



HSBC Managed Funds  
HSBC Global Money Funds  
Annual Report 2019



**HSBC**  
Global Asset  
Management

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# Investment Adviser's Report

## **HSBC Managed Balanced Fund**

### **Market review**

In the second half of 2018, we have seen heightened volatility across different assets amid various market events such as the strengthening of the US dollar against major and emerging market currencies, rising US dollar yields where the 10 year US treasury broke 3% level, continuous trade tension and global recession concerns.

Trade tension remained the focus in 2019. The year started with a trade truce between China and the US which reversed the negative sentiment temporarily, supporting the equity markets performance. However, the surprised “no trade deal” in May heightened the market volatility again and weighed on stock markets, in particular the Asian markets. Another critical move in the market was the Fed turning the monetary policy to more dovish tilt with the comments from the US president that the interest rates in the US should be lower. The 10-year treasury yield, for example, slid from the recent peak of 3.2% to 2% at the end of July 2019, giving support to fixed income performance.

Coming into 2019 the big change in monetary policy started to move bond yields down and improve confidence in the prospects for earnings in the future, although it may be hit by the escalation of trade concerns. Looking forward from here in these terms, if company earnings can be maintained at close to the current level, and bond yields do not rise significantly, then it seems clear that equities will produce superior returns over the medium term. The risks to this view lie more in the prospects for earnings. With the economic cycle already a long one it may not take much to produce an economic slowdown that will undermine company earnings and therefore undermine the fundamental valuation of stock markets. However, at present this does not seem the most likely outcome.

## **HSBC Global Asset Management (Hong Kong) Limited**

29 November 2019

# Trustee’s Report

## HSBC Managed Balanced Fund (“the Fund”)

We hereby confirm that, to the best of our knowledge, the Manager of the Fund has, in all material respects, managed the Fund in accordance with the provisions of the Trust Deed dated 18 January 1990, as amended, for the year ended 31 July 2019.

)  
) For and on behalf of  
) HSBC Institutional Trust Services  
) (Asia) Limited,  
) Trustee  
)

# Independent Auditor's Report to the Unitholders

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of HSBC Managed Balanced Fund (the "Fund") set out on pages 7 to 38, which comprise the statement of financial position as at 31 July 2019, the statement of comprehensive income, the statement of changes in net assets attributable to unitholders, the cash flow statement and the distribution statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial disposition of the Fund as at 31 July 2019, and of its financial transactions and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

### Basis for Opinion

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

### Information Other than the Financial Statements and Auditor's Report Thereon

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we

conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Manager and the Trustee of the Fund for the Financial Statements

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

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

In addition, the Manager and the Trustee of the Fund are required to ensure that the financial statements have been properly prepared in accordance with the relevant provisions of the Trust Deed, as amended, ("the Trust Deed") and the relevant disclosure provisions of Appendix E of the Code on Unit Trusts and Mutual Funds ("the SFC Code") issued by the Hong Kong Securities and Futures Commission.

### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

# Independent Auditor's Report to the Unitholders

relevant provisions of the Trust Deed and the relevant disclosure provisions of Appendix E of the SFC Code.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

## **Report on matters under the relevant provisions of the Trust Deed and the relevant disclosure provisions of Appendix E of the SFC Code**

In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with the relevant provisions of the Trust Deed and the relevant disclosure provisions of Appendix E of the SFC Code.

### **KPMG**

8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong

29 November 2019

The accompanying report of KPMG is for sole and exclusive use of the Fund. Further, the report of KPMG is as of 29 November 2019 and KPMG has carried out no procedures of any nature subsequent to that date which in any way extends that date.

# Statement of Financial Position

## HSBC Managed Balanced Fund

as at 31 July 2019

	Note	2019 HKD	2018 HKD
<b>ASSETS</b>			
Financial assets at fair value through profit or loss	5, 7(f), 7(h), 12, 13	1,280,459,602	1,372,510,393
Interest and dividends receivable		2,796,761	7,333,658
Subscriptions receivable		2,531,177	2,914,799
Amounts due from brokers	6, 7(b)	3,930,395	5,688,518
Cash and cash equivalents	7(b)	50,597,920	67,953,804
		<u>1,340,315,855</u>	<u>1,456,401,172</u>
<b>LIABILITIES</b>			
Financial liabilities at fair value through profit or loss	5, 7(f), 12, 13	663,312	909,696
Redemptions payable	7(b), 16	11,566,644	1,572,832
Amounts due to brokers	6	1,700,982	–
Distributions payable	11	1,262,073	2,169,014
Other payables	7(a), 7(c), 7(d), 7(g)	3,775,340	4,262,528
		<u>18,968,351</u>	<u>8,914,070</u>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<u>1,321,347,504</u>	<u>1,447,487,102</u>
Representing:			
<b>Financial liabilities</b>		<u>1,321,347,504</u>	<u>1,447,487,102</u>
<b>Total number of units in issue</b>			
"A" class income units	9(a)	11,242,511	11,790,078
Provident class units	9(b)	22,945,301	25,511,722
Accumulation units	9(c)	6,010,790	6,496,166
<b>Net asset value per unit</b>			
"A" class income units		29.95	30.24
Provident class units		38.57	38.51
Accumulation units		16.59	16.69

Approved by the Trustee and the Manager on 29 November 2019

)  
 )  
 ) For and on behalf of  
 ) HSBC Institutional Trust Services  
 ) (Asia) Limited,  
 ) Trustee  
 )  
 )  
 ) For and on behalf of  
 ) HSBC Investment Funds  
 ) (Hong Kong) Limited,  
 ) Manager

The notes on pages 12 to 38 form part of these financial statements.



# Statement of Comprehensive Income

## HSBC Managed Balanced Fund

for the year ended 31 July 2019

	Note	2019 HKD	2018 HKD
Interest income	7(b)	1,389,219	1,187,056
Dividend income	7(f)	28,685,245	39,696,341
Net (losses)/gains from financial instruments at fair value through profit or loss	3	(11,627,406)	122,226,414
Net foreign exchange (loss)/gain		(244,350)	1,011
Other income		29,516	80,622
<b>TOTAL REVENUE</b>		<b>18,232,224</b>	<b>163,191,444</b>
Management fees	7(a)	12,593,820	17,102,878
Transaction costs	7(d), 7(e)	3,043,915	4,563,435
Trustee's fees	7(c)	1,226,960	1,883,462
Administrative fees	7(g)	681,254	828,354
Auditor's remuneration		166,575	166,763
Registrar's fees	7(a)	145,937	181,173
Legal and professional fees		360,399	542,651
Safe custody fees, bank charges and miscellaneous expenses	7(b), 7(d)	351,051	1,001,006
<b>TOTAL OPERATING EXPENSES</b>		<b>18,569,911</b>	<b>26,269,722</b>
<b>NET (LOSS)/PROFIT FROM OPERATIONS BEFORE TAXATION</b>		<b>(337,687)</b>	<b>136,921,722</b>
Taxation	4	(3,874,045)	(5,465,659)
<b>NET (LOSS)/PROFIT FROM OPERATIONS BEFORE DISTRIBUTIONS</b>		<b>(4,211,732)</b>	<b>131,456,063</b>
Distributions to holders of "A" class income units	11	(1,262,073)	(2,169,014)
<b>(DECREASE)/INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>(5,473,805)</b>	<b>129,287,049</b>

The notes on pages 12 to 38 form part of these financial statements.

# Statement of Changes in Net Assets Attributable to Unitholders

## HSBC Managed Balanced Fund

for the year ended 31 July 2019

	Note	2019 HKD	2018 HKD
<b>Balance at the beginning of the year</b>		1,447,487,102	2,299,504,955
<b>(Decrease)/increase in net assets attributable to unitholders and total comprehensive income for the year</b>		(5,473,805)	129,287,049
<b><i>Subscriptions of units (excluding equalisation)</i></b>			
"A" class income units		24,098,003	224,164,953
Provident class units		59,311,636	117,540,326
Accumulation units		4,984,758	24,677,135
<b><i>Redemptions of units (excluding equalisation)</i></b>			
"A" class income units		(39,758,176)	(281,477,117)
Provident class units		(153,376,533)	(1,044,582,251)
Accumulation units		(12,736,829)	(24,439,751)
Equalisation on subscriptions and redemptions	10	(3,188,652)	2,811,803
		(120,665,793)	(981,304,902)
<b>Balance at the end of the year</b>		1,321,347,504	1,447,487,102

The notes on pages 12 to 38 form part of these financial statements.

# Cash Flow Statement

## HSBC Managed Balanced Fund

for the year ended 31 July 2019

	Note	2019 HKD	2018 HKD
<b>OPERATING ACTIVITIES</b>			
Interest received		1,387,789	1,185,650
Dividends received		32,578,984	38,659,986
Management fees paid		(12,646,313)	(17,679,017)
Trustee's fees paid		(1,277,928)	(1,935,472)
Payments on purchase of investments		(929,526,596)	(837,850,497)
Proceeds from sale of investments (including coupon interest received from investments)		1,011,835,509	1,824,488,514
Taxes paid		(3,955,920)	(5,470,335)
Other operating expenses paid		(5,265,817)	(6,781,235)
Margin deposits withdrawn from/(placed with) brokers		1,971,781	(4,896,522)
<b>Net cash generated from operating activities</b>		<b>95,101,489</b>	<b>989,721,072</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from issue of units including equalisation		90,772,982	368,079,419
Payments on redemption of units including equalisation		(201,061,341)	(1,351,117,599)
Distributions paid		(2,169,014)	(3,466,426)
<b>Net cash used in financing activities</b>		<b>(112,457,373)</b>	<b>(986,504,606)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(17,355,884)</b>	<b>3,216,466</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>67,953,804</b>	<b>64,737,338</b>
<b>Cash and cash equivalents at the end of the year</b>	16	<b>50,597,920</b>	<b>67,953,804</b>

The notes on pages 12 to 38 form part of these financial statements.

# Distribution Statement

## HSBC Managed Balanced Fund

for the year ended 31 July 2019

	Note	2019 HKD	2018 HKD
<b>Amount available for distribution brought forward</b>		395,818,434	371,804,569
Profit for the year available for distribution*		15,157,139	23,371,076
Equalisation on subscriptions and redemptions	10	(3,188,652)	2,811,803
Distributions to unitholders	11	(1,262,073)	(2,169,014)
<b>Amount available for distribution carried forward</b>		406,524,848	395,818,434
<b>Distribution history</b>			
<i>"A" class income units</i>			
Distribution per unit		0.112259	0.184019
Date of distribution		30 July 2019	30 July 2018

\* Profit for the year available for distribution is the adjusted total comprehensive income for the year, for which the calculation basis is in accordance with the relevant clauses of the Trust Deed.

The notes on pages 12 to 38 form part of these financial statements.

# Notes to the Financial Statements

## HSBC Managed Balanced Fund

### 1 The Fund

HSBC Managed Balanced Fund ("the Fund") is an open-ended unit trust established under a trust deed dated 18 January 1990, as amended ("the Trust Deed"), and was governed by the laws of the Cayman Islands. The Fund was registered under the Mutual Funds Law of the Cayman Islands on 13 March 1997. With effect on and from 18 January 2019 ("the Effective Date"), the domicile of the Fund was changed from Cayman Islands to Hong Kong. Following the change of domicile of the Fund to Hong Kong, the Fund is governed by Hong Kong laws with effect on and from the Effective Date. The purpose of the Fund is to invest in a diversified portfolio of investments with steady long-term capital growth that will at least exceed Hong Kong inflation and is designed for individual unitholders, pension and provident funds and retirement schemes.

The Fund is authorised by the Hong Kong Securities and Futures Commission ("SFC") under section 104 of the Hong Kong Securities and Futures Ordinance ("HKSF") and is governed by the Hong Kong Code on Unit Trusts and Mutual Funds issued by the SFC.

### 2 Significant accounting policies

#### (a) Statement of compliance

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong, the relevant provisions of the Trust Deed and the relevant disclosure provisions of the Hong Kong Code on Unit Trusts and Mutual Funds issued by the SFC. A summary of the significant accounting policies adopted by the Fund is set out below.

#### (b) Basis of preparation of the financial statements

The functional and presentation currency of the Fund is the Hong Kong dollar reflecting the fact that the participating redeemable units of the Fund are issued and redeemed in Hong Kong dollars.

The financial statements are prepared on a fair value basis for financial assets and financial liabilities at fair value through profit or loss and derivative financial instruments. Other

financial assets and financial liabilities are stated at amortised cost or redemption amount (redeemable units).

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies have been applied consistently by the Fund and are consistent with those used in the previous year.

#### (c) Changes in accounting policies

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Fund. Of these, the following developments are relevant to the Fund's financial statements:

##### HKFRS 9, *Financial instruments*

The Fund has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 16), except for the amendments to HKFRS 9, *Prepayment features with negative compensation* which have been adopted at the same time as HKFRS 9.

As permitted by the transition provisions of HKFRS 9, comparative information throughout these financial statements has not generally been restated to reflect the requirements of the standard.

Except for the changes below, the Fund has consistently applied the accounting policies as set out in Note 2(e) to all periods presented in these financial statements.

##### HKFRS 9, *Financial Instruments*

HKFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some

# Notes to the Financial Statements

contracts to buy or sell non-financial items. This standard replaces HKAS 39 *Financial Instruments: Recognition and Measurement*.

As a result of the adoption of HKFRS 9, the Fund has adopted consequential amendments to HKAS 1 *Presentation of Financial Statements*, which require:

- impairment of financial assets to be presented in a separate line item in the statement of comprehensive income. The Fund did not previously report any incurred losses; and
- separate presentation in the statement of comprehensive income of interest revenue from financial assets measured at amortised cost or fair value through other comprehensive income (“FVOCI”) calculated using the effective interest method.

Additionally, the Fund has adopted consequential amendments to HKFRS 7 *Financial Instruments: Disclosures*, which are applied to disclosures about 2019 but have not generally been applied to comparative information.

The adoption of HKFRS 9 had no material impact on the net assets attributable to unitholders of the Fund.

- (i) Classification and measurement of financial assets and financial liabilities

HKFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and fair value through profit or loss (“FVTPL”). The classification of financial assets under HKFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. HKFRS 9 eliminates the previous HKAS 39 categories of held to maturity, loans and receivables and available for sale. Under HKFRS 9, derivatives financial instruments embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

HKFRS 9 largely retains the existing requirements in HKAS 39 for the classification and measurement of financial liabilities.

The adoption of HKFRS 9 has not had a significant effect on the Fund’s accounting policies related to financial liabilities and derivative financial instruments.

For an explanation of how the Fund classifies and measures financial instruments and accounts for related gains and losses under HKFRS 9, see Note 2(e).

The following table below explains the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Fund’s financial assets as at 1 August 2018.

	Original classification under HKAS 39	New classification under HKFRS 9
<b>Financial assets</b>		
Cash and cash equivalents	Loans and receivables	Amortised cost
Interest and dividends receivable	Loans and receivables	Amortised cost
Subscriptions receivable	Loans and receivables	Amortised cost
Amounts due from brokers	Loans and receivables	Amortised cost
Equity instruments	Held-for-trading	FVTPL
Debt instruments	Held-for-trading	FVTPL
Derivative financial instruments	Held-for-trading	FVTPL
Collective investment schemes	Held-for-trading	FVTPL

The measurement categories for all financial liabilities remain the same. The carrying amounts for all financial liabilities at 1 August 2018 have not been impacted by the initial application of HKFRS 9.

- (ii) Impairment of financial assets

HKFRS 9 replaces the “incurred loss” model in HKAS 39 with an expected credit losses (“ECLs”) model. The new impairment model applies to financial assets measured at amortised cost and debt instruments at FVOCI, but not to financial assets measured at FVTPL. Under HKFRS 9, credit losses are recognised earlier than under HKAS 39.

The effect of adopting HKFRS 9 on the carrying amounts of financial assets at 1 August 2018 relates solely to the new impairment requirements. The Manager considers the probability of default to be minimal as the counterparties have a strong capacity to meet their contractual obligations in the near term. There is no impairment allowance recognised on interest and dividends receivable, subscriptions receivable, amounts due from brokers and cash and cash equivalents on the initial application of HKFRS 9’s impairment requirements as at 1 August 2018.

# Notes to the Financial Statements

Therefore, the carrying amounts of the financial assets remain the same.

## (iii) Transition

Changes in accounting policies resulting from the adoption of HKFRS 9 have been applied retrospectively, except as described below.

- Comparative periods have not generally been restated. Differences in the carrying amounts of financial assets resulting from the adoption of HKFRS 9 are recognised in the net assets attributable to unitholders as at 1 August 2018. Accordingly, the information presented for 2018 does not reflect the requirements of HKFRS 9, but rather those of HKAS 39.
- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.
  - The determination of the business model within which a financial asset is held.
  - The revocation of previous designations of certain financial assets as measured at FVTPL.

## (d) Foreign currency translation

Foreign currency transactions during the year are translated into Hong Kong dollars at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into Hong Kong dollars at the exchange rates ruling at the date of the statement of financial position. Foreign currency exchange differences arising on translation and realised gains and losses on disposal or settlement of monetary assets and liabilities are recognised in profit or loss.

Foreign currency exchange differences relating to investments at fair value through profit or loss are included in net gains or losses from financial instruments at fair value through profit or loss. All other foreign currency exchange differences relating to monetary items including cash and cash equivalents are presented separately in profit or loss.

## (e) Financial instruments

### (i) Classification

#### (A) Policy applicable from 1 August 2018

On initial recognition, the Fund classifies financial assets as measured at amortised cost or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI").

All other financial assets of the Fund is measured at FVTPL.

#### *Business model assessment*

In making an assessment of the objective of the business model in which a financial asset is held, the Fund considers all of the relevant information about how the business is managed, including:

- the documented investment strategy and the execution of this strategy in practice. This includes whether the investment strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Fund's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

# Notes to the Financial Statements

- how the investment manager is compensated: e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Fund's continuing recognition of the assets.

The Fund has determined that it has two business models.

- Held-to-collect business model: this includes interest and dividends receivable, subscriptions receivable, amounts due from brokers and cash and cash equivalents. These financial assets are held to collect contractual cash flow.
- Other business model: this includes equity instruments, debt instruments, collective investment schemes and derivative financial instruments. These financial assets are managed and their performance is evaluated, on a fair value basis, with frequent sales taking place.

## *Assessment whether contractual cash flows are SPPI*

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are SPPI, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of

contractual cash flows such that it would not meet this condition. In making this assessment, the Fund considers:

- contingent events that would change the amount or timing of cash flows;
- leverage features;
- prepayment and extension features;
- terms that limit the Fund's claim to cash flows from specified assets (e.g. non-recourse features); and
- features that modify consideration for the time value of money (e.g. periodical reset of interest rates).

The Fund classifies its investments based on the business model and contractual cash flows assessment. Accordingly, the Fund classifies all its equity instruments, debt instruments, collective investment schemes and derivative financial instruments into financial assets at FVTPL category. Financial assets measured at amortised cost include interest and dividends receivable, subscriptions receivable, amounts due from brokers and cash and cash equivalents. Financial liabilities that are not at fair value through profit or loss included redemptions payable, amounts due to brokers and other payables.

All derivatives in a net receivable position (positive fair value) are reported as financial assets. All derivatives in a net payable position (negative fair value) are reported as financial liabilities.

## *Reclassifications*

Financial assets are not reclassified subsequent to their initial recognition unless the Fund was to change its business model for managing financial assets, in which case all affected financial assets would be reclassified on the first day of the first reporting period following the change in the business model.

## (B) Policy applicable prior to 1 August 2018

All of the Fund's investments were classified as financial assets or financial liabilities at fair value



# Notes to the Financial Statements

through profit or loss. This category comprised financial instruments held for trading, which were instruments that the Fund had acquired principally for the purpose of short-term profit-taking. These included investments in equities, debt securities, unit trusts, futures contracts and forward contracts.

All derivatives in a net receivable position (positive fair value) were reported as financial assets. All derivatives in a net payable position (negative fair value) were reported as financial liabilities.

Financial assets at amortised cost that were classified as loans and receivables included interest and dividends receivable, subscriptions receivable and amounts due from brokers.

Financial liabilities at amortised cost included bank overdrafts, redemptions payable, amounts due to brokers, distributions payable and other payables. Financial liabilities arising from the redeemable units issued by the Fund are carried at the redemption amount.

## (ii) Recognition

The Fund recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

A regular way purchase or sale of financial assets and financial liabilities is recognised by using trade date accounting. From this date any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded.

Financial liabilities are not recognised unless one of the parties has performed their obligations under the contract or the contract is a derivative contract not exempted from the scope of HKFRS 9.

## (iii) Measurement

Financial instruments are measured initially at fair value (transaction price). Transaction costs on financial assets and liabilities at fair value through profit or loss are expensed immediately, while on other financial instruments they are amortised.

Subsequent to initial recognition, all instruments classified at fair value through profit or loss are

measured at fair value with changes in their fair value recognised in profit or loss.

Financial assets classified as measured at amortised cost are carried at amortised cost using the effective interest rate method, less impairment losses, if any.

Financial liabilities other than those at fair value through profit or loss are measured at amortised cost using the effective interest rate method. Financial liabilities arising from the redeemable units issued by the Fund are carried at the redemption amount representing the unitholders' right to a residual interest in the Fund's assets.

## (iv) Fair value measurement principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Fund measures the fair value of an instrument using the quoted price in an active market for that instrument provided such price is within the bid-ask spread. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. In circumstances where the quoted price is not within the bid-ask spread, the manager of the Fund will determine the points within the bid-ask spread that are most representative of the fair value.

When there is no quoted price in an active market, the Fund uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price, i.e. the fair value of the consideration given or received. If the Fund determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, the financial instrument is

# Notes to the Financial Statements

initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is supported wholly by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, the Trust measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Fund on the basis of the net exposure to either market or credit risk, are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) or a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The Fund recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

## (v) Amortised cost measurement principles

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

## (vi) Impairment

### (A) Policy applicable from 1 August 2018

The Fund recognises loss allowances for ECLs on financial assets measured at amortised cost.

The Fund measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- financial assets that are determined to have low credit risk at the reporting date; and

- other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and including forward-looking information.

The Fund assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Fund considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Fund in full, without recourse by the Fund to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Fund considers a financial asset to have low credit risk when the credit rating of the counterparty is equivalent to the globally understood definition of "investment grade". The Fund considers this to be Baa3 or higher per Moody's or BBB- or higher per Standard & Poor's.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Fund is exposed to credit risk.

# Notes to the Financial Statements

## *Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Fund expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

## *Credit-impaired financial assets*

At each reporting date, the Fund assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is “credit-impaired” when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

## *Presentation of allowance for ECLs in the statement of assets and liabilities*

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

## *Write-off*

The gross carrying amount of a financial asset is written off when the Fund has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

## (B) Policy applicable prior to 1 August 2018

Financial assets that were stated at cost or amortised cost were reviewed at each date of the statement of financial position to determine whether there is objective evidence of

impairment. If any such indication exists, an impairment loss is recognised in profit or loss as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through profit or loss.

## (vii) Derecognition

The Fund derecognises a financial asset when the contractual rights to the cash flows from the financial assets expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with HKFRS 9.

The Fund uses the weighted average method to determine realised gains and losses on derecognition.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or has expired.

## (viii) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when the Fund has a legally enforceable right to offset the recognised amounts and the transactions are intended to be settled on a net basis or simultaneously, e.g. through a market clearing mechanism.

## (ix) Specific instruments

### *Cash and cash equivalents*

Cash comprises current deposits with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

# Notes to the Financial Statements

## **(f) Revenue recognition**

Revenue is recognised in profit or loss as follows:

### **(i) Dividends**

Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend. Dividends from other investments are recognised in profit or loss as dividend income when declared. In some cases, the Fund may choose to receive dividends in the form of additional shares rather than cash. In such cases, the Fund recognises the dividend income for the amount of the equivalent cash dividend with the corresponding debit treated as an additional investment.

### **(ii) Interest income**

Interest income is recognised in profit or loss as it accrues, using the effective interest rate method using the rate exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. Interest income on bank deposits is disclosed separately on the face of the statement of comprehensive income. Interest income on debt securities is included in net gains or losses from financial instruments at fair value through profit or loss.

## **(g) Expenses**

All expenses are recognised in profit or loss on an accrual basis.

## **(h) Foreign exchange gains and losses**

Foreign exchange gains and losses on financial assets and financial liabilities at fair value through profit or loss are recognised together with other changes in the fair value. Included in profit or loss line item Net foreign exchange (loss)/gain are net of foreign exchange gains and losses on monetary financial assets and financial liabilities other than those classified as fair value through profit or loss.

## **(i) Related parties**

(a) A person, or a close member of that person's family, is related to the Fund if that person:

- (i) has control or joint control over the Fund;
- (ii) has significant influence over the Fund; or

(iii) is a member of the key management personnel of the Fund.

(b) An entity is related to the Fund if any of the following conditions applies:

- (i) The entity and the Fund are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of an entity related to the Fund.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Fund.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

## **(j) Subscriptions and redemptions**

The Fund recognises unitholders' subscriptions and allots units upon receipt of a valid subscription application and derecognises them upon receipt of a valid redemption application.

# Notes to the Financial Statements

## (k) Units in issue

The Fund classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

The Fund has multiple classes of redeemable units in issue “A” class, Provident class and Accumulation class. All the classes belong to the most subordinate class of financial instruments in the Fund and rank *pari passu* in all material respects and have the same terms and conditions other than different fee rates and distribution rights. The redeemable units provide unitholders with the right to require redemption for cash at a value proportionate to the unitholders’ share in the Fund’s net assets at each daily redemption date, and also in the event of the Fund’s liquidation. The redeemable units are classified as financial liabilities and are measured at the present value of the redeemable amounts.

## (l) Distributions to holders of redeemable units

Distributions to holders of redeemable units of “A” class, Provident class and Accumulation class classified as financial liabilities are recognised in profit or loss as finance costs when they are authorised and no longer at the discretion of the Fund.

For the Provident class and Accumulation class, all dividend income and interest arising are accumulated within the Fund and will not be distributed to the unitholders.

## (m) Segment reporting

An operating segment is a component of the Fund that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Fund’s other components, whose operating results are reviewed regularly by the chief operating decision maker to make decisions about resources allocated to the segment and assess its performance, and for which discrete financial information is available. Segment results that are reported to the chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The chief operating decision maker of the Fund is identified as the manager, HSBC Investment Funds (Hong Kong) Limited.

## 3 Net (losses)/gains from financial instruments at fair value through profit or loss

	2019 HKD	2018 HKD
Net realised gains	26,916,474	262,799,644
Net unrealised losses	(38,543,880)	(140,573,230)
	(11,627,406)	122,226,414

## 4 Taxation

There are currently no taxes on income or gains under Cayman Islands law. Accordingly, no provision for Cayman Islands taxes is included in these financial statements.

No provision for Hong Kong profits tax has been made in the financial statements as the Fund is exempt from taxation under section 26A(1A) of the Hong Kong Inland Revenue Ordinance.

Interest income and dividend income received by the Fund may be subject to non recoverable withholding tax imposed in the country of origin. Interest income and dividend income is recorded gross of such taxes and the withholding tax is recognised in profit or loss as incurred.

Capital gains realised in certain jurisdictions may be subject to capital gains tax. Capital gains tax is charged to profit or loss on an accrual basis, using tax rates enacted or substantively enacted at the date of the statement of financial position.

### Foreign Account Tax Compliance Act (“FATCA”)

On 18 March 2010, the Hiring Incentives to Restore Employment Act of 2010 added chapter 4 to Subtitle A (“Chapter 4”) of the US Internal Revenue Code (the “Code”). The provisions in Chapter 4 are commonly referred to as the Foreign Account Tax Compliance Act (“FATCA”). US Treasury regulations providing guidance on the due diligence, reporting, and withholding obligations under FATCA were passed and came into effect in January 2013 (“the Regulations”).

The Regulations require foreign financial institution (“FFI”) to provide the Internal Revenue Service (“IRS”) with information on certain U.S. persons invested in accounts outside of the U.S. and for certain non U.S. entities to provide information about any U.S. owners. The obligations of an FFI under FATCA may be modified by an Intergovernmental Agreement (“IGA”) between the US and the FFI’s country of

# Notes to the Financial Statements

organization. The Cayman Islands entered into a Model 1 IGA on 29 November 2013, which provides for reporting and enforcement by FFIs to be facilitated by local authorities. The Cayman Islands also entered into a similar IGA with the United Kingdom. Therefore, all Cayman Islands domiciled "financial institutions" are subject to domestic legislation and regulations that implement both the Foreign Account Tax Compliance Act ("US FATCA") and its UK equivalent ("UK FATCA" and together, "FATCA"). The due diligence and reporting regimes introduced by the domestic legislation and regulations apply to all such financial institutions irrespective of whether they have US or UK based account holders and/or have US or UK assets or source income.

Before the domicile of the Trust was changed from Cayman Islands to Hong Kong on 18 January 2019, the Fund was a non-reporting financial institution and not required to register for a Global Intermediary Identification Number ("GIIN") for US FATCA purposes.

## **Taxation in profit or loss represents:**

	2019 HKD	2018 HKD
Overseas withholding tax	3,772,327	4,589,162
Capital gains tax	101,718	876,497
	<u>3,874,045</u>	<u>5,465,659</u>

## **5 Financial assets and financial liabilities at fair value through profit or loss**

	2019 HKD	2018 HKD
<b>Financial assets at fair value through profit or loss</b>		
<b>Equities</b>		
Listed shares	897,494,459	980,387,378
Unlisted shares	—	—
	<u>897,494,459</u>	<u>980,387,378</u>

## **Debt securities**

Listed bonds	183,640,860	205,484,934
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	2019 HKD	2018 HKD
<b>Other investments</b>		
Listed unit trusts	10,179,460	9,759,354
Unlisted unit trusts	188,655,160	176,062,041
Foreign currency forward contracts	469,821	812,671
Futures contracts	19,842	4,015
Rights	—	—
	<u>199,324,283</u>	<u>186,638,081</u>
	<u>1,280,459,602</u>	<u>1,372,510,393</u>

## **Financial liabilities at fair value through profit or loss**

Futures contracts	(663,312)	(909,696)
	<u>1,279,796,290</u>	<u>1,371,600,697</u>
Net investments, at cost	1,159,102,423	1,213,007,538
Net unrealised appreciation in value of investments	120,693,867	158,593,159
Net investments, at fair value	<u>1,279,796,290</u>	<u>1,371,600,697</u>

## **6 Amounts due from/(to) brokers**

	2019 HKD	2018 HKD
<b>Balances due from brokers</b>		
Amounts receivable on sale of investments	312,276	98,618
Margin deposits	3,618,119	5,589,900
	<u>3,930,395</u>	<u>5,688,518</u>

## **Balances due to brokers**

Amounts payable on purchase of investments	1,700,982	—
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## **7 Transactions with the Trustee, Manager and Connected Persons**

The following is a summary of significant related party transactions or transactions entered into during the year between the Fund and the Trustee, the Manager and their

# Notes to the Financial Statements

Connected Persons. Connected Persons are those as defined in the Hong Kong Code on Unit Trusts and Mutual Funds issued by the SFC. All transactions during the year between the Fund, the Trustee and the Manager and their Connected Persons were entered into in the ordinary course of business and under normal commercial terms. To the best of the knowledge of the Trustee and the Manager, the Fund did not have any other transactions with Connected Persons except for those disclosed below.

- (a) The Fund is managed by HSBC Investment Funds (Hong Kong) Limited ("the Manager"), which receives a management fee, payable monthly in arrears, equivalent to a percentage per annum of the net asset value of the Fund as follows:

For "A" class income units	1.50%
For Provident class units	0.75%
For Accumulation units	0.75%

Up to 8 April 2018, the Manager, as the registrar's agent, was also entitled to registrar's fees per annum for each class of units and fees for various administrative functions performed on behalf of the Fund. On 9 April 2018, HSBC Institutional Trust Services (Asia) Limited ("HTHK") was appointed as the registrar's agent of the Fund. With effect on and from 18 January 2019 ("the Effective Date"), HTHK replaced HSBC Trustee (Cayman) Limited as the registrar of the Fund.

	2019 HKD	2018 HKD
(i) Management fees for the year	12,593,820	17,102,878
(ii) Management fees payable at year end	1,140,626	1,193,119
(iii) Registrar's fees and other administrative fees paid to the Manager for the year	–	143,340
(iv) Registrar's fees and other administrative fees paid to HTHK for the year	145,937	37,833
(v) Registrar's fees and other administrative fees payable to HTHK at year end	26,466	–

- (b) Bank accounts are maintained with members of the HSBC Group. The balances of these accounts amounted to \$499,360 (2018: \$1,253,029) at year end. Interest income arising from these accounts amounted to \$30,945 (2018: \$15,409). Bank charges paid to HSBC group amounted to \$230 (2018: \$379). Margin accounts are maintained with HSBC Bank Plc, which is fellow subsidiary of the Manager within the HSBC Group. The balances of margin deposits amounted to \$3,618,119 (2018: \$5,589,900) at year end.

- (c) On the Effective Date, the trustee of the Fund changed from HSBC Trustee (Cayman) Limited to HSBC Institutional Trust Services (Asia) Limited ("the Trustee"), which are the fellow subsidiaries of the Manager within the HSBC Group. The change in the trustee resulted in no adjustment to the rate of trustee's fees. The trustee of the Fund receives a monthly fee equivalent to 0.07% (2018: 0.07%) for all class units per annum of the net asset value of the Fund.

In addition, the Trustee provides valuation services to the Fund in return for a daily fee. Prior to 10 December 2018, the daily valuation service fee was US\$100. Effective from 10 December 2018, the daily valuation service fee is US\$50 for each valuation per share class. The valuation fee is then waived from 1 April 2019.

	2019 HKD	2018 HKD
(i) Trustee's fees paid to the HSBC Trustee (Cayman) Limited	548,014	1,883,462
(ii) Trustee's fees payable to the HSBC Trustee (Cayman) Limited at year end	–	135,989
(iii) Trustee's fees paid to the Trustee	678,946	–
(iv) Trustee's fees payable to the Trustee at year end	85,021	–

- (d) On the Effective Date, the custodian of the Fund changed from HSBC Trustee (Cayman) Limited to HSBC Institutional Trust Services (Asia) Limited ("HTHK"), which are the fellow subsidiaries of the Manager within the HSBC Group. The custodian receives a monthly fee equivalent to 0.15 - 58 (2018: 0.15 - 58) basis points

# Notes to the Financial Statements

based on sub-custodian value of the securities. The custodian also receives a transaction fee of US\$4.44 – 139.50 (2018: US\$4.44 - 139.50) for each trade handled.

	2019 HKD	2018 HKD
(i) Safe custody fees paid to HSBC Trustee (Cayman) Limited	98,133	306,038
(ii) Safe custody fees payable to HSBC Trustee (Cayman) Limited at year end	–	24,375
(iii) Safe custody fees paid to HTHK	129,254	–
(iv) Safe custody fee payable to HTHK at year end	16,678	–
(v) Safe custody transaction fees paid to HSBC Trustee (Cayman) Limited	785,503	2,995,318
(vi) Safe custody transaction fees payable to HSBC Trustee (Cayman) Limited at year end	–	587,876
(vii) Safe custody transaction fees paid to HTHK	1,027,223	–
(viii) Safe custody transaction fees payable to HTHK at year end	574,908	–

- (e) In its purchases and sales of investments, the Fund utilises the brokerage services of HSBC Investment Funds (Hong Kong) Limited, HSBC Bank plc, HSBC Bank plc London, HSBC Markets Limited and HSBC Global Asset Management (UK) Limited, which are members of the HSBC Group. Details of transactions effected through these companies are as follows:

	HSBC Investment Funds (Hong Kong) Limited		HSBC Bank plc	
	2019 HKD	2018 HKD	2019 HKD	2018 HKD
Commission paid for the year	–	–	–	–
Average rate of commission	–	–	–	–
Total aggregate value of such transactions for the year	89,812,822	181,384,257	6,603,718	–
Percentage of such transactions in value to total transactions for the year	4.62%	6.97%	0.34%	–
	HSBC Bank plc London		HSBC Markets Limited	
	2019 HKD	2018 HKD	2019 HKD	2018 HKD
Commission paid for the year	27,007	1,478	–	–
Average rate of commission	0.03%	0.00%	–	–
Total aggregate value of such transactions for the year	103,444,287	53,097,572	825,640	–
Percentage of such transactions in value to total transactions for the year	5.33%	2.04%	0.04%	–
	HSBC Global Asset Management (UK) Limited			
	2019 HKD	2018 HKD		
Commission paid for the year		–		–
Average rate of commission		–		–
Total aggregate value of such transactions for the year	11,214,300		94,757,719	
Percentage of such transactions in value to total transactions for the year		0.58%		3.64%



# Notes to the Financial Statements

The figures for commission paid do not include any trading margin which may be reflected in the market prices of transactions with these entities on any transactions by the Fund during the year.

- (f) The Fund has invested in equities issued by entities within the HSBC Group during the years ended 31 July 2019 and 2018. The details of the market value of these investments and dividend income earned for the year are as follows:

	HSBC Holdings plc		Hang Seng Bank Limited	
	2019	2018	2019	2018
	HKD	HKD	HKD	HKD
(i) Market value at year end	-	-	3,019,743	3,677,338
(ii) Dividend income earned for the year	-	2,284,903	124,842	150,519

As at 31 July 2019 and 31 July 2018, the Fund has also invested in the futures contracts, in which the underlying equities are issued by a HSBC Group company. The details of these investments at the year end are disclosed in note 12(g).

As at 31 July 2019, the Fund has also invested in HSBC Pooled Investment Fund – HSBC Pooled Asian Bond Fund, HSBC Index Tracker Investment Fund – Japan Index Fund and HSBC Pooled VC Asia Pacific Ex Japan Equity Fund, which are managed by the fellow subsidiaries of the Manager within the HSBC Group (2018: invested in HSBC Pooled Investment Fund – HSBC Pooled Asian Bond Fund, HSBC Global Investment Funds – Indian Fixed Income Fund and HSBC Index Tracker Investment Fund – Japan Index Fund). The market value of these investments at year end was \$188,655,160 (2018: \$176,062,041).

- (g) HSBC Life (International) Limited, a fellow subsidiary of the Manager and the Trustee within the HSBC Group, receives a quarterly administrative fee equivalent to 0.7% (2018: 0.7%) per annum of the net asset value of Accumulation units in return for providing certain management services to holders of Accumulation units.

	2019	2018
	HKD	HKD
(i) Administrative fees for the year	681,254	828,354
(ii) Administrative fees payable at year end	238,997	75,776

- (h) During the year, the Fund entered into foreign currency forward contracts with The Hongkong and Shanghai Banking Corporation Limited. The details of the outstanding foreign currency forward contracts as at year end are as follows:

	2019	2018
	HKD	HKD
Receivable on forward contracts	227,223	-

## 8 Soft commission arrangements

No soft commission arrangements were entered into with brokers by the Fund during the year (2018: nil).

## 9 Units issued and redeemed

### (a) "A" class income units

	2019	2018
Number of units in issue brought forward	11,790,078	13,609,680
Units issued during the year	810,191	7,237,069
Units redeemed during the year	(1,357,758)	(9,056,671)
Number of units in issue carried forward	11,242,511	11,790,078

### (b) Provident class units

	2019	2018
Number of units in issue brought forward	25,511,722	49,318,374
Units issued during the year	1,623,486	2,974,618
Units redeemed during the year	(4,189,907)	(26,781,270)
Number of units in issue carried forward	22,945,301	25,511,722

### (c) Accumulation units

	2019	2018
Number of units in issue brought forward	6,496,166	6,433,421
Units issued during the year	312,820	1,520,863
Units redeemed during the year	(798,196)	(1,458,118)
Number of units in issue carried forward	6,010,790	6,496,166

# Notes to the Financial Statements

- (d) The capital of the Fund is represented by the net assets attributable to unitholders which are subject to subscriptions and redemptions of units. The Fund does not have any externally imposed capital requirements.

Units may be acquired and redeemed on any valuation date at the unit value determined on that day. The valuation date is every business day, which is also a day on which banks in Hong Kong are normally open for business, or such other day(s) as the Manager may determine. The minimum initial investment amount for the Fund is \$10,000 for "A" Class Income Units, with subsequent minimum investments of no less than \$10,000. No minimum initial and subsequent investment amounts apply to Accumulation Units and Provident Class Units.

Units may be redeemed on any valuation date, at the redemption price applicable as at the close of business in Hong Kong on such day. The minimum amount which can be redeemed at any one time is \$10,000 for "A" Class Income Units. No minimum redemption amounts apply to Accumulation Units and Provident Class Units. A unitholder may not make a partial redemption if this would result in his holding being less than the minimum holding of \$10,000 for "A" Class Units. No minimum holding applies to Accumulation Units and Provident Class Units.

## 10 Equalisation

The equalisation portion of received and receivable on issue of units or paid and payable on redemption of units is calculated based on the portion of the unit price related to undistributed accumulated net investment income and accumulated expenses of the unit at the date of issue or redemption.

## 11 Distributions

	2019 HKD	2018 HKD
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### "A" class income units

- (a) Distributions attributable to the year

Distributions declared during the year of  
\$0.112259 per unit on  
11,242,511 units as at  
30 July 2019 (2018:  
\$0.184019 per unit on  
11,786,902 units as at  
30 July 2018)

1,262,073	2,169,014
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- (b) Distributions attributable to the previous financial year and paid during the year

Distributions declared during the previous financial year and paid during the year of \$0.184019 per unit on  
11,786,902 units as at  
30 July 2018 (2018:  
\$0.254703 per unit on  
13,609,680 units as at  
28 July 2017)

2,169,014	3,466,426
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## 12 Financial instruments and associated risks

The Fund maintains an investment portfolio in a variety of listed and unlisted financial instruments as dictated by its investment management strategy. The investment objective of the Fund is to achieve steady long-term capital growth that will at least exceed Hong Kong inflation. The Fund's investment portfolio comprises equities, debt securities, unit trusts, forward contracts and futures contracts.

The Fund's investing activities expose it to various types of risks that are associated with the financial instruments and markets in which it invests. The Manager and the Trustee have set out below the most important types of financial risks inherent in each type of financial instrument. The Manager and the Trustee would like to highlight that the following list of associated risks only sets out some of the risks but does not purport to constitute an exhaustive list of all the risks inherent in an investment in the Fund. Unitholders should note that additional information in respect of risks associated with financial instruments in the Fund can be found in the Fund's offering document.

The nature and extent of the financial instruments outstanding at the date of the statement of financial position and the risk management policies employed by the Fund are discussed below.

### (a) Price risk

Price risk is the risk that value of the instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

The impact of a 15% (2018: 15%) increase in value of the investments at 31 July 2019, with all other variables held constant, is shown below. An equal change in the opposite

# Notes to the Financial Statements

direction would have reduced the net assets attributable to unitholders by an equal amount. The analysis is performed on the same basis for 2018.

	<b>Market exposures HKD</b>	<b>Change in net assets if investment value increased by 15% HKD</b>
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## As at 31 July 2019

Equities	897,494,459	134,624,169
Unit trusts	198,834,620	29,825,193
Futures contracts	29,765,000	4,464,750

## As at 31 July 2018

Equities	980,387,378	147,058,107
Unit trusts	185,821,395	27,873,209
Futures contracts	36,540,649	5,481,097

### (b) Interest rate risk

Interest rate risk arises from changes in interest rates which may affect the value of debt instruments and therefore result in potential gain or loss to the Fund. The Fund's interest rate risk is managed on an ongoing basis by the Manager.

The following table indicates the period in which the interest bearing assets mature at the date of statement of financial position.

All amounts stated in '000

	<b>2019</b>				
	<b>1 year or less HKD</b>	<b>Over 1 year to 5 years HKD</b>	<b>Over 5 years HKD</b>	<b>Non-interest bearing HKD</b>	<b>Total HKD</b>
Financial assets at fair value through profit or loss	11,625	51,511	120,505	1,096,819	1,280,460
<b>Total interest bearing assets</b>	<b>11,625</b>	<b>51,511</b>	<b>120,505</b>		

	<b>2018</b>				
	<b>1 year or less HKD</b>	<b>Over 1 year to 5 years HKD</b>	<b>Over 5 years HKD</b>	<b>Non-interest bearing HKD</b>	<b>Total HKD</b>
Financial assets at fair value through profit or loss	29,732	52,884	122,869	1,167,025	1,372,510
<b>Total interest bearing assets</b>	<b>29,732</b>	<b>52,884</b>	<b>122,869</b>		

### Interest rate sensitivity

At the date of the statement of financial position, assuming all other factors unchanged, it is estimated that an increase in interest rates of 100 basis points (2018: 100 basis points) would result in a decrease in the net assets attributable to the unitholders and the profit for the year by \$16,286,629 (2018: \$14,829,416); an equal change in the opposite direction would result in an increase in the net assets attributable to unitholders by an approximately equal amount. The analysis is performed on the same basis for 2018.

### (c) Currency risk

The Fund may invest in financial instruments and enter into transactions denominated in currencies other than its functional currency. Consequently, the Fund is exposed to risks that the exchange rate of its functional currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Fund's assets or liabilities denominated in currencies other than Hong Kong dollars.

The fluctuations in the rate of exchange between the currency in which the asset or liability is denominated and the functional currency could result in an appreciation or depreciation in the fair value of that asset or liability. The Manager may attempt to mitigate this risk by using financial derivative instruments. The Manager monitors the Fund's currency exposures on an ongoing basis.

### Currency sensitivity

At 31 July 2019 and 2018, had the Hong Kong dollar ("HKD") weakened by 5% (2018: 5%) in relation to respective currencies, with all other variables held constant, the net assets attributable to unitholders and profit for the year would have increased by the amounts shown below. The analysis is performed on the same basis for 2018.

# Notes to the Financial Statements

	Net exposure HKD	Change in net assets if HKD weakened by 5% HKD
<b>As at 31 July 2019</b>		
<i>Currencies</i>		
Australian dollar	38,246,513	1,912,326
Canadian dollar	10,620,269	531,014
Chinese yuan	14,940	747
Danish krone	6,964,947	348,247
Euro	153,584,429	7,679,221
Hungarian forint	475,037	23,752
Indian rupee	17,172,506	858,625
Indonesian rupiah	2,318,779	115,939
Japanese yen	79,350,305	3,967,515
Malaysian ringgit	4,124,030	206,202
Mexican peso	1,449,061	72,453
New Taiwan dollar	19,889,881	994,494
New Zealand dollar	1,024,533	51,227
Norwegian krone	3,353,118	167,656
Philippine peso	2,183,273	109,164
Polish zloty	1,546,599	77,330
Pound sterling	97,178,842	4,858,942
Russian ruble	5,467,207	273,360
Singapore dollar	5,884,025	294,201
South African rand	952,567	47,628
South Korean won	21,267,711	1,063,386
Swedish krona	6,509,923	325,496
Swiss franc	27,422,460	1,371,123
Thai baht	4,632,797	231,640
Turkish lira	2,051,369	102,568
<b>Total</b>	<b>513,685,121</b>	<b>25,684,256</b>

	Net exposure HKD	Change in net assets if HKD weakened by 5% HKD
<b>As at 31 July 2018</b>		
<i>Currencies</i>		
Australian dollar	39,561,583	1,978,078
Canadian dollar	14,291,763	714,588
Chinese yuan	62,598	3,130
Czech koruna	374,562	18,728
Danish krone	6,473,377	323,669
Euro	143,943,438	7,197,172
Indian rupee	17,580,530	879,027
Indonesian rupiah	2,669,725	133,486
Japanese yen	164,075,392	8,203,770
Malaysian ringgit	4,358,446	217,922
Mexican peso	1,494,665	74,733
New Taiwan dollar	20,941,040	1,047,052
New Zealand dollar	1,399,091	69,955
Norwegian krone	2,148,138	107,407
Philippine peso	1,297,319	64,866
Polish zloty	1,994,796	99,740
Pound sterling	96,542,406	4,827,120
Russian ruble	6,114,462	305,723
Singapore dollar	5,205,128	260,256
South African rand	1,087,456	54,373
South Korean won	30,167,578	1,508,379
Swedish krona	9,677,977	483,899
Swiss franc	27,850,311	1,392,516
Thai baht	4,843,327	242,166
Turkish lira	1,394,730	69,737
<b>Total</b>	<b>605,549,838</b>	<b>30,277,492</b>

As the HKD is pegged to the United States dollar ("USD"), the Fund does not expect any significant movements in USD/HKD exchange rate. A 5% (2018: 5%) appreciation of the HKD against the above currencies would have resulted in an equal but opposite effect on the financial statements, on the basis that all other variables remain constant.

# Notes to the Financial Statements

## (d) Credit risk

### (i) Analysis of credit policy and concentration of credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund’s exposure to credit risk is monitored by the Manager on an ongoing basis.

As at 31 July 2019 and 2018, all of the Fund’s financial assets were exposed to credit risk. These include investments and cash and cash equivalents placed with banks and the custodian.

At the date of the statement of financial position, the Fund invested in debt securities with the following credit ratings equivalent to which provided by Moody’s credit rating services expressed as a percentage of debt securities:

Rating (Moody’s)	% of debt securities	
	2019	2018
Aaa	43.00	47.99
Aa1	–	1.84
Aa2	11.90	13.68
Aa3	1.84	–
A1	19.41	20.52
A2	0.52	0.53
A3	0.79	0.73
Baa1	11.25	3.98
Baa2	–	7.84
Baa3	11.05	0.53
NR	0.24	2.36
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

Credit risk is managed by the reviewing and monitoring of the credit quality of debt instruments held by the Fund or the issuers of the debt instruments held by the Fund on an ongoing basis.

Credit risk arising from transactions with brokers relates to transactions awaiting settlement. Risk relating to unsettled transactions is considered small due to the short settlement period involved and the high credit quality of the brokers used.

A majority of the cash held by the Fund is deposited with the HSBC Group. Bankruptcy or insolvency of the bank may cause the Fund’s rights with respect to the cash held by the bank to be delayed or limited. The Manager monitors the credit rating and financial position of the bank on an ongoing basis.

Substantially all of the assets of the Fund are held by the custodian. Bankruptcy or insolvency of the custodian may cause the Fund’s rights with respect to securities held by the custodian to be delayed or limited. The custodian is a group company of the HSBC, for which the credit risk is considered insignificant.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the date of statement of financial position.

As at 31 July 2019 and 2018, there were no other significant concentrations of credit risk to counterparties except to the custodian.

### (ii) Offsetting financial assets and financial liabilities

None of the financial assets and financial liabilities is offset in the statement of financial position.

As at 31 July 2019 and 2018, the disclosure set out in the table below include financial assets and financial liabilities that are subject to an enforceable master netting arrangement.

The enforceable master netting arrangements do not meet the criteria for offsetting in the statement of financial position. This is because they create a right of set-off of recognised amounts that is enforceable only following on event of default, insolvency or bankruptcy of the Fund or its counterparties. In addition, the Fund and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

# Notes to the Financial Statements

## As at 31 July 2019

### Financial assets subject to enforceable master netting arrangements

	Gross amounts of recognised financial assets HKD	Gross amounts of recognised financial liabilities offset in the statement of financial position HKD	Net amounts of financial assets presented in the statement of financial position HKD	Amounts of financial instruments (including non-cash collateral) HKD	Cash collateral received HKD	Net amount HKD
Derivative financial instruments:						
– Foreign currency forward contracts						
– Counterparty A	227,223	–	227,223	–	–	227,223
– Counterparty B	242,598	–	242,598	–	–	242,598
– Counterparty C	–	–	–	–	–	–

### Financial liabilities subject to enforceable master netting arrangements

	Gross amounts of recognised financial liabilities HKD	Gross amounts of recognised financial assets offset in the statement of financial position HKD	Net amounts of financial liabilities presented in the statement of financial position HKD	Amounts of financial instruments (including non-cash collateral) HKD	Cash collateral pledged HKD	Net amount HKD
Derivative financial instruments:						
– Foreign currency forward contracts						
– Counterparty A	–	–	–	–	–	–
– Counterparty B	–	–	–	–	–	–
– Counterparty C	–	–	–	–	–	–

# Notes to the Financial Statements

## As at 31 July 2018

### Financial assets subject to enforceable master netting arrangements

	Gross amounts of recognised financial assets HKD	Gross amounts of recognised financial liabilities offset in the statement of financial position HKD	Net amounts of financial assets presented in the statement of financial position HKD	Amounts of financial instruments (including non-cash collateral) HKD	Cash collateral received HKD	Net amount HKD
Derivative financial instruments:						
– Foreign currency forward contracts						
– Counterparty A	–	–	–	–	–	–
– Counterparty B	719,467	–	719,467	–	–	719,467
– Counterparty C	–	–	–	–	–	–

### Financial liabilities subject to enforceable master netting arrangements

	Gross amounts of recognised financial liabilities HKD	Gross amounts of recognised financial assets offset in the statement of financial position HKD	Net amounts of financial liabilities presented in the statement of financial position HKD	Amounts of financial instruments (including non-cash collateral) HKD	Cash collateral pledged HKD	Net amount HKD
Derivative financial instruments:						
– Foreign currency forward contracts						
– Counterparty A	–	–	–	–	–	–
– Counterparty B	–	–	–	–	–	–
– Counterparty C	–	–	–	–	–	–

The gross amounts of recognised financial assets and financial liabilities and their net amounts presented in the statement of financial position disclosed in the above tables have been measured in the statement of financial position at fair value.

The tables below reconcile the “Net amounts of financial assets and financial liabilities presented in the statement of financial position,” as set out above, to the line items presented in the statement of financial position.

Reconciliation to the net amounts of financial assets and financial liabilities presented in the statement of financial position.

# Notes to the Financial Statements

## As at 31 July 2019

### Financial assets

	Net amounts HKD	Carrying amount in statement of financial position HKD	Financial assets not in scope of offsetting disclosures HKD
Financial assets at fair value through profit or loss:			
– Foreign currency forward contracts			
– Counterparty A	227,223	227,223	–
– Counterparty B	242,598	242,598	–
– Counterparty C	–	–	–

### Financial liabilities

	Net amounts HKD	Carrying amount in statement of financial position HKD	Financial liabilities not in scope of offsetting disclosures HKD
Financial liabilities at fair value through profit or loss:			
– Foreign currency forward contracts			
– Counterparty A	–	–	–
– Counterparty B	–	–	–
– Counterparty C	–	–	–

## As at 31 July 2018

### Financial assets

	Net amounts HKD	Carrying amount in statement of financial position HKD	Financial assets not in scope of offsetting disclosures HKD
Financial assets at fair value through profit or loss:			
– Foreign currency forward contracts			
– Counterparty A	–	–	–
– Counterparty B	719,467	719,467	–
– Counterparty C	–	93,204	93,204

### Financial liabilities

	Net amounts HKD	Carrying amount in statement of financial position HKD	Financial liabilities not in scope of offsetting disclosures HKD
Financial liabilities at fair value through profit or loss:			
– Foreign currency forward contracts			
– Counterparty A	–	–	–
– Counterparty B	–	–	–
– Counterparty C	–	–	–

### (iii) Amounts arising from ECL

Impairment on interest and dividends receivable, subscriptions receivable, amounts due from brokers and cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Fund considers that these exposures have low credit risk based on the external credit ratings and/or review result of the counterparties.

The Fund monitors changes in credit risk on these exposures by tracking published external credit ratings



# Notes to the Financial Statements

of the counterparties and/or performed ongoing review of the counterparties.

On initial application of HKFRS 9 as at 1 August 2018, the Manager considers the probability of default to be minimal as the counterparties have a strong capacity to meet their contractual obligations in the near term. There is no impairment allowance recognised on interest and dividends receivable, subscriptions receivable, amounts due to brokers and cash and cash equivalents. The amount of the loss allowance did not change during the year ended 31 July 2019.

## (e) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Fund. The Fund is exposed to daily liquidity risk on redemption of units.

The Fund's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities to meet its liquidity requirements in the short and longer term.

The Fund's listed investments are considered to have insignificant exposure to liquidity risk as they are all readily realisable under normal market conditions. The Fund, however, also invests in unlisted investments such as unlisted bonds and unit trusts which are not publicly traded on exchanges and may become illiquid.

As at 31 July 2019 and 2018, the Fund's financial liabilities are due within three months, except for redemptions payable and net assets attributable to unitholders which are repayable on demand.

## (f) Capital management

The Fund's capital as at the year end date is represented by its redeemable units, which is classified as financial liabilities.

The Fund's objective in managing the capital is to ensure a stable and strong base to achieve long term capital growth, and to manage liquidity risk arising from the redemptions. The Manager manages the capital of the Fund in accordance with the Fund's investment objectives and policies stated in the Fund's Explanatory Memorandum.

There were no changes in the policies and procedures during the year with respect to the Fund's approach to its capital management.

The amount and the movement of net assets attributable to unitholders are stated in the statement of changes in net assets attributable to unitholders. As the redeemable units are redeemed on demand at the unitholders' option, the actual level of redemption may differ significantly from historical experience.

## (g) Specific instruments

### Forward contracts

Forward contracts are commitments either to purchase or sell a designated financial instrument, currency, commodity or index at a specified future date for a specified price and may be settled in cash or the underlying financial asset.

Forward contracts result in exposure to market risk based on changes in market prices relative to contracted prices. Market risks arise due to the possible movement in foreign currency exchange rates, indices, and securities' values underlying these instruments. In addition because of the low margin deposits normally required in relation to notional contract sizes, a high degree of leverage may be typical of a forward contract and may result in substantial losses to the Fund. Forward contracts are generally subject to liquidity risk.

As at 31 July 2019 and 2018, the Fund's holdings in foreign currency forward contracts were as specified in the following tables.

### As at 31 July 2019

Buy	Sell	Settlement date	Fair value assets HKD	Fair value (liabilities) HKD
HKD27,195,548	JPY373,000,000	6 September 2019	242,598	-
HKD54,726,730	JPY752,000,000	15 October 2019	227,223	-
			469,821	-

### As at 31 July 2018

Buy	Sell	Settlement date	Fair value assets HKD	Fair value (liabilities) HKD
HKD29,810,240	EUR3,200,000	10 September 2018	367,712	-
HKD4,568,994	JPY63,700,000	21 September 2018	93,204	-
HKD14,826,053	JPY206,000,000	21 September 2018	351,755	-
			812,671	-

# Notes to the Financial Statements

## Futures contracts

Futures contracts are legally binding commitments to buy or sell a financial instrument, currency, commodity or index at a specified future date for a specified price which are agreed upon at the initiation of the contract by the buyer and seller.

Futures contracts are standardised for quality and quantity and traded on a futures exchange.

As at 31 July 2019 and 2018, the Fund's holdings in futures contracts were as specified in the following table.

### As at 31 July 2019

Underlying equity	Futures exchange	No of contracts	Weighted average contract price	Contract size	Maturity date	Fair value assets HKD	Fair value (liabilities) HKD
HSBC Holdings plc	Eurex Exchange	49	GBP 6.4421	1,000	20 September 2019	19,842	-
HSBC Holdings plc	The Hong Kong Stock Exchange	1,063	HKD 64.4000	400	27 September 2019	-	(663,312)
						<u>19,842</u>	<u>(663,312)</u>

### As at 31 July 2018

Underlying equity	Futures exchange	No of contracts	Weighted average contract price	Contract size	Maturity date	Fair value assets HKD	Fair value (liabilities) HKD
HSBC Holdings plc	Eurex Exchange	81	GBP 72.407	1,000	21 September 2018	4,015	-
HSBC Holdings plc	The Hong Kong Stock Exchange	1,029	HKD 76.3101	400	27 September 2018	-	(909,696)
						<u>4,015</u>	<u>(909,696)</u>

## 13 Fair value information

The Fund's financial instruments are measured at fair value on the date of the statement of financial position. Fair value estimates are made at a specified point in time, based on market conditions and information about the financial instruments. Usually, fair values can be reliably determined within a reasonable range of estimates. For certain other financial instruments, including interest and dividends receivable, subscriptions receivable, amounts due from brokers, amounts due to brokers, redemptions payable, distributions payable and other payables, the carrying amounts approximate fair values due to the immediate or short term nature of these financial instruments.

### Valuation of financial instruments

The Fund's accounting policy on fair value measurements is detailed in significant accounting policy in note 2(e)(iv).

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

# Notes to the Financial Statements

When fair values of listed and quoted investments at the reporting date are based on quoted market prices or binding dealer price quotations in an active market, without any deduction for transaction costs, the instruments are included within Level 1 of the hierarchy. When fair values of debt securities at the reporting date represent quoted prices in markets that are considered less than active or consensus prices derived by third parties using valuation techniques where all significant inputs are directly or indirectly observable from market data, those debt securities are included within Level 2 of the hierarchy. For all other financial instruments, the Fund determines fair value using valuation techniques.

The Fund uses widely recognised valuation models for determining the fair value of the financial instruments which do not have quoted market prices in active markets. Valuation techniques include net present value, discounted cash flow models, comparison to similar instruments for which market observable prices exist, comparison to quoted prices for identical instruments that are considered less than active and other valuation models.

The following analyses financial assets and liabilities at fair value through profit or loss at the date of the statement of financial position, by the level in the fair value hierarchy into which the fair value measurement is categorised.

## Financial instruments at fair value through profit or loss

	Level 1 HKD	Level 2 HKD	Level 3 HKD	Total HKD
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### 31 July 2019

#### Financial assets

Equity securities	897,494,459	–	–	897,494,459
Debt securities	–	183,640,860	–	183,640,860
Unit trusts	198,834,620	–	–	198,834,620
Futures contracts	19,842	–	–	19,842
Forward contracts	–	469,821	–	469,821
Rights	–	–	–	–
	1,096,348,921	184,110,681	–	1,280,459,602

#### Financial liabilities

Futures contracts	663,312	–	–	663,312
Forward contracts	–	–	–	–
	663,312	–	–	663,312

	Level 1 HKD	Level 2 HKD	Level 3 HKD	Total HKD
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### 31 July 2018

#### Financial assets

Equity securities	979,967,642	–	419,736	980,387,378
Debt securities	–	205,484,934	–	205,484,934
Unit trusts	185,821,395	–	–	185,821,395
Futures contracts	4,015	–	–	4,015
Forward contracts	–	812,671	–	812,671
	1,165,793,052	206,297,605	419,736	1,372,510,393

#### Financial liabilities

Futures contracts	909,696	–	–	909,696
Forward contracts	–	–	–	–
	909,696	–	–	909,696

As of 31 July 2019, Level 3 financial instruments included China Common Rich Renewable Energy Investments Ltd. and Folli Follie Commercial Manufacturing and Technical SA. As of 31 July 2018, Level 3 financial instruments included Hanergy Thin Film Power Group Limited, Folli Follie Commercial Manufacturing and Technical SA, and Hopewell Highway Infrastructure Ltd..

Hanergy Thin Film Power Group Limited was suspended for trading in May 2015 and delisted in June 2019. Subsequently, all shares of the company were transferred to the shares of China Common Rich Renewable Energy Investment Ltd., which is valued at zero based on relevant news and information. Folli Follie Commercial Manufacturing and Technical SA was suspended for trading in May 2018 and in these financial statements, it is written down to zero based on relevant news and information. Hopewell Highway Infrastructure Ltd. was suspended for trading in May 2018 and in these financial statements, it was revalued and priced using the last traded price before suspension with the adjustment based on relevant news and information.

The table below presents the reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

# Notes to the Financial Statements

	As at 1 August 2018 HKD	Net gains included in the statement of comprehensive income HKD	Purchases HKD	Sales HKD	Transfer into Level 3 HKD	As at 31 July 2019 HKD	* Unrealised losses HKD
Equities	419,736	(119,308)	-	(300,428)	-	-	(153,280)

	As at 1 August 2017 HKD	Net gains included in the statement of comprehensive income HKD	Purchases HKD	Sales HKD	Transfer into Level 3 HKD	As at 31 July 2018 HKD	* Unrealised losses HKD
Equities	1,366,812	250,465	-	(1,617,277)	419,736	419,736	(440,365)

\* The change in unrealised gains or losses for the year is included in the statement of comprehensive income for financial assets and financial liabilities held at the reporting date.

## Quantitative information of significant unobservable inputs – Level 3

The table below sets out information about significant unobservable inputs used at 31 July 2019 and 2018 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Description	Fair value at 31 July 2019 HKD	Fair value at 31 July 2018 HKD	Valuation techniques	Unobservable input
Equities	-	419,736	Adjustment on last traded price before suspension	Adjustment based on the information relating to the investments

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis is as shown below:

Description	Input	Change in the relevant input	Effect on the net assets attributable to unitholders HKD
<b>As at 31 July 2019</b>			
Equities	Adjustment based on the information relating to the investments	5%/(5)%	-/109,290
<b>As at 31 July 2018</b>			
Equities	Adjustment based on the information relating to the investments	5%/(5)%	(20,987)/125,901

## Valuation of financial instruments not measured at fair value

The financial instruments not measured at fair value through profit or loss are short-term financial assets and financial liabilities whose carrying amounts approximate fair value.

The following tables sets out the fair values of financial instruments not measured at fair value and analyses it by the level in the fair value hierarchy into which each fair value measurement is categorised.

# Notes to the Financial Statements

31 July 2019

	Level 1 HKD	Level 2 HKD	Level 3 HKD	Total HKD
<b>Financial assets</b>				
Interest and dividends receivable	-	2,796,761	-	2,796,761
Subscriptions receivable	-	2,531,177	-	2,531,177
Amounts due from brokers	-	3,930,395	-	3,930,395
Cash and cash equivalents	-	50,597,920	-	50,597,920
	-	59,856,253	-	59,856,253

## Financial liabilities

Redemptions payable	-	11,566,644	-	11,566,644
Amounts due to brokers	-	1,700,982	-	1,700,982
Distributions payable	-	1,262,073	-	1,262,073
Other payables	-	3,775,340	-	3,775,340
Net assets attributable to unitholders	-	1,321,347,504	-	1,321,347,504
	-	1,339,652,543	-	1,339,652,543

31 July 2018

	Level 1 HKD	Level 2 HKD	Level 3 HKD	Total HKD
<b>Financial assets</b>				
Interest and dividends receivable	-	7,333,658	-	7,333,658
Subscriptions receivable	-	2,914,799	-	2,914,799
Amounts due from brokers	-	5,688,518	-	5,688,518
Cash and cash equivalents	-	67,953,804	-	67,953,804
	-	83,890,779	-	83,890,779

## Financial liabilities

Redemptions payable	-	1,572,832	-	1,572,832
Amounts due to brokers	-	-	-	-
Distributions payable	-	2,169,014	-	2,169,014
Other payables	-	4,262,528	-	4,262,528
Net assets attributable to unitholders	-	1,447,487,102	-	1,447,487,102
	-	1,455,491,476	-	1,455,491,476

# Notes to the Financial Statements

## 14 Segment information

The Manager makes the strategic resource allocation on behalf of the Fund and determines the operating segments based on the internal reporting used to make strategic decisions.

The Manager's asset allocation decisions are based on one single and integrated investment strategy, and the Fund's performance is evaluated on an overall basis. Accordingly the Manager considers that the Fund has one single operating segment which is investing in a portfolio of financial instruments to generate investment returns in accordance with the investment objective stipulated in its Explanatory Memorandum. There were no changes in the operating segment during the year.

All revenues and losses generated from investments by the Fund are disclosed in note 3. The segment information provided to the Manager is the same as that disclosed in the statement of comprehensive income and the statement of financial position.

## 15 Involvement with unconsolidated structured entities

The Fund has concluded that the listed and unlisted investment funds in which it invests, but that it does not consolidate, meet the definition of structured entities because:

- the voting rights in the funds are not dominant rights in deciding who controls them as they relate to administrative tasks only;
- each fund's activities are restricted by its prospectus; and
- the funds have narrow and well defined objectives to provide investment opportunities to investors.

The table below describes the types of structured entities that the Fund does not consolidate but in which it holds an interest.

Type of structured entity	Nature and purpose	Interest held by the Fund
Investment funds	To manage assets on behalf of third party investors and generate fees for the investment manager	Investment in units issued by the funds
	These vehicles are financed through the issue of units to investors	

The table below sets out interests held by the Fund in unconsolidated structured entities. The maximum exposure to loss is the carrying amount of the financial assets held.

		31 July 2019	
	Number of investee funds	Total net assets (based on unaudited information) HKD	Carrying amount included in "Financial assets of fair value through profit or loss" HKD
Listed investment funds	10	2,126,493,000,000	10,179,460
Unlisted investment funds	3	31,812,000,000	188,655,160

		31 July 2018	
	Number of investee funds	Total net assets (based on unaudited information) HKD	Carrying amount included in "Financial assets of fair value through profit or loss" HKD
Listed investment funds	11	2,090,158,000,000	9,759,354
Unlisted investment funds	3	22,435,000,000	176,062,041

# Notes to the Financial Statements

During the year, the Fund did not provide financial support to unconsolidated structured entities and has no intention of providing financial or other support.

The Fund can redeem units in the above investment funds on any respective dealing day.

**16 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 July 2019**

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, interpretations and new standards which are not yet effective for the year ended 31 July 2019 and which have not been adopted in these financial statements.

Of these developments, the following may be relevant to the Fund's operations and financial statements:

	<b>Effective for accounting periods beginning on or after</b>
IFRIC 23, <i>Uncertainty over income tax treatments</i>	1 January 2019
Annual Improvements to IFRSs 2015-2017 Cycle	1 January 2019

The Fund is in the process of making an assessment of what the impact of these amendments and interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have material impact on the Fund.

# Portfolio Statement (Unaudited)

## HSBC Managed Balanced Fund

as at 31 July 2019

	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
<b>Equities</b>							
Listed investments				WOOLWORTHS GROUP LTD	7,886	1,515,559	0.11
						35,197,178	2.66
<b>Australia</b>				<b>Austria</b>			
AGL ENERGY LTD	10,569	1,195,789	0.09	OMV AG	1,352	533,909	0.04
ALS LTD	4,741	184,684	0.01	TELEKOM AUSTRIA AG	8,734	510,017	0.04
ALUMINA LTD	43,316	546,873	0.04	VIENNA INSURANCE GROUP AG			
AMCOR LTD	1,823	152,750	0.01	WIENER VERSICHERUNG GRUPPE	2,545	514,603	0.04
ANSELL LTD	3,816	574,427	0.04	VOESTALPINE AG	2,367	495,940	0.04
ANZ BANKING GROUP LTD	12,852	1,935,319	0.15			2,054,469	0.16
ASX LTD	1,125	539,302	0.04				
AURIZON HOLDINGS LTD	39,717	1,234,301	0.09				
BENDIGO AND ADELAIDE BANK LTD	9,114	565,003	0.04	<b>Belgium</b>			
BHP BILLITON LTD	15,323	3,369,768	0.26	ANHEUSER BUSCH INBEV NV	1,197	950,093	0.07
BLUESCOPE STEEL LTD	2,555	180,448	0.01	ETABLISSEMENTEN FRANZ			
BRAMBLES LTD	7,987	565,379	0.04	COLRUYT NV	1,095	450,170	0.03
COCA-COLA AMATIL LTD	2,319	132,876	0.01	KBC GROEP NV	409	207,749	0.02
COCHLEAR LTD	257	305,540	0.02	PROXIMUS SA	2,172	488,590	0.04
COMMONWEALTH BANK OF				SOFINA SA	333	508,481	0.04
AUSTRALIA	7,915	3,514,575	0.27	SOLVAY SA	184	148,916	0.01
COMPUTERSHARE LTD	2,186	186,822	0.01	UCB SA	1,058	651,193	0.05
CROWN RESORTS LTD	8,080	517,033	0.04			3,405,192	0.26
CSL LTD	1,638	2,029,297	0.15				
CSR LTD	28,283	614,968	0.05				
FLIGHT CENTRE TRAVEL GROUP LTD	4,104	1,020,554	0.08	<b>Canada</b>			
HARVEY NORMAN HOLDINGS LTD	26,020	616,302	0.05	BANK OF NOVA SCOTIA	1,162	488,067	0.04
ILUKA RESOURCES LTD	11,227	582,721	0.04	BCE INC	1,563	555,684	0.04
INSURANCE AUSTRALIA GROUP LTD	12,811	596,507	0.05	CANADIAN IMPERIAL BANK OF			
MACQUARIE GROUP LTD	940	653,179	0.05	COMMERCE	237	146,691	0.01
NATIONAL AUSTRALIA BANK LTD	12,136	1,866,787	0.14	CANADIAN NATIONAL RAILWAY CO	1,039	773,710	0.06
NEWCREST MINING LTD	1,596	306,380	0.02	CANADIAN NATURAL RESOURCES			
OZ MINERALS LTD	7,801	433,100	0.03	LTD	1,155	230,170	0.02
QANTAS AIRWAYS LTD	5,827	179,516	0.01	CANADIAN PACIFIC RAILWAY LTD	128	240,438	0.02
RIO TINTO LTD	1,702	908,192	0.07	CONSTELLATION SOFTWARE INC	19	142,222	0.01
SONIC HEALTHCARE LTD	4,170	630,865	0.05	FRANCO-NEVADA CORP	886	605,798	0.04
SOUTH32 LTD	56,160	951,434	0.07	GREATWEST LIFECO INC	2,938	507,553	0.04
STAR ENTERTAINMENT GROUP LTD	22,095	493,533	0.04	MANULIFE FINANCIAL CORP	2,478	353,045	0.03
SUNCORP GROUP LTD	4,937	359,866	0.03	METRO INC	1,863	573,273	0.04
TELSTRA CORP LTD	28,239	604,870	0.05	POWER CORPORATION OF CANADA	3,277	546,582	0.04
TREASURY WINE ESTATES LTD	3,702	353,534	0.03	ROYAL BANK OF CANADA	560	347,913	0.03
WESFARMERS LTD	4,917	1,039,675	0.08	SUNCOR ENERGY INC	2,060	465,043	0.03
WESTPAC BANKING CORP	13,412	2,073,195	0.16	TECK RESOURCES LTD	5,779	930,138	0.07
WOODSIDE PETROLEUM LTD	8,900	1,666,255	0.13	TELUS CORP	1,862	526,569	0.04



## Portfolio Statement (Unaudited)

**HSBC Managed Balanced Fund**

as at 31 July 2019

			% of net asset value			% of net asset value	
	Holdings	Market value HKD			Holdings	Market value HKD	
<b>Equities</b>				HERMES INTERNATIONAL SCA	81	449,416	0.03
Listed investments				KERING SA	194	793,841	0.06
				LEGRAND SA	720	400,736	0.03
				L'OREAL SA	1,058	2,231,503	0.17
				LVMH MOET HENNESSY LOUIS			
TORONTO-DOMINION BANK	640	294,338	0.02	VUITTON SE	657	2,149,020	0.16
		7,727,234	0.58	ORANGE SA	4,613	539,752	0.04
<b>Denmark</b>				PERNOD RICARD SA	504	698,652	0.05
AP MOELLER – MAERSK A/S	57	504,826	0.04	PEUGEOT SA	1,425	265,285	0.02
CARLSBERG A/S	723	777,715	0.06	RENAULT SA	572	251,958	0.02
COLOPLAST A/S	335	308,192	0.02	SAFRAN SA	424	479,849	0.04
ISS A/S	1,850	408,862	0.03	SANOFI SA	1,473	968,760	0.07
NOVO NORDISK A/S	5,826	2,203,206	0.17	SCHNEIDER ELECTRIC SE	996	677,791	0.05
ORSTED A/S	1,396	1,004,030	0.08	SOCIETE BIC SA	772	423,218	0.03
TRYG A/S	797	191,817	0.01	SOCIETE GENERALE DE PARIS SA	2,338	452,472	0.04
VESTAS WIND SYSTEMS A/S	1,196	774,475	0.06	SODEXO SA	714	645,006	0.05
		6,173,123	0.47	TELEPERFORMANCE SE	152	251,176	0.02
				THALES SA	775	689,305	0.05
<b>Finland</b>				TOTAL SA	6,811	2,792,084	0.21
ELISA OYJ	1,373	508,337	0.04	VEOLIA ENVIRONNEMENT SA	1,608	320,235	0.03
NOKIA OYJ	29,214	1,242,404	0.09	VINCI SA	1,204	978,420	0.07
ORION OYJ CLASS B	1,485	401,351	0.03	VIVENDI SA	2,461	540,087	0.04
		2,152,092	0.16	WORLDLINE SA	1,497	845,460	0.06
						31,453,149	2.38
<b>France</b>				<b>Germany</b>			
ACCOR SA	526	184,751	0.01	ADIDAS AG	500	1,261,799	0.10
AIR LIQUIDE SA	1,069	1,164,620	0.09	ALLIANZ SE	1,099	2,020,569	0.15
AIRBUS GROUP SE	2,320	2,589,393	0.20	AROWNTOWN SA	16,339	1,029,865	0.08
ARKEMA SA	742	528,351	0.04	BASF SE	1,611	849,890	0.06
ATOS SE	914	581,999	0.04	BAYER AG	1,677	863,223	0.07
AXA SA	4,899	977,776	0.07	BAYERISCHE MOTOREN WERKE AG	823	479,367	0.04
BNP PARIBAS SA	2,654	975,672	0.07	BEIERSDORF AG	270	247,322	0.02
CAPGEMINI SE	492	494,200	0.04	COVESTRO AG	979	350,773	0.03
CNP ASSURANCES SA	3,729	607,758	0.05	DAIMLER AG	228	93,535	0.01
COMPAGNIE DE SAINT-GOBAIN	4,417	1,337,954	0.10	DEUTSCHE BANK AG	5,363	329,061	0.03
CREDIT AGRICOLE SA	2,964	278,480	0.02	DEUTSCHE BOERSE AG	478	518,881	0.04
DANONE SA	1,459	996,937	0.08	DEUTSCHE LUFTHANSA AG	3,359	420,837	0.03
DASSAULT SYSTEMES SE	401	482,303	0.04	DEUTSCHE POST AG	651	167,435	0.01
EDENRED SA	278	110,098	0.01	DEUTSCHE TELEKOM AG	5,003	648,829	0.05
ELECTRICITE DE FRANCE SA	10,982	1,073,439	0.08	DEUTSCHE WOHNEN AG	3,740	1,082,849	0.08
ENGIE SA	3,871	469,633	0.04	DWS GROUP GMBH & CO KGAA	2,128	561,689	0.04
ESSILOR INTERNATIONAL SA	707	755,759	0.06				

# Portfolio Statement (Unaudited)

## HSBC Managed Balanced Fund

as at 31 July 2019

	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
<b>Equities</b>							
Listed investments							
E.ON SE	5,832	460,208	0.03	ALIBABA HEALTH INFORMATION TECHNOLOGY LTD	14,000	99,540	0.01
FRAPORT FRANKFURT AIRPORT SERVICES WORLDWIDE AG	872	575,471	0.04	ALIBABA PICTURES GROUP LTD	850,000	1,351,500	0.10
FRESENIUS MEDICAL CARE AG & CO KGAA	585	320,703	0.02	ANGANG STEEL CO LTD	31,200	93,600	0.01
HANNOVER RUECK SE	530	654,549	0.05	ANHUI CONCH CEMENT CO LTD H SHARES	44,763	2,047,907	0.15
HEIDELBERGCEMENT AG	402	229,910	0.02	ANHUI EXPRESSWAY CO LTD	36,000	172,080	0.01
HENKEL AG & CO KGAA	480	390,068	0.03	ANTA SPORTS PRODUCTS LTD	28,232	1,660,042	0.13
INFINEON TECHNOLOGIES AG	8,925	1,323,928	0.10	ASM PACIFIC TECHNOLOGY LTD	6,738	621,581	0.05
KNORR BREMSE AG	1,152	920,700	0.07	AVICHINA INDUSTRY & TECHNOLOGY CO LTD	53,000	224,190	0.02
LEG IMMOBILIEN AG	626	571,239	0.04	BANK OF CHINA LTD H SHARES	1,757,218	5,623,098	0.43
MERCK KGAA	461	371,413	0.03	BANK OF COMMUNICATIONS CO LTD H SHARES	169,082	968,840	0.07
MTU AERO ENGINES AG	135	266,501	0.02	BANK OF EAST ASIA LTD	36,773	834,747	0.06
MUENCHENER RUECKVERSICHERUNGS-GESELLSCHAFT AG	156	296,807	0.02	BANK OF CHINA LTD H SHARES	176,340	1,093,308	0.08
ROCKET INTERNET SE	2,585	561,893	0.04	BOC HONG KONG HOLDINGS LTD	83,145	2,502,665	0.19
RWE AG	5,686	1,212,160	0.09	BYD CO LTD	29,345	1,446,709	0.11
SAP SE	2,540	2,473,211	0.19	CHINA AGR-INDUSTRIES HOLDINGS LTD	215,000	513,850	0.04
SIEMENS AG	1,969	1,709,063	0.13	CHINA CINDA ASSET MANAGEMENT CO LTD H SHARES	230,000	395,600	0.03
SIEMENS HEALTHINEERS AG	346	114,035	0.01	CHINA CITIC BANK CORP LTD H SHARES	175,997	767,347	0.06
TALANX AG	1,727	573,173	0.04	CHINA COMMUNICATIONS CONSTRUCTION CO LTD H SHARES	31,000	205,840	0.02
WIRECARD AG	985	1,300,605	0.10	CHINA COMMUNICATIONS SERVICES CORP LTD	40,000	220,000	0.02
		25,251,561	1.91	CHINA CONCH VENTURE HOLDINGS LTD	36,252	980,617	0.07
<b>Greece</b>				CHINA CONSTRUCTION BANK CORP H SHARES	2,090,829	12,691,332	0.96
FOLLI FOLLIE COMMERCIAL MANUFACTURING AND TECHNICAL SA	1,986	–	0.00	CHINA EVERBRIGHT BANK CO LTD H SHARES	333,937	1,182,137	0.09
JUMBO SA	744	114,450	0.01	CHINA EVERBRIGHT INTERNATIONAL LTD	81,000	562,950	0.04
		114,450	0.01	CHINA EVERGRANDE GROUP	69,258	1,447,492	0.11
<b>Hong Kong</b>				CHINA GAS HOLDINGS LTD	10,748	350,922	0.03
AAC TECHNOLOGIES HOLDINGS INC	5,500	235,125	0.02	CHINA JINMAO HOLDINGS GROUP LTD	26,000	132,600	0.01
AGILE PROPERTY HOLDINGS LTD	78,440	798,519	0.06				
AGRICULTURAL BANK OF CHINA LTD H SHARES	666,360	2,125,688	0.16				
AIA GROUP LTD	254,638	20,600,214	1.56				

# Portfolio Statement (Unaudited)

## HSBC Managed Balanced Fund

as at 31 July 2019

	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
<b>Equities</b>							
Listed investments				CHINA TOWER CORP LTD	539,284	1,100,139	0.08
				CHINA TRADITIONAL CHINESE MEDICINE HOLDINGS CO LTD	62,000	223,200	0.02
CHINA LIFE INSURANCE CO LTD H SHARES	141,679	2,854,832	0.22	CHINA UNICOM HONG KONG LTD	142,178	1,089,083	0.08
CHINA MEDICAL SYSTEM HOLDINGS LTD	99,000	746,460	0.06	CHINA VANKE CO LTD H SHARES	33,260	986,159	0.07
CHINA MENGNIU DAIRY CO LTD	41,996	1,335,473	0.10	CHINA ZHONGWANG HOLDINGS LTD	149,912	601,147	0.05
CHINA MERCHANTS BANK CO LTD H SHARES	86,704	3,403,132	0.26	CHONGQING RURAL COMMERCIAL BANK CO LTD H SHARES	153,709	633,281	0.05
CHINA MERCHANTS PORT HOLDINGS CO LTD	28,000	364,560	0.03	CHOW TAI FOOK JEWELLERY GROUP LTD	22,600	169,726	0.01
CHINA MINSHENG BANKING CORP LTD H SHARES	203,923	1,105,263	0.08	CIFI HOLDINGS GROUP CO LTD	82,000	414,100	0.03
CHINA MOBILE LTD	116,493	7,775,908	0.59	CITIC LTD	189,985	1,975,844	0.15
CHINA NATIONAL BUILDING MATERIAL CO LTD	18,000	125,280	0.01	CITIC SECURITIES CO LTD	107,288	1,626,486	0.12
CHINA OVERSEAS LAND & INVESTMENT LTD	86,543	2,328,007	0.18	CK ASSET HOLDINGS LTD	72,445	4,299,611	0.32
CHINA PACIFIC INSURANCE GROUP CO LTD H SHARES	66,960	2,256,552	0.17	CK HUTCHISON HOLDINGS LTD	62,319	4,589,794	0.35
CHINA PETROLEUM & CHEMICAL CORP H SHARES	541,939	2,742,211	0.21	CK INFRASTRUCTURE HOLDINGS LTD	19,918	1,212,010	0.09
CHINA RAILWAY CONSTRUCTION CORP H SHARES	76,345	695,503	0.05	CLP HOLDINGS LTD	37,724	3,215,971	0.24
CHINA RAILWAY GROUP LTD H SHARES	112,079	618,676	0.05	CNOOC LTD	368,565	4,769,231	0.36
CHINA REINSURANCE GROUP CORP	104,000	143,520	0.01	COSCO SHIPPING PORTS LTD	44,000	301,840	0.02
CHINA RESOURCES BEER HOLDINGS CO LTD	48,460	1,793,020	0.14	COUNTRY GARDEN HOLDINGS CO LTD	162,871	1,739,462	0.13
CHINA RESOURCES CEMENT HOLDINGS LTD	50,000	362,500	0.03	COUNTRY GARDEN SERVICES HOLDINGS CO LTD	19,000	362,140	0.03
CHINA RESOURCES LAND LTD	60,966	2,057,603	0.16	CRRC CORP LTD H SHARES	107,134	663,159	0.05
CHINA RESOURCES PHARMACEUTICAL GROUP LTD	49,500	424,215	0.03	CSPC PHARMACEUTICAL GROUP LTD	160,869	2,213,557	0.17
CHINA SHENHUA ENERGY CO LTD H SHARES	77,629	1,211,012	0.09	DALI FOODS GROUP CO LTD	215,534	1,053,961	0.08
CHINA STATE CONSTRUCTION INTERNATIONAL HOLDINGS LTD	40,000	324,000	0.02	DONGFENG MOTOR GROUP CO LTD H SHARES	55,483	390,045	0.03
CHINA TAIPING INSURANCE HOLDINGS CO LTD	34,400	753,360	0.06	ENN ENERGY HOLDINGS LTD	4,271	347,019	0.03
CHINA TELECOM CORP LTD H SHARES	321,933	1,133,204	0.09	FAR EAST HORIZON LTD	53,000	387,430	0.03
				FIH MOBILE LTD	603,000	669,330	0.05
				FOSUN INTERNATIONAL LTD	55,500	573,870	0.04
				GALAXY ENTERTAINMENT GROUP LTD	39,255	2,119,770	0.16
				GEELY AUTOMOBILE HOLDINGS LTD	101,734	1,235,051	0.09
				GENSCRIPT BIOTECH CORP	42,878	831,833	0.06
				GUANGDONG INVESTMENT LTD	53,087	875,936	0.07
				GUANGZHOU R & F PROPERTIES CO LTD H SHARES	48,160	688,688	0.05
				GUOTAI JUNAN SECURITIES CO LTD	86,938	1,107,590	0.08
				HAIER ELECTRONICS GROUP CO LTD	31,000	574,740	0.04

# Portfolio Statement (Unaudited)

## HSBC Managed Balanced Fund

as at 31 July 2019

	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
<b>Equities</b>				NEW WORLD DEVELOPMENT CO			
Listed investments				LTD	87,125	967,088	0.07
				NWS HOLDINGS LTD	45,556	665,118	0.05
HAITIAN INTERNATIONAL HOLDINGS				PCCW LTD	187,866	839,761	0.06
LTD	18,000	287,280	0.02	PEOPLE'S INSURANCE CO GROUP			
HAITONG SECURITIES CO LTD	22,800	178,980	0.01	OF CHINA LTD H SHARES	31,000	102,610	0.01
HANG LUNG PROPERTIES LTD	61,043	1,130,516	0.09	PETROCHINA CO LTD H SHARES	478,180	1,989,229	0.15
HANG SENG BANK LTD	16,157	3,019,743	0.23	PICC PROPERTY & CASUALTY CO			
HENDERSON LAND DEVELOPMENT				LTD H SHARES	188,480	1,766,058	0.13
CO LTD	18,575	756,931	0.06	PING AN HEALTHCARE AND			
HONG KONG AND CHINA GAS CO				TECHNOLOGY CO LTD	18,200	617,890	0.05
LTD	155,796	2,701,503	0.20	PING AN INSURANCE (GROUP) CO			
HONG KONG EXCHANGES AND				OF CHINA LTD H SHARES	115,263	10,765,564	0.81
CLEARING LTD	23,335	6,197,776	0.47	POSTAL SAVINGS BANK OF CHINA			
HUATAI SECURITIES CO LTD	40,600	519,680	0.04	CO LTD	182,887	835,794	0.06
HUTCHISON TELECOMMUNICATIONS				POWER ASSETS HOLDINGS LTD	36,913	2,072,665	0.16
HONG KONG HOLDINGS LTD	284,000	482,800	0.04	PRADA SPA	11,200	271,600	0.02
HYSAN DEVELOPMENT CO LTD	27,620	1,034,369	0.08	SA SA INTERNATIONAL HOLDINGS			
INDUSTRIAL AND COMM BANK OF				LTD	434,000	959,140	0.07
CHINA H SHARES	1,779,933	9,433,645	0.71	SAMSONITE INTERNATIONAL SA	30,417	470,855	0.04
INNOVENT BIOLOGICS INC	4,000	101,200	0.01	SANDS CHINA LTD	52,940	2,017,014	0.15
JIANGSU EXPRESSWAY CO LTD H				SEMICONDUCTOR MANUFACTURING			
SHARES	73,696	779,704	0.06	INTERNATIONAL CORP	14,500	134,705	0.01
JIANGXI COPPER CO LTD	28,000	273,000	0.02	SHANDONG WEIGAO GROUP			
KINGBOARD CHEMICAL HOLDINGS				MEDICAL POLYMER CO LTD	180,000	1,353,600	0.10
LTD	16,500	321,420	0.02	SHANGHAI FOSUN			
KINGBOARD LAMINATES HOLDINGS				PHARMACEUTICAL GROUP CO LTD	9,500	222,775	0.02
LTD	23,000	149,960	0.01	SHANGHAI PHARMACEUTICAL			
LEGEND HOLDINGS CORP	8,500	157,250	0.01	HOLDING CO LTD H SHARES	80,400	1,215,648	0.09
LENOVO GROUP LTD	169,392	1,077,333	0.08	SHENZHEN INTERNATIONAL			
LI NING CO LTD	38,500	749,210	0.06	HOLDINGS LTD	23,130	336,310	0.03
L'OCCITANE INTERNATIONAL SA	39,956	651,283	0.05	SHENZHEN INVESTMENT LTD	233,249	657,762	0.05
LOGAN PROPERTY HOLDINGS CO				SHENZHOU INTERNATIONAL GROUP			
LTD	26,000	310,960	0.02	HOLDINGS LTD	24,144	2,624,453	0.20
LONGFOR PROPERTIES	51,220	1,495,624	0.11	SHIMAO PROPERTY HOLDINGS LTD	51,700	1,129,645	0.09
LUYE PHARMA GROUP LTD	40,000	244,400	0.02	SHOUGANG FUSHAN RESOURCES			
MAANSHAN IRON & STEEL CO LTD	156,000	468,000	0.04	GROUP LTD	323,063	526,593	0.04
MACAU LEGEND DEVELOPMENT LTD	292,000	327,040	0.02	SHUI ON LAND LTD	232,613	390,790	0.03
MEITUAN DIANPING	58,100	3,715,495	0.28	SIHUAN PHARMACEUTICAL			
MTR CORP LTD	34,726	1,790,125	0.14	HOLDINGS GROUP LTD	408,734	662,149	0.05
NEW CHINA LIFE INSURANCE CO				SINO BIOPHARMACEUTICAL LTD	246,214	2,383,352	0.18
LTD	7,000	275,100	0.02	SINOPEC ENGINEERING GROUP CO			
				LTD	32,000	197,440	0.01

# Portfolio Statement (Unaudited)

## HSBC Managed Balanced Fund

as at 31 July 2019

	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
<b>Equities</b>				<b>Hungary</b>			
Listed investments				RICHTER GEDEON VEGYESZETI GYAR NYRT			
					3,424	475,037	0.04
SINOPHARM GROUP CO LTD H SHARES				<b>India</b>			
	22,369	653,175	0.05	ADANI PORTS AND SPECIAL			
SINOTRUK HONG KONG LTD				ECONOMIC ZONE LTD			
	39,000	453,180	0.03		3,204	137,463	0.01
SUN HUNG KAI PROPERTIES LTD				AUROBINDO PHARMA LTD			
	33,016	4,189,730	0.32		8,191	529,464	0.04
SUNAC CHINA HOLDINGS LTD				CASTROL INDIA LTD			
	72,525	2,596,395	0.20		23,903	329,147	0.03
SUNNY OPTICAL TECHNOLOGY GROUP CO LTD				CIPLA LTD			
	8,100	748,440	0.06		8,352	492,347	0.04
SWIRE PACIFIC LTD				CONTAINER CORPORATION OF INDIA LTD			
	22,500	315,000	0.02		8,695	506,432	0.04
SWIRE PACIFIC LTD CLASS A				DIVI'S LABORATORIES LTD			
	13,970	1,253,109	0.09		5,608	1,039,890	0.08
SWIRE PROPERTIES LTD				GAIL (INDIA) LTD			
	50,087	1,424,975	0.11		17,724	260,097	0.02
TECHTRONIC INDUSTRIES CO LTD				GLAXOSMITHKLINE CONSUMER HEALTHCARE LTD			
	26,733	1,573,237	0.12		47	39,313	0.00
TENCENT HOLDINGS LTD				GLENMARK PHARMACEUTICALS LTD			
	80,542	29,655,564	2.24		4,803	232,357	0.02
TRAVELSKY TECHNOLOGY LTD				HCL TECHNOLOGIES LTD			
	25,000	386,000	0.03		2,598	305,874	0.02
TSINGTAO BREWERY CO LTD				HERO MOTOCORP LTD			
	8,000	368,800	0.03		1,607	429,723	0.03
VITASOY INTERNATIONAL HOLDINGS LTD				HINDUSTAN PETROLEUM CORP LTD			
	6,000	222,300	0.02		15,372	463,583	0.04
VTECH HOLDINGS LTD				HINDUSTAN UNILEVER LTD			
	10,621	732,318	0.05		2,954	578,351	0.04
WANT WANT CHINA HOLDINGS LTD				HOUSING DEVELOPMENT FINANCE CORP LTD			
	43,000	263,590	0.02		5,719	1,380,944	0.11
WEICHAI POWER CO LTD				ICICI LOMBARD GENERAL INSURANCE CO LTD			
	48,000	585,600	0.04		5,169	710,217	0.05
WH GROUP LTD				ICICI PRUDENTIAL LIFE INSURANCE CO LTD			
	115,966	894,098	0.07		12,981	593,493	0.05
WHARF REAL ESTATE INVESTMENT CO LTD				INDIAN OIL CORP LTD			
	22,861	1,136,192	0.09		14,230	224,612	0.02
WUXI BIOLOGICS CAYMAN INC				INFOSYS LTD			
	24,991	2,107,991	0.16		16,683	1,508,411	0.12
WYNN MACAU LTD				INTERGLOBE AVIATION LTD			
	8,400	150,024	0.01		3,059	542,095	0.04
XIAOMI CORP				ITC LTD			
	182,708	1,653,507	0.12		13,403	413,278	0.03
XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO LTD				JSW STEEL LTD			
	71,800	632,558	0.05		5,433	146,813	0.01
XINYI GLASS HOLDINGS LTD				NESTLE INDIA LTD			
	50,000	397,500	0.03		105	139,400	0.01
XINYI SOLAR HOLDINGS LTD				NMDC LTD			
	34,323	148,275	0.01		43,765	542,383	0.04
YUEYUEN INDUSTRIAL (HOLDINGS) LTD				ORACLE FINANCIAL SERVICES SOFTWARE LTD			
	15,500	340,225	0.03		1,162	448,070	0.03
YUEXIU PROPERTY CO LTD				POWER GRID CORPORATION OF INDIA LTD			
	278,000	494,840	0.04		23,207	559,631	0.04
ZHEJIANG EXPRESSWAY CO LTD				RELIANCE INDUSTRIES LTD			
	85,839	654,093	0.05		7,334	972,716	0.07
ZHONGSHENG GROUP HOLDINGS LTD				SBI LIFE INSURANCE COMPANY LTD			
	58,000	1,276,000	0.10		7,704	697,442	0.05
ZHUZHOU CSR TIMES ELECTRIC CO LTD H SHARES				STATE BANK OF INDIA			
	11,800	444,270	0.03		19,503	738,313	0.06
ZIJIN MINING GROUP CO LTD H SHARES				TATA CONSULTANCY SERVICES LTD			
	136,000	429,760	0.03		4,867	1,221,685	0.09
		270,532,215	20.47	TECH MAHINDRA LTD			
					2,129	154,154	0.01

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## HSBC Managed Balanced Fund

as at 31 July 2019

	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
<b>Equities</b>				<b>Japan</b>			
Listed investments				ABC-MART INC	2,000	994,935	0.08
				ADVANTEST CORP	3,200	985,129	0.07
TORRENT POWER LTD	16,738	582,400	0.04	AEON MALL CO LTD	4,100	495,715	0.04
WIPRO LTD	6,594	199,610	0.02	AGC INC	800	193,219	0.01
		<u>17,119,708</u>	<u>1.30</u>	AJINOMOTO CO INC	2,100	296,296	0.02
				ANA HOLDINGS INC	2,500	660,045	0.05
<b>Indonesia</b>				AOYAMA TRADING CO LTD	2,800	410,807	0.03
ASTRA AGRO LESTARI TBK PT	71,881	400,421	0.03	ARIAKE JAPAN CO LTD	900	439,934	0.03
BANK CENTRAL ASIATBK PT	43,122	745,332	0.06	ASAHI GROUP HOLDINGS LTD	1,900	648,618	0.05
CHAROEN POKPHAND INDONESIA TBK PT	330,759	992,842	0.08	ASTELLAS PHARMA INC	4,300	481,610	0.04
MATAHARI DEPARTMENT STORE TBK PT	86,500	180,184	0.01	AUTOBACS SEVEN CO LTD	3,900	498,808	0.04
		<u>2,318,779</u>	<u>0.18</u>	BANDAI NAMCO HOLDINGS INC	800	340,296	0.03
				BRIDGESTONE CORP	2,400	709,432	0.05
<b>Ireland</b>				BROTHER INDUSTRIES LTD	4,200	588,958	0.04
AIB GROUP PLC	15,808	427,106	0.03	CANON INC	6,801	1,456,524	0.11
BANK OF IRELAND GROUP PLC	2,440	85,064	0.01	CENTRAL JAPAN RAILWAY CO	1,400	2,212,504	0.17
GLANBIA PLC	3,503	360,262	0.03	CHUGAI PHARMACEUTICAL CO LTD	900	506,119	0.04
		<u>872,432</u>	<u>0.07</u>	CHUGOKU BANK LTD	7,200	493,661	0.04
				DAICEL CORP	6,222	415,390	0.03
<b>Italy</b>				DAI-CHI LIFE INSURANCE CO LTD	12,035	1,394,368	0.11
A2A SPA	40,732	560,905	0.04	DAIICHI SANKYO CO LTD	1,500	718,840	0.05
ASSICURAZIONI GENERALI SPA	9,707	1,424,701	0.11	DAIICHIKOSHO CO LTD	1,600	520,827	0.04
ATLANTIA SPA	1,384	280,571	0.02	DAIKIN INDUSTRIES LTD	663	649,365	0.05
BUZZI UNICEM SPA	2,615	419,359	0.03	DAITO TRUST CONSTRUCTION CO LTD	652	661,624	0.05
BUZZI UNICEM SPA	4,111	457,904	0.03	DAIWA HOUSE INDUSTRY CO LTD	7,017	1,573,863	0.12
DIASORIN SPA	505	462,144	0.04	DENA CO LTD	900	135,289	0.01
ENEL SPA	10,564	570,751	0.04	DENSO CORP	1,900	635,331	0.05
ENI SPA	9,049	1,120,231	0.09	DISCO CORP	500	729,258	0.06
EXOR NV	285	156,389	0.01	EAST JAPAN RAILWAY CO	1,608	1,159,895	0.09
FIAT CHRYSLER AUTOMOBILES NV	2,298	241,062	0.02	ELECTRIC POWER DEVELOPMENT CO LTD	3,100	546,904	0.04
INTESA SANPAOLO SPA	39,857	680,998	0.05	EXEDY CORP	2,800	450,777	0.03
MONCLER SPA	2,213	716,920	0.05	FAMILYMART UNY HOLDINGS CO LTD	3,500	587,949	0.04
POSTE ITALIANE SPA	4,733	398,483	0.03	FANUC CORP	513	722,329	0.06
SALVATORE FERRAGAMO SPA	2,875	475,462	0.04	FAST RETAILING CO LTD	100	472,594	0.04
UNICREDIT SPA	1,098	101,975	0.01	FUJI HEAVY INDUSTRIES LTD	4,014	736,369	0.06
UNIPOLSAI ASSICURAZIONI SPA	24,202	496,751	0.04	FUJIFILM HOLDINGS CORP	400	149,413	0.01
		<u>8,564,606</u>	<u>0.65</u>	FUJITSU LTD	900	554,330	0.04
				GUNMA BANK LTD	14,200	384,939	0.03
				HAMAMATSU PHOTONICS KK	1,100	322,380	0.02

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	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
<b>Equities</b>							
Listed investments				MARUBENI CORP	14,200	726,879	0.06
				MARUICHI STEEL TUBE LTD	2,700	559,456	0.04
				MEDIPAL HOLDINGS CORP	2,600	435,637	0.03
HANKYU HANSHIN HOLDINGS INC	1,000	276,491	0.02	MEGMILK SNOW BRAND CO LTD	2,700	455,507	0.03
HASEKO CORP	6,568	561,608	0.04	MEIJI HOLDINGS CO LTD	500	272,886	0.02
HITACHI LTD	900	252,540	0.02	MITSUBISHI CORP	5,528	1,170,344	0.09
HONDA MOTOR CO LTD	7,504	1,466,418	0.11	MITSUBISHI ELECTRIC CORP	8,338	861,136	0.07
HOYA CORP	3,316	2,009,406	0.15	MITSUBISHI ESTATE CO LTD	4,900	710,787	0.05
HULIC CO LTD	1,600	108,203	0.01	MITSUBISHI HEAVY INDUSTRIES LTD	1,300	422,516	0.03
INPEX CORP	5,600	388,117	0.03	MITSUBISHI SHOKUHIN CO LTD	2,355	465,218	0.04
ITOCHU CORP	6,200	930,653	0.07	MITSUBISHI UFJ FINANCIAL GROUP			
JAPAN AIRLINES CO LTD	2,448	604,841	0.05	INC	54,032	2,042,036	0.15
JAPAN AVIATION ELECTRONICS				ITSUI & CO LTD	3,900	500,214	0.04
INDUSTRY LTD	4,900	539,096	0.04	ITSUI FUDOSAN CO LTD	1,700	302,918	0.02
JAPAN EXCHANGE GROUP INC	4,484	518,220	0.04	MIZUHO FINANCIAL GROUP INC	110,495	1,230,001	0.09
JAPAN POST HOLDINGS CO LTD	9,000	692,994	0.05	MORINAGA MILK INDUSTRY CO LTD	2,200	673,311	0.05
JAPAN TOBACCO INC	2,800	488,426	0.04	MS&AD INSURANCE GROUP			
JFE HOLDINGS INC	2,400	250,464	0.02	HOLDINGS INC	5,055	1,305,091	0.10
JTEKT CORP	5,800	542,773	0.04	MURATA MANUFACTURING CO LTD	1,500	523,747	0.04
JX HOLDINGS INC	14,200	526,936	0.04	NEXON CO LTD	4,900	611,870	0.05
KAJIMA CORP	2,000	203,024	0.02	NGK INSULATORS LTD	2,300	270,622	0.02
KAMIGUMI CO LTD	3,100	560,984	0.04	NIDEC CORP	500	530,452	0.04
KANDENKO CO LTD	6,100	419,560	0.03	NIHON M&A CENTER INC	5,400	1,149,279	0.09
KANSAI MIRAI FINANCIAL GROUP				NIHON UNISYS LTD	2,200	571,799	0.04
INC	18,800	996,232	0.08	NIKON CORP	1,600	170,494	0.01
KAO CORP	2,653	1,526,164	0.12	NINTENDO CO LTD	239	690,968	0.05
KDDI CORP	9,881	2,032,798	0.15	NIPPON EXPRESS CO LTD	300	133,235	0.01
KEYENCE CORP	604	2,749,085	0.21	NIPPON TELEGRAPH AND			
KIKKOMAN CORP	600	215,209	0.02	TELEPHONE CORP	4,066	1,442,861	0.11
KINDEN CORP	4,400	525,325	0.04	NIPPON TELEVISION HOLDINGS INC	3,900	422,609	0.03
KINTETSU GROUP HOLDINGS CO				NISSAN CHEMICAL CORP	600	206,990	0.02
LTD	800	298,769	0.02	NISSAN MOTOR CO LTD	8,403	430,623	0.03
KIRIN HOLDINGS CO LTD	3,600	615,129	0.05	NISSHIN SEIFUN GROUP INC	1,100	163,768	0.01
KOKUYO CO LTD	3,900	414,174	0.03	NITORI HOLDINGS CO LTD	300	318,595	0.02
KOMATSU LTD	2,000	352,625	0.03	NITTO DENKO CORP	2,000	777,202	0.06
KOMERI CO LTD	2,600	421,391	0.03	NSK LTD	2,000	133,667	0.01
KONAMI HOLDINGS CORP	400	133,811	0.01	NTT DATA CORP	2,800	289,685	0.02
K'S HOLDINGS CORP	7,600	545,743	0.04	NTT DOCOMO INC	10,378	1,956,594	0.15
KUBOTA CORP	900	109,821	0.01	OBAYASHI CORP	9,000	672,230	0.05
KYOCERA CORP	1,900	916,421	0.07	OBIC BUSINESS CONSULTANTS CO			
KYUSHU ELECTRIC POWER CO INC	7,000	546,565	0.04	LTD	1,100	373,137	0.03
KYUSHU RAILWAY CO	3,200	717,506	0.05	OBIC CO LTD	800	673,095	0.05
MABUCHI MOTOR CO LTD	2,000	545,051	0.04	OMRON CORP	800	302,229	0.02

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	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
<b>Equities</b>							
Listed investments							
ORACLE CORP JAPAN	720	471,339	0.04	SUMITOMO REALTY & DEVELOPMENT CO LTD	1,832	525,287	0.04
ORIENTAL LAND CO LTD	400	416,431	0.03	SUNDRUG CO LTD	2,100	457,994	0.03
ORIX CORP	13,756	1,548,637	0.12	SUNTORY BEVERAGE & FOOD LTD	500	156,270	0.01
PANASONIC CORP	2,900	193,337	0.01	SUZUKI MOTOR CORP	600	184,669	0.01
PERSOL HOLDINGS CO LTD	4,000	766,244	0.06	T&D HOLDINGS INC	7,700	680,607	0.05
PILOT CORP	1,700	504,965	0.04	TAISEI CORP	1,000	271,805	0.02
POLA ORBIS HOLDINGS INC	2,500	494,403	0.04	TAISHO PHARMACEUTICAL HOLDINGS CO LTD	200	120,113	0.01
RECRUIT HOLDINGS CO LTD	8,700	2,332,083	0.18	TAKEDA PHARMACEUTICAL CO LTD	3,358	880,036	0.07
RESONA HOLDINGS INC	8,900	285,154	0.02	TEIJIN LTD	3,900	531,706	0.04
ROHM CO LTD	400	221,193	0.02	TERUMO CORP	1,800	412,941	0.03
RYOHIN KEIKAKU CO LTD	100	140,084	0.01	TOBU RAILWAY CO LTD	1,000	224,221	0.02
SANKYO CO LTD	2,000	542,167	0.04	TOHOKU ELECTRIC POWER CO INC	14,000	1,101,205	0.08
SAWAI PHARMACEUTICAL CO LTD	1,400	609,650	0.05	TOKIO MARINE HOLDINGS INC	3,990	1,667,599	0.13
SECOM CO LTD	900	554,849	0.04	TOKYO ELECTRON LTD	600	808,709	0.06
SEGA SAMMY HOLDINGS INC	2,900	293,549	0.02	TOKYO GAS CO LTD	2,100	412,043	0.03
SEIKO EPSON CORP	5,200	603,594	0.05	TOSHIBA CORP	2,300	577,891	0.04
SEINO HOLDINGS CO LTD	6,300	619,996	0.05	TOSOH CORP	5,100	563,674	0.04
SEKISUI CHEMICAL CO LTD	1,600	186,990	0.01	TOYO SUISAN KAISHA LTD	2,488	788,360	0.06
SEVEN & I HOLDINGS CO LTD	4,148	1,114,885	0.08	TOYOTA MOTOR CORP	11,034	5,587,698	0.42
SHIMACHU CO LTD	2,600	453,070	0.03	TREND MICRO INC	500	171,770	0.01
SHIMAMURA CO LTD	660	367,347	0.03	TSUMURA & CO	2,300	499,126	0.04
SHIMANO INC	1,200	1,334,943	0.10	TV ASahi HOLDINGS CORP	3,600	465,370	0.04
SHIN ETSU CHEMICAL CO LTD	1,805	1,451,651	0.11	UBE INDUSTRIES LTD	800	131,447	0.01
SHIONOGI & CO LTD	2,108	920,542	0.07	ULVAC INC	2,200	729,619	0.06
SHISEIDO CO LTD	800	464,072	0.04	UNICHARM CORP	1,700	379,705	0.03
SMC CORP	200	574,755	0.04	USS CO LTD	4,200	656,181	0.05
SOFTBANK CORP	12,042	1,275,369	0.10	WEST JAPAN RAILWAY CO	1,385	892,494	0.07
SOFTBANK CORP	5,686	2,307,153	0.17	YAMAHA CORP	700	260,413	0.02
SOMPO HOLDINGS INC	1,800	588,136	0.04	YAMATO KOGYO CO LTD	1,300	266,368	0.02
SONY CORP	5,309	2,361,638	0.18			124,984,523	9.46
SONY FINANCIAL HOLDINGS INC	3,800	726,288	0.06				
SUGI HOLDINGS CO LTD	1,400	530,920	0.04	<b>Malaysia</b>			
SUMITOMO CHEMICAL CO LTD	6,600	237,919	0.02	HONG LEONG FINANCIAL GROUP BHD	15,518	529,284	0.04
SUMITOMO CORP	5,100	596,950	0.05	IOI CORPORATION BHD	51,600	410,135	0.03
SUMITOMO HEAVY INDUSTRIES LTD	2,300	586,182	0.04	KUALA LUMPUR KEPONG BHD	13,272	594,675	0.04
SUMITOMO MITSUI FINANCIAL GROUP INC	5,775	1,585,077	0.12	MALAYAN BANKING BHD	22,919	376,076	0.03
SUMITOMO MITSUI TRUST HOLDINGS INC	1,600	430,735	0.03	MALAYSIA AIRPORTS HOLDINGS BHD	38,730	616,414	0.05
				PUBLIC BANK BHD	13,895	577,253	0.04



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	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
<b>Equities</b>							
Listed investments							
				DMCI HOLDINGS INC	262,300	409,139	0.03
				MANILA ELECTRIC CO	7310	410,435	0.03
				MEGAWORLD CORP	568,051	534,777	0.04
RHB BANK BHD	51,939	541,901	0.04	SM INVESTMENTS CORP	2,310	355,164	0.03
TENAGA NASIONAL BHD	18,100	474,515	0.04	SM PRIME HOLDINGS INC	41,400	232,449	0.02
		<u>4,120,253</u>	<u>0.31</u>			<u>2,183,273</u>	<u>0.17</u>
<b>Netherlands</b>							
AALBERTS INDUSTRIES NV	1,665	529,087	0.04				
ABN AMRO BANK NV	1,101	172,342	0.01	<b>Poland</b>			
AKZO NOBEL NV	1,250	930,933	0.07	CD PROJEKT SA	1,261	589,810	0.04
ARCELORMITTAL SA	1,526	193,089	0.01				
ASML HOLDING NV	1,053	1,861,199	0.14	<b>Portugal</b>			
GALAPAGOS NV	1,010	1,389,953	0.11	EDP ENERGIAS DE PORTUGAL SA	20,459	592,175	0.04
GRANDVISION NV	3,090	731,450	0.06				
HEINEKEN NV	947	801,595	0.06				
ING GROEP NV	9,958	874,147	0.07	<b>Russia</b>			
KONINKLIJKE PHILIPS NV	3,719	1,377,077	0.10	BANK VTB PAO	113,327,670	594,419	0.05
RANDSTAD NV	1,362	540,588	0.04	FSK YEES PAO	9,830,000	223,223	0.02
ROYAL DUTCH SHELL PLC A SHARES	10,415	2,589,498	0.20	GAZPROM PAO	51,319	1,500,414	0.11
UNILEVER NV	4,030	1,838,029	0.14	GMK NORILSKIY NIKEL PAO	103	186,176	0.01
WOLTERS KLUWER NV	973	555,966	0.04	MAGNITOGORSKIY METALLURGICHESKIY KOMBINAT OAO	28,919	153,040	0.01
		<u>14,384,953</u>	<u>1.09</u>	NK LUKOIL PAO	1,256	810,155	0.06
				ROSSIYSKIYE SETI PAO	3,079,000	452,916	0.03
				SBERBANK ROSSII PAO	15,730	453,278	0.04
				SURGUTNEFTEGAZ OAO	96,600	322,606	0.03
				SURGUTNEFTEGAZ OAO	7,500	25,048	0.00
				SURGUTNEFTEGAZ PAO	139,999	538,036	0.04
						<u>5,259,311</u>	<u>0.40</u>
<b>New Zealand</b>							
AIR NEW ZEALAND LTD	36,490	511,839	0.04	<b>Singapore</b>			
SKYCITY ENTERTAINMENT GROUP LTD	24,809	512,694	0.04	DAIRY FARM INTERNATIONAL HOLDINGS LTD	7,000	410,965	0.03
		<u>1,024,533</u>	<u>0.08</u>	DBS GROUP HOLDINGS LTD	8,379	1,265,742	0.10
				GENTING SINGAPORE LTD	26,200	137,871	0.01
				HONG KONG LAND HOLDINGS LTD	29,266	1,402,039	0.11
				JARDINE MATHESON HOLDINGS LTD	3,693	1,760,235	0.13
				JARDINE STRATEGIC HOLDINGS LTD	4,246	1,146,686	0.09
				OVERSEA-CHINESE BANKING CORP LTD	16,472	1,087,268	0.08
				SIA ENGINEERING COMPANY LTD	33,700	510,811	0.04
				SINGAPORE EXCHANGE LTD	14,818	671,273	0.05
<b>Norway</b>							
AKER BP ASA	4,263	957,526	0.07				
DNB ASA	2,778	393,079	0.03				
LERØY SEAFOOD GROUP ASA	4,847	241,933	0.02				
MARINE HARVEST ASA	5,851	1,111,343	0.08				
STATOIL ASA	4,584	649,237	0.05				
		<u>3,353,118</u>	<u>0.25</u>				
<b>Philippines</b>							
AYALA LAND INC	31,500	241,309	0.02				

# Portfolio Statement (Unaudited)

## HSBC Managed Balanced Fund

as at 31 July 2019

	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
<b>Equities</b>							
Listed investments				SHINHAN FINANCIAL GROUP CO LTD	1,986	571,600	0.04
				SK HYNIX INC	3,153	1,604,258	0.12
				SK TELECOM CO LTD	105	172,639	0.01
SINGAPORE TELECOMMUNICATIONS LTD	33,413	636,421	0.05	WOORI FINANCIAL GROUP INC	12,740	1,104,243	0.08
STARHUB LTD	44,900	387,800	0.03			21,208,571	1.60
UNITED OVERSEAS BANK LTD	6,277	947,852	0.07				
WILMAR INTERNATIONAL LTD	8,900	203,117	0.01				
		10,568,080	0.80				
<b>South Korea</b>				<b>Spain</b>			
CELLTRION INC	85	95,889	0.01	AENA SME SA	801	1,145,612	0.09
DAELIM INDUSTRIAL CO LTD	887	619,156	0.05	AMADEUS IT HOLDING SA A SHARES	2,346	1,459,081	0.11
DOOSAN BOBCAT INC	449	106,651	0.01	BANCO BILBAO VIZCAYA			
HANA FINANCIAL GROUP INC	1,490	342,582	0.03	ARGENTARIA SA	17,260	691,907	0.05
HANWHHA LIFE INSURANCE CO LTD	5,737	99,641	0.01	BANCO SANTANDER SA	41,992	1,413,799	0.11
HITE JINRO	3,999	563,579	0.04	BANKINTER SA	1,820	93,080	0.01
HYUNDAI MARINE & FIRE INSURANCE CO LTD	2,096	387,612	0.03	CORPORACION FINANCIERA ALBA SA	246	99,591	0.01
HYUNDAI MOBIS CO LTD	131	208,887	0.02	ENDESA SA	2,868	558,667	0.04
HYUNDAI MOTOR CO LTD	663	554,917	0.04	IBERDROLA SA	7,267	542,791	0.04
HYUNDAI STEEL CO	1,449	371,984	0.03	INDUSTRIA DE DISENO TEXTIL SA	2,599	612,278	0.05
INDUSTRIAL BANK OF KOREA	6,029	524,560	0.04	MAPFRE SA	23,856	518,342	0.04
KANGWON LAND INC	2,073	421,763	0.03	REPSOL SA	6,261	784,965	0.06
KB FINANCIAL GROUP INC	2,285	656,145	0.05	SIEMENS GAMESA RENEWABLE ENERGY SA	4,199	463,864	0.03
KIA MOTORS CORP	2,604	753,777	0.06	TELEFONICA SA	11,768	709,852	0.05
KOREA ZINC INC	196	573,843	0.04	ZARDOYA OTIS SA	7,871	425,322	0.03
KT&G CORP	594	378,474	0.03			9,519,151	0.72
LG CORP	420	196,468	0.01				
LG ELECTRONICS INC	521	225,100	0.02	<b>Sweden</b>			
LG UPLUS CORP	5,214	448,475	0.03	AB SKF	1,011	131,087	0.01
LOTTE CHEMICAL CORP	256	394,657	0.03	ATLAS COPCO AB	2,750	666,459	0.05
NCSOFT CORP	173	551,145	0.04	BOLIDEN AB	5,459	980,208	0.07
NH INVESTMENT & SECURITIES CO LTD	4,901	424,795	0.03	ESSITY AB (PUBL)	1,599	375,772	0.03
POSCO	303	452,078	0.03	HEXAGON AB	650	249,284	0.02
SAMSUNG ELECTRONICS CO LTD	3,399	832,102	0.06	INVESTOR AB B SHARES	1,189	446,879	0.03
SAMSUNG ELECTRONICS CO LTD	21,468	6,441,584	0.49	LUNDIN PETROLEUM AB	4,179	1,042,101	0.08
SAMSUNG FIRE & MARINE INSURANCE CO LTD	419	501,783	0.04	SANDVIK AB	726	88,358	0.01
SAMSUNG FIRE & MARINE INSURANCE CO LTD	361	628,184	0.05	SECURITAS AB	821	100,489	0.01
				SKANDINAVISKA ENSKILDA BAN-A SWEDBANK AB	3,764	279,680	0.02
				TELEFONAKTIEBOLAGET LM	2,248	242,500	0.02
				ERICSSON	7,748	538,026	0.04
				TELIAISONERA AB	13,214	465,264	0.04
				TRELLEBORG AB	2,384	259,797	0.02

## as at 31 July 2019

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# Portfolio Statement (Unaudited)

## HSBC Managed Balanced Fund

as at 31 July 2019

	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
<b>Equities</b>							
Listed investments							
PTT PCL	24,304	292,287	0.02	EXPERIAN PLC	2,389	572,456	0.04
				FERGUSON PLC	839	495,691	0.04
				G4S PLC	4,117	75,587	0.01
				GLAXOSMITHKLINE PLC	12,440	2,030,109	0.15
		4,632,797	0.35	GLENCORE PLC	28,662	731,996	0.06
				HALMA PLC	5,110	974,676	0.07
				HOWDEN JOINERY GROUP PLC	11,240	597,923	0.05
				IMPERIAL BRANDS PLC	2,343	470,482	0.04
<b>Turkey</b>				INTERCONTINENTAL HOTELS GROUP PLC	734	402,349	0.03
COCA-COLA ICECEK AS	6,924	324,125	0.02	INTERNATIONAL CONSOLIDATED AIRLINES GROUP SA	9,829	399,826	0.03
ISKENDERUN DEMIR VE CELIK AS	15,791	155,131	0.01	INTERTEK GROUP PLC	429	234,708	0.02
TAV HAVAILIMANLARI HOLDING AS	13,559	479,000	0.04	KINGFISHER PLC	19,620	418,235	0.03
TEKFEN HOLDING AS	12,713	422,631	0.03	LLOYDS BANKING GROUP PLC	192,245	982,682	0.07
TURK HAVA YOLLARI AO	11,859	207,970	0.02	LONDON STOCK EXCHANGE GROUP PLC	929	590,002	0.04
TURKIYE SINAI KALKINMA BANKASI AS	1	1	0.00	MARKS AND SPENCER GROUP PLC	24,959	497,357	0.04
TURKIYE VAKIFLAR BANKASI TAO	64,561	462,511	0.04	MEGGITT PLC	11,189	639,824	0.05
YAPI VE KREDI BANKASI AS	0	-	0.00	MICRO FOCUS INTERNATIONAL PLC	2,594	432,321	0.03
		2,051,369	0.16	NATIONAL GRID PLC	8,686	702,915	0.05
<b>United Kingdom</b>				NEXT PLC	1,263	734,089	0.06
ANGLO AMERICAN PLC	3,017	589,629	0.04	PENNON GROUP PLC	6,410	440,641	0.03
ASSOCIATED BRITISH FOODS PLC	925	214,557	0.02	PERSIMMON PLC	2,895	557,461	0.04
ASTRAZENECA PLC	1,854	1,254,765	0.09	POLYMETAL INTERNATIONAL PLC	5,989	571,512	0.04
AVIVA PLC	33,815	1,316,221	0.10	PRUDENTIAL PLC	2,141	348,450	0.03
BABCOCK INTERNATIONAL GROUP PLC	9,255	422,605	0.03	QUILTER PLC	38,990	540,764	0.04
BAE SYSTEMS PLC	8,463	445,007	0.03	RECKITT BENCKISER GROUP PLC	1,511	922,840	0.07
BARCLAYS PLC	19,363	285,960	0.02	RELX PLC	9,779	1,831,025	0.14
BELLWAY PLC	1,838	523,225	0.04	RENISHAW PLC	1,171	432,569	0.03
BERKELEY GROUP HOLDINGS PLC	1,443	536,365	0.04	RIO TINTO PLC	3,583	1,613,415	0.12
BHP GROUP PLC	4,676	889,296	0.07	ROYAL DUTCH SHELL PLC B SHARES	10,017	2,498,704	0.19
BP PLC	53,013	2,772,826	0.21	SAGE GROUP PLC	9,819	677,620	0.05
BRITISH AMERICAN TOBACCO PLC	2,682	758,860	0.06	SMITH & NEPHEW PLC	4,953	882,539	0.07
BT GROUP PLC	20,693	383,153	0.03	SSE PLC	3,899	411,272	0.03
BURBERRY GROUP PLC	2,884	624,450	0.05	STANDARD CHARTERED PLC	5,135	333,110	0.03
CENTRICA PLC	108,584	791,813	0.06	TATE & LYLE PLC	8,324	602,692	0.05
COMPASS GROUP PLC	4,050	808,594	0.06	TAYLOR WIMPEY PLC	29,432	456,441	0.03
CRH PLC	2,080	545,264	0.04	TESCO PLC	6,616	141,602	0.01
DIAGEO PLC	6,478	2,138,097	0.16	UNILEVER PLC	1,971	936,182	0.07
DIRECT LINE INSURANCE GROUP PLC	16,059	496,249	0.04	VODAFONE GROUP PLC	54,799	788,282	0.06
EASYJET PLC	4,493	415,145	0.03	WHITBREAD PLC	477	206,791	0.02
EVRAZ PLC	8,639	539,052	0.04			43,928,273	3.32

# Portfolio Statement (Unaudited)

## HSBC Managed Balanced Fund

as at 31 July 2019

	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
<b>Equities</b>							
Listed investments							
<b>United States of America</b>							
3M CO	503	687,948	0.05	BLACKROCK INC	113	413,688	0.03
ABBOTT LABORATORIES	1,580	1,077,260	0.08	BOEING CO	834	2,227,383	0.17
ABBVIE INC	1,403	731,657	0.06	BOOKING HOLDINGS INC	45	664,569	0.05
ABIOMED INC	60	130,832	0.01	BRISTOL MYERS SQUIBB CO	1,595	554,481	0.04
ACCENTURE PLC CLASS A	1,204	1,815,026	0.14	BROADCOM INC	176	399,522	0.03
ACTIVISION BLIZZARD INC	1,005	383,439	0.03	BROADRIDGE FINANCIAL SOLUTIONS INC	694	690,587	0.05
ADOBE SYSTEMS INC	440	1,029,356	0.08	BURLINGTON STORES INC	452	639,532	0.05
AFLAC INC	714	294,211	0.02	CABOT OIL & GAS CORP	2,412	361,758	0.03
AGILENT TECHNOLOGIES INC	1,265	687,318	0.05	CADENCE DESIGN SYSTEMS INC	903	522,440	0.04
ALASKA AIR GROUP INC	946	469,193	0.04	CAPITAL ONE FINANCIAL CORP	741	536,080	0.04
ALLSTATE CORP	726	610,360	0.05	CARDINAL HEALTH INC	291	104,169	0.01
ALPHABET INC	289	2,755,889	0.21	CATERPILLAR INC	535	551,424	0.04
ALPHABET INC	281	2,676,258	0.20	CDK GLOBAL INC	258	104,757	0.01
ALTRIA GROUP INC	1,720	633,750	0.05	CELGENE CORP	665	478,182	0.04
AMAZON.COM INC	439	6,415,093	0.49	CENTERPOINT ENERGY INC	4,576	1,039,152	0.08
AMEREN CORP	816	483,475	0.04	CHARLES SCHWAB CORP	914	309,226	0.02
AMERICAN ELECTRIC POWER COMPANY INC	442	303,817	0.02	CHEVRON CORP	1,747	1,683,571	0.13
AMERICAN EXPRESS CO	111	108,065	0.01	CHUBB LTD	457	546,762	0.04
AMERIPRISE FINANCIAL INC	132	150,353	0.01	CIMAREX ENERGY CO	1,002	397,433	0.03
AMGEN INC	704	1,028,213	0.08	CISCO SYSTEMS INC	4,645	2,014,377	0.15
AMPHENOL CORP	280	204,540	0.02	CITIGROUP INC	1,362	758,679	0.06
ANALOG DEVICES INC	345	317,215	0.02	CITRIX SYSTEMS INC	754	556,227	0.04
ANSYS INC	534	849,062	0.06	CLOROX CO	124	157,829	0.01
APPLE INC	4,388	7317,674	0.55	COCA COLA CO	3,566	1,469,129	0.11
APPLIED MATERIALS INC	905	349,749	0.03	COCA-COLA EUROPEAN PARTNERS PLC	1,780	770,253	0.06
ARCHER DANIELS MIDLAND CO	499	160,463	0.01	COGNIZANT TECHNOLOGY SOLUTIONS CORP	1,418	723,052	0.05
AT&T INC	8,787	2,342,087	0.18	COLGATE PALMOLIVE CO	990	555,958	0.04
AUTOMATIC DATA PROCESSING INC	1,127	1,469,047	0.11	COMCAST CORP CLASS A	3,912	1,321,984	0.10
AUTOZONE INC	25	219,776	0.02	CONOCOPHILLIPS	1,117	516,582	0.04
AVANGRID INC	1,404	555,563	0.04	CONSOLIDATED EDISON INC	279	185,551	0.01
BANK OF AMERICA CORP	6,403	1,537,744	0.12	CORNING INC	741	178,365	0.01
BANK OF NEW YORK MELLON CORP	338	124,142	0.01	COSTAR GROUP INC	34	163,788	0.01
BAXTER INTERNATIONAL INC	1,353	889,339	0.07	COSTCO WHOLESALE CORP	149	321,483	0.02
BECTON DICKINSON & CO	371	734,169	0.06	CSX CORP	948	522,428	0.04
BERKSHIRE HATHAWAY INC CLASS A	1	2,416,207	0.18	CUMMINS INC	143	183,580	0.01
BERKSHIRE HATHAWAY INC CLASS B	25	40,202	0.00	CVS HEALTH CORP	1,234	539,683	0.04
BEST BUY CO INC	224	134,191	0.01	DANAHER CORP	690	758,876	0.06
BIOGEN IDEC INC	239	444,930	0.03	DARDEN RESTAURANTS INC	492	468,167	0.04
				DELTA AIR LINES INC	1,282	612,559	0.05

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as at 31 July 2019

	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
<b>Equities</b>				HUNTINGTON INGALLS INDUSTRIES			
Listed investments				INC	336	600,469	0.05
				ILLUMINA INC	145	339,810	0.03
DISCOVERY COMMUNICATIONS INC				INGREDION INC	600	363,011	0.03
CLASS C	356	78,697	0.01	INTEL CORP	4,059	1,606,148	0.12
DOLLAR GENERAL CORP	581	609,524	0.05	INTERNATIONAL BUSINESS			
DUKE ENERGY CORP	701	475,864	0.04	MACHINES CORP	849	985,186	0.07
DXC TECHNOLOGY CO	971	423,902	0.03	INTERNATIONAL PAPER CO	395	135,771	0.01
EASTMAN CHEMICAL CO	830	489,561	0.04	INTUIT INC	494	1,072,353	0.08
EBAY INC	846	272,777	0.02	INTUITIVE SURGICAL INC	110	447,334	0.03
ECOLAB INC	183	288,979	0.02	J B HUNT TRANSPORT SERVICES INC	685	548,919	0.04
EDWARDS LIFESCIENCES CORP	215	358,226	0.03	JOHNSON & JOHNSON	2,427	2,473,960	0.19
ELI LILLY AND CO	233	198,714	0.01	JPMORGAN CHASE & CO	1,834	1,665,369	0.13
ENTERGY CORP	1,023	845,799	0.06	JUNIPER NETWORKS INC	2,305	487,530	0.04
EOG RESOURCES INC	631	424,048	0.03	KANSAS CITY SOUTHERN	663	642,198	0.05
ESTEE LAUDER COMPANIES INC	159	229,250	0.02	KELLOGG CO	899	409,711	0.03
EXELON CORP	3,251	1,146,710	0.09	KIMBERLY-CLARK CORP	346	367,402	0.03
EXPEDITORS INTERNATIONAL OF				KLA-TENCOR CORP	588	627,454	0.05
WASHINGTON INC	1,103	659,219	0.05	KROGER CO	766	126,879	0.01
EXXON MOBIL CORP	4,256	2,477,344	0.19	LAM RESEARCH CORP	146	238,415	0.02
FACEBOOK INC CLASS A	1,561	2,373,365	0.18	LIBERTY GLOBAL PLC SERIES C	752	153,287	0.01
FIDELITY NATIONAL FINANCIAL INC	1,931	648,160	0.05	LINDE PLC	189	282,994	0.02
FIDELITY NATIONAL INFORMATION				LOEWS CORP	1,451	608,122	0.05
SERVICES INC	834	869,918	0.07	LOWE'S COMPANIES INC	700	555,624	0.04
FISERV INC	1,118	922,680	0.07	LYONDELLBASELL INDUSTRIES NV	754	493,958	0.04
FLEETCOR TECHNOLOGIES INC	82	182,405	0.01	MANPOWERGROUP INC	813	581,359	0.04
FOOT LOCKER INC	2,920	938,528	0.07	MASTERCARD INC CLASS A	807	1,719,961	0.13
FORD MOTOR CO	3,644	271,842	0.02	MAXIM INTEGRATED PRODUCTS INC	1,290	597,700	0.05
FORTIVE CORP	281	167,283	0.01	MCDONALD'S CORP	725	1,195,884	0.09
FREEPORT-MCMORAN INC	1,351	116,965	0.01	MCKESSON CORP	184	200,134	0.01
GAP INC	2,845	434,272	0.03	MEDTRONIC PLC	2,439	1,946,264	0.15
GENERAL DYNAMICS CORP	242	352,236	0.03	MERCK & CO INC	2,325	1,510,407	0.11
GENERAL ELECTRIC CO	1,909	156,159	0.01	METLIFE INC	2,196	849,533	0.06
GENTEX CORP	1,544	331,406	0.02	METTLER-TOLEDO INTERNATIONAL			
GENUINE PARTS CO	139	105,674	0.01	INC	133	787,861	0.06
GILEAD SCIENCES INC	1,972	1,011,407	0.08	MICRON TECHNOLOGY INC	2,651	931,547	0.07
GOLDMAN SACHS GROUP INC	326	561,749	0.04	MICROSOFT CORP	7,689	8,201,917	0.62
H&R BLOCK INC	2,421	524,763	0.04	MOLSON COORS BREWING CO	1,044	441,224	0.03
HASBRO INC	704	667,694	0.05	MONDELEZ INTERNATIONAL INC	1,279	535,536	0.04
HERBALIFE LTD	747	239,862	0.02	MORGAN STANLEY	1,279	446,130	0.03
HOLLYFRONTIER CORP	1,354	527,511	0.04	NETFLIX INC	206	520,837	0.04
HONEYWELL INTERNATIONAL INC	711	959,850	0.07	NEWMONT GOLDCORP CORP	514	146,940	0.01
HP INC	4,757	783,473	0.06	NEXTERA ENERGY INC	142	230,282	0.02

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	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
<b>Equities</b>							
Listed investments							
				STATE STREET CORP	2,437	1,108,159	0.08
				STEEL DYNAMICS INC	4,260	1,050,759	0.08
				STRYKER CORP	624	1,024,693	0.08
NIKE INC	1,162	782,531	0.06	SYNOPSIS INC	967	1,004,937	0.08
NORFOLK SOUTHERN CORP	658	984,413	0.07	SYSCO CORP	453	243,152	0.02
NUCOR CORP	1,295	551,257	0.04	TAPESTRY INC	992	240,180	0.02
NVIDIA CORP	1,293	1,707,695	0.13	TEXAS INSTRUMENTS INC	990	968,780	0.07
NXP SEMICONDUCTORS NV	324	262,222	0.02	THE HOME DEPOT INC	1,585	2,651,299	0.20
OCCIDENTAL PETROLEUM CORP	706	283,841	0.02	THE TRAVELERS COS INC	242	277,750	0.02
OLD DOMINION FREIGHT LINE INC	879	1,148,943	0.09	THE WALT DISNEY CO	1,601	1,792,268	0.14
OLD REPUBLIC INTERNATIONAL CORP	3,002	536,020	0.04	THERMO FISHER SCIENTIFIC INC	383	832,508	0.06
OMNICOM GROUP INC	599	376,145	0.03	TJX COS INC	3,288	1,404,273	0.11
ORACLE CORP	2,458	1,083,267	0.08	TYSON FOODS INC	1,228	764,207	0.06
O'REILLY AUTOMOTIVE INC	74	220,561	0.02	U.S. BANCORP	1,340	599,468	0.05
PAYCHEX INC	1,240	806,133	0.06	ULTA BEAUTY INC	391	1,068,953	0.08
PAYPAL HOLDINGS INC	533	460,619	0.03	UNION PACIFIC CORP	745	1,049,430	0.08
PEPSICO INC	2,207	2,208,068	0.17	UNITED PARCEL SERVICE INC CLASS B	669	625,648	0.05
PFIZER INC	4,010	1,219,183	0.09	UNITEDHEALTH GROUP INC	878	1,711,420	0.13
PHILIP MORRIS INTERNATIONAL INC	1,438	941,158	0.07	UNIVERSAL HEALTH SERVICES INC CLASS B	85	100,378	0.01
PHILLIPS 66	1,000	802,829	0.06	VALERO ENERGY CORP	396	264,262	0.02
PINNACLE WEST CAPITAL CORP	767	547,685	0.04	VARIAN MEDICAL SYSTEMS INC	633	581,575	0.04
PIONEER NATURAL RESOURCES CO	161	173,971	0.01	VEDANTA LTD	1,920	131,208	0.01
PRINCIPAL FINANCIAL GROUP INC	1,300	590,631	0.04	VERIZON COMMUNICATIONS INC	4,958	2,145,069	0.16
PROCTER & GAMBLE CO	2,322	2,145,540	0.16	VIACOM INC	2,337	555,217	0.04
PRUDENTIAL FINANCIAL INC	386	306,115	0.02	VISA INC CLASS A	1,664	2,318,561	0.18
PUBLIC SERVICE ENTERPRISE GROUP INC	471	210,709	0.02	WAL-MART STORES INC	178	153,800	0.01
PVH CORP	513	357,077	0.03	WASTE MANAGEMENT INC	514	470,754	0.04
QIAGEN NV	2,567	771,418	0.06	WATERS CORP	409	674,131	0.05
QORVO INC	995	570,838	0.04	WELLS FARGO & CO	3,691	1,398,699	0.11
QUALCOMM INC	307	175,816	0.01	WESTERN UNION CO	3,463	569,268	0.04
RALPH LAUREN CORP	403	328,809	0.02	WESTLAKE CHEMICAL CORP	392	207,341	0.02
REGENERON PHARMACEUTICALS INC	430	1,025,821	0.08	XCEL ENERGY INC	475	221,645	0.02
ROBERT HALF INTERNATIONAL INC	2,243	1,060,678	0.08	XILINX INC	207	185,063	0.01
ROSS STORES INC	729	605,064	0.05	YUM CHINA HOLDINGS INC	3,124	1,112,673	0.08
SALESFORCE.COM INC	272	328,960	0.02			182,269,588	13.79
SKYWORKS SOLUTIONS INC	915	610,820	0.05				
SNAP-ON INC	452	539,966	0.04				
SOUTHERN CO	2,191	963,882	0.07				
SOUTHWEST AIRLINES CO	1,145	461,861	0.03				
STARBUCKS CORP	1,119	829,429	0.06				
				Listed equities (Total)		897,494,459	67.92

# Portfolio Statement (Unaudited)

## HSBC Managed Balanced Fund

as at 31 July 2019

	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
<b>Equities</b>				FRANCE, REPUBLIC OF			
Unlisted investments				(GOVERNMENT) 4% 25 OCTOBER 2038			
				140,000	2,058,581	0.16	
<b>British Virgin Islands</b>				GERMANY (REPUBLIC OF) 3.25% 4 JULY 2042			
CHINA COMMON RICH RENEWABLE ENERGY INVESTMENTS LTD				52,000	793,667	0.06	
Equities (Total)				32,000	297,900	0.02	
				30,000	280,207	0.02	
<b>Debt securities</b>				GERMANY, FEDERAL REPUBLIC OF (GOVERNMENT) 0.25% 15 FEBRUARY 2029			
				21,000	197,605	0.02	
<b>Bonds</b>				GERMANY, FEDERAL REPUBLIC OF (GOVERNMENT) 0.5% 15 FEBRUARY 2026			
Listed investments				379,000	4,181,199	0.32	
AUSTRALIA, COMMONWEALTH OF (GOVERNMENT) 3.25% 21 APRIL 2025				163,000	1,650,784	0.13	
433,000				700,000	6,142,029	0.47	
AUSTRALIA, COMMONWEALTH OF (GOVERNMENT) 3.25% 21 JUNE 2039				406,000	3,747,583	0.28	
60,000				370,000	3,611,706	0.27	
BELGIUM (KINGDOM OF) 2.6% 22 JUN 2024				60,100,000	4,487,961	0.34	
10,623				15,000,000	1,109,936	0.08	
BELGIUM, KINGDOM OF (GOVERNMENT) 0.9% 22 JUNE 2029				35,000,000	2,591,819	0.20	
340,000				39,600,000	2,942,165	0.22	
BONOS Y OBLIG DEL ESTADO 5.15% 31 OCTOBER 2044				118,600,000	10,297,229	0.78	
97,000				JAPAN GOVERNMENT 20 YEAR BOND #328 0.6% 20 MARCH 2023			
CANADA (GOVERNMENT) 2.75% 01 DECEMBER 2048				84,650,000	7,328,466	0.55	
390,000				67,500,000	6,895,772	0.52	
DENMARK (KINGDOM OF) 1.5% 15 NOVEMBER 2023				20,000	891,032	0.07	
646,197							
FRANCE (GOVERNMENT OF) OAT 4.25% 25 OCTOBER 2023							
86,320							
FRANCE, REPUBLIC OF (GOVERNMENT) 0% 25 MAY 2021							
330,000							
FRANCE, REPUBLIC OF (GOVERNMENT) 0.5% 25 MAY 2025							
169,619							
FRANCE, REPUBLIC OF (GOVERNMENT) 2% 25 MAY 2048							
240,000							
FRANCE, REPUBLIC OF (GOVERNMENT) 3.25% 25 MAY 2045							
143,156							



# Portfolio Statement (Unaudited)

## HSBC Managed Balanced Fund

as at 31 July 2019

	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
<b>Bonds</b>							
Listed investments							
MEXICO (UNITED STATES OF) 8% 11 JUNE 2020	13,350	558,029	0.04	UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND (GOVERNMENT) 1.5% 22 JULY 2047	100,000	999,415	0.08
NETHERLANDS (GOVERNMENT OF) 3.75% 15 JANUARY 2042	95,000	1,512,373	0.11	UNITED STATES TREASURY 1.75% 15 MAY 2022	1,034,000	8,076,659	0.61
POLAND REPUBLIC OF (GOVERNMENT) 5.25% 25 OCTOBER 2020	248,000	528,757	0.04	UNITED STATES TREASURY 2.25% 15 AUGUST 2027	366,000	2,927,683	0.22
POLAND, REPUBLIC OF (GOVERNMENT) 2.75% 25 OCTOBER 2029	200,000	428,032	0.03	UNITED STATES TREASURY 2.375% 15 MARCH 2021	470,000	3,705,413	0.28
SOUTH AFRICA (REPUBLIC OF) 10.5% 21 DECEMBER 2026	1,540,000	952,567	0.07	UNITED STATES TREASURY 2.375% 15 MAY 2029	590,000	4,765,314	0.36
SPAIN (GOVERNMENT OF) 4.4% 31 OCTOBER 2023	189,000	1,982,493	0.15	UNITED STATES TREASURY 2.5% 28 FEBRUARY 2021	400,000	3,158,558	0.24
SPAIN (GOVERNMENT OF) 5.75% 30 JULY 2032	125,000	1,818,256	0.14	UNITED STATES TREASURY 2.625% 15 FEBRUARY 2029	900,000	7,419,381	0.56
SPAIN KINGDOM OF (GOVERNMENT) 1.15% 30 JULY 2020	556,000	4,924,852	0.37	UNITED STATES TREASURY 3.125% 15 NOVEMBER 2028	150,000	1,285,549	0.10
SPAIN, KINGDOM OF (GOVERNMENT) 0.6% 31 OCTOBER 2029	400,000	3,598,734	0.27	UNITED STATES TREASURY 6.125% 15 NOVEMBER 2027	36,000	371,960	0.03
SPAIN, KINGDOM OF (GOVERNMENT) 1.3% 31 OCTOBER 2026	370,000	3,533,989	0.27	US TREASURY NOTES 2% 31 OCTOBER 2021	1,181,000	9,272,918	0.70
SPAIN, KINGDOM OF (GOVERNMENT) 1.45% 30 APRIL 2029	180,000	1,751,367	0.13	US TREASURY NOTES 2.5% 15 MAY 2024	1,800,000	14,519,531	1.10
SPAIN, KINGDOM OF (GOVERNMENT) 1.45% 31 OCTOBER 2027	150,000	1,453,720	0.11	US TREASURY NOTES 3% 15 NOVEMBER 2044	1,161,000	9,931,690	0.75
SWEDEN, KINGDOM OF (GOVERNMENT) 0.75% 12 NOVEMBER 2029	500,000	445,917	0.03	US TREASURY NOTES 4.375% 15 FEBRUARY 2038	356,000	3,683,494	0.28
UK OF GREAT BRITAIN AND NORTHERN IRELAND (GOVERNMENT) 3.25% 22 JANUARY 2044	192,000	2,591,062	0.20	Debt securities (Total)		183,640,860	13.90
UK TREASURY 4% 7 MARCH 2022	87,000	912,761	0.07	<b>Unit trusts</b>			
UK TREASURY 4.25% 7 MARCH 2036	224,000	3,186,852	0.24	Listed investment			
UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND (GOVERNMENT) 0.125% 10 AUGUST 2048	100,000	1,851,594	0.14	AGNC INVESTMENT CORP	3,429	460,070	0.03
				AMERICAN TOWER CORP	635	1,051,903	0.08
				DUKE REALTY CORP	2,818	735,227	0.06
				HOSPITALITY PROPERTIES TRUST	2,359	456,295	0.03
				IRON MOUNTAIN INC	1,705	392,523	0.03
				KIMCO REALTY CORP	3,114	468,264	0.04
				LINK REIT	53,382	4,879,115	0.37
				PUBLIC STORAGE	405	769,622	0.06
				SIMON PROPERTY GROUP INC	422	535,807	0.04
				WEYERHAEUSER CO	2,165	430,634	0.03
						10,179,460	7.77

# Portfolio Statement (Unaudited)

## HSBC Managed Balanced Fund

as at 31 July 2019

	Holdings	Market value HKD	% of net asset value
<b>Unit trusts</b>			
Unlisted but quoted investments			
HSBC INDEXTRACKER INVESTMENT FUND – JAPAN INDEX FUND CLASS INSTITUTIONAL ACCUMULATION	3,156,806	40,787,222	3.09
HSBC POOLED INVESTMENT FUND – HSBC POOLED ASIAN BOND FUND CLASS W	10,277,795	133,994,691	10.14
HSBC POOLED VC ASIA PAC EX JP EQ FD-W	1,337,000	13,873,247	1.05
		<u>188,655,160</u>	<u>14.28</u>
Unit trusts (Total)		<u>198,834,620</u>	<u>15.05</u>
<b>Rights</b>			
LEGENDHOLDING – PREF OFF 19 RTS(DEC2019)	654	–	–
Rights (total)		<u>–</u>	<u>–</u>
<b>Derivative assets</b>			
Future contracts	49	19,842	0.00
Foreign currency forward contracts		469,821	0.04
		<u>489,663</u>	<u>0.04</u>
<b>Total financial assets</b>		<u>1,280,459,602</u>	<u>96.91</u>
<b>Financial liabilities</b>			
Derivative liabilities			
Futures contracts	1,063	(663,312)	(0.05)
<b>Total financial liabilities</b>		<u>(663,312)</u>	<u>(0.05)</u>
<b>Total net investments</b>			
<i>(Total cost of investments: \$1,159,102,423)</i>		1,279,796,290	96.86
<b>Other net assets</b>		<u>41,551,214</u>	<u>3.14</u>
<b>Total net assets</b>		<u>1,321,347,504</u>	<u>100.00</u>

# Statement of Movements in Portfolio Holdings (Unaudited)

## HSBC Managed Balanced Fund

for the year ended 31 July 2019

	% of net asset value 2019	% of net asset value 2018
<b>Financial assets</b>		
<b>Equities</b>		
<i>Listed investments</i>		
Australia	2.66	2.48
Austria	0.16	0.25
Belgium	0.26	0.35
Canada	0.58	0.74
Czech Republic	–	0.03
Denmark	0.47	0.37
Finland	0.16	0.30
France	2.38	2.15
Germany	1.91	2.23
Greece	0.01	0.04
Hong Kong	20.47	19.90
Hungary	0.04	0.00
India	1.30	1.21
Indonesia	0.18	0.18
Ireland	0.07	0.07
Italy	0.65	0.58
Japan	9.46	9.72
Malaysia	0.31	0.30
Netherlands	1.09	1.01
New Zealand	0.08	0.10
Norway	0.25	0.12
Philippines	0.17	0.09
Poland	0.04	0.06
Portugal	0.04	0.05
Russia	0.40	0.41
Singapore	0.80	0.74
South Korea	1.60	2.08
Spain	0.72	0.51
Sweden	0.46	0.62
Switzerland	2.09	1.92
Taiwan	1.49	1.42
Thailand	0.35	0.33
Turkey	0.16	0.10
United Kingdom	3.32	3.49
United States of America	13.79	13.78
	<hr/> 67.92	<hr/> 67.73

# Statement of Movements in Portfolio Holdings (Unaudited)

## HSBC Managed Balanced Fund

for the year ended 31 July 2019

	% of net asset value 2019	% of net asset value 2018
<b>Unlisted investment</b>		
British Virgin Islands	—	—
<b>Bonds</b>		
Listed investments	13.90	14.20
<b>Unit trusts</b>		
Listed investments	0.77	0.68
Unlisted investments	14.28	12.16
	15.05	12.84
<b>Derivative assets</b>		
Foreign currency forward contracts	0.04	0.05
Futures contracts	0.00	0.00
	0.04	0.05
<b>Financial liabilities</b>		
<b>Derivative liabilities</b>		
Futures contracts	(0.05)	(0.06)
	(0.05)	(0.06)
<b>Total investments</b>	96.86	94.76
<b>Other net assets</b>	3.14	5.24
<b>Total net assets</b>	100.00	100.00

# Performance Record (Unaudited)

## HSBC Managed Balanced Fund

### (a) Price record (dealing net asset value per unit)

Year	"A" class income units				
	Bid		Offer		
	Lowest HKD	Highest HKD	Lowest HKD	Highest HKD	
2009	14.62	24.28	15.42	25.62	
2010	20.87	23.89	22.01	25.20	
2011	21.89	25.86	23.09	27.28	
2012	20.45	24.99	21.57	26.36	
2013	22.02	25.87	23.23	27.29	
2014	24.36	27.15	25.69	28.64	
2015	25.24	28.12	26.63	29.67	
2016	22.66	26.38	23.91	27.83	
2017	25.22	29.28	26.61	30.89	
2018	28.87	32.61	30.46	34.40	
2019	27.31	30.44	27.31	31.90	

  

Year	"L" class income units				
	Bid		Offer		
	Lowest HKD	Highest HKD	Lowest HKD	Highest HKD	
2009	16.60	26.21	16.60	26.21	
2010	23.04	26.37	23.04	26.37	
2011	24.36	28.83	24.36	28.83	
2012	23.03	28.13	23.03	28.13	
2013	25.06	29.49	25.06	29.49	
2014	28.04	31.20	28.04	31.20	
2015	30.61	30.99	30.61	30.99	
2016	—	—	—	—	
2017	—	—	—	—	
2018	—	—	—	—	
2019	—	—	—	—	

# Performance Record (Unaudited)

Year	Provident class units			
	Bid		Offer	
	Lowest HKD	Highest HKD	Lowest HKD	Highest HKD
2009	16.90	26.44	16.90	26.44
2010	23.47	26.85	23.47	26.85
2011	24.85	29.52	24.85	29.52
2012	23.64	28.84	23.64	28.84
2013	25.85	30.54	25.85	30.54
2014	29.10	32.66	29.10	32.66
2015	30.60	34.23	30.60	34.23
2016	27.76	32.19	27.76	32.19
2017	31.24	36.52	31.24	36.52
2018	36.27	41.12	36.27	41.12
2019	34.88	39.04	34.88	39.04

Year	Accumulation units			
	Bid		Offer	
	Lowest HKD	Highest HKD	Lowest HKD	Highest HKD
2009	7.90	12.31	7.90	12.32
2010	10.82	12.38	10.82	12.38
2011	11.43	13.51	11.43	13.51
2012	10.78	13.17	10.78	13.17
2013	11.72	13.77	11.72	13.77
2014	13.08	14.58	13.08	14.58
2015	13.64	15.21	13.64	15.21
2016	12.27	14.28	12.27	14.28
2017	13.70	15.94	13.70	15.94
2018	15.82	17.88	15.82	17.88
2019	15.07	16.81	15.07	16.81

## (b) Total net asset value (calculated in accordance with HKFRS)

	2019 HKD	2018 HKD	2017 HKD	2016 HKD
Total net asset value	1,321,347,504	1,447,487,102	2,299,504,955	2,307,123,710

## (c) Net asset value per unit (calculated in accordance with HKFRS)

	2019 HKD	2018 HKD	2017 HKD	2016 HKD
Net asset value per unit				
– “A” class income units	29.95	30.24	29.07	25.58
– Provident class units	38.57	38.51	36.53	31.61
– Accumulation units	16.59	16.69	15.94	13.88

# Performance Record (Unaudited)

(d) Total expense ratio

	Average net asset value HKD	2019 Total expenses HKD	Total expense ratio %
– “A” class income	333,237,603	6,044,341	1.81%
– Provident class	915,924,891	9,752,033	1.06%
– Accumulation	98,120,181	1,725,648	1.76%

# Investment Adviser's Report

## **HSBC Managed Growth Fund**

### **Market review**

In the second half of 2018, we have seen heightened volatility across different assets amid various market events such as the strengthening of the US dollar against major and emerging market currencies, rising US dollar yields where the 10 year US treasury broke 3% level, continuous trade tension and global recession concerns.

Trade tension remained the focus in 2019. The year started with a trade truce between China and the US which reversed the negative sentiment temporarily, supporting the equity markets performance. However, the surprised “no trade deal” in May heightened the market volatility again and weighed on stock markets, in particular the Asian markets. Another critical move in the market was the Fed turning the monetary policy to more dovish tilt with the comments from the US president that the interest rates in the US should be lower. The 10-year treasury yield, for example, slid from the recent peak of 3.2% to 2% at the end of July 2019, giving support to fixed income performance.

Coming into 2019 the big change in monetary policy started to move bond yields down and improve confidence in the prospects for earnings in the future, although it may be hit by the escalation of trade concerns. Looking forward from here in these terms, if company earnings can be maintained at close to the current level, and bond yields do not rise significantly, then it seems clear that equities will produce superior returns over the medium term. The risks to this view lie more in the prospects for earnings. With the economic cycle already a long one it may not take much to produce an economic slowdown that will undermine company earnings and therefore undermine the fundamental valuation of stock markets. However, at present this does not seem the most likely outcome.

## **HSBC Global Asset Management (Hong Kong) Limited**

29 November 2019



# Trustee’s Report

## HSBC Managed Growth Fund (“the Fund”)

We hereby confirm that, to the best of our knowledge, the Manager of the Fund has, in all material respects, managed the Fund in accordance with the provisions of the Trust Deed dated 14 March 1997, as amended, for the year ended 31 July 2019.

)  
) For and on behalf of  
) HSBC Institutional Trust Services  
) (Asia) Limited,  
) Trustee  
)

# Independent Auditor's Report to the Unitholders

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of HSBC Managed Growth Fund (the "Fund") set out on pages 67 to 96, which comprise the statement of financial position as at 31 July 2019, the statement of comprehensive income, the statement of changes in net assets attributable to unitholders, the cash flow statement and the distribution statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial disposition of the Fund as at 31 July 2019, and of its financial transactions and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

### Basis for Opinion

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

### Information Other than the Financial Statements and Auditor's Report Thereon

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other

information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Manager and the Trustee of the Fund for the Financial Statements

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

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

In addition, the Manager and the Trustee of the Fund are required to ensure that the financial statements have been properly prepared in accordance with the relevant provisions of the Trust Deed, as amended, ("the Trust Deed") and the relevant disclosure provisions of Appendix E of the Code on Unit Trusts and Mutual Funds ("the SFC Code") issued by the Hong Kong Securities and Futures Commission.

### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

# Independent Auditor's Report to the Unitholders

relevant provisions of the Trust Deed and the relevant disclosure provisions of Appendix E of the SFC Code.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

## **Report on matters under the relevant provisions of the Trust Deed and the relevant disclosure provisions of Appendix E of the SFC Code**

In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with the relevant provisions of the Trust Deed and the relevant disclosure provisions of Appendix E of the SFC Code.

### **KPMG**

8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong

29 November 2019

The accompanying report of KPMG is for sole and exclusive use of the Fund. Further, the report of KPMG is as of 29 November 2019 and KPMG has carried out no procedures of any nature subsequent to that date which in any way extends that date.

# Statement of Financial Position

## HSBC Managed Growth Fund

as at 31 July 2019

	Note	2019 HKD	2018 HKD
<b>ASSETS</b>			
Financial assets at fair value through profit or loss	5, 7(f), 7(g), 12, 13	1,689,331,444	1,871,154,961
Interest and dividends receivable		2,919,737	9,130,284
Subscriptions receivable		7,145,393	5,789,445
Amounts due from brokers	6, 7(b)	6,841,014	9,673,672
Cash and cash equivalents	7(b)	73,533,958	83,531,947
		<u>1,779,771,546</u>	<u>1,979,280,309</u>
<b>LIABILITIES</b>			
Financial liabilities at fair value through profit or loss	5, 7(f), 12, 13	1,122,576	1,677,740
Redemptions payable		6,468,671	5,546,732
Amounts due to brokers	6	3,096,331	–
Distributions payable	11	1,384,134	1,939,850
Other payables	7(a), 7(c), 7(d)	2,632,130	3,140,319
		<u>14,703,842</u>	<u>12,304,641</u>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<u>1,765,067,704</u>	<u>1,966,975,668</u>
Representing:			
<b>Financial liabilities</b>		<u>1,765,067,704</u>	<u>1,966,975,668</u>
<b>Total number of units in issue</b>			
"A" class income units	9(a)	9,598,311	10,449,942
Provident class units	9(b)	55,429,316	60,979,364
<b>Net asset value per unit</b>			
"A" class income units		22.48	23.08
Provident class units		27.95	28.30

Approved by the Trustee and the Manager on 29 November 2019

)  
 ) For and on behalf of  
 ) HSBC Institutional Trust Services  
 ) (Asia) Limited,  
 ) Trustee  
 )  
 )  
 ) For and on behalf of  
 ) HSBC Investment Funds  
 ) (Hong Kong) Limited,  
 ) Manager

The notes on pages 72 to 96 form part of these financial statements.

# Statement of Comprehensive Income

## HSBC Managed Growth Fund

for the year ended 31 July 2019

	Note	2019 HKD	2018 HKD
Interest income	7(b)	1,779,730	787,961
Dividend income	7(f)	49,174,240	67,606,848
Net (losses)/gains from financial instruments at fair value through profit or loss	3	(52,742,398)	200,997,133
Net foreign exchange loss		(471,908)	(791,615)
Other income		41,405	176,678
<b>TOTAL (LOSS)/REVENUE</b>		<b>(2,218,931)</b>	<b>268,777,005</b>
Management fees	7(a)	15,028,324	20,407,663
Transaction fees	7(d), 7(e)	3,822,432	4,530,195
Trustee's fees	7(c)	1,448,494	2,113,228
Registrar's and administrative fees	7(a)	103,858	260,652
Auditor's remuneration		158,552	158,731
Legal and professional fees		368,914	520,835
Safe custody fees, bank charges and miscellaneous expenses	7(b), 7(d)	446,503	1,034,326
<b>TOTAL OPERATING EXPENSES</b>		<b>21,377,077</b>	<b>29,025,630</b>
<b>NET (LOSS)/PROFIT FROM OPERATIONS BEFORE TAXATION</b>		<b>(23,596,008)</b>	<b>239,751,375</b>
Taxation	4	(6,454,669)	(9,637,560)
<b>NET (LOSS)/PROFIT FROM OPERATIONS BEFORE DISTRIBUTIONS</b>		<b>(30,050,677)</b>	<b>230,113,815</b>
Distributions to holders of "A" class income units	11	(1,384,134)	(1,939,850)
<b>(DECREASE)/INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>(31,434,811)</b>	<b>228,173,965</b>

The notes on pages 72 to 96 form part of these financial statements.

# Statement of Changes in Net Assets Attributable to Unitholders

## HSBC Managed Growth Fund

for the year ended 31 July 2019

	Note	2019 HKD	2018 HKD
<b>Balance at the beginning of the year</b>		1,966,975,668	3,056,105,877
<b>(Decrease)/increase in net assets attributable to unitholders and total comprehensive income for the year</b>		(31,434,811)	228,173,965
<b><i>Subscriptions of units (excluding equalisation)</i></b>			
"A" class income units		29,542,869	56,256,827
Provident class units		130,594,518	141,411,566
<b><i>Redemptions of units (excluding equalisation)</i></b>			
"A" class income units		(47,538,258)	(69,481,456)
Provident class units		(278,068,211)	(1,448,995,852)
Equalisation on subscriptions and redemptions	10	(5,004,071)	3,504,741
		(170,473,153)	(1,317,304,174)
<b>Balance at the end of the year</b>		1,765,067,704	1,966,975,668

The notes on pages 72 to 96 form part of these financial statements.

# Cash Flow Statement

## HSBC Managed Growth Fund

for the year ended 31 July 2019

	2019 HKD	2018 HKD
<b>OPERATING ACTIVITIES</b>		
Interest received	1,779,143	782,587
Dividends received	55,385,374	65,918,033
Management fees paid	(15,112,419)	(21,057,507)
Trustee's fees paid	(1,486,563)	(2,174,059)
Margin deposits withdrawn from/(placed with) brokers	3,365,113	(8,515,692)
Payments on purchase of investments	(1,253,601,928)	(1,008,223,633)
Proceeds from sale of investments (including coupon interest received from investments)	1,384,691,759	2,323,482,053
Tax paid	(6,494,122)	(9,634,885)
Other operating expenses paid	(5,677,334)	(7,090,169)
<b>Net cash generated from operating activities</b>	162,849,023	1,333,486,728
<b>FINANCING ACTIVITIES</b>		
Proceeds from issue of units including equalization	163,350,191	201,478,121
Payments on redemption of units including equalization	(334,257,353)	(1,516,898,196)
Distributions paid	(1,939,850)	(2,267,405)
<b>Net cash used in financing activities</b>	(172,847,012)	(1,317,687,480)
<b>Net (decrease)/increase in cash and cash equivalents</b>	(9,997,989)	15,799,248
<b>Cash and cash equivalents at the beginning of the year</b>	83,531,947	67,732,699
<b>Cash and cash equivalents at the end of the year</b>	73,533,958	83,531,947

The notes on pages 72 to 96 form part of these financial statements.

# Distribution Statement

## HSBC Managed Growth Fund

for the year ended 31 July 2019

	Note	2019 HKD	2018 HKD
<b>Amount available for distribution brought forward</b>		555,256,057	517,517,311
Profit for the year available for distribution *		27,132,582	36,173,855
Equalisation on subscriptions and redemptions	10	(5,004,071)	3,504,741
Distributions to unitholders	11	(1,384,134)	(1,939,850)
<b>Amount available for distribution carried forward</b>		576,000,434	555,256,057
<b>Distribution history</b>			
<i>"A" class income units</i>			
Distribution per unit		0.144535	0.185708
Date of distribution		30 July 2019	30 July 2018

\* Profit for the year available for distribution is the adjusted total comprehensive income for the year, for which the calculation basis is in accordance with the relevant clauses of the Trust Deed.

The notes on pages 72 to 96 form part of these financial statements.



# Notes to the Financial Statements

## HSBC Managed Growth Fund

### 1 The Fund

HSBC Managed Growth Fund ("the Fund") is an open ended unit trust which was established under a trust deed dated 14 March 1997, as amended ("the Trust Deed"), and was governed by the laws of the Cayman Islands. The Fund was registered under the Mutual Funds Law of the Cayman Islands on 13 March 1997. With effect on and from 18 January 2019 ("the Effective Date"), the domicile of the Fund was changed from Cayman Islands to Hong Kong. Following the change of domicile of the Fund to Hong Kong, the Fund is governed by Hong Kong laws with effect on and from the Effective Date. The objective of the Fund is to invest in a diversified portfolio of investments which achieves long-term capital growth.

The Fund is authorised by the Hong Kong Securities and Futures Commission ("SFC") under section 104 of the Hong Kong Securities and Futures Ordinance ("HKSF") and is governed by the Hong Kong Code on Unit Trusts and Mutual Funds issued by the SFC.

### 2 Significant accounting policies

#### (a) Statement of compliance

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong, the relevant provisions of the Trust Deed and the relevant disclosure provisions of the Hong Kong Code on Unit Trusts and Mutual Funds issued by the SFC. A summary of the significant accounting policies adopted by the Fund is set out below.

#### (b) Basis of preparation of the financial statements

The functional and presentation currency of the Fund is the Hong Kong dollar reflecting the fact that the participating redeemable units of the Fund are issued and redeemed in Hong Kong dollars.

The financial statements are prepared on a fair value basis for financial assets and financial liabilities at fair value through profit or loss and derivative financial instruments. Other financial assets and financial liabilities are stated at amortised cost or redemption amount (redeemable units).

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies have been applied consistently by the Fund and are consistent with those used in the previous year.

#### (c) Changes in accounting policies

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Fund. Of these, the following developments are relevant to the Fund's financial statements:

##### HKFRS 9, *Financial instruments*

The Fund has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 16), except for the amendments to HKFRS 9, *Prepayment features with negative compensation* which have been adopted at the same time as HKFRS 9.

As permitted by the transition provisions of HKFRS 9, comparative information throughout these financial statements has not generally been restated to reflect the requirements of the standard.

Except for the changes below, the Fund has consistently applied the accounting policies as set out in Note 2(e) to all periods presented in these financial statements.

##### HKFRS 9, *Financial Instruments*

HKFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces HKAS 39 *Financial Instruments: Recognition and Measurement*.

# Notes to the Financial Statements

As a result of the adoption of HKFRS 9, the Fund has adopted consequential amendments to HKAS 1 *Presentation of Financial Statements*, which require:

- impairment of financial assets to be presented in a separate line item in the statement of comprehensive income. The Fund did not previously report any incurred losses; and
- separate presentation in the statement of comprehensive income of interest revenue from financial assets measured at amortised cost or fair value through other comprehensive income (“FVOCI”) calculated using the effective interest method.

Additionally, the Fund has adopted consequential amendments to HKFRS 7 *Financial Instruments: Disclosures*, which are applied to disclosures about 2019 but have not generally been applied to comparative information.

The adoption of HKFRS 9 had no material impact on the net assets attributable to unitholders of the Fund.

- (i) Classification and measurement of financial assets and financial liabilities

HKFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and fair value through profit or loss (“FVTPL”). The classification of financial assets under HKFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. HKFRS 9 eliminates the previous HKAS 39 categories of held to maturity, loans and receivables and available for sale. Under HKFRS 9, derivative financial instruments embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

HKFRS 9 largely retains the existing requirements in HKAS 39 for the classification and measurement of financial liabilities.

The adoption of HKFRS 9 has not had a significant effect on the Fund’s accounting policies related to financial liabilities and derivative financial instruments.

For an explanation of how the Fund classifies and measures financial instruments and accounts for related gains and losses under HKFRS 9, see Note 2(e).

The following table below explains the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Fund’s financial assets as at 1 August 2018.

	Original classification under HKAS 39	New classification under HKFRS 9
<b>Financial assets</b>		
Cash and cash equivalents	Loans and receivables	Amortised cost
Interest and dividends receivable	Loans and receivables	Amortised cost
Subscriptions receivable	Loans and receivables	Amortised cost
Amounts due from brokers	Loans and receivables	Amortised cost
Equity instruments	Held-for-trading	FVTPL
Derivative financial instruments	Held-for-trading	FVTPL
Collective investment schemes	Held-for-trading	FVTPL

The measurement categories for all financial liabilities remain the same. The carrying amounts for all financial liabilities at 1 August 2018 have not been impacted by the initial application of HKFRS 9.

- (ii) Impairment of financial assets

HKFRS 9 replaces the “incurred loss” model in HKAS 39 with an expected credit losses (“ECLs”) model. The new impairment model applies to financial assets measured at amortised cost and debt instruments at FVOCI, but not to financial assets measured at FVTPL. Under HKFRS 9, credit losses are recognised earlier than under HKAS 39.

The effect of adopting HKFRS 9 on the carrying amounts of financial assets at 1 August 2018 relates solely to the new impairment requirements. The Manager considers the probability of default to be minimal as the counterparties have a strong capacity to meet their contractual obligations in the near term. There is no impairment allowance recognised on interest and dividends receivable, subscriptions receivable, amounts due from brokers and cash and cash equivalents on the initial application of HKFRS 9’s impairment requirements as at 1 August 2018. Therefore, the carrying amounts of the financial assets remain the same.

# Notes to the Financial Statements

## (iii) Transition

Changes in accounting policies resulting from the adoption of HKFRS 9 have been applied retrospectively, except as described below.

- Comparative periods have not generally been restated. Differences in the carrying amounts of financial assets resulting from the adoption of HKFRS 9 are recognised in the net assets attributable to unitholders as at 1 August 2018. Accordingly, the information presented for 2018 does not reflect the requirements of HKFRS 9, but rather those of HKAS 39.
- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.
  - The determination of the business model within which a financial asset is held.
  - The revocation of previous designations of certain financial assets as measured at FVTPL.

## (d) Foreign currency translation

Foreign currency transactions during the year are translated into Hong Kong dollars at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into Hong Kong dollars at the exchange rates ruling at the date of the statement of financial position. Foreign currency exchange differences arising on translation and realised gains and losses on disposal or settlement of monetary assets and liabilities are recognised in profit or loss.

Foreign currency exchange differences relating to investments at fair value through profit or loss are included in net gains or losses from financial instruments at fair value through profit or loss. All other foreign currency exchange differences relating to monetary items including cash and cash equivalents are presented separately in profit or loss.

## (e) Financial instruments

### (i) Classification

#### (A) Policy applicable from 1 August 2018

On initial recognition, the Fund classifies financial assets as measured at amortised cost or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI").

All other financial assets of the Fund is measured at FVTPL.

#### *Business model assessment*

In making an assessment of the objective of the business model in which a financial asset is held, the Fund considers all of the relevant information about how the business is managed, including:

- the documented investment strategy and the execution of this strategy in practice. This includes whether the investment strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Fund's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how the investment manager is compensated: e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

# Notes to the Financial Statements

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Fund's continuing recognition of the assets.

The Fund has determined that it has two business models.

- Held-to-collect business model: this includes interest and dividends receivable, subscriptions receivable, amounts due from brokers and cash and cash equivalents. These financial assets are held to collect contractual cash flow.
- Other business model: this includes equity instruments, collective investment schemes and derivative financial instruments. These financial assets are managed and their performance is evaluated, on a fair value basis, with frequent sales taking place.

## *Assessment whether contractual cash flows are SPPI*

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are SPPI, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Fund considers:

- contingent events that would change the amount or timing of cash flows;
- leverage features;
- prepayment and extension features;

- terms that limit the Fund's claim to cash flows from specified assets (e.g. non-recourse features); and
- features that modify consideration for the time value of money (e.g. periodical reset of interest rates).

The Fund classifies its investments based on the business model and contractual cash flows assessment. Accordingly, the Fund classifies all its equity instruments, collective investment schemes and derivative financial instruments into financial assets at FVTPL category. Financial assets measured at amortised cost include interest and dividends receivable, subscriptions receivable, amounts due from brokers and cash and cash equivalents. Financial liabilities that are not at fair value through profit or loss included redemptions payable, amounts due to brokers, distributions payable and other payables.

All derivatives financial instruments in a net receivable position (positive fair value) are reported as financial assets. All derivatives financial instruments in a net payable position (negative fair value) are reported as financial liabilities.

## *Reclassifications*

Financial assets are not reclassified subsequent to their initial recognition unless the Fund was to change its business model for managing financial assets, in which case all affected financial assets would be reclassified on the first day of the first reporting period following the change in the business model.

## **(B) Policy applicable prior to 1 August 2018**

All of the Fund's investments were classified as financial assets or financial liabilities at fair value through profit or loss. This category comprised financial instruments held for trading, which were instruments that the Fund had acquired principally for the purpose of short-term profit-taking. These included investments in equities, debt securities, unit trusts, futures contracts and forward contracts.

All derivatives financial instruments in a net receivable position (positive fair value) were

# Notes to the Financial Statements

reported as financial assets. All derivatives financial instruments in a net payable position (negative fair value) were reported as financial liabilities.

Financial assets at amortised cost that were classified as loans and receivables included interest and dividends receivable, subscriptions receivable and amounts due from brokers.

Financial liabilities at amortised cost included redemptions payable, amounts due to brokers, distributions payable and other payables. Financial liabilities arising from the redeemable units issued by the Fund were carried at the redemption amount.

## (ii) Recognition

The Fund recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

A regular way purchase or sale of financial assets and financial liabilities is recognised by using trade date accounting. From this date any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded.

Financial liabilities are not recognised unless one of the parties has performed their obligations under the contract or the contract is a derivative contract not exempted from the scope of HKFRS 9.

## (iii) Measurement

Financial instruments are measured initially at fair value (transaction price). Transaction costs on financial assets and liabilities at fair value through profit or loss are expensed immediately, while on other financial instruments they are amortised.

Subsequent to initial recognition, all instruments classified at fair value through profit or loss are measured at fair value with changes in their fair value recognised in profit or loss.

Financial assets classified as measured at amortised cost are carried at amortised cost using the effective interest rate method, less impairment losses, if any.

Financial liabilities other than those at fair value through profit or loss are measured at amortised cost using the

effective interest rate method. Financial liabilities arising from the redeemable units issued by the Fund are carried at the redemption amount representing the unitholders' right to a residual interest in the Fund's assets.

## (iv) Fair value measurement principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Fund measures the fair value of an instrument using the quoted price in an active market for that instrument provided such price is within the bid-ask spread. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. In circumstances where the quoted price is not within the bid-ask spread, the manager of the Fund will determine the points within the bid-ask spread that are most representative of the fair value.

When there is no quoted price in an active market, the Fund uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Fund determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is supported wholly by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, the Trust measures assets and

# Notes to the Financial Statements

long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Fund on the basis of the net exposure to either market or credit risk, are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) or a particular risk exposure. Those portfolio-level adjustments are allocated to the individual financial assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The Fund recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

## (v) Amortised cost measurement principles

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

## (vi) Impairment

### (A) Policy applicable from 1 August 2018

The Fund recognises loss allowances for ECLs on financial assets measured at amortised cost.

The Fund measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- financial assets that are determined to have low credit risk at the reporting date; and
- other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the

Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and including forward-looking information.

The Fund assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Fund considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Fund in full, without recourse by the Fund to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Fund considers a financial asset to have low credit risk when the credit rating of the counterparty is equivalent to the globally understood definition of "investment grade". The Fund considers this to be Baa3 or higher per Moody's or BBB- or higher per Standard & Poor's.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Fund is exposed to credit risk.

### *Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Fund expects to receive).

# Notes to the Financial Statements

ECLs are discounted at the effective interest rate of the financial asset.

## *Credit-impaired financial assets*

At each reporting date, the Fund assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is “credit-impaired” when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

## *Presentation of allowance for ECLs in the statement of assets and liabilities*

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

## *Write-off*

The gross carrying amount of a financial asset is written off when the Fund has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

## **(B) Policy applicable prior to 1 August 2018**

Financial assets that were stated at cost or amortised cost were reviewed at each date of the statement of financial position to determine whether there is objective evidence of impairment. If any such indication exists, an impairment loss is recognised in profit or loss as the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the financial asset’s original effective interest rate.

If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through profit or loss.

## **(vii) Derecognition**

The Fund derecognises a financial asset when the contractual rights to the cash flows from the financial assets expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with HKFRS 9.

The Fund uses the weighted average method to determine realised gains and losses on derecognition.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or has expired.

## **(viii) Offsetting**

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when the Fund has a legally enforceable right to offset the recognised amounts and the transactions are intended to be settled on a net basis or simultaneously, e.g. through a market clearing mechanism.

## **(ix) Specific instruments**

### *Cash and cash equivalents*

Cash comprises current deposits with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

## **(f) Revenue recognition**

Revenue is recognised in profit or loss as follows:

## **(i) Dividends**

Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend. Dividends from other investments are

# Notes to the Financial Statements

recognised in profit or loss as dividend income when declared. In some cases, the Fund may choose to receive dividends in the form of additional shares rather than cash. In such cases, the Fund recognises the dividend income for the amount of the equivalent cash dividend with the corresponding debit treated as an additional investment.

## (ii) Interest income

Interest income is recognised in profit or loss as it accrues, using the effective interest rate method using the rate exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. Interest income on bank deposits is disclosed separately on the face of the statement of comprehensive income. Interest income on debt securities is included in net gains or losses from financial instruments at fair value through profit or loss.

## (g) Expenses

All expenses are recognised in profit or loss on an accrual basis.

## (h) Foreign exchange gains and losses

Foreign exchange gains and losses on financial assets and financial liabilities at fair value through profit or loss are recognised together with other changes in the fair value. Included in profit or loss line item *Net foreign exchange loss* are net of foreign exchange gains and losses on monetary financial assets and financial liabilities other than those classified as fair value through profit or loss.

## (i) Related parties

(a) A person, or a close member of that person's family, is related to the Fund if that person:

- (i) has control or joint control over the Fund;
- (ii) has significant influence over the Fund; or
- (iii) is a member of the key management personnel of the Fund.

(b) An entity is related to the Fund if any of the following conditions applies:

- (i) The entity and the Fund are members of the same group (which means that each parent,

subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post employment benefit plan for the benefit of employees of an entity related to the Fund.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Fund.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

## (j) Subscriptions and redemptions

The Fund recognises unitholders' subscriptions and allots units upon receipt of a valid subscription application and derecognises them upon receipt of a valid redemption application.

## (k) Units in issue

The Fund classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

The Fund has multiple classes of redeemable units in issue – "A" class and Provident class. All the classes belong to the most subordinate class of financial instruments in the Fund and rank *pari passu* in all material respects and have the same terms and conditions other than different fee rates and



# Notes to the Financial Statements

distribution rights. The redeemable units provide unitholders with the right to require redemption for cash at a value proportionate to the unitholders' share in the Fund's net assets at each daily redemption date, and also in the event of the Fund's liquidation. The redeemable units are classified as financial liabilities and are measured at the present value of the redeemable amounts.

## **(l) Distributions to holders of redeemable units**

Distributions to holders of redeemable units of "A" class and Provident class classified as financial liabilities are recognised in profit or loss as finance costs when they are authorised and no longer at the discretion of the Fund.

For the Provident class, all dividend income and interest arising are accumulated within the Fund and will not be distributed to the unitholders.

## **(m) Segment reporting**

An operating segment is a component of the Fund that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Fund's other components, whose operating results are reviewed regularly by the chief operating decision maker to make decisions about resources allocated to the segment and assess its performance, and for which discrete financial information is available. Segment results that are reported to the chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The chief operating decision maker of the Fund is identified as the manager, HSBC Investment Funds (Hong Kong) Limited.

## **3 Net (losses)/gains from financial instruments at fair value through profit or loss**

	2019 HKD	2018 HKD
Net realised gains	52,757,002	409,951,041
Net unrealised losses	(105,499,400)	(208,953,908)
	(52,742,398)	200,997,133

## **4 Taxation**

There are currently no taxes on income or gains under Cayman Islands law. Accordingly, no provision for Cayman Islands taxes is included in these financial statements.

No provision for Hong Kong profits tax has been made in the financial statements as the Fund is exempt from taxation under section 26A(1A) of the Hong Kong Inland Revenue Ordinance.

Interest income and dividend income received by the Fund may be subject to non-recoverable withholding tax imposed in the country of origin. Interest income and dividend income is recorded gross of such taxes and the withholding tax is recognised in profit or loss as incurred.

Capital gains realised in certain jurisdictions may be subject to capital gains tax. Capital gains tax is charged to profit or loss on an accrual basis, using tax rates enacted or substantively enacted at the date of the statement of financial position.

## **Foreign Account Tax Compliance Act ("FATCA")**

On 18 March 2010, the Hiring Incentives to Restore Employment Act of 2010 added chapter 4 to Subtitle A ("Chapter 4") of the US Internal Revenue Code (the "Code"). The provisions in Chapter 4 are commonly referred to as the Foreign Account Tax Compliance Act ("FATCA"). US Treasury regulations providing guidance on the due diligence, reporting, and withholding obligations under FATCA were passed and came into effect in January 2013 (the "Regulations").

The Regulations require foreign financial institution ("FFI") to provide the Internal Revenue Service ("IRS") with information on certain U.S. persons invested in accounts outside of the U.S. and for certain non U.S. entities to provide information about any U.S. owners. The obligations of an FFI under FATCA may be modified by an Intergovernmental Agreement ("IGA") between the US and the FFI's country of organization. The Cayman Islands entered into a Model 1 IGA on 29 November 2013, which provides for reporting and enforcement by FFIs to be facilitated by local authorities. The Cayman Islands also entered into a similar IGA with the United Kingdom. Therefore, all Cayman Islands domiciled "financial institutions" are subject to domestic legislation and regulations that implement both the Foreign Account Tax Compliance Act ("US FATCA") and its UK equivalent ("UK FATCA" and together, "FATCA"). The due diligence and reporting regimes introduced by the domestic legislation and regulations apply to all such financial institutions irrespective of whether they have US or UK based account holders and/or have US or UK assets or source income.

Before the domicile of the Trust was changed from Cayman Islands to Hong Kong on 18 January 2019, the Fund was a non-reporting financial institution and was not required to

# Notes to the Financial Statements

register for a Global Intermediary Identification Number (“GIIN”) for US FATCA purposes.

## **Taxation in profit or loss represents:**

	2019 HKD	2018 HKD
Capital gains expense	146,521	1,642,491
Overseas withholding tax	6,308,148	7,995,069
	<u>6,454,669</u>	<u>9,637,560</u>

## **5 Financial assets and financial liabilities at fair value through profit or loss**

	2019 HKD	2018 HKD
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### **Financial assets at fair value through profit or loss**

#### **Equities**

Listed shares	1,535,626,805	1,708,033,062
Unlisted shares	–	–
	<u>1,535,626,805</u>	<u>1,708,033,062</u>

#### **Other investments**

Listed unit trusts	17,270,890	17,298,161
Unlisted unit trusts	135,783,644	145,193,272
Foreign currency forward contracts	612,444	583,019
Futures contracts	37,661	47,447
Rights	–	–
	<u>153,704,639</u>	<u>163,121,899</u>
	<u>1,689,331,444</u>	<u>1,871,154,961</u>

### **Financial liabilities at fair value through profit or loss**

Futures contracts	(1,122,576)	(1,677,740)
	<u>1,688,208,868</u>	<u>1,869,477,221</u>
Net investments, at cost	1,489,321,040	1,565,089,993
Net unrealised appreciation in value of investments	198,887,828	304,387,228
Net investments, at fair value	<u>1,688,208,868</u>	<u>1,869,477,221</u>

## **6 Amounts due from/(to) brokers**

	2019 HKD	2018 HKD
<b>Balances due from brokers</b>		
Amounts receivable on sale of investments	543,237	10,782
Margin deposits	6,297,777	9,662,890
	<u>6,841,014</u>	<u>9,673,672</u>

### **Balances due to brokers**

Amounts payable on purchase of investments	3,096,331	–
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## **7 Transactions with the Trustee, Manager and Connected Persons**

The following is a summary of significant related party transactions or transactions entered into during the year between the Fund and the Trustee, the Manager and their Connected Persons. Connected Persons are those as defined in the Hong Kong Code on Unit Trusts and Mutual Funds issued by the SFC. All transactions during the year between the Fund, the Trustee and the Manager and their Connected Persons were entered into in the ordinary course of business and under normal commercial terms. To the best of the knowledge of the Trustee and the Manager, the Fund did not have any other transactions with Connected Persons except for those disclosed below.

- (a) The Fund is managed by HSBC Investment Funds (Hong Kong) Limited (“the Manager”), which receives a management fee, payable monthly in arrears, equivalent to a percentage per annum of the net asset value of the Fund as follows:

For “A” class income units	1.5%
For Provident class units	0.75%

Up to 8 April 2018, the Manager, as the registrar’s agent, was also entitled to registrar’s fees per annum for each class of units and fees for various administrative functions performed on behalf of the Fund. On 9 April 2018, HSBC Institutional Trust Services (Asia) Limited (“HTHK”) was appointed as the registrar’s agent of the Fund. With effect on and from 18 January 2019 (“the Effective Date”), HTHK replaced HSBC Trustee (Cayman) Limited as the registrar of the Fund.

# Notes to the Financial Statements

	2019 HKD	2018 HKD
(i) Management fees for the year	15,028,324	20,407,663
(ii) Management fees payable at year end	1,362,487	1,446,582
(iii) Registrar's fees and other administrative fees paid to the Manager for the year	–	207,857
(iv) Registrar's fees and other administrative fees payable to the Manager at year end	–	36,294
(v) Registrar's fees and other administrative fees paid to HTHK for the year	103,858	52,795
(vi) Registrar's fees and other administrative fees payable to HTHK at year end	17,644	21,864

**(b)** Bank accounts are maintained with members of the HSBC Group. The balances of these accounts amounted to \$3,058,002 (2018: \$2,706,302) at year end. Interest income arising from these accounts amounted to \$36,456 (2018: \$14,164). Bank charges were paid to HSBC group amounted to \$2,023 (2018: \$591). Margin accounts are maintained with HSBC Bank plc, which is fellow subsidiary of the Manager within the HSBC Group. The balances of margin deposits amounted to \$6,297,777 (2018: \$9,662,890) at year end.

**(c)** On the Effective Date, the trustee of the Fund changed from HSBC Trustee (Cayman) Limited to HSBC Institutional Trust Services (Asia) Limited ("the Trustee"), which are the fellow subsidiaries of the Manager within the HSBC Group. The change in the trustee resulted in no adjustment to the rate of trustee's fees. The trustee of the Fund receives a monthly fee equivalent to 0.07% (2018: 0.07%) for all class units per annum of the net asset value of the Fund.

In addition, the Trustee provides valuation services to the Fund in return for a daily fee. Prior to 10 December 2018, the daily valuation service fee was US\$100. Effective from 10 December 2018, the daily valuation service fee is US\$50 for each valuation per share class. The valuation fee is then waived from 1 April 2019.

	2019 HKD	2018 HKD
(i) Trustee's fees paid to the HSBC Trustee (Cayman) Limited	747,497	2,113,228
(ii) Trustee's fees payable to the HSBC Trustee (Cayman) Limited at year end	–	151,543
(iii) Trustee's fees paid to the Trustee	700,997	–
(iv) Trustee's fees payable to the Trustee at year end	113,474	–

**(d)** On the Effective Date, the custodian of the Fund changed from HSBC Trustee (Cayman) Limited to HSBC Institutional Trust Services (Asia) Limited ("HTHK"), which are the fellow subsidiaries of the Manager within the HSBC Group. The custodian receives a monthly fee equivalent to 0.15 – 58 (2018: 0.15 – 58) basis points based on sub-custodian value of the securities. The custodian also receives a transaction fee of US\$4.44 – 139.50 (2018: US\$ 4.44 – 139.50) for each trade handled.

	2019 HKD	2018 HKD
(i) Safe custody fees paid to HSBC Trustee (Cayman) Limited	156,658	441,293
(ii) Safe custody fees payable to HSBC Trustee (Cayman) Limited at year end	–	29,207
(iii) Safe custody fees paid to HTHK	174,570	–
(iv) Safe custody fee payable to HTHK at year end	26,255	–

# Notes to the Financial Statements

	2019 HKD	2018 HKD
(v) Safe custody transaction fees paid to HSBC Trustee (Cayman) Limited	815,469	2,271,595
(vi) Safe custody transaction fees payable to HSBC Trustee (Cayman) Limited at year end	–	105,802
(vii) Safe custody transaction fees paid to HTHK	962,188	–
(viii) Safe custody transaction fees payable to HTHK at year end	166,046	–

- (e) In its purchases and sales of investments, the Fund utilises the brokerage services of HSBC Investment Funds (Hong Kong) Limited, HSBC Bank plc, HSBC Bank plc London and HSBC Global Asset Management (UK) Limited, which are members of the HSBC Group. Details of transactions effected through these companies are as follows:

	HSBC Investment Funds (Hong Kong) Limited		HSBC Bank plc	
	2019 HKD	2018 HKD	2019 HKD	2018 HKD
Commission paid for the year	–	–	–	–
Average rate of commission	–	–	–	–
Total aggregate value of such transactions for the year	177,777,256	315,204,469	11,486,305	22,712
Percentage of such transactions in value to total transactions for the year	6.71%	9.56%	0.43%	0.00%

	HSBC Bank plc London		HSBC Global Asset Management (UK) Limited	
	2019 HKD	2018 HKD	2019 HKD	2018 HKD
Commission paid for the year	7,047	3,476	–	–
Average rate of commission	0.03%	0.03%	–	–
Total aggregate value of such transactions for the year	23,932,069	11,584,621	14,952,401	125,836,384
Percentage of such transactions in value to total transactions for the year	0.90%	0.35%	0.56%	3.82%

The figures for commission paid do not include any trading margin which may be reflected in the market prices of transactions with these entities on any transactions by the Fund during the year.

- (f) The Fund has invested in equities issued by entities within the HSBC Group during the years ended 31 July 2019 and 2018. The details of the market value of these investments and dividend income earned for the year are as follows:

	HSBC Holdings plc		Hang Seng Bank Limited	
	2019 HKD	2018 HKD	2019 HKD	2018 HKD
(i) Market value at year end	–	–	5,177,504	6,451,147
(ii) Dividend income earned for the year	–	3,884,597	213,645	256,654

As at 31 July 2019 and 31 July 2018, the Fund has also invested in the futures contracts, in which the underlying equities are issued by a HSBC Group company. The details of these investments at the year end are disclosed in note 12(g).

As at 31 July 2019, the Fund has also invested in HSBC Pooled Investment Fund – HSBC Pooled Asian Bond Fund, HSBC Pooled Investment Fund – HSBC Pooled VC Asia Pacific Ex Japan Equity Fund and HSBC Index Tracker Investment Fund – Japan Index Fund, which are managed by the fellow subsidiaries of the Manager within the HSBC Group (2018: invested in HSBC Pooled Investment Fund – HSBC Pooled Asian Bond Fund, HSBC Global Investment Funds – Indian Fixed Income Fund and HSBC Index Tracker Investment Fund – Japan Index Fund). The market value of these investments at year end was \$135,783,644 (2018: \$145,193,272).

# Notes to the Financial Statements

- (g) During the year, the Fund entered into foreign currency forward contracts with The Hongkong and Shanghai Banking Corporation Limited. The details of the outstanding foreign currency forward contracts as at year end are as follows:

	2019 HKD	2018 HKD
Receivable on forward contracts	301,555	350,901

## 8 Soft commission arrangements

No soft commission arrangements were entered into with brokers by the Fund during the year (2018: nil).

## 9 Units issued and redeemed

### (a) "A" class income units

	2019	2018
Number of units in issue brought forward	10,449,942	11,000,539
Units issued during the year	1,301,298	2,434,564
Units redeemed during the year	(2,152,929)	(2,985,161)
Number of units in issue carried forward	9,598,311	10,449,942

### (b) Provident class units

	2019	2018
Number of units in issue brought forward	60,979,364	106,405,476
Units issued during the year	4,954,782	5,019,010
Units redeemed during the year	(10,504,830)	(50,445,122)
Number of units in issue carried forward	55,429,316	60,979,364

- (c) The capital of the Fund is represented by the net assets attributable to unitholders which are subject to subscriptions and redemptions of units. The Fund does not have any externally imposed capital requirements.

Units may be acquired and redeemed on any valuation date at the unit value determined on that day. The valuation date is every business day, which is also a day on which banks in Hong Kong are normally open

for business, or such other day(s) as the Manager may determine. The minimum initial investment amount for the Fund is \$10,000 for "A" Class Income Units, with subsequent minimum investments of no less than \$10,000. No minimum initial and subsequent investment amounts apply to Provident Class Units.

Units may be redeemed on any valuation date, at the redemption price applicable as at the close of business in Hong Kong on such day. The minimum amount which can be redeemed at any one time is \$10,000 for "A" Class Income Units. No minimum redemption amounts apply to Provident Class Units. A unitholder may not make a partial redemption if this would result in his holding being less than the minimum holding of \$10,000 for "A" Class Units. No minimum holding applies to Provident Class Units.

## 10 Equalisation

The equalisation portion of received and receivable on issue of units or paid and payable on redemption of units is calculated based on the portion of the unit price related to undistributed accumulated net investment income and accumulated expenses of the unit at the date of issue or redemption.

## 11 Distributions

### Distributions attributable to the year

	2019 HKD	2018 HKD
"A" class income units		
(a) Distributions attributable to the year		
Distributions declared during the year of \$0.144535 per unit on 9,576,460 units as at 30 July 2019 (2018: \$0.185708 per unit on 10,445,698 units as at 30 July 2018)	1,384,134	1,939,850

# Notes to the Financial Statements

	2019 HKD	2018 HKD
<b>"A" class income units</b>		
(b) <i>Distributions attributable to the previous financial year and paid during the year</i>		
Distributions declared during the previous financial year and paid during the year of \$0.185708 per unit on 10,455,698 units as at 28 July 2018 (2018: \$0.205714 per unit on 11,022,124 units as at 28 July 2017)	1,939,850	2,267,405

## 12 Financial instruments and associated risks

The Fund maintains an investment portfolio in a variety of listed and unlisted financial instruments as dictated by its investment management strategy. The investment objective of the Fund is to achieve long-term capital growth. The Fund has a bias towards investment in global equities. Exposure to bonds and to cash deposit will be kept to a minimum. The Fund's investment portfolio comprises equities, debt securities, unit trusts, forward contracts and futures contracts.

The Fund's investing activities expose it to various types of risks that are associated with the financial instruments and markets in which it invests. The Manager and the Trustee have set out below the most important types of financial risks inherent in each type of financial instrument. The Manager and the Trustee would like to highlight that the following list of associated risks only sets out some of the risks but does not purport to constitute an exhaustive list of all the risks inherent in an investment in the Fund. Unitholders should note that additional information in respect of risks associated with financial instruments in the Fund can be found in the Fund's offering document.

The nature and extent of the financial instruments outstanding at the date of the statement of financial position and the risk management policies employed by the Fund are discussed below.

### (a) Price risk

Price risk is the risk that value of the instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

The impact of a 15% (2018: 15%) increase in value of the investments at 31 July 2019, with all other variables held constant, is shown below. An equal change in the opposite direction would have reduced the net assets attributable to unitholders by an equal amount. The analysis is performed on the same basis for 2018.

	Market exposures HKD	Change in net assets if investment value increased by 15% HKD
<b>As at 31 July 2019</b>		
Equities	1,535,626,805	230,344,021
Unit trusts	153,054,534	22,958,180
Futures contracts	50,999,769	7,649,965
<b>As at 31 July 2018</b>		
Equities	1,708,033,062	256,204,959
Unit trusts	162,491,433	24,373,715
Futures contracts	62,681,406	9,402,211

### (b) Interest rate risk

The Fund has negligible interest-bearing financial assets and therefore minimal exposure to interest rate risk. As a result, changes in interest rates would have insignificant impact on the Fund's net assets attributable to unitholders and the profit for the year and no interest rate sensibility analysis is presented.

### (c) Currency risk

The Fund may invest in financial instruments and enter into transactions denominated in currencies other than its functional currency. Consequently, the Fund is exposed to risks that the exchange rate of its functional currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Fund's assets or liabilities denominated in currencies other than Hong Kong dollars.

# Notes to the Financial Statements

The fluctuations in the rate of exchange between the currency in which the asset or liability is denominated and the functional currency could result in an appreciation or depreciation in the fair value of that asset or liability. The Manager may attempt to mitigate this risk by using financial derivative instruments. The Manager monitors the Fund's currency exposures on an ongoing basis.

## Currency sensitivity

At 31 July 2019 and 2018, had the Hong Kong dollar ("HKD") weakened by 5% (2018: 5%) in relation to respective currencies, with all other variables held constant, the net assets attributable to unitholders and the profit for the year would have increased by the amounts shown below. The analysis is performed on the same basis for 2018.

	Net exposure HKD	Change in net assets if HKD weakened by 5% HKD
<b>As at 31 July 2019</b>		
<i>Currencies</i>		
Australian dollar	60,400,416	3,020,021
Canadian dollar	13,123,582	656,179
Chinese yuan	171,434	8,572
Danish krone	10,571,759	528,588
Euro	164,373,637	8,218,682
Hungarian Forint	793,579	39,679
Indian rupee	29,404,042	1,470,202
Indonesian rupiah	3,991,569	199,578
Japanese yen	107,526,478	5,376,324
Malaysian ringgit	6,912,965	345,648
New Taiwan dollar	33,712,521	1,685,626
New Zealand dollar	1,741,058	87,053
Norwegian krone	5,765,344	288,267
Philippine peso	3,721,209	186,060
Polish zloty	1,010,301	50,515
Pound sterling	134,321,487	6,716,074
Russian ruble	9,387,862	469,393
Singapore dollar	10,031,045	501,552
South Korean won	36,310,644	1,815,532
Swedish krona	10,393,471	519,674
Swiss franc	46,953,217	2,347,661
Thai baht	7,967,055	398,353
Turkish lira	3,516,853	175,843
<b>Total</b>	<b>702,101,528</b>	<b>35,105,076</b>

## As at 31 July 2018

	Net exposure HKD	Change in net assets if HKD weakened by 5% HKD
<i>Currencies</i>		
Australian dollar	62,756,691	3,137,835
Canadian dollar	18,594,469	929,723
Chinese yuan	—	—
Czech koruna	671,928	33,596
Danish krone	9,432,532	471,627
Euro	169,498,424	8,474,921
Indian rupee	30,872,735	1,543,637
Indonesian rupiah	4,656,077	232,804
Japanese yen	228,776,648	11,438,832
Malaysian ringgit	7,405,930	370,297
New Taiwan dollar	36,128,342	1,806,417
New Zealand dollar	2,418,004	120,900
Norwegian krone	3,055,197	152,760
Philippine peso	2,335,817	116,791
Polish zloty	1,607,002	80,350
Pound sterling	134,410,980	6,720,549
Russian ruble	10,609,069	530,453
Singapore dollar	9,016,696	450,835
South Korean won	52,663,112	2,633,156
Swedish krona	15,696,937	784,847
Swiss franc	48,500,420	2,425,021
Thai baht	8,340,906	417,045
Turkish lira	2,447,244	122,362
<b>Total</b>	<b>859,895,160</b>	<b>42,994,758</b>

As the HKD is pegged to the United States dollar ("USD"), the Fund does not expect any significant movements in USD/HKD exchange rate. A 5% (2018: 5%) appreciation of the HKD against the above currencies would have resulted in an equal but opposite effect on the financial statement amounts, on the basis that all other variables remain constant.

# Notes to the Financial Statements

## **(d) Credit risk**

### **(i) Analysis of credit policy and concentration of credit risk**

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's exposure to credit risk is monitored by the Manager on an ongoing basis.

As at 31 July 2019 and 2018, all of the Fund's financial assets were exposed to credit risk. These include investments and cash and cash equivalents placed with banks and the custodian.

As at 31 July 2019 and 2018, the Fund did not hold any debt securities and hence no relevant credit quality information is shown.

Credit risk is managed by the reviewing and monitoring of the credit quality of debt instruments held by the Fund or the issuers of the debt instruments held by the Fund on an ongoing basis.

Credit risk arising from transactions with brokers relates to transactions awaiting settlement. Risk relating to unsettled transactions is considered small due to the short settlement period involved and the high credit quality of the brokers used.

A majority of the cash held by the Fund is deposited with the HSBC Group. Bankruptcy or insolvency of the bank may cause the Fund's rights with respect to the cash held by the bank to be delayed or limited. The Manager monitors the credit rating and financial position of the bank on an ongoing basis.

Substantially all of the assets of the Fund are held by the custodian. Bankruptcy or insolvency of the custodian may cause the Fund's rights with respect to securities held by the custodian to be delayed or limited. The custodian is a group company of the HSBC, for which the credit risk is considered insignificant.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the date of statement of financial position.

As at 31 July 2019 and 2018, there were no other significant concentrations of credit risk to counterparties except to the custodian.

### **(ii) Offsetting financial assets and financial liabilities**

None of the financial assets and financial liabilities is offset in the statement of financial position.

As at 31 July 2019 and 2018, the disclosure set out in the table below include financial assets and financial liabilities that are subject to an enforceable master netting arrangement.

The enforceable master netting arrangements do not meet the criteria for offsetting in the statement of financial position. This is because they create a right of set-off of recognised amounts that is enforceable only following on event of default, insolvency or bankruptcy of the Fund or its counterparties. In addition, the Fund and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.



# Notes to the Financial Statements

**As at 31 July 2019**

*Financial assets subject to enforceable master netting arrangements*

	Gross amounts of recognised financial assets HKD	Gross amounts of recognised financial liabilities offset in the statement of financial position HKD	Net amounts of financial assets presented in the statement of financial position HKD	Amounts of financial instruments (including non-cash collateral) HKD	Cash collateral received HKD	Net amount HKD
Derivative financial instruments:						
– Foreign currency forward contracts						
– Counterparty A	310,889	–	310,889	–	–	310,889
– Counterparty B	301,555	–	301,555	–	–	301,555

*Financial liabilities subject to enforceable master netting arrangements*

	Gross amounts of recognised financial liabilities HKD	Gross amounts of recognised financial assets offset in the statement of financial position HKD	Net amounts of financial liabilities presented in the statement of financial position HKD	Amounts of financial instruments (including non-cash collateral) HKD	Cash collateral pledged HKD	Net amount HKD
Derivative financial instruments:						
– Foreign currency forward contracts						
– Counterparty A	–	–	–	–	–	–
– Counterparty B	–	–	–	–	–	–

# Notes to the Financial Statements

**As at 31 July 2018**

*Financial assets subject to enforceable master netting arrangements*

	Gross amounts of recognised financial assets HKD	Gross amounts of recognised financial liabilities offset in the statement of financial position HKD	Net amounts of financial assets presented in the statement of financial position HKD	Amounts of financial instruments (including non-cash collateral) HKD	Cash collateral received HKD	Net amount HKD
Derivative financial instruments:						
– Foreign currency forward contracts						
– Counterparty A	232,118	–	232,118	–	–	232,118
– Counterparty B	–	–	–	–	–	–

*Financial liabilities subject to enforceable master netting arrangements*

	Gross amounts of recognised financial liabilities HKD	Gross amounts of recognised financial assets offset in the statement of financial position HKD	Net amounts of financial liabilities presented in the statement of financial position HKD	Amounts of financial instruments (including non-cash collateral) HKD	Cash collateral pledged HKD	Net amount HKD
Derivative financial instruments:						
– Foreign currency forward contracts						
– Counterparty A	–	–	–	–	–	–
– Counterparty B	–	–	–	–	–	–

The gross amounts of recognised financial assets and financial liabilities and their net amounts presented in the statement of financial position disclosed in the above tables have been measured in the statement of financial position at fair value.

The tables below reconcile the “Net amounts of financial assets and financial liabilities presented in the statement of

financial position,” as set out above, to the line items presented in the statement of financial position.

Reconciliation to the net amounts of financial assets and financial liabilities presented in the statement of financial position.

# Notes to the Financial Statements

## As at 31 July 2019

### Financial assets

	Net amounts HKD	Carrying amount in statement of financial position HKD	Financial assets not in scope of offsetting disclosures HKD
Financial assets at fair value through profit or loss:			
– Foreign currency forward contracts			
– Counterparty A	310,889	310,889	–
– Counterparty B	301,555	301,555	–

### Financial liabilities

	Net amounts HKD	Carrying amount in statement of financial position HKD	Financial liabilities not in scope of offsetting disclosures HKD
Financial liabilities at fair value through profit or loss:			
– Foreign currency forward contracts			
– Counterparty A	–	–	–
– Counterparty B	–	–	–

## As at 31 July 2018

### Financial assets

	Net amounts HKD	Carrying amount in statement of financial position HKD	Financial assets not in scope of offsetting disclosures HKD
Financial assets at fair value through profit or loss:			
– Foreign currency forward contracts			
– Counterparty A	232,118	232,118	–
– Counterparty B	–	350,901	350,901

### Financial liabilities

	Net amounts HKD	Carrying amount in statement of financial position HKD	Financial liabilities not in scope of offsetting disclosures HKD
Financial liabilities at fair value through profit or loss:			
– Foreign currency forward contracts			
– Counterparty A	–	–	–
– Counterparty B	–	–	–

### (iii) Amounts arising from ECL

Impairment on interest and dividends receivable, subscriptions receivable, amounts due to brokers and cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Funds consider that these exposures have low credit risk based on the external credit ratings and/or review result of the counterparties.

The Funds monitor changes in credit risk on these exposures by tracking published external credit ratings of the counterparties and/or performed ongoing review of the counterparties.

# Notes to the Financial Statements

On initial application of HKFRS 9 as at 1 August 2018, the Managers considers the probability of default to be minimal as the counterparties have a strong capacity to meet their contractual obligations in the near term. There is no impairment allowance recognised on interest and dividends receivable, subscriptions receivable, amounts due to brokers and cash and cash equivalents. The amount of the loss allowance did not change during the year ended 31 July 2019.

## (e) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Fund. The Fund is exposed to daily liquidity risk on redemption of units.

The Fund's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities to meet its liquidity requirements in the short and longer term.

The Fund's listed investments are considered to have insignificant exposure to liquidity risk as they are all readily realisable under normal market conditions. The Fund, however, also invests in unlisted investments such as unlisted unit trusts and rights, which are not publicly traded on exchanges and may become illiquid.

As at 31 July 2019 and 2018, the Fund's financial liabilities are due within three months, except for redemptions payable and net assets attributable to unitholders which are repayable on demand.

## (f) Capital management

The Fund's capital as at the year end date is represented by its redeemable units, which is classified as financial liabilities.

The Fund's objective in managing the capital is to ensure a stable and strong base to achieve long-term capital growth, and to manage liquidity risk arising from the redemptions. The Manager manages the capital of the Fund in accordance with the Fund's investment objectives and policies stated in the Fund's Explanatory Memorandum.

There were no changes in the policies and procedures during the year with respect to the Fund's approach to its capital management.

The amount and the movement of net assets attributable to unitholders are stated in the statement of changes in net assets attributable to unitholders. As the redeemable units are redeemed on demand at the unitholders' option, the actual level of redemption may differ significantly from historical experience.

## (g) Specific instruments

### Forward contracts

Forward contracts are commitments either to purchase or sell a designated financial instrument, currency, commodity or index at a specified future date for a specified price and may be settled in cash or the underlying financial asset.

Forward contracts result in exposure to market risk based on changes in market prices relative to contracted prices. Market risks arise due to the possible movement in foreign currency exchange rates, indices, and securities' values underlying these instruments. In addition, because of the low margin deposits normally required in relation to notional contract sizes, a high degree of leverage may be typical of a forward contract and may result in substantial losses to the Fund. Forward contracts are generally subject to liquidity risk.

As at 31 July 2019 and 2018, the Fund's holdings in foreign currency forward contracts were as specified in the following tables.

### As at 31 July 2019

Buy	Sell	Settlement date	Fair value assets HKD	Fair value (liabilities) HKD
HKD34,851,132	JPY478,000,000	6 September 2019	310,889	-
HKD72,629,357	JPY998,000,000	15 October 2019	301,555	-
			612,444	-

### As at 31 July 2018

Buy	Sell	Settlement date	Fair value assets HKD	Fair value (liabilities) HKD
HKD18,817,714	EUR2,020,000	10 September 2018	232,118	-
HKD16,089,943	JPY224,000,000	21 September 2018	350,901	-
			583,019	-

# Notes to the Financial Statements

## Futures contracts

Futures contracts are legally binding commitments to buy or sell a financial instrument, currency, commodity or index at a specified future date for a specified price which are agreed upon at the initiation of the contract by the buyer and seller.

Futures contracts are standardised for quality and quantity and traded on a futures exchange.

As at 31 July 2019 and 2018, the Fund's holdings in futures contracts were as specified in the following table.

### As at 31 July 2019

Underlying equity	Futures exchange	No of contracts	Weighted average contract price	Contract size	Maturity date	Fair value assets HKD	Fair value (liabilities) HKD
HSBC Holdings plc	Eurex Exchange	93	GBP 6.4421	1,000	20 September 2019	37,661	-
HSBC Holdings plc	The Hong Kong Stock Exchange	1,799	HKD 64.4000	400	27 September 2019	-	(1,122,576)
						<u>37,661</u>	<u>(1,122,576)</u>

### As at 31 July 2018

Underlying equity	Futures exchange	No of contracts	Weighted average contract price	Contract size	Maturity date	Fair value assets HKD	Fair value (liabilities) HKD
HSBC Holdings plc	Eurex Exchange	139	GBP 7.2123	1,000	21 September 2018	47,447	-
HSBC Holdings plc	The Hong Kong Stock Exchange	1,785	HKD 76.4764	400	27 September 2018	-	(1,677,740)
						<u>47,447</u>	<u>(1,677,740)</u>

## 13 Fair value information

The Fund's financial instruments are measured at fair value on the date of the statement of financial position. Fair value estimates are made at a specified point in time, based on market conditions and information about the financial instruments. Usually, fair values can be reliably determined within a reasonable range of estimates. For certain other financial instruments, including interest and dividends receivable, subscriptions receivable, amounts due from brokers, redemptions payable, amounts due to brokers, distributions payable and other payables, the carrying amounts approximate fair values due to the immediate or short-term nature of these financial instruments.

### Valuation of financial instruments

The Fund's accounting policy on fair value measurements is detailed in significant accounting policy in note 2(e)(iv).

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

# Notes to the Financial Statements

When fair values of listed and quoted investments at the reporting date are based on quoted market prices or binding dealer price quotations in an active market, without any deduction for transactions costs, the instruments are included within Level 1 of the hierarchy. When fair values of debt securities at the reporting date represent quoted prices in markets that are considered less than active or consensus prices derived by third parties using valuation techniques where all significant inputs are directly or indirectly observable from market data, those debt securities are included within Level 2 of the hierarchy. For all other financial instruments, the Fund determines fair value using valuation techniques.

The Fund uses widely recognised valuation models for determining the fair value of the financial instruments which do not have quoted market prices in active markets. Valuation techniques include net present value, discounted cash flow models, comparison to similar instruments for which market observable prices exist, comparison to quoted prices for identical instruments that are considered less than active and other valuation models.

The following analyses financial assets and liabilities at fair value through profit or loss at the date of the statement of financial position, by the level in the fair value hierarchy into which the fair value measurement is categorised.

## Financial instruments at fair value through profit or loss

	Level 1 HKD	Level 2 HKD	Level 3 HKD	Total HKD
<b>31 July 2019</b>				
<b>Financial assets</b>				
Equities	1,535,626,805	–	–	1,535,626,805
Unit trusts	153,054,534	–	–	153,054,534
Forward contracts	–	612,444	–	612,444
Rights	–	–	–	–
Futures contracts	37,661	–	–	37,661
	1,688,719,000	612,444	–	1,689,331,444

## Financial liabilities

Futures contracts	1,122,576	–	–	1,122,576
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	Level 1 HKD	Level 2 HKD	Level 3 HKD	Total HKD
<b>31 July 2018</b>				
<b>Financial assets</b>				
Equities	1,707,316,755	–	716,307	1,708,033,062
Unit trusts	162,491,433	–	–	162,491,433
Forward contracts	–	583,019	–	583,019
Rights	–	–	–	–
Futures contracts	47,447	–	–	47,447
	1,869,855,635	583,019	716,307	1,871,154,961

## Financial liabilities

Futures contracts	1,677,740	–	–	1,677,740
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As of 31 July 2019, Level 3 financial instruments included China Common Rich Renewable Energy Investments Ltd. and Folli Follie Commercial Manufacturing and Technical SA. As of 31 July 2018, Level 3 financial instruments included Hanergy Thin Film Power Group Limited, Folli Follie Commercial Manufacturing and Technical SA and Hopewell Highway Infrastructure Ltd.

The table below presents the reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

	As at 1 August 2018 HKD	Net losses included in the statement of comprehensive income HKD	Sales HKD	Transfer into Level 3 HKD	As at 31 July 2019 HKD	* Unrealised losses HKD
Equities	716,307	(206,228)	(510,079)	–	–	(263,907)

  

	As at 1 August 2017 HKD	Net gains included in the statement of comprehensive income HKD	Sales HKD	Transfer into Level 3 HKD	As at 31 July 2018 HKD	* Unrealised losses HKD
Equities	2,178,824	399,264	(2,578,088)	716,307	716,307	(701,983)

\* The change in unrealised gains or losses for the year is included in the statement of comprehensive income for financial assets and financial liabilities held at the reporting date.

# Notes to the Financial Statements

## Quantitative information of significant unobservable inputs – Level 3

The table below sets out information about significant unobservable inputs used at 31 July 2019 and 2018 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Description	Fair value at 31 July 2019 HKD	Fair value at 31 July 2018 HKD	Valuation techniques	Unobservable input
Equities	–	716,307	Adjustment on last traded price before suspension	Adjustment based on the information relating to the investments

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis is as shown below:

Description	Input	Change in the relevant input	Effect on the net assets attributable to unitholders HKD
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### As at 31 July 2019

Equities	Adjustment based on the information relating to the investments	5%/(5)%	–/198,816
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### As at 31 July 2018

Equities	Adjustment based on the information relating to the investments	5%/(5)%	(35,815)/227,018
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## Valuation of financial instruments not measured at fair value

The financial instruments not measured at fair value through profit or loss are short-term financial assets and financial liabilities whose carrying amounts approximate fair value.

The following tables sets out the fair values of financial instruments not measured at fair value and analyses it by the level in the fair value hierarchy into which each fair value measurement is categorised.

### 31 July 2019

	Level 1 HKD	Level 2 HKD	Level 3 HKD	Total HKD
<b>Financial assets</b>				
Interest and dividends receivable	–	2,919,737	–	2,919,737
Subscriptions receivable	–	7,145,393	–	7,145,393
Amounts due from brokers	–	6,841,014	–	6,841,014
Cash and cash equivalents	–	73,533,958	–	73,533,958
	–	90,440,102	–	90,440,102

### Financial liabilities

Redemptions payable	–	6,468,671	–	6,468,671
Amounts due to brokers	–	3,096,331	–	3,096,331
Distributions payable	–	1,384,134	–	1,384,134
Other payables	–	2,632,130	–	2,632,130
Net assets attributable to unitholders	–	1,765,067,704	–	1,765,067,704
	–	1,778,648,970	–	1,778,648,970

# Notes to the Financial Statements

31 July 2018

	Level 1 HKD	Level 2 HKD	Level 3 HKD	Total HKD
<b>Financial assets</b>				
Interest and dividends receivable	-	9,130,284	-	9,130,284
Subscriptions receivable	-	5,789,445	-	5,789,445
Amounts due from brokers	-	9,673,672	-	9,673,672
Cash and cash equivalents	-	83,531,947	-	83,531,947
	-	108,125,348	-	108,125,348

## Financial liabilities

Redemptions payable	-	5,546,732	-	5,546,732
Amounts due to brokers	-	-	-	-
Distributions payable	-	1,939,850	-	1,939,850
Other payables	-	3,140,319	-	3,140,319
Net assets attributable to unitholders	-	1,966,975,668	-	1,966,975,668
	-	1,977,602,569	-	1,977,602,569

## 14 Segment information

The Manager makes the strategic resource allocation on behalf of the Fund and determines the operating segments based on the internal reporting used to make strategic decisions.

The Manager's asset allocation decisions are based on one single and integrated investment strategy, and the Fund's performance is evaluated on an overall basis. Accordingly the Manager considers that the Fund has one single operating segment which is investing in a portfolio of financial instruments to generate investment returns in accordance with the investment objective stipulated in its Explanatory Memorandum. There were no changes in the operating segment during the year.

All revenues and losses generated from investments by the Fund are disclosed in note 3. The segment information provided to the Manager is the same as that disclosed in the statement of comprehensive income and the statement of financial position.

## 15 Involvement with unconsolidated structured entities

The Fund has concluded that the listed and unlisted investment funds in which it invests, but that it does not consolidate, meet the definition of structured entities because:

- the voting rights in the funds are not dominant rights in deciding who controls them as they relate to administrative tasks only;
- each fund's activities are restricted by its prospectus; and
- the funds have narrow and well defined objectives to provide investment opportunities to investors.

The table below describes the types of structured entities that the Fund does not consolidate but in which it holds an interest.

Type of structured entity	Nature and purpose	Interest held by the Fund
Investment funds	To manage assets on behalf of third party investors and generate fees for the investment manager	Investment in units issued by the funds
	These vehicles are financed through the issue of units to investors	



# Notes to the Financial Statements

The table below sets out interests held by the Fund in unconsolidated structured entities. The maximum exposure to loss is the carrying amount of the financial assets held.

31 July 2019			
	Number of investee funds	Total net assets (based on unaudited information) HKD	Carrying amount included in "Financial assets of fair value through profit or loss" HKD
Listed investment funds	10	2,126,493,000,000	17,270,890
Unlisted investment funds	3	31,812,000,000	135,783,644

31 July 2018			
	Number of investee funds	Total net assets (based on unaudited information) HKD	Carrying amount included in "Financial assets of fair value through profit or loss" HKD
Listed investment funds	11	2,090,158,000,000	17,298,161
Unlisted investment funds	3	22,435,000,000	145,193,272

During the year, the Fund did not provide financial support to unconsolidated structured entities and has no intention of providing financial or other support.

The Fund can redeem units in the above investment funds on any respective dealing day.

## 16 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 July 2019

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, interpretations and new standards which are not yet effective for the year ended 31 July 2019 and which have not been adopted in these financial statements.

Of these developments, the following may be relevant to the Fund's operations and financial statements:

### Effective for accounting periods beginning on or after

IFRIC 23, *Uncertainty over income tax treatments* 1 January 2019

Annual Improvements to IFRSs 2015-2017 Cycle 1 January 2019

The Fund is in the process of making an assessment of what the impact of these amendments and interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have material impact on the Fund.

# Portfolio Statement (Unaudited)

## HSBC Managed Growth Fund

as at 31 July 2019

	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
<b>Equities</b>							
Listed investments				WESTPAC BANKING CORP	23,161	3,580,173	0.20
				WOODSIDE PETROLEUM LTD	15,264	2,857,721	0.16
				WOOLWORTHS GROUP LTD	13,631	2,619,652	0.15
						<u>60,400,416</u>	<u>3.42</u>
<b>Australia</b>				<b>Austria</b>			
AGL ENERGY LTD	18,308	2,071,388	0.12	OMV AG	2,259	892,086	0.05
ALS LTD	7,920	308,521	0.02	TELEKOM AUSTRIA AG	14,592	852,091	0.05
ALUMINA LTD	72,521	915,591	0.05	VIENNA INSURANCE GROUP AG			
AMCOR LTD	3,126	261,928	0.02	WIENER VERSICHERUNG GRUPPE	4,251	859,559	0.05
ANSELL LTD	6,315	950,604	0.05	VOESTALPINE AG	3,912	819,653	0.04
ANZ BANKING GROUP LTD	22,218	3,345,699	0.19			<u>3,423,389</u>	<u>0.19</u>
ASX LTD	1,867	895,002	0.05				
AURIZON HOLDINGS LTD	69,447	2,158,231	0.12				
BENDIGO AND ADELAIDE BANK LTD	15,523	962,316	0.05	<b>Belgium</b>			
BHP BILLITON LTD	26,246	5,771,907	0.33	ANHEUSER BUSCH INBEV NV	2,081	1,651,748	0.09
BLUESCOPE STEEL LTD	4,462	315,131	0.02	ETABLISSEMENTEN FRANZ			
BRAMBLES LTD	13,189	933,615	0.05	COLRUYT NV	1,830	752,339	0.04
COCA-COLA AMATIL LTD	3,938	225,643	0.01	KBC GROEP NV	702	356,577	0.02
COCHLEAR LTD	438	520,726	0.03	PROXIMUS SA	3,628	816,116	0.05
COMMONWEALTH BANK OF AUSTRALIA	13,558	6,020,291	0.34	SOFINA SA	599	914,655	0.05
COMPUTERSHARE LTD	3,911	334,245	0.02	SOLVAY SA	313	253,320	0.01
CROWN RESORTS LTD	13,373	855,728	0.05	UCB SA	1,863	1,146,666	0.07
CSL LTD	2,836	3,513,484	0.20			<u>5,891,421</u>	<u>0.33</u>
CSR LTD	49,525	1,076,841	0.06				
FLIGHT CENTRE TRAVEL GROUP LTD	7,190	1,787,959	0.10	<b>Canada</b>			
HARVEY NORMAN HOLDINGS LTD	44,315	1,049,633	0.06	BANK OF NOVA SCOTIA	1,990	835,847	0.05
ILUKA RESOURCES LTD	19,079	990,268	0.06	BCE INC	2,601	924,717	0.05
INSURANCE AUSTRALIA GROUP LTD	21,818	1,015,893	0.06	CANADIAN IMPERIAL BANK OF COMMERCE	403	249,436	0.01
MACQUARIE GROUP LTD	1,610	1,118,742	0.06	CANADIAN NATIONAL RAILWAY CO	1,783	1,327,744	0.08
NATIONAL AUSTRALIA BANK LTD	21,077	3,242,112	0.18	CANADIAN NATURAL RESOURCES LTD	1,961	390,791	0.02
NEWCREST MINING LTD	2,710	520,232	0.03	CANADIAN PACIFIC RAILWAY LTD	222	417,010	0.02
OZ MINERALS LTD	13,052	724,627	0.04	CONSTELLATION SOFTWARE INC	32	239,532	0.01
QANTAS AIRWAYS LTD	10,507	323,696	0.02	FRANCO-NEVADA CORP	1,519	1,038,609	0.06
RIO TINTO LTD	2,915	1,555,453	0.09	GREATWEST LIFECO INC	4,909	848,052	0.05
SONIC HEALTHCARE LTD	7,207	1,090,322	0.06	MANULIFE FINANCIAL CORP	4,203	598,809	0.03
SOUTH32 LTD	96,322	1,631,839	0.09	METRO INC	3,113	957,917	0.06
STAR ENTERTAINMENT GROUP LTD	36,718	820,165	0.05	POWER CORPORATION OF CANADA	5,468	912,026	0.05
SUNCORP GROUP LTD	8,442	615,351	0.04	ROYAL BANK OF CANADA	974	605,119	0.04
TELSTRA CORP LTD	47,569	1,018,912	0.06				
TREASURY WINE ESTATES LTD	6,253	597,150	0.03				
WESFARMERS LTD	8,530	1,803,625	0.10				

# Portfolio Statement (Unaudited)

## HSBC Managed Growth Fund

as at 31 July 2019

	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
<b>Equities</b>							
Listed investments							
SUNCOR ENERGY INC	3,442	777,029	0.04	ENGIE SA	6,487	787,009	0.04
TECK RESOURCES LTD	10,026	1,613,698	0.09	ESSILOR INTERNATIONAL SA	1,237	1,322,311	0.07
TORONTO-DOMINION BANK	1,098	504,974	0.03	HERMES INTERNATIONAL SCA	139	771,219	0.04
		<u>12,241,310</u>	<u>0.69</u>	KERING SA	333	1,362,625	0.08
				LEGRAND SA	1,219	678,468	0.04
				L'OREAL SA	1,820	3,838,692	0.22
				LVMH MOET HENNESSY LOUIS			
				VUITTON SE	1,134	3,709,267	0.21
				ORANGE SA	7,706	901,654	0.05
<b>Denmark</b>				PERNOD RICARD SA	873	1,210,165	0.07
AP MOELLER - MAERSK A/S	98	867,947	0.05	PEUGEOT SA	2,426	451,636	0.03
CARLSBERG A/S	1,259	1,354,278	0.08	RENAULT SA	956	421,104	0.02
COLOPLAST A/S	579	532,666	0.03	SAFRAN SA	709	802,388	0.05
ISS A/S	3,090	682,910	0.04	SANOFI SA	2,578	1,695,494	0.10
NOVO NORDISK A/S	9,978	3,773,360	0.21	SCHNEIDER ELECTRIC SE	1,712	1,165,038	0.07
ORSTED A/S	2,444	1,757,772	0.10	SOCIETE BIC SA	1,311	718,704	0.04
TRYG A/S	1,411	339,590	0.02	SOCIETE GENERALE DE PARIS SA	3,983	770,828	0.04
VESTAS WIND SYSTEMS A/S	2,046	1,324,896	0.07	SODEXO SA	1,225	1,106,629	0.06
		<u>10,633,419</u>	<u>0.60</u>	TELEPERFORMANCE SE	265	437,906	0.02
				THALES SA	1,353	1,203,392	0.07
				TOTAL SA	11,665	4,781,921	0.27
<b>Finland</b>				VEOLIA ENVIRONNEMENT SA	2,783	554,238	0.03
ELISA OYJ	2,336	864,876	0.05	VINCI SA	2,061	1,674,853	0.09
NOKIA OYJ	50,105	2,130,850	0.12	VIVENDI SA	4,215	925,017	0.05
ORION OYJ CLASS B	2,483	671,081	0.04	WORLDLINE SA	2,568	1,450,329	0.08
		<u>3,666,807</u>	<u>0.21</u>			<u>53,984,104</u>	<u>3.06</u>
<b>France</b>				<b>Germany</b>			
ACCOR SA	910	319,627	0.02	ADIDAS AG	865	2,182,912	0.12
AIR LIQUIDE SA	1,846	2,011,121	0.11	ALLIANZ SE	1,930	3,548,406	0.20
AIRBUS GROUP SE	3,979	4,441,032	0.25	AROUNDTOWN SA	28,558	1,800,042	0.10
ARKEMA SA	1,239	882,246	0.05	BASF SE	2,783	1,468,184	0.08
ATOS SE	1,561	993,983	0.06	BAYER AG	2,910	1,497,900	0.09
AXA SA	8,466	1,689,702	0.10	BAYERISCHE MOTOREN WERKE AG	1,375	800,886	0.05
BNP PARIBAS SA	4,588	1,686,656	0.10	BEIERSDORF AG	457	418,616	0.02
CAPGEMINI SE	812	815,630	0.05	COVESTRO AG	1,658	594,058	0.03
CNP ASSURANCES SA	6,514	1,061,661	0.06	DAIMLER AG	428	175,584	0.01
COMPAGNIE DE SAINT-GOBAIN SA	7,576	2,294,847	0.13	DEUTSCHE BANK AG	9,129	560,135	0.03
CREDIT AGRICOLE SA	5,133	482,266	0.03	DEUTSCHE BOERSE AG	806	874,934	0.05
DANONE SA	2,509	1,714,404	0.10	DEUTSCHE LUFTHANSA AG	5,587	699,976	0.04
DASSAULT SYSTEMES SE	670	805,843	0.05	DEUTSCHE POST AG	1,171	301,178	0.02
EDENRED SA	513	203,167	0.01	DEUTSCHE TELEKOM AG	8,568	1,111,166	0.06
ELECTRICITE DE FRANCE SA	18,835	1,841,032	0.10				

# Portfolio Statement (Unaudited)

## HSBC Managed Growth Fund

as at 31 July 2019

	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
<b>Equities</b>							
Listed investments							
				AGRICULTURAL BANK OF CHINA LTD H SHARES	1,140,736	3,638,948	0.21
				AIA GROUP LTD	436,725	35,331,052	2.00
DEUTSCHE WOHNEN AG	6,535	1,892,090	0.11	ALIBABA HEALTH INFORMATION TECHNOLOGY LTD	24,000	170,640	0.01
DWS GROUP GMBH & CO KGAA	3,579	944,682	0.05	ALIBABA PICTURES GROUP LTD	1,460,000	2,321,400	0.13
E.ON SE	9,744	768,908	0.04	ANGANG STEEL CO LTD	52,000	156,000	0.01
FRAPORT FRANKFURT AIRPORT SERVICES WORLDWIDE AG	1,449	956,259	0.06	ANHUI CONCH CEMENT CO LTD H SHARES	76,834	3,515,155	0.20
FRESenius MEDICAL CARE AG & CO KGAA	1,010	553,692	0.03	ANHUI EXPRESSWAY CO LTD	62,000	296,360	0.02
HANNOVER RUECK SE	905	1,117,673	0.06	ANTA SPORTS PRODUCTS LTD	48,241	2,836,571	0.16
HEIDELBERGCEMENT AG	680	388,903	0.02	ASM PACIFIC TECHNOLOGY LTD	11,500	1,060,875	0.06
HENKEL AG & CO KGAA	811	659,052	0.04	AVICHIINA INDUSTRY & TECHNOLOGY CO LTD	91,000	384,930	0.02
INFINEON TECHNOLOGIES AG	15,450	2,291,841	0.13	BANK OF CHINA LTD H SHARES	3,009,666	9,630,931	0.55
KNORR BREMSE AG	2,015	1,610,426	0.09	BANK OF COMMUNICATIONS CO LTD H SHARES	290,441	1,664,227	0.09
LEG IMMOBILIEN AG	1,045	953,585	0.05	BANK OF EAST ASIA LTD	63,431	1,439,884	0.08
MERCK KGAA	784	631,644	0.04	BEIJING CAPITAL INTERNATIONAL AIRPORT CO LTD H SHARES	304,000	1,884,800	0.11
MTU AERO ENGINES AG	230	454,038	0.03	BOC HONG KONG HOLDINGS LTD	142,081	4,276,638	0.24
MUENCHENER RUECKVERSICHERUNGS- GESELLSCHAFT AG	266	506,095	0.03	BYD CO LTD	50,500	2,489,650	0.14
ROCKET INTERNET SE	4,294	933,372	0.05	CHINA AGRI-INDUSTRIES HOLDINGS LTD	359,000	858,010	0.05
RWE AG	9,936	2,118,188	0.12	CHINA CINDA ASSET MANAGEMENT CO LTD H SHARES	384,000	660,480	0.04
SAP SE	4,350	4,235,617	0.24	CHINA CITIC BANK CORP LTD H SHARES	300,139	1,308,606	0.07
SIEMENS AG	3,402	2,952,885	0.17	CHINA COMMUNICATIONS CONSTRUCTION CO LTD H SHARES	54,000	358,560	0.02
SIEMENS HEALTHINEERS AG	587	193,463	0.01	CHINA COMMUNICATIONS SERVICES CORP LTD	66,000	363,000	0.02
TALANX AG	2,942	976,419	0.06	CHINA CONCH VENTURE HOLDINGS LTD	61,500	1,663,575	0.09
WIRECARD AG	1,720	2,271,107	0.13	CHINA CONSTRUCTION BANK CORP H SHARES	3,586,238	21,768,465	1.23
		43,443,916	2.46	CHINA EVERBRIGHT BANK CO LTD H SHARES	566,537	2,005,541	0.11
				CHINA EVERBRIGHT INTERNATIONAL LTD	139,000	966,050	0.05
				CHINA EVERGRANDE GROUP	117,580	2,457,422	0.14
<b>Greece</b>							
FOLLI FOLLIE COMMERCIAL MANUFACTURING AND TECHNICAL SA	3,455	-	-				
JUMBO SA	1,263	194,287	0.01				
		194,287	0.01				
<b>Hong Kong</b>							
AAC TECHNOLOGIES HOLDINGS INC	9,500	406,125	0.02				
AGILE PROPERTY HOLDINGS LTD	134,306	1,367,235	0.08				

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as at 31 July 2019

	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
<b>Equities</b>							
Listed investments							
				CHINA TAIPIING INSURANCE HOLDINGS CO LTD	59,600	1,305,240	0.07
CHINA GAS HOLDINGS LTD	18,434	601,870	0.03	CHINA TELECOM CORP LTD H SHARES	552,301	1,944,100	0.11
CHINA JINMAO HOLDINGS GROUP LTD	44,000	224,400	0.01	CHINA TOWER CORP LTD	914,000	1,864,560	0.11
CHINA LIFE INSURANCE CO LTD H SHARES	242,461	4,885,589	0.28	CHINA TRADITIONAL CHINESE MEDICINE HOLDINGS CO LTD	108,000	388,800	0.02
CHINA MEDICAL SYSTEM HOLDINGS LTD	169,000	1,274,260	0.07	CHINA UNICOM HONG KONG LTD	242,876	1,860,430	0.11
CHINA MENGNIU DAIRY CO LTD	70,724	2,249,023	0.13	CHINA VANKE CO LTD H SHARES	56,980	1,689,457	0.10
CHINA MERCHANTS BANK CO LTD H SHARES	148,509	5,828,978	0.33	CHINA ZHONGWANG HOLDINGS LTD	247,861	993,923	0.06
CHINA MERCHANTS PORT HOLDINGS CO LTD	48,000	624,960	0.04	CHONGQING RURAL COMMERCIAL BANK CO LTD H SHARES	260,548	1,073,458	0.06
CHINA MINSHENG BANKING CORP LTD	350,362	1,898,962	0.11	CHOW TAI FOOK JEWELLERY GROUP LTD	38,600	289,886	0.02
CHINA MOBILE LTD	199,817	13,337,785	0.76	CIFI HOLDINGS GROUP CO LTD	142,000	717,100	0.04
CHINA NATIONAL BUILDING MATERIAL CO LTD	30,000	208,800	0.01	CITIC PACIFIC LTD	325,272	3,382,829	0.19
CHINA OVERSEAS LAND & INVESTMENT LTD	148,075	3,983,217	0.23	CITIC SECURITIES CO LTD	185,500	2,812,180	0.16
CHINA PACIFIC INSURANCE GROUP CO LTD H SHARES	114,684	3,864,851	0.22	CK ASSET HOLDINGS LTD	124,965	7,416,673	0.42
CHINA PETROLEUM & CHEMICAL CORP H SHARES	928,838	4,699,920	0.27	CK HUTCHISON HOLDINGS LTD	106,877	7,871,491	0.45
CHINA RAILWAY CONSTRUCTION CORP H SHARES	129,987	1,184,182	0.07	CK INFRASTRUCTURE HOLDINGS LTD	33,500	2,038,475	0.12
CHINA RAILWAY GROUP LTD H SHARES	192,504	1,062,622	0.06	CLP HOLDINGS LTD	64,977	5,539,289	0.31
CHINA REINSURANCE GROUP CORP	188,000	259,440	0.01	CNOOC LTD	631,073	8,166,085	0.46
CHINA RESOURCES BEER HOLDINGS CO LTD	82,000	3,034,000	0.17	COSCO SHIPPING PORTS LTD	74,000	507,640	0.03
CHINA RESOURCES CEMENT HOLDINGS LTD	82,000	594,500	0.03	COUNTRY GARDEN HOLDINGS CO LTD	278,183	2,970,994	0.17
CHINA RESOURCES LAND LTD	103,942	3,508,042	0.20	COUNTRY GARDEN SERVICES HOLDINGS CO LTD	31,000	590,860	0.03
CHINA RESOURCES PHARMACEUTICAL GROUP LTD	83,000	711,310	0.04	CRRC CORP LTD H SHARES	177,108	1,096,299	0.06
CHINA SHENHUA ENERGY CO LTD H SHARES	133,597	2,084,113	0.12	CSPC PHARMACEUTICAL GROUP LTD	275,504	3,790,935	0.21
CHINA STATE CONSTRUCTION INTERNATIONAL HOLDINGS LTD	66,000	534,600	0.03	DALI FOODS GROUP CO LTD	369,000	1,804,410	0.10
				DONGFENG MOTOR GROUP CO LTD H SHARES	96,306	677,031	0.04
				ENN ENERGY HOLDINGS LTD	7,365	598,406	0.03
				FAR EAST HORIZON LTD	89,000	650,590	0.04
				FIH MOBILE LTD	1,035,000	1,148,850	0.07
				FOSUN INTERNATIONAL LTD	94,000	971,960	0.06
				GALAXY ENTERTAINMENT GROUP LTD	66,570	3,594,780	0.20
				GEELY AUTOMOBILE HOLDINGS LTD	174,316	2,116,196	0.12

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	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
<b>Equities</b>							
Listed investments				LUYE PHARMA GROUP LTD	69,500	424,645	0.02
				MAANSHAN IRON & STEEL CO LTD	266,000	798,000	0.05
				MACAU LEGEND DEVELOPMENT LTD	487,000	545,440	0.03
GENSCRIPT BIOTECH CORP	74,000	1,435,600	0.08	MEITUAN DIANPING	99,700	6,375,815	0.36
GUANGDONG INVESTMENT LTD	88,000	1,452,000	0.08	MTR CORP LTD	59,608	3,072,792	0.17
GUANGZHOU R&F PROPERTIES CO LTD H SHARES	82,109	1,174,159	0.07	NEW CHINA LIFE INSURANCE CO LTD	12,400	487,320	0.03
GUOTAI JUNAN SECURITIES CO LTD	148,992	1,898,158	0.11	NEW WORLD DEVELOPMENT CO LTD	151,069	1,676,866	0.10
HAIER ELECTRONICS GROUP CO LTD	53,000	982,620	0.06	NWS HOLDINGS LTD	76,561	1,117,791	0.06
HAITIAN INTERNATIONAL HOLDINGS LTD	30,000	478,800	0.03	PCCW LTD	322,000	1,439,340	0.08
HAITONG SECURITIES CO LTD	40,400	317,140	0.02	PEOPLE'S INSURANCE GROUP OF CHINA CO LTD H SHARES	58,000	191,980	0.01
HANG LUNG PROPERTIES LTD	104,625	1,937,655	0.11	PETROCHINA CO LTD H SHARES	819,223	3,407,968	0.19
HANG SENG BANK LTD	27,702	5,177,504	0.29	PICC PROPERTY AND CASUALTY CO LTD	321,437	3,011,865	0.17
HENDERSON LAND DEVELOPMENT CO LTD	31,445	1,281,384	0.07	PING AN HEALTHCARE AND TECHNOLOGY CO LTD	31,200	1,059,240	0.06
HONG KONG AND CHINA GAS CO LTD	267,612	4,640,392	0.26	PING AN INSURANCE (GROUP) CO OF CHINA LTD H SHARES	198,139	18,506,183	1.05
HONG KONG EXCHANGES AND CLEARING LTD	39,974	10,617,094	0.60	POSTAL SAVINGS BANK OF CHINA CO LTD	313,000	1,430,410	0.08
HUATAI SECURITIES CO LTD	68,800	880,640	0.05	POWER ASSETS HOLDINGS LTD	62,667	3,518,752	0.20
HUTCHISON TELECOMMUNICATIONS HONG KONG HOLDINGS LTD	486,000	826,200	0.05	PRADA SPA	19,000	460,750	0.03
HYSAN DEVELOPMENT CO LTD	46,768	1,751,462	0.10	SA SA INTERNATIONAL HOLDINGS LTD	742,000	1,639,820	0.09
INDUSTRIAL AND COMMERCIAL BANK OF CHINA LTD H SHARES	3,049,594	16,162,848	0.92	SAMSONITE INTERNATIONAL SA	51,494	797,127	0.05
INNOVENT BIOLOGICS INC	6,500	164,450	0.01	SANDS CHINA LTD	90,429	3,445,345	0.20
JIANGSU EXPRESSWAY CO LTD H SHARES	123,625	1,307,952	0.07	SEMICONDUCTOR MANUFACTURING INTERNATIONAL CORP	26,500	246,185	0.01
JIANGXI COPPER CO LTD	46,000	448,500	0.03	SHANDONG WEIGAO GROUP MEDICAL POLYMER CO LTD	312,000	2,346,240	0.13
KINGBOARD CHEMICAL HOLDINGS LTD	27,500	535,700	0.03	SHANGHAI FOSUN PHARMACEUTICAL GROUP CO LTD	16,500	386,925	0.02
KINGBOARD LAMINATES HOLDINGS LTD	39,500	257,540	0.01	SHANGHAI PHARMACEUTICALS HOLDING CO LTD H SHARES	137,800	2,083,536	0.12
LEGEND HOLDINGS CORP	14,400	266,400	0.02	SHENZHEN INTERNATIONAL HOLDINGS LTD	38,862	565,053	0.03
LENOVO GROUP LTD	289,271	1,839,764	0.10	SHENZHEN INVESTMENT LTD	400,104	1,128,293	0.06
LI NING CO LTD	64,000	1,245,440	0.07				
L'OCCITANE INTERNATIONAL SA	68,250	1,112,475	0.06				
LOGAN PROPERTY HOLDINGS CO LTD	44,000	526,240	0.03				
LONGFOR PROPERTIES CO LTD	88,618	2,587,646	0.15				

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	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
<b>Equities</b>							
Listed investments							
SHENZHOU INTERNATIONAL GROUP HOLDINGS LTD	41,400	4,500,180	0.26	YUEXIU PROPERTY CO LTD	456,000	811,680	0.05
SHIMAO PROPERTY HOLDINGS LTD	88,109	1,925,182	0.11	ZHEJIANG EXPRESSWAY CO LTD	146,000	1,112,520	0.06
SHOUGANG FUSHAN RESOURCES GROUP LTD	552,000	899,760	0.05	ZHONGSHENG GROUP HOLDINGS LTD	100,000	2,200,000	0.12
SHUI ON LAND LTD	399,089	670,470	0.04	ZHUZHOU CSR TIMES ELECTRIC CO LTD H SHARES	19,700	741,705	0.04
SIHUAN PHARMACEUTICAL HOLDINGS GROUP LTD	688,000	1,114,560	0.06	ZIJIN MINING GROUP CO LTD H SHARES	226,000	714,160	0.04
SINO BIOPHARMACEUTICAL LTD	422,109	4,086,015	0.23			462,849,192	26.22
SINOPEC ENGINEERING GROUP CO LTD	54,000	333,180	0.02	<b>Hungary</b>			
SINOPHARM GROUP CO LTD H SHARES	37,551	1,096,489	0.06	RICHTER GEDEON VEGYESZETI GYAR NYRT	5,720	793,579	0.04
SINOTRUK HONG KONG LTD	65,000	755,300	0.04				
SUN HUNG KAI PROPERTIES LTD	56,410	7,158,429	0.41	<b>India</b>			
SUNAC CHINA HOLDINGS LTD	124,000	4,439,200	0.25	ADANI PORTS AND SPECIAL ECONOMIC ZONE LTD	5,544	237,857	0.01
SUNNY OPTICAL TECHNOLOGY GROUP CO LTD	13,900	1,284,360	0.07	AUROBINDO PHARMA LTD	13,898	898,364	0.05
SWIRE PACIFIC LTD	37,500	525,000	0.03	CASTROL INDIA LTD	39,934	549,895	0.03
SWIRE PACIFIC LTD CLASS A	23,813	2,136,026	0.12	CIPLA LTD	13,953	822,525	0.05
SWIRE PROPERTIES LTD	87,109	2,478,251	0.14	CONTAINER CORPORATION OF INDIA LTD	14,894	867,487	0.05
TECHTRONIC INDUSTRIES CO LTD	45,158	2,657,548	0.15	DIVI'S LABORATORIES LTD	9,618	1,783,463	0.10
TENCENT HOLDINGS LTD	138,167	50,873,089	2.88	GAIL (INDIA) LTD	29,612	434,551	0.03
TRAVELSKY TECHNOLOGY LTD	41,000	633,040	0.04	GLAXOSMITHKLINE CONSUMER HEALTHCARE LTD	82	68,589	0.00
TSINGTAO BREWERY CO LTD	14,000	645,400	0.04	GLENMARK PHARMACEUTICALS LTD	8,075	390,648	0.02
VITASOY INTERNATIONAL HOLDINGS LTD	10,000	370,500	0.02	HCL TECHNOLOGIES LTD	4,534	533,807	0.03
VTECH HOLDINGS LTD	17,800	1,227,310	0.07	HERO MOTOCORP LTD	2,674	715,047	0.04
WANT WANT CHINA HOLDINGS LTD	75,000	459,750	0.03	HINDUSTAN PETROLEUM CORP LTD	25,681	774,478	0.04
WEICHAI POWER CO LTD	79,000	963,800	0.05	HINDUSTAN UNILEVER LTD	5,031	984,998	0.06
WH GROUP LTD	201,000	1,549,710	0.09	HOUSING DEVELOPMENT FINANCE CORP LTD	9,885	2,386,891	0.14
WHARF REAL ESTATE INVESTMENT CO LTD	37,963	1,886,761	0.11	ICICI LOMBARD GENERAL INSURANCE CO LTD	8,766	1,204,443	0.07
WUXI BIOLOGICS CAYMAN INC	42,500	3,584,875	0.20	ICICI PRUDENTIAL LIFE INSURANCE CO LTD	22,108	1,010,781	0.06
WYNN MACAU LTD	15,200	271,472	0.02	INDIAN OIL CORP LTD	25,536	403,070	0.02
XIAOMI CORP	317,000	2,868,850	0.16	INFOSYS LTD	28,889	2,612,029	0.15
XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO LTD	122,000	1,074,820	0.06	INTERGLOBE AVIATION LTD	5,246	929,660	0.05
XINYI GLASS HOLDINGS LTD	86,000	683,700	0.04				
XINYI SOLAR HOLDINGS LTD	56,603	244,525	0.01				
YUE YUEN INDUSTRIAL (HOLDINGS) LTD	27,000	592,650	0.03				

## as at 31 July 2019

<b>Ireland</b>			
AIB GROUP PLC	26,356	712,094	0.04
BANK OF IRELAND GROUP PLC	4,143	144,435	0.01
CRH PLC	3,563	934,027	0.05
GLANBIA PLC	5,848	601,431	0.04
		<u>2,391,987</u>	<u>0.14</u>

Japan			
ABC-MART INC	3,500	1,741,136	0.10
ADVANTEST CORP	5,400	1,662,406	0.09
AEON MALL CO LTD	6,900	834,253	0.05
AGC INC	1,300	313,981	0.02
AJINOMOTO CO INC	3,500	493,826	0.03
ANA HOLDINGS INC	4,200	1,108,876	0.06
AOYAMA TRADING CO LTD	4,700	689,569	0.04
ARIAKE JAPAN CO LTD	1,600	782,105	0.04
ASAHI GROUP HOLDINGS LTD	3,200	1,092,409	0.06
ASTELLAS PHARMA INC	7,400	828,817	0.05
AUTOBACS SEVEN CO LTD	6,500	831,347	0.05
BANDAI NAMCO HOLDINGS INC	1,400	595,519	0.03
BRIDGESTONE CORP	4,100	1,211,946	0.07
BROTHER INDUSTRIES LTD	7,200	1,009,642	0.06
CANON INC	11,550	2,473,586	0.14
CENTRAL JAPAN RAILWAY CO	2,421	3,826,051	0.22
CHUGAI PHARMACEUTICAL CO LTD	1,600	899,767	0.05
CHUGOKU BANK LTD	12,200	836,480	0.05
DAICEL CORP	10,841	723,762	0.04
DAIICHI LIFE INSURANCE CO LTD	20,600	2,386,704	0.13
DAIICHI SANKYO CO LTD	2,600	1,245,990	0.07



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	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
<b>Equities</b>				KANSAI MIRAI FINANCIAL GROUP			
Listed investments				INC	32,300	1,711,612	0.10
DAIICHIKOSHO CO LTD	2,700	878,895	0.05	KAU CORP	4,608	2,650,796	0.15
DAIKIN INDUSTRIES LTD	1,088	1,065,624	0.06	KDDI CORP	16,954	3,487,912	0.20
DAITO TRUST CONSTRUCTION CO LTD	1,145	1,161,902	0.07	KEYENCE CORP	1,028	4,678,906	0.26
DAIWA HOUSE INDUSTRY CO LTD	11,958	2,682,094	0.15	KIKKOMAN CORP	1,000	358,681	0.02
DENA CO LTD	1,500	225,482	0.01	KINDEN CORP	7,600	907,380	0.05
DENSO CORP	3,200	1,070,031	0.06	KINTETSU GROUP HOLDINGS CO LTD	1,300	485,499	0.03
DISCO CORP	900	1,312,665	0.07	KIRIN HOLDINGS CO LTD	6,100	1,042,302	0.06
EAST JAPAN RAILWAY CO	2,765	1,994,471	0.11	KOKUYO CO LTD	6,700	711,530	0.04
ELECTRIC POWER DEVELOPMENT CO LTD	5,300	935,029	0.05	KOMATSU LTD	3,300	581,831	0.03
EXEDY CORP	4,700	756,662	0.04	KOMERI CO LTD	4,600	745,538	0.04
FAMILYMART UNY HOLDINGS CO LTD	6,000	1,007,912	0.06	KONAMI HOLDINGS CORP	700	234,170	0.01
FANUC CORP	927	1,305,261	0.07	K'S HOLDINGS CORP	13,000	933,508	0.05
FAST RETAILING CO LTD	200	945,188	0.05	KUBOTA CORP	1,700	207,440	0.01
FUJI HEAVY INDUSTRIES LTD	6,883	1,262,687	0.07	KYOCERA CORP	3,200	1,543,446	0.09
FUJIFILM HOLDINGS CORP	700	261,473	0.01	KYUSHU ELECTRIC POWER CO INC	11,800	921,353	0.05
FUJITSU LTD	1,600	985,475	0.06	KYUSHU RAILWAY CO	5,400	1,210,792	0.07
GUNMA BANK LTD	24,700	669,577	0.04	MABUCHI MOTOR CO LTD	3,300	899,334	0.05
HAMAMATSU PHOTONICS KK	1,900	556,839	0.03	MARUBENI CORP	24,000	1,228,528	0.07
HANKYU HANSHIN HOLDINGS INC	1,700	470,034	0.03	MARUICHI STEEL TUBE LTD	4,600	953,147	0.05
HASEKO CORP	11,436	977,855	0.05	MEDIPAL HOLDINGS CORP	4,400	737,232	0.04
HITACHI LTD	1,600	448,961	0.03	MEGMILK SNOW BRAND CO LTD	4,800	809,790	0.05
HONDA MOTOR CO LTD	12,943	2,529,297	0.14	MEIJI HOLDINGS CO LTD	900	491,195	0.03
HOYA CORP	5,639	3,417,081	0.19	MITSUBISHI CORP	9,539	2,019,521	0.11
HULIC CO LTD	2,700	182,592	0.01	MITSUBISHI ELECTRIC CORP	14,532	1,500,844	0.08
INPEX CORP	9,400	651,482	0.04	MITSUBISHI ESTATE CO LTD	8,600	1,247,504	0.07
ITOCHU CORP	10,300	1,546,085	0.09	MITSUBISHI HEAVY INDUSTRIES LTD	2,100	682,525	0.04
JAPAN AIRLINES CO LTD	4,163	1,028,575	0.06	MITSUBISHI SHOKUJIN CO LTD	4,163	822,380	0.05
JAPAN AVIATION ELECTRONICS INDUSTRY LTD	8,500	935,166	0.05	MITSUBISHI UFJ FINANCIAL GROUP INC	92,583	3,498,998	0.20
JAPAN EXCHANGE GROUP INC	7,592	877,415	0.05	MITSUI & CO LTD	6,600	846,516	0.05
JAPAN POST HOLDINGS CO LTD	15,500	1,193,489	0.07	MITSUI FUDOSAN CO LTD	3,000	534,561	0.03
JAPAN TOBACCO INC	4,800	837,302	0.05	MIZUHO FINANCIAL GROUP INC	190,760	2,123,489	0.12
JFE HOLDINGS INC	4,300	448,748	0.02	MORINAGA MILK INDUSTRY CO LTD	3,800	1,162,992	0.07
JTEKT CORP	10,200	954,532	0.05	MS&AD INSURANCE GROUP HOLDINGS INC	8,754	2,260,093	0.13
JX HOLDINGS INC	24,300	901,729	0.05	MURATA MANUFACTURING CO LTD	2,400	837,994	0.05
KAJIMA CORP	3,400	345,141	0.02	NEXON CO LTD	8,300	1,036,433	0.06
KAMIGUMI CO LTD	5,500	995,295	0.06	NGK INSULATORS LTD	4,000	470,647	0.03
KANDENKO CO LTD	10,300	708,437	0.04				

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	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
<b>Equities</b>							
Listed investments							
NIDEC CORP	900	954,813	0.05	SHIMACHU CO LTD	4,600	801,586	0.04
NIHON M&A CENTER INC	9,100	1,936,748	0.11	SHIMAMURA CO LTD	1,178	655,659	0.04
NIHON UNISYS LTD	3,700	961,662	0.05	SHIMANO INC	2,000	2,224,904	0.13
NIKON CORP	2,600	277,053	0.02	SHIN ETSU CHEMICAL CO LTD	3,057	2,458,558	0.14
NINTENDO CO LTD	471	1,361,698	0.08	SHIONOGI & CO LTD	3,685	1,609,202	0.09
NIPPON EXPRESS CO LTD	500	222,058	0.01	SHISEIDO CO LTD	1,400	812,126	0.05
NIPPONTELEGRAPH AND TELEPHONE CORP	6,826	2,422,274	0.14	SMC CORP	400	1,149,510	0.06
NIPPONTELEVISION HOLDINGS INC	6,600	715,185	0.04	SOFTBANK CORP	9,724	3,945,613	0.22
NISSAN CHEMICAL CORP	1,000	344,983	0.02	SOFTBANK CORP	20,547	2,176,134	0.12
NISSAN MOTOR CO LTD	14,117	723,445	0.04	SOMPO HOLDINGS INC	3,000	980,227	0.06
NISSHIN SEIFUN GROUP INC	1,900	282,871	0.02	SONY CORP	8,993	4,000,416	0.23
NITORI HOLDINGS CO LTD	500	530,992	0.03	SONY FINANCIAL HOLDINGS INC	6,500	1,242,334	0.07
NITTO DENKO CORP	3,300	1,282,384	0.07	SUGI HOLDINGS CO LTD	2,300	872,226	0.05
NSK LTD	3,400	227,234	0.01	SUMITOMO CHEMICAL CO LTD	11,300	407,346	0.02
NTT DATA CORP	4,800	496,602	0.03	SUMITOMO CORP	8,900	1,041,736	0.06
NTT DOCOMO INC	17,743	3,345,139	0.19	SUMITOMO HEAVY INDUSTRIES LTD	3,900	993,961	0.06
OBAYASHI CORP	15,600	1,165,198	0.07	SUMITOMO MITSUI FINANCIAL GROUP INC	9,793	2,687,906	0.15
OBIC BUSINESS CONSULTANTS CO LTD	1,900	644,509	0.04	SUMITOMO MITSUI TRUST HOLDINGS INC	2,700	726,865	0.04
OBIC CO LTD	1,300	1,093,779	0.06	SUMITOMO REALTY & DEVELOPMENT CO LTD	3,034	869,935	0.05
OMRON CORP	1,400	528,901	0.03	SUNDRUG CO LTD	3,600	785,133	0.04
ORACLE CORP JAPAN	1,218	797,349	0.04	SUNTORY BEVERAGE & FOOD LTD	900	281,285	0.02
ORIENTAL LAND CO LTD	600	624,646	0.03	SUZUKI MOTOR CORP	1,000	307,781	0.02
ORIX CORP	23,594	2,656,189	0.15	T&D HOLDINGS INC	13,500	1,193,273	0.07
PANASONIC CORP	5,200	346,673	0.02	TAISEI CORP	1,700	462,068	0.03
PERSOL HOLDINGS CO LTD	7,000	1,340,927	0.08	TAISHO PHARMACEUTICAL HOLDINGS CO LTD	300	180,170	0.01
PILOT CORP	2,800	831,708	0.05	TAKEDA PHARMACEUTICAL CO LTD	5,791	1,517,656	0.09
POLA ORBIS HOLDINGS INC	4,200	830,597	0.05	TEIJIN LTD	6,700	913,444	0.05
RECRUIT HOLDINGS CO LTD	14,900	3,994,028	0.23	TERUMO CORP	3,000	688,235	0.04
RESONA HOLDINGS INC	15,800	506,228	0.03	TOBU RAILWAY CO LTD	1,600	358,753	0.02
ROHM CO LTD	700	387,087	0.02	TOHOKU ELECTRIC POWER CO INC	24,000	1,887,780	0.11
RYOHIN KEIKAKU CO LTD	200	280,168	0.02	TOKIO MARINE HOLDINGS INC	6,767	2,828,231	0.16
SANKYO CO LTD	3,300	894,576	0.05	TOKYO ELECTRON LTD	1,100	1,482,633	0.08
SAWAI PHARMACEUTICAL CO LTD	2,300	1,001,567	0.06	TOKYO GAS CO LTD	3,700	725,981	0.04
SECOM CO LTD	1,500	924,748	0.05	TOSHIBA CORP	3,900	979,902	0.06
SEGA SAMMY HOLDINGS INC	4,900	495,997	0.03	TOSOH CORP	8,700	961,561	0.05
SEIKO EPSON CORP	8,700	1,009,859	0.06	TOYO SUISAN KAISHA LTD	4,381	1,388,186	0.08
SEINO HOLDINGS CO LTD	11,000	1,082,532	0.06	TOYOTA MOTOR CORP	18,930	9,586,290	0.54
SEKISUI CHEMICAL CO LTD	2,600	303,859	0.02	TREND MICRO INC	800	274,833	0.02
SEVEN & I HOLDINGS CO LTD	6,982	1,876,598	0.11	TSUMURA & CO	4,000	868,044	0.05

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	Holdings	Market value HKD	% of net asset value
<b>Equities</b>			
Listed investments			
TV ASAHI HOLDINGS CORP	6,100	788,543	0.04
UBE INDUSTRIES LTD	1,300	213,601	0.01
ULVAC INC	3,800	1,260,250	0.07
UNICHARM CORP	2,800	625,396	0.04
USS CO LTD	7,200	1,124,882	0.06
WEST JAPAN RAILWAY CO	2,305	1,485,343	0.08
YAMAHA CORP	1,200	446,423	0.02
YAMATO KOGYO CO LTD	2,200	450,777	0.03
		<u>214,116,636</u>	<u>12.13</u>

## Malaysia

HONG LEONG FINANCIAL GROUP			
BHD	26,100	890,212	0.05
IOI CORPORATION BHD	88,800	705,814	0.04
KUALA LUMPUR KEPONG BHD	21,900	981,268	0.05
MALAYAN BANKING BHD	38,524	632,137	0.04
MALAYSIA AIRPORTS HOLDINGS			
BHD	66,600	1,059,985	0.06
PUBLIC BANK BHD	23,800	988,745	0.06
RHB BANK BHD	88,900	927,530	0.05
TENAGA NASIONAL BHD	30,800	807,462	0.05
		6,993,153	0.40

## Netherlands

AALBERTS INDUSTRIES NV	2,814	894,205	0.05
ABN AMRO BANK NV	1,921	300,698	0.02
AKZO NOBEL NV	2,150	1,601,205	0.09
ARCELMITTAL SA	2,640	334,047	0.02
ASML HOLDING NV	1,827	3,229,260	0.18
GALAPAGOS NV	1,732	2,383,562	0.14
GRANDDIVISION NV	5,162	1,221,924	0.07
HEINEKEN NV	1,649	1,395,809	0.08
ING GROEP NV	17,381	1,525,763	0.09
KONINKLIJKE PHILIPS NV	6,425	2,379,059	0.13
RANDSTAD NV	2,272	901,774	0.05
UNILEVER NV	6,903	3,148,365	0.18
WOLTERS KLUWER NV	1,609	919,373	0.05
		20,235,044	1.15

## New Zealand

AIR NEW ZEALAND LTD	62,111	871,220	0.05
SKYCITY ENTERTAINMENT GROUP LTD	42,091	869,838	0.05
		1,741,058	0.10
<b>Norway</b>			
AKER BP ASA	7,312	1,642,371	0.09
DNB ASA	4,729	669,141	0.04
LEROY SEAFOOD GROUP ASA	8,314	414,985	0.03
MARINE HARVEST ASA	10,232	1,943,473	0.11
STATOIL ASA	7,734	1,095,374	0.06
		5,765,344	0.33

## Norway

## Philippines

AYALA LAND INC	54,600	418,269	0.03
DMCI HOLDINGS INC	453,100	706,750	0.04
MANILA ELECTRIC CO	12,210	685,556	0.04
MEGAWORLD CORP	972,900	915,912	0.05
SM INVESTMENTS CORP	3,855	592,709	0.03
SM PRIME HOLDINGS INC	71,600	402,013	0.02
		<u>3,721,209</u>	<u>0.21</u>

## Poland

CD PROJEKT SA	2,160	1,010,301	0.06
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## Portugal

EDP ENERGIAS DE PORTUGAL SA	35,659	1,032,130	0.06
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## Russia

BANK VTB PAO	195,530,000	1,025,581	0.06
FSK YEES PAO	17,000,000	386,042	0.02
GAZPROM PAO	87,600	2,561,161	0.15
GMK NORIL'SKIY NIKEL' PAO	174	314,511	0.02
MAGNITOGORSKIY METALLURGICHESKIY KOMBINAT OAO	49,600	262,485	0.02
NK LUKOIL PAO	2,163	1,395,196	0.08
ROSSIYSKIYE SETI PAO	5,284,000	777,267	0.04
SBERBANK ROSSII PAO	26,780	771,696	0.04

## as at 31 July 2019

**Singapore**

## South Korea

## Spain

AENA SIME SA	1,373	1,963,702	0.11
AMADEUS IT HOLDING SA A SHARES	4,024	2,502,703	0.14
BANCO BILBAO VIZCAYA ARGENTARIA SA	29,706	1,190,834	0.07
BANCO SANTANDER SA	72,463	2,439,706	0.14
BANKINTER SA	3,091	158,083	0.01
CORPORACION FINANCIERA ALBA SA	418	169,223	0.01
ENDESA SA	4,885	951,565	0.05
IBERDROLA SA	12,094	903,332	0.05
INDUSTRIA DE DISENO TEXTIL SA	4,426	1,042,687	0.06
MAPFRE SA	39,595	860,318	0.05
REPSOL SA	10,554	1,323,194	0.07
SIEMENS GAMESA RENEWABLE ENERGY SA	7083	782,459	0.05
TELEFONICA SA	20,254	1,221,733	0.07

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# Portfolio Statement (Unaudited)

## HSBC Managed Growth Fund

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	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
<b>Equities</b>				YAPI VE KREDİ BANKASI AS	1	3	0.00
Listed investments						3,516,853	0.20
TAIWAN SEMICONDUCTOR MANUFACTURING CO	188,995	12,346,260	0.70	<b>United Kingdom</b>			
TRANSCEND INFORMATION INC	10,000	171,181	0.01	ANGLO AMERICAN PLC	5,011	979,327	0.06
UNITED MICROELECTRONICS CORP	97,000	336,976	0.02	ASSOCIATED BRITISH FOODS PLC	1,614	374,374	0.02
WALSIN TECHNOLOGY CORP	20,000	891,150	0.05	ASTRAZENECA PLC	3,241	2,193,469	0.12
WAN HAI LINES LTD	194,000	1,013,369	0.06	AVIVA PLC	55,654	2,166,285	0.12
YAGEO CORP	13,000	870,508	0.05	BABCOCK INTERNATIONAL GROUP PLC	15,746	718,999	0.04
YUANTA FINANCIAL HOLDINGS CO LTD	93,000	409,703	0.02	BAE SYSTEMS PLC	14,300	751,931	0.04
YULON NISSAN MOTOR CO LTD	7,000	479,308	0.03	BARCLAYS PLC	27,667	408,596	0.02
		33,356,640	1.89	BELLIWAY PLC	3,098	881,910	0.05
<b>Thailand</b>				BERKELEY GROUP HOLDINGS PLC	2,472	918,846	0.05
ADVANCED INFO SERVICE PCL	9,000	487,924	0.03	BHP GROUP PLC	8,156	1,551,133	0.09
AIRPORTS OF THAILAND PCL	118,600	2,165,889	0.12	BP PLC	90,802	4,749,366	0.27
BANGKOK BANK PCL (FOREIG REG)	30,093	1,386,352	0.08	BRITISH AMERICAN TOBACCO PLC	4,599	1,301,266	0.07
BANGKOK DUSIT MEDICAL SERVICES PCL	112,500	715,850	0.04	BT GROUP PLC	35,154	650,913	0.04
BANGKOK LIFE ASSURANCE PCL	106,313	703,541	0.04	BURBERRY GROUP PLC	4,940	1,069,620	0.06
BUMRUNGRAD HOSPITAL PCL	12,600	546,795	0.03	CENTRICA PLC	190,038	1,385,789	0.08
KASIKORN BANK PCL (FOREIGN REG)	24,143	1,063,082	0.06	COMPASS GROUP PLC	6,892	1,376,008	0.08
PTT EXPLORATION AND PRODUCTION PCL	11,269	388,646	0.02	DIAGEO PLC	11,096	3,662,291	0.21
PTT PCL	42,322	508,976	0.03	DIRECT LINE INSURANCE GROUP PLC	27,507	850,011	0.05
		7,967,055	0.45	EASYJET PLC	7,514	694,280	0.04
<b>Turkey</b>				EVRAZ PLC	14,352	895,529	0.05
COCA-COLA İÇECEK AS	11,500	538,337	0.03	EXPERIAN PLC	3,978	953,215	0.05
ISKENDERUN DEMİR VE ÇELİK AS	30,800	302,580	0.02	FERGUSON PLC	1,401	827,727	0.05
TAV HAVALIMANLARI HOLDING AS	23,079	815,313	0.05	G4S PLC	7,185	131,915	0.01
TEKFEN HOLDING AS	21,639	719,368	0.04	GLAXOSMITHKLINE PLC	22,140	3,613,072	0.21
TÜRK HAVA YOLLARI AÖ	20,186	353,999	0.02	GLENORE PLC	49,160	1,255,492	0.07
TÜRKİYE SİNAİ KALKINMA BANKASI AS	1	1	0.00	HALMA PLC	8,400	1,602,207	0.09
TÜRKİYE VAKIFLAR BANKASI TAO	109,891	787,252	0.04	HOWDEN JOINERY GROUP PLC	18,755	997,692	0.06
				IMPERIAL BRANDS PLC	4,247	852,811	0.05
				INTERCONTINENTAL HOTELS GROUP PLC	1,240	679,717	0.04
				INTERNATIONAL CONSOLIDATED AIRLINES GROUP SA	16,450	669,156	0.04
				INTERTEK GROUP PLC	749	409,781	0.02
				KINGFISHER PLC	32,778	698,721	0.04
				LLOYDS BANKING GROUP PLC	314,569	1,607,955	0.09

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	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
<b>Equities</b>							
Listed investments							
LONDON STOCK EXCHANGE GROUP PLC	1,587	1,007,894	0.06	ACTIVISION BLIZZARD INC	1,623	619,226	0.04
MARKS AND SPENCER GROUP PLC	41,137	819,735	0.05	ADOBE SYSTEMS INC	753	1,761,603	0.10
MEGGITT PLC	19,057	1,089,743	0.06	AFLAC INC	1,215	500,654	0.03
MICRO FOCUS INTERNATIONAL PLC	4,444	740,645	0.04	AGILENT TECHNOLOGIES INC	2,167	1,177,406	0.07
NATIONAL GRID PLC	15,019	1,215,414	0.07	ALASKA AIR GROUP INC	1,607	797,033	0.05
NEXT PLC	2,147	1,247,894	0.07	ALLSTATE CORP	1,232	1,035,763	0.06
PENNON GROUP PLC	10,831	744,552	0.04	ALPHABET INC	480	4,571,544	0.26
PERSIMMON PLC	4,838	931,606	0.05	ALPHABET INC	494	4,710,705	0.27
POLYMETAL INTERNATIONAL PLC	9,949	949,403	0.05	ALTRIA GROUP INC	2,933	1,080,691	0.06
PRUDENTIAL PLC	3,704	602,830	0.03	AMAZON.COM INC	752	10,988,951	0.62
QUILTER PLC	64,707	897,441	0.05	AMEREN CORP	1,364	808,161	0.05
RECKITT BENCKISER GROUP PLC	2,613	1,595,885	0.09	AMERICAN ELECTRIC POWER COMPANY INC	766	526,524	0.03
RELX PLC	16,772	3,140,397	0.18	AMERICAN EXPRESS CO	205	199,579	0.01
RENISHAW PLC	1,957	722,918	0.04	AMERIPRISE FINANCIAL INC	217	247,171	0.01
RIO TINTO PLC	6,146	2,767,527	0.16	AMGEN INC	1,207	1,762,859	0.10
ROYAL DUTCH SHELL PLC A SHARES	17,839	4,435,339	0.25	AMPHENOL CORP	489	357,214	0.02
ROYAL DUTCH SHELL PLC B SHARES	17,156	4,279,501	0.24	ANALOG DEVICES INC	587	539,726	0.03
SAGE GROUP PLC	16,791	1,158,765	0.07	ANSYS INC	897	1,426,233	0.08
SMITH & NEPHEW PLC	8,555	1,524,354	0.09	APPLE INC	7,515	12,532,433	0.71
SSE PLC	6,514	687,107	0.04	APPLIED MATERIALS INC	1,514	585,106	0.03
STANDARD CHARTERED PLC	8,578	556,458	0.03	ARCHER DANIELS MIDLAND CO	863	277,515	0.02
TATE & LYLE PLC	14,389	1,041,823	0.06	AT&T INC	15,052	4,011,960	0.23
TAYLOR WIMPEY PLC	49,874	773,462	0.04	AUTOMATIC DATA PROCESSING INC	1,995	2,600,486	0.15
TESCO PLC	11,804	252,641	0.01	AUTOZONE INC	40	351,642	0.02
UNILEVER PLC	3,389	1,609,702	0.09	AVANGRID INC	2,404	951,264	0.05
VODAFONE GROUP PLC	96,372	1,386,309	0.08	BANK OF AMERICA CORP	10,968	2,634,075	0.15
WHITBREAD PLC	827	358,524	0.02	BANK OF NEW YORK MELLON CORP	554	203,476	0.01
		78,417,273	4.44	BAXTER INTERNATIONAL INC	2,331	1,532,187	0.09
				BECTON DICKINSON & CO	634	1,254,618	0.07
				BERKSHIRE HATHAWAY INC CLASS A	1	2,416,207	0.14
				BERKSHIRE HATHAWAY INC CLASS B	1,060	1,704,571	0.10
				BEST BUY CO INC	366	219,259	0.01
				BIOGEN INC	394	733,483	0.04
				BLACKROCK INC	193	706,564	0.04
				BOEING CO	1,427	3,811,122	0.22
				BOOKING HOLDINGS INC	75	1,107,615	0.06
				BRISTOL MYERS SQUIBB CO	2,766	961,564	0.05
				BROADCOM INC	304	690,084	0.04
<b>United States of America</b>							
3M CO	873	1,193,994	0.07				
ABBOTT LABORATORIES	2,729	1,860,660	0.11				
ABBVIE INC	2,443	1,274,012	0.07				
ABIOMED INC	103	224,596	0.01				
ACCENTURE PLC CLASS A	2,124	3,201,924	0.18				

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	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
<b>Equities</b>							
Listed investments							
BROADRIDGE FINANCIAL SOLUTIONS INC	1,215	1,209,025	0.07	DUKE ENERGY CORP	1,171	794,916	0.04
BURLINGTON STORES INC	770	1,089,468	0.06	DXC TECHNOLOGY CO	1,655	722,510	0.04
CABOT OIL & GAS CORP	4,030	604,430	0.03	EASTMAN CHEMICAL CO	1,408	830,484	0.05
CADENCE DESIGN SYSTEMS INC	1,508	872,469	0.05	EBAY INC	1,440	464,301	0.03
CAPITAL ONE FINANCIAL CORP	1,262	913,000	0.05	ECOLAB INC	303	478,474	0.03
CARDINAL HEALTH INC	473	169,320	0.01	EDWARDS LIFESCIENCES CORP	360	599,821	0.03
CATERPILLAR INC	911	938,967	0.05	ELI LILLY AND CO	400	341,140	0.02
CDK GLOBAL INC	473	192,054	0.01	ENTERGY CORP	1,792	1,481,595	0.08
CELGENE CORP	1,089	783,068	0.04	EOG RESOURCES INC	1,055	708,987	0.04
CENTERPOINT ENERGY INC	7,839	1,780,138	0.10	ESTEE LAUDER COMPANIES INC	273	393,617	0.02
CHARLES SCHWAB CORP	1,527	516,617	0.03	EXELON CORP	5,569	1,964,326	0.11
CHEVRON CORP	3,020	2,910,352	0.16	EXPEDITORS INTERNATIONAL OF WASHINGTON INC	1,884	1,125,992	0.06
CHUBB LTD	759	908,080	0.05	EXXON MOBIL CORP	7,290	4,243,382	0.24
CIMAREX ENERGY CO	1,686	668,734	0.04	FACEBOOK INC CLASS A	2,676	4,068,625	0.23
CISCO SYSTEMS INC	8,164	3,540,446	0.20	FIDELITY NATIONAL FINANCIAL INC	3,307	1,110,029	0.06
CITIGROUP INC	2,336	1,301,230	0.07	FIDELITY NATIONAL INFORMATION SERVICES INC	1,464	1,527,051	0.09
CITRIX SYSTEMS INC	1,259	928,766	0.05	FISERV INC	1,923	1,587,043	0.09
CLOROX CO	204	259,655	0.01	FLEETCOR TECHNOLOGIES INC	135	300,301	0.02
COCA COLA CO	6,119	2,520,920	0.14	FOOT LOCKER INC	5,001	1,607,389	0.09
COCA-COLA EUROPEAN PARTNERS PLC	3,123	1,351,404	0.08	FORD MOTOR CO	6,203	462,743	0.03
COGNIZANT TECHNOLOGY SOLUTIONS CORP	2,377	1,212,055	0.07	FORTIVE CORP	466	277,415	0.02
COLGATE PALMOLIVE CO	1,694	951,306	0.05	FREEPORT-MCMORAN INC	2,299	199,040	0.01
COMCAST CORP CLASS A	6,764	2,285,762	0.13	GAP INC	4,807	733,760	0.04
CONOCOPHILLIPS	1,863	861,586	0.05	GENERAL DYNAMICS CORP	412	599,674	0.03
CONSOLIDATED EDISON INC	483	321,223	0.02	GENERAL ELECTRIC CO	3,424	280,089	0.02
CORNING INC	1,312	315,809	0.02	GENTEX CORP	2,700	579,531	0.03
COSTAR GROUP INC	57	274,585	0.02	GENUINE PARTS CO	227	172,576	0.01
COSTCO WHOLESALE CORP	261	563,135	0.03	GILEAD SCIENCES INC	3,369	1,727,906	0.10
CSX CORP	1,603	883,388	0.05	GOLDMAN SACHS GROUP INC	554	954,628	0.05
CUMMINS INC	236	302,971	0.02	H&R BLOCK INC	4,029	873,304	0.05
CVS HEALTH CORP	2,105	920,611	0.05	HASBRO INC	1,194	1,132,423	0.06
DANAHER CORP	1,205	1,325,283	0.08	HERBALIFE LTD	1,272	408,440	0.02
DARDEN RESTAURANTS INC	821	781,230	0.04	HOLLYFRONTIER CORP	2,305	898,015	0.05
DELTA AIR LINES INC	2,125	1,015,357	0.06	HONEYWELL INTERNATIONAL INC	1,270	1,714,500	0.10
DISCOVERY COMMUNICATIONS INC CLASS C	502	110,972	0.01	HP INC	7,980	1,314,298	0.07
DOLLAR GENERAL CORP	990	1,038,604	0.06	HUNTINGTON INGALLS INDUSTRIES INC	576	1,029,375	0.06
				ILLUMINA INC	243	569,475	0.03
				INGREDION INC	1,003	606,833	0.03
				INTEL CORP CO	6,950	2,750,117	0.16



# Portfolio Statement (Unaudited)

## HSBC Managed Growth Fund

as at 31 July 2019

	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
<b>Equities</b>							
Listed investments				NEXTERA ENERGY INC	244	395,696	0.02
				NIKE INC	2,025	1,363,704	0.08
				NORFOLK SOUTHERN CORP	1,178	1,762,368	0.10
				NUCOR CORP	2,219	944,587	0.05
INTERNATIONAL BUSINESS				NVIDIA CORP	2,217	2,928,044	0.17
MACHINES CORP	1,455	1,688,393	0.10	NXP SEMICONDUCTORS NV	571	462,125	0.03
INTERNATIONAL PAPER CO	649	223,076	0.01	OCCIDENTAL PETROLEUM CORP	1,201	482,851	0.03
INTUIT INC	839	1,821,263	0.10	OLD DOMINION FREIGHT LINE INC	1,508	1,971,111	0.11
INTUITIVE SURGICAL INC	186	756,401	0.04	OLD REPUBLIC INTERNATIONAL			
J B HUNT TRANSPORT SERVICES				CORP	5,016	895,629	0.05
INC	1,166	934,365	0.05	OMNICOM GROUP INC	1,001	628,582	0.04
JOHNSON & JOHNSON	4,169	4,249,667	0.24	ORACLE CORP	4,138	1,823,661	0.10
JPMORGAN CHASE & CO	3,146	2,856,682	0.16	O'REILLY AUTOMOTIVE INC	126	375,549	0.02
JUNIPER NETWORKS INC	3,832	810,506	0.05	PAYCHEX INC	2,172	1,412,033	0.08
KANSAS CITY SOUTHERN	1,129	1,093,577	0.06	PAYPAL HOLDINGS INC	890	769,138	0.04
KELLOGG CO	1,504	685,433	0.04	PEPSICO INC	3,780	3,781,829	0.21
KIMBERLY-CLARK CORP	578	613,752	0.03	PFIZER INC	6,868	2,088,117	0.12
KLA-TENCOR CORP	994	1,060,697	0.06	PHILIP MORRIS INTERNATIONAL			
KROGER CO	1,259	208,539	0.01	INC	2,470	1,616,592	0.09
LAM RESEARCH CORP	258	421,308	0.02	PHILLIPS 66	1,670	1,340,725	0.08
LIBERTY GLOBAL PLC SERIES C	1,284	261,729	0.01	PINNACLE WEST CAPITAL CORP	1,279	913,284	0.05
LINDE PLC	325	486,629	0.03	PIONEER NATURAL RESOURCES			
LOEWS CORP	2,561	1,073,330	0.06	CO	281	303,638	0.02
LOWE'S COS INC	1,166	925,511	0.05	PRINCIPAL FINANCIAL GROUP INC	2,212	1,004,981	0.06
LYONDELLBASELL INDUSTRIES NV				PROCTER & GAMBLE CO	4,015	3,709,881	0.21
CLASS A	1,291	845,756	0.05	PRUDENTIAL FINANCIAL INC	656	520,237	0.03
MANPOWERGROUP INC	1,386	991,099	0.06	PUBLIC SERVICE ENTERPRISE			
MASTERCARD INC CLASS A	1,395	2,973,167	0.17	GROUP INC	802	358,786	0.02
MAXIM INTEGRATED PRODUCTS				PVH CORP	890	619,491	0.04
INC	2,210	1,023,967	0.06	QIAGEN NV	4,437	1,333,378	0.08
MCDONALD'S CORP	1,247	2,056,920	0.12	QORVO INC	1,662	953,501	0.05
MCKESSON CORP	325	353,498	0.02	QUALCOMM INC	527	301,807	0.02
MEDTRONIC PLC	4,253	3,393,792	0.19	RALPH LAUREN CORP	674	549,918	0.03
MERCK & CO INC	4,024	2,614,141	0.15	REGENERON PHARMACEUTICALS			
METLIFE INC	3,733	1,444,129	0.08	INC	737	1,758,210	0.10
METTLER-TOLEDO INTERNATIONAL				ROBERT HALF INTERNATIONAL INC	3,787	1,790,810	0.10
INC	232	1,374,313	0.08	ROSS STORES INC	1,229	1,020,060	0.06
MICRON TECHNOLOGY INC	4,447	1,562,651	0.09	SALESFORCE.COM INC	473	572,051	0.03
MICROSOFT CORP	13,187	14,066,677	0.80	SKYWORKS SOLUTIONS INC	1,528	1,020,037	0.06
MOLSON COORS BREWING CO	1,718	726,075	0.04	SNAP-ON INC	753	899,546	0.05
MONDELEZ INTERNATIONAL INC	2,190	916,984	0.05	SOUTHERN CO	3,749	1,649,290	0.09
MORGAN STANLEY	2,137	745,410	0.04	SOUTHWEST AIRLINES CO	1,943	783,751	0.04
NETFLIX INC	353	892,502	0.05	STARBUCKS CORP	1,904	1,411,290	0.08
NEWMONT GOLDCORP CORP	846	241,850	0.01				

# Portfolio Statement (Unaudited)

## HSBC Managed Growth Fund

as at 31 July 2019

	Holdings	Market value HKD	% of net asset value
<b>Equities</b>			
Listed investments			
STATE STREET CORP	4,175	1,898,467	0.11
STEEL DYNAMICS INC	7,307	1,802,324	0.10
STRYKER CORP	1,074	1,763,655	0.10
SYNOPSIS INC	1,623	1,686,674	0.10
SYSCO CORP	790	424,040	0.02
TAPESTRY INC	1,657	401,188	0.02
TELUS CORP	3,102	877,238	0.05
TEXAS INSTRUMENTS INC	1,659	1,623,441	0.09
THE HOME DEPOT INC	2,718	4,546,518	0.26
THE TRAVELERS COS INC	419	480,897	0.03
THE WALT DISNEY CO	2,748	3,076,298	0.17
THERMO FISHER SCIENTIFIC INC	660	1,434,610	0.08
TJX COS INC	5,640	2,408,789	0.14
TYSON FOODS INC	2,089	1,300,022	0.07
U.S. BANCORP	2,296	1,027,149	0.06
ULTA BEAUTY INC	691	1,889,121	0.11
UNION PACIFIC CORP	1,350	1,901,651	0.11
UNITED PARCEL SERVICE INC CLASS B	1,127	1,053,969	0.06
UNITEDHEALTH GROUP INC	1,517	2,956,975	0.17
UNIVERSAL HEALTH SERVICES INC CLASS B	136	160,605	0.01
VALERO ENERGY CORP	674	449,779	0.03
VARIAN MEDICAL SYSTEMS INC	1,083	995,018	0.06
VEDANTA LTD	3,268	223,327	0.01
VERIZON COMMUNICATIONS INC	8,493	3,674,480	0.21
VIACOM INC	3,896	925,599	0.05
VISA INC CLASS A	2,851	3,972,487	0.23
WAL-MART STORES INC	321	277,358	0.02
WASTE MANAGEMENT INC	871	797,718	0.05
WATERS CORP	699	1,152,122	0.07
WELLS FARGO & CO	6,251	2,368,808	0.13
WESTERN UNION CO	5,746	944,561	0.05
WESTLAKE CHEMICAL CORP	652	344,863	0.02
XCEL ENERGY INC	808	377,030	0.02
XILINX INC	370	330,789	0.02
YUM CHINA HOLDINGS INC	5,357	1,908,000	0.11
		312,773,305	17.72
Listed equities (total)		1,535,626,805	87.00

	Holdings	Market value HKD	% of net asset value
Unlisted investment			
<b>British Virgin Islands</b>			
CHINA COMMON RICH RENEWABLE ENERGY INVESTMENTS LTD	978,017	–	–
Equities (total)		1,535,626,805	87.00
<b>Unit trusts</b>			
Listed investments			
AGNC INVESTMENT CORP	5,889	790,128	0.05
AMERICAN TOWER CORP	1,089	1,803,972	0.10
DUKE REALTY CORP	4,820	1,257,557	0.07
HOSPITALITY PROPERTIES TRUST	3,941	762,297	0.04
IRON MOUNTAIN INC	2,936	675,922	0.04
KIMCO REALTY CORP	5,296	796,380	0.05
LINK REIT	90,047	8,230,296	0.47
PUBLIC STORAGE	693	1,316,909	0.07
SIMON PROPERTY GROUP INC	723	917,983	0.05
WEYERHAEUSER CO	3,617	719,446	0.04
		17,270,890	0.98
Unlisted but quoted investments			
HSBC INDEXTRACKER INVESTMENT FUND – JAPAN INDEX FUND CLASS INSTITUTIONAL ACCUMULATION	4,181,538	54,027,174	3.06
HSBC POOLED INVESTMENT FUND – HSBC POOLED ASIAN BOND FUND CLASS W	4,866,997	63,452,500	3.59
HSBC POOLED INVESTMENT FUND – HSBC POOLED VC ASIA PACIFIC EX JAPAN EQUITY FUND CLASS W	1,764,000	18,303,970	1.04
		135,783,644	7.69
Unit trusts (total)		153,054,534	8.67

# Portfolio Statement (Unaudited)

## HSBC Managed Growth Fund

as at 31 July 2019

	Holdings	Market value HKD	% of net asset value
<b>Rights</b>			
LEGENDHOLDING - PREF OFF 19 RTS(DEC2019)	1,107	—	—
Rights (total)		—	—
<b>Derivative assets</b>			
Foreign currency forward contracts		612,444	0.04
Futures contracts		37,661	0.00
		650,105	0.04
<b>Total financial assets</b>		1,689,331,444	95.71
<b>Financial liabilities</b>			
Derivative liabilities			
Futures contracts		(1,122,576)	(0.06)
<b>Total financial liabilities</b>		(1,122,576)	(0.06)
<b>Total investments</b>			
<i>(Total cost of investments: HKD 1,489,321,040)</i>		1,688,208,868	95.65
<b>Other net assets</b>		76,858,836	4.35
<b>Total net assets</b>		1,765,067,704	100.00

# Statement of Movements in Portfolio Holdings (Unaudited)

## HSBC Managed Growth Fund

for the year ended 31 July 2019

	% of net asset value 2019	% of net asset value 2018
<b>Financial assets</b>		
<b>Equities</b>		
<i><b>Listed investments</b></i>		
Australia	3.42	3.19
Austria	0.19	0.33
Belgium	0.33	0.44
Canada	0.69	0.94
Czech Republic	–	0.03
Denmark	0.60	0.48
Finland	0.21	0.38
France	3.06	2.82
Germany	2.46	2.86
Greece	0.01	0.05
Hong Kong	26.22	25.47
Hungary	0.04	–
India	1.66	1.57
Indonesia	0.23	0.24
Ireland	0.14	0.13
Italy	0.83	0.75
Japan	12.13	12.42
Malaysia	0.40	0.38
Netherlands	1.15	1.10
New Zealand	0.10	0.12
Norway	0.33	0.16
Philippines	0.21	0.12
Poland	0.06	0.08
Portugal	0.06	0.07
Russia	0.51	0.53
Singapore	1.02	0.94
South Korea	2.05	2.67
Spain	0.92	0.65
Sweden	0.59	0.80
Switzerland	2.68	2.47
Taiwan	1.89	1.80
Thailand	0.45	0.42
Turkey	0.20	0.12
United Kingdom	4.44	4.63
United States of America	17.72	17.68
	<hr/>	<hr/>
	87.00	86.84
	<hr/>	<hr/>

# Statement of Movements in Portfolio Holdings (Unaudited)

## HSBC Managed Growth Fund

for the year ended 31 July 2019

	% of net asset value 2019	% of net asset value 2018
<b><i>Unlisted investment</i></b>		
British Virgin Islands	–	–
<b>Unit trusts</b>		
Listed investments	0.98	0.88
Unlisted investments	7.69	7.38
	8.67	8.26
<b>Derivative assets</b>		
Rights	–	–
Futures contracts	0.00	0.00
Foreign currency forward contracts	0.04	0.03
	0.04	0.03
<b>Financial liabilities</b>		
<b><i>Derivative liabilities</i></b>		
Futures contracts	(0.06)	(0.09)
<b>Total investments</b>	95.65	95.04
<b>Other net assets</b>	4.35	4.96
<b>Total net assets</b>	100.00	100.00

# Performance Record (Unaudited)

## HSBC Managed Growth Fund

### (a) Price record (Dealing net asset value per unit)

Year	"A" class income units			
	Bid		Offer	
	Lowest HKD	Highest HKD	Lowest HKD	Highest HKD
2009	9.32	17.11	9.83	18.06
2010	14.28	16.81	15.06	17.73
2011	15.06	18.44	15.88	19.45
2012	13.65	17.66	14.40	18.63
2013	15.12	18.60	15.95	19.62
2014	17.44	19.85	18.39	20.94
2015	18.17	21.03	19.17	22.19
2016	15.94	19.50	16.82	20.57
2017	18.26	22.10	19.26	23.32
2018	21.67	25.36	22.86	26.75
2019	20.26	23.14	20.26	24.36

Year	“L” class income units			
	Bid		Offer	
	Lowest HKD	Highest HKD	Lowest HKD	Highest HKD
2009	10.23	17.82	10.23	17.82
2010	15.24	17.93	15.24	17.93
2011	16.16	19.83	16.16	19.83
2012	14.79	19.11	14.79	19.11
2013	16.55	20.40	16.55	20.40
2014	19.31	22.02	19.31	22.02
2015	21.49	21.84	21.49	21.84
2016	—	—	—	—
2017	—	—	—	—
2018	—	—	—	—
2019	—	—	—	—

# Performance Record (Unaudited)

Year	Provident class units			
	Bid		Offer	
	Lowest HKD	Highest HKD	Lowest HKD	Highest HKD
2009	10.41	17.96	10.41	17.96
2010	15.50	18.23	15.50	18.23
2011	16.46	20.26	16.46	20.26
2012	15.14	19.56	15.14	19.56
2013	17.01	21.06	17.01	21.06
2014	19.96	22.88	19.96	22.88
2015	21.11	24.53	21.11	24.53
2016	18.73	22.82	18.73	22.82
2017	21.68	26.46	21.68	26.46
2018	26.17	30.73	26.17	30.73
2019	24.92	28.53	24.92	28.53

## (b) Total net asset value (calculated in accordance with HKFRS)

	2019 HKD	2018 HKD	2017 HKD	2016 HKD
Total net asset value	1,765,067,704	1,996,975,668	3,056,105,877	3,070,761,353

## (c) Net asset value per unit (calculated in accordance with HKFRS)

	2019 HKD	2018 HKD	2017 HKD	2016 HKD
Net asset value per unit				
– “A” class income units	22.48	23.08	21.91	18.46
– Provident class units	27.95	28.30	26.46	21.92

## (d) Total expense ratio

	Average net asset value HKD	2019 Total expenses HKD	Total expense ratio %
– “A” class income	205,998,049	3,611,025	1.75%
– Provident class	1,593,885,663	16,030,825	1.01%

# Investment Adviser's Report

## **HSBC Managed Stable Fund**

### **Market review**

In the second half of 2018, we have seen heightened volatility across different assets amid various market events such as the strengthening of the US dollar against major and emerging market currencies, rising US dollar yields where the 10 year US treasury broke 3% level, continuous trade tension and global recession concerns.

Trade tension remained the focus in 2019. The year started with a trade truce between China and the US which reversed the negative sentiment temporarily, supporting the equity markets performance. However, the surprised “no trade deal” in May heightened the market volatility again and weighed on stock markets, in particular the Asian markets. Another critical move in the market was the Fed turning the monetary policy to more dovish tilt with the comments from the US president that the interest rates in the US should be lower. The 10-year treasury yield, for example, slid from the recent peak of 3.2% to 2% at the end of July 2019, giving support to fixed income performance.

Coming into 2019 the big change in monetary policy started to move bond yields down and improve confidence in the prospects for earnings in the future, although it may be hit by the escalation of trade concerns. Looking forward from here in these terms, if company earnings can be maintained at close to the current level, and bond yields do not rise significantly, then it seems clear that equities will produce superior returns over the medium term. The risks to this view lie more in the prospects for earnings. With the economic cycle already a long one it may not take much to produce an economic slowdown that will undermine company earnings and therefore undermine the fundamental valuation of stock markets. However, at present this does not seem the most likely outcome.

## **HSBC Global Asset Management (Hong Kong) Limited**

29 November 2019



# Trustee’s Report

## HSBC Managed Stable Fund (“the Fund”)

We hereby confirm that, to the best of our knowledge, the Manager of the Fund has, in all material respects, managed the Fund in accordance with the provisions of the Trust Deed dated 14 March 1997, as amended, for the year ended 31 July 2019.

)  
) For and on behalf of  
) HSBC Institutional Trust Services  
) (Asia) Limited,  
) Trustee  
)

# Independent Auditor's Report to the Unitholders

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of HSBC Managed Stable Fund (the "Fund") set out on pages 123 to 152, which comprise the statement of financial position as at 31 July 2019, the statement of comprehensive income, the statement of changes in net assets attributable to unitholders, the cash flow statement and the distribution statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial disposition of the Fund as at 31 July 2019, and of its financial transactions and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

### Basis for Opinion

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

### Information Other than the Financial Statements and Auditor's Report Thereon

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other

information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Manager and the Trustee of the Fund for the Financial Statements

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

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

In addition, the Manager and the Trustee of the Fund are required to ensure that the financial statements have been properly prepared in accordance with the relevant provisions of the Trust Deed, as amended, ("the Trust Deed") and the relevant disclosure provisions of Appendix E of the Code on Unit Trusts and Mutual Funds ("the SFC Code") issued by the Hong Kong Securities and Futures Commission.

### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

# Independent Auditor's Report to the Unitholders

relevant provisions of the Trust Deed and the relevant disclosure provisions of Appendix E of the SFC Code.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

## **Report on matters under the relevant provisions of the Trust Deed and the relevant disclosure provisions of Appendix E of the SFC Code**

In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with the relevant provisions of the Trust Deed and the relevant disclosure provisions of Appendix E of the SFC Code.

### **KPMG**

8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong

29 November 2019

The accompanying report of KPMG is for sole and exclusive use of the Fund. Further, the report of KPMG is as of 29 November 2019 and KPMG has carried out no procedures of any nature subsequent to that date which in any way extends that date.

# Statement of Financial Position

## HSBC Managed Stable Fund

as at 31 July 2019

	Note	2019 HKD	2018 HKD
<b>ASSETS</b>			
Financial assets at fair value through profit or loss	5, 7(f), 7(g), 12, 13	341,741,091	338,408,929
Interest and dividends receivable		1,664,391	2,882,678
Subscriptions receivable		1,367,339	1,618,480
Amounts due from brokers	6, 7(b)	395,362	591,136
Cash and cash equivalents	7(b)	3,918,382	32,580,111
		<u>349,086,565</u>	<u>376,081,334</u>
<b>LIABILITIES</b>			
Financial liabilities at fair value through profit or loss	5, 7(f), 12, 13	78,000	105,944
Redemptions payable		348,156	719,460
Amounts due to brokers	6	228,702	–
Distributions payable	11	–	143,986
Other payables	7(a), 7(c), 7(d)	889,560	1,458,068
		<u>1,544,418</u>	<u>2,427,458</u>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<u>347,542,147</u>	<u>373,653,876</u>
Representing:			
<b>Financial liabilities</b>		<u>347,542,147</u>	<u>373,653,876</u>
<b>Total number of units in issue</b>			
"A" class income units	9(a)	<u>2,083,464</u>	<u>1,999,028</u>
Provident class units	9(b)	<u>13,120,294</u>	<u>18,375,971</u>
"Z" class income units	9(c)	<u>6,707,730</u>	<u>–</u>
<b>Net asset value per unit</b>			
"A" class income units		<u>14.64</u>	<u>14.50</u>
Provident class units		<u>19.08</u>	<u>18.76</u>
"Z" class income units		<u>9.96</u>	<u>–</u>

Approved by the Trustee and the Manager on 29 November

)  
) For and on behalf of  
) HSBC Institutional Trust Services  
) (Asia) Limited,  
) Trustee  
)

)  
) For and on behalf of  
) HSBC Investment Funds  
) (Hong Kong) Limited,  
) Manager  
)

The notes on pages 128 to 152 form part of these financial statements.

# Statement of Comprehensive Income

## HSBC Managed Stable Fund

for the year ended 31 July 2019

	Note	2019 HKD	2018 HKD
Interest income	7(b)	376,880	1,081,269
Dividend income	7(f)	3,410,012	7,611,240
Net gains from financial instruments at fair value through profit or loss	3	8,054,185	57,940,398
Net foreign exchange loss		(31,888)	(110,418)
Other income		1,850	6,349
<b>TOTAL REVENUE</b>		<b>11,811,039</b>	<b>66,528,838</b>
Management fees	7(a)	2,822,245	6,742,726
Transaction costs	7(d), 7(e)	1,824,098	3,533,117
Trustee's fees	7(c)	437,115	984,998
Registrar's and administrative fees	7(a)	97,752	113,293
Auditor's remuneration		135,360	135,513
Legal and professional fees		394,890	545,101
Safe custody fees, bank charges and miscellaneous expenses	7(b), 7(d)	133,890	734,345
<b>TOTAL OPERATING EXPENSES</b>		<b>5,845,350</b>	<b>12,789,093</b>
<b>NET PROFIT FROM OPERATIONS BEFORE TAXATION</b>		<b>5,965,689</b>	<b>53,739,745</b>
Taxation	4	(412,128)	(903,946)
<b>NET PROFIT FROM OPERATIONS BEFORE DISTRIBUTIONS</b>		<b>5,553,561</b>	<b>52,835,799</b>
Distributions to holders of "A" class income units	11	—	(143,986)
<b>INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>5,553,561</b>	<b>52,691,813</b>

The notes on pages 128 to 152 form part of these financial statements.

# Statement of Changes in Net Assets Attributable to Unitholders

## HSBC Managed Stable Fund

for the year ended 31 July 2019

	Note	2019 HKD	2018 HKD
<b>Balance at the beginning of the year</b>		373,653,876	1,595,518,574
<b>Increase in net assets attributable to unitholders and total comprehensive income for the year</b>		5,553,561	52,691,813
<b><i>Subscriptions of units (excluding equalisation)</i></b>			
"A" class income units		15,073,692	27,100,402
Provident class units		45,548,234	93,159,081
"Z" class income units		67,640,671	–
<b><i>Redemptions of units (excluding equalisation)</i></b>			
"A" class income units		(13,691,828)	(25,171,546)
Provident class units		(142,303,323)	(1,381,992,672)
"Z" class income units		(698,597)	–
Equalisation on subscriptions and redemptions	10	(3,234,139)	12,348,224
		(31,665,290)	(1,274,556,511)
<b>Balance at the end of the year</b>		347,542,147	373,653,876

The notes on pages 128 to 152 form part of these financial statements.

# Cash Flow Statement

## HSBC Managed Stable Fund

for the year ended 31 July 2019

	2019 HKD	2018 HKD
<b>OPERATING ACTIVITIES</b>		
Interest received	375,996	1,083,419
Dividends received	4,204,167	7,991,665
Management fees paid	(2,872,438)	(7,505,661)
Trustee's fees paid	(469,330)	(1,055,984)
Payments on purchase of investments	(321,498,859)	(293,667,385)
Proceeds from sale of investments (including coupon interest received from investments)	326,841,635	1,511,419,171
Taxes paid	(420,838)	(904,327)
Other operating expenses paid	(3,093,418)	(4,693,842)
Margin deposits withdrawn from/(placed with) brokers	200,795	(387,623)
<b>Net cash generated from operating activities</b>	<b>3,267,710</b>	<b>1,212,279,433</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from issue of units including equalization	129,968,703	117,778,474
Payments on redemption of units including equalization	(161,754,156)	(1,397,119,589)
Distributions paid	(143,986)	(224,065)
<b>Net cash used in financing activities</b>	<b>(31,929,439)</b>	<b>(1,279,565,180)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(28,661,729)</b>	<b>(67,285,747)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>32,580,111</b>	<b>99,865,858</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>3,918,382</b>	<b>32,580,111</b>

The notes on pages 128 to 152 form part of these financial statements.

# Distribution Statement

## HSBC Managed Stable Fund

for the year ended 31 July 2019

	Note	2019 HKD	2018 HKD
<b>Amount available for distribution brought forward</b>		361,180,192	338,072,133
Profit for the year available for distribution *		3,803,104	10,903,821
Equalisation on subscriptions and redemptions	10	(3,234,139)	12,348,224
Distributions to unitholders	11	–	(143,986)
<b>Amount available for distribution carried forward</b>		<u>361,749,157</u>	<u>361,180,192</u>
<b>Distribution history</b>			
<i>“A” class income units</i>			
Distribution per unit		–	0.072028
Date of distribution		–	30 July 2018

\* Profit for the year available for distribution is the adjusted total comprehensive income for the year, for which the calculation basis is in accordance with the relevant clauses of the Trust Deed.

The notes on pages 128 to 152 form part of these financial statements.



# Notes to the Financial Statements

## HSBC Managed Stable Fund

### 1 The Fund

HSBC Managed Stable Fund ("the Fund") is an open ended unit trust which was established under a trust deed dated 14 March 1997, as amended ("the Trust Deed"), and was governed by the laws of the Cayman Islands. The Fund was registered under the Mutual Funds Law of the Cayman Islands on 13 March 1997. With effect on and from 18 January 2019 ("the Effective Date"), the domicile of the Fund was changed from Cayman Islands to Hong Kong. Following the change of domicile of the Fund to Hong Kong, the Fund is governed by Hong Kong laws with effect on and from the Effective Date. The objective of the Fund is to invest in a diversified portfolio of investments which achieves long term stable capital growth.

The Fund is authorised by the Hong Kong Securities and Futures Commission ("SFC") under section 104 of the Hong Kong Securities and Futures Ordinance ("HKSF") and is governed by the Hong Kong Code on Unit Trusts and Mutual Funds issued by the SFC.

### 2 Significant accounting policies

#### (a) Statement of compliance

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong, the relevant provisions of the Trust Deed and the relevant disclosure provisions of the Hong Kong Code on Unit Trusts and Mutual Funds issued by the SFC. A summary of the significant accounting policies adopted by the Fund is set out below.

#### (b) Basis of preparation of the financial statements

The functional and presentation currency of the Fund is the Hong Kong dollar reflecting the fact that the participating redeemable units of the Fund are issued and redeemed in Hong Kong dollars.

The financial statements are prepared on a fair value basis for financial assets and financial liabilities at fair value through profit or loss and derivative financial instruments. Other financial assets and financial liabilities are stated at amortised cost or redemption amount (redeemable units).

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies have been applied consistently by the Fund and are consistent with those used in the previous year.

#### (c) Changes in accounting policies

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Fund. Of these, the following developments are relevant to the Fund's financial statements:

##### HKFRS 9, *Financial instruments*

The Fund has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 16), except for the amendments to HKFRS 9, Prepayment features with negative compensation which have been adopted at the same time as HKFRS 9.

As permitted by the transition provisions of HKFRS 9, comparative information throughout these financial statements has not generally been restated to reflect the requirements of the standard.

Except for the changes below, the Fund has consistently applied the accounting policies as set out in Note 2(e) to all periods presented in these financial statements.

##### HKFRS 9, *Financial Instruments*

HKFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces HKAS 39 Financial Instruments: Recognition and Measurement.

# Notes to the Financial Statements

As a result of the adoption of HKFRS 9, the Fund has adopted consequential amendments to HKAS 1 Presentation of Financial Statements, which require:

- impairment of financial assets to be presented in a separate line item in the statement of comprehensive income. The Fund did not previously report any incurred losses; and
- separate presentation in the statement of comprehensive income of interest revenue from financial assets measured at amortised cost or fair value through other comprehensive income (“FVOCI”) calculated using the effective interest method.

Additionally, the Fund has adopted consequential amendments to HKFRS 7 Financial Instruments: Disclosures, which are applied to disclosures about 2019 but have not generally been applied to comparative information.

The adoption of HKFRS 9 had no material impact on the net assets attributable to unitholders of the Fund.

- (i) Classification and measurement of financial assets and financial liabilities

HKFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and fair value through profit or loss (“FVTPL”). The classification of financial assets under HKFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. HKFRS 9 eliminates the previous HKAS 39 categories of held to maturity, loans and receivables and available for sale. Under HKFRS 9, derivative financial instruments embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

HKFRS 9 largely retains the existing requirements in HKAS 39 for the classification and measurement of financial liabilities.

The adoption of HKFRS 9 has not had a significant effect on the Fund’s accounting policies related to financial liabilities and derivative financial instruments.

For an explanation of how the Fund classifies and measures financial instruments and accounts for related gains and losses under HKFRS 9, see Note 2(e).

The following table below explains the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Fund’s financial assets as at 1 August 2018.

	<b>Original classification under HKAS 39</b>	<b>New classification under HKFRS 9</b>
<b>Financial assets</b>		
Cash and cash equivalents	Loans and receivables	Amortised cost
Interest and dividends receivable	Loans and receivables	Amortised cost
Subscriptions receivable	Loans and receivables	Amortised cost
Amounts due from brokers	Loans and receivables	Amortised cost
Equity instruments	Held-for-trading	FVTPL
Debt instruments	Held-for-trading	FVTPL
Derivative financial instruments	Held-for-trading	FVTPL
Collective investment schemes	Held-for-trading	FVTPL

The measurement categories for all financial liabilities remain the same. The carrying amounts for all financial liabilities at 1 August 2018 have not been impacted by the initial application of HKFRS 9.

- (ii) Impairment of financial assets

HKFRS 9 replaces the “incurred loss” model in HKAS 39 with an expected credit losses (“ECLs”) model. The new impairment model applies to financial assets measured at amortised cost and debt instruments at FVOCI, but not to financial assets measured at FVTPL. Under HKFRS 9, credit losses are recognised earlier than under HKAS 39.

The effect of adopting HKFRS 9 on the carrying amounts of financial assets at 1 August 2018 relates solely to the new impairment requirements. The Manager considers the probability of default to be minimal as the counterparties have a strong capacity to meet their contractual obligations in the near term. There is no impairment allowance recognised on interest and dividends receivable, subscriptions receivable, amounts due from brokers and cash and cash equivalents on the initial application of HKFRS 9’s impairment requirements as at 1 August 2018. Therefore, the carrying amounts of the financial assets remain the same.

# Notes to the Financial Statements

## (iii) Transition

Changes in accounting policies resulting from the adoption of HKFRS 9 have been applied retrospectively, except as described below.

- Comparative periods have not generally been restated. Differences in the carrying amounts of financial assets resulting from the adoption of HKFRS 9 are recognised in the net assets attributable to unitholders as at 1 August 2018. Accordingly, the information presented for 2018 does not reflect the requirements of HKFRS 9, but rather those of HKAS 39.
- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.
  - The determination of the business model within which a financial asset is held.
  - The revocation of previous designations of certain financial assets as measured at FVTPL.

## (d) Foreign currency translation

Foreign currency transactions during the year are translated into Hong Kong dollars at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into Hong Kong dollars at the exchange rates ruling at the date of the statement of financial position. Foreign currency exchange differences arising on translation and realised gains and losses on disposal or settlement of monetary assets and liabilities are recognised in profit or loss.

Foreign currency exchange differences relating to investments at fair value through profit or loss are included in net gains or losses from financial instruments at fair value through profit or loss. All other foreign currency exchange differences relating to monetary items including cash and cash equivalents are presented separately in profit or loss.

## (e) Financial instruments

### (i) Classification

#### (A) Policy applicable from 1 August 2018

On initial recognition, the Fund classifies financial assets as measured at amortised cost or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI").

All other financial assets of the Fund is measured at FVTPL.

#### *Business model assessment*

In making an assessment of the objective of the business model in which a financial asset is held, the Fund considers all of the relevant information about how the business is managed, including:

- the documented investment strategy and the execution of this strategy in practice. This includes whether the investment strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Fund's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how the investment manager is compensated: e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

# Notes to the Financial Statements

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Fund's continuing recognition of the assets.

The Fund has determined that it has two business models.

- Held-to-collect business model: this includes interest and dividends receivable, subscriptions receivable, amounts due from brokers and cash and cash equivalents. These financial assets are held to collect contractual cash flow.
- Other business model: this includes equity instruments, debt instruments, collective investment schemes and derivative financial instruments. These financial assets are managed and their performance is evaluated, on a fair value basis, with frequent sales taking place.

## *Assessment whether contractual cash flows are SPPI*

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are SPPI, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Fund considers:

- contingent events that would change the amount or timing of cash flows;
- leverage features;
- prepayment and extension features;

- terms that limit the Fund's claim to cash flows from specified assets (e.g. non-recourse features); and
- features that modify consideration for the time value of money (e.g. periodical reset of interest rates).

The Fund classifies its investments based on the business model and contractual cash flows assessment. Accordingly, the Fund classifies all its equity instruments, debt instruments, collective investment schemes and derivative financial instruments into financial assets at FVTPL category. Financial assets measured at amortised cost include interest and dividends receivable, subscriptions receivable, amounts due from brokers and cash and cash equivalents. Financial liabilities that are not at fair value through profit or loss included redemptions payable, amounts due to brokers, distributions payable and other payables.

All derivatives financial instruments in a net receivable position (positive fair value) are reported as financial assets. All derivatives financial instruments in a net payable position (negative fair value) are reported as financial liabilities.

## *Reclassifications*

Financial assets are not reclassified subsequent to their initial recognition unless the Fund was to change its business model for managing financial assets, in which case all affected financial assets would be reclassified on the first day of the first reporting period following the change in the business model.

## **(B) Policy applicable prior to 1 August 2018**

All of the Fund's investments were classified as financial assets or financial liabilities at fair value through profit or loss. This category comprised financial instruments held for trading, which were instruments that the Fund had acquired principally for the purpose of short-term profit-taking. These included investments in equities, debt securities, unit trusts, futures contracts and forward contracts.

# Notes to the Financial Statements

All derivatives financial instruments in a net receivable position (positive fair value) were reported as financial assets. All derivatives financial instruments in a net payable position (negative fair value) were reported as financial liabilities.

Financial assets at amortised cost that were classified as loans and receivables included interest and dividends receivable, subscriptions receivable and amounts due from brokers.

Financial liabilities at amortised cost included redemptions payable, amounts due to brokers, distributions payable and other payables. Financial liabilities arising from the redeemable units issued by the Fund were carried at the redemption amount.

## (ii) Recognition

The Fund recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

A regular way purchase or sale of financial assets and financial liabilities is recognised by using trade date accounting. From this date any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded.

Financial liabilities are not recognised unless one of the parties has performed their obligations under the contract or the contract is a derivative contract not exempted from the scope of HKFRS 9.

## (iii) Measurement

Financial instruments are measured initially at fair value (transaction price). Transaction costs on financial assets and liabilities at fair value through profit or loss are expensed immediately, while on other financial instruments they are amortised.

Subsequent to initial recognition, all instruments classified at fair value through profit or loss are measured at fair value with changes in their fair value recognised in profit or loss.

Financial assets classified as measured at amortised cost are carried at amortised cost using the effective interest rate method, less impairment losses, if any.

Financial liabilities other than those at fair value through profit or loss are measured at amortised cost using the effective interest rate method. Financial liabilities arising from the redeemable units issued by the Fund are carried at the redemption amount representing the unitholders' right to a residual interest in the Fund's assets.

## (iv) Fair value measurement principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Fund measures the fair value of an instrument using the quoted price in an active market for that instrument provided such price is within the bid-ask spread. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. In circumstances where the quoted price is not within the bid-ask spread, the manager of the Fund will determine the points within the bid-ask spread that are most representative of the fair value.

When there is no quoted price in an active market, the Fund uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Fund determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is supported wholly by observable market data or the transaction is closed out.

# Notes to the Financial Statements

If an asset or a liability measured at fair value has a bid price and an ask price, the Trust measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Fund on the basis of the net exposure to either market or credit risk, are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) or a particular risk exposure. Those portfolio-level adjustments are allocated to the individual financial assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The Fund recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

## (v) Amortised cost measurement principles

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

## (vi) Impairment

### (A) Policy applicable from 1 August 2018

The Fund recognises loss allowances for ECLs on financial assets measured at amortised cost.

The Fund measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- financial assets that are determined to have low credit risk at the reporting date; and
- other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and including forward-looking information.

The Fund assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Fund considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Fund in full, without recourse by the Fund to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Fund considers a financial asset to have low credit risk when the credit rating of the counterparty is equivalent to the globally understood definition of "investment grade". The Fund considers this to be Baa3 or higher per Moody's or BBB- or higher per Standard & Poor's.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Fund is exposed to credit risk.

### *Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the

# Notes to the Financial Statements

difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Fund expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

## *Credit-impaired financial assets*

At each reporting date, the Fund assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

## *Presentation of allowance for ECLs in the statement of assets and liabilities*

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

## *Write-off*

The gross carrying amount of a financial asset is written off when the Fund has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

## (B) Policy applicable prior to 1 August 2018

Financial assets that were stated at cost or amortised cost were reviewed at each date of the statement of financial position to determine whether there is objective evidence of impairment. If any such indication exists, an impairment loss is recognised in profit or loss as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write down, the write down is reversed through profit or loss.

## (vii) Derecognition

The Fund derecognises a financial asset when the contractual rights to the cash flows from the financial assets expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with HKAS 39.

The Fund uses the weighted average method to determine realised gains and losses on derecognition.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or has expired.

## (viii) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when the Fund has a legally enforceable right to offset the recognised amounts and the transactions are intended to be settled on a net basis or simultaneously, e.g. through a market clearing mechanism.

## (ix) Cash and cash equivalents

Cash comprises current deposits with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

## **(f) Revenue recognition**

Revenue is recognised in profit or loss as follows:

## (i) Dividends

Dividend income from listed investments is recognised when the share price of the investment goes ex dividend. Dividends from other investments are recognised in profit or loss as dividend income when declared. In some cases, the Fund may choose to receive dividends in the

# Notes to the Financial Statements

form of additional shares rather than cash. In such cases, the Fund recognises the dividend income for the amount of the equivalent cash dividend with the corresponding debit treated as an additional investment.

## (ii) Interest income

Interest income is recognised in profit or loss as it accrues, using the effective interest rate method using the rate exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. Interest income on bank deposits is disclosed separately on the face of the statement of comprehensive income. Interest income on debt securities is included in net gains or losses from financial instruments at fair value through profit or loss.

## (g) Expenses

All expenses are recognised in profit or loss on an accrual basis.

## (h) Foreign exchange gains and losses

Foreign exchange gains and losses on financial assets and financial liabilities at fair value through profit or loss are recognised together with other changes in the fair value. Included in profit or loss line item Net foreign exchange loss are net of foreign exchange gains and losses on monetary financial assets and financial liabilities other than those classified as fair value through profit or loss.

## (i) Related parties

(a) A person, or a close member of that person's family, is related to the Fund if that person:

- (i) has control or joint control over the Fund;
- (ii) has significant influence over the Fund; or
- (iii) is a member of the key management personnel of the Fund.

(b) An entity is related to the Fund if any of the following conditions applies:

- (i) The entity and the Fund are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post employment benefit plan for the benefit of employees of an entity related to the Fund.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Fund.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

## (j) Subscriptions and redemptions

The Fund recognises unitholders' subscriptions and allots units upon receipt of a valid subscription application and derecognises them upon receipt of a valid redemption application.

## (k) Units in issue

The Fund classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

The Fund has multiple classes of redeemable units in issue "A" class, Provident class and "Z" class. All the classes belong to the most subordinate class of financial instruments in the Fund and rank *pari passu* in all material respects and have the same terms and conditions other than different fee rates and distribution rights. The redeemable units provide unitholders with the right to require redemption for cash at a value proportionate to the unitholders' share in the Fund's



# Notes to the Financial Statements

net assets at each daily redemption date, and also in the event of the Fund's liquidation. The redeemable units are classified as financial liabilities and are measured at the present value of the redeemable amounts.

**(l) Distributions to holders of redeemable units**

Distributions to holders of redeemable units of "A" class, Provident class and "Z" class classified as financial liabilities are recognised in profit or loss as finance costs when they are authorised and no longer at the discretion of the Fund.

For the Provident class and "Z" class, all dividend income and interest arising are accumulated within the Fund and will not be distributed to the unitholders.

**(m) Segment reporting**

An operating segment is a component of the Fund that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Fund's other components, whose operating results are reviewed regularly by the chief operating decision maker to make decisions about resources allocated to the segment and assess its performance, and for which discrete financial information is available. Segment results that are reported to the chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The chief operating decision maker of the Fund is identified as the manager, HSBC Investment Funds (Hong Kong) Limited.

**3 Net gains from financial instruments at fair value through profit or loss**

	2019 HKD	2018 HKD
Net realised gains	4,174,890	142,251,633
Net unrealised gains/(losses)	3,879,295	(84,311,235)
	8,054,185	57,940,398

**4 Taxation**

There are currently no taxes on income or gains under Cayman Islands law. Accordingly, no provision for Cayman Islands taxes is included in these financial statements.

No provision for Hong Kong profits tax has been made in the financial statements as the Fund is exempt from taxation

under section 26A(1A) of the Hong Kong Inland Revenue Ordinance.

Interest income and dividend income received by the Fund may be subject to non-recoverable withholding tax imposed in the country of origin. Interest income and dividend income is recorded gross of such taxes and the withholding tax is recognised in profit or loss as incurred.

Capital gains realised in certain jurisdictions may be subject to capital gains tax. Capital gains tax is charged to profit or loss on an accrual basis, using tax rates enacted or substantively enacted at the date of the statement of financial position.

**Foreign Account Tax Compliance Act ("FATCA")**

On 18 March 2010, the Hiring Incentives to Restore Employment Act of 2010 added chapter 4 to Subtitle A ("Chapter 4") of the US Internal Revenue Code (the "Code"). The provisions in Chapter 4 are commonly referred to as the Foreign Account Tax Compliance Act ("FATCA"). US Treasury regulations providing guidance on the due diligence, reporting, and withholding obligations under FATCA were passed and came into effect in January 2013 (the "Regulations").

The Regulations require foreign financial institution ("FFI") to provide the Internal Revenue Service ("IRS") with information on certain U.S. persons invested in accounts outside of the U.S. and for certain non U.S. entities to provide information about any U.S. owners. The obligations of an FFI under FATCA may be modified by an Intergovernmental Agreement ("IGA") between the US and the FFI's country of organization. The Cayman Islands entered into a Model 1 IGA on 29 November 2013, which provides for reporting and enforcement by FFIs to be facilitated by local authorities. The Cayman Islands also entered into a similar IGA with the United Kingdom. Therefore, all Cayman Islands domiciled "financial institutions" are subject to domestic legislation and regulations that implement both the Foreign Account Tax Compliance Act ("US FATCA") and its UK equivalent ("UK FATCA" and together, "FATCA"). The due diligence and reporting regimes introduced by the domestic legislation and regulations apply to all such financial institutions irrespective of whether they have US or UK based account holders and/or have US or UK assets or source income.

Before the domicile of the Trust was changed from Cayman Islands to Hong Kong on 18 January 2019, the Fund was a non-reporting financial institution and was not required to register for a Global Intermediary Identification Number ("GIIN") for US FATCA purposes.

# Notes to the Financial Statements

## Taxation in profit or loss represents:

	2019 HKD	2018 HKD
Overseas withholding tax	398,644	570,336
Capital gains tax	13,484	333,610
	412,128	903,946

## 5 Financial assets and financial liabilities at fair value through profit or loss

	2019 HKD	2018 HKD
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### Financial assets at fair value through profit or loss

#### Equities

Listed shares	99,073,933	109,750,384
Unlisted shares	–	–
	99,073,933	109,750,384

#### Debt securities

Listed bonds	150,233,723	162,813,987
Unlisted but quoted bonds	21,176,483	17,705,550
	171,410,206	180,519,537

#### Other investments

Listed unit trusts	1,034,514	1,042,856
Unlisted unit trusts	70,098,389	46,903,759
Foreign currency forward contracts	123,157	–
Future contracts	892	192,393
	71,256,952	48,139,008
	341,741,091	338,408,929

### Financial liabilities at fair value through profit or loss

Futures contracts	(78,000)	(105,944)
	341,663,091	338,302,985
Net investments, at cost	327,033,370	327,977,575
Net unrealised appreciation in value of investments	14,629,721	10,325,410
Net investments, at fair value	341,663,091	338,302,985

## 6 Amounts due from/(to) brokers

	2019 HKD	2018 HKD
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### Balances due from brokers

Amounts receivable on sale of investments	5,569	548
Margin deposits	389,793	590,588
	395,362	591,136

### Balances due to brokers

Amounts payable on purchase of investments	228,702	–
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## 7 Transactions with the Trustee, Manager and Connected Persons

The following is a summary of significant related party transactions or transactions entered into during the year between the Fund and the Trustee, the Manager and their Connected Persons. Connected Persons are those as defined in the Hong Kong Code on Unit Trusts and Mutual Funds issued by the SFC. All transactions during the year between the Fund, the Trustee and the Manager and their Connected Persons were entered into in the ordinary course of business and under normal commercial terms. To the best of the knowledge of the Trustee and the Manager, the Fund did not have any other transactions with Connected Persons except for those disclosed below.

- (a) The Fund is managed by HSBC Investment Funds (Hong Kong) Limited (“the Manager”), which receives a management fee, payable monthly in arrears, equivalent to a percentage per annum of the net asset value of the Fund as follows:

For “A” class income units	1.5%
For Provident class units	0.75%
For Z class units	Nil

Up to 8 April 2018, the Manager, as the registrar’s agent, was also entitled to registrar’s fees per annum for each class of units and fees for various administrative functions performed on behalf of the Fund. On 9 April 2018, HSBC Institutional Trust Services (Asia) Limited (“HTHK”) was appointed as the registrar’s agent of the Fund. With effect on and from 18 January 2019 (“the Effective Date”), HTHK replaced HSBC Trustee (Cayman) Limited as the registrar of the Fund.

# Notes to the Financial Statements

	2019 HKD	2018 HKD		2019 HKD	2018 HKD
(i) Management fees for the year	2,822,245	6,742,726	(i) Trustee's fees paid to the HSBC Trustee (Cayman) Limited	268,913	984,998
(ii) Management fees payable at year end	215,220	265,413	(ii) Trustee's fees payable to the HSBC Trustee (Cayman) Limited at year end	–	54,369
(iii) Registrar's fees and other administrative fees paid to the Manager for the year	–	87,467	(iii) Trustee's fees paid to the Trustee	168,202	–
(iv) Registrar's fees and other administrative fees paid to HTHK for the year	97,752	25,826	(iv) Trustee's fees payable to the Trustee at year end	22,154	–
(v) Registrar's fees and other administrative fees payable to HTHK at year end	17,644	–			
<b>(b)</b> Bank accounts are maintained with members of the HSBC Group. The balances of these accounts amounted to \$3,918,382 (2018: \$406,796) at year end. Interest income arising from these accounts amounted to \$31,032 (2018: \$12,983). Bank charges paid to HSBC group amounted to \$3,941 (2018: \$82). Margin accounts are maintained with HSBC Bank Plc, which is fellow subsidiary of the Manager within the HSBC Group. The balances of margin deposits amounted to \$389,793 (2018: \$590,588) at year end.			<b>(d)</b> On the Effective Date, the custodian of the Fund changed from HSBC Trustee (Cayman) Limited to HSBC Institutional Trust Services (Asia) Limited ("HTHK"), which are the fellow subsidiaries of the Manager within the HSBC Group. The custodian receives a monthly fee equivalent to 0.15 - 58 (2018: 0.15 - 58) basis points based on sub-custodian value of the securities. The custodian also receives a transaction fee of US\$4.44 - 139.50 (2018: US\$ 4.44 - 139.50) for each trade handled.		
<b>(c)</b> In addition, the Trustee provides valuation services to the Fund in return for a daily fee. Prior to 10 December 2018, the daily valuation service fee was US\$100. Effective from 10 December 2018, the daily valuation service fee is US\$50 for each valuation per share class. The valuation fee is then waived from 1 April 2019.				2019 HKD	2018 HKD
			(i) Safe custody fees paid to HSBC Trustee (Cayman) Limited	16,304	75,805
			(ii) Safe custody fees payable to HSBC Trustee (Cayman) Limited at year end	–	3,076
			(iii) Safe custody fees paid to HTHK	18,629	–
			(iv) Safe custody fee payable to HTHK at year end	2,814	–
			(v) Safe custody transaction fees paid to HSBC Trustee (Cayman) Limited	944,898	2,946,170

# Notes to the Financial Statements

	2019 HKD	2018 HKD
(vi) Safe custody transaction fees payable to HSBC Trustee (Cayman) Limited at year end	–	418,006
(vii) Safe custody transaction fees paid to HTHK	735,563	–
(viii) Safe custody transaction fees payable to HTHK at year end	341,083	–

- (e) In its purchases and sales of investments, the Fund utilises the brokerage services of The Hongkong and Shanghai Banking Corporation Limited, HSBC Investment Funds (Hong Kong) Limited, HSBC Bank plc London, HSBC Bank plc, HSBC Markets Limited and HSBC Global Asset Management (UK) Limited which are members of the HSBC Group. Details of transactions effected through these companies are as follows:

	The Hongkong and Shanghai Banking Corporation Limited		HSBC Investment Funds (Hong Kong) Limited		HSBC Bank plc London	
	2019 HKD	2018 HKD	2019 HKD	2018 HKD	2019 HKD	2018 HKD
Commission paid for the year	–	–	–	–	3	7,169
Average rate of commission	–	–	–	–	0.00%	0.01%
Total aggregate value of such transactions for the year	660,530	6,042,500	23,506,658	88,239,952	20,669,201	136,431,610
Percentage of such transactions in value to total transactions for the year	0.10%	0.34%	3.65%	4.93%	3.21%	0.01%

	HSBC Bank plc		HSBC Markets Limited		HSBC Global Asset Management (UK) Limited	
	2019 HKD	2018 HKD	2019 HKD	2018 HKD	2019 HKD	2018 HKD
Commission paid for the year	–	–	–	–	–	–
Average rate of commission	–	–	–	–	–	–
Total aggregate value of such transactions for the year	746,235	5,723	619,230	1,148,703	3,258,857	72,715,515
Percentage of such transactions in value to total transactions for the year	0.12%	0.00%	0.10%	0.06%	0.51%	4.07%

The figures for commission paid do not include any trading margin which may be reflected in the market prices of transactions with these entities on any transactions by the Fund during the year.

- (f) The Fund has invested in equities issued by entities within the HSBC Group during the years ended 31 July 2019 and 2018. The details of the market value of these investments and dividend income earned for the year are as follows:

	HSBC Holdings plc		Hang Seng Bank Limited	
	2019 HKD	2018 HKD	2019 HKD	2018 HKD
(i) Market value at year end	–	–	327,262	405,626
(ii) Dividend income earned for the year	–	456,539	13,932	28,993

As at 31 July 2019 and 31 July 2018, the Fund has also invested in the futures contracts, in which the underlying equities are issued by a HSBC Group company. The details of these investments at the year end are disclosed in note 12(g).

As at 31 July 2019, the Fund has also invested in HSBC Global Liquidity Funds Plc – HSBC US Dollar Liquidity Fund, HSBC Index Tracker Investment Fund – Japan Index Fund, HSBC Pooled Investment Fund – HSBC Pooled Asian Bond Fund and HSBC Pooled Investment Fund – HSBC Pooled VC Asia Pac Ex Japan Fund, which are managed by the fellow subsidiaries of the Manager within the HSBC Group (2018: invested in HSBC Global Investment Funds – Indian Fixed Income Fund, HSBC Pooled Investment Fund – HSBC Pooled Asian Bond Fund and HSBC Index Tracker Investment Fund – Japan Index Fund). The market value of these investments at year end was \$70,098,389 (2018: \$46,903,759).

- (g) During the year, the Fund entered into foreign currency forward contracts with The Hongkong and Shanghai Banking Corporation Limited. The details of the outstanding foreign currency forward contracts as at year end are as follows:

	2019 HKD	2018 HKD
Receivable on forward contracts	60,069	–

# Notes to the Financial Statements

## 8 Soft commission arrangements

No soft commission arrangements were entered into with brokers by the Fund during the year. (2018: nil)

## 9 Units issued and redeemed

	2019	2018
<b>(a) "A" class income units</b>		
Number of units in issue brought forward	1,999,028	1,863,501
Units issued during the year	1,039,316	1,851,147
Units redeemed during the year	(954,880)	(1,715,620)
Number of units in issue carried forward	2,083,464	1,999,028

### (b) Provident class units

Number of units in issue brought forward	18,375,971	85,168,471
Units issued during the year	2,523,416	4,798,386
Units redeemed during the year	(7,779,093)	(71,590,886)
Number of units in issue carried forward	13,120,294	18,375,971

### (c) "Z" class income units

Number of units in issue brought forward	–	–
Units issued during the year	6,777,871	–
Units redeemed during the year	(70,141)	–
Number of units in issue carried forward	6,707,730	–

- (d)** The capital of the Fund is represented by the net assets attributable to unitholders which are subject to subscriptions and redemptions of units. The Fund does not have any externally imposed capital requirements.

Units may be acquired and redeemed on any valuation date at the unit value determined on that day. The valuation date is every business day, which is also a day on which banks in Hong Kong are normally open for business, or such other day(s) as the Manager may determine. The minimum initial investment amount for the Fund is \$10,000 for "A" Class Income Units, with subsequent minimum investments of no less than \$10,000. No minimum initial and subsequent

investment amounts apply to Provident Class Units and "Z" Class Units.

Units may be redeemed on any valuation date, at the redemption price applicable as at the close of business in Hong Kong on such day. The minimum amount which can be redeemed at any one time is \$ 10,000 for "A" Class Income Units. No minimum redemption amounts apply to Provident Class Units and "Z" Class Units. A unitholder may not make a partial redemption if this would result in his holding being less than the minimum holding of \$10,000 for "A" Class Units. No minimum holding applies to Provident Class Units and "Z" Class Units.

## 10 Equalisation

The equalisation portion of received and receivable on issue of units or paid and payable on redemption of units is calculated based on the portion of the unit price related to undistributed accumulated net investment income and accumulated expenses of the unit at the date of issue or redemption.

## 11 Distributions

### Distributions attributable to the year

	2019 HKD	2018 HKD
<b>"A" class income units</b>		
(a) Distributions attributable to the year		
There is no distribution declared during the year (2018: \$0.072028 per unit on 1,999,027.73 units as at 30 July 2018)	–	143,986

# Notes to the Financial Statements

	2019 HKD	2018 HKD
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## "A" class income units

(b) Distributions attributable to the previous financial year and paid during the year

Distributions declared during the previous financial year and paid during the year of \$0.072028 per unit on 1,999,027.73 units as at 30 July 2018 (2017: \$0.117650 per unit on 1,904,500.96 units as at 28 July 2017)	143,986	224,065
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## 12 Financial instruments and associated risks

The Fund maintains an investment portfolio in a variety of listed and unlisted financial instruments as dictated by its investment management strategy. The investment objective of the Fund is to achieve long term stable capital growth. The Fund has a bias towards investment in global bonds and fixed income instrument. Exposure to global equities will be kept to a minimum. The Fund's investment portfolio comprises debt securities, equities, unit trusts, forward contracts and futures contracts.

The Fund's investing activities expose it to various types of risks that are associated with the financial instruments and markets in which it invests. The Manager and the Trustee have set out below the most important types of financial risks inherent in each type of financial instrument. The Manager and the Trustee would like to highlight that the following list of associated risks only sets out some of the risks but does not purport to constitute an exhaustive list of all the risks inherent in an investment in the Fund. Unitholders should note that additional information in respect of risks associated with financial instruments in the Fund can be found in the Fund's offering document.

The nature and extent of the financial instruments outstanding at the date of the statement of financial position and the risk management policies employed by the Fund are discussed below.

### (a) Price risk

Price risk is the risk that value of the instrument will fluctuate as a result of changes in market prices, whether caused by

factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

The impact of a 10% (2018: 10%) increase in value of the investments at 31 July 2019, with all other variables held constant, is shown below. An equal change in the opposite direction would have reduced the net assets attributable to unitholders by an equal amount. The analysis is performed on the same basis for 2018.

	Market exposures HKD	Change in net assets if investment value increased by 10% HKD
<b>As at 31 July 2019</b>		
Equities	99,073,933	9,907,393
Unit trusts	71,132,903	7,113,290
Futures contracts	3,390,607	339,061

### As at 31 July 2018

Equities	109,750,384	10,975,038
Unit trusts	47,946,615	4,784,662
Futures contracts	3,960,309	396,031

### (b) Interest rate risk

Interest rate risk arises from changes in interest rates which may affect the value of debt instruments and therefore result in potential gain or loss to the Fund. The Fund's interest rate risk is managed on an ongoing basis by the Manager.

The following table indicates the period in which the interest bearing assets mature at the date of statement of financial position.

All amounts stated in '000

	2019				
	1 year or less HKD	Over 1 year to 5 years HKD	Over 5 years HKD	Non-interest bearing HKD	Total HKD
Financial assets at fair value through profit or loss	18,013	69,441	83,956	170,331	341,741
<b>Total interest bearing assets</b>	18,013	69,441	83,956		

# Notes to the Financial Statements

	2018				
	1 year or less HKD	Over 1 year to 5 years HKD	Over 5 years HKD	Non-interest bearing HKD	Total HKD
Financial assets at fair value through profit or loss	24,733	67,351	88,436	157,889	338,409
<b>Total interest bearing assets</b>	<b>24,733</b>	<b>67,351</b>	<b>88,436</b>		

## Interest rate sensitivity

At the date of the statement of financial position, assuming all other factors unchanged, it is estimated that an increase in interest rates of 100 basis points (2018: 100 basis points) would result in a decrease in the net assets attributable to the unitholders and the profit for the year by \$12,538,566 (2018: \$11,065,570); an equal change in the opposite direction would result in an increase in the net assets attributable to unitholders by an approximately equal amount. The analysis is performed on the same basis for 2018.

## (c) Currency risk

The Fund may invest in financial instruments and enter into transactions denominated in currencies other than its functional currency. Consequently, the Fund is exposed to risks that the exchange rate of its functional currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Fund's assets or liabilities denominated in currencies other than Hong Kong dollars.

The fluctuations in the rate of exchange between the currency in which the asset or liability is denominated and the functional currency could result in an appreciation or depreciation in the fair value of that asset or liability. The Manager may attempt to mitigate this risk by using financial derivative instruments. The Manager monitors the Fund's currency exposures on an ongoing basis.

## Currency sensitivity

At 31 July 2019 and 2018, had the Hong Kong dollar ("HKD") weakened by 5% (2018: 5%) in relation to respective currencies, with all other variables held constant, the net assets attributable to unitholders and the profit for the year would have increased by the amounts shown below. The analysis is performed on the same basis for 2018.

	Net exposure HKD	Change in net assets if HKD weakened by 5% HKD
<b>As at 31 July 2019</b>		
<i>Currencies</i>		
Australian dollar	6,161,083	308,054
Canadian dollar	2,919,258	145,963
Chinese yuan	2,071	104
Danish krone	1,228,921	61,446
Euro	52,632,656	2,631,632
Hungarian Forint	76,798	3,840
Indian rupee	1,874,050	93,703
Indonesian rupiah	248,257	12,413
Japanese yen	17,843,496	892,175
Malaysian ringgit	516,146	25,807
Mexican peso	954,604	47,730
New Taiwan dollar	2,181,441	109,071
New Zealand dollar	163,310	8,166
Norwegian krone	375,633	18,782
Philippine peso	247,251	12,363
Polish zloty	745,451	37,273
Pound sterling	23,057,392	1,152,869
Russian ruble	619,735	30,987
Singapore dollar	648,840	32,442
South African rand	790,392	39,520
South Korean won	2,394,067	119,703
Swedish krona	1,022,906	51,145
Swiss franc	3,028,688	151,434
Thai baht	521,151	26,058
Turkish lira	241,725	12,086
<b>Total</b>	<b>120,495,322</b>	<b>6,024,766</b>

# Notes to the Financial Statements

	Net exposure HKD	Change in net assets if HKD weakened by 5% HKD
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## As at 31 July 2018

### Currencies

Australian dollar	6,518,975	325,949
Canadian dollar	3,504,677	175,234
Chinese yuan	4,402	220
Czech koruna	39,459	1,973
Danish krone	1,379,418	68,971
Euro	51,827,180	2,591,359
Indian rupee	1,820,593	91,029
Indonesian rupiah	258,644	12,932
Japanese yen	40,457,048	2,022,852
Malaysian ringgit	484,815	24,241
Mexican peso	1,059,699	52,985
New Taiwan dollar	2,479,235	123,962
New Zealand dollar	192,985	9,649
Norwegian krone	532,654	26,633
Philippine peso	107,499	5,375
Polish zloty	886,170	44,309
Pound sterling	22,164,995	1,108,249
Russian ruble	701,888	35,094
Singapore dollar	609,243	30,462
South African rand	744,861	37,243
South Korean won	3,457,100	172,855
Swedish krona	1,421,943	71,097
Swiss franc	2,925,471	146,274
Thai baht	451,391	22,570
Turkish lira	148,037	7,402
Total	144,178,382	7,208,919

As the HKD is pegged to the United States dollar ("USD"), the Fund does not expect any significant movements in USD/HKD exchange rate. A 5% (2018: 5%) appreciation of the HKD against the above currencies would have resulted in an equal but opposite effect on the financial statement amounts, on the basis that all other variables remain constant.

## (d) Credit risk

### (i) Analysis of credit policy and concentration of credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's exposure to credit risk is monitored by the Manager on an ongoing basis.

As at 31 July 2019 and 2018, all of the Fund's financial assets were exposed to credit risk. These include investments and cash and cash equivalents placed with banks and the custodian.

At the date of the statement of financial position, the Fund invested in debt securities with the following credit ratings equivalent to which provided by Moody's credit rating services expressed as a percentage of debt securities:

Rating (Moody's)	% of debt securities	
	2019	2018
Aaa	36.29	36.37
Aa1	2.36	1.17
Aa2	15.54	18.36
Aa3	6.95	6.18
A1	19.22	17.91
A2	4.48	3.86
A3	0.56	1.14
Baa1	7.02	3.81
Baa2	–	6.95
Baa3	7.42	0.41
NR	0.16	3.84
Total	100.00	100.00

Credit risk is managed by the reviewing and monitoring of the credit quality of debt instruments held by the Fund or the issuers of the debt instruments held by the Fund on an ongoing basis.

Credit risk arising from transactions with brokers relates to transactions awaiting settlement. Risk relating to unsettled transactions is considered small due to the short settlement period involved and the high credit quality of the brokers used.

A majority of the cash held by the Fund is deposited with the HSBC Group. Bankruptcy or insolvency of the bank may cause the Fund's rights with respect to the cash held by the bank to be delayed or limited. The Manager monitors the credit rating and financial position of the bank on an ongoing basis.

Substantially all of the assets of the Fund are held by the custodian. Bankruptcy or insolvency of the custodian may cause the Fund's rights with respect to securities held by the custodian to be delayed or limited. The custodian is a group company of the HSBC, for which the credit risk is considered insignificant.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the date of statement of financial position.



# Notes to the Financial Statements

As of 31 July 2019, the Fund held debt securities issued by the Japan Government amounting to 6.29% (2018: 6.80%) of the net asset value of the Fund and US Government amounting to 14.55% (2018: 13.51%) of the net asset value of the Fund.

As at 31 July 2019 and 2018, there were no other significant concentrations of credit risk to counterparties except to the custodian.

## (iii) Offsetting financial assets and financial liabilities

None of the financial assets and financial liabilities is offset in the statement of financial position.

As at 31 July 2019

### Financial assets subject to enforceable master netting arrangements

	Gross amounts of recognised financial assets HKD	Gross amounts of recognised financial liabilities offset in the statement of financial position HKD	Net amounts of financial assets presented in the statement of financial position HKD	Amounts of financial instruments (including non-cash collateral) HKD	Cash collateral received HKD	Net amount HKD
Derivative financial instruments:						
– Foreign currency forward contracts						
– Counterparty A	60,069	–	60,069	–	–	60,069
– Counterparty B	63,088	–	63,088	–	–	63,088

### Financial liabilities subject to enforceable master netting arrangements

	Gross amounts of recognised financial liabilities HKD	Gross amounts of financial assets offset in the statement of financial position HKD	Net amounts of financial liabilities presented in the statement of financial position HKD	Amounts of financial instruments (including non-cash collateral) HKD	Cash collateral pledged HKD	Net amount HKD
Derivative financial instruments:						
– Foreign currency forward contracts						
– Counterparty A	–	–	–	–	–	–
– Counterparty B	–	–	–	–	–	–

# Notes to the Financial Statements

As at 31 July 2018

Financial assets subject to enforceable master netting arrangements

	Gross amounts of recognised financial liabilities offset in the statement of financial position HKD	Gross amounts of recognised financial assets offset in the statement of financial position HKD	Net amounts of financial assets presented in the statement of financial position HKD	Amounts of financial instruments (including non-cash collateral) HKD	Cash collateral received HKD	Net amount HKD
Derivative financial instruments:						
– Foreign currency forward contracts	–	–	–	–	–	–
– Counterparty A	–	–	–	–	–	–
– Counterparty B	192,393	–	192,393	–	–	192,393

Financial liabilities subject to enforceable master netting arrangements

	Gross amounts of recognised financial assets offset in the statement of financial position HKD	Gross amounts of recognised financial liabilities offset in the statement of financial position HKD	Net amounts of financial liabilities presented in the statement of financial position HKD	Amounts of financial instruments (including non-cash collateral) HKD	Cash collateral pledged HKD	Net amount HKD
Derivative financial instruments:						
Foreign currency forward contracts						
Counterparty A	–	–	–	–	–	–
Counterparty B	–	–	–	–	–	–

# Notes to the Financial Statements

The gross amounts of recognised financial assets and financial liabilities and their net amounts presented in the statement of financial position disclosed in the above tables have been measured in the statement of financial position at fair value.

The tables below reconcile the “Net amounts of financial assets and financial liabilities presented in the statement of financial position”, as set out above, to the line items presented in the statement of financial position.

Reconciliation to the net amounts of financial assets and financial liabilities presented in the statement of financial position.

*As at 31 July 2019*

## *Financial assets*

	Net amounts HKD	Carrying amount in statement of financial position HKD	Financial assets not in scope of offsetting disclosures HKD
Financial assets at fair value through profit or loss:			
– Foreign currency forward contracts			
– Counterparty A	60,069	60,069	–
– Counterparty B	63,088	63,088	–

## *Financial liabilities*

	Net amounts HKD	Carrying amount in statement of financial position HKD	Financial liabilities not in scope of offsetting disclosures HKD
Financial liabilities at fair value through profit or loss:			
– Foreign currency forward contracts			
– Counterparty A	–	–	–
– Counterparty B	–	–	–

*As at 31 July 2018*

## *Financial assets*

	Net amounts HKD	Carrying amount in statement of financial position HKD	Financial assets not in scope of offsetting disclosures HKD
Financial assets at fair value through profit or loss:			
– Foreign currency forward contracts			
– Counterparty A	–	–	–
– Counterparty B	192,393	192,393	–

## *Financial liabilities*

	Net amounts HKD	Carrying amount in statement of financial position HKD	Financial liabilities not in scope of offsetting disclosures HKD
Financial liabilities at fair value through profit or loss:			
– Foreign currency forward contracts			
– Counterparty A	–	–	–
– Counterparty B	–	–	–

## *(iii) Amounts arising from ECL*

Impairment on interest and dividends receivable, subscriptions receivable, amounts due from brokers and cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Fund considers that these exposures have low credit risk based on the external credit ratings and/ or review result of the counterparties.

The Fund monitors changes in credit risk on these exposures by tracking published external credit ratings of the counterparties and/ or performed ongoing review of the counterparties.

# Notes to the Financial Statements

On initial application of HKFRS 9 as at 1 August 2018, the Manager considers the probability of default to be minimal as the counterparties have a strong capacity to meet their contractual obligations in the near term. There is no impairment allowance recognised on interest and dividends receivable, subscriptions receivable, amounts due to brokers and cash and cash equivalents. The amount of the loss allowance did not change during the year ended 31 July 2019.

## (e) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Fund. The Fund is exposed to daily liquidity risk on redemption of units.

The Fund's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities to meet its liquidity requirements in the short and longer term.

The Fund's listed investments are considered to have insignificant exposure to liquidity risk as they are all readily realisable under normal market conditions. The Fund, however, also invests in unlisted investments such as unlisted bonds and unit trusts, which are not publicly traded on exchanges and may become illiquid.

As at 31 July 2019 and 2018, the Fund's financial liabilities are due within three months, except for redemptions payable and net assets attributable to unitholders which are repayable on demand.

## (f) Capital management

The Fund's capital as at the year end date is represented by its redeemable units, which is classified as financial liabilities.

The Fund's objective in managing the capital is to ensure a stable and strong base to achieve long-term capital growth, and to manage liquidity risk arising from the redemptions. The Manager manages the capital of the Fund in accordance with the Fund's investment objectives and policies stated in the Fund's Explanatory Memorandum.

There were no changes in the policies and procedures during the year with respect to the Fund's approach to its capital management.

The amount and the movement of net assets attributable to unitholders are stated in the statement of changes in net

assets attributable to unitholders. As the redeemable units are redeemed on demand at the unitholders' option, the actual level of redemption may differ significantly from historical experience.

## (g) Specific instruments

### Forward contracts

Forward contracts are commitments either to purchase or sell a designated financial instrument, currency, commodity or index at a specified future date for a specified price and may be settled in cash or the underlying financial asset.

Forward contracts result in exposure to market risk based on changes in market prices relative to contracted prices. Market risks arise due to the possible movement in foreign currency exchange rates, indices, and securities' values underlying these instruments. In addition, because of the low margin deposits normally required in relation to notional contract sizes, a high degree of leverage may be typical of a forward contract and may result in substantial losses to the Fund. Forward contracts are generally subject to liquidity risk.

As at 31 July 2019 and 2018, the Fund's holdings in foreign currency forward contracts were as specified in the following tables.

### As at 31 July 2019

Buy	Sell	Settlement date	Fair value assets HKD	Fair value (liabilities) HKD
		6 September 2019	63,088	–
HKD 7,072,301	JPY 97,000,000	15 October 2019	60,069	–
			123,157	–

### As at 31 July 2018

Buy	Sell	Settlement date	Fair value assets HKD	Fair value (liabilities) HKD
		10 September 2018	98,478	–
HKD 7,983,555	EUR 857,000	21 September 2018	93,915	–
HKD 3,958,412	JPY 55,000,000		192,393	–

# Notes to the Financial Statements

## Futures contracts

Futures contracts are legally binding commitments to buy or sell a financial instrument, currency, commodity or index at a specified future date for a specified price which are agreed upon at the initiation of the contract by the buyer and seller. Futures contracts are standardised for quality and quantity and traded on a futures exchange.

As at 31 July 2019 and 2018, the Fund's holdings in futures contracts were as specified in the following table.

### As at 31 July 2019

Underlying equity	Futures exchange	No of contracts	Weighted average contract price	Contract size	Maturity date	Fair value assets HKD	Fair value (liabilities) HKD
HSBC Holdings plc	Eurex Exchange	4	GBP 6.4611	1,000	20 September 2019	892	-
HSBC Holdings plc	The Hong Kong Stock Exchange	125	HKD 64.4000	400	27 September 2019	-	(78,000)
						892	(78,000)

### As at 31 July 2018

Underlying equity	Futures exchange	No of contracts	Weighted average contract price	Contract size	Maturity date	Fair value assets HKD	Fair value (liabilities) HKD
HSBC Holdings plc	Eurex Exchange	7	GBP 7.2583	1,000	21 September 2018	-	(924)
HSBC Holdings plc	The Hong Kong Stock Exchange	116	HKD 76.3634	400	27 September 2018	-	(105,020)
						-	(105,944)

## 13 Fair value information

The Fund's financial instruments are measured at fair value on the date of the statement of financial position. Fair value estimates are made at a specified point in time, based on market conditions and information about the financial instruments. Usually, fair values can be reliably determined within a reasonable range of estimates. For certain other financial instruments, including interest and dividends receivable, subscriptions receivable, amounts due from brokers, redemptions payable, amounts due to brokers, distributions payable and other payables, the carrying amounts approximate fair values due to the immediate or short-term nature of these financial instruments.

### Valuation of financial instruments

The Fund's accounting policy on fair value measurements is detailed in significant accounting policy in note 2(e)(iv).

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

# Notes to the Financial Statements

When fair values of listed and quoted investments at the reporting date are based on quoted market prices or binding dealer price quotations in an active market, without any deduction for transactions costs, the instruments are included within Level 1 of the hierarchy. When fair values of debt securities at the reporting date represent quoted prices in markets that are considered less than active or consensus prices derived by third parties using valuation techniques where all significant inputs are directly or indirectly observable from market data, those debt securities are included within Level 2 of the hierarchy. For all other financial instruments, the Fund determines fair value using valuation techniques.

The Fund uses widely recognised valuation models for determining the fair value of the financial instruments which do not have quoted market prices in active markets. Valuation techniques include net present value, discounted cash flow models, comparison to similar instruments for which market observable prices exist, comparison to quoted prices for identical instruments that are considered less than active and other valuation models.

The following analyses financial assets and liabilities at fair value through profit or loss at the date of the statement of financial position, by the level in the fair value hierarchy into which the fair value measurement is categorised.

## Financial instruments at fair value through profit or loss

	Level 1 HKD	Level 2 HKD	Level 3 HKD	Total HKD
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31 July 2019

### Financial assets

Equities	99,073,933	-	-	99,073,933
Debt securities	-	171,410,206	-	171,410,206
Unit trusts	71,132,903	-	-	71,132,903
Future contracts	892	-	-	892
Forward contracts	-	123,157	-	123,157
	170,207,728	171,533,363	-	341,741,091

### Financial liabilities

Futures contracts	78,000	-	-	78,000
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	Level 1 HKD	Level 2 HKD	Level 3 HKD	Total HKD
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31 July 2018

### Financial assets

Equities	109,708,506	-	41,878	109,750,384
Debt securities	-	180,519,537	-	180,519,537
Unit trusts	47,946,615	-	-	47,946,615
Forward contracts	-	192,393	-	192,393
	157,655,121	180,711,930	41,878	338,408,929

### Financial liabilities

Futures contracts	105,944	-	-	105,944
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As of 31 July 2019, Level 3 financial instruments included China Common Rich Renewable Energy Investments Ltd and Folli Follie Commercial Manufacturing and Technical SA. As of 31 July 2018, Level 3 financial instruments included Hanergy Thin Film Power Group Limited, Folli Follie Commercial Manufacturing and Technical SA and Hopewell Highway Infrastructure Ltd.

Hanergy Thin Film Power Group Limited was suspended for trading in May 2015 and delisted in June 2019. Subsequently, all shares of the company were transferred to the shares of China Common Rich Renewable Energy Investment Ltd., which is valued at zero based on relevant news and information. Folli Follie Commercial Manufacturing and Technical SA was suspended for trading in May 2018 and in these financial statements, it is written down to zero based on relevant news and information. Hopewell Highway Infrastructure Ltd. was suspended for trading in May 2018 and in these financial statements, it was revalued and priced using the last traded price before suspension with the adjustment based on relevant news and information.

The table below presents the reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

# Notes to the Financial Statements

	As at 1 August 2018 HKD	Net gains included in the statement of comprehensive income HKD	Purchases HKD	Sales HKD	Transfer into Level 3 HKD	As at 31 July 2019 HKD	*Unrealised losses HKD
Equities	41,878	(11,619)	-	(30,259)	-	-	(14,115)

	As at 1 August 2017 HKD	Net gains included in the statement of comprehensive income HKD	Purchases HKD	Sales HKD	Transfer into Level 3 HKD	As at 31 July 2018 HKD	*Unrealised losses HKD
Equities	391,275	72,339	-	(463,614)	41,878	41,878	(119,524)

\* The change in unrealised gains or losses for the year is included in the statement of comprehensive income for financial assets and financial liabilities held at the reporting date.

## Quantitative information of significant unobservable inputs – Level 3

The table below sets out information about significant unobservable inputs used at 31 July 2019 and 2018 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Description	Fair value at 31 July 2019 HKD	Fair value at 31 July 2018 HKD	Valuation techniques	Unobservable input
Equities	-	41,878	Adjustment on last traded price before suspension	Adjustment based on the information relating to the investments

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis is as shown below:

Description	Change in the Input	relevant input	Effect on the net assets attributable to unitholders HKD
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### As at 31 July 2019

Equities	Adjustment based on the information relating to the investments	5%/(5)%	-/28,040
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### As at 31 July 2018

Equities	Adjustment based on the information relating to the investments	5%/(5)%	(2,094)/53,075
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## Valuation of financial instruments not measured at fair value

The financial instruments not measured at fair value through profit or loss are short-term financial assets and financial liabilities whose carrying amounts approximate fair value.

The following tables sets out the fair values of financial instruments not measured at fair value and analyses it by the level in the fair value hierarchy into which each fair value measurement is categorised.

### 31 July 2019

	Level 1 HKD	Level 2 HKD	Level 3 HKD	Total HKD
<b>Financial assets</b>				
Interest and dividends receivable	-	1,664,391	-	1,664,391
Subscriptions receivable	-	1,367,339	-	1,367,339
Amounts due from brokers	-	395,362	-	395,362
Cash and cash equivalents	-	3,918,382	-	3,918,382
	-	7,345,474	-	7,345,474

# Notes to the Financial Statements

## Financial liabilities

Redemptions payable	-	348,156	-	348,156
Amounts due to brokers	-	228,702	-	228,702
Distributions payable	-	-	-	-
Other payables	-	889,560	-	889,560
Net assets attributable to unitholders	-	347,542,147	-	347,542,147
	-	349,008,565	-	349,008,565

## 31 July 2018

	Level 1 HKD	Level 2 HKD	Level 3 HKD	Total HKD
<b>Financial assets</b>				
Interest and dividends receivable	-	2,882,678	-	2,882,678
Subscriptions receivable	-	1,618,480	-	1,618,480
Amounts due from brokers	-	591,136	-	591,136
Cash and cash equivalents	-	32,580,111	-	32,580,111
	-	37,672,405	-	37,672,405

## Financial liabilities

Redemptions payable	-	719,460	-	719,460
Amounts due to brokers	-	-	-	-
Distributions payable	-	143,986	-	143,986
Other payables	-	1,458,068	-	1,458,068
Net assets attributable to unitholders	-	373,653,876	-	373,653,876
	-	375,975,390	-	375,975,390

## 14 Segment information

The Manager makes the strategic resource allocation on behalf of the Fund and determines the operating segments based on the internal reporting used to make strategic decisions.

The Manager's asset allocation decisions are based on one single and integrated investment strategy, and the Fund's performance is evaluated on an overall basis. Accordingly the Manager considers that the Fund has one single operating segment which is investing in a portfolio of financial instruments to generate investment returns in accordance with the investment objective stipulated in its Explanatory Memorandum. There were no changes in the operating segment during the year.

All revenues and losses generated from investments by the Fund are disclosed in note 3. The segment information provided to the Manager is the same as that disclosed in the statement of comprehensive income and the statement of financial position.

## 15 Involvement with unconsolidated structured entities

The Fund has concluded that the listed and unlisted investment funds in which it invests, but that it does not consolidate, meet the definition of structured entities because:

- the voting rights in the funds are not dominant rights in deciding who controls them as they relate to administrative tasks only;
- each fund's activities are restricted by its prospectus; and
- the funds have narrow and well defined objectives to provide investment opportunities to investors.

The table below describes the types of structured entities that the Fund does not consolidate but in which it holds an interest.



# Notes to the Financial Statements

Type of structured entity	Nature and purpose	Interest held by the Fund
Investment funds	To manage assets on behalf of third party investors and generate fees for the investment manager	Investment in units issued by the funds
	These vehicles are financed through the issue of units to investors	

The table below sets out interests held by the Fund in unconsolidated structured entities. The maximum exposure to loss is the carrying amount of the financial assets held.

31 July 2019			
Number of investee funds	Total net assets (based on unaudited information)		Carrying amount included in "Financial assets of fair value through profit or loss"
	HKD		HKD
Listed investment funds	10	2,126,493,000,000	1,034,514
Unlisted investment funds	4	38,640,000,000	70,098,389

31 July 2018			
Number of investee funds	Total net assets (based on unaudited information)		Carrying amount included in "Financial assets of fair value through profit or loss"
	HKD		HKD
Listed investment funds	11	2,090,158,000,000	1,042,856
Unlisted investment funds	3	22,435,000,000	46,903,759

During the year, the Fund did not provide financial support to unconsolidated structured entities and has no intention of providing financial or other support.

The Fund can redeem units in the above investment funds on any respective dealing day.

## 16 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 July 2019

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, interpretations and new standards which are not yet effective for the year ended 31 July 2019 and which have not been adopted in these financial statements.

Of these developments, the following may be relevant to the Fund's operations and financial statements:

### Effective for accounting periods beginning on or after

IFRIC 23, <i>Uncertainty over income tax treatments</i>	1 January 2019
Annual Improvements to IFRSs 2015-2017 Cycle	1 January 2019

The Fund is in the process of making an assessment of what the impact of these amendments and interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have material impact on the Fund.

# Portfolio Statement (Unaudited)

## HSBC Managed Stable Fund

as at 31 July 2019

	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
<b>Financial assets</b>							
<b>Equities</b>							
Listed investments							
<b>Australia</b>				TELSTRA CORP LTD	2,287	48,987	0.01
AGL ENERGY LTD	1,151	130,225	0.04	WESFARMERS LTD	495	104,665	0.03
ALS LTD	1,315	51,225	0.01	WESTPAC BANKING CORP	1,737	268,501	0.08
AMCOR LTD	202	16,926	0.01	WHITEHAVEN COAL LTD	2,884	57,573	0.02
ANSELL LTD	390	58,707	0.02	WOODSIDE PETROLEUM LTD	776	145,282	0.04
ANZ BANKING GROUP LTD	1,420	213,831	0.06	WOOLWORTHS GROUP LTD	809	155,476	0.04
ASX LTD	123	58,964	0.02	XERO LTD	46	16,112	0.00
AURIZON HOLDINGS LTD	4,285	133,167	0.04			3,892,599	1.12
BENDIGO AND ADELAIDE BANK LTD	1,001	62,055	0.02	<b>Austria</b>			
BHP BILLITON LTD	1,905	418,939	0.12	ERSTE GROUP BANK AG	67	18,943	0.00
BLUESCOPE STEEL LTD	286	20,199	0.01	OMV AG	173	68,319	0.02
BORAL LTD	589	16,398	0.00	TELEKOM AUSTRIA AG	854	49,869	0.01
BRAMBLES LTD	796	56,347	0.02	VIENNA INSURANCE GROUP AG			
CIMIC GROUP LTD	156	30,881	0.01	WIENER VERSICHERUNG GRUPPE	150	30,330	0.01
COCA-COLA AMATIL LTD	264	15,127	0.00	VOESTALPINE AG	264	55,314	0.02
COMMONWEALTH BANK OF AUSTRALIA	980	435,159	0.13			222,775	0.06
CROWN RESORTS LTD	860	55,031	0.02	<b>Belgium</b>			
CSL LTD	215	266,361	0.08	ANHEUSER BUSCH INBEV NV	138	109,535	0.03
CSR LTD	3,231	70,253	0.02	ETABLISSEMENTEN FRANZ COLRUYT NV	115	47,278	0.01
DOWNER EDI LTD	307	11,959	0.00	KBC GROEP NV	81	41,143	0.01
FLIGHT CENTRE TRAVEL GROUP LTD	443	110,162	0.03	PROXIMUS SA	274	61,636	0.02
HARVEY NORMAN HOLDINGS LTD	2,886	68,357	0.02	SOFINA SA	23	35,120	0.01
ILUKA RESOURCES LTD	1,283	66,592	0.02	SOLVAY SA	20	16,187	0.01
INSURANCE AUSTRALIA GROUP LTD	1,724	80,273	0.02	UCB SA	109	67,089	0.02
MACQUARIE GROUP LTD	81	56,285	0.02			377,988	0.11
NATIONAL AUSTRALIA BANK LTD	1,409	216,736	0.06	<b>Canada</b>			
NEWCREST MINING LTD	72	13,822	0.00	BANK OF NOVA SCOTIA	130	54,603	0.02
OIL SEARCH LTD	838	32,147	0.01	BCE INC	145	51,551	0.02
OZ MINERALS LTD	271	15,045	0.00	CANADIAN IMPERIAL BANK OF COMMERCE	54	33,423	0.01
RIO TINTO LTD	174	92,847	0.03	CANADIAN NATIONAL RAILWAY CO	60	44,680	0.01
SONIC HEALTHCARE LTD	501	75,794	0.02	CANADIAN NATURAL RESOURCES LTD	126	25,109	0.01
SOUTH32 LTD	2,592	43,912	0.01	CANADIAN PACIFIC RAILWAY LTD	14	26,298	0.01
STAR ENTERTAINMENT GROUP LTD	2,412	53,877	0.02	CGI INC	28	16,955	0.01
SUNCORP GROUP LTD	664	48,400	0.01	CONSTELLATION SOFTWARE INC	2	14,971	0.00
				ENBRIDGE INC	148	38,890	0.01

## as at 31 July 2019

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# Portfolio Statement (Unaudited)

## HSBC Managed Stable Fund

as at 31 July 2019

	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
<b>Equities</b>							
Listed investments				WIRECARD AG	106	139,964	0.04
						2,821,190	0.81
AROUNDTOWN SA	1,765	111,250	0.03				
BASF SE	167	88,102	0.03	<b>Greece</b>			
BAYER AG	79	40,665	0.01	FOLLI FOLLIE COMMERCIAL			
BAYERISCHE MOTOREN WERKE AG	38	22,134	0.01	MANUFACTURING AND			
BEIERSDORF AG	78	71,449	0.02	TECHNICAL SA	191	–	–
BRENNTAG AG	45	17,539	0.00	JUMBO SA	446	68,608	0.02
CARL ZEISS MEDITEC AG	106	91,877	0.03			68,608	0.02
COVESTRO AG	121	43,354	0.01				
DAIMLER AG	87	35,691	0.01				
DEUTSCHE LUFTHANSA AG	351	43,976	0.01	<b>Hong Kong</b>			
DEUTSCHE POST AG	73	18,775	0.01	AAC TECHNOLOGIES HOLDINGS			
DEUTSCHE TELEKOM AG	790	102,453	0.03	INC	500	21,375	0.01
DEUTSCHE WOHNEN AG	274	79,332	0.02	AGILE PROPERTY HOLDINGS LTD	8,000	81,440	0.02
DWS GROUP GMBH & CO KGAA	234	61,765	0.02	AGRICULTURAL BANK OF CHINA			
E.ON SE	567	44,742	0.01	LTD FRAPORT FRANKFURT			
FRAPORT FRANKFURT AIRPORT				AIRPORT SERVICES WORLDWIDE			
SERVICES WORLDWIDE AG	88	58,075	0.02	AG H SHARES	80,796	257,739	0.07
FRESENIUS MEDICAL CARE AG &				AIA GROUP LTD	28,789	2,329,030	0.67
CO KGAA	63	34,537	0.01	ALIBABA HEALTH INFORMATION			
HANNOVER RUECK SE	55	67,925	0.02	TECHNOLOGY LTD	1,531	10,885	0.00
HEIDELBERGER ZEMENT AG	44	25,164	0.01	ALIBABA PICTURES GROUP LTD	59,833	95,134	0.03
HENKEL AG & CO KGAA	51	41,445	0.01	ANHUI CONCH CEMENT CO LTD H			
INFINEON TECHNOLOGIES AG	305	45,243	0.01	SHARES	4,992	228,384	0.07
KNORR BREMSE AG	124	99,103	0.03	ANTA SPORTS PRODUCTS LTD	2,751	161,759	0.05
LANXESS AG	27	12,910	0.00	AVICHINA INDUSTRY &			
LEG IMMOBILIEN AG	34	31,026	0.01	TECHNOLOGY CO LTD	7,000	29,610	0.01
MERCK KGAA	53	42,700	0.01	BAIC MOTOR CORP LTD	5,000	25,000	0.01
MTU AERO ENGINES AG	33	65,145	0.02	BANK OF CHINA LTD H SHARES	195,589	625,885	0.18
MUENCHENER				BANK OF COMMUNICATIONS CO			
RUECKVERSICHERUNGS-				LTD H SHARES	20,958	120,089	0.03
GESELLSCHAFT AG	22	41,857	0.01	BANK OF EAST ASIA LTD	4,353	98,813	0.03
PORSCHE AUTOMOBIL				BEIJING CAPITAL INTERNATIONAL			
HOLDING SE	138	71,780	0.02	AIRPORT CO LTD H SHARES	12,000	74,400	0.02
ROCKET INTERNET SE	62	13,477	0.00	BEIJING ENTERPRISES HOLDINGS			
RWE AG	613	130,681	0.04	LTD	2,000	76,900	0.02
SAP SE	274	266,795	0.08	BOC HONG KONG HOLDINGS LTD	8,696	261,750	0.08
SIEMENS AG	235	203,976	0.06	BYD CO LTD	2,227	109,791	0.03
SIEMENS HEALTHINEERS AG	38	12,524	0.00	BYD ELECTRONIC INTERNATIONAL			
TALANX AG	164	54,430	0.02	CO LTD	2,000	24,840	0.01
VONOVIA SE	102	39,347	0.01	CHINA AGRI-INDUSTRIES			
				HOLDINGS LTD	22,000	52,580	0.02

# Portfolio Statement (Unaudited)

## HSBC Managed Stable Fund

as at 31 July 2019

	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
<b>Equities</b>							
Listed investments				CHINA PETROLEUM & CHEMICAL CORP H SHARES	59,435	300,741	0.09
				CHINA RAILWAY CONSTRUCTION CORP H SHARES	13,746	125,226	0.04
CHINA CINDA ASSET MANAGEMENT CO LTD H SHARES	34,276	58,955	0.02	CHINA RAILWAY GROUP LTD H SHARES	14,996	82,778	0.02
CHINA CITIC BANK CORP LTD H SHARES	21,993	95,889	0.03	CHINA RESOURCES BEER HOLDINGS CO LTD	1,966	72,742	0.02
CHINA COMMUNICATIONS CONSTRUCTION CO LTD H SHARES	5,164	34,289	0.01	CHINA RESOURCES CEMENT HOLDINGS LTD	6,000	43,500	0.01
CHINA CONCH VENTURE HOLDINGS LTD	3,500	94,675	0.03	CHINA RESOURCES GAS GROUP LTD	472	18,833	0.01
CHINA CONSTRUCTION BANK CORP H SHARES	219,414	1,331,843	0.38	CHINA RESOURCES LAND LTD	7,935	267,806	0.08
CHINA EVERBRIGHT BANK CO LTD H SHARES	36,529	129,313	0.04	CHINA RESOURCES PHARMACEUTICAL GROUP LTD	5,500	47,135	0.01
CHINA EVERBRIGHT INTERNATIONAL LTD	2,000	13,900	0.00	CHINA SHENHUA ENERGY CO LTD H SHARES	8,231	128,404	0.04
CHINA EVERGRANDE GROUP	7,136	149,142	0.04	CHINA TAIPING INSURANCE HOLDINGS CO LTD	8,352	182,909	0.05
CHINA GAS HOLDINGS LTD	2,400	78,360	0.02	CHINA TELECOM CORP LTD H SHARES	40,272	141,757	0.04
CHINA JINMAO HOLDINGS GROUP LTD	2,845	14,510	0.00	CHINA TOWER CORP LTD	59,979	122,357	0.04
CHINA LIFE INSURANCE CO LTD H SHARES	18,011	362,922	0.10	CHINA TRADITIONAL CHINESE MEDICINE HOLDINGS CO LTD	6,000	21,600	0.01
CHINA LONGYUAN POWER GROUP CORP LTD	4,000	19,240	0.01	CHINA UNICOM HONG KONG LTD	15,599	119,488	0.03
CHINA MEDICAL SYSTEM HOLDINGS LTD	16,786	126,566	0.04	CHINA VANKE CO LTD H SHARES	4,017	119,104	0.03
CHINA MENGNIU DAIRY CO LTD	3,759	119,536	0.03	CHINA ZHONGWANG HOLDINGS LTD	17,200	68,972	0.02
CHINA MERCHANTS BANK CO LTD H SHARES	11,650	457,263	0.13	CHONGQING RURAL COMMERCIAL BANK CO LTD H SHARES	17,000	70,040	0.02
CHINA MERCHANTS PORT HOLDINGS CO LTD	3,870	50,387	0.01	CITIC LTD	21,077	219,201	0.06
CHINA MINSHENG BANKING CORP LTD H SHARES	23,470	127,207	0.04	CITIC SECURITIES CO LTD	12,182	184,679	0.05
CHINA MOBILE LTD	12,825	856,069	0.25	CK ASSET HOLDINGS LTD	7,694	456,639	0.13
CHINA NATIONAL BUILDING MATERIAL CO LTD	2,750	19,140	0.01	CK HUTCHISON HOLDINGS LTD	6,624	487,858	0.14
CHINA OVERSEAS LAND & INVESTMENT LTD	10,876	292,564	0.08	CK INFRASTRUCTURE HOLDINGS LTD	2,467	150,117	0.04
CHINA PACIFIC INSURANCE GROUP CO LTD H SHARES	8,322	280,451	0.08	CLP HOLDINGS LTD	4,352	371,008	0.11
				CNOOC LTD	42,042	544,023	0.16
				COSCO PACIFIC LTD	17,371	119,165	0.03
				COUNTRY GARDEN HOLDINGS CO LTD	18,400	196,512	0.06
				CRRC CORP LTD H SHARES	13,641	84,438	0.02

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	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
<b>Equities</b>							
Listed investments				INNOVENT BIOLOGICS INC	422	10,677	0.00
				JIANGSU EXPRESSWAY CO LTD H SHARES	5,000	52,900	0.02
				KERRY PROPERTIES LTD	1,895	56,092	0.02
CSPC PHARMACEUTICAL GROUP LTD	16,348	224,949	0.06	KINGBOARD CHEMICAL HOLDINGS LTD	1,500	29,220	0.01
DALI FOODS GROUP CO LTD	22,518	110,113	0.03	KINGBOARD LAMINATES HOLDINGS LTD	2,500	16,300	0.00
DONGFENG MOTOR GROUP CO LTD H SHARES	10,524	73,984	0.02	LEE & MAN PAPER MANUFACTURING LTD	10,000	48,100	0.01
ENN ENERGY HOLDINGS LTD	1,078	87,588	0.03	LENOVO GROUP LTD	10,000	63,600	0.02
FOSUN INTERNATIONAL LTD	5,500	56,870	0.02	LI NING CO LTD	9,685	188,470	0.05
GALAXY ENTERTAINMENT GROUP LTD	4,312	232,848	0.07	L'OCCITANE INTERNATIONAL SA	5,500	89,650	0.03
GEELY AUTOMOBILE HOLDINGS LTD	13,630	165,468	0.05	LOGAN PROPERTY HOLDINGS CO LTD	2,000	23,920	0.01
GENSCRIPT BIOTECH CORP	4,882	94,711	0.03	LONGFOR PROPERTIES	6,817	199,056	0.06
GF SECURITIES CO LTD	4,400	39,028	0.01	LUYE PHARMA GROUP LTD	10,500	64,155	0.02
GUANGDONG INVESTMENT LTD	4,000	66,000	0.02	MAANSHAN IRON & STEEL CO LTD	18,000	54,000	0.02
GUANGSHEN RAILWAY CO LTD	4,000	10,240	0.00	MEITUAN DIANPING	7,890	504,566	0.15
GUANGZHOU AUTOMOBILE GROUP CO LTD	10,400	83,720	0.02	METALLURGICAL CORPORATION OF CHINA LTD	8,000	15,360	0.00
GUANGZHOU R&F PROPERTIES CO LTD H SHARES	6,400	91,520	0.03	MTR CORP LTD	4,079	210,272	0.06
GUOTAI JUNAN SECURITIES CO LTD	9,602	122,329	0.04	NEW CHINA LIFE INSURANCE CO LTD	1,900	74,670	0.02
HAITIAN INTERNATIONAL HOLDINGS LTD	2,000	31,920	0.01	NEW WORLD DEVELOPMENT CO LTD	9,065	100,622	0.03
HAITONG SECURITIES CO LTD	2,800	21,980	0.01	NWS HOLDINGS LTD	5,650	82,490	0.02
HANG LUNG PROPERTIES LTD	7,575	140,289	0.04	PCCW LTD	21,088	94,263	0.03
HANG SENG BANK LTD	1,751	327,262	0.09	PEOPLE'S INSURANCE GROUP OF CHINA CO LTD H SHARES	4,000	13,240	0.00
HEALTH AND HAPPINESS (H&H) INTERNATIONAL HOLDINGS LTD	500	22,975	0.01	PETROCHINA CO LTD H SHARES	73,669	306,463	0.09
HENDERSON LAND DEVELOPMENT CO LTD	2,036	82,967	0.02	PICC PROPERTY AND CASUALTY CO LTD	21,011	196,873	0.06
HONG KONG AND CHINA GAS CO LTD	20,140	349,228	0.10	PING AN INSURANCE (GROUP) CO OF CHINA LTD H SHARES	12,761	1,191,877	0.34
HONG KONG EXCHANGES AND CLEARING LTD	2,639	700,918	0.20	POSTAL SAVINGS BANK OF CHINA CO LTD	24,000	109,680	0.03
HUATAI SECURITIES CO LTD	4,800	61,440	0.02	POWER ASSETS HOLDINGS LTD	4,065	228,250	0.07
HUTCHISON TELECOMMUNICATIONS HONG KONG HOLDINGS LTD	32,000	54,400	0.02	QINGDAO PORT INTERNATIONAL CO LTD	3,000	16,800	0.00
HYSAN DEVELOPMENT CO LTD	1,694	63,440	0.02	SA SA INTERNATIONAL HOLDINGS LTD	22,409	49,524	0.01
INDUSTRIAL AND COMMERCIAL BANK OF CHINA LTD H SHARES	202,486	1,073,176	0.31	SAMSONITE INTERNATIONAL SA	3,129	48,437	0.01

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as at 31 July 2019

	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
<b>Equities</b>							
Listed investments				WHEELock AND CO LTD	990	49,104	0.01
				WUXI BIOLOGICS CAYMAN INC	2,620	220,997	0.06
				WYNN MACAU LTD	800	14,288	0.00
SANDS CHINA LTD	5,297	201,816	0.06	XIAOMI CORP	18,055	163,398	0.05
SEMICONDUCTOR				XINYI GLASS HOLDINGS LTD	6,000	47,700	0.01
MANUFACTURING				XINYI SOLAR HOLDINGS LTD	14,150	61,128	0.02
INTERNATIONAL CORP	1,500	13,935	0.00	YUE YUEN INDUSTRIAL (HOLDINGS)			
SHANDONG WEIGAO GROUP				LTD	1,500	32,925	0.01
MEDICAL POLYMER CO LTD	8,000	60,160	0.02	YUEXIU PROPERTY CO LTD	32,000	56,960	0.02
SHANGHAI PHARMACEUTICALS				ZHEJIANG EXPRESSWAY CO LTD	11,300	86,106	0.02
HOLDING CO LTD H SHARES	2,500	37,800	0.01	ZHONGSHENG GROUP HOLDINGS			
SHENZHEN EXPRESSWAY CO LTD	8,000	74,560	0.02	LTD	1,500	33,000	0.01
SHENZHEN INTERNATIONAL				ZHUZHOU CSR TIMES ELECTRIC CO			
HOLDINGS LTD	3,238	47,081	0.01	LTD H SHARES	1,100	41,415	0.01
SHENZHEN INVESTMENT LTD	30,097	84,874	0.02	ZTE CORP	4,064	96,317	0.03
SHENZHOU INTERNATIONAL							
GROUP HOLDINGS LTD	1,752	190,442	0.05			29,907,441	8.60
SHIMAO PROPERTY HOLDINGS LTD	5,120	111,872	0.03				
SIHUAN PHARMACEUTICAL				<b>Hungary</b>			
HOLDINGS GROUP LTD	33,000	53,460	0.02	MAGYAR TELEKOM TAVKOZLESI			
SINO BIOPHARMACEUTICAL LTD	8,555	82,812	0.02	NYRT	3,718	42,530	0.01
SINO LAND CO LTD	3,595	45,872	0.01	RICHTER GEDEON VEGYESZETI			
SINOPHARM GROUP CO LTD H				GYAR NYRT	247	34,268	0.01
SHARES	3,123	91,192	0.03			76,798	0.02
SUN ART RETAIL GROUP LTD	5,500	43,780	0.01				
SUN HUNG KAI PROPERTIES LTD	3,709	470,672	0.14				
SUNAC CHINA HOLDINGS LTD	7,685	275,123	0.08	<b>India</b>			
SUNNY OPTICAL TECHNOLOGY				ADANI PORTS AND SPECIAL			
GROUP CO LTD	897	82,883	0.02	ECONOMIC ZONE LTD	365	15,660	0.00
SWIRE PACIFIC LTD	2,500	35,000	0.01	AUROBINDO PHARMA LTD	799	51,647	0.02
SWIRE PACIFIC LTD CLASS A	1,428	128,092	0.04	BAJAJ AUTO LTD	164	46,967	0.01
SWIRE PROPERTIES LTD	5,383	153,146	0.04	BAJAJ HOLDINGS AND			
TECHTRONIC INDUSTRIES CO LTD	1,918	112,874	0.03	INVESTMENT LTD	146	56,467	0.02
TENCENT HOLDINGS LTD	8,888	3,272,562	0.94	CIPLA LTD	841	49,577	0.01
TRAVELSKY TECHNOLOGY LTD	6,000	92,640	0.03	COLGATE-PALMOLIVE (INDIA) LTD	265	35,851	0.01
VITASOY INTERNATIONAL				CONTAINER CORPORATION OF			
HOLDINGS LTD	625	23,156	0.01	INDIA LTD	942	54,866	0.02
VTECH HOLDINGS LTD	1,100	75,845	0.02	DABUR INDIA LTD	285	13,856	0.00
WANT WANT CHINA HOLDINGS LTD	20,036	122,821	0.04	DIVI'S LABORATORIES LTD	316	58,596	0.02
WEICHAI POWER CO LTD	2,000	24,400	0.01	GLAXOSMITHKLINE CONSUMER			
WH GROUP LTD	27,374	211,054	0.06	HEALTHCARE LTD	5	4,182	0.00
WHARF REAL ESTATE INVESTMENT				GLENMARK PHARMACEUTICALS			
CO LTD	2,226	110,632	0.03	LTD	728	35,219	0.01

## as at 31 July 2019

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## HSBC Managed Stable Fund

as at 31 July 2019

	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
<b>Equities</b>							
Listed investments							
ANA HOLDINGS INC	286	75,509	0.02	HANKYU HANSHIN HOLDINGS INC	130	35,944	0.01
AOYAMA TRADING CO LTD	300	44,015	0.01	HASEKO CORP	862	73,707	0.02
AOZORA BANK LTD	100	18,010	0.01	HIROSE ELECTRIC CO LTD	54	44,655	0.01
ARIAKE JAPAN CO LTD	100	48,882	0.01	HITACHI LTD	102	28,621	0.01
ASAHI GROUP HOLDINGS LTD	200	68,276	0.02	HONDA MOTOR CO LTD	674	131,712	0.04
ASAHI KASEI CORP	700	56,171	0.02	HORIBA LTD	140	59,552	0.02
ASTELLAS PHARMA INC	471	52,753	0.02	HOYA CORP	344	208,455	0.06
AUTOBACS SEVEN CO LTD	400	51,160	0.01	HULIC CO LTD	200	13,525	0.00
BANDAI NAMCO HOLDINGS INC	100	42,537	0.01	INPEX CORP	900	62,376	0.02
BRIDGESTONE CORP	160	47,295	0.01	ITOCHU CORP	330	49,535	0.01
BROTHER INDUSTRIES LTD	500	70,114	0.02	JAPAN AIRLINES CO LTD	250	61,769	0.02
CANON INC	733	156,982	0.05	JAPAN AVIATION ELECTRONICS INDUSTRY LTD	640	70,413	0.02
CENTRAL JAPAN RAILWAY CO	134	211,768	0.06	JAPAN EXCHANGE GROUP INC	200	23,114	0.01
CHUGAI PHARMACEUTICAL CO LTD	100	56,235	0.02	JAPAN POST BANK CO LTD	200	15,256	0.00
CHUGOKU BANK LTD	800	54,851	0.02	JAPAN POST HOLDINGS CO LTD	700	53,900	0.02
DAICEL CORP	730	48,736	0.01	JAPAN TOBACCO INC	300	52,331	0.02
DAI-CHI LIFE INSURANCE CO LTD	1,327	153,745	0.04	JFE HOLDINGS INC	200	20,872	0.01
DAIICHI SANKYO CO LTD	216	103,513	0.03	JTEKT CORP	700	65,507	0.02
DAIICHIKOSHO CO LTD	200	65,103	0.02	JX HOLDINGS INC	1,550	57,518	0.02
DAIKIN INDUSTRIES LTD	78	76,396	0.02	KAJIMA CORP	200	20,302	0.01
DAITO TRUST CONSTRUCTION CO LTD	76	77,122	0.02	KAMIGUMI CO LTD	340	61,527	0.02
DAIWA HOUSE INDUSTRY CO LTD	333	74,690	0.02	KANDENKO CO LTD	700	48,146	0.01
DAIWA SECURITIES GROUP INC	960	32,634	0.01	KANSAI MIRAI FINANCIAL GROUP INC	1,100	58,290	0.02
DENA CO LTD	400	60,129	0.02	KAO CORP	305	175,454	0.05
DENSO CORP	120	40,126	0.01	KDDI CORP	1,054	216,837	0.06
DISCO CORP	55	80,218	0.02	KEYENCE CORP	63	286,742	0.08
EAST JAPAN RAILWAY CO	177	127,675	0.04	KINDEN CORP	600	71,635	0.02
ELECTRIC POWER DEVELOPMENT CO LTD	400	70,568	0.02	KIRIN HOLDINGS CO LTD	400	68,348	0.02
EXEDY CORP	350	56,347	0.02	KOKUYO CO LTD	500	53,099	0.02
FAMILYMART UNY HOLDINGS CO LTD	400	67,194	0.02	KOMATSU LTD	200	35,263	0.01
FANUC CORP	56	78,851	0.02	KOMERI CO LTD	300	48,622	0.01
FAST RETAILING CO LTD	15	70,889	0.02	KONAMI HOLDINGS CORP	148	49,510	0.01
FUJII HEAVY INDUSTRIES LTD	403	73,930	0.02	KOSE CORP	60	80,503	0.02
FUJIFILM HOLDINGS CORP	44	16,435	0.00	K'S HOLDINGS CORP	800	57,447	0.02
FUJITSU LTD	129	79,454	0.02	KUBOTA CORP	600	73,214	0.02
GUNMA BANK LTD	1,700	46,084	0.01	KURITA WATER INDUSTRIES LTD	60	11,974	0.00
HAMAMATSU PHOTONICS KK	286	83,819	0.02	KYOCERA CORP	100	48,233	0.01
				KYUSHU ELECTRIC POWER CO INC	400	31,232	0.01
				KYUSHU RAILWAY CO	314	70,405	0.02
				MAEDA CORP	700	41,384	0.01
				MARUBENI CORP	1,507	77,141	0.02

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	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
<b>Equities</b>							
Listed investments							
MARUICHI STEEL TUBE LTD	240	49,729	0.01	OBAYASHI CORP	1,000	74,692	0.02
MAZDA MOTOR CORP	200	15,559	0.00	OBIC CO LTD	114	95,916	0.03
MEDIPAL HOLDINGS CORP	100	16,755	0.00	ORACLE CORP JAPAN	72	47,134	0.01
MEGMILK SNOW BRAND CO LTD	354	59,722	0.02	ORIENTAL LAND CO LTD	40	41,643	0.01
MEIJI HOLDINGS CO LTD	60	32,746	0.01	ORIX CORP	1,116	125,638	0.04
MITSUBISHI CORP	529	111,996	0.03	OSAKA GAS CO LTD	708	102,293	0.03
MITSUBISHI ELECTRIC CORP	727	75,084	0.02	OSG CORP	149	23,386	0.01
MITSUBISHI ESTATE CO LTD	560	81,233	0.02	PANASONIC CORP	300	20,000	0.01
MITSUBISHI SHOKUHN CO LTD	258	50,967	0.01	PARK24 CO LTD	100	17,152	0.00
MITSUBISHI UFJ FINANCIAL GROUP INC	4,574	172,866	0.05	PERSOL HOLDINGS CO LTD	500	95,781	0.03
mitsui & co ltd	427	54,767	0.02	PILOT CORP	167	49,605	0.01
mitsui fudosan co ltd	200	35,637	0.01	POLA ORBIS HOLDINGS INC	300	59,328	0.02
MIZUHO FINANCIAL GROUP INC	11,796	131,310	0.04	RECRUIT HOLDINGS CO LTD	892	239,106	0.07
MONOTARO CO LTD	400	69,098	0.02	RESONA HOLDINGS INC	1,200	38,448	0.01
MORINAGA MILK INDUSTRY CO LTD	200	61,210	0.02	RYOHIN KEIKAKU CO LTD	10	14,008	0.00
MS&AD INSURANCE GROUP HOLDINGS INC	463	119,537	0.03	SANKYO CO LTD	160	43,373	0.01
MURATA MANUFACTURING CO LTD	171	59,707	0.02	SECOM CO LTD	100	61,650	0.02
NAGOYA RAILROAD CO LTD	100	21,665	0.01	SEGA SAMMY HOLDINGS INC	300	30,367	0.01
NEXON CO LTD	999	124,747	0.04	SEIKO EPSON CORP	600	69,645	0.02
NGK INSULATORS LTD	600	70,597	0.02	SEINO HOLDINGS CO LTD	500	49,206	0.01
NH FOODS LTD	50	14,618	0.00	SEVEN & I HOLDINGS CO LTD	412	110,736	0.03
NIDEC CORP	70	74,263	0.02	SHIMACHU CO LTD	300	52,277	0.02
NIHON M&A CENTER INC	587	124,931	0.04	SHIMAMURA CO LTD	70	38,961	0.01
NIHON UNISYS LTD	229	59,519	0.02	SHIMANO INC	116	129,044	0.04
NIKON CORP	200	21,312	0.01	SHIMIZU CORP	300	19,055	0.01
NINTENDO CO LTD	28	80,950	0.02	SHIN ETSU CHEMICAL CO LTD	240	193,017	0.06
NIPPON EXPRESS CO LTD	40	17,765	0.01	SHIONOGI & CO LTD	218	95,198	0.03
NIPPON TELEGRAPH AND TELEPHONE CORP	449	159,332	0.05	SHISEIDO CO LTD	117	67,871	0.02
NIPPON TELEVISION HOLDINGS INC	530	57,432	0.02	SMC CORP	14	40,233	0.01
NISSAN MOTOR CO LTD	1,062	54,424	0.02	SOFTBANK CORP	702	284,844	0.08
NISSHIN SEIFUN GROUP INC	100	14,888	0.00	SOFTBANK CORP	495	52,426	0.02
NITORI HOLDINGS CO LTD	40	42,479	0.01	SOJITZ CORP	600	14,794	0.00
NITTO DENKO CORP	236	91,710	0.03	SOMPO HOLDINGS INC	200	65,348	0.02
NOMURA HOLDINGS INC	1,300	32,204	0.01	SONY CORP	504	224,198	0.06
NTT DATA CORP	300	31,038	0.01	SONY FINANCIAL HOLDINGS INC	400	76,451	0.02
NTT DOCOMO INC	906	170,811	0.05	SQUARE ENIX HOLDINGS CO LTD	60	16,200	0.00
				SUGI HOLDINGS CO LTD	150	56,884	0.02
				SUMITOMO CORP	670	78,423	0.02
				SUMITOMO HEAVY INDUSTRIES LTD	240	61,167	0.02
				SUMITOMO MITSUI FINANCIAL GROUP INC	685	188,013	0.05

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	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
<b>Equities</b>							
Listed investments				YAMATO KOGYO CO LTD	172	35,243	0.01
				ZEON CORP	800	73,481	0.02
						13,806,817	3.97
SUMITOMO MITSUI TRUST HOLDINGS INC	200	53,842	0.02				
SUMITOMO REALTY & DEVELOPMENT CO LTD	182	52,185	0.02	<b>Malaysia</b>			
SUNDRUG CO LTD	200	43,619	0.01	ALLIANCE BANK MALAYSIA BHD	4,600	32,112	0.01
SUNTORY BEVERAGE & FOOD LTD	100	31,254	0.01	GENTING BHD	1,100	14,336	0.01
SUZUKI MOTOR CORP	190	58,478	0.02	HONG LEONG FINANCIAL GROUP BHD	1,600	54,572	0.02
T&D HOLDINGS INC	886	78,314	0.02	IOI CORPORATION BHD	5,800	46,101	0.01
TAIHEYO CEMENT CORP	100	22,170	0.01	KUALA LUMPUR KEPONG BHD	1,800	80,652	0.02
TAISEI CORP	100	27,180	0.01	MALAYSIA AIRPORTS HOLDINGS BHD	4,400	70,029	0.02
TAISHO PHARMACEUTICAL HOLDINGS CO LTD	20	12,011	0.00	PPB GROUP BHD	400	14,189	0.00
TAKEDA PHARMACEUTICAL CO LTD	375	98,277	0.03	PUBLIC BANK BHD	1,700	70,625	0.02
TEIJIN LTD	400	54,534	0.02	RHB BANK BHD	5,300	55,297	0.02
TERUMO CORP	100	22,941	0.01	TENAGA NASIONAL BHD	3,042	79,750	0.02
TIS INC	35	14,358	0.00			517,663	0.15
TOBU RAILWAY CO LTD	100	22,422	0.01				
TOHOKU ELECTRIC POWER CO INC	860	67,645	0.02	<b>Netherlands</b>			
TOKAI TOKYO FINANCIAL HOLDINGS INC	635	15,199	0.00	ABN AMRO BANK NV	122	19,097	0.00
TOKIO MARINE HOLDINGS INC	484	202,285	0.06	AKZO NOBEL NV	133	99,051	0.03
TOKYO ELECTRIC POWER COMPANY HOLDINGS INC	100	3,785	0.00	ARCELORMITTAL SA	178	22,523	0.01
TOKYO ELECTRON LTD	37	49,870	0.01	ASML HOLDING NV	176	311,084	0.09
TOKYO GAS CO LTD	240	47,091	0.01	GALAPAGOS NV	112	154,133	0.04
TOPPAN PRINTING CO LTD	100	12,819	0.00	HEINEKEN NV	109	92,264	0.03
TOSHIBA CORP	227	57,035	0.02	ING GROEP NV	676	59,342	0.02
TOSOH CORP	700	77,367	0.02	KONINKLUKE AHOLD DELHAIZE NV	312	55,622	0.02
TOYO SUISAN KAISHA LTD	230	72,879	0.02	KONINKLUKE PHILIPS NV	399	147,742	0.04
TOYOTA MOTOR CORP	1,240	627,945	0.18	RANDSTAD NV	146	57,949	0.02
TREND MICRO INC	100	34,354	0.01	UNILEVER NV	535	244,006	0.07
TS TECH CO LTD	270	58,690	0.02	WOLTERS KLUWER NV	92	52,568	0.01
TSUMURA & CO	240	52,083	0.01			1,315,381	0.38
TV ASAHI HOLDINGS CORP	400	51,708	0.01				
UBE INDUSTRIES LTD	300	49,293	0.01	<b>New Zealand</b>			
ULVAC INC	210	69,645	0.02	A2 MILK COMPANY LTD	485	45,153	0.01
USS CO LTD	600	93,740	0.03	AIR NEW ZEALAND LTD	1,100	15,430	0.01
WEST JAPAN RAILWAY CO	162	104,393	0.03	AUCKLAND INTERNATIONAL AIRPORT LTD	499	23,989	0.01
YAMADA DENKI CO LTD	300	10,404	0.00	CONTACT ENERGY LTD	352	14,167	0.00
YAMAHA CORP	70	26,041	0.01				

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## HSBC Managed Stable Fund

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	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
<b>Equities</b>							
Listed investments							
INDUSTRIAL BANK OF KOREA	625	54,379	0.02	CORPORACION FINANCIERA ALBA SA	144	58,297	0.02
KANGWON LAND INC	268	54,526	0.02	ENDESA SA	286	55,711	0.02
KB FINANCIAL GROUP INC	261	74,947	0.02	IBERDROLA SA	1,055	78,801	0.02
KIA MOTORS CORP	293	84,814	0.02	INDUSTRIA DE DISEÑO TEXTIL SA	274	64,549	0.02
KOREA ZINC INC	23	67,339	0.02	MAPFRE SA	2,670	58,013	0.02
KT&G CORP	62	39,504	0.01	REPSOL SA	652	81,743	0.03
LG CORP	47	21,986	0.01	TELEFONICA SA	722	43,551	0.01
LG UPLUS CORP	604	51,952	0.01			890,202	0.26
LOTTE CHEMICAL CORP	32	49,332	0.01				
LOTTE CHILSUNG BEVERAGE CO LTD	60	57,563	0.02	<b>Sweden</b>			
NCSOFT CORP	20	63,716	0.02	AB SKF	448	58,088	0.02
NH INVESTMENT & SECURITIES CO LTD	430	37,270	0.01	ALFA LAVAL AB	93	13,743	0.00
NONGSHIM CO LTD	11	17,104	0.01	ATLAS COPCO AB	185	44,835	0.01
S1 CORP	85	58,770	0.02	BOLIDEN AB	589	105,760	0.03
SAMSUNG ELECTRONICS CO LTD	399	97,678	0.03	CASTELLUM AB	80	12,827	0.00
SAMSUNG ELECTRONICS CO LTD	2,500	750,138	0.22	EPIROC AB	187	16,190	0.01
SAMSUNG FIRE & MARINE INSURANCE CO LTD	43	51,496	0.01	FASTIGHETS AB BALDER	235	63,702	0.02
SAMSUNG FIRE & MARINE INSURANCE CO LTD	44	76,565	0.02	ICA GRUPPEN AB	181	63,390	0.02
SHINHAN FINANCIAL GROUP CO LTD	209	60,153	0.02	LUNDIN PETROLEUM AB	462	115,207	0.03
SK HYNIX INC	377	191,819	0.06	SANDVIK AB	372	45,274	0.01
SK TELECOM CO LTD	11	18,086	0.01	SECURITAS AB	91	11,138	0.00
WOONGJIN COWAY CO LTD	29	16,098	0.00	SWEDBANK AB	217	23,409	0.01
WOORI FINANCIAL GROUP INC	1,325	114,845	0.03	TELEFONAKTIEBOLAGET LM ERICSSON	811	56,316	0.02
YUHAN CORP	32	45,839	0.01	TELIAISONERA AB	1,110	39,083	0.01
		2,386,710	0.69	TRELLEBORG AB	270	29,423	0.01
				VOLVO AB	484	56,970	0.02
						755,355	0.22
<b>Spain</b>				<b>Switzerland</b>			
AENA SME SA	52	74,372	0.02	ABB LTD	303	45,053	0.01
AMADEUS IT HOLDING SA	184	114,438	0.03	ADECCO SA	194	83,539	0.02
BANCO BILBAO VIZCAYA ARGENTARIA SA	1,806	72,398	0.02	ALCON AG	129	59,160	0.02
BANCO DE SABADELL SA	1,651	11,391	0.00	BALOISE HOLDING AG	59	83,925	0.02
BANCO SANTANDER SA	4,950	166,658	0.05	COMPAGNIE FINANCIERE RICHEMONT SA	35	23,634	0.01
BANKINTER SA	201	10,280	0.00	CREDIT SUISSE GROUP AG	754	71,721	0.02
				DKSH HOLDING AG	124	49,317	0.01
				EMS CHEMIE HOLDING AG	21	103,447	0.03
				FLUGHAFEN ZUERICH AG	40	57,436	0.02

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	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
<b>Equities</b>							
Listed investments							
GEBERIT AG	11	39,966	0.01	SINOPAC FINANCIAL HOLDINGS CO LTD	29,998	93,640	0.03
GEORG FISCHER AG	8	54,400	0.02	TAISHIN FINANCIAL HOLDING CO LTD	5,000	18,377	0.01
HELVETIA HOLDING AG	28	28,051	0.01	TAIWAN BUSINESS BANK	18,659	62,942	0.02
LOGITECH INTERNATIONAL SA	107	34,874	0.01	TAIWAN COOPERATIVE FINANCIAL HOLDING CO LTD	5,000	26,432	0.01
NESTLE SA	816	681,986	0.20	TAIWAN HIGH SPEED RAIL CORP	4,112	43,062	0.01
NOVARTIS LTD	611	441,858	0.13	TAIWAN SEMICONDUCTOR MANUFACTURING CO	13,365	873,080	0.25
ROCHE HOLDING AG	223	470,172	0.14	UNI-PRESIDENT ENTERPRISES CORP	2,000	40,681	0.01
SGS SA	6	116,707	0.03	UNITED MICROELECTRONICS CORP	6,000	20,844	0.01
SONOVA HOLDING AG	51	92,547	0.03	WALSIN TECHNOLOGY CORP	1,000	44,558	0.01
STRAUMANN HOLDING AG	13	83,569	0.02	WAN HAI LINES LTD	3,000	15,671	0.00
SWATCH GROUP AG	8	18,332	0.01	YAGEO CORP	1,000	66,962	0.02
SWISS RE AG	107	81,694	0.02	YUANTA FINANCIAL HOLDINGS CO LTD	5,000	22,027	0.01
SWISSCOM AG	21	80,117	0.02	YULON NISSAN MOTOR CO LTD	431	29,512	0.01
UBS GROUP AG	2,004	175,807	0.05			2,159,176	0.62
ZURICH INSURANCE GROUP AG	25	68,494	0.02				
		3,045,806	0.88				
<b>Taiwan</b>				<b>Thailand</b>			
CATCHER TECHNOLOGY CO LTD	286	16,631	0.00	ADVANCED INFO SERVICE PCL	500	27,107	0.01
CHINA DEVELOPMENT FINANCIAL HOLDING CORP	22,000	51,395	0.01	AIRPORTS OF THAILAND PCL	7,867	143,668	0.04
CHINA LIFE INSURANCE CO LTD	9,129	59,176	0.02	BANGKOK BANK PCL (FOREIGN REG)	1,827	84,168	0.02
CHINA MOTOR CORP	2,000	12,864	0.00	BANGKOK DUSIT MEDICAL SERVICES PCL	3,000	19,089	0.01
CHUNGHWA TELECOM CO LTD	1,501	40,809	0.01	BANGKOK LIFE ASSURANCE PCL	5,510	36,463	0.01
CTBC FINANCIAL HOLDING CO LTD	18,133	92,664	0.03	BANGKOK LIFE ASSURANCE PCL	670	4,434	0.00
E.SUN FINANCIAL HOLDING CO LTD	17,430	114,082	0.03	BUMRUNGRAD HOSPITAL PCL	700	30,377	0.01
EVA AIRWAYS CORP	10,000	36,754	0.01	CP ALL PCL	1,739	38,176	0.01
FAR EASTONE TELECOMMUNICATIONS CO LTD	1,000	17,999	0.00	KASIKORNBANK PCL (FOREIGN REG)	1,843	81,152	0.02
FIRST FINANCIAL HOLDING CO LTD	5,000	29,453	0.01	PTT EXPLORATION AND PRODUCTION PCL	700	24,142	0.01
FORMOSA PETROCHEMICAL CORP	1,000	26,684	0.01	PTT PCL	2,692	32,375	0.01
FORMOSA PLASTICS CORP	3,000	75,899	0.02			521,151	0.15
HON HAI PRECISION INDUSTRY CO LTD	3,166	62,644	0.02				
HUA NAN FINANCIAL HOLDINGS CO LTD	4,000	22,103	0.01				
LITE-ON TECHNOLOGY CORP	1,000	11,152	0.00				
MEGA FINANCIAL HOLDING CO LTD	7,000	56,565	0.02				
NANYA TECHNOLOGY CORP	4,000	74,514	0.02				
				<b>Turkey</b>			
				COCA-COLA ICECEK AS	786	36,794	0.01
				ISKENDERUN DEMIR VE CELIK AS	1,810	17,782	0.01

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# Portfolio Statement (Unaudited)

## HSBC Managed Stable Fund

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	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
<b>Equities</b>							
Listed investments							
<b>United States of America</b>							
3M CO	61	83,429	0.02	BERKSHIRE HATHAWAY INC CLASS B	134	215,483	0.06
ABBOTT LABORATORIES	232	158,180	0.05	BEST BUY CO INC	25	14,977	0.00
ABBVIE INC	162	84,482	0.02	BIOGEN IDEC INC	20	37,233	0.01
ABIOMED INC	46	100,305	0.03	BOEING CO	89	237,694	0.07
ACCENTURE PLC CLASS A	133	200,497	0.06	BOOKING HOLDINGS INC	5	73,841	0.02
ACTIVISION BLIZZARD INC	93	35,482	0.01	BRISTOL MYERS SQUIBB CO	185	64,313	0.02
ADOBE SYSTEMS INC	48	112,293	0.03	BROADCOM INC	20	45,400	0.01
AFLAC INC	80	32,965	0.01	BROADRIDGE FINANCIAL SOLUTIONS INC	75	74,631	0.02
AGILENT TECHNOLOGIES INC	140	76,067	0.02	BROWN-FORMAN CORP	32	13,730	0.00
AIR PRODUCTS AND CHEMICALS INC	61	108,999	0.03	BURLINGTON STORES INC	51	72,160	0.02
AKAMAI TECHNOLOGIES INC	19	13,108	0.00	CABOT OIL & GAS CORP	61	9,149	0.00
ALASKA AIR GROUP INC	102	50,590	0.01	CADENCE DESIGN SYSTEMS INC	32	18,514	0.01
ALEXION PHARMACEUTICALS INC	24	21,284	0.01	CAPITAL ONE FINANCIAL CORP	62	44,854	0.01
ALLSTATE CORP	74	62,213	0.02	CARDINAL HEALTH INC	33	11,813	0.00
ALPHABET INC	33	314,686	0.09	CBS CORP	34	13,709	0.00
ALPHABET INC	31	295,246	0.08	CDW CORP	15	13,874	0.00
ALTRIA GROUP INC	209	77,008	0.02	CELGENE CORP	69	49,616	0.01
AMAZON.COM INC	49	716,035	0.21	CENTENE CORP	38	15,495	0.00
AMEREN CORP	136	80,579	0.02	CENTERPOINT ENERGY INC	479	108,775	0.03
AMERICAN AIRLINES GROUP INC	148	35,347	0.01	CERNER CORP	30	16,826	0.00
AMERICAN ELECTRIC POWER COMPANY INC	47	32,306	0.01	CHECK POINT SOFTWARE TECHNOLOGIES LTD	80	70,107	0.02
AMERICAN EXPRESS CO	12	11,683	0.00	CHEVRON CORP	219	211,049	0.06
AMERIPRISE FINANCIAL INC	10	11,390	0.00	CIGNA CORP	45	59,855	0.02
AMGEN INC	65	94,934	0.03	CINTAS CORP	9	18,348	0.01
AMPHENOL CORP	31	22,646	0.01	CISCO SYSTEMS INC	501	217,267	0.06
ANSYS INC	58	92,220	0.03	CITIGROUP INC	164	91,353	0.03
ANTHEM INC	32	73,798	0.02	CITRIX SYSTEMS INC	96	70,819	0.02
APPLE INC	502	837,163	0.24	CMS ENERGY CORP	30	13,672	0.00
ARCHER DANIELS MIDLAND CO	53	17,043	0.00	COCA COLA CO	359	147,902	0.04
ARISTA NETWORKS INC	6	12,843	0.00	COCA-COLA EUROPEAN PARTNERS PLC	158	68,371	0.02
AT&T INC	976	260,143	0.07	COGNIZANT TECHNOLOGY SOLUTIONS CORP	144	73,427	0.02
AUTOMATIC DATA PROCESSING INC	45	58,658	0.02	COLGATE PALMOLIVE CO	103	57,842	0.02
AUTOZONE INC	3	26,373	0.01	COMCAST CORP CLASS A	501	169,303	0.05
AVANGRID INC	142	56,189	0.02	CONCHO RESOURCES INC	20	15,293	0.00
BANK OF AMERICA CORP	682	163,789	0.05	CONOCOPHILLIPS	133	61,509	0.02
BAXTER INTERNATIONAL INC	157	103,197	0.03	CONSTELLATION BRANDS INC	15	23,110	0.01
BECTON DICKINSON & CO	38	75,198	0.02	COSTAR GROUP INC	4	19,269	0.01
				COSTCO WHOLESALE CORP	17	36,679	0.01



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	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
<b>Equities</b>							
Listed investments							
				GLOBAL PAYMENTS INC	17	22,346	0.01
				HASBRO INC	87	82,513	0.02
				HCA HEALTHCARE INC	27	28,218	0.01
				HERBALIFE LTD	56	17,982	0.01
				HERSHEY CO	13	15,441	0.00
				HOLLYFRONTIER CORP	151	58,829	0.02
				HONEYWELL INTERNATIONAL INC	73	98,550	0.03
				HP INC	537	88,443	0.03
				HUMANA INC	18	41,813	0.01
				HUNTINGTON BANCSHARES INC	118	13,163	0.00
				HUNTINGTON INGALLS INDUSTRIES INC	35	62,549	0.02
				IDEXX LABORATORIES INC	8	17,663	0.01
				ILLUMINA INC	15	35,153	0.01
				INTEL CORP	591	233,859	0.07
				INTERNATIONAL BUSINESS MACHINES CORP	90	104,437	0.03
				INTERNATIONAL PAPER CO	43	14,780	0.00
				INTUIT INC	50	108,538	0.03
				INTUITIVE SURGICAL INC	20	81,333	0.02
				J B HUNT TRANSPORT SERVICES INC	75	60,101	0.02
				J M SMUCKER CO	65	56,575	0.02
				JOHNSON & JOHNSON	264	269,108	0.08
				JPMORGAN CHASE & CO	205	186,147	0.05
				JUNIPER NETWORKS INC	291	61,549	0.02
				KANSAS CITY SOUTHERN	69	66,835	0.02
				KELLOGG CO	104	47,397	0.01
				KIMBERLY-CLARK CORP	41	43,536	0.01
				KLA-TENCOR CORP	57	60,825	0.02
				KROGER CO	89	14,742	0.00
				LAM RESEARCH CORP	55	89,814	0.03
				LIBERTY GLOBAL PLC SERIES C	67	13,657	0.00
				LINDE PLC	21	31,444	0.01
				LOEWS CORP	153	64,123	0.02
				LOWE'S COMPANIES INC	80	63,500	0.02
				LYONDELLBASELL INDUSTRIES NV	80	52,409	0.02
				MACY'S INC	187	33,273	0.01
				MANPOWERGROUP INC	79	56,491	0.02
				MARATHON PETROLEUM CORP	155	68,419	0.02
				MASTERCARD INC CLASS A	99	210,999	0.06
				MAXIM INTEGRATED PRODUCTS INC	29	13,437	0.00
CSX CORP	136	74,947	0.02				
CUMMINS INC	16	20,540	0.01				
CVS HEALTH CORP	77	33,676	0.01				
DANAHER CORP	68	74,788	0.02				
DARDEN RESTAURANTS INC	57	54,239	0.02				
DELTA AIR LINES INC	129	61,638	0.02				
DEVON ENERGY CORP	55	11,624	0.00				
DISCOVERY COMMUNICATIONS INC CLASS C	24	5,305	0.00				
DOLLAR GENERAL CORP	94	98,615	0.03				
DR.REDDY'S LABORATORIES LTD	42	12,102	0.00				
DTE ENERGY CO	17	16,915	0.00				
DUKE ENERGY CORP	75	50,913	0.01				
DXC TECHNOLOGY CO	104	45,402	0.01				
EDWARDS LIFESCIENCES CORP	22	36,656	0.01				
ELECTRONIC ARTS INC	84	60,823	0.02				
ELI LILLY AND CO	26	22,174	0.01				
ENTERGY CORP	108	89,293	0.03				
EOG RESOURCES INC	64	43,010	0.01				
EVERGY INC	27	12,785	0.00				
EXELON CORP	341	120,279	0.03				
EXPEDITORS INTERNATIONAL OF WASHINGTON INC	118	70,524	0.02				
EXXON MOBIL CORP	484	281,728	0.08				
FACEBOOK INC CLASS A	241	366,420	0.11				
FEDEX CORP	34	45,386	0.01				
FIDELITY NATIONAL FINANCIAL INC	194	65,118	0.02				
FIDELITY NATIONAL INFORMATION SERVICES INC	98	102,221	0.03				
FIRST REPUBLIC BANK	18	14,000	0.00				
FISERV INC	126	103,987	0.03				
FLEETCOR TECHNOLOGIES INC	9	20,020	0.01				
FOOT LOCKER INC	294	94,496	0.03				
FORTIVE CORP	31	18,455	0.01				
GAP INC	276	42,130	0.01				
GARTNER INC	9	9,816	0.00				
GENERAL ELECTRIC CO	2,172	177,673	0.05				
GENERAL MILLS INC	57	23,697	0.01				
GENUINE PARTS CO	15	11,404	0.00				
GILEAD SCIENCES INC	227	116,425	0.03				

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	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
<b>Equities</b>							
Listed investments				PUBLIC SERVICE ENTERPRISE GROUP INC	48	21,474	0.01
MCDONALD'S CORP	76	125,362	0.04	PVH CORP	57	39,675	0.01
MCKESSON CORP	22	23,929	0.01	QIAGEN NV	258	77,532	0.02
MEDTRONIC PLC	137	109,323	0.03	QUALCOMM INC	34	19,471	0.01
MERCK & CO INC	228	148,117	0.04	OURATE RETAIL INC	306	33,870	0.01
METLIFE INC	247	95,553	0.03	RALPH LAUREN CORP	45	36,716	0.01
METTLER-TOLEDO INTERNATIONAL INC	17	100,704	0.03	REGENERON PHARMACEUTICALS INC	20	47,713	0.01
MICRON TECHNOLOGY INC	295	103,661	0.03	ROBERT HALF INTERNATIONAL INC	148	69,987	0.02
MICROSOFT CORP	795	848,033	0.24	ROSS STORES INC	80	66,399	0.02
MOLSON COORS BREWING CO	99	41,840	0.01	SALESFORCE.COM INC	42	50,795	0.01
MONDELEZ INTERNATIONAL INC	157	65,738	0.02	SKYWORKS SOLUTIONS INC	98	65,421	0.02
MORGAN STANLEY	32	11,162	0.00	SNAP-ON INC	49	58,536	0.02
MOTOROLA SOLUTIONS INC	17	22,085	0.01	SOUTHERN CO	225	98,984	0.03
NETFLIX INC	30	75,850	0.02	SOUTHWEST AIRLINES CO	138	55,665	0.02
NEWMONT GOLDCORP CORP	55	15,723	0.00	STARBUCKS CORP	38	28,167	0.01
NEXTERA ENERGY INC	14	22,704	0.01	STATE STREET CORP	255	115,954	0.03
NIKE INC	107	72,057	0.02	STEEL DYNAMICS INC	471	116,176	0.03
NORDSTROM INC	108	27,992	0.01	STRYKER CORP	35	57,475	0.02
NORFOLK SOUTHERN CORP	67	100,237	0.03	SYNOPSYS INC	89	92,492	0.03
NUCOR CORP	146	62,149	0.02	SYSICO CORP	50	26,838	0.01
NVIDIA CORP	141	186,222	0.05	T. ROWE PRICE GROUP INC	25	22,190	0.01
NXP SEMICONDUCTORS NV	41	33,182	0.01	TAPESTRY INC	104	25,180	0.01
OCCIDENTAL PETROLEUM CORP	96	38,596	0.01	TE CONNECTIVITY LTD	126	91,136	0.03
OLD DOMINION FREIGHT LINE INC	97	126,789	0.04	TEXAS INSTRUMENTS INC	160	156,571	0.05
OMNICOM GROUP INC	25	15,699	0.00	THE HOME DEPOT INC	135	225,820	0.06
ORACLE CORP	278	122,518	0.04	THE TRAVELERS COS INC	74	84,932	0.02
O'REILLY AUTOMOTIVE INC	8	23,844	0.01	THE WALT DISNEY CO	185	207,102	0.06
PAYCHEX INC	130	84,514	0.02	THERMO FISHER SCIENTIFIC INC	39	84,772	0.02
PAYPAL HOLDINGS INC	110	95,062	0.03	TIFFANY & CO	55	40,436	0.01
PEPSICO INC	235	235,114	0.07	TJX COS INC	270	115,314	0.03
PFIZER INC	308	93,643	0.03	T-MOBILE US INC	29	18,099	0.01
PHILIP MORRIS INTERNATIONAL INC	106	69,376	0.02	TOTAL SYSTEM SERVICES INC	19	20,186	0.01
PHILLIPS 66	115	92,325	0.03	TYSON FOODS INC	121	75,300	0.02
PINNACLE WEST CAPITAL CORP	73	52,126	0.01	U.S. BANCORP	31	13,868	0.00
PIONEER NATURAL RESOURCES CO	18	19,450	0.01	ULTA BEAUTY INC	42	114,824	0.03
PROCTER & GAMBLE CO	260	240,241	0.07	UNION PACIFIC CORP	88	123,960	0.04
PRUDENTIAL FINANCIAL INC	61	48,376	0.01	UNITED PARCEL SERVICE INC CLASS B	72	67,334	0.02
				UNITEDHEALTH GROUP INC	100	194,923	0.06
				UNIVERSAL HEALTH SERVICES INC CLASS B	10	11,809	0.00

# Portfolio Statement (Unaudited)

## HSBC Managed Stable Fund

as at 31 July 2019

	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
<b>Equities</b>				<b>Debt securities</b>			
Listed investments				<b>Bonds</b>			
				Listed investments			
VALERO ENERGY CORP	44	29,362	0.01				
VARIAN MEDICAL SYSTEMS INC	68	62,476	0.02				
VEDANTA LTD	211	14,419	0.00				
VERISK ANALYTICS INC	17	20,190	0.01				
VERIZON COMMUNICATIONS INC	552	238,822	0.07	ASB FINANCE LTD (LONDON BRANCH) 2.63% 14 DECEMBER 2021	1,000,000	1,006,544	0.29
VIACOM INC	247	58,681	0.02	AUSTRALIA, COMMONWEALTH OF (GOVERNMENT) 3.25% 21 APRIL 2025	102,000	621,272	0.18
VISA INC CLASS A	196	273,100	0.08	AUSTRALIA, COMMONWEALTH OF (GOVERNMENT) 3.25% 21 APRIL 2029	90,000	577,379	0.17
WALGREENS BOOTS ALLIANCE INC	76	32,417	0.01	AUSTRALIA, COMMONWEALTH OF (GOVERNMENT) 4.75% 21 APRIL 2027	156,000	1,069,833	0.31
WAL-MART STORES INC	22	19,009	0.01	BANK OF COMMUNICATIONS CO LTD (HONG KONG BRANCH) 2.95% 18 MAY 2020	2,000,000	2,008,682	0.58
WASTE MANAGEMENT INC	55	50,373	0.01	BELGIUM, KINGDOM OF (GOVERNMENT) 0.9% 22 JUNE 2029	250,000	2,400,947	0.69
WATERS CORP	40	65,930	0.02	BELGIUM, KINGDOM OF (GOVERNMENT) 2.6% 22 JUNE 2024	75,000	757,092	0.22
WELLCARE HEALTH PLANS INC	6	13,491	0.00	BELGIUM, KINGDOM OF (GOVERNMENT) 3.75% 28 SEPTEMBER 2020	180,000	1,648,877	0.47
WELLS FARGO & CO	395	149,685	0.04	BMW FINANCE NV 1.73% 30 JUNE 2020	1,000,000	992,605	0.29
WESTERN UNION CO	379	62,302	0.02	BONOS Y OBLIG DEL ESTADO 5.15% 31 OCTOBER 2044	133,000	2,182,479	0.63
WESTLAKE CHEMICAL CORP	70	37,025	0.01	CANADA (GOVERNMENT) 2.75% 01 DECEMBER 2048	280,000	2,074,973	0.60
WILLIS TOWERS WATSON PLC	14	21,394	0.01	DAIMLER AG 2.29% 9 MAY 2022	1,000,000	991,814	0.28
XCEL ENERGY INC	49	22,864	0.01	DENMARK (KINGDOM OF) 1.5% 15 NOVEMBER 2023	456,000	584,390	0.17
YUM CHINA HOLDINGS INC	185	65,891	0.02	EUROPEAN INVESTMENT BANK 2.15% 18 JANUARY 2027	41,600,000	3,571,535	1.03
ZOETIS INC	66	59,357	0.02	FRANCE (GOVERNMENT OF) OAT 4.25% 25 OCTOBER 2023	336,000	3,551,754	1.02
		<u>20,204,025</u>	<u>5.81</u>				
Listed Equities (Total)		<u>99,073,933</u>	<u>28.51</u>				
Unlisted investment							
<b>British Virgin Islands</b>							
CHINA COMMON RICH RENEWABLE ENERGY INVESTMENTS LTD	141,272	–	–				
Equities (Total)		<u>99,073,933</u>	<u>28.51</u>				

# Portfolio Statement (Unaudited)

## HSBC Managed Stable Fund

as at 31 July 2019

	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
<b>Bonds</b>				INDUSTRIAL AND COMMERCIAL			
Listed investments				BANK OF CHINA ASIA LTD 3% 21 JUNE 2020	1,000,000	1,005,078	0.29
FRANCE, REPUBLIC OF (GOVERNMENT) 0% 25 FEBRUARY 2020	100,000	874,713	0.25	ITALY (REPUBLIC OF) 4% 1 FEBRUARY 2037	301,000	3,320,688	0.96
FRANCE, REPUBLIC OF (GOVERNMENT) 0% 25 MAY 2021	180,000	1,589,137	0.46	ITALY (REPUBLIC OF) 4.5% 1 MARCH 2024	149,000	1,518,063	0.44
FRANCE, REPUBLIC OF (GOVERNMENT) 2% 25 MAY 2048	220,000	2,577,522	0.74	ITALY (REPUBLIC OF) 5.5% 1 NOVEMBER 2022	275,000	2,785,065	0.80
FRANCE, REPUBLIC OF (GOVERNMENT) 4% 25 OCTOBER 2038	135,000	1,985,060	0.57	ITALY, REPUBLIC OF (GOVERNMENT) 0.7% 1 MAY 2020	75,000	658,075	0.19
GERMANY (REPUBLIC OF) 5.5% 4 JANUARY 2031	43,000	635,783	0.18	ITALY, REPUBLIC OF (GOVERNMENT) 1.65% 01 MARCH 2032	35,000	302,163	0.09
GERMANY, FEDERAL REPUBLIC OF (GOVERNMENT) 0.25% 15 FEBRUARY 2029	15,000	140,103	0.04	ITALY, REPUBLIC OF (GOVERNMENT) 2% 01 DECEMBER 2025	150,000	1,384,575	0.40
GERMANY, FEDERAL REPUBLIC OF (GOVERNMENT) 0.25% 16 OCTOBER 2020	89,000	784,972	0.23	ITALY, REPUBLIC OF (GOVERNMENT) 2.8% 01 DECEMBER 2028	200,000	1,952,273	0.56
GERMANY, FEDERAL REPUBLIC OF (GOVERNMENT) 3.25% 4 JULY 2042	9,000	137,365	0.04	JAPAN (GOVERNMENT) 0.1% 20 MARCH 2022	16,000,000	1,163,283	0.33
GERMANY, FEDERAL REPUBLIC OF (GOVERNMENT) 4% 4 JANUARY 2037	30,000	454,287	0.13	JAPAN (GOVERNMENT) 0.1% 20 MARCH 2029	8,000,000	591,966	0.17
GERMANY, FEDERAL REPUBLIC OF (GOVERNMENT) 4.75% 4 JULY 2040	24,000	422,835	0.12	JAPAN (GOVERNMENT) 0.1% 20 DECEMBER 2028	18,000,000	1,332,936	0.38
HONG KONG SPECIAL ADMINISTRATIVE REGION OF THE PEOPLES REPUBLIC OF CHINA 2.16% 9 DECEMBER 2019	1,200,000	1,200,624	0.35	JAPAN (GOVERNMENT) 1.8% 20 SEPTEMBER 2043	4,000,000	391,295	0.11
HONG KONG SPECIAL ADMINISTRATIVE REGION OF THE PEOPLES REPUBLIC OF CHINA 2.46% 04 AUGUST 2021	850,000	864,442	0.25	JAPAN GOVERNMENT 10 YEAR BOND #311 0.8% 20 SEPTEMBER 2020	3,800,000	277,047	0.08
IFC DEVELOPMENT CORPORATE TREASURY LTD 3.4% 4 JUNE 2020	2,000,000	2,013,387	0.58	JAPAN GOVERNMENT 20 YEAR BOND #150 1.4% 20 SEPTEMBER 2034	57,150,000	4,961,945	1.43
				JAPAN GOVERNMENT 20 YEAR BOND #61 1% 20 MARCH 2023	40,500,000	3,051,693	0.88
				JAPAN GOVERNMENT 20 YEAR BOND #97 2.2% 20 SEPTEMBER 2027	25,200,000	2,181,658	0.63
				JAPAN GOVERNMENT 30 YEAR BOND #29 2.4% 20 SEPTEMBER 2038	77,450,000	7,912,260	2.28

# Portfolio Statement (Unaudited)

## HSBC Managed Stable Fund

as at 31 July 2019

	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
<b>Bonds</b>							
Listed investments				SPAIN, KINGDOM OF			
				(GOVERNMENT) 2.35% 30 JULY 2033			
				35,000	377,021	0.11	
KOREA EXPRESSWAY CORP 1.65% 18 OCTOBER 2019				SWEDEN, KINGDOM OF			
3,000,000	2,993,740	0.86		(GOVERNMENT) 0.75% 12 NOVEMBER 2029			
KOREA FINANCE CORP 4.42% 12 APRIL 2021				300,000	267,550	0.08	
2,000,000	2,065,329	0.59		UK TREASURY NOTES 4.25% 7 MARCH 2036			
MEXICO (UNITED MEXICAN STATES) (GOVERNMENT) 8.5% 31 MAY 2029				232,000	3,300,668	0.95	
15,000	668,274	0.19		UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND (GOVERNMENT) 0.125% 10 AUGUST 2048			
MEXICO (UNITED STATES OF) 8% 11 JUNE 2020				80,000	1,481,275	0.43	
6,850	286,330	0.08		UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND (GOVERNMENT) 0.5% 22 JULY 2022			
NETHERLANDS (GOVERNMENT OF) 3.75% 15 JANUARY 2042				30,000	288,814	0.08	
35,000	557,190	0.16		UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND (GOVERNMENT) 1.5% 22 JULY 2047			
OVERSEA-CHINESE BANKING CORP LTD 1.59% 25 SEPTEMBER 2020				100,000	999,415	0.29	
2,000,000	1,983,110	0.57		UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND (GOVERNMENT) 1.75% 07 SEPTEMBER 2037			
POLAND, REPUBLIC OF (GOVERNMENT) 5.25% 25 OCTOBER 2020				90,000	945,719	0.27	
185,000	394,436	0.11		UNITED STATES TREASURY 1.5% 15 AUGUST 2026			
POLAND, REPUBLIC OF (GOVERNMENT) 5.75% 25 APRIL 2029				110,000	837,188	0.24	
100,000	268,995	0.08		UNITED STATES TREASURY 1.75% 15 MAY 2022			
SOUTH AFRICA (REPUBLIC OF) 10.5% 21 DECEMBER 2026				585,000	4,569,483	1.31	
1,027,165	635,353	0.18		UNITED STATES TREASURY 2% 15 FEBRUARY 2023			
SOUTH AFRICA, REPUBLIC OF (GOVERNMENT) 8% 31 JANUARY 2030				1,100,000	8,662,152	2.49	
300,000	155,039	0.04		UNITED STATES TREASURY 2.25% 15 AUGUST 2027			
SPAIN (GOVERNMENT OF) 4.4% 31 OCTOBER 2023				121,000	967,895	0.28	
237,000	2,485,983	0.71		UNITED STATES TREASURY 2.375% 15 MAY 2029			
SPAIN (GOVERNMENT OF) 4.85% 31 OCTOBER 2020				400,000	3,230,721	0.93	
75,000	697,497	0.20		UNITED STATES TREASURY 2.5% 28 FEBRUARY 2021			
SPAIN, KINGDOM OF (GOVERNMENT) 0.6% 31 OCTOBER 2029				150,000	1,184,459	0.34	
260,000	2,339,177	0.67		UNITED STATES TREASURY 2.625% 15 FEBRUARY 2029			
SPAIN, KINGDOM OF (GOVERNMENT) 1.3% 31 OCTOBER 2026				600,000	4,946,254	1.42	
200,000	1,910,264	0.55		UNITED STATES TREASURY 3.125% 15 NOVEMBER 2028			
SPAIN, KINGDOM OF (GOVERNMENT) 1.45% 30 APRIL 2029				150,000	1,285,549	0.37	
110,000	1,070,280	0.31		UNITED STATES TREASURY 3.375% 15 NOVEMBER 2048			
SPAIN, KINGDOM OF (GOVERNMENT) 1.45% 31 OCTOBER 2027				90,000	829,507	0.24	
100,000	969,147	0.28					

# Portfolio Statement (Unaudited)

## HSBC Managed Stable Fund

as at 31 July 2019

	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
<b>Bonds</b>				<b>Unit Trusts</b>			
Listed investments				Listed investments			
USTREASURY NOTES 2% 31 OCTOBER 2021	1,000,000	7,851,751	2.26	AGNC INVESTMENT CORP	357	47,899	0.02
USTREASURY NOTES 2.5% 15 MAY 2024	943,000	7,606,621	2.19	AMERICAN TOWER CORP	65	107,675	0.03
USTREASURY NOTES 3% 15 NOVEMBER 2044	801,000	6,852,096	1.97	DUKE REALTY CORP	285	74,358	0.02
USTREASURY NOTES 4.375% 15 FEBRUARY 2038	170,000	1,758,972	0.51	HOSPITALITY PROPERTIES TRUST	239	46,229	0.01
		<u>150,233,723</u>	<u>43.23</u>	IRON MOUNTAIN INC	170	39,137	0.01
				KIMCO REALTY CORP	335	50,375	0.02
				LINK REIT	5,381	491,824	0.14
				PUBLIC STORAGE	41	77,912	0.02
				SIMON PROPERTY GROUP INC	45	57,136	0.02
				WEYERHAEUSER CO	211	41,969	0.01
						<u>1,034,514</u>	<u>0.30</u>
Unlisted but quoted investments							
BANK OF NOVA SCOTIA 2.295% 27 APRIL 2022	3,000,000	2,991,720	0.86	Unlisted but quoted investments			
CATERPILLAR FINANCIAL SERVICES CORP 2.14% 13 DECEMBER 2019	2,000,000	1,995,762	0.57	HSBC GLOBAL LIQUIDITY FUNDS			
HKCG FINANCE LTD 3.3% 16 MAY 2022	2,000,000	2,051,321	0.59	– HSBC GLOBAL LIQUIDITY FUNDS PL	2,434,775	19,059,171	5.48
KOOKMIN BANK 3.3% 13 NOVEMBER 2021	3,000,000	3,053,767	0.88	HSBC INDEXTRACKER INVESTMENT FUND – JAPAN INDEX FUND CLASS			
NATIONAL AUSTRALIA BANK LTD 1.72% 24 AUGUST 2020	1,000,000	993,085	0.29	INSTITUTIONAL ACCUMULATION	849,339	10,973,811	3.16
NORDEA BANK AB 3.045% 27 AUG 2025	2,000,000	2,053,841	0.59	HSBC POOLED INVESTMENT FUND – HSBC POOLED ASIAN BOND FUND CLASS W	2,792,184	36,402,538	10.48
OPYRITYSPANKKI OYJ 2.16% 18 SEP 2020	2,000,000	1,986,909	0.57	HSBC POOLED INVESTMENT FUND – HSBC POOLED VC ASIA PAC EX JP EQ FD-W	353,000	3,662,869	1.05
ROYAL BANK OF CANADA 1.83% 14 APRIL 2020	1,000,000	994,628	0.29			<u>70,098,389</u>	<u>20.17</u>
SUMITOMO MITSUI BANKING CORP 2.09% 20 APRIL 2020	3,000,000	2,989,665	0.86	Unit Trusts (Total)		<u>71,132,903</u>	<u>20.47</u>
TOTAL CAPITAL INTERNATIONAL SA 3.088% 14 SEP 2026	2,000,000	2,065,785	0.59				
		<u>21,176,483</u>	<u>6.09</u>	<b>Derivative Assets</b>			
				Foreign currency forward contracts		123,157	0.03
				Future contracts		892	0.00
Debt securities (Total)		<u>171,410,206</u>	<u>49.32</u>			<u>124,049</u>	<u>0.03</u>
				<b>Total financial assets</b>			
						<u>341,741,091</u>	<u>98.33</u>

# Portfolio Statement (Unaudited)

## HSBC Managed Stable Fund

as at 31 July 2019

	Holdings	Market value HKD	% of net asset value
<b>Derivative liabilities</b>			
Future contacts		(78,000)	(0.02)
		<hr/>	<hr/>
<b>Total financial liabilities</b>		(78,000)	(0.02)
		<hr/>	<hr/>
<b>Total investments</b>			
(Total cost of investments: \$327,033,370)		341,663,091	98.31
<b>Other net assets</b>			
		5,879,056	1.69
		<hr/>	<hr/>
<b>Total net assets</b>		347,542,147	100.00
		<hr/>	<hr/>

# Statement of Movements in Portfolio Holdings (Unaudited)

## HSBC Managed Stable Fund

for the year ended 31 July 2018

	% of net asset value 2019	% of net asset value 2018
<b>Financial assets</b>		
<b>Equities</b>		
<i><b>Listed investments</b></i>		
Australia	1.12	1.06
Austria	0.06	0.11
Belgium	0.11	0.15
Canada	0.24	0.29
Czech Republic	–	0.01
Denmark	0.19	0.18
Finland	0.07	0.12
France	0.93	0.95
Germany	0.81	0.93
Greece	0.02	0.02
Hong Kong	8.60	8.80
Hungary	0.02	–
India	0.54	0.49
Indonesia	0.07	0.07
Ireland	0.06	0.04
Italy	0.28	0.26
Japan	3.97	4.14
Malaysia	0.15	0.13
Netherlands	0.38	0.39
New Zealand	0.05	0.05
Norway	0.11	0.06
Philippines	0.07	0.03
Poland	0.02	0.03
Portugal	0.00	–
Russia	0.17	0.18
Singapore	0.33	0.34
South Korea	0.69	0.92
Spain	0.26	0.25
Sweden	0.22	0.25
Switzerland	0.88	0.78
Taiwan	0.62	0.65
Thailand	0.15	0.12
Turkey	0.07	0.04
United Kingdom	1.44	1.57
United States of America	5.81	5.97
	<hr/> 28.51	<hr/> 29.38



# Statement of Movements in Portfolio Holdings (Unaudited)

## HSBC Managed Stable Fund

for the year ended 31 July 2018

	% of net asset value 2019	% of net asset value 2018
<b>Unlisted investment</b>		
British Virgin Islands	–	–
	–	–
<b>Bonds</b>		
Listed investments	43.23	43.57
Unlisted but quoted investments	6.09	4.74
	49.32	48.31
<b>Unit trusts</b>		
Listed investments	0.30	0.28
Unlisted investments	20.17	12.55
	20.47	12.83
<b>Derivative assets</b>		
Foreign currency forward contracts	0.03	0.05
Futures contracts	0.00	–
<b>Financial liabilities</b>		
<b>Derivative liabilities</b>		
Futures contracts	(0.02)	(0.03)
	(0.02)	(0.03)
<b>Total investments</b>	98.31	90.54
<b>Other net assets</b>	1.69	9.46
<b>Total net assets</b>	100.00	100.00

# Performance Record (Unaudited)

## HSBC Managed Stable Fund

### (a) Price record (Dealing net asset value per unit)

Year	"A" class income units				
	Bid		Offer		
	Lowest HKD	Highest HKD	Lowest HKD	Highest HKD	
2009	10.51	13.70	11.08	14.46	
2010	12.53	13.80	13.21	14.55	
2011	13.12	14.38	13.84	15.17	
2012	13.08	14.22	13.79	15.00	
2013	13.36	14.34	14.09	15.12	
2014	13.52	14.40	14.26	15.19	
2015	13.48	14.31	14.22	15.10	
2016	12.86	13.94	13.57	14.71	
2017	13.27	14.50	14.00	15.30	
2018	14.40	15.33	15.19	16.17	
2019	13.80	14.74	13.82	15.28	

Year	"L" class income units				
	Bid		Offer		
	Lowest HKD	Highest HKD	Lowest HKD	Highest HKD	
2009	11.98	15.16	11.98	15.16	
2010	14.11	15.53	14.11	15.53	
2011	14.89	16.35	14.89	16.35	
2012	14.99	16.29	14.99	16.29	
2013	15.42	16.58	15.42	16.58	
2014	0.00	16.71	0.00	16.71	
2015	N/A	N/A	N/A	N/A	
2016	N/A	N/A	N/A	N/A	
2017	N/A	N/A	N/A	N/A	
2018	N/A	N/A	N/A	N/A	
2019	N/A	N/A	N/A	N/A	

Year	Provident class units				
	Bid		Offer		
	Lowest HKD	Highest HKD	Lowest HKD	Highest HKD	
2009	12.16	15.29	12.16	15.29	
2010	14.40	15.79	14.40	15.79	
2011	15.21	16.81	15.21	16.81	
2012	15.44	16.76	15.44	16.76	
2013	15.97	17.25	15.97	17.25	
2014	16.48	17.68	16.48	17.68	
2015	16.78	17.69	16.78	17.69	
2016	16.78	17.69	16.78	17.69	
2017	16.73	18.42	16.73	18.42	
2018	18.40	19.66	18.40	19.66	
2019	17.89	19.20	17.89	19.20	

# Performance Record (Unaudited)

Year	“Z” class income units			
	Bid		Offer	
	Lowest HKD	Highest HKD	Lowest HKD	Highest HKD
2019	9.94	10.02	9.94	10.02

## (b) Total net asset value (calculated in accordance with HKFRS)

	2019 HKD	2018 HKD	2017 HKD	2016 HKD
Total net asset value	347,542,147	373,653,876	1,595,518,574	1,730,032,452

## (c) Net asset value per unit (calculated in accordance with HKFRS)

	2019 HKD	2018 HKD	2017 HKD	2016 HKD
Net asset value per unit				
– “A” class income units	14.64	14.50	14.42	13.91
– Provident class units	19.08	18.76	18.42	17.49
– “Z” class income units	9.96	–	–	–

## (d) Total expense ratio

	Average net asset value HKD	2019 Total expenses HKD	Total expense ratio %
– “A” class income	28,174,313	651,550	2.31
– Provident class	319,786,130	4,999,750	1.56
– “Z” class income	5,636,973	45,831	0.81

# Investment Adviser's Report

## **HSBC Managed Stable Growth Fund**

### **Market review**

In the second half of 2018, we have seen heightened volatility across different assets amid various market events such as the strengthening of the US dollar against major and emerging market currencies, rising US dollar yields where the 10 year US treasury broke 3% level, continuous trade tension and global recession concerns.

Trade tension remained the focus in 2019. The year started with a trade truce between China and the US which reversed the negative sentiment temporarily, supporting the equity markets performance. However, the surprised "no trade deal" in May heightened the market volatility again and weighed on stock markets, in particular the Asian markets. Another critical move in the market was the Fed turning the monetary policy to more dovish tilt with the comments from the US president that the interest rates in the US should be lower. The 10-year treasury yield, for example, slid from the recent peak of 3.2% to 2% at the end of July 2019, giving support to fixed income performance.

Coming into 2019 the big change in monetary policy started to move bond yields down and improve confidence in the prospects for earnings in the future, although it may be hit by the escalation of trade concerns. Looking forward from here in these terms, if company earnings can be maintained at close to the current level, and bond yields do not rise significantly, then it seems clear that equities will produce superior returns over the medium term. The risks to this view lie more in the prospects for earnings. With the economic cycle already a long one it may not take much to produce an economic slowdown that will undermine company earnings and therefore undermine the fundamental valuation of stock markets. However, at present this does not seem the most likely outcome.

## **HSBC Global Asset Management (Hong Kong) Limited**

29 November 2019

# Trustee’s Report

## HSBC Managed Stable Growth Fund (“the Fund”)

We hereby confirm that, to the best of our knowledge, the Manager of the Fund has, in all material respects, managed the Fund in accordance with the provisions of the Trust Deed dated 16 May 2003, as amended, for the year ended 31 July 2019.

)  
) For and on behalf of  
) HSBC Institutional Trust Services  
) (Asia) Limited,  
) Trustee  
)

# Independent Auditor's Report to the Unitholders

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of HSBC Managed Stable Growth Fund (the "Fund") set out on pages 183 to 212, which comprise the statement of financial position as at 31 July 2019, the statement of comprehensive income, the statement of changes in net assets attributable to unitholders/statement of changes in equity and the cash flow statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial disposition of the Fund as at 31 July 2019, and of its financial transactions and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

### Basis for Opinion

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

### Information Other than the Financial Statements and Auditor's Report Thereon

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other

information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Manager and the Trustee of the Fund for the Financial Statements

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

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

In addition, the Manager and the Trustee of the Fund are required to ensure that the financial statements have been properly prepared in accordance with the relevant provisions of the Trust Deed, as amended, ("the Trust Deed") and the relevant disclosure provisions of Appendix E of the Code on Unit Trusts and Mutual Funds ("the SFC Code") issued by the Hong Kong Securities and Futures Commission.

### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

# Independent Auditor's Report to the Unitholders

relevant provisions of the Trust Deed and the relevant disclosure provisions of Appendix E of the SFC Code.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

## **Report on matters under the relevant provisions of the Trust Deed and the relevant disclosure provisions of Appendix E of the SFC Code**

In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with the relevant provisions of the Trust Deed and the relevant disclosure provisions of Appendix E of the SFC Code.

### **KPMG**

8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong

29 November 2019

The accompanying report of KPMG is for sole and exclusive use of the Fund. Further, the report of KPMG is as of 29 November 2019 and KPMG has carried out no procedures of any nature subsequent to that date which in any way extends that date.

# Statement of Financial Position

## HSBC Managed Stable Growth Fund

as at 31 July 2019

	Note	2019 HKD	2018 HKD
<b>ASSETS</b>			
Financial assets at fair value through profit or loss	5, 7(f), 7(g), 12, 13	229,636,820	328,886,755
Interest and dividends receivable		808,697	2,127,023
Subscriptions receivable		1,066,028	1,232,905
Amounts due from brokers	6, 7(b)	407,500	921,858
Cash and cash equivalents	7(b), 16	7,353,040	15,300,617
		<hr/> 239,272,085	<hr/> 348,469,158
<b>LIABILITIES</b>			
Financial liabilities at fair value through profit or loss	5, 7(f), 12, 13	87,984	157,813
Bank overdrafts	7(b), 16	14,642	–
Redemptions payable		1,633,421	4,095
Amounts due to brokers	6	287,117	–
Other payables	7(a), 7(c), 7(d)	613,578	891,934
		<hr/> 2,636,742	<hr/> 1,053,842
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<hr/> 236,635,343	<hr/> 347,415,316
Representing:			
<b>Total equity</b>		<hr/> –	<hr/> 347,415,316
<b>Financial liabilities</b>		<hr/> 236,635,343	<hr/> –
<b>Total number of units in issue</b>			
Provident class units	9(a)	7,706,963	16,364,471
Z class units	9(b)	7,308,430	–
<b>Net asset value per unit</b>			
Provident class units		21.30	21.23
Z class units		<hr/> 9.92	<hr/> –

Approved by the Trustee and the Manager on 29 November 2019.

)  
 ) For and on behalf of  
 ) HSBC Institutional Trust Services (Asia) Limited,  
 ) Trustee  
 )  
 )  
 ) For and on behalf of  
 ) HSBC Investment Funds  
 ) (Hong Kong) Limited,  
 ) Manager

The notes on pages 187 to 212 form part of these financial statements.



# Statement of Comprehensive Income

## HSBC Managed Stable Growth Fund

for the year ended 31 July 2019

	Note	2019 HKD	2018 HKD
Interest income	7(b)	253,809	264,265
Dividend income	7(f)	3,767,468	5,803,856
Net gains from financial instruments at fair value through profit or loss	3	1,189,339	11,558,258
Net foreign exchange loss		(593,909)	(185,856)
Other income		404	5,273
<b>TOTAL REVENUE</b>		<b>4,617,111</b>	<b>17,445,796</b>
Management fees	7(a)	1,841,404	2,671,800
Transaction fees	7(d), 7(e)	2,211,493	1,750,491
Trustee's fees	7(c)	270,751	437,277
Registrar's and administrative fees	7(a)	46,644	40,875
Auditor's remuneration		126,137	126,279
Legal and professional fees		407,980	408,920
Safe custody fees, bank charges and miscellaneous expenses	7(b), 7(d)	184,822	417,009
<b>TOTAL OPERATING EXPENSES</b>		<b>5,089,231</b>	<b>5,852,651</b>
<b>NET (LOSS)/PROFIT FROM OPERATIONS BEFORE TAXATION</b>		<b>(472,120)</b>	<b>11,593,145</b>
Taxation	4	(476,546)	(757,444)
<b>(DECREASE)/INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>(948,666)</b>	<b>10,835,701</b>

The notes on pages 187 to 212 form part of these financial statements.

# Statement of Changes in Equity

## HSBC Managed Stable Growth Fund

for the year ended 31 July 2019

	Note	2019 HKD	2018 HKD
<b>Balance at the beginning of the year</b>		347,415,316	346,706,851
<b>(Decrease)/increase in net assets attributable to unitholders and total comprehensive income for the year</b>		(948,666)	10,835,701
<b>Subscriptions of units (excluding equalisation)</b>			
– Provident class		24,408,383	44,362,512
– Z class		73,481,951	–
<b>Redemptions of units (excluding equalisation)</b>			
– Provident class		(207,105,657)	(54,438,608)
– Z class		(400,000)	–
Equalisation on subscriptions and redemptions	10	(215,984)	(51,140)
		(109,831,307)	(10,127,236)
<b>Balance at the end of the year</b>		236,635,343	347,415,316

The notes on pages 187 to 212 form part of these financial statements.

# Cash Flow Statement

## HSBC Managed Stable Growth Fund

for the year ended 31 July 2019

	Note	2019 HKD	2018 HKD
<b>OPERATING ACTIVITIES</b>			
Interest received		253,707	263,254
Dividends received		4,610,756	5,194,329
Management fees paid		(1,947,992)	(2,663,092)
Trustee's fees paid		(292,369)	(436,270)
Margin deposits withdrawn from/(place with) brokers		513,790	(782,979)
Payments on purchase of investments		(177,473,933)	(178,856,886)
Proceeds from sale of investments (including coupon interest received from investments)		278,606,203	196,982,897
Tax paid		(480,449)	(757,667)
Other operating expenses paid		(3,716,828)	(2,693,696)
<b>Net cash generated from operating activities</b>		<b>100,072,885</b>	<b>16,249,890</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from issue of units including equalisation		97,827,217	44,321,888
Payments on redemption of units including equalisation		(205,862,321)	(54,610,583)
<b>Net cash used in financing activities</b>		<b>(108,035,104)</b>	<b>(10,288,695)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(7,962,219)</b>	<b>5,961,195</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>15,300,617</b>	<b>9,339,422</b>
<b>Cash and cash equivalents at the end of the year</b>	16	<b>7,338,398</b>	<b>15,300,617</b>

The notes on pages 187 to 212 form part of these financial statements.

# Notes to the Financial Statements

## HSBC Managed Stable Growth Fund

### 1 The Fund

HSBC Managed Stable Growth Fund ("the Fund") is an open ended unit trust which was established under a trust deed dated 16 May 2003, as amended ("the Trust Deed"), and was governed by the laws of the Cayman Islands. The Fund was registered under the Mutual Funds Law of the Cayman Islands on 10 June 2003. With effect on and from 18 January 2019 ("the Effective Date"), the domicile of the Fund was changed from Cayman Islands to Hong Kong. Following the change of domicile of the Fund to Hong Kong, the Fund is governed by Hong Kong laws with effect on and from the Effective Date. The objective of the Fund is to invest in a diversified portfolio of investments which achieves medium capital growth with medium low volatility.

The Fund is authorised by the Hong Kong Securities and Futures Commission ("SFC") under section 104 of the Hong Kong Securities and Futures Ordinance ("HKSF") and is governed by the Hong Kong Code on Unit Trusts and Mutual Funds issued by the SFC.

### 2 Significant accounting policies

#### (a) Statement of compliance

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong, the relevant provisions of the Trust Deed and the relevant disclosure provisions of the Hong Kong Code on Unit Trusts and Mutual Funds issued by the SFC. A summary of the significant accounting policies adopted by the Fund is set out below.

#### (b) Basis of preparation of the financial statements

The functional and presentation currency of the Fund is the Hong Kong dollar reflecting the fact that the participating redeemable units of the Fund are issued and redeemed in Hong Kong dollars.

The financial statements are prepared on a fair value basis for financial assets and financial liabilities at fair value through profit or loss and derivative financial instruments. Other financial assets and financial liabilities are stated at amortised cost or redemption amount (redeemable units).

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies have been applied consistently by the Fund and are consistent with those used in the previous year.

#### (c) Changes in accounting policies

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Fund. Of these, the following developments are relevant to the Fund's financial statements:

##### HKFRS 9, *Financial instruments*

The Fund has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 17), except for the amendments to HKFRS 9, *Prepayment features with negative compensation* which have been adopted at the same time as HKFRS 9.

As permitted by the transition provisions of HKFRS 9, comparative information throughout these financial statements has not generally been restated to reflect the requirements of the standard.

Except for the changes below, the Fund has consistently applied the accounting policies as set out in Note 2(e) to all periods presented in these financial statements.

##### HKFRS 9, *Financial Instruments*

HKFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces HKAS 39 *Financial Instruments: Recognition and Measurement*.

# Notes to the Financial Statements

As a result of the adoption of HKFRS 9, the Fund has adopted consequential amendments to HKAS 1 Presentation of Financial Statements, which require:

- impairment of financial assets to be presented in a separate line item in the statement of comprehensive income. The Fund did not previously report any incurred losses; and
- separate presentation in the statement of comprehensive income of interest revenue from financial assets measured at amortised cost or fair value through other comprehensive income ("FVOCI") calculated using the effective interest method.

Additionally, the Fund has adopted consequential amendments to HKFRS 7 *Financial Instruments: Disclosures*, which are applied to disclosures about 2019 but have not generally been applied to comparative information.

The adoption of HKFRS 9 had no material impact on the net assets attributable to unitholders of the Fund.

- (i) Classification and measurement of financial assets and financial liabilities

HKFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and fair value through profit or loss ("FVTPL"). The classification of financial assets under HKFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. HKFRS 9 eliminates the previous HKAS 39 categories of held to maturity, loans and receivables and available for sale. Under HKFRS 9, derivative financial instruments embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

HKFRS 9 largely retains the existing requirements in HKAS 39 for the classification and measurement of financial liabilities.

The adoption of HKFRS 9 has not had a significant effect on the Fund's accounting policies related to financial liabilities and derivative financial instruments.

For an explanation of how the Fund classifies and measures financial instruments and accounts for related gains and losses under HKFRS 9, see Note 2(e).

The following table below explains the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Fund's financial assets as at 1 August 2018.

	Original classification under HKAS 39	New classification under HKFRS 9
<b>Financial assets</b>		
Cash and cash equivalents	Loans and receivables	Amortised cost
Interest and dividends receivable	Loans and receivables	Amortised cost
Subscriptions receivable	Loans and receivables	Amortised cost
Amounts due from brokers	Loans and receivables	Amortised cost
Equity instruments	Held-for-trading	FVTPL
Debt instruments	Held-for-trading	FVTPL
Derivative financial instruments	Held-for-trading	FVTPL
Collective investment schemes	Held-for-trading	FVTPL

The measurement categories for all financial liabilities remain the same. The carrying amounts for all financial liabilities at 1 August 2018 have not been impacted by the initial application of HKFRS 9.

- (ii) Impairment of financial assets

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with an expected credit losses ("ECLs") model. The new impairment model applies to financial assets measured at amortised cost and debt instruments at FVOCI, but not to financial assets measured at FVTPL. Under HKFRS 9, credit losses are recognised earlier than under HKAS 39.

The effect of adopting HKFRS 9 on the carrying amounts of financial assets at 1 August 2018 relates solely to the new impairment requirements. The Manager considers the probability of default to be minimal as the counterparties have a strong capacity to meet their contractual obligations in the near term. There is no impairment allowance recognised on interest and dividends receivable, subscriptions receivable, amounts due from brokers and cash and cash equivalents on the initial application of HKFRS 9's impairment requirements as at 1 August 2018. Therefore, the carrying amounts of the financial assets remain the same.

# Notes to the Financial Statements

## (iii) Transition

Changes in accounting policies resulting from the adoption of HKFRS 9 have been applied retrospectively, except as described below.

- Comparative periods have not generally been restated. Differences in the carrying amounts of financial assets resulting from the adoption of HKFRS 9 are recognised in the net assets attributable to unitholders as at 1 August 2018. Accordingly, the information presented for 2018 does not reflect the requirements of HKFRS 9, but rather those of HKAS 39.
- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.
  - The determination of the business model within which a financial asset is held.
  - The revocation of previous designations of certain financial assets as measured at FVTPL.

## (d) Foreign currency translation

Foreign currency transactions during the year are translated into Hong Kong dollars at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into Hong Kong dollars at the exchange rates ruling at the date of the statement of financial position. Foreign currency exchange differences arising on translation and realised gains and losses on disposal or settlement of monetary assets and liabilities are recognised in profit or loss.

Foreign currency exchange differences relating to investments at fair value through profit or loss are included in net gains or losses from financial instruments at fair value through profit or loss. All other foreign currency exchange differences relating to monetary items including cash and cash equivalents are presented separately in profit or loss.

## (e) Financial instruments

### (i) Classification

#### (A) Policy applicable from 1 August 2018

On initial recognition, the Fund classifies financial assets as measured at amortised cost or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI").

All other financial assets of the Fund is measured at FVTPL.

#### *Business model assessment*

In making an assessment of the objective of the business model in which a financial asset is held, the Fund considers all of the relevant information about how the business is managed, including:

- the documented investment strategy and the execution of this strategy in practice. This includes whether the investment strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Fund's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how the investment manager is compensated: e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

# Notes to the Financial Statements

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Fund's continuing recognition of the assets.

The Fund has determined that it has two business models.

- Held-to-collect business model: this includes interest and dividends receivable, subscriptions receivable, amounts due from brokers and cash and cash equivalents. These financial assets are held to collect contractual cash flow.
- Other business model: this includes equity instruments, debt instruments, collective investment schemes and derivative financial instruments. These financial assets are managed and their performance is evaluated, on a fair value basis, with frequent sales taking place.

## *Assessment whether contractual cash flows are SPPI*

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are SPPI, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Fund considers:

- contingent events that would change the amount or timing of cash flows;
- leverage features;
- prepayment and extension features;

- terms that limit the Fund's claim to cash flows from specified assets (e.g. non-recourse features); and
- features that modify consideration for the time value of money (e.g. periodical reset of interest rates).

The Fund classifies its investments based on the business model and contractual cash flows assessment. Accordingly, the Fund classifies all its equity instruments, debt instruments, collective investment schemes and derivative financial instruments into financial assets at FVTPL category. Financial assets measured at amortised cost include interest and dividends receivable, subscriptions receivable, amounts due from brokers and cash and cash equivalents. Financial liabilities that are not at fair value through profit or loss included bank overdrafts, redemptions payable, amounts due to brokers and other payables.

All derivatives in a net receivable position (positive fair value) are reported as financial assets. All derivatives in a net payable position (negative fair value) are reported as financial liabilities.

## *Reclassifications*

Financial assets are not reclassified subsequent to their initial recognition unless the Fund was to change its business model for managing financial assets, in which case all affected financial assets would be reclassified on the first day of the first reporting period following the change in the business model.

## **(B) Policy applicable prior to 1 August 2018**

All of the Fund's investments were classified as financial assets or financial liabilities at fair value through profit or loss. This category comprised financial instruments held for trading, which were instruments that the Fund had acquired principally for the purpose of short-term profit taking. These included investments in equities and debt securities, unit trusts, futures contracts and forward contracts.

All derivatives financial instruments in a net receivable position (positive fair value) were

# Notes to the Financial Statements

reported as financial assets. All derivatives financial instruments in a net payable position (negative fair value) were reported as financial liabilities.

Financial assets at amortised cost that were classified as loans and receivables included interest and dividends receivable, subscriptions receivable and amounts due from brokers.

Financial liabilities at amortised cost included bank overdrafts, redemptions payable, amounts due to brokers and other payables.

## (ii) Recognition

The Fund recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

A regular way purchase or sale of financial assets and financial liabilities is recognised by using trade date accounting. From this date any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded.

Financial liabilities are not recognised unless one of the parties has performed their obligations under the contract or the contract is a derivative contract not exempted from the scope of HKFRS 9.

## (iii) Measurement

Financial instruments are measured initially at fair value (transaction price). Transaction costs on financial assets and liabilities at fair value through profit or loss are expensed immediately, while on other financial instruments they are amortised.

Subsequent to initial recognition, all instruments classified at fair value through profit or loss are measured at fair value with changes in their fair value recognised in profit or loss.

Financial assets classified as measured at amortised cost are carried at amortised cost using the effective interest rate method, less impairment losses, if any.

Financial liabilities other than those at fair value through profit or loss are measured at amortised cost using the effective interest rate method. Financial liabilities arising from the redeemable units issued by the Fund are carried at the redemption amount representing the

unitholders' right to a residual interest in the Fund's assets.

## (iv) Fair value measurement principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Fund measures the fair value of an instrument using the quoted price in an active market for that instrument provided such price is within the bid-ask spread. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. In circumstances where the quoted price is not within the bid-ask spread, the manager of the Fund will determine the points within the bid-ask spread that are most representative of the fair value.

When there is no quoted price in an active market, the Fund uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Fund determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is supported wholly by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, the Trust measures assets and long positions at a bid price and liabilities and short positions at an ask price.



# Notes to the Financial Statements

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Fund on the basis of the net exposure to either market or credit risk, are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) or a particular risk exposure. Those portfolio level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The Fund recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

(v) Amortised cost measurement principles

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

(vi) Impairment

(A) Policy applicable from 1 August 2018

The Fund recognises loss allowances for ECLs on financial assets measured at amortised cost.

The Fund measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- financial assets that are determined to have low credit risk at the reporting date; and
- other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical

experience and informed credit assessment and including forward-looking information.

The Fund assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Fund considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Fund in full, without recourse by the Fund to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Fund considers a financial asset to have low credit risk when the credit rating of the counterparty is equivalent to the globally understood definition of "investment grade". The Fund considers this to be Baa3 or higher per Moody's or BBB- or higher per Standard & Poor's.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Fund is exposed to credit risk.

If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through profit or loss.

## *Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the

# Notes to the Financial Statements

entity in accordance with the contract and the cash flows that the Fund expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

## *Credit-impaired financial assets*

At each reporting date, the Fund assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

## *Presentation of allowance for ECLs in the statement of assets and liabilities*

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

## *Write-off*

The gross carrying amount of a financial asset is written off when the Fund has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

## (B) Policy applicable prior to 1 August 2018

Financial assets that were stated at cost or amortised cost were reviewed at each date of the statement of financial position to determine whether there is objective evidence of impairment. If any such indication exists, an impairment loss is recognised in profit or loss as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through profit or loss.

## (vii) Derecognition

The Fund derecognises a financial asset when the contractual rights to the cash flows from the financial assets expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with HKFRS 9.

The Fund uses the weighted average method to determine realised gains and losses on derecognition.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or has expired.

## (viii) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when the Fund has a legally enforceable right to offset the recognised amounts and the transactions are intended to be settled on a net basis or simultaneously, e.g. through a market clearing mechanism.

## (ix) Specific instruments

### *Cash and cash equivalents*

Cash comprises current deposits with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Bank overdrafts that are repayable on demand and form an integral part of the Fund's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement.

## **(f) Revenue recognition**

Revenue is recognised in profit or loss as follows:

### (i) Dividends

Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend. Dividends from other investments are

# Notes to the Financial Statements

recognised in profit or loss as dividend income when declared. In some cases, the Fund may choose to receive dividends in the form of additional shares rather than cash. In such cases, the Fund recognises the dividend income for the amount of the equivalent cash dividend with the corresponding debit treated as an additional investment.

## (ii) Interest income

Interest income is recognised in profit or loss as it accrues, using the effective interest rate method using the rate exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. Interest income on bank deposits is disclosed separately on the face of the statement of comprehensive income. Interest income on debt securities is included in net gains or losses from financial instruments at fair value through profit or loss.

## (g) Expenses

All expenses are recognised in profit or loss on an accrual basis.

## (h) Foreign exchange gains and losses

Foreign exchange gains and losses on financial assets and financial liabilities at fair value through profit or loss are recognised together with other changes in the fair value. Included in profit or loss line item *Net foreign exchange loss* are net of foreign exchange gains and losses on monetary financial assets and financial liabilities other than those classified as fair value through profit or loss.

## (i) Related parties

(a) A person, or a close member of that person's family, is related to the Fund if that person:

- (i) has control or joint control over the Fund;
- (ii) has significant influence over the Fund; or
- (iii) is a member of the key management personnel of the Fund.

(b) An entity is related to the Fund if any of the following conditions applies:

- (i) The entity and the Fund are members of the same group (which means that each parent,

subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post employment benefit plan for the benefit of employees of an entity related to the Fund.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Fund.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

## (j) Subscriptions and redemptions

The Fund recognises unitholders' subscriptions and allots units upon receipt of a valid subscription application and derecognises them upon receipt of a valid redemption application.

## (k) Units in issue

The Fund classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

A puttable financial instrument that includes a contractual obligation for the issuer to repurchase or redeem that instrument for cash or another financial asset is classified as equity instrument if it meets the following conditions:

# Notes to the Financial Statements

- it entitles the holder to a pro rata share of the entity's net assets in the event of the Fund's liquidation;
- it is in the class of instruments that is subordinate to all other classes of instruments;
- all financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features;
- apart from the contractual obligation for the Fund to repurchase or redeem the instrument for cash or another financial asset, the instrument does not include any other features that would require classification as a liability; and
- the total expected cash flows attributable to the instrument over its life are based substantially on profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund over the life of the instrument.

As at 31 July 2018, the Fund had one class of redeemable units in issue. This was the most subordinate class of financial instruments in the Fund. The redeemable units provided unitholders with the right to require redemption for cash at a value proportionate to the unitholders' share in the Fund's net assets at each daily redemption date and also in the event of the Fund's liquidation. The Fund's redeemable units meet all of these conditions and were classified as equity.

On 2 July 2019, the Fund issued Z class unit. The Fund had multiple classes of unit in issue. The redemption units of the Fund were reclassified as financial liabilities and measured at the present value of the redemption amounts with effect from 2 July 2019.

As at 31 July 2019, the Fund has multiple classes of redeemable units in issue Provident class and Z class. All the classes belong to the most subordinate class of financial instruments in the Fund and rank *pari passu* in all material respects and have the same terms and conditions other than different management fee rates and distribution rights. The redeemable units provide unitholders with the right to require redemption for cash at a value proportionate to the unitholders' share in the Fund's net assets at each daily redemption date, and also in the event of the Fund's liquidation. The redeemable units are classified as financial liabilities and are measured at the present value of the redeemable amounts.

## (I) Segment reporting

An operating segment is a component of the Fund that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Fund's other components, whose operating results are reviewed regularly by the chief operating decision maker to make decisions about resources allocated to the segment and assess its performance, and for which discrete financial information is available. Segment results that are reported to the chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The chief operating decision maker of the Fund is identified as the manager, HSBC Investment Funds (Hong Kong) Limited.

## 3 Net gains from financial instruments at fair value through profit or loss

	2019 HKD	2018 HKD
Net realised gains	9,868,725	20,360,492
Net unrealised losses	(8,679,386)	(8,802,234)
	<u>1,189,339</u>	<u>11,558,258</u>

## 4 Taxation

There are currently no taxes on income or gains under Cayman Islands law. Accordingly, no provision for Cayman Islands taxes is included in these financial statements.

No provision for Hong Kong profits tax has been made in the financial statements as the Fund is exempt from taxation under section 26A(1A) of the Hong Kong Inland Revenue Ordinance.

Interest income and dividend income received by the Fund may be subject to non recoverable withholding tax imposed in the country of origin. Interest income and dividend income are recorded gross of such taxes and the withholding tax is recognised in profit or loss as incurred.

Capital gains realised in certain jurisdictions may be subject to capital gains tax. Capital gains tax is charged to profit or loss on an accrual basis, using tax rates enacted or substantively enacted at the date of the statement of financial position.

# Notes to the Financial Statements

## Foreign Account Tax Compliance Act ("FATCA")

On 18 March 2010, the Hiring Incentives to Restore Employment Act of 2010 added chapter 4 to Subtitle A ("Chapter 4") of the US Internal Revenue Code (the "Code"). The provisions in Chapter 4 are commonly referred to as the Foreign Account Tax Compliance Act ("FATCA"). US Treasury regulations providing guidance on the due diligence, reporting, and withholding obligations under FATCA were passed and came into effect in January 2013 (the "Regulations").

The Regulations require foreign financial institution ("FI") to provide the Internal Revenue Service ("IRS") with information on certain U.S. persons invested in accounts outside of the U.S. and for certain non U.S. entities to provide information about any U.S. owners. The obligations of an FFI under FATCA may be modified by an Intergovernmental Agreement ("IGA") between the US and the FFI's country of organization. The Cayman Islands entered into a Model 1 IGA on 29 November 2013, which provides for reporting and enforcement by FFIs to be facilitated by local authorities. The Cayman Islands also entered into a similar IGA with the United Kingdom. Therefore, all Cayman Islands domiciled "financial institutions" are subject to domestic legislation and regulations that implement both the Foreign Account Tax Compliance Act ("US FATCA") and its UK equivalent ("UK FATCA" and together, "FATCA"). The due diligence and reporting regimes introduced by the domestic legislation and regulations apply to all such financial institutions irrespective of whether they have US or UK based account holders and/or have US or UK assets or source income.

Before the domicile of the Trust was changed from Cayman Islands to Hong Kong on 18 January 2019, the Fund was a non-reporting financial institution and not required to register for a Global Intermediary Identification Number ("GIIN") for US FATCA purposes.

## Taxation in profit or loss represents:

	2019 HKD	2018 HKD
Overseas withholding tax	453,942	673,050
Capital gains tax	22,604	84,394
	<hr/> 476,546	<hr/> 757,444

## 5 Financial assets and financial liabilities at fair value through profit or loss

	2019 HKD	2018 HKD
<b>Financial assets at fair value through profit or loss</b>		
<i><b>Equities</b></i>		
Listed shares	112,432,317	168,972,909
Unlisted shares	–	–
	<hr/>	<hr/>
<i><b>Debt securities</b></i>		
Listed bonds	78,261,349	111,674,508
	<hr/>	<hr/>
<i><b>Other investments</b></i>		
Listed unit trusts	1,199,560	1,613,713
Unlisted unit trusts	37,635,024	46,379,584
Futures contracts	1,620	–
Foreign currency forward contracts	106,950	246,041
	<hr/> 38,943,154	<hr/> 48,239,338
	<hr/> 229,636,820	<hr/> 328,886,755
	<hr/>	<hr/>
<b>Financial liabilities at fair value through profit or loss</b>		
Futures contracts	(87,984)	(157,813)
	<hr/> (87,984)	<hr/> (157,813)
	<hr/> 229,548,836	<hr/> 328,728,942
	<hr/>	<hr/>
Net investments, at cost	214,616,815	305,592,675
Net unrealised appreciation in value of investments	14,932,021	23,136,267
	<hr/> 229,548,836	<hr/> 328,728,942
Net investments, at fair value	<hr/>	<hr/>

# Notes to the Financial Statements

## 6 Amounts due from/(to) brokers

	2019 HKD	2018 HKD		2019 HKD	2018 HKD
<b>Balances due from brokers</b>					
Amounts receivable on sale of investments	346	914	(i) Management fees for the year	1,841,404	2,671,800
Margin deposits	407,154	920,944	(ii) Management fees payable at year end	120,134	226,722
	407,500	921,858	(iii) Registrar's fees and other administrative fees paid to the Manager for the year	–	28,493
<b>Balances due to brokers</b>					
Amounts payable on purchase of investments	287,117	–	(iv) Registrar's fees and other administrative fees paid to HTHK for the year	46,644	12,382
			(v) Registrar's fees and other administrative fees payable to HTHK at year end	8,822	–

## 7 Transactions with the Trustee, Manager and Connected Persons

The following is a summary of significant related party transactions or transactions entered into during the year between the Fund and the Trustee, the Manager and their Connected Persons. Connected Persons are those as defined in the Hong Kong Code on Unit Trusts and Mutual Funds issued by the SFC. All transactions during the year between the Fund, the Trustee and the Manager and their Connected Persons were entered into in the ordinary course of business and under normal commercial terms. To the best of the knowledge of the Trustee and the Manager, the Fund did not have any other transactions with Connected Persons except for those disclosed below.

- (a) The Fund is managed by HSBC Investment Funds (Hong Kong) Limited ("the Manager"), which receives a management fee, payable monthly in arrears, equivalent to a percentage per annum of the net asset value of the Fund as follows:

For Provident class units	0.75%
For Z class units	Nil

Up to 8 April 2018, the Manager, as the registrar's agent, was also entitled to registrar's fees per annum for each class of units and fees for various administrative functions performed on behalf of the Fund. On 9 April 2018, HSBC Institutional Trust Services (Asia) Limited ("HTHK") was appointed as the registrar's agent of the Fund. With effect on and from 18 January 2019 ("the Effective Date"), HTHK replaced HSBC Trustee (Cayman) Limited as the registrar of the Fund.

- (b) Bank accounts are maintained with members of the HSBC Group. The balances of these accounts amounted to \$1,089,836 (2018: \$391,032) at year end. Interest income arising from these accounts amounted to \$13,704 (2018: \$5,303). Bank overdraft in bank account maintained with members of the HSBC Group at year end was \$14,642 (2018: \$nil). Bank charges paid to HSBC group companies amounted to \$9 (2018: \$471). Margin accounts are maintained with HSBC Bank plc, which is fellow subsidiary of the Manager within the HSBC Group. The balances of margin deposits amounted to \$407,154 (2018: \$920,944) at year end.

- (c) On the Effective Date, the trustee of the Fund changed from HSBC Trustee (Cayman) Limited to HSBC Institutional Trust Services (Asia) Limited ("the Trustee"), which are the fellow subsidiaries of the Manager within the HSBC Group. The change in the trustee resulted in no adjustment to the rate of trustee's fees. The trustee of the Fund receives a monthly fee equivalent to 0.07% (2018: 0.07%) for all class units per annum of the net asset value of the Fund.

# Notes to the Financial Statements

In addition, the Trustee provides valuation services to the Fund in return for a daily fee. Prior to 10 December 2018, the daily valuation service fee was US\$100. Effective from 10 December 2018, the daily valuation service fee is US\$50 for each valuation per share class. The valuation fee is then waived from 1 April 2019.

	2019 HKD	2018 HKD
(i) Trustee's fees paid to the HSBC Trustee (Cayman) Limited	146,170	437,277
(ii) Trustee's fees payable to the HSBC Trustee (Cayman) Limited at year end	–	36,855
(iii) Trustee's fees paid to the Trustee	124,581	–
(iv) Trustee's fees payable to the Trustee at year end	15,237	–

- (d) On the Effective Date, the custodian of the Fund changed from HSBC Trustee (Cayman) Limited to HSBC Institutional Trust Services (Asia) Limited ("HTHK"), which are the fellow subsidiaries of the Manager within the HSBC Group. The custodian receives a monthly fee equivalent to 0.15 - 58 (2018: 0.15 - 58) basis points based on sub-custodian value of the securities. The custodian also receives a transaction fee of US\$4.44 – 139.50 (2018: US\$4.44 - 139.50) for each trade handled.

	2019 HKD	2018 HKD
(i) Safe custody fees paid to HSBC Trustee (Cayman) Limited	14,965	45,368
(ii) Safe custody fees payable to HSBC Trustee (Cayman) Limited at year end	–	3,631
(iii) Safe custody fees paid to HTHK	16,182	–
(iv) Safe custody fee payable to HTHK at year end	2,452	–

	2019 HKD	2018 HKD
(v) Safe custody transaction fees paid to HSBC Trustee (Cayman) Limited	1,104,191	1,582,295
(vi) Safe custody transaction fees payable to HSBC Trustee (Cayman) Limited at year end	–	233,703
(vii) Safe custody transaction fees paid to HTHK	888,979	–
(viii) Safe custody transaction fees payable to HTHK at year end	276,967	–

- (e) In its purchases and sales of investments, the Fund utilises the brokerage services of HSBC Investment Funds (Hong Kong) Limited, HSBC Bank Plc, HSBC Bank plc London, HSBC Markets Limited and HSBC Global Asset Management (UK) Limited which are members of the HSBC Group. Details of transactions effected through these companies are as follows:

	HSBC Investment Funds (Hong Kong) Limited		HSBC Bank Plc	
	2019 HKD	2018 HKD	2019 HKD	2018 HKD
Commission paid for the year	–	–	–	–
Average rate of commission	–	–	–	–
Total aggregate value of such transactions for the year	27,894,375	40,334,964	943,407	–
Percentage of such transactions in value to total transactions for the year	6.14%	10.84%	0.21%	–

# Notes to the Financial Statements

	HSBC Bank plc London		HSBC Markets Limited	
	2019	2018	2019	2018
	HKD	HKD	HKD	HKD
Commission paid for the year	4	3,323	-	-
Average rate of commission	0.00%	0.02%	-	-
Total aggregate value of such transactions for the year	5,941,766	18,253,429	412,820	215,221
Percentage of such transactions in value to total transactions for the year	1.31%	4.91%	0.09%	0.06%

	HSBC Global Asset Management (UK) Limited	
	2019	2018
	HKD	HKD
Commission paid for the year	-	-
Average rate of commission	-	-
Total aggregate value of such transactions for the year	4,724,342	13,857,849
Percentage of such transactions in value to total transactions for the year	1.04%	3.73%

The figures for commission paid do not include any trading margin which may be reflected in the market price of transactions with these entities on any transactions by the Fund during the year.

- (f) The Fund has invested in equities issued by entities within the HSBC Group during the years ended 31 July 2019 and 2018. The details of the market value of these investments and dividend income earned for the year are as follows:

	HSBC Holdings plc		Hang Seng Bank Limited	
	2019	2018	2019	2018
	HKD	HKD	HKD	HKD
(i) Market value at year end	-	-	391,929	626,062
(ii) Dividend income earned for the year	-	306,525	17,366	20,391

As at 31 July 2019 and 31 July 2018, the Fund has also invested in the futures contracts, in which the underlying equities are issued by a HSBC Group company. The details of these investments at the year end are disclosed in note 12(g).

As at 31 July 2019, the Fund held investments in HSBC IndexTracker Investment Fund - Japan Index Fund, HSBC Pooled Investment Fund - HSBC Pooled Asian Bond Fund and HSBC Pooled VC Asia Pac Ex Japan Fund, which are managed by the fellow subsidiaries of the Manager within the HSBC Group. (2018: invested in HSBC Pooled Investment Fund - HSBC Pooled Asian Bond Fund, HSBC Global Investment Funds - Indian Fixed Income Fund and HSBC IndexTracker Investment Fund - Japan Index Fund). The market value of these investments at year end was \$37,635,024 (2018: \$46,379,584).

- (g) During the year, the Fund entered into foreign currency forward contracts with The Hongkong and Shanghai Banking Corporation Limited. The details of the outstanding foreign currency forward contracts as at year end are as follows:

	2019	2018
	HKD	HKD
Receivable on forward contracts	40,610	-

## 8 Soft commission arrangements

No soft commission arrangements were entered into with brokers by the Fund during the year (2018: nil).

## 9 Units issued and redeemed

- (a) *Provident class units*

	2019	2018
Number of units in issue brought forward	16,364,471	16,850,143
Units issued during the year	1,168,905	2,080,041
Units redeemed during the year	(9,826,413)	(2,565,713)
Number of units in issue carried forward	7,706,963	16,364,471



# Notes to the Financial Statements

## (b) Z class units

	2019	2018
Number of units in issue brought forward	–	–
Units issued during the year	7,348,510	–
Units redeemed during the year	(40,080)	–
Number of units in issue carried forward	7,308,430	–

- (c) The capital of the Fund is represented by the net assets attributable to unitholders which are subject to subscriptions and redemptions of units. The Fund does not have any externally imposed capital requirements.

Units may be acquired and redeemed on any valuation date at the unit value determined on that day. The valuation date is every business day, which is also a day on which banks in Hong Kong are normally open for business, or such other day(s) as the Manager may determine. No minimum initial and subsequent investment amounts apply to Provident Class Units and Z Class Units.

Units may be redeemed on any valuation date, at the redemption price applicable as at the close of business in Hong Kong on such day. No minimum redemption amounts and minimum holding apply to Provident Class Units and Z Class Units.

## 10 Equalisation

The equalisation portion of received and receivable on issue of units or paid and payable on redemption of units is calculated based on the portion of the unit price related to undistributed accumulated net investment income and accumulated expenses of the unit at the date of issue or redemption.

## 11 Distributions

Pursuant to the Trust Deed, no distributions shall be made to the holders of the Provident class units and Z class units.

## 12 Financial instruments and associated risks

The Fund maintains an investment portfolio in a variety of listed and unlisted financial instruments as dictated by its investment management strategy. The investment objective of the Fund is to achieve steady long-term capital growth that will at least exceed Hong Kong inflation. The Fund's

investment portfolio comprises equities, debt securities, unit trusts, forward contracts and futures contracts.

The Fund's investing activities expose it to various types of risks that are associated with the financial instruments and markets in which it invests. The Manager and the Trustee have set out below the most important types of financial risks inherent in each type of financial instrument. The Manager and the Trustee would like to highlight that the following list of associated risks only sets out some of the risks but does not purport to constitute an exhaustive list of all the risks inherent in an investment in the Fund. Unitholders should note that additional information in respect of risks associated with financial instruments in the Fund can be found in the Fund's offering document.

The nature and extent of the financial instruments outstanding at the date of the statement of financial position and the risk management policies employed by the Fund are discussed below.

### (a) Price risk

Price risk is the risk that value of the instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

The impact of a 10% (2018: 10%) increase in value of the investments at 31 July 2019, with all other variables held constant, is shown below. An equal change in the opposite direction would have reduced the net assets attributable to unitholders by an equal amount. The analysis is performed on the same basis for 2018.

	Market exposures HKD	Change in net assets if investment value increased by 10% HKD
<b>As at 31 July 2019</b>		
Equities	112,432,317	11,243,232
Unit trusts	38,834,584	3,883,458
Futures contracts	3,792,783	379,278

# Notes to the Financial Statements

	Market exposures HKD	Change in net assets if investment value increased by 10% HKD
<b>As at 31 July 2018</b>		
Equities	168,972,909	16,897,291
Unit trusts	47,993,297	4,799,330
Futures contracts	6,097,277	609,728

## (b) Interest rate risk

Interest rate risk arises from changes in interest rates which may affect the value of debt instruments and therefore result in potential gain or loss to the Fund. The Fund's interest rate risk is managed on an ongoing basis by the Manager.

The following table indicates the period in which the interest bearing assets mature at the date of statement of financial position.

	2019				
	1 year or less '000 HKD	Over 1 year to 5 years '000 HKD	Over 5 years '000 HKD	Non-interest bearing '000 HKD	Total '000 HKD
Financial assets at fair value through profit or loss	767	29,793	47,701	151,376	229,637
<b>Total interest bearing assets</b>	767	29,793	47,701		

	2018				
	1 year or less '000 HKD	Over 1 year to 5 years '000 HKD	Over 5 years '000 HKD	Non-interest bearing '000 HKD	Total '000 HKD
Financial assets at fair value through profit or loss	20,830	23,058	67,787	217,212	328,887
<b>Total interest bearing assets</b>	20,830	23,058	67,787		

## Interest rate sensitivity

At the date of the statement of financial position, assuming all other factors unchanged, it is estimated that an increase in interest rates of 100 basis points (2018: 100 basis points) would result in a decrease in the net assets attributable to the unitholders and the profit for the year by \$6,874,298 (2018: \$7,843,962); an equal change in the opposite direction would result in an increase in the net assets attributable to unitholders by an approximately equal amount. The analysis is performed on the same basis for 2018.

## (c) Currency risk

The Fund may invest in financial instruments and enter into transactions denominated in currencies other than its functional currency. Consequently, the Fund is exposed to risks that the exchange rate of its functional currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Fund's assets or liabilities denominated in currencies other than Hong Kong dollars.

The fluctuations in the rate of exchange between the currency in which the asset or liability is denominated and the functional currency could result in an appreciation or depreciation in the fair value of that asset or liability. The Manager may attempt to mitigate this risk by using financial derivative instruments. The Manager monitors the Fund's currency exposures on an ongoing basis.

## Currency sensitivity

At 31 July 2019 and 2018, had the Hong Kong dollar ("HKD") weakened by 5% (2018: 5%) in relation to respective currencies, with all other variables held constant, the net assets attributable to unitholders and profit for the year would have increased by the amounts shown below. The analysis is performed on the same basis for 2018.

# Notes to the Financial Statements

	Net exposure HKD	Change in net assets if HKD weakened by 5% HKD
<b>As at 31 July 2019</b>		
<i>Currencies</i>		
Australian dollar	5,708,516	285,426
Canadian dollar	2,224,079	111,204
Chinese yuan	16,343	817
Danish krone	1,113,218	55,661
Euro	36,578,845	1,828,942
Hungarian Forint	44,428	2,221
Indian rupee	2,131,261	106,563
Indonesian rupiah	287,068	14,353
Japanese yen	13,722,344	686,117
Malaysian ringgit	530,825	26,541
Mexican peso	545,836	27,292
New Taiwan dollar	2,475,350	123,768
New Zealand dollar	224,719	11,236
Norwegian krone	421,829	21,092
Philippine peso	262,645	13,132
Polish zloty	480,318	24,016
Pound sterling	17,559,861	877,993
Russian ruble	767,264	38,363
Singapore dollar	724,306	36,215
South African rand	385,975	19,299
South Korean won	2,805,839	140,292
Swedish krona	1,028,492	51,425
Swiss franc	3,443,056	172,153
Thai baht	585,118	29,256
Turkish lira	286,142	14,307
<b>Total</b>	<b>94,353,677</b>	<b>4,717,684</b>

	Net exposure HKD	Change in net assets if HKD weakened by 5% HKD
<b>As at 31 July 2018</b>		
<i>Currencies</i>		
Australian dollar	8,192,939	409,647
Canadian dollar	3,575,375	178,769
Chinese yuan	—	—
Czech koruna	60,453	3,023
Danish krone	1,570,092	78,505
Euro	47,271,733	2,363,587
Indian rupee	2,811,080	140,554
Indonesian rupiah	404,272	20,214
Japanese yen	39,199,728	1,959,985
Malaysian ringgit	737,894	36,895
Mexican peso	825,158	41,258
New Taiwan dollar	3,758,166	187,907
New Zealand dollar	293,415	14,671
Norwegian krone	600,372	30,019
Philippine peso	168,433	8,422
Polish zloty	766,360	38,318
Pound sterling	22,796,259	1,139,813
Russian ruble	1,094,912	54,746
Singapore dollar	907,611	45,381
South African rand	596,067	29,803
South Korean won	5,330,488	266,524
Swedish krona	1,843,028	92,151
Swiss franc	4,542,795	227,140
Thai baht	684,565	34,228
Turkish lira	224,676	11,234
<b>Total</b>	<b>148,255,871</b>	<b>7,412,794</b>

As the HKD is pegged to the United States dollar ("USD"), the Fund does not expect any significant movements in USD/HKD exchange rate. A 5% (2018: 5%) appreciation of the HKD against the above currencies would have resulted in an equal but opposite effect on the financial statement amounts, on the basis that all other variables remain constant.

# Notes to the Financial Statements

## (d) Credit risk

### (i) Analysis of credit policy and concentration of credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's exposure to credit risk is monitored by the Manager on an ongoing basis.

As at 31 July 2019 and 2018, all of the Fund's financial assets were exposed to credit risk. These include investments and cash and cash equivalents placed with banks and the custodian.

At the date of the statement of financial position, the Fund invested in debt securities with the following credit ratings equivalent to which provided by Moody's credit rating services expressed as a percentage of debt securities:

Rating (Moody's)	% of debt securities	
	2019	2018
Aaa	43.64	46.95
Aa2	12.18	13.92
Aa3	2.86	3.96
A1	18.98	19.83
A2	0.52	0.56
A3	0.70	0.74
Baa1	10.80	4.63
Baa2	10.09	8.88
Baa3	–	0.53
NR	0.23	–
Total	100.00	100.00

Credit risk is managed by the reviewing and monitoring of the credit quality of debt instruments held by the Fund or the issuers of the debt instruments held by the Fund on an ongoing basis.

Credit risk arising from transactions with brokers relates to transactions awaiting settlement. Risk relating to unsettled transactions is considered small due to the short settlement period involved and the high credit quality of the brokers used.

A majority of the cash held by the Fund is deposited with the HSBC Group. Bankruptcy or insolvency of the bank may cause the Fund's rights with respect to the cash held by the bank to be delayed or limited. The Manager monitors the credit rating and financial position of the bank on an ongoing basis.

Substantially all of the assets of the Fund are held by the custodian. Bankruptcy or insolvency of the custodian may cause the Fund's rights with respect to securities held by the custodian to be delayed or limited. The custodian is a group company of the HSBC, for which the credit risk is considered insignificant.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the date of statement of financial position.

As of 31 July 2019, the Fund held debt securities issued by the Japan Government amounting to 6.28% (2018: 6.38%) of the net asset value of the Fund and US Government amounting to 12.49% (2018: 11.49%) of the net asset value of the Fund.

As at 31 July 2019 and 2018, there were no other significant concentrations of credit risk to counterparties except to the custodian.

### (ii) Offsetting financial assets and financial liabilities

None of the financial assets and financial liabilities is offset in the statement of financial position.

As at 31 July 2019 and 2018, the disclosure set out in the table below include financial assets and financial liabilities that are subject to an enforceable master netting arrangement.

The enforceable master netting arrangements do not meet the criteria for offsetting in the statement of financial position. This is because they create a right of set off of recognised amounts that is enforceable only following on event of default, insolvency or bankruptcy of the Fund or its counterparties. In addition, the Fund and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

# Notes to the Financial Statements

## As at 31 July 2019

*Financial assets subject to enforceable master netting arrangements*

	Gross amounts of recognised financial assets HKD	Gross amounts of recognised financial liabilities offset in the statement of financial position HKD	Net amounts of financial assets presented in the statement of financial position HKD	Amounts of financial instruments (including non-cash collateral) HKD	Cash collateral received HKD	Net amount HKD
Derivative financial instruments:						
– Foreign currency forward contracts						
Counterparty A	40,610	–	40,610	–	–	40,610
Counterparty B	66,340	–	66,340	–	–	66,340
– Counterparty C	–	–	–	–	–	–

*Financial liabilities subject to enforceable master netting arrangements*

	Gross amounts of recognised financial liabilities HKD	Gross amounts of recognised financial assets offset in the statement of financial position HKD	Net amounts of financial liabilities presented in the statement of financial position HKD	Amounts of financial instruments (including non-cash collateral) HKD	Cash collateral pledged HKD	Net amount HKD
Derivative financial instruments:						
– Foreign currency forward contracts						
– Counterparty A	–	–	–	–	–	–
– Counterparty B	–	–	–	–	–	–
– Counterparty C	–	–	–	–	–	–

# Notes to the Financial Statements

31 July 2018

Financial assets subject to enforceable master netting arrangements

	Gross amounts of recognised financial assets HKD	Gross amounts of recognised financial liabilities offset in the statement of financial position HKD	Net amounts of financial assets presented in the statement of financial position HKD	Amounts of financial instruments (including non-cash collateral) HKD	Cash collateral received HKD	Net amount HKD
Derivative financial instruments:						
– Foreign currency forward contracts						
– Counterparty A	–	–	–	–	–	–
– Counterparty B	172,151	–	172,151	–	–	172,151
– Counterparty C	–	–	–	–	–	–

Financial liabilities subject to enforceable master netting arrangements

	Gross amounts of recognised financial liabilities HKD	Gross amounts of recognised financial assets offset in the statement of financial position HKD	Net amounts of financial liabilities presented in the statement of financial position HKD	Amounts of financial instruments (including non-cash collateral) HKD	Cash collateral pledged HKD	Net amount HKD
Derivative financial instruments:						
– Foreign currency forward contracts						
– Counterparty A	–	–	–	–	–	–
– Counterparty B	–	–	–	–	–	–
– Counterparty C	–	–	–	–	–	–

The gross amounts of recognised financial assets and financial liabilities and their net amounts presented in the statement of financial position disclosed in the above tables have been measured in the statement of financial position at fair value.

The tables below reconcile the "Net amounts of financial assets and financial liabilities presented in the statement of financial

position", as set out above, to the line items presented in the statement of financial position.

Reconciliation to the net amounts of financial assets and financial liabilities presented in the statement of financial position.

# Notes to the Financial Statements

## As at 31 July 2019

### Financial assets

	Net amounts HKD	Carrying amount in statement of financial position HKD	Financial assets not in scope of offsetting disclosures HKD
Financial assets at fair value through profit or loss:			
– Foreign currency forward contracts			
– Counterparty A	40,610	40,610	–
– Counterparty B	66,340	66,340	–
– Counterparty C	–	–	–

### Financial liabilities

	Net amounts HKD	Carrying amount in statement of financial position HKD	Financial liabilities not in scope of offsetting disclosures HKD
Financial liabilities at fair value through profit or loss:			
– Foreign currency forward contracts			
– Counterparty A	–	–	–
– Counterparty B	–	–	–
– Counterparty C	–	–	–

## As at 31 July 2018

### Financial assets

	Net amounts HKD	Carrying amount in statement of financial position HKD	Financial assets not in scope of offsetting disclosures HKD
Financial assets at fair value through profit or loss:			
– Foreign currency forward contracts			
– Counterparty A	–	–	–
– Counterparty B	172,151	172,151	–
– Counterparty C	–	73,890	-73,890

### Financial liabilities

	Net amounts HKD	Carrying amount in statement of financial position HKD	Financial liabilities not in scope of offsetting disclosures HKD
Financial liabilities at fair value through profit or loss:			
– Foreign currency forward contracts			
– Counterparty A	–	–	–
– Counterparty B	–	–	–
– Counterparty C	–	–	–

### (iii) Amounts arising from ECL

Impairment on interest and dividends receivable, subscriptions receivable, amounts due from brokers and cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Fund considers that these exposures have low credit risk based on the external credit ratings and/ or review result of the counterparties.

# Notes to the Financial Statements

The Fund monitors changes in credit risk on these exposures by tracking published external credit ratings of the counterparties and/ or performed ongoing review of the counterparties.

On initial application of HKFRS 9 as at 1 August 2018, the Manager considers the probability of default to be minimal as the counterparties have a strong capacity to meet their contractual obligations in the near term. There is no impairment allowance recognised on interest and dividends receivable, subscriptions receivable, amounts due to brokers and cash and cash equivalents. The amount of the loss allowance did not change during the year ended 31 July 2019.

## (e) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Fund. The Fund is exposed to daily liquidity risk on redemption of units.

The Fund's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities to meet its liquidity requirements in the short and longer term.

The Fund's listed investments are considered to have insignificant exposure to liquidity risk as they are all readily realisable under normal market conditions. The Fund, however, also invests in unlisted investments such as unlisted bonds and unit trusts, which are not publicly traded on exchanges and may become illiquid.

As at 31 July 2019 and 2018, the Fund's financial liabilities are due within three months, except for net assets attributable to unitholders, bank overdrafts and redemptions payable which are repayable on demand.

## (f) Capital management

The Fund's capital as at the year end date is represented by its redeemable units, which is classified as financial liabilities.

The Fund's objective in managing the capital is to ensure a stable and strong base to achieve long term capital growth, and to manage liquidity risk arising from the redemptions. The Manager manages the capital of the Fund in accordance

with the Fund's investment objectives and policies stated in the Fund's Explanatory Memorandum.

There were no changes in the policies and procedures during the year with respect to the Fund's approach to its capital management.

The amount and the movement of net assets attributable to unitholders are stated in the statement of net assets attributable to unitholders/statement of changes in equity. As the redeemable units are redeemed on demand at the unitholders' option, the actual level of redemption may differ significantly from historical experience.

## (g) Specific instruments

### Forward contracts

Forward contracts are commitments either to purchase or sell a designated financial instrument, currency, commodity or index at a specified future date for a specified price and may be settled in cash or the underlying financial asset.

Forward contracts result in exposure to market risk based on changes in market prices relative to contracted prices. Market risks arise due to the possible movement in foreign currency exchange rates, indices, and securities' values underlying these instruments. In addition, because of the low margin deposits normally required in relation to notional contract sizes, a high degree of leverage may be typical of a forward contract and may result in substantial losses to the Fund. Forward contracts are generally subject to liquidity risk.

As at 31 July 2019 and 2018, the Fund's holdings in foreign currency forward contracts were as specified in the following tables.

### As at 31 July 2019

Buy	Sell	Settlement date	Fair value assets HKD	Fair value (liabilities) HKD
HKD7,436,852	JPY102,000,000	6 September 2019	66,340	-
HKD9,780,948	JPY134,400,000	15 October 2019	40,610	-
			106,950	-



# Notes to the Financial Statements

## As at 31 July 2018

Buy	Sell	Settlement date	Fair value assets HKD	Fair value (liabilities) HKD
HKD7,173,089	EUR770,000	10 September 2018	88,481	-
HKD3,622,201	JPY50,500,000	21 September 2018	73,890	-
HKD3,526,585	JPY49,000,000	21 September 2018	83,670	-
			246,041	-

### Futures contracts

Futures contracts are legally binding commitments to buy or sell a financial instrument, currency, commodity or index at a specified future date for a specified price which are agreed upon at the initiation of the contract by the buyer and seller. Futures contracts are standardised for quality and quantity and traded on a futures exchange.

As at 31 July 2019 and 2018, the Fund's holdings in futures contracts were as specified in the following table.

## As at 31 July 2019

Underlying equity	Futures exchange	No of contracts	Weighted average contract price	Contract size	Maturity date	Fair value assets HKD	Fair value (liabilities) HKD
HSBC Holdings plc	Eurex Exchange	4	GBP 6.4421	1,000	20 September 2019	1,620	-
HSBC Holdings plc	The Hong Kong Stock Exchange	141	HKD 64.0000	400	27 September 2019	-	(87,984)
						1,620	(87,984)

## As at 31 July 2018

Underlying equity	Futures exchange	No of contracts	Weighted average contract price	Contract size	Maturity date	Fair value assets HKD	Fair value (liabilities) HKD
HSBC Holdings plc	Eurex Exchange	13	GBP 7.2614	1,000	21 September 2018	-	(2,129)
HSBC Holdings plc	The Hong Kong Stock Exchange	173	HKD 76.3498	400	27 September 2018	-	(155,684)
						-	(157,813)

## 13 Fair value information

The Fund's financial instruments are measured at fair value on the date of the statement of financial position. Fair value estimates are made at a specified point in time, based on market conditions and information about the financial instruments. Usually, fair values can be reliably determined within a reasonable range of estimates. For certain other financial instruments, including interest and dividends receivable, subscriptions receivable, amounts due to brokers, bank overdrafts, amounts due from brokers, redemptions payable and other payables, the carrying amounts approximate fair values due to the immediate or short-term nature of these financial instruments.

### Valuation of financial instruments

The Fund's accounting policy on fair value measurements is detailed in significant accounting policy in note 2(e)(iv).

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

# Notes to the Financial Statements

- Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

When fair values of listed and quoted investments at the reporting date are based on quoted market prices or binding dealer price quotations in an active market, without any deduction for transaction costs, the instruments are included within Level 1 of the hierarchy. When fair values of debt securities at the reporting date represent quoted prices in markets that are considered less than active or consensus prices derived by third parties using valuation techniques where all significant inputs are directly or indirectly observable from market data, those debt securities are included within Level 2 of the hierarchy. For all other financial instruments, the Fund determines fair value using valuation techniques.

The Fund uses widely recognised valuation models for determining the fair value of the financial instruments which do not have quoted market prices in active markets. Valuation techniques include net present value, discounted cash flow models, comparison to similar instruments for which market observable prices exist, comparison to quoted prices for identical instruments that are considered less than active and other valuation models.

The following analyses financial assets and liabilities at fair value through profit or loss at the date of the statement of financial position, by the level in the fair value hierarchy into which the fair value measurement is categorised.

## Financial instruments at fair value through profit or loss

	Level 1 HKD	Level 2 HKD	Level 3 HKD	Total HKD
<b>31 July 2019</b>				
<b>Financial assets</b>				
Equities	112,432,317	–	–	112,432,317
Debt securities	–	78,261,349	–	78,261,349
Unit trusts	38,834,584	–	–	38,834,584
Future contracts	1,620	–	–	1,620
Forward contracts	–	106,950	–	106,950
	151,268,521	78,368,299	–	229,636,820

## Financial liabilities

Futures contracts	87,984	–	–	87,984
	87,984	–	–	87,984

	Level 1 HKD	Level 2 HKD	Level 3 HKD	Total HKD
<b>31 July 2018</b>				
<b>Financial assets</b>				
Equities	168,906,843	–	66,066	168,972,909
Debt securities	–	111,674,508	–	111,674,508
Unit trusts	47,993,297	–	–	47,993,297
Forward contracts	–	246,041	–	246,041
	216,900,140	111,920,549	66,066	328,886,755

## Financial liabilities

Futures contracts	157,813	–	–	157,813
Forward contracts	–	–	–	–
	157,813	–	–	157,813

As of 31 July 2019, Level 3 financial instruments included China Common Rich Renewable Energy Investments Ltd. and Folli Follie Commercial Manufacturing and Technical SA. As of 31 July 2018, Level 3 financial instruments included Hanergy Thin Film Power Group Limited, Folli Follie Commercial Manufacturing and Technical SA, and Hopewell Highway Infrastructure Ltd.

Hanergy Thin Film Power Group Limited was suspended for trading in May 2015 and delisted in June 2019. Subsequently, all shares of the company were transferred to the shares of China Common Rich Renewable Energy Investment Ltd., which is valued at zero based on relevant news and information. Folli Follie Commercial Manufacturing and Technical SA was suspended for trading in May 2018 and in these financial statements, it is written down to zero based on relevant news and information. Hopewell Highway Infrastructure Ltd. was suspended for trading in May 2018 and in these financial statements, it was revalued and priced using the last traded price before suspension with the adjustment based on relevant news and information.

The table below presents the reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

# Notes to the Financial Statements

	As at 1 August 2018 HKD	Net losses included in the statement of comprehensive income HKD	Purchases HKD	Sales HKD	Transfer into Level 3 HKD	As at 31 July 2019 HKD	* Unrealised losses HKD
Equities	66,066	(18,516)	-	(47,550)	-	-	(21,911)

	As at 1 August 2017 HKD	Net losses included in the statement of comprehensive income HKD	Purchases HKD	Sales HKD	Transfer into Level 3 HKD	As at 31 July 2018 HKD	* Unrealised losses HKD
Equities	133,950	24,546	-	(158,496)	66,066	66,066	(37,944)

\* The change in unrealised gains or losses for the year is included in the statement of comprehensive income for financial assets and financial liabilities held at the reporting date.

## Quantitative information of significant unobservable inputs - Level 3

The table below sets out information about significant unobservable inputs used at 31 July 2019 and 2018 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Description	Fair value at 31 July 2019 HKD	Fair value at 31 July 2018 HKD	Valuation techniques	Unobservable input
Equities	-	\$ 66,066	Adjustment on last traded price before suspension	Adjustment based on the information relating to the investments

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis is as shown below:

Description	Input	Change in the relevant input	Effect on the net assets attributable to unitholders HKD
<b>As at 31 July 2019</b>			
Equities	Adjustment based on the information relating to the investments	5%/(5)%	-13,191
<b>As at 31 July 2018</b>			
Equities	Adjustment based on the information relating to the investments	5%/(5)%	(674)/13,191

## Valuation of financial instruments not measured at fair value

The financial instruments not measured at fair value through profit or loss are short-term financial assets and financial liabilities whose carrying amounts approximate fair value.

The following tables sets out the fair values of financial instruments not measured at fair value and analyses it by the level in the fair value hierarchy into which each fair value measurement is categorised.

### 31 July 2019

	Level 1 HKD	Level 2 HKD	Level 3 HKD	Total HKD
<b>Financial assets</b>				
Interest and dividends receivable	-	808,697	-	808,697
Subscriptions receivable	-	1,066,028	-	1,066,028
Amounts due from brokers	-	407,500	-	407,500
Cash and cash equivalents	-	7,353,040	-	7,353,040
	-	9,635,265	-	9,635,265

# Notes to the Financial Statements

## Financial liabilities

Bank overdrafts	-	14,642	-	14,642
Redemptions payable	-	1,633,421	-	1,633,421
Amounts due to brokers	-	287,117	-	287,117
Other payables	-	613,578	-	613,578
Net assets attributable to unitholders	-	236,635,343	-	236,635,343
	-	239,184,101	-	239,184,101

## 31 July 2018

	Level 1 HKD	Level 2 HKD	Level 3 HKD	Total HKD
<b>Financial assets</b>				
Interest and dividends receivable	-	2,127,023	-	2,127,023
Subscriptions receivable	-	1,232,905	-	1,232,905
Amounts due from brokers	-	921,858	-	921,858
Cash and cash equivalents	-	15,300,617	-	15,300,617
	-	19,582,403	-	19,582,403

## Financial liabilities

Redemptions payable	-	4,095	-	4,095
Amounts due to brokers	-	-	-	-
Other payables	-	891,934	-	891,934
	-	896,029	-	896,029

## 14 Segment information

The Manager makes the strategic resource allocation on behalf of the Fund and determines the operating segments based on the internal reporting used to make strategic decisions.

The Manager's asset allocation decisions are based on one single and integrated investment strategy, and the Fund's performance is evaluated on an overall basis. Accordingly the Manager considers that the Fund has one single operating segment which is investing in a portfolio of financial instruments to generate investment returns in accordance with the investment objective stipulated in its Explanatory Memorandum. There were no changes in the operating segment during the year.

All revenues and losses generated from investments by the Fund are disclosed in note 3. The segment information provided to the Manager is the same as that disclosed in the statement of comprehensive income and the statement of financial position.

## 15 Involvement with unconsolidated structured entities

The Fund has concluded that the listed and unlisted investment funds in which it invests, but that it does not consolidate, meet the definition of structured entities because:

- the voting rights in the funds are not dominant rights in deciding who controls them as they relate to administrative tasks only;
- each fund's activities are restricted by its prospectus; and
- the funds have narrow and well defined objectives to provide investment opportunities to investors.

The table below describes the types of structured entities that the Fund does not consolidate but in which it holds an interest.

Type of structured entity	Nature and purpose	Interest held by the Fund
Investment funds	To manage assets on behalf of third party investors and generate fees for the investment manager	Investment in units issued by the funds
	These vehicles are financed through the issue of units to investors	

# Notes to the Financial Statements

The table below sets out interests held by the Fund in unconsolidated structured entities. The maximum exposure to loss is the carrying amount of the financial assets held.

31 July 2019			
Number of investee funds		Total net assets (based on unaudited information) HKD	Carrying amount included in "Financial assets of fair value through profit or loss" HKD
Listed investment funds	10	2,216,493,000,000	1,199,560
Unlisted investment funds	3	31,812,000,000	37,635,024

31 July 2018			
Number of investee funds		Total net assets (based on unaudited information) HKD	Carrying amount included in "Financial assets of fair value through profit or loss" HKD
Listed investment funds	11	2,090,158,000,000	1,613,713
Unlisted investment funds	3	22,435,000,000	46,379,584

During the year, the Fund did not provide financial support to unconsolidated structured entities and has no intention of providing financial or other support.

The Fund can redeem units in the above investment funds on any respective dealing day.

## 16 Cash and cash equivalents

	2019 HKD	2018 HKD
Cash at bank	7,353,040	15,300,617
Bank overdrafts	(14,642)	–
Cash and cash equivalents in the cash flow statement	7,338,398	15,300,617

## 17 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 July 2019

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, interpretations and new standards which are not yet effective for the year ended 31 July 2019 and which have not been adopted in these financial statements.

Of these developments, the following may be relevant to the Fund's operations and financial statements:

### Effective for accounting periods beginning on or after

*IFRIC 23, Uncertainty over income tax treatments* 1 January 2019

*Annual Improvements to IFRSs 2015-2017 Cycle* 1 January 2019

The Fund is in the process of making an assessment of what the impact of these amendments and interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have material impact on the Fund.

# Portfolio Statement (Unaudited)

## HSBC Managed Stable Growth Fund

as at 31 July 2019

	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
<b>Equities</b>							
Listed investments				WOODSIDE PETROLEUM LTD	1,097	205,380	0.09
				WOOLWORTHS GROUP LTD	1,002	192,568	0.08
				XERO LTD	52	18,214	0.01
						<u>4,439,625</u>	<u>1.88</u>
<b>Australia</b>				<b>Austria</b>			
AGL ENERGY LTD	1,313	148,554	0.06	ERSTE GROUP BANK AG	162	45,803	0.02
ALS LTD	1,566	61,003	0.03	OMV AG	191	75,426	0.03
AMCOR LTD	233	19,523	0.01	TELEKOM AUSTRIA AG	957	55,883	0.02
ANSELL LTD	497	74,814	0.03	VIENNA INSURANCE GROUP AG	83	16,783	0.01
ANZ BANKING GROUP LTD	1,700	255,995	0.11	VOESTALPINE AG	298	62,438	0.03
AURIZON HOLDINGS LTD	4,903	152,372	0.06			<u>256,333</u>	<u>0.11</u>
ASX LTD	115	55,129	0.02	<b>Belgium</b>			
BENDIGO AND ADELAIDE BANK LTD	1,188	73,648	0.03	ANHEUSER BUSCH INBEV NV	149	118,265	0.05
BHP BILLITON LTD	2,121	466,441	0.20	ETABLISSEMENTEN FRANZ			
BLUESCOPE STEEL LTD	322	22,741	0.01	COLRUYT NV	119	48,923	0.02
BORAL LTD	665	18,514	0.01	KBC GROEP NV	79	40,128	0.02
BRAMBLES LTD	819	57,975	0.02	PROXIMUS NV	304	68,384	0.03
CSR LTD	3,650	79,363	0.03	SOFINA SA	41	62,606	0.02
COCA-COLA AMATIL LTD	280	16,044	0.01	SOLVAY SA	23	18,615	0.01
COCHLEAR LTD	33	39,233	0.02	UCB SA	128	78,783	0.03
COMMONWEALTH BANK OF AUSTRALIA	797	353,900	0.15			<u>435,704</u>	<u>0.18</u>
CROWN RESORTS LTD	1,022	65,397	0.03	<b>Canada</b>			
CSL LTD	263	325,827	0.14	BANK OF NOVA SCOTIA	137	57,543	0.02
DOWNER EDI LTD	325	12,660	0.01	BARRICK GOLD CORP	207	26,469	0.01
FLIGHT CENTRE TRAVEL GROUP LTD	526	130,802	0.06	BCE INC	165	58,661	0.02
FORTESCUE METALS GROUP LTD	342	15,371	0.01	CANADIAN IMPERIAL BANK OF COMMERCE	21	12,998	0.00
HARVEY NORMAN HOLDINGS LTD	3,326	78,779	0.03	CANADIAN NATIONAL RAILWAY CO	111	82,658	0.03
ILUKA RESOURCES LTD	1,447	75,104	0.03	CANADIAN NATURAL RESOURCES LTD	134	26,704	0.01
INSURANCE AUSTRALIA GROUP LTD	1,720	80,087	0.03	CANADIAN PACIFIC RAILWAY LTD	16	30,055	0.01
MACQUARIE GROUP LTD	95	66,013	0.03	CGI INC	30	18,166	0.01
NATIONAL AUSTRALIA BANK LTD	1,640	252,268	0.11	CONSTELLATION SOFTWARE INC	2	14,971	0.01
NEWCREST MINING LTD	313	60,086	0.02	ENBRIDGE INC	426	111,939	0.05
OIL SEARCH LTD	828	31,763	0.01	FRANCO-NEVADA CORP	22	15,042	0.01
OZ MINERALS LTD	965	53,575	0.02	GREATWEST LIFECO INC	213	36,797	0.02
RIO TINTO LTD	228	121,661	0.05	MANULIFE FINANCIAL CORP	262	37,328	0.02
SONIC HEALTHCARE LTD	495	74,887	0.03	METRO INC	236	72,621	0.03
SOUTH32 LTD	2,928	49,605	0.02				
STAR ENTERTAINMENT GROUP LTD	2,725	60,868	0.03				
SUNCORP GROUP LTD	720	52,482	0.02				
TELSTRA CORP LTD	2,169	46,459	0.02				
WESFARMERS LTD	642	135,748	0.06				
WESTPAC BANKING CORP	1,834	283,495	0.12				
WHITEHAVEN COAL LTD	2,769	55,277	0.02				

# Portfolio Statement (Unaudited)

## HSBC Managed Stable Growth Fund

as at 31 July 2019

	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
<b>Equities</b>							
Listed investments							
POWER CORPORATION OF CANADA	441	73,556	0.03	CAPGEMINI SE	50	50,224	0.02
ROGERS COMMUNICATIONS INC	38	15,519	0.01	CNP ASSURANCES SA	436	71,060	0.03
ROYAL BANK OF CANADA	71	44,110	0.02	COMPAGNIE DE SAINT-GOBAIN	100	30,291	0.01
SUNCOR ENERGY INC	230	51,922	0.02	CREDIT AGRICOLE SA	421	39,555	0.02
TECK RESOURCES LTD	366	58,908	0.02	DANONE SA	190	129,827	0.06
TELUS CORP	230	65,043	0.03	DASSAULT SYSTEMES SE	38	45,705	0.02
TORONTO-DOMINION BANK	82	37,712	0.02	ELECTRICITE DE FRANCE SA	1,205	117,783	0.05
				ENGIE SA	1,260	152,864	0.07
				ESSILOR INTERNATIONAL SA	98	104,759	0.04
				HERMES INTERNATIONAL SCA	10	55,483	0.02
				IMERYS SA	61	20,118	0.01
				KERING SA	14	57,288	0.02
				L'OREAL SA	128	269,974	0.11
		963,853	0.41	LVMH MOET HENNESSY LOUIS			
<b>Denmark</b>				VUITTON SE	86	281,302	0.12
AP MOELLER - MAERSK A/S	2	17,713	0.01	ORANGE SA	587	68,683	0.03
CARLSBERG A/S	95	102,189	0.04	PERNOD RICARD SA	69	95,649	0.04
COLOPLAST A/S	46	42,319	0.02	SAFRAN SA	128	144,860	0.06
DANSKE BANK A/S	206	24,104	0.01	SANOFI SA	189	124,301	0.05
H LUNDBECK A/S	107	32,646	0.01	SCHNEIDER ELECTRIC SE	76	51,719	0.02
ISS A/S	225	49,727	0.02	SCOR SE	160	51,875	0.02
NOVO NORDISK A/S	747	282,491	0.12	SOCIETE BIC SA	91	49,887	0.02
ORSTED A/S	182	130,898	0.06	SOCIETE GENERALE DE PARIS SA	297	57,478	0.02
TRYG A/S	215	51,745	0.02	SUEZ SA	121	14,005	0.01
VESTAS WIND SYSTEMS A/S	66	42,739	0.02	TELEPERFORMANCE SE	18	29,745	0.01
				THALES SA	102	90,721	0.04
				TOTAL SA	863	353,776	0.15
		776,571	0.33	UBISOFT ENTERTAINMENT SA	21	13,683	0.01
<b>Finland</b>				VEOLIA ENVIRONNEMENT SA	450	89,618	0.04
ELISA OYJ	207	76,639	0.03	VINCI SA	146	118,646	0.05
NOKIA OYJ	3,380	143,744	0.06	WORLDLINE SA	46	25,979	0.01
NOKIAN TYRES PLC	74	16,750	0.01				
SAMPO OYJ	77	25,280	0.01			3,702,005	1.57
		262,413	0.11				
<b>France</b>				<b>Germany</b>			
ACCOR SA	67	23,533	0.01	ADIDAS AG	55	138,798	0.06
AIR LIQUIDE SA	125	136,181	0.06	ALLIANZ SE	195	358,518	0.15
AIRBUS GROUP SE	289	322,558	0.14	AROUNDTOWN SA	2,091	131,798	0.05
ARKEMA SA	97	69,070	0.03	BASF SE	196	103,401	0.04
ATOS SE	118	75,138	0.03	BAYER AG	77	39,635	0.02
AXA SA	534	106,579	0.05	BEIERSDORF AG	95	87,021	0.04
BNP PARIBAS SA	367	134,918	0.06	BRENNTAG AG	50	19,488	0.01
BUREAU VERITAS SA	138	27,170	0.01	CARL ZEISS MEDITEC AG	77	66,741	0.03

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as at 31 July 2019

	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
<b>Equities</b>				<b>Hong Kong</b>			
Listed investments							
COVESTRO AG	136	48,728	0.02	AAC TECHNOLOGIES HOLDINGS INC	500	21,375	0.01
DAIMLER AG	95	38,973	0.02	AGILE GROUP HOLDINGS LTD	8,306	84,555	0.04
DEUTSCHE LUFTHANSA AG	468	58,634	0.02	AGRICULTURAL BANK OF CHINA LTD			
DEUTSCHE POST AG	83	21,347	0.01	H SHARES	87,749	279,919	0.12
DEUTSCHE TELEKOM AG	976	126,575	0.05	AIA GROUP LTD	32,954	2,665,979	1.13
DEUTSCHE WOHNEN AG	463	134,053	0.06	ALIBABA HEALTH INFORMATION			
DWS GROUP GMBH & CO KGAA	264	69,683	0.03	TECHNOLOGY LTD	1,768	12,570	0.00
E.ON SE	592	46,715	0.02	ALIBABA PICTURES GROUP LTD	67,455	107,253	0.04
FRAPORT FRANKFURT AIRPORT				ANHUI CONCH CEMENT CO LTD	5,621	257,161	0.11
SERVICES WORLDWIDE AG	103	67,974	0.03	ANTA SPORTS PRODUCTS LTD	3,433	201,860	0.08
FRESENIUS MEDICAL CARE AG & CO				AVICHIINA INDUSTRY &			
KGAA	65	35,634	0.01	TECHNOLOGY CO LTD	8,000	33,840	0.01
HANNOVER RUECK SE	66	81,510	0.03	BAIC MOTOR CORP LTD	5,500	27,500	0.01
HEIDELBERGCEMENT AG	50	28,596	0.01	BANK OF CHINA LTD H SHARES	211,733	677,546	0.29
HENKEL AG & CO KGAA	58	47,133	0.02	BANK OF COMMUNICATIONS CO			
INFINEON TECHNOLOGIES AG	376	55,776	0.02	LTD H SHARES	25,190	144,339	0.06
KNORR BREMSE AG	148	118,284	0.05	BANK OF EAST ASIA LTD	5,680	128,936	0.05
MERCK KGAA	55	44,312	0.02	BEIJING CAPITAL INTERNATIONAL			
MTU AERO ENGINES AG	40	78,963	0.03	AIRPORT CO LTD H SHARES	22,246	137,925	0.06
MUENCHENER				BEIJING ENTERPRISES HOLDINGS			
RUECKVERSICHERUNGS-				LTD	2,500	96,125	0.04
GESELLSCHAFT AG	24	45,663	0.02	BOC HONG KONG HOLDINGS LTD	10,181	306,448	0.13
PORSCHE AUTOMOBIL HOLDING SE	162	84,264	0.04	BYD CO LTD	3,942	194,341	0.08
ROCKET INTERNET SE	331	71,948	0.03	BYD ELECTRONIC INTERNATIONAL			
RWE AG	703	149,868	0.06	CO LTD	2,000	24,840	0.01
SAP SE	306	297,954	0.13	CLP HOLDINGS LTD	4,568	389,422	0.16
SIEMENS AG	251	217,864	0.09	CHINA AGRI-INDUSTRIES HOLDINGS			
SIEMENS HEALTHINEERS AG	41	13,513	0.01	LTD	27,000	64,530	0.03
TALANX AG	181	60,072	0.03	CHINA CITIC BANK CORP LTD H			
VONOVIA SE	104	40,118	0.02	SHARES	26,870	117,153	0.05
WIRECARD AG	123	162,411	0.07	CHINA COMMUNICATIONS			
				CONSTRUCTION CO LTD H			
				SHARES	6,378	42,350	0.02
		3,191,965	1.35	CHINA CONCH VENTURE HOLDINGS			
				LTD	2,298	62,161	0.03
<b>Greece</b>				CHINA CONSTRUCTION BANK CORP H			
FOLLI FOLLIE COMMERCIAL				SHARES	235,259	1,428,022	0.60
MANUFACTURING AND TECHNICAL				CHINA EVERBRIGHT BANK CO LTD H			
SA	306	-	-	SHARES	29,000	102,660	0.04
JUMBO SA	510	78,453	0.03	CHINA EVERBRIGHT INTERNATIONAL			
				LTD	2,000	13,900	0.01
		78,453	0.03	CHINA EVERGRANDE GROUP	9,845	205,761	0.09



# Portfolio Statement (Unaudited)

## HSBC Managed Stable Growth Fund

as at 31 July 2019

	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
<b>Equities</b>							
Listed investments				CHINA TELECOM CORP LTD H SHARES	51,334	180,696	0.08
CHINA GAS HOLDINGS LTD	2,800	91,420	0.04	CHINA TOWER CORP LTD	65,819	134,271	0.06
CHINA JINMAO HOLDINGS GROUP LTD	3,285	16,754	0.01	CHINA TRADITIONAL CHINESE MEDICINE HOLDINGS CO LTD	8,000	28,800	0.01
CHINA LIFE INSURANCE CO LTD H SHARES	22,428	451,924	0.19	CHINA UNICOM HONG KONG LTD	22,822	174,817	0.07
CHINA MEDICAL SYSTEM HOLDINGS LTD	19,342	145,839	0.06	CHINA VANKE CO LTD H SHARES	4,609	136,657	0.06
CHINA MENGNIU DAIRY CO LTD	4,983	158,459	0.07	CHINA ZHONGWANG HOLDINGS LTD	17,200	68,972	0.03
CHINA MERCHANTS BANK CO LTD H SHARES	13,168	516,844	0.22	CHONGQING RURAL COMMERCIAL BANK CO LTD H SHARES	21,323	87,851	0.04
CHINA MERCHANTS PORT HOLDINGS CO LTD	4,000	52,080	0.02	CITIC LTD	23,909	248,654	0.11
CHINA MINSHENG BANKING CORP LTD H SHARES	29,826	161,657	0.07	CITIC SECURITIES CO LTD	14,037	212,801	0.09
CHINA MOBILE LTD	14,600	974,550	0.41	CK ASSET HOLDINGS LTD	7,946	471,595	0.20
CHINA NATIONAL BUILDING MATERIAL CO LTD	3,422	23,817	0.01	CK HUTCHISON HOLDINGS LTD	7,057	519,748	0.22
CHINA OVERSEAS LAND & INVESTMENT LTD	11,788	317,097	0.13	CK INFRASTRUCTURE HOLDINGS LTD	2,461	149,752	0.06
CHINA PACIFIC INSURANCE GROUP CO LTD H SHARES	8,883	299,357	0.13	CNOOC LTD	49,046	634,655	0.27
CHINA PETROLEUM & CHEMICAL CORP H SHARES	67,879	343,468	0.14	COSCO PACIFIC LTD	19,141	131,307	0.06
CHINA RAILWAY CONSTRUCTION CORP H SHARES	13,607	123,960	0.05	COUNTRY GARDEN HOLDINGS CO LTD	23,691	253,020	0.11
CHINA RAILWAY GROUP LTD H SHARES	17,508	96,644	0.04	CRRC CORP LTD H SHARES	17,289	107,019	0.05
CHINA RESOURCES BEER HOLDINGS CO LTD	2,326	86,062	0.04	CSPC PHARMACEUTICAL GROUP LTD	10,566	145,388	0.06
CHINA RESOURCES CEMENT HOLDINGS LTD	6,000	43,500	0.02	DALI FOODS GROUP CO LTD	26,133	127,790	0.05
CHINA RESOURCES GAS GROUP LTD	723	28,848	0.01	DONGFENG MOTOR GROUP CO LTD H SHARES	10,480	73,674	0.03
CHINA RESOURCES LAND LTD	8,248	278,370	0.12	ENN ENERGY HOLDINGS LTD	1,390	112,938	0.05
CHINA RESOURCES PHARMACEUTICAL GROUP LTD	6,000	51,420	0.02	FOSUN INTERNATIONAL LTD	6,500	67,210	0.03
CHINA SHENHUA ENERGY CO LTD H SHARES	11,061	172,552	0.07	FUYAO GLASS INDUSTRY GROUP CO LTD	800	19,120	0.01
CHINA TAIPING INSURANCE HOLDINGS CO LTD	9,624	210,766	0.09	GALAXY ENTERTAINMENT GROUP LTD	4,581	247,374	0.10
				GEELY AUTOMOBILE HOLDINGS LTD	14,847	180,243	0.08
				GENSCRIPT BIOTECH CORP	2,000	38,800	0.02
				GF SECURITIES CO LTD H SHARES	4,400	39,028	0.02
				GUANGDONG INVESTMENT LTD	6,000	99,000	0.04
				GUANGSHEN RAILWAY CO LTD	6,000	15,360	0.01
				GUANGZHOU AUTOMOBILE GROUP CO LTD	9,185	73,939	0.03
				GUANGZHOU R&F PROPERTIES CO LTD H SHARES	6,800	97,240	0.04
				GUOTAI JUNAN SECURITIES CO LTD	11,065	140,968	0.06

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as at 31 July 2019

	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
<b>Equities</b>				METALLURGICAL CORPORATION OF CHINA LTD			
Listed investments					9,000	17,280	0.01
				MTR CORP LTD	4,331	223,263	0.09
HAITIAN INTERNATIONAL HOLDINGS LTD	2,000	31,920	0.01	NEW CHINA LIFE INSURANCE CO LTD	1,000	39,300	0.02
HAITONG SECURITIES CO LTD	10,400	81,640	0.03	NEW WORLD DEVELOPMENT CO LTD	11,182	124,120	0.05
HANG LUNG PROPERTIES LTD	9,656	178,829	0.08	NINE DRAGONS PAPER HOLDINGS LTD	4,000	25,560	0.01
HANG SENG BANK LTD	2,097	391,929	0.17	NWS HOLDINGS LTD	6,037	88,140	0.04
HEALTH AND HAPPINESS (H&H) INTERNATIONAL HOLDINGS LTD	500	22,975	0.01	PCCW LTD	24,552	109,747	0.05
HENDERSON LAND DEVELOPMENT CO LTD	2,354	95,926	0.04	PEOPLE'S INSURANCE GROUP OF CHINA CO LTD H SHARES	17,253	57,107	0.02
HONG KONG AND CHINA GAS CO LTD	21,776	377,596	0.16	PETROCHINA CO LTD H SHARES	62,744	261,015	0.11
HONG KONG EXCHANGES AND CLEARING LTD	2,920	775,552	0.33	PICC PROPERTY AND CASUALTY CO LTD	27,760	260,111	0.11
HUATAI SECURITIES CO LTD	5,400	69,120	0.03	PING AN INSURANCE (GROUP) CO OF CHINA LTD H SHARES	14,311	1,336,647	0.56
HUTCHISON TELECOMMUNICATIONS HONG KONG HOLDINGS LTD	34,000	57,800	0.02	POLY PROPERTY GROUP CO LTD	22,351	65,041	0.03
HYSAN DEVELOPMENT CO LTD	3,153	118,080	0.05	POSTAL SAVINGS BANK OF CHINA CO LTD	29,725	135,843	0.06
INDUSTRIAL AND COMMERCIAL BANK OF CHINA LTD H SHARES	216,902	1,149,581	0.49	POWER ASSETS HOLDINGS LTD	3,836	215,391	0.09
INNOVENT BIOLOGICS INC	488	12,346	0.01	PRADA SPA	1,400	33,950	0.01
JIANGSU EXPRESSWAY CO LTD H SHARES	6,451	68,252	0.03	QINGDAO PORT INTERNATIONAL CO LTD	3,000	16,800	0.01
KINGBOARD CHEMICAL HOLDINGS LTD	2,000	38,960	0.02	SA SA INTERNATIONAL HOLDINGS LTD	24,000	53,040	0.02
KINGBOARD LAMINATES HOLDINGS LTD	3,000	19,560	0.01	SAMSONITE INTERNATIONAL SA SANDS CHINA LTD	5,844	90,465	0.04
LEE & MAN PAPER MANUFACTURING LTD	11,000	52,910	0.02	SEMICONDUCTOR MANUFACTURING INTERNATIONAL CORP	2,000	18,580	0.01
LENOVO GROUP LTD	10,000	63,600	0.03	SHANDONG WEIGAO GROUP MEDICAL POLYMER CO LTD H SHARES	4,000	30,080	0.01
LI NING CO LTD	10,755	209,292	0.09	SHANGHAI PHARMACEUTICALS HOLDING CO LTD H SHARES	2,300	34,776	0.01
LIVZON PHARMACEUTICAL GROUP INC	1,430	27,399	0.01	SHENZHEN EXPRESSWAY CO LTD	4,163	38,799	0.02
L'OCCITANE INTERNATIONAL SA	6,500	105,950	0.04	SHENZHEN INTERNATIONAL HOLDINGS LTD	3,238	47,081	0.01
LOGAN PROPERTY HOLDINGS CO LTD	4,000	47,840	0.02	SHENZHEN INVESTMENT LTD	34,258	96,608	0.04
LONGFOR PROPERTIES	7,431	216,985	0.09	SHENZHOU INTERNATIONAL GROUP HOLDINGS LTD	1,641	178,377	0.07
LUYE PHARMA GROUP LTD	3,931	24,018	0.01	SHIMAO PROPERTY HOLDINGS LTD	6,062	132,455	0.06
MAANSHAN IRON & STEEL CO LTD	20,000	60,000	0.02				
MEITUAN DIANPING	10,717	685,352	0.29				

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	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
<b>Equities</b>							
Listed investments				ZTE CORP	2,716	64,369	0.03
						33,893,667	14.32
SHOUGANG FUSHAN RESOURCES GROUP LTD	10,000	16,300	0.01	<b>Hungary</b>			
SHUI ON LAND LTD	23,616	39,675	0.02	MAGYAR TELEKOM TAVKOZLESI NYRT	3,884	44,428	0.02
SIHUAN PHARMACEUTICAL HOLDINGS GROUP LTD	32,000	51,840	0.02	<b>India</b>			
SINO BIOPHARMACEUTICAL LTD	31,356	303,526	0.13	ADANI PORTS AND SPECIAL ECONOMIC ZONE LTD	413	17,719	0.01
SINO LAND CO LTD	5,285	67,437	0.03	AUROBINDO PHARMA LTD	923	59,662	0.02
SINOPHARM GROUP CO LTD H SHARES	3,286	95,951	0.04	BAJAJ AUTO LTD	184	52,695	0.02
SINOTRUK HONG KONG LTD	1,000	11,620	0.00	BAJAJ HOLDINGS AND INVESTMENT LTD	136	52,599	0.02
SUN HUNG KAI PROPERTIES LTD	4,088	518,767	0.22	CIPLA LTD	930	54,823	0.02
SUNAC CHINA HOLDINGS LTD	9,210	329,718	0.14	CONTAINER CORPORATION OF INDIA LTD	919	53,526	0.02
SUNNY OPTICAL TECHNOLOGY GROUP CO LTD	1,036	95,726	0.04	DABUR INDIA LTD	316	15,363	0.01
SWIRE PACIFIC LTD CLASS A	1,791	160,653	0.07	DIVI'S LABORATORIES LTD	353	65,457	0.03
SWIRE PACIFIC LTD	2,500	35,000	0.01	GLAXOSMITHKLINE CONSUMER HEALTHCARE LTD	6	5,019	0.00
SWIRE PROPERTIES LTD	6,210	176,675	0.07	GLENMARK PHARMACEUTICALS LTD	804	38,895	0.02
TECHTRONIC INDUSTRIES CO LTD	2,483	146,125	0.06	GODREJ CONSUMER PRODUCTS LTD	215	14,676	0.01
TENCENT HOLDINGS LTD	10,076	3,709,983	1.57	HCL TECHNOLOGIES LTD	346	40,624	0.02
TRAVELSKY TECHNOLOGY LTD	6,000	92,640	0.04	HERO MOTOCORP LTD	184	49,203	0.02
VITASOY INTERNATIONAL HOLDINGS LTD	925	34,271	0.01	HINDUSTAN PETROLEUM CORP LTD	1,775	53,530	0.02
VTECH HOLDINGS LTD	1,427	98,392	0.04	HINDUSTAN UNILEVER LTD	394	77,139	0.03
WANT WANT CHINA HOLDINGS LTD	14,000	85,820	0.04	HINDUSTAN ZINC LTD	136	3,352	0.00
WH GROUP LTD	32,209	248,331	0.10	HOUSING DEVELOPMENT FINANCE CORPORATION LTD	642	155,021	0.06
WHARF REAL ESTATE INVESTMENT COMPANY LTD	2,750	136,675	0.06	ICICI LOMBARD GENERAL INSURANCE COMPANY LTD	623	85,600	0.04
WHEELOCK AND CO LTD	1,144	56,742	0.02	ICICI PRUDENTIAL LIFE INSURANCE COMPANY LTD	543	24,826	0.01
WUXI BIOLOGICS CAYMAN INC	3,064	258,448	0.11	INFOSYS LTD	2,056	185,895	0.08
WYNN MACAU LTD	1,200	21,432	0.01	INTERGLOBE AVIATION LTD	335	59,366	0.02
XIAOMI CORP	19,883	179,941	0.08	ITC LTD	1,691	52,142	0.02
XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO LTD	9,200	81,052	0.03	JSW STEEL LTD	701	18,943	0.01
XINYI GLASS HOLDINGS LTD	8,000	63,600	0.03	MARUTI SUZUKI INDIA LTD	63	39,232	0.02
XINYI SOLAR HOLDINGS LTD	16,172	69,863	0.03	NESTLE INDIA LTD	14	18,587	0.01
YUEYUEN INDUSTRIAL (HOLDINGS) LTD	2,000	43,900	0.02	NMDC LTD	5,155	63,886	0.03
YUEXIU PROPERTY CO LTD	34,000	60,520	0.02				
ZHEJIANG EXPRESSWAY CO LTD	10,000	76,200	0.03				
ZHONGSHENG GROUP HOLDINGS LTD	2,000	44,000	0.02				

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	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
<b>Equities</b>							
Listed investments				ENEL SPA	1,906	102,977	0.04
				ENI SPA	1,106	136,918	0.06
				EXOR NV	34	18,657	0.01
ORACLE FINANCIAL SERVICES SOFTWARE LTD	138	53,213	0.02	FIAT CHRYSLER AUTOMOBILES NV	366	38,394	0.02
RELIANCE INDUSTRIES LTD	941	124,806	0.05	INTESA SANPAOLO SPA	3,487	59,579	0.03
RELIANCE INFRASTRUCTURE LTD	3,015	16,572	0.01	LEONARDO SPA	402	38,680	0.02
SBI LIFE INSURANCE COMPANY LTD	994	89,987	0.04	MONCLER SPA	257	83,257	0.03
STATE BANK OF INDIA	2,494	94,414	0.04	SALVATORE FERRAGAMO SPA	438	72,436	0.03
SUN TV NETWORK LTD	784	42,309	0.02	UNICREDIT SPA	140	13,002	0.01
TATA CONSULTANCY SERVICES LTD	524	131,531	0.06	UNIPOLSAI ASSICURAZIONI SPA	2,939	60,324	0.02
TATA MOTORS LTD	6,121	94,561	0.04			1,074,659	0.46
TECH MAHINDRA LTD	282	20,419	0.01				
TORRENT POWER LTD	2,145	74,635	0.03				
WIPRO LTD	825	24,974	0.01				
		2,125,201	0.90				
<b>Indonesia</b>				<b>Japan</b>			
ASTRA AGRO LESTARI TBK	5,188	28,900	0.01	ABC-MART INC	140	69,645	0.03
BANK CENTRAL ASIA TBK	1,700	29,383	0.01	ADVANTEST CORP	300	92,356	0.04
BANK MANDIRI (PERSERO) TBK	13,700	61,016	0.03	AEON CO LTD	320	43,650	0.02
CHAROEN POKPHAND INDONESIA TBK PT	40,639	121,987	0.05	AGC INC	100	24,152	0.01
GUDANG GARAM TBK PT	300	12,649	0.00	AJINOMOTO CO INC	300	42,328	0.02
TELEKOMUNIKASI INDONESIA (PERSERO) TBK PT	6,700	16,089	0.01	ALPS ALPINE CO LTD	121	17,447	0.01
UNILEVER INDONESIA TBK PT	700	17,044	0.01	ANA HOLDINGS INC	319	84,222	0.04
		287,068	0.12	AOYAMA TRADING CO LTD	339	49,737	0.02
				AOZORA BANK LTD	100	18,010	0.01
				ARIAKE JAPAN CO LTD	99	48,393	0.02
				ASAHI GROUP HOLDINGS LTD	225	76,810	0.03
				ASAHI KASEI CORP	700	56,171	0.02
				ASTELLAS PHARMA INC	1,233	138,099	0.06
				AUTOBACS SEVEN CO LTD	457	58,450	0.02
				BANDAI NAMCO HOLDINGS INC	100	42,537	0.02
				BRIDGESTONE CORP	200	59,119	0.02
				BROTHER INDUSTRIES LTD	300	42,068	0.02
				CANON INC	848	181,610	0.08
				CENTRAL JAPAN RAILWAY CO	174	274,983	0.12
				CHUBU ELECTRIC POWER CO INC	153	16,976	0.01
				CHUGAI PHARMACEUTICAL CO LTD	100	56,235	0.02
				CITIZEN WATCH CO LTD	1,492	58,625	0.02
				COCA-COLA BOTTLERS JAPAN HOLDINGS INC	143	27,764	0.01
				DAICEL CORP	800	53,409	0.02
				DAI-ICHI LIFE HOLDINGS INC	1,537	178,076	0.07
				DAIICHI SANKYO CO LTD	100	47,923	0.02
				DAIICHIKOSHO CO LTD	215	69,986	0.03
				DAIKIN INDUSTRIES LTD	79	77,375	0.03
<b>Ireland</b>							
AIB GROUP PLC	3,854	104,128	0.04				
GLANBIA PLC	430	44,223	0.02				
		148,351	0.06				
<b>Italy</b>							
A2A SPA	4,598	63,317	0.03				
ASSICURAZIONI GENERALI SPA	1,198	175,831	0.07				
ATLANTIA SPA	176	35,680	0.01				
BUZZI UNICEM SPA	394	63,185	0.03				
BUZZI UNICEM SPA	541	60,259	0.03				
DIASORIN SPA	57	52,163	0.02				

# Portfolio Statement (Unaudited)

## HSBC Managed Stable Growth Fund

as at 31 July 2019

	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
<b>Equities</b>				KANSAI MIRAI FINANCIAL GROUP			
Listed investments				INC	1,200	63,589	0.03
				KAO CORP	315	181,207	0.08
DAITO TRUST CONSTRUCTION CO				KDDI CORP	1,267	260,657	0.11
LTD	86	87,269	0.04	KEYENCE CORP	71	323,154	0.14
DAIWA HOUSE INDUSTRY CO LTD	373	83,661	0.03	KINDEN CORP	600	71,635	0.03
DAIWA SECURITIES GROUP INC	1,000	33,994	0.01	KIRIN HOLDINGS CO LTD	400	68,348	0.03
DENA CO LTD	600	90,193	0.04	KOKUYO CO LTD	500	53,099	0.02
DENSO CORP	73	24,410	0.01	KOMATSU LTD	300	52,894	0.02
DISCO CORP	15	21,878	0.01	KOMERI CO LTD	380	61,588	0.03
EAST JAPAN RAILWAY CO	311	224,333	0.09	KONAMI HOLDINGS CORP	172	57,539	0.02
ELECTRIC POWER DEVELOPMENT				KONICA MINOLTA INC	200	13,122	0.01
CO LTD	380	67,040	0.03	KOSE CORP	60	80,503	0.03
EXEDY CORP	263	42,341	0.02	K'S HOLDINGS CORP	1,000	71,808	0.03
FAMILYMART UNY HOLDINGS CO				KUBOTA CORP	500	61,012	0.03
LTD	600	100,791	0.04	KURITA WATER INDUSTRIES LTD	100	19,956	0.01
FANUC CORP	62	87,299	0.04	KYOCERA CORP	396	191,002	0.08
FAST RETAILING CO LTD	16	75,615	0.03	KYUSHU ELECTRIC POWER CO INC	500	39,040	0.02
FUJIFILM HOLDINGS CORP	51	19,050	0.01	KYUSHU RAILWAY CO	300	67,266	0.03
FUJITSU LTD	140	86,229	0.04	MABUCHI MOTOR CO LTD	200	54,505	0.02
HAMAMATSU PHOTONICS KK	406	118,988	0.04	MARUBENI CORP	2,161	110,619	0.05
HANKYU HANSHIN HOLDINGS INC	140	38,709	0.02	MARUICHI STEEL TUBE LTD	272	56,360	0.02
HASEKO CORP	900	76,956	0.03	MAZDA MOTOR CORP	400	31,117	0.01
HIROSE ELECTRIC CO LTD	92	76,079	0.03	MEDIPAL HOLDINGS CORP	100	16,755	0.01
HITACHI LTD	100	28,060	0.01	MEGMILK SNOW BRAND CO LTD	360	60,734	0.03
HONDA MOTOR CO LTD	817	159,657	0.07	MISUMI GROUP INC	100	17,837	0.01
HORIBA LTD	154	65,507	0.03	MITSUBISHI CORP	663	140,365	0.06
HOYA CORP	379	229,664	0.10	MITSUBISHI ELECTRIC CORP	1,033	106,687	0.05
HULIC CO LTD	200	13,525	0.01	MITSUBISHI ESTATE CO LTD	300	43,518	0.02
INPEX CORP	900	62,376	0.03	MITSUBISHI SHOKUHIN CO LTD	319	63,017	0.03
ITOCHU CORP	829	124,437	0.05	MITSUBISHI UFJ FINANCIAL GROUP			
JAPAN AIRLINES CO LTD	282	69,675	0.03	INC	5,538	209,298	0.09
JAPAN AVIATION ELECTRONICS				ITSUI & CO LTD	493	63,232	0.03
INDUSTRY LTD	580	63,811	0.03	ITSUI FUDOSAN CO LTD	200	35,637	0.01
JAPAN EXCHANGE GROUP INC	300	34,671	0.01	MIZUHO FINANCIAL GROUP INC	12,851	143,054	0.06
JAPAN POST BANK CO LTD	300	22,884	0.01	MONOTARO CO LTD	400	69,098	0.03
JAPAN POST HOLDINGS CO LTD	700	53,900	0.02	MORINAGA MILK INDUSTRY CO LTD	100	30,605	0.01
JAPAN TOBACCO INC	400	69,775	0.03	MS&AD INSURANCE GROUP			
JFE HOLDINGS INC	300	31,308	0.01	HOLDINGS INC	581	150,002	0.06
JTEKT CORP	800	74,865	0.03	MURATA MANUFACTURING CO LTD	165	57,612	0.02
JXTG HOLDINGS INC	1,900	70,506	0.03	NAGOYA RAILROAD CO LTD	100	21,665	0.01
KAJIMA CORP	300	30,454	0.01	NEXON CO LTD	148	18,481	0.01
KAMIGUMI CO LTD	375	67,861	0.03	NGK INSULATORS LTD	500	58,831	0.02
KANDENKO CO LTD	800	55,024	0.02				

# Portfolio Statement (Unaudited)

## HSBC Managed Stable Growth Fund

as at 31 July 2019

	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
<b>Equities</b>							
Listed investments							
NH FOODS LTD	100	29,235	0.01	SHIONOGI & CO LTD	308	134,500	0.06
NIDEC CORP	78	82,750	0.03	SHISEIDO CO LTD	130	75,412	0.03
NIHON M&A CENTER INC	689	146,640	0.06	SMC CORP	25	71,844	0.03
NIKON CORP	200	21,312	0.01	SOFTBANK CORP	918	97,225	0.04
NINTENDO CO LTD	36	104,079	0.04	SOFTBANK GROUP CORP	827	335,564	0.14
NIPPON EXPRESS CO LTD	40	17,765	0.01	SOJITZ CORP	700	17,260	0.01
NIPPONTELEGRAPH AND TELEPHONE CORP	494	175,301	0.07	SOMPO HOLDINGS INC	225	73,517	0.03
NIPPONTELEVISION HOLDINGS INC	500	54,181	0.02	SONY CORP	458	203,735	0.09
NISSAN MOTOR CO LTD	1,001	51,298	0.02	SONY FINANCIAL HOLDINGS INC	500	95,564	0.04
NISSHIN SEIFUN GROUP INC	100	14,888	0.01	SQUARE ENIX HOLDINGS CO LTD	180	48,600	0.02
NITORI HOLDINGS CO LTD	40	42,479	0.02	SUBARU CORP	484	88,790	0.04
NOMURA HOLDINGS INC	1,500	37,159	0.02	SUGI HOLDINGS CO LTD	200	75,846	0.03
NTT DATA CORP	400	41,384	0.02	SUMITOMO CORP	900	105,344	0.04
NTT DOCOMO INC	966	182,123	0.08	SUMITOMO HEAVY INDUSTRIES LTD	266	67,793	0.03
OBAYASHI CORP	1,400	104,569	0.04	SUMITOMO MITSUI FINANCIAL GROUP INC	750	205,854	0.09
OBIC CO LTD	149	125,364	0.05	SUMITOMO MITSUI TRUST HOLDINGS INC	230	61,918	0.03
OLYMPUS CORP	200	17,202	0.01	SUMITOMO OSAKA CEMENT CO LTD	212	63,736	0.03
ORACLE CORP JAPAN	82	53,680	0.02	SUMITOMO REALTY & DEVELOPMENT CO LTD	248	71,109	0.03
ORIENTAL LAND CO LTD	46	47,890	0.02	SUNDRUG CO LTD	220	47,980	0.02
ORIX CORP	1,177	132,506	0.06	SUNTORY BEVERAGE & FOOD LTD	100	31,254	0.01
OSAKA GAS CO LTD	700	101,137	0.04	SUZUKI MOTOR CORP	220	67,712	0.03
PANASONIC CORP	400	26,667	0.01	T&D HOLDINGS INC	1,200	106,069	0.04
PARK24 CO LTD	100	17,152	0.01	TAIHEIYO CEMENT CORP	100	22,170	0.01
PILOT CORP	195	57,923	0.02	TAISEI CORP	110	29,899	0.01
POLA ORBIS HOLDINGS INC	300	59,328	0.03	TAISHO PHARMACEUTICAL HOLDINGS CO LTD	24	14,414	0.01
RECRUIT HOLDINGS CO LTD	1,027	275,293	0.12	TAKEDA PHARMACEUTICAL CO LTD	417	109,284	0.05
RESONA HOLDINGS INC	1,300	41,652	0.02	TEIJIN LTD	400	54,534	0.02
RYOHIN KEIKAKU CO LTD	10	14,008	0.01	TERUMO CORP	100	22,941	0.01
SANKYO CO LTD	165	44,729	0.02	77 BANK LTD	453	50,786	0.02
SECOM CO LTD	120	73,980	0.03	CHUGOKU BANK LTD	900	61,708	0.03
SEGA SAMMY HOLDINGS INC	298	30,165	0.01	GUNMA BANK LTD	1,800	48,795	0.02
SEIKO EPSON CORP	700	81,253	0.03	TIS INC	40	16,409	0.01
SEINO HOLDINGS CO LTD	600	59,047	0.02	TOHOKU ELECTRIC POWER CO INC	1,000	78,658	0.03
SEVEN & I HOLDINGS CO LTD	510	137,076	0.06	TOKIO MARINE HOLDINGS INC	448	187,239	0.08
SHIMACHU CO LTD	329	57,331	0.02	TOKYO ELECTRON LTD	80	107,828	0.05
SHIMAMURA CO LTD	79	43,970	0.02	TOKYO GAS CO LTD	300	58,863	0.02
SHIMANO INC	134	149,069	0.06	TOSHIBA CORP	309	77,638	0.03
SHIMIZU CORP	300	19,055	0.01	TOSOH CORP	720	79,577	0.03
SHIN-ETSU CHEMICAL CO LTD	380	305,611	0.13	TOYO SUISAN KAISHA LTD	273	86,504	0.04

# Portfolio Statement (Unaudited)

## HSBC Managed Stable Growth Fund

as at 31 July 2019

	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
<b>Equities</b>							
Listed investments							
				UNILEVER NV	491	223,938	0.09
				WOLTERS KLUWER NV	99	56,568	0.02
				ROYAL DUTCH SHELL PLC	1,041	258,825	0.11
						1,720,681	0.73
TOYOTA MOTOR CORP	1,244	629,971	0.27	<b>New Zealand</b>			
TREND MICRO INC	60	20,612	0.01	AIR NEW ZEALAND LTD	2,142	30,045	0.01
TS TECH CO LTD	300	65,211	0.03	AUCKLAND INTERNATIONAL			
TSUMURA & CO	290	62,933	0.03	AIRPORT LTD	496	23,845	0.01
TV ASAHI HOLDINGS CORP	460	59,464	0.03	CONTACT ENERGY LTD	545	21,934	0.01
UBE INDUSTRIES LTD	320	52,579	0.02	MERCURY NZ LTD	3,341	78,796	0.04
ULVAC INC	230	76,278	0.03	SKYCITY ENTERTAINMENT GROUP			
USS CO LTD	500	78,117	0.03	LTD	3,392	70,098	0.03
WEST JAPAN RAILWAY CO	204	131,458	0.06			224,718	0.10
YAMADA DENKI CO LTD	400	13,871	0.01				
YAMAHA CORP	80	29,762	0.01	<b>Norway</b>			
YAMATO KOGYO CO LTD	195	39,955	0.02	AKER BP ASA	525	117,922	0.05
ZEON CORP	859	78,900	0.03	STATOIL ASA	614	86,962	0.04
		15,654,634	6.62	MARINE HARVEST ASA	723	137,327	0.06
				ORKLA ASA	711	47,834	0.02
				TELENOR ASA	198	31,784	0.01
						421,829	0.18
<b>Malaysia</b>				<b>Philippines</b>			
HONG LEONG FINANCIAL GROUP				DMCI HOLDINGS INC	33,000	51,474	0.02
BHD	1,800	61,394	0.03	MANILA ELECTRIC CO	900	50,532	0.02
IOI CORPORATION BHD	6,600	52,459	0.02	MEGAWORLD CORP	84,600	79,644	0.04
KUALA LUMPUR KEPONG BHD	1,800	80,652	0.03	METROPOLITAN BANK AND TRUST			
MALAYSIA AIRPORTS HOLDINGS				CO	4,638	54,044	0.02
BHD	5,100	81,170	0.03	SM PRIME HOLDINGS INC	4,800	26,951	0.01
PUBLIC BANK BHD	2,300	95,551	0.04			262,645	0.11
RHB BANK BHD	5,800	60,514	0.03				
TENAGA NASIONAL BHD	3,760	98,573	0.04	<b>Poland</b>			
		530,313	0.22	CD PROJEKT SA	164	76,708	0.03
<b>Netherlands</b>				<b>Portugal</b>			
AALBERTS NV	40	12,711	0.01	EDP ENERGIAS DE PORTUGAL SA	689	19,943	0.01
ABN AMRO BANK NV	122	19,097	0.01				
AKZO NOBEL NV	162	120,649	0.05				
ASML HOLDING NV	199	351,737	0.15				
GALAPAGOS NV	125	172,024	0.07				
HEINEKEN NV	133	112,579	0.05				
ING GROEP NV	802	70,402	0.03				
KONINKLIJKE AHOLD DELHAIZE NV	351	62,575	0.03				
KONINKLIJKE PHILIPS NV	492	182,179	0.08				
RANDSTAD NV	195	77,397	0.03				

## as at 31 July 2019

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## Portfolio Statement (Unaudited)

**HSBC Managed Stable Growth Fund**

as at 31 July 2019

			% of net asset value			% of net asset value	
	Holdings	Market value HKD			Holdings	Market value HKD	
<b>Equities</b>							
Listed investments				FLUGHAFEN ZUERICH AG	45	64,616	0.03
				GEBERIT AG	4	14,533	0.01
				GEORG FISCHER AG	10	68,000	0.03
CORPORACION FINANCIERA ALBA				HELVETIA HOLDING AG	15	15,027	0.01
SA	164	66,394	0.03	LOGITECH INTERNATIONAL SA	265	86,370	0.04
ENDESA SA	311	60,581	0.03	NESTLE SA	1,037	866,690	0.37
IBERDROLA SA	1,090	81,415	0.03	NOVARTIS LTD	687	496,819	0.21
INDUSTRIA DE DISENO TEXTIL SA	284	66,905	0.03	ROCHE HOLDING AG	257	541,857	0.23
REPSOL SA	816	102,305	0.04	SGS SA	8	155,609	0.07
TELEFONICA SA	755	45,542	0.02	SONOVA HOLDING AG	70	127,025	0.05
		933,959	0.39	STRAUMANN HOLDING AG	15	96,426	0.04
				SWATCH GROUP AG	10	22,914	0.01
				SWISS RE AG	127	96,964	0.04
<b>Sweden</b>				SWISSCOM AG	23	87,748	0.04
AB SKF	475	61,589	0.03	UBS GROUP AG	1,093	95,887	0.04
ALFA LAVAL AB	106	15,664	0.01	ZURICH INSURANCE GROUP AG	19	52,056	0.02
ATLAS COPCO AB	541	131,111	0.05			3,488,189	1.47
BOLIDEN AB	702	126,050	0.05				
CASTELLUM AB	91	14,591	0.01				
EPIROC AB	213	18,441	0.01	<b>Taiwan</b>			
ESSITY AB (PUBL)	113	26,556	0.01	CATCHER TECHNOLOGY CO LTD	714	41,520	0.02
ICA GRUPPEN AB	193	67,593	0.03	CATHAY FINANCIAL HOLDING CO			
LUNDIN PETROLEUM AB	514	128,174	0.05	LTD	2,000	20,542	0.01
SANDVIK AB	322	39,189	0.02	CHANG HWA COMMERCIAL BANK			
SECURITAS AB	91	11,138	0.00	LTD	4,000	21,952	0.01
SWEDBANK AB	339	36,569	0.02	CHINA DEVELOPMENT FINANCIAL			
TELEFONAKTIEBOLAGET LM				HOLDING CORP	25,000	58,403	0.02
ERICSSON	796	55,275	0.02	CHINA LIFE INSURANCE CO LTD	10,651	69,042	0.03
TELIA CO AB	1,079	37,991	0.02	CTBC FINANCIAL HOLDING CO LTD	30,406	155,383	0.07
TRELLEBORG AB	252	27,462	0.01	E.SUN FINANCIAL HOLDING CO LTD	23,650	154,793	0.07
VOLVO AB B SHARES	448	52,732	0.02	EVA AIRWAYS CORP	17,000	62,481	0.03
		850,125	0.36	FAR EASTONE			
				TELECOMMUNICATIONS CO LTD	1,000	17,999	0.01
<b>Switzerland</b>				FIRST FINANCIAL HOLDING CO LTD	6,000	35,344	0.01
ABB LTD	194	28,846	0.01	FORMOSA PETROCHEMICAL CORP	1,000	26,684	0.01
ADECCO SA	302	130,045	0.04	FORMOSA PLASTICS CORP	3,000	75,899	0.03
ALCON AG	162	74,294	0.03	HON HAI PRECISION INDUSTRY CO			
BALOISE HOLDING AG	66	93,883	0.04	LTD	3,657	72,360	0.03
COMPAGNIE FINANCIERE				HUA NAN FINANCIAL HOLDINGS CO			
RICHEMONT SA	60	40,515	0.02	LTD	5,000	27,628	0.01
CREDIT SUISSE GROUP AG	862	81,994	0.03	MEGA FINANCIAL HOLDING CO LTD	8,000	64,646	0.03
DKSH HOLDING AG	142	56,476	0.02	NANYA TECHNOLOGY CORP	4,000	74,514	0.03
EMS CHEMIE HOLDING AG	19	93,595	0.04	SINOPAC FINANCIAL HOLDINGS CO			
				LTD	32,466	101,344	0.04

## as at 31 July 2019

## Thailand

## Turkey

BİM BİRLEŞİK MAĞAZALAR AŞ	1,130	74,527	0.03
COCA-COLA İÇECEK AŞ	887	41,522	0.02
TEKFEN HOLDİNG AŞ	384	12,766	0.01
TÜRK HAVA YOLLARI AÖ	1,510	26,481	0.01
TÜRKİYE GARANTİ BANKASI AŞ	5,993	83,083	0.03
TÜRKİYE HALK BANKASI AŞ	5,637	47,762	0.02

United Kingdom

3I GROUP PLC	323	34,442	0.01
ASSTEAD GROUP PLC	152	33,115	0.01
ASSOCIATED BRITISH FOODS PLC	108	25,051	0.01
ASTRAZENECA PLC	230	155,661	0.07
AVIVA PLC	2,407	93,691	0.04
BAE SYSTEMS PLC	869	45,694	0.02
BARCLAYS PLC	2,007	29,640	0.01
BARRATT DEVELOPMENTS PLC	341	21,088	0.01
BELLWAY PLC	242	68,890	0.03
BERKELEY GROUP HOLDINGS PLC	191	70,995	0.03
BHP GROUP PLC	656	124,760	0.05
BP PLC	6,520	341,026	0.14
BRITISH AMERICAN TOBACCO PLC	737	208,531	0.09
BT GROUP PLC	2,770	51,290	0.02
BURBERRY GROUP PLC	447	96,786	0.04
CENTRICA PLC	13,931	101,587	0.04
COMPASS GROUP PLC	566	111,007	0.05
CRH PLC	271	71,042	0.03
CRODA INTERNATIONAL PLC	39	17,524	0.01
DIAGEO PLC	788	260,083	0.11
DIRECT LINE INSURANCE GROUP PLC	1,949	60,227	0.03
EASYJET PLC	559	51,651	0.02
EVRAZ PLC	1,993	124,358	0.05
EXPERIAN PLC	61	14,617	0.01
FERGUSON PLC	93	54,946	0.02
GLAXOSMITHKLINE PLC	1,547	252,458	0.11
GLENCORE PLC	3,665	93,600	0.04
HALMA PLC	663	126,460	0.05
HOWDEN JOINERY GROUP PLC	435	23,140	0.01
IMPERIAL BRANDS PLC	323	64,859	0.03
INTERCONTINENTAL HOTELS GROUP PLC	171	93,735	0.04
INTERNATIONAL CONSOLIDATED AIRLINES GROUP SA	1,425	57,966	0.02
INTERTEK GROUP PLC	56	30,638	0.01
ITV PLC	1,154	12,272	0.01
KAZ MINERALS PLC	420	23,268	0.01

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## HSBC Managed Stable Growth Fund

as at 31 July 2019

	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
<b>Equities</b>							
Listed investments							
				ABBVIE INC	142	74,052	0.03
				ABIOMED INC	11	23,986	0.01
				ACCENTURE PLC CLASS A	140	211,050	0.09
KINGFISHER PLC	666	14,197	0.01	ACTIVISION BLIZZARD INC	95	36,246	0.02
LLOYDS BANKING GROUP PLC	22,179	113,370	0.05	ADOBE SYSTEMS INC	62	145,046	0.06
LONDON STOCK EXCHANGE GROUP PLC	109	69,225	0.03	AFLAC INC	90	37,085	0.02
MARKS AND SPENCER GROUP PLC	955	19,030	0.01	AGILENT TECHNOLOGIES INC	156	84,760	0.04
MEGGITT PLC	1,401	80,114	0.03	AIR PRODUCTS AND CHEMICALS INC	73	130,442	0.06
MICRO FOCUS INTERNATIONAL PLC	343	57,165	0.02	AKAMAI TECHNOLOGIES INC	21	14,487	0.01
NATIONAL GRID PLC	1,195	96,706	0.04	ALASKA AIR GROUP INC	113	56,045	0.02
NEXT PLC	170	98,809	0.04	ALEXION PHARMACEUTICALS INC	27	23,944	0.01
PEARSON PLC	242	20,208	0.01	ALLIANCE DATA SYSTEMS CORP	34	41,764	0.02
PENNON GROUP PLC	861	59,188	0.03	ALLSTATE CORP	82	68,939	0.03
PERSIMMON PLC	380	73,173	0.03	ALPHABET INC CLASS A	35	333,758	0.14
PRUDENTIAL PLC	411	66,891	0.03	ALPHABET INC CLASS C	37	352,390	0.15
QUILTER PLC	4,490	62,273	0.03	ALTRIA GROUP INC	130	47,900	0.02
RECKITT BENCKISER GROUP PLC	200	122,150	0.05	AMAZON.COM INC	55	803,713	0.34
RELX PLC	560	104,855	0.04	AMEREN CORP	160	94,799	0.04
RENISHAW PLC	140	51,716	0.02	AMERICAN AIRLINES GROUP INC	141	33,675	0.01
RIO TINTO PLC	352	158,505	0.07	AMERICAN ELECTRIC POWER COMPANY INC	55	37,805	0.02
ROYAL DUTCH SHELL PLC B SHARES	1,180	294,347	0.12	AMERICAN EXPRESS CO	14	13,630	0.01
SAGE GROUP PLC	1,279	88,265	0.04	AMERIPRISE FINANCIAL INC	11	12,529	0.01
SEVERN TRENT PLC	79	15,258	0.01	AMGEN INC	80	116,842	0.05
SMITH & NEPHEW PLC	684	121,877	0.05	AMPHENOL CORP	33	24,107	0.01
SMITHS GROUP PLC	123	19,358	0.01	ANSYS INC	65	103,350	0.04
SPIRAX-SARCO ENGINEERING PLC	25	21,554	0.01	ANTHEM INC	33	76,104	0.03
SSE PLC	397	41,876	0.02	APPLE INC	594	990,588	0.42
TATE & LYLE PLC	1,089	78,848	0.03	ARCHER DANIELS MIDLAND CO	62	19,937	0.01
TAYLOR WIMPEY PLC	3,658	56,729	0.02	ARISTA NETWORKS INC	7	14,984	0.01
TESCO PLC	1,898	40,623	0.02	AT&T INC	1,025	273,204	0.12
UNILEVER PLC	278	132,044	0.06	AUTOMATIC DATA PROCESSING INC	51	66,479	0.03
UNITED UTILITIES GROUP PLC	225	17,007	0.01	AUTOZONE INC	3	26,373	0.01
VODAFONE GROUP PLC	6,505	93,574	0.04	AVANGRID INC	160	63,312	0.03
WHITBREAD PLC	61	26,445	0.01	BANK OF AMERICA CORP	737	176,998	0.07
WM MORRISON SUPERMARKETS PLC	2,952	55,075	0.02	BAXTER INTERNATIONAL INC	182	119,630	0.05
		5,416,553	2.29	BECTON DICKINSON & CO	43	85,092	0.04
				BERKSHIRE HATHAWAY INC CLASS B	150	241,213	0.10
<b>United States of America</b>				BEST BUY CO INC	27	16,175	0.01
3M CO	72	98,474	0.04	BIOGEN IDEC INC	24	44,679	0.02
ABBOTT LABORATORIES	280	190,907	0.08	BOEING CO	100	267,072	0.11
				BOOKING HOLDINGS INC	6	88,609	0.04

# Portfolio Statement (Unaudited)

## HSBC Managed Stable Growth Fund

as at 31 July 2019

	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
<b>Equities</b>							
Listed investments							
BRISTOL MYERS SQUIBB CO	227	78,914	0.03	COSTCO WHOLESALE CORP	19	40,994	0.02
BROADCOM INC	22	49,940	0.02	CSX CORP	103	56,762	0.02
BROADRIDGE FINANCIAL SOLUTIONS INC	89	88,562	0.04	CUMMINS INC	18	23,108	0.01
BROWN-FORMAN CORP	34	14,588	0.01	CVS HEALTH CORP	76	33,238	0.01
BURLINGTON STORES INC	59	83,479	0.04	DANAHER CORP	68	74,788	0.03
CABOT OIL & GAS CORP	68	10,199	0.00	DARDEN RESTAURANTS INC	60	57,094	0.02
CADENCE DESIGN SYSTEMS INC	34	19,671	0.01	DELTA AIR LINES INC	132	63,072	0.03
CAPITAL ONE FINANCIAL CORP	60	43,407	0.02	DISCOVERY COMMUNICATIONS INC CLASS C	25	5,527	0.00
CARDINAL HEALTH INC	35	12,529	0.01	DOLLAR GENERAL CORP	70	73,437	0.03
CBRE GROUP INC	218	90,461	0.04	DOW INC	49	18,580	0.01
CBS CORP	36	14,516	0.01	DR.REDDY'S LABORATORIES LTD	47	13,543	0.01
CDW CORP	17	15,724	0.01	DUKE ENERGY CORP	85	57,701	0.02
CELGENE CORP	78	56,088	0.02	DXC TECHNOLOGY CO	118	51,514	0.02
CENTENE CORP	46	18,757	0.01	ELECTRONIC ARTS INC	116	83,993	0.04
CENTERPOINT ENERGY INC	580	131,711	0.06	ELI LILLY AND CO	30	25,585	0.01
CERNER CORP	35	19,630	0.01	ENTERGY CORP	121	100,041	0.04
CHECK POINT SOFTWARE TECHNOLOGIES LTD	92	80,623	0.03	EOG RESOURCES INC	70	47,042	0.02
CHEVRON CORP	254	244,778	0.10	EQUIFAX INC	14	15,243	0.01
CHUBB LTD	28	33,500	0.01	EVERGY INC	31	14,679	0.01
CIGNA CORP	56	74,487	0.03	EXELON CORP	391	137,916	0.06
CIMAREX ENERGY CO	45	17,849	0.01	EXPEDITORS INTERNATIONAL OF WASHINGTON INC	135	80,684	0.03
CINTAS CORP	10	20,387	0.01	EXXON MOBIL CORP	554	322,474	0.14
CISCO SYSTEMS INC	570	247,189	0.10	FACEBOOK INC CLASS A	265	402,909	0.17
CITIGROUP INC	189	105,279	0.04	FEDEX CORP	36	48,056	0.02
CITRIX SYSTEMS INC	105	77,459	0.03	FIDELITY NATIONAL FINANCIAL INC	218	73,174	0.03
CMS ENERGY CORP	32	14,584	0.01	FIDELITY NATIONAL INFORMATION SERVICES INC	107	111,608	0.05
COCA COLA CO	368	151,610	0.06	FISERV INC	140	115,541	0.05
COCA-COLA EUROPEAN PARTNERS PLC	208	90,007	0.04	FLEETCOR TECHNOLOGIES INC	11	24,469	0.01
COGNIZANT TECHNOLOGY SOLUTIONS CORP	162	82,605	0.03	FOOT LOCKER INC	363	116,673	0.05
COLGATE PALMOLIVE CO	105	58,965	0.02	FORTIVE CORP	35	20,836	0.01
COMCAST CORP CLASS A	530	179,103	0.08	GAP INC	311	47,472	0.02
CONCHO RESOURCES INC	23	17,586	0.01	GARTNER INC	11	11,997	0.01
CONOCOPHILLIPS	158	73,071	0.03	GENERAL ELECTRIC CO	1,047	85,646	0.04
CONSTELLATION BRANDS INC	22	33,895	0.01	GENERAL MILLS INC	66	27,439	0.01
COOPER COMPANIES INC	8	21,129	0.01	GENUINE PARTS CO	16	12,164	0.00
COSTAR GROUP INC	5	24,086	0.01	GILEAD SCIENCES INC	207	106,167	0.04
				GLOBAL PAYMENTS INC	18	23,660	0.01
				HASBRO INC	107	101,482	0.04
				HCA HEALTHCARE INC	31	32,398	0.01
				HERBALIFE LTD	60	19,266	0.01

# Portfolio Statement (Unaudited)

## HSBC Managed Stable Growth Fund

as at 31 July 2019

	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
<b>Equities</b>							
Listed investments				MCKESSON CORP	25	27,192	0.01
				MEDTRONIC PLC	173	138,050	0.06
				MERCK & CO INC	293	190,344	0.08
HERSHEY CO	16	19,005	0.01	METLIFE INC	275	106,385	0.03
HOLLYFRONTIER CORP	170	66,231	0.03	METTLER-TOLEDO INTERNATIONAL INC	17	100,704	0.04
HONEYWELL INTERNATIONAL INC	85	114,750	0.05	MICRON TECHNOLOGY INC	320	112,446	0.05
HP INC	599	98,655	0.04	MICROSOFT CORP	974	1,038,974	0.44
HUNTINGTON BANCSHARES INC	134	14,947	0.01	MOLSON COORS BREWING CO	112	47,334	0.02
HUNTINGTON INGALLS INDUSTRIES INC	41	73,272	0.03	MONDELEZ INTERNATIONAL INC	164	68,669	0.03
IDEXX LABORATORIES INC	10	22,079	0.01	MOTOROLA SOLUTIONS INC	19	24,683	0.01
ILLUMINA INC	17	39,840	0.02	NETFLIX INC	32	80,907	0.03
INTEL CORP	618	244,543	0.10	NEWMONT GOLDCORP CORP	63	18,010	0.01
INTERNATIONAL BUSINESS MACHINES CORP	105	121,843	0.05	NEXTERA ENERGY INC	8	12,974	0.01
INTERNATIONAL PAPER CO	48	16,499	0.01	NIKE INC	155	104,382	0.04
INTUIT INC	66	143,270	0.06	NORDSTROM INC	110	28,510	0.01
INTUITIVE SURGICAL INC	23	93,533	0.04	NORFOLK SOUTHERN CORP	75	112,205	0.05
J B HUNT TRANSPORT SERVICES INC	89	71,319	0.03	NUCOR CORP	167	71,089	0.03
J M SMUCKER CO	63	54,834	0.02	NVIDIA CORP	162	213,957	0.09
JABIL CIRCUIT INC	244	58,981	0.02	NXP SEMICONDUCTORS NV	31	25,089	0.01
JOHNSON & JOHNSON	298	303,766	0.13	OCCIDENTAL PETROLEUM CORP	108	43,420	0.02
JPMORGAN CHASE & CO	242	219,745	0.09	OLD DOMINION FREIGHT LINE INC	108	141,167	0.06
JUNIPER NETWORKS INC	328	69,375	0.03	OMNICO GROUP INC	27	16,955	0.01
KANSAS CITY SOUTHERN	77	74,584	0.03	ORACLE CORP	352	155,130	0.07
KELLOGG CO	110	50,131	0.02	O'REILLY AUTOMOTIVE INC	9	26,825	0.01
KIMBERLY-CLARK CORP	42	44,598	0.02	PAYCHEX INC	150	97,516	0.04
KLA-TENCOR CORP	55	58,690	0.02	PAYPAL HOLDINGS INC	143	123,581	0.05
KROGER CO	100	16,564	0.01	PEPSICO INC	263	263,127	0.11
LABORATORY CORPORATION OF AMERICA HOLDINGS	42	55,076	0.02	PFIZER INC	368	111,885	0.05
LAM RESEARCH CORP	63	102,878	0.04	PHILIP MORRIS INTERNATIONAL INC	112	73,303	0.03
LIBERTY GLOBAL PLC SERIES C	70	14,269	0.01	PHILLIPS 66	141	113,199	0.05
LINDE PLC	24	35,936	0.02	PINNACLE WEST CAPITAL CORP	87	62,123	0.03
LOEWS CORP	168	70,410	0.03	PIONEER NATURAL RESOURCES CO	20	21,611	0.01
LOWE'S COMPANIES INC	96	76,200	0.03	PPL CORP	78	18,091	0.01
LYONDELLBASELL INDUSTRIES NV	90	58,961	0.02	PRINCIPAL FINANCIAL GROUP INC	113	51,339	0.02
MACY'S INC	197	35,052	0.01	PROCTER & GAMBLE CO	275	254,101	0.11
MANPOWERGROUP INC	88	62,927	0.03	PRUDENTIAL FINANCIAL INC	59	46,790	0.02
MARATHON PETROLEUM CORP	196	86,517	0.04	PUBLIC SERVICE ENTERPRISE GROUP INC	40	17,895	0.01
MASTERCARD INC CLASS A	112	238,706	0.10	PVH CORP	63	43,852	0.02
MAXIM INTEGRATED PRODUCTS INC	33	15,290	0.01	QIAGEN NV	289	86,848	0.04
MCDONALD'S CORP	86	141,857	0.06	QORVO INC	99	56,797	0.02
				QUALCOMM INC	39	22,335	0.01

# Portfolio Statement (Unaudited)

## HSBC Managed Stable Growth Fund

as at 31 July 2019

	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
<b>Equities</b>							
Listed investments							
				VEDANTA LTD	238	16,264	0.01
				VERISK ANALYTICS INC	18	21,378	0.01
				VERIZON COMMUNICATIONS INC	579	250,503	0.10
OURATE RETAIL INC	366	40,511	0.02	VERTEX PHARMACEUTICALS INC	9	11,739	0.00
RALPH LAUREN CORP	43	35,084	0.01	VIACOM INC	289	68,660	0.03
REGENERON PHARMACEUTICALS INC	18	42,941	0.02	VISA INC CLASS A	205	285,640	0.12
ROBERT HALF INTERNATIONAL INC	272	128,624	0.05	WALGREENS BOOTS ALLIANCE INC	98	41,801	0.02
ROSS STORES INC	93	77,189	0.03	WAL-MART STORES INC	23	19,873	0.01
SALESFORCE.COM INC	47	56,842	0.02	WASTE MANAGEMENT INC	56	51,288	0.02
SKYWORKS SOLUTIONS INC	119	79,440	0.03	WATERS CORP	43	70,874	0.03
SNAP-ON INC	55	65,704	0.03	WELLCARE HEALTH PLANS INC	6	13,491	0.01
SOUTHERN CO	106	46,632	0.02	WELLS FARGO & CO	442	167,495	0.07
SOUTHWEST AIRLINES CO	162	65,346	0.03	WESTERN UNION CO	418	68,713	0.03
SQUARE INC	33	20,772	0.01	WESTLAKE CHEMICAL CORP	63	33,323	0.01
STARBUCKS CORP	42	31,131	0.01	XCEL ENERGY INC	56	26,131	0.01
STATE STREET CORP	304	138,236	0.06	YUM BRANDS INC	143	125,954	0.05
STEEL DYNAMICS INC	524	129,248	0.05	YUM CHINA HOLDINGS INC	229	81,563	0.03
STRYKER CORP	40	65,685	0.03	ZOETIS INC	70	62,954	0.03
SYNOPSIS INC	107	111,198	0.05			22,957,662	9.70
SYSCO CORP	56	30,059	0.01	<b>Listed Equities (Total)</b>		112,432,317	47.52
TAPESTRY INC	119	28,812	0.01				
TE CONNECTIVITY LTD	137	99,092	0.04	<b>Unlisted investment</b>			
TEXAS INSTRUMENTS INC	199	194,735	0.08				
THE HOME DEPOT INC	197	329,531	0.14	<i>British Virgin Islands</i>			
THE TRAVELERS COS INC	97	111,329	0.05				
THE WALT DISNEY CO	180	201,504	0.08	CHINA COMMON RICH RENEWABLE ENERGY INVESTMENTS LTD	64,025	—	—
THERMO FISHER SCIENTIFIC INC	49	106,509	0.04				
TIFFANY & CO	56	41,171	0.02	<b>Equities (Total)</b>		112,432,317	47.52
TJX COS INC	327	139,659	0.06				
T-MOBILE US INC	34	21,220	0.01				
TOTAL SYSTEM SERVICES INC	21	22,310	0.01				
TYSON FOODS INC	164	102,060	0.04				
U.S. BANCORP	35	15,658	0.01				
ULTA BEAUTY INC	6	16,403	0.01				
UNION PACIFIC CORP	101	142,272	0.06				
UNITED PARCEL SERVICE INC CLASS B	72	67,334	0.03				
UNITEDHEALTH GROUP INC	108	210,516	0.09				
UNIVERSAL HEALTH SERVICES INC CLASS B	9	10,628	0.00				
VALERO ENERGY CORP	50	33,366	0.01				
VARIAN MEDICAL SYSTEMS INC	76	69,826	0.03				

# Portfolio Statement (Unaudited)

## HSBC Managed Stable Growth Fund

as at 31 July 2019

			% of net asset value				% of net asset value
	Holdings	Market value HKD			Holdings	Market value HKD	
Debt securities					ITALY (REPUBLIC OF) 4.5% 1 MARCH 2024	71,000	723,372 0.31
Bonds					ITALY (REPUBLIC OF) 5% 1 MARCH 2022	224,000	2,191,525 0.93
Listed investments					ITALY, REPUBLIC OF (GOVERNMENT) 2% 1 DECEMBER 2025	100,000	923,050 0.39
AUSTRALIA (GOVERNMENT OF) 3.25% 21 APRIL 2025	103,000	627,363	0.26		ITALY, REPUBLIC OF (GOVERNMENT) 2.8% 1 DECEMBER 2028	120,000	1,171,364 0.49
AUSTRALIA, COMMONWEALTH OF (GOVERNMENT) 3.25% 21 APRIL 2029	100,000	641,532	0.27		JAPAN (GOVERNMENT) 0.1% 20 MARCH 2022	31,500,000	2,290,214 0.97
BELGIUM (KINGDOM OF) 4% 28 MARCH 2022	81,000	795,394	0.34		JAPAN (GOVERNMENT) 0.1% 20 DECEMBER 2028	6,000,000	444,312 0.19
BELGIUM, KINGDOM OF (GOVERNMENT) 0.9% 22 JUNE 2029	150,000	1,440,568	0.61		JAPAN GOVERNMENT 10 YEAR BOND #328 0.6% 20 MARCH 2023	11,850,000	880,421 0.37
CANADA (GOVERNMENT) 2.75% 1 DECEMBER 2048	170,000	1,259,805	0.53		JAPAN GOVERNMENT 20 YEAR BOND #150 1.4% 20 SEPTEMBER 2034	9,750,000	846,526 0.36
DENMARK (KINGDOM OF) 1.5% 15 NOVEMBER 2023	268,000	343,457	0.15		JAPAN GOVERNMENT 20 YEAR BOND #90 2.2% 20 SEPTEMBER 2026	16,950,000	1,438,450 0.61
EUROPEAN INVESTMENT BANK 2.15% 18 JANUARY 2027	3,500,000	300,490	0.13		JAPAN GOVERNMENT 20 YEAR BOND #97 2.2% 20 SEPTEMBER 2027	29,650,000	2,566,911 1.08
FRANCE (GOVERNMENT OF) 4.5% 25 APRIL 2041	117,000	1,885,570	0.80		JAPAN GOVERNMENT 30 YEAR BOND #29 2.4% 20 SEPTEMBER 2038	62,550,000	6,390,083 2.70
FRANCE (GOVERNMENT OF) 5.75% 25 OCTOBER 2032	5,000	76,736	0.03		MEXICO (UNITED MEXICAN STATES) (GOVERNMENT) 8.5% 31 MAY 2029	10,000	445,516 0.19
FRANCE (GOVERNMENT OF) OAT 4.25% 25 OCTOBER 2023	103,000	1,088,782	0.46		MEXICO (UNITED STATES OF) 8% 11 JUNE 2020	2,400	100,320 0.04
FRANCE, REPUBLIC OF (GOVERNMENT) 0% 25 MAY 2021	150,000	1,324,281	0.56		NETHERLANDS (GOVERNMENT OF) 3.75% 15 JANUARY 2042	32,000	509,431 0.22
FRANCE, REPUBLIC OF (GOVERNMENT) 0.75% 25 NOVEMBER 2028	5,000	47,617	0.02		POLAND (GOVERNMENT OF) 5.25% 25 OCTOBER 2020	109,000	232,397 0.10
FRANCE, REPUBLIC OF (GOVERNMENT) 2% 25 MAY 2048	90,000	1,054,441	0.45		POLAND, REPUBLIC OF (GOVERNMENT) 2.75% 25 OCTOBER 2029	80,000	171,213 0.07
GERMANY (REPUBLIC OF) 0% 15 AUGUST 2026	29,000	264,801	0.11		SOUTH AFRICA (REPUBLIC OF) 10.5% 21 DECEMBER 2026	624,000	385,975 0.16
GERMANY (REPUBLIC OF) 3.25% 4 JULY 2042	20,000	305,256	0.13		SPAIN (GOVERNMENT OF) 2.15% 31 OCTOBER 2025	61,000	607,788 0.26
GERMANY (REPUBLIC OF) 4.75% 4 JULY 2028	23,000	298,270	0.13		SPAIN (GOVERNMENT OF) 4.4% 31 OCTOBER 2023	240,000	2,517,451 1.06
ITALY (REPUBLIC OF) 0.7% 1 MAY 2020	76,000	666,849	0.28				

## as at 31 July 2019

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# Portfolio Statement (Unaudited)

## HSBC Managed Stable Growth Fund

as at 31 July 2019

	Holdings	Market value HKD	% of net asset value
HSBC POOLED VC ASIA PAC EX JP EQ FD-W	237,000	2,459,207	1.04
		37,635,024	15.90
Unit trusts (Total)		38,834,584	16.41
Derivative assets			
Futures contracts		1,620	0.00
Foreign currency forward contracts assets		106,950	0.05
		108,570	0.05
<b>Total financial assets</b>		229,636,820	97.05
<b>Financial liabilities</b>			
Derivative liabilities			
Futures contracts		(87,984)	(0.04)
<b>Total financial liabilities</b>		(87,984)	(0.04)
<b>Total investments</b>			
<i>(Total cost of investments: \$214,616,815)</i>		229,548,836	97.01
<b>Other net assets</b>		7,086,507	2.99
<b>Total net assets</b>		236,635,343	100.00

# Statement of Movements in Portfolio Holdings (Unaudited)

## HSBC Managed Stable Growth Fund

for the year ended 31 July 2019

	% of net asset value 2019	% of net asset value 2018
<b>Financial assets</b>		
<b>Equities</b>		
<i>Listed investments</i>		
Australia	1.88	1.78
Austria	0.11	0.19
Belgium	0.18	0.25
Canada	0.41	0.48
Czech Republic	–	0.02
Denmark	0.33	0.29
Finland	0.11	0.20
France	1.57	1.59
Germany	1.35	1.55
Greece	0.03	0.03
Hong Kong	14.32	14.50
Hungary	0.02	–
India	0.90	0.81
Indonesia	0.12	0.12
Ireland	0.06	0.07
Italy	0.46	0.44
Japan	6.62	6.81
Malaysia	0.22	0.21
Netherlands	0.73	0.65
New Zealand	0.10	0.08
Norway	0.18	0.11
Philippines	0.11	0.05
Poland	0.03	0.04
Portugal	0.01	–
Russia	0.30	0.31
Singapore	0.57	0.53
South Korea	1.18	1.53
Spain	0.39	0.41
Sweden	0.36	0.42
Switzerland	1.47	1.31
Taiwan	1.04	1.06
Thailand	0.25	0.20
Turkey	0.12	0.06
United Kingdom	2.29	2.64
United States of America	9.70	9.90
	<hr/> 47.52	<hr/> 48.64

# Statement of Movements in Portfolio Holdings (Unaudited)

	% of net asset value 2019	% of net asset value 2018
<b>Unlisted investment</b>		
British Virgin Islands	—	—
	—	—
<b>Bonds</b>		
Listed investments	33.07	32.14
	33.07	32.14
<b>Unit trusts</b>		
Listed investments	0.51	0.47
Unlisted investments	15.90	13.35
	16.41	13.82
<b>Derivative assets</b>		
Futures contracts	0.00	—
Foreign currency forward contracts	0.05	0.07
<b>Financial liabilities</b>		
<b><i>Derivative liabilities</i></b>		
Futures contracts	(0.04)	(0.05)
	(0.04)	(0.05)
<b>Total investments</b>	97.01	94.62
<b>Other net assets</b>	2.99	5.38
<b>Total net assets</b>	100.00	100.00

# Performance Record (Unaudited)

## HSBC Managed Stable Growth Fund

### (a) Price record (Dealing net asset value per unit)

Year	Provident class units			
	Bid		Offer	
	Lowest HKD	Highest HKD	Lowest HKD	Highest HKD
2009	11.46	16.17	11.46	16.17
2010	14.98	16.69	14.98	16.69
2011	15.83	18.15	15.83	18.15
2012	15.57	17.94	15.57	17.94
2013	16.56	18.65	16.56	18.65
2014	17.72	19.35	17.72	19.35
2015	18.26	19.57	18.26	19.57
2016	16.82	18.70	16.82	18.70
2017	18.14	20.58	18.14	20.58
2018	20.50	22.53	20.50	22.53
2019	19.67	21.51	19.67	21.51

  

Year	Z class units			
	Bid		Offer 2015	
	Lowest	Highest	Lowest	Highest
2019	9.91	10.02	9.91	10.02

### (b) Total net asset value (calculated in accordance with HKFRS)

	2019 HKD	2018 HKD	2017 HKD	2016 HKD
Total net asset value	236,635,343	347,415,316	346,706,851	343,531,902

### (c) Net asset value per unit (calculated in accordance with HKFRS)

	2019 HKD	2018 HKD	2017 HKD	2016 HKD
Net asset value per unit				
– Provident class units	–	21.23	20.58	18.70
– Z class units	9.92	–	–	–

# Performance Record (Unaudited)

(d) Total expense ratio

	Average net asset value HKD	2019 Total expenses HKD	Total expense ratio %
Provident class	246,252,477	4,785,167	1.94
Z class	6,134,6701	73,335	1.20

# Investment Adviser's Report

## HSBC Global Money Funds

### Market review

#### HSBC Global Money Funds – Hong Kong Dollar

Liquidity conditions in Hong Kong have been changing with some tightening due to HKMA's intervention in the money market to keep the HKD from breaching its upper band. The aggregate balance moved from HKD 109 billion to HKD 54 billion.

3M and 6M HIBOR levels have increased marginally. HKD rates in the short-end could mirror movements in short-end US rates, though the pace of pass-through would depend on the state of liquidity in HKD. The Fed eased rates and market discounted the easing pretty early in 2019. FOMC has sighted uncertainties stemming from weakness in the global economy and simmering trade tensions. Though, it is mid cycle adjustment more than one rate cuts are not ruled out. Markets have priced in more than one cut this calendar. However, the pace of pass-through would depend on the state of liquidity in HKD.

We will endeavor to extend WAM (via solid issuers) if sufficiently compensated from a term premium standpoint. Also, given expectations of stable to falling rates. We are also monitoring the US\$HKD currency pair as the HKMA would intervene to sell USD / buy HKD (thereby draining HKD liquidity) if US\$HKD reaches the weaker side of the convertibility band.

#### HSBC Global Money Funds – US Dollar

The Fed hiked policy rate by 50bp during the period, followed by cut of 25 bps on July 31, 2019. The Fed eased rates and market discounted the easing pretty early in 2019.

FOMC has sighted uncertainties stemming from weakness in the global economy and simmering trade tensions. Though, it is mid cycle adjustment more than one rate cuts are not ruled out. Markets have priced in more than one cut this calendar.

3mth US T-bill yields eased 3 bps to 2.06% after peaking at 2.43% during the year. 6mth US T-bill yields eased 20 bps after peaking at 2.52%.

We maintain liquidity in the front-end buckets primarily via US T-bill positions and overnight deposits. We would look to extend WAM as there is expectation of further rate cuts from Fed. We'd look for adequate compensation in yield terms, as market is currently discounting more cuts, which may or may not materialise.

#### HSBC Global Asset Management (Hong Kong) Limited

29 November 2019

# Trustee’s Report

## HSBC Global Money Funds (“the Fund”)

We hereby confirm that, to the best of our knowledge, the Manager of the sub-funds of the Fund (“the sub-funds”) has, in all material respects, managed the sub-funds in accordance with the provisions of the Trust Deed dated 12 February 1991, as amended, for the year ended 31 July 2019.

)  
) For and on behalf of  
) HSBC Institutional Trust Services  
) (Asia) Limited,  
) Trustee  
)

# Independent Auditor's Report to the Unitholders

## Report on the Audit of Financial Statements

### Opinion

We have audited the financial statements of Hong Kong Dollar sub-fund and US Dollar sub-fund ("the sub-funds"), sub-funds of HSBC Global Money Funds set out on pages 241 to 265, which comprise the statements of financial position as at 31 July 2019, the statements of comprehensive income, the statements of changes in net assets attributable to unitholders/statements of changes in equity and the cash flow statements for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial disposition of the sub-funds at 31 July 2019, and of their financial transactions and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

### Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the sub-funds in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Information Other than the Financial Statements and Auditor's Report Thereon

The Manager and the Trustee of the sub-funds are responsible for the other information. The other information comprises all the information included in the annual report, other than the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially

misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Manager and the Trustee of the Sub-Funds for the Financial Statements

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

In preparing the financial statements, the Manager and the Trustee of the sub-funds are responsible for assessing the 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 the Manager and the Trustee of the sub-funds either intend to liquidate the sub-funds or to cease operations, or have no realistic alternative but to do so.

In addition, the Manager and the Trustee of the sub-funds are required to ensure that the financial statements have been properly prepared in accordance with the relevant provisions of the Trust Deed, as amended, ("the Trust Deed") and the relevant disclosure provisions of Appendix E of the Code on Unit Trusts and Mutual Funds ("the SFC Code") issued by the Hong Kong Securities and Futures Commission.

### Auditor's Responsibilities for the Audit of the Financial Statements

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

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. In addition, we are required to assess whether the financial statements of the sub-funds have been properly



# Independent Auditor's Report to the Unitholders

prepared, in all material respects, in accordance with the relevant provisions of the Trust Deed and the relevant disclosure provisions of Appendix E of the SFC Code.

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

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

underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager and the Trustee of the sub-funds regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## **Report on matters under the relevant provisions of the Trust Deed and the relevant disclosure provisions of Appendix E of the SFC Code**

In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with the relevant provisions of the Trust Deed and the relevant disclosure provisions of Appendix E of the SFC Code.

### **KPMG**

Certified Public Accountants  
8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong

29 November 2019

The accompanying report of KPMG is for sole and exclusive use of the Fund. Further, the report of KPMG is as of 29 November 2019 and KPMG has carried out no procedures of any nature subsequent to that date which in any way extends that date.

# Statement of Financial Position

## HSBC Global Money Funds

as at 31 July 2019

		2019	
	Note	HK Dollar sub-fund HKD	US Dollar sub-fund USD
<b>ASSETS</b>			
Financial assets at fair value through profit or loss	5, 10, 11	1,864,608,012	296,530,623
Interest receivable		3,537,479	1,075,992
Fixed deposits with original maturity more than three months		600,000,000	–
Cash and cash equivalents	7(b), 12	1,231,133,268	76,664,829
		<b>3,699,278,759</b>	<b>374,271,444</b>
<b>LIABILITIES</b>			
Redemptions payable		–	4,226,426
Other payables	7(a), 7(c)	1,700,299	303,657
		<b>1,700,299</b>	<b>4,530,083</b>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<b>3,697,578,460</b>	<b>369,741,361</b>
Representing			
<b>Financial liabilities</b>		<b>3,697,578,460</b>	<b>369,741,361</b>
– Series A units	9(a)	132,325,618	133,584,864
– Series C units	9(b)	316,858,889	87,163,888
– Series D units	9(c)	1,995,319	–
– Series F units	9(d)	4,530,322	–
– Series L units	9(e)	431,337	–
– Series Z units	9(f)	54,920,358	816,589
<b>Net asset value per unit</b>			
– Series A units		21.12	2.05
– Series C units		1.01	1.01
– Series D units		10.03	–
– Series F units		1.01	–
– Series L units		19.18	–
– Series Z units		10.02	10.02

# Statement of Financial Position

## HSBC Global Money Funds

as at 31 July 2019

		2018	
	Note	HK Dollar sub-fund HKD	US Dollar sub-fund USD
<b>ASSETS</b>			
Financial assets at fair value through profit or loss	5, 10, 11	1,362,708,288	236,725,739
Interest receivable		2,358,862	744,874
Fixed deposits with original maturity more than three months		330,000,000	–
Cash and cash equivalents	7(b), 12	1,330,739,968	36,248,041
		3,025,807,118	273,718,654
<b>LIABILITIES</b>			
Redemptions payable		–	3,216,898
Amounts due to brokers	6	–	28,792,293
Other payables	7(a), 7(c)	1,526,117	196,110
		1,526,117	32,205,301
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		3,024,281,001	241,513,353
Representing			
<b>Financial liabilities</b>		3,024,281,001	–
<b>Total equity</b>		–	241,513,353
– Series A units	9(g)	144,784,909	120,604,711
– Series L units	9(h)	407,130	–
<b>Net asset value per unit</b>			
– Series A units		20.83	2.00
– Series L units		19.17	–

Approved by the Trustee and the Manager on 29 November 2019

)  
 ) For and on behalf of  
 ) HSBC Institutional Trust Service (Asia) Limited  
 ) Trustee  
  
 )  
 ) For and on behalf of  
 ) HSBC Investment Funds (Hong Kong) Limited  
 ) Manager

The notes on pages 246 to 265 form part of these financial statements.

# Statement of Comprehensive Income

## HSBC Global Money Funds

for the year ended 31 July 2019

	Note	2019		2018	
		HK Dollar sub-fund HKD	US Dollar sub-fund USD	HK Dollar sub-fund HKD	US Dollar sub-fund USD
Interest income	7(b)	28,240,123	1,382,230	13,582,279	396,105
Net gains from financial assets at fair value through profit or loss	3	29,606,668	6,548,357	16,712,737	2,645,023
Net foreign exchange gain		40	–	(77)	–
<b>TOTAL REVENUE</b>		<b>57,846,831</b>	<b>7,930,587</b>	<b>30,294,939</b>	<b>3,041,128</b>
Management fees	7(a)	6,142,605	581,334	5,102,050	197,013
Trustee's fees	7(c)	1,909,101	170,799	2,334,267	123,094
Registrar's fees	7(a)	196,776	11,844	20,000	1,277
Administrative fees	7(a)	262,840	15,898	238,213	15,057
Auditor's remuneration		109,995	8,789	136,235	5,815
Legal and professional fees		88,799	9,040	328,079	49,640
Bank charges		4,350	25,191	3,000	879
Miscellaneous expenses	7(d)	532,048	133,594	588,124	56,664
<b>TOTAL OPERATING EXPENSES</b>		<b>9,246,514</b>	<b>956,489</b>	<b>8,749,968</b>	<b>449,439</b>
<b>NET PROFIT FROM OPERATIONS BEFORE FINANCE COSTS</b>		<b>48,600,317</b>	<b>6,974,098</b>	<b>21,544,971</b>	<b>2,591,689</b>
<b>INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>48,600,317</b>	<b>6,974,098</b>	<b>21,544,971</b>	<b>2,591,689</b>

The notes on pages 246 to 265 form part of these financial statements.

# Statement of Changes in Net Assets Attributable to Unitholders/Statement of Changes in Equity

## HSBC Global Money Funds

for the year ended 31 July 2019

	2019		2018	
	HK Dollar sub-fund HKD	US Dollar sub-fund USD	HK Dollar sub-fund HKD	US Dollar sub-fund USD
<b>Balance at the beginning of the year</b>	3,024,281,001	241,513,353	3,852,438,523	164,612,221
<b>Increase in net assets attributable to unitholders and total comprehensive income for the year</b>	48,600,317	6,974,098	21,544,971	2,591,689
Subscriptions of units	5,173,988,280	515,905,061	3,721,681,942	177,878,803
Redemptions of units	(4,549,291,138)	(394,651,151)	(4,571,384,435)	(103,569,360)
	624,697,142	121,253,910	(849,702,493)	74,309,443
<b>Balance at the end of the year</b>	3,697,578,460	369,741,361	3,024,281,001	241,513,353

As at 31 July 2019, the redeemable units of the Hong Kong Dollar sub-fund and the US Dollar sub-fund are classified as financial liabilities. These sub-funds present a statement of changes in net assets attributable to unitholders, and the issue and redemption of units are treated as transactions with unitholders.

As at 31 July 2018, the redeemable units of the Hong Kong Dollar sub-fund are classified as financial liabilities. This sub-fund presents a statement of changes in net assets attributable to unitholders, and the issue and redemption of units are treated as transactions with unitholders.

As at 31 July 2018, the redeemable units of the US Dollar sub-fund are classified as equity. This sub-fund presents a statement of changes in equity, and the issue and redemption of units are treated as transactions with owners and recorded directly in the statement of changes in equity.

The notes on pages 246 to 265 form part of these financial statements.

# Cash Flow Statement

## HSBC Global Money Funds

for the year ended 31 July 2019

	2019		2018	
	HK Dollar sub-fund HKD	US Dollar sub-fund USD	HK Dollar sub-fund HKD	US Dollar sub-fund USD
<b>OPERATING ACTIVITIES</b>				
Interest received	27,061,506	1,366,510	12,016,584	391,946
Management fees paid	(5,936,553)	(531,656)	(5,178,178)	(190,373)
Trustee's fees paid	(1,911,219)	(166,153)	(2,363,384)	(119,774)
Payments on purchase of investments	(8,186,293,056)	(2,130,174,807)	(7,652,400,254)	(1,219,698,103)
Proceeds from sale of investments (including coupon interest received from investments)	7,714,000,000	2,047,810,589	8,100,000,000	1,153,118,535
Net payments on fixed deposit with original maturity more than three months	(270,000,000)	–	(50,000,000)	–
Other operating expenses paid	(1,224,560)	(151,133)	(1,320,651)	(121,884)
Net foreign exchange gain	40	–	(77)	–
<b>Net cash (used in)/generated from operating activities</b>	<b>(724,303,842)</b>	<b>(81,846,650)</b>	<b>400,754,040</b>	<b>(66,619,653)</b>
<b>FINANCING ACTIVITIES</b>				
Proceeds from issue of units	5,173,988,280	515,905,061	3,721,681,942	177,878,803
Payments on redemption of units	(4,549,291,138)	(393,641,623)	(4,619,876,810)	(101,753,786)
<b>Net cash generated from/(used in) financing activities</b>	<b>624,697,142</b>	<b>122,263,438</b>	<b>(898,194,868)</b>	<b>76,125,017</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(99,606,700)</b>	<b>40,416,788</b>	<b>(497,440,828)</b>	<b>9,505,364</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>1,330,739,968</b>	<b>36,248,041</b>	<b>1,828,180,796</b>	<b>26,742,677</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>1,231,133,268</b>	<b>76,664,829</b>	<b>1,330,739,968</b>	<b>36,248,041</b>

The notes on pages 246 to 265 form part of these financial statements.

# Notes to the Financial Statements

## HSBC Global Money Funds

### 1 The Fund

HSBC Global Money Funds ("the Fund") was established under a trust deed dated 12 February 1991, as amended ("the Trust Deed"), and is governed by the laws of the Cayman Islands. The Fund was registered under the Mutual Funds Law of the Cayman Islands on 25 July 1994. With effect on and from 4 January 2019 ("the Effective Date"), the domicile of the Fund was changed from Cayman Islands to Hong Kong. Following the change of domicile of the Fund to Hong Kong, the Fund is governed by Hong Kong laws with effect on and from the Effective Date. The investment objective of the Fund is to provide unitholders with a rate of return higher than that normally available for personal deposits through investing in monetary instruments such as treasury bills, bills of exchange, commercial paper, certificates of deposit or interbank deposits.

The Fund is an umbrella investment fund divided into a number of underlying sub-funds, each of which is linked to a different currency. Currently, the Fund has two sub-funds ("the sub-funds") linked to Hong Kong dollars and United States dollars respectively.

The sub-funds are authorised by the Hong Kong Securities and Futures Commission ("SFC") under section 104 of the Hong Kong Securities and Futures Ordinance ("HKSF") and are governed by the Hong Kong Code on Unit Trusts and Mutual Funds.

### 2 Significant accounting policies

#### (a) Statement of compliance

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong, the relevant provisions of the Trust Deed and the relevant disclosure provisions of the Hong Kong Code on Unit Trusts and Mutual Funds issued by the SFC. A summary of the significant accounting policies adopted by the Fund are set out below.

#### (b) Basis of preparation of the financial statements

The functional and presentation currencies of the Hong Kong Dollar sub-fund and the US Dollar sub-fund are Hong Kong dollars and United States dollars respectively reflecting the fact that the participating redeemable units of each sub-fund are issued and redeemed in those respective currencies.

The financial statements are prepared on a fair value basis for financial assets and financial liabilities at fair value through profit or loss. Other financial assets and financial liabilities are stated at amortised cost.

The Fund maintains a separate account for each sub-fund to which the proceeds of issue and the income arising from the investment of those proceeds are credited and against which the expenses are allocated accordingly. Upon redemption, unitholders are entitled only to their proportion of the net assets held in the account relating to the sub-fund in which the units are designated.

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies have been applied consistently by the Fund and are consistent with those used in the previous year.

#### (c) Changes in accounting policies

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the sub-funds. Of these, the following developments are relevant to the sub-funds' financial statements:

# Notes to the Financial Statements

## HKFRS 9, *Financial instruments*

The sub-funds have not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 14), except for the amendments to HKFRS 9, *Prepayment features with negative compensation* which have been adopted at the same time as HKFRS 9.

As permitted by the transition provisions of HKFRS 9, comparative information throughout these financial statements has not generally been restated to reflect the requirements of the standard.

Except for the changes below, the sub-funds have consistently applied the accounting policies as set out in Note 2(e) to all periods presented in these financial statements.

### HKFRS 9, *Financial Instruments*

HKFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces HKAS 39 *Financial Instruments: Recognition and Measurement*.

As a result of the adoption of HKFRS 9, the sub-funds have adopted consequential amendments to HKAS 1 *Presentation of Financial Statements*, which require:

- impairment of financial assets to be presented in a separate line item in the statement of comprehensive income. The sub-funds did not previously report any incurred losses; and
- separate presentation in the statement of comprehensive income of interest revenue from financial assets measured at amortised cost or fair value through other comprehensive income ("FVOCI") calculated using the effective interest method.

Additionally, the sub-funds have adopted consequential amendments to HKFRS 7 *Financial Instruments: Disclosures*, which are applied to disclosures about 2019 but have not generally been applied to comparative information.

The adoption of HKFRS 9 had no material impact on the net assets attributable to unitholders of the sub-funds.

- (i) Classification and measurement of financial assets and financial liabilities

HKFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and fair value through profit or loss ("FVTPL"). The classification of financial assets under HKFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. HKFRS 9 eliminates the previous HKAS 39 categories of held to maturity, loans and receivables and available for sale. Under HKFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

HKFRS 9 largely retains the existing requirements in HKAS 39 for the classification and measurement of financial liabilities.

The adoption of HKFRS 9 has not had a significant effect on the sub-funds' accounting policies related to financial liabilities and derivative financial instruments.

For an explanation of how the sub-funds classify and measure financial instruments and account for related gains and losses under HKFRS 9, see Note 2(e).

The following table below explains the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the sub-funds' financial assets as at 1 August 2018.

	Original classification under HKAS 39	New classification under HKFRS 9
<b>Financial assets</b>		
Cash and cash equivalents	Loans and receivables	Amortised cost
Fixed deposits with original maturity more than three months	Loans and receivables	Amortised cost
Interest receivable	Loans and receivables	Amortised cost
Debt instruments	Held-for-trading	FVTPL

The measurement categories for all financial liabilities remain the same. The carrying amounts for all financial liabilities at 1 August 2018 have not been impacted by the initial application of HKFRS 9.



# Notes to the Financial Statements

## (ii) Impairment of financial assets

HKFRS 9 replaces the “incurred loss” model in HKAS 39 with an expected credit losses (“ECLs”) model. The new impairment model applies to financial assets measured at amortised cost and debt instruments at FVOCI, but not to financial assets measured at FVTPL. Under HKFRS 9, credit losses are recognised earlier than under HKAS 39.

The effect of adopting HKFRS 9 on the carrying amounts of financial assets at 1 August 2018 relates solely to the new impairment requirements. The Manager considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. There is no impairment allowance recognised on interest receivable, fixed deposits with original maturity more than three months and cash and cash equivalents on the initial application of HKFRS 9's impairment requirements as at 1 August 2018. Therefore, the carrying amounts of the financial assets remain the same.

## (iii) Transition

Changes in accounting policies resulting from the adoption of HKFRS 9 have been applied retrospectively, except as described below.

- Comparative periods have not generally been restated. Differences in the carrying amounts of financial assets resulting from the adoption of HKFRS 9 are recognised in the net assets attributable to unitholders as at 1 August 2018. Accordingly, the information presented for 2018 does not reflect the requirements of HKFRS 9, but rather those of HKAS 39.
- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.
  - The determination of the business model within which a financial asset is held.
  - The revocation of previous designations of certain financial assets as measured at FVTPL.

## (d) Foreign currency translation

Foreign currency transactions during the year are translated into the reporting currencies of the respective sub-funds at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into the reporting currencies of the respective sub-funds at the foreign exchange rates ruling at the date of the statement of financial position. Foreign currency exchange differences arising on translation and realised gains and losses on disposals or settlements of monetary assets and liabilities are recognised in profit or loss.

Foreign currency exchange differences relating to investments at fair value through profit or loss are included in net gains or losses from financial instruments at fair value through profit or loss. All other foreign currency exchange differences relating to monetary items including cash and cash equivalents are presented separately in profit or loss.

## (e) Financial instruments

### (i) Classification

#### (A) Policy applicable from 1 August 2018

On initial recognition, the sub-funds classify financial assets as measured at amortised cost or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (“SPPI”).

All other financial assets of the sub-funds are measured at FVTPL.

#### *Business model assessment*

In making an assessment of the objective of the business model in which a financial asset is held, the sub-funds consider all of the relevant information about how the business is managed, including:

# Notes to the Financial Statements

- the documented investment strategy and the execution of this strategy in practice. This includes whether the investment strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the sub-funds' management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how the investment manager is compensated: e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the sub-funds' continuing recognition of the assets.

The sub-funds have determined that it has two business models.

- Held-to-collect business model: this includes interest receivable, fixed deposits with original maturity more than three months and cash and cash equivalents. These financial assets are held to collect contractual cash flow.
- Other business model: this includes debt instruments. These financial assets are managed and their performance is evaluated, on a fair value basis, with frequent sales taking place.

## *Assessment whether contractual cash flows are SPPI*

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are SPPI, the sub-funds consider the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the sub-funds consider:

- contingent events that would change the amount or timing of cash flows;
- leverage features;
- prepayment and extension features;
- terms that limit the sub-funds' claim to cash flows from specified assets (e.g. non-recourse features); and
- features that modify consideration for the time value of money (e.g. periodical reset of interest rates).

The sub-funds classify their investments based on the business model and contractual cash flows assessment. Accordingly, the sub-funds classify all their debt instruments into financial assets at FVTPL category. Financial assets measured at amortised cost include interest receivable, fixed deposits with original maturity more than three months and cash and cash equivalents. Financial liabilities that are not at fair value through profit or loss included redemption payable, amounts due to brokers and other payables.

# Notes to the Financial Statements

## *Reclassifications*

Financial assets are not reclassified subsequent to their initial recognition unless the sub-funds was to change its business model for managing financial assets, in which case all affected financial assets would be reclassified on the first day of the first reporting period following the change in the business model.

### (B) Policy applicable prior to 1 August 2018

All of the sub-funds' investments were classified as financial assets or financial liabilities at fair value through profit or loss. This category comprised financial instruments held for trading, which were instruments that the sub-funds had acquired principally for the purpose of short-term profit-taking. These included investments in debt securities.

Financial assets at amortised cost that were classified as loans and receivables included interest receivable.

Financial liabilities at amortised cost included redemptions payable, amounts due to brokers and other payables. Financial liabilities arising from the redeemable units issued by the sub-funds were carried at the redemption amount.

### (ii) Recognition

The sub-funds recognise financial assets and financial liabilities on the date they become a party to the contractual provisions of the instruments.

A regular way purchase or sale of financial assets is recognised using trade date accounting. From this date any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded.

Financial liabilities are not recognised unless one of the parties has performed their obligations under the contract or the contract is a derivative contract not exempted from the scope of HKFRS 9.

### (iii) Measurement

Financial instruments are measured initially at fair value (transaction price). Transaction costs on financial assets and liabilities at fair value through profit or loss are

expensed immediately, while on other financial instruments they are amortised.

Subsequent to initial recognition, all instruments classified at fair value through profit or loss are measured at fair value with changes in their fair value recognised in profit or loss.

Financial assets classified as measured at amortised cost are carried at amortised cost using the effective interest rate method, less impairment losses, if any.

Financial liabilities other than those at fair value through profit or loss are measured at amortised cost using the effective interest rate method. Financial liabilities arising from the redeemable units issued by the sub-funds are carried at the redemption amount representing the unitholders' right to a residual interest in the sub-funds' assets.

### (iv) Fair value measurement principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the sub-funds have access at that date. The fair value of a liability reflects its non-performance risk.

When available, the sub-funds measure the fair value of an instrument using the quoted price in an active market for that instrument provided such price is within the bid ask spread. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. In circumstances where the quoted price is not within the bid ask spread, the Manager of the Sub-funds will determine the points within the bid ask spread that are most representative of the fair value.

When there is no quoted price in an active market, the sub-funds use valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration

# Notes to the Financial Statements

given or received. If the sub-funds determine that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is supported wholly by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, the sub-funds measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Sub-funds on the basis of the net exposure to either market or credit risk, are measured sub-funds on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The sub-funds recognise transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

## (v) Amortised cost measurement principles

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

## (vi) Impairment

### (A) Policy applicable from 1 August 2018

The sub-funds recognise loss allowances for ECLs on financial assets measured at amortised cost.

The sub-funds measure loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- financial assets that are determined to have low credit risk at the reporting date; and
- other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the sub-fund consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the sub-funds' historical experience and informed credit assessment and including forward-looking information.

The sub-funds assume that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The sub-funds consider a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the sub-funds in full, without recourse by the sub-funds to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The sub-funds consider a financial asset to have low credit risk when the credit rating of the counterparty is equivalent to the globally understood definition of "investment grade." The sub-funds consider this to be Baa3 or higher per Moody's or BBB- or higher per Standard & Poor's.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

# Notes to the Financial Statements

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the sub-funds are exposed to credit risk.

## *Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the sub-funds expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

## *Credit-impaired financial assets*

At each reporting date, the sub-funds assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

## *Presentation of allowance for ECLs in the statement of assets and liabilities*

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

## *Write-off*

The gross carrying amount of a financial asset is written off when the sub-funds has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

## (B) Policy applicable prior to 1 August 2018

Financial assets that were stated at cost or amortised cost were reviewed at each date of the statement of financial position to determine whether there is objective evidence of impairment. If any such indication exists, an impairment loss is recognised in profit or loss as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write down, the write down is reversed through profit or loss.

## (vii) Derecognition

The sub-funds derecognise a financial asset when the contractual rights to the cash flows from the financial asset expire or they transfer the financial assets and the transfer qualifies for derecognition in accordance with HKAS 39.

The sub-funds use the weighted average method to determine realised gains and losses on derecognition.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or has expired.

## (viii) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when the sub-funds have a legally enforceable right to offset the recognised amounts and the transactions are intended to be settled on a net basis or simultaneously, e.g. through a market clearing mechanism.

# Notes to the Financial Statements

- (ix) Specific instruments

## *Cash and cash equivalents*

Cash comprises current deposits with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes. Bank overdrafts that are repayable on demand and form an integral part of the Fund's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement.

## **(f) Revenue recognition**

Revenue is recognised in profit or loss as follows:

### *Interest income*

Interest income is recognised in profit or loss as it accrues, using the effective interest rate method using the rate exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. Interest income on bank deposits and fixed deposits with original maturity more than three months is disclosed separately on the face of the statement of comprehensive income.

Interest income on debt securities is included in net gains or losses from financial instruments at fair value through profit or loss.

## **(g) Expenses**

All expenses are recognised in profit or loss on an accruals basis.

## **(h) Related parties**

- (a) A person, or a close member of that person's family, is related to the Fund if that person:
- (i) has control or joint control over the Fund;
  - (ii) has significant influence over the Fund; or
  - (iii) is a member of the key management personnel of the Fund.

- (b) An entity is related to the Fund if any of the following conditions applies:

- (i) The entity and the Fund are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of an entity related to the Fund.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Fund.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

## **(i) Subscriptions and redemptions**

The sub-funds recognise unitholders' subscriptions and allot units upon receipt of a valid subscription application and derecognise them upon receipt of a valid redemption application.

## **(j) Units in issue**

The sub-funds classify financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

# Notes to the Financial Statements

A puttable financial instrument that includes a contractual obligation for the issuer to repurchase or redeem that instrument for cash or another financial asset is classified as equity instrument if it meets the following conditions:

- it entitles the holder to a pro rata share of the sub-fund's net assets in the event of the sub-fund's liquidation;
- it is in the class of instruments that is subordinate to all other classes of instruments;
- all financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features;
- apart from the contractual obligation for the sub-funds to repurchase or redeem the instrument for cash or another financial asset, the instrument does not include any other features that would require classification as a liability; and

the total expected cash flows attributable to the instrument over its life are based substantially on profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the sub-funds over the life of the instrument.

As at 31 July 2018, the US Dollar sub-fund had one class of redeemable units in issue. This was the most subordinate class of financial instruments in the sub-fund. The redeemable units provided unitholders with the right to require redemption for cash at a value proportionate to the unitholders' share in the sub-fund's net assets at each daily redemption date and also in the event of the sub-fund's liquidation. The sub-fund's redeemable units meet all of these conditions and were classified as equity.

On 1 October 2018, the Hong Kong Dollar sub-fund issued Class C unit, Class D unit, Class F unit and Class Z unit. On the same day, the US Dollar sub-fund issued C class unit and Z class unit. The US Dollar sub-fund had multiple classes of unit in issue and the redemption units of the sub-fund were reclassified as financial liabilities and measured at the present value of the redemption amounts with effect from 1 October 2018.

As at 31 July 2019, the Hong Kong Dollar sub-fund has six classes of redeemable units in issue "Series A" class, "Series C" Class, "Series D" Class, "Series F" Class, "Series L" Class, and "Series Z" class. The US Dollar sub-fund has three classes of redeemable units in issue "Series A" class, "Series C" Class, and "Series Z" class. Classes belong to the most

subordinate class of financial instruments in the sub-fund and rank pari passu in all material respects and have the same terms and conditions other than different management fee rates. The redeemable units provide unitholders with the right to require redemption for cash at a value proportionate to the unitholders' share in the sub-fund's net assets at each redemption date, and also in the event of the sub-fund's liquidation. The redeemable units are classified as financial liabilities and are measured at the present value of the redemption amounts.

## (k) Segment reporting

An operating segment is a component of the sub-funds that engages in business activities from which they may earn revenues and incur expenses, including revenues and expenses that relates to transactions with any of the sub-funds' other components, whose operating results are reviewed regularly by the chief operating decision maker to make decisions about resources allocated to the segment and assess its performance, and for which discrete financial information is available. Segment results that are reported to the chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The chief operating decision maker of the sub-funds is identified as the manager, HSBC Investment Funds (Hong Kong) Limited.

## 3 Net gains from financial assets at fair value through profit or loss

	2019		2018	
	HK Dollar sub-fund HKD	US Dollar sub-fund USD	HK Dollar sub-fund HKD	US Dollar sub-fund USD
Realised gains	–	2,511,001	–	358,557
Unrealised gains	29,606,668	4,037,356	16,712,737	2,286,466
	29,606,668	6,548,357	16,712,737	2,645,023

## 4 Taxation

There are currently no taxes on income or gains under Cayman Islands law. Accordingly, no provision for income taxes is included in these financial statements.

No provision for Hong Kong profits tax has been made in the financial statements as the sub-funds are exempt from taxation under section 26A(1A) of the Hong Kong Inland Revenue Ordinance.

# Notes to the Financial Statements

Interest income received by the sub-funds may be subject to non-recoverable withholding tax imposed in the country of origin. Interest income is recorded gross of such taxes and the withholding tax is recognised in profit or loss as incurred.

## Foreign Account Tax Compliance Act ("FATCA")

On 18 March 2010, the Hiring Incentives to Restore Employment Act of 2010 added chapter 4 to Subtitle A ("Chapter 4") of the US Internal Revenue Code (the "Code"). The provisions in Chapter 4 are commonly referred to as the Foreign Account Tax Compliance Act ("FATCA"). US Treasury regulations providing guidance on the due diligence, reporting, and withholding obligations under FATCA were passed and came into effect in January 2013 ("the Regulations").

The Regulations require foreign financial institution ("FFI") to provide the Internal Revenue Service ("IRS") with information on certain U.S. persons invested in accounts outside of the U.S. and for certain non U.S. entities to provide information about any U.S. owners. The obligations of an FFI under FATCA may be modified by an Intergovernmental Agreement ("IGA") between the US and the FFI's country of organization. The Cayman Islands entered into a Model 1 IGA on 29 November 2013, which provides for reporting and enforcement by FFIs to be facilitated by local authorities. The Cayman Islands also entered into a similar IGA with the United Kingdom. Therefore, all Cayman Islands domiciled "financial institutions" are subject to domestic legislation and regulations that implement both the Foreign Account Tax Compliance Act ("US FATCA") and its UK equivalent ("UK FATCA" and together, "FATCA"). The due diligence and reporting regimes introduced by the domestic legislation and regulations apply to all such financial institutions irrespective of whether they have US or UK based account holders and/or have US or UK assets or source income.

Before the domicile of the Trust was changed from Cayman Islands to Hong Kong on 4 January 2019, the Fund was a non reporting financial institution and not required to register for a Global Intermediary Identification Number ("GIIN") for US FATCA purposes.

## 5 Financial assets and financial liabilities at fair value through profit or loss

	2019		2018	
	HK Dollar sub-fund HKD	US Dollar sub-fund USD	HK Dollar sub-fund HKD	US Dollar sub-fund USD
<b>Fixed income instruments</b>				
Listed investment	-	132,605,924	-	-
Unlisted but quoted investments, at fair value	1,864,608,012	163,924,699	1,362,708,288	236,725,739
	1,864,608,012	296,530,623	1,362,708,288	236,725,739
Investments, at cost	1,800,734,829	290,066,101	1,328,441,773	233,983,175
Net unrealized appreciation in value of investments	63,873,183	6,464,522	34,266,515	2,742,564
Investments, at fair value	1,864,608,012	296,530,623	1,362,708,288	236,725,739

## 6 Amounts due to brokers

	2019		2018	
	HK Dollar sub-fund HKD	US Dollar sub-fund USD	HK Dollar sub-fund HKD	US Dollar sub-fund USD
<b>Balances due to brokers</b>				
Amounts payable on purchases of investments	-	-	-	28,792,293

## 7 Transactions with the Trustee, Manager and Connected Persons

The following is a summary of significant related party transactions or transactions entered into during the year between the Fund and the Trustee, the Manager and their Connected Persons. Connected Persons are those as defined in the Code on Unit Trusts and Mutual Funds issued by the SFC. All transactions during the year between the Fund, the Trustee and the Manager and their Connected Persons were entered into in the ordinary course of business and under normal commercial terms. To the best of the knowledge of the Trustee and the Manager, the Fund did not have any other transactions with Connected Persons except for those disclosed below.



# Notes to the Financial Statements

- (a) The sub-funds are managed by HSBC Investment Funds (Hong Kong) Limited ("the Manager"). The Manager receives a management fee, payable monthly in arrears, equivalent to a percentage per annum of the net asset value of the sub-funds as follows:

	Hong Kong Dollar sub-fund	US Dollar sub-fund
For Series A Units		
– Prior 1 November 2018	0.13%	0.10%
– Effective from 1 November 2018	0.18%	0.18%
For Series C units	0.30%	0.30%
For Series D units	0.20%	N/A
For Series F units	0.10%	N/A
For Series L units		
– Prior 1 November 2018	0.58%	N/A
– Effective from 1 November 2018	0.63%	N/A
For Series Z units	0.00%	0.00%

Up to 3 January 2019, the Manager, as the registrar's agent, was also entitled to registrar's fees per annum for each class of units and fees for various administrative functions performed on behalf of the Fund. With effect on and from 4 January 2019 ("the Effective Date"), HSBC Institutional Trust Services (Asia) Limited ("HTHK") replaced HSBC Trustee (Cayman) Limited as the registrar of the Fund.

	2019	
	HK Dollar sub-fund HKD	US Dollar sub-fund USD
(i) Management fees for the year	6,142,605	581,334
(ii) Registrar's fees and administrative fees paid to the Manager for the year	262,840	15,898
(iii) Registrar's fees and administrative fees paid to HTHK for the year	196,776	11,844
(iv) Management fees payable at year end	563,347	70,315
(v) Registrar's fees and administrative fees payable to Manager at year end	–	–
(vi) Registrar's fees and administrative fees payable to HTHK at year end	88,312	5,926

	2018	
	HK Dollar sub-fund HKD	US Dollar sub-fund USD
(i) Management fees for the year	5,102,050	197,013
(ii) Registrar's fees and administrative fees paid to Manager for the year	258,213	16,334
(iii) Management fees payable at year end	357,295	20,637
(iv) Registrar's fees and administrative fees payable to Manager at year end	120,953	7,346

- (b) Bank accounts are maintained with The Hongkong and Shanghai Banking Corporation Limited, which are members of the HSBC Group. The balances of these accounts, interest income earned and bank charges are set out below:

	2019	
	HK Dollar sub-fund HKD	US Dollar sub-fund USD
(i) Cash held at the year end	1,133,268	164,829
(ii) Fixed deposit held at the year end	100,000,000	–
(iii) Interest income earned for the year	204,036	21,082
(iv) Bank charges for the year	–	24,898

	2018	
	HK Dollar sub-fund HKD	US Dollar sub-fund USD
(i) Cash held at the year end	1,739,968	148,041
(ii) Interest income earned for the year	141,095	2,941
(iii) Bank charges for the year	10,860	–

# Notes to the Financial Statements

(c) On Effective Date, the trustee of the sub-funds changed from HSBC Trustee (Cayman) Limited to HSBC Institutional Trust Services (Asia) Limited ("the Trustee"), which are the fellow subsidiaries of the Manager within the HSBC Group. The change in the trustee resulted in no adjustment to the rate of trustee's fees. The trustee of the Fund receives a monthly fee equivalent to 0.05% (2018: 0.05%) for all class units per annum of the net asset value of the Fund.

In addition, the Trustee provides valuation services to the sub-funds in return for a daily fee. Prior to 5 December 2018, the daily valuation fee was US\$100. Effective from 5 December 2018, the daily valuation fee is waived.

	2019	
	HK Dollar sub-fund HKD	US Dollar sub-fund USD
(i) Trustee's fees paid to HSBC Trustee (Cayman) Limited	694,709	56,430
(ii) Trustee's fees paid to the Trustee	1,214,392	114,369
(iii) Trustee's fees payable to the Trustee at year end	168,263	17,064
	2018	
	HK Dollar sub-fund HKD	US Dollar sub-fund USD
(i) Trustee's fees paid to HSBC Trustee (Cayman) Limited	2,334,267	123,094
(ii) Trustee's fees payable to HSBC Trustee (Cayman) Limited at year end	170,381	12,418

(d) On Effective Date, the safe custodian of the sub-funds changed from HSBC Trustee (Cayman) Limited to HSBC Institutional Trust Services (Asia) Limited, which are the fellow subsidiaries of the Manager within the HSBC Group. For HSBC Global Money Hong Kong Dollar sub-fund and HSBC Global Money US Dollar sub-fund, the safe custodian receives a monthly fee equivalent to 0.58 - 2.1 basis points and 0.45 - 0.58 basis points respectively (2018: 0.58 - 2.1 basis points and 0.45 - 0.58 basis points) based on sub-custodian value of the securities. The safe custodian also receives a transaction fee of US\$11.63 - US\$35 and US\$8 - US\$11.63 respectively (2018: of US\$11.63 - US\$35 and US\$8 - US\$11.63 ) for each trade handled.

	2019	
	HK Dollar sub-fund HKD	US Dollar sub-fund USD
(i) Safe custody fees paid to HSBC Trustee (Cayman) Limited	78,595	6,189
(ii) Safe custody fees paid to the Trustee	121,769	8,519
(iii) Safe custody transaction fees paid HSBC Trustee (Cayman) Limited	6,953	5,237
(iv) Safe custody transaction fees paid to the Trustee	10,229	8,369
(v) Safe custody transaction fees payable to the Trustee at year end	14,494	209
	2018	
	HK Dollar sub-fund HKD	US Dollar sub-fund USD
(i) Safe custody fees paid to HSBC Trustee (Cayman) Limited	195,195	8,428
(ii) Safe custody transaction fees paid to HSBC Trustee (Cayman) Limited	27,356	3,199
(iii) Safe custody transaction fees payable to HSBC Trustee (Cayman) Limited at year end	14,539	551

# Notes to the Financial Statements

- (e) In its purchases and sales of investments, the Hong Kong Dollar sub-fund utilizes the brokerage services of The Hongkong and Shanghai Banking Corporation Limited, which is a member of the HSBC Group. Details of transactions effected through the sub-fund are as follows:

	2019	
	HK Dollar sub-fund HKD	US Dollar sub-fund USD
Commission paid for the year	–	–
Average rate of commission	–	–
Total aggregate value of such transactions for the year	916,648,052	89,948,990
Percentage of such transactions in value to total transactions for the year	5.76%	2.17%

  

	2018	
	HK Dollar sub-fund HKD	US Dollar sub-fund USD
Commission paid for the year	–	–
Average rate of commission	–	–
Total aggregate value of such transactions for the year	539,369,501	2,001,520
Percentage of such transactions in value to total transactions for the year	3.45%	0.08%

The figures for commission paid do not include any trading margin which may be reflected in the market price of transactions with this entity on any transactions by the sub-fund during the year.

## 8 Soft commission arrangements

No soft commission arrangements were entered into with brokers during the year (2018: nil).

## 9 Units issued and redeemed

	2019	
	HK Dollar sub-fund HKD	US Dollar sub-fund USD

  

<b>(a) Series A units</b>		
Number of units in issue brought forward	144,784,909	120,604,711
Units issued during the year	128,759,180	87,423,212
Units redeemed during the year	(141,218,471)	(74,443,059)
Number of units in issue carried forward	132,325,618	133,584,864

  

<b>(b) Series C units</b>		
Number of units in issue brought forward	–	–
Units issued during the year	1,857,698,081	329,089,561
Units redeemed during the year	(1,540,839,193)	(241,925,673)
Number of units in issue carried forward	316,858,888	87,163,888

  

<b>(c) Series D units</b>		
Number of units in issue brought forward	–	–
Units issued during the year	1,995,323	–
Units redeemed during the year	(4)	–
Number of units in issue carried forward	1,995,319	–

  

<b>(d) Series F units</b>		
Number of units in issue brought forward	–	–
Units issued during the year	42,907,390	–
Units redeemed during the year	(38,377,068)	–
Number of units in issue carried forward	4,530,322	–

  

<b>(e) Series L units</b>		
Number of units in issue brought forward	407,130	–
Units issued during the year	34,659	–
Units redeemed during the year	(10,452)	–
Number of units in issue carried forward	431,337	–

# Notes to the Financial Statements

## (f) Series Z units

	2019	
	HK Dollar sub-fund HKD	US Dollar sub-fund USD
Number of units in issue brought forward	–	–
Units issued during the year	54,989,470	829,842
Units redeemed during the year	(69,112)	(13,253)
Number of units in issue carried forward	54,920,358	816,589

## (g) Series A units

	2018	
	HK Dollar sub-fund HKD	US Dollar sub-fund USD
Number of units in issue brought forward	185,786,502	83,259,253
Units issued during the year	179,022,858	89,446,354
Units redeemed during the year	(220,024,451)	(52,100,896)
Number of units in issue carried forward	144,784,909	120,604,711

## (h) Series L units

Number of units in issue brought forward	225,265	–
Units issued during the year	320,802	–
Units redeemed during the year	(138,937)	–
Number of units in issue carried forward	407,130	–

The Fund and the sub-funds do not have any externally imposed capital requirements.

- (i) The capital of the Fund is represented by the net assets attributable to unitholders which are subject to subscriptions and redemptions of units. The Fund does not have any externally imposed capital requirements. The minimum initial investment, increase in investment and redemption amount for the sub-funds are as below:

### Minimum amount

#### Hong Kong Dollar sub fund

	Initial investment	Increase in investment/ Redemption
Series A Units	HKD50,000	HKD10,000
Series C Units	HKD100,000	HKD10,000
Series D Units	HKD10,000,000	HKD1,000,000
Series F Units	HKD5,000,000,000	HKD50,000,000
Series L Units	Nil	Nil
Series Z Units	Nil	Nil

#### US Dollar sub fund

	Initial investment	Increase in investment/ Redemption
Series A Units	USD1,000	USD1,000
Series C Units	USD10,000	USD1,000
Series Z Units	Nil	Nil

The Manager, however, has discretion to accept such lower amount of minimum investment or minimum increase in investment in any sub fund.

Units in the sub-funds may normally be redeemed at the dealing price of the relevant Series of Units in the relevant sub-fund following receipt in writing of an application to the Managers using a special redemption request form available from the Managers. Partial redemptions are allowed for a minimum fee as stated in the above, provided that the remaining balance of holdings of the relevant Series are not less than the minimum holding requirement of the relevant Series of the sub-funds. Redemption requests received after the Dealing Deadline on any Dealing Day are carried over to the next Dealing Day.

# Notes to the Financial Statements

## 10 Financial instruments and associated risks

The sub-funds maintain an investment portfolio in a variety of listed and unlisted financial instruments as dictated by their respective investment management strategies. The investment objective of the sub-funds is to provide unitholders with a rate of return higher than that normally available for personal deposits through investing in monetary instruments such as treasury bills, bill of exchange, commercial paper, certificates of deposit or interbank deposits.

The sub-funds' investing activities expose them to various types of risks that are associated with the financial instruments and markets in which they invest. The Manager and the Trustee have set out below the most important types of financial risks inherent in each type of financial instrument. The Manager and the Trustee would like to highlight that the following list of associated risks only sets out some of the risks but does not purport to constitute an exhaustive list of all the risks inherent in an investment in the sub-funds. Investors should note that additional information in respect of risks associated with financial instruments in the sub-funds can be found in the offering document of the relevant sub-funds. The nature and extent of the financial instruments outstanding at the date of statement of financial position and the risk management policies employed by the sub-funds are discussed below:

### (a) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

The sub-funds held debt securities in both 2019 and 2018. As a result, the sub-funds are not exposed to significant price risk arising from changes in market prices.

### (b) Interest rate risk

Interest rate risk arises from changes in interest rates which may affect the value of fixed income instruments and therefore result in potential gain or loss to the sub-funds. The sub-funds' interest rate risk is managed on an ongoing basis by the Manager.

The following table indicates the period in which the interest-bearing assets mature at the date of the statement of financial position:

	2019		2018	
	Hong Kong Dollar sub-fund HKD'000	US Dollar sub-fund HKD'000	Hong Kong Dollar sub-fund HKD'000	US Dollar sub-fund HKD'000
<b>Assets</b>				
Financial assets at fair value				
through profit or loss				
– 1 year or less	1,864,608	296,531	1,362,708	236,726
<b>Total interest-bearing assets</b>	<b>1,864,608</b>	<b>296,531</b>	<b>1,362,708</b>	<b>236,726</b>

### Interest rate sensitivity

At the date of the statement of financial position, assuming all other factors unchanged, it is estimated that an increase in interest rates of 100 basis points (2018: 100 basis points) would result in a decrease in the net assets attributable to unitholders as follows; an equal change in the opposite direction would result in an increase in the net assets attributable to unitholders by an approximately equal amount.

	Change in net assets if interest rate increased by 100 basis points	
	2019	2018
Hong Kong Dollar sub-fund	HKD(2,687,549)	HKD(1,428,035)
US Dollar sub-fund	USD(362,572)	USD(280,035)

### (c) Currency risk

Each of the sub-funds does not invest in financial instruments or enter into transactions that are denominated in currencies other than its functional currency. All investments will be settled in the functional currency of the respective sub-fund at the maturity date. Consequently, the sub-funds are exposed to minimal currency risk.

### (d) Credit risk

- (i) Analysis of credit policy and concentration of credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the sub-funds. The sub-funds' exposure to credit risk is monitored by the Manager on an ongoing basis.

# Notes to the Financial Statements

At 31 July 2019 and 2018, all of the sub-funds' financial assets were exposed to credit risk. These include investments and cash and cash equivalents placed with banks and the custodian.

At the date of the statement of financial position, the sub-funds invested in fixed income instruments with the following credit quality, as determined by Moody's, expressed as a percentage of total fixed income instruments:

## As at 31 July 2019

	<b>Hong Kong Dollar sub-fund % of income instruments</b>	<b>US Dollar sub-fund % of income instruments</b>
<b>Rating (Moody's)</b>		
P-1	100.00	95.62
NR	–	4.38
Total	100.00	100.00

## As at 31 July 2018

	<b>Hong Kong Dollar sub-fund % of income instruments</b>	<b>US Dollar sub-fund % of income instruments</b>
<b>Rating (Moody's)</b>		
P-1	100.00	94.95
NR	–	5.05
Total	100.00	100.00

Credit risk is managed by reviewing and monitoring the credit quality of fixed income instruments or the issuers of the fixed income instruments held by the sub-funds on an ongoing basis.

Credit risk arising on transactions with brokers relates to transactions awaiting settlement. Risk relating to unsettled transactions is considered small due to the short settlement period involved and the high credit quality of the brokers used.

All of the cash held by the sub-funds are placed with banks. Bankruptcy or insolvency of the banks may cause the sub-funds' rights with respect to the cash held by the banks to be delayed or limited. The Manager monitors the credit rating and financial position of the banks on an ongoing basis.

Substantially all of the assets of the sub-funds are held by the custodian. Bankruptcy or insolvency of the custodian may cause the sub-funds' rights with respect to securities held by the custodian to be delayed or limited. The custodian is a group company of HSBC, for which credit risk is considered insignificant.

The carrying amounts of the financial assets best represent the maximum credit risk exposure at the date of the statement of financial position.

As of 31 July 2019, the Hong Kong Dollar sub-fund does not have investments greater than 18.19% (2018: 6%) of net asset value while the US Dollar sub-fund had fixed income investments issued by the US Government amounting to 20.50% (2018: 26.08%) of net asset value.

There were no other significant concentrations of credit risk at both 31 July 2019 and 2018 other than outlined above.

## (ii) Amounts arising from ECL

Impairment on interest receivable, fixed deposits with original maturity more than three months and cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The sub-funds consider that these exposures have low credit risk based on the external credit ratings and/or review result of the counterparties.

The sub-funds monitor changes in credit risk on these exposures by tracking published external credit ratings of the counterparties and/or performed ongoing review of the counterparties.

On initial application of HKFRS 9 as at 1 August 2018, the Manager considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. There is no impairment allowance recognised on interest receivable, fixed deposits with original maturity more than three months and cash and cash equivalents. The amount of the loss allowance did not change during the year ended 31 July 2019.

# Notes to the Financial Statements

## **(e) Liquidity risk**

Liquidity risk arises from the risk that the Manager may not be able to convert investments into cash to meet liquidity needs in a timely manner. The sub-funds are exposed to daily liquidity risk on redemption of units.

The sub-funds' policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities to meet its liquidity requirements in the short and longer term.

The Manager aims to maintain an average portfolio maturity of not exceeding 90 days, therefore the sub-funds are not subject to a significant liquidity risk.

The sub-funds invest in unlisted fixed income instruments, which are not publicly traded on exchanges and may be illiquid.

As at 31 July 2019 and 2018, the sub-funds' financial liabilities are due within three months.

## **(f) Capital management**

The sub-funds' capital as at the year-end date is represented by their redeemable units.

The objective of each sub-fund in managing the capital is to ensure a stable and strong base to select high grade monetary instruments to achieve the highest possible return and, to manage liquidity risk arising from the redemptions. The Manager manages the capital of the sub-funds in accordance with the sub-funds' investment objectives and policies stated in the sub-funds' Explanatory Memorandum.

There were no changes in the policies and procedures during the year with respect to the sub-funds' approach to their capital management.

The amount and the movement of net assets attributable to unitholders and equity are stated in the statement of changes in net assets attributable to unitholders and the statement of changes in equity respectively. As the redeemable units are redeemed on demand at the unitholders' option, the actual level of redemption may differ significantly from historical experience.

## **11 Fair value information**

The sub-funds' financial instruments are measured at fair value on the date of the statement of financial position. Fair value estimates are made at a specified point in time, based on market conditions and information about the financial instruments. Usually, fair values can be reliably determined within a reasonable range of estimates. For certain other financial instruments, including cash and cash equivalents, interest receivable, redemptions payable, amounts due to brokers and other payables, the carrying amounts approximate fair values due to the intermediate or short-term nature of these financial instruments.

### **Valuation of financial instruments**

The sub-funds' accounting policy on fair value measurements is detailed in note 2(e)(iv).

The sub-funds measure fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). The category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

# Notes to the Financial Statements

When fair values of debt securities at the reporting date represent quoted prices in markets that are considered less than active or consensus prices derived by third parties using valuation techniques where all significant inputs are directly or indirectly observable from market data, those debt securities are included within Level 2 of the hierarchy. For all other financial instruments, the sub-funds determine fair value using valuation techniques.

The sub-funds use widely recognised valuation models for determining the fair value of the debt securities which do not have quoted market prices in active markets. Valuation techniques include net present value, discounted cash flow models, comparison to similar instruments for which market observable prices exist, comparison to quoted prices for identical instruments that are considered less than active and other valuation models.

The following analyses financial assets at fair value at the date of the statement of financial position, by the level in the fair value hierarchy into which the fair value measurement is categorised.

## *Financial instruments at fair value through profit or loss*

### **As at 31 July 2019**

#### ***Hong Kong Dollar sub-fund***

	Level 1 HKD	Level 2 HKD	Level 3 HKD	Total HKD
Listed fixed income instruments	-	-	-	-
Unlisted fixed income instruments	-	1,864,608,012	-	1,864,608,012
	-	1,864,612,012	-	1,864,612,012

#### ***US Dollar sub-fund***

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Listed fixed income instruments	-	132,605,924	-	132,605,924
Unlisted fixed income instruments	-	163,924,699	-	163,924,699
	-	296,530,623	-	296,530,623

### **As at 31 July 2018**

#### ***Hong Kong Dollar sub-fund***

	Level 1 HKD	Level 2 HKD	Level 3 HKD	Total HKD
Listed fixed income instruments	-	-	-	-
Unlisted fixed income instruments	-	1,362,708,288	-	1,362,708,288
	-	1,362,708,288	-	1,362,708,288

#### ***US Dollar sub-fund***

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Listed fixed income instruments	-	169,033,912	-	169,033,912
Unlisted fixed income instruments	-	67,691,827	-	67,691,827
	-	236,725,739	-	236,725,739

There were no transfers of financial instruments between the fair value hierarchy levels during the years ended 31 July 2019 and 2018.

#### ***Valuation of financial instruments not measured at fair value***

The financial instruments not measured at fair value through profit or loss are short-term financial assets and financial liabilities whose carrying amounts approximate their fair value.

The following table sets out the fair values of financial instruments not measured at fair value and analyses it by the level in the fair value hierarchy into which each fair value measurement is categorised.



# Notes to the Financial Statements

**As at 31 July 2019**

## ***Hong Kong Dollar sub-fund***

	Level 1 HKD	Level 2 HKD	Level 3 HKD	Total HKD
<b>Financial assets</b>				
Interest receivable	-	3,537,479	-	3,537,479
Fixed deposits with original maturity more than three months	-	600,000,000	-	600,000,000
Cash and cash equivalents	-	1,231,133,268	-	1,231,133,268
	-	1,834,670,747	-	1,834,670,747

## **Financial liabilities**

Redemptions payable	-	-	-	-
Amounts due to brokers	-	-	-	-
Other payables	-	1,700,299	-	1,700,299
Net assets attributable to unitholders	-	3,697,578,460	-	3,697,578,460
	-	3,699,278,759	-	3,699,278,759

## ***US Dollar sub-fund***

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
<b>Financial assets</b>				
Interest receivable	-	1,075,992	-	1,075,992
Fixed deposits with original maturity more than three months	-	-	-	-
Cash and cash equivalents	-	76,664,829	-	76,664,829
	-	77,740,821	-	77,740,821

## **Financial liabilities**

Redemptions payable	-	4,226,426	-	4,226,426
Amounts due to brokers	-	-	-	-
Other payables	-	303,657	-	303,657
Net assets attributable to unitholders	-	369,741,361	-	369,741,361
	-	374,271,444	-	374,271,444

**As at 31 July 2018**

## ***Hong Kong Dollar sub-fund***

	Level 1 HKD	Level 2 HKD	Level 3 HKD	Total HKD
<b>Financial assets</b>				
Interest receivable	-	2,358,862	-	2,358,862
Fixed deposits with original maturity more than three months	-	330,000,000	-	330,000,000
Cash and cash equivalents	-	1,330,739,968	-	1,330,739,968
	-	1,663,098,830	-	1,663,098,830

## **Financial liabilities**

Redemptions payable	-	-	-	-
Amounts due to brokers	-	-	-	-
Other payables	-	1,526,117	-	1,526,117
Net assets attributable to unitholders	-	3,024,281,001	-	3,024,281,001
	-	3,025,807,118	-	3,025,807,118

## ***US Dollar sub-fund***

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
<b>Financial assets</b>				
Interest receivable	-	744,874	-	744,874
Fixed deposits with original maturity more than three months	-	-	-	-
Cash and cash equivalents	-	36,248,041	-	36,248,041
	-	36,992,915	-	36,992,915

## **Financial liabilities**

Redemptions payable	-	3,216,898	-	3,216,898
Amounts due to brokers	-	28,792,293	-	28,792,293
Other payables	-	196,110	-	196,110
Net assets attributable to unitholders	-	-	-	-
	-	32,205,301	-	32,205,301

# Notes to the Financial Statements

## 12 Cash and cash equivalents

	As at 31 July 2019		As at 31 July 2018	
	HK Dollar sub-fund	US Dollar sub-fund	HK Dollar sub-fund	US Dollar sub-fund
	HKD	USD	HKD	USD
Cash at bank	1,133,268	164,829	1,739,968	148,041
Fixed deposits with original maturity less than three months	1,230,000,000	76,500,000	1,329,000,000	36,100,000
	1,231,133,268	76,664,829	1,330,739,968	36,248,041

## 13 Segment information

The Manager makes the strategic resource allocation on behalf of the sub-funds and determines the operating segments based on the internal reporting used to make strategic decisions.

The Manager's asset allocation decisions are based on one single and integrated investment strategy, and the sub-funds' performance is evaluated on an overall basis. Accordingly the Manager considers that the sub-funds have one single operating segment which is investing in a portfolio of financial instruments to generate investment returns in accordance with the investment objective stipulated in its Explanatory Memorandum. There were no changes in the operating segment during the year.

All revenues generated from investments by the sub-funds are disclosed in note 3. The segment information provided to the Manager is the same as that disclosed in the statement of comprehensive income and statement of financial position.

The sub-funds are domiciled in the Cayman Islands. All income from investments in Hong Kong Dollar sub-fund and US Dollar sub-fund are linked to Hong Kong dollars and United States dollars respectively.

## 14 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 July 2019

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, interpretations and new standards which are not yet effective for the year ended 31 July 2019 and which have not been adopted in these financial statements.

Of these developments, the following may be relevant to the sub-funds' operations and financial statements:

	Effective for accounting periods beginning on or after
IFRIC 23, <i>Uncertainty over income tax treatments</i>	1 January 2019
Annual Improvements to IFRSs 2015-2017 Cycle	1 January 2019

The sub-funds are in the process of making an assessment of what the impact of these amendments and interpretations is expected to be in the period of initial application. So far they have concluded that the adoption of them is unlikely to have material impact on the sub-funds.

# Portfolio Statement (Unaudited)

## HSBC Global Money Funds – Hong Kong Dollar sub-fund

as at 31 July 2019

	Holdings	Market value HKD	% of net asset value		Holdings	Market value HKD	% of net asset value
<b>Fixed income instruments</b>				HONG KONG SPECIAL			
Unlisted but quoted investments				ADMINISTRATIVE REGION OF THE PEOPLES REPUBLIC OF CHINA 0%			
AGRICULTURAL BANK OF CHINA LTD 0% 21 AUGUST 2019	40,000,000	39,955,300	1.08	16 OCTOBER 2019	250,000,000	249,062,040	6.74
AGRICULTURAL BANK OF CHINA LTD 0% 21 AUGUST 2019	40,000,000	39,955,297	1.08	HONG KONG SPECIAL			
AGRICULTURAL BANK OF CHINA LTD 0% 19 SEPTEMBER 2019	60,000,000	59,825,344	1.62	ADMINISTRATIVE REGION OF THE PEOPLES REPUBLIC OF CHINA 0%			
BANK OF CHINA LTD (MACAU BRANCH) 0% 14 AUGUST 2019	55,000,000	54,960,238	1.49	27 DECEMBER 2019	30,000,000	29,771,069	0.80
BANK OF CHINA LTD (SYDNEY BRANCH) 0% 12 AUGUST 2019	100,000,000	99,940,018	2.70	HONG KONG SPECIAL			
BNP PARIBAS SA (HONG KONG BRANCH) 0% 10 JANUARY 2020	50,000,000	49,522,564	1.34	ADMINISTRATIVE REGION OF THE PEOPLES REPUBLIC OF CHINA 0%			
CHINA CONSTRUCTION BANK CORP (MACAU BRANCH) 0% 17 SEPTEMBER 2019	30,000,000	29,906,306	0.81	8 JANUARY 2020	85,000,000	84,273,113	2.28
CHINA CONSTRUCTION BANK CORP (SINGAPORE BRANCH) 0% 27 SEPTEMBER 2019	65,000,000	64,767,866	1.75	INDUSTRIAL AND COMMERCIAL BANK OF CHINA LTD (SYDNEY BRANCH) 0% 9 AUGUST 2019			
CHINA CONSTRUCTION BANK CORP (SYDNEY BRANCH) 0% 14 AUGUST 2019	55,000,000	54,960,435	1.49	45,000,000	44,980,367	1.22	
CREDIT SUISSE AG (SYDNEY BRANCH) 0% 15 OCTOBER 2019	60,000,000	59,729,044	1.62	INDUSTRIAL AND COMMERCIAL BANK OF CHINA LTD (SYDNEY BRANCH) 0% 18 SEPTEMBER 2019			
DBS BANK (HONG KONG) LTD 0% 22 AUGUST 2019	100,000,000	99,887,205	2.70	65,000,000	64,812,982	1.75	
DZ BANK AG DEUTSCHE ZENTRAL GENOSSENSCHAFTSBANK FRANKFURT AM MAIN 0% 18 OCTOBER 2019	70,000,000	69,727,509	1.89	INDUSTRIAL AND COMMERCIAL BANK OF CHINA LTD (SYDNEY BRANCH) 0% 8 OCTOBER 2019			
HONG KONG SPECIAL				60,000,000	59,723,364	1.61	
ADMINISTRATIVE REGION OF THE PEOPLES REPUBLIC OF CHINA 0%				KFW 0% 21 AUGUST 2019	100,000,000	99,902,087	2.70
21 AUGUST 2019	100,000,000	99,900,724	2.70	KFW 0% 10 OCTOBER 2019	70,000,000	69,706,286	1.88
HONG KONG SPECIAL				NATIXIS (SINGAPORE BRANCH) 0%			
ADMINISTRATIVE REGION OF THE PEOPLES REPUBLIC OF CHINA 0%				30 AUGUST 2019	30,000,000	29,953,745	0.81
11 SEPTEMBER 2019	210,000,000	209,553,922	5.67	SHINHAN BANK (HONG KONG BRANCH) 0% 21 AUGUST 2019			
				50,000,000	49,946,288	1.35	
				SHINHAN BANK (HONG KONG BRANCH) 0% 11 SEPTEMBER 2019			
				50,000,000	49,884,899	1.35	
				<b>Total unlisted investments</b>			
					1,864,608,012	50.43	
				<b>Fixed income instruments (Total)</b>			
					1,864,608,012	50.43	
				<b>Total investments</b>			
				<i>(Total cost of investments: HK\$1,800,734,829)</i>			
					1,864,608,012	50.43	
				<b>Other net assets</b>			
					1,832,970,448	49.57	
				<b>Total net assets</b>			
					3,697,578,460	100.00	

# Portfolio Statement (Unaudited)

## HSBC Global Money Funds – US Dollar sub-fund

as at 31 July 2019

	Holdings	Market value USD	% of net asset value		Holdings	Market value USD	% of net asset value
<b>Fixed income instruments</b>				Unlisted but quoted investments			
Listed investments							
ASIAN DEVELOPMENT BANK 1% 16 AUGUST 2019	9,500,000	9,494,494	2.57	AGRICULTURAL BANK OF CHINA LTD (HONG KONG BRANCH) 0% 13 SEPTEMBER 2019	3,000,000	2,990,427	0.81
BANK OF MONTREAL 1.75% 11 SEPTEMBER 2019	4,820,000	4,815,682	1.30	BANK OF CHINA (LONDON BRANCH) 0% 3 SEPTEMBER 2019	2,000,000	1,995,261	0.54
COMMONWEALTH BANK OF AUSTRALIA (NEWYORK BRANCH) 2.3% 6 SEPTEMBER 2019	8,000,000	7,999,409	2.16	BANQUE FEDERATIVE DU CREDIT MUTUEL SA 0% 22 NOVEMBER 2019	6,000,000	5,949,383	1.61
COOPERATIEVE RABOBANK UA (NEWYORK BRANCH) 1.375% 9 AUGUST 2019	1,500,000	1,499,599	0.41	BARCLAYS BANK UK PLC 0% 19 AUGUST 2019	7,000,000	6,991,579	1.89
EXPORT DEVELOPMENT CANADA 1% 13 SEPTEMBER 2019	5,000,000	4,991,513	1.35	CHINA CONSTRUCTION BANK CORP (HONG KONG BRANCH) 2.5% 15 AUGUST 2019	6,000,000	5,999,467	1.62
EXPORT DEVELOPMENT CANADA 1.75% 19 AUGUST 2019	12,000,000	11,996,572	3.25	CHINA DEVELOPMENT BANK (HONG KONG BRANCH) 2.4% 22 AUGUST 2019	7,000,000	6,999,101	1.89
EXPORT-IMPORT BANK OF KOREA 2.375% 12 AUGUST 2019	6,500,000	6,499,699	1.76	EUROFIMA EUROPEAN COMPANY FOR THE FINANCING OF RAILROAD ROLLING STOCK 0% 18 OCTOBER 2019	9,000,000	8,956,343	2.42
INTER-AMERICAN DEVELOPMENT BANK 1.125% 12 SEPTEMBER 2019	6,863,000	6,853,554	1.85	EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT 0% 12 SEPTEMBER 2019	7,000,000	6,979,440	1.89
INTERNATIONAL FINANCE CORP 1.75% 16 SEPTEMBER 2019	15,000,000	14,987,057	4.05	INDUSTRIAL AND COMMERCIAL BANK OF CHINA LTD (SEOUL BRANCH) 0% 18 OCTOBER 2019	5,000,000	4,972,433	1.35
KFW 1.25% 30 SEPTEMBER 2019	5,000,000	4,991,000	1.35	INDUSTRIAL AND COMMERCIAL BANK OF CHINA LTD (SYDNEY BRANCH) 0% 8 AUGUST 2019	5,000,000	4,997,403	1.35
KFW 1.75% 15 OCTOBER 2019	7,000,000	6,991,923	1.89	INDUSTRIAL BANK CO LTD 0% 10 SEPTEMBER 2019	7,000,000	6,980,977	1.89
KOMMUNEKREDIT 1.125% 23 AUGUST 2019	7,364,000	7,357,711	1.99	LA BANQUE POSTALE SA 0% 18 SEPTEMBER 2019	7,000,000	6,977,820	1.89
KOOKMIN BANK 1.625% 1 AUGUST 2019	3,000,000	3,000,000	0.81	SKANDINAVISKA ENSKILDA BANKEN AB 3.0195% 13 SEPTEMBER 2019	7,000,000	7,005,804	1.89
NEDERLANDSE WATERSCHAPSBANK NV 1.75% 5 SEPTEMBER 2019	18,000,000	17,987,343	4.86	SVENSKA HANDELSBANKEN AB 0% 6 SEPTEMBER 2019	3,365,000	3,366,864	0.91
NORDEA BANK ABP 1.625% 30 SEPTEMBER 2019	5,500,000	5,492,304	1.49	TEMASEK FINANCIAL (II) PVT LTD 0% 18 OCTOBER 2019	7,000,000	6,965,895	1.88
ONTARIO, PROVINCE OF 4% 7 OCTOBER 2019	9,500,000	9,528,415	2.58				
SWEDISH EXPORT CREDIT CORP. 1.25% 28 AUGUST 2019	1,000,000	3,127,133	0.85				
WELLS FARGO BANK NA 2.15% 6 DECEMBER 2019	5,000,000	4,992,516	1.35				
<b>Total listed investments</b>		<u>132,605,924</u>	<u>35.87</u>				

# Portfolio Statement (Unaudited)

## HSBC Global Money Funds – US Dollar sub-fund

as at 31 July 2019

	Holdings	Market value USD	% of net asset value
UNITED STATES TREASURY 0% 8 AUGUST 2019	31,000,000	30,986,377	8.38
UNITED STATES TREASURY 0% 26 SEPTEMBER 2019	15,000,000	14,951,525	4.04
UNITED STATES TREASURY 0% 24 OCTOBER 2019	30,000,000	29,858,600	8.08
<b>Total unlisted investments</b>		<u>163,924,699</u>	<u>44.33</u>
<b>Fixed income instruments (Total)</b>		<u>296,530,623</u>	<u>80.20</u>
<b>Total investments</b> <i>(Total cost of investments: US\$ 290,066,101)</i>		296,530,623	80.20
<b>Other net assets</b>		<u>73,210,738</u>	<u>19.80</u>
<b>Total net assets</b>		<u>369,741,361</u>	<u>100.00</u>

# Performance record (Unaudited)

## HSBC Global Money Funds

Year	Series A units				
	Hong Kong Dollar sub-fund		US Dollar sub-fund		
	Price		Price		
	Lowest HKD	Highest HKD	Lowest USD	Highest USD	
2009	20.30	20.56	1.97	1.98	
2010	20.45	20.46	1.98	1.98	
2011	20.45	20.47	1.98	1.98	
2012	20.47	20.51	1.98	1.98	
2013	20.51	20.54	1.96	2.02	
2014	20.54	20.58	1.97	1.98	
2015	20.58	20.63	1.97	1.97	
2016	20.63	20.66	1.97	1.97	
2017	20.66	20.71	1.97	1.98	
2018	20.71	20.83	1.98	2.00	
2019	20.84	21.12	2.00	2.05	

Year	Series C units				
	Hong Kong Dollar sub-fund		US Dollar sub-fund		
	Price		Price		
	Lowest HKD	Highest HKD	Lowest USD	Highest USD	
2019	1.00	1.01	1.00	1.01	

Year	Series D units				
	Hong Kong Dollar sub-fund		US Dollar sub-fund		
	Price		Price		
	Lowest HKD	Highest HKD	Lowest USD	Highest USD	
2019	10.00	10.03	N/A	N/A	

Year	Series F units				
	Hong Kong Dollar sub-fund		US Dollar sub-fund		
	Price		Price		
	Lowest HKD	Highest HKD	Lowest USD	Highest USD	
2019	1.00	1.01	N/A	N/A	

# Performance record (Unaudited)

Year	Series L units				
	Hong Kong Dollar sub-fund		US Dollar sub-fund		
	Price		Price		
	Lowest HKD	Highest HKD	Lowest USD	Highest USD	
2009	20.14	20.37	N/A	N/A	
2010	20.11	20.20	N/A	N/A	
2011	20.02	20.10	N/A	N/A	
2012	19.97	20.02	N/A	N/A	
2013	19.90	19.97	N/A	N/A	
2014	19.86	19.90	N/A	N/A	
2015	19.80	19.86	N/A	N/A	
2016	19.75	19.81	N/A	N/A	
2017	19.64	19.75	N/A	N/A	
2018	19.17	19.64	N/A	N/A	
2019	19.06	19.18	N/A	N/A	

Year	Series Z units				
	Hong Kong Dollar sub-fund		US Dollar sub-fund		
	Price		Price		
	Lowest HKD	Highest HKD	Lowest USD	Highest USD	
2019	10.00	10.02	10.00	10.02	
	2019	2018	2017	2016	

Total net asset value of Hong Kong Dollar sub-fund (in HK\$) calculated in accordance with HKFRS)

– Series A units	2,795,080,452	3,016,476,653	3,848,013,760	3,086,429,365
– Series C units	319,618,097	–	–	–
– Series D units	20,021,425	–	–	–
– Series F units	4,555,792	–	–	–
– Series L units	8,272,605	7,804,348	4,434,763	3,964,223
– Series Z units	550,030,089	–	–	–
	3,697,578,460	3,024,281,001	3,852,448,523	3,090,393,588

Net asset value per unit of Hong Kong Dollar sub-fund (in HK) (calculated in accordance with HKFRS)

– Series A units	21.12	20.83	20.71	20.66
– Series C units	1.01	–	–	–
– Series D units	10.03	–	–	–
– Series F units	1.01	–	–	–
– Series L units	19.18	19.17	19.64	19.75
– Series Z units	10.02	–	–	–

## Performance record (Unaudited)

	2019	2018	2017	2016
Total net asset value of US Dollar sub-fund (in US\$) calculated in accordance with HKFRS)				
– Series A units	273,317,773	241,513,353	164,612,221	132,317,186
– Series C units	88,242,487	–	–	–
– Series Z units	8,181,101	–	–	–
	369,741,361	241,513,353	164,612,221	132,317,186
Net asset value per unit of US Dollar sub-fund (in US\$) (calculated in accordance with HKFRS)				
– Series A units	2.05	2.00	1.98	1.97
– Series C units	1.01	–	–	–
– Series Z units	10.02	–	–	–

The Manager of the sub-funds has been issuing and redeeming units at the same bid and ask prices for the years ended 31 July 2019, 2018, 2017 and 2016. As such, the above records have not shown the bid and offer prices separately.



# Administration (Unaudited)

## HSBC Managed Balanced Fund

### Manager

HSBC Investment Funds (Hong Kong) Limited  
HSBC Main Building  
1 Queen's Road Central  
Hong Kong

### Registrar's agent

HSBC Institutional Trust Services (Asia) Limited  
HSBC Main Building  
1 Queen's Road Central  
Hong Kong

### Directors of the Manager

Stuart Glenn BERRY  
Pedro Augusto BOTELHO BASTOS  
Guillermo Eduardo MALDONADO CODINA  
Chun Pong Stephen TAM  
Ka Yin Joanne LAU

### Investment adviser

HSBC Global Asset Management (Hong Kong) Limited  
HSBC Main Building  
1 Queen's Road Central  
Hong Kong

### Investment sub-advisers

HSBC Global Asset Management (France)  
Immeuble Ile de France  
4 Place de la Pyramide  
La Défense 9  
92800 Puteaux  
France

HSBC Global Asset Management (UK) Limited  
8 Canada Square  
London E14 5HQ  
United Kingdom

### Custodian, trustee and registrar

HSBC Institutional Trust Services (Asia) Limited (appointed on 18 January 2019)  
HSBC Main Building  
1 Queen's Road Central  
Hong Kong

HSBC Trustee (Cayman) Limited (resigned on 18 January 2019)  
P.O. Box 484  
HSBC House  
68 West Bay Road  
Grand Cayman KY1 1106  
Cayman Islands

### Auditors

KPMG (appointed on 18 January 2019)  
8th Floor, Prince's Building  
10 Chater Road Central  
Hong Kong

KPMG (resigned on 18 January 2019)  
P.O. Box 493  
Century Yard  
Cricket Square  
Grand Cayman KY1 1106  
Cayman Islands

# Administration (Unaudited)

## HSBC Managed Growth Fund

### Manager

HSBC Investment Funds (Hong Kong) Limited  
HSBC Main Building  
1 Queen's Road Central  
Hong Kong

### Registrar's agent

HSBC Institutional Trust Services (Asia) Limited  
HSBC Main Building  
1 Queen's Road Central  
Hong Kong

### Directors of the Manager

Stuart Glenn BERRY  
Pedro Augusto BOTELHO BASTOS  
Guillermo Eduardo MALDONADO-CODINA  
Chun Pong Stephen TAM  
Ka Yin Joanne LAU

### Investment adviser

HSBC Global Asset Management (Hong Kong) Limited  
HSBC Main Building  
1 Queen's Road Central  
Hong Kong

### Investment sub-advisers

HSBC Global Asset Management (France)  
Immeuble Ile de France  
4 Place de la Pyramide  
La Défense 9  
92800 Puteaux  
France

HSBC Global Asset Management (UK) Limited  
8 Canada Square  
London E14 5HQ  
United Kingdom

### Custodian, trustee and registrar

HSBC Institutional Trust Services (Asia) Limited (appointed on 18 January 2019)  
HSBC Main Building  
1 Queen's Road Central  
Hong Kong

HSBC Trustee (Cayman) Limited (resigned on 18 January 2019)  
P.O. Box 484  
HSBC House  
68 West Bay Road  
Grand Cayman KY1-1106  
Cayman Islands

### Auditors

KPMG (appointed on 18 January 2019)  
8th Floor, Prince's Building  
10 Chater Road Central  
Hong Kong

KPMG (resigned on 18 January 2019)  
P.O. Box 493  
Century Yard  
Cricket Square  
Grand Cayman KY1-1106  
Cayman Islands

# Administration (Unaudited)

## HSBC Managed Stable Fund

### Manager

HSBC Investment Funds (Hong Kong) Limited  
HSBC Main Building  
1 Queen's Road Central  
Hong Kong

### Registrar's agent

HSBC Institutional Trust Services (Asia) Limited  
HSBC Main Building  
1 Queen's Road Central  
Hong Kong

### Directors of the Manager

Stuart Glenn BERRY  
Pedro Augusto BOTELHO BASTOS  
Guillermo Eduardo MALDONADO-CODINA  
Chun Pong Stephen TAM  
Ka Yin Joanne LAU

### Investment adviser

HSBC Global Asset Management (Hong Kong) Limited  
HSBC Main Building  
1 Queen's Road Central  
Hong Kong

### Investment sub-advisers

HSBC Global Asset Management (France)  
Immeuble Ile de France  
4 Place de la Pyramide  
La Défense 9  
92800 Puteaux  
France

HSBC Global Asset Management (UK) Limited  
8 Canada Square  
London E14 5HQ  
United Kingdom

### Custodian, trustee and registrar

HSBC Institutional Trust Services (Asia) Limited (appointed on 18 January 2019)  
HSBC Main Building  
1 Queen's Road Central  
Hong Kong

HSBC Trustee (Cayman) Limited (resigned on 18 January 2019)  
P.O. Box 484  
HSBC House  
68 West Bay Road  
Grand Cayman KY1-1106  
Cayman Islands

### Auditors

KPMG (appointed on 18 January 2019)  
8th Floor, Prince's Building  
10 Chater Road Central  
Hong Kong

KPMG (resigned on 18 January 2019)  
P.O. Box 493  
Century Yard  
Cricket Square  
Grand Cayman KY1-1106  
Cayman Islands

# Administration (Unaudited)

## HSBC Managed Stable Growth Fund

### Manager

HSBC Investment Funds (Hong Kong) Limited  
HSBC Main Building  
1 Queen's Road Central  
Hong Kong

### Registrar's agent

HSBC Institutional Trust Services (Asia) Limited  
HSBC Main Building  
1 Queen's Road Central  
Hong Kong

### Directors of the Manager

Stuart Glenn BERRY  
Pedro Augusto BOTELHO BASTOS  
Guillermo Eduardo MALDONADO-CODINA  
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HSBC Main Building  
1 Queen's Road Central  
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Immeuble Ile de France  
4 Place de la Pyramide  
La Défense 9  
92800 Puteaux  
France

HSBC Global Asset Management (UK) Limited  
8 Canada Square  
London E14 5HQ  
United Kingdom

### Custodian, trustee and registrar

HSBC Institutional Trust Services (Asia) Limited (appointed on 18 January 2019)  
HSBC Main Building  
1 Queen's Road Central  
Hong Kong

HSBC Trustee (Cayman) Limited (resigned on 18 January 2019)  
P.O. Box 484  
HSBC House  
68 West Bay Road  
Grand Cayman KY1-1106  
Cayman Islands

### Auditors

KPMG (appointed on 18 January 2019)  
8th Floor, Prince's Building  
10 Chater Road Central  
Hong Kong

KPMG (resigned on 18 January 2019)  
P.O. Box 493  
Century Yard  
Cricket Square  
Grand Cayman KY1-1106  
Cayman Islands

# Administration (Unaudited)

## HSBC Global Money Funds

### Manager

HSBC Investment Funds (Hong Kong) Limited (resigned as registrar on 4 January 2019)  
HSBC Main Building  
1 Queen's Road Central  
Hong Kong

### Registrar

HSBC Institutional Trust Services (Asia) Limited (appointed on 4 January 2019)  
HSBC Main Building  
1 Queen's Road Central  
Hong Kong

### Directors of the Manager

Stuart Glenn BERRY  
Pedro Augusto BOTELHO BASTOS  
Guillermo Eduardo MALDONADO-CODINA  
Chun Pong Stephen TAM  
Ka Yin Joanne LAU

### Investment adviser

HSBC Global Asset Management (Hong Kong) Limited  
HSBC Main Building  
1 Queen's Road Central  
Hong Kong

### Custodian, trustee and registrar

HSBC Institutional Trust Services (Asia) Limited (appointed on 4 January 2019)  
HSBC Main Building  
1 Queen's Road Central  
Hong Kong

HSBC Trustee (Cayman) Limited (resigned on 4 January 2019)  
P.O. Box 484  
HSBC House  
68 West Bay Road  
Grand Cayman KY1-1106  
Cayman Islands

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KPMG (appointed on 4 January 2019)  
8th Floor, Prince's Building  
10 Chater Road Central  
Hong Kong

KPMG (resigned on 4 January 2019)  
P.O. Box 493  
Century Yard  
Cricket Square  
Grand Cayman KY1-1106  
Cayman Islands

Issued by HSBC Global Asset Management (Hong Kong) Limited