

HSBC Specialist Investment Funds

Interim Report and Accounts

15 March 2020

Company Information

Company

HSBC Specialist Investment
Funds Registered in England with
Company Number IC000074

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

C.S. Cheetham

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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Market Review

Welcome to the Interim Report for the HSBC Specialist Investment Funds Open-Ended Investment Company (OEIC). The report covers the period 16 September 2019 to 15 March 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). If you also have shares in another HSBC OEIC, you will receive a separate statement and report when it is due.**

UK Equities

UK equities dropped precipitously over the period, as the coronavirus pandemic spread across the globe. As investors began to realise the huge impact of the virus on society and the economy, there was a massive sell-off in shares and a pronounced drop in sterling. The FTSE 100 fell 10.9% on 12 March – its largest fall since the October 1987 crash. The Bank of England (BoE) slashed interest rates from 0.75% to 0.25% in an emergency effort to help stabilise markets. New Chancellor of the Exchequer Rishi Sunak's first budget, which pledged widespread financial help to businesses and workers impacted by the coronavirus, served to unnerve the market rather than placate it.

Brexit had been a further source of angst for investors for the first half of the period. However, December's general election delivered a large majority for the Conservative party on a mandate of 'getting Brexit done'. This removed some of the uncertainty about the Brexit process and timeline, boosting investor sentiment.

UK economic growth remained sluggish. 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%. Wage growth also remained decidedly positive in real terms, although 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 by the end of the period, growing at an annualised rate of 1.8% in January.

UK Fixed Income

This was a unique period for the UK fixed income market. Yields on 10-year government bonds fell to all-time low of below 0.2% at the end of the period, as investors sought out safe havens in light of the developing global pandemic. UK bonds produced a positive return during a very volatile period.

Yields had risen in the autumn months and into year-end, as optimism around improving trade relations between the US and China grew, and as the so-called 'phase one' deal was completed. Gilt yields had initially fallen, early in the period, as concerns about UK growth and Brexit uncertainty affected investor sentiment. However, as the risk of a 'no deal' Brexit appeared to diminish, UK yields recovered some ground.

They subsequently fell dramatically, along with other major global bond market yields, as the extent of the coronavirus, as well as 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%. The new Conservative government's first budget saw a raft of measures implemented to support the economy during this time of crisis. Yields were also underpinned by action to ease monetary policy from other major global central banks.

The economy stayed sluggish, with GDP flat in the final quarter of 2019 as uncertainties over Brexit (somewhat assuaged by the general election result) and slowing growth overseas damaged business activity. By the end of the period, fears were growing of an impending recession, both in the UK and worldwide, as a result of the virus.

US Equities

The US market collapsed in the final weeks of the period as the global extent of the spread of the coronavirus, and the consequent social and economic ramifications, became clearer. On 12 March, the S&P 500 and Dow Jones both fell approximately by 10% – the largest decline since the October 1987 crash. While the US authorities initially appeared slow to respond to the gathering crisis in February, this had changed by early March. On the very last day of the period, the US Federal Reserve slashed interest rates by 0.5%, effectively to zero. This had followed an emergency cut of 0.25% earlier in the month. The US government was also rumoured to be putting together a large fiscal package to help support businesses and jobs.

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 – finally forthcoming in January's 'phase one' deal.

In economic news, GDP growth slowed but remained relatively resilient. Fourth-quarter 2019 annualised growth was 2.1%, the same level as the third quarter, but down from first-quarter growth of 3.1%. Employment data was more robust, with US unemployment falling to 3.5% in December, the joint-lowest figure for 50 years.

By the turn of the year, profit growth was slowing, 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 collapse.

European 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 was at the heart of the coronavirus, suffering the largest number of cases. The government effectively closed its borders and placed its entire population in lockdown, with only limited movement permitted. Its bond and equity markets fell substantially as investors feared for the financial viability of the country – already saddled with one of the largest debt mountains within the eurozone. The European Central Bank (ECB) produced a package amounting to €120 billion in support of the euro-area economy, although markets continued to sell off.

European markets had been supported in late 2019 and early 2020 by the easy monetary policy reintroduced by the ECB – focusing on renewed bond purchases and a cut in the bank deposit to -0.5% – and by the improved trade relations between China and the US. Christine Lagarde, at her first meeting as the ECB's next president, made it clear that the bank's low rates would remain in place.

Economic growth was slow 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%. Meanwhile, Italy and Germany narrowly escaped a technical recession. The eurozone's manufacturing base, particularly in Germany, continued to hollow out. Industrial production fell over 4.0% in December, matching the weakest figure for 10 years.

Asia Pacific Equities

Asian Pacific markets fell substantially, owing to the outbreak of the coronavirus and growing expectations that the virus would have a material impact on both societies and economies.

Asian equities had experienced a similar pattern to other world markets. They had risen into year-end, peaking in mid-January, before selling off markedly in the final week of February. 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 while introducing 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 in the third quarter of 2019 – this marked the lowest rate since 1992. Hong Kong's economy slumped into a technical recession for the first time since the global financial crisis as political protests took their toll on business and leisure activity. 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 Bank of Australia and the Reserve Bank of India, cut interest rates in order to ease the pressure on their respective economies. Australia also had to contend with the bush fires that plagued the country throughout their summer, and which led to a human, environmental and economic damage. Australian GDP still managed to grow by 2.2% over the year in the final quarter of 2019.

Japanese Equities

Japanese equities collapsed over the period, with all the damage done in February when the market, in line with global peers, sold off due to the coronavirus. Prior to that, Japanese equities had risen steadily, taking their cue from the positive sentiment surrounding improving US-Sino trade relations, easier monetary policy overseas and steady monetary policy at home. However, they were also impacted by the global trade dispute and relatively sluggish growth at home.

Domestic economic indicators were generally bleak. GDP fell 1.8% over the quarter in the final quarter of 2019 – the steepest decline for over five years – largely due to the impact of the consumption tax rise (8% to 10%) implemented in October. The much-followed Tankan survey – a quarterly indicator of corporate Japan's outlook on the economy – 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 as a result. 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 their net interest margins. The diplomatic dispute with South Korea, deriving from grievances over Japan's treatment of Korea during World War Two, 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.

Outlook

With equity markets at such lofty levels following a largely uninterrupted 11-year bull market, there was always the risk that some unforeseen event might knock the market out of its stride and trigger a sell-off. That trigger has come from the unfolding drama of the coronavirus. It is impossible to predict the development of the virus and how many of the world's population will be affected by it, or indeed what the ultimate human and economic impact will be. One thing is clear, however, and that is it most certainly will have a severe and yet unquantified negative impact on global growth and corporate earnings. Markets are currently in freefall, and while floors will most likely be established, these could be temporary. Other issues lurk below the surface, namely weaker economic growth, rising debts, geopolitical tensions and climate change. Faced with these issues, it is likely that the global central banks will flood the markets with more liquidity, which could well boost sentiment. Markets will eventually find a permanent floor from which they can build again but that may be some way down the line.

UK Freestyle Fund

Investment Objective

To provide long-term capital growth and income by investing in a concentrated portfolio of predominantly UK equities.

Investment Policy

To invest in a concentrated portfolio of predominantly UK equities, with target delivery of absolute performance regardless of the prevailing market conditions. Stocks are selected regardless of their inclusion in market indices so there are no benchmark constraints.

Investment Strategy

The sub fund invests at least 80% in UK equities. To achieve this it invests across a range of stocks diversified by sectors.

Portfolio Activity

The Fund merged into UK Growth & Income Fund on 15 November 2019 therefore there is no Portfolio Activity, Investment Performance and Fund Particulars available for this fund.

Comparative Tables

for the six months ended 15 March 2020 (unaudited)

| Retail Income | 15.3.20# | 15.9.19 | 15.9.18 | 15.9.17 |
|----------------------------------------|-----------------|----------------|----------------|----------------|
| Change in net assets per share | | | | |
| Opening net asset value per share | 125.90p | 128.90p | 131.90p | 130.70p |
| Return before operating charges* | 1.40p | 4.54p | 4.76p | 8.85p |
| Operating charges** | (0.54p) | (2.10p) | (2.26p) | (2.27p) |
| Return after operating charges* | 0.86p | 2.44p | 2.50p | 6.58p |
| Distributions on income shares | (0.86p) | (5.44p) | (5.50p) | (5.38p) |
| Cancellation price | (125.90p) | - | - | - |
| Closing net asset value per share | 0.00p | 125.90p | 128.90p | 131.90p |
| *after direct transaction costs of:*** | 0.10p | 0.20p | 0.36p | 0.54p |
| Performance | | | | |
| Return after charges | 0.68% | 1.89% | 1.90% | 5.03% |
| Other information | | | | |
| Closing net asset value | £0 | £310,546 | £336,011 | £2,102,529 |
| Closing number of shares | 0 | 246,662 | 260,773 | 1,593,717 |
| Operating charges - OCF | 0.00% | 1.66% | 1.66% | 1.66% |
| Direct transaction costs | 0.08% | 0.16% | 0.27% | 0.39% |
| Prices | | | | |
| Highest share price | 129.10p | 135.80p | 141.90p | 144.80p |
| Lowest share price | 121.90p | 115.00p | 125.80p | 126.90p |

| Retail Accumulation | 15.3.20# | 15.9.19 | 15.9.18 | 15.9.17 |
|-----------------------------------------------|-----------------|----------------|----------------|----------------|
| Change in net assets per share | | | | |
| Opening net asset value per share | 206.90p | 203.00p | 199.30p | 189.70p |
| Return before operating charges* | 2.14p | 7.20p | 7.10p | 12.88p |
| Operating charges** | (0.64p) | (3.30p) | (3.40p) | (3.28p) |
| Return after operating charges* | 1.50p | 3.90p | 3.70p | 9.60p |
| Distributions on accumulation shares | (1.42p) | (8.57p) | (8.31p) | (7.81p) |
| Retained distributions on accumulation shares | 1.42p | 8.57p | 8.31p | 7.81p |
| Cancellation price | (208.40p) | - | - | - |
| Closing net asset value per share | 0.00p | 206.90p | 203.00p | 199.30p |
| *after direct transaction costs of:*** | 0.17p | 0.32p | 0.54p | 0.78p |
| Performance | | | | |
| Return after charges | 0.73% | 1.92% | 1.86% | 5.06% |
| Other information | | | | |
| Closing net asset value | £0 | £29,516,991 | £33,801,136 | £36,051,860 |
| Closing number of shares | 0 | 14,265,172 | 16,650,356 | 18,088,837 |
| Operating charges - OCF | 0.00% | 1.66% | 1.66% | 1.66% |
| Direct transaction costs | 0.08% | 0.16% | 0.27% | 0.39% |
| Prices | | | | |
| Highest share price | 212.20p | 213.90p | 214.50p | 210.20p |
| Lowest share price | 200.30p | 181.20p | 190.00p | 184.20p |

#The Fund merged into UK Growth & Income Fund on 15 November 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 six months ended 15 March 2020 (unaudited)

| Institutional A Accumulation | 15.3.20# | 15.9.19 | 15.9.18 | 15.9.17 |
|-----------------------------------------------|-----------------|----------------|----------------|----------------|
| Change in net assets per share | | | | |
| Opening net asset value per share | 234.30p | 227.80p | 221.70p | 209.20p |
| Return before operating charges* | 2.39p | 8.26p | 7.90p | 14.23p |
| Operating charges** | (0.39p) | (1.76p) | (1.80p) | (1.73p) |
| Return after operating charges* | 2.00p | 6.50p | 6.10p | 12.50p |
| Distributions on accumulation shares | (1.61p) | (9.66p) | (9.29p) | (8.65p) |
| Retained distributions on accumulation shares | 1.61p | 9.66p | 9.29p | 8.65p |
| Cancellation price | (236.30p) | - | - | - |
| Closing net asset value per share | 0.00p | 234.30p | 227.80p | 221.70p |
| *after direct transaction costs of:*** | 0.19p | 0.36p | 0.61p | 0.86p |
| Performance | | | | |
| Return after charges | 0.85% | 2.85% | 2.75% | 5.98% |
| Other information | | | | |
| Closing net asset value | £0 | £3,042,812 | £3,033,625 | £4,255,016 |
| Closing number of shares | 0 | 1,298,933 | 1,331,586 | 1,918,978 |
| Operating charges - OCF | 0.00% | 0.78% | 0.79% | 0.79% |
| Direct transaction costs | 0.08% | 0.16% | 0.27% | 0.39% |
| Prices | | | | |
| Highest share price | 240.50p | 241.90p | 240.00p | 233.20p |
| Lowest share price | 226.90p | 203.80p | 212.40p | 203.50p |

| Income C | 15.3.20# | 15.9.19 | 15.9.18 | 15.9.17 |
|----------------------------------------|-----------------|----------------|----------------|----------------|
| Change in net assets per share | | | | |
| Opening net asset value per share | 130.00p | 132.10p | 134.20p | 132.00p |
| Return before operating charges* | 1.34p | 4.72p | 4.81p | 8.95p |
| Operating charges** | (0.25p) | (1.22p) | (1.29p) | (1.30p) |
| Return after operating charges* | 1.09p | 3.50p | 3.52p | 7.65p |
| Distributions on income shares | (0.89p) | (5.60p) | (5.62p) | (5.45p) |
| Cancellation price | (130.20p) | - | - | - |
| Closing net asset value per share | 0.00p | 130.00p | 132.10p | 134.20p |
| *after direct transaction costs of:*** | 0.11p | 0.21p | 0.37p | 0.54p |
| Performance | | | | |
| Return after charges | 0.84% | 2.65% | 2.62% | 5.80% |
| Other information | | | | |
| Closing net asset value | £0 | £11,877,582 | £12,482,478 | £11,792,175 |
| Closing number of shares | 0 | 9,136,200 | 9,451,090 | 8,785,988 |
| Operating charges - OCF | 0.00% | 0.93% | 0.94% | 0.94% |
| Direct transaction costs | 0.08% | 0.16% | 0.27% | 0.39% |
| Prices | | | | |
| Highest share price | 133.40p | 140.00p | 145.10p | 147.00p |
| Lowest share price | 125.90p | 118.10p | 128.50p | 128.40p |

#The Fund merged into UK Growth & Income Fund on 15 November 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 six months ended 15 March 2020 (unaudited)

| Accumulation C | 15.3.20# | 15.9.19 | 15.9.18 | 15.9.17 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|----------------|----------------|----------------|
| Change in net assets per share | | | | |
| Opening net asset value per share | 213.30p | 207.70p | 202.50p | 191.30p |
| Return before operating charges* | 2.21p | 7.51p | 7.15p | 13.08p |
| Operating charges** | (0.41p) | (1.91p) | (1.95p) | (1.88p) |
| Return after operating charges* | 1.80p | 5.60p | 5.20p | 11.20p |
| Distributions on accumulation shares | (1.47p) | (8.80p) | (8.48p) | (7.91p) |
| Retained distributions on accumulation shares | 1.47p | 8.80p | 8.48p | 7.91p |
| Cancellation price | (215.10p) | - | - | - |
| Closing net asset value per share | 0.00p | 213.30p | 207.70p | 202.50p |
| *after direct transaction costs of:*** | 0.17p | 0.32p | 0.55p | 0.79p |
| Performance | | | | |
| Return after charges | 0.84% | 2.70% | 2.57% | 5.85% |
| Other information | | | | |
| Closing net asset value | £0 | £1,588,691 | £1,720,607 | £724,889 |
| Closing number of shares | 0 | 744,836 | 828,216 | 358,019 |
| Operating charges - OCF | 0.00% | 0.93% | 0.94% | 0.94% |
| Direct transaction costs | 0.08% | 0.16% | 0.27% | 0.39% |
| Prices | | | | |
| Highest share price | 218.90p | 220.30p | 219.00p | 213.10p |
| Lowest share price | 206.50p | 185.80p | 193.80p | 186.10p |
| #The Fund merged into UK Growth & Income Fund on 15 November 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 six months ended 15 March 2020 (unaudited)

| | 15.3.20* | | 15.3.19 | |
|------------------------------------------------------------------------------|----------|-------|---------|---------|
| | £'000 | £'000 | £'000 | £'000 |
| Income | | | | |
| Net capital gains/(losses) | | 174 | | (1,121) |
| Revenue | 295 | | 811 | |
| Expenses | (116) | | (332) | |
| Net revenue before taxation | 179 | | 479 | |
| Taxation | (4) | | - | |
| Net revenue after taxation | | 175 | | 479 |
| Total return/(deficit) before distributions | | 349 | | (642) |
| Distributions | | (291) | | (24) |
| Change in net assets attributable to shareholders from investment activities | | 58 | | (666) |

Statement of Change in Net Assets Attributable to Shareholders

for the six months ended 15 March 2020 (unaudited)

| | 15.3.20* | | 15.3.19 | |
|--------------------------------------------------------------------------------------------------------------------|----------|----------|---------|---------|
| | £'000 | £'000 | £'000 | £'000 |
| Opening net assets attributable to shareholders | | 46,337 | | 51,374 |
| Amounts receivable on creation of shares | 142 | | 960 | |
| Amounts payable on cancellation of shares | (6,877) | | (3,605) | |
| Amounts payable on in-specie cancellation of shares** | (39,836) | | - | |
| | | (46,571) | | (2,645) |
| Dilution adjustment | | 6 | | 4 |
| Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above) | | 58 | | (666) |
| Retained distribution on accumulation shares | | 170 | | - |
| Closing net assets attributable to shareholders | | - | | 48,067 |

Balance Sheet

as at 15 March 2020 (unaudited)

| | 15.3.20* | | 15.9.19 | |
|-----------------------------------------|----------|-------|---------|--------|
| | £'000 | £'000 | £'000 | £'000 |
| Assets | | | | |
| Investments | | - | | 45,782 |
| Current assets | | | | |
| Debtors | 6 | | 850 | |
| Cash and bank balances | - | | 600 | |
| Total current assets | | 6 | | 1,450 |
| Total assets | | 6 | | 47,232 |
| Liabilities | | | | |
| Creditors | | | | |
| Bank overdrafts | (6) | | - | |
| Distribution payable in income shares | - | | (525) | |
| Other creditors | - | | (370) | |
| Total liabilities | | (6) | | (895) |
| Net assets attributable to shareholders | | - | | 46,337 |

*The Fund merged into UK Growth & Income Fund on 15 November 2019.

**Represents the value of shares cancelled by in-specie transfer of assets during the period.

Distribution Tables (pence per share)

for the six months ended 15 March 2020 (unaudited)

| Group 1: Shares purchased prior to 16 September 2019 | | | |
|----------------------------------------------------------------------------------------------------------------|-----------------------|---------------------|-------------------------------------------|
| Group 2: Shares purchased from 16 September 2019 to 15 November 2019 | | | |
| | <i>Net income</i> | <i>Equalisation</i> | <i>Distribution paid 15.1.20#</i> |
| Retail Income | | | |
| Group 1 | 0.816924 | - | 0.816924 |
| Group 2 | 0.381224 | 0.435700 | 0.816924 |
| Retail Accumulation | | | |
| Group 1 | 1.342760 | - | 1.342760 |
| Group 2 | 0.940510 | 0.402250 | 1.342760 |
| Institutional A Accumulation | | | |
| Group 1 | 1.521696 | - | 1.521696 |
| Group 2 | 1.109889 | 0.411807 | 1.521696 |
| Income C | | | |
| Group 1 | 0.844238 | - | 0.844238 |
| Group 2 | 0.681043 | 0.163195 | 0.844238 |
| Accumulation C | | | |
| Group 1 | 1.385328 | - | 1.385328 |
| Group 2 | 0.944956 | 0.440372 | 1.385328 |
| #The Fund merged into UK Growth & Income Fund on 15 November 2019, therefore the Fund went XD as at this date. | | | |

European Growth Fund

Investment Objective

The Fund aims to provide growth over the long term, which is a period of five years or more. The Fund intends to provide higher returns than the FTSE Developed Europe Excluding UK Index plus 2% per year over three-year periods before charges and tax are deducted from the Fund.

Investment Policy

To achieve its objective, the Fund will invest at least 80% of its value in the shares (equities) of European companies, including preference shares. European companies are those that are based in Europe excluding the UK or earn at least 80% of their revenue from Europe.

The Fund may invest up to 20% of its value in other assets, such as shares of non-European companies and cash.

The Fund may invest up to 10% of its value in other funds, which may be managed or operated by the HSBC Group.

Typically the Fund will invest in the shares of 40 to 60 companies.

Investment Strategy

The Fund is actively managed and is managed with reference to the FTSE Developed Europe Excluding UK Index.

The fund manager aims to generate returns in excess of the FTSE Developed Europe Excluding UK Index plus 2% per year over three-year periods before charges and tax are deducted from the Fund, based on our current view of returns the Fund may potentially achieve, which may change.

The FTSE Developed Europe Excluding UK Index is also considered as part of our investment risk monitoring process, to check that the overall level of risk taken by the fund manager is not inconsistent with the European equities market. To enable investors to assess the performance of the Fund, it is shown against the performance of the FTSE Developed Europe Excluding UK Index plus 2% per year.

*For details of the full Investment Policy and Strategy please refer to the HSBC Specialist Investment Funds prospectus. We have also published a glossary of key terms used which you may wish to refer to. Both documents can be found at <https://www.assetmanagement.hsbc.co.uk/en/individual-investor/fund-centre>.

Portfolio Activity

From 16 September 2019 to 15 March 2020, the Fund underperformed its benchmark. A large part of this underperformance occurred following the burst of the coronavirus pandemic which triggered a large risk aversion move across asset classes in the world.

The Fund's relative return was adversely affected by industry positioning. Our over-exposures to banking, affected by fear of large profit downgrades triggered by deep covid19 related recession and to the energy sector, following the abrupt fall in the oil price detracted from performance as did our under-weightings in defensive and growth sectors such as semi-conductors, cosmetics and real estate. Those were favored by investors in the face of the very large uncertainties facing growth and profitability following the global lockdown. Our over weightings in food retail and business services and our under-exposure to technology hardware and consumer durables only partially mitigated this allocation impact.

Stock selection also detracted from relative performance over the considered period. Our selection in automobile (Renault), material (ArcelorMittal), pharmaceuticals (Bayer), health equipment (Fresenius), banks (Natixis Banques Populaires, ING), IT Services (CapGemini), media (Publicis) or construction (ACS) had a negative influence on the relative performance of the fund. It is to be noted that, only in very few of these cases, the under-performing companies actually suffered operational difficulties.

On the other hand, our choices in telecommunication (Iliad), Food (no Inbev) or consumer durables (SEB) had a positive influence on the relative progression of the fund. Moreover, our bets in Alstom, Teleperformance, Enel, Thales, Sanofi, Siemens, DSM, Veolia, Roche or Ahold all had a large positive impact on relative performance.

During the last 6 months, our biggest sell positions were found either among defensive companies which strong performances had led to unattractive valuation such as Siemens, Novo Nordisk, Nestle, Enel or SAP or, on the other hand, among more cyclical companies faced with deteriorating fundamentals such as OMV, Prysmian, Natixis Banques Populaires, Stora Enso (registered), Allianz, Deutsche Post, Saint Gobain or Arkema. During this period, we tried to reinvest into either higher quality companies with attractive valuation such as Thales, Seb, Alstom, Iliad, Heineken, Koninklijke Philips, Ahold Delhaize or Fresenius or, on the other hand, into very attractively valued cyclicals such as Peugeot, ACS, HeidelbergCement, Crédit Agricole or Mittal.

We remain overweight to financials, energy, healthcare and the eclectic industrials sector. We are underweighted to consumer stocks, both staples and discretionary, technology, property and to a lesser extent, basic industries.

We remain positive on European equities in the context of our investment style, favoring valuation against growth, which appears to be excessively priced.

Investment Performance

During the period under review, the value of the shares in the Fund decreased by 22.72% whilst the value of the FTSE Developed Europe Excluding UK Index Plus 2% fell by 20.56%.

(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 March 2020 (unaudited)

| | Retail Income | Retail Accumulation | Institutional A Accumulation | Income C | Accumulation C |
|-----------------------------|------------------|------------------------|---------------------------------|-------------|-------------------|
| Price | 470.5p | 561.3p | 528.2p | 467.0p | 592.1p |
| Current net estimated yield | 2.65% | 2.62% | 3.81% | 3.71% | 3.63% |
| Annual ACD charge | 1.50% | 1.50% | 0.75% | 0.80% | 0.80% |

Portfolio Statement

as at 15 March 2020 (unaudited)

| <i>Security</i> | <i>Holding</i> | <i>Bid value £'000</i> | <i>Total net assets %</i> |
|---------------------------------|----------------|--------------------------------|---------------------------------------|
| AUSTRIA - 2.62% (4.11%) | | | |
| Erste Bank | 106,800 | 2,089 | 1.78 |
| OMV | 49,296 | 988 | 0.84 |
| Total Austria | | 3,077 | 2.62 |
| BELGIUM - 1.60% (1.48%) | | | |
| KBC Group | 46,224 | 1,880 | 1.60 |
| Total Belgium | | 1,880 | 1.60 |
| DENMARK - 0.00% (0.99%) | | | |
| FINLAND - 1.47% (1.73%) | | | |
| Stora Enso (registered) | 226,849 | 1,723 | 1.47 |
| Total Finland | | 1,723 | 1.47 |
| FRANCE - 33.44% (32.13%) | | | |
| Alstom | 49,190 | 1,689 | 1.44 |
| Arkema | 33,507 | 1,847 | 1.57 |
| AXA | 192,531 | 2,634 | 2.24 |
| Capgemini | 39,762 | 2,477 | 2.11 |
| Carrefour | 162,216 | 1,887 | 1.61 |
| Casino Guichard-Perrachon | 50,621 | 1,339 | 1.14 |
| Crédit Agricole | 274,318 | 1,680 | 1.43 |
| Elis | 139,793 | 1,246 | 1.06 |
| Iliad | 11,270 | 1,076 | 0.92 |
| Michelin | 24,543 | 1,647 | 1.40 |
| Natixis Banques Populaires | 343,338 | 564 | 0.48 |
| Peugeot | 144,268 | 1,531 | 1.30 |
| Publicis Groupe | 56,600 | 1,272 | 1.08 |
| Renault | 50,107 | 747 | 0.64 |
| Saint Gobain Nederland | 101,658 | 2,119 | 1.80 |
| Sanofi | 48,202 | 3,158 | 2.69 |
| Skandinaviska Enskilda Banken | 15,000 | 1,356 | 1.15 |
| Société Générale | 114,520 | 1,749 | 1.49 |
| Teleperformance | 13,887 | 2,162 | 1.84 |
| Thales | 30,887 | 2,011 | 1.71 |
| Total | 124,867 | 2,901 | 2.47 |
| Veolia | 134,707 | 2,197 | 1.87 |
| Total France | | 39,289 | 33.44 |

Portfolio Statement

as at 15 March 2020 (unaudited)

| <i>Security</i> | <i>Holding</i> | <i>Bid value £'000</i> | <i>Total net assets %</i> |
|--------------------------------------|----------------|--------------------------------|---------------------------------------|
| GERMANY - 16.02% (17.59%) | | | |
| Allianz | 26,380 | 3,442 | 2.93 |
| Bayer | 68,688 | 2,933 | 2.49 |
| Deutsche Post | 129,617 | 2,491 | 2.12 |
| Deutsche Telekom | 196,993 | 2,019 | 1.72 |
| Fresenius | 75,000 | 2,089 | 1.78 |
| HeidelbergCement | 35,507 | 1,219 | 1.04 |
| SAP | 30,037 | 2,469 | 2.10 |
| Siemens | 35,176 | 2,164 | 1.84 |
| Total Germany | | 18,826 | 16.02 |
| IRELAND - 1.09% (1.25%) | | | |
| +iShares MSCI Europe ex-UK UCITS ETF | 56,813 | 1,281 | 1.09 |
| Total Ireland | | 1,281 | 1.09 |
| ITALY - 5.52% (6.41%) | | | |
| Enel | 618,547 | 3,050 | 2.60 |
| Prysmian | 88,422 | 1,194 | 1.02 |
| UniCredit SpA | 326,735 | 2,237 | 1.90 |
| Total Italy | | 6,481 | 5.52 |
| LUXEMBOURG - 0.00% (1.28%) | | | |
| NETHERLANDS - 10.81% (8.55%) | | | |
| Ahold Delhaize | 101,556 | 1,700 | 1.45 |
| ArcelorMittal | 175,304 | 1,256 | 1.07 |
| Heineken | 40,644 | 2,764 | 2.35 |
| ING Groep | 377,437 | 1,740 | 1.48 |
| Koninklijke DSM | 20,890 | 1,721 | 1.46 |
| Koninklijke Philips | 72,506 | 1,960 | 1.67 |
| Signify | 91,328 | 1,565 | 1.33 |
| Total Netherlands | | 12,706 | 10.81 |
| SPAIN - 5.72% (6.88%) | | | |
| ACS | 99,775 | 1,477 | 1.26 |
| #ACS Rights | 25 | - | 0.00 |
| Banco Santander | 1,071,387 | 2,159 | 1.84 |
| Industria de Diseno Textil | 73,050 | 1,388 | 1.18 |
| Telefonica | 490,297 | 1,698 | 1.44 |
| Total Spain | | 6,722 | 5.72 |
| SWEDEN - 1.11% (1.27%) | | | |
| Volvo B | 134,272 | 1,305 | 1.11 |
| Total Sweden | | 1,305 | 1.11 |

Portfolio Statement

as at 15 March 2020 (unaudited)

| <i>Security</i> | <i>Holding</i> | <i>Bid value £'000</i> | <i>Total net assets %</i> |
|---------------------------------------|----------------|--------------------------------|---------------------------------------|
| SWITZERLAND - 15.56% (14.10%) | | | |
| Nestlé | 66,352 | 5,046 | 4.29 |
| Novartis | 61,487 | 3,686 | 3.14 |
| Roche | 22,359 | 5,349 | 4.55 |
| Swiss Re | 40,560 | 2,320 | 1.97 |
| UBS | 277,588 | 1,888 | 1.61 |
| Total Switzerland | | 18,289 | 15.56 |
| UNITED KINGDOM - 1.13% (1.06%) | | | |
| RELX | 87,464 | 1,331 | 1.13 |
| Total United Kingdom | | 1,331 | 1.13 |
| Portfolio of investments | | 112,910 | 96.09 |
| Net other assets | | 4,590 | 3.91 |
| Net assets | | 117,500 | 100.00 |

+collective investment scheme

#unlisted

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

Unless otherwise stated, all investments are listed securities.

Total purchases for the period, including transaction charges, were £10,861,974.

Total sales for the period, net of transaction charges, were £24,005,858.

Comparative Tables

for the six months ended 15 March 2020 (unaudited)

| Retail Income | 15.3.20 | 15.9.19 | 15.9.18 | 15.9.17 |
|----------------------------------------|----------------|----------------|----------------|----------------|
| Change in net assets per share | | | | |
| Opening net asset value per share | 705.10p | 696.70p | 723.20p | 627.40p |
| Return before operating charges* | (189.23p) | 32.20p | (10.79p) | 117.75p |
| Operating charges** | (5.87p) | (11.35p) | (12.35p) | (11.39p) |
| Return after operating charges* | (195.10p) | 20.85p | (23.14p) | 106.36p |
| Distributions on income shares | 0.00p | (12.45p) | (3.36p) | (10.56p) |
| Closing net asset value per share | 510.00p | 705.10p | 696.70p | 723.20p |
| *after direct transaction costs of:*** | 0.14p | 0.41p | 0.30p | 1.08p |
| Performance | | | | |
| Return after charges | (27.67%) | 2.99% | (3.20%) | 16.95% |
| Other information | | | | |
| Closing net asset value | £1,508 | £1,000,421 | £1,224,868 | £9,246,173 |
| Closing number of shares | 296 | 141,892 | 175,800 | 1,278,545 |
| Operating charges - OCF | 1.67% | 1.69% | 1.68% | 1.66% |
| Direct transaction costs | 0.02% | 0.06% | 0.04% | 0.16% |
| Prices | | | | |
| Highest share price | 721.70p | 723.20p | 762.50p | 757.70p |
| Lowest share price | 537.30p | 618.30p | 680.80p | 595.40p |

| Retail Accumulation | 15.3.20 | 15.9.19 | 15.9.18 | 15.9.17 |
|-----------------------------------------------|----------------|----------------|----------------|----------------|
| Change in net assets per share | | | | |
| Opening net asset value per share | 841.10p | 816.70p | 843.40p | 721.20p |
| Return before operating charges* | (225.91p) | 37.74p | (12.49p) | 135.17p |
| Operating charges** | (6.89p) | (13.34p) | (14.21p) | (12.97p) |
| Return after operating charges* | (232.80p) | 24.40p | (26.70p) | 122.20p |
| Distributions on accumulation shares | 0.00p | (14.70p) | (12.21p) | (11.98p) |
| Retained distributions on accumulation shares | 0.00p | 14.70p | 12.21p | 11.98p |
| Closing net asset value per share | 608.30p | 841.10p | 816.70p | 843.40p |
| *after direct transaction costs of:*** | 0.17p | 0.48p | 0.34p | 1.23p |
| Performance | | | | |
| Return after charges | (27.68%) | 2.99% | (3.17%) | 16.94% |
| Other information | | | | |
| Closing net asset value | £31,737,688 | £87,153,294 | £90,704,892 | £102,677,627 |
| Closing number of shares | 5,217,326 | 10,361,780 | 11,105,870 | 12,174,474 |
| Operating charges - OCF | 1.66% | 1.70% | 1.68% | 1.66% |
| Direct transaction costs | 0.02% | 0.06% | 0.04% | 0.16% |
| Prices | | | | |
| Highest share price | 860.90p | 847.70p | 889.50p | 870.90p |
| Lowest share price | 640.90p | 724.80p | 794.20p | 684.30p |

**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 six months ended 15 March 2020 (unaudited)

| Institutional A Accumulation | 15.3.20 | 15.9.19 | 15.9.18 | 15.9.17 |
|-----------------------------------------------|----------------|----------------|----------------|----------------|
| Change in net assets per share | | | | |
| Opening net asset value per share | 788.00p | 758.50p | 776.30p | 658.10p |
| Return before operating charges* | (212.56p) | 35.50p | (11.50p) | 123.83p |
| Operating charges** | (3.04p) | (6.00p) | (6.30p) | (5.63p) |
| Return after operating charges* | (215.60p) | 29.50p | (17.80p) | 118.20p |
| Distributions on accumulation shares | (0.00p) | (20.14p) | (18.79p) | (17.50p) |
| Retained distributions on accumulation shares | 0.00p | 20.14p | 18.79p | 17.50p |
| Closing net asset value per share | 572.40p | 788.00p | 758.50p | 776.30p |
| *after direct transaction costs of:*** | 0.16p | 0.45p | 0.32p | 1.12p |
| Performance | | | | |
| Return after charges | (27.36%) | 3.89% | (2.29%) | 17.96% |
| Other information | | | | |
| Closing net asset value | £7,371,122 | £10,879,301 | £13,281,372 | £469,542 |
| Closing number of shares | 1,287,674 | 1,380,659 | 1,751,053 | 60,482 |
| Operating charges - OCF | 0.79% | 0.82% | 0.81% | 0.79% |
| Direct transaction costs | 0.02% | 0.06% | 0.04% | 0.16% |
| Prices | | | | |
| Highest share price | 809.50p | 793.00p | 821.30p | 801.20p |
| Lowest share price | 603.00p | 674.80p | 734.70p | 625.60p |

| Income C | 15.3.20 | 15.9.19 | 15.9.18 | 15.9.17 |
|----------------------------------------|----------------|----------------|----------------|----------------|
| Change in net assets per share | | | | |
| Opening net asset value per share | 697.20p | 688.80p | 722.40p | 626.60p |
| Return before operating charges* | (187.90p) | 32.19p | (10.77p) | 117.86p |
| Operating charges** | (3.20p) | (6.46p) | (6.94p) | (6.44p) |
| Return after operating charges* | (191.10p) | 25.73p | (17.71p) | 111.42p |
| Distributions on income shares | 0.00p | (17.33p) | (15.89p) | (15.62p) |
| Closing net asset value per share | 506.10p | 697.20p | 688.80p | 722.40p |
| *after direct transaction costs of:*** | 0.14p | 0.41p | 0.30p | 1.08p |
| Performance | | | | |
| Return after charges | (27.41%) | 3.74% | (2.45%) | 17.78% |
| Other information | | | | |
| Closing net asset value | £42,715,605 | £59,502,098 | £63,178,000 | £63,722,523 |
| Closing number of shares | 8,440,322 | 8,535,007 | 9,172,264 | 8,820,799 |
| Operating charges - OCF | 0.94% | 0.97% | 0.95% | 0.94% |
| Direct transaction costs | 0.02% | 0.06% | 0.04% | 0.16% |
| Prices | | | | |
| Highest share price | 715.70p | 719.20p | 763.80p | 761.80p |
| Lowest share price | 533.10p | 612.50p | 683.00p | 595.40p |

**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 six months ended 15 March 2020 (unaudited)

| Accumulation C | 15.3.20 | 15.9.19 | 15.9.18 | 15.9.17 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|----------------|----------------|
| Change in net assets per share | | | | |
| Opening net asset value per share | 883.90p | 852.10p | 873.60p | 741.60p |
| Return before operating charges* | (238.23p) | 39.79p | (13.10p) | 139.62p |
| Operating charges** | (3.97p) | (7.99p) | (8.40p) | (7.62p) |
| Return after operating charges* | (242.20p) | 31.80p | (21.50p) | 132.00p |
| Distributions on accumulation shares | (0.00p) | (21.47p) | (19.17p) | (18.49p) |
| Retained distributions on accumulation shares | 0.00p | 21.47p | 19.17p | 18.49p |
| Closing net asset value per share | 641.70p | 883.90p | 852.10p | 873.60p |
| *after direct transaction costs of:*** | 0.17p | 0.50p | 0.36p | 1.28p |
| Performance | | | | |
| Return after charges | (27.40%) | 3.73% | (2.46%) | 17.80% |
| Other information | | | | |
| Closing net asset value | £35,674,112 | £13,729,565 | £13,372,975 | £13,960,473 |
| Closing number of shares | 5,559,212 | 1,553,232 | 1,569,377 | 1,598,105 |
| Operating charges - OCF | 0.94% | 0.97% | 0.95% | 0.94% |
| Direct transaction costs | 0.02% | 0.06% | 0.04% | 0.16% |
| Prices | | | | |
| Highest share price | 907.50p | 889.80p | 923.60p | 901.70p |
| Lowest share price | 676.00p | 757.80p | 825.90p | 704.80p |
| **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. | | | | |

Statement of Total Return

for the six months ended 15 March 2020 (unaudited)

| | 15.3.20 | | 15.3.19 | |
|------------------------------------------------------------------------------|---------|----------|---------|----------|
| | £'000 | £'000 | £'000 | £'000 |
| Income | | | | |
| Net capital losses | | (44,247) | | (10,114) |
| Revenue | 677 | | 1,219 | |
| Expenses | (994) | | (1,085) | |
| Interest payable and similar charges | (16) | | - | |
| Net (expense)/revenue before taxation | (333) | | 134 | |
| Taxation | (47) | | (107) | |
| Net (expense)/revenue after taxation | | (380) | | 27 |
| Total deficit before distributions | | (44,627) | | (10,087) |
| Distributions | | - | | (1) |
| Change in net assets attributable to shareholders from investment activities | | (44,627) | | (10,088) |

Statement of Change in Net Assets Attributable to Shareholders

for the six months ended 15 March 2020 (unaudited)

| | 15.3.20 | | 15.3.19 | |
|--------------------------------------------------------------------------------------------------------------------|----------|----------|---------|----------|
| | £'000 | £'000 | £'000 | £'000 |
| Opening net assets attributable to shareholders | | 172,265 | | 181,762 |
| Amounts receivable on creation of shares | 3,258 | | 3,230 | |
| Amounts payable on cancellation of shares | (13,402) | | (8,356) | |
| | | (10,144) | | (5,126) |
| Dilution adjustment | | 6 | | - |
| Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above) | | (44,627) | | (10,088) |
| Closing net assets attributable to shareholders | | 117,500 | | 166,548 |

Balance Sheet

as at 15 March 2020 (unaudited)

| | 15.3.20 | | 15.9.19 | |
|-----------------------------------------|---------|---------|---------|---------|
| | £'000 | £'000 | £'000 | £'000 |
| Assets | | | | |
| Investments | | 112,910 | | 170,255 |
| Current assets | | | | |
| Debtors | 1,492 | | 1,907 | |
| Cash and bank balances | 3,328 | | 2,031 | |
| Total current assets | | 4,820 | | 3,938 |
| Total assets | | 117,730 | | 174,193 |
| Liabilities | | | | |
| Creditors | | | | |
| Distribution payable on income shares | - | | (1,497) | |
| Other creditors | (230) | | (431) | |
| Total liabilities | | (230) | | (1,928) |
| Net assets attributable to shareholders | | 117,500 | | 172,265 |

Asian Growth Fund

Investment Objective

To provide long-term capital growth by investing in the Far East (excluding Japan).

Investment Policy

To invest in a diverse portfolio of securities quoted on Far Eastern stock markets (excluding Japan).

Investment Strategy

The Fund invests at least 80% in Asia (excluding Japan) equities. To achieve this it invests across a range of stocks diversified by country and sector.

Portfolio Activity

The Fund merged into the Pacific Index Fund on 15 March 2019 therefore there is no Portfolio Activity, Investment Performance and Fund Particulars available for this fund.

Comparative Tables

for the six months ended 15 March 2020 (unaudited)

| Retail Income | 15.3.20 | 15.3.19# | 15.9.18 | 15.9.17 |
|----------------------------------------|----------------|-----------------|----------------|----------------|
| Change in net assets per share | | | | |
| Opening net asset value per share | N/A | 128.80p | 131.10p | 108.40p |
| Return before operating charges* | N/A | 3.41p | 1.00p | 25.49p |
| Operating charges** | N/A | (1.21p) | (2.48p) | (2.17p) |
| Return after operating charges* | N/A | 2.20p | (1.48p) | 23.32p |
| Distributions on income shares | N/A | - | (0.82p) | (0.62p) |
| Cancellation price | N/A | (131.00p) | - | - |
| Closing net asset value per share | N/A | 0.00p | 128.80p | 131.10p |
| *after direct transaction costs of:*** | N/A | 0.45p | 0.35p | 0.49p |
| Performance | | | | |
| Return after charges | N/A | 1.71% | (1.13%) | 21.51% |
| Other information | | | | |
| Closing net asset value | N/A | - | £183,108 | £506,544 |
| Closing number of shares | N/A | - | 142,148 | 386,280 |
| Operating charges - OCF | N/A | 0.00% | 1.79% | 1.78% |
| Direct transaction costs | N/A | 0.36% | 0.25% | 0.40% |
| Prices | | | | |
| Highest share price | N/A | 135.10p | 146.10p | 137.80p |
| Lowest share price | N/A | 115.10p | 126.60p | 108.40p |

| Retail Accumulation | 15.3.20 | 15.3.19# | 15.9.18 | 15.9.17 |
|-----------------------------------------------|----------------|-----------------|----------------|----------------|
| Change in net assets per share | | | | |
| Opening net asset value per share | N/A | 145.30p | 147.10p | 121.00p |
| Return before operating charges* | N/A | 3.86p | 0.98p | 28.49p |
| Operating charges** | N/A | (1.36p) | (2.78p) | (2.39p) |
| Return after operating charges* | N/A | 2.50p | (1.80p) | 26.10p |
| Distributions on accumulation shares | N/A | - | (0.90p) | (0.56p) |
| Retained distributions on accumulation shares | N/A | - | 0.90p | 0.56p |
| Cancellation price | N/A | (147.80p) | - | - |
| Closing net asset value per share | N/A | 0.00p | 145.30p | 147.10p |
| *after direct transaction costs of:*** | N/A | 0.51p | 0.39p | 0.55p |
| Performance | | | | |
| Return after charges | N/A | 1.72% | (1.22%) | 21.57% |
| Other information | | | | |
| Closing net asset value | N/A | - | £29,311,557 | £34,574,358 |
| Closing number of shares | N/A | - | 20,170,163 | 23,510,465 |
| Operating charges - OCF | N/A | 0.00% | 1.79% | 1.78% |
| Direct transaction costs | N/A | 0.36% | 0.25% | 0.40% |
| Prices | | | | |
| Highest share price | N/A | 152.40p | 163.70p | 153.80p |
| Lowest share price | N/A | 129.90p | 142.00p | 120.90p |

#The last pricing date before the Fund merged into the Pacific Index Fund.

**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 six months ended 15 March 2020 (unaudited)

| Income C | 15.3.20 | 15.3.19# | 15.9.18 | 15.9.17 |
|----------------------------------------|----------------|-----------------|----------------|----------------|
| Change in net assets per share | | | | |
| Opening net asset value per share | N/A | 127.90p | 130.40p | 107.80p |
| Return before operating charges* | N/A | 3.39p | 0.80p | 25.45p |
| Operating charges** | N/A | (0.75p) | (1.48p) | (1.29p) |
| Return after operating charges* | N/A | 2.64p | (0.68p) | 24.16p |
| Distributions on income shares | N/A | (0.14p) | (1.82p) | (1.56p) |
| Cancellation price | N/A | (130.40p) | - | - |
| Closing net asset value per share | N/A | 0.00p | 127.90p | 130.40p |
| *after direct transaction costs of:*** | N/A | 0.45p | 0.35p | 0.49p |
| Performance | | | | |
| Return after charges | N/A | 2.06% | (0.52%) | 22.41% |
| Other information | | | | |
| Closing net asset value | N/A | - | £2,849,146 | £2,370,153 |
| Closing number of shares | N/A | - | 2,226,835 | 1,817,977 |
| Operating charges - OCF | N/A | 0.00% | 1.07% | 1.06% |
| Direct transaction costs | N/A | 0.36% | 0.25% | 0.40% |
| Prices | | | | |
| Highest share price | N/A | 134.60p | 145.80p | 137.90p |
| Lowest share price | N/A | 114.40p | 126.80p | 107.80p |

| Accumulation C | 15.3.20 | 15.3.19# | 15.9.18 | 15.9.17 |
|-----------------------------------------------|----------------|-----------------|----------------|----------------|
| Change in net assets per share | | | | |
| Opening net asset value per share | N/A | 148.80p | 149.50p | 122.10p |
| Return before operating charges* | N/A | 3.87p | 0.99p | 28.88p |
| Operating charges** | N/A | (0.87p) | (1.69p) | (1.48p) |
| Return after operating charges* | N/A | 3.00p | (0.70p) | 27.40p |
| Distributions on accumulation shares | N/A | (0.16p) | (2.09p) | (1.76p) |
| Retained distributions on accumulation shares | N/A | 0.16p | 2.09p | 1.76p |
| Cancellation price | N/A | (151.80p) | - | - |
| Closing net asset value per share | N/A | 0.00p | 148.80p | 149.50p |
| *after direct transaction costs of:*** | N/A | 0.52p | 0.40p | 0.56p |
| Performance | | | | |
| Return after charges | N/A | 2.02% | (0.47%) | 22.44% |
| Other information | | | | |
| Closing net asset value | N/A | - | £3,951,688 | £2,991,765 |
| Closing number of shares | N/A | - | 2,656,076 | 2,001,658 |
| Operating charges - OCF | N/A | 0.00% | 1.07% | 1.06% |
| Direct transaction costs | N/A | 0.36% | 0.25% | 0.40% |
| Prices | | | | |
| Highest share price | N/A | 156.60p | 167.10p | 156.20p |
| Lowest share price | N/A | 133.10p | 145.30p | 122.20p |

#The last pricing date before the Fund merged into the Pacific Index Fund.

**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 six months ended 15 March 2020 (unaudited)

| | 15.3.20 | | 15.3.19* | |
|------------------------------------------------------------------------------|---------|-------|----------|-------|
| | £'000 | £'000 | £'000 | £'000 |
| Income | | | | |
| Net capital gains | | - | | 553 |
| Revenue | (3) | | 255 | |
| Expenses | (1) | | (278) | |
| Net expense before taxation | (4) | | (23) | |
| Taxation | - | | (35) | |
| Net expense after taxation | | (4) | | (58) |
| Total (deficit)/return before distributions | | (4) | | 495 |
| Distributions | | 4 | | (7) |
| Change in net assets attributable to shareholders from investment activities | | - | | 488 |

Statement of Change in Net Assets Attributable to Shareholders

for the six months ended 15 March 2020 (unaudited)

| | 15.3.20 | | 15.3.19* | |
|--------------------------------------------------------------------------------------------------------------------|---------|-------|----------|----------|
| | £'000 | £'000 | £'000 | £'000 |
| Opening net assets attributable to shareholders | | - | | 36,295 |
| Amounts receivable on creation of shares | - | | 1,091 | |
| Amounts payable on cancellation of shares | - | | (4,701) | |
| Amounts payable on in-specie cancellation of shares** | - | | (33,190) | |
| | | - | | (36,800) |
| Dilution adjustment | | - | | 13 |
| Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above) | | - | | 488 |
| Retained distribution on accumulation shares | | - | | 4 |
| Closing net assets attributable to shareholders | | - | | - |

Balance Sheet

as at 15 March 2020 (unaudited)

| | 15.3.20 | | 15.3.19* | |
|-----------------------------------------|---------|-------|----------|-------|
| | £'000 | £'000 | £'000 | £'000 |
| Assets | | | | |
| Current assets | | | | |
| Debtors | 4 | | 4 | |
| Cash and bank balances | 8 | | 12 | |
| Total current assets | | 12 | | 16 |
| Total assets | | 12 | | 16 |
| Liabilities | | | | |
| Distribution payable on income shares | - | | - | |
| Other creditors | (12) | | (16) | |
| Total liabilities | | (12) | | (16) |
| Net assets attributable to shareholders | | - | | - |

*The Fund merged into the Pacific Index Fund on 15 March 2019.

**Represents the value of shares cancelled by in-specie transfer of assets during the period.

Distribution Table (pence per share)

for the six months ended 15 March 2020 (unaudited)

| Group 1: Shares purchased prior to 16 September 2019 | | | | |
|-------------------------------------------------------------------|-----------------------|---------------------|---------------------------------------------|-------------------------------------------|
| Group 2: Shares purchased from 16 September 2019 to 15 March 2020 | | | | |
| | <i>Net income</i> | <i>Equalisation</i> | <i>Distribution payable 15.5.20</i> | <i>Distribution paid 15.5.19*</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 |
| Income C | | | | |
| Group 1 | N/A | - | N/A | 0.139351 |
| Group 2 | N/A | N/A | N/A | 0.139351 |
| Accumulation C | | | | |
| Group 1 | N/A | - | N/A | 0.162536 |
| Group 2 | N/A | N/A | N/A | 0.162536 |
| *The Fund merged into the Pacific Index Fund on 15 March 2019. | | | | |

Chinese Equity Fund

Investment Objective

To provide long-term capital growth by investing at least two thirds of its total non-cash assets in a well-diversified portfolio of equities and equity-related securities of companies which have their registered office in, and with an official listing on a major stock exchange or other regulated market of the People's Republic of China, including Hong Kong SAR, as well as those companies which carry out a predominant part of their business activities in China.

Investment Policy*

To invest primarily in a diverse portfolio of equities and investment-related securities of companies which have their registered office in, and with an official listing on a major stock exchange or other regulated market of the People's Republic of China, including Hong Kong SAR, as well as those companies which carry out a predominant part of their business activities in China.

*the full policy can be found in the prospectus.

Investment Strategy*

The sub-fund invests in Chinese equities. To achieve this it invests across a range of stocks diversified by sector.

*the full strategy can be found in the prospectus.

Portfolio Activity

The Fund closed on 5 October 2018 therefore there is no Portfolio Activity, Investment Performance and Fund Particulars available for this fund.

Portfolio Statement

as at 15 March 2020 (unaudited)

| <i>Security</i> | <i>Holding</i> | <i>Bid value £'000</i> | <i>Total net assets %</i> |
|---------------------------------------|----------------|--------------------------------|---------------------------------------|
| HONG KONG - 0.00% (0.00%) | | | |
| Consumer Goods - 0.00% (0.00%) | | | |
| #Peace Mark Holdings | 670,000 | - | 0.00 |
| Total Consumer Goods | 670,000 | - | 0.00 |
| Total Hong Kong | 670,000 | - | 0.00 |
| Portfolio of investments | | - | 0.00 |
| Net other assets | | - | 0.00 |
| Net assets | | - | 0.00 |

#delisted

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

Comparative Tables

for the six months ended 15 March 2020 (unaudited)

| Retail Income | 15.3.20 | 5.10.18# | 15.9.18 | 15.9.17 |
|----------------------------------------|----------------|-----------------|----------------|----------------|
| Change in net assets per share | | | | |
| Opening net asset value per share | N/A | 431.70p | 463.10p | 363.90p |
| Return before operating charges* | N/A | 5.98p | (20.63p) | 107.51p |
| Operating charges** | N/A | (0.78p) | (9.26p) | (7.30p) |
| Return after operating charges* | N/A | 5.20p | (29.89p) | 100.21p |
| Distributions on income shares | N/A | 0.00p | (1.51p) | (1.01p) |
| Cancellation price | N/A | (436.90p) | - | - |
| Closing net asset value per share | N/A | 0.00p | 431.70p | 463.10p |
| *after direct transaction costs of:*** | N/A | 0.59p | 2.03p | 1.28p |
| Performance | | | | |
| Return after charges | N/A | 1.20% | (6.45%) | 27.54% |
| Other information | | | | |
| Closing net asset value | N/A | N/A | £155,567 | £438,500 |
| Closing number of shares | N/A | N/A | 36,038 | 94,688 |
| Operating charges - OCF | N/A | N/A | 1.91% | 1.83% |
| Direct transaction costs | N/A | 0.13% | 0.42% | 0.32% |
| Prices | | | | |
| Highest share price | N/A | 448.70p | 528.30p | 481.40p |
| Lowest share price | N/A | 426.10p | 418.40p | 350.20p |

| Retail Accumulation | 15.3.20 | 5.10.18# | 15.9.18 | 15.9.17 |
|-----------------------------------------------|----------------|-----------------|----------------|----------------|
| Change in net assets per share | | | | |
| Opening net asset value per share | N/A | 510.10p | 545.30p | 427.60p |
| Return before operating charges* | N/A | 7.31p | (24.37p) | 126.29p |
| Operating charges** | N/A | (1.01p) | (10.83p) | (8.59p) |
| Return after operating charges* | N/A | 6.30p | (35.20p) | 117.70p |
| Distributions on accumulation shares | N/A | (0.00p) | (2.11p) | (1.13p) |
| Retained distributions on accumulation shares | N/A | 0.00p | 2.11p | 1.13p |
| Cancellation price | N/A | (516.40p) | - | - |
| Closing net asset value per share | N/A | 0.00p | 510.10p | 545.30p |
| *after direct transaction costs of:*** | N/A | 0.69p | 2.39p | 1.50p |
| Performance | | | | |
| Return after charges | N/A | 1.24% | (6.46%) | 27.53% |
| Other information | | | | |
| Closing net asset value | N/A | N/A | £12,736,377 | £19,059,715 |
| Closing number of shares | N/A | N/A | 2,496,945 | 3,495,495 |
| Operating charges - OCF | N/A | N/A | 1.90% | 1.83% |
| Direct transaction costs | N/A | 0.13% | 0.42% | 0.32% |
| Prices | | | | |
| Highest share price | N/A | 530.30p | 622.09p | 565.60p |
| Lowest share price | N/A | 503.50p | 492.70p | 411.40p |

#The Fund sold all of its shares on 5 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 six months ended 15 March 2020 (unaudited)

| Income C | 15.3.20 | 5.10.18# | 15.9.18 | 15.9.17 |
|----------------------------------------|----------------|-----------------|----------------|----------------|
| Change in net assets per share | | | | |
| Opening net asset value per share | N/A | 428.60p | 460.70p | 361.70p |
| Return before operating charges* | N/A | 6.15p | (20.91p) | 107.24p |
| Operating charges** | N/A | (0.75p) | (5.66p) | (4.38p) |
| Return after operating charges* | N/A | 5.40p | (26.57p) | 102.86p |
| Distributions on income shares | N/A | 0.00p | (5.53p) | (3.86p) |
| Cancellation price | N/A | (434.00p) | - | - |
| Closing net asset value per share | N/A | 0.00p | 428.60p | 460.70p |
| *after direct transaction costs of:*** | N/A | 0.58p | 2.03p | 1.27p |
| Performance | | | | |
| Return after charges | N/A | 1.26% | (5.77%) | 28.44% |
| Other information | | | | |
| Closing net asset value | N/A | N/A | £1,327,460 | £1,490,217 |
| Closing number of shares | N/A | N/A | 309,751 | 323,482 |
| Operating charges - OCF | N/A | N/A | 1.17% | 1.10% |
| Direct transaction costs | N/A | 0.13% | 0.42% | 0.32% |
| Prices | | | | |
| Highest share price | N/A | 445.60p | 526.90p | 481.60p |
| Lowest share price | N/A | 423.00p | 421.40p | 348.60p |

| Accumulation C | 15.3.20 | 5.10.18# | 15.9.18 | 15.9.17 |
|-----------------------------------------------|----------------|-----------------|----------------|----------------|
| Change in net assets per share | | | | |
| Opening net asset value per share | N/A | 522.20p | 554.20p | 431.50p |
| Return before operating charges* | N/A | 7.67p | (25.20p) | 127.96p |
| Operating charges** | N/A | (0.97p) | (6.80p) | (5.26p) |
| Return after operating charges* | N/A | 6.70p | (32.00p) | 122.70p |
| Distributions on accumulation shares | N/A | (0.00p) | (6.66p) | (4.83p) |
| Retained distributions on accumulation shares | N/A | 0.00p | 6.66p | 4.83p |
| Cancellation price | N/A | (528.90p) | - | - |
| Closing net asset value per share | N/A | 0.00p | 522.20p | 554.20p |
| *after direct transaction costs of:*** | N/A | 0.71p | 2.44p | 1.53p |
| Performance | | | | |
| Return after charges | N/A | 1.28% | (5.77%) | 28.44% |
| Other information | | | | |
| Closing net asset value | N/A | N/A | £4,421,676 | £6,113,349 |
| Closing number of shares | N/A | N/A | 846,702 | 1,103,084 |
| Operating charges - OCF | N/A | N/A | 1.17% | 1.10% |
| Direct transaction costs | N/A | 0.13% | 0.42% | 0.32% |
| Prices | | | | |
| Highest share price | N/A | 543.10p | 633.90p | 574.60p |
| Lowest share price | N/A | 515.50p | 506.90p | 415.90p |

#The Fund sold all of its shares on 5 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.

Statement of Total Return

for the six months ended 15 March 2020 (unaudited)

| | 15.3.20* | | 15.3.19 | |
|------------------------------------------------------------------------------|----------|-------|---------|-------|
| | £'000 | £'000 | £'000 | £'000 |
| Income | | | | |
| Net capital gains | | - | | 216 |
| Revenue | - | | 15 | |
| Expenses | (7) | | (22) | |
| Net expense before taxation | (7) | | (7) | |
| Taxation | - | | - | |
| Net expense after taxation | | (7) | | (7) |
| Total (deficit)/return before distributions | | (7) | | 209 |
| Distributions | | 7 | | 7 |
| Change in net assets attributable to shareholders from investment activities | | - | | 216 |

Statement of Change in Net Assets Attributable to Shareholders

for the six months ended 15 March 2020 (unaudited)

| | 15.3.20* | | 15.3.19 | |
|--------------------------------------------------------------------------------------------------------------------|----------|-------|----------|----------|
| | £'000 | £'000 | £'000 | £'000 |
| Opening net assets attributable to shareholders | | - | | 18,641 |
| Amounts payable on cancellation of shares | - | | (18,897) | |
| Amounts payable on in-specie cancellation of shares** | - | | (16) | |
| | | - | | (18,913) |
| Dilution adjustment | | - | | 56 |
| Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above) | | - | | 216 |
| Closing net assets attributable to shareholders | | - | | - |

Balance Sheet

as at 15 March 2020 (unaudited)

| | 15.3.20* | | 15.9.19 | |
|-----------------------------------------|----------|-------|---------|-------|
| | £'000 | £'000 | £'000 | £'000 |
| Assets | | | | |
| Current assets | | | | |
| Debtors | 13 | | 9 | |
| Cash and bank balances | - | | 2 | |
| Total current assets | | 13 | | 11 |
| Total assets | | 13 | | 11 |
| Liabilities | | | | |
| Creditors | | | | |
| Bank overdrafts | (8) | | - | |
| Other creditors | (5) | | (11) | |
| Total liabilities | | (13) | | (11) |
| Net assets attributable to shareholders | | - | | - |

*The Fund sold all of its shares on 5 October 2018.

**Represents the value of shares cancelled by in-specie transfer of assets during the period.

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 is £500 for retail, £1,000 for institutional A, £1,000,000 for institutional and £10,000 for C share classes.

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 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:-

- If you hold income shares, income will be distributed to you on payment dates shown for each of the Funds in the table on page 40.
- 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:

Income that is distributed from our funds as interest is paid or accumulated gross of tax to all shareholders.

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 Revenue & Customs 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.

*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 Interim Report covers the period 16 September 2019 to 15 March 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.

Markets in some countries are described as 'emerging markets'. Some of these may involve a higher risk than where investment is within a more established market. These risks include the possibility of failed or delayed settlement, registration and custody of securities and the level of investor protection offered. Emerging markets are generally, but not exclusively, those that are not within the United States, Canada, Switzerland and members of the European Economic Area, Japan, Australia and New Zealand.

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 Specialist Investment 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 March 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 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.

Accounting Policies

The interim financial statements have been prepared on the historical cost basis, as modified by the revaluation of investments, in compliance with FRS 102 and in accordance with the Statement of Recommended Practice for Authorised Funds (SORP) issued by The Investment Association in May 2014.

A.C. Corfield

Director



A.S. Clark

Director



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

26 April 2020

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 of Incorporation was updated on 15 November 2019 to reflect that the UK Freestyle Fund is currently being wound up and is no longer available for investment.

Amendments to the Company Prospectus

The Company Prospectus was updated throughout on 4 October 2019 advising that the ACD had written to Shareholders proposing that the Fund be merged with the UK Growth & Income Fund to be voted on at an Extraordinary General Meeting held on Thursday 31 October 2019.

Subsequently, the Company Prospectus was updated throughout on 31 October 2019 to advise that at the Extraordinary General Meeting held on 31 October 2019, Shareholders voted in favour of the proposal to merge the Fund with the UK Growth & Income Fund.

Finally, the Company Prospectus was updated throughout on 15 November 2019 to advise that the Fund is currently being wound up and is no longer available for investment.

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.

Risk and Reward Profile

| Fund | Rating* | <div> <div>Lower risk</div> <div>Higher risk</div> <div> <div>←</div> <div>→</div> </div> <div>Typically lower rewards</div> <div>Typically higher rewards</div> <div> <div>1</div> <div>2</div> <div>3</div> <div>4</div> <div>5</div> <div>6</div> <div>7</div> </div> </div> |
|----------------------|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| UK Freestyle Fund | 5 [^] | |
| European Growth Fund | 5 | |

[^]UK Freestyle Fund merged into the UK Growth & Income Fund (a fund within the HSBC Investment Fund OEIC) on 15/11/19.

The Chinese Equity Fund closed on 5/10/18 and the Asian Growth Fund merged into the Pacific Index Fund (a fund within the HSBC Index Tracker OEIC) on 15/3/19.

*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

The Company

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Authorised Corporate Director (ACD) and Head Office

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Investment Manager

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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 Specialist Investment Funds

| Name of OEIC Fund | UK Freestyle [^] | European Growth |
|------------------------------------------|---------------------------|-----------------|
| Number of distributions per year | 1 | 1 |
| Distribution dates | 15 Nov | 15 Nov |
| Lump sum minimum investment level | £1,000 | £1,000 |
| Regular saver minimum investment level | £50 | £50 |
| Authorised Corporate Director charge % † | 1.50 | 1.50 |
| Available as an ISA | Yes | Yes |
| In ISA can income be paid | No | No |
| Income shares available | Yes | Yes |
| Accumulation shares available | Yes | Yes |

† The above information relates only to retail share classes or C share classes as applicable. Other share classes may differ.

[^] Funds no longer available

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www.assetmanagement.hsbc.com/uk

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