136.10p | 132.10p | 135.10p |
| Return before operating charges* | 1.02p | 6.60p | (0.23p) |
| Operating charges** | (0.44p) | (0.42p) | (0.43p) |
| Return after operating charges* | 0.58p | 6.18p | (0.66p) |
| Distributions on income shares | (2.18p) | (2.18p) | (2.34p) |
| Closing net asset value per share | 134.50p | 136.10p | 132.10p |
| *after direct transaction costs of:*** | 0.00p | 0.00p | 0.00p |
| Performance | | | |
| Return after charges | 0.43% | 4.68% | (0.49%) |
| Other information | | | |
| Closing net asset value | £1,027,464 | £1,227,408 | £1,578,173 |
| Closing number of shares | 763,674 | 901,997 | 1,194,838 |
| Operating charges - OCF | 0.39% | 0.45% | 0.45% |
| Direct transaction costs | 0.00% | 0.00% | 0.00% |
| Prices | | | |
| Highest share price | 144.10p | 137.10p | 137.40p |
| Lowest share price | 130.40p | 130.50p | 132.90p |

| Accumulation P | 15.4.20 | 15.4.19 | 15.4.18 |
|-----------------------------------------------|----------------|----------------|----------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 155.70p | 148.70p | 149.50p |
| Return before operating charges* | 1.21p | 7.48p | (0.32p) |
| Operating charges** | (0.51p) | (0.48p) | (0.48p) |
| Return after operating charges* | 0.70p | 7.00p | (0.80p) |
| Distributions on accumulation shares | (2.50p) | (2.49p) | (2.60p) |
| Retained distributions on accumulation shares | 2.50p | 2.49p | 2.60p |
| Closing net asset value per share | 156.40p | 155.70p | 148.70p |
| *after direct transaction costs of:*** | 0.00p | 0.00p | 0.00p |
| Performance | | | |
| Return after charges | 0.45% | 4.71% | (0.54%) |
| Other information | | | |
| Closing net asset value | £22,321,650 | £21,867,319 | £18,571,798 |
| Closing number of shares | 14,271,185 | 14,042,240 | 12,489,565 |
| Operating charges - OCF | 0.39% | 0.45% | 0.45% |
| Direct transaction costs | 0.00% | 0.00% | 0.00% |
| Prices | | | |
| Highest share price | 166.60p | 156.00p | 152.90p |
| Lowest share price | 150.80p | 148.00p | 148.20p |

**The operating charges include all costs borne by the Fund, except for direct transaction costs.

***The direct transaction costs are made up of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

Statement of Total Return

for the year ended 15 April 2020

| | Notes | 15.4.20 | | 15.4.19 | |
|------------------------------------------------------------------------------|-------|---------|----------|---------|----------|
| | | £'000 | £'000 | £'000 | £'000 |
| Income | | | | | |
| Net capital (losses)/gains | 2 | | (7,138) | | 23,254 |
| Revenue | 3 | 16,809 | | 17,728 | |
| Expenses | 4 | (5,024) | | (5,074) | |
| Interest payable and similar charges | | (1) | | (5) | |
| Net revenue before taxation | | 11,784 | | 12,649 | |
| Taxation | 5 | (1,684) | | (1,824) | |
| Net revenue after taxation | | | 10,100 | | 10,825 |
| Total return before distributions | | | 2,962 | | 34,079 |
| Distributions | 6 | | (10,103) | | (10,825) |
| Change in net assets attributable to shareholders from investment activities | | | (7,141) | | 23,254 |

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 15 April 2020

| | 15.4.20 | | 15.4.19 | |
|--------------------------------------------------------------------------------------------------------------------|----------|----------|----------|----------|
| | £'000 | £'000 | £'000 | £'000 |
| Opening net assets attributable to shareholders | | 780,776 | | 797,312 |
| Amounts receivable on creation of shares | 10,749 | | 8,870 | |
| Amounts receivable on in-specie | - | | 4,919 | |
| Amounts payable on cancellation of shares | (74,331) | | (64,079) | |
| | | (63,582) | | (50,290) |
| Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above) | | (7,141) | | 23,254 |
| Retained distribution on accumulation shares | | 9,800 | | 10,500 |
| Closing net assets attributable to shareholders | | 719,853 | | 780,776 |

Balance Sheet

as at 15 April 2020

| | Notes | 15.4.20 | | 15.4.19 | |
|-----------------------------------------|-------|---------|---------|---------|---------|
| | | £'000 | £'000 | £'000 | £'000 |
| Assets | | | | | |
| Investments | | | 712,804 | | 769,962 |
| Current assets | | | | | |
| Debtors | 8 | 1,174 | | 6,126 | |
| Cash and bank balances | | 12,791 | | 6,614 | |
| Total current assets | | | 13,965 | | 12,740 |
| Total assets | | | 726,769 | | 782,702 |
| Liabilities | | | | | |
| Investment liabilities | | | (2,925) | | (366) |
| Creditors | | | | | |
| Distribution payable on income shares | | (60) | | (65) | |
| Other creditors | 9 | (3,931) | | (1,495) | |
| Total creditors | | | (3,991) | | (1,560) |
| Total liabilities | | | (6,916) | | (1,926) |
| Net assets attributable to shareholders | | | 719,853 | | 780,776 |

Distribution Tables (pence per share)

for the year ended 15 April 2020

| Group 1: Shares purchased prior to 16 October 2019 | | | | |
|---------------------------------------------------------------------------------------------------|-----------------------|---------------------|---------------------------------------------|------------------------------------------|
| Group 2: Shares purchased from 16 October 2019 to 15 April 2020 | | | | |
| | <i>Net income</i> | <i>Equalisation</i> | <i>Distribution payable 15.6.20</i> | <i>Distribution paid 15.6.19</i> |
| Retail Income# | | | | |
| Group 1 | N/A | - | N/A | 0.302736 |
| Group 2 | N/A | N/A | N/A | 0.302736 |
| Retail Accumulation## | | | | |
| Group 1 | N/A | - | N/A | 0.328417 |
| Group 2 | N/A | N/A | N/A | 0.328417 |
| Institutional Income | | | | |
| Group 1 | 1.078568 | - | 1.078568 | 1.109976 |
| Group 2 | 0.134607 | 0.943961 | 1.078568 | 1.109976 |
| Institutional Accumulation | | | | |
| Group 1 | 1.091576 | - | 1.091576 | 1.219383 |
| Group 2 | 0.082229 | 1.009347 | 1.091576 | 1.219383 |
| Income C | | | | |
| Group 1 | 0.538803 | - | 0.538803 | 0.642667 |
| Group 2 | 0.490112 | 0.048691 | 0.538803 | 0.642667 |
| Accumulation C | | | | |
| Group 1 | 0.605454 | - | 0.605454 | 0.728606 |
| Group 2 | 0.409107 | 0.196347 | 0.605454 | 0.728606 |
| Income P | | | | |
| Group 1 | 0.730384 | - | 0.730384 | 0.820044 |
| Group 2 | 0.730384 | 0.000000 | 0.730384 | 0.820044 |
| Accumulation P | | | | |
| Group 1 | 0.843035 | - | 0.843035 | 0.964155 |
| Group 2 | 0.495435 | 0.347600 | 0.843035 | 0.964155 |
| #The Retail Income share class converted to Income C share class on 17 January 2020. | | | | |
| ##The Retail Accumulation share class converted to Accumulation C share class on 17 January 2020. | | | | |

Distribution Tables (pence per share)

for the year ended 15 April 2020

| Group 1: Shares purchased prior to 16 April 2019 | | | | |
|---------------------------------------------------------------------|-----------------------|---------------------|-------------------------------------------|-------------------------------------------|
| Group 2: Shares purchased from 16 April 2019 to 15 October 2019 | | | | |
| | <i>Net income</i> | <i>Equalisation</i> | <i>Distribution paid 15.12.19</i> | <i>Distribution paid 15.12.18</i> |
| Retail Income | | | | |
| Group 1 | 0.880000 | - | 0.880000 | 0.820000 |
| Group 2 | 0.880000 | 0.000000 | 0.880000 | 0.820000 |
| Retail Accumulation | | | | |
| Group 1 | 0.900000 | - | 0.900000 | 0.900000 |
| Group 2 | 0.720000 | 0.180000 | 0.900000 | 0.900000 |
| Institutional Income# | | | | |
| Group 1 | 1.940000 | - | 1.940000 | N/A |
| Group 2 | 1.770000 | 0.170000 | 1.940000 | N/A |
| Institutional Accumulation | | | | |
| Group 1 | 1.960000 | - | 1.960000 | 1.810000 |
| Group 2 | 1.940000 | 0.020000 | 1.960000 | 1.810000 |
| Income C | | | | |
| Group 1 | 1.250000 | - | 1.250000 | 1.180000 |
| Group 2 | 1.000000 | 0.250000 | 1.250000 | 1.180000 |
| Accumulation C | | | | |
| Group 1 | 1.420000 | - | 1.420000 | 1.310000 |
| Group 2 | 1.130000 | 0.290000 | 1.420000 | 1.310000 |
| Income P | | | | |
| Group 1 | 1.450000 | - | 1.450000 | 1.360000 |
| Group 2 | 1.450000 | 0.000000 | 1.450000 | 1.360000 |
| Accumulation P | | | | |
| Group 1 | 1.660000 | - | 1.660000 | 1.530000 |
| Group 2 | 1.110000 | 0.550000 | 1.660000 | 1.530000 |
| #The Institutional Income share class launched on 23 November 2018. | | | | |

Notes to the Financial Statements

for the year ended 15 April 2020

| | 15.4.20 £'000 | 15.4.19 £'000 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| 1. Accounting Policies | | |
| The accounting policies are set out on pages 10 and 11. | | |
| 2. Net Capital (Losses)/Gains | | |
| The net capital (losses)/gains during the year comprise: | | |
| Realised (losses)/gains on currency | (268) | 1,073 |
| Unrealised (losses)/gains on currency | (40) | 66 |
| Transaction charges | (7) | (9) |
| Realised losses on forward foreign currency contracts | (43,457) | (38,547) |
| Unrealised gains on forward foreign currency contracts | 11,231 | 2,057 |
| Realised losses on derivative securities | (1,309) | (100) |
| Unrealised gains on derivative securities | 1,067 | 20 |
| Realised gains on non-derivative securities | 33,948 | 19,731 |
| Unrealised (losses)/gains on non-derivative securities | (8,300) | 38,963 |
| Management fee rebate | (3) | - |
| Net capital (losses)/gains | (7,138) | 23,254 |
| Realised gains/(losses) in the current accounting year include unrealised gains/(losses) arising in previous years. In such circumstances a corresponding loss/gain is included in unrealised gains/(losses) figure. | | |
| 3. Revenue | | |
| Unfranked distributions from UK authorised ICVCs and unit trusts | 108 | 79 |
| Franked distributions from UK authorised ICVCs and unit trusts | 3,362 | 3,532 |
| Interest on bonds and other debt securities | 13,334 | 14,090 |
| Deposit interest | 20 | 10 |
| Bank interest | 14 | 17 |
| Management fee rebates | (29) | - |
| Total revenue | 16,809 | 17,728 |
| 4. Expenses | | |
| Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director, and agents of either of them: | | |
| Authorised Corporate Director's charge | 4,156 | 4,201 |
| Registration fee | 753 | 757 |
| Safe custody fee | 35 | 35 |
| | 4,944 | 4,993 |
| Payable to the Depositary, associates of the Depositary, and agents of either of them: | | |
| Depositary fee | 73 | 73 |
| Other expenses: | | |
| Audit fee | 6 | 6 |
| Report and accounts fee | 1 | 2 |
| | 7 | 8 |
| Total expenses | 5,024 | 5,074 |

| | 15.4.20 £'000 | 15.4.19 £'000 |
|---------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| 5. Taxation | | |
| a) Analysis of charge in year: | | |
| Corporation tax | 1,684 | 1,823 |
| Adjustments in respect of prior years | - | 1 |
| Total tax for the year (note 5b) | 1,684 | 1,824 |
| b) Factors affecting taxation charge for the year: | | |
| The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an open-ended investment company (20%). | | |
| The differences are explained below: | | |
| Net revenue before taxation | 11,784 | 12,649 |
| Corporation tax at 20% | 2,357 | 2,530 |
| Effects of: | | |
| Revenue not subject to taxation | (672) | (707) |
| Taxable management fee rebates accounted for as capital | (1) | - |
| Adjustments in respect of prior years | - | 1 |
| Current tax charge for the year (note 5a) | 1,684 | 1,824 |
| c) Provision for deferred taxation | | |
| At 15 April 2020, there is no potential deferred tax asset (15.4.19: £nil) in relation to surplus management expenses. | | |
| 6. Distributions | | |
| The distributions take account of amounts received on the issue of shares and amounts deducted on the cancellation of shares, and comprise: | | |
| Interim dividend distribution | 7,077 | 6,901 |
| Final dividend distribution | 2,904 | 3,759 |
| | 9,981 | 10,660 |
| Add: Amounts deducted on cancellation of shares | 147 | 197 |
| Deduct: Amounts received on issue of shares | (25) | (32) |
| Net distribution for the year | 10,103 | 10,825 |
| 7. Movement Between Net Revenue and Distributions | | |
| Net revenue after taxation | 10,100 | 10,825 |
| Equalisation on conversions | 3 | - |
| Net distribution for the year | 10,103 | 10,825 |
| 8. Debtors | | |
| Amounts receivable for creation of shares | 17 | 503 |
| Sales awaiting settlement | - | 4,172 |
| Accrued revenue | 1,157 | 1,420 |
| Management fee rebates receivable/Monies due from ACD | - | 31 |
| Total debtors | 1,174 | 6,126 |
| 9. Other creditors | | |
| Amounts payable for cancellation of shares | 765 | 473 |
| Purchases awaiting settlement | 1,490 | - |
| Accrued expenses | 984 | 224 |
| Corporation tax payable | 692 | 798 |
| Total other creditors | 3,931 | 1,495 |

10. Reconciliation of Shares

| | <i>Retail Income#</i> | <i>Retail Accumulation##</i> | <i>Institutional Income</i> | <i>Institutional Accumulation</i> |
|-------------------------------------------|---------------------------|----------------------------------|---------------------------------|---------------------------------------|
| Opening shares issued at 16.4.19 | 108,570 | 2,917,478 | 1,273,222 | 8,582,106 |
| Share movements 16.4.19 to 15.4.20 | | | | |
| Shares issued | - | 292 | 457,301 | 186,791 |
| Shares cancelled | (10,223) | (217,668) | (102,489) | (710,449) |
| Shares converted | (98,347) | (2,700,102) | - | - |
| Closing shares issued at 15.4.20 | - | - | 1,628,034 | 8,058,448 |
| | <i>Income C</i> | <i>Accumulation C</i> | <i>Income P</i> | <i>Accumulation P</i> |
| Opening shares issued at 16.4.19 | 6,679,228 | 472,771,248 | 901,997 | 14,042,240 |
| Share movements 16.4.19 to 15.4.20 | | | | |
| Shares issued | 431,109 | 2,383,516 | - | 3,387,758 |
| Shares cancelled | (513,913) | (42,299,376) | (138,323) | (3,158,813) |
| Shares converted | 204,537 | 2,522,279 | - | - |
| Closing shares issued at 15.4.20 | 6,800,961 | 435,377,667 | 763,674 | 14,271,185 |

#The Retail Income share class converted to Income C share class on 17 January 2020.

##The Retail Accumulation share class converted to Accumulation C share class on 17 January 2020.

11. Ultimate Controlling Party and Related Party Transactions

The Authorised Corporate Director (ACD) is regarded as a controlling party of the Fund by virtue of having the ability to act in concert in respect of Fund operations. The ultimate controlling party of the ACD is HSBC Group plc. This entity and its subsidiaries are also related parties of the Fund.

At the year end, the ACD and its associates held the following of the Fund's shares in issue:

| | <i>Retail Income#</i> | <i>Retail Accumulation##</i> | <i>Institutional Income</i> | <i>Institutional Accumulation</i> | <i>Income C</i> | <i>Accumulation C</i> | <i>Income P</i> | <i>Accumulation P</i> |
|---------------|---------------------------|----------------------------------|---------------------------------|---------------------------------------|-----------------|---------------------------|---------------------|---------------------------|
| | % | % | % | % | % | % | % | % |
| As at 15.4.20 | N/A | N/A | 100.00 | 100.00 | 92.46 | 93.49 | - | 40.72 |
| As at 15.4.19 | - | - | 100.00 | 100.00 | 0.91 | 0.26 | - | 42.10 |

#The Retail Income share class converted to Income C share class on 17 January 2020.

##The Retail Accumulation share class converted to Accumulation C share class on 17 January 2020.

Details of all other material related party transactions during the year and any payment amounts outstanding at the balance sheet date are disclosed in notes 8 and 9 to the financial statements and the Statement of Change in Net Assets Attributable to Shareholders and the Portfolio Statement.

The balance due to the ACD (including amounts due to associates and agents) at the year end was £1,711,204 (15.4.19: £178,622), further details of such amounts can be found in notes 8 and 9.

At the year end, the Fund held £489,977,197 (15.4.19: £555,129,204) in Authorised Investment Funds managed by HSBC and/or HSBC Holdings, the parent company of the ACD. During the year, transactions in Authorised Investment Funds managed by HSBC or HSBC Holdings totalled £333,691,877 (15.4.19: £391,216,527).

Investments in related parties are disclosed in the Portfolio Statement.

12. Financial Instruments

The financial instrument risks and risk management policies are set out on pages 12 and 13.

Foreign Currency Risk

A substantial portion of the net assets of the Fund are denominated in currencies other than sterling with the effect that the balance sheet and total return can be significantly affected by currency movements.

Net currency monetary assets and liabilities consist of:

| | <i>Portfolio of investments</i> | | <i>Net other assets</i> | | <i>Net assets</i> | |
|----------------------|---------------------------------|---------|-------------------------|---------|-------------------|---------|
| | 15.4.20 | 15.4.19 | 15.4.20 | 15.4.19 | 15.4.20 | 15.4.19 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Sterling* | 153,631 | 142,655 | 6,457 | 8,220 | 160,088 | 150,875 |
| Australian dollar | 2,610 | 5,973 | 40 | 85 | 2,650 | 6,058 |
| Canadian dollar | 2,410 | 8,113 | 66 | 262 | 2,476 | 8,375 |
| Danish krone | 715 | 1,310 | 12 | 50 | 727 | 1,360 |
| Euro | 74,744 | 76,915 | 532 | 996 | 75,276 | 77,911 |
| Japanese yen | 34,772 | 26,140 | 2,546 | 69 | 37,318 | 26,209 |
| Mexican peso | - | - | 9 | 11 | 9 | 11 |
| Swedish krona | 382 | 1,991 | 2 | 35 | 384 | 2,026 |
| United States dollar | 440,615 | 506,499 | 310 | 1,452 | 440,925 | 507,951 |
| Total | 709,879 | 769,596 | 9,974 | 11,180 | 719,853 | 780,776 |

*No currency risk as base currency.

Interest Rate Risk

The interest rate profile of the Fund's financial assets and liabilities at 15 April 2020:

| | <i>Floating rate financial assets**</i> | | <i>Fixed rate financial assets</i> | | <i>Financial assets/(liabilities) not carrying interest</i> | | <i>Total</i> | |
|----------------------|-----------------------------------------|---------|------------------------------------|---------|-------------------------------------------------------------|---------|----------------|---------|
| | 15.4.20 | 15.4.19 | 15.4.20 | 15.4.19 | 15.4.20 | 15.4.19 | 15.4.20 | 15.4.19 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Sterling | 8,840 | 4,955 | 12,374 | 13,500 | 138,874 | 132,420 | 160,088 | 150,875 |
| Australian dollar | 9 | 2 | 2,711 | 6,033 | (70) | 23 | 2,650 | 6,058 |
| Canadian dollar | 53 | 212 | 2,385 | 8,086 | 38 | 77 | 2,476 | 8,375 |
| Danish krone | 7 | 40 | 717 | 1,318 | 3 | 2 | 727 | 1,360 |
| Euro | 12 | 364 | 44,915 | 54,070 | 30,349 | 23,477 | 75,276 | 77,911 |
| Japanese yen | 2,519 | 50 | 34,852 | 25,786 | (53) | 373 | 37,318 | 26,209 |
| Mexican peso | 9 | 11 | - | - | - | - | 9 | 11 |
| Swedish krona | 1 | 2 | 371 | 1,989 | 12 | 35 | 384 | 2,026 |
| United States dollar | 1,341 | 978 | 78,667 | 53,372 | 360,917 | 453,601 | 440,925 | 507,951 |
| Total | 12,791 | 6,614 | 176,992 | 164,154 | 530,070 | 610,008 | 719,853 | 780,776 |

**Floating rate interest was earned at rates based on LIBOR (London Interbank Offered Rate) or international equivalent.

The bond ratings for the portfolio at 15 April 2020 were:

| Securities | <i>Bid value £'000</i> | <i>Total net assets %</i> |
|---------------------|----------------------------|-------------------------------|
| Bond credit ratings | | |
| Investment grade | 165,407 | 22.97 |
| Non rated | 11,585 | 1.61 |
| Total bonds | 176,992 | 24.58 |

13. Shareholders' Funds

This Fund has an institutional share class, a C share class and a P share class. The annual ACD charge on the institutional share class is nil, 0.55% on the C share class and 0.25% on the P share class. The net asset value of the share class, the net asset value per share and the number of shares in each class are given in the Comparative Tables on pages 81 to 84. The distribution per share class is given in the Distribution Tables on 86 and 87. All share classes within the OEIC have the same rights on winding up.

14. Financial Derivatives

The Fund has used financial derivatives for hedging and meeting investment objectives including risk reduction and implementation of investment policies.

The use of derivatives can create additional counterparty risks. Details of the policy adopted by the ACD for managing counterparty and other risks are set out in the Notes to the Financial Statements.

The type of derivatives held at the year end was forward currency contracts.

Details of the individual contracts are shown on the Portfolio Statement on pages 73 to 80, and the total position by the counterparty at the year end is summarised below. The underlying exposure for each category of derivatives were as follows:

| Counterparty | <i>Forward Currency £'000</i> | | <i>Total £'000</i> | |
|------------------------|-----------------------------------|-------|------------------------|-------|
| | 2020 | 2019 | 2020 | 2019 |
| Citigroup | 1,314 | 2 | 1,314 | 2 |
| Goldman Sachs | 10,934 | - | 10,934 | - |
| HSBC | 62 | 1,982 | 62 | 1,982 |
| JP Morgan | 1,403 | - | 1,403 | - |
| Royal Bank of Scotland | - | 402 | - | 402 |
| State Street | 385 | 36 | 385 | 36 |
| UBS | 35 | - | 35 | - |

The economic exposure of future derivative contracts is equal to the market value. The value of exposure and the related counterparty are disclosed in the Portfolio Statement.

Eligible collateral types are approved by the ACD and may consist of cash, UK gilts, certificates of deposit, treasury bills, sovereign debt, eurosterling bonds and equities.

At 15 April 2020, there was no collateral held in respect of the above derivatives (15.4.19: £nil).

15. Contingent Liabilities and Commitments

At the year end, the Fund had no contingent liabilities or commitments (15.4.19: none).

16. Portfolio Transaction Costs

| For the year ended 15 April 2020 | Purchases | Commissions | | Taxes | | Other Expenses | |
|------------------------------------------------|-----------|-------------|---|-------|---|----------------|---|
| | £'000 | £'000 | % | £'000 | % | £'000 | % |
| Analysis of total purchases costs | | | | | | | |
| Bond transactions | 78,309 | - | - | - | - | - | - |
| Pooled investment vehicles | 152,106 | 1 | - | - | - | - | - |
| Corporate actions | 294 | - | - | - | - | - | - |
| Total purchases before transaction costs | 230,709 | 1 | | - | | - | |
| Transaction costs | 1 | | | | | | |
| Total purchases after commission, tax and fees | 230,710 | | | | | | |

| | Sales | Commissions | | Taxes | | Other Expenses | |
|--------------------------------------------|---------|-------------|---|-------|---|----------------|---|
| | £'000 | £'000 | % | £'000 | % | £'000 | % |
| Analysis of total sales costs | | | | | | | |
| Bond transactions | 81,992 | - | - | - | - | - | - |
| Pooled investment vehicles | 246,468 | 2 | - | - | - | - | - |
| Corporate actions | 177 | - | - | - | - | - | - |
| Total sales before transaction costs | 328,637 | 2 | | - | | - | |
| Transaction costs | (2) | | | | | | |
| Total sales after commission, tax and fees | 328,635 | | | | | | |

The Fund had received £25,519 as commission on purchases and sales derivative transactions for the year ended 15.4.20.

Commissions, taxes and fees as % of average Net Assets:

| | |
|----------------|-------|
| Commissions | 0.00% |
| Taxes | 0.00% |
| Other expenses | 0.00% |

At the balance sheet date the portfolio dealing spread was 0.03%, being the difference between the respective bid and offer prices for the Fund's investments.

| For the year ended 15 April 2019 | Purchases | Commissions | | Taxes | | Other Expenses | |
|------------------------------------------------|-----------|-------------|---|-------|---|----------------|---|
| | £'000 | £'000 | % | £'000 | % | £'000 | % |
| Analysis of total purchases costs | | | | | | | |
| Bond transactions | 106,982 | - | - | - | - | - | - |
| Pooled investment vehicles | 184,556 | 6 | - | - | - | - | - |
| In-specie transactions | 4,637 | | | | | | |
| Corporate actions | 209 | - | - | - | - | - | - |
| Total purchases before transaction costs | 296,384 | 6 | | - | | - | |
| Transaction costs | 6 | | | | | | |
| Total purchases after commission, tax and fees | 296,390 | | | | | | |

| | Sales | Commissions | | Taxes | | Other Expenses | |
|--------------------------------------------|---------|-------------|---|-------|---|----------------|---|
| | £'000 | £'000 | % | £'000 | % | £'000 | % |
| Analysis of total sales costs | | | | | | | |
| Bond transactions | 107,601 | - | - | - | - | - | - |
| Pooled investment vehicles | 264,565 | 2 | - | - | - | - | - |
| Corporate actions | 685 | - | - | - | - | - | - |
| Total sales before transaction costs | 372,851 | 2 | | - | | - | |
| Transaction costs | (2) | | | | | | |
| Total sales after commission, tax and fees | 372,849 | | | | | | |

The Fund had paid £3,904 as commission on purchases and sales derivative transactions for the year ended 15.4.19.

Commissions, taxes and fees as % of average Net Assets:

| | |
|----------------|-------|
| Commissions | 0.00% |
| Taxes | 0.00% |
| Other expenses | 0.00% |

At the balance sheet date the portfolio dealing spread was 0.02%, being the difference between the respective bid and offer prices for the Fund's investments.

Portfolio transaction costs are incurred by the Fund when buying and selling underlying investments. These costs vary depending on the class of investment, country of exchange and method of execution.

These costs can be classified as either direct or indirect transaction costs:

Direct transaction costs: Broker commissions, fees and taxes.

Indirect transaction costs: 'Dealing spread' – the difference between the buying and selling prices of the Fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the Fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

17. Fair Value of Investments

FRS 102 requires an entity 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 shall have the following classifications:

- Level 1: unadjusted quoted prices in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3: inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

For the year ended 15 April 2020

| Category | 1 | 2 | 3 | Total |
|-------------------------------|---------|---------|-------|---------|
| | £'000 | £'000 | £'000 | £'000 |
| Investment Assets | | | | |
| Bonds | 157,004 | 19,988 | - | 176,992 |
| Pooled investment vehicles | 28,279 | 492,310 | - | 520,589 |
| Derivatives | 1,091 | 14,132 | - | 15,223 |
| | 186,374 | 526,430 | - | 712,804 |
| Investment Liabilities | | | | |
| Derivatives | (24) | (2,901) | - | (2,925) |
| | (24) | (2,901) | - | (2,925) |

For the year ended 15 April 2019

| Category | 1 | 2 | 3 | Total |
|-------------------------------|---------|---------|-------|---------|
| | £'000 | £'000 | £'000 | £'000 |
| Investment Assets | | | | |
| Bonds | 140,599 | 23,555 | - | 164,154 |
| Pooled investment vehicles | 55,987 | 547,379 | - | 603,366 |
| Derivatives | 20 | 2,422 | - | 2,442 |
| | 196,606 | 573,356 | - | 769,962 |
| Investment Liabilities | | | | |
| Derivatives | (1) | (365) | - | (366) |
| | (1) | (365) | - | (366) |

18. Sensitivity Analysis**Price risk sensitivity:**

If the price of investments at 15 April 2020 had increased or decreased by 10% with all other variables held constant, this would have increased or decreased the net assets attributable to shareholders by £70,987,948 (15.4.19: £76,959,625).

Currency risk sensitivity:

If the exchange rate at 15 April 2020 had increased or decreased by 10% with all other variables held constant, this would have increased or decreased the net assets attributable to shareholders by £55,976,455 (15.4.19: £62,990,094).

Interest rate risk sensitivity:

If the interest rate at 15 April 2020 had increased or decreased by 1 basis point with all other variables held constant, this would have increased or decreased the net assets attributable to shareholders by £138,978 (15.4.19: £122,494).

19. Events after the balance sheet date

Since the year end, markets and operations have continued to be disrupted by the effects of the COVID-19 pandemic. Since the year end the NAV of the lead share class was 161p and has increased by 4.41% (to 10 July 2020). Contingency plans at the ACD and key service suppliers have proven effective in mitigating the effects on management of the portfolio and on all supporting operations.

World Selection - Conservative Portfolio

Investment Objective

To provide capital growth through investment in a broad range of asset classes across global markets with a bias towards asset classes that focus on fixed interest strategies.

Investment Policy*

This is one of a range of actively managed World Selection Portfolios offered at five different risk levels. The asset allocation of each fund in the range reflects the risk level. The Fund is rated as 2, where 1 is a lower level of risk and 5 is a higher level of risk. The Fund is managed with the aim of maximising returns in line with its agreed long term risk profile therefore any potential returns are likely to be limited by the risk profile of the Fund.

To achieve its objective the Fund invests primarily in collective investment schemes that in turn invest in fixed income securities, equities, alternative asset classes and derivatives. Typically the Fund will have a bias towards asset classes that focus on fixed interest strategies.

The Fund may, in addition to its other investment powers, use exchange traded and over-the-counter derivatives and forward currency contracts for investment purposes. Using these investment powers for investment purposes means, in particular, maintaining positions in these investments for the long term rather than just for tactical short-term purposes. Where the use of derivatives is for investment purposes in addition to hedging it is envisaged that the use of such instruments will not affect the overall risk profile of the Fund.

*The full policy can be found in the prospectus.

Investment Strategy*

The starting point for the World Selection Portfolios is the Strategic Asset Allocation (SAA). SAA is the long-term blend of assets for each risk level. Tactical Asset Allocation (TAA) is another layer on top of the SAA and is driven by the investment team's shorter term market outlook. Portfolio Implementation is the final stage in the investment process, where we decide how best to take exposure to each asset class.

95% of the Fund invests in collective investment schemes. This includes 37% in collective investment schemes that aim to track the performance of market indices.

Derivatives may be used with the aim of hedging to reduce market risk and to reduce the impact of currency movements but also with the aim of generating returns to assist the Fund in meeting its investment objective.

Exchange traded futures may be used to gain or reduce exposure to certain asset classes. Forward currency contracts may be used to gain exposure to currencies or for hedging to reduce the impact of currency movements for certain asset classes that are not denominated in sterling.

*The full strategy can be found in the prospectus.

Portfolio Activity

At the start of the period, the portfolio was positioned to be overweight to risk assets. Towards the end of 2019, the Portfolio Management team took steps to reduce this overweight. In Q1 2020, this was extended to move the portfolio underweight risk as the spread of coronavirus increased market volatility.

During the first half of the year, various trades were executed to reposition the portfolio and slightly reduce risk. For example, exposure to emerging markets equities, through the broad index and a specific position in China A shares were reduced, or closed, with the proceeds invested in US equity.

Later in 2019, we adjusted our corporate bond position, selling from the global corporate bond exposure and initiating a position in Euro Corporate Bonds ex Financials. We anticipated that the European Central Bank would ease conditions through a new Corporate Sector Purchase Programme, which should lift the Euro investment grade corporate bond environment.

We further reduced risk, trimming our overweights to the UK, Japan and emerging market (EM) while also taking profit from our Indian bond positions. Proceeds were reinvested into a mix of cash and liquid alternatives.

At the end of 2019, we reduced our FX hedge on global equities. Sterling appreciated in the run up to and after the general election in the UK leading to the potential for future depreciation of the currency, which would be beneficial for an unhedged position.

In January and early February, we adjusted our EM equity exposure, adding specifically to China and Russia from the broader EM allocation. Russia appeared to have strong momentum and attractive valuations while China had already seen a hit to asset prices from the outbreak of coronavirus, leading to an attractive entry point.

In mid-February, as coronavirus spread, portfolios were repositioned to reduce risk further, cutting exposure to equities, and corporate bonds with the proceeds added to cash and government bonds. A second tranche of risk reduction was executed at the beginning of March with EM and UK equity reduced and the proceeds held in cash.

March saw a period where numerous adjustments were made to steer the portfolio through a period of extreme volatility with further reductions to equity positions with proceeds added to government bonds and cash.

Steps were also taken to diversify our defensive allocations, with positions initiated in safe haven currencies (USD, JPY and Swiss Franc).

Major purchases included: HSBC FTSE All-World Index Fund, HSBC Global Sterling Liquidity Funds, iShares Euro Corporate Bond ex-Financials UCITS ETF, iShares Core S&P 500 UCITS ETF, HSBC GIF Global Corporate Bond Fund, Goldman Sachs Cross Asset Trend Portfolio, AQR Managed Futures UCITS, HSBC MSCI China A Inclusion UC ETF and HSBC MSCI Russia Capped ETF.

Major sales included: HSBC GIF Global Corporate Bond Fund, HSBC FTSE All-World Index Fund, HSBC American Index Fund, iShares Core MSCI Emerging Markets IMI UCITS ETF, HSBC GIF Global Emerging Markets Local Debt Fund, HSBC MSCI China A Inclusion UC ETF and HSBC MSCI Russia Capped ETF.

Investment Performance

During the year under review the value of the shares in the Fund decreased by 2.89%.

(Source: Morningstar Direct, GBP, UK net of tax, for the Accumulation C share class. Returns based on the NAV, which is a single price.)

Please note that the above information refers to the past and that past performance is not a reliable indication of future returns.

| Fund Particulars as at 16 April 2020 | | | | | |
|------------------------------------------------------------|-------------------------|-------------------------------|-------------|-------------------|-------------------|
| | Institutional Income | Institutional Accumulation | Income C | Accumulation C | Accumulation P |
| Price | 106.6p xd | 117.2p | 106.4p xd | 116.4p | 118.2p |
| Distribution payable (on 15 June 2020) per share net | 0.729599p | 0.795746p | 0.523141p | 0.564418p | 0.722884p |
| Current net estimated yield | 2.26% | 2.22% | 1.69% | 1.68% | 1.97% |
| Annual ACD charge | 0.00% | 0.00% | 0.55% | 0.55% | 0.25% |

Portfolio Statement

as at 15 April 2020

| <i>Security</i> | <i>Holding</i> | <i>Bid value £'000</i> | <i>Total net assets %</i> |
|---------------------------------------------------------|----------------|--------------------------------|---------------------------------------|
| Liquid Alternatives - 5.92% (4.88%) | | | |
| *+HSBC Multi Asset Style Factors Fund | 2,196,729 | 21,854 | 2.21 |
| *^AQR Managed Future UCITS | 166,233 | 14,591 | 1.47 |
| *Goldman Sachs Cross Asset Trend Portfolio | 2,831,566 | 22,198 | 2.24 |
| Total Liquid Alternatives | | 58,643 | 5.92 |
| Chinese Equities Funds - 0.00% (0.42%) | | | |
| Global Assets-Backed Bonds - 4.38% (4.96%) | | | |
| *+HSBC GIF Global Asset-Backed Bond Fund | 381,170 | 43,339 | 4.38 |
| Total Global Assets-Backed Bonds | | 43,339 | 4.38 |
| Global Corporate Bonds - 26.77% (27.75%) | | | |
| *+HSBC GIF Global Corporate Bond Fund | 25,010,689 | 219,258 | 22.14 |
| ^*iShares Euro Corporate Bond Large Cap UCITS ETF | 132,601 | 15,486 | 1.56 |
| ^*iShares Euro Corporate Bond ex-Financials UCITS ETF | 91,100 | 9,103 | 0.92 |
| ^*iShares \$ Corporate Bond UCITS ETF | 212,601 | 21,230 | 2.15 |
| Total Global Corporate Bonds | | 265,077 | 26.77 |
| Global Emerging Markets Debt - 9.81% (11.81%) | | | |
| *+HSBC GIF Global Emerging Markets Bond Fund | 5,962,493 | 40,286 | 4.07 |
| *+HSBC GIF Global Emerging Markets Local Debt Fund | 8,721,337 | 56,819 | 5.74 |
| Total Global Emerging Markets Debt | | 97,105 | 9.81 |
| Global Emerging Markets Equities - 0.67% (2.54%) | | | |
| *+HSBC GIF Economic Scale Index GEM Equity Fund | 986,782 | 6,668 | 0.67 |
| Total Global Emerging Markets Equities | | 6,668 | 0.67 |
| Global Equities - 24.45% (23.73%) | | | |
| +HSBC FTSE All-World Index Fund | 127,971,836 | 213,073 | 21.52 |
| *+HSBC GIF Economic Scale Index Global Equity Fund | 696,583 | 18,339 | 1.85 |
| ^*+HSBC Multi Factor Worldwide Equity UCITS ETF | 730,375 | 9,766 | 0.99 |
| *^iShares Core MSCI ETF | 187,148 | 941 | 0.09 |
| Total Global Equities | | 242,119 | 24.45 |
| Global Government Bonds - 7.31% (9.11%) | | | |
| *+HSBC GIF Global Government Bond Fund | 7,867,248 | 72,393 | 7.31 |
| Total Global Government Bonds | | 72,393 | 7.31 |
| Global High Yield Bonds - 4.56% (4.41%) | | | |
| *+HSBC GIF Global High Yield Bond Fund | 4,650,306 | 34,784 | 3.51 |
| *+HSBC GIF Global Short Duration High Yield Bond Fund | 1,372,826 | 10,392 | 1.05 |
| Total Global High Yield Bonds | | 45,176 | 4.56 |

Portfolio Statement

as at 15 April 2020

| <i>Security</i> | <i>Holding</i> | <i>Bid value £'000</i> | <i>Total net assets %</i> |
|-----------------------------------------------------------------|----------------|--------------------------------|---------------------------------------|
| Global Property Equities Funds - 5.03% (4.90%) | | | |
| *+HSBC GIF Global Real Estate Equity Fund | 7,251,545 | 49,773 | 5.03 |
| Total Global Property Equities Funds | | 49,773 | 5.03 |
| Japanese Equities Funds - 0.00% (0.49%) | | | |
| Money Markets - 7.23% (2.46%) | | | |
| *+HSBC Global Liquidity Fund | 6,757,911 | 5,407 | 0.55 |
| *+HSBC Global Sterling Liquidity Fund | 66,177,930 | 66,178 | 6.68 |
| Total Money Markets | | 71,585 | 7.23 |
| US Equities Funds - 0.69% (0.39%) | | | |
| *^iShares Core S&P 500 UCITS ETF | 29,692 | 6,585 | 0.67 |
| *^Vanguard S&P 500 UCITS ETF | 4,491 | 188 | 0.02 |
| Total US Equities | | 6,773 | 0.69 |
| Futures - 0.15% (0.01%) | | | |
| CBT US 10Yr Note June 2020 | 50 | 263 | 0.03 |
| CBT US 10Yr Ultra June 2020 | 253 | 1,246 | 0.12 |
| Total Futures | | 1,509 | 0.15 |
| Forward Foreign Exchange Contracts - 1.70% (0.33%) | | | |
| #Sold EUR 57,363,775 for GBP 52,217,000 settled 23 April 2020 | | 2,155 | 0.22 |
| #Sold GBP 4,998,432 for CHF 5,979,973 settled 23 April 2020 | | (41) | - |
| #Sold GBP 4,312,257 for EUR 4,694,000 settled 23 April 2020 | | (216) | (0.02) |
| #Sold GBP 4,997,241 for JPY 670,720,251 settled 23 April 2020 | | - | - |
| #Sold GBP 65,412,835 for USD 76,268,364 settled 23 April 2020 | | (4,389) | (0.45) |
| #Sold USD 668,073,975 for GBP 553,873,479 settled 23 April 2020 | | 19,334 | 1.95 |
| Total Forward Foreign Exchange Contracts | | 16,843 | 1.70 |
| Portfolio of investments | | 977,003 | 98.67 |
| Net other assets | | 13,156 | 1.33 |
| Net assets | | 990,159 | 100.00 |

*offshore fund

+related party

^listed

#unlisted

Figures in brackets denote comparative percentage holdings as at 15 April 2019.

Unless otherwise stated, all holdings are authorised investment funds.

The counterparty for the futures is HSBC.

The counterparties for the forward foreign exchange contracts are HSBC Bank, Citigroup, JP Morgan Securities, Goldman Sachs, UBS, Credit Suisse and Royal Bank of Scotland.

Comparative Tables

for the year ended 15 April 2020

| Institutional Income# | 15.4.20 | 15.4.19 | 15.4.18 |
|----------------------------------------|----------------|----------------|----------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 111.80p | 107.70p | N/A |
| Return before operating charges* | (2.77p) | 4.56p | N/A |
| Operating charges** | (0.02p) | 0.00p | N/A |
| Return after operating charges* | (2.79p) | 4.56p | N/A |
| Distributions on income shares | (2.41p) | (0.46p) | N/A |
| Closing net asset value per share | 106.60p | 111.80p | N/A |
| *after direct transaction costs of:*** | 0.00p | 0.00p | N/A |
| Performance | | | |
| Return after charges | (2.50%) | 4.23% | N/A |
| Other information | | | |
| Closing net asset value | £11,497,474 | £12,324,061 | N/A |
| Closing number of shares | 10,782,186 | 11,019,583 | N/A |
| Operating charges - OCF | 0.11% | 0.19% | N/A |
| Direct transaction costs | 0.00% | 0.00% | N/A |
| Prices | | | |
| Highest share price | 119.30p | 112.30p | N/A |
| Lowest share price | 101.10p | 107.00p | N/A |

| Institutional Accumulation# | 15.4.20 | 15.4.19 | 15.4.18 |
|-----------------------------------------------|----------------|----------------|----------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 120.30p | 115.30p | N/A |
| Return before operating charges* | (3.08p) | 5.00p | N/A |
| Operating charges** | (0.02p) | 0.00p | N/A |
| Return after operating charges* | (3.10p) | 5.00p | N/A |
| Distributions on accumulation shares | (2.61p) | (0.49p) | N/A |
| Retained distributions on accumulation shares | 2.61p | 0.49p | N/A |
| Closing net asset value per share | 117.20p | 120.30p | N/A |
| *after direct transaction costs of:*** | 0.00p | 0.00p | N/A |
| Performance | | | |
| Return after charges | (2.58%) | 4.34% | N/A |
| Other information | | | |
| Closing net asset value | £8,217,932 | £11,221,575 | N/A |
| Closing number of shares | 7,011,547 | 9,326,620 | N/A |
| Operating charges - OCF | 0.11% | 0.19% | N/A |
| Direct transaction costs | 0.00% | 0.00% | N/A |
| Prices | | | |
| Highest share price | 130.30p | 120.40p | N/A |
| Lowest share price | 110.40p | 115.00p | N/A |

#The Institutional Income and Institutional Accumulation share classes launched on 25 January 2019.

**The operating charges include all costs borne by the Fund, except for direct transaction costs.

***The direct transaction costs are made up of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

Comparative Tables

for the year ended 15 April 2020

| Income C | 15.4.20 | 15.4.19 | 15.4.18 |
|----------------------------------------|----------------|----------------|----------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 111.50p | 106.90p | 109.60p |
| Return before operating charges* | (2.54p) | 7.16p | (0.17p) |
| Operating charges** | (0.76p) | (0.72p) | (0.73p) |
| Return after operating charges* | (3.30p) | 6.44p | (0.90p) |
| Distributions on income shares | (1.80p) | (1.84p) | (1.80p) |
| Closing net asset value per share | 106.40p | 111.50p | 106.90p |
| *after direct transaction costs of:*** | 0.00p | 0.00p | 0.00p |
| Performance | | | |
| Return after charges | (2.96%) | 6.02% | (0.82%) |
| Other information | | | |
| Closing net asset value | £3,251,563 | £3,506,163 | £2,021,156 |
| Closing number of shares | 3,056,964 | 3,143,458 | 1,890,125 |
| Operating charges - OCF | 0.76% | 0.84% | 0.84% |
| Direct transaction costs | 0.00% | 0.00% | 0.00% |
| Prices | | | |
| Highest share price | 118.90p | 112.20p | 112.00p |
| Lowest share price | 100.70p | 105.20p | 106.90p |

| Accumulation C | 15.4.20 | 15.4.19 | 15.4.18 |
|-----------------------------------------------|----------------|----------------|----------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 120.20p | 113.30p | 114.20p |
| Return before operating charges* | (2.88p) | 7.67p | (0.13p) |
| Operating charges** | (0.82p) | (0.77p) | (0.77p) |
| Return after operating charges* | (3.70p) | 6.90p | (0.90p) |
| Distributions on accumulation shares | (1.95p) | (1.95p) | (1.88p) |
| Retained distributions on accumulation shares | 1.95p | 1.95p | 1.88p |
| Closing net asset value per share | 116.50p | 120.20p | 113.30p |
| *after direct transaction costs of:*** | 0.00p | 0.00p | 0.00p |
| Performance | | | |
| Return after charges | (3.08%) | 6.09% | (0.79%) |
| Other information | | | |
| Closing net asset value | £793,700,286 | £775,762,227 | £644,195,509 |
| Closing number of shares | 681,530,372 | 645,503,179 | 568,616,257 |
| Operating charges - OCF | 0.76% | 0.84% | 0.84% |
| Direct transaction costs | 0.00% | 0.00% | 0.00% |
| Prices | | | |
| Highest share price | 129.50p | 120.20p | 117.90p |
| Lowest share price | 109.70p | 112.70p | 112.60p |

**The operating charges include all costs borne by the Fund, except for direct transaction costs.

***The direct transaction costs are made up of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

Comparative Tables

for the year ended 15 April 2020

| Accumulation P | 15.4.20 | 15.4.19 | 15.4.18 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|----------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 121.60p | 114.40p | 114.90p |
| Return before operating charges* | (3.01p) | 7.57p | (0.13p) |
| Operating charges** | (0.39p) | (0.37p) | (0.37p) |
| Return after operating charges* | (3.40p) | 7.20p | (0.50p) |
| Distributions on accumulation shares | (2.33p) | (2.30p) | (2.22p) |
| Retained distributions on accumulation shares | 2.33p | 2.30p | 2.22p |
| Closing net asset value per share | 118.20p | 121.60p | 114.40p |
| *after direct transaction costs of:*** | 0.00p | 0.00p | 0.00p |
| Performance | | | |
| Return after charges | (2.80%) | 6.29% | (0.44%) |
| Other information | | | |
| Closing net asset value | £173,492,244 | £127,900,108 | £89,694,504 |
| Closing number of shares | 146,766,270 | 105,142,606 | 78,437,791 |
| Operating charges - OCF | 0.41% | 0.49% | 0.49% |
| Direct transaction costs | 0.00% | 0.00% | 0.00% |
| Prices | | | |
| Highest share price | 131.40p | 121.70p | 118.90p |
| Lowest share price | 111.40p | 114.00p | 113.70p |
| <p>**The operating charges include all costs borne by the Fund, except for direct transaction costs.</p> <p>***The direct transaction costs are made up of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.</p> | | | |

Statement of Total Return

for the year ended 15 April 2020

| | Notes | 15.4.20 | | 15.4.19 | |
|------------------------------------------------------------------------------|-------|---------|----------|---------|----------|
| | | £'000 | £'000 | £'000 | £'000 |
| Income | | | | | |
| Net capital (losses)/gains | 2 | | (50,969) | | 35,909 |
| Revenue | 3 | 25,550 | | 21,266 | |
| Expenses | 4 | (6,095) | | (5,012) | |
| Interest payable and similar charges | | (7) | | (1) | |
| Net revenue before taxation | | 19,448 | | 16,253 | |
| Taxation | 5 | (2,638) | | (2,307) | |
| Net revenue after taxation | | | 16,810 | | 13,946 |
| Total (deficit)/return before distributions | | | (34,159) | | 49,855 |
| Distributions | 6 | | (16,810) | | (13,946) |
| Change in net assets attributable to shareholders from investment activities | | | (50,969) | | 35,909 |

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 15 April 2020

| | 15.4.20 | | 15.4.19 | |
|--------------------------------------------------------------------------------------------------------------------|----------|----------|---------|---------|
| | £'000 | £'000 | £'000 | £'000 |
| Opening net assets attributable to shareholders | | 930,714 | | 735,911 |
| Amounts receivable on creation of shares | 125,417 | | 130,046 | |
| Amounts receivable on in-specie creation of shares | - | | 24,053 | |
| Amounts payable on cancellation of shares | (31,728) | | (9,567) | |
| | | 93,689 | | 144,532 |
| Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above) | | (50,969) | | 35,909 |
| Retained distribution on accumulation shares | | 16,725 | | 14,362 |
| Closing net assets attributable to shareholders | | 990,159 | | 930,714 |

Balance Sheet

as at 15 April 2020

| | Notes | 15.4.20 | | 15.4.19 | |
|-----------------------------------------|-------|---------|---------|---------|---------|
| | | £'000 | £'000 | £'000 | £'000 |
| Assets | | | | | |
| Investments | | | 981,649 | | 913,877 |
| Current assets | | | | | |
| Debtors | 7 | 1,035 | | 11,661 | |
| Cash and bank balances | | 16,722 | | 9,147 | |
| Total current assets | | | 17,757 | | 20,808 |
| Total assets | | | 999,406 | | 934,685 |
| Liabilities | | | | | |
| Investment liabilities | | | (4,646) | | (1) |
| Creditors | | | | | |
| Distribution payable on income shares | | (95) | | (70) | |
| Other creditors | 8 | (4,506) | | (3,900) | |
| Total creditors | | | (4,601) | | (3,970) |
| Total liabilities | | | (9,247) | | (3,971) |
| Net assets attributable to shareholders | | | 990,159 | | 930,714 |

Distribution Tables (pence per share)

for the year ended 15 April 2020

| Group 1: Shares purchased prior to 16 October 2019 | | | | |
|-----------------------------------------------------------------|-----------------------|---------------------|---------------------------------------------|------------------------------------------|
| Group 2: Shares purchased from 16 October 2019 to 15 April 2020 | | | | |
| | <i>Net income</i> | <i>Equalisation</i> | <i>Distribution payable 15.6.20</i> | <i>Distribution paid 15.6.19</i> |
| Institutional Income | | | | |
| Group 1 | 0.729599 | - | 0.729599 | 0.455157 |
| Group 2 | 0.025453 | 0.704146 | 0.729599 | 0.455157 |
| Institutional Accumulation | | | | |
| Group 1 | 0.795746 | - | 0.795746 | 0.487686 |
| Group 2 | 0.019236 | 0.776510 | 0.795746 | 0.487686 |
| Income C | | | | |
| Group 1 | 0.523141 | - | 0.523141 | 0.626610 |
| Group 2 | 0.378571 | 0.144570 | 0.523141 | 0.626610 |
| Accumulation C | | | | |
| Group 1 | 0.564418 | - | 0.564418 | 0.671301 |
| Group 2 | 0.355728 | 0.208690 | 0.564418 | 0.671301 |
| Accumulation P | | | | |
| Group 1 | 0.722884 | - | 0.722884 | 0.841030 |
| Group 2 | 0.461737 | 0.261147 | 0.722884 | 0.841030 |

Distribution Tables (pence per share)

for the year ended 15 April 2020

| Group 1: Shares purchased prior to 16 April 2019 | | | | |
|-----------------------------------------------------------------------------------------------------|-----------------------|---------------------|-------------------------------------------|-------------------------------------------|
| Group 2: Shares purchased from 16 April 2019 to 15 October 2019 | | | | |
| | <i>Net income</i> | <i>Equalisation</i> | <i>Distribution paid 15.12.19</i> | <i>Distribution paid 15.12.18</i> |
| Institutional Income† | | | | |
| Group 1 | 1.680000 | - | 1.680000 | N/A |
| Group 2 | 1.650000 | 0.030000 | 1.680000 | N/A |
| Institutional Accumulation† | | | | |
| Group 1 | 1.810000 | - | 1.810000 | N/A |
| Group 2 | 1.650000 | 0.160000 | 1.810000 | N/A |
| Income C | | | | |
| Group 1 | 1.280000 | - | 1.280000 | 1.210000 |
| Group 2 | 0.920000 | 0.360000 | 1.280000 | 1.210000 |
| Accumulation C | | | | |
| Group 1 | 1.390000 | - | 1.390000 | 1.280000 |
| Group 2 | 1.180000 | 0.210000 | 1.390000 | 1.280000 |
| Accumulation P | | | | |
| Group 1 | 1.610000 | - | 1.610000 | 1.460000 |
| Group 2 | 1.280000 | 0.330000 | 1.610000 | 1.460000 |
| †The Institutional Income and Institutional Accumulation share classes launched on 25 January 2019. | | | | |

Notes to the Financial Statements

for the year ended 15 April 2020

| | 15.4.20 £'000 | 15.4.19 £'000 |
|------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| 1. Accounting Policies | | |
| The accounting policies are set out on pages 10 and 11. | | |
| 2. Net Capital (Losses)/Gains | | |
| The net capital (losses)/gains during the year comprise: | | |
| Realised gains/(losses) on currency | 316 | (2) |
| Unrealised (losses)/gains on currency | (209) | 51 |
| Transaction charges | (4) | (10) |
| Realised losses on forward foreign currency contracts | (60,405) | (36,323) |
| Unrealised gains on forward foreign currency contracts | 16,843 | 3,029 |
| Realised losses on derivative securities | (2,587) | (259) |
| Unrealised gains on derivative securities | 1,509 | 100 |
| Realised gains on non-derivative securities | 26,700 | 11,641 |
| Unrealised (losses)/gains on non-derivative securities | (33,132) | 57,682 |
| Net capital (losses)/gains | (50,969) | 35,909 |
| Realised gains/(losses) in the current accounting year include unrealised gains/(losses) arising in previous years. | | |
| In such circumstances a corresponding (loss)/gain is included in unrealised gains/(losses) figure. | | |
| 3. Revenue | | |
| Unfranked distributions from UK authorised ICVCs and unit trusts | 215 | 111 |
| Franked distributions from UK authorised ICVCs and unit trusts | 6,260 | 4,723 |
| Interest on bonds and other debt securities | 19,019 | 16,406 |
| Deposit interest | 27 | 4 |
| Bank interest | 29 | 22 |
| Total revenue | 25,550 | 21,266 |
| 4. Expenses | | |
| Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director, and agents of either of them: | | |
| Authorised Corporate Director's charge | 5,034 | 4,140 |
| Registration fee | 922 | 758 |
| Safe custody fee | 38 | 30 |
| | 5,994 | 4,928 |
| Payable to the Depositary, associates of the Depositary, and agents of either of them: | | |
| Depositary fee | 93 | 76 |
| Other expenses: | | |
| Audit fee | 6 | 6 |
| Report and accounts fee | 2 | 2 |
| | 8 | 8 |
| Total expenses | 6,095 | 5,012 |

15.4.20 15.4.19
£'000 £'000

5. Taxation**a) Analysis of charge in year:**

| | | |
|---------------------------------------|--------------|-------|
| Corporation tax | 2,638 | 2,306 |
| Adjustments in respect of prior years | - | 1 |
| Total tax for the year (note 5b) | 2,638 | 2,307 |

b) Factors affecting taxation charge for the year:

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an open-ended investment company (20%).

The differences are explained below:

| | | |
|-------------------------------------------|----------------|--------|
| Net revenue before taxation | 19,448 | 16,253 |
| Corporation tax at 20% | 3,890 | 3,251 |
| Effects of: | | |
| Revenue not subject to taxation | (1,252) | (945) |
| Adjustments in respect of prior years | - | 1 |
| Current tax charge for the year (note 5a) | 2,638 | 2,307 |

c) Provision for deferred taxation

At 15 April 2020, there is no potential deferred tax asset (15.4.19: £nil) in relation to surplus management expenses.

6. Distributions

The distributions take account of amounts received on the issue of shares and amounts deducted on the cancellation of shares, and comprise:

| | | |
|-------------------------------------------------|---------------|--------|
| Interim dividend distribution | 11,975 | 9,128 |
| Final dividend distribution | 5,058 | 5,333 |
| | 17,033 | 14,461 |
| Add: Amounts deducted on cancellation of shares | 68 | 25 |
| Deduct: Amounts received on issue of shares | (291) | (540) |
| Net distribution for the year | 16,810 | 13,946 |

7. Debtors

| | | |
|-------------------------------------------|--------------|--------|
| Amounts receivable for creation of shares | 1,023 | 2,697 |
| Sales awaiting settlement | - | 4,520 |
| Accrued revenue | 12 | 4,444 |
| Total debtors | 1,035 | 11,661 |

8. Other creditors

| | | |
|--------------------------------------------|--------------|-------|
| Amounts payable for cancellation of shares | 5 | 3 |
| Purchases awaiting settlement | 2,828 | 2,537 |
| Accrued expenses | 1,248 | 246 |
| Corporation tax payable | 425 | 1,114 |
| Total other creditors | 4,506 | 3,900 |

9. Reconciliation of Shares

| | <i>Institutional Income</i> | <i>Institutional Accumulation</i> | <i>Income C</i> | <i>Accumulation C</i> | <i>Accumulation P</i> |
|-------------------------------------------|---------------------------------|---------------------------------------|---------------------|---------------------------|---------------------------|
| Opening shares issued at 16.4.19 | 11,019,583 | 9,326,620 | 3,143,458 | 645,503,179 | 105,142,606 |
| Share movements 16.4.19 to 15.4.20 | | | | | |
| Shares issued | 1,321,107 | 604,378 | 398,225 | 55,602,807 | 43,671,741 |
| Shares cancelled | (1,558,504) | (2,919,451) | (642,882) | (19,430,060) | (2,048,077) |
| Shares converted | - | - | 158,163 | (145,554) | - |
| Closing shares issued at 15.4.20 | 10,782,186 | 7,011,547 | 3,056,964 | 681,530,372 | 146,766,270 |

10. Ultimate Controlling Party and Related Party Transactions

The Authorised Corporate Director (ACD) is regarded as a controlling party of the Fund by virtue of having the ability to act in concert in respect of Fund operations. The ultimate controlling party of the ACD is HSBC Group plc.

This entity and its subsidiaries are also related parties of the Fund.

At the year end, the ACD and its associates held the following of the Fund's shares in issue:

| | <i>Institutional Income</i> | <i>Institutional Accumulation</i> | <i>Income C</i> | <i>Accumulation C</i> | <i>Accumulation P</i> |
|---------------|---------------------------------|---------------------------------------|---------------------|---------------------------|---------------------------|
| | % | % | % | % | % |
| As at 15.4.20 | 90.11 | 99.23 | 78.39 | 96.10 | 53.97 |
| As at 15.4.19 | 90.26 | 99.42 | 2.03 | 0.78 | 53.86 |

Details of all other material related party transactions during the year and any payment amounts outstanding at the balance sheet date are disclosed in notes 7 and 8 to the financial statements and the Statement of Change in Net Assets Attributable to Shareholders and the Portfolio Statement.

The balance due to/(from) the ACD (including amounts due to associates and agents) at the year end was £204,559 (15.4.19: (£2,465,620)), further details of such amounts can be found in notes 7 and 8.

At the year end, the Fund held £868,327,489 (15.4.19: £813,103,357) in Authorised Investment Funds managed by HSBC and/or HSBC Holdings, the parent company of the ACD. During the year, transactions in Authorised Investment Funds managed by HSBC and/or HSBC Holdings totalled £520,552,864 (15.4.19: £486,365,100).

Investments in related parties are disclosed in the Portfolio Statement.

11. Financial Instruments

The financial instrument risks and risk management policies are set out on pages 12 and 13.

Foreign Currency Risk

A substantial portion of the net assets of the Fund are denominated in currencies other than sterling with the effect that the balance sheet and total return can be significantly affected by currency movements.

Net currency monetary assets and liabilities consist of:

| | <i>Portfolio of investments</i> | | <i>Net other (liabilities)/assets</i> | | <i>Net assets</i> | |
|----------------------|-------------------------------------|---------|-------------------------------------------|---------|-------------------|---------|
| | 15.4.20 | 15.4.19 | 15.4.20 | 15.4.19 | 15.4.20 | 15.4.19 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Sterling* | 275,734 | 226,958 | 9,936 | 14,785 | 285,670 | 241,743 |
| Euro | 48,598 | 31,698 | - | - | 48,598 | 31,698 |
| Japanese yen | - | 43 | 5,450 | - | 5,450 | 43 |
| United States dollar | 652,671 | 655,177 | (2,230) | 2,053 | 650,441 | 657,230 |
| Total | 977,003 | 913,876 | 13,156 | 16,838 | 990,159 | 930,714 |

*No currency risk as base currency.

Interest Rate Risk

At the year end, 1.69% (15.4.19: 0.98%) of the Fund's assets by value were interest-bearing.

Interest rates are based upon LIBOR (London Interbank Offered Rate).

12. Shareholders' Funds

This Fund has an institutional share class, a C share class and a P share class.

The annual ACD charge on the institutional share class is nil, 0.55% on the C share class and 0.25% on the P share class. The net asset value of the share class, the net asset value per share and the number of shares in each class are given in the Comparative Tables on pages 100 to 102. The distribution per share class is given in the Distribution Tables on pages 104 and 105. All share classes within the OEIC have the same rights on winding up.

13. Financial Derivatives

The Fund has used financial derivatives for hedging and meeting investment objectives including risk reduction and implementation of investment policies.

The use of derivatives can create additional counterparty risks. Details of the policy adopted by the ACD for managing counterparty and other risks are set out in the Notes to the Financial Statements.

The type of derivatives held at the year end were index futures and forward currency contracts.

Details of the individual contracts are shown on the Portfolio Statement on pages 98 and 99, and the total position by the counterparty at the year end is summarised below. The underlying exposure for each category of derivatives were as follows:

| Counterparty | Forward Currency £'000 | | Total £'000 | |
|------------------------|---------------------------|-------|----------------|-------|
| | 2020 | 2019 | 2020 | 2019 |
| Citigroup | 2,125 | - | 2,125 | - |
| Goldman Sachs | 19,251 | - | 19,251 | - |
| HSBC | - | 2,976 | - | 2,976 |
| JP Morgan | 30 | - | 30 | - |
| Royal Bank of Scotland | - | 10 | - | 10 |
| State Street | - | 43 | - | 43 |
| UBS | 83 | - | 83 | - |

The economic exposure of future derivative contracts is equal to the market value. The value of exposure and the related counterparty are disclosed in the Portfolio Statement.

Eligible collateral types are approved by the ACD and may consist of cash, UK gilts, certificates of deposit, treasury bills, sovereign debt, eurosterling bonds and equities.

At 15 April 2020, there was no collateral held in respect of the above derivatives (15.4.19: £nil).

14. Contingent Liabilities and Commitments

At the year end, the Fund had no contingent liabilities or commitments (15.4.19: none).

15. Portfolio Transaction Costs

| For the year ended 15 April 2020 | Purchases | Commissions | | Taxes | | Other Expenses | |
|------------------------------------------------|-----------|-------------|---|-------|---|----------------|---|
| | £'000 | £'000 | % | £'000 | % | £'000 | % |
| Analysis of total purchases costs | | | | | | | |
| Pooled investment vehicles | 334,228 | 3 | - | - | - | - | - |
| Total purchases before transaction costs | 334,228 | 3 | | - | | - | |
| Transaction costs | 3 | | | | | | |
| Total purchases after commission, tax and fees | 334,231 | | | | | | |

| | Sales | Commissions | | Taxes | | Other Expenses | |
|--------------------------------------------|---------|-------------|---|-------|---|----------------|---|
| | £'000 | £'000 | % | £'000 | % | £'000 | % |
| Analysis of total sales costs | | | | | | | |
| Pooled investment vehicles | 286,112 | 3 | - | - | - | - | - |
| Total sales before transaction costs | 286,112 | 3 | | - | | - | |
| Transaction costs | (3) | | | | | | |
| Total sales after commission, tax and fees | 286,109 | | | | | | |

The Fund had paid £4,278 as commission on purchases and sales derivative transactions for the year ended 15.4.20.

Commissions, taxes and fees as % of average Net Assets:

| | |
|----------------|-------|
| Commissions | 0.00% |
| Taxes | 0.00% |
| Other expenses | 0.00% |

At the balance sheet date the portfolio dealing spread was 0.02%, being the difference between the respective bid and offer prices for the Fund's investments.

| For the year ended 15 April 2019 | Purchases | Commissions | | Taxes | | Other Expenses | |
|---------------------------------------------------|-----------|-------------|---|-------|---|----------------|---|
| | £'000 | £'000 | % | £'000 | % | £'000 | % |
| Analysis of total purchases costs | | | | | | | |
| Pooled investment vehicles | 335,665 | 10 | - | - | - | - | - |
| In-specie transactions | 23,531 | - | - | - | - | - | - |
| Total purchases before transaction costs | 359,196 | 10 | | - | | - | |
| Transaction costs | 10 | | | | | | |
| Total purchases after commission, tax and fees | 359,206 | | | | | | |

| | Sales | Commissions | | Taxes | | Other Expenses | |
|--------------------------------------------|---------|-------------|---|-------|---|----------------|---|
| | £'000 | £'000 | % | £'000 | % | £'000 | % |
| Analysis of total sales costs | | | | | | | |
| Pooled investment vehicles | 245,119 | 9 | - | - | - | - | - |
| Total sales before transaction costs | 245,119 | 9 | | - | | - | |
| Transaction costs | (9) | | | | | | |
| Total sales after commission, tax and fees | 245,110 | | | | | | |

The Fund had paid £2,320 as commission on purchases and sales derivative transactions for the year ended 15.4.19.

Commissions, taxes and fees as % of average Net Assets:

| | |
|----------------|-------|
| Commissions | 0.00% |
| Taxes | 0.00% |
| Other expenses | 0.00% |

At the balance sheet date the portfolio dealing spread was 0.01%, being the difference between the respective bid and offer prices for the Fund's investments.

Portfolio transaction costs are incurred by the Fund when buying and selling underlying investments. These costs vary depending on the class of investment, country of exchange and method of execution.

These costs can be classified as either direct or indirect transaction costs:

Direct transaction costs: Broker commissions, fees and taxes.

Indirect transaction costs: 'Dealing spread' – the difference between the buying and selling prices of the Fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the Fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

16. Fair Value of Investments

FRS 102 requires an entity 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 shall have the following classifications:

- Level 1: unadjusted quoted prices in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3: inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

For the year ended 15 April 2020

| Category | 1 | 2 | 3 | Total |
|----------------------------|--------|---------|-------|---------|
| | £'000 | £'000 | £'000 | £'000 |
| Investment Assets | | | | |
| Pooled investment vehicles | 63,299 | 895,352 | - | 958,651 |
| Derivatives | 1,509 | 21,489 | - | 22,998 |
| | 64,808 | 916,841 | - | 981,649 |
| Investment Liabilities | £'000 | £'000 | £'000 | £'000 |
| Derivatives | - | (4,646) | - | (4,646) |
| | - | (4,646) | - | (4,646) |

For the year ended 15 April 2019

| Category | 1 | 2 | 3 | Total |
|----------------------------|--------|---------|-------|---------|
| | £'000 | £'000 | £'000 | £'000 |
| Investment Assets | | | | |
| Pooled investment vehicles | 83,014 | 827,733 | - | 910,747 |
| Derivatives | 101 | 3,029 | - | 3,130 |
| | 83,115 | 830,762 | - | 913,877 |
| Investment Liabilities | £'000 | £'000 | £'000 | £'000 |
| Derivatives | (1) | - | - | (1) |
| | (1) | - | - | (1) |

17. Sensitivity Analysis

Price risk sensitivity:

If the price of investments at 15 April 2020 had increased or decreased by 10% with all other variables held constant, this would have increased or decreased the net assets attributable to shareholders by £97,700,251 (15.4.19: £91,387,597).

Currency risk sensitivity:

If the exchange rate at 15 April 2020 had increased or decreased by 10% with all other variables held constant, this would have increased or decreased the net assets attributable to shareholders by £70,448,920 (15.4.19: £68,897,051).

Interest rate risk sensitivity:

At the balance sheet date, the Fund did not have a significant exposure to interest rate risk, therefore no sensitivity analysis is disclosed (15.4.19: no significant exposure).

18. Events after the balance sheet date

Since the year end, markets and operations have continued to be disrupted by the effects of the COVID-19 pandemic. Since the year end the NAV of the lead share class was 124.7p and has increased by 7.13% (to 10 July 2020). Contingency plans at the ACD and key service suppliers have proven effective in mitigating the effects on management of the portfolio and on all supporting operations.

World Selection - Dividend Distribution Portfolio

Investment Objective

To provide a high level of income by investing in a broad range of asset classes, across global markets.

Investment Policy*

This is one of a range of actively managed World Selection Portfolios offered at five different risk levels. The asset allocation of each fund in the range reflects the risk level. The Fund is rated as 3, where 1 is a lower level of risk and 5 is a higher level of risk. The Fund is managed with the aim of providing income in line with its agreed long term risk profile therefore any potential returns are likely to be limited by the risk profile of the Fund.

To achieve its objective the Fund invests primarily in collective investment schemes that in turn invest in fixed income securities, equities, alternative asset classes and derivatives. Alternative asset classes may include but are not limited to property, infrastructure, hedge funds, private equity and commodities. Typically the Fund will have a bias towards asset classes that focus on fixed interest strategies.

The collective investment schemes that the Fund invests in will, where possible, be those managed or operated by the ACD or an associate of the ACD. Where this is not possible the Fund may invest in collective investment schemes operated by third party fund providers.

The Fund may invest directly in equities and fixed interest securities where the investment objective can be more efficiently achieved. The Fund may also invest in money market instruments, deposits and cash to manage day-to-day cash flow requirements.

The Fund may use exchange traded and over the counter derivatives and forward currency contracts for efficient portfolio management, including hedging, purposes and for investment purposes. Investing in derivatives for investment purposes means, in particular, maintaining positions in these investments for the long term rather than just for tactical short-term purposes. However, it is envisaged that the use of derivatives for investment purposes will not be extensive and will not affect the overall risk profile of the Fund.

*The full policy can be found in the prospectus.

Investment Strategy*

The starting point for the World Selection Portfolios is the Strategic Asset Allocation (SAA). SAA is the long-term blend of assets for each risk level; i.e. that which is expected to provide income for a given level of portfolio risk. The SAA provides the reference point around which the World Selection Portfolios can then be managed. The SAA is reviewed periodically to ensure the portfolios continue to match their long-term risk profiles.

Tactical Asset Allocation (TAA) is another layer on top of the SAA and is driven by the investment team's shorter term market outlook. It aims to provide timely adjustments to the portfolios' allocations to reflect the team's views on the current market environment. The TAA positions are regularly monitored and scrutinised.

Portfolio Implementation is the final stage in the investment process, where we decide how best to take exposure to each asset class. Implementation aims to effectively capture the characteristics of each asset class on a cost-efficient basis. This may be achieved by investing in collective investment schemes, investing directly in asset classes and investing in derivatives.

99% of the Fund invests in collective investment schemes. This includes 9% in collective investment schemes that aim to track the performance of market indices.

Derivatives may be used with the aim of hedging to reduce market risk and to reduce the impact of currency movements but also with the aim of generating returns to assist the Fund in meeting its investment objective. Exchange traded futures may be used to gain or reduce exposure to certain asset classes. Forward currency contracts may be used to gain exposure to currencies or for hedging to reduce the impact of currency movements for certain asset classes that are not denominated in sterling.

*The full strategy can be found in the prospectus.

Portfolio Activity

The portfolio maintained overweight exposure to a diversified basket of risk assets, relative to its long-term strategic asset allocation, throughout the reporting period. At the start of the period the portfolio held overweight positions in global equities and emerging market debt in local currency, with an underweight position held in global government bonds.

In April, some final trades were executed to complete the transition from Open Global Distribution Fund. This involved exiting some futures positions which were accumulated when exiting third party active funds with the exposure allocated to a FTSE 100 ETF to benefit from the yield provided by this vehicle.

At the end of 2019, we reduced our FX hedge on global equities. Sterling appreciated in the run up to and after the general election in the UK leading to the potential for future depreciation of the currency, which would be beneficial for an unhedged position.

In March, steps were taken to diversify our defensive allocations, with positions initiated in safe haven currencies (USD, JPY and Swiss Franc).

Major purchases included: Vanguard FTSE 100 ETF.

Major sales included: HSBC Global Sterling Liquidity Funds PLC.

Investment Performance

During the year under review the value of the shares in the Fund decreased by 6.56%.

(Source: Morningstar Direct, GBP, UK net of tax, for the Accumulation C share class. Returns based on the NAV, which is a single price.)

Please note that the above information refers to the past and that past performance is not a reliable indication of future returns.

Fund Particulars

as at 16 April 2020

| | Retail Income | Retail Accumulation | Income C | Accumulation C |
|---------------------------------------------------------|------------------|------------------------|-------------|-------------------|
| Price | 100.3p xd | 172.2p | 104.6p xd | 179.1p |
| Distribution payable (on 15 June 2020) per share net | 0.931120p | 1.587573p | 0.973088p | 1.647281p |
| Current net estimated yield | 4.03% | 3.94% | 4.02% | 3.93% |
| Annual ACD charge | 1.25% | 1.25% | 0.55% | 0.55% |

Portfolio Statement

as at 15 April 2020

| <i>Security</i> | <i>Holding</i> | <i>Bid value £'000</i> | <i>Total net assets %</i> |
|---------------------------------------------------------|----------------|--------------------------------|---------------------------------------|
| Global Assets-Backed Bonds - 5.65% (6.69%) | | | |
| +HSBC GIF Global Asset-Backed Bond Z Acc | 67,119 | 7,631 | 1.91 |
| *+HSBC GIF Global Asset-Backed Crossover Bond | 2,256,900 | 14,938 | 3.74 |
| Total Global Assets-Backed Bonds | | 22,569 | 5.65 |
| Global Emerging Markets Debt - 16.48% (17.69%) | | | |
| *+HSBC GIF Global Emerging Markets Bond Fund | 2,785,545 | 18,821 | 4.72 |
| *+HSBC GIF Global Emerging Markets Local Debt Fund | 6,871,772 | 44,769 | 11.21 |
| +HSBC GIF India Fixed Income Fund | 271,993 | 2,177 | 0.55 |
| Total Global Emerging Markets Debt | | 65,767 | 16.48 |
| Global Emerging Markets Equities - 4.53% (4.77%) | | | |
| Fidelity Emerging Markets Quality Income UCITS ETF | 5,525,371 | 18,083 | 4.53 |
| Total Global Emerging Markets Equities | | 18,083 | 4.53 |
| Global Equities - 31.59% (25.73%) | | | |
| Fidelity Global Quality Income UCITS ETF | 7,874,327 | 32,953 | 8.25 |
| +HSBC UCITS Common Contractual Fund | 1,134,576 | 93,188 | 23.34 |
| Total Global Equities | | 126,141 | 31.59 |
| Global High Yield Bonds - 10.69% (9.97%) | | | |
| *+HSBC GIF Global High Yield Bond Fund | 2,830,860 | 21,175 | 5.30 |
| *+HSBC Global Short Duration High Yield Bond Fund | 2,844,340 | 21,530 | 5.39 |
| Total Global High Yield Bonds | | 42,705 | 10.69 |
| Global Property Equities Funds - 4.87% (4.90%) | | | |
| *+HSBC GIF Global Real Estate Equity Fund | 2,864,661 | 19,456 | 4.87 |
| Total Global Property Equities Funds | | 19,456 | 4.87 |
| Infrastructure - 6.15% (5.51%) | | | |
| ^Bilfinger Berger Global Infrastructure SICAV | 8,403,284 | 13,596 | 3.41 |
| *+HICL Infrastructure | 6,622,390 | 10,927 | 2.74 |
| Total Infrastructure | | 24,523 | 6.15 |
| Money Markets - 0.00% (3.42%) | | | |
| UK Corporate Bonds - 10.66% (9.86%) | | | |
| +HSBC Corporate Bond Fund | 18,206,658 | 42,567 | 10.66 |
| Total UK Corporate Bonds | | 42,567 | 10.66 |
| UK Equities - 8.20% (10.25%) | | | |
| Fidelity MoneyBuilder Dividend Fund | 5,183,683 | 5,267 | 1.32 |
| ^*Vanguard FTSE 100 UCITS ETF | 1,117,085 | 27,480 | 6.88 |
| Total UK Equities | | 32,747 | 8.20 |

Portfolio Statement

as at 15 April 2020

| <i>Security</i> | <i>Holding</i> | <i>Bid value £'000</i> | <i>Total net assets %</i> |
|----------------------------------------------------------------|----------------|--------------------------------|---------------------------------------|
| Futures - 0.00% (0.05%) | | | |
| Forward Foreign Exchange Contracts - 0.67% (0.17%) | | | |
| #Sold USD 113,390,048 for GBP 94,229,748 settled 23 April 2020 | | 3,504 | 0.88 |
| #Sold GBP 6,375,518 for USD 7,497,278 settled 23 April 2020 | | (377) | (0.09) |
| #Sold GBP 7,509,938 for USD 8,788,925 settled 23 April 2020 | | (477) | (0.12) |
| #Sold GBP 1,914,359 for YEN 256,950,289 settled 23 April 2020 | | - | - |
| #Sold USD 1,683,532 for GBP 1,355,897 settled 23 April 2020 | | 9 | - |
| #Sold GBP 1,911,895 for CHF 2,286,022 settled 23 April 2020 | | (17) | - |
| #Sold GBP 103,372 for YEN 13,933,962 settled 23 April 2020 | | - | - |
| #Sold GBP 122,421 for CHF 147,964 settled 23 April 2020 | | - | - |
| Total Forward Foreign Exchange Contracts | | 2,642 | 0.67 |
| Portfolio of investments | | 397,200 | 99.49 |
| Net other assets | | 2,044 | 0.51 |
| Net assets | | 399,244 | 100.00 |
| *offshore funds | | | |
| +related party | | | |
| ^listed | | | |
| #unlisted | | | |

Figures in brackets denote comparative percentage holdings as at 15 April 2019.

Unless otherwise stated, all holdings are authorised investment funds.

The counterparties for the forward foreign exchange contracts are Citigroup, Credit Suisse, Goldman Sachs, HSBC, State Street and UBS.

Comparative Tables

for the year ended 15 April 2020

| | | | |
|----------------------------------------|----------------|----------------|----------------|
| Retail Income | | | |
| Change in net assets per share | 15.4.20 | 15.4.19 | 15.4.18 |
| Opening net asset value per share | 112.20p | 109.90p | 116.50p |
| Return before operating charges* | (6.55p) | 8.26p | (0.79p) |
| Operating charges** | (1.51p) | (1.47p) | (1.52p) |
| Return after operating charges* | (8.06p) | 6.79p | (2.31p) |
| Distributions on income shares | (4.04p) | (4.49p) | (4.29p) |
| Closing net asset value per share | 100.10p | 112.20p | 109.90p |
| *after direct transaction costs of:*** | 0.00p | 0.00p | 0.02p |
| Performance | | | |
| Return after charges | (7.18%) | 6.18% | (1.98%) |
| Other information | | | |
| Closing net asset value | £72,558 | £3,923,951 | £4,453,901 |
| Closing number of shares | 72,456 | 3,497,799 | 4,053,281 |
| Operating charges - OCF**** | 1.48% | 1.54% | 1.91% |
| Direct transaction costs | 0.00% | 0.00% | 0.02% |
| Prices | | | |
| Highest share price | 117.20p | 115.80p | 119.40p |
| Lowest share price | 93.12p | 106.50p | 109.90p |

| | | | |
|-----------------------------------------------|----------------|----------------|----------------|
| Retail Accumulation | | | |
| Change in net assets per share | 15.4.20 | 15.4.19 | 15.4.18 |
| Opening net asset value per share | 185.90p | 174.90p | 178.30p |
| Return before operating charges* | (11.39p) | 13.37p | (1.05p) |
| Operating charges** | (2.51p) | (2.37p) | (2.35p) |
| Return after operating charges* | (13.90p) | 11.00p | (3.40p) |
| Distributions on accumulation shares | (6.79p) | (7.26p) | (6.90p) |
| Retained distributions on accumulation shares | 6.79p | 7.26p | 6.90p |
| Closing net asset value per share | 172.00p | 185.90p | 174.90p |
| *after direct transaction costs of:*** | 0.01p | 0.01p | 0.03p |
| Performance | | | |
| Return after charges | (7.48%) | 6.29% | (1.91%) |
| Other information | | | |
| Closing net asset value | £2,886,738 | £14,546,877 | £15,023,844 |
| Closing number of shares | 1,678,203 | 7,825,026 | 8,591,247 |
| Operating charges - OCF**** | 1.48% | 1.54% | 1.91% |
| Direct transaction costs | 0.00% | 0.00% | 0.02% |
| Prices | | | |
| Highest share price | 199.40p | 186.40p | 184.40p |
| Lowest share price | 158.50p | 172.90p | 173.30p |

**The operating charges include all costs borne by the Fund, except for direct transaction costs.

***The direct transaction costs are made up of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

****Restated from financial statements of 15.4.19 due to incorrect underlying OCF figure.

Comparative Tables

for the year ended 15 April 2020

| Income C | 15.4.20 | 15.4.19 | 15.4.18 |
|----------------------------------------|----------------|----------------|----------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 116.40p | 113.40p | 119.60p |
| Return before operating charges* | (7.02p) | 8.42p | (0.80p) |
| Operating charges** | (0.78p) | (0.77p) | (0.79p) |
| Return after operating charges* | (7.80p) | 7.65p | (1.59p) |
| Distributions on income shares | (4.20p) | (4.65p) | (4.61p) |
| Closing net asset value per share | 104.40p | 116.40p | 113.40p |
| *after direct transaction costs of:*** | 0.00p | 0.00p | 0.02p |
| Performance | | | |
| Return after charges | (6.70%) | 6.75% | (1.33%) |
| Other information | | | |
| Closing net asset value | £216,385,961 | £231,082,240 | £230,197,695 |
| Closing number of shares | 207,206,601 | 198,553,248 | 202,983,692 |
| Operating charges - OCF**** | 0.83% | 0.89% | 1.27% |
| Direct transaction costs | 0.00% | 0.00% | 0.02% |
| Prices | | | |
| Highest share price | 122.10p | 119.70p | 122.70p |
| Lowest share price | 97.08p | 110.40p | 113.40p |

| Accumulation C | 15.4.20 | 15.4.19 | 15.4.18 |
|-----------------------------------------------|----------------|----------------|----------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 192.20p | 179.90p | 182.50p |
| Return before operating charges* | (11.99p) | 13.54p | (1.37p) |
| Operating charges** | (1.31p) | (1.24p) | (1.23p) |
| Return after operating charges* | (13.30p) | 12.30p | (2.60p) |
| Distributions on accumulation shares | (7.04p) | (7.49p) | (7.10p) |
| Retained distributions on accumulation shares | 7.04p | 7.49p | 7.10p |
| Closing net asset value per share | 178.90p | 192.20p | 179.90p |
| *after direct transaction costs of:*** | 0.01p | 0.01p | 0.04p |
| Performance | | | |
| Return after charges | (6.92%) | 6.84% | (1.42%) |
| Other information | | | |
| Closing net asset value | £179,898,534 | £211,887,848 | £227,338,308 |
| Closing number of shares | 100,578,018 | 110,232,147 | 126,381,783 |
| Operating charges - OCF**** | 0.83% | 0.89% | 1.27% |
| Direct transaction costs | 0.00% | 0.00% | 0.02% |
| Prices | | | |
| Highest share price | 207.20p | 192.70p | 189.40p |
| Lowest share price | 164.70p | 178.40p | 178.20p |

**The operating charges include all costs borne by the Fund, except for direct transaction costs.

***The direct transaction costs are made up of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

****Restated from financial statements of 15.4.19 due to incorrect underlying OCF figure.

Statement of Total Return

for the year ended 15 April 2020

| | | 15.4.20 | | 15.4.19 | |
|------------------------------------------------------------------------------|-------|---------|----------|---------|----------|
| | Notes | £'000 | £'000 | £'000 | £'000 |
| Income | | | | | |
| Net capital (losses)/gains | 2 | | (43,595) | | 14,688 |
| Revenue | 3 | 18,403 | | 20,991 | |
| Expenses | 4 | (3,141) | | (3,256) | |
| Interest payable and similar charges | | (4) | | (3) | |
| Net revenue before taxation | | 15,258 | | 17,732 | |
| Taxation | 5 | (1,265) | | (1,491) | |
| Net revenue after taxation | | | 13,993 | | 16,241 |
| Total (deficit)/return before distributions | | | (29,602) | | 30,929 |
| Distributions | 6 | | (16,514) | | (18,909) |
| Change in net assets attributable to shareholders from investment activities | | | (46,116) | | 12,020 |

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 15 April 2020

| | | 15.4.20 | | 15.4.19 | |
|--------------------------------------------------------------------------------------------------------------------|--|----------|----------|----------|----------|
| | | £'000 | £'000 | £'000 | £'000 |
| Opening net assets attributable to shareholders | | | 461,441 | | 477,014 |
| Amounts receivable on creation of shares | | 19,128 | | 13,922 | |
| Amounts payable on cancellation of shares | | (42,919) | | (50,876) | |
| | | | (23,791) | | (36,954) |
| Dilution adjustment | | | 11 | | 97 |
| Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above) | | | (46,116) | | 12,020 |
| Retained distribution on accumulation shares | | | 7,699 | | 9,264 |
| Closing net assets attributable to shareholders | | | 399,244 | | 461,441 |

Balance Sheet

as at 15 April 2020

| | | 15.4.20 | | 15.4.19 | |
|-----------------------------------------|-------|---------|---------|----------|----------|
| | Notes | £'000 | £'000 | £'000 | £'000 |
| Assets | | | | | |
| Investments | | | 398,071 | | 456,879 |
| Current assets | | | | | |
| Debtors | 8 | 1,259 | | 18,575 | |
| Cash and bank balances | | 6,028 | | 490 | |
| Total current assets | | | 7,287 | | 19,065 |
| Total assets | | | 405,358 | | 475,944 |
| Liabilities | | | | | |
| Investment liabilities | | | (871) | | (19) |
| Creditors | | | | | |
| Bank overdrafts | | - | | (10,752) | |
| Distribution payable on income shares | | (2,017) | | (2,459) | |
| Other creditors | 9 | (3,226) | | (1,273) | |
| Total creditors | | | (5,243) | | (14,484) |
| Total liabilities | | | (6,114) | | (14,503) |
| Net assets attributable to shareholders | | | 399,244 | | 461,441 |

Distribution Tables (pence per share)

for the year ended 15 April 2020

| Group 1: Shares purchased prior to 16 January 2020 | | | | |
|-----------------------------------------------------------------|-----------------------|---------------------|---------------------------------------------|------------------------------------------|
| Group 2: Shares purchased from 16 January 2020 to 15 April 2020 | | | | |
| | <i>Net income</i> | <i>Equalisation</i> | <i>Distribution payable 15.6.20</i> | <i>Distribution paid 15.6.19</i> |
| Retail Income | | | | |
| Group 1 | 0.931120 | - | 0.931120 | 1.180856 |
| Group 2 | 0.717155 | 0.213965 | 0.931120 | 1.180856 |
| Retail Accumulation | | | | |
| Group 1 | 1.587573 | - | 1.587573 | 1.927277 |
| Group 2 | 1.447683 | 0.139890 | 1.587573 | 1.927277 |
| Income C | | | | |
| Group 1 | 0.973088 | - | 0.973088 | 1.217858 |
| Group 2 | 0.701560 | 0.271528 | 0.973088 | 1.217858 |
| Accumulation C | | | | |
| Group 1 | 1.647281 | - | 1.647281 | 1.995390 |
| Group 2 | 1.101819 | 0.545462 | 1.647281 | 1.995390 |

| Group 1: Shares purchased prior to 16 October 2019 | | | | |
|-------------------------------------------------------------------|-----------------------|---------------------|------------------------------------------|------------------------------------------|
| Group 2: Shares purchased from 16 October 2019 to 15 January 2020 | | | | |
| | <i>Net income</i> | <i>Equalisation</i> | <i>Distribution paid 13.3.20</i> | <i>Distribution paid 15.3.19</i> |
| Retail Income | | | | |
| Group 1 | 0.720000 | - | 0.720000 | 1.140000 |
| Group 2 | 0.430000 | 0.290000 | 0.720000 | 1.140000 |
| Retail Accumulation | | | | |
| Group 1 | 1.210000 | - | 1.210000 | 1.860000 |
| Group 2 | 1.080000 | 0.130000 | 1.210000 | 1.860000 |
| Income C | | | | |
| Group 1 | 0.750000 | - | 0.750000 | 1.190000 |
| Group 2 | 0.520000 | 0.230000 | 0.750000 | 1.190000 |
| Accumulation C | | | | |
| Group 1 | 1.260000 | - | 1.260000 | 1.920000 |
| Group 2 | 1.000000 | 0.260000 | 1.260000 | 1.920000 |

Distribution Tables (pence per share)

for the year ended 15 April 2020

| Group 1: Shares purchased prior to 16 July 2019 Group 2: Shares purchased from 16 July 2019 to 15 October 2019 | | | | |
|-------------------------------------------------------------------------------------------------------------------|-----------------------|---------------------|-------------------------------------------|-------------------------------------------|
| | <i>Net income</i> | <i>Equalisation</i> | <i>Distribution paid 15.12.19</i> | <i>Distribution paid 15.12.18</i> |
| Retail Income | | | | |
| Group 1 | 1.120000 | - | 1.120000 | 1.040000 |
| Group 2 | 0.840000 | 0.280000 | 1.120000 | 1.040000 |
| Retail Accumulation | | | | |
| Group 1 | 1.880000 | - | 1.880000 | 1.680000 |
| Group 2 | 1.570000 | 0.310000 | 1.880000 | 1.680000 |
| Income C | | | | |
| Group 1 | 1.160000 | - | 1.160000 | 1.080000 |
| Group 2 | 0.880000 | 0.280000 | 1.160000 | 1.080000 |
| Accumulation C | | | | |
| Group 1 | 1.950000 | - | 1.950000 | 1.720000 |
| Group 2 | 1.550000 | 0.400000 | 1.950000 | 1.720000 |

| Group 1: Shares purchased prior to 16 April 2019 Group 2: Shares purchased from 16 April 2019 to 15 July 2019 | | | | |
|------------------------------------------------------------------------------------------------------------------|-----------------------|---------------------|------------------------------------------|------------------------------------------|
| | <i>Net income</i> | <i>Equalisation</i> | <i>Distribution paid 15.9.19</i> | <i>Distribution paid 15.9.18</i> |
| Retail Income | | | | |
| Group 1 | 1.270000 | - | 1.270000 | 1.130000 |
| Group 2 | 1.180000 | 0.090000 | 1.270000 | 1.130000 |
| Retail Accumulation | | | | |
| Group 1 | 2.110000 | - | 2.110000 | 1.790000 |
| Group 2 | 1.700000 | 0.410000 | 2.110000 | 1.790000 |
| Income C | | | | |
| Group 1 | 1.320000 | - | 1.320000 | 1.160000 |
| Group 2 | 1.010000 | 0.310000 | 1.320000 | 1.160000 |
| Accumulation C | | | | |
| Group 1 | 2.180000 | - | 2.180000 | 1.850000 |
| Group 2 | 1.660000 | 0.520000 | 2.180000 | 1.850000 |

Notes to the Financial Statements

for the year ended 15 April 2020

| | 15.4.20 £'000 | 15.4.19 £'000 |
|-----------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| 1. Accounting Policies | | |
| The accounting policies are set out on pages 10 and 11. | | |
| 2. Net Capital (Losses)/Gains | | |
| The net capital (losses)/gains during the year comprise: | | |
| Realised (losses)/gains on currency | (3) | 31 |
| Unrealised gains on currency | 1 | - |
| Transaction charges | (3) | (2) |
| Realised losses on forward foreign currency contracts | (11,761) | (5,155) |
| Unrealised gains on forward foreign currency contracts | 2,642 | 749 |
| Realised (losses)/gains on derivative securities | (11) | 216 |
| Unrealised gains on derivative securities | - | 242 |
| Realised gains on non-derivative securities | 3,148 | 17,048 |
| Unrealised (losses)/gains on non-derivative securities | (37,608) | 1,559 |
| Net capital (losses)/gains | (43,595) | 14,688 |
| 3. Revenue | | |
| UK dividends (net) | 573 | - |
| Overseas dividends | 598 | 2,319 |
| Unfranked distributions from UK authorised ICVCs and unit trusts | - | 452 |
| Franked distributions from UK authorised ICVCs and unit trusts | 7,580 | 8,014 |
| Interest on bonds and other debt securities | 9,641 | 10,139 |
| Bank interest | 11 | 16 |
| Management fee rebates | - | 51 |
| Total revenue | 18,403 | 20,991 |
| 4. Expenses | | |
| Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them: | | |
| Authorised Corporate Director's charge | 2,619 | 2,726 |
| Registration fee | 454 | 462 |
| Safe custody fee | 15 | 14 |
| | 3,088 | 3,202 |
| Payable to the Depositary, associates of the Depositary, and agents of either of them: | | |
| Depositary fee | 46 | 47 |
| Other expenses: | | |
| Audit fee | 6 | 6 |
| Report and accounts fee | 1 | 1 |
| | 7 | 7 |
| Total expenses | 3,141 | 3,256 |

| | |
|----------------|---------|
| 15.4.20 | 15.4.19 |
| £'000 | £'000 |

5. Taxation**a) Analysis of charge in year:**

| | | |
|---------------------------------------|--------------|-------|
| Corporation tax | 1,301 | 1,480 |
| Adjustments in respect of prior years | (36) | 11 |
| Total tax for the year (note 5b) | 1,265 | 1,491 |

b) Factors affecting taxation charge for the year:

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an open-ended investment company (20%).

The differences are explained below:

| | | |
|-------------------------------------------|----------------|---------|
| Net revenue before taxation | 15,258 | 17,732 |
| Corporation tax at 20% | 3,052 | 3,546 |
| Effects of: | | |
| Revenue not subject to taxation | (1,751) | (2,066) |
| Adjustments in respect of prior years | (36) | 11 |
| Current tax charge for the year (note 5a) | 1,265 | 1,491 |

c) Provision for deferred taxation

At 15 April 2020, there is no potential deferred tax asset (15.4.19: £nil) in relation to surplus management expenses.

6. Distributions

The distributions take account of amounts received on the issue of shares and amounts deducted on the cancellation of shares, and comprise:

| | | |
|-------------------------------------------------|---------------|--------|
| Interim dividend distribution | 12,701 | 13,933 |
| Final dividend distribution | 3,700 | 4,810 |
| | 16,401 | 18,743 |
| Add: Amounts deducted on cancellation of shares | 167 | 235 |
| Deduct: Amounts received on issue of shares | (54) | (69) |
| Net distribution for the year | 16,514 | 18,909 |

7. Movement Between Net Revenue and Distributions

| | | |
|------------------------------------------------|---------------|--------|
| Net revenue after taxation | 13,993 | 16,241 |
| Expenses charged to capital | 3,141 | 3,256 |
| Corporation tax on taxable items in capital | (628) | (651) |
| Equalisation received transferred from capital | 8 | 63 |
| Net distribution for the year | 16,514 | 18,909 |

8. Debtors

| | | |
|-------------------------------------------|--------------|--------|
| Amounts receivable for creation of shares | 249 | 30 |
| Sales awaiting settlement | - | 16,414 |
| Accrued revenue | 998 | 2,081 |
| Management fee rebates receivable | 12 | 50 |
| Total debtors | 1,259 | 18,575 |

| | 15.4.20 | 15.4.19 |
|--------------------------------------------|----------------|---------|
| | £'000 | £'000 |
| 9. Other creditors | | |
| Amounts payable for cancellation of shares | 92 | 460 |
| Purchases awaiting settlement | 2,109 | - |
| Accrued expenses | 590 | 143 |
| Corporation tax payable | 435 | 670 |
| Total other creditors | 3,226 | 1,273 |

10. Reconciliation of Shares

| | <i>Retail Income</i> | <i>Retail Accumulation</i> | <i>Income C</i> | <i>Accumulation C</i> |
|-------------------------------------------|--------------------------|--------------------------------|---------------------|---------------------------|
| Opening shares issued at 16.4.19 | 3,497,799 | 7,825,026 | 198,553,248 | 110,232,147 |
| Share movements 16.4.19 to 15.4.20 | | | | |
| Shares issued | 143,861 | 521,899 | 13,778,382 | 1,004,241 |
| Shares cancelled | (330,750) | (3,411,541) | (8,699,242) | (13,522,909) |
| Shares converted | (3,238,454) | (3,257,181) | 3,574,213 | 2,864,539 |
| Closing shares issued at 15.4.20 | 72,456 | 1,678,203 | 207,206,601 | 100,578,018 |

11. Ultimate Controlling Party and Related Party Transactions

The Authorised Corporate Director (ACD) is regarded as a controlling party of the Fund by virtue of having the ability to act in concert in respect of Fund operations. The ultimate controlling party of the ACD is HSBC Group plc. This entity and its subsidiaries are also related parties of the Fund.

At the year end, the ACD and its associates held the following of the Fund's shares in issue:

| | <i>Retail Income</i> | <i>Retail Accumulation</i> | <i>Income C</i> | <i>Accumulation C</i> |
|---------------|--------------------------|--------------------------------|---------------------|---------------------------|
| | % | % | % | % |
| As at 15.4.20 | - | - | 86.17 | 76.71 |
| As at 15.4.19 | - | - | 0.33 | 0.54 |

Details of all other material related party transactions during the year and any payment amounts outstanding at the balance sheet date are disclosed in notes 8 and 9 to the financial statements and the Statement of Change in Net Assets Attributable to Shareholders and the Portfolio Statement.

The balance due to the ACD (including amounts due to associates and agents) at the year end was £418,444 (15.4.19: £561,400). Further details of such amounts can be found in notes 8 and 9.

At the year end, the Fund held £297,179,384 (15.4.19: £345,786,585) in Authorised Investment Funds managed by HSBC Holdings, the parent company of the ACD. During the year, transactions in Authorised Investment Funds managed by HSBC Holdings totalled £85,630,034 (15.4.19: £173,572,391).

Investments in related parties are disclosed in the Portfolio Statement.

12. Financial Instruments

The financial instrument risks and risk management policies are set out on pages 12 and 13.

Foreign Currency Risk

A substantial portion of the net assets of the Fund are denominated in currencies other than sterling with the effect that the balance sheet and total return can be significantly affected by currency movements.

Net currency monetary assets and liabilities consist of:

| | <i>Portfolio of investments</i> | | <i>Net other assets/(liabilities)</i> | | <i>Net assets</i> | |
|----------------------|---------------------------------|---------|---------------------------------------|---------|-------------------|---------|
| | 15.4.20 | 15.4.19 | 15.4.20 | 15.4.19 | 15.4.20 | 15.4.19 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Sterling* | 98,967 | 134,236 | 2,553 | 4,581 | 101,520 | 138,817 |
| United States dollar | 298,233 | 322,624 | (509) | - | 297,724 | 322,624 |
| Total | 397,200 | 456,860 | 2,044 | 4,581 | 399,244 | 461,441 |

*No currency risk as base currency.

Interest Rate Risk

At the year end, 1.51% (15.4.19: 0.11%) of the Fund's assets by value were interest-bearing.

At the year end, nil (15.4.19: 2.33%) of the Fund's assets by value were interest-paying.

Interest rates are based upon LIBOR (London Interbank Offered Rate).

13. Shareholders' Funds

This Fund has a retail share class and a C share class.

The annual ACD charge on the retail share class is 1.25% and 0.55% on the C share class.

The net asset value of the share class, the net asset value per share and the number of shares in each class are given in the Comparative Tables on pages 117 and 118.

The distribution per share class is given in the Distribution Tables on pages 120 and 121.

All share classes within the OEIC have the same rights on winding up.

14 Financial Derivatives

The Fund has used financial derivatives for hedging and meeting investment objectives including risk reduction and implementation of investment policies.

The use of derivatives can create additional counterparty risks. Details of the policy adopted by the ACD for managing counterparty and other risks are set out in the Notes to the Financial Statements.

The type of derivatives held at the year end was forward currency contracts.

Details of the individual contracts are shown on the Portfolio Statement on pages 115 and 116, and the total position by the counterparty at the year end is summarised below. The underlying exposure for each category of derivatives were as follows:

| Counterparty | <i>Forward Currency</i> | | <i>Total</i> | |
|---------------------|-------------------------|-------|--------------|-------|
| | 2020 | 2019* | 2020 | 2019* |
| | £'000 | | £'000 | |
| Credit Suisse | - | 768 | - | 768 |
| Goldman Sachs | 3,504 | - | 3,504 | - |
| UBS | 9 | - | 9 | - |

Eligible collateral types are approved by the ACD and may consist of cash, UK gilts, certificates of deposit, treasury bills, sovereign debt, eurosterling bonds and equities.

At 15 April 2020, there was no collateral held in respect of the above derivatives (15.4.19: £nil).

*Figure shown is corrected from that shown in 15 April 2019 published financial statements.

15 Contingent Liabilities and Commitments

At the year end, the Fund had no contingent liabilities or commitments (15.4.19: none).

16. Portfolio Transaction Costs

| For the year ended 15 April 2020 | Purchases | Commissions | | Taxes | | Other Expenses | |
|------------------------------------------------|------------------|--------------------|------|--------------|---|-----------------------|------|
| | £'000 | £'000 | % | £'000 | % | £'000 | % |
| Analysis of total purchases costs | | | | | | | |
| Equity transactions | 628 | - | - | - | - | - | - |
| Pooled investment vehicles | 58,251 | 5 | 0.01 | - | - | 8 | 0.01 |
| Corporate actions | 7 | - | - | - | - | - | - |
| Total purchases before transaction costs | 58,886 | 5 | | - | | 8 | |
| Transaction costs | 13 | | | | | | |
| Total purchases after commission, tax and fees | 58,899 | | | | | | |
| | Sales | Commissions | | Taxes | | Other Expenses | |
| | £'000 | £'000 | % | £'000 | % | £'000 | % |
| Analysis of total sales costs | | | | | | | |
| Equity transactions | 2,005 | 1 | 0.05 | - | - | - | - |
| Pooled investment vehicles | 84,612 | - | - | - | - | - | - |
| Total sales before transaction costs | 86,617 | 1 | | - | | - | |
| Transaction costs | (1) | | | | | | |
| Total sales after commission, tax and fees | 86,616 | | | | | | |

The Fund had paid £216 as commission on purchases and sales derivative transactions for the year ended 15.4.20

Commissions, taxes and fees as % of average Net Assets:

| | |
|----------------|-------|
| Commissions | 0.00% |
| Taxes | 0.00% |
| Other expenses | 0.00% |

At the balance sheet date the portfolio dealing spread was 0.09%, being the difference between the respective bid and offer prices for the Fund's investments.

| For the year ended 15 April 2019 | Purchases | Commissions | | Taxes | | Other Expenses | |
|------------------------------------------------|------------------|--------------------|------|--------------|---|-----------------------|---|
| | £'000 | £'000 | % | £'000 | % | £'000 | % |
| Analysis of total purchases costs | | | | | | | |
| Equity transactions | 1,928 | - | - | - | - | - | - |
| Pooled investment vehicles | 173,411 | 1 | - | - | - | 7 | - |
| In-specie transactions | 14,588 | - | - | - | - | - | - |
| Total purchases before transaction costs | 189,927 | 1 | | - | | 7 | |
| Transaction costs | 8 | | | | | | |
| Total purchases after commission, tax and fees | 189,935 | | | | | | |
| | Sales | Commissions | | Taxes | | Other Expenses | |
| | £'000 | £'000 | % | £'000 | % | £'000 | % |
| Analysis of total sales costs | | | | | | | |
| Equity transactions | 21,942 | 11 | 0.05 | - | - | - | - |
| Pooled investment vehicles | 187,100 | - | - | - | - | - | - |
| In-specie transactions | 14,602 | - | - | - | - | - | - |
| Total sales before transaction costs | 223,644 | 11 | | - | | - | |
| Transaction costs | (11) | | | | | | |
| Total sales after commission, tax and fees | 223,633 | | | | | | |

The Fund had paid £345 as commission on purchases and sales derivative transactions for the year ended 15.4.19.

Commissions, taxes and fees as % of average Net Assets:

| | |
|----------------|-------|
| Commissions | 0.00% |
| Taxes | 0.00% |
| Other expenses | 0.00% |

At the balance sheet date the portfolio dealing spread was 0.05%, being the difference between the respective bid and offer prices for the Fund's investments.

Portfolio transaction costs are incurred by the Fund when buying and selling underlying investments. These costs vary depending on the class of investment, country of exchange and method of execution.

These costs can be classified as either direct or indirect transaction costs:

Direct transaction costs: Broker commissions, fees and taxes.

Indirect transaction costs: 'Dealing spread' – the difference between the buying and selling prices of the Fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the Fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

17. Fair Value of Investments

FRS 102 requires an entity 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 shall have the following classifications:

- Level 1: unadjusted quoted prices in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3: inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

For the year ended 15 April 2020

| Category | 1 | 2 | 3 | Total |
|-------------------------------|---------|---------|-------|---------|
| | £'000 | £'000 | £'000 | £'000 |
| Investment Assets | | | | |
| Equities | 24,523 | - | - | 24,523 |
| Pooled investment vehicles | 78,516 | 291,519 | - | 370,035 |
| Derivatives | - | 3,513 | - | 3,513 |
| | 103,039 | 295,032 | - | 398,071 |
| Investment Liabilities | | | | |
| Derivatives | - | (871) | - | (871) |
| | - | (871) | - | (871) |

For the year ended 15 April 2019

| Category | 1 | 2 | 3 | Total |
|-------------------------------|--------|---------|-------|---------|
| | £'000 | £'000 | £'000 | £'000 |
| Investment Assets | | | | |
| Equities | 25,439 | - | - | 25,439 |
| Pooled investment vehicles | 63,876 | 366,554 | - | 430,430 |
| Derivatives | 242 | 768 | - | 1,010 |
| | 89,557 | 367,322 | - | 456,879 |
| Investment Liabilities | | | | |
| Derivatives | - | (19) | - | (19) |
| | - | (19) | - | (19) |

18. Sensitivity Analysis

Price risk sensitivity:

If the price of investments at 15 April 2020 had increased or decreased by 10% with all other variables held constant, this would have increased or decreased the net assets attributable to shareholders by £39,720,037 (15.4.19: £45,685,990).

Currency risk sensitivity:

If the exchange rate at 15 April 2020 had increased or decreased by 10% with all other variables held constant, this would have increased or decreased the net assets attributable to shareholders by £29,772,466 (15.4.19: £32,262,453).

Interest rate risk sensitivity:

At the balance sheet date, the Fund did not have a significant exposure to interest rate risk, therefore no sensitivity analysis is disclosed (15.4.19: no significant exposure).

19. Events after the balance sheet date

Since the year end, markets and operations have continued to be disrupted by the effects of the COVID-19 pandemic. Since the year end the NAV of the lead share class was 194.4p and has increased by 8.54% (to 10 July 2020). Contingency plans at the ACD and key service suppliers have proven effective in mitigating the effects on management of the portfolio and on all supporting operations.

World Selection - Dynamic Portfolio

Investment Objective

To provide capital growth through dynamic investment in a broad range of asset classes across global markets.

Investment Policy*

This is one of a range of actively managed World Selection Portfolios offered at five different risk levels. The asset allocation of each fund in the range reflects the risk level. The Fund is rated as 4, where 1 is a lower level of risk and 5 is a higher level of risk. The Fund is managed with the aim of maximising returns in line with its agreed long term risk profile therefore any potential returns are likely to be limited by the risk profile of the Fund.

To achieve its objective the Fund invests primarily in collective investment schemes that in turn invest in fixed income securities, equities, alternative asset classes and derivatives. Typically the Fund will have a bias towards asset classes that focus on equity investment strategies.

The Fund may, in addition to its other investment powers, use exchange traded and over-the-counter derivatives and forward currency contracts for investment purposes. Using these investment powers for investment purposes means, in particular, maintaining positions in these investments for the long term rather than just for tactical short-term purposes. Where the use of derivatives is for investment purposes in addition to hedging it is envisaged that the use of such instruments will not affect the overall risk profile of the Fund.

*The full policy can be found in the prospectus.

Investment Strategy*

The starting point for the World Selection Portfolios is the Strategic Asset Allocation (SAA). SAA is the long-term blend of assets for each risk level. Tactical Asset Allocation (TAA) is another layer on top of the SAA and is driven by the investment team's shorter term market outlook. Portfolio Implementation is the final stage in the investment process, where we decide how best to take exposure to each asset class.

98% of the Fund invests in collective investment schemes. This includes 72% in collective investment schemes that aim to track the performance of market indices.

Derivatives may be used with the aim of hedging to reduce market risk and to reduce the impact of currency movements but also with the aim of generating returns to assist the Fund in meeting its investment objective. Exchange traded futures may be used to gain or reduce exposure to certain asset classes. Forward currency contracts may be used to gain exposure to currencies or for hedging to reduce the impact of currency movements for certain asset classes that are not denominated in Sterling.

*The full strategy can be found in the prospectus.

Portfolio Activity

At the start of the period, the portfolio was positioned to be overweight to risk assets. Towards the end of 2019, the Portfolio Management team took steps to reduce this overweight. In Q1 2020, this was extended to move the portfolio underweight risk as the spread of coronavirus increased market volatility.

During the first half of the year, various trades were executed to reposition the portfolio and slightly reduce risk. For example, exposure to emerging markets equities, through the broad index and a specific position in China A shares were reduced, or closed, with the proceeds invested in US equity.

Later in the year, we further reduced risk, trimming our overweights to the UK, Japan and emerging market (EM) while also taking profit from our Indian bond positions. Proceeds were reinvested into a mix of cash and liquid alternatives.

At the end of 2019, we reduced our FX hedge on global equities. Sterling appreciated in the run up to and after the general election in the UK leading to the potential for future depreciation of the currency, which would be beneficial for an unhedged position.

In January and early February, we adjusted our EM equity exposure, adding specifically to China and Russia from the broader EM allocation. Russia appeared to have strong momentum and attractive valuations while China had already seen a hit to asset prices from the outbreak of coronavirus, leading to an attractive entry point.

In mid-February, as coronavirus spread, portfolios were repositioned to reduce risk further, cutting exposure to equities, and corporate bonds with the proceeds added to cash and government bonds. A second tranche of risk reduction was executed at the beginning of March with EM and UK equity reduced and the proceeds held in cash.

March saw a period where numerous adjustments were made to steer the portfolio through a period of extreme volatility with further reductions to equity positions with proceeds added to government bonds and cash.

Steps were also taken to diversify our defensive allocations, with positions initiated in safe haven currencies (USD, JPY and Swiss Franc).

Major purchases included: HSBC Index Tracker Fund FTSE All World Index, HSBC Global Sterling Liquidity Fund, iShares Core S&P 500 UCITS ETF, HSBC GIF Global Corporate Bond ZQ, Structured Investment Goldman Sachs Cross Asset, AQR Managed Futures UCITS Fund, HSBC MSCI China A Inclusion UCITS ETF and HSBC MSCI Russia Capped ETF.

Major sales included: HSBC GIF Global Corporate Bond ZQ, HSBC Index Tracker Fund FTSE All World Index, HSBC American Index Fund, iShares Core MSCI Emerging Markets IMI UCITS ETF, HSBC GIF Global Emerging Markets Local Debt ZQ, HSBC MSCI China A Inclusion UCITS ETF and HSBC MSCI Russia Capped ETF.

Investment Performance

During the year under review the value of the shares in the Fund decreased by 6.89%.

(Source: Morningstar Direct, GBP, UK net of tax, for the Accumulation C share class. Returns based on the NAV, which is a single price.)

Please note that the above information refers to the past and that past performance is not a reliable indication of future returns.

| Fund Particulars as at 16 April 2020 | | | |
|---------------------------------------------------------|-------------------------|-------------------------------|-------------------|
| | Institutional Income | Institutional Accumulation | Income C |
| Price | 253.2p xd | 259.6p | 213.0p xd |
| Distribution payable (on 15 June 2020) per share net | 1.524430p | 1.558770p | 0.664894p |
| Current net estimated yield | 2.39% | 2.35% | 1.81% |
| Annual ACD charge | 0.00% | 0.00% | 0.55% |
| | Accumulation C | Income P | Accumulation P |
| Price | 242.1p | 212.9p xd | 245.4p |
| Distribution payable (on 15 June 2020) per share net | 0.762481p | 1.002105p | 1.145380p |
| Current net estimated yield | 1.78% | 2.12% | 2.09% |
| Annual ACD charge | 0.55% | 0.25% | 0.25% |

Portfolio Statement

as at 15 April 2020

| <i>Security</i> | <i>Holding</i> | <i>Bid value £'000</i> | <i>Total net assets %</i> |
|----------------------------------------------------------------|----------------|--------------------------------|---------------------------------------|
| Liquid Alternatives - 5.91% (5.02%) | | | |
| ^*AQR Managed Futures UCITS ETF | 313,364 | 27,506 | 2.48 |
| ^*Structured Investment Goldman Sachs Cross Asset | 4,850,026 | 38,021 | 3.43 |
| Total Liquid Alternatives | | 65,527 | 5.91 |
| Asia-Pacific (excluding Japan) Equities - 1.28% (1.35%) | | | |
| ^*iShares Core MSCI Pacific ex Japan UCITS ETF | 146,901 | 14,183 | 1.28 |
| Total Asia-Pacific (excluding Japan) Equities | | 14,183 | 1.28 |
| China Equities - 0.00% (0.62%) | | | |
| European Equities - 4.69% (4.94%) | | | |
| +HSBC European Index Fund | 5,888,227 | 50,939 | 4.60 |
| ^*Xtrackers S&P Europe ex UK UCITS ETF | 26,063 | 1,032 | 0.09 |
| Total European Equities | | 51,971 | 4.69 |
| Global Corporate Bonds - 0.53% (0.47%) | | | |
| *+HSBC GIF Global Corporate Bond Fund | 665,508 | 5,834 | 0.53 |
| Total Global Corporate Bonds | | 5,834 | 0.53 |
| Global Equities - 38.64% (37.61%) | | | |
| *+HSBC Economic Scale Worldwide Equity UCITS ETF | 4,889,216 | 53,907 | 4.87 |
| +HSBC FTSE All-World Index Fund | 199,909,361 | 332,849 | 30.05 |
| ^*+HSBC Multi Factor Worldwide Equity UCITS ETF | 3,084,494 | 41,242 | 3.72 |
| Total Global Equities | | 427,998 | 38.64 |
| Global Emerging Markets Debt - 10.17% (11.10%) | | | |
| *+HSBC GIF Global Emerging Markets Bond Fund | 4,944,843 | 33,410 | 3.02 |
| *+HSBC GIF Global Emerging Markets Local Debt Fund | 12,151,080 | 79,163 | 7.15 |
| Total Global Emerging Markets Debt | | 112,573 | 10.17 |
| Global Emerging Markets Equities - 3.90% (5.97%) | | | |
| ^*iShares Core MSCI Emerging Markets IMI UCITS ETF | 2,293,701 | 43,167 | 3.90 |
| Total Global Emerging Markets Equities | | 43,167 | 3.90 |
| Global High Yield Bonds - 3.08% (3.17%) | | | |
| *+HSBC GIF Global High Yield Bond Fund | 3,074,449 | 22,996 | 2.08 |
| *+HSBC GIF Global Short Duration High Yield Bond Fund | 1,470,996 | 11,135 | 1.00 |
| Total Global High Yield Bonds | | 34,131 | 3.08 |
| Global Property Equities Funds - 4.51% (4.96%) | | | |
| *+HSBC GIF Global Real Estate Equity Fund | 7,273,085 | 49,921 | 4.51 |
| Total Global Property Equities Funds | | 49,921 | 4.51 |

Portfolio Statement

as at 15 April 2020

| <i>Security</i> | <i>Holding</i> | <i>Bid value £'000</i> | <i>Total net assets %</i> |
|-----------------------------------------------------------|----------------|--------------------------------|---------------------------------------|
| Japanese Equities - 2.82% (3.40%) | | | |
| +HSBC Japan Index Fund | 25,045,458 | 31,282 | 2.82 |
| Total Japanese Equities | | 31,282 | 2.82 |
| Money Markets - 2.73% (0.75%) | | | |
| +HSBC Global Sterling Liquidity Fund | 30,227,917 | 30,228 | 2.73 |
| Total Money Markets | | 30,228 | 2.73 |
| UK Equities - 1.75% (1.89%) | | | |
| +HSBC FTSE All-Share Index Fund | 680,920 | 3,462 | 0.31 |
| +HSBC FTSE 100 Index Fund | 8,306,022 | 15,989 | 1.44 |
| Total UK Equities | | 19,451 | 1.75 |
| US Equities - 18.22% (17.55%) | | | |
| +HSBC American Index Fund | 23,926,848 | 156,051 | 14.09 |
| ^iShares Core S&P UCITS ETF | 188,573 | 41,822 | 3.77 |
| ^*Vanguard S&P 500 UCITS ETF | 95,469 | 4,005 | 0.36 |
| Total US Equities | | 201,878 | 18.22 |
| Forward Foreign Exchange Contracts - 0.40% (0.22%) | | | |
| #Sold £5,556,462 for CHF6,645,180 settled 23/4/2020 | | (48) | - |
| #Sold £19,037,393 for \$22,286,590 settled 23/4/2020 | | (1,205) | (0.11) |
| #Sold £288,425 for ¥38,827,521 settled 23/4/2020 | | 1 | - |
| #Sold £5,261,761 for ¥706,247,250 settled 23/4/2020 | | - | - |
| #Sold \$194,412,783 for £161,262,744 settled 23/4/2020 | | 5,709 | 0.51 |
| Total Forward Foreign Exchange Contracts | | 4,457 | 0.40 |
| Futures - 0.03% (0.01%) | | | |
| CBT US 10Year Ultra Future June 2020 | 109 | 345 | 0.03 |
| Total Futures | | 345 | 0.03 |
| Portfolio of investments | | 1,092,946 | 98.66 |
| Net other assets | | 14,834 | 1.34 |
| Net assets | | 1,107,780 | 100.00 |
| *offshore fund | | | |
| +related party | | | |
| ^listed | | | |
| #unlisted | | | |

Figures in brackets denote the comparative percentage holdings as at 15 April 2019.

Unless otherwise stated, all holdings are authorised investment funds.

The counterparty for the future is HSBC.

The counterparties for the forward foreign exchange contracts are Citigroup, Credit Suisse, Goldman Sachs, HSBC and UBS.

Comparative Tables

for the year ended 15 April 2020

| Retail Income# | 15.4.20 | 15.4.19 | 15.4.18 |
|----------------------------------------|----------------|----------------|----------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 233.10p | 216.30p | 213.60p |
| Return before operating charges* | 22.65p | 22.39p | 7.87p |
| Operating charges** | (2.40p) | (2.96p) | (2.86p) |
| Return after operating charges* | 20.25p | 19.43p | 5.01p |
| Distributions on income shares | (2.55p) | (2.63p) | (2.31p) |
| Cancellation price | (250.80p) | - | - |
| Closing net asset value per share | 0.00p | 233.10p | 216.30p |
| *after direct transaction costs of:*** | 0.00p | 0.00p | 0.00p |
| Performance | | | |
| Return after charges | 8.69% | 8.98% | 2.35% |
| Other information | | | |
| Closing net asset value | - | £356,004 | £347,022 |
| Closing number of shares | - | 152,751 | 160,414 |
| Operating charges - OCF | 1.41 % | 1.44 % | 1.42 % |
| Direct transaction costs | 0.00% | 0.00% | 0.00% |
| Prices | | | |
| Highest share price | 250.80p | 237.20p | 231.80p |
| Lowest share price | 226.90p | 208.30p | 210.80p |

| Retail Accumulation## | 15.4.20 | 15.4.19 | 15.4.18 |
|-----------------------------------------------|----------------|----------------|----------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 252.40p | 231.50p | 226.30p |
| Return before operating charges* | 11.80p | 24.09p | 8.23p |
| Operating charges** | (3.00p) | (3.19p) | (3.03p) |
| Return after operating charges* | 8.80p | 20.90p | 5.20p |
| Distributions on accumulation shares | (2.71p) | (2.81p) | (2.43p) |
| Retained distributions on accumulation shares | 2.71p | 2.81p | 2.43p |
| Cancellation price | (261.20p) | - | - |
| Closing net asset value per share | 0.00p | 252.40p | 231.50p |
| *after direct transaction costs of:*** | 0.00p | 0.00p | 0.00p |
| Performance | | | |
| Return after charges | 3.49% | 9.03% | 2.30% |
| Other information | | | |
| Closing net asset value | - | £16,140,196 | £16,685,655 |
| Closing number of shares | - | 6,395,032 | 7,208,082 |
| Operating charges - OCF | 1.41 % | 1.44 % | 1.42 % |
| Direct transaction costs | 0.00% | 0.00% | 0.00% |
| Prices | | | |
| Highest share price | 277.30p | 253.80p | 248.10p |
| Lowest share price | 245.60p | 225.40p | 223.30p |

#The Retail Income share class converted to Income C class on 17 January 2020.

##The Retail Accumulation share class converted to Accumulation C on 27 February 2020.

**The operating charges include all costs borne by the Fund, except for direct transaction costs.

***The direct transaction costs are made up of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

Comparative Tables

for the year ended 15 April 2020

| Institutional Income## | 15.4.20 | 15.4.19 | 15.4.18 |
|----------------------------------------|----------------|----------------|----------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 277.70p | 260.40p | N/A |
| Return before operating charges* | (18.11p) | 18.16p | N/A |
| Operating charges** | (0.04p) | (0.01p) | N/A |
| Return after operating charges* | (18.15p) | 18.15p | N/A |
| Distributions on income shares | (6.05p) | (0.85p) | N/A |
| Closing net asset value per share | 253.50p | 277.70p | N/A |
| *after direct transaction costs of:*** | 0.00p | 0.00p | N/A |
| Performance | | | |
| Return after charges | (6.54%) | 6.97% | N/A |
| Other information | | | |
| Closing net asset value | £18,577,416 | £23,925,183 | N/A |
| Closing number of shares | 7,327,405 | 8,617,020 | N/A |
| Operating charges - OCF | 0.11% | 0.14% | N/A |
| Direct transaction costs | 0.00% | 0.00% | N/A |
| Prices | | | |
| Highest share price | 302.80p | 278.80p | N/A |
| Lowest share price | 234.20p | 259.50p | N/A |

| Institutional Accumulation | 15.4.20 | 15.4.19 | 15.4.18 |
|-----------------------------------------------|----------------|----------------|----------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 278.50p | 252.80p | 244.40p |
| Return before operating charges* | (18.46p) | 25.74p | 8.43p |
| Operating charges** | (0.04p) | (0.04p) | (0.03p) |
| Return after operating charges* | (18.50p) | 25.70p | 8.40p |
| Distributions on accumulation shares | (6.10p) | (5.85p) | (5.41p) |
| Retained distributions on accumulation shares | 6.10p | 5.85p | 5.41p |
| Closing net asset value per share | 260.00p | 278.50p | 252.80p |
| *after direct transaction costs of:*** | 0.00p | 0.00p | 0.00p |
| Performance | | | |
| Return after charges | (6.64%) | 10.17% | 3.44% |
| Other information | | | |
| Closing net asset value | £123,720,145 | £144,534,109 | £90,244,035 |
| Closing number of shares | 47,591,197 | 51,897,663 | 35,698,643 |
| Operating charges - OCF | 0.11% | 0.14% | 0.13% |
| Direct transaction costs | 0.00% | 0.00% | 0.00% |
| Prices | | | |
| Highest share price | 308.60p | 278.80p | 270.30p |
| Lowest share price | 238.70p | 248.00p | 241.20p |

##The Institutional Income share class launched 25 January 2019.

**The operating charges include all costs borne by the Fund, except for direct transaction costs.

***The direct transaction costs are made up of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

Comparative Tables

for the year ended 15 April 2020

| Income C | | | |
|----------------------------------------|----------------|----------------|----------------|
| | 15.4.20 | 15.4.19 | 15.4.18 |
| Change in net assets per share | | | |
| Opening net asset value per share | 233.50p | 216.70p | 214.00p |
| Return before operating charges* | (14.78p) | 22.11p | 7.73p |
| Operating charges** | (1.58p) | (1.50p) | (1.47p) |
| Return after operating charges* | (16.36p) | 20.61p | 6.26p |
| Distributions on income shares | (3.84p) | (3.81p) | (3.56p) |
| Closing net asset value per share | 213.30p | 233.50p | 216.70p |
| *after direct transaction costs of:*** | 0.00p | 0.00p | 0.00p |
| Performance | | | |
| Return after charges | (7.01 %) | 9.51 % | 2.93 % |
| Other information | | | |
| Closing net asset value | £19,789,724 | £24,130,200 | £19,843,813 |
| Closing number of shares | 9,277,961 | 10,333,330 | 9,155,179 |
| Operating charges - OCF | 0.76% | 0.79% | 0.78% |
| Direct transaction costs | 0.00% | 0.00% | 0.00% |
| Prices | | | |
| Highest share price | 254.20p | 238.00p | 232.80p |
| Lowest share price | 196.50p | 208.90p | 211.20p |

| Accumulation C | | | |
|-----------------------------------------------|----------------|----------------|----------------|
| | 15.4.20 | 15.4.19 | 15.4.18 |
| Change in net assets per share | | | |
| Opening net asset value per share | 261.00p | 238.20p | 231.40p |
| Return before operating charges* | (16.83p) | 24.46p | 8.41p |
| Operating charges** | (1.77p) | (1.66p) | (1.61p) |
| Return after operating charges* | (18.60p) | 22.80p | 6.80p |
| Distributions on accumulation shares | (4.31p) | (4.20p) | (3.87p) |
| Retained distributions on accumulation shares | 4.31p | 4.20p | 3.87p |
| Closing net asset value per share | 242.40p | 261.00p | 238.20p |
| *after direct transaction costs of:*** | 0.00p | 0.00p | 0.00p |
| Performance | | | |
| Return after charges | (7.13%) | 9.57% | 2.94% |
| Other information | | | |
| Closing net asset value | £774,705,279 | £837,577,023 | £741,188,061 |
| Closing number of shares | 319,618,694 | 320,877,707 | 311,201,807 |
| Operating charges - OCF | 0.76% | 0.79% | 0.78% |
| Direct transaction costs | 0.00% | 0.00% | 0.00% |
| Prices | | | |
| Highest share price | 288.00p | 261.60p | 254.90p |
| Lowest share price | 222.60p | 232.80p | 228.40p |

**The operating charges include all costs borne by the Fund, except for direct transaction costs.

***The direct transaction costs are made up of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

Comparative Tables

for the year ended 15 April 2020

| Income P | 15.4.20 | 15.4.19 | 15.4.18 |
|----------------------------------------|----------------|----------------|----------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 233.40p | 216.60p | 213.90p |
| Return before operating charges* | (14.94p) | 21.96p | 7.57p |
| Operating charges** | (0.74p) | (0.71p) | (0.69p) |
| Return after operating charges* | (15.68p) | 21.25p | 6.88p |
| Distributions on income shares | (4.52p) | (4.45p) | (4.18p) |
| Closing net asset value per share | 213.20p | 233.40p | 216.60p |
| *after direct transaction costs of:*** | 0.00p | 0.00p | 0.00p |
| Performance | | | |
| Return after charges | (6.72%) | 9.81% | 3.22% |
| Other information | | | |
| Closing net asset value | £2,052,742 | £1,304,578 | £1,017,083 |
| Closing number of shares | 963,064 | 558,927 | 469,464 |
| Operating charges - OCF | 0.41% | 0.44% | 0.43% |
| Direct transaction costs | 0.00% | 0.00% | 0.00% |
| Prices | | | |
| Highest share price | 254.30p | 238.10p | 232.90p |
| Lowest share price | 196.70p | 208.90p | 211.10p |

| Accumulation P | 15.4.20 | 15.4.19 | 15.4.18 |
|-----------------------------------------------|----------------|----------------|----------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 263.90p | 240.10p | 232.70p |
| Return before operating charges* | (17.35p) | 24.59p | 8.17p |
| Operating charges** | (0.85p) | (0.79p) | (0.77p) |
| Return after operating charges* | (18.20p) | 23.80p | 7.40p |
| Distributions on accumulation shares | (5.13p) | (4.95p) | (4.57p) |
| Retained distributions on accumulation shares | 5.13p | 4.95p | 4.57p |
| Closing net asset value per share | 245.70p | 263.90p | 240.10p |
| *after direct transaction costs of:*** | 0.00p | 0.00p | 0.00p |
| Performance | | | |
| Return after charges | (6.90%) | 9.91% | 3.18% |
| Other information | | | |
| Closing net asset value | £168,934,371 | £119,157,003 | £62,335,906 |
| Closing number of shares | 68,744,972 | 45,151,247 | 25,959,841 |
| Operating charges - OCF | 0.41% | 0.44% | 0.43% |
| Direct transaction costs | 0.00% | 0.00% | 0.00% |
| Prices | | | |
| Highest share price | 291.80p | 264.10p | 256.90p |
| Lowest share price | 225.70p | 235.20p | 229.60p |

**The operating charges include all costs borne by the Fund, except for direct transaction costs.

***The direct transaction costs are made up of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

Statement of Total Return

for the year ended 15 April 2020

| | Notes | 15.4.20 | | 15.4.19 | |
|------------------------------------------------------------------------------|-------|---------|-----------|---------|----------|
| | | £'000 | £'000 | £'000 | £'000 |
| Income | | | | | |
| Net capital (losses)/gains | 2 | | (107,162) | | 80,414 |
| Revenue | 3 | 27,904 | | 23,856 | |
| Expenses | 4 | (6,517) | | (5,901) | |
| Interest payable and similar charges | | (2) | | (3) | |
| Net revenue before taxation | | 21,385 | | 17,952 | |
| Taxation | 5 | (619) | | (338) | |
| Net revenue after taxation | | | 20,766 | | 17,614 |
| Total (deficit)/return before distributions | | | (86,396) | | 98,028 |
| Distributions | 6 | | (20,782) | | (17,614) |
| Change in net assets attributable to shareholders from investment activities | | | (107,178) | | 80,414 |

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 15 April 2020

| | 15.4.20 | | 15.4.19 | |
|--------------------------------------------------------------------------------------------------------------------|----------|-----------|----------|-----------|
| | £'000 | £'000 | £'000 | £'000 |
| Opening net assets attributable to shareholders | | 1,167,124 | | 931,662 |
| Amounts receivable on in-specie issue of shares | - | | 79,831 | |
| Amounts receivable on creation of shares | 97,241 | | 90,503 | |
| Amounts payable on cancellation of shares | (69,400) | | (32,942) | |
| | | 27,841 | | 137,392 |
| Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above) | | (107,178) | | 80,414 |
| Retained distribution on accumulation shares | | 19,993 | | 17,656 |
| Closing net assets attributable to shareholders | | 1,107,780 | | 1,167,124 |

Balance Sheet

as at 15 April 2020

| | Notes | 15.4.20 | | 15.4.19 | |
|-----------------------------------------|-------|---------|-----------|----------|-----------|
| | | £'000 | £'000 | £'000 | £'000 |
| Assets | | | | | |
| Investments | | | 1,094,199 | | 1,155,878 |
| Current assets | | | | | |
| Debtors | 8 | 1,297 | | 14,180 | |
| Cash and bank balances | | 17,758 | | 8,228 | |
| Total current assets | | | 19,055 | | 22,408 |
| Total assets | | | 1,113,254 | | 1,178,286 |
| Liabilities | | | | | |
| Investment liabilities | | | (1,253) | | (27) |
| Creditors | | | | | |
| Distribution payable on income shares | | (183) | | (153) | |
| Other creditors | 9 | (4,038) | | (10,982) | |
| Total creditors | | | (4,221) | | (11,135) |
| Total liabilities | | | (5,474) | | (11,162) |
| Net assets attributable to shareholders | | | 1,107,780 | | 1,167,124 |

Distribution Tables (pence per share)

for the year ended 15 April 2020

| Group 1: Shares purchased prior to 16 October 2019 | | | | |
|-----------------------------------------------------------------|-----------------------|---------------------|---------------------------------------------|------------------------------------------|
| Group 2: Shares purchased from 16 October 2019 to 15 April 2020 | | | | |
| | <i>Net income</i> | <i>Equalisation</i> | <i>Distribution payable 15.6.20</i> | <i>Distribution paid 14.6.19</i> |
| Retail Income# | | | | |
| Group 1 | N/A | - | N/A | 0.128287 |
| Group 2 | N/A | N/A | N/A | 0.128287 |
| Retail Accumulation## | | | | |
| Group 1 | N/A | - | N/A | 0.143381 |
| Group 2 | N/A | N/A | N/A | 0.143381 |
| Institutional Income | | | | |
| Group 1 | 1.524430 | - | 1.524430 | 0.847934 |
| Group 2 | 0.601930 | 0.922500 | 1.524430 | 0.847934 |
| Institutional Accumulation | | | | |
| Group 1 | 1.558770 | - | 1.558770 | 1.530871 |
| Group 2 | 0.907749 | 0.651021 | 1.558770 | 1.530871 |
| Income C | | | | |
| Group 1 | 0.664894 | - | 0.664894 | 0.713737 |
| Group 2 | 0.541626 | 0.123268 | 0.664894 | 0.713737 |
| Accumulation C | | | | |
| Group 1 | 0.762481 | - | 0.762481 | 0.791199 |
| Group 2 | 0.533617 | 0.228864 | 0.762481 | 0.791199 |
| Income P | | | | |
| Group 1 | 1.002105 | - | 1.002105 | 1.026907 |
| Group 2 | 0.870392 | 0.131713 | 1.002105 | 1.026907 |
| Accumulation P | | | | |
| Group 1 | 1.145380 | - | 1.145380 | 1.157639 |
| Group 2 | 0.734689 | 0.410691 | 1.145380 | 1.157639 |

#The Retail Income share class converted to Income C class on 17 January 2020.

##The Retail Accumulation share class converted to Accumulation C on 27 February 2020.

Distribution Tables (pence per share)

for the year ended 15 April 2020

| Group 1: Shares purchased prior to 16 April 2019 | | | | |
|----------------------------------------------------------------------|-----------------------|---------------------|-------------------------------------------|-------------------------------------------|
| Group 2: Shares purchased from 16 April 2019 to 15 October 2019 | | | | |
| | <i>Net income</i> | <i>Equalisation</i> | <i>Distribution paid 15.12.19</i> | <i>Distribution paid 15.12.18</i> |
| Retail Income | | | | |
| Group 1 | 2.550000 | - | 2.550000 | 2.500000 |
| Group 2 | 2.520000 | 0.030000 | 2.550000 | 2.500000 |
| Retail Accumulation | | | | |
| Group 1 | 2.710000 | - | 2.710000 | 2.670000 |
| Group 2 | 2.540000 | 0.170000 | 2.710000 | 2.670000 |
| Institutional Income### | | | | |
| Group 1 | 4.530000 | - | 4.530000 | N/A |
| Group 2 | 4.460000 | 0.070000 | 4.530000 | N/A |
| Institutional Accumulation | | | | |
| Group 1 | 4.540000 | - | 4.540000 | 4.320000 |
| Group 2 | 4.310000 | 0.230000 | 4.540000 | 4.320000 |
| Income C | | | | |
| Group 1 | 3.180000 | - | 3.180000 | 3.100000 |
| Group 2 | 2.980000 | 0.200000 | 3.180000 | 3.100000 |
| Accumulation C | | | | |
| Group 1 | 3.550000 | - | 3.550000 | 3.410000 |
| Group 2 | 3.120000 | 0.430000 | 3.550000 | 3.410000 |
| Income P | | | | |
| Group 1 | 3.520000 | - | 3.520000 | 3.420000 |
| Group 2 | 2.870000 | 0.650000 | 3.520000 | 3.420000 |
| Accumulation P | | | | |
| Group 1 | 3.980000 | - | 3.980000 | 3.790000 |
| Group 2 | 3.180000 | 0.800000 | 3.980000 | 3.790000 |
| ###The Institutional Income share class launched on 25 January 2019. | | | | |

Notes to the Financial Statements

for the year ended 15 April 2020

| | 15.4.20 £'000 | 15.4.19 £'000 |
|-----------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| 1. Accounting Policies | | |
| The accounting policies are set out on pages 10 and 11. | | |
| 2. Net Capital (Losses)/Gains | | |
| The net capital (losses)/gains during the year comprise: | | |
| Realised losses on currency | (53) | (5,950) |
| Unrealised gains on currency | 2 | 5,958 |
| Transaction charges | (3) | (7) |
| Realised losses on forward foreign currency contracts | (25,153) | (14,025) |
| Unrealised gains on forward foreign currency contracts | 4,457 | 2,519 |
| Realised losses on derivative securities | (7,195) | (395) |
| Unrealised gains on derivative securities | 345 | 131 |
| Realised gains on non-derivative securities | 21,615 | 28,993 |
| Unrealised (losses)/gains on non-derivative securities | (101,177) | 63,190 |
| Net capital (losses)/gains | (107,162) | 80,414 |
| 3. Revenue | | |
| Unfranked distributions from UK authorised ICVCs and unit trusts | 379 | 262 |
| Franked distributions from UK authorised ICVCs and unit trusts | 18,290 | 16,284 |
| Interest on bonds and other debt securities | 9,191 | 7,280 |
| Deposit interest | 42 | 5 |
| Bank interest | 37 | 25 |
| Management fee rebates written off | (35) | - |
| Total revenue | 27,904 | 23,856 |
| 4. Expenses | | |
| Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them: | | |
| Authorised Corporate Director's charge | 5,389 | 4,898 |
| Registration fee | 967 | 866 |
| Safe custody fee | 43 | 36 |
| | 6,399 | 5,800 |
| Payable to the Depositary associates of the Depositary and agents of either of them: | | |
| Depositary fee | 109 | 94 |
| Other expenses: | | |
| Audit fee | 6 | 6 |
| Report and accounts fee | 3 | 1 |
| | 9 | 7 |
| Total expenses | 6,517 | 5,901 |

15.4.20 15.4.19
£'000 £'000

5. Taxation**a) Analysis of charge in year:**

| | | |
|---------------------------------------|------------|-----|
| Corporation tax | 619 | 333 |
| Irrecoverable income tax | - | 4 |
| Adjustments in respect of prior years | - | 1 |
| Total tax for the year (note 5b) | 619 | 338 |

b) Factors affecting taxation charge for the year:

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an open-ended investment company (20%).

The differences are explained below:

| | | |
|-------------------------------------------|----------------|---------|
| Net revenue before taxation | 21,385 | 17,952 |
| Corporation tax at 20% | 4,277 | 3,590 |
| Effects of: | | |
| Revenue not subject to taxation | (3,658) | (3,257) |
| Irrecoverable income tax | - | 4 |
| Adjustments in respect of prior years | - | 1 |
| Current tax charge for the year (note 5a) | 619 | 338 |

c) Provision for deferred taxation

At 15 April 2020, there is no potential deferred tax asset (15.4.19: £nil) in relation to surplus management expenses.

6. Distributions

The distributions take account of amounts received on the issue of shares and amounts deducted on the cancellation of shares, and comprise:

| | | |
|-------------------------------------------------|---------------|--------|
| Interim dividend distribution | 16,740 | 14,100 |
| Final dividend distribution | 4,149 | 4,018 |
| | 20,889 | 18,118 |
| Add: Amounts deducted on cancellation of shares | 109 | 143 |
| Deduct: Amounts received on issue of shares | (216) | (647) |
| Net distribution for the year | 20,782 | 17,614 |

7. Movement Between Net Revenue and Distributions

| | | |
|-------------------------------|---------------|--------|
| Net revenue after taxation | 20,766 | 17,614 |
| Equalisation on conversions | 16 | - |
| Net distribution for the year | 20,782 | 17,614 |

8. Debtors

| | | |
|-------------------------------------------|--------------|--------|
| Amounts receivable for creation of shares | 1,230 | 1,186 |
| Sales awaiting settlement | - | 12,497 |
| Accrued revenue | 5 | 457 |
| Monies due from ACD | 5 | 40 |
| Corporation tax receivable | 57 | - |
| Total debtors | 1,297 | 14,180 |

9. Other creditors

| | | |
|--------------------------------------------|--------------|--------|
| Amounts payable for cancellation of shares | 1,055 | 675 |
| Purchases awaiting settlement | 1,710 | 10,023 |
| Accrued expenses | 1,273 | 283 |
| Corporation tax payable | - | 1 |
| Total other creditors | 4,038 | 10,982 |

10. Reconciliation of Shares

| | <i>Retail Income#</i> | <i>Retail Accumulation##</i> | <i>Institutional Income</i> | <i>Institutional Accumulation</i> |
|-------------------------------------------|---------------------------|----------------------------------|---------------------------------|---------------------------------------|
| Opening shares issued at 16.4.19 | 152,751 | 6,395,032 | 8,617,020 | 51,897,663 |
| Share movements 16.4.19 to 15.4.20 | | | | |
| Shares issued | 1,871 | 24,529 | 91,377 | 726,653 |
| Shares cancelled | (12,464) | (461,361) | (1,705,881) | (4,709,175) |
| Shares converted | (142,158) | (5,958,200) | 324,889 | (323,944) |
| Closing shares issued at 15.4.20 | - | - | 7,327,405 | 47,591,197 |

| | <i>Income C</i> | <i>Accumulation C</i> | <i>Income P</i> | <i>Accumulation P</i> |
|-------------------------------------------|---------------------|---------------------------|---------------------|---------------------------|
| Opening shares issued at 16.4.19 | 10,333,330 | 320,877,707 | 558,927 | 45,151,247 |
| Share movements 16.4.19 to 15.4.20 | | | | |
| Shares issued | 272,316 | 9,574,027 | 417,982 | 25,231,482 |
| Shares cancelled | (1,646,976) | (16,416,124) | (13,845) | (1,637,757) |
| Shares converted | 319,291 | 5,583,084 | - | - |
| Closing shares issued at 15.4.20 | 9,277,961 | 319,618,694 | 963,064 | 68,744,972 |

#The Retail Income share class converted to Income C class on 17 January 2020.

##The Retail Accumulation share class converted to Accumulation C class on 27 February 2020.

11. Ultimate Controlling Party and Related Party Transactions

The Authorised Corporate Director (ACD) is regarded as a controlling party of the Fund by virtue of having the ability to act in concert in respect of Fund operations. The ultimate controlling party of the ACD is HSBC Group plc. This entity and its subsidiaries are also related parties of the Fund.

At the year end, the ACD and its associates held the following of the Fund's shares in issue:

| | <i>Retail Income#</i> | <i>Retail Accumulation##</i> | <i>Institutional Income</i> | <i>Institutional Accumulation</i> | <i>Income C</i> | <i>Accumulation C</i> | <i>Income P</i> | <i>Accumulation P</i> |
|---------------|---------------------------|----------------------------------|---------------------------------|---------------------------------------|---------------------|---------------------------|---------------------|---------------------------|
| | % | % | % | % | % | % | % | % |
| As at 15.4.20 | - | - | 95.57 | 99.32 | 82.95 | 83.02 | - | 67.16 |
| As at 15.4.19 | - | 0.31 | 100.00 | 98.75 | 3.88 | 3.65 | - | 70.52 |

#The Retail Income share class converted to Income C class on 17 January 2020.

##The Retail Accumulation share class converted to Accumulation C class on 27 February 2020.

Details of all other material related party transactions during the year and any payment amounts outstanding at the balance sheet date are disclosed in notes 8 and 9 to the financial statements and the Statement of Change in Net Assets Attributable to Shareholders and the Portfolio Statement.

The balance due to the ACD (including amounts due to associates and agents) at the year end was £1,066,821 (15.4.19: £251,014), further details of such amounts can be found in notes 8 and 9.

At the year end, the Fund held £918,409,098 (15.4.19: £983,600,402) in Authorised Investment Funds managed by HSBC Holdings, the parent company of the ACD. During the year, transactions in Authorised Investment Funds managed by HSBC Holdings totalled £291,209,986 (15.4.19: £409,511,325).

Investments in related parties are disclosed in the Portfolio Statement.

12. Financial Instruments

The financial instrument risks and risk management policies are set out on pages 12 and 13.

Foreign Currency Risk

A substantial portion of the net assets of the Fund are denominated in currencies other than sterling with the effect that the balance sheet and total return can be significantly affected by currency movements.

Net currency monetary assets and liabilities consist of:

| | <i>Portfolio of investments</i> | | <i>Net other assets/(liabilities)</i> | | <i>Net assets</i> | |
|----------------------|---------------------------------|-----------|---------------------------------------|-----------|-------------------|-----------|
| | 15.4.20 | 15.4.19 | 15.4.20 | 15.4.19** | 15.4.20 | 15.4.19 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Sterling* | 624,585 | 648,693 | 14,599 | 12,554 | 639,184 | 661,247 |
| Japanese yen | - | 310 | - | - | - | 310 |
| Euro | - | 11 | - | - | - | 11 |
| United States dollar | 468,361 | 506,837 | 235 | (1,281) | 468,596 | 505,556 |
| Total | 1,092,946 | 1,155,851 | 14,834 | 11,273 | 1,107,780 | 1,167,124 |

*No currency risk as base currency.

**Figure shown is corrected from that shown in 15 April 2019 published financial statements.

Interest Rate Risk

At the year end, 1.60% (15.4.19: 0.70%) of the Fund's assets by value were interest-bearing.

Interest rates are based upon LIBOR (London Interbank Offered Rate).

13. Shareholders' Funds

This Fund has a retail share class, an institutional share class, a C share class and a P share class.

The annual ACD charge on the retail share class is 1.25%, nil on the institutional share class, 0.55% on the C share class and 0.25% on the P share class.

The net asset value of the share class, the net asset value per share and the number of shares in each class are given in the Comparative Tables on pages 133 to 136. The distribution per share class is given in the Distribution Tables on pages 138 and 139. All share classes within the OEIC have the same rights on winding up.

14. Financial Derivatives

The Fund has used financial derivatives for hedging and meeting investment objectives including risk reduction and implementation of investment policies.

The use of derivatives can create additional counterparty risks. Details of the policy adopted by the ACD for managing counterparty and other risks are set out in the Notes to the Financial Statements.

The types of derivatives held at the year end were index futures and forward currency contracts.

Details of the individual contracts are shown on the Portfolio Statement on pages 131 and 132, and the total position by the counterparty at the year end is summarised below. The underlying exposure for each category of derivatives were as follows:

| Counterparty | Forward Currency £'000 | | Total £'000 | |
|------------------------|---------------------------|-------|----------------|-------|
| | 2020 | 2019* | 2020 | 2019* |
| Citigroup | 1 | - | 1 | - |
| Goldman Sachs | 5,706 | 10 | 5,706 | 10 |
| HSBC | - | 2,215 | - | 2,215 |
| Royal Bank of Scotland | - | 11 | - | 11 |
| State Street | - | 310 | - | 310 |
| UBS | 3 | - | 3 | - |

*Figure shown is corrected from that shown in 15 April 2019 published financial statements.

The economic exposure of future derivative contracts is equal to the market value. The value of exposure and the related counterparty are disclosed in the Portfolio Statement.

Eligible collateral types are approved by the ACD and may consist of cash, UK gilts, certificates of deposit, treasury bills, sovereign debt, eurosterling bonds and equities.

At 15 April 2020, there was no collateral held in respect of the above derivatives (15.4.19: £nil).

15. Contingent Liabilities and Commitments

At the year end, the Fund had no contingent liabilities or commitments (15.4.19: none).

16. Portfolio Transaction Costs

| For the year ended 15 April 2020 | Purchases | Commissions | | Taxes | | Other Expenses | |
|---------------------------------------------------|------------------|--------------------|---|--------------|---|-----------------------|---|
| | £'000 | £'000 | % | £'000 | % | £'000 | % |
| Analysis of total purchases costs | | | | | | | |
| Pooled investment vehicles | 187,031 | 5 | - | - | - | - | - |
| Corporate actions | 218 | - | - | - | - | - | - |
| Total purchases before transaction costs | 187,249 | 5 | | - | | - | |
| Transaction costs | 5 | | | | | | |
| Total purchases after commission, tax and fees | 187,254 | | | | | | |
| | Sales | Commissions | | Taxes | | Other Expenses | |
| | £'000 | £'000 | % | £'000 | % | £'000 | % |
| Analysis of total sales costs | | | | | | | |
| Pooled investment vehicles | 187,785 | 3 | - | - | - | - | - |
| Total sales before transaction costs | 187,785 | 3 | | - | | - | |
| Transaction costs | (3) | | | | | | |
| Total sales after commission, tax and fees | 187,782 | | | | | | |

The Fund had paid £6,658 as commission on purchases and sales derivative transactions for the year ended 15.4.20.

Commissions, taxes and fees as % of average Net Assets:

| | |
|----------------|-------|
| Commissions | 0.00% |
| Taxes | 0.00% |
| Other expenses | 0.00% |

At the balance sheet date the portfolio dealing spread was 0.02%, being the difference between the respective bid and offer prices for the Fund's investments.

| For the year ended 15 April 2019 | Purchases | Commissions | | Taxes | | Other Expenses | |
|---------------------------------------------------|------------------|--------------------|---|--------------|---|-----------------------|---|
| | £'000 | £'000 | % | £'000 | % | £'000 | % |
| Analysis of total purchases costs | | | | | | | |
| Pooled investment vehicles | 305,749 | 11 | - | - | - | - | - |
| Corporate actions | 79,448 | - | - | - | - | - | - |
| Total purchases before transaction costs | 385,197 | 11 | | - | | - | |
| Transaction costs | 11 | | | | | | |
| Total purchases after commission, tax and fees | 385,208 | | | | | | |
| | Sales | Commissions | | Taxes | | Other Expenses | |
| | £'000 | £'000 | % | £'000 | % | £'000 | % |
| Analysis of total sales costs | | | | | | | |
| Pooled investment vehicles | 254,538 | 6 | - | - | - | - | - |
| Total sales before transaction costs | 254,538 | 6 | | - | | - | |
| Transaction costs | (6) | | | | | | |
| Total sales after commission, tax and fees | 254,532 | | | | | | |

The Fund had paid £1,167 as commission on purchases and sales derivative transactions for the year ended 15.4.19.

Commissions, taxes and fees as % of average Net Assets:

| | |
|----------------|-------|
| Commissions | 0.00% |
| Taxes | 0.00% |
| Other expenses | 0.00% |

At the balance sheet date the portfolio dealing spread was 0.02%, being the difference between the respective bid and offer prices for the Fund's investments.

Portfolio transaction costs are incurred by the Fund when buying and selling underlying investments. These costs vary depending on the class of investment, country of exchange and method of execution.

These costs can be classified as either direct or indirect transaction costs:

Direct transaction costs: Broker commissions, fees and taxes.

Indirect transaction costs: 'Dealing spread' – the difference between the buying and selling prices of the Fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the Fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

17. Fair Value of Investments

FRS 102 requires an entity 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 shall have the following classifications:

- Level 1: unadjusted quoted prices in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3: inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

For the year ended 15 April 2020

| Category | 1 | 2 | 3 | Total |
|----------------------------|---------|---------|-------|-----------|
| | £'000 | £'000 | £'000 | £'000 |
| Investment Assets | | | | |
| Pooled investment vehicles | 199,358 | 888,786 | - | 1,088,144 |
| Derivatives | 345 | 5,710 | - | 6,055 |
| | 199,703 | 894,496 | - | 1,094,199 |
| Investment Liabilities | £'000 | £'000 | £'000 | £'000 |
| Derivatives | - | (1,253) | - | (1,253) |
| | - | (1,253) | - | (1,253) |

For the year ended 15 April 2019

| Category | 1 | 2 | 3 | Total |
|----------------------------|---------|---------|-------|-----------|
| | £'000 | £'000 | £'000 | £'000 |
| Investment Assets | | | | |
| Pooled investment vehicles | 227,240 | 925,960 | - | 1,153,200 |
| Derivatives | 132 | 2,546 | - | 2,678 |
| | 227,372 | 928,506 | - | 1,155,878 |
| Investment Liabilities | £'000 | £'000 | £'000 | £'000 |
| Derivatives | (1) | (26) | - | (27) |
| | (1) | (26) | - | (27) |

18. Sensitivity Analysis**Price risk sensitivity:**

If the price of investments at 15 April 2020 had increased or decreased by 10% with all other variables held constant, this would have increased or decreased the net assets attributable to shareholders by £109,294,645 (15.4.19: £115,585,070).

Currency risk sensitivity:

If the exchange rate at 15 April 2020 had increased or decreased by 10% with all other variables held constant, this would have increased or decreased the net assets attributable to shareholders by £46,859,674 (15.4.19: £50,587,675).

Interest rate risk sensitivity:

At the balance sheet date, the Fund did not have a significant exposure to interest rate risk, therefore no sensitivity analysis is disclosed (15.4.19: no significant exposure).

19. Events after the balance sheet date

Since the year end, markets and operations have continued to be disrupted by the effects of the COVID-19 pandemic. Since the year end the NAV of the lead share class was 269p and has increased by 11.11% (to 10 July 2020).

Contingency plans at the ACD and key service suppliers have proven effective in mitigating the effects on management of the portfolio and on all supporting operations.

World Selection - Interest Income Portfolio

Investment Objective

To provide income through cautious investment in a broad range of asset classes across global markets.

Investment Policy*

This is one of a range of actively managed World Selection Portfolios offered at five different risk levels. The asset allocation of each fund in the range reflects the risk level. The Fund is rated as 2, where 1 is a lower level of risk and 5 is a higher level of risk. The Fund is managed with the aim of providing income in line with its agreed long term risk profile therefore any potential returns are likely to be limited by the risk profile of the Fund.

To achieve its objective the Fund invests primarily in collective investment schemes that in turn invest in fixed income securities, equities, alternative asset classes and derivatives. Typically the Fund will have a bias towards asset classes that focus on fixed interest strategies.

The Fund may, in addition to its other investment powers, use exchange traded and over-the-counter derivatives and forward currency contracts for investment purposes. Using these investment powers for investment purposes means, in particular, maintaining positions in these investments for the long term rather than just for tactical short-term purposes. Where the use of derivatives is for investment purposes in addition to hedging it is envisaged that the use of such instruments will not affect the overall risk profile of the Fund.

*The full policy can be found in the prospectus.

Investment Strategy*

The starting point for the World Selection Portfolios is the Strategic Asset Allocation (SAA). SAA is the long-term blend of assets for each risk level. Tactical Asset Allocation (TAA) is another layer on top of the SAA and is driven by the investment team's shorter term market outlook. Portfolio Implementation is the final stage in the investment process, where we decide how best to take exposure to each asset class.

99% of the Fund invests in collective investment schemes. This includes 15% in collective investment schemes that aim to track the performance of market indices.

Derivatives may be used with the aim of hedging to reduce market risk and to reduce the impact of currency movements but also with the aim of generating returns to assist the Fund in meeting its investment objective. Exchange traded futures may be used to gain or reduce exposure to certain asset classes. Forward currency contracts may be used to gain exposure to currencies or for hedging to reduce the impact of currency movements for certain asset classes that are not denominated in sterling.

*The full strategy can be found in the prospectus.

Portfolio Activity

The portfolio maintained overweight exposure to a diversified basket of risk assets, relative to its long term strategic asset allocation, throughout the reporting period. At the start of the period the portfolio held overweight positions in global equities and emerging market debt in local currency, with an underweight position held in global government bonds.

In April, some final trades were executed to complete the transition from Open Global Distribution Fund. This involved exiting some futures positions which were accumulated when exiting third party active funds with the exposure allocated to a FTSE 100 ETF to benefit from the yield provided by this vehicle.

At the end of 2019, we reduced our FX hedge on global equities. Sterling appreciated in the run up to and after the general election in the UK leading to the potential for future depreciation of the currency, which would be beneficial for an unhedged position.

In March, steps were taken to diversify our defensive allocations, with positions initiated in safe haven currencies (USD, JPY and Swiss Franc).

Major purchases included: Vanguard FTSE 100 ETF.

Major sales included: HSBC Global Sterling Liquidity Funds PLC.

Investment Performance

During the year under review the value of the shares in the Fund decreased by 4.24%.

(Source: Morningstar Direct, GBP, UK net of tax, for the Accumulation C share class. Returns based on the NAV, which is a single price.)

Please note that the above information refers to the past and that past performance is not a reliable indication of future returns.

Fund Particulars

as at 16 April 2020

| | Retail Income | Retail Accumulation | Income C |
|------------------------------------------------------|------------------|------------------------|-------------|
| Price | - | - | 105.6p xd |
| Distribution payable (on 15 June 2020) per share net | N/A | N/A | 1.129786p |
| Current net estimated yield | - | - | 4.32% |
| Annual ACD charge | - | - | 0.55% |

| | Accumulation C | Income P | Accumulation P |
|------------------------------------------------------|-------------------|-------------|-------------------|
| Price | 149.7p | 107.4p xd | 152.3p |
| Distribution payable (on 15 June 2020) per share net | 1.583244p | 1.153719p | 1.612163p |
| Current net estimated yield | 4.21% | 4.31% | 4.20% |
| Annual ACD charge | 0.55% | 0.25% | 0.25% |

Portfolio Statement

as at 15 April 2020

| <i>Security</i> | <i>Holding</i> | <i>Bid value £'000</i> | <i>Total net assets %</i> |
|-------------------------------------------------------|----------------|--------------------------------|---------------------------------------|
| Global Assets-Backed Bonds - 2.72% (2.50%) | | | |
| +HSBC GIF Global Asset-Backed Bond Z Acc | 126,246 | 14,354 | 2.72 |
| Total Global Assets-Backed Bonds | | 14,354 | 2.72 |
| Global Corporate Bonds - 13.34% (13.90%) | | | |
| *+HSBC GIF Global Corporate Bond Fund | 8,019,751 | 70,306 | 13.34 |
| Total Global Corporate Bonds | | 70,306 | 13.34 |
| Global Emerging Markets Debt - 5.07% (13.91%) | | | |
| *+HSBC GIF Global Emerging Markets Bond Fund | 3,500,140 | 23,649 | 4.49 |
| +HSBC GIF India Fixed Income | 383,833 | 3,073 | 0.58 |
| Total Global Emerging Markets Debt | | 26,722 | 5.07 |
| Global Emerging Markets Equity - 1.03% (1.16%) | | | |
| Fidelity Emerging Markets Quality Income UCITS ETF | 1,661,657 | 5,438 | 1.03 |
| Total Global Emerging Markets Equity | | 5,438 | 1.03 |
| Global Equities - 13.05% (12.99%) | | | |
| Fidelity Global Quality Income ETF | 2,686,613 | 11,243 | 2.13 |
| +HSBC Global Equity Income Fund | 36,485,678 | 37,544 | 7.12 |
| +HSBC UCITS Common Contractual Fund | 243,785 | 20,023 | 3.80 |
| Total Global Equities | | 68,810 | 13.05 |
| Global High Yield Bonds - 20.39% (9.63%) | | | |
| *+HSBC GIF Global Emerging Markets Local Debt ZQ1 | 6,048,122 | 39,403 | 7.47 |
| *+HSBC GIF Global Real Estate Equity ZQ1 | 2,116,203 | 14,525 | 2.76 |
| *+HSBC GIF Global Short Duration High Yield Bond Fund | 2,253,687 | 17,059 | 3.24 |
| *+HSBC GIF Global High Yield Bond ZQ | 4,879,993 | 36,502 | 6.92 |
| Total Global High Yield Bonds | | 107,489 | 20.39 |
| Global Property Equities Funds - 0.00% (2.40%) | | | |
| Infrastructure - 5.44% (5.02%) | | | |
| ^Bilfinger Berger Global Infrastructure SICAV | 7,070,578 | 11,440 | 2.17 |
| ^GCP Infrastructure Investments | 4,298,748 | 4,970 | 0.94 |
| ^+HICL Infrastructure | 7,441,933 | 12,279 | 2.33 |
| Total Infrastructure | | 28,689 | 5.44 |
| Direct Property Funds -2.14% (2.60%) | | | |
| ^BMO Commercial Property Trust | 6,704,478 | 4,955 | 0.94 |
| Henderson UK Property Fund | 4,400,147 | 4,915 | 0.93 |
| Standard Life Investments UK Real Estate Fund | 1,538,665 | 1,442 | 0.27 |
| Total Direct Property Funds | | 11,312 | 2.14 |

Portfolio Statement

as at 15 April 2020

| <i>Security</i> | <i>Holding</i> | <i>Bid value £'000</i> | <i>Total net assets %</i> |
|-----------------------------------------------------------|----------------|--------------------------------|---------------------------------------|
| UK Corporate Bonds - 21.80% (21.21%) | | | |
| +HSBC Corporate Bond Fund | 42,079,399 | 98,381 | 18.66 |
| +HSBC Sterling Corporate Bond Index Fund | 16,388,648 | 16,520 | 3.14 |
| Total UK Corporate Bonds | | 114,901 | 21.80 |
| UK Equities - 12.03% (12.22%) | | | |
| Fidelity MoneyBuilder Dividend Fund | 15,171,302 | 15,414 | 2.92 |
| ^+HSBC FTSE 100 UCITS ETF | 155,993 | 8,709 | 1.65 |
| ^*iShares FTSE 100 UCITS ETF | 365,045 | 2,007 | 0.38 |
| ^*Vanguard FTSE 100 UCITS ETF | 1,516,417 | 37,304 | 7.08 |
| Total UK Equities | | 63,434 | 12.03 |
| Other Bonds -1.53% (1.74%) | | | |
| *+HSBC GIF Asset-Backed Crossover Bond | 1,215,336 | 8,044 | 1.53 |
| Total Other Bonds | | 8,044 | 1.53 |
| Forward Foreign Exchange Contracts - 0.99% (0.19%) | | | |
| #Sold USD237,480,635 for GBP197,093,214 settled 23/4/2020 | | 7,080 | 1.34 |
| #Sold GBP31,492,037 for USD29,632,513 settled 23/4/2020 | | (1,860) | (0.35) |
| #Sold GBP2,656,922 for JPY356,695,848 settled 23/4/2020 | | 1 | - |
| #Sold GBP2,678,770 for CHF3,205,032 settled 23/4/2020 | | (22) | - |
| Total Forward Foreign Exchange Contracts | | 5,199 | 0.99 |
| Portfolio of investments | | 524,698 | 99.53 |
| Net other assets | | 2,491 | 0.47 |
| Net assets | | 527,189 | 100.00 |
| *offshore fund | | | |
| +related party | | | |
| ^listed | | | |
| #unlisted | | | |

Figures in brackets denote comparative percentage holdings as at 15 April 2019.

Unless otherwise stated, all holdings are authorised investment funds.

The counterparties for the forward foreign exchange contracts are Citigroup, Credit Suisse, Goldman Sachs, HSBC, UBS and Royal Bank of Scotland.

Comparative Tables

for the year ended 15 April 2020

| Retail Income# | 15.4.20 | 15.4.19 | 15.4.18 |
|----------------------------------------|----------------|----------------|----------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 109.90p | 109.70p | 115.60p |
| Return before operating charges* | 8.64p | 6.09p | (0.24p) |
| Operating charges** | (1.48p) | (1.44p) | (1.50p) |
| Return after operating charges* | 7.16p | 4.65p | (1.74p) |
| Distributions on income shares | (3.26p) | (4.45p) | (4.16p) |
| Cancellation price | (113.80p) | - | - |
| Closing net asset value per share | 0.00p | 109.90p | 109.70p |
| *after direct transaction costs of:*** | 0.00p | 0.00p | 0.00p |
| Performance | | | |
| Return after charges | 6.52% | 4.24% | (1.51%) |
| Other information | | | |
| Closing net asset value | N/A | £3,237,217 | £3,489,164 |
| Closing number of shares | N/A | 2,946,931 | 3,180,145 |
| Operating charges - OCF**** | N/A | 1.48% | 1.52% |
| Direct transaction costs | N/A | 0.00% | 0.00% |
| Prices | | | |
| Highest share price | 114.30p | 112.50p | 117.30p |
| Lowest share price | 109.20p | 105.70p | 109.50p |

#The Retail Income share class converted to Income C class on 17 January 2020.
 **The operating charges include all costs borne by the Fund, except for direct transaction costs.
 ***The direct transaction costs are made up of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.
 ****Restated from financial statements of 15.4.19 due to incorrect underlying OCF figure.

| Retail Accumulation## | 15.4.20 | 15.4.19 | 15.4.18 |
|-----------------------------------------------|----------------|----------------|----------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 150.90p | 144.70p | 146.90p |
| Return before operating charges* | 12.06p | 8.13p | (0.27p) |
| Operating charges** | (2.06p) | (1.93p) | (1.93p) |
| Return after operating charges* | 10.00p | 6.20p | (2.20p) |
| Distributions on accumulation shares | (4.52p) | (5.96p) | (5.31p) |
| Retained distributions on accumulation shares | 4.52p | 5.96p | 5.31p |
| Cancellation price | (160.90p) | - | - |
| Closing net asset value per share | 0.00p | 150.90p | 144.70p |
| *after direct transaction costs of:*** | 0.00p | 0.00p | 0.00p |
| Performance | | | |
| Return after charges | 6.63% | 4.28% | (1.50%) |
| Other information | | | |
| Closing net asset value | N/A | £6,515,411 | £7,124,179 |
| Closing number of shares | N/A | 4,318,974 | 4,924,816 |
| Operating charges - OCF**** | N/A | 1.48% | 1.52% |
| Direct transaction costs | N/A | 0.00% | 0.00% |
| Prices | | | |
| Highest share price | 160.90p | 151.00p | 150.30p |
| Lowest share price | 150.00p | 142.50p | 143.20p |

##The Retail Accumulation share class converted to Accumulation C class on 17 January 2020.
 **The operating charges include all costs borne by the Fund, except for direct transaction costs.
 ***The direct transaction costs are made up of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.
 ****Restated from financial statements of 15.4.19 due to incorrect underlying OCF figure.

Comparative Tables

for the year ended 15 April 2020

| Income C | 15.4.20 | 15.4.19 | 15.4.18 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|----------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 115.40p | 114.50p | 119.80p |
| Return before operating charges* | (4.26p) | 6.32p | (0.24p) |
| Operating charges** | (0.78p) | (0.76p) | (0.79p) |
| Return after operating charges* | (5.04p) | 5.56p | (1.03p) |
| Distributions on income shares | (4.56p) | (4.66p) | (4.27p) |
| Closing net asset value per share | 105.80p | 115.40p | 114.50p |
| *after direct transaction costs of:*** | 0.00p | 0.00p | 0.00p |
| Performance | | | |
| Return after charges | (4.37%) | 4.86% | (0.86%) |
| Other information | | | |
| Closing net asset value | £356,601,428 | £361,163,020 | £323,849,641 |
| Closing number of shares | 336,926,651 | 312,997,175 | 282,840,920 |
| Operating charges - OCF**** | 0.78% | 0.83% | 0.87% |
| Direct transaction costs | 0.00% | 0.00% | 0.00% |
| Prices | | | |
| Highest share price | 120.70p | 117.60p | 121.70p |
| Lowest share price | 98.49p | 110.80p | 114.30p |
| **The operating charges include all costs borne by the Fund, except for direct transaction costs. | | | |
| ***The direct transaction costs are made up of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. | | | |
| ****Restated from financial statements of 15.4.19 due to incorrect underlying OCF figure. | | | |

| Accumulation C | 15.4.20 | 15.4.19 | 15.4.18 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|----------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 157.20p | 149.80p | 151.10p |
| Return before operating charges* | (6.13p) | 8.41p | (0.29p) |
| Operating charges** | (1.07p) | (1.01p) | (1.01p) |
| Return after operating charges* | (7.20p) | 7.40p | (1.30p) |
| Distributions on accumulation shares | (6.30p) | (6.19p) | (5.47p) |
| Retained distributions on accumulation shares | 6.30p | 6.19p | 5.47p |
| Closing net asset value per share | 150.00p | 157.20p | 149.80p |
| *after direct transaction costs of:*** | 0.00p | 0.00p | 0.00p |
| Performance | | | |
| Return after charges | (4.58%) | 4.94% | (0.86%) |
| Other information | | | |
| Closing net asset value | £162,090,556 | £179,827,675 | £184,867,327 |
| Closing number of shares | 108,047,695 | 114,387,709 | 123,432,218 |
| Operating charges - OCF**** | 0.78% | 0.83% | 0.87% |
| Direct transaction costs | 0.00% | 0.00% | 0.00% |
| Prices | | | |
| Highest share price | 169.30p | 157.30p | 155.30p |
| Lowest share price | 138.10p | 148.20p | 148.30p |
| **The operating charges include all costs borne by the Fund, except for direct transaction costs. | | | |
| ***The direct transaction costs are made up of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. | | | |
| ****Restated from financial statements of 15.4.19 due to incorrect underlying OCF figure. | | | |

Comparative Tables

for the year ended 15 April 2020

| Income P | 15.4.20 | 15.4.19 | 15.4.18 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|----------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 116.90p | 115.60p | 120.50p |
| Return before operating charges* | (4.30p) | 6.39p | (0.21p) |
| Operating charges** | (0.37p) | (0.37p) | (0.38p) |
| Return after operating charges* | (4.67p) | 6.02p | (0.59p) |
| Distributions on income shares | (4.63p) | (4.72p) | (4.31p) |
| Closing net asset value per share | 107.60p | 116.90p | 115.60p |
| *after direct transaction costs of:*** | 0.00p | 0.00p | 0.00p |
| Performance | | | |
| Return after charges | (3.99%) | 5.21% | (0.49%) |
| Other information | | | |
| Closing net asset value | £2,121,998 | £2,387,080 | £2,446,051 |
| Closing number of shares | 1,971,585 | 2,041,512 | 2,115,560 |
| Operating charges - OCF**** | 0.43% | 0.48% | 0.52% |
| Direct transaction costs | 0.00% | 0.00% | 0.00% |
| Prices | | | |
| Highest share price | 122.70p | 118.90p | 122.50p |
| Lowest share price | 100.10p | 112.20p | 115.40p |
| **The operating charges include all costs borne by the Fund, except for direct transaction costs. | | | |
| ***The direct transaction costs are made up of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. | | | |
| ****Restated from financial statements of 15.4.19 due to incorrect underlying OCF figure. | | | |

| Accumulation P | 15.4.20 | 15.4.19 | 15.4.18 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|----------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 159.50p | 151.40p | 152.20p |
| Return before operating charges* | (6.28p) | 8.59p | (0.31p) |
| Operating charges** | (0.52p) | (0.49p) | (0.49p) |
| Return after operating charges* | (6.80p) | 8.10p | (0.80p) |
| Distributions on accumulation shares | (6.40p) | (6.27p) | (5.52p) |
| Retained distributions on accumulation shares | 6.40p | 6.27p | 5.52p |
| Closing net asset value per share | 152.70p | 159.50p | 151.40p |
| *after direct transaction costs of:*** | 0.00p | 0.00p | 0.00p |
| Performance | | | |
| Return after charges | (4.26%) | 5.35% | (0.53%) |
| Other information | | | |
| Closing net asset value | £6,375,291 | £6,890,562 | £7,159,307 |
| Closing number of shares | 4,175,244 | 4,321,330 | 4,729,263 |
| Operating charges - OCF**** | 0.43% | 0.48% | 0.52% |
| Direct transaction costs | 0.00% | 0.00% | 0.00% |
| Prices | | | |
| Highest share price | 172.20p | 159.60p | 156.90p |
| Lowest share price | 140.60p | 150.10p | 149.80p |
| **The operating charges include all costs borne by the Fund, except for direct transaction costs. | | | |
| ***The direct transaction costs are made up of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. | | | |
| ****Restated from financial statements of 15.4.19 due to incorrect underlying OCF figure. | | | |

Statement of Total Return

for the year ended 15 April 2020

| | Notes | 15.4.20 | | 15.4.19 | |
|------------------------------------------------------------------------------|-------|---------|----------|---------|----------|
| | | £'000 | £'000 | £'000 | £'000 |
| Income | | | | | |
| Net capital (losses)/gains | 2 | | (44,592) | | 8,038 |
| Revenue | 3 | 22,628 | | 22,014 | |
| Expenses | 4 | (3,865) | | (3,637) | |
| Interest payable and similar charges | | (2) | | - | |
| Net revenue before taxation | | 18,761 | | 18,377 | |
| Taxation | 5 | (82) | | (45) | |
| Net revenue after taxation | | | 18,679 | | 18,332 |
| Total (deficit)/return before distributions | | | (25,913) | | 26,370 |
| Distributions | 6 | | (22,616) | | (22,015) |
| Change in net assets attributable to shareholders from investment activities | | | (48,529) | | 4,355 |

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 15 April 2020

| | 15.4.20 | | 15.4.19 | |
|--------------------------------------------------------------------------------------------------------------------|----------|----------|----------|---------|
| | £'000 | £'000 | £'000 | £'000 |
| Opening net assets attributable to shareholders | | 560,021 | | 528,936 |
| Amounts receivable on creation of shares | 38,130 | | 40,713 | |
| Amounts payable on cancellation of shares | (29,837) | | (21,832) | |
| | | 8,293 | | 18,881 |
| Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above) | | (48,529) | | 4,355 |
| Retained distribution on accumulation shares | | 7,404 | | 7,849 |
| Closing net assets attributable to shareholders | | 527,189 | | 560,021 |

Balance Sheet

as at 15 April 2020

| | Notes | 15.4.20 | | 15.4.19 | |
|-----------------------------------------|-------|---------|---------|---------|---------|
| | | £'000 | £'000 | £'000 | £'000 |
| Assets | | | | | |
| Investments | | | 526,580 | | 557,062 |
| Current assets | | | | | |
| Debtors | 8 | 1,464 | | 1,549 | |
| Cash and bank balances | | 8,740 | | 10,230 | |
| Total current assets | | | 10,204 | | 11,779 |
| Total assets | | | 536,784 | | 568,841 |
| Liabilities | | | | | |
| Investment liabilities | | | (1,882) | | |
| Creditors | | | | | |
| Distribution payable on income shares | | (3,829) | | (3,855) | |
| Other creditors | 9 | (3,884) | | (4,965) | |
| Total creditors | | | (7,713) | | (8,820) |
| Total liabilities | | | (9,595) | | (8,820) |
| Net assets attributable to shareholders | | | 527,189 | | 560,021 |

Distribution Tables (pence per share)

for the year ended 15 April 2020

| Group 1: Shares purchased prior to 16 January 2020 Group 2: Shares purchased from 16 January 2020 to 15 April 2020 | | | | |
|-----------------------------------------------------------------------------------------------------------------------|-----------------------|---------------------|---------------------------------------------|------------------------------------------|
| | <i>Net income</i> | <i>Equalisation</i> | <i>Distribution payable 15.6.20</i> | <i>Distribution paid 15.6.19</i> |
| Retail Income# | | | | |
| Group 1 | N/A | - | N/A | 1.161050 |
| Group 2 | N/A | N/A | N/A | 1.161050 |
| Retail Accumulation## | | | | |
| Group 1 | N/A | - | N/A | 1.578565 |
| Group 2 | N/A | N/A | N/A | 1.578565 |
| Income C | | | | |
| Group 1 | 1.129786 | - | 1.129786 | 1.212629 |
| Group 2 | 0.712665 | 0.417121 | 1.129786 | 1.212629 |
| Accumulation C | | | | |
| Group 1 | 1.583244 | - | 1.583244 | 1.641439 |
| Group 2 | 1.023778 | 0.559466 | 1.583244 | 1.641439 |
| Income P | | | | |
| Group 1 | 1.153719 | - | 1.153719 | 1.235173 |
| Group 2 | 1.153719 | 0.000000 | 1.153719 | 1.235173 |
| Accumulation P | | | | |
| Group 1 | 1.612163 | - | 1.612163 | 1.659334 |
| Group 2 | 1.319863 | 0.292300 | 1.612163 | 1.659334 |
| #The Retail Income share class converted to Income C class on 17 January 2020. | | | | |
| ##The Retail Accumulation share class converted to Accumulation C class on 17 January 2020. | | | | |

Distribution Tables (pence per share)

for the year ended 15 April 2020

| Group 1: Shares purchased prior to 16 October 2019 | | | | |
|-------------------------------------------------------------------|-----------------------|---------------------|------------------------------------------|------------------------------------------|
| Group 2: Shares purchased from 16 October 2019 to 15 January 2020 | | | | |
| | <i>Net income</i> | <i>Equalisation</i> | <i>Distribution paid 15.3.20</i> | <i>Distribution paid 15.3.19</i> |
| Retail Income | | | | |
| Group 1 | 0.900000 | - | 0.900000 | 0.900000 |
| Group 2 | 0.660000 | 0.240000 | 0.900000 | 0.900000 |
| Retail Accumulation | | | | |
| Group 1 | 1.260000 | - | 1.260000 | 1.200000 |
| Group 2 | 0.700000 | 0.560000 | 1.260000 | 1.200000 |
| Income C | | | | |
| Group 1 | 0.940000 | - | 0.940000 | 0.950000 |
| Group 2 | 0.590000 | 0.350000 | 0.940000 | 0.950000 |
| Accumulation C | | | | |
| Group 1 | 1.310000 | - | 1.310000 | 1.260000 |
| Group 2 | 0.740000 | 0.570000 | 1.310000 | 1.260000 |
| Income P | | | | |
| Group 1 | 0.950000 | - | 0.950000 | 0.950000 |
| Group 2 | 0.950000 | 0.000000 | 0.950000 | 0.950000 |
| Accumulation P | | | | |
| Group 1 | 1.330000 | - | 1.330000 | 1.280000 |
| Group 2 | 0.020000 | 1.310000 | 1.330000 | 1.280000 |

Distribution Tables (pence per share)

for the year ended 15 April 2020

| Group 1: Shares purchased prior to 16 July 2019 | | | | |
|----------------------------------------------------------------|-----------------------|---------------------|-------------------------------------------|-------------------------------------------|
| Group 2: Shares purchased from 16 July 2019 to 15 October 2019 | | | | |
| | <i>Net income</i> | <i>Equalisation</i> | <i>Distribution paid 15.12.19</i> | <i>Distribution paid 15.12.18</i> |
| Retail Income | | | | |
| Group 1 | 1.290000 | - | 1.290000 | 1.200000 |
| Group 2 | 0.980000 | 0.310000 | 1.290000 | 1.200000 |
| Retail Accumulation | | | | |
| Group 1 | 1.790000 | - | 1.790000 | 1.620000 |
| Group 2 | 1.330000 | 0.460000 | 1.790000 | 1.620000 |
| Income C | | | | |
| Group 1 | 1.370000 | - | 1.370000 | 1.260000 |
| Group 2 | 0.890000 | 0.480000 | 1.370000 | 1.260000 |
| Accumulation C | | | | |
| Group 1 | 1.880000 | - | 1.880000 | 1.670000 |
| Group 2 | 1.370000 | 0.510000 | 1.880000 | 1.670000 |
| Income P | | | | |
| Group 1 | 1.390000 | - | 1.390000 | 1.280000 |
| Group 2 | 1.390000 | 0.000000 | 1.390000 | 1.280000 |
| Accumulation P | | | | |
| Group 1 | 1.910000 | - | 1.910000 | 1.690000 |
| Group 2 | 1.540000 | 0.370000 | 1.910000 | 1.690000 |

Distribution Tables (pence per share)

for the year ended 15 April 2020

| Group 1: Shares purchased prior to 16 April 2019 | | | | |
|--------------------------------------------------------------|-----------------------|---------------------|------------------------------------------|------------------------------------------|
| Group 2: Shares purchased from 16 April 2019 to 15 July 2019 | | | | |
| | <i>Net income</i> | <i>Equalisation</i> | <i>Distribution paid 15.9.19</i> | <i>Distribution paid 15.9.18</i> |
| Retail Income | | | | |
| Group 1 | 1.070000 | - | 1.070000 | 1.190000 |
| Group 2 | 0.780000 | 0.290000 | 1.070000 | 1.190000 |
| Retail Accumulation | | | | |
| Group 1 | 1.470000 | - | 1.470000 | 1.560000 |
| Group 2 | 1.030000 | 0.440000 | 1.470000 | 1.560000 |
| Income C | | | | |
| Group 1 | 1.120000 | - | 1.120000 | 1.240000 |
| Group 2 | 0.720000 | 0.400000 | 1.120000 | 1.240000 |
| Accumulation C | | | | |
| Group 1 | 1.530000 | - | 1.530000 | 1.620000 |
| Group 2 | 1.030000 | 0.500000 | 1.530000 | 1.620000 |
| Income P | | | | |
| Group 1 | 1.140000 | - | 1.140000 | 1.250000 |
| Group 2 | 1.140000 | 0.000000 | 1.140000 | 1.250000 |
| Accumulation P | | | | |
| Group 1 | 1.550000 | - | 1.550000 | 1.640000 |
| Group 2 | 1.070000 | 0.480000 | 1.550000 | 1.640000 |

Notes to the Financial Statements

for the year ended 15 April 2020

| | 15.4.20 £'000 | 15.4.19 £'000 |
|------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| 1. Accounting Policies | | |
| The accounting policies are set out on pages 10 and 11. | | |
| 2. Net Capital (Losses)/Gains | | |
| The net capital (losses)/gains during the year comprise: | | |
| Realised gains/(losses) on currency | 117 | (4) |
| Unrealised gains on currency | - | 4 |
| Transaction charges | (3) | (2) |
| Realised losses on forward foreign currency contracts | (21,186) | (16,492) |
| Unrealised gains on forward foreign currency contracts | 5,199 | 1,066 |
| Realised gains on non-derivative securities | 2,853 | 1,154 |
| Unrealised (losses)/gains on non-derivative securities | (31,573) | 22,311 |
| Management fee rebate | 1 | 1 |
| Net capital (losses)/gains | (44,592) | 8,038 |
| 3. Revenue | | |
| UK dividends (net) | 610 | - |
| Unfranked dividends | 201 | - |
| Overseas dividends | 989 | 2,927 |
| Unfranked distributions from UK authorised ICVCs and unit trusts | 211 | 284 |
| Franked distributions from UK authorised ICVCs and unit trusts | 6,135 | 5,604 |
| Interest on bonds and other debt securities | 14,460 | 13,177 |
| Bank interest | 14 | 14 |
| Management fee rebates | 8 | 8 |
| Total revenue | 22,628 | 22,014 |
| 4. Expenses | | |
| Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director, and agents of either of them: | | |
| Authorised Corporate Director's charge | 3,211 | 3,027 |
| Registration fee | 572 | 533 |
| Safe custody fee | 19 | 16 |
| | 3,802 | 3,576 |
| Payable to the Depositary, associates of the Depositary, and agents of either of them: | | |
| Depositary fee | 56 | 53 |
| Other expenses: | | |
| Audit fee | 6 | 6 |
| Report and accounts fee | 1 | 2 |
| | 7 | 8 |
| Total expenses | 3,865 | 3,637 |

15.4.20 15.4.19
£'000 £'000

5. Taxation**a) Analysis of charge in year:**

| | | |
|----------------------------------|-----------|----|
| Corporation tax | 82 | 45 |
| Total tax for the year (note 5b) | 82 | 45 |

b) Factors affecting taxation charge for the year:

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an open-ended investment company (20%).

The differences are explained below:

| | | |
|-------------------------------------------|----------------|---------|
| Net revenue before taxation | 18,761 | 18,377 |
| Corporation tax at 20% | 3,752 | 3,675 |
| Effects of: | | |
| Revenue not subject to taxation | (1,547) | (1,706) |
| Tax deductible interest distributions | (2,123) | (1,924) |
| Current tax charge for the year (note 5a) | 82 | 45 |

c) Provision for deferred taxation

At 15 April 2020, there is no potential deferred tax asset (15.4.19: £nil) in relation to surplus management expenses.

6. Distributions

The distributions take account of amounts received on the issue of shares and amounts deducted on the cancellation of shares, and comprise:

| | | |
|-------------------------------------------------|---------------|--------|
| Interim dividend distribution | 17,030 | 16,240 |
| Final dividend distribution | 5,607 | 5,872 |
| | 22,637 | 22,112 |
| Add: Amounts deducted on cancellation of shares | 139 | 102 |
| Deduct: Amounts received on issue of shares | (160) | (199) |
| Net distribution for the year | 22,616 | 22,015 |

7. Movement Between Net Revenue and Distributions

| | | |
|------------------------------------------------|---------------|--------|
| Net revenue after taxation | 18,679 | 18,332 |
| Expenses charged to capital | 3,865 | 3,637 |
| Equalisation received transferred from capital | 72 | 46 |
| Net distribution for the year | 22,616 | 22,015 |

8. Debtors

| | | |
|-------------------------------------------------------|--------------|-------|
| Amounts receivable for creation of shares | 512 | 939 |
| Accrued revenue | 928 | 584 |
| Management fee rebates receivable/Monies due from ACD | 12 | 13 |
| Income tax recoverable | 12 | 13 |
| Total debtors | 1,464 | 1,549 |

9. Other creditors

| | | |
|--------------------------------------------|--------------|-------|
| Amounts payable for cancellation of shares | 126 | 284 |
| Purchases awaiting settlement | 2,955 | 4,483 |
| Accrued expenses | 769 | 198 |
| Corporation tax payable | 34 | - |
| Total other creditors | 3,884 | 4,965 |

10. Reconciliation of Shares

| | <i>Retail Income</i> | <i>Retail Accumulation</i> | <i>Income C</i> |
|-------------------------------------------|--------------------------|--------------------------------|---------------------|
| Opening shares issued at 16.4.19 | 2,946,931 | 4,318,974 | 312,997,175 |
| Share movements 16.4.19 to 15.4.20 | | | |
| Shares issued | 13,148 | 7,257 | 29,041,289 |
| Shares cancelled | (388,735) | (343,173) | (8,891,872) |
| Shares converted | (2,571,344) | (3,983,058) | 3,780,059 |
| Closing shares issued at 15.4.20 | - | - | 336,926,651 |

| | <i>Accumulation C</i> | <i>Income P</i> | <i>Accumulation P</i> |
|-------------------------------------------|---------------------------|---------------------|---------------------------|
| Opening shares issued at 16.4.19 | 114,387,709 | 2,041,512 | 4,321,330 |
| Share movements 16.4.19 to 15.4.20 | | | |
| Shares issued | 2,199,315 | - | 489,951 |
| Shares cancelled | (11,369,112) | (69,927) | (636,037) |
| Shares converted | 2,829,783 | - | - |
| Closing shares issued at 15.4.20 | 108,047,695 | 1,971,585 | 4,175,244 |

11. Ultimate Controlling Party and Related Party Transactions

The Authorised Corporate Director (ACD) is regarded as a controlling party of the Fund by virtue of having the ability to act in concert in respect of Fund operations. The ultimate controlling party of the ACD is HSBC Group plc.

This entity and its subsidiaries are also related parties of the Fund.

At the year end, the ACD and its associates held the following of the Fund's shares in issue:

| | <i>Retail Income#</i> | <i>Retail Accumulation##</i> | <i>Income C</i> | <i>Accumulation C</i> | <i>Income P</i> | <i>Accumulation P</i> |
|---------------|---------------------------|----------------------------------|---------------------|---------------------------|---------------------|---------------------------|
| | % | % | % | % | % | % |
| As at 15.4.20 | - | - | 97.46 | 92.33 | - | - |
| As at 15.4.19 | - | 0.23 | 0.23 | 0.33 | - | - |

#The Retail Income share class converted to Income C class on 17 January 2020.

##The Retail Accumulation share class converted to Accumulation C class on 17 January 2020.

Details of all other material related party transactions during the year and any payment amounts outstanding at the balance sheet date are disclosed in notes 8 and 9 to the financial statements and the Statement of Change in Net Assets Attributable to Shareholders and the Portfolio Statement.

The balance due to/from the ACD (including amounts due to associates and agents) at the year end was £371,973 (15.4.19: £482,809), further details of such amounts can be found in notes 8 and 9.

At the year end, the Fund held £420,371,371 (15.4.19: £446,797,360) in HSBC Holdings, the parent company of the ACD. During the year, transactions in HSBC Holdings totalled £105,034,730 (15.4.19: £93,140,786).

Investments in related parties are disclosed in the Portfolio Statement.

12. Financial Instruments

The financial instrument risks and risk management policies are set out on pages 12 and 13.

Foreign Currency Risk

A substantial portion of the net assets of the Fund are denominated in currencies other than sterling with the effect that the balance sheet and total return can be significantly affected by currency movements.

Net currency monetary assets and liabilities consist of:

| | <i>Portfolio of investments</i> | | <i>Net other assets/(liabilities)</i> | | <i>Net assets</i> | |
|----------------------|---------------------------------|---------|---------------------------------------|---------|-------------------|---------|
| | 15.4.20 | 15.4.19 | 15.4.20 | 15.4.19 | 15.4.20 | 15.4.19 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Sterling* | 253,999 | 269,554 | 5,278 | 5,431 | 259,277 | 274,985 |
| United States dollar | 270,699 | 287,508 | (2,787) | (2,472) | 267,912 | 285,036 |
| Total | 524,698 | 557,062 | 2,491 | 2,959 | 527,189 | 560,021 |

*No currency risk as base currency.

Interest Rate Risk

At the year end, 1.66% (15.4.19: 1.83%) of the Fund's assets by value were interest-bearing.

Interest rates are based upon LIBOR (London Interbank Offered Rate).

13. Shareholders' Funds

This Fund has a C share class and a P share class.

The annual ACD charge on the C share class is 0.55% and 0.25% on the P share class.

The net asset value of the share class, the net asset value per share and the number of shares in each class are given in the Comparative Tables on 152 to 154. The distribution per share class is given in the Distribution Tables on 156 to 159. All share classes within the OEIC have the same rights on winding up.

14. Financial Derivatives

The Fund has used financial derivatives for hedging and meeting investment objectives including risk reduction and implementation of investment policies.

The use of derivatives can create additional counterparty risks. Details of the policy adopted by the ACD for managing counterparty and other risks are set out in the Notes to the Financial Statements.

The types of derivatives held at the year end was forward currency contracts.

Details of the individual contracts are shown on the Portfolio Statement on pages 150 and 151, and the total position by the counterparty at the year end is summarised below. The underlying exposure for each category of derivatives were as follows:

| Counterparty | <i>Forward Currency</i> | | <i>Total</i> | |
|------------------------|-------------------------|-------|--------------|-------|
| | 2020 | 2019 | 2020 | 2019 |
| | £'000 | | £'000 | |
| Goldman Sachs | 7,012 | - | 7,012 | - |
| HSBC | - | 1,065 | - | 1,065 |
| Royal Bank of Scotland | 69 | - | 69 | - |

Eligible collateral types are approved by the ACD and may consist of cash, UK gilts, certificates of deposit, treasury bills, sovereign debt, eurosterling bonds and equities.

At 15 April 2020, there was no collateral held in respect of the above derivatives (15.4.19: £nil).

15. Contingent Liabilities and Commitments

At the year end, the Fund had no contingent liabilities or commitments (15.4.19: none).

16. Portfolio Transaction Costs

| For the year ended 15 April 2020 | Purchases | Commissions | | Taxes | | Other Expenses | |
|------------------------------------------------|------------------|--------------------|------|--------------|---|-----------------------|---|
| | £'000 | £'000 | % | £'000 | % | £'000 | % |
| Analysis of total purchases costs | | | | | | | |
| Equity transactions | 1,334 | 1 | 0.07 | - | - | - | - |
| Pooled investment vehicles | 65,315 | 5 | 0.01 | - | - | 2 | - |
| Total purchases before transaction costs | 66,649 | 6 | | - | | 2 | |
| Transaction costs | 8 | | | | | | |
| Total purchases after commission, tax and fees | 66,657 | | | | | | |
| | Sales | Commissions | | Taxes | | Other Expenses | |
| | £'000 | £'000 | % | £'000 | % | £'000 | % |
| Analysis of total sales costs | | | | | | | |
| Equity transactions | 653 | - | - | - | - | - | - |
| Pooled investment vehicles | 74,546 | 2 | - | - | - | 1 | - |
| Total sales before transaction costs | 75,199 | 2 | | - | | 1 | |
| Transaction costs | (3) | | | | | | |
| Total sales after commission, tax and fees | 75,196 | | | | | | |

The Fund had paid £nil as commission on purchases and sales derivative transactions for the year ended 15.4.20.

Commissions, taxes and fees as % of average Net Assets:

| | |
|----------------|-------|
| Commissions | 0.00% |
| Taxes | 0.00% |
| Other expenses | 0.00% |

At the balance sheet date the portfolio dealing spread was 0.10%, being the difference between the respective bid and offer prices for the Fund's investments.

| For the year ended 15 April 2019 | Purchases | Commissions | | Taxes | | Other Expenses | |
|------------------------------------------------|------------------|--------------------|------|--------------|---|-----------------------|---|
| | £'000 | £'000 | % | £'000 | % | £'000 | % |
| Analysis of total purchases costs | | | | | | | |
| Equity transactions | 628 | - | - | - | - | - | - |
| Pooled investment vehicles | 91,550 | 2 | - | - | - | 1 | - |
| Total purchases before transaction costs | 92,178 | 2 | | - | | 1 | |
| Transaction costs | 3 | | | | | | |
| Total purchases after commission, tax and fees | 92,181 | | | | | | |
| | Sales | Commissions | | Taxes | | Other Expenses | |
| | £'000 | £'000 | % | £'000 | % | £'000 | % |
| Analysis of total sales costs | | | | | | | |
| Equity transactions | 21,260 | 10 | 0.05 | - | - | - | - |
| Pooled investment vehicles | 64,058 | 3 | - | - | - | - | - |
| Total sales before transaction costs | 85,318 | 13 | | - | | - | |
| Transaction costs | (13) | | | | | | |
| Total sales after commission, tax and fees | 85,305 | | | | | | |

The Fund had paid £nil as commission on purchases and sales derivative transactions for the year ended 15.4.19.

Commissions, taxes and fees as % of average Net Assets:

| | |
|----------------|-------|
| Commissions | 0.00% |
| Taxes | 0.00% |
| Other expenses | 0.00% |

At the balance sheet date the portfolio dealing spread was 0.07%, being the difference between the respective bid and offer prices for the Fund's investments.

Portfolio transaction costs are incurred by the Fund when buying and selling underlying investments. These costs vary depending on the class of investment, country of exchange and method of execution.

These costs can be classified as either direct or indirect transaction costs:

Direct transaction costs: Broker commissions, fees and taxes.

Indirect transaction costs: 'Dealing spread' – the difference between the buying and selling prices of the Fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the Fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

17. Fair Value of Investments

FRS 102 requires an entity 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 shall have the following classifications:

- Level 1: unadjusted quoted prices in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3: inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

For the year ended 15 April 2020

| Category | 1 | 2 | 3 | Total |
|----------------------------|--------|---------|-------|---------|
| | £'000 | £'000 | £'000 | £'000 |
| Investment Assets | | | | |
| Equities | 33,644 | - | - | 33,644 |
| Pooled investment vehicles | 64,701 | 414,797 | 6,357 | 485,855 |
| Derivatives | - | 7,081 | - | 7,081 |
| | 98,345 | 421,878 | 6,357 | 526,580 |
| Investment Liabilities | £'000 | £'000 | £'000 | £'000 |
| Derivatives | - | (1,882) | - | (1,882) |
| | - | (1,882) | - | (1,882) |

For the year ended 15 April 2019

| Category | 1 | 2 | 3 | Total |
|----------------------------|--------|---------|-------|---------|
| | £'000 | £'000 | £'000 | £'000 |
| Investment Assets | | | | |
| Equities | 36,021 | - | - | 36,021 |
| Pooled investment vehicles | 63,306 | 456,670 | - | 519,976 |
| Derivatives | - | 1,065 | - | 1,065 |
| | 99,327 | 457,735 | - | 557,062 |

18. Sensitivity Analysis

Price risk sensitivity:

If the price of investments at 15 April 2020 had increased or decreased by 10% with all other variables held constant, this would have increased or decreased the net assets attributable to shareholders by £52,469,848 (15.4.19: £55,706,232).

Currency risk sensitivity:

If the exchange rate at 15 April 2020 had increased or decreased by 10% with all other variables held constant, this would have increased or decreased the net assets attributable to shareholders by £26,791,253 (15.4.19: £28,503,630).

Interest rate risk sensitivity:

At the balance sheet date, the Fund did not have a significant exposure to interest rate risk, therefore no sensitivity analysis is disclosed (15.4.19: no significant exposure).

19. Events after the balance sheet date

Since the year end, markets and operations have continued to be disrupted by the effects of the COVID-19 pandemic.

Since the year end the NAV of the lead share class was 159.8p and has increased by 6.75% (to 10 July 2020).

Contingency plans at the ACD and key service suppliers have proven effective in mitigating the effects on management of the portfolio and on all supporting operations.

Global Strategy Adventurous Portfolio

Investment Objective

To provide capital growth through diversified investment across global markets with a bias towards equities.

Investment Policy*

This is one of a range of actively managed Global Strategy Portfolios offered at five different risk levels. The Fund is rated as 5, where 1 is a lower level of risk and 5 is a higher level of risk. The Fund is managed in line with its agreed long term risk profile and is periodically rebalanced. Any potential gains are likely to be limited by the risk profile of the Fund.

To achieve its objective the Fund invests substantially in collective investment schemes, including exchange traded funds, which aim to track the performance of market indices. Such assets shall, in turn, invest in equities, fixed interest securities and property securities that make up the relevant index.

The Fund may, in addition to its other investment powers, use exchange traded and over-the-counter derivatives and forward currency contracts for investment purposes. Using these investment powers for investment purposes means, in particular, maintaining positions in these investments for the long term rather than just for tactical short-term purposes. Where the use of derivatives is for investment purposes in addition to hedging it is envisaged that the use of such instruments will not affect the overall risk profile of the Fund.

*The full policy can be found in the prospectus.

Investment Strategy*

The Fund invests in corporate bonds, equities and property securities through investment in collective investment schemes, including exchange traded funds, which aim to track the performance of an appropriate market index.

97% of the Fund invests in collective investment schemes that aim to track the performance of an index.

Derivatives may be used with the aim of hedging to reduce market risk and to reduce the impact of currency movements but also with the aim of generating returns to assist the Fund in meeting its investment objective. Exchange traded futures may be used to gain or reduce exposure to certain asset classes. Forward currency contracts may be used to gain exposure to currencies or for hedging to reduce the impact of currency movements for certain asset classes that are not denominated in sterling.

*The full strategy can be found in the prospectus.

Portfolio Activity

At the start of the period, the portfolio was positioned to be overweight to risk assets. Towards the end of 2019, the Portfolio Management (PM) team took steps to reduce this overweight. In Q1 2020, this was extended to move the portfolio underweight risk as the spread of coronavirus increased market volatility.

In June, the PM team reduced the overweight position in emerging market equities to add to US equities which moved to a neutral position. The PM team believed that the US would fare better if conditions deteriorated due to its safe haven status and robust consumer market. Lower emerging market (EM) growth and export numbers led us to reduce our exposure. The team also reduced Japan equities further given its relative weakness over recent months and economic uncertainty.

In August, in view of ongoing trade tensions, the PM team reduced risk by taking profits from our tactical overweight allocation to UK and EM equities and added to cash to add some resilience to portfolios.

At the end of 2019, we reduced our FX hedge on global equities. Sterling appreciated in the run up to and after the general election in the UK leading to the potential for future depreciation of the currency, which would be beneficial for an unhedged position.

In January, the long term strategic asset allocation was updated. This saw a slight change in our regional equity weights, along with a small increase to the property allocation. A small exposure to global government bonds has also been added.

In mid-February, portfolios were repositioned to reduce risk further, cutting exposure to equities, and corporate bonds with the proceeds added to cash and government bonds. A second tranche of risk reduction was executed at the beginning of March with EM and UK equity reduced and the proceeds held in cash.

March saw a period where numerous adjustments were made to steer the portfolio through a period of extreme volatility with further reductions to equity positions with proceeds added to government bonds and cash.

Steps were also taken to diversify our defensive allocations, with positions initiated in safe haven currencies (USD, JPY and Swiss Franc).

Major purchases included: HSBC American Index Fund, iShares Core S&P 500 UCITS ETF, iShares Emerging Markets Index Fund and iShares Developed Real Estate Index Fund.

Major sales included: HSBC American Index Fund, iShares Core S&P 500 UCITS ETF, HSBC European Index Fund and iShares Emerging Markets Index Fund.

Investment Performance

During the year under review the value of the shares in the Fund decreased by 4.99%.

(Source: Morningstar Direct, GBP, UK net of tax, for the Accumulation C share class. Returns based on the NAV, which is a single price.)

Please note that the above information refers to the past and that past performance is not a reliable indication of future returns.

| Fund Particulars as at 16 April 2020 | | |
|------------------------------------------------------|-------------|-------------------|
| | Income C | Accumulation C |
| Price | 102.9p xd | 106.0p |
| Distribution payable (on 15 June 2020) per share net | 1.177050p | 0.633009p |
| Current net estimated yield | 1.49% | 1.58% |
| Annual ACD charge | 0.10% | 0.10% |

Portfolio Statement

as at 15 April 2020

| <i>Security</i> | <i>Holding</i> | <i>Bid value £'000</i> | <i>Total net assets %</i> |
|----------------------------------------------------------------|----------------|--------------------------------|---------------------------------------|
| Asia-Pacific (excluding Japan) Equities - 2.88% (3.91%) | | | |
| ^iShares Pacific Index Fund | 72,283 | 862 | 2.88 |
| Total Asia-Pacific (excluding Japan) Equities | | 862 | 2.88 |
| European (excluding UK) Equities - 10.46% (13.92%) | | | |
| +HSBC European Index Fund | 361,244 | 3,125 | 10.46 |
| Total European (excluding UK) Equities | | 3,125 | 10.46 |
| Global Emerging Markets Equities - 11.91% (12.65%) | | | |
| ^iShares Emerging Markets Index Fund | 353,666 | 3,559 | 11.91 |
| Total Global Emerging Markets Equities | | 3,559 | 11.91 |
| Japanese Equities - 6.55% (8.18%) | | | |
| +HSBC Japan Index Fund | 1,567,369 | 1,958 | 6.55 |
| Total Japanese Equities | | 1,958 | 6.55 |
| US Equities - 49.32% (48.10%) | | | |
| +HSBC American Index Fund | 1,482,923 | 9,672 | 32.36 |
| ^iShares VII Core S&P 500 UCITS ETF | 22,856 | 5,069 | 16.96 |
| Total US Equities | | 14,741 | 49.32 |
| Direct Property Funds - 7.20% (5.04%) | | | |
| ^iShares Developed Real Estate Index Fund | 256,768 | 2,151 | 7.20 |
| Total Direct Property Funds | | 2,151 | 7.20 |
| Global Corporate Bonds - 0.75% (0.96%) | | | |
| +HSBC Corporate Bond Index Fund | 26,016 | 225 | 0.75 |
| Total Global Corporate Bonds | | 225 | 0.75 |
| Global Government Bonds - 1.17% (0.00%) | | | |
| +HSBC Global Funds ICAV - Global Government Bond Index Fund | 42,351 | 349 | 1.17 |
| Total Global Corporate Bonds | | 349 | 1.17 |
| UK Equities - 4.86% (6.05%) | | | |
| +HSBC FTSE 100 Index Fund | 754,979 | 1,453 | 4.86 |
| Total UK Equities | | 1,453 | 4.86 |
| Money Markets - 1.56% (0.00%) | | | |
| +HSBC Global Sterling Liquidity Fund | 467,400 | 468 | 1.56 |
| Total Money Markets | | 468 | 1.56 |
| Futures - 0.03% (0.00%) | | | |
| CBT US 10Yr Ultra Future June 2020 | 3 | 9 | 0.03 |
| Total Futures | | 9 | 0.03 |

Portfolio Statement

as at 15 April 2020

| <i>Security</i> | <i>Holding</i> | <i>Bid value £'000</i> | <i>Total net assets %</i> |
|-----------------------------------------------------------|----------------|--------------------------------|---------------------------------------|
| Forward Foreign Exchange Contracts - 0.08% (0.17%) | | | |
| #Sold JPY20,851,400 for GBP161,842 settled 23 April 2020 | | 7 | 0.02 |
| #Sold USD710,941 for GBP590,808 settled 23 April 2020 | | 22 | 0.07 |
| #Sold GBP31,180 for USD36,940 settled 23 April 2020 | | (2) | (0.01) |
| #Sold JPY2,156,647 for GBP16,438 settled 23 April 2020 | | - | - |
| #Sold GBP292,771 for JPY39,296,480 settled 23 April 2020 | | - | - |
| #Sold GBP94,124 for USD116,868 settled 23 April 2020 | | - | - |
| #Sold GBP121,198 for CHF144,914 settled 23 April 2020 | | (1) | - |
| #Sold GBP10,566 for CHF12,635 settled 23 April 2020 | | - | - |
| #Sold GBP9,589 for JPY1,285,879 settled 23 April 2020 | | - | - |
| #Sold GBP9,137 for CHF10,968 settled 23 April 2020 | | - | - |
| #Sold GBP9,807 for JPY1,320,218 settled 23 April 2020 | | - | - |
| #Sold GBP23,141 for USD29,034 settled 23 April 2020 | | - | - |
| #Sold GBP9,480 for CHF11,438 settled 23 April 2020 | | - | - |
| #Sold GBP8,611 for JPY1,155,048 settled 23 April 2020 | | - | - |
| Total Forward Foreign Exchange Contracts | | 26 | 0.08 |
| Portfolio of investments | | 28,926 | 96.77 |
| Net other assets | | 964 | 3.23 |
| Net assets | | 29,890 | 100.00 |

^listed

*offshore fund

+related party

#unlisted

Figures in brackets denote the comparative percentage holdings as at 15 April 2019.

Unless otherwise stated, all holdings are authorised investment funds.

The counterparty for the futures is HSBC.

The counterparties for forward foreign exchange contracts are HSBC, Royal Bank of Scotland, Goldman Sachs, Citigroup and UBS.

Comparative Tables

For the year ended 15 April 2020

| Income C | 15.4.20 | 15.4.19 | 15.4.18† |
|----------------------------------------|----------------|----------------|-----------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 110.60p | 101.00p | 100.00p |
| Return before operating charges* | (6.03p) | 11.01p | 1.10p |
| Operating charges** | (0.13p) | (0.13p) | (0.10p) |
| Return after operating charges* | (6.16p) | 10.88p | 1.00p |
| Distributions on income shares | (1.54p) | (1.28p) | 0.00p |
| Closing net asset value per share | 102.90p | 110.60p | 101.00p |
| *after direct transaction costs of:*** | 0.01p | 0.00p | 0.01p |
| Performance | | | |
| Return after charges | (5.57%) | 10.77% | 1.00% |
| Other information | | | |
| Closing net asset value | £1,124,077 | £4,422,022 | £3,802,946 |
| Closing number of shares | 1,092,143 | 3,997,372 | 3,766,486 |
| Operating charges - OCF | 0.20% | 0.20% | 0.24% |
| Direct transaction costs | 0.01% | 0.00% | 0.01% |
| Prices | | | |
| Highest share price | 123.90p | 112.00p | 108.80p |
| Lowest share price | 93.23p | 97.48p | 98.62p |

| Accumulation C | 15.4.20 | 15.4.19 | 15.4.18† |
|-----------------------------------------------|----------------|----------------|-----------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 112.00p | 101.00p | 100.00p |
| Return before operating charges* | (5.76p) | 11.13p | 1.10p |
| Operating charges** | (0.14p) | (0.13p) | (0.10p) |
| Return after operating charges* | (5.90p) | 11.00p | 1.00p |
| Distributions on accumulation shares | (1.67p) | (1.28p) | 0.00p |
| Retained distributions on accumulation shares | 1.67p | 1.28p | 0.00p |
| Closing net asset value per share | 106.10p | 112.00p | 101.00p |
| *after direct transaction costs of:*** | 0.01p | 0.00p | 0.01p |
| Performance | | | |
| Return after charges | (5.27%) | 10.89% | 1.00% |
| Other information | | | |
| Closing net asset value | £28,765,529 | £12,219,065 | £5,749,609 |
| Closing number of shares | 27,123,080 | 10,913,700 | 5,694,377 |
| Operating charges - OCF | 0.21% | 0.20% | 0.24% |
| Direct transaction costs | 0.01% | 0.00% | 0.01% |
| Prices | | | |
| Highest share price | 126.20p | 112.00p | 108.80p |
| Lowest share price | 94.98p | 98.13p | 98.62p |

†The Fund launched on 23 August 2017.

**The operating charges include all costs borne by the Fund, except for direct transaction costs.

***The direct transaction costs are made up of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

Statement of Total Return

for the year ended 15 April 2020

| | Notes | 15.4.20 | | 15.4.19 | |
|------------------------------------------------------------------------------|-------|---------|---------|---------|-------|
| | | £'000 | £'000 | £'000 | £'000 |
| Income | | | | | |
| Net capital (losses)/gains | 2 | | (1,861) | | 1,150 |
| Revenue | 3 | 284 | | 150 | |
| Expenses | 4 | (23) | | (12) | |
| Net revenue before taxation | | 261 | | 138 | |
| Taxation | 5 | 2 | | (2) | |
| Net revenue after taxation | | | 263 | | 136 |
| Total (deficit)/return before distributions | | | (1,598) | | 1,286 |
| Distributions | 6 | | (259) | | (140) |
| Change in net assets attributable to shareholders from investment activities | | | (1,857) | | 1,146 |

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 15 April 2020

| | 15.4.20 | | 15.4.19 | |
|--------------------------------------------------------------------------------------------------------------------|----------|---------|---------|--------|
| | £'000 | £'000 | £'000 | £'000 |
| Opening net assets attributable to shareholders | | 16,641 | | 9,553 |
| Amounts receivable on creation of shares | 25,446 | | 6,902 | |
| Amounts payable on cancellation of shares | (10,689) | | (1,075) | |
| | | 14,757 | | 5,827 |
| Dilution adjustment | | 27 | | 4 |
| Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above) | | (1,857) | | 1,146 |
| Retained distribution on accumulation shares | | 322 | | 111 |
| Closing net assets attributable to shareholders | | 29,890 | | 16,641 |

Balance Sheet

as at 15 April 2020

| | Notes | 15.4.20 | | 15.4.19 | |
|-----------------------------------------|-------|---------|---------|---------|--------|
| | | £'000 | £'000 | £'000 | £'000 |
| Assets | | | | | |
| Investments | | | 28,929 | | 16,471 |
| Current assets | | | | | |
| Debtors | 8 | 1,234 | | 314 | |
| Cash and bank balances | | 1,094 | | 398 | |
| Total current assets | | | 2,328 | | 712 |
| Total assets | | | 31,257 | | 17,183 |
| Liabilities | | | | | |
| Investment liabilities | | | (3) | | - |
| Creditors | | | | | |
| Distribution payable on income shares | | (13) | | (24) | |
| Other creditors | 9 | (1,351) | | (518) | |
| Total creditors | | | (1,364) | | (542) |
| Total liabilities | | | (1,367) | | (542) |
| Net assets attributable to shareholders | | | 29,890 | | 16,641 |

Distribution Tables (pence per share)

for the year ended 15 April 2020

| Group 1: Shares purchased prior to 16 October 2019 | | | | |
|-----------------------------------------------------------------|-----------------------|---------------------|---------------------------------------------|------------------------------------------|
| Group 2: Shares purchased from 16 October 2019 to 15 April 2020 | | | | |
| | <i>Net income</i> | <i>Equalisation</i> | <i>Distribution payable 15.6.20</i> | <i>Distribution paid 14.6.19</i> |
| Income C | | | | |
| Group 1 | 1.177050 | - | 1.177050 | 0.597666 |
| Group 2 | 0.338548 | 0.838502 | 1.177050 | 0.597666 |
| Accumulation C | | | | |
| Group 1 | 0.633009 | - | 0.633009 | 0.603993 |
| Group 2 | 0.352291 | 0.280718 | 0.633009 | 0.603993 |

| Group 1: Shares purchased prior to 16 April 2019 | | | | |
|-----------------------------------------------------------------|-----------------------|---------------------|-------------------------------------------|-------------------------------------------|
| Group 2: Shares purchased from 16 April 2019 to 15 October 2019 | | | | |
| | <i>Net income</i> | <i>Equalisation</i> | <i>Distribution paid 15.12.19</i> | <i>Distribution paid 15.12.18</i> |
| Income C | | | | |
| Group 1 | 0.360000 | - | 0.360000 | 0.680000 |
| Group 2 | 0.320000 | 0.040000 | 0.360000 | 0.680000 |
| Accumulation C | | | | |
| Group 1 | 1.040000 | - | 1.040000 | 0.680000 |
| Group 2 | 0.690000 | 0.350000 | 1.040000 | 0.680000 |

Notes to the Financial Statements

for the year ended 15 April 2020

| | 15.4.20 | 15.4.19 |
|-----------------------------------------------------------------------------------------------------------------------------|----------------|---------|
| | £'000 | £'000 |
| 1. Accounting Policies | | |
| The accounting policies are set out on pages 10 and 11. | | |
| 2. Net Capital (Losses)/Gains | | |
| The net capital (losses)/gains during the year comprise: | | |
| Realised losses on currency | (5) | (1) |
| Unrealised losses on currency | (2) | - |
| Transaction charges | - | 1 |
| Realised losses on forward foreign currency contracts | (218) | (220) |
| Unrealised gains on forward foreign currency contracts | 25 | 29 |
| Realised losses on derivative securities | (17) | - |
| Unrealised gains on derivative securities | 9 | - |
| Realised gains on non-derivative securities | 537 | 51 |
| Unrealised (losses)/gains on non-derivative securities | (2,190) | 1,290 |
| Net capital (losses)/gains | (1,861) | 1,150 |
| 3. Revenue | | |
| Overseas dividends | 127 | 66 |
| Franked distributions from UK authorised ICVCs and unit trusts | 152 | 79 |
| Interest on bonds and other debt securities | 4 | 5 |
| Bank interest | 1 | - |
| Total revenue | 284 | 150 |
| 4. Expenses | | |
| Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them: | | |
| Authorised Corporate Director's charge | 19 | 12 |
| Safe custody fee | 2 | - |
| | 21 | 12 |
| Payable to the Depositary, associates of the Depositary, and agents of either of them: | | |
| Depositary fee | 2 | 1 |
| Other expenses: | | |
| Report and accounts fee | - | (1) |
| Total expenses | 23 | 12 |

| | 15.4.20 £'000 | 15.4.19 £'000 |
|---------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| 5. Taxation | | |
| a) Analysis of charge in year: | | |
| Corporation tax | - | - |
| Total current tax charge for the year (note 5b) | - | - |
| Deferred tax (note 5c) | (2) | 2 |
| Total tax for the year (note 5b) | (2) | 2 |
| b) Factors affecting taxation charge for the year: | | |
| The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an open-ended investment company (20%). | | |
| The differences are explained below: | | |
| Net revenue before taxation | 261 | 138 |
| Corporation tax at 20% | 52 | 28 |
| Effects of: | | |
| Revenue not subject to taxation | (56) | (29) |
| Current year expenses not utilised | 4 | - |
| Utilisation of excess management expenses | - | (1) |
| Adjustments in respect of prior years | (2) | - |
| Unrealised gains on non-qualifying offshore fund | - | 4 |
| Current tax charge for the year (note 5a) | (2) | 2 |
| c) Provision for deferred taxation | | |
| Provision at start of year | 2 | - |
| Deferred tax charge in profit and loss account for the year (note 5a) | (2) | 2 |
| Provision at end of year (note 5a) | - | 2 |
| 6. Distributions | | |
| The distributions take account of amounts received on the issue of shares and amounts deducted on the cancellation of shares, and comprise: | | |
| Interim dividend distribution | 151 | 71 |
| Final dividend distribution | 185 | 90 |
| | 336 | 161 |
| Add: Amounts deducted on cancellation of shares | - | 8 |
| Deduct: Amounts received on issue of shares | (77) | (29) |
| Net distribution for the year | 259 | 140 |
| 7. Movement Between Net Revenue and Distributions | | |
| Net revenue after taxation | 263 | 136 |
| Corporation tax on taxable items in capital | (4) | 4 |
| Net distribution for the year | 259 | 140 |
| 8. Debtors | | |
| Amounts receivable for creation of shares | 1,234 | 250 |
| Sales awaiting settlement | - | 64 |
| Total debtors | 1,234 | 314 |
| 9. Other creditors | | |
| Amounts payable for cancellation of shares | 1 | - |
| Purchases awaiting settlement | 1,344 | 515 |
| Accrued expenses | 6 | 1 |
| Deferred tax | - | 2 |
| Total other creditors | 1,351 | 518 |

10. Reconciliation of Shares

| | <i>Income C</i> | <i>Accumulation C</i> |
|-------------------------------------------|---------------------|---------------------------|
| Opening shares issued at 16.4.19 | 3,997,372 | 10,913,700 |
| Share movements 16.4.19 to 15.4.20 | | |
| Shares issued | 883,477 | 21,828,791 |
| Shares cancelled | (3,788,706) | (5,619,411) |
| Closing shares issued at 15.4.20 | 1,092,143 | 27,123,080 |

11. Ultimate Controlling Party and Related Party Transactions

The Authorised Corporate Director (ACD) is regarded as a controlling party of the Fund by virtue of having the ability to act in concert in respect of Fund operations. The ultimate controlling party of the ACD is HSBC Group plc. This entity and its subsidiaries are also related parties of the Fund.

At the year end, the ACD and its associates held the following of the Fund's shares in issue:

| | <i>Income C</i> | <i>Accumulation C</i> |
|---------------|---------------------|---------------------------|
| | % | % |
| As at 15.4.20 | 50.21 | 32.67 |
| As at 15.4.19 | 95.72 | 49.36 |

Details of all other material related party transactions during the year and any payment amounts outstanding at the balance sheet date are disclosed in notes 8 and 9 to the financial statements and the Statement of Change in Net Assets Attributable to Shareholders and the Portfolio Statement.

The balance due from the ACD (including amounts due to associates and agents) at the year end was £1,228,248 (15.4.19: £249,433), further details of such amounts can be found in notes 8 and 9.

At the year end, the Fund held £17,249,671 (15.4.19: £10,277,787) in Authorised Investment Funds managed by HSBC or HSBC Holdings, the parent company of the ACD. During the year, transactions in Authorised Investment Funds managed by HSBC and/or HSBC Holdings totalled £21,491,344 (15.4.19: £5,945,564).

Investments in related parties are disclosed in the Portfolio Statement.

12. Financial Instruments

The financial instrument risks and risk management policies are set out on pages 12 and 13.

Foreign Currency Risk

A substantial portion of the net assets of the Fund are denominated in currencies other than sterling with the effect that the balance sheet and total return can be significantly affected by currency movements.

Net currency monetary assets and liabilities consist of:

| | <i>Portfolio of investments</i> | | <i>Net other assets/(liabilities)</i> | | <i>Net assets</i> | |
|----------------------|-------------------------------------|---------|-------------------------------------------|---------|-----------------------|---------|
| | 15.4.20 | 15.4.19 | 15.4.20 | 15.4.19 | 15.4.20 | 15.4.19 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Sterling* | 16,672 | 10,118 | 1,008 | 261 | 17,680 | 10,379 |
| Japanese yen | 7 | 4 | - | - | 7 | 4 |
| United States dollar | 12,247 | 6,349 | (44) | (91) | 12,203 | 6,258 |
| Total | 28,926 | 16,471 | 964 | 170 | 29,890 | 16,641 |

*No currency risk as base currency.

Interest Rate Risk

At the year end, 3.66% (15.4.19: 2.39%) of the Fund's assets by value were interest-bearing. Interest rates are based upon LIBOR (London Interbank Offered Rate).

13. Shareholders' Funds

This Fund has a C share class. The annual ACD charge on the C share class is 0.10%. The net asset value of the share class, the net asset value per share and the number of shares in each class are given in the Comparative Tables on page 171. The distribution per share class is given in the Distribution Tables on page 173. All share classes within the OEIC have the same rights on winding up.

14. Financial Derivatives

The Fund has used financial derivatives for hedging and meeting investment objectives including risk reduction and implementation of investment policies.

The use of derivatives can create additional counterparty risks. Details of the policy adopted by the ACD for managing counterparty and other risks are set out in the Notes to the Financial Statements.

The types of derivatives held at the year end were index futures and forward currency contracts.

Details of the individual contracts are shown on the Portfolio Statement on pages 169 and 170, and the total position by the counterparty at the year end is summarised below. The underlying exposure for each category of derivatives were as follows:

| Counterparty | Forward Currency £'000 | |
|---------------|---------------------------|------|
| | 2020 | 2019 |
| Goldman Sachs | 22 | - |
| Citigroup | 7 | - |
| HSBC | - | 25 |
| State Street | - | 4 |

The economic exposure of future derivative contracts is equal to the market value. The value of exposure and the related counterparty are disclosed in the Portfolio Statement.

Eligible collateral types are approved by the ACD and may consist of cash, UK gilts, certificates of deposit, treasury bills, sovereign debt, eurosterling bonds and equities.

At 15 April 2020, there was no collateral held in respect of the above derivatives (15.4.19: £nil).

15. Contingent Liabilities and Commitments

At the year end, the Fund had no contingent liabilities or commitments (15.4.19: none).

16. Portfolio Transaction Costs

| For the year ended 15 April 2020 | Purchases | Commissions | | Taxes | | Other Expenses | |
|------------------------------------------------|------------------|--------------------|---|--------------|---|-----------------------|---|
| | £'000 | £'000 | % | £'000 | % | £'000 | % |
| Analysis of total purchases costs | | | | | | | |
| Pooled investment vehicles | 25,490 | 1 | - | - | - | - | - |
| Total purchases before transaction costs | 25,490 | 1 | | - | | - | |
| Transaction costs | 1 | | | | | | |
| Total purchases after commission, tax and fees | 25,491 | | | | | | |
| | Sales | Commissions | | Taxes | | Other Expenses | |
| | £'000 | £'000 | % | £'000 | % | £'000 | % |
| Analysis of total sales costs | | | | | | | |
| Pooled investment vehicles | 11,669 | - | - | - | - | - | - |
| Total sales before transaction costs | 11,669 | - | | - | | - | |
| Transaction costs | - | | | | | | |
| Total sales after commission, tax and fees | 11,669 | | | | | | |

The Fund had paid £13 as commission on purchases and sales derivative transactions for the year ended 15.4.20.

Commissions, taxes and fees as % of average Net Assets:

| | |
|----------------|-------|
| Commissions | 0.01% |
| Taxes | 0.00% |
| Other expenses | 0.00% |

At the balance sheet date the portfolio dealing spread was 0.01 %, being the difference between the respective bid and offer prices for the Fund's investments.

| For the year ended 15 April 2019 | Purchases | Commissions | | Taxes | | Other Expenses | |
|------------------------------------------------|------------------|--------------------|---|--------------|---|-----------------------|---|
| | £'000 | £'000 | % | £'000 | % | £'000 | % |
| Analysis of total purchases costs | | | | | | | |
| Pooled investment vehicles | 7,567 | - | - | - | - | - | - |
| Total purchases before transaction costs | 7,567 | - | | - | | - | |
| Transaction costs | - | | | | | | |
| Total purchases after commission, tax and fees | 7,567 | | | | | | |
| | Sales | Commissions | | Taxes | | Other Expenses | |
| | £'000 | £'000 | % | £'000 | % | £'000 | % |
| Analysis of total sales costs | | | | | | | |
| Pooled investment vehicles | 2,065 | - | - | - | - | - | - |
| Total sales before transaction costs | 2,065 | - | | - | | - | |
| Transaction costs | - | | | | | | |
| Total sales after commission, tax and fees | 2,065 | | | | | | |

The Fund had paid £nil as commission on purchases and sales derivative transactions for the year ended 15.4.19.

Commissions, taxes and fees as % of average Net Assets:

| | |
|----------------|-------|
| Commissions | 0.00% |
| Taxes | 0.00% |
| Other expenses | 0.00% |

At the balance sheet date the portfolio dealing spread was 0.00%, being the difference between the respective bid and offer prices for the Fund's investments.

Portfolio transaction costs are incurred by the Fund when buying and selling underlying investments. These costs vary depending on the class of investment, country of exchange and method of execution.

These costs can be classified as either direct or indirect transaction costs:

Direct transaction costs: Broker commissions, fees and taxes.

Indirect transaction costs: 'Dealing spread' – the difference between the buying and selling prices of the Fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the Fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

17. Fair Value of Investments

FRS 102 requires an entity 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 shall have the following classifications:

- Level 1: unadjusted quoted prices in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3: inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

For the year ended 15 April 2020

| Category | 1 | 2 | 3 | Total |
|----------------------------|-------|--------|-------|--------|
| | £'000 | £'000 | £'000 | £'000 |
| Investment Assets | | | | |
| Pooled investment vehicles | 5,069 | 23,822 | - | 28,891 |
| Derivatives | 9 | 29 | - | 38 |
| | 5,078 | 23,851 | - | 28,929 |
| Investment Liabilities | £'000 | £'000 | £'000 | £'000 |
| Derivatives | - | (3) | - | (3) |
| | - | (3) | - | (3) |

For the year ended 15 April 2019

| Category | 1 | 2 | 3 | Total |
|----------------------------|-------|--------|-------|--------|
| | £'000 | £'000 | £'000 | £'000 |
| Investment Assets | | | | |
| Pooled investment vehicles | 2,570 | 13,872 | - | 16,442 |
| Derivatives | - | 29 | - | 29 |
| | 2,570 | 13,901 | - | 16,471 |

18. Sensitivity Analysis

Price risk sensitivity:

If the price of investments at 15 April 2020 had increased or decreased by 10% with all other variables held constant, this would have increased or decreased the net assets attributable to shareholders by £2,892,574 (15.4.19: £1,647,112).

Currency risk sensitivity:

If the exchange rate at 15 April 2020 had increased or decreased by 10% with all other variables held constant, this would have increased or decreased the net assets attributable to shareholders by £1,220,922 (15.4.19: £626,172).

Interest rate risk sensitivity:

At the balance sheet date, the Fund did not have a significant exposure to interest rate risk, therefore no sensitivity analysis is disclosed (15.4.19: no significant exposure).

19. Events after the balance sheet date

Since the year end, markets and operations have continued to be disrupted by the effects of the COVID-19 pandemic. Since the year end the NAV of the lead share class was 118.3p and has increased by 11.6% (to 10 July 2020). Contingency plans at the ACD and key service suppliers have proven effective in mitigating the effects on management of the portfolio and on all supporting operations.

Global Strategy Balanced Portfolio

Investment Objective

To provide capital growth through investment in a broad range of asset classes across global markets.

Investment Policy*

This is one of a range of actively managed Global Strategy Portfolios offered at five different risk levels. The Fund is rated as 3, where 1 is a lower level of risk and 5 is a higher level of risk. The Fund is managed with the aim of maximising returns in line with its agreed long term risk profile therefore any potential gains are likely to be limited by the risk profile of the Fund.

To achieve its objective the Fund invests primarily in collective investment schemes, including exchange traded funds, which generally aim to track the performance of market indices. Such assets shall, in turn, invest in equities, fixed interest securities and property securities that make up the relevant index.

The Fund may, in addition to its other investment powers, use exchange traded and over-the-counter derivatives and forward currency contracts for investment purposes. Using these investment powers for investment purposes means, in particular, maintaining positions in these investments for the long term rather than just for tactical short-term purposes. Where the use of derivatives is for investment purposes in addition to hedging it is envisaged that the use of such instruments will not affect the overall risk profile of the Fund.

*The full policy can be found in the prospectus.

Investment Strategy*

The starting point for the Global Strategy Portfolios is the Strategic Asset Allocation (SAA). SAA is the long-term blend of assets for each risk level. Tactical Asset Allocation (TAA) is another layer on top of the SAA and is driven by the investment team's shorter term market outlook. Portfolio Implementation is the final stage in the investment process, where we decide how best to take exposure to each asset class.

The Fund invests in corporate bonds, equities and property securities through investment in collective investment schemes, including exchange traded funds, which generally aim to track the performance of an appropriate market index.

89% of the Fund invests in collective investment schemes that aim to track the performance of an index. The Fund invests directly in global government bonds.

Derivatives may be used with the aim of hedging to reduce market risk and to reduce the impact of currency movements but also with the aim of generating returns to assist the Fund in meeting its investment objective. Exchange traded futures may be used to gain or reduce exposure to certain asset classes. Forward currency contracts may be used to gain exposure to currencies or for hedging to reduce the impact of currency movements for certain asset classes that are not denominated in sterling.

*The full strategy can be found in the prospectus.

Portfolio Activity

At the start of the period, the portfolio was positioned to be overweight to risk assets. Towards the end of 2019, the Portfolio Management (PM) team took steps to reduce this overweight. In Q1 2020, this was extended to move the portfolio underweight risk as the spread of coronavirus increased market volatility.

In June, the PM team reduced the overweight position in emerging market equities to add to US equities which moved to a neutral position. The PM team believed that the US would fare better if conditions deteriorated due to its safe haven status and robust consumer market. Lower emerging market (EM) growth and export numbers led us to reduce our exposure. The team also reduced Japan equities further given its relative weakness over recent months and economic uncertainty.

In August, in view of ongoing trade tensions, the PM team reduced risk by taking profits from our tactical overweight allocation to UK and EM equities and added to cash to add some resilience to portfolios.

At the end of 2019, we reduced our FX hedge on global equities. Sterling appreciated in the run up to and after the general election in the UK leading to the potential for future depreciation of the currency, which would be beneficial for an unhedged position. In January, the strategic asset allocation was updated. The largest change was to our fixed income positioning where we reduced our corporate bond exposure and increased our government bond exposure as, on a long-term view, corporate bonds appeared relatively expensive.

In mid-February, portfolios were repositioned to reduce risk further, cutting exposure to equities, and corporate bonds with the proceeds added to cash and government bonds. A second tranche of risk reduction was executed at the beginning of March with EM and UK equity reduced and the proceeds held in cash.

March saw a period where numerous adjustments were made to steer the portfolio through a period of extreme volatility with further reductions to equity positions with proceeds added to government bonds and cash.

Steps were also taken to diversify our defensive allocations, with positions initiated in safe haven currencies (USD, JPY and Swiss Franc).

The Fund has seen significant inflows during this period, meaning that a lot of repositioning has been completed through the allocation of these flows rather than the disposal of existing holdings.

Major purchases included: HSBC American Index Fund, HSBC Global Funds ICAV Global Government Bonds Index Fund, HSBC ICAV Global Corporate Bond Index Fund and HSBC Global Sterling Liquidity Fund.

Major sales included: HSBC ICAV Global Corporate Bond Index Fund and iShares Core S&P 500 UCITS ETF.

Investment Performance

During the year under review the value of the shares in the Fund decreased by 1.60%.

(Source: Morningstar Direct, GBP, UK net of tax, for the Accumulation C share class. Returns based on the NAV, which is a single price.)

Please note that the above information refers to the past and that past performance is not a reliable indication of future returns.

Fund Particulars

as at 16 April 2020

| | Retail X Accumulation | CTF Accumulation | Income C | Accumulation C |
|---------------------------------------------------------|--------------------------|---------------------|-------------|-------------------|
| Price | 181.9p | 184.2p | 161.2p xd | 184.4p |
| Distribution payable (on 15 June 2020) per share net | 0.695613p | 0.780203p | 0.822011p | 0.940767p |
| Current net estimated yield | 1.05% | 0.42% | 1.30% | 1.29% |
| Annual ACD charge | 0.30% | 0.35% | 0.10% | 0.10% |

Portfolio Statement

as at 15 April 2020

| <i>Security</i> | <i>Holding</i> | <i>Bid value £'000</i> | <i>Total net assets %</i> |
|----------------------------------------------------------------|----------------|--------------------------------|---------------------------------------|
| Asia-Pacific (excluding Japan) Equities - 2.65% (2.56%) | | | |
| ^iShares Core MSCI Pacific ex-Japan UCITS ETF | 26,112 | 2,521 | 0.21 |
| ^iShares Pacific Index Fund | 2,524,204 | 30,109 | 2.44 |
| Total Asia-Pacific (excluding Japan) Equities | | 32,630 | 2.65 |
| European (excluding UK) Equities - 6.83% (8.98%) | | | |
| +HSBC European Index Fund | 9,732,759 | 84,198 | 6.83 |
| Total European (excluding UK) Equities | | 84,198 | 6.83 |
| Global Emerging Markets Equities - 7.62% (9.04%) | | | |
| ^iShares Core MSCI Emerging Markets IMI UCITS ETF | 66,577 | 1,253 | 0.10 |
| ^iShares Emerging Markets Index Fund | 9,208,922 | 92,675 | 7.52 |
| Total Global Emerging Markets Equities | | 93,928 | 7.62 |
| Japanese Equities - 2.48% (5.42%) | | | |
| +HSBC Japan Index Fund | 24,493,898 | 30,593 | 2.48 |
| Total Japanese Equities | | 30,593 | 2.48 |
| US Equities - 34.00% (30.85%) | | | |
| + HSBC American Index Fund | 62,885,462 | 410,139 | 33.26 |
| ^iShares Core S&P 500 UCITS ETF | 40,920 | 9,075 | 0.74 |
| Total US Equities | | 419,214 | 34.00 |
| Direct Property Funds - 4.81% (5.07%) | | | |
| ^iShares Developed Real Estate Index Fund | 7,081,084 | 59,329 | 4.81 |
| Total Direct Property Funds | | 59,329 | 4.81 |
| Global Corporate Bonds - 8.49% (22.78%) | | | |
| +*HSBC ICAV Global Corporate Bond Index Fund | 12,103,689 | 104,752 | 8.49 |
| Total Global Corporate Bonds | | 104,752 | 8.49 |
| UK Equities - 1.55% (4.21%) | | | |
| +HSBC FTSE 100 Index Fund | 9,954,943 | 19,163 | 1.55 |
| Total UK Equities | | 19,163 | 1.55 |
| Dutch Government Bonds - 0.00% (0.26%) | | | |
| German Government Bonds - 0.00% (0.73%) | | | |
| Japanese Government Bonds - 0.00% (1.23%) | | | |
| Spanish Government Bonds - 0.00% (0.85%) | | | |

Portfolio Statement

as at 15 April 2020

| <i>Security</i> | <i>Holding</i> | <i>Bid value £'000</i> | <i>Total net assets %</i> |
|------------------------------------------------------------------|----------------|--------------------------------|---------------------------------------|
| UK Government Bonds - 0.00% (0.34%) | | | |
| US Government Bonds - 0.00% (3.04%) | | | |
| Global Government Bonds - 21.66% (0.00%) | | | |
| +*HSBC Global Funds ICAV Global Government Bond Index Fund | 32,385,652 | 267,170 | 21.66 |
| Total Global Government Bonds | | 267,170 | 21.66 |
| Money Markets - 6.26% (2.81%) | | | |
| +HSBC Global Liquidity Fund | 3,794,893 | 3,037 | 0.25 |
| +HSBC Global Sterling Liquidity Fund | 74,189,814 | 74,190 | 6.01 |
| Total Money Markets | | 77,227 | 6.26 |
| Forward Foreign Exchange Contracts - 1.02% (0.25%) | | | |
| #Sold USD 475,967,478 for GBP 395,152,145 settled 23 April 2020 | | 14,321 | 1.16 |
| #Sold GBP 6,095,907 for CHF 7,290,289 settled 23 April 2020 | | (53) | 0.00 |
| #Sold GBP 34,635,317 for JPY 4,553,429,991 settled 23 April 2020 | | (711) | (0.06) |
| #Sold GBP 18,531,173 for USD 21,954,566 settled 23 April 2020 | | (965) | (0.08) |
| #Sold JPY 266,109,433 for GBP 2,004,750 settled 23 April 2020 | | 22 | 0.00 |
| Total Forward Foreign Exchange Contracts | | 12,614 | 1.02 |
| Futures - 0.50% (0.01%) | | | |
| CBT US 10yr Ultra Future June 2020 | 172 | 485 | 0.04 |
| ICF FTSE 100 Index Future June 2020 | 369 | 1,753 | 0.14 |
| OSE Topix Index Future June 20 | 247 | 3,935 | 0.32 |
| Total Futures | | 6,173 | 0.50 |
| Portfolio of investments | | 1,206,991 | 97.87 |
| Net other assets | | 26,280 | 2.13 |
| Net assets | | 1,233,271 | 100.00 |

*offshore fund

+related party

^listed

#unlisted

Figures in brackets denote the comparative percentage holdings as at 15 April 2019.

Unless otherwise stated, all holdings are authorised investment funds.

The counterparty for the futures is HSBC.

The counterparties for the forward foreign exchange contracts are Citigroup, Goldman Sachs, HSBC, JP Morgan and UBS.

Comparative Tables

for the year ended 15 April 2020

| Retail Accumulation# | 15.4.20 | 15.4.19 | 15.4.18 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|----------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 180.20p | 166.30p | 162.80p |
| Return before operating charges* | 16.81p | 15.48p | 5.02p |
| Operating charges** | (1.31p) | (1.58p) | (1.52p) |
| Return after operating charges* | 15.50p | 13.90p | 3.50p |
| Distributions on accumulation shares | (0.82p) | (1.97p) | (1.59p) |
| Retained distributions on accumulation shares | (0.82p) | 1.97p | 1.59p |
| Cancellation price | (195.70p) | - | - |
| Closing net asset value per share | 0.00p | 180.20p | 166.30p |
| *after direct transaction costs of:*** | 0.01p | 0.00p | 0.00p |
| Performance | | | |
| Return after charges | 8.60% | 8.36% | 2.15% |
| Other information | | | |
| Closing net asset value | N/A | £110,603 | £67,292 |
| Closing number of shares | N/A | 61,376 | 40,470 |
| Operating charges - OCF | N/A | 0.98% | 0.98% |
| Direct transaction costs | N/A | 0.00% | 0.00% |
| Prices | | | |
| Highest share price | 195.70p | 180.30p | 175.70p |
| Lowest share price | 177.20p | 163.00p | 160.80p |
| #The Retail Accumulation share class closed on 17 January 2020. | | | |
| **The operating charges include all costs borne by the Fund, except for direct transaction costs. | | | |
| ***The direct transaction costs are made up of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. | | | |

| Retail X Income# | 15.4.20 | 15.4.19 | 15.4.18 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|----------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 166.10p | 155.00p | 153.80p |
| Return before operating charges* | 15.97p | 14.25p | 4.06p |
| Operating charges** | (0.59p) | (0.66p) | (0.67p) |
| Return after operating charges* | 15.38p | 13.59p | 3.39p |
| Distributions on income shares | (1.08p) | (2.49p) | (2.19p) |
| Cancellation price | (180.40p) | - | - |
| Closing net asset value per share | 0.00p | 166.10p | 155.00p |
| *after direct transaction costs of:*** | 0.01p | 0.00p | 0.00p |
| Performance | | | |
| Return after charges | 9.26% | 8.77% | 2.20% |
| Other information | | | |
| Closing net asset value | N/A | £62,086 | £33,714 |
| Closing number of shares | N/A | 37,374 | 21,744 |
| Operating charges - OCF | N/A | 0.48% | 0.49% |
| Direct transaction costs | N/A | 0.00% | 0.00% |
| Prices | | | |
| Highest share price | 180.40p | 167.30p | 164.40p |
| Lowest share price | 163.40p | 150.90p | 151.80p |
| #The Retail X Income share class closed on 7 February 2020. | | | |
| **The operating charges include all costs borne by the Fund, except for direct transaction costs. | | | |
| ***The direct transaction costs are made up of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. | | | |

Comparative Tables

for the year ended 15 April 2020

| | | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|----------------|
| Retail X Accumulation | | | |
| Change in net assets per share | 15.4.20 | 15.4.19 | 15.4.18 |
| Opening net asset value per share | 185.10p | 170.10p | 166.40p |
| Return before operating charges* | (2.31p) | 15.74p | 4.42p |
| Operating charges** | (0.79p) | (0.74p) | (0.72p) |
| Return after operating charges* | (3.10p) | 15.00p | 3.70p |
| Distributions on accumulation shares | (1.91p) | (2.74p) | (2.38p) |
| Retained distributions on accumulation shares | 1.91p | 2.74p | 2.38p |
| Closing net asset value per share | 182.00p | 185.10p | 170.10p |
| *after direct transaction costs of:*** | 0.01p | 0.00p | 0.00p |
| Performance | | | |
| Return after charges | (1.67%) | 8.82% | 2.22% |
| Other information | | | |
| Closing net asset value | £32,182,867 | £20,046,582 | £4,722,440 |
| Closing number of shares | 17,680,288 | 10,830,778 | 2,776,561 |
| Operating charges - OCF | 0.47% | 0.48% | 0.48% |
| Direct transaction costs | 0.01% | 0.00% | 0.00% |
| Prices | | | |
| Highest share price | 204.30p | 185.20p | 179.50p |
| Lowest share price | 166.90p | 167.20p | 164.30p |
| **The operating charges include all costs borne by the Fund, except for direct transaction costs. | | | |
| ***The direct transaction costs are made up of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. | | | |

| | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| CTF Accumulation# | 15.4.20 |
| Change in net assets per share | |
| Opening net asset value per share | 198.10p |
| Return before operating charges* | (13.46p) |
| Operating charges** | (0.24p) |
| Return after operating charges* | (13.70p) |
| Distributions on accumulation shares | (0.78p) |
| Retained distributions on accumulation shares | 0.78p |
| Closing net asset value per share | 184.40p |
| *after direct transaction costs of:*** | 0.01p |
| Performance | |
| Return after charges | (6.92%) |
| Other information | |
| Closing net asset value | £538,559,769 |
| Closing number of shares | 292,037,667 |
| Operating charges - OCF | 0.41% |
| Direct transaction costs | 0.01% |
| Prices | |
| Highest share price | 206.90p |
| Lowest share price | 169.00p |
| #The CTF Accumulation share class launched on 2 December 2019. | |
| **The operating charges include all costs borne by the Fund, except for direct transaction costs. | |
| ***The direct transaction costs are made up of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. | |

Comparative Tables

for the year ended 15 April 2020

| Income C | 15.4.20 | 15.4.19 | 15.4.18 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|----------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 165.80p | 154.70p | 153.50p |
| Return before operating charges* | (2.11p) | 14.15p | 3.96p |
| Operating charges** | (0.19p) | (0.18p) | (0.19p) |
| Return after operating charges* | (2.30p) | 13.97p | 3.77p |
| Distributions on income shares | (2.10p) | (2.87p) | (2.57p) |
| Closing net asset value per share | 161.40p | 165.80p | 154.70p |
| *after direct transaction costs of:*** | 0.01p | 0.00p | 0.00p |
| Performance | | | |
| Return after charges | (1.39%) | 9.03% | 2.46% |
| Other information | | | |
| Closing net asset value | £22,770,121 | £15,707,421 | £8,166,551 |
| Closing number of shares | 14,110,315 | 9,474,864 | 5,277,707 |
| Operating charges - OCF | 0.17% | 0.18% | 0.18% |
| Direct transaction costs | 0.01% | 0.00% | 0.00% |
| Prices | | | |
| Highest share price | 182.00p | 167.20p | 164.10p |
| Lowest share price | 148.70p | 150.60p | 151.50p |
| **The operating charges include all costs borne by the Fund, except for direct transaction costs. | | | |
| ***The direct transaction costs are made up of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. | | | |

| Accumulation C | 15.4.20 | 15.4.19 | 15.4.18 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|----------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 187.20p | 171.70p | 167.50p |
| Return before operating charges* | (2.38p) | 15.71p | 4.41p |
| Operating charges** | (0.22p) | (0.21p) | (0.21p) |
| Return after operating charges* | (2.60p) | 15.50p | 4.20p |
| Distributions on accumulation shares | (2.38p) | (3.20p) | (2.82p) |
| Retained distributions on accumulation shares | 2.38p | 3.20p | 2.82p |
| Closing net asset value per share | 184.60p | 187.20p | 171.70p |
| *after direct transaction costs of:*** | 0.01p | 0.00p | 0.00p |
| Performance | | | |
| Return after charges | (1.39%) | 9.03% | 2.51% |
| Other information | | | |
| Closing net asset value | £639,758,325 | £347,040,945 | £181,503,465 |
| Closing number of shares | 346,598,815 | 185,348,649 | 105,732,294 |
| Operating charges - OCF | 0.17% | 0.18% | 0.18% |
| Direct transaction costs | 0.01% | 0.00% | 0.00% |
| Prices | | | |
| Highest share price | 207.10p | 187.30p | 181.10p |
| Lowest share price | 169.20p | 169.10p | 165.40p |
| **The operating charges include all costs borne by the Fund, except for direct transaction costs. | | | |
| ***The direct transaction costs are made up of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. | | | |

Statement of Total Return

for the year ended 15 April 2020

| | | 15.4.20 | | 15.4.19 | |
|------------------------------------------------------------------------------|-------|---------|----------|---------|---------|
| | Notes | £'000 | £'000 | £'000 | £'000 |
| Income | | | | | |
| Net capital (losses)/gains | 2 | | (52,506) | | 20,074 |
| Revenue | 3 | 8,004 | | 5,134 | |
| Expenses | 4 | (947) | | (337) | |
| Interest payable and similar charges | | (25) | | - | |
| Net revenue before taxation | | 7,032 | | 4,797 | |
| Taxation | 5 | (435) | | (468) | |
| Net revenue after taxation | | | 6,597 | | 4,329 |
| Total (deficit)/return before distributions | | | (45,909) | | 24,403 |
| Distributions | 6 | | (6,614) | | (4,329) |
| Change in net assets attributable to shareholders from investment activities | | | (52,523) | | 20,074 |

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 15 April 2020

| | | 15.4.20 | | 15.4.19 | |
|--------------------------------------------------------------------------------------------------------------------|--|----------|-----------|----------|---------|
| | | £'000 | £'000 | £'000 | £'000 |
| Opening net assets attributable to shareholders | | | 382,968 | | 194,596 |
| Amounts receivable on creation of shares | | 350,194 | | 186,744 | |
| Amounts receivable on in-specie transfer* | | 557,005 | | - | |
| Amounts payable on cancellation of shares | | (14,493) | | (23,682) | |
| | | | 892,706 | | 163,062 |
| Dilution adjustment | | | 581 | | 49 |
| Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above) | | | (52,523) | | 20,074 |
| Retained distribution on accumulation shares | | | 9,539 | | 5,187 |
| Closing net assets attributable to shareholders | | | 1,233,271 | | 382,968 |

*Represents the value of units created by in-specie transfer.

Balance Sheet

as at 15 April 2020

| | | 15.4.20 | | 15.4.19 | |
|-----------------------------------------|-------|---------|-----------|---------|---------|
| | Notes | £'000 | £'000 | £'000 | £'000 |
| Assets | | | | | |
| Investments | | | 1,208,719 | | 376,944 |
| Current assets | | | | | |
| Debtors | 8 | 5,517 | | 5,753 | |
| Cash and bank balances | | 24,346 | | 7,333 | |
| Total current assets | | | 29,863 | | 13,086 |
| Total assets | | | 1,238,582 | | 390,030 |
| Liabilities | | | | | |
| Investment liabilities | | | (1,728) | | (7) |
| Creditors | | | | | |
| Distribution payable on income shares | | (116) | | (96) | |
| Other creditors | 9 | (3,467) | | (6,959) | |
| Total creditors | | | (3,583) | | (7,055) |
| Total liabilities | | | (5,311) | | (7,062) |
| Net assets attributable to shareholders | | | 1,233,271 | | 382,968 |

Distribution Tables (pence per share)

for the year ended 15 April 2020

| Group 1: Shares purchased prior to 16 October 2019 | | | | |
|------------------------------------------------------------------|-----------------------|---------------------|---------------------------------------------|------------------------------------------|
| Group 2: Shares purchased from 16 October 2019 to 15 April 2020 | | | | |
| | <i>Net income</i> | <i>Equalisation</i> | <i>Distribution payable 15.6.20</i> | <i>Distribution paid 15.6.19</i> |
| Retail Accumulation* | | | | |
| Group 1 | N/A | - | N/A | 0.528806 |
| Group 2 | N/A | N/A | N/A | 0.528806 |
| Retail X Income** | | | | |
| Group 1 | N/A | - | N/A | 0.819026 |
| Group 2 | N/A | N/A | N/A | 0.819026 |
| Retail X Accumulation | | | | |
| Group 1 | 0.695613 | - | 0.695613 | 0.912169 |
| Group 2 | 0.454171 | 0.241442 | 0.695613 | 0.912169 |
| CTF Accumulation*** | | | | |
| Group 1 | 0.780203 | - | 0.780203 | N/A |
| Group 2 | 0.000000 | 0.780203 | 0.780203 | N/A |
| Income C | | | | |
| Group 1 | 0.822011 | - | 0.822011 | 1.009116 |
| Group 2 | 0.412301 | 0.409710 | 0.822011 | 1.009116 |
| Accumulation C | | | | |
| Group 1 | 0.940767 | - | 0.940767 | 1.128172 |
| Group 2 | 0.463494 | 0.477273 | 0.940767 | 1.128172 |
| *The Retail Accumulation share class closed on 17 January 2020. | | | | |
| **The Retail X Income share class closed on 7 February 2020. | | | | |
| ***The CTF Accumulation share class launched on 2 December 2019. | | | | |

Distribution Tables (pence per share)

for the year ended 15 April 2020

| Group 1: Shares purchased prior to 16 April 2019 | | | | |
|-----------------------------------------------------------------|-----------------------|---------------------|-------------------------------------------|-------------------------------------------|
| Group 2: Shares purchased from 16 April 2019 to 15 October 2019 | | | | |
| | <i>Net income</i> | <i>Equalisation</i> | <i>Distribution paid 15.12.19</i> | <i>Distribution paid 15.12.18</i> |
| Retail Accumulation | | | | |
| Group 1 | 0.820000 | - | 0.820000 | 1.440000 |
| Group 2 | 0.260000 | 0.560000 | 0.820000 | 1.440000 |
| Retail X Income | | | | |
| Group 1 | 1.080000 | - | 1.080000 | 1.670000 |
| Group 2 | 0.160000 | 0.920000 | 1.080000 | 1.670000 |
| Retail X Accumulation | | | | |
| Group 1 | 1.210000 | - | 1.210000 | 1.830000 |
| Group 2 | 0.960000 | 0.250000 | 1.210000 | 1.830000 |
| Income C | | | | |
| Group 1 | 1.280000 | - | 1.280000 | 1.860000 |
| Group 2 | 0.680000 | 0.600000 | 1.280000 | 1.860000 |
| Accumulation C | | | | |
| Group 1 | 1.440000 | - | 1.440000 | 2.070000 |
| Group 2 | 1.050000 | 0.390000 | 1.440000 | 2.070000 |

Notes to the Financial Statements

for the year ended 15 April 2020

| | 15.4.20 | 15.4.19 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------|
| | £'000 | £'000 |
| 1. Accounting Policies | | |
| The accounting policies are set out on pages 10 and 11. | | |
| 2. Net Capital (Losses)/Gains | | |
| The net capital (losses)/gains during the year comprise: | | |
| Realised gains/(losses) on currency | 5,871 | (113) |
| Unrealised (losses)/gains on currency | (6,141) | 7 |
| Transaction charges | - | 2 |
| Realised losses on forward foreign currency contracts | (31,179) | (2,275) |
| Unrealised gains on forward foreign currency contracts | 12,614 | 962 |
| Realised (losses)/gains on derivative securities | (8,017) | 24 |
| Unrealised gains on derivative securities | 6,173 | 30 |
| Realised losses on non-derivative securities | (29,172) | (3,652) |
| Unrealised (losses)/gains on non-derivative securities | (2,731) | 25,089 |
| Management fee rebate charged to capital | 76 | - |
| Net capital (losses)/gains | (52,506) | 20,074 |
| Realised gains/(losses) in the current accounting year include unrealised gains/(losses) arising in previous years. In such circumstances a corresponding (loss)/gain is included in unrealised gains/(losses) figure. | | |
| 3. Revenue | | |
| Franked distributions from UK authorised ICVCs and unit trusts | 4,931 | 2,459 |
| Interest on bonds and other debt securities | 3,042 | 2,665 |
| Deposit interest | 6 | 2 |
| Bank interest | 25 | 8 |
| Total revenue | 8,004 | 5,134 |
| 4. Expenses | | |
| Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them: | | |
| Authorised Corporate Director's charge | 835 | 288 |
| Registration fee | 28 | 8 |
| Safe custody fee | 23 | 11 |
| | 886 | 307 |
| Payable to the Depositary, associates of the Depositary, and agents of either of them: | | |
| Depositary fee | 60 | 31 |
| Other expenses: | | |
| Report and accounts fee | 1 | (1) |
| Total expenses | 947 | 337 |

15.4.20 15.4.19
£'000 £'000

5. Taxation**a) Analysis of charge in year:**

| | | |
|----------------------------------|------------|-----|
| Corporation tax | 435 | 468 |
| Total tax for the year (note 5b) | 435 | 468 |

b) Factors affecting taxation charge for the year:

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an open-ended investment company (20%).

The differences are explained below:

| | | |
|---------------------------------------------------------|--------------|-------|
| Net revenue before taxation | 7,032 | 4,797 |
| Corporation tax at 20% | 1,406 | 959 |
| Effects of: | | |
| Revenue not subject to taxation | (986) | (491) |
| Taxable management fee rebates accounted for as capital | 15 | - |
| Current tax charge for the year (note 5a) | 435 | 468 |

c) Provision for deferred taxation

At 15 April 2020, there is no potential deferred tax asset (15.4.19: £nil) in relation to surplus management expenses.

6. Distributions

The distributions take account of amounts received on the issue of shares and amounts deducted on the cancellation of shares, and comprise:

| | | |
|-------------------------------------------------|----------------|---------|
| Interim dividend distribution | 4,045 | 3,132 |
| Final dividend distribution | 5,778 | 2,286 |
| | 9,823 | 5,418 |
| Add: Amounts deducted on cancellation of shares | 34 | 90 |
| Deduct: Amounts received on issue of shares | (3,243) | (1,179) |
| Net distribution for the year | 6,614 | 4,329 |

7. Movement Between Net Revenue and Distributions

| | | |
|---------------------------------------------|--------------|-------|
| Net revenue after taxation | 6,597 | 4,329 |
| Equalisation on conversions | 2 | - |
| Corporation tax on taxable items in capital | 15 | - |
| Net distribution for the year | 6,614 | 4,329 |

8. Debtors

| | | |
|-------------------------------------------|--------------|-------|
| Amounts receivable for creation of shares | 5,428 | 2,756 |
| Sales awaiting settlement | - | 2,850 |
| Accrued revenue | 13 | 147 |
| Management fee rebates receivable | 76 | - |
| Total debtors | 5,517 | 5,753 |

9. Other creditors

| | | |
|--------------------------------------------|--------------|-------|
| Amounts payable for cancellation of shares | 50 | - |
| Purchases awaiting settlement | 2,829 | 6,747 |
| Accrued expenses | 407 | 24 |
| Corporation tax payable | 181 | 188 |
| Total other creditors | 3,467 | 6,959 |

10. Reconciliation of Shares

| | <i>Retail Accumulation</i> | <i>Retail X Income</i> | <i>Retail X Accumulation</i> |
|-------------------------------------------|--------------------------------|----------------------------|----------------------------------|
| Opening shares issued at 16.4.19 | 61,376 | 37,374 | 10,830,778 |
| Share movements 16.4.19 to 15.4.20 | | | |
| Shares issued | 228,256 | 16,005 | 9,292,321 |
| Shares cancelled | - | (12) | (1,512,416) |
| Shares converted | (289,632) | (53,367) | (930,395) |
| Closing shares issued at 15.4.20 | - | - | 17,680,288 |

| | <i>CTF Accumulation</i> | <i>Income C</i> | <i>Accumulation C</i> |
|-------------------------------------------|-----------------------------|-----------------|-----------------------|
| Opening Shares issued at 16.4.19 | - | 9,474,864 | 185,348,649 |
| Share movements 16.4.19 to 15.4.20 | | | |
| Shares issued | 292,149,315 | 8,976,971 | 162,201,993 |
| Shares cancelled | (111,648) | (4,393,231) | (2,149,002) |
| Shares converted | - | 51,711 | 1,197,175 |
| Closing Shares issued at 15.4.20 | 292,037,667 | 14,110,315 | 346,598,815 |

11. Ultimate Controlling Party and Related Party Transactions

The Authorised Corporate Director (ACD) is regarded as a controlling party of the Fund by virtue of having the ability to act in concert in respect of Fund operations. The ultimate controlling party of the ACD is HSBC Group plc. This entity and its subsidiaries are also related parties of the Fund.

At the year end, the ACD and its associates held the following of the Fund's shares in issue:

| | <i>Retail Accumulation</i> | <i>Retail X Income</i> | <i>Retail X Accumulation</i> | <i>Institutional Accumulation</i> | <i>Income C</i> | <i>Accumulation C</i> |
|---------------|--------------------------------|----------------------------|----------------------------------|---------------------------------------|---------------------|---------------------------|
| | % | % | % | % | % | % |
| As at 15.4.20 | - | - | - | - | 10.45 | 4.96 |
| As at 15.4.19 | - | - | - | - | 7.09 | 3.01 |

Details of all other material related party transactions during the year and any payment amounts outstanding at the balance sheet date are disclosed in notes 8 and 9 to the financial statements and the Statement of Change in Net Assets Attributable to Shareholders and the Portfolio Statement.

The balance due from the ACD (including amounts due to associates and agents) at the year end was £4,990,255 (15.4.19: £2,736,661), further details of such amounts can be found in notes 8 and 9.

At the year end, the Fund held £993,241,606 (15.4.19: £287,397,669) in Authorised Investment Funds managed by HSBC and/or HSBC Holdings, the parent company of the ACD. During the year, transactions in Authorised Investment Funds managed by HSBC and/or HSBC Holdings totalled £1,070,843,834 (15.4.19: £418,748,084).

Investments in related parties are disclosed in the Portfolio Statement.

12. Financial Instruments

The financial instrument risks and risk management policies are set out on pages 12 and 13.

Foreign Currency Risk

A portion of the net assets of the Fund are denominated in currencies other than sterling with the effect that the balance sheet and total return can be affected by currency movements.

Net currency monetary assets and liabilities consist of:

| | <i>Portfolio of investments</i> | | <i>Net other assets/(liabilities)</i> | | <i>Net assets</i> | |
|----------------------|---------------------------------|---------|---------------------------------------|---------|-------------------|---------|
| | 15.4.20 | 15.4.19 | 15.4.20 | 15.4.19 | 15.4.20 | 15.4.19 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Sterling* | 618,307 | 201,490 | 27,186 | 7,433 | 645,493 | 208,923 |
| Euro | - | 7,029 | (1) | 92 | (1) | 7,121 |
| Japanese yen | 3,958 | 4,827 | 1,320 | 6 | 5,278 | 4,833 |
| United States dollar | 584,726 | 163,591 | (2,225) | (1,500) | 582,501 | 162,091 |
| Total | 1,206,991 | 376,937 | 26,280 | 6,031 | 1,233,271 | 382,968 |

*No currency risk as base currency.

Interest Rate Risk

At the year end, 1.97% (15.4.19: 6.78%) of the Fund's assets by value were interest-bearing Interest rates are based upon LIBOR (London Interbank Offered Rate).

13. Shareholders' Funds

This Fund has a retail X share class, a CTF share class and a C share class. The annual ACD charge on the retail X share class is 0.30%, 0.35% on the CTF share class and 0.10% on the C share class. The net asset value of the share class, the net asset value per share and the number of shares in each class are given in the Comparative Tables on pages 185 to 187. The distribution per share class is given in the Distribution Tables on page 189 and 190. All share classes within the OEIC have the same rights on winding up.

14. Financial Derivatives

The Fund has used financial derivatives for hedging and meeting investment objectives including risk reduction and implementation of investment policies.

The use of derivatives can create additional counterparty risks. Details of the policy adopted by the ACD for managing counterparty and other risks are set out in the Notes to the Financial Statements.

The types of derivatives held at the year end were index futures and forward currency contracts.

Details of the individual contracts are shown on the Portfolio Statement on pages 183 and 184, and the total position by the counterparty at the year end is summarised below. The underlying exposure for each category of derivatives were as follows:

| Counterparty | Forward Currency £'000 | | Total £'000 | |
|------------------------|---------------------------|------|----------------|------|
| | 2020 | 2019 | 2020 | 2019 |
| Citigroup | 5 | - | 5 | - |
| Goldman Sachs | 14,241 | - | 14,241 | - |
| HSBC | - | 842 | - | 842 |
| JP Morgan | 22 | - | 22 | - |
| Royal Bank of Scotland | - | 5 | - | 5 |
| State Street | - | 122 | - | 122 |
| UBS | 80 | - | 80 | - |

The economic exposure of future derivative contracts is equal to the market value. The value of exposure and the related counterparty are disclosed in the Portfolio Statement.

Eligible collateral types are approved by the ACD and may consist of cash, UK gilts, certificates of deposit, treasury bills, sovereign debt, eurosterling bonds and equities.

At 15 April 2020, there was no collateral held in respect of the above derivatives (15.4.19: £nil).

15. Contingent Liabilities and Commitments

At the year end, the Fund had the following contingent liabilities: (15.4.19: none).

16. Portfolio Transaction Costs

| For the year ended 15 April 2020 | Purchases | Commissions | | Taxes | | Other Expenses | |
|------------------------------------------------|-----------|-------------|---|-------|---|----------------|---|
| | £'000 | £'000 | % | £'000 | % | £'000 | % |
| Analysis of total purchases costs | | | | | | | |
| Bond transactions | 35,830 | - | - | - | - | - | - |
| Pooled investment vehicles | 1,091,497 | 11 | - | - | - | - | - |
| Total purchases before transaction costs | 1,127,327 | 11 | | - | | - | |
| Transaction costs | 11 | | | | | | |
| Total purchases after commission, tax and fees | 1,127,338 | | | | | | |

| | Sales | Commissions | | Taxes | | Other Expenses | |
|--------------------------------------------|---------|-------------|---|-------|---|----------------|---|
| | £'000 | £'000 | % | £'000 | % | £'000 | % |
| Analysis of total sales costs | | | | | | | |
| Bond transactions | 54,390 | - | - | - | - | - | - |
| Pooled investment vehicles | 233,574 | 4 | - | - | - | - | - |
| Total sales before transaction costs | 287,964 | 4 | | - | | - | |
| Transaction costs | (4) | | | | | | |
| Total sales after commission, tax and fees | 287,960 | | | | | | |

The Fund had paid £22,986 as commission on purchases and sales derivative transactions for the year ended 15.4.20.

Commissions, taxes and fees as % of average Net Assets:

| | |
|----------------|--------|
| Commissions | 0.01 % |
| Taxes | 0.00 % |
| Other expenses | 0.00 % |

At the balance sheet date the portfolio dealing spread was 0.00%, being the difference between the respective bid and offer prices for the Fund's investments.

| For the year ended 15 April 2019 | Purchases | Commissions | | Taxes | | Other Expenses | |
|------------------------------------------------|-----------|-------------|---|-------|---|----------------|---|
| | £'000 | £'000 | % | £'000 | % | £'000 | % |
| Analysis of total purchases costs | | | | | | | |
| Bond transactions | 17,141 | - | - | - | - | - | - |
| Pooled investment vehicles | 282,816 | 4 | - | - | - | - | - |
| Total purchases before transaction costs | 299,957 | 4 | | - | | - | |
| Transaction costs | 4 | | | | | | |
| Total purchases after commission, tax and fees | 299,961 | | | | | | |

| | Sales | Commissions | | Taxes | | Other Expenses | |
|--------------------------------------------|---------|-------------|---|-------|---|----------------|---|
| | £'000 | £'000 | % | £'000 | % | £'000 | % |
| Analysis of total sales costs | | | | | | | |
| Bond transactions | 10,256 | - | - | - | - | - | - |
| Pooled investment vehicles | 128,757 | 2 | - | - | - | - | - |
| Total sales before transaction costs | 139,013 | 2 | | - | | - | |
| Transaction costs | (2) | | | | | | |
| Total sales after commission, tax and fees | 139,011 | | | | | | |

The Fund had paid £608 as commission on purchases and sales derivative transactions for the year ended 15.4.19.

Commissions, taxes and fees as % of average Net Assets:

| | |
|----------------|--------|
| Commissions | 0.00 % |
| Taxes | 0.00 % |
| Other expenses | 0.00 % |

At the balance sheet date the portfolio dealing spread was 0.01 %, being the difference between the respective bid and offer prices for the Fund's investments.

Portfolio transaction costs are incurred by the Fund when buying and selling underlying investments. These costs vary depending on the class of investment, country of exchange and method of execution.

These costs can be classified as either direct or indirect transaction costs:

Direct transaction costs: Broker commissions, fees and taxes.

Indirect transaction costs: 'Dealing spread' – the difference between the buying and selling prices of the Fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the Fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

17. Fair Value of Investments

FRS 102 requires an entity 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 shall have the following classifications:

- Level 1: unadjusted quoted prices in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3: inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

For the year ended 15 April 2020

| Category | 1 | 2 | 3 | Total |
|----------------------------|--------|-----------|-------|-----------|
| | £'000 | £'000 | £'000 | £'000 |
| Investment Assets | | | | |
| Pooled investment vehicles | 12,849 | 1,175,355 | - | 1,188,204 |
| Derivatives | 6,173 | 14,342 | - | 20,515 |
| | 19,022 | 1,189,697 | - | 1,208,719 |
| Investment Liabilities | | | | |
| Derivatives | - | (1,728) | - | (1,728) |
| | - | (1,728) | - | (1,728) |

For the year ended 15 April 2019

| Category | 1 | 2 | 3 | Total |
|----------------------------|--------|---------|-------|---------|
| | £'000 | £'000 | £'000 | £'000 |
| Investment Assets | | | | |
| Bonds | 14,370 | 4,246 | - | 18,616 |
| Pooled investment vehicles | 16,195 | 341,134 | - | 357,329 |
| Derivatives | 30 | 969 | - | 999 |
| | 30,595 | 346,349 | - | 376,944 |
| Investment Liabilities | | | | |
| Derivatives | - | (7) | - | (7) |
| | - | (7) | - | (7) |

18. Sensitivity Analysis

Price risk sensitivity:

If the price of investments at 15 April 2020 had increased or decreased by 10% with all other variables held constant, this would have increased or decreased the net assets attributable to shareholders by £120,699,059 (15.4.19: £37,693,740).

Currency risk sensitivity:

If the exchange rate at 15 April 2020 had increased or decreased by 10% with all other variables held constant, this would have increased or decreased the net assets attributable to shareholders by £58,777,776 (15.4.19: £17,404,558).

Interest rate risk sensitivity:

At the balance sheet date, the Fund did not have a significant exposure to interest rate risk, therefore no sensitivity analysis is disclosed (15.4.19: no significant exposure).

19. Events after the balance sheet date

Since the year end, markets and operations have continued to be disrupted by the effects of the COVID-19 pandemic. Since the year end the NAV of the lead share class was 200.9p and has increased by 8.95% (to 10 July 2020). Contingency plans at the ACD and key service suppliers have proven effective in mitigating the effects on management of the portfolio and on all supporting operations.

Global Strategy Cautious Portfolio

Investment Objective

To provide capital growth through cautious investment in a broad range of asset classes across global markets, with a bias towards fixed interest securities.

Investment Policy*

This is one of a range of actively managed Global Strategy Portfolios offered at five different risk levels. The Fund is rated as 1, where 1 is a lower level of risk and 5 is a higher level of risk. The Fund is managed with the aim of maximising returns in line with its agreed long term risk profile therefore any potential gains are likely to be limited by the risk profile of the Fund.

To achieve its objective the Fund invests mainly in collective investment schemes, including exchange traded funds and directly into certain asset classes. The collective investment schemes that the Fund may invest in include those which aim to track the performance of market indices. Such assets shall, in turn, invest in equities, fixed interest securities and property securities that make up the relevant index.

The Fund may, in addition to its other investment powers, use exchange traded and over-the-counter derivatives and forward currency contracts for investment purposes. Using these investment powers for investment purposes means, in particular, maintaining positions in these investments for the long term rather than just for tactical short-term purposes. Where the use of derivatives is for investment purposes in addition to hedging it is envisaged that the use of such instruments will not affect the overall risk profile of the Fund.

*The full policy can be found in the prospectus.

Investment Strategy*

The starting point for the Global Strategy Portfolios is the Strategic Asset Allocation (SAA). SAA is the long-term blend of assets for each risk level. Tactical Asset Allocation (TAA) is another layer on top of the SAA and is driven by the investment team's shorter term market outlook. Portfolio Implementation is the final stage in the investment process, where we decide how best to take exposure to each asset class.

The Fund invests in corporate bonds, equities and property securities through investment in collective investment schemes, including exchange traded funds, which generally aim to track the performance of an appropriate market index.

51% of the Fund invests in collective investment schemes that aim to track the performance of an index. The Fund invests directly in global government bonds.

Derivatives may be used with the aim of hedging to reduce market risk and to reduce the impact of currency movements but also with the aim of generating returns to assist the Fund in meeting its investment objective. Exchange traded futures may be used to gain or reduce exposure to certain asset classes. Forward currency contracts may be used to gain exposure to currencies or for hedging to reduce the impact of currency movements for certain asset classes that are not denominated in sterling.

*The full strategy can be found in the prospectus.

Portfolio Activity

At the start of the period, the portfolio was positioned to be overweight to risk assets. Towards the end of 2019, the Portfolio Management (PM) team took steps to reduce this overweight. In Q1 2020, this was extended to move the portfolio underweight risk as the spread of coronavirus increased market volatility.

In June, the PM team reduced the overweight position in emerging market equities to add to US equities which moved to a neutral position. The PM team believed that the US would fare better if conditions deteriorated due to its safe haven status and robust consumer market. Lower emerging market (EM) growth and export numbers led us to reduce our exposure. The team also reduced Japan equities further given its relative weakness over recent months and economic uncertainty.

In August, in view of ongoing trade tensions, the PM team reduced risk by taking profits from our tactical overweight allocation to UK and EM equities and added to cash to add some resilience to portfolios.

At the end of 2019, we reduced our FX hedge on global equities. Sterling appreciated in the run up to and after the general election in the UK leading to the potential for future depreciation of the currency, which would be beneficial for an unhedged position.

In January, the long-term strategic asset allocation was updated. This saw our exposure to equity reduced slightly, with an increase to our long term cash position.

In mid-February, portfolios were repositioned to reduce risk further, cutting exposure to equities, and corporate bonds with the proceeds added to cash and government bonds. A second tranche of risk reduction was executed at the beginning of March with EM and UK equity reduced and the proceeds held in cash.

March saw a period where numerous adjustments were made to steer the portfolio through a period of extreme volatility with further reductions to equity positions with proceeds added to government bonds and cash.

Steps were also taken to diversify our defensive allocations, with positions initiated in safe haven currencies (USD, JPY and Swiss Franc).

The fund has seen significant inflows during this period, meaning that a lot of repositioning has been completed through the allocation of these flows rather than the disposal of existing holdings.

Major purchases included: HSBC Global Funds ICAV Global Government Bond Index Fund, HSBC Global Funds ICAV Global Corporate Bond Index Fund, HSBC American Index Fund Institutional Accumulation and HSBC Global Sterling Liquidity Funds.

Major sales included: HSBC Global Funds ICAV Global Corporate Bond Index Fund and iShares Emerging Markets Index Accumulation.

Investment Performance

During the year under review the value of the shares in the Fund increased by 2.5%.

(Source: Morningstar Direct, GBP, UK net of tax, for the Accumulation C share class. Returns based on the NAV, which is a single price.)

Please note that the above information refers to the past and that past performance is not a reliable indication of future returns.

| Fund Particulars as at 16 April 2020 | | | |
|---------------------------------------------------------|--------------------|-------------|-------------------|
| | Retail X Income | Income C | Accumulation C |
| Price | 145.4p xd | 129.3p xd | 147.3p |
| Distribution payable (on 15 June 2020) per share net | 0.626323p | 0.718147p | 0.816380p |
| Current net estimated yield | 0.90% | 1.15% | 1.14% |
| Annual ACD charge | 0.30% | 0.10% | 0.10% |

Portfolio Statement

as at 15 April 2020

| <i>Security</i> | <i>Holding</i> | <i>Bid value £'000</i> | <i>Total net assets %</i> |
|----------------------------------------------------------------|----------------|--------------------------------|---------------------------------------|
| Asia-Pacific (Excluding Japan) Equities - 0.95% (0.95%) | | | |
| ^*iShares Pacific Index Fund | 224,148 | 2,674 | 0.95 |
| Total Asia-Pacific (Excluding Japan) Equities | | 2,674 | 0.95 |
| Direct Property Funds - 1.66% (3.51%) | | | |
| ^*iShares Developed Real Estate Index Fund | 560,445 | 4,696 | 1.66 |
| Total Direct Property Funds | | 4,696 | 1.66 |
| European (excluding UK) Equities - 1.59% (3.38%) | | | |
| +HSBC European Index Fund | 519,967 | 4,498 | 1.59 |
| Total European (excluding UK) Equities | | 4,498 | 1.59 |
| Global Corporate Bonds - 22.83% (23.89%) | | | |
| +*HSBC ICAV Global Corporate Bond Index Fund | 7,448,973 | 64,467 | 22.83 |
| Total Global Corporate Bonds | | 64,467 | 22.83 |
| Global Emerging Markets Equities - 2.61% (4.57%) | | | |
| ^*iShares Emerging Markets Index Fund | 732,288 | 7,369 | 2.61 |
| Total Global Emerging Markets Equities | | 7,369 | 2.61 |
| Global Government Bonds - 32.17% (0.00%) | | | |
| +*HSBC Global Funds ICAV - Global Government Bond Index Fund | 11,010,535 | 90,833 | 32.17 |
| Total Global Government Bonds | | 90,833 | 32.17 |
| Japanese Equities - 1.48% (2.40%) | | | |
| +HSBC Japan Index Fund | 3,336,024 | 4,167 | 1.48 |
| Total Japanese Equities | | 4,167 | 1.48 |
| US Government Bonds - 0.00% (1.55%) | | | |
| Money Markets - 6.07% (3.88%) | | | |
| +*HSBC Global Liquidity Fund | 2,114,101 | 1,692 | 0.60 |
| +*HSBC Global Sterling Liquidity Fund | 15,451,464 | 15,451 | 5.47 |
| Total Money Markets | | 17,143 | 6.07 |
| UK Equities - 1.08% (1.86%) | | | |
| +HSBC FTSE 100 Index Fund | 1,581,808 | 3,045 | 1.08 |
| Total UK Equities | | 3,045 | 1.08 |
| US Equities - 10.56% (11.27%) | | | |
| +HSBC American Index Fund | 4,572,198 | 29,820 | 10.56 |
| Total US Equities | | 29,820 | 10.56 |
| UK Government Bonds - 0.96% (2.90%) | | | |
| Treasury 4% 7/3/2022 | £906,376 | 974 | 0.35 |
| Treasury 4.25% 7/12/2049 | £883,462 | 1,735 | 0.61 |
| Total UK Government Bonds | | 2,709 | 0.96 |

Portfolio Statement

as at 15 April 2020

| <i>Security</i> | <i>Holding</i> | <i>Bid value £'000</i> | <i>Total net assets %</i> |
|--------------------------------------------------|----------------|--------------------------------|---------------------------------------|
| US Government Bonds - 6.99% (17.54%) | | | |
| US Treasury 1.25% 31/8/2024 | \$7,561,100 | 6,296 | 2.23 |
| US Treasury 2% 15/2/2023 | \$5,970,400 | 5,016 | 1.77 |
| US Treasury 2.25% 15/11/2027 | \$4,931,000 | 4,452 | 1.58 |
| US Treasury 3% 15/5/2045 | \$3,599,700 | 3,982 | 1.41 |
| Total US Government Bonds | | 19,746 | 6.99 |
| Belgium Government Bonds - 0.00% (1.19%) | | | |
| Dutch Government Bonds - 0.00% (1.05%) | | | |
| French Government Bonds - 1.03% (2.73%) | | | |
| Government of France 2.5% 25/5/2030 | €2,674,062 | 2,909 | 1.03 |
| Total French Government Bonds | | 2,909 | 1.03 |
| German Government Bonds - 1.48% (1.85%) | | | |
| Government of Germany 0% 8/4/2022 | €474,124 | 419 | 0.15 |
| Government of Germany 4.75% 4/7/2034 | €2,460,821 | 3,747 | 1.33 |
| Total German Government Bonds | | 4,166 | 1.48 |
| Italian Government Bonds - 0.13% (1.16%) | | | |
| Government of Italy 0.95% 1/3/2023 | €423,000 | 367 | 0.13 |
| Total Italian Government Bonds | | 367 | 0.13 |
| Japanese Government Bonds - 3.04% (8.08%) | | | |
| Government of Japan 0.9% 20/3/2022 | ¥184,000,000 | 1,399 | 0.50 |
| Government of Japan 1.1% 20/3/2033 | ¥863,600,000 | 7,177 | 2.54 |
| Total Japanese Government Bonds | | 8,576 | 3.04 |
| Spanish Government Bonds - 1.21% (4.44%) | | | |
| Government of Spain 2.15% 31/10/2025 | €3,578,000 | 3,405 | 1.21 |
| Total Spanish Government Bonds | | 3,405 | 1.21 |
| Futures - 0.04% (0.00%) | | | |
| CBT US 10Yr Ultra Future June 2020 | 40 | 112 | 0.04 |
| Total Futures | | 112 | 0.04 |

Portfolio Statement

as at 15 April 2020

| | <i>Bid value £'000</i> | <i>Total net assets %</i> |
|------------------------------------------------------------------|--------------------------------|---------------------------------------|
| Forward Foreign Exchange Contracts - 2.46% (0.34%) | | |
| #Sold EUR 16,594,669 for GBP 15,182,967 settled 23 April 2020 | 701 | 0.25 |
| #Sold GBP 1,363,194 for CHF 1,629,949 settled 23 April 2020 | (12) | - |
| #Sold GBP 3,421,467 for EUR 3,754,761 settled 23 April 2020 | (145) | (0.05) |
| #Sold GBP 4,184,338 for JPY 556,780,936 settled 23 April 2020 | (36) | (0.01) |
| #Sold GBP 11,665,266 for USD 13,568,853 settled 23 April 2020 | (808) | (0.29) |
| #Sold JPY 1,490,710,234 for GBP 11,570,451 settled 23 April 2020 | 464 | 0.16 |
| #Sold USD 227,754,802 for GBP 189,014,510 settled 23 April 2020 | 6,783 | 2.40 |
| Total Forward Foreign Exchange Contracts | 6,947 | 2.46 |
| Portfolio of investments | 277,649 | 98.34 |
| Net other assets | 4,690 | 1.66 |
| Net assets | 282,339 | 100.00 |

*offshore fund

+related party

^listed

#unlisted

Figures in brackets denote comparative percentage holdings as at 15 April 2019.

Unless otherwise stated, all holdings are authorised investment funds.

The counterparty for the futures is HSBC.

The counterparties for the forward foreign exchange contracts are Citigroup, Goldman Sachs, JP Morgan, HSBC & UBS.

Comparative Tables

for the year ended 15 April 2020

| Retail Accumulation# | 15.4.20 | 15.4.19 | 15.4.18 |
|-----------------------------------------------|----------------|----------------|----------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 137.10p | 130.10p | 130.90p |
| Return before operating charges* | 8.69p | 8.22p | 0.40p |
| Operating charges** | (0.99p) | (1.22p) | (1.20p) |
| Return after operating charges* | 7.70p | 7.00p | (0.80p) |
| Distributions on accumulation shares | (0.38p) | (1.41p) | (1.40p) |
| Retained distributions on accumulation shares | 0.38p | 1.41p | 1.40p |
| Cancellation Price | (144.80p) | - | - |
| Closing net asset value per share | - | 137.10p | 130.10p |
| *after direct transaction costs of:*** | 0.00p | 0.00p | 0.00p |
| Performance | | | |
| Return after charges | 5.62% | 5.38% | (0.61%) |
| Other information | | | |
| Closing net asset value | N/A | £19,266 | £18,293 |
| Closing number of shares | N/A | 14,058 | 14,058 |
| Operating charges - OCF | N/A | 0.96% | 0.95% |
| Direct transaction costs | N/A | 0.00% | 0.00% |
| Prices | | | |
| Highest share price | 144.80p | 137.30p | 134.60p |
| Lowest share price | 137.00p | 129.80p | 129.40p |

| Retail X Accumulation | 15.4.20 | 15.4.19 | 15.4.18 |
|-----------------------------------------------|----------------|----------------|----------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 141.40p | 133.70p | 133.80p |
| Return before operating charges* | 4.41p | 8.28p | 0.47p |
| Operating charges** | (0.61p) | (0.58p) | (0.57p) |
| Return after operating charges* | 3.80p | 7.70p | (0.10p) |
| Distributions on accumulation shares | (1.31p) | (2.01p) | (2.04p) |
| Retained distributions on accumulation shares | 1.31p | 2.01p | 2.04p |
| Closing net asset value per share | 145.20p | 141.40p | 133.70p |
| *after direct transaction costs of:*** | 0.00p | 0.00p | 0.00p |
| Performance | | | |
| Return after charges | 2.69% | 5.76% | (0.07%) |
| Other information | | | |
| Closing net asset value | £22,696,659 | £16,335,256 | £994,368 |
| Closing number of shares | 15,633,174 | 11,553,777 | 743,555 |
| Operating charges - OCF | 0.46% | 0.46% | 0.46% |
| Direct transaction costs | 0.00% | 0.00% | 0.00% |
| Prices | | | |
| Highest share price | 151.70p | 141.70p | 138.10p |
| Lowest share price | 137.80p | 133.40p | 132.80p |

The Retail Accumulation Class converted into Accumulation C on 17 January 2020.

**The operating charges include all costs borne by the Fund, except for direct transaction costs.

***The direct transaction costs are made up of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

Comparative Tables

for the year ended 15 April 2020

| Income C | | | |
|----------------------------------------|----------------|----------------|----------------|
| | 15.4.20 | 15.4.19 | 15.4.18 |
| Change in net assets per share | | | |
| Opening net asset value per share | 126.90p | 121.80p | 123.70p |
| Return before operating charges* | 3.85p | 7.36p | 0.43p |
| Operating charges** | (0.16p) | (0.15p) | (0.15p) |
| Return after operating charges* | 3.69p | 7.21p | 0.28p |
| Distributions on income shares | (1.49p) | (2.11p) | (2.18p) |
| Closing net asset value per share | 129.10p | 126.90p | 121.80p |
| *after direct transaction costs of:*** | 0.00p | 0.00p | 0.00p |
| Performance | | | |
| Return after charges | 2.91% | 5.92% | 0.23% |
| Other information | | | |
| Closing net asset value | £7,517,947 | £4,333,181 | £3,603,502 |
| Closing number of shares | 5,821,465 | 3,414,362 | 2,958,962 |
| Operating charges - OCF | 0.16% | 0.16% | 0.16% |
| Direct transaction costs | 0.00% | 0.00% | 0.00% |
| Prices | | | |
| Highest share price | 135.60p | 128.10p | 126.70p |
| Lowest share price | 123.20p | 120.90p | 122.00p |

| Accumulation C | | | |
|-----------------------------------------------|----------------|----------------|----------------|
| | 15.4.20 | 15.4.19 | 15.4.18 |
| Change in net assets per share | | | |
| Opening net asset value per share | 142.90p | 134.80p | 134.60p |
| Return before operating charges* | 4.38p | 8.26p | 0.37p |
| Operating charges** | (0.18p) | (0.16p) | (0.17p) |
| Return after operating charges* | 4.20p | 8.10p | 0.20p |
| Distributions on accumulation shares | (1.68p) | (2.35p) | (2.38p) |
| Retained distributions on accumulation shares | 1.68p | 2.35p | 2.38p |
| Closing net asset value per share | 147.10p | 142.90p | 134.80p |
| *after direct transaction costs of:*** | 0.00p | 0.00p | 0.00p |
| Performance | | | |
| Return after charges | 2.94% | 6.01% | 0.15% |
| Other information | | | |
| Closing net asset value | £252,124,345 | £134,530,941 | £69,491,765 |
| Closing number of shares | 171,381,239 | 94,132,373 | 51,537,421 |
| Operating charges - OCF | 0.16% | 0.16% | 0.16% |
| Direct transaction costs | 0.00% | 0.00% | 0.00% |
| Prices | | | |
| Highest share price | 153.60p | 143.20p | 139.20p |
| Lowest share price | 139.60p | 134.50p | 133.60p |

**The operating charges include all costs borne by the Fund, except for direct transaction costs.

***The direct transaction costs are made up of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

Statement of Total Return

for the year ended 15 April 2020

| | | 15.4.20 | | 15.4.19 | |
|------------------------------------------------------------------------------|-------|---------|---------|---------|---------|
| | Notes | £'000 | £'000 | £'000 | £'000 |
| Income | | | | | |
| Net capital gains | 2 | | 1,136 | | 4,658 |
| Revenue | 3 | 3,193 | | 2,077 | |
| Expenses | 4 | (322) | | (133) | |
| Interest payable and similar charges | | (1) | | (3) | |
| Net revenue before taxation | | 2,870 | | 1,941 | |
| Taxation | 5 | (400) | | (301) | |
| Net revenue after taxation | | | 2,470 | | 1,640 |
| Total return before distributions | | | 3,606 | | 6,298 |
| Distributions | 6 | | (2,473) | | (1,640) |
| Change in net assets attributable to shareholders from investment activities | | | 1,133 | | 4,658 |

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 15 April 2020

| | | 15.4.20 | | 15.4.19 | |
|--------------------------------------------------------------------------------------------------------------------|--|----------|---------|----------|---------|
| | | £'000 | £'000 | £'000 | £'000 |
| Opening net assets attributable to shareholders | | | 155,219 | | 74,108 |
| Amounts receivable on creation of shares | | 138,063 | | 86,097 | |
| Amounts payable on cancellation of shares | | (14,802) | | (11,687) | |
| | | | 123,261 | | 74,410 |
| Dilution adjustment | | | 3 | | 30 |
| Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above) | | | 1,133 | | 4,658 |
| Retained distribution on accumulation shares | | | 2,723 | | 2,013 |
| Closing net assets attributable to shareholders | | | 282,339 | | 155,219 |

Balance Sheet

as at 15 April 2020

| | | 15.4.20 | | 15.4.19 | |
|-----------------------------------------|-------|---------|---------|---------|---------|
| | Notes | £'000 | £'000 | £'000 | £'000 |
| Assets | | | | | |
| Investments | | | 278,650 | | 152,959 |
| Current assets | | | | | |
| Debtors | 8 | 1,623 | | 2,592 | |
| Cash and bank balances | | 3,418 | | 2,383 | |
| Total current assets | | | 5,041 | | 4,975 |
| Total assets | | | 283,691 | | 157,934 |
| Liabilities | | | | | |
| Investment liabilities | | | (1,001) | | (2) |
| Creditors | | | | | |
| Distribution payable on income shares | | (42) | | (32) | |
| Other creditors | 9 | (309) | | (2,681) | |
| Total creditors | | | (351) | | (2,713) |
| Total liabilities | | | (1,352) | | (2,715) |
| Net assets attributable to shareholders | | | 282,339 | | 155,219 |

Distribution Tables (pence per share)

for the year ended 15 April 2020

| Group 1: Shares purchased prior to 16 October 2019 | | | | |
|---------------------------------------------------------------------------------|-----------------------|---------------------|---------------------------------------------|------------------------------------------|
| Group 2: Shares purchased from 16 October 2019 to 15 April 2020 | | | | |
| | <i>Net income</i> | <i>Equalisation</i> | <i>Distribution payable 15.6.20</i> | <i>Distribution paid 15.6.19</i> |
| Retail Accumulation# | | | | |
| Group 1 | 0.000000 | - | 0.000000 | 0.586230 |
| Group 2 | 0.000000 | 0.000000 | 0.000000 | 0.586230 |
| Retail X Accumulation | | | | |
| Group 1 | 0.626323 | - | 0.626323 | 0.880975 |
| Group 2 | 0.367894 | 0.258429 | 0.626323 | 0.880975 |
| Income C | | | | |
| Group 1 | 0.718147 | - | 0.718147 | 0.939979 |
| Group 2 | 0.277156 | 0.440991 | 0.718147 | 0.939979 |
| Accumulation C | | | | |
| Group 1 | 0.816380 | - | 0.816380 | 1.048448 |
| Group 2 | 0.382676 | 0.433704 | 0.816380 | 1.048448 |
| #The Retail Accumulation Class converted into Accumulation C on 17 January 2020 | | | | |

| Group 1: Shares purchased prior to 16 April 2019 | | | | |
|-----------------------------------------------------------------|-----------------------|---------------------|-------------------------------------------|-------------------------------------------|
| Group 2: Shares purchased from 16 April 2019 to 15 October 2019 | | | | |
| | <i>Net income</i> | <i>Equalisation</i> | <i>Distribution paid 15.12.19</i> | <i>Distribution paid 15.12.18</i> |
| Retail Accumulation | | | | |
| Group 1 | 0.380000 | - | 0.380000 | 0.820000 |
| Group 2 | 0.380000 | 0.000000 | 0.380000 | 0.820000 |
| Retail X Accumulation | | | | |
| Group 1 | 0.680000 | - | 0.680000 | 1.130000 |
| Group 2 | 0.430000 | 0.250000 | 0.680000 | 1.130000 |
| Income C | | | | |
| Group 1 | 0.770000 | - | 0.770000 | 1.170000 |
| Group 2 | 0.320000 | 0.450000 | 0.770000 | 1.170000 |
| Accumulation C | | | | |
| Group 1 | 0.860000 | - | 0.860000 | 1.300000 |
| Group 2 | 0.530000 | 0.330000 | 0.860000 | 1.300000 |

Notes to the Financial Statements

for the year ended 15 April 2020

| | 15.4.20 £'000 | 15.4.19 £'000 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| 1. Accounting Policies | | |
| The accounting policies are set out on pages 10 and 11. | | |
| 2. Net Capital Gains | | |
| The net capital gains during the year comprise: | | |
| Realised losses on currency | (38) | (44) |
| Unrealised (losses)/gains on currency | (4) | 5 |
| Transaction charges | - | 1 |
| Realised losses on forward foreign currency contracts | (17,177) | (1,296) |
| Unrealised gains on forward foreign currency contracts | 6,947 | 525 |
| Realised (losses)/gains on derivative securities | (323) | 14 |
| Unrealised gains on derivative securities | 112 | 3 |
| Realised gains/(losses) on non-derivative securities | 3,667 | (3,387) |
| Unrealised gains on non-derivative securities | 7,939 | 8,837 |
| Management fee rebate | 13 | - |
| Net capital gains | 1,136 | 4,658 |
| Realised gains in the current accounting year include unrealised gains arising in previous years. In such circumstances a corresponding gain is included in unrealised gains figure. | | |
| 3. Revenue | | |
| Franked distributions from UK authorised ICVCs and unit trusts | 884 | 436 |
| Interest on bonds and other debt securities | 2,301 | 1,636 |
| Deposit interest | 1 | 1 |
| Bank interest | 7 | 4 |
| Total revenue | 3,193 | 2,077 |
| 4. Expenses | | |
| Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director, and agents of either of them: | | |
| Authorised Corporate Director's charge | 262 | 111 |
| Registration fee | 19 | 4 |
| Safe custody fee | 14 | 6 |
| | 295 | 121 |
| Payable to the Depositary, associates of the Depositary, and agents of either of them: | | |
| Depositary fee | 26 | 13 |
| Other expenses: | | |
| Report and accounts fee | 1 | (1) |
| Total expenses | 322 | 133 |

| | 15.4.20 £'000 | 15.4.19 £'000 |
|---------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| 5. Taxation | | |
| a) Analysis of charge in year: | | |
| Corporation tax | 400 | 301 |
| Total tax for the year (note 5b) | 400 | 301 |
| b) Factors affecting taxation charge for the year: | | |
| The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an open-ended investment company (20%). | | |
| The differences are explained below: | | |
| Net revenue before taxation | 2,870 | 1,941 |
| Corporation tax at 20% | 574 | 388 |
| Effects of: | | |
| Revenue not subject to taxation | (177) | (87) |
| Taxable management fee rebates accounted for as capital | 3 | - |
| Current tax charge for the year (note 5a) | 400 | 301 |
| c) Provision for deferred taxation | | |
| At 15 April 2020, there is no potential deferred tax asset (15.4.19: £nil) in relation to surplus management expenses. | | |
| 6. Distributions | | |
| The distributions take account of amounts received on the issue of shares and amounts deducted on the cancellation of shares, and comprise: | | |
| Interim dividend distribution | 1,262 | 962 |
| Final dividend distribution | 1,539 | 1,121 |
| | 2,801 | 2,083 |
| Add: Amounts deducted on cancellation of shares | 41 | 39 |
| Deduct: Amounts received on issue of shares | (369) | (482) |
| Net distribution for the year | 2,473 | 1,640 |
| 7. Movement Between Net Revenue and Distributions | | |
| Net revenue after taxation | 2,470 | 1,640 |
| Corporation tax on taxable items in capital | 3 | |
| Net distribution for the year | 2,473 | 1,640 |
| 8. Debtors | | |
| Amounts receivable for creation of shares | 1,323 | 1,231 |
| Sales awaiting settlement | - | 898 |
| Accrued revenue | 287 | 463 |
| Management fee rebates receivable | 13 | - |
| Total debtors | 1,623 | 2,592 |
| 9. Other creditors | | |
| Amounts payable for cancellation of shares | 56 | 187 |
| Purchases awaiting settlement | - | 2,182 |
| Accrued expenses | 78 | 11 |
| Corporation tax payable | 175 | 301 |
| Total other creditors | 309 | 2,681 |

10. Reconciliation of Shares

| | <i>Retail Accumulation#</i> | <i>Retail X Accumulation</i> | <i>Income C</i> | <i>Accumulation C</i> |
|-------------------------------------------|---------------------------------|----------------------------------|---------------------|---------------------------|
| Opening Shares issued at 16.4.19 | 14,058 | 11,553,777 | 3,414,362 | 94,132,373 |
| Share movements 16.4.19 to 15.4.20 | | | | |
| Shares issued | - | 7,779,714 | 3,777,929 | 82,361,532 |
| Shares cancelled | - | (3,472,898) | (1,367,068) | (5,353,963) |
| Shares converted | (14,058) | (227,419) | (3,758) | 241,297 |
| Closing Shares issued at 15.4.20 | - | 15,633,174 | 5,821,465 | 171,381,239 |

The Retail Accumulation Class converted into Accumulation C on 17 January 2020.

11. Ultimate Controlling Party and Related Party Transactions

The Authorised Corporate Director (ACD) is regarded as a controlling party of the Fund by virtue of having the ability to act in concert in respect of Fund operations. The ultimate controlling party of the ACD is HSBC Group plc. This entity and its subsidiaries are also related parties of the Fund.

At the year end, the ACD and its associates held the following of the Fund's shares in issue:

| | <i>Retail Accumulation</i> | <i>Retail X Accumulation</i> | <i>Income C</i> | <i>Accumulation C</i> |
|---------------|--------------------------------|----------------------------------|---------------------|---------------------------|
| | % | % | % | % |
| As at 15.4.20 | - | - | 10.33 | 4.73 |
| As at 15.4.19 | - | - | 5.72 | 1.78 |

Details of all other material related party transactions during the year and any payment amounts outstanding at the balance sheet date are disclosed in notes 8 and 9 to the financial statements and the Statement of Change in Net Assets Attributable to Shareholders and the Portfolio Statement.

The balance due to/from the ACD (including amounts due to associates and agents) at the year end was £1,194,265 (15.4.19: £1,034,638), further details of such amounts can be found in notes 8 and 9.

At the year end, the Fund held £213,973,292 (15.4.19: £72,463,601) in Authorised Investment Funds managed by HSBC and/or HSBC Holdings, the parent company of the ACD. During the year, transactions in Authorised Investment Funds managed by HSBC and/or HSBC Holdings totalled £211,911,008 (15.4.19: £146,204,505).

Investments in related parties are disclosed in the Portfolio Statement.

12. Financial Instruments

The financial instrument risks and risk management policies are set out on pages 12 and 13.

Foreign Currency Risk

A portion of the net assets of the Fund are denominated in currencies other than sterling with the effect that the balance sheet and total return can be affected by currency movements.

Net currency monetary assets and liabilities consist of:

| | <i>Portfolio of investments</i> | | <i>Net other assets/(liabilities)</i> | | <i>Net assets</i> | |
|----------------------|-------------------------------------|---------|-------------------------------------------|---------|-----------------------|---------|
| | 15.4.20 | 15.4.19 | 15.4.20 | 15.4.19 | 15.4.20 | 15.4.19 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Sterling* | 58,689 | 39,875 | 4,218 | 2,788 | 62,907 | 42,663 |
| Euro | 11,547 | 19,296 | 214 | (411) | 11,761 | 18,885 |
| Japanese yen | 9,040 | 12,683 | 6 | 19 | 9,046 | 12,702 |
| United States dollar | 198,373 | 81,103 | 252 | (134) | 198,625 | 80,969 |
| Total | 277,649 | 152,957 | 4,690 | 2,262 | 282,339 | 155,219 |

*No currency risk as base currency.

Interest Rate Risk

The interest rate profile of the Fund's financial assets and liabilities at 15 April 2020 was:

| | <i>Floating rate financial assets**</i> | | <i>Fixed rate financial assets</i> | | <i>Financial assets/(liabilities) not carrying interest</i> | | <i>Total</i> | |
|----------------------|---------------------------------------------|---------|----------------------------------------|---------|---------------------------------------------------------------------|---------|----------------|---------|
| | 15.4.20 | 15.4.19 | 15.4.20 | 15.4.19 | 15.4.20 | 15.4.19 | 15.4.20 | 15.4.19 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Sterling | 3,213 | 2,296 | 2,709 | 4,496 | 56,985 | 35,871 | 62,907 | 42,663 |
| Euro | 51 | - | 10,846 | 19,289 | 864 | (404) | 11,761 | 18,885 |
| Japanese yen | - | - | 8,576 | 12,545 | 470 | 157 | 9,046 | 12,702 |
| United States dollar | 154 | 87 | 19,747 | 27,213 | 178,724 | 53,669 | 198,625 | 80,969 |
| Total | 3,418 | 2,383 | 41,878 | 63,543 | 237,043 | 89,293 | 282,339 | 155,219 |

**Floating rate interest was earned at rates based on LIBOR (London Interbank Offered Rate) or international equivalent.

The bond ratings for the portfolio at 15 April 2020 were:

| | <i>Bid value £'000</i> | <i>Total net assets %</i> |
|---------------------|----------------------------|-------------------------------|
| Bond credit ratings | | |
| Investment grade | 41,878 | 14.84 |
| Total Bonds | 41,878 | 14.84 |

13. Shareholders' Funds

This Fund has a retail X share class and a C share class.

The annual ACD charge on the retail X shares is 0.30% and 0.10% on C share class.

The net asset value of the share class, the net asset value per share and the number of shares in each class are given in the Comparative Tables on pages 204 and 205. The distribution per share class is given in the Distribution Tables on page 207. All share classes within the OEIC have the same rights on winding up.

14. Financial Derivatives

The Fund has used financial derivatives for hedging and meeting investment objectives including risk reduction and implementation of investment policies.

The use of derivatives can create additional counterparty risks. Details of the policy adopted by the ACD for managing counterparty and other risks are set out in the Notes to the Financial Statements.

The types of derivatives held at the year end were index futures and forward currency contracts.

Details of the individual contracts are shown on the Portfolio Statement on pages 201 to 203 and the total position by the counterparty at the year end is summarised below. The underlying exposure for each category of derivatives were as follows:

| Counterparty | <i>Forward Currency £'000</i> | | <i>Total £'000</i> | |
|------------------------|-----------------------------------|------|------------------------|------|
| | 2020 | 2019 | 2020 | 2019 |
| Citigroup | 1032 | - | 1,032 | - |
| Goldman Sachs | 6731 | - | 6,731 | - |
| HSBC | 133 | 383 | 133 | 383 |
| Royal Bank of Scotland | - | 6 | - | 6 |
| State Street | - | 138 | - | 138 |
| UBS | 52 | - | 52 | - |

The economic exposure of future derivative contracts is equal to the market value. The value of exposure and the related counterparty are disclosed in the Portfolio Statement.

Eligible collateral types are approved by the ACD and may consist of cash, UK gilts, certificates of deposit, treasury bills, sovereign debt, eurosterling bonds and equities.

At 15 April 2020, there was no collateral held in respect of the above derivatives (15.4.19: £nil).

15. Contingent Liabilities and Commitments

At the year end, the Fund had no contingent liabilities or commitments (15.4.19: none).

16. Portfolio Transaction Costs

| For the year ended 15 April 2020 | Purchases | Commissions | | Taxes | | Other Expenses | |
|------------------------------------------------|------------------|--------------------|----------|--------------|----------|-----------------------|----------|
| | £'000 | £'000 | % | £'000 | % | £'000 | % |
| Analysis of total purchases costs | | | | | | | |
| Bond transactions | 85,499 | - | - | - | - | - | - |
| Pooled investment vehicles | 188,377 | 1 | - | - | - | - | - |
| Total purchases before transaction costs | 273,876 | 1 | | - | | - | |
| Transaction costs | 1 | | | | | | |
| Total purchases after commission, tax and fees | 273,877 | | | | | | |

| | Sales | Commissions | | Taxes | | Other Expenses | |
|--------------------------------------------|--------------|--------------------|----------|--------------|----------|-----------------------|----------|
| | £'000 | £'000 | % | £'000 | % | £'000 | % |
| Analysis of total sales costs | | | | | | | |
| Bond transactions | 110,643 | - | - | - | - | - | - |
| Pooled investment vehicles | 56,969 | - | - | - | - | - | - |
| Total sales before transaction costs | 167,612 | - | | - | | - | |
| Transaction costs | - | | | | | | |
| Total sales after commission, tax and fees | 167,612 | | | | | | |

The Fund had paid £464 as commission on purchases and sales derivative transactions for the year ended 15.4.20.

Commissions, taxes and fees as % of average Net Assets:

| | |
|----------------|-------|
| Commissions | 0.00% |
| Taxes | 0.00% |
| Other expenses | 0.00% |

At the balance sheet date the portfolio dealing spread was 0.01 %, being the difference between the respective bid and offer prices for the Fund's investments.

| For the year ended 15 April 2019 | Purchases | Commissions | | Taxes | | Other Expenses | |
|------------------------------------------------|------------------|--------------------|----------|--------------|----------|-----------------------|----------|
| | £'000 | £'000 | % | £'000 | % | £'000 | % |
| Analysis of total purchases costs | | | | | | | |
| Bond transactions | 64,644 | - | - | - | - | - | - |
| Pooled investment vehicles | 88,651 | 2 | - | - | - | - | - |
| Total purchases before transaction costs | 153,295 | 2 | | - | | - | |
| Transaction costs | 2 | | | | | | |
| Total purchases after commission, tax and fees | 153,297 | | | | | | |

| | Sales | Commissions | | Taxes | | Other Expenses | |
|--------------------------------------------|--------------|--------------------|----------|--------------|----------|-----------------------|----------|
| | £'000 | £'000 | % | £'000 | % | £'000 | % |
| Analysis of total sales costs | | | | | | | |
| Bond transactions | 29,460 | - | - | - | - | - | - |
| Pooled investment vehicles | 49,998 | 1 | - | - | - | - | - |
| Total sales before transaction costs | 79,458 | 1 | | - | | - | |
| Transaction costs | (1) | | | | | | |
| Total sales after commission, tax and fees | 79,457 | | | | | | |

The Fund had paid £206 as commission on purchases and sales derivative transactions for the year ended 15.4.19.

Commissions, taxes and fees as % of average Net Assets:

| | |
|----------------|-------|
| Commissions | 0.00% |
| Taxes | 0.00% |
| Other expenses | 0.00% |

At the balance sheet date the portfolio dealing spread was 0.02%, being the difference between the respective bid and offer prices for the Fund's investments.

Portfolio transaction costs are incurred by the Fund when buying and selling underlying investments. These costs vary depending on the class of investment, country of exchange and method of execution.

These costs can be classified as either direct or indirect transaction costs:

Direct transaction costs: Broker commissions, fees and taxes.

Indirect transaction costs: 'Dealing spread' – the difference between the buying and selling prices of the Fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the Fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

17. Fair Value of Investments

FRS 102 requires an entity 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 shall have the following classifications:

- Level 1: unadjusted quoted prices in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3: inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

For the year ended 15 April 2020

| Category | 1 | 2 | 3 | Total |
|-------------------------------|--------|---------|-------|---------|
| | £'000 | £'000 | £'000 | £'000 |
| Investment Assets | | | | |
| Bonds | 38,473 | 3,405 | - | 41,878 |
| Pooled investment vehicles | - | 228,712 | - | 228,712 |
| Derivatives | 112 | 7,948 | - | 8,060 |
| | 38,585 | 240,065 | - | 278,650 |
| Investment Liabilities | | | | |
| Derivatives | - | (1,001) | - | (1,001) |
| | - | (1,001) | - | (1,001) |

For the year ended 15 April 2019

| Category | 1 | 2 | 3 | Total |
|-------------------------------|--------|--------|-------|---------|
| | £'000 | £'000 | £'000 | £'000 |
| Investment Assets | | | | |
| Bonds | 53,172 | 10,371 | - | 63,543 |
| Pooled investment vehicles | 2,452 | 86,434 | - | 88,886 |
| Derivatives | 3 | 527 | - | 530 |
| | 55,627 | 97,332 | - | 152,959 |
| Investment Liabilities | | | | |
| Derivatives | - | (2) | - | (2) |
| | - | (2) | - | (2) |

18. Sensitivity Analysis

Price risk sensitivity:

If the price of investments at 15 April 2020 had increased or decreased by 10% with all other variables held constant, this would have increased or decreased the net assets attributable to shareholders by £27,764,902 (15.4.19: £15,295,729).

Currency risk sensitivity:

If the exchange rate at 15 April 2020 had increased or decreased by 10% with all other variables held constant, this would have increased or decreased the net assets attributable to shareholders by £21,943,180 (15.4.19: £11,255,587).

Interest rate risk sensitivity:

If the interest rate at 15 April 2020 had increased or decreased by 1 basis point with all other variables held constant, this would have increased or decreased the net assets attributable to shareholders by £35,766 (15.4.19: £47,516).

19. Events after the balance sheet date

Since the year end, markets and operations have continued to be disrupted by the effects of the COVID-19 pandemic. Since the year end the NAV of the lead share class was 153.7p and has increased by 4.34% (to 10 July 2020). Contingency plans at the ACD and key service suppliers have proven effective in mitigating the effects on management of the portfolio and on all supporting operations.

Global Strategy Conservative Portfolio

Investment Objective

To provide capital growth through diversified investment across global markets with a bias towards fixed interest securities.

Investment Policy*

This is one of five actively managed Global Strategy Portfolios offered at five different risk levels. The Fund is rated as 2, where 1 is a lower level of risk and 5 is a higher level of risk. The Fund is managed in line with its agreed long term risk profile and is periodically rebalanced. Any potential gains are likely to be limited by the risk profile of the Fund.

To achieve its objective the Fund invests primarily in collective investment schemes, including exchange traded funds, which generally aim to track the performance of market indices. Such assets shall, in turn, invest in fixed interest securities, equities, and property securities that make up the relevant index.

The Fund may, in addition to its other investment powers, use exchange traded and over-the-counter derivatives and forward currency contracts for investment purposes. Using these investment powers for investment purposes means, in particular, maintaining positions in these investments for the long term rather than just for tactical short-term purposes. Where the use of derivatives is for investment purposes in addition to hedging it is envisaged that the use of such instruments will not affect the overall risk profile of the Fund.

*The full policy can be found in the prospectus.

Investment Strategy*

The Fund invests in corporate bonds, equities and property securities through investment in collective investment schemes, including exchange traded funds, which generally aim to track the performance of an appropriate market index.

79% of the Fund invests in collective investment schemes that aim to track the performance of an index.

The Fund invests directly in global government bonds.

Derivatives may be used with the aim of hedging to reduce market risk and to reduce the impact of currency movements but also with the aim of generating returns to assist the Fund in meeting its investment objective. Exchange traded futures may be used to gain or reduce exposure to certain asset classes. Forward currency contracts may be used to gain exposure to currencies or for hedging to reduce the impact of currency movements for certain asset classes that are not denominated in sterling.

*The full strategy can be found in the prospectus.

Portfolio Activity

At the start of the period, the portfolio was positioned to be overweight to risk assets. Towards the end of 2019, the Portfolio Management (PM) team took steps to reduce this overweight. In Q1 2020, this was extended to move the portfolio underweight risk as the spread of coronavirus increased market volatility.

In June, the PM team reduced the overweight position in emerging market equities to add to US equities which moved to a neutral position. The PM team believed that the US would fare better if conditions deteriorated due to its safe haven status and robust consumer market. Lower emerging market (EM) growth and export numbers led us to reduce our exposure. The team also reduced Japan equities further given its relative weakness over recent months and economic uncertainty.

In August, in view of ongoing trade tensions, the PM team reduced risk by taking profits from our tactical overweight allocation to UK and EM equities and added to cash to add some resilience to portfolios.

At the end of 2019, we reduced our FX hedge on global equities. Sterling appreciated in the run up to and after the general election in the UK leading to the potential for future depreciation of the currency, which would be beneficial for an unhedged position.

In January, the strategic asset allocation was updated. The largest change was to our fixed income positioning where we reduced our corporate bond exposure and increased our government bond exposure as, on a long-term view, corporate bonds appeared relatively expensive.

In mid-February, portfolios were repositioned to reduce risk further, cutting exposure to equities, and corporate bonds with the proceeds added to cash and government bonds. A second tranche of risk reduction was executed at the beginning of March with EM and UK equity reduced and the proceeds held in cash.

March saw a period where numerous adjustments were made to steer the portfolio through a period of extreme volatility with further reductions to equity positions with proceeds added to government bonds and cash.

Steps were also taken to diversify our defensive allocations, with positions initiated in safe haven currencies (USD, JPY and Swiss Franc).

The Fund has seen significant inflows during this period, meaning that a lot of repositioning has been completed through the allocation of these flows rather than the disposal of existing holdings.

Major purchases included: HSBC American Index Fund, HSBC ICAV Global Government Bond Index Fund, HSBC ICAV Global Corporate Bond Index Fund and HSBC Global Sterling Liquidity Funds.

Major sales included: HSBC ICAV Global Corporate Bond Index Fund and iShares Core S&P 500 UCITS ETF.

Investment Performance

During the year under review the value of the shares in the Fund increased by 0.55%.

(Source: Morningstar Direct, GBP, UK net of tax, for the Accumulation C share class. Returns based on the NAV, which is a single price.)

Please note that the above information refers to the past and that past performance is not a reliable indication of future returns.

Fund Particulars

as at 16 April 2020

| | Income C | Accumulation C |
|------------------------------------------------------|-------------|-------------------|
| Price | 103.1p xd | 106.5p |
| Distribution payable (on 15 June 2020) per share net | 0.510366p | 0.531999p |
| Current net estimated yield | 1.05% | 1.05% |
| Annual ACD charge | 0.10% | 0.10% |

Portfolio Statement

as at 15 April 2020

| <i>Security</i> | <i>Holding</i> | <i>Bid value £'000</i> | <i>Total net assets %</i> |
|----------------------------------------------------------------|----------------|--------------------------------|---------------------------------------|
| Asia-Pacific (excluding Japan) Equities - 1.84% (1.39%) | | | |
| ^iShares Pacific Index Fund | 186,614 | 2,226 | 1.84 |
| Total Asia-Pacific (excluding Japan) Equities | | 2,226 | 1.84 |
| European (excluding UK) Equities - 4.19% (5.05%) | | | |
| +HSBC European Index Fund | 587,406 | 5,082 | 4.19 |
| Total European (excluding UK) Equities | | 5,082 | 4.19 |
| Global Corporate Bonds - 16.12% (32.63%) | | | |
| *+HSBC ICAV Global Corporate Bond Index Fund | 2,259,774 | 19,557 | 16.12 |
| Total Global Corporate Bonds | | 19,557 | 16.12 |
| Global Emerging Markets Equities - 5.09% (5.83%) | | | |
| ^*iShares Emerging Markets Index Fund | 612,898 | 6,168 | 5.09 |
| Total Global Emerging Markets Equities | | 6,168 | 5.09 |
| Japanese Equities - 2.90% (3.29%) | | | |
| +HSBC Japan Index Fund | 2,815,973 | 3,517 | 2.90 |
| Total Japanese Equities | | 3,517 | 2.90 |
| US Equities - 22.36% (17.25%) | | | |
| +HSBC American Index Fund | 4,158,419 | 27,121 | 22.36 |
| Total US Equities | | 27,121 | 22.36 |
| Direct Property Funds - 3.32% (5.06%) | | | |
| ^iShares Developed Real Estate Index Fund | 480,392 | 4,025 | 3.32 |
| Total Direct Property Funds | | 4,025 | 3.32 |
| UK Corporate Bonds - 0.00% (5.97%) | | | |
| UK Equities - 2.17% (2.38%) | | | |
| +HSBC FTSE 100 Index Fund | 1,370,277 | 2,638 | 2.17 |
| Total UK Equities | | 2,638 | 2.17 |
| Global Government Bonds - 22.68% (0.00%) | | | |
| *+HSBC ICAV Global Government Bond Index Fund | 3,334,172 | 27,506 | 22.68 |
| Total Global Government Bonds | | 27,506 | 22.68 |
| Dutch Government Bonds - 0.00% (0.74%) | | | |
| German Government Bonds - 1.54% (1.76%) | | | |
| Government of Germany 0% 8/4/2022 | 286,697 | 253 | 0.21 |
| Government of Germany 4.75% 4/7/2034 | 1,063,607 | 1,620 | 1.33 |
| Total German Government Bonds | | 1,873 | 1.54 |
| Japanese Government Bonds - 2.00% (2.98%) | | | |
| Government of Japan 0.9% 20/3/2022 | ¥52,700,000 | 401 | 0.33 |
| Government of Japan 1.1% 20/3/2033 | ¥243,850,000 | 2,026 | 1.67 |
| Total Japanese Government Bonds | | 2,427 | 2.00 |

Portfolio Statement

as at 15 April 2020

| <i>Security</i> | <i>Holding</i> | <i>Bid value £'000</i> | <i>Total net assets %</i> |
|---------------------------------------------------------------|----------------|--------------------------------|---------------------------------------|
| Spanish Government Bonds - 0.97% (2.07%) | | | |
| Government of Spain 2.15% 31/10/2025 | €1,239,000 | 1,179 | 0.97 |
| Total Spanish Government Bonds | | 1,179 | 0.97 |
| UK Government Bonds - 0.60% (1.08%) | | | |
| Treasury 4% 7/3/2022 | £257,964 | 277 | 0.23 |
| Treasury 4.25% 7/12/2049 | £226,962 | 446 | 0.37 |
| Total UK Government Bonds | | 723 | 0.60 |
| US Government Bonds - 4.58% (6.73%) | | | |
| US Treasury 1.25% 31/8/2024 | \$2,758,500 | 2,297 | 1.89 |
| US Treasury 2% 15/2/2023 | \$2,248,200 | 1,889 | 1.56 |
| US Treasury 3% 15/5/2045 | \$1,235,100 | 1,366 | 1.13 |
| Total US Government Bonds | | 5,552 | 4.58 |
| Money Markets - 4.27% (2.93%) | | | |
| *+HSBC Global Liquidity Fund | 683,308 | 547 | 0.45 |
| *+HSBC Global Sterling Liquidity Fund | 4,634,470 | 4,634 | 3.82 |
| Total Money Markets | | 5,181 | 4.27 |
| Futures - 0.04% (0.00%) | | | |
| CBT US 10Yr Ultra Future June 2020 | 17 | 47 | 0.04 |
| Total Futures | | 47 | 0.04 |
| Forward Foreign Exchange Contracts - 1.77% (0.29%) | | | |
| #Sold GBP 604,445 for CHF 723,165 settled 23 April 2020 | | (5) | 0.00 |
| #Sold GBP 1,644,402 for JPY 220,966,816 settled 23 April 2020 | | 2 | 0.00 |
| #Sold GBP 525,404 for EUR 602,044 settled 23 April 2020 | | - | 0.00 |
| #Sold GBP 4,303,238 for USD 5,005,459 settled 23 April 2020 | | (298) | (0.25) |
| #Sold EUR 4,129,960 for GBP 3,769,664 settled 23 April 2020 | | 165 | 0.13 |
| #Sold JPY 468,399,045 for GBP 3,635,574 settled 23 April 2020 | | 146 | 0.12 |
| #Sold USD 69,635,840 for GBP 57,859,139 settled 23 April 2020 | | 2,142 | 1.77 |
| Total Forward Foreign Exchange Contracts | | 2,152 | 1.77 |
| Portfolio of investments | | 116,974 | 96.44 |
| Net other assets | | 4,319 | 3.56 |
| Net assets | | 121,293 | 100.00 |
| *offshore funds | | | |
| +related party | | | |
| ^listed | | | |
| #unlisted | | | |

Figures in brackets denote the comparative percentage holdings as at 15 April 2019.

Unless otherwise stated, all holdings are authorised investment funds.

The counterparty for the futures is HSBC.

The counterparties for forward foreign exchange contracts are Citigroup, Goldman Sachs, HSBC, Credit Suisse and UBS.

Comparative Tables

for the year ended 15 April 2020

| Income C | 15.4.20 | 15.4.19 | 15.4.18† |
|----------------------------------------|----------------|----------------|-----------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 103.20p | 97.52p | 100.00p |
| Return before operating charges* | 1.11p | 7.58p | (1.94p) |
| Operating charges** | (0.13p) | (0.10p) | (0.11p) |
| Return after operating charges* | 0.98p | 7.48p | (2.05p) |
| Distributions on income shares | (1.08p) | (1.80p) | (0.43p) |
| Closing net asset value per share | 103.10p | 103.20p | 97.52p |
| *after direct transaction costs of:*** | 0.00p | 0.00p | 0.00p |
| Performance | | | |
| Return after charges | 0.95% | 7.67% | (2.05%) |
| Other information | | | |
| Closing net asset value | £2,594,012 | £328,220 | £3,724,180 |
| Closing number of shares | 2,516,115 | 318,173 | 3,818,889 |
| Operating charges - OCF | 0.17% | 0.17% | 0.21% |
| Direct transaction costs | 0.00% | 0.00% | 0.00% |
| Prices | | | |
| Highest share price | 111.90p | 104.00p | 102.30p |
| Lowest share price | 96.51p | 96.51p | 97.30p |

| Accumulation C | 15.4.20 | 15.4.19 | 15.4.18† |
|-----------------------------------------------|----------------|----------------|-----------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 105.50p | 97.96p | 100.00p |
| Return before operating charges* | 1.13p | 7.65p | (1.93p) |
| Operating charges** | (0.13p) | (0.11p) | (0.11p) |
| Return after operating charges* | 1.00p | 7.54p | (2.04p) |
| Distributions on accumulation shares | (1.12p) | (1.88p) | (0.44p) |
| Retained distributions on accumulation shares | 1.12p | 1.88p | 0.44p |
| Closing net asset value per share | 106.50p | 105.50p | 97.96p |
| *after direct transaction costs of:*** | 0.00p | 0.00p | 0.00p |
| Performance | | | |
| Return after charges | 0.95% | 7.70% | (2.04%) |
| Other information | | | |
| Closing net asset value | £118,698,992 | £36,676,095 | £12,068,509 |
| Closing number of shares | 111,424,040 | 34,755,290 | 12,320,135 |
| Operating charges - OCF | 0.17% | 0.17% | 0.21% |
| Direct transaction costs | 0.00% | 0.00% | 0.00% |
| Prices | | | |
| Highest share price | 115.00p | 105.70p | 102.40p |
| Lowest share price | 99.24p | 97.94p | 97.30p |

†The Fund launched on 23 August 2017.

**The operating charges include all costs borne by the Fund, except for direct transaction costs.

***The direct transaction costs are made up of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

Statement of Total Return

for the year ended 15 April 2020

| | Notes | 15.4.20 | | 15.4.19 | |
|------------------------------------------------------------------------------|-------|---------|---------|---------|-------|
| | | £'000 | £'000 | £'000 | £'000 |
| Income | | | | | |
| Net capital (losses)/gains | 2 | | (3,476) | | 1,301 |
| Revenue | 3 | 1,068 | | 512 | |
| Expenses | 4 | (95) | | (27) | |
| Net revenue before taxation | | 973 | | 485 | |
| Taxation | 5 | (113) | | (101) | |
| Net revenue after taxation | | | 860 | | 384 |
| Total (deficit)/return before distributions | | | (2,616) | | 1,685 |
| Distributions | 6 | | (841) | | (406) |
| Change in net assets attributable to shareholders from investment activities | | | (3,457) | | 1,279 |

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 15 April 2020

| | 15.4.20 | | 15.4.19 | |
|--------------------------------------------------------------------------------------------------------------------|---------|---------|---------|--------|
| | £'000 | £'000 | £'000 | £'000 |
| Opening net assets attributable to shareholders | | 37,004 | | 15,793 |
| Amounts receivable on creation of shares | 89,066 | | 27,070 | |
| Amounts payable on cancellation of shares | (2,341) | | (7,631) | |
| | | 86,725 | | 19,439 |
| Dilution adjustment | | 24 | | 20 |
| Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above) | | (3,457) | | 1,279 |
| Retained distribution on accumulation shares | | 997 | | 473 |
| Closing net assets attributable to shareholders | | 121,293 | | 37,004 |

Balance Sheet

as at 15 April 2020

| | Notes | 15.4.20 | | 15.4.19 | |
|-----------------------------------------|-------|---------|---------|---------|--------|
| | | £'000 | £'000 | £'000 | £'000 |
| Assets | | | | | |
| Investments | | | 117,277 | | 36,052 |
| Current assets | | | | | |
| Debtors | 8 | 822 | | 771 | |
| Cash and bank balances | | 3,667 | | 868 | |
| Total current assets | | | 4,489 | | 1,639 |
| Total assets | | | 121,766 | | 37,691 |
| Liabilities | | | | | |
| Investment liabilities | | | (303) | | - |
| Creditors | | | | | |
| Distribution payable on income shares | | (13) | | (2) | |
| Other creditors | 9 | (157) | | (685) | |
| Total creditors | | | (170) | | (687) |
| Total liabilities | | | (473) | | (687) |
| Net assets attributable to shareholders | | | 121,293 | | 37,004 |

Distribution Tables (pence per share)

for the year ended 15 April 2020

| Group 1: Shares purchased prior to 16 October 2019 | | | | |
|-----------------------------------------------------------------|-----------------------|---------------------|---------------------------------------------|------------------------------------------|
| Group 2: Shares purchased from 16 October 2019 to 15 April 2020 | | | | |
| | <i>Net income</i> | <i>Equalisation</i> | <i>Distribution payable 15.6.20</i> | <i>Distribution paid 15.6.19</i> |
| Income C | | | | |
| Group 1 | 0.510366 | - | 0.510366 | 0.616796 |
| Group 2 | 0.229075 | 0.281291 | 0.510366 | 0.616796 |
| Accumulation C | | | | |
| Group 1 | 0.531999 | - | 0.531999 | 0.697661 |
| Group 2 | 0.269889 | 0.262110 | 0.531999 | 0.697661 |

| Group 1: Shares purchased prior to 16 April 2019 | | | | |
|-----------------------------------------------------------------|-----------------------|---------------------|-------------------------------------------|-------------------------------------------|
| Group 2: Shares purchased from 16 April 2019 to 15 October 2019 | | | | |
| | <i>Net income</i> | <i>Equalisation</i> | <i>Distribution paid 15.12.19</i> | <i>Distribution paid 15.12.18</i> |
| Income C | | | | |
| Group 1 | 0.570000 | - | 0.570000 | 1.180000 |
| Group 2 | 0.330000 | 0.240000 | 0.570000 | 1.180000 |
| Accumulation C | | | | |
| Group 1 | 0.590000 | - | 0.590000 | 1.180000 |
| Group 2 | 0.440000 | 0.150000 | 0.590000 | 1.180000 |

Notes to the Financial Statements

for the year ended 15 April 2020

| | 15.4.20 | 15.4.19 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|---------|
| | £'000 | £'000 |
| 1. Accounting Policies | | |
| The accounting policies are set out on pages 10 and 11. | | |
| 2. Net Capital (Losses)/Gains | | |
| The net capital (losses)/gains during the year comprise: | | |
| Realised losses on currency | (7) | (14) |
| Unrealised (losses)/gains on currency | (6) | 1 |
| Transaction charges | - | 2 |
| Realised losses on forward foreign currency contracts | (5,055) | (147) |
| Unrealised gains on forward foreign currency contracts | 2,152 | 106 |
| Realised (losses)/gains on derivative securities | (161) | 3 |
| Unrealised gains on derivative securities | 47 | 2 |
| Realised losses on non-derivative securities | (2,513) | (2,455) |
| Unrealised gains on non-derivative securities | 2,067 | 3,803 |
| Net capital (losses)/gains | (3,476) | 1,301 |
| Realised gains/(losses) in the current accounting year include unrealised gains/(losses) arising in previous years. In such circumstances a corresponding loss/gain is included in unrealised gains/(losses) figure. | | |
| 3. Revenue | | |
| Franked distributions from UK authorised ICVCs and unit trusts | 314 | 92 |
| Interest on bonds and other debt securities | 749 | 418 |
| Deposit interest | 2 | 2 |
| Bank interest | 3 | - |
| Total revenue | 1,068 | 512 |
| 4. Expenses | | |
| Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director, and agents of either of them: | | |
| Authorised Corporate Director's charge | 80 | 24 |
| Safe custody fee | 5 | 1 |
| | 85 | 25 |
| Payable to the Depositary, associates of the Depositary, and agents of either of them: | | |
| Depositary fee | 10 | 3 |
| Other expenses: | | |
| Report and accounts fee | - | (1) |
| Total expenses | 95 | 27 |

15.4.20 15.4.19
£'000 £'000

5. Taxation**a) Analysis of charge in year:**

| | | |
|----------------------------------|------------|-----|
| Corporation tax | 113 | 101 |
| Total tax for the year (note 5b) | 113 | 101 |

b) Factors affecting taxation charge for the year:

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an open-ended investment company (20%).

The differences are explained below:

| | | |
|---------------------------------------------------|-------------|------|
| Net revenue before taxation | 973 | 485 |
| Corporation tax at 20% | 195 | 97 |
| Effects of: | | |
| Revenue not subject to taxation | (63) | (18) |
| Realised gains on non-qualifying offshore funds | (16) | 6 |
| Adjustment in respect of prior years | (3) | - |
| Unrealised gains on non-qualifying offshore funds | - | 16 |
| Current tax charge for the year (note 5a) | 113 | 101 |

c) Provision for deferred taxation

At 15 April 2020, there is no potential deferred tax asset (15.4.19: £nil) in relation to surplus management expenses.

6. Distributions

The distributions take account of amounts received on the issue of shares and amounts deducted on the cancellation of shares, and comprise:

| | | |
|-------------------------------------------------|--------------|-------|
| Interim dividend distribution | 414 | 277 |
| Final dividend distribution | 606 | 244 |
| | 1,020 | 521 |
| Add: Amounts deducted on cancellation of shares | 10 | 24 |
| Deduct: Amounts received on issue of shares | (189) | (139) |
| Net distribution for the year | 841 | 406 |

7. Movement Between Net Revenue and Distributions

| | | |
|---------------------------------------------|-------------|-----|
| Net revenue after taxation | 860 | 384 |
| Corporation tax on taxable items in capital | (19) | 22 |
| Net distribution for the year | 841 | 406 |

8. Debtors

| | | |
|-------------------------------------------|------------|-----|
| Amounts receivable for creation of shares | 748 | 463 |
| Receivable due to trading loss | - | 64 |
| Sales awaiting settlement | 74 | 204 |
| Accrued revenue | - | 40 |
| Total debtors | 822 | 771 |

9. Other creditors

| | | |
|-------------------------------|------------|-----|
| Purchases awaiting settlement | - | 582 |
| Accrued expenses | 28 | 3 |
| Corporation tax payable | 129 | 84 |
| Deferred tax | - | 16 |
| Total other creditors | 157 | 685 |

10. Reconciliation of Shares

| | <i>Income C</i> | <i>Accumulation C</i> |
|-------------------------------------------|---------------------|---------------------------|
| Opening shares issued at 16.4.19 | 318,173 | 34,755,290 |
| Share movements 16.4.19 to 15.4.20 | | |
| Shares issued | 2,411,628 | 78,742,218 |
| Shares cancelled | (213,686) | (2,073,468) |
| Closing shares issued at 15.4.20 | 2,516,115 | 111,424,040 |

11. Ultimate Controlling Party and Related Party Transactions

The Authorised Corporate Director (ACD) is regarded as a controlling party of the Fund by virtue of having the ability to act in concert in respect of Fund operations. The ultimate controlling party of the ACD is HSBC Group plc.

This entity and its subsidiaries are also related parties of the Fund.

At the year end, the ACD and its associates held the following of the Fund's shares in issue:

| | <i>Income C</i> | <i>Accumulation C</i> |
|---------------|---------------------|---------------------------|
| | % | % |
| As at 15.4.20 | 10.37 | 4.48 |
| As at 15.4.19 | 9.30 | 2.09 |

Details of all other material related party transactions during the year and any payment amounts outstanding at the balance sheet date are disclosed in notes 8 and 9 to the financial statements and the Statement of Change in Net Assets Attributable to Shareholders and the Portfolio Statement.

The balance due from the ACD (including amounts due to associates and agents) at the year end was £723,201 (15.4.19: £461,401), further details of such amounts can be found in notes 8 and 9.

At the year end, the Fund held £90,602,048 (15.4.19: £25,715,813) in Authorised Investment Funds managed by HSBC and HSBC Holdings, the parent company of the ACD. During the year, transactions in Authorised Investment Funds managed by HSBC and HSBC Holdings totalled £136,567,205 (15.4.19: £51,124,692).

Investments in related parties are disclosed in the Portfolio Statement.

12. Financial Instruments

The financial instrument risks and risk management policies are set out on pages 12 and 13.

Foreign Currency Risk

A substantial portion of the net assets of the Fund are denominated in currencies other than sterling with the effect that the balance sheet and total return can be significantly affected by currency movements.

Net currency monetary assets and liabilities consist of:

| | <i>Portfolio of investments</i> | | <i>Net other assets/(liabilities)</i> | | <i>Net assets</i> | |
|----------------------|---------------------------------|---------|---------------------------------------|---------|-------------------|---------|
| | 15.4.20 | 15.4.19 | 15.4.20 | 15.4.19 | 15.4.20 | 15.4.19 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Sterling* | 43,414 | 14,042 | 4,193 | 936 | 47,607 | 14,978 |
| Euro | 3,217 | 1,692 | 45 | (33) | 3,262 | 1,659 |
| Japanese yen | 2,573 | 1,117 | 1 | 2 | 2,574 | 1,119 |
| United States dollar | 67,770 | 19,201 | 80 | 47 | 67,850 | 19,248 |
| Total | 116,974 | 36,052 | 4,319 | 952 | 121,293 | 37,004 |

*No currency risk as base currency.

Interest Rate Risk

The interest rate profile of the Fund's financial assets and liabilities at 15 April 2020 was:

| | <i>Floating rate financial assets**</i> | | <i>Fixed rate financial assets</i> | | <i>Financial assets/(liabilities) not carrying interest</i> | | <i>Total</i> | |
|----------------------|-----------------------------------------|---------|------------------------------------|---------|-------------------------------------------------------------|---------|----------------|---------|
| | 15.4.20 | 15.4.19 | 15.4.20 | 15.4.19 | 15.4.20 | 15.4.19 | 15.4.20 | 15.4.19 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Sterling | 3,609 | 665 | 723 | 400 | 43,275 | 13,913 | 47,607 | 14,978 |
| Euro | - | 1 | 3,052 | 1,691 | 210 | (33) | 3,262 | 1,659 |
| Japanese yen | - | - | 2,427 | 1,101 | 147 | 18 | 2,574 | 1,119 |
| United States dollar | 58 | 202 | 5,552 | 1,933 | 62,240 | 17,113 | 67,850 | 19,248 |
| Total | 3,667 | 868 | 11,754 | 5,125 | 105,872 | 31,011 | 121,293 | 37,004 |

**Floating rate interest was earned at rates based on LIBOR (London Interbank Offered Rate) or international equivalent.

The bond ratings for the portfolio at 15 April 2020 were:

| | <i>Bid value</i> | <i>Total net</i> |
|---------------------|------------------|------------------|
| | <i>£'000</i> | <i>assets %</i> |
| Bond credit ratings | | |
| Investment grade | 11,754 | 9.69 |
| Total Bonds | 11,754 | 9.69 |

13. Shareholders' Funds

This Fund has a C share class. The annual ACD charge on the C share classes is 0.10%. The net asset value of the share class, the net asset value per share and the number of shares in each class are given in the Comparative Tables on page 219. The distribution per share class is given in the Distribution Tables on page 221. All share classes within the OEIC have the same rights on winding up.

14. Financial Derivatives

The Fund has used financial derivatives for hedging and meeting investment objectives including risk reduction and implementation of investment policies.

The use of derivatives can create additional counterparty risks. Details of the policy adopted by the ACD for managing counterparty and other risks are set out in the Notes to the Financial Statements.

The types of derivatives held at the year end were forward currency contracts and futures.

Details of the individual contracts are shown on the Portfolio Statement on pages 217 and 218, and the total position by the counterparty at the year end is summarised below. The underlying exposure for each category of derivatives were as follows:

| Counterparty | Forward Currency £'000 | | Total £'000 | |
|------------------------|---------------------------|-----------|----------------|-----------|
| | 2020 | 2019 | 2020 | 2019 |
| HSBC Bank | - | 90 | - | 90 |
| State Street | - | 15 | - | 15 |
| Goldman Sachs | 2,140 | - | 2,140 | - |
| Citigroup | 311 | - | 311 | - |
| Credit Suisse | 2 | - | 2 | - |
| UBS | 2 | - | 2 | - |
| Royal Bank of Scotland | - | 1 | - | 1 |

The economic exposure of future derivative contracts is equal to the market value. The value of exposure and the related counterparty are disclosed in the Portfolio Statement.

Eligible collateral types are approved by the ACD and may consist of cash, UK gilts, certificates of deposit, treasury bills, sovereign debt, eurosterling bonds and equities.

At 15 April 2020, there was no collateral held in respect of the above derivatives (15.4.19: £nil).

15. Contingent Liabilities and Commitments

At the year end, the Fund had no contingent liabilities or commitments (15.4.19: none).

16. Portfolio Transaction Costs

| For the year ended 15 April 2020 | Purchases | Commissions | | Taxes | | Other Expenses | |
|------------------------------------------------|-----------|-------------|---|-------|---|----------------|---|
| | £'000 | £'000 | % | £'000 | % | £'000 | % |
| Analysis of total purchases costs | | | | | | | |
| Bond transactions | 18,138 | - | - | - | - | - | - |
| Pooled investment vehicles | 115,503 | 1 | - | - | - | - | - |
| Total purchases before transaction costs | 133,641 | 1 | | - | | - | |
| Transaction costs | 1 | | | | | | |
| Total purchases after commission, tax and fees | 133,642 | | | | | | |
| | Sales | Commissions | | Taxes | | Other Expenses | |
| | £'000 | £'000 | % | £'000 | % | £'000 | % |
| Analysis of total sales costs | | | | | | | |
| Bond transactions | 12,139 | - | - | - | - | - | - |
| Pooled investment vehicles | 42,529 | - | - | - | - | - | - |
| Total sales before transaction costs | 54,668 | - | | - | | - | |
| Transaction costs | - | | | | | | |
| Total sales after commission, tax and fees | 54,668 | | | | | | |

The Fund had paid £180 as commission on purchases and sales derivative transactions for the year ended 15.4.20.

Commissions, taxes and fees as % of average Net Assets:

| | |
|----------------|-------|
| Commissions | 0.00% |
| Taxes | 0.00% |
| Other expenses | 0.00% |

At the balance sheet date the portfolio dealing spread was 0.01%, being the difference between the respective bid and offer prices for the Fund's investments.

| For the year ended 15 April 2019 | Purchases | Commissions | | Taxes | | Other Expenses | |
|------------------------------------------------|-----------|-------------|---|-------|---|----------------|---|
| | £'000 | £'000 | % | £'000 | % | £'000 | % |
| Analysis of total purchases costs | | | | | | | |
| Bond transactions | 108,092 | - | - | - | - | - | - |
| Pooled investment vehicles | 31,373 | - | - | - | - | - | - |
| Total purchases before transaction costs | 139,465 | - | | - | | - | |
| Transaction costs | - | | | | | | |
| Total purchases after commission, tax and fees | 139,465 | | | | | | |
| | Sales | Commissions | | Taxes | | Other Expenses | |
| | £'000 | £'000 | % | £'000 | % | £'000 | % |
| Analysis of total sales costs | | | | | | | |
| Bond transactions | 105,284 | | | | | | |
| Pooled investment vehicles | 15,284 | - | - | - | - | - | - |
| Total sales before transaction costs | 120,568 | - | | - | | - | |
| Transaction costs | - | | | | | | |
| Total sales after commission, tax and fees | 120,568 | | | | | | |

The Fund had paid £57 as commission on purchases and sales derivative transactions for the year ended 15.4.19.

Commissions, taxes and fees as % of average Net Assets:

| | |
|----------------|-------|
| Commissions | 0.00% |
| Taxes | 0.00% |
| Other expenses | 0.00% |

At the balance sheet date the portfolio dealing spread was 0.01%, being the difference between the respective bid and offer prices for the Fund's investments.

Portfolio transaction costs are incurred by the Fund when buying and selling underlying investments. These costs vary depending on the class of investment, country of exchange and method of execution.

These costs can be classified as either direct or indirect transaction costs:

Direct transaction costs: Broker commissions, fees and taxes.

Indirect transaction costs: 'Dealing spread' – the difference between the buying and selling prices of the Fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the Fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

17. Fair Value of Investments

FRS 102 requires an entity 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 shall have the following classifications:

Level 1: unadjusted quoted prices in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3: inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

For the year ended 15 April 2020

| Category | 1 | 2 | 3 | Total |
|----------------------------|--------|---------|-------|---------|
| | £'000 | £'000 | £'000 | £'000 |
| Investment Assets | | | | |
| Bonds | 10,575 | 1,179 | - | 11,754 |
| Pooled investment vehicles | - | 103,021 | - | 103,021 |
| Derivatives | 47 | 2,455 | - | 2,502 |
| | 10,622 | 106,655 | - | 117,277 |
| Investment Liabilities | | | | |
| Derivatives | - | (303) | - | (303) |
| | - | (303) | - | (303) |

For the period ended 15 April 2019

| Category | 1 | 2 | 3 | Total |
|----------------------------|-------|--------|-------|--------|
| | £'000 | £'000 | £'000 | £'000 |
| Investment Assets | | | | |
| Bonds | 4,086 | 1,039 | - | 5,125 |
| Pooled investment vehicles | 557 | 30,261 | - | 30,818 |
| Derivatives | 2 | 107 | - | 109 |
| | 4,645 | 31,407 | - | 36,052 |

18. Sensitivity Analysis**Price risk sensitivity:**

If the price of investments at 15 April 2020 had increased or decreased by 10% with all other variables held constant, this would have increased or decreased the net assets attributable to shareholders by £11,697,427 (15.4.19: £3,605,190).

Currency risk sensitivity:

If the exchange rate at 15 April 2020 had increased or decreased by 10% with all other variables held constant, this would have increased or decreased the net assets attributable to shareholders by £7,368,672 (15.4.19: £2,202,661).

Interest rate risk sensitivity:

If the interest rate at 15 April 2020 had increased or decreased by 1 basis point with all other variables held constant, this would have increased or decreased the net assets attributable to shareholders by £9,927 (15.4.19: £3,916).

19. Events after the balance sheet date

Since the year end, markets and operations have continued to be disrupted by the effects of the COVID-19 pandemic. Since the year end the NAV of the lead share class was 113.5p and has increased by 6.57% (to 10 July 2020). Contingency plans at the ACD and key service suppliers have proven effective in mitigating the effects on management of the portfolio and on all supporting operations.

Global Strategy Dynamic Portfolio

Investment Objective

To provide capital growth through investment in a broad range of asset classes across global markets, with a bias towards equities.

Investment Policy*

This is one of a range of actively managed Global Strategy Portfolios offered at five different risk levels. The Fund is rated as 4, where 1 is a lower level of risk and 5 is a higher level of risk. The Fund is managed with the aim of maximising returns in line with its agreed long term risk profile therefore any potential gains are likely to be limited by the risk profile of the Fund.

To achieve its objective the Fund invests primarily in collective investment schemes, including exchange traded funds, which aim to track the performance of market indices. Such assets shall, in turn, invest in equities, fixed interest securities and property securities that make up the relevant index.

The Fund may, in addition to its other investment powers, use exchange traded and over-the-counter derivatives and forward currency contracts for investment purposes. Using these investment powers for investment purposes means, in particular, maintaining positions in these investments for the long term rather than just for tactical short-term purposes. Where the use of derivatives is for investment purposes in addition to hedging it is envisaged that the use of such instruments will not affect the overall risk profile of the Fund.

*The full policy can be found in the prospectus.

Investment Strategy*

The starting point for the Global Strategy Portfolios is the Strategic Asset Allocation (SAA). SAA is the long-term blend of assets for each risk level. Tactical Asset Allocation (TAA) is another layer on top of the SAA and is driven by the investment team's shorter term market outlook. Portfolio Implementation is the final stage in the investment process, where we decide how best to take exposure to each asset class.

The Fund invests in corporate bonds, equities and property securities through investment in collective investment schemes, including exchange traded funds, which aim to track the performance of an appropriate market index.

96% of the Fund invests in collective investment schemes that aim to track the performance of an index.

Derivatives may be used with the aim of hedging to reduce market risk and to reduce the impact of currency movements but also with the aim of generating returns to assist the Fund in meeting its investment objective.

Exchange traded futures may be used to gain or reduce exposure to certain asset classes. Forward currency contracts may be used to gain exposure to currencies or for hedging to reduce the impact of currency movements for certain asset classes that are not denominated in sterling.

*The full strategy can be found in the prospectus.

Portfolio Activity

At the start of the period, the portfolio was positioned to be overweight to risk assets. Towards the end of 2019, the Portfolio Management (PM) team took steps to reduce this overweight. In Q1 2020, this was extended to move the portfolio underweight risk as the spread of coronavirus increased market volatility.

In June, the PM team reduced the overweight position in emerging market equities to add to US equities which moved to a neutral position. The PM team believed that the US would fare better if conditions deteriorated due to its safe haven status and robust consumer market. Lower emerging market (EM) growth and export numbers led us to reduce our exposure.

The team also reduced Japan equities further given its relative weakness over recent months and economic uncertainty.

In August, in view of ongoing trade tensions, the PM team reduced risk by taking profits from our tactical overweight allocation to UK and EM equities and added to cash to add some resilience to portfolios.

At the end of 2019, we reduced our FX hedge on global equities. Sterling appreciated in the run up to and after the general election in the UK leading to the potential for future depreciation of the currency, which would be beneficial for an unhedged position.

In January, the strategic asset allocation was updated. The largest change was to our fixed income positioning where we reduced our corporate bond exposure and added a government bond exposure as, on a long-term view, corporate bonds appeared relatively expensive.

In mid-February, portfolios were repositioned to reduce risk further, cutting exposure to equities, and corporate bonds with the proceeds added to cash and government bonds. A second tranche of risk reduction was executed at the beginning of March with EM and UK equity reduced and the proceeds held in cash.

March saw a period where numerous adjustments were made to steer the portfolio through a period of extreme volatility with further reductions to equity positions with proceeds added to government bonds and cash.

Steps were also taken to diversify our defensive allocations, with positions initiated in safe haven currencies (USD, JPY and Swiss Franc).

The fund has seen significant inflows during this period, meaning that a lot of repositioning has been completed through the allocation of these flows rather than the disposal of existing holdings.

Major purchases included: HSBC American Index Fund, HSBC ICAV Global Government Bond Index Fund, HSBC ICAV Global Corporate Bond Index Fund and HSBC Global Sterling Liquidity Funds.

Major sales included: HSBC ICAV Global Corporate Bond Index Fund.

Investment Performance

During the year under review the value of the shares in the Fund decreased by 3.96%.

(Source: Morningstar Direct, GBP, UK net of tax, for the Accumulation C share class. Returns based on the NAV, which is a single price.)

Please note that the above information refers to the past and that past performance is not a reliable indication of future returns.

| Fund Particulars as at 16 April 2020 | | | |
|------------------------------------------------------|--------------------------|-------------|-------------------|
| | Retail X Accumulation | Income C | Accumulation C |
| Price | 201.6p | 179.2p xd | 204.4p |
| Distribution payable (on 15 June 2020) per share net | 0.986312p | 1.111735p | 1.261235p |
| Current net estimated yield | 1.19% | 1.46% | 1.44% |
| Annual ACD charge | 0.30% | 0.10% | 0.10% |

Portfolio Statement

as at 15 April 2020

| <i>Security</i> | <i>Holding</i> | <i>Bid value £'000</i> | <i>Total net assets %</i> |
|----------------------------------------------------------------|----------------|--------------------------------|---------------------------------------|
| Asia-Pacific (excluding Japan) Equities - 3.56% (3.34%) | | | |
| ^*iShares Core MSCI Pacific ex-Japan UCITS ETF | 17,461 | 1,686 | 0.53 |
| ^*iShares Pacific Index Fund | 804,114 | 9,591 | 3.03 |
| Total Asia-Pacific (excluding Japan) Equities | | 11,277 | 3.56 |
| European (excluding UK) Equities - 9.34% (12.47%) | | | |
| +HSBC European Index Fund | 3,418,682 | 29,575 | 9.34 |
| Total European (excluding UK) Equities | | 29,575 | 9.34 |
| Global Emerging Markets Equities - 10.44% (11.91%) | | | |
| ^*iShares Emerging Markets Index Fund | 3,284,656 | 33,056 | 10.44 |
| Total Global Emerging Markets Equities | | 33,056 | 10.44 |
| Japanese Equities - 5.97% (7.41%) | | | |
| +HSBC Japan Index Fund | 15,138,915 | 18,909 | 5.97 |
| Total Japanese Equities | | 18,909 | 5.97 |
| North American Equities - 44.48% (43.10%) | | | |
| +HSBC American Index Fund | 16,093,549 | 104,962 | 33.16 |
| ^*iShares Core S&P 500 UCITS ETF | 161,570 | 35,833 | 11.32 |
| Total North American Equities | | 140,795 | 44.48 |
| Direct Property Funds - 5.41% (5.07%) | | | |
| ^*iShares Developed Real Estate Index Fund | 2,043,274 | 17,120 | 5.41 |
| Total Direct Property Funds | | 17,120 | 5.41 |
| UK Equities - 4.38% (5.38%) | | | |
| +HSBC FTSE 100 Index Fund | 7,199,628 | 13,859 | 4.38 |
| Total UK Equities | | 13,859 | 4.38 |
| Money Markets - 2.52% (0.91%) | | | |
| *+HSBC Global Liquidity Fund | 2,063,672 | 1,651 | 0.52 |
| *+HSBC Global Sterling Liquidity Fund | 6,305,733 | 6,306 | 2.00 |
| Total Money Markets | | 7,957 | 2.52 |
| Global Corporate Bonds - 1.96% (8.75%) | | | |
| *+HSBC ICAV Global Corporate Bond Index Fund | 716,622 | 6,202 | 1.96 |
| Total Global Corporate Bonds | | 6,202 | 1.96 |
| Global Government Bonds - 9.56% (0.00%) | | | |
| *+HSBC ICAV Global Government Bond Index Fund | 3,667,814 | 30,258 | 9.56 |
| Total Global Government Bonds | | 30,258 | 9.56 |

Portfolio Statement

as at 15 April 2020

| <i>Security</i> | <i>Holding</i> | <i>Bid value £'000</i> | <i>Total net assets %</i> |
|---------------------------------------------------------------|----------------|--------------------------------|---------------------------------------|
| Forward Foreign Exchange Contracts - 0.47% (0.19%) | | | |
| #Sold GBP 1,554,816 for CHF 1,859,548 settled 23 April 2020 | | (13) | - |
| #Sold GBP 3,655,439 for JPY 490,681,773 settled 23 April 2020 | | - | - |
| #Sold GBP 1,971,528 for USD 2,447,922 settled 23 April 2020 | | (13) | - |
| #Sold JPY 282,184,415 for GBP 2,187,792 settled 23 April 2020 | | 85 | 0.02 |
| #Sold USD 46,111,883 for GBP 38,320,039 settled 23 April 2020 | | 1,425 | 0.45 |
| Total Forward Foreign Exchange Contracts | | 1,484 | 0.47 |
| Futures - 0.04% (0.01%) | | | |
| CBT US 10Yr Ultra Future June 2020 | 43 | 123 | 0.04 |
| Total Futures | | 123 | 0.04 |
| Portfolio of investments | | 310,615 | 98.13 |
| Net other assets | | 5,927 | 1.87 |
| Net assets | | 316,542 | 100.00 |
| *offshore fund | | | |
| +related party | | | |
| ^listed | | | |
| #unlisted | | | |

Figures in brackets denote comparative percentage holdings as at 15 April 2019.

Unless otherwise stated, all holdings are authorised investment funds.

The counterparty for the futures is HSBC.

The counterparties for the forward foreign exchange contracts are Citigroup, Goldman Sachs, HSBC and UBS.

Comparative Tables

for the year ended 15 April 2020

| Retail Income# | 15.4.20 | 15.4.19 | 15.4.18 |
|----------------------------------------|----------------|----------------|----------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 188.40p | 172.70p | 169.30p |
| Return before operating charges* | 20.53p | 19.12p | 6.43p |
| Operating charges** | (1.36p) | (1.66p) | (1.62p) |
| Return after operating charges* | 19.17p | 17.46p | 4.81p |
| Distributions on income shares | (0.87p) | (1.76p) | (1.41p) |
| Cancellation Price | (206.70p) | - | - |
| Closing net asset value per share | 0.00p | 188.40p | 172.70p |
| *after direct transaction costs of:*** | 0.01p | 0.01p | 0.01p |
| Performance | | | |
| Return after charges | 10.18% | 10.11% | 2.84% |
| Other information | | | |
| Closing net asset value | N/A | £73,032 | £51,901 |
| Closing number of shares | N/A | 38,768 | 30,050 |
| Operating charges - OCF | N/A | 0.99% | 1.00% |
| Direct transaction costs | N/A | 0.01% | 0.00% |
| Prices | | | |
| Highest share price | 206.70p | 190.90p | 185.30p |
| Lowest share price | 183.00p | 166.90p | 166.40p |

| Retail Accumulation## | 15.4.20 | 15.4.19 | 15.4.18 |
|-----------------------------------------------|----------------|----------------|----------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 204.50p | 185.70p | 180.60p |
| Return before operating charges* | 22.38p | 20.59p | 6.80p |
| Operating charges** | (1.48p) | (1.79p) | (1.70p) |
| Return after operating charges* | 20.90p | 18.80p | 5.10p |
| Distributions on accumulation shares | (0.97p) | (1.90p) | (1.31p) |
| Retained distributions on accumulation shares | 0.97p | 1.90p | 1.31p |
| Cancellation Price | (225.40p) | - | - |
| Closing net asset value per share | 0.00p | 204.50p | 185.70p |
| *after direct transaction costs of:*** | 0.01p | 0.01p | 0.01p |
| Performance | | | |
| Return after charges | 10.22% | 10.12% | 2.82% |
| Other information | | | |
| Closing net asset value | N/A | £73,431 | £33,761 |
| Closing number of shares | N/A | 35,903 | 18,185 |
| Operating charges - OCF | N/A | 0.99% | 1.00% |
| Direct transaction costs | N/A | 0.01% | 0.00% |
| Prices | | | |
| Highest share price | 225.40p | 205.20p | 199.00p |
| Lowest share price | 198.60p | 180.90p | 177.50p |

#The Retail Income share class converted to Income C class on 17 January 2020.

##The Retail Accumulation share class converted to Accumulation C class on 17 January 2020.

**The operating charges include all costs borne by the Fund, except for direct transaction costs.

***The direct transaction costs are made up of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

Comparative Tables

for the year ended 15 April 2020

| Retail X Income# | 15.4.20 | 15.4.19 | 15.4.18 |
|----------------------------------------|----------------|----------------|----------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 189.80p | 174.00p | 170.60p |
| Return before operating charges* | 20.62p | 19.06p | 6.28p |
| Operating charges** | (0.62p) | (0.76p) | (0.74p) |
| Return after operating charges* | 20.00p | 18.30p | 5.54p |
| Distributions on income shares | (1.30p) | (2.50p) | (2.14p) |
| Cancellation Price | (208.50p) | - | - |
| Closing net asset value per share | 0.00p | 189.80p | 174.00p |
| *after direct transaction costs of:*** | 0.01p | 0.01p | 0.01p |
| Performance | | | |
| Return after charges | 10.54% | 10.52% | 3.25% |
| Other information | | | |
| Closing net asset value | N/A | £105,297 | £90,322 |
| Closing number of shares | N/A | 55,469 | 51,897 |
| Operating charges - OCF | N/A | 0.49% | 0.50% |
| Direct transaction costs | N/A | 0.01% | 0.00% |
| Prices | | | |
| Highest share price | 208.50p | 192.60p | 186.93p |
| Lowest share price | 184.60p | 168.30p | 167.70p |

| Retail X Accumulation | 15.4.20 | 15.4.19 | 15.4.18 |
|-----------------------------------------------|----------------|----------------|----------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 210.60p | 190.40p | 184.40p |
| Return before operating charges* | (7.89p) | 21.04p | 6.81p |
| Operating charges** | (0.91p) | (0.84p) | (0.81p) |
| Return after operating charges* | (8.80p) | 20.20p | 6.00p |
| Distributions on accumulation shares | (2.41p) | (2.75p) | (2.32p) |
| Retained distributions on accumulation shares | 2.41p | 2.75p | 2.32p |
| Closing net asset value per share | 201.80p | 210.60p | 190.40p |
| *after direct transaction costs of:*** | 0.01p | 0.01p | 0.01p |
| Performance | | | |
| Return after charges | (4.18%) | 10.61% | 3.25% |
| Other information | | | |
| Closing net asset value | £12,164,705 | £9,807,371 | £6,213,813 |
| Closing number of shares | 6,029,584 | 4,656,975 | 3,263,298 |
| Operating charges - OCF | 0.48% | 0.49% | 0.50% |
| Direct transaction costs | 0.00% | 0.01% | 0.00% |
| Prices | | | |
| Highest share price | 235.70p | 210.70p | 203.90p |
| Lowest share price | 182.10p | 186.00p | 181.30p |

#The Retail X Income share class converted to Income C class on 17 January 2020.

**The operating charges include all costs borne by the Fund, except for direct transaction costs.

***The direct transaction costs are made up of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

Comparative Tables

for the year ended 15 April 2020

| Income C | | | |
|----------------------------------------|----------------|----------------|----------------|
| | 15.4.20 | 15.4.19 | 15.4.18 |
| Change in net assets per share | | | |
| Opening net asset value per share | 189.40p | 173.60p | 170.20p |
| Return before operating charges* | (7.16p) | 18.94p | 6.17p |
| Operating charges** | (0.23p) | (0.21p) | (0.21p) |
| Return after operating charges* | (7.39p) | 18.73p | 5.96p |
| Distributions on income shares | (2.61p) | (2.93p) | (2.56p) |
| Closing net asset value per share | 179.40p | 189.40p | 173.60p |
| *after direct transaction costs of:*** | 0.01p | 0.01p | 0.01p |
| Performance | | | |
| Return after charges | (3.90%) | 10.79% | 3.50% |
| Other information | | | |
| Closing net asset value | £6,238,864 | £4,305,389 | £3,360,761 |
| Closing number of shares | 3,478,232 | 2,273,173 | 1,935,437 |
| Operating charges - OCF | 0.18% | 0.19% | 0.20% |
| Direct transaction costs | 0.00% | 0.01% | 0.00% |
| Prices | | | |
| Highest share price | 210.80p | 192.30p | 186.64p |
| Lowest share price | 162.90p | 168.00p | 167.30p |

| Accumulation C | | | |
|-----------------------------------------------|----------------|----------------|----------------|
| | 15.4.20 | 15.4.19 | 15.4.18 |
| Change in net assets per share | | | |
| Opening net asset value per share | 213.00p | 192.20p | 185.60p |
| Return before operating charges* | (8.14p) | 21.03p | 6.83p |
| Operating charges** | (0.26p) | (0.23p) | (0.23p) |
| Return after operating charges* | (8.40p) | 20.80p | 6.60p |
| Distributions on accumulation shares | (2.95p) | (3.26p) | (2.80p) |
| Retained distributions on accumulation shares | 2.95p | 3.26p | 2.80p |
| Closing net asset value per share | 204.60p | 213.00p | 192.20p |
| *after direct transaction costs of:*** | 0.01p | 0.01p | 0.01p |
| Performance | | | |
| Return after charges | (3.94%) | 10.82% | 3.56% |
| Other information | | | |
| Closing net asset value | £298,138,829 | £187,682,408 | £72,635,026 |
| Closing number of shares | 145,744,254 | 88,105,760 | 37,799,080 |
| Operating charges - OCF | 0.18% | 0.19% | 0.20% |
| Direct transaction costs | 0.00% | 0.01% | 0.00% |
| Prices | | | |
| Highest share price | 238.90p | 213.10p | 205.65p |
| Lowest share price | 184.60p | 188.10p | 182.50p |

**The operating charges include all costs borne by the Fund, except for direct transaction costs.

***The direct transaction costs are made up of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

Statement of Total Return

for the year ended 15 April 2020

| | Notes | 15.4.20 | | 15.4.19 | |
|------------------------------------------------------------------------------|-------|---------|----------|---------|---------|
| | | £'000 | £'000 | £'000 | £'000 |
| Income | | | | | |
| Net capital (losses)/gains | 2 | | (19,996) | | 10,646 |
| Revenue | 3 | 4,074 | | 1,838 | |
| Expenses | 4 | (347) | | (149) | |
| Interest payable and similar charges | | (1) | | - | |
| Net revenue before taxation | | 3,726 | | 1,689 | |
| Taxation | 5 | (45) | | (57) | |
| Net revenue after taxation | | | 3,681 | | 1,632 |
| Total (deficit)/return before distributions | | | (16,315) | | 12,278 |
| Distributions | 6 | | (3,690) | | (1,632) |
| Change in net assets attributable to shareholders from investment activities | | | (20,005) | | 10,646 |

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 15 April 2020

| | 15.4.20 | | 15.4.19 | |
|--------------------------------------------------------------------------------------------------------------------|---------|----------|---------|---------|
| | £'000 | £'000 | £'000 | £'000 |
| Opening net assets attributable to shareholders | | 202,047 | | 82,386 |
| Amounts receivable on creation of shares | 136,198 | | 116,539 | |
| Amounts payable on cancellation of shares | (5,569) | | (9,590) | |
| | | 130,629 | | 106,949 |
| Dilution adjustment | | 11 | | 66 |
| Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above) | | (20,005) | | 10,646 |
| Retained distribution on accumulation shares | | 3,860 | | 2,000 |
| Closing net assets attributable to shareholders | | 316,542 | | 202,047 |

Balance Sheet

as at 15 April 2020

| | Notes | 15.4.20 | | 15.4.19 | |
|-----------------------------------------|-------|---------|---------|---------|---------|
| | | £'000 | £'000 | £'000 | £'000 |
| Assets | | | | | |
| Investments | | | 310,641 | | 199,102 |
| Current assets | | | | | |
| Debtors | 8 | 3,164 | | 2,787 | |
| Cash and bank balances | | 4,412 | | 4,146 | |
| Total current assets | | | 7,576 | | 6,933 |
| Total assets | | | 318,217 | | 206,035 |
| Liabilities | | | | | |
| Investment liabilities | | | (26) | | (4) |
| Creditors | | | | | |
| Distribution payable on income shares | | (39) | | (20) | |
| Other creditors | 9 | (1,610) | | (3,964) | |
| Total creditors | | | (1,649) | | (3,984) |
| Total liabilities | | | (1,675) | | (3,988) |
| Net assets attributable to shareholders | | | 316,542 | | 202,047 |

Distribution Tables (pence per share)

for the year ended 15 April 2020

| Group 1: Shares purchased prior to 16 October 2019 | | | | |
|------------------------------------------------------------------------------------------------------|-----------------------|---------------------|---------------------------------------------|------------------------------------------|
| Group 2: Shares purchased from 16 October 2019 to 15 April 2020 | | | | |
| | <i>Net income</i> | <i>Equalisation</i> | <i>Distribution payable 15.6.20</i> | <i>Distribution paid 15.6.19</i> |
| Retail Income* | | | | |
| Group 1 | N/A | - | N/A | 0.278943 |
| Group 2 | N/A | N/A | N/A | 0.278943 |
| Retail Accumulation** | | | | |
| Group 1 | N/A | - | N/A | 0.304902 |
| Group 2 | N/A | N/A | N/A | 0.304902 |
| Retail X Income* | | | | |
| Group 1 | N/A | - | N/A | 0.652388 |
| Group 2 | N/A | N/A | N/A | 0.652388 |
| Retail X Accumulation | | | | |
| Group 1 | 0.986312 | - | 0.986312 | 0.715749 |
| Group 2 | 0.812805 | 0.173507 | 0.986312 | 0.715749 |
| Income C | | | | |
| Group 1 | 1.111735 | - | 1.111735 | 0.864891 |
| Group 2 | 0.640133 | 0.471602 | 1.111735 | 0.864891 |
| Accumulation C | | | | |
| Group 1 | 1.261235 | - | 1.261235 | 0.959355 |
| Group 2 | 0.805432 | 0.455803 | 1.261235 | 0.959355 |
| *The Retail Income and Retail X Income share classes converted to Income C class on 17 January 2020. | | | | |
| **The Retail Accumulation share class converted to Accumulation C class on 17 January 2020. | | | | |

Distribution Tables (pence per share)

for the year ended 15 April 2020

| Group 1: Shares purchased prior to 16 April 2019 | | | | |
|-----------------------------------------------------------------|-----------------------|---------------------|-------------------------------------------|-------------------------------------------|
| Group 2: Shares purchased from 16 April 2019 to 15 October 2019 | | | | |
| | <i>Net income</i> | <i>Equalisation</i> | <i>Distribution paid 15.12.19</i> | <i>Distribution paid 15.12.18</i> |
| Retail Income | | | | |
| Group 1 | 0.870000 | - | 0.870000 | 1.480000 |
| Group 2 | 0.870000 | 0.000000 | 0.870000 | 1.480000 |
| Retail Accumulation | | | | |
| Group 1 | 0.970000 | - | 0.970000 | 1.600000 |
| Group 2 | 0.940000 | 0.030000 | 0.970000 | 1.600000 |
| Retail X Income | | | | |
| Group 1 | 1.300000 | - | 1.300000 | 1.850000 |
| Group 2 | 1.290000 | 0.010000 | 1.300000 | 1.850000 |
| Retail X Accumulation | | | | |
| Group 1 | 1.420000 | - | 1.420000 | 2.030000 |
| Group 2 | 0.970000 | 0.450000 | 1.420000 | 2.030000 |
| Income C | | | | |
| Group 1 | 1.500000 | - | 1.500000 | 2.070000 |
| Group 2 | 1.300000 | 0.200000 | 1.500000 | 2.070000 |
| Accumulation C | | | | |
| Group 1 | 1.690000 | - | 1.690000 | 2.300000 |
| Group 2 | 1.350000 | 0.340000 | 1.690000 | 2.300000 |

Notes to the Financial Statements

for the year ended 15 April 2020

| | 15.4.20 | 15.4.19 |
|------------------------------------------------------------------------------------------------------------------------------|----------------|---------|
| | £'000 | £'000 |
| 1. Accounting Policies | | |
| The accounting policies are set out on pages 10 and 11. | | |
| 2. Net Capital (Losses)/Gains | | |
| The net capital (losses)/gains during the year comprise: | | |
| Realised losses on currency | (24) | (15) |
| Unrealised losses on currency | (30) | - |
| Transaction charges | - | 1 |
| Realised losses on forward foreign currency contracts | (4,780) | (1,311) |
| Unrealised gains on forward foreign currency contracts | 1,484 | 396 |
| Realised losses on derivative securities | (634) | - |
| Unrealised gains on derivative securities | 123 | 13 |
| Realised (losses)/gains on non-derivative securities | (4,831) | 939 |
| Unrealised (losses)/gains on non-derivative securities | (11,344) | 10,623 |
| Management fee rebate | 40 | - |
| Net capital (losses)/gains | (19,996) | 10,646 |
| 3. Revenue | | |
| Franked distributions from UK authorised ICVCs and unit trusts | 3,542 | 1,404 |
| Interest on bonds and other debt securities | 520 | 431 |
| Deposit interest | 2 | - |
| Bank interest | 10 | 3 |
| Total revenue | 4,074 | 1,838 |
| 4. Expenses | | |
| Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director, and agents of either of them: | | |
| Authorised Corporate Director's charge | 291 | 124 |
| Registration fee | 12 | 7 |
| Safe custody fee | 14 | 5 |
| | 317 | 136 |
| Payable to the Depositary, associates of the Depositary, and agents of either of them: | | |
| Depositary fee | 30 | 14 |
| Other expenses: | | |
| Report and accounts fee | - | (1) |
| Total expenses | 347 | 149 |

15.4.20 15.4.19
£'000 £'000

5. Taxation

a) Analysis of charge in year:

| | | |
|----------------------------------|-----------|----|
| Corporation tax | 45 | 57 |
| Total tax for the year (note 5b) | 45 | 57 |

b) Factors affecting taxation charge for the year:

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an open-ended investment company (20%).

The differences are explained below:

| | | |
|---------------------------------------------------------|--------------|-------|
| Net revenue before taxation | 3,726 | 1,689 |
| Corporation tax at 20% | 745 | 338 |
| Effects of: | | |
| Revenue not subject to taxation | (708) | (281) |
| Taxable management fee rebates accounted for as capital | 8 | - |
| Current tax charge for the year (note 5a) | 45 | 57 |

c) Provision for deferred taxation

At 15 April 2020, there is no potential deferred tax asset (15.4.19: £nil) in relation to surplus management expenses.

6. Distributions

The distributions take account of amounts received on the issue of shares and amounts deducted on the cancellation of shares, and comprise:

| | | |
|-------------------------------------------------|--------------|-------|
| Interim dividend distribution | 2,008 | 1,162 |
| Final dividend distribution | 1,936 | 899 |
| | 3,944 | 2,061 |
| Add: Amounts deducted on cancellation of shares | 13 | 44 |
| Deduct: Amounts received on issue of shares | (267) | (473) |
| Net distribution for the year | 3,690 | 1,632 |

7. Movement Between Net Revenue and Distributions

| | | |
|---------------------------------------------|--------------|-------|
| Net revenue after taxation | 3,681 | 1,632 |
| Equalisation on conversions | 1 | - |
| Corporation tax on taxable items in capital | 8 | - |
| Net distribution for the year | 3,690 | 1,632 |

8. Debtors

| | | |
|-------------------------------------------|--------------|-------|
| Amounts receivable for creation of shares | 3,123 | 1,644 |
| Sales awaiting settlement | - | 1,142 |
| Accrued revenue | 1 | 1 |
| Management fee rebates receivable | 40 | - |
| Total debtors | 3,164 | 2,787 |

9. Other creditors

| | | |
|-------------------------------|--------------|-------|
| Purchases awaiting settlement | 1,514 | 3,894 |
| Accrued expenses | 80 | 13 |
| Corporation tax payable | 16 | 57 |
| Total other creditors | 1,610 | 3,964 |

10. Reconciliation of Shares

| | <i>Retail Income*</i> | <i>Retail Accumulation**</i> | <i>Retail X Income*</i> |
|-------------------------------------------|---------------------------|----------------------------------|-----------------------------|
| Opening Shares issued at 16.4.19 | 38,768 | 35,903 | 55,469 |
| Share movements 16.4.19 to 15.4.20 | | | |
| Shares issued | - | 3,054 | 26,624 |
| Shares cancelled | - | (742) | (18,646) |
| Shares converted | (38,768) | (38,215) | (63,447) |
| Closing Shares issued at 15.4.20 | - | - | - |

| | <i>Retail X Accumulation</i> | <i>Income C</i> | <i>Accumulation C</i> |
|-------------------------------------------|----------------------------------|---------------------|---------------------------|
| Opening Shares issued at 16.4.19 | 4,656,975 | 2,273,173 | 88,105,760 |
| Share movements 16.4.19 to 15.4.20 | | | |
| Shares issued | 2,707,038 | 1,839,953 | 58,169,680 |
| Shares cancelled | (1,130,218) | (744,971) | (762,166) |
| Shares converted | (204,211) | 110,077 | 230,980 |
| Closing Shares issued at 15.4.20 | 6,029,584 | 3,478,232 | 145,744,254 |

*The Retail Income and Retail X Income share classes converted to Income C class on 17 January 2020.

**The Retail Accumulation share class converted to Accumulation C class on 17 January 2020.

11. Ultimate Controlling Party and Related Party Transactions

The Authorised Corporate Director (ACD) is regarded as a controlling party of the Fund by virtue of having the ability to act in concert in respect of Fund operations. The ultimate controlling party of the ACD is HSBC Group plc. This entity and its subsidiaries are also related parties of the Fund.

At the year end, the ACD and its associates held the following of the Fund's shares in issue:

| | <i>Retail Income#</i> | <i>Retail Accumulation##</i> | <i>Retail X Income#</i> | <i>Retail X Accumulation</i> | <i>Income C</i> | <i>Accumulation C</i> |
|---------------|---------------------------|----------------------------------|-----------------------------|----------------------------------|---------------------|---------------------------|
| | % | % | % | % | % | % |
| As at 15.4.20 | N/A | N/A | N/A | - | 15.21 | 9.19 |
| As at 15.4.19 | - | - | - | - | 13.59 | 6.03 |

Details of all other material related party transactions during the year and any payment amounts outstanding at the balance sheet date are disclosed in notes 8 and 9 to the financial statements and the Statement of Change in Net Assets Attributable to Shareholders and the Portfolio Statement.

The balance due from the ACD (including amounts due to associates and agents) at the year end was £3,049,932 (15.4.19: £1,633,719), further details of such amounts can be found in notes 8 and 9.

At the year end, the Fund held £211,722,149 (15.4.19: £137,598,865) in Authorised Investment Funds managed by HSBC or HSBC Holdings, the parent company of the ACD. During the year, transactions in Authorised Investment Funds managed by HSBC or HSBC Holdings totalled £166,042,801 (15.4.19: £137,371,989).

Investments in related parties are disclosed in the Portfolio Statement.

#The Retail Income and Retail X Income share classes converted to Income C class on 17 January 2020.

##The Retail Accumulation share class converted to Accumulation C class on 17 January 2020.

12. Financial Instruments

The financial instrument risks and risk management policies are set out on pages 12 and 13.

Foreign Currency Risk

A portion of the net assets of the Fund are denominated in currencies other than sterling with the effect that the balance sheet and total return can be affected by currency movements.

Net currency monetary assets and liabilities consist of:

| | <i>Portfolio of investments</i> | | <i>Net other assets/(liabilities)</i> | | <i>Net assets</i> | |
|----------------------|---------------------------------|---------|---------------------------------------|---------|-------------------|---------|
| | 15.4.20 | 15.4.19 | 15.4.20 | 15.4.19 | 15.4.20 | 15.4.19 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Sterling* | 173,585 | 119,924 | 5,748 | 3,516 | 179,333 | 123,440 |
| Euro | - | 2 | - | - | - | 2 |
| Japanese yen | 85 | 50 | - | - | 85 | 50 |
| United States dollar | 136,945 | 79,122 | 179 | (567) | 137,124 | 78,555 |
| Total | 310,615 | 199,098 | 5,927 | 2,949 | 316,542 | 202,047 |

*No currency risk as base currency.

Interest Rate Risk

At the year end, 1.39% (15.4.19: 2.05%) of the Fund's assets by value were interest-bearing.

Interest rates are based upon LIBOR (London Interbank Offered Rate).

13. Shareholders' Funds

This Fund has a retail X share class and a C share class.

The annual ACD charge on the retail X share class is 0.30% and 0.10% on the C share class.

The net asset value of the share class, the net asset value per share and the number of shares in each class are given in the Comparative Tables on pages 234 to 236. The distribution per share class is given in the Distribution Tables on pages 238 and 239. All share classes within the OEIC have the same rights on winding up.

14. Financial Derivatives

The Fund has used financial derivatives for hedging and meeting investment objectives including risk reduction and implementation of investment policies.

The use of derivatives can create additional counterparty risks. Details of the policy adopted by the ACD for managing counterparty and other risks are set out in the Notes to the Financial Statements.

The types of derivatives held at the year end were index futures and forward currency contracts.

Details of the individual contracts are shown on the Portfolio Statement on pages 232 and 233, and the total position by the counterparty at the year end is summarised below. The underlying exposure for each category of derivatives were as follows:

| Counterparty | <i>Forward Currency</i> | | <i>Total</i> | |
|------------------------|-------------------------|------|--------------|------|
| | 2020 | 2019 | 2020 | 2019 |
| | £'000 | | £'000 | |
| Citigroup | 83 | - | 83 | - |
| Goldman Sachs | 1,425 | - | 1,425 | - |
| HSBC | 3 | 348 | 3 | 348 |
| Royal Bank of Scotland | - | 2 | - | 2 |
| State Street | - | 50 | - | 50 |

Eligible collateral types are approved by the ACD and may consist of cash, UK gilts, certificates of deposit, treasury bills, sovereign debt, eurosterling bonds and equities.

The economic exposure of future derivative contracts is equal to the market value. The value of exposure and the related counterparty are disclosed in the Portfolio Statement.

At 15 April 2020, there was no collateral held in respect of the above derivatives (15.4.19: £nil).

15. Contingent Liabilities and Commitments

At the year end, the Fund had no contingent liabilities or commitments (15.4.19: none).

16. Portfolio Transaction Costs

| For the year ended 15 April 2020 | Purchases | Commissions | | Taxes | | Other Expenses | |
|------------------------------------------------|------------------|--------------------|----------|--------------|----------|-----------------------|----------|
| | <i>£'000</i> | <i>£'000</i> | <i>%</i> | <i>£'000</i> | <i>%</i> | <i>£'000</i> | <i>%</i> |
| Analysis of total purchases costs | | | | | | | |
| Pooled investment vehicles | 187,205 | 8 | - | - | - | - | - |
| Total purchases before transaction costs | 187,205 | 8 | | - | | - | |
| Transaction costs | 8 | | | | | | |
| Total purchases after commission, tax and fees | 187,213 | | | | | | |
| | Sales | Commissions | | Taxes | | Other Expenses | |
| | <i>£'000</i> | <i>£'000</i> | <i>%</i> | <i>£'000</i> | <i>%</i> | <i>£'000</i> | <i>%</i> |
| Analysis of total sales costs | | | | | | | |
| Pooled investment vehicles | 64,275 | 2 | - | - | - | - | - |
| Total sales before transaction costs | 64,275 | 2 | | - | | - | |
| Transaction costs | (2) | | | | | | |
| Total sales after commission, tax and fees | 64,273 | | | | | | |

The Fund had paid £742 as commission on purchases and sales derivative transactions for the year ended 15.4.20.

Commissions, taxes and fees as % of average Net Assets:

| | |
|----------------|-------|
| Commissions | 0.00% |
| Taxes | 0.00% |
| Other expenses | 0.00% |

At the balance sheet date the portfolio dealing spread was 0.00%, being the difference between the respective bid and offer prices for the Fund's investments.

| For the year ended 15 April 2019 | Purchases | Commissions | | Taxes | | Other Expenses | |
|------------------------------------------------|------------------|--------------------|----------|--------------|----------|-----------------------|----------|
| | <i>£'000</i> | <i>£'000</i> | <i>%</i> | <i>£'000</i> | <i>%</i> | <i>£'000</i> | <i>%</i> |
| Analysis of total purchases costs | | | | | | | |
| Pooled investment vehicles | 138,967 | 5 | - | - | - | - | - |
| Total purchases before transaction costs | 138,967 | 5 | | - | | - | |
| Transaction costs | 5 | | | | | | |
| Total purchases after commission, tax and fees | 138,972 | | | | | | |
| | Sales | Commissions | | Taxes | | Other Expenses | |
| | <i>£'000</i> | <i>£'000</i> | <i>%</i> | <i>£'000</i> | <i>%</i> | <i>£'000</i> | <i>%</i> |
| Analysis of total sales costs | | | | | | | |
| Pooled investment vehicles | 34,620 | 1 | - | - | - | - | - |
| Total sales before transaction costs | 34,620 | 1 | | - | | - | |
| Transaction costs | (1) | | | | | | |
| Total sales after commission, tax and fees | 34,619 | | | | | | |

The Fund had paid £92 as commission on purchases and sales derivative transactions for the year ended 15.4.19.

Commissions, taxes and fees as % of average Net Assets:

| | |
|----------------|-------|
| Commissions | 0.01% |
| Taxes | 0.00% |
| Other expenses | 0.00% |

At the balance sheet date the portfolio dealing spread was 0.00%, being the difference between the respective bid and offer prices for the Fund's investments.

Portfolio transaction costs are incurred by the Fund when buying and selling underlying investments. These costs vary depending on the class of investment, country of exchange and method of execution. These costs can be classified as either direct or indirect transaction costs:

Direct transaction costs: Broker commissions, fees and taxes.

Indirect transaction costs: 'Dealing spread' – the difference between the buying and selling prices of the Fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the Fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

17. Fair Value of Investments

FRS 102 requires an entity 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 shall have the following classifications:

- Level 1: unadjusted quoted prices in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3: inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

For the year ended 15 April 2020

| Category | 1 | 2 | 3 | Total |
|----------------------------|--------|---------|-------|---------|
| | £'000 | £'000 | £'000 | £'000 |
| Investment Assets | | | | |
| Pooled investment vehicles | 37,519 | 271,489 | - | 309,008 |
| Derivatives | 123 | 1,510 | - | 1,633 |
| | 37,642 | 272,999 | - | 310,641 |
| Investment Liabilities | £'000 | £'000 | £'000 | £'000 |
| Derivatives | - | (26) | - | (26) |
| | - | (26) | - | (26) |

For the year ended 15 April 2019

| Category | 1 | 2 | 3 | Total |
|----------------------------|--------|---------|-------|---------|
| | £'000 | £'000 | £'000 | £'000 |
| Investment Assets | | | | |
| Pooled investment vehicles | 26,806 | 171,883 | - | 198,689 |
| Derivatives | 13 | 400 | - | 413 |
| | 26,819 | 172,283 | - | 199,102 |
| Investment Liabilities | £'000 | £'000 | £'000 | £'000 |
| Derivatives | - | (4) | - | (4) |
| | - | (4) | - | (4) |

18. Sensitivity Analysis

Price risk sensitivity:

If the price of investments at 15 April 2020 had increased or decreased by 10% with all other variables held constant, this would have increased or decreased the net assets attributable to shareholders by £31,061,524 (15.4.19: £19,909,760).

Currency risk sensitivity:

If the exchange rate at 15 April 2020 had increased or decreased by 10% with all other variables held constant, this would have increased or decreased the net assets attributable to shareholders by £13,720,965 (15.4.19: £7,860,612).

Interest rate risk sensitivity:

At the balance sheet date, the Fund did not have a significant exposure to interest rate risk, therefore no sensitivity analysis is disclosed (15.4.19: no significant exposure).

19. Events after the balance sheet date

Since the year end, markets and operations have continued to be disrupted by the effects of the COVID-19 pandemic. Since the year end the NAV of the lead share class was 227.2p and has increased by 11.15% (to 10 July 2020). Contingency plans at the ACD and key service suppliers have proven effective in mitigating the effects on management of the portfolio and on all supporting operations.

Global Sustainable Multi-Asset Balanced Portfolio

Investment Objective

To provide capital growth through investment in assets that meet sustainable investment principles. The Fund invests in a range of sustainable investment strategies which aim to consider financial returns alongside environmental, social and governance factors.

Investment Policy*

This is one of a range of actively managed Global Sustainable Multi-Asset Portfolios offered at different risk levels. The asset allocation of each fund in the range reflects the risk level. The Fund is rated as 3 where 1 is a lower level of risk and 5 is a higher level of risk. The Fund is managed with the aim of maximising returns in line with its agreed long term risk profile therefore any potential returns are likely to be limited by the risk profile of the Fund.

To achieve its objective the Fund invests primarily in collective investment schemes, which in turn invest in fixed interest securities, equities and property securities that meet one or more sustainable investment strategies. The Fund may also invest directly in fixed interest securities and equities where the investment objective can be more efficiently achieved.

Additionally, the Fund may use exchange traded and over the counter derivatives and forward currency contracts for efficient portfolio management purposes, including hedging, and for investment purposes. Investing in derivatives for investment purposes means, in particular, maintaining positions in these investments for the long term rather than just for tactical short-term purposes. However, it is envisaged that the use of derivatives for investment purposes will not be extensive and will not affect the overall risk profile of the Fund.

*The full policy can be found in the prospectus.

Investment Strategy*

The starting point for the Global Sustainable Multi-Asset Portfolios is the Strategic Asset Allocation (SAA). SAA is the long-term blend of assets for each risk level. Tactical Asset Allocation (TAA) is another layer on top of the SAA and is driven by the investment team's shorter term market outlook. Portfolio Implementation is the final stage in the investment process, where we decide how best to take exposure to each asset class.

The focus on sustainable investment strategies is taken into consideration at each stage, when deciding which asset classes the Fund will invest in and how the Fund achieves exposure to those asset classes.

Derivatives may be used with the aim of hedging to reduce market risk and to reduce the impact of currency movements but also with the aim of generating returns to assist the Fund in meeting its investment objective. Exchange traded futures may be used to gain or reduce exposure to certain asset classes. Forward currency contracts may be used to gain exposure to currencies or for hedging to reduce the impact of currency movements for certain asset classes that are not denominated in sterling.

*The full strategy can be found in the prospectus.

Portfolio Activity

At the start of the period, the portfolio was positioned to be overweight to risk assets. Towards the end of 2019, the Portfolio Management (PM) team took steps to reduce this overweight. In Q1 2020, this was extended to move the portfolio underweight risk as the spread of coronavirus increased market volatility.

In April, the PM team adjusted the regional exposures within the overall equity allocation, reducing our exposure to global vehicles and increasing our exposure to the US, bringing our US exposure towards a neutral position. The PM team believed that the US would fare better if conditions deteriorated due to its safe haven status and robust consumer market.

In July, the PM team reduced the exposure to Japan equity. While valuations appeared attractive, we saw no obvious catalyst for this to translate into outperformance. The proceeds of this trade were held in cash.

In July, the exposure to investment grade corporate bonds was increased slightly, funded from our cash position.

The PM team reduced the portfolio's exposure to equity risk in August, by reducing our exposure to emerging market equity.

At the end of 2019, we reduced our FX hedge on global equities. Sterling appreciated in the run up to and after the general election in the UK leading to the potential for future depreciation of the currency, which would be beneficial for an unhedged position.

In mid-February, portfolios were repositioned to reduce risk further, cutting exposure to equities, and corporate bonds with the proceeds added to cash and government bonds. A second tranche of risk reduction was executed at the beginning of March with emerging market (EM) and UK equity reduced and the proceeds held in cash.

March saw a period where numerous adjustments were made to steer the portfolio through a period of extreme volatility with further reductions to equity positions with proceeds added to government bonds and cash.

Steps were also taken to diversify our defensive allocations, with positions initiated in safe haven currencies (USD, JPY and Swiss Franc).

The Fund has seen significant inflows during this period, meaning that a lot of repositioning has been completed through the allocation of these flows rather than the disposal of existing holdings.

Major purchases included: iShares MSCI USA SRI ETF, Xtrackers II ESG Euro Corporate UCITS ETF, UBS Barclays MSCI US Liquid Corporates Sustainable UCITS ETF, HSBC SRI Global Equity Fund, HSBC GIF Global Lower Carbon Bond Fund, HSBC GIF Global Lower Carbon Equity Fund and iShares Global Government Bond UCITS ETF.

Major sales included: HSBC SRI Global Equity Fund, HSBC GIF Global Lower Carbon Equity Fund, HSBC GIF Global Equity Climate Change Fund, iShares MSCI Japan SRI ETF and iShares Core MSCI Emerging Markets SRI UCITS ETF.

Investment Performance

During the year under review the value of the shares in the Fund fell by 1.14%.

(Source: Morningstar Direct, GBP, UK net of tax, for the Accumulation C share class. Returns based on the NAV, which is a single price.)

Please note that the above information refers to the past and that past performance is not a reliable indication of future returns.

Fund Particulars

as at 16 April 2020

| | Income C† | Accumulation C† | Accumulation P^ |
|------------------------------------------------------|--------------|--------------------|--------------------|
| Price | 102.3p xd | 103.5p | 103.5p |
| Distribution payable (on 15 June 2020) per share net | 0.318969p | 0.332344p | 0.427755p |
| Current net estimated yield | 0.85% | 0.93% | 0.58% |
| Annual ACD charge | 0.45% | 0.45% | 0.23% |

†The Income C and Accumulation C share classes launched on 24 October 2018.

^The Accumulation P share class launched on 30 August 2019.

Portfolio Statement

as at 15 April 2020

| <i>Security</i> | <i>Holding</i> | <i>Bid value £'000</i> | <i>Total net assets %</i> |
|----------------------------------------------------------------|----------------|--------------------------------|---------------------------------------|
| UK Equities - 0.45% (1.45%) | | | |
| ^*UBS MSCI UK IMI Socially Responsible UCITS ETF | 37,006 | 461 | 0.45 |
| Total UK Equities | | 461 | 0.45 |
| Global Corporate Bonds - 9.22% (9.77%) | | | |
| +HSBC GIF Global Lower Carbon Bond Fund | 1,080,905 | 9,434 | 9.22 |
| Total Global Corporate Bonds | | 9,434 | 9.22 |
| Global Emerging Markets Equities - 6.67% (7.07%) | | | |
| ^*iShares Core MSCI Emerging Markets SRI UCITS ETF | 1,641,855 | 6,817 | 6.67 |
| Total Global Emerging Markets Equities | | 6,817 | 6.67 |
| Global Equities - 40.72% (46.40%) | | | |
| +HSBC GIF Global Equity Climate Change Fund | 1,088,196 | 8,914 | 8.71 |
| +HSBC GIF Global Lower Carbon Equity Fund | 1,462,979 | 11,140 | 10.89 |
| +HSBC SRI Global Equity Fund | 23,621 | 21,599 | 21.12 |
| Total Global Equities | | 41,653 | 40.72 |
| Global Government Bonds - 2.34% (0.29%) | | | |
| ^*iShares Global Government Bond UCITS ETF | 439,381 | 2,389 | 2.34 |
| Total Global Government Bonds | | 2,389 | 2.34 |
| Global Property Equities Funds - 4.27% (4.94%) | | | |
| +HSBC Global Investment Real Estate Equity Fund | 642,306 | 4,362 | 4.27 |
| Total Global Property Equities Funds | | 4,362 | 4.27 |
| Japanese Equities - 0.80% (2.59%) | | | |
| ^*iShares MSCI Japan SRI ETF | 186,371 | 816 | 0.80 |
| Total Japanese Equities | | 816 | 0.80 |
| European Equities - 1.38% (1.04%) | | | |
| ^*UBS MSCI EMU Socially Responsible UCITS ETF | 20,173 | 1,415 | 1.38 |
| Total European Equities | | 1,415 | 1.38 |
| Euro Corporate Bonds - 3.15% (3.02%) | | | |
| ^*Xtrackers II ESG Euro Corporate UCITS ETF | 24,394 | 3,225 | 3.15 |
| Total Euro Corporate Bonds | | 3,225 | 3.15 |
| US Corporate Bonds - 8.06% (9.29%) | | | |
| ^*UBS Barclays MSCI US Liquid Corporates Sustainable UCITS ETF | 571,333 | 8,239 | 8.06 |
| Total US Corporate Bonds | | 8,239 | 8.06 |
| US Equities - 7.16% (3.59%) | | | |
| ^*iShares MSCI USA SRI ETF | 1,211,553 | 7,327 | 7.16 |
| Total US Equities | | 7,327 | 7.16 |

Portfolio Statement

as at 15 April 2020

| <i>Security</i> | <i>Holding</i> | <i>Bid value £'000</i> | <i>Total net assets %</i> |
|---------------------------------------------------------------|----------------|--------------------------------|---------------------------------------|
| Dutch Government Bonds - 0.00% (0.42%) | | | |
| French Government Bonds - 0.68% (0.00%) | | | |
| Government of France 2.5% 25/5/2030 | €634,641 | 690 | 0.68 |
| Total French Government Bonds | | 690 | 0.68 |
| German Government Bonds - 1.59% (0.86%) | | | |
| Government of Germany 0% 8/4/2022 | €207,322 | 183 | 0.18 |
| Government of Germany 4.75% 4/7/2034 | €947,680 | 1,443 | 1.41 |
| Total German Government Bonds | | 1,626 | 1.59 |
| Japanese Government Bonds - 2.15% (1.55%) | | | |
| Government of Japan 0.9% 20/3/2022 | ¥120,000,000 | 912 | 0.89 |
| Government of Japan 1.1% 20/3/2033 | ¥155,000,000 | 1,288 | 1.26 |
| Total Japanese Government Bonds | | 2,200 | 2.15 |
| Spanish Government Bonds - 1.26% (1.05%) | | | |
| Government of Spain 2.15% 31/10/2025 | €1,349,000 | 1,284 | 1.26 |
| Total Spanish Government Bonds | | 1,284 | 1.26 |
| UK Government Bonds - 0.74% (0.56%) | | | |
| Treasury 4% 7/3/2022 | £398,280 | 428 | 0.42 |
| Treasury 4.25% 7/12/2049 | £169,196 | 332 | 0.32 |
| Total UK Government Bonds | | 760 | 0.74 |
| US Government Bonds - 5.66% (3.57%) | | | |
| US Treasury 1.25% 31/8/2024 | \$2,197,600 | 1,830 | 1.79 |
| US Treasury 2% 15/2/2023 | \$2,172,700 | 1,826 | 1.78 |
| US Treasury 2.25% 15/11/2027 | \$1,203,300 | 1,087 | 1.06 |
| US Treasury 3% 15/5/2045 | \$948,800 | 1,050 | 1.03 |
| Total US Government Bonds | | 5,793 | 5.66 |
| Forward Foreign Exchange Contracts - 0.98% (0.14%) | | | |
| #Sold CHF 589,678 for GBP 493,737 settled 23 April 2020 | | (5) | - |
| #Sold GBP 7,047,469 for EUR 7,744,890 settled 23 April 2020 | | 288 | 0.28 |
| #Sold GBP 2,249,728 for JPY 289,922,061 settled 23 April 2020 | | 90 | 0.09 |
| #Sold GBP 24,909,456 for USD 30,235,988 settled 23 April 2020 | | 717 | 0.70 |
| #Sold JPY 57,247,892 for GBP 427,821 settled 23 April 2020 | | (1) | - |
| #Sold USD 2,097,912 for GBP 1,766,047 settled 23 April 2020 | | (87) | (0.09) |
| Total Forward Foreign Exchange Contracts | | 1,002 | 0.98 |

Portfolio Statement

as at 15 April 2020

| <i>Security</i> | <i>Holding</i> | <i>Bid value £'000</i> | <i>Total net assets %</i> |
|---------------------------------|----------------|--------------------------------|---------------------------------------|
| Portfolio of investments | | 99,493 | 97.28 |
| Net other assets | | 2,787 | 2.72 |
| Net assets | | 102,280 | 100.00 |
| *offshore fund | | | |
| +related party | | | |
| ^listed | | | |
| #unlisted | | | |

Figures in brackets denote comparative percentage holdings as at 15 April 2019.

Unless otherwise stated, all investments are listed securities.

The counterparties for forward foreign exchange contracts are HSBC, JP Morgan, Goldman Sachs, Merrill Lynch & Credit Agricole.

Comparative Tables

for the year ended 15 April 2020

| Income C# | 15.4.20 | 15.4.19 | 15.4.18 |
|----------------------------------------|----------------|----------------|----------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 105.50p | 100.00p | N/A |
| Return before operating charges* | (1.93p) | 6.03p | N/A |
| Operating charges** | (0.60p) | (0.27p) | N/A |
| Return after operating charges* | (2.53p) | 5.76p | N/A |
| Distributions on income shares | (0.87p) | (0.26p) | N/A |
| Closing net asset value per share | 102.10p | 105.50p | N/A |
| *after direct transaction costs of:*** | 0.03p | 0.02p | N/A |
| Performance | | | |
| Return after charges | (2.40%) | 5.76% | N/A |
| Other information | | | |
| Closing net asset value | £2,255,497 | £5,129,424 | N/A |
| Closing number of shares | 2,209,923 | 4,863,287 | N/A |
| Operating charges - OCF | 0.68% | 0.71% | N/A |
| Direct transaction costs | 0.02% | 0.02% | N/A |
| Prices | | | |
| Highest share price | 116.80p | 105.90p | N/A |
| Lowest share price | 94.06p | 96.60p | N/A |

| Accumulation C# | 15.4.20 | 15.4.19 | 15.4.18 |
|-----------------------------------------------|----------------|----------------|----------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 105.70p | 100.00p | N/A |
| Return before operating charges* | (1.93p) | 5.98p | N/A |
| Operating charges** | (0.57p) | (0.28p) | N/A |
| Return after operating charges* | (2.50p) | 5.70p | N/A |
| Distributions on accumulation shares | (0.96p) | (0.26p) | N/A |
| Retained distributions on accumulation shares | 0.96p | 0.26p | N/A |
| Closing net asset value per share | 103.20p | 105.70p | N/A |
| *after direct transaction costs of:*** | 0.03p | 0.02p | N/A |
| Performance | | | |
| Return after charges | (2.37%) | 5.70% | N/A |
| Other information | | | |
| Closing net asset value | £98,334,541 | £13,733,262 | N/A |
| Closing number of shares | 95,281,470 | 12,988,871 | N/A |
| Operating charges - OCF | 0.66% | 0.72% | N/A |
| Direct transaction costs | 0.02% | 0.02% | N/A |
| Prices | | | |
| Highest share price | 117.70p | 105.90p | N/A |
| Lowest share price | 94.81p | 96.60p | N/A |

#The Fund was launched on 24 October 2018.

**The operating charges include all costs borne by the Fund, except for direct transaction costs.

***The direct transaction costs are made up of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

Comparative Tables

for the year ended 15 April 2020

| Accumulation P## | 15.4.20 | 15.4.19 | 15.4.18 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|----------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 109.70p | N/A | N/A |
| Return before operating charges* | (6.22p) | N/A | N/A |
| Operating charges** | (0.18p) | N/A | N/A |
| Return after operating charges* | (6.40p) | N/A | N/A |
| Distributions on accumulation shares | (0.60p) | N/A | N/A |
| Retained distributions on accumulation shares | 0.60p | N/A | N/A |
| Closing net asset value per share | 103.30p | N/A | N/A |
| *after direct transaction costs of:*** | 0.03p | N/A | N/A |
| Performance | | | |
| Return after charges | (5.83%) | N/A | N/A |
| Other information | | | |
| Closing net asset value | £1,689,783 | N/A | N/A |
| Closing number of shares | 1,636,074 | N/A | N/A |
| Operating charges - OCF | 0.42% | N/A | N/A |
| Direct transaction costs | 0.02% | N/A | N/A |
| Prices | | | |
| Highest share price | 117.80p | N/A | N/A |
| Lowest share price | 94.88p | N/A | N/A |
| ##The Accumulation P share class launched on 30 August 2019. | | | |
| **The operating charges include all costs borne by the Fund, except for direct transaction costs. | | | |
| ***The direct transaction costs are made up of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. | | | |

Statement of Total Return

for the year ended 15 April 2020

| | | 15.4.20 | | 15.4.19* | |
|------------------------------------------------------------------------------|-------|---------|---------|----------|-------|
| | Notes | £'000 | £'000 | £'000 | £'000 |
| Income | | | | | |
| Net capital (losses)/gains | 2 | | (6,553) | | 724 |
| Revenue | 3 | 722 | | 65 | |
| Expenses | 4 | (259) | | (24) | |
| Interest payable and similar charges | | (1) | | - | |
| Net revenue before taxation | | 462 | | 41 | |
| Taxation | 5 | (29) | | (4) | |
| Net revenue after taxation | | | 433 | | 37 |
| Total (deficit)/return before distributions | | | (6,120) | | 761 |
| Distributions | 6 | | (433) | | (37) |
| Change in net assets attributable to shareholders from investment activities | | | (6,553) | | 724 |

*The Fund launched on 24 October 2018.

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 15 April 2020

| | | 15.4.20 | | 15.4.19* | |
|--------------------------------------------------------------------------------------------------------------------|--|---------|---------|----------|--------|
| | | £'000 | £'000 | £'000 | £'000 |
| Opening net assets attributable to shareholders | | | 18,863 | | - |
| Amounts receivable on creation of shares | | 96,924 | | 18,082 | |
| Amounts payable on cancellation of shares | | (7,699) | | - | |
| | | | 89,225 | | 18,082 |
| Dilution adjustment | | | 141 | | 23 |
| Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above) | | | (6,553) | | 724 |
| Retained distribution on accumulation shares | | | 604 | | 34 |
| Closing net assets attributable to shareholders | | | 102,280 | | 18,863 |

*The Fund launched on 24 October 2018.

Balance Sheet

as at 15 April 2020

| | | 15.4.20 | | 15.4.19* | |
|-----------------------------------------|-------|---------|---------|----------|--------|
| | Notes | £'000 | £'000 | £'000 | £'000 |
| Assets | | | | | |
| Investments | | | 99,586 | | 18,411 |
| Current assets | | | | | |
| Debtors | 7 | 2,286 | | 569 | |
| Cash and bank balances | | 2,032 | | 365 | |
| Total current assets | | | 4,318 | | 934 |
| Total assets | | | 103,904 | | 19,345 |
| Liabilities | | | | | |
| Investment liabilities | | | (93) | | - |
| Creditors | | | | | |
| Bank overdrafts | | - | | (106) | |
| Distribution payable on income shares | | (7) | | (13) | |
| Other creditors | 8 | (1,524) | | (363) | |
| Total creditors | | | (1,531) | | (482) |
| Total liabilities | | | (1,624) | | (482) |
| Net assets attributable to shareholders | | | 102,280 | | 18,863 |

*The Fund launched on 24 October 2018.

Distribution Tables (pence per share)

for the year ended 15 April 2020

| Group 1: Shares purchased prior to 16 October 2019 | | | | |
|-----------------------------------------------------------------|-----------------------|---------------------|---------------------------------------------|------------------------------------------|
| Group 2: Shares purchased from 16 October 2019 to 15 April 2020 | | | | |
| | <i>Net income</i> | <i>Equalisation</i> | <i>Distribution payable 15.6.20</i> | <i>Distribution paid 15.6.19</i> |
| Income C | | | | |
| Group 1 | 0.318969 | - | 0.318969 | 0.257214 |
| Group 2 | 0.120312 | 0.198657 | 0.318969 | 0.257214 |
| Accumulation C | | | | |
| Group 1 | 0.332344 | - | 0.332344 | 0.258003 |
| Group 2 | 0.165456 | 0.166888 | 0.332344 | 0.258003 |
| Accumulation P## | | | | |
| Group 1 | 0.427755 | - | 0.427755 | N/A |
| Group 2 | 0.112237 | 0.315518 | 0.427755 | N/A |

| Group 1: Shares purchased prior to 16 April 2019 | | | | |
|-----------------------------------------------------------------|-----------------------|---------------------|-------------------------------------------|--|
| Group 2: Shares purchased from 16 April 2019 to 15 October 2019 | | | | |
| | <i>Net income</i> | <i>Equalisation</i> | <i>Distribution paid 15.12.19</i> | |
| Income C# | | | | |
| Group 1 | 0.550000 | - | 0.550000 | |
| Group 2 | 0.220000 | 0.330000 | 0.550000 | |
| Accumulation C# | | | | |
| Group 1 | 0.630000 | - | 0.630000 | |
| Group 2 | 0.390000 | 0.240000 | 0.630000 | |
| Accumulation P## | | | | |
| Group 1 | 0.170000 | - | 0.170000 | |
| Group 2 | 0.170000 | 0.000000 | 0.170000 | |

#The Income C and Accumulation C share classes launched on 24 October 2018.

##The Accumulation P share class launched on 30 August 2019.

Notes to the Financial Statements

for the year ended 15 April 2020

| | 15.4.20 £'000 | 15.4.19* £'000 |
|------------------------------------------------------------------------------------------------------------------------------|------------------|-------------------|
| 1. Accounting Policies | | |
| The accounting policies are set out on pages 10 and 11. | | |
| 2. Net Capital (Losses)/Gains | | |
| The net capital (losses)/gains during the year/period comprise: | | |
| Realised losses on currency | (2) | (5) |
| Unrealised gains on currency | 1 | - |
| Transaction charges | (14) | (4) |
| Realised (losses)/gains on forward foreign currency contracts | (1,688) | 54 |
| Unrealised gains on forward foreign currency contracts | 1,002 | 27 |
| Realised gains on derivative securities | 59 | - |
| Realised gains on non-derivative securities | 294 | 16 |
| Unrealised (losses)/gains on non-derivative securities | (6,205) | 636 |
| Net capital (losses)/gains | (6,553) | 724 |
| 3. Revenue | | |
| Franked distributions from UK authorised ICVCs and unit trusts | 317 | 22 |
| Interest on bonds and other debt securities | 357 | 38 |
| Bank interest | 2 | - |
| Management fee rebates | 46 | 5 |
| Total revenue | 722 | 65 |
| 4. Expenses | | |
| Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director, and agents of either of them: | | |
| Authorised Corporate Director's charge | 237 | 23 |
| Safe custody fee | 3 | - |
| | 240 | 23 |
| Payable to the Depositary, associates of the Depositary, and agents of either of them: | | |
| Depositary fee | 7 | 1 |
| Other expenses: | | |
| Audit fee | 12 | - |
| Total expenses | 259 | 24 |

*The Fund launched on 24 October 2018.

15.4.20 15.4.19*
£'000 £'000

5. Taxation**a) Analysis of charge in year/period:**

| | | |
|-----------------------------------------|-----------|---|
| Corporation tax | 29 | 4 |
| Total tax for the year/period (note 5b) | 29 | 4 |

b) Factors affecting taxation charge for the year/period:

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an open-ended investment company (20%).

The differences are explained below:

| | | |
|--------------------------------------------------|-------------|-----|
| Net revenue before taxation | 462 | 41 |
| Corporation tax at 20% | 92 | 8 |
| Effects of: | | |
| Revenue not subject to taxation | (63) | (4) |
| Current tax charge for the year/period (note 5a) | 29 | 4 |

c) Provision for deferred taxation

At 15 April 2020, there is no potential deferred tax asset (15.4.19: £nil) in relation to surplus management expenses.

6. Distributions

The distributions take account of amounts received on the issue of shares and amounts deducted on the cancellation of shares, and comprise:

| | | |
|-------------------------------------------------|--------------|-----|
| Interim dividend distribution | 291 | - |
| Final dividend distribution | 331 | 46 |
| | 622 | 46 |
| Add: Amounts deducted on cancellation of shares | - | (9) |
| Deduct: Amounts received on issue of shares | (189) | - |
| Net distribution for the year/period | 433 | 37 |

7. Debtors

| | | |
|-------------------------------------------|--------------|-----|
| Amounts receivable for creation of shares | 2,190 | 554 |
| Accrued revenue | 87 | 15 |
| Management fee rebates receivable | 9 | - |
| Total debtors | 2,286 | 569 |

8. Other creditors

| | | |
|-------------------------------|--------------|-----|
| Purchases awaiting settlement | 1,402 | 354 |
| Accrued expenses | 93 | 5 |
| Corporation tax payable | 29 | 4 |
| Total other creditors | 1,524 | 363 |

*The Fund launched on 24 October 2018.

9. Reconciliation of Shares

| | <i>Income C</i> | <i>Accumulation C</i> | <i>Accumulation P</i> |
|-------------------------------------------|-----------------|-----------------------|-----------------------|
| Opening Shares issued at 16.4.19 | 4,863,287 | 12,988,871 | - |
| Share movements 16.4.19 to 15.4.20 | | | |
| Shares issued | 1,090,951 | 85,849,522 | 1,681,687 |
| Shares cancelled | (3,744,315) | (3,556,923) | (45,613) |
| Closing Shares issued at 15.4.20 | 2,209,923 | 95,281,470 | 1,636,074 |

10. Ultimate Controlling Party and Related Party Transactions

The Authorised Corporate Director (ACD) is regarded as a controlling party of the Fund by virtue of having the ability to act in concert in respect of Fund operations. The ultimate controlling party of the ACD is HSBC Group plc. This entity and its subsidiaries are also related parties of the Fund.

At the period end, the ACD and its associates held the following of the Fund's shares in issue:

| | <i>Income C</i> | <i>Accumulation C</i> | <i>Accumulation P</i> |
|---------------|-----------------|-----------------------|-----------------------|
| | % | % | % |
| As at 15.4.20 | 69.26 | 75.12 | 23.19 |
| As at 15.4.19 | 78.67 | 29.70 | - |

Details of all other material related party transactions during the year and any payment amounts outstanding at the balance sheet date are disclosed in notes 7 and 8 to the financial statements and the Statement of Change in Net Assets Attributable to Shareholders and the Portfolio Statement.

The balance due from the ACD (including amounts due to associates and agents) at the year end was £2,104,932 (15.4.19: £548,742), further details of such amounts can be found in notes 7 and 8.

At the year end, the Fund held £55,449,431 (15.4.19: £11,527,266) in Authorised Investment Funds managed by HSBC, the parent company of the ACD. During the year, transactions in Authorised Investment Funds managed by HSBC and HSBC Holdings totalled £61,358,224 (15.4.19: £11,038,287).

Investments in related parties are disclosed in the Portfolio Statement.

11. Financial Instruments

The financial instrument risks and risk management policies are set out on pages 12 and 13.

Foreign Currency Risk

A substantial portion of the net assets of the Fund are denominated in currencies other than sterling with the effect that the balance sheet and total return can be significantly affected by currency movements.

Net currency monetary assets and liabilities consist of:

| | <i>Portfolio of investments</i> | | <i>Net other assets/(liabilities)</i> | | <i>Net assets</i> | |
|----------------------|---------------------------------|---------|---------------------------------------|---------|-------------------|---------|
| | 15.4.20 | 15.4.19 | 15.4.20 | 15.4.19 | 15.4.20 | 15.4.19 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Sterling* | 28,131 | 4,596 | 2,641 | 750 | 30,772 | 5,346 |
| Euro | 28,713 | 6,146 | 55 | (97) | 28,768 | 6,049 |
| Japanese yen | 2,290 | 300 | 1 | - | 2,291 | 300 |
| United States dollar | 40,359 | 7,369 | 90 | (201) | 40,449 | 7,168 |
| Total | 99,493 | 18,411 | 2,787 | 452 | 102,280 | 18,863 |

*No currency risk as base currency.

Interest Rate Risk

The interest rate profile of the Fund's financial assets and liabilities at 15 April 2020 was:

| | <i>Floating rate financial assets/(liabilities)**</i> | | <i>Fixed rate financial assets</i> | | <i>Financial assets not carrying interest</i> | | <i>Total</i> | |
|----------------------|---------------------------------------------------------------|---------|----------------------------------------|---------|-------------------------------------------------------|---------|----------------|---------|
| | 15.4.20 | 15.4.19 | 15.4.20 | 15.4.19 | 15.4.20 | 15.4.19 | 15.4.20 | 15.4.19 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Sterling | 1,969 | 365 | 761 | 106 | 28,042 | 4,875 | 30,772 | 5,346 |
| Euro | - | (106) | 3,600 | 440 | 25,168 | 5,715 | 28,768 | 6,049 |
| Japanese yen | - | - | 2,200 | 292 | 91 | 8 | 2,291 | 300 |
| United States dollar | 63 | - | 5,792 | 674 | 34,594 | 6,494 | 40,449 | 7,168 |
| Total | 2,032 | 259 | 12,353 | 1,512 | 87,895 | 17,092 | 102,280 | 18,863 |

**Floating rate interest was earned at rates based on LIBOR (London Interbank Offered Rate) or international equivalent.

The bond ratings for the portfolio at 15 April 2020 were:

| | <i>Bid value £'000</i> | <i>Total net assets %</i> |
|---------------------|----------------------------|-------------------------------|
| Bond credit ratings | | |
| Investment grade | 12,353 | 12.08 |
| Total bonds | 12,353 | 12.08 |

12. Shareholders' Funds

This Fund has a C and a P share class.

The annual ACD charge on the Income C share class is 0.45%, 0.45% on the Accumulation C and 0.23% on the Accumulation P share class.

The net asset value of the share class, the net asset value per share and the number of shares in each class are given in the Comparative Tables on pages 252 and 253. The distribution per share class is given in the Distribution Tables on page 255. All share classes within the OEIC have the same rights on winding up.

13. Financial Derivatives

The Fund has used financial derivatives for hedging and meeting investment objectives including risk reduction and implementation of investment policies.

The use of derivatives can create additional counterparty risks. Details of the policy adopted by the ACD for managing counterparty and other risks are set out in the Notes to the Financial Statements.

The types of derivatives held at the year end were forward currency contracts.

Details of the individual contracts are shown on the Portfolio Statement on pages 249 to 251, and the total position by the counterparty at the year end is summarised below. The underlying exposure for each category of derivatives were as follows:

| Counterparty | <i>Forward Currency £'000</i> | | <i>Total £'000</i> | |
|----------------------|-----------------------------------|-------|------------------------|-------|
| | 2020 | 2019* | 2020 | 2019* |
| Credit Agricole | 61 | - | 61 | - |
| Goldman Sachs | 76 | 3 | 76 | 3 |
| HSBC Bank | 937 | 25 | 937 | 25 |
| JP Morgan Securities | 21 | - | 21 | - |

*Figure shown is corrected from that shown in 15 April 2019 published financial statements

Eligible collateral types are approved by the ACD and may consist of cash, UK gilts, certificates of deposit, treasury bills, sovereign debt, eurosterling bonds and equities.

At 15 April 2020, there was no collateral held in respect of the above derivatives (15.4.19: £nil).

14. Contingent Liabilities and Commitments

At the year end, the Fund had no contingent liabilities or commitments (15.4.19: none).

15. Portfolio Transaction Costs

| For the year ended 15 April 2020 | Purchases | Commissions | | Taxes | | Other Expenses | |
|------------------------------------------------|------------------|--------------------|------|--------------|---|-----------------------|---|
| | £'000 | £'000 | % | £'000 | % | £'000 | % |
| Analysis of total purchases costs | | | | | | | |
| Bond transactions | 12,389 | - | - | - | - | - | - |
| Pooled investment vehicles | 94,632 | 10 | 0.01 | - | - | - | - |
| Total purchases before transaction costs | 107,021 | 10 | | - | | - | |
| Transaction costs | 10 | | | | | | |
| Total purchases after commission, tax and fees | 107,031 | | | | | | |
| | Sales | Commissions | | Taxes | | Other Expenses | |
| | £'000 | £'000 | % | £'000 | % | £'000 | % |
| Analysis of total sales costs | | | | | | | |
| Bond transactions | 1,631 | - | - | - | - | - | - |
| Pooled investment vehicles | 19,424 | 3 | 0.02 | - | - | - | - |
| Total sales before transaction costs | 21,055 | 3 | | - | | - | |
| Transaction costs | (3) | | | | | | |
| Total sales after commission, tax and fees | 21,052 | | | | | | |

The Fund had paid £116 as commission on purchases and sales derivative transactions for the year ended 15.4.20.

Commissions, taxes and fees as % of average Net Assets:

| | |
|----------------|-------|
| Commissions | 0.02% |
| Taxes | 0.00% |
| Other expenses | 0.00% |

At the balance sheet date the portfolio dealing spread was 0.17%, being the difference between the respective bid and offer prices for the Fund's investments.

| For the period ended 15 April 2019 | Purchases | Commissions | | Taxes | | Other Expenses | |
|------------------------------------------------|------------------|--------------------|------|--------------|---|-----------------------|---|
| | £'000 | £'000 | % | £'000 | % | £'000 | % |
| Analysis of total purchases costs | | | | | | | |
| Bond transactions | 1,814 | - | - | - | - | - | - |
| Pooled investment vehicles | 17,170 | 2 | 0.01 | - | - | - | - |
| Total purchases before transaction costs | 18,984 | 2 | | - | | - | |
| Transaction costs | 2 | | | | | | |
| Total purchases after commission, tax and fees | 18,986 | | | | | | |
| | Sales | Commissions | | Taxes | | Other Expenses | |
| | £'000 | £'000 | % | £'000 | % | £'000 | % |
| Analysis of total sales costs | | | | | | | |
| Bond transactions | 300 | - | - | - | - | - | - |
| Pooled investment vehicles | 954 | - | - | - | - | - | - |
| Total sales before transaction costs | 1,254 | - | | - | | - | |
| Transaction costs | - | | | | | | |
| Total sales after commission, tax and fees | 1,254 | | | | | | |

The Fund had paid £nil as commission on purchases and sales derivative transactions for the period ended 15.4.19.

Commissions, taxes and fees as % of average Net Assets:

| | |
|----------------|-------|
| Commissions | 0.02% |
| Taxes | 0.00% |
| Other expenses | 0.00% |

At the balance sheet date the portfolio dealing spread was 0.11%, being the difference between the respective bid and offer prices for the Fund's investments.

Portfolio transaction costs are incurred by the Fund when buying and selling underlying investments. These costs vary depending on the class of investment, country of exchange and method of execution.

These costs can be classified as either direct or indirect transaction costs:

Direct transaction costs: Broker commissions, fees and taxes.

Indirect transaction costs: 'Dealing spread' – the difference between the buying and selling prices of the Fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the Fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

16. Fair Value of Investments

FRS 102 requires an entity 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 shall have the following classifications:

- Level 1: unadjusted quoted prices in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3: inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

For the year ended 15 April 2020

| Category | 1 | 2 | 3 | Total |
|----------------------------|--------|--------|-------|--------|
| | £'000 | £'000 | £'000 | £'000 |
| Investment Assets | | | | |
| Bonds | 11,069 | 1,284 | - | 12,353 |
| Pooled investment vehicles | 30,689 | 55,449 | - | 86,138 |
| Derivatives | - | 1,095 | - | 1,095 |
| | 41,758 | 57,828 | - | 99,586 |
| Investment Liabilities | £'000 | £'000 | £'000 | £'000 |
| Derivatives | - | (93) | - | (93) |
| | - | (93) | - | (93) |

For the period ended 15 April 2019

| Category | 1 | 2 | 3 | Total |
|----------------------------|-------|--------|-------|--------|
| | £'000 | £'000 | £'000 | £'000 |
| Investment Assets | | | | |
| Bonds | 1,234 | 278 | - | 1,512 |
| Pooled investment vehicles | 5,345 | 11,527 | - | 16,872 |
| Derivatives | - | 27 | - | 27 |
| | 6,579 | 11,832 | - | 18,411 |

17. Sensitivity Analysis

Price risk sensitivity:

If the price of investments at 15 April 2020 had increased or decreased by 10% with all other variables held constant, this would have increased or decreased the net assets attributable to shareholders by £9,949,263 (15.4.19: £1,841,055).

Currency risk sensitivity:

If the exchange rate at 15 April 2020 had increased or decreased by 10% with all other variables held constant, this would have increased or decreased the net assets attributable to shareholders by £7,150,763 (15.4.19: £1,351,731).

Interest rate risk sensitivity:

If the interest rate at 15 April 2020 had increased or decreased by 1 basis point with all other variables held constant, this would have increased or decreased the net assets attributable to shareholders by £9,374 (15.4.19: no significant exposure).

18. Events after the balance sheet date

Since the year end, markets and operations have continued to be disrupted by the effects of the COVID-19 pandemic. Since the year end the NAV of the lead share class was 113.1p and has increased by 9.28% (to 10 July 2020). Contingency plans at the ACD and key service suppliers have proven effective in mitigating the effects on management of the portfolio and on all supporting operations.

Global Sustainable Multi-Asset Conservative Portfolio

Investment Objective

To provide capital growth through investment in assets that meet sustainable investment principles. The fund invests in a range of sustainable investment strategies which aim to consider financial returns alongside environmental, social and governance factors.

Investment Policy*

This is one of a range of actively managed Global Sustainable Multi-Asset Portfolios offered at different risk levels. The asset allocation of each fund in the range reflects the risk level. The Fund is rated as 2 where 1 is a lower level of risk and 5 is a higher level of risk. The Fund is managed with the aim of maximising returns in line with its agreed long term risk profile therefore any potential returns are likely to be limited by the risk profile of the Fund.

To achieve its objective the Fund invests primarily in collective investment schemes, which in turn invest in fixed interest securities, equities and property securities that meet one or more sustainable investment strategies. The Fund may also invest directly in fixed interest securities and equities where the investment objective can be more efficiently achieved.

Additionally, the Fund may use exchange traded and over the counter derivatives and forward currency contracts for efficient portfolio management purposes, including hedging, and for investment purposes. Investing in derivatives for investment purposes means, in particular, maintaining positions in these investments for the long term rather than just for tactical short-term purposes. However, it is envisaged that the use of derivatives for investment purposes will not be extensive and will not affect the overall risk profile of the Fund.

*The full policy can be found in the prospectus.

Investment Strategy*

The starting point for the Global Sustainable Multi-Asset Portfolios is the Strategic Asset Allocation (SAA). SAA is the long-term blend of assets for each risk level. Tactical Asset Allocation (TAA) is another layer on top of the SAA and is driven by the investment team's shorter term market outlook. Portfolio Implementation is the final stage in the investment process, where we decide how best to take exposure to each asset class.

The focus on sustainable investment strategies is taken into consideration at each stage, when deciding which asset classes the Fund will invest in and how the Fund achieves exposure to those asset classes.

Derivatives may be used with the aim of hedging to reduce market risk and to reduce the impact of currency movements but also with the aim of generating returns to assist the Fund in meeting its investment objective. Exchange traded futures may be used to gain or reduce exposure to certain asset classes. Forward currency contracts may be used to gain exposure to currencies or for hedging to reduce the impact of currency movements for certain asset classes that are not denominated in Sterling.

*The full strategy can be found in the prospectus.

Portfolio Activity

At the start of the period, the portfolio was positioned to be overweight to risk assets. Towards the end of 2019, the Portfolio Management (PM) team took steps to reduce this overweight. In Q1 2020, this was extended to move the portfolio underweight risk as the spread of coronavirus increased market volatility.

In April, the PM team adjusted the regional exposures within the overall equity allocation, reducing our exposure to global vehicles and increasing our exposure to the US, bringing our US exposure towards a neutral position. The PM team believed that the US would fare better if conditions deteriorated due to its safe haven status and robust consumer market.

In July, the PM team reduced the exposure to Japan equity. While valuations appeared attractive, we saw no obvious catalyst for this to translate into outperformance. The proceeds of this trade were held in cash.

In July, the exposure to investment grade corporate bonds was increased slightly, funded from our cash position.

The PM team reduced the portfolio's exposure to equity risk in August, by reducing our exposure to emerging market (EM) equity.

At the end of 2019, we reduced our FX hedge on global equities. Sterling appreciated in the run up to and after the general election in the UK leading to the potential for future depreciation of the currency, which would be beneficial for an unhedged position.

In mid-February, portfolios were repositioned to reduce risk further, cutting exposure to equities, and corporate bonds with the proceeds added to cash and government bonds. A second tranche of risk reduction was executed at the beginning of March with EM and UK equity reduced and the proceeds held in cash.

March saw a period where numerous adjustments were made to steer the portfolio through a period of extreme volatility with further reductions to equity positions with proceeds added to government bonds and cash.

Steps were also taken to diversify our defensive allocations, with positions initiated in safe haven currencies (USD, JPY and Swiss Franc).

The Fund has seen significant inflows during this period, meaning that a lot of repositioning has been completed through the allocation of these flows rather than the disposal of existing holdings.

Major purchases included: iShares MSCI USA SRI UCITS USD Accumulation ETF, Xtrackers II ESG Euro Corporate UCITS ETF, UBS Bloomberg Barclays MSCI US Liquid ETF, HSBC SRI Global Equity J Accumulation, HSBC GIF Global Lower Carbon Bond ZQ1 Inc, HSBC GIF Global Lower Carbon ZQ1 Equity Inc and iShares Global Government Bond.

Major sales included: HSBC SRI Global Equity J Accumulation, HSBC GIF Global Lower Carbon ZQ1 Equity Inc, HSBC GIF Global Equity Climate Change ZQ1 Inc, iShares MSCI Japan SRI UCITS USD Accumulation ETF and iShares Core MSCI Emerging Markets SRI UCITS ETF.

Investment Performance

During the year under review the value of the shares in the Fund increased by 0.34%.

(Source: Morningstar Direct, GBP, UK net of tax, for the Accumulation C share class. Returns based on the NAV, which is a single price.)

Please note that the above information refers to the past and that past performance is not a reliable indication of future returns.

| Fund Particulars as at 16 April 2020 | | | |
|------------------------------------------------------|-------------|-------------------|-------------------|
| | Income C | Accumulation C | Accumulation P |
| Price | 104.2p xd | 105.5p | 105.6p |
| Distribution payable (on 15 June 2020) per share net | 0.392224p | 0.398865p | 0.490967p |
| Current net estimated yield | 0.94% | 1.06% | 0.67% |
| Annual ACD charge | 0.45% | 0.45% | 0.23% |

Portfolio Statement

as at 15 April 2020

| <i>Security</i> | <i>Holding</i> | <i>Bid value £'000</i> | <i>Total net assets %</i> |
|--------------------------------------------------------------------------------|----------------|--------------------------------|---------------------------------------|
| Global Corporate Bonds - 13.17% (15.88%) | | | |
| *+HSBC GIF Global Lower Carbon Bond Fund | 980,614 | 8,559 | 13.17 |
| Total Global Corporate Bonds | | 8,559 | 13.17 |
| Global Government Bonds - 3.13% (0.73%) | | | |
| *^iShares Global Government Bond UCITS ETF | 374,374 | 2,036 | 3.13 |
| Total Global Government Bonds | | 2,036 | 3.13 |
| Global Emerging Markets Equities - 4.18% (4.63%) | | | |
| *^iShares Core MSCI Emerging Markets SRI UCITS ETF | 653,804 | 2,715 | 4.18 |
| Total Global Emerging Markets Equities | | 2,715 | 4.18 |
| Global Equities - 26.07% (24.72%) | | | |
| +HSBC GIF Global Equity Climate Change Fund | 437,240 | 3,582 | 5.51 |
| +HSBC GIF Global Lower Carbon Equity Fund | 580,305 | 4,419 | 6.80 |
| +HSBC SRI Global Equity Fund | 9,775 | 8,939 | 13.76 |
| Total Global Equities | | 16,940 | 26.07 |
| Global Property Equities Funds - 2.81% (4.92%) | | | |
| +HSBC GIF Global Real Estate Equity Fund | 269,213 | 1,828 | 2.81 |
| Total Global Property Equities Funds | | 1,828 | 2.81 |
| Japanese Equities - 0.46% (2.10%) | | | |
| *^iShares MSCI Japan SRI ETF | 68,247 | 299 | 0.46 |
| Total Japanese Equities | | 299 | 0.46 |
| Euro Corporate Bond - 5.78% (5.53%) | | | |
| *^Xtrackers II ESG Euro Corporate Bond UCITS ETF | 28,391 | 3,753 | 5.78 |
| Total Euro Corporate Bond | | 3,753 | 5.78 |
| US Corporate Bonds - 14.16% (14.02%) | | | |
| *^UBS ETF - Bloomberg Barclays MSCI US Liquid Corporates Sustainable UCITS ETF | 638,173 | 9,202 | 14.16 |
| Total US Corporate Bonds | | 9,202 | 14.16 |
| UK Equities - 0.23% (1.09%) | | | |
| *^UBS MSCI UK IMI Socially Responsible UCITS ETF | 11,893 | 148 | 0.23 |
| Total UK Equities | | 148 | 0.23 |
| European Equities - 0.71% (1.03%) | | | |
| *^UBS MSCI EMU Socially Responsible UCITS ETF | 6,540 | 459 | 0.71 |
| Total European Equities | | 459 | 0.71 |
| US Equities - 3.80% (2.58%) | | | |
| *^iShares MSCI USA SRI UCITS ETF | 408,125 | 2,468 | 3.80 |
| Total US Equities | | 2,468 | 3.80 |

Portfolio Statement

as at 15 April 2020

| <i>Security</i> | <i>Holding</i> | <i>Bid value £'000</i> | <i>Total net assets %</i> |
|-------------------------------------------------------------|----------------|--------------------------------|---------------------------------------|
| France Government Bonds - 1.37% (0.00%) | | | |
| Government of France 2.5% 25/5/2030 | €820,765 | 893 | 1.37 |
| Total France Government Bonds | | 893 | 1.37 |
| German Government Bonds - 2.50% (1.94%) | | | |
| Government of Germany 0% 8/4/2022 | €286,004 | 253 | 0.39 |
| Government of Germany 4.75% 4/7/2034 | €898,684 | 1,368 | 2.11 |
| Total German Government Bonds | | 1,621 | 2.50 |
| Japanese Government Bonds - 4.38% (3.51%) | | | |
| Government of Japan 0.9% 20/3/2022 | ¥77,950,000 | 593 | 0.91 |
| Government of Japan 1.1% 20/3/2033 | ¥271,400,000 | 2,255 | 3.47 |
| Total Japanese Government Bonds | | 2,848 | 4.38 |
| Netherland Government Bonds - 0.00% (0.97%) | | | |
| Spanish Government Bonds - 2.68% (2.38%) | | | |
| Government of Spain 2.15% 31/10/2025 | €1,833,000 | 1,744 | 2.68 |
| Total Spanish Government Bonds | | 1,744 | 2.68 |
| UK Government Bonds - 1.39% (1.27%) | | | |
| Treasury 4% 7/3/2022 | £423,502 | 455 | 0.70 |
| Treasury 4.25% 7/12/2049 | £229,548 | 451 | 0.69 |
| Total UK Government Bonds | | 906 | 1.39 |
| US Government Bonds - 11.45% (9.69%) | | | |
| US Treasury 1.25% 31/8/2024 | \$2,556,000 | 2,128 | 3.28 |
| US Treasury 2% 15/2/2023 | \$2,946,400 | 2,476 | 3.81 |
| US Treasury 2.25% 15/11/2027 | \$1,556,700 | 1,406 | 2.16 |
| US Treasury 3% 15/5/2045 | \$1,293,000 | 1,430 | 2.20 |
| Total US Government Bonds | | 7,440 | 11.45 |
| Forward Foreign Exchange Contracts - 1.70% (0.18%) | | | |
| #Sold EUR7,803,706 for GBP7,101,864 settled 23 April 2020 | | 292 | 0.45 |
| #Sold USD29,936,937 for GBP24,711,331 settled 23 April 2020 | | 758 | 1.17 |
| #Sold JPY315,474,279 for GBP2,443,822 settled 23 April 2020 | | 93 | 0.14 |
| #Sold GBP1,873,873 for USD2,226,032 settled 23 April 2020 | | (93) | (0.14) |
| #Sold JPY59,287,555 for GBP463,239 settled 23 April 2020 | | 22 | 0.03 |
| #Sold EUR1,130,100 for GBP1,007,504 settled 23 April 2020 | | 21 | 0.03 |
| #Sold USD1,736,200 for GBP1,396,794 settled 23 April 2020 | | 8 | 0.01 |
| #Sold USD1,051,633 for GBP848,644 settled 23 April 2020 | | 7 | 0.01 |
| #Sold GBP250,684 for JPY33,544,774 settled 23 April 2020 | | (1) | - |
| #Sold GBP299,285 for CHF357,311 settled 23 April 2020 | | (3) | - |
| #Sold GBP17,990 for CHF21,597 settled 23 April 2020 | | - | - |
| Total Forward Foreign Exchange Contracts | | 1,104 | 1.70 |

Portfolio Statement

as at 15 April 2020

| <i>Security</i> | <i>Holding</i> | <i>Bid value £'000</i> | <i>Total net assets %</i> |
|--------------------------|----------------|--------------------------------|---------------------------------------|
| Portfolio of investments | | 64,963 | 99.97 |
| Net other assets | | 17 | 0.03 |
| Net assets | | 64,980 | 100.00 |

*offshore funds

+related party

^listed

#unlisted

Figures in brackets denote the comparative percentage holdings as at 15 April 2019.

Unless otherwise stated, all holdings are authorised investment funds.

The counterparties for forward foreign exchange contracts are Merrill Lynch, Credit Agricole, Goldman Sachs, HSBC and JP Morgan.

Comparative Tables

for the year ended 15 April 2020

| Income C | 15.4.20 | 15.4.19[#] | 15.4.18 |
|----------------------------------------|----------------|----------------------------|----------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 104.80p | 100.00p | N/A |
| Return before operating charges*+ | 0.69p | 5.42p | N/A |
| Operating charges**+ | (0.61p) | (0.25p) | N/A |
| Return after operating charges* | 0.08p | 5.17p | N/A |
| Distributions on income shares | (0.98p) | (0.37p) | N/A |
| Closing net asset value per share | 103.90p | 104.80p | N/A |
| *after direct transaction costs of:*** | 0.04p | 0.02p | N/A |
| Performance | | | |
| Return after charges | 0.08% | 5.17% | N/A |
| Other information | | | |
| Closing net asset value+ | £1,344,274 | £4,378,919 | N/A |
| Closing number of shares | 1,294,025 | 4,179,020 | N/A |
| Operating charges - OCF | 0.75% | 0.74% | N/A |
| Direct transaction costs | 0.04% | 0.02% | N/A |
| Prices | | | |
| Highest share price | 113.90p | 105.20p | N/A |
| Lowest share price | 97.30p | 98.30p | N/A |

| Accumulation C | 15.4.20 | 15.4.19[#] | 15.4.18 |
|-----------------------------------------------|----------------|----------------------------|----------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 105.20p | 100.00p | N/A |
| Return before operating charges*+ | 0.59p | 5.46p | N/A |
| Operating charges**+ | (0.59p) | (0.26p) | N/A |
| Return after operating charges* | - | 5.20p | N/A |
| Distributions on accumulation shares | (1.12p) | (0.37p) | N/A |
| Retained distributions on accumulation shares | 1.12p | 0.37p | N/A |
| Closing net asset value per share | 105.20p | 105.20p | N/A |
| *after direct transaction costs of:*** | 0.04p | 0.02p | N/A |
| Performance | | | |
| Return after charges | 0.00% | 5.20% | N/A |
| Other information | | | |
| Closing net asset value+ | £63,319,877 | £9,894,325 | N/A |
| Closing number of shares | 60,215,487 | 9,409,567 | N/A |
| Operating charges - OCF | 0.74% | 0.75% | N/A |
| Direct transaction costs | 0.04% | 0.02% | N/A |
| Prices | | | |
| Highest share price | 114.80p | 105.20p | N/A |
| Lowest share price | 98.10p | 98.30p | N/A |

+Figure shown is corrected from that shown in 15 April 2019 published financial statements.

#The Fund launched on 24 October 2018.

**The operating charges include all costs borne by the Fund, except for direct transaction costs.

***The direct transaction costs are made up of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

Comparative Tables

for the year ended 15 April 2020

| Accumulation P# | 15.4.20 | 15.4.19 | 15.4.18 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|----------------|
| Change in net assets per share | | | |
| Opening net asset value per share | 100.00p | N/A | N/A |
| Return before operating charges* | 5.50p | N/A | N/A |
| Operating charges** | (0.20p) | N/A | N/A |
| Return after operating charges* | 5.30p | N/A | N/A |
| Distributions on accumulation shares | (0.71p) | N/A | N/A |
| Retained distributions on accumulation shares | 0.71p | N/A | N/A |
| Closing net asset value per share | 105.30p | N/A | N/A |
| *after direct transaction costs of:*** | 0.04p | N/A | N/A |
| Performance | | | |
| Return after charges | 5.30% | N/A | N/A |
| Other information | | | |
| Closing net asset value | £315,709 | N/A | N/A |
| Closing number of shares | 299,776 | N/A | N/A |
| Operating charges - OCF | 0.46% | N/A | N/A |
| Direct transaction costs | 0.04% | N/A | N/A |
| Prices | | | |
| Highest share price | 115.00p | N/A | N/A |
| Lowest share price | 98.20p | N/A | N/A |
| #The Accumulation P share class launched on 30 August 2019. | | | |
| **The operating charges include all costs borne by the Fund, except for direct transaction costs. | | | |
| ***The direct transaction costs are made up of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. | | | |

Statement of Total Return

for the year ended 15 April 2020

| | Notes | 15.4.20 | | 15.4.19* | |
|------------------------------------------------------------------------------|-------|---------|---------|----------|-------|
| | | £'000 | £'000 | £'000 | £'000 |
| Income | | | | | |
| Net capital (losses)/gains | 2 | | (2,734) | | 464 |
| Revenue | 3 | 536 | | 67 | |
| Expenses | 4 | (172) | | (20) | |
| Net revenue before taxation | | 364 | | 47 | |
| Taxation | 5 | (46) | | (8) | |
| Net revenue after taxation | | | 318 | | 39 |
| Total (deficit)/return before distributions | | | (2,416) | | 503 |
| Distributions | 6 | | (318) | | (39) |
| Change in net assets attributable to shareholders from investment activities | | | (2,734) | | 464 |

*The Fund launched on 24 October 2018.

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 15 April 2020

| | 15.4.20 | | 15.4.19* | |
|--------------------------------------------------------------------------------------------------------------------|---------|---------|----------|--------|
| | £'000 | £'000 | £'000 | £'000 |
| Opening net assets attributable to shareholders | | 14,273 | | - |
| Amounts receivable on creation of shares | 60,330 | | 13,760 | |
| Amounts payable on cancellation of shares | (7,445) | | - | |
| | | 52,885 | | 13,760 |
| Dilution adjustment | | 109 | | 14 |
| Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above) | | (2,734) | | 464 |
| Retained distribution on accumulation shares | | 447 | | 35 |
| Closing net assets attributable to shareholders | | 64,980 | | 14,273 |

*The Fund launched on 24 October 2018.

Balance Sheet

as at 15 April 2020

| | Notes | 15.4.20 | | 15.4.19* | |
|-----------------------------------------|-------|---------|---------|----------|--------|
| | | £'000 | £'000 | £'000 | £'000 |
| Assets | | | | | |
| Investments | | | 65,060 | | 13,869 |
| Current assets | | | | | |
| Debtors | 8 | 880 | | 928 | |
| Cash and bank balances | | 760 | | 366 | |
| Total current assets | | | 1,640 | | 1,294 |
| Total assets | | | 66,700 | | 15,163 |
| Liabilities | | | | | |
| Investment liabilities | | | (97) | | - |
| Creditors | | | | | |
| Bank overdrafts | | - | | (111) | |
| Distribution payable on income shares | | (5) | | (15) | |
| Other creditors | 9 | (1,618) | | (764) | |
| Total creditors | | | (1,623) | | (890) |
| Total liabilities | | | (1,720) | | (890) |
| Net assets attributable to shareholders | | | 64,980 | | 14,273 |

*The Fund launched on 24 October 2018.

Distribution Tables (pence per share)

for the year ended 15 April 2020

| Group 1: Shares purchased prior to 16 October 2019 | | | | |
|-----------------------------------------------------------------|-----------------------|---------------------|---------------------------------------------|-------------------------------------------|
| Group 2: Shares purchased from 16 October 2019 to 15 April 2020 | | | | |
| | <i>Net income</i> | <i>Equalisation</i> | <i>Distribution payable 15.6.20</i> | <i>Distribution paid 15.6.19*</i> |
| Income C | | | | |
| Group 1 | 0.392224 | - | 0.392224 | 0.369176 |
| Group 2 | 0.179318 | 0.212906 | 0.392224 | 0.369176 |
| Accumulation C | | | | |
| Group 1 | 0.398865 | - | 0.398865 | 0.370152 |
| Group 2 | 0.192025 | 0.206840 | 0.398865 | 0.370152 |
| Accumulation P** | | | | |
| Group 1 | 0.490967 | - | 0.490967 | N/A |
| Group 2 | 0.161583 | 0.329384 | 0.490967 | N/A |

| Group 1: Shares purchased prior to 16 April 2019 | | | | |
|-----------------------------------------------------------------|-----------------------|---------------------|-------------------------------------------|--------------------------------------------|
| Group 2: Shares purchased from 16 April 2019 to 15 October 2019 | | | | |
| | <i>Net income</i> | <i>Equalisation</i> | <i>Distribution paid 15.12.19</i> | <i>Distribution paid 15.12.18*</i> |
| Income C | | | | |
| Group 1 | 0.590000 | - | 0.590000 | N/A |
| Group 2 | 0.420000 | 0.170000 | 0.590000 | N/A |
| Accumulation C | | | | |
| Group 1 | 0.720000 | - | 0.720000 | N/A |
| Group 2 | 0.460000 | 0.260000 | 0.720000 | N/A |
| Accumulation P** | | | | |
| Group 1 | 0.220000 | - | 0.220000 | N/A |
| Group 2 | 0.220000 | 0.000000 | 0.220000 | N/A |

*The Fund launched on 24 October 2018.

**The Accumulation P share class launched on 30 August 2019.

Notes to the Financial Statements

for the year ended 15 April 2020

| | 15.4.20 | <i>15.4.19*</i> |
|------------------------------------------------------------------------------------------------------------------------------|----------------|-----------------|
| | £'000 | £'000 |
| 1. Accounting Policies | | |
| The accounting policies are set out on pages 10 and 11. | | |
| 2. Net Capital (Losses)/Gains | | |
| The net capital (losses)/gains during the year/period comprise: | | |
| Realised losses on currency | (1) | (2) |
| Transaction charges | (14) | (3) |
| Realised (losses)/gains on forward foreign currency contracts | (2,199) | 65 |
| Unrealised gains on forward foreign currency contracts† | 1,104 | 25 |
| Realised gains on derivative securities | 21 | - |
| Realised gains on non-derivative securities | 304 | 20 |
| Unrealised (losses)/gains on non-derivative securities | (1,949) | 359 |
| Net capital (losses)/gains | (2,734) | 464 |
| †Figure shown is corrected from that shown in 15 April 2019 published financial statements. | | |
| 3. Revenue | | |
| Dividend distributions from overseas authorised ICVCs and unit trusts | 134 | 8 |
| Interest on bonds and other debt securities | 384 | 57 |
| Bank interest | 1 | - |
| Management fee rebates | 17 | 2 |
| Total revenue | 536 | 67 |
| 4. Expenses | | |
| Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director, and agents of either of them: | | |
| Authorised Corporate Director's charge | 154 | 19 |
| Safe custody fee | 2 | - |
| | 156 | 19 |
| Payable to the Depositary, associates of the Depositary, and agents of either of them: | | |
| Depositary fee | 4 | 1 |
| Other expenses: | | |
| Audit fee | 12 | - |
| | 12 | - |
| Total expenses | 172 | 20 |

*The Fund launched on 24 October 2018.

| | 15.4.20 £'000 | 15.4.19* £'000 |
|---------------------------------------------------------------------------------------------------------------------------------------------|------------------|-------------------|
| 5. Taxation | | |
| a) Analysis of charge in year/period: | | |
| Corporation tax | 46 | 8 |
| Total tax for the period (note 5b) | 46 | 8 |
| b) Factors affecting taxation charge for the year/period: | | |
| The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an open-ended investment company (20%). | | |
| The differences are explained below: | | |
| Net revenue before taxation | 364 | 47 |
| Corporation tax at 20% | 73 | 9 |
| Effects of: | | |
| Revenue not subject to taxation | (27) | (1) |
| Current tax charge for the year/period (note 5a) | 46 | 8 |
| c) Provision for deferred taxation | | |
| At 15 April 2020 (15.4.19: £nil) , there is no potential deferred tax asset in relation to surplus management expenses. | | |
| 6. Distributions | | |
| The distributions take account of amounts received on the issue of shares and amounts deducted on the cancellation of shares, and comprise: | | |
| Interim dividend distribution | 212 | - |
| Final dividend distribution | 247 | 50 |
| | 459 | 50 |
| Add: Amounts deducted on cancellation of shares | - | - |
| Deduct: Amounts received on issue of shares | (141) | (11) |
| Net distribution for the year/period | 318 | 39 |
| 7. Movement Between Net Revenue and Distributions | | |
| Net revenue after taxation | 318 | 39 |
| Net distribution for the year/period | 318 | 39 |
| 8. Debtors | | |
| Amounts receivable for creation of shares | 773 | 904 |
| Accrued revenue | 104 | 24 |
| Management fee rebates receivable | 3 | - |
| Total debtors | 880 | 928 |
| 9. Other creditors | | |
| Purchases awaiting settlement | 1,510 | 752 |
| Accrued expenses | 62 | 4 |
| Corporation tax payable | 46 | 8 |
| Total other creditors | 1,618 | 764 |

*The Fund launched on 24 October 2018.

10. Reconciliation of Shares

| | <i>Income C</i> | <i>Accumulation C</i> | <i>Accumulation P</i> |
|-------------------------------------------|---------------------|---------------------------|---------------------------|
| Opening Shares issued at 16.4.19 | 4,179,020 | 9,409,567 | - |
| Share movements 16.4.19 to 15.4.20 | | | |
| Shares issued | 871,803 | 53,975,126 | 345,174 |
| Shares cancelled | (3,756,798) | (3,169,206) | (45,398) |
| Closing Shares issued at 15.4.20 | 1,294,025 | 60,215,487 | 299,776 |

11. Ultimate Controlling Party and Related Party Transactions

The Authorised Corporate Director (ACD) is regarded as a controlling party of the Fund by virtue of having the ability to act in concert in respect of Fund operations. The ultimate controlling party of the ACD is HSBC Group plc.

This entity and its subsidiaries are also related parties of the Fund.

At the year end, the ACD and its associates held the following of the Fund's shares in issue:

| | <i>Income C</i> | <i>Accumulation C</i> | <i>Accumulation P</i> |
|---------------|---------------------|---------------------------|---------------------------|
| | | % | % |
| As at 15.4.20 | 77.40 | 80.72 | 23.90 |
| As at 15.4.19 | 27.62 | 27.67 | - |

Details of all other material related party transactions during the year and any payment amounts outstanding at the balance sheet date are disclosed in notes 8 and 9 to the financial statements and the Statement of Change in Net Assets Attributable to Shareholders and the Portfolio Statement.

The balance due from the ACD (including amounts due to associates and agents) at the year end was £718,428 (15.4.19: £900,325), further details of such amounts can be found in notes 8 and 9.

At the year end, the Fund held £27,326,340 (15.4.19: £6,498,234) in Authorised Investment Funds managed by HSBC, the parent company of the ACD. During the year, transactions in Authorised Investment Funds managed by HSBC and HSBC Holdings totalled £35,234,331 (15.4.19: £6,244,764).

Investments in related parties are disclosed in the Portfolio Statement.

12. Financial Instruments

The financial instrument risks and risk management policies are set out on pages 12 and 13.

Foreign Currency Risk

A substantial portion of the net assets of the Fund are denominated in currencies other than sterling with the effect that the balance sheet and total return can be significantly affected by currency movements.

Net currency monetary assets and liabilities consist of:

| | <i>Portfolio of investments</i> | | <i>Net other assets/(liabilities)</i> | | <i>Net assets</i> | |
|----------------------|-------------------------------------|---------|-------------------------------------------|---------|-------------------|---------|
| | 15.4.20 | 15.4.19 | 15.4.20 | 15.4.19 | 15.4.20 | 15.4.19 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Sterling* | 18,136 | 3,919 | (106) | 981 | 18,030 | 4,900 |
| Euro | 17,263 | 3,782 | 61 | (142) | 17,324 | 3,640 |
| Japanese yen | 2,963 | 507 | 2 | (134) | 2,965 | 373 |
| United States dollar | 26,601 | 5,661 | 60 | (301) | 26,661 | 5,360 |
| Total | 64,963 | 13,869 | 17 | 404 | 64,980 | 14,273 |

*No currency risk as base currency.

Interest Rate Risk

The interest rate profile of the Fund's financial assets and liabilities at 15 April 2020 was:

| | <i>Floating rate assets/(liabilities)**</i> | | <i>Fixed rate financial assets</i> | | <i>Financial assets/(liabilities) not carrying interest</i> | | <i>Total</i> | |
|----------------------|-------------------------------------------------|---------|----------------------------------------|---------|---------------------------------------------------------------------|---------|----------------|---------|
| | 15.4.20 | 15.4.19 | 15.4.20 | 15.4.19 | 15.4.20 | 15.4.19 | 15.4.20 | 15.4.19 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Sterling | 735 | 366 | 906 | 181 | 16,389 | 4,353 | 18,030 | 4,900 |
| Euro | - | (111) | 4,258 | 754 | 13,066 | 2,997 | 17,324 | 3,640 |
| Japanese yen | - | - | 2,848 | 501 | 117 | (128) | 2,965 | 373 |
| United States dollar | 25 | - | 7,440 | 1,159 | 19,196 | 4,201 | 26,661 | 5,360 |
| Total | 760 | 255 | 15,452 | 2,595 | 48,768 | 11,423 | 64,980 | 14,273 |

**Floating rate interest was earned at rates based on LIBOR (London Interbank Offered Rate) or international equivalent.

The bond ratings for the portfolio at 15 April 2020 were:

| | <i>Bid value £'000</i> | <i>Total net assets %</i> |
|---------------------|----------------------------|-------------------------------|
| Bond credit ratings | | |
| Investment grade | 15,452 | 23.77 |
| Total Bonds | 15,452 | 23.77 |

13. Shareholders' Funds

This Fund has a C share class and a P share class.

The annual ACD charge on the C share class is 0.45% and 0.23% on the P share class.

The net asset value of the share class, the net asset value per share and the number of shares in each class are given in the Comparative Tables on pages 268 and 269. The distribution per share class is given in the Distribution Tables on page 271. All share classes within the OEIC have the same rights on winding up.

14. Financial Derivatives

The Fund has used financial derivatives for hedging and meeting investment objectives including risk reduction and implementation of investment policies.

The use of derivatives can create additional counterparty risks. Details of the policy adopted by the ACD for managing counterparty and other risks are set out in the Notes to the Financial Statements.

The types of derivatives held at the year end was forward currency contracts.

Details of the individual contracts are shown on the Portfolio Statement on pages 265 to 267, and the total position by the counterparty at the year end is summarised below. The underlying exposure for each category of derivatives were as follows:

| Counterparty | <i>Forward Currency £'000</i> | | <i>Total £'000</i> | |
|---------------------|-----------------------------------|------|------------------------|------|
| | 2020 | 2019 | 2020 | 2019 |
| Credit Agricole | 29 | - | 29 | - |
| Goldman Sachs | 100 | 2 | 100 | 2 |
| HSBC Bank | 1,050 | 23 | 1050 | 23 |
| JP Morgan | 22 | - | 22 | - |

Eligible collateral types are approved by the ACD and may consist of cash, UK gilts, certificates of deposit, treasury bills, sovereign debt, eurosterling bonds and equities.

At 15 April 2020, there was no collateral held in respect of the above derivatives (15.4.19: £nil).

15. Contingent Liabilities and Commitments

At the year end, the Fund had no contingent liabilities or commitments (15.4.19: none).

16. Portfolio Transaction Costs

| For the year ended 15 April 2020 | Purchases | Commissions | | Taxes | | Other Expenses | |
|------------------------------------------------|------------------|--------------------|------|--------------|---|-----------------------|---|
| | £'000 | £'000 | % | £'000 | % | £'000 | % |
| Analysis of total purchases costs | | | | | | | |
| Bond transactions | 14,779 | - | - | - | - | - | - |
| Pooled investment vehicles | 61,260 | 8 | 0.01 | - | - | - | - |
| Total purchases before transaction costs | 76,039 | 8 | | - | | - | |
| Transaction costs | 8 | | | | | | |
| Total purchases after commission, tax and fees | 76,047 | | | | | | |

| | Sales | Commissions | | Taxes | | Other Expenses | |
|--------------------------------------------|--------------|--------------------|------|--------------|---|-----------------------|---|
| | £'000 | £'000 | % | £'000 | % | £'000 | % |
| Analysis of total sales costs | | | | | | | |
| Bond transactions | 2,249 | - | - | - | - | - | - |
| Pooled investment vehicles | 22,147 | 4 | 0.02 | - | - | - | - |
| Total sales before transaction costs | 24,396 | 4 | | - | | - | |
| Transaction costs | (4) | | | | | | |
| Total sales after commission, tax and fees | 24,392 | | | | | | |

The Fund had paid £41 as commission on purchases and sales derivative transactions for the year ended 15.4.20.

Commissions, taxes and fees as % of average Net Assets:

| | |
|----------------|-------|
| Commissions | 0.04% |
| Taxes | 0.00% |
| Other expenses | 0.00% |

At the balance sheet date the portfolio dealing spread was 0.23%, being the difference between the respective bid and offer prices for the Fund's investments.

| For the period ended 15 April 2019 | Purchases | Commissions | | Taxes | | Other Expenses | |
|------------------------------------------------|------------------|--------------------|------|--------------|---|-----------------------|---|
| | £'000 | £'000 | % | £'000 | % | £'000 | % |
| Analysis of total purchases costs | | | | | | | |
| Bond transactions | 3,292 | - | - | - | - | - | - |
| Pooled investment vehicles | 12,015 | 2 | 0.02 | - | - | - | - |
| Total purchases before transaction costs | 15,307 | 2 | | - | | - | |
| Transaction costs | 2 | | | | | | |
| Total purchases after commission, tax and fees | 15,309 | | | | | | |

| | Sales | Commissions | | Taxes | | Other Expenses | |
|--------------------------------------------|--------------|--------------------|---|--------------|---|-----------------------|---|
| | £'000 | £'000 | % | £'000 | % | £'000 | % |
| Analysis of total sales costs | | | | | | | |
| Bond transactions | 701 | - | - | - | - | - | - |
| Pooled investment vehicles | 1,139 | - | - | - | - | - | - |
| Total sales before transaction costs | 1,840 | - | | - | | - | |
| Transaction costs | - | | | | | | |
| Total sales after commission, tax and fees | 1,840 | | | | | | |

The Fund had paid £nil as commission on purchases and sales derivative transactions for the period ended 15.4.19.

Commissions, taxes and fees as % of average Net Assets:

| | |
|----------------|-------|
| Commissions | 0.02% |
| Taxes | 0.00% |
| Other expenses | 0.00% |

At the balance sheet date the portfolio dealing spread was 0.15%, being the difference between the respective bid and offer prices for the Fund's investments.

Portfolio transaction costs are incurred by the Fund when buying and selling underlying investments. These costs vary depending on the class of investment, country of exchange and method of execution.

These costs can be classified as either direct or indirect transaction costs:

Direct transaction costs: Broker commissions, fees and taxes.

Indirect transaction costs: 'Dealing spread' – the difference between the buying and selling prices of the Fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the Fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

17. Fair Value of Investments

FRS 102 requires an entity 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 shall have the following classifications:

- Level 1: unadjusted quoted prices in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3: inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

For the year ended 15 April 2020

| Category | 1 | 2 | 3 | Total |
|-------------------------------|--------|--------|-------|--------|
| | £'000 | £'000 | £'000 | £'000 |
| Investment Assets | | | | |
| Bonds | 13,708 | 1,744 | - | 15,452 |
| Pooled investment vehicles | 21,080 | 27,327 | - | 48,407 |
| Derivatives | - | 1,201 | - | 1,201 |
| | 34,788 | 30,272 | - | 65,060 |
| Investment Liabilities | | | | |
| Derivatives | - | (97) | - | (97) |
| | - | (97) | - | (97) |

For the period ended 15 April 2019

| Category | 1 | 2 | 3 | Total |
|----------------------------|-------|-------|-------|--------|
| | £'000 | £'000 | £'000 | £'000 |
| Investment Assets | | | | |
| Bonds | 2,118 | 477 | - | 2,595 |
| Pooled investment vehicles | 4,751 | 6,498 | - | 11,249 |
| Derivatives | - | 25 | - | 25 |
| | 6,869 | 7,000 | - | 13,869 |

18. Sensitivity Analysis

Price risk sensitivity:

If the price of investments at 15 April 2020 had increased or decreased by 10% with all other variables held constant, this would have increased or decreased the net assets attributable to shareholders by £6,496,265 (15.4.19: £1,386,882).

Currency risk sensitivity:

If the exchange rate at 15 April 2020 had increased or decreased by 10% with all other variables held constant, this would have increased or decreased the net assets attributable to shareholders by £4,694,984 (15.4.19: £937,348).

Interest rate risk sensitivity:

If the interest rate at 15 April 2020 had increased or decreased by 1 basis point with all other variables held constant, this would have increased or decreased the net assets attributable to shareholders by £12,281 (15.4.19: £1,938).

19. Events after the balance sheet date

Since the year end, markets and operations have continued to be disrupted by the effects of the COVID-19 pandemic.

Since the year end the NAV of the lead share class was 112.5p and has increased by 6.64% (to 10 July 2020).

Contingency plans at the ACD and key service suppliers have proven effective in mitigating the effects on management of the portfolio and on all supporting operations.

Employee Remuneration Disclosure

Remuneration Policy

HSBC OpenFunds are managed by HSBC Global Asset Management (UK) Limited, which is a wholly owned subsidiary of HSBC Holdings plc.

The firm's remuneration practices and policies are governed by the HSBC Group Remuneration Committee in compliance with the relevant regulatory requirements. For details please refer to the HSBC Group Remuneration Policy as published on our website (<http://www.hsbc.com/our-approach/remuneration>).

HSBC Global Asset Management (UK) Limited's remuneration requirements as specified by the Alternative Investment Fund Managers Directive (AIFMD) are covered in the specific remuneration policy published in the HSBC Global Asset Management website (<http://www.global.assetmanagement.hsbc.com/about-us/governance-structure>).

Remuneration Disclosures

The following tables show the remuneration details, including fixed and variable remuneration, made by HSBC Global Asset Management (UK) Limited to its employees and AIFMD Identified staff (Material Risk Takers) for performance year 2019. Individuals have been identified as Material Risk Takers based on the criteria set out in the Financial Conduct Authority's (FCA) AIFM Remuneration Code. The disclosures reflect the requirements of the FCA's FUND Sourcebook.

| | Headcount No. | Fixed Remuneration £ | Variable Remuneration £ |
|-----------------------------------------------------------------------------------------------|------------------|----------------------------|-------------------------------|
| HSBC Global Asset Management (UK) Limited Employees | 388.00 | 38,437,000.00 | 14,487,000.00 |
| HSBC OpenFunds - Material Risk Takers | 14.00 | 3,188,000.00 | 1,555,000.00 |
| of which Executive and non-executive members of the management body of the management company | 6.00 | 1,875,000.00 | 1,011,000.00 |
| Senior Management | 6.00 | 899,000.00 | 268,000.00 |
| Other Risk Taker | 3.00 | 486,000.00 | 167,000.00 |
| Control Functions, and staff responsible for heading the administration and marketing | 3.00 | 738,000.00 | 275,000.00 |
| Global Property Fund* | | | |
| Material Risk Takers | 0.63 | 106,167.45 | 51,784.94 |
| of which Executive and non-executive members of the management body of the management company | 0.27 | 62,441.64 | 33,668.53 |
| Senior Management | 0.27 | 29,938.69 | 8,924.99 |
| Other Risk Taker | 0.14 | 16,184.87 | 5,561.47 |
| Control Functions, and staff responsible for heading the administration and marketing | 0.14 | 24,577.03 | 9,158.11 |
| World Selection - Adventurous Portfolio* | | | |
| Material Risk Takers | 0.16 | 32,503.83 | 15,854.28 |
| of which Executive and non-executive members of the management body of the management company | 0.07 | 19,116.90 | 10,307.83 |
| Senior Management | 0.07 | 9,165.92 | 2,732.44 |
| Other Risk Taker | 0.04 | 4,955.10 | 1,702.68 |
| Control Functions, and staff responsible for heading the administration and marketing | 0.04 | 7,524.41 | 2,803.81 |

*the individual Fund's figures have been calculated using the net asset value as at 15 April 2020, these have then been divided by the total HSBC Global Asset Management figures to give the split by fund.

| | Headcount No. | Fixed Remuneration £ | Variable Remuneration £ |
|-----------------------------------------------------------------------------------------------|------------------|----------------------------|-------------------------------|
| World Selection - Balanced Portfolio* | | | |
| Material Risk Takers | 5.41 | 1,075,795.57 | 524,737.19 |
| of which Executive and non-executive members of the management body of the management company | 2.32 | 632,721.68 | 341,163.53 |
| Senior Management | 2.32 | 303,368.95 | 90,437.03 |
| Other Risk Taker | 1.16 | 164,001.49 | 56,354.41 |
| Control Functions, and staff responsible for heading the administration and marketing | 1.16 | 249,039.26 | 92,799.18 |
| World Selection - Cautious Portfolio* | | | |
| Material Risk Takers | 1.29 | 241,062.04 | 117,582.02 |
| of which Executive and non-executive members of the management body of the management company | 0.55 | 141,778.96 | 76,447.22 |
| Senior Management | 0.55 | 67,978.29 | 20,264.94 |
| Other Risk Taker | 0.28 | 36,749.11 | 12,627.78 |
| Control Functions, and staff responsible for heading the administration and marketing | 0.28 | 55,804.20 | 20,794.25 |
| World Selection - Conservative Portfolio* | | | |
| Material Risk Takers | 1.53 | 331,631.72 | 161,758.88 |
| of which Executive and non-executive members of the management body of the management company | 0.66 | 195,046.88 | 105,169.28 |
| Senior Management | 0.66 | 93,518.48 | 27,878.70 |
| Other Risk Taker | 0.33 | 50,556.15 | 17,372.18 |
| Control Functions, and staff responsible for heading the administration and marketing | 0.33 | 76,770.45 | 28,606.88 |
| World Selection - Dividend Distribution Portfolio* | | | |
| Material Risk Takers | 0.76 | 133,906.12 | 65,314.94 |
| of which Executive and non-executive members of the management body of the management company | 0.33 | 78,755.95 | 42,465.21 |
| Senior Management | 0.33 | 37,760.85 | 11,256.85 |
| Other Risk Taker | 0.16 | 20,413.54 | 7,014.53 |
| Control Functions, and staff responsible for heading the administration and marketing | 0.16 | 30,998.34 | 11,550.87 |
| World Selection - Dynamic Portfolio* | | | |
| Material Risk Takers | 1.92 | 370,583.64 | 180,758.33 |
| of which Executive and non-executive members of the management body of the management company | 0.82 | 217,956.19 | 117,521.98 |
| Senior Management | 0.82 | 104,502.73 | 31,153.20 |
| Other Risk Taker | 0.41 | 56,494.24 | 19,412.63 |
| Control Functions, and staff responsible for heading the administration and marketing | 0.41 | 85,787.56 | 31,966.91 |

*the individual Fund's figures have been calculated using the net asset value as at 15 April 2020, these have then been divided by the total HSBC Global Asset Management figures to give the split by fund.

| | Headcount No. | Fixed Remuneration £ | Variable Remuneration £ |
|-----------------------------------------------------------------------------------------------|------------------|----------------------------|-------------------------------|
| World Selection - Interest Income Portfolio* | | | |
| Material Risk Takers | 0.93 | 176,185.16 | 85,937.24 |
| of which Executive and non-executive members of the management body of the management company | 0.40 | 103,622.08 | 55,873.02 |
| Senior Management | 0.40 | 49,683.33 | 14,811.05 |
| Other Risk Taker | 0.20 | 26,858.84 | 9,229.27 |
| Control Functions, and staff responsible for heading the administration and marketing | 0.20 | 40,785.65 | 15,197.90 |
| Global Strategy Adventurous Portfolio* | | | |
| Material Risk Takers | 0.03 | 10,004.77 | 4,879.99 |
| of which Executive and non-executive members of the management body of the management company | 0.01 | 5,884.24 | 3,172.78 |
| Senior Management | 0.01 | 2,821.29 | 841.05 |
| Other Risk Taker | 0.01 | 1,525.19 | 524.09 |
| Control Functions, and staff responsible for heading the administration and marketing | 0.01 | 2,316.03 | 863.02 |
| Global Strategy Balanced Portfolio* | | | |
| Material Risk Takers | 0.63 | 412,709.91 | 201,306.12 |
| of which Executive and non-executive members of the management body of the management company | 0.27 | 242,732.46 | 130,881.34 |
| Senior Management | 0.27 | 116,382.12 | 34,694.56 |
| Other Risk Taker | 0.13 | 62,916.25 | 21,619.37 |
| Control Functions, and staff responsible for heading the administration and marketing | 0.13 | 95,539.50 | 35,600.76 |
| Global Strategy Cautious Portfolio* | | | |
| Material Risk Takers | 0.26 | 94,704.21 | 46,193.55 |
| of which Executive and non-executive members of the management body of the management company | 0.11 | 55,699.62 | 30,033.23 |
| Senior Management | 0.11 | 26,706.11 | 7,961.33 |
| Other Risk Taker | 0.05 | 14,437.34 | 4,960.98 |
| Control Functions, and staff responsible for heading the administration and marketing | 0.05 | 21,923.37 | 8,169.28 |
| Global Strategy Conservative Portfolio* | | | |
| Material Risk Takers | 0.06 | 40,634.82 | 19,820.31 |
| of which Executive and non-executive members of the management body of the management company | 0.03 | 23,899.09 | 12,886.39 |
| Senior Management | 0.03 | 11,458.82 | 3,415.98 |
| Other Risk Taker | 0.01 | 6,194.64 | 2,128.61 |
| Control Functions, and staff responsible for heading the administration and marketing | 0.01 | 9,406.68 | 3,505.20 |

*the individual Fund's figures have been calculated using the net asset value as at 15 April 2020, these have then been divided by the total HSBC Global Asset Management figures to give the split by fund.

| | Headcount No. | Fixed Remuneration £ | Variable Remuneration £ |
|--------------------------------------------------------------------------------------------------|------------------|----------------------------|-------------------------------|
| Global Strategy Dynamic Portfolio* | | | |
| Material Risk Takers | 0.33 | 105,941.20 | 51,674.58 |
| of which Executive and non-executive members of the management body of the management company | 0.14 | 62,308.58 | 33,596.79 |
| Senior Management | 0.14 | 29,874.89 | 8,905.97 |
| Other Risk Taker | 0.07 | 16,150.38 | 5,549.62 |
| Control Functions, and staff responsible for heading the administration and marketing | 0.07 | 24,524.66 | 9,138.59 |
| Global Sustainable Multi- Asset Balanced Portfolio* | | | |
| Material Risk Takers | 0.03 | 34,342.60 | 16,751.17 |
| of which Executive and non-executive members of the management body of the management company | 0.01 | 20,198.36 | 10,890.96 |
| Senior Management | 0.01 | 9,684.44 | 2,887.02 |
| Other Risk Taker | 0.01 | 5,235.41 | 1,799.00 |
| Control Functions, and staff responsible for heading the administration and marketing | 0.01 | 7,950.07 | 2,962.43 |
| Global Sustainable Multi- Asset Conservative Portfolio* | | | |
| Material Risk Takers | 0.02 | 21,826.96 | 10,646.46 |
| of which Executive and non-executive members of the management body of the management company | 0.01 | 12,837.37 | 6,921.91 |
| Senior Management | 0.01 | 6,155.09 | 1,834.89 |
| Other Risk Taker | 0.01 | 3,327.45 | 1,143.38 |
| Control Functions, and staff responsible for heading the administration and marketing | 0.01 | 5,052.79 | 1,882.81 |

*The individual Fund's figures have been calculated using the net asset value as at 15 April 2020, these have then been divided by the total HSBC Global Asset Management figures to give the split by fund.

Statement of Authorised Corporate Director's Responsibilities

The Collective Investment Schemes sourcebook published by the FCA, ("the COLL Rules") require the Authorised Corporate Director ("ACD") to prepare financial statements for each annual accounting year which give a true and fair view of the financial position of the Company and of the net income or expense and net gains or losses on the property of the Company for the year.

In preparing the financial statements the ACD is responsible for:

- selecting suitable accounting policies and then apply them consistently;
- making judgements and estimates that are reasonable and prudent;
- following UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;
- complying with the disclosure requirements of the Statement of Recommended Practice for UK Authorised Funds issued by The Investment Association in May 2014;
- keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- assessing the Company and its sub-funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless they either intend to liquidate the Company or its sub-funds or to cease operations, or have no realistic alternative but to do so;
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- taking reasonable steps for the prevention and detection of fraud and irregularities.

The ACD is responsible for the management of the Company in accordance with its Instrument of Incorporation, the Prospectus and the COLL Rules.

Statement of the Depositary's Responsibilities in Respect of the Scheme and Report of the Depositary to the Shareholders of the HSBC OpenFunds OEIC ("the Company")

For the Year 16 April 2019 to 15 April 2020

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook and the Investment Funds Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228), as amended, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Company's Instrument of Incorporation and Prospectus (together "the Scheme documents") as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Company in accordance with the Regulations.

The Depositary must ensure that:

- the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the value of shares of the Company are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's income is applied in accordance with the Regulations; and
- the instructions of the Alternative Investment Fund Manager ("the AIFM") are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that the Company is managed in accordance with the Scheme documents and the Regulations in relation to the investment and borrowing powers applicable to the Company.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the AIFM:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the Regulations and the Scheme documents of the Company, and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

State Street Trustees Limited
 Quatermile 3,
 10 Nightingale Way
 Edinburgh
 EH3 9EG
 22 July 2020



Ewan Gillies (Officer)



Faron Jackson (Assistant Vice President)

Independent Auditor's Report to the Shareholders of the HSBC OpenFunds OEIC ('the Company')

Opinion

We have audited the financial statements of the Company for the year ended 15 April 2020 which comprise the Statements of Total Return, the Statements of Changes in Net Assets Attributable to Shareholders, the Balance Sheets, the Related Notes and Distribution Tables for each of the Company's sub-funds listed on page 3 and the accounting policies set out on pages 10 and 11.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the financial position of each of the sub-funds as at 15 April 2020 and of the net revenue and the net capital gains/net capital losses on the property of each of the sub-funds for the year then ended; and
- have been properly prepared in accordance with the Instrument of Incorporation, the Statement of Recommended Practice relating to Authorised Funds, and the COLL Rules.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard.

We have received all the information and explanations which we consider necessary for the purposes of our audit and we believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Authorised Corporate Director has prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or its sub-funds or to cease their operations, and as they have concluded that the Company and its sub-funds' financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Authorised Corporate Director's conclusions, we considered the inherent risks to the company's and its sub-funds' business model, and analysed how those risks might affect the company's and its sub-funds' financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company or its sub-funds will continue in operation.

Other information

The Authorised Corporate Director is responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information; and
 - in our opinion the information given in the Authorised Corporate Director's Report is consistent with the financial statements.
-

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where under the COLL Rules we are required to report to you if, in our opinion:

- proper accounting records for the Company have not been kept; or
- the financial statements are not in agreement with the accounting records.

Authorised Corporate Director's (HSBC Global Asset Management (UK) Limited) responsibilities

As explained more fully in their statement set out on page 283 the Authorised Corporate Director is responsible for: the preparation of financial statements which give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company and its sub-funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or its sub-funds or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's shareholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes sourcebook ('the COLL Rules') issued by the Financial Conduct Authority under the Open-Ended Investment Companies Regulations 2001. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Archer
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
22 July 2020



General Information

How to Buy, Sell or Switch your Investment

- Call our Dealers on 0800 358 3011*
 - or
 - Write to our Administration Office at: HSBC Global Asset Management (UK) Limited, PO Box 3733, Royal Wootton Bassett, Swindon, SN4 4BG.
-

Switching your Investment

- Some discounts are available for switching between our OEIC Funds.
- Switching from one OEIC Fund to another may create a capital gains tax liability.

No subscription can be received on the basis of financial reports. Subscriptions are only valid if made on the basis of the current KIID (in conjunction with the Supplementary Information Document (SID)) and Prospectus accompanied by the latest Annual Report and the most recent Interim Report, if published thereafter. Further details of our switching discounts may be obtained by:-

- Telephoning our Customer Services, on 0800 358 3011*
-

Minimum Additional Subscription

- The minimum additional subscription is £500 for the X and retail share classes, £1,000 for the C, P and institutional A share classes and £1,000,000 for the institutional share class.
-

Selling your Investment

You can sell or make a withdrawal at any time.

- You must take at least £100 each time.
 - We reserve the right to request that you leave the minimum investment of £1,000 for retail holdings, £1,000,000 for P and institutional A holdings and £10,000,000 for institutional holdings, or close the investment.
 - Settlement is normally made within 3 business days from the receipt of your instructions.
-

When we will Buy or Sell your Investment

Share prices are calculated at 12 noon each business day. The price at which shares are bought or sold depends on when we receive your instructions.

- Before 12 noon. That day's share prices will be used.
- After 12 noon. The following business day's prices will be used.

We will send you a contract note within 24 hours of the transaction. This confirms the transaction was made.

Cancellation Rights

- In certain circumstances we will send you a cancellation notice. If so this will be sent within 7 days of making your investment.
 - Return this notice to us within 30 days if you do not wish to proceed with your investment.
 - It is possible to receive back less than your original investment, if the value of your shares has fallen.
-

Publication of Prices

The prices of shares are updated daily on the following website: www.assetmanagement.hsbc.com/uk.

Alternatively you can call our Investments Helpline on 0800 358 3011*.

Prospectus

The Prospectus provides further details on our OEICs. For a copy of the latest Prospectus (available free of charge):-

- Telephone our Customer Services on 0800 358 3011*
- Write to our Administration Office

Income

Income is distributed or accumulated in the following way:-

- You will receive income payments net of tax. The payment dates for each of the Funds are detailed in the table on pages 300 to 302.
- If you hold accumulation shares, income will be retained within the Fund. No additional shares will be bought. The price of shares will reflect the net income received.

We must disclose details of such distributions to HM Revenue and Customs (HMRC). The distribution also needs to be disclosed on your tax return.

Income Tax

A tax voucher is sent to all shareholders when distributions are paid or accumulated which will aid completion of tax returns.

Interest Distributions:

From 6 April 2017, any income that is distributed from our funds as interest is paid or accumulated gross of tax to all shareholders. This follows the announcement from the UK Government in 2016 of its intention to remove the requirement for tax to be deducted from interest distributions of open-ended investment companies.

A Personal Savings Allowance currently applies for UK individual taxpayers. This means that no tax is payable on savings income, which includes interest distributions, of up to £1,000 for basic rate taxpayers and up to £500 for higher rate taxpayers. This allowance is not available for additional rate taxpayers. UK taxpayers, including basic rate taxpayers, are liable to pay UK tax on savings income above the allowance, subject to the starting rate of tax for savings.

For UK corporate shareholders, interest distributions will be paid without the deduction of tax. Such shareholders will be subject to corporation tax on the gross amount of the distribution or accumulation.

For non-UK resident shareholders, interest distributions will be paid without the deduction of tax. Tax may or may not be payable depending on the shareholder's tax position and the provisions of any relevant double tax treaty with the UK.

Dividend Distributions:

A dividend allowance applies for UK resident individual shareholders which charges the first £2,000 of dividends received in the tax year at 0%. A UK resident individual shareholder will have to pay income tax at the applicable basic, higher or additional rate (depending on the shareholder's individual tax position) on dividend income in excess of the £2,000 allowance. Note that dividend income within the £2,000 allowance will still count towards basic, higher and additional rate bands and may therefore affect the rate of income tax that a shareholder pays on dividends they receive in excess of the £2,000 allowance.

Where a corporate shareholder receives a dividend distribution from a Fund, such a shareholder should apportion the amount of the distribution (by way of a formula) between that part representing the Fund's income subject to corporation tax and that part representing the Fund's other income. Only that part which represents the income subject to corporation tax in the Fund will be liable to corporation tax (in the hands of the corporate shareholder) and will be treated as an annual payment received after deduction of income tax at the basic rate. That deemed income tax will be available to offset against the corporation tax liability of the shareholder or may be repaid subject to certain restrictions.

For non-UK resident shareholders, tax may or may not be payable depending on the shareholder's tax position and the provisions of any relevant double tax treaty with the UK.

This information is based on our understanding of current UK law and HM Customs and Revenue practice which may be subject to retrospective change. The future basis and rates of taxation may change without warning. Shareholders are recommended to consult their professional advisers if they are in any doubt as to their individual tax position.

Capital Gains Tax

You will not need to pay capital gains tax unless your net gains from all sources exceed the annual exemption limit. The limit for the 2020/2021 tax year is £12,300.

Assessment of Value

In 2017 the Financial Conduct Authority (FCA) published the final Asset Management Market Study. This introduced (among other reforms) new governance rules with the aim of enhancing duty of care and ensuring the industry acts in investors' best interests. The rules were outlined in the FCA policy statement PS18/8 and came into effect from 30 September 2019. As a result, the Authorised Fund Manager is required to perform a detailed assessment on whether funds are 'providing value to investors'. The resulting findings will be published in a consolidated report in October 2020 and will be published on our website within the Fund Centre page.

*To help us continually improve our service, and in the interests of security, we may monitor and/or record your communications with us.

Lines are open Monday to Friday from 9am to 5pm (excluding public holidays).

Important Notes

The Annual Report covers the year 16 April 2019 to 15 April 2020.

Investments in stocks and shares can go down as well as up and investors may not get back the amount they originally invested. This can affect the price of shares within open-ended investment companies and the income from them.

Past performance should not be seen as an indication of future returns.

Your holding in an open-ended investment company must be regarded as a medium to long-term investment; this means for at least five years.

Where overseas securities are held the prices and income may also be affected by changes in currency exchange rates. It is possible that the value of an investment may fall below its original level.

Investments in emerging markets are by their nature higher risk and potentially more volatile than those inherent in some established markets. These risks include the possibility of failed or delayed settlement, registration and custody of securities and the level of investor protection offered.

The value and relative yield of fixed interest securities (including bonds) are strongly affected by interest rate fluctuations and by changes in the credit ratings of the underlying issuer of the assets. Higher-yielding securities are more likely to default.

The long-term nature of investment in property and the income generated tend to make this type of investment less volatile than equities although it can be difficult to buy and/or sell quickly. Where the underlying Funds invest directly in property, the property in the Fund may not be readily realisable, and the Manager of the Fund may apply a deferral on redemption requests. The value of property is generally a matter of the valuer's opinion rather than fact. Listed property securities are part of the equity market and are more volatile than direct (unlisted) property, which can mean that the price of shares and the income from them can fluctuate, sometimes dramatically.

Please note any reference to "Fund" or "Funds" means a sub fund of the Company.

This report is issued in the UK by HSBC Global Asset Management (UK) Limited, authorised and regulated by the Financial Conduct Authority.

There are risks involved in investing in HSBC Open Funds. Please refer to the Prospectus, Key Investor Information Document (KIID) and Supplementary Information Document (SID) for further details.

The information in this report is based on our understanding of current law and HM Revenue and Customs practice as at 15 April 2020. Both law and practice may of course change.

The views expressed are those of HSBC Global Asset Management (UK) Limited and do not constitute investment advice. No liability can be accepted for recipients acting independently on its content.

The Company is authorised and regulated by the Financial Conduct Authority and is structured as an umbrella company, in that the Company proposes to issue shares linked to different Funds which have been established. The Company is a non-UCITS scheme.

Shareholders are not liable for the debts of the Company. A shareholder is not liable to make any further payment to the Company after the purchase price of the shares has been paid for.

Important Changes to the Company and/or Fund Documentation

The following changes to the Company have resulted in the ACD (Authorised Corporate Director) making changes to the Company's Instrument of Incorporation and its Prospectus.

Amendments to the Company's Instrument of Incorporation

The Instrument was amended to reflect the changes to the wording of the Investment Objective to the Global Property Fund, a sub-fund of the Company, these changes were made for clarification purposes and do not change the way in which the Fund is managed. The change was communicated to Shareholders in the Funds on 20 August 2019.

The table of Share Classes that may be issued by the Company has been updated to add CTF Accumulation Shares.

Amendments to the Company Prospectus

The Prospectus has been amended to reflect the changes detailed below.

Definitions

The following definitions were reworded to accommodate the changes required under findings of the FCA Market Study and Investment Association guidance. Accumulation Shares, approved counterparty, approved security, associate, Eligible Institution and Share or Shares.

The following new Definitions were added to accommodate the changes required under findings of the FCA Market Study and Investment Association guidance: actively managed, Annual Management Charge, asset backed securities, collective investment scheme, currency forward contracts, derivative(s), dilution adjustment, efficient portfolio management (EPM), exchange traded, growth, hedging, income, Income Share, Initial Charge, money market instruments, Ongoing Charges Figures (OCF), over-the-counter, Property-related securities, returns, Share Class(es), stocklending, volatility and yield.

The following Definitions were removed as they were succeeded by new or revised definitions: Class or Classes and EPM.

The content of the Prospectus was updated to reflect the new/amended definitions.

Share Classes

The table showing the Share Classes currently offered in the Funds has been updated.

The CTF Accumulation Share Class has been added to the list of Share Classes the Company may issue. The subscription criteria has been added for the CTF Accumulation Share Class.

Dealing in Shares

We have introduced wording to the Compulsory Transfer and Redemption section in the Company Prospectus that will allow us to convert a shareholder's shares to a different share class of the same fund and to clarify that we may redeem a shareholder's shares, in certain circumstances. Shareholders have been advised of this change by letter.

Risks

The 'Collateral Risk', 'Fixed Income Securities' and 'Effect of Initial Charge' risks have been reworded for clarity.

The 'United Kingdom leaving the European Union' risk has been updated to reflect the current state of affairs.

The 'Cluster munitions/anti-personnel mines/depleted uranium shielding and ammunition' risk was replaced with an amended Banned Weapons Policy.

The 'Cancellation' risk has been amended to add details for the cancellation rights when investing in the CTF Accumulation Share Class.

The 'Asset Backed Bonds/Securities' risk was added to the Prospectus

In general, asset backed securities and mortgage backed securities are debt securities with interest and capital payments backed by a pool of financial assets such as mortgages and loans, with collateral backing often provided by physical assets such as residential or commercial property, or are supported by unsecured loan cash flows without physical asset backing.

The investment characteristics of asset backed securities differ from traditional debt securities. The major difference is that the principal is often paid in stages and may be fully repaid at any time because of the terms of the underlying loans. This variability in timing of cash flows makes estimates of future asset yield and weighted average life uncertain.

The broad asset backed securities market also includes synthetic Collateralised Debt Obligations (CDO). These usually have shorter maturities and are referenced to debt obligations or other structured finance securities.

Asset backed securities and mortgage back securities are subject the general risks for Fixed Income Securities and High Yield Fixed Income Securities and the following additional risks:

- **Prepayment Risk**

The frequency at which prepayments occur on loans underlying asset backed securities will be affected by a variety of factors including interest rates as well as economic, demographic, tax, social, legal and other factors. Generally, fixed rate mortgage holders often prepay their mortgage loans when prevailing mortgage rates fall below the interest rates on their mortgage loans subject to mortgage finance availability and no material change in the value of the property or the borrowers' credit worthiness.

- **Subordinated Risk**

Investments in subordinated asset backed securities involve greater risk of default and loss than the senior classes of the issue or series. Asset backed securities deals are structured into tranches such that holders of the most junior securities absorb losses before more senior tranches.

When losses have been absorbed by the most junior tranche, the next most junior tranche will absorb subsequent losses. Investors in junior tranches can carry high capital risk and may face a complete loss.

- **Capital Value Risk**

The rate of defaults and losses on residential mortgage loans will be affected by a number of factors, including general economic conditions and those arising in the property location, the borrower's equity in the mortgaged property and the financial circumstances of the borrower. If a residential mortgage loan is in default, foreclosure of such residential mortgage loan may be a lengthy and difficult process, and may involve significant expenses. Furthermore, the market for defaulted residential mortgage loans or foreclosed properties may be very limited.

Most commercial mortgage loans underlying mortgage backed securities are full recourse obligations of the borrower which is usually a Special Purpose Vehicle (SPV). If borrowers are not able or willing to refinance or dispose of encumbered property to pay the principal and interest owed on such mortgage loans, payments on the subordinated classes of the related mortgage backed securities are likely to be adversely affected.

The ultimate extent of the loss, if any, to the subordinated classes of mortgage backed securities may only be determined after a negotiated discounted settlement, restructuring or sale of the mortgage note, or the foreclosure (or deed in lieu of foreclosure) of the mortgage encumbering the property and subsequent liquidation of the property. Foreclosure can be costly and delayed by litigation and/or bankruptcy. Factors such as the property's location, the legal status of title to the property, its physical condition and financial performance, environmental risks, and governmental disclosure requirements with respect to the condition of the property may make a third party unwilling to purchase the property at a foreclosure sale or to pay a price sufficient to satisfy the obligations with respect to the related mortgage backed securities.

Revenues from the assets underlying such mortgage backed securities may be retained by the borrower and the return on investment may be used to make payments to others, maintain insurance coverage, pay taxes or pay maintenance costs. Such diverted revenue is generally not recoverable without a court-appointed receiver to control collateral cash flow.

Where a loan originator has assigned specific loans to an asset backed security structure and the originator has faced financial difficulties, creditors of the originator have sometimes challenged the validity of the assigned loans. Such challenges can weaken the asset backing for asset backed securities.

- **Economic Risk**

Performance of a commercial mortgage loan depends primarily on the net income generated by the underlying mortgaged property. The market value of a commercial property similarly depends on its income-generating ability. As a result, income generation will affect both the likelihood of default and the severity of losses with respect to a commercial mortgage loan. Any decrease in income or value of the commercial real estate underlying an issue of commercial mortgage backed securities could result in cash flow delays and losses on the related issue of commercial mortgage backed securities.

The value of the real estate which underlies mortgage loans is subject to market conditions. Changes in the real estate market may adversely affect the value of the collateral and thereby lower the value to be derived from a liquidation. In addition, adverse changes in the real estate market increase the probability of default, as the incentive of the borrower to retain equity in the property declines.

- **Refinancing Risk**

Mortgage loans on commercial and residential properties often are structured so that a substantial portion of the loan principal is not reduced over the loan term but is payable at maturity and repayment of the loan principal thus often depends upon the future availability of real estate financing from the existing or an alternative lender and/or upon the current value and saleability of the real estate. Therefore, the unavailability of real estate financing may lead to default.

Management and Administration

The table of directors of the ACD has been updated to update the names and significant activities of each director where required.

Fees and Expenses

The ongoing charges figures and dilution adjustment rates have been updated.

The Accumulation P Share Class fees have been added for the Global Sustainable Multi-Asset Balanced Portfolio and the Global Sustainable Multi-Asset Conservative Portfolio.

The CTF Accumulation Share Class fees have been added for the Global Strategy Balanced Portfolio.

General Information

We have added a new section here "The importance of keeping contact details updated" -

Shareholders must ensure that they provide the Administrator with any changes to their personal details (including postal address, telephone numbers or any other personal contact details) so the Administrator can keep in contact with Shareholders.

If Shareholders do not keep the Administrator informed of any changes and it is unable to contact a Shareholder, the Administrator may not be able to carry out the Shareholder's instructions, manage their account and it could mean the Shareholder ultimately loses contact with their money.

Appendix 1

The Fund Investment Objective, Policy and Strategy wording for the Global Property Fund has been amended as notified to Shareholders on 20 August 2019.

The Investment Strategy has been updated for each of the Global Strategy Portfolios to update the percentage of the funds invested in collective investment schemes that aim to track the performance of an index and to update the portfolio asset class exposure tables.

The CTF Accumulation Share Class has been added to the list of Share Classes currently offered for the Global Strategy Balanced Portfolio.

The Accumulation P Share Class was added to the list of Share Classes currently offered in the Global Sustainable Multi-Asset Balanced Portfolio and the Global Sustainable Multi-Asset Conservative Portfolio.

The reference to the 'Cluster munitions/anti-personnel mines/depleted uranium shielding and ammunition' risk was replaced with 'Banned Weapons Policy' under the risk categories for each Fund.

Appendix 2

The Historical Fund Performance table has been redesigned to show the Fund Performance alongside the performance of its Benchmark for comparison purposes where applicable.

Other Information

Equalisation

Revenue received by the Fund during the distribution period is reflected in the price of shares until the revenue is distributed. The cost of Group 2 shares bought during a distribution period will therefore include an element of revenue.

Equalisation represents the average amount of accrued revenue included in the purchase price of all Group 2 shares sold in the year, which is refunded as part of a shareholder's first distribution. This amount is treated as a capital repayment for tax purposes. It is not liable to income or corporation tax and is deducted from the original cost of the shares for capital gains tax purposes.

Corporate Shareholders

A corporate shareholder will receive the distribution shown below on their annual consolidated tax voucher as follows:

| Fund | Date payable/paid | Share class | Investment income | |
|------------------------------------------------------|----------------------|------------------------------|-------------------|-----------|
| | | | Franked | Unfranked |
| Global Property Fund | 15.6.20 | Retail Accumulation | 100.00% | 0.00% |
| | 15.6.20 | Institutional A Income | 100.00% | 0.00% |
| | 15.6.20 | Institutional A Accumulation | 100.00% | 0.00% |
| | 15.6.20 | Income C | 100.00% | 0.00% |
| | 15.6.20 | Accumulation C | 100.00% | 0.00% |
| World Selection - Balanced Portfolio | 15.6.20 | Retail Income | 100.00% | 0.00% |
| | 15.6.20 | Retail Accumulation | 100.00% | 0.00% |
| | 15.6.20 | Institutional Accumulation | 32.06% | 67.94% |
| | 15.6.20 | Institutional Income | 32.06% | 67.94% |
| | 15.6.20 | Income C | 51.57% | 48.43% |
| | 15.6.20 | Accumulation C | 51.83% | 48.17% |
| | 15.6.20 | Accumulation P | 38.60% | 61.40% |
| World Selection - Cautious Portfolio | 15.6.20 | Income P | 38.94% | 61.06% |
| | 15.6.20 | Institutional Accumulation | 13.76% | 86.24% |
| | 15.6.20 | Institutional Income | 14.16% | 85.84% |
| | 15.6.20 | Income C | 23.03% | 76.97% |
| | 15.6.20 | Accumulation C | 23.37% | 76.63% |
| | 15.6.20 | Accumulation P | 16.79% | 83.21% |
| World Selection - Dividend Distribution Portfolio | 15.6.20 | Income P | 17.15% | 82.85% |
| | 15.6.20 | Retail Income | 15.02% | 84.98% |
| | 15.6.20 | Retail Accumulation | 70.49% | 29.51% |
| | 15.6.20 | Income C | 67.06% | 32.94% |
| | 15.6.20 | Accumulation C | 67.29% | 32.71% |
| | 15.3.20 | Retail Income | 73.28% | 26.72% |
| | 15.3.20 | Retail Accumulation | 73.05% | 26.95% |
| World Selection - Dynamic Portfolio | 15.3.20 | Income C | 53.51% | 46.49% |
| | 15.3.20 | Accumulation C | 53.47% | 46.53% |
| | 15.6.20 | Institutional Income | 51.72% | 48.28% |
| | 15.6.20 | Institutional Accumulation | 51.94% | 48.06% |
| | 15.6.20 | Income C | 100.00% | 0.00% |
| | 15.6.20 | Accumulation C | 100.00% | 0.00% |
| | 15.6.20 | Income P | 66.01% | 33.99% |
| | 15.6.20 | Accumulation P | 66.25% | 33.75% |

| Fund | Date payable/paid | Share class | Investment income | |
|-------------------------------------------------------------|----------------------|----------------------------|-------------------|-----------|
| | | | Franked | Unfranked |
| World Selection - Interest Income Portfolio | 15.6.20 | Income C | 0.00% | 100.00% |
| | 15.6.20 | Accumulation C | 0.00% | 100.00% |
| | 15.6.20 | Accumulation P | 0.00% | 100.00% |
| | 15.6.20 | Income P | 0.00% | 100.00% |
| | 15.3.20 | Retail Income | 0.00% | 100.00% |
| | 15.3.20 | Retail Accumulation | 0.00% | 100.00% |
| | 15.3.20 | Income C | 0.00% | 100.00% |
| | 15.3.20 | Income P | 0.00% | 100.00% |
| | 15.3.20 | Accumulation C | 0.00% | 100.00% |
| | 15.3.20 | Accumulation P | 0.00% | 100.00% |
| World Selection - Adventurous Portfolio | 15.6.20 | Income C | 100.00% | 0.00% |
| | 15.6.20 | Accumulation C | 100.00% | 0.00% |
| | 15.6.20 | Accumulation P | 100.00% | 0.00% |
| | 15.6.20 | Institutional Income | 100.00% | 0.00% |
| | 15.6.20 | Institutional Accumulation | 100.00% | 0.00% |
| World Selection - Conservative Portfolio | 15.6.20 | Institutional Accumulation | 12.74% | 87.26% |
| | 15.6.20 | Institutional Income | 12.90% | 87.10% |
| | 15.6.20 | Income C | 20.27% | 79.73% |
| | 15.6.20 | Accumulation C | 20.38% | 79.62% |
| | 15.6.20 | Accumulation P | 15.55% | 84.45% |
| Global Strategy Balanced Portfolio | 15.6.20 | CTF Accumulation | 100.00% | 0.00% |
| | 15.6.20 | Income C | 64.76% | 35.24% |
| | 15.6.20 | Retail X Accumulation | 90.27% | 9.73% |
| | 15.6.20 | Accumulation C | 67.38% | 32.62% |
| Global Strategy Cautious Portfolio | 15.6.20 | Income C | 32.58% | 67.42% |
| | 15.6.20 | Retail X Accumulation | 43.67% | 56.33% |
| | 15.6.20 | Accumulation C | 33.35% | 66.65% |
| Global Strategy Dynamic Portfolio | 15.6.20 | Income C | 93.52% | 6.48% |
| | 15.6.20 | Retail X Accumulation | 100.00% | 0.00% |
| | 15.6.20 | Accumulation C | 94.19% | 5.81% |
| Global Strategy Conservative Portfolio | 15.6.20 | Income C | 31.91% | 68.09% |
| | 15.6.20 | Accumulation C | 32.59% | 67.41% |
| Global Strategy Adventurous Portfolio | 15.6.20 | Income C | 100.00% | 0.00% |
| | 15.6.20 | Accumulation C | 100.00% | 0.00% |
| Global Sustainable Multi-Asset Balanced Portfolio | 15.6.20 | Retail Income C | 76.16% | 23.84% |
| | 15.6.20 | Retail Accumulation C | 74.88% | 25.12% |
| | 15.6.20 | Accumulation P | 66.79% | 33.21% |
| Global Sustainable Multi-Asset Conservative Portfolio | 15.6.20 | Income C | 40.70% | 59.30% |
| | 15.6.20 | Accumulation C | 40.74% | 59.26% |
| | 15.6.20 | Accumulation P | 35.58% | 64.42% |

Risk and Reward Profile

| Fund | Rating* |
|-------------------------------------------------------|---------|
| Global Property Fund | 4 |
| World Selection - Adventurous Portfolio | 5 |
| World Selection - Balanced Portfolio | 4 |
| World Selection - Cautious Portfolio | 3 |
| World Selection - Conservative Portfolio | 3† |
| World Selection - Dividend Distribution Portfolio | 4 |
| World Selection - Dynamic Portfolio | 4 |
| World Selection - Interest Income Portfolio | 3 |
| Global Strategy Adventurous Portfolio | 5 |
| Global Strategy Balanced Portfolio | 4 |
| Global Strategy Cautious Portfolio | 3 |
| Global Strategy Conservative Portfolio | 4 |
| Global Strategy Dynamic Portfolio | 5 |
| Global Sustainable Multi-Asset Balanced Portfolio | 4 |
| Global Sustainable Multi-Asset Conservative Portfolio | 4†† |

Lower risk **Higher risk**

← →

Typically lower rewards Typically higher rewards

| | | | | | | |
|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|

†The previous rating for this Fund was 4 until 19 February 2020.

††The previous rating for this Fund was 3 until 11 July 2019.

*More About this Rating

The rating is based on price volatility over the last five years, and is an indicator of absolute risk. Historical data may not be a reliable indication for the future. The rating is not guaranteed to remain unchanged and the categorisation may shift over time. The lowest rating does not mean a risk-free investment.

For further information on the specific risks applicable to each Fund please visit www.assetmanagement.hsbc.com/uk.

Directory

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To help us continually improve our services, and in the interests of security, we may monitor and/or record your communications with us.

Quick Reference Guide to HSBC OpenFunds

| Name of OEIC Fund | Global Property Fund | World Selection - Adventurous Portfolio | World Selection - Balanced Portfolio | World Selection - Cautious Portfolio | World Selection - Conservative Portfolio | World Selection - Dividend Distribution Portfolio |
|------------------------------------------|----------------------|-----------------------------------------|--------------------------------------|--------------------------------------|------------------------------------------|---------------------------------------------------|
| Number of distributions per year | 2 | 2 | 2 | 2 | 2 | 4 |
| Distribution dates | 15 Jun 15 Dec | 15 Jun 15 Dec | 15 Jun 15 Dec | 15 Jun 15 Dec | 15 Jun 15 Dec | 15 Jun 15 Sep 15 Dec 15 Mar |
| Lump sum minimum investment level † | £1,000,000 | £1,000,000 | £1,000,000 | £1,000,000 | £1,000,000 | £1,000,000 |
| Regular saver minimum investment level † | N/A | N/A | N/A | N/A | N/A | N/A |
| Authorised Corporate Director charge % † | 0.55 | 0.55 | 0.55 | 0.55 | 0.55 | 0.55 |
| Available as an ISA | Yes | Yes | Yes | Yes | Yes | Yes |
| In ISA can income be paid | Yes | Yes | Yes | Yes | Yes | Yes |
| Income shares available | Yes | Yes | Yes | Yes | Yes | Yes |
| Accumulation shares available | Yes | Yes | Yes | Yes | Yes | Yes |

† The above information relates to the C share class.

Quick Reference Guide to HSBC OpenFunds

| Name of OEIC Fund | World Selection - Dynamic Portfolio | World Selection - Interest Income Portfolio | Global Strategy Adventurous Portfolio | Global Strategy Balanced Portfolio | Global Strategy Cautious Portfolio |
|------------------------------------------|-------------------------------------|---------------------------------------------|---------------------------------------|------------------------------------|------------------------------------|
| Number of distributions per year | 2 | 4 | 2 | 2 | 2 |
| Distribution dates | 15 Jun 15 Dec | 15 Jun 15 Sep 15 Dec 15 Mar | 15 Jun 15 Dec | 15 Jun 15 Dec | 15 Jun 15 Dec |
| Lump sum minimum investment level † | £1,000,000 | £1,000,000 | £1,000,000 | £1,000,000 | £1,000,000 |
| Regular saver minimum investment level † | N/A | N/A | N/A | N/A | N/A |
| Authorised Corporate Director charge % † | 0.55 | 0.55 | 0.10 | 0.10 | 0.10 |
| Available as an ISA | Yes | Yes | Yes | Yes | Yes |
| In ISA can income be paid | Yes | Yes | Yes | Yes | Yes |
| Income shares available | Yes | Yes | Yes | Yes | Yes |
| Accumulation shares available | Yes | Yes | Yes | Yes | Yes |

† The above information relates to the C share class.

Quick Reference Guide to HSBC OpenFunds

| Name of OEIC Fund | Global Strategy Conservative Portfolio | Global Strategy Dynamic Portfolio | Global Sustainable Multi-Asset Balanced Portfolio | Global Sustainable Multi-Asset Conservative Portfolio |
|------------------------------------------|----------------------------------------|-----------------------------------|---------------------------------------------------|-------------------------------------------------------|
| Number of distributions per year | 2 | 2 | 2 | 2 |
| Distribution dates | 15 Jun 15 Dec | 15 Jun 15 Dec | 15 Jun 15 Dec | 15 Jun 15 Dec |
| Lump sum minimum investment level † | £1,000,000 | £1,000,000 | £1,000,000 | £1,000,000 |
| Regular saver minimum investment level † | N/A | N/A | N/A | N/A |
| Authorised Corporate Director charge % † | 0.10 | 0.10 | 0.45 | 0.45 |
| Available as an ISA | Yes | Yes | Yes | Yes |
| In ISA can income be paid | Yes | Yes | Yes | Yes |
| Income shares available | Yes | Yes | Yes | Yes |
| Accumulation shares available | Yes | Yes | Yes | Yes |

† The above information relates to the C share class.

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