

HSBC ISLAMIC FUNDS

**Unaudited Semi-Annual Report for the period from
01 January 2021 to 30 June 2021**

Unaudited semi-annual report for the period from 01 January 2021 to 30 June 2021

Société d'Investissement à Capital Variable (SICAV), Luxembourg

Information concerning the distribution of shares of HSBC Islamic Funds in or from Switzerland.

Legal Representative of the Company in Switzerland: HSBC Global Asset Management (Switzerland) Ltd., Gartenstrasse 26, P.O. Box, CH-8002 Zurich. The Prospectus, Key Investor Information Documents (KIIDs), Articles and annual and semi-annual reports of the Company may be obtained free of charge upon request from the Legal Representative in Switzerland. A breakdown of all transactions carried out on behalf of each sub-fund of the Company for the period under review can be obtained, free of charge, from the Legal Representative in Switzerland.

Statement of changes in the investment portfolio

A list, specifying for each sub-fund total purchases and sales transacted during the period under review, may be obtained, upon request, at the registered office of the Company.

Withdrawal of the UK from the EU

Following the UK Government's notification to the European Union (EU) of its intention to leave the Union (i.e. "Brexit"), on 23 January 2020, the UK Government enacted the European Union (Withdrawal Agreement) Act 2020 (WAA). The WAA implemented the withdrawal agreement into UK law. The EU also ratified the withdrawal agreement in accordance with its procedures, with the European Parliament consenting to the Withdrawal Agreement on 29 January 2020.

As part of the Withdrawal Agreement, the UK and the EU agreed a Transition Period in order to provide continuity and certainty. The Transition period ran from 12:00 midnight CET on 31 January 2020 until 12:00 midnight CET on 31 December 2020.

Following the end of the transition period all cross-border passporting rights to the UK for EU funds have ceased, however, the UK's introduction of a Temporary Permissions Regime enables all funds that have registered into the regime to continue to be distributed in the UK and purchased by UK domiciled investors. The UK Government has brought forward domestic legislation to streamline the process to allow overseas (including EU) investment funds to be sold in the UK post-Brexit

It is possible that ultimately there will be more divergence between UK and EU regulations which may limit the crossborder activities that can take place. As at the date of this Report, the Sub-Fund continue to be recognised by the FCA and can be marketed to UK investors. The nature and extent of the impact of Brexit related changes remain uncertain, but may be significant. The UK is continuing to consider regulatory changes post-Brexit. The nature and extent of such changes remains uncertain, but may be significant.

Post the period-end, there have been no operational difficulties experienced with BREXIT. The Board has been in discussion with the management company about the re-domiciliation of custody bank accounts from the UK into France.

The Board, in conjunction with the management company, continues to monitor developments between the UK and the EU over the Memorandum of Understanding in connection with Financial Services.

The information provided in this section is correct as at the date of this Report.

No subscription can be received on the basis of financial reports only. Subscriptions are only valid if made on the basis of the current relevant Key Investor Information Document and the current Prospectus accompanied by the latest annual and the most recent semi-annual report, if published thereafter.

Unaudited semi-annual report for the period from 01 January 2021 to 30 June 2021

Table of Contents

Board of Directors	1
HSBC Global Asset Management Shariah Committee	2
Management and Administration	3
Shareholder Information	5
Statement of Net Assets as at 30 June 2021	6
Statement of Operations and Changes in Net Assets for the period ended 30 June 2021	7
Changes in the Number of Shares	8
Statistics over the last three years	10
Portfolio of Investments and Other Net Assets as at 30 June 2021	11
Notes to the Financial Statements	14
Publication of performance for sub-funds distributed in Switzerland – Information concerning the Swiss Investors	20
Currency Conversion Table	21
Fund Holiday Calendar for 2021	22
Appendix I (Additional Disclosures) – Taxation of the Company (foreign countries)	23
Appendix II (Additional Disclosures) – UK SORP Disclosure	24

Board of Directors

- ▶ **Anthony Jeffs**, (Chairman), Global Head of Product
HSBC Global Asset Management Limited,
8 Canada Square, Canary Wharf, London E14 5HQ, United Kingdom.
- ▶ **Dr. Michael Boehm**, Chief Operating Officer
HSBC Global Asset Management (Deutschland) GmbH,
Königsallee 21/23, 40212 Düsseldorf, Germany.
- ▶ **Jean de Courrèges**, Independent Director
Resident in Luxembourg.
- ▶ **Eimear Cowhey**, Independent Director
Resident in the Republic of Ireland.
- ▶ **John Li**, Independent Director
The Directors Office, 19 Rue de Bitbourg, L-1273, Luxembourg.
- ▶ **Matteo Pardi**, Chief Executive Officer
HSBC Global Asset Management (France)
Immeuble "coeur Defense" - Tour A,
110 espl. du General de Gaulle - La Defense 4,
75419 Paris Cedex 08, France.

HSBC Global Asset Management Shariah Committee

The Management Company has entered into a Shariah Compliance Advisory Agreement with HSBC Bank plc under which the latter agrees to appoint the members of the HSBC Global Asset Management Shariah Committee ("the Shariah Committee"). The members of the Shariah Committee are:

- ▶ Dr. Nizam Yaquby - resident in Bahrain
- ▶ Dr. Mohamed Ali Elgari - resident in Saudi Arabia

Management and Administration

Registered Office	16, boulevard d'Avranches, L-1160 Luxembourg, Grand Duchy of Luxembourg.
Management Company	HSBC Investment Funds (Luxembourg) S.A. 16, boulevard d'Avranches, L-1160 Luxembourg, Grand Duchy of Luxembourg.
Administration Agent, Depositary Bank, Central Paying Agent, Corporate Agent and Domiciliary Agent	HSBC Continental Europe, Luxembourg 16, boulevard d'Avranches, L-1160 Luxembourg, Grand Duchy of Luxembourg.
Registrar and Transfer Agent	HSBC Continental Europe, Luxembourg 16, boulevard d'Avranches, L-1160 Luxembourg, Grand Duchy of Luxembourg.
Investment Adviser	HSBC Global Asset Management (UK) Limited 8 Canada Square, London, E14 5HQ, United Kingdom.

Management and Administration (continued)

Share Distributors

Global Distributor

HSBC Investment Funds (Luxembourg) S.A.
16, boulevard d'Avranches,
L-1160 Luxembourg,
Grand Duchy of Luxembourg.

Distributor for Continental Europe

HSBC Global Asset Management (France)
Immeuble "cœur Défense" – Tour A,
110 Esplanade du Général de Gaulle - La Défense 4,
75419 Paris Cedex 08,
France.

Distributor and Representative for the United Kingdom

HSBC Global Asset Management (UK) Limited
8 Canada Square,
London E14 5HQ,
United Kingdom.

Distributor for Middle East

HSBC Global Asset Management (UK) Limited
8 Canada Square,
London E14 5HQ,
United Kingdom.

Paying Agent in Switzerland

HSBC Private Bank (Suisse) S.A.
Quai des Bergues 9-17, Case Postale 2888,
CH-1211 Geneva 1, Switzerland.

Auditor

PricewaterhouseCoopers, Société coopérative
2, rue Gerhard Mercator, B.P. 1443,
L-1014 Luxembourg,
Grand Duchy of Luxembourg.

Shareholder Information

Automatic Exchange of Information

The OECD has developed a common reporting standard ("CRS") to achieve a comprehensive and multilateral automatic exchange of information AEOI on a global basis. On 9 December 2014, Council Directive 2014/107/EU amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation (the "Euro-CRS Directive") was adopted in order to implement the CRS among the Member States.

The Euro-CRS Directive was implemented into Luxembourg law by the law of 18 December 2015 on the automatic exchange of financial account information in the field of taxation ("CRS Law").

The CRS Law requires Luxembourg financial institutions to identify financial assets holders and establish if they are tax resident in countries with which Luxembourg has a tax information sharing agreement. Accordingly, the Company may require its investors to provide information in relation to the identity and tax residence of financial account holders (including certain entities and their controlling persons) in order to ascertain their CRS status. Responding to CRS-related questions is mandatory. The personal data obtained will be used for the purpose of the CRS Law or such other purposes indicated by the Company in the data protection section of the Prospectus in compliance with Luxembourg data protection law. Information regarding a shareholder and his/her/its account will be reported to the Luxembourg tax authorities (Administration des Contributions Directes), which will thereafter automatically transfer this information to the competent foreign tax authorities on a yearly basis, if such account is deemed a CRS reportable account under the CRS Law.

Under the CRS Law, the first exchange of information was applied by 30 September 2017 for information related to the calendar year 2016. Under the Euro-CRS Directive, the first AEOI was applied by 30 September 2017 to the local tax authorities of the Member States for the data relating to the calendar year 2016.

In addition, Luxembourg signed the OECD's multilateral competent authority agreement ("Multilateral Agreement") to exchange information automatically under the CRS. The Multilateral Agreement aims to implement the CRS among non-Member States; it requires agreements on a country-by-country basis.

The Company reserves the right to refuse any application for Shares if the information provided or not provided does not satisfy the requirements under the CRS Law.

Name of the sub-fund	Tax status for redemptions	Tax status for distributions	Method used to determine the status	Period of validity of the status
HSBC Islamic Global Equity Index Fund	Out of Scope	Out of Scope	Investment Policy	1 January 2021 30 June 2021

Statement of Net Assets

as at 30 June 2021

	Notes	HSBC Islamic Global Equity Index Fund USD
Assets		
Portfolio at Market Value	3.b	2,391,638,476
Cash at Bank		9,882,684
Receivable from Brokers		11,269,144
Receivable from Shareholders		13,697,991
Dividend and Interest Receivable, Net		1,235,360
Total Assets		2,427,723,655
Liabilities		
Payable to Brokers		(18,756,634)
Payable to Shareholders		(4,020,441)
Other Liabilities	4	(1,120,253)
Total Liabilities		(23,897,328)
Total Net Assets		2,403,826,327

The accompanying notes form an integral part of these financial statements.

Statement of Operations and Changes in Net Assets

for the period ended 30 June 2021

	Notes	HSBC Islamic Global Equity Index Fund USD
Net Assets at the Beginning of the Period		1,857,495,463
INCOME		
Investment Income	3.c	13,663,087
Total Income		13,663,087
EXPENSES		
Management Fees	4	(1,275,970)
Taxe d'abonnement	5	(169,098)
Operating, Administrative and Servicing Fees		(2,746,699)
Other Fees		(13)
Total Expenses		(4,191,780)
Net Investment Income		9,471,307
Realised Gain on Sale on Investments	3.e	23,861,245
Gain on Foreign Currency		(320,500)
Realised Gain for the Period		33,012,052
Change in Unrealised Appreciation of Investments		225,733,158
Change in Total Net Assets as a Result of Operations		258,745,210
Proceeds on Issue of Shares		482,900,408
Payments on Redemption of Shares		(194,423,827)
Dividends Paid	6	(890,927)
Net Assets as at the End of the Period		2,403,826,327

The accompanying notes form an integral part of these financial statements.

Changes in the Number of Shares

for the period ended 30 June 2021

HSBC Islamic Global Equity Index Fund							
	Share Class AC (USD)	Share Class AD (USD)	Share Class BC (GBP)	Share Class BC (USD)*	Share Class BD (GBP)	Share Class BD (USD)**	Share Class EC (USD)***
Number of Shares in Issue at the Beginning of the Period	1,301,193.545	8,934,143.189	11,427.852	-	117,417.839	-	-
Number of Shares Subscribed	1,765,126.612	2,077,162.180	141,960.111	73,848.237	167,745.567	74,753.341	80,484.706
Number of Shares Redeemed	(336,726.762)	(593,868.452)	(4,560.907)	(1,526.173)	(38,833.426)	-	(978.290)
Number of Shares in Issue at the End of the Period	2,729,593.395	10,417,436.917	148,827.056	72,322.064	246,329.980	74,753.341	79,506.416

*Launched on 27 April 2021

**Launched on 09 March 2021

***Launched on 09 April 2021

Changes in the Number of Shares (continued)

for the period ended 30 June 2021

HSBC Islamic Global Equity Index Fund							
	Share Class IC (GBP) [#]	Share Class IC (USD)	Share Class ID (USD)	Share Class WD (USD)	Share Class YC (GBP)	Share Class YD (USD)	Share Class ZC (USD)
Number of Shares in Issue at the Beginning of the Period	-	9,836,184.780	254,963.910	1,405,711.151	40,442,915.137	647,396.312	1,484,451.984
Number of Shares Subscribed	340,364.967	1,582,306.444	674,236.824	-	9,360,403.348	249,453.541	99,273.827
Number of Shares Redeemed	(1,054.406)	(954,770.587)	(69,796.502)	(28,653.295)	(4,003,247.566)	(8,306.589)	(188,636.037)
Number of Shares in Issue at the End of the Period	339,310.561	10,463,720.637	859,404.232	1,377,057.856	45,800,070.919	888,543.264	1,395,089.774

[#]Launched on 01 March 2021

The accompanying notes form an integral part of these financial statements.

Statistics over the last three years

for the period ended 30 June 2021

Sub-Fund	Total Expense Ratio (TER) 30 June 2021	Shares Outstanding 30 June 2021	Net Asset Value per Share		
			31 December 2019	31 December 2020	30 June 2021
HSBC Islamic					
Global Equity Index Fund					
USD					
AC (USD)	0.93%	2,729,593.394	USD 14.96	USD 19.01	USD 21.37
AD (USD)	0.91%	10,417,436.917	USD 14.08	USD 17.76	USD 19.91
BC (GBP)	0.52%	148,827.056	-	GBP 10.33	GBP 11.46
BC (USD)*	1.42%	72,322.064	-	-	USD 10.34
BD (GBP)	0.52%	246,329.980	-	GBP 12.43	GBP 13.74
BD (USD)**	0.52%	74,753.341	-	-	USD 11.43
EC (USD)***	3.66%	79,506.416	-	-	USD 10.51
IC (GBP)#	0.48%	339,310.561	-	-	GBP 11.36
IC (USD)	0.48%	10,463,720.637	USD 14.56	USD 18.58	USD 20.93
ID (USD)	0.48%	859,404.232	USD 16.72	USD 20.12	USD 22.66
WD (USD)	0.00%	1,377,057.856	USD 15.31	USD 19.33	USD 21.61
YC (GBP)	0.30%	45,800,070.919	GBP 20.85	GBP 25.69	GBP 28.53
YD (USD)	0.30%	888,543.264	USD 11.77	USD 14.86	USD 16.63
ZC (USD)	0.11%	1,395,089.774	USD 17.47	USD 22.37	USD 25.24
Total Net Assets			USD 1,064,566,728	USD 1,857,495,463	USD 2,403,826,327

*Launched on 27 April 2021

**Launched on 09 March 2021

***Launched on 09 April 2021

#Launched on 01 March 2021

The accompanying notes form an integral part of these financial statements.

Portfolio of Investments and Other Net Assets

as at 30 June 2021

HSBC Islamic Global Equity Index Fund
Statement of investments as at 30 June 2021
(expressed in USD)

Description	Quantity	Currency	Evaluation	% net assets	Description	Quantity	Currency	Evaluation	% net assets
INVESTMENTS									
TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING									
SHARES									
AUSTRALIA					NETHERLANDS				
BHP BILLITON	425,405	AUD	15,511,941	0.64	ADYEN	3,471	EUR	8,481,556	0.35
CSL	65,729	AUD	14,073,003	0.59	ASML HOLDING	48,095	EUR	33,046,594	1.38
WESTFARMERS	162,940	AUD	7,229,539	0.30	KONINKLIJKE PHILIPS	104,190	EUR	5,163,530	0.21
			36,814,483	1.53	PROSUS	48,219	EUR	4,715,877	0.20
CHINA					SOUTH KOREA				
MEITUAN DIANPING	603,350	HKD	24,892,747	1.03	NAVER	20,773	KRW	7,701,219	0.32
TENCENT HOLDINGS	395,712	HKD	29,757,954	1.24	SK HYNIX	77,418	KRW	8,765,080	0.37
			54,650,701	2.27				16,466,299	0.69
DENMARK					SWEDEN				
NOVO NORDISK "B"	187,067	DKK	15,674,064	0.65	ATLAS COPCO "A"	73,781	SEK	4,520,646	0.19
			15,674,064	0.65	ATLAS COPCO "B"	44,047	SEK	2,317,681	0.09
FRANCE					SWITZERLAND				
AIR LIQUIDE	54,378	EUR	9,522,136	0.40	ABB "R"	217,801	CHF	7,396,304	0.31
ESSILOR INTERNATIONAL	34,367	EUR	6,343,240	0.26	LONZA GROUP	8,501	CHF	6,031,217	0.25
KERING	8,420	EUR	7,359,153	0.31	NESTLE "R"	260,540	CHF	32,476,247	1.35
L'OREAL	27,661	EUR	12,327,441	0.51	NOVARTIS "R"	282,878	CHF	25,804,374	1.07
SANOFI	131,622	EUR	13,792,166	0.57	ROCHE HOLDING	80,550	CHF	30,373,454	1.27
SCHNEIDER ELTE	61,831	EUR	9,728,817	0.41	ROCHE HOLDING 'B'	3,081	CHF	1,252,599	0.05
			59,072,953	2.46				103,334,195	4.30
GERMANY					TAIWAN				
ADIDAS	21,048	EUR	7,835,206	0.33	TAIWAN SEMICON			31,115,238	1.29
SAP	125,405	EUR	17,673,631	0.73	MANUFACTURING	1,457,056	TWD	31,115,238	1.29
			25,508,837	1.06				31,115,238	1.29
GREAT BRITAIN					UNITED STATES				
ASTRAZENECA	150,560	GBP	18,059,870	0.75	3M CO	70,190	USD	13,941,840	0.58
BHP GROUP	241,100	GBP	7,094,341	0.30	ABBOTT LABORATORIES	215,146	USD	24,941,876	1.04
RECKITT BENCKISER	84,078	GBP	7,430,088	0.31	ADOBE SYSTEMS	57,879	USD	33,896,258	1.41
RELX	226,298	GBP	5,999,166	0.25	ADVANCED MICRO DEVICES	147,121	USD	13,819,076	0.57
RIO TINTO	123,943	GBP	10,185,942	0.42	ALPHABET 'A'	35,221	USD	86,002,286	3.58
UNILEVER	301,560	GBP	17,623,845	0.73	ALPHABET 'C'	33,348	USD	83,580,759	3.48
			66,393,252	2.76	AMERICAN TOWER	55,057	USD	14,873,098	0.62
INDIA					AMGEN				
RELIANCE INDUSTRIES	233,484	USD	13,215,194	0.55	APPLE	1,320,630	USD	180,873,485	7.52
			13,215,194	0.55	APPLIED MATS	111,115	USD	15,822,776	0.66
IRELAND					BECTON DICKINSON				
ACCENTURE CORP	76,967	USD	22,689,102	0.94	CHEVRON	35,079	USD	8,530,862	0.35
LINDE	62,989	USD	18,210,120	0.76	CISCO SYSTEMS	234,028	USD	24,512,093	1.02
MEDTRONIC	162,908	USD	20,221,770	0.84	COCA-COLA	510,276	USD	27,044,628	1.13
			61,120,992	2.54	DANAHER	469,871	USD	25,424,720	1.06
JAPAN					ELI LILLY				
DAIICHI SANKYO	263,100	JPY	5,676,123	0.24	EXXON MOBIL	76,867	USD	20,628,028	0.86
DAIKIN INDUSTRIES	42,220	JPY	7,870,365	0.33	FACEBOOK	96,382	USD	22,121,597	0.92
FANUC CORP	27,370	JPY	6,607,615	0.28	HONEYWELL INTERNATIONAL	512,617	USD	32,335,880	1.35
FAST RETAILING	9,353	JPY	7,047,404	0.29	INTEL	290,125	USD	100,879,364	4.20
HOYA	53,201	JPY	7,060,552	0.29	INTUIT	128,744	USD	41,055,174	1.71
KAO	69,277	JPY	4,266,225	0.18				18,447,335	0.77
KEYENCE	27,001	JPY	13,640,383	0.57				27,449,148	1.14
MURATA MANUFACTURING	92,267	JPY	7,051,164	0.29				16,218,745	0.67

The accompanying notes form an integral part of these financial statement

Portfolio of Investments and Other Net Assets (continued)

as at 30 June 2021

HSBC Islamic Global Equity Index Fund
Statement of investments as at 30 June 2021
(expressed in USD)

Description	Quantity	Currency	Evaluation	% net assets
INTUITIVE SURGICAL	14,338	USD	13,185,798	0.55
JOHNSON & JOHNSON	318,864	USD	52,529,655	2.19
LOWES	85,594	USD	16,602,668	0.69
MASTERCARD	105,923	USD	38,671,428	1.61
MCDONALDS	90,350	USD	20,869,946	0.87
MERCK & CO	306,594	USD	23,843,816	0.99
MICROSOFT	662,060	USD	179,352,054	7.46
MONDELEZ INTERNATIONAL				
"A"	170,089	USD	10,620,357	0.44
NIKE "B"	154,378	USD	23,849,857	0.99
NVIDIA	75,436	USD	60,356,344	2.51
PEPSICO	167,295	USD	24,788,100	1.03
PFIZER	677,796	USD	26,542,491	1.10
PROCTER AND GAMBLE	296,444	USD	39,999,189	1.66
QUALCOMM	136,584	USD	19,521,951	0.81
S&P GLOBAL	29,169	USD	11,972,416	0.50
SALESFORCE.COM	112,125	USD	27,388,774	1.14
SERVICENOW	23,908	USD	13,138,641	0.55
STARBUCKS	142,674	USD	15,952,380	0.66
TESLA MOTORS	93,316	USD	63,426,885	2.64
TEXAS INSTRUMENTS	111,825	USD	21,503,948	0.89
THERMO FISHER SCIENTIFIC	47,590	USD	24,007,727	1.00
UNION PACIFIC	80,437	USD	17,690,509	0.74
UNITED PARCEL SERVICES	87,583	USD	18,214,637	0.76
VERTEX PHARMACEUTICALS	31,225	USD	6,295,897	0.26
VISA "A"	204,852	USD	47,898,495	1.99
WALMART STORES	166,256	USD	23,445,421	0.98
			1,691,026,098	70.35
TOTAL SHARES			2,347,730,072	97.66
DEPOSITARY RECEIPTS				
CAYMAN ISLANDS				
ALIBABA GROUP HOLDING	144,154	USD	32,691,244	1.36
			32,691,244	1.36
INDIA				
INFOSYS	529,361	USD	11,217,160	0.47
			11,217,160	0.47
TOTAL DEPOSITARY RECEIPTS			43,908,404	1.83
TOTAL TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING				
			2,391,638,476	99.49
TOTAL INVESTMENTS			2,391,638,476	99.49
OTHER NET ASSETS LESS LIABILITIES			12,187,851	0.51
TOTAL NET ASSETS			2,403,826,327	100.00

The accompanying notes form an integral part of these financial statements.

Portfolio of Investments and Other Net Assets (continued)

as at 30 June 2021

HSBC Islamic Global Equity Index Fund

Economic Division of Investment

(expressed as a percentage of net assets)

	%
Technology	45.32
Healthcare	15.96
Consumer Goods	11.65
Industrials	8.41
Consumer Services	7.42
Financials	4.91
Basic Materials	2.91
Oil & Gas	2.91
Other net assets less liabilities	0.51
Total Net Assets	100.00

Notes to the Financial Statements

for the period ended 30 June 2021

1. Basis of presentation

HSBC ISLAMIC FUNDS (the "Company") is incorporated under the laws of the Grand Duchy of Luxembourg as an investment company with variable capital (Société d'Investissement à Capital Variable). The capital comprises various Shares of different classes (the "Share Classes" or "Classes of Shares") within different compartments each relating to a separate portfolio (a "sub-fund") consisting of securities, cash and other sundry assets and liabilities.

The accompanying financial statements present the assets and liabilities of the only sub-fund of the Company which therefore represents Company as a whole. The financial statements of the Company are expressed in the currency designated in the Company's prospectus for the sub-fund and the financial statements of the Company are expressed in United States dollars (USD). The Company's financial statements have been prepared in accordance with the format prescribed by the Luxembourg law for Luxembourg investment companies.

The Company qualifies as an undertaking for collective investment in transferable securities under Part I of the Luxembourg law of 17 December 2010 on undertakings for collective investment, as amended (the "2010 Law") and is authorised by the Commission de Surveillance du Secteur Financier.

In the Company's prospectus and in the reports, the short name of the sub-fund is used. The complete name of the sub-fund is "HSBC Islamic" plus the short name of the sub-fund.

2. Share Capital

The Company currently offers the following Classes of Shares:

Class	Description
Class A	A Shares are available to all investors. The minimum initial investment amount and the minimum holding for A Shares are USD 5,000 or the equivalent in the relevant currency of denomination of the sub-fund.
Class B	B Shares are available to sub-distributors who are prohibited from accepting and retaining inducements from third parties under applicable laws and regulations or court rulings or sub-distributors who have a separate fee arrangement with their clients in relation to the provision of investment services and activities (for example, in the European Union, services and activities performed under MiFID II) and who have opted not to accept and retain inducements from third parties. The minimum initial investment amount and the minimum holding for B Shares are USD 5,000 or the equivalent in the relevant currency of denomination of the sub-fund.
Class E	E Shares are available in certain countries, subject to the relevant regulatory approval, through certain distributors selected by the global distributor. The minimum initial investment amount and the minimum holding for E Shares are USD 5,000 or the equivalent in the relevant currency of denomination of the sub-fund.
Class I	I Shares are only available for investors qualifying as institutional investors within the meaning of article 174 of the 2010 Law. The minimum initial investment amount and the minimum holding for I Shares are USD 1,000,000 or the equivalent.
Class S	S Shares are available through specific distributors selected by the Global Distributor provided that the investors qualify as institutional investors within the meaning of article 174 of the 2010 Law. The minimum initial investment amount and the minimum holding for S Shares are USD 500,000 or the equivalent. No S Shares were issued as at 30 June 2021.
Class W	W Shares are available through certain distributors selected by the Global Distributor provided that the investors qualify as institutional investors within the meaning of article 174 of the 2010 Law. The minimum initial investment amount and the minimum holding for W Shares are USD 100,000 or the equivalent.
Class Y	Y Shares are available to certain distributors selected by the Global Distributor provided that the investors qualify as institutional investors within the meaning of article 174 of the 2010 Law. The minimum initial investment amount and the minimum holding for Y Shares are USD 100,000 or the equivalent.
Class Z	Z Shares are available to investors having entered into a discretionary management agreement with an HSBC Group entity and to investors subscribing via distributors selected by the Global Distributor provided that such investors qualify as institutional investors within the meaning of article 174 of the 2010 Law. The minimum initial investment amount and the minimum holding for Z Shares are USD 1,000,000 or the equivalent.

Notes to the Financial Statements

for the period ended 30 June 2021 (continued)

2. Share Capital (continued)

The Board of Directors has resolved to issue Distribution and Capital-Accumulation Shares as different classes of the sub-funds. Capital-Accumulation Shares of the Company are identifiable by a "C" following the sub-fund and Share Class names and do not pay any dividends. Distribution Shares of the Company are identifiable by a "D" following the sub-fund and Share Class names.

The Company has applied for UK reporting fund status for certain distributing Share Classes from the accounting period commencing on 1 April 2010. Prior to this, the Company had applied UK distributor status for such distributing Share Classes.

Details of which Share Classes have UK reporting fund status can be found on the HM Revenue & Customs' website at www.hmrc.gov.uk. At the date of this report the exact location of this report is <http://www.hmrc.gov.uk/collective/rep-funds.xls>

As at 30 June 2021, the following Classes were open:

HSBC Islamic Global Equity Index Fund	
Class	Launch date
AC (USD)	12 November 2009
AD (USD)	09 January 2001
BC (GBP)	23 October 2020
BC (USD)	27 April 2021
BD (GBP)	24 April 2020
BD (USD)	09 March 2021
EC (USD)	09 April 2021
IC (GBP)	01 March 2021
IC (USD)	31 March 2017
ID (USD)	25 February 2016
WD (USD)	31 March 2004
YC (GBP)	15 September 2014
YD (USD)	25 January 2018
ZC (USD)	14 May 2014

3. Accounting Policies

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the Company's financial statements.

a) Accounting convention

The financial statements have been prepared under the historical cost convention modified by the revaluation of investments.

b) Assets and portfolio securities valuation

Investments are included in the Statement of Net Assets at their market value at 30 June 2021. The market values are based on closing mid-market prices on leading markets.

c) Income and Expenses

Dividends are accounted for on an ex-dividend basis.

d) Foreign Exchange

The cost of investments, income and expenses in currencies other than the Company's relevant reporting currency have been recorded at the rate of exchange ruling at the time of the transaction. The market value of the investments and other assets and liabilities in currencies other than the relevant reporting currency has been converted at the rates of exchange ruling at 30 June 2021.

e) Realised Gain/(Loss) on Sale of Investments

Realised gain/(loss) on sale of investments is the difference between the historical average cost of the investment and the sale proceeds.

Notes to the Financial Statements

for the period ended 30 June 2021 (continued)

4. Charges and Expenses

The Company pays to the Management Company a management fee per annum on the basis of the net asset value of the sub-funds, calculated daily and payable monthly in arrears at the rate disclosed in the Company's prospectus. The fee covers all management, advisory and distribution services provided to the sub-fund by the Management Company, the Investment Adviser and the distributors. The Management Company is responsible for discharging, out of such fee, the fees of the Investment Adviser and the distributors and other recognised intermediaries or such other person as the Management Company may determine at its discretion.

The management fee payable to the Management Company out of the net asset value of the relevant category of shares issued in the sub-fund is as follows:

HSBC Islamic Global Equity Index Fund	
A	0.750%
B	0.375%
E	1.530%
I	0.375%
S	0.000%
W	0.000%
Y	0.000%
Z	0.000%

S and W Shares incur no charges. All the fees and charges allocated to such Share Classes will be paid directly by members or affiliated entities of the HSBC Group.

Y Shares incur no annual management charges. Y Shares incur operating, administrative and servicing expenses fixed at 0.30% of the net asset value per annum. This fee is paid quarterly in arrears. The excess of such expenses above such annual rate will be borne directly by the Management Company or its affiliates, and equally the Management Company or its affiliates may retain any surplus.

Z Shares incur no annual management charge.

The Company pays to HSBC Bank plc a fee for its services rendered with respect to the appointment of the Shariah Committee. The fee is payable at the end of each calendar quarter. It currently amounts to USD 2,500 and is subject to annual review. The Company also pays reasonable related out-of-pocket expenses of the Shariah Committee.

The Company pays to the Depositary Bank a fee which is payable quarterly in arrears. In addition the Depositary Bank is entitled to be reimbursed by the Company for its reasonable out-of-pocket expenses and disbursements and the fees and expenses of its correspondent banks.

The Company pays to the Administration Agent and the Registrar and Transfer Agent a fee which has been agreed between the parties based on different services and transactions provided. This fee is payable quarterly.

The Company also pays other expenses incurred in its operation including the fees of its auditors and legal advisers, the cost of printing and distributing the annual and half-yearly reports, the prospectus, the Key Investor Information Documents, the costs and expenses incurred in connection with the formation and registration of the Company in various jurisdictions, and fees and expenses involved in registering and maintaining the registration of the Shares of the Company (the "Shares"), with any governmental agency or stock exchange, the cost of publication of prices, fees of the Board of Directors and reasonable out-of-pocket expenses incurred by them and its other operating expenses such as accounting and pricing costs and other recurring or non-recurring expenses.

Notes to the Financial Statements

for the period ended 30 June 2021 (continued)

4. Charges and Expenses (continued)

Allocation of Charges and Expenses

The sub-fund or each Class of Shares is charged with all costs or expenses attributable to it. Costs and expenses not attributable to the sub-fund or Class of Shares are allocated between the Class of Shares on an equitable basis. Charges and expenses shall be charged first against investment income. The costs and expenses incurred in connection with the formation and registration of the Company as a UCITS in Luxembourg and elsewhere and the offer of Shares, all legal and printing costs and other preliminary expenses were borne by the sub-funds out of their assets on a pro rata accrual basis and amortised against capital over five years when incurred. As at 30 June 2021 all such formation expenses have been fully amortized.

Directors' Fees, Expenses and Interests

A Director may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is interested, provided that he has disclosed to the other Directors, prior to the conclusion of any such transaction or arrangement, the nature and extent of any interest of his therein. Subject to approval of the Board, a Director may vote in respect of any contract or arrangement or any proposal whatsoever in which he has an interest, having first disclosed such interest. He shall not be disqualified by his office from contracting with the Company. If a Director declares his interest in any contract which the Company is considering entering into, he may be counted in the quorum of any meeting to consider the contract and may vote on any resolution to enter into such contract.

The Company pays an annual fee to each of the Independent Directors amounting to EUR 10,000. This amount is paid by the Management Company through the operating, administrative and servicing expenses paid by the Company. The amount of Operating, Administrative and Servicing Expenses is accrued with every net asset value calculation and paid quarterly in arrears. For the period-end as at 30 June 2021, a total of EUR 15,000 has been charged as Independent Directors fees.

5. Taxation of the Company

The Company is not subject to taxation in Luxembourg on its income, profits or gains.

The Company is not subject to net wealth tax in Luxembourg.

No stamp duty, capital duty or other tax will be payable in Luxembourg upon the issue of the Shares of the Company.

The sub-fund is, nevertheless, in principle, subject to a subscription tax (taxe d'abonnement) levied at the rate of 0.05% per annum based on their net asset value at the end of the relevant quarter, calculated and paid quarterly.

A reduced subscription tax rate of 0.01% per annum is however applicable to any sub-fund whose exclusive object is the collective investment in money market instruments, the placing of deposits with credit institutions, or both. A reduced subscription tax rate of 0.01% per annum is also applicable to any sub-fund or Share Classes provided that their shares are only held by one or more institutional investors within the meaning of article 174 of the 2010 Law (an "Institutional Investor").

A subscription tax exemption applies to:

- The portion of any sub-fund's assets (prorata) invested in a Luxembourg investment fund or any of its sub-funds to the extent it is subject to the subscription tax;
- Any sub-fund (i) whose securities are only held by Institutional Investor(s), and (ii) whose sole object is the collective investment in money market instruments and the placing of deposits with credit institutions, and (iii) whose weighted residual portfolio maturity does not exceed 90 days, and (iv) that have obtained the highest possible rating from a recognised rating agency. If several Share Classes are in issue in the relevant sub-fund meeting (ii) to (iv) above, only those Share Classes meeting (i) above will benefit from this exemption;
- Any sub-fund, whose main objective is the investment in microfinance institutions;
- Any sub-fund, (i) whose securities are listed or traded on a stock exchange and (ii) whose exclusive object is to replicate the performance of one or more indices. If several Share Classes are in issue in the relevant sub-fund meeting (ii) above, only those Share Classes meeting (i) above will benefit from this exemption; and
- Any sub-fund only held by pension funds and assimilated vehicles.

Notes to the Financial Statements

for the period ended 30 June 2021 (continued)

5. Taxation of the Company (continued)

Withholding tax

Interest and dividend income received by the Company may be subject to non-recoverable withholding tax in the source countries. The Company may further be subject to tax on the realised or unrealised capital appreciation of its assets in the countries of origin. The Company may benefit from double tax treaties entered into by Luxembourg, which may provide for exemption from withholding tax or reduction of withholding tax rate.

Distributions made by the Company as well as liquidation proceeds and capital gains derived therefrom are not subject to withholding tax in Luxembourg.

6. Dividends

At the Annual General Meeting of the Company held on 16 April 2021, the following dividends were declared, out of the profits of the Company for the period ended 31 December 2020, for the Classes of Shares listed below:

Sub-Fund	Dividend per share
HSBC Islamic Global Equity Index Fund	
-Class AD (USD)	0.051380
HSBC Islamic Global Equity Index Fund	
-Class BD (GBP)*	0.062841
HSBC Islamic Global Equity Index Fund	
-Class ID (USD)	0.004839
HSBC Islamic Global Equity Index Fund	
-Class WD (USD)	0.208026
HSBC Islamic Global Equity Index Fund	
-Class YD (USD)	0.122361

*The dividend rates disclosed in the note are reported in Sub-fund currency by using the exchange rate as at record dates of the distributions.

7. Transactions Expenses

The transaction expenses linked to security dealing have been written off against the realised gain/(loss) on the sale of investments.

The sub-fund bears the costs and expenses of buying and selling portfolio securities and financial instruments, brokerage fees and commissions, taxes payable, and other transaction related expenses. These transaction fees are accounted for on a cash basis and are paid when incurred or invoiced from the net assets of the sub-fund to which they are attributable. Transaction fees are allocated across each sub-fund's Share Classes.

The Company bears any extraordinary expenses including, without limitation, litigation expenses and the full amount of any tax, levy, duty or similar charge and any unforeseen charges imposed on the Company or its assets.

The Company incurred transaction costs relating to purchase or sale of transferable securities, money market instruments, or other eligible assets:

HSBC Islamic Global Equity Index Fund	USD 229,704
---------------------------------------	-------------

8. Dividend Purification

The Shariah Committee has issued guidelines to quantify the annual amount of income of the Company that should be donated to charity, being derived from companies eligible for investment pursuant to the investment objective, policy and restrictions set out in the Prospectus for each sub-fund, but that are engaged in an activity or activities of a marginal nature which is or are proscribed by the Shariah Committee and which is not or are not screened out by the investment restrictions. Such amount will be calculated on an annual basis, based on the purification ratios, expressed as a percentage of each company's dividend. The purification ratios will be provided by the relevant index provider for each sub fund, for all companies in which the sub-funds have invested. For companies, whose purification ratios are not provided by the index provider, purification ratios will be calculated based on the financial information of these companies received from the Investment Advisers. Such income will be disbursed as a charitable donation to one or more worthy causes approved by the Shariah Committee.

Notes to the Financial Statements

for the period ended 30 June 2021 (continued)

9. Forward Foreign Exchange Contracts

The Company may use Shariah compliant Forward Foreign Exchange Contracts for hedging purposes. As at 30 June 2021, there were no open Forward Foreign Exchange contract entered into.

10. Commitment Approach

There are currently no derivative positions in the sub-fund, however, if approved by the Shariah Committee, the sub-funds may, to a limited extent, enter into simple positions in financial derivative instruments transactions for investment purposes other than hedging techniques and efficient portfolio management, in particular to gain exposure on financial markets when the relevant sub-fund Investment Adviser believes that it is more efficient to purchase financial derivative instruments than the corresponding physical securities. The sub-fund will use the commitment approach.

The commitment approach is generally calculated by converting the derivative contract into the equivalent position in the underlying asset embedded in that derivative, based on the market value of the underlying. Purchased and sold financial derivative instruments may be netted in accordance to the CESR's guidelines 10/788 in order to reduce global exposure. Beyond these netting rules and after application of hedging rules, it is not allowed to have a negative commitment on a financial derivative instrument to reduce overall exposure and as such, risk-exposure numbers will always be positive or zero.

11. Disclosure requirements for Index-tracking UCITS: HSBC Islamic Global Equity Index Fund

The HSBC Islamic Global Equity Index Fund is the sole index tracking sub-fund existing at the date of this report.

The annualised tracking error for the period ended 30 June 2021 is 0.080463%.

The annualised tracking errors are internally calculated by HSBC Global Asset Management (UK) Limited, based upon investment accounting performance returns using close of market prices, gross of fees, based on monthly data points. For example, 12 monthly points for 1 year, 36 monthly points for 3 years and 60 monthly points for 5 years.

The anticipated level of tracking error between the HSBC Islamic Global Equity Index Fund and the index, in normal market conditions is 0.20%. The HSBC Islamic Global Equity Index Fund is in line with anticipated tracking error.

12. Total Expense Ratio

The Total Expense Ratio ("TER") has been computed by the Administrator as required per the Swiss Funds & Asset Management Association guidelines on the calculation and disclosure of the TER of collective investment schemes. The actual expenses incurred during the period are annualised and calculated as a percentage of the average Assets Under Management of the share class for the period.

Synthetic TER is applicable for a sub-fund that invests at least 10% of its net assets as a fund of funds in other collective investment schemes (target funds) which publish a TER within the meaning of the present guidelines. A composite (synthetic) TER of the fund of funds is to be calculated by the administrator, as of the closing date of the financial year or the end of the first half of the financial year.

13. Significant Events

The outbreak of the coronavirus disease 2019 (abbreviated as "COVID-19") continues to impact global markets in several ways, including: (i) slowing down or stopping international, national, and local travel; (ii) impeding regular business operations across many different businesses, including manufacturers and service providers; and (iii) adding uncertainty to global markets with regard to how long and how serious COVID-19 may prove over time. All of these factors and more regarding COVID-19's impact on global markets could materially adversely affect the Company's performance, including to the extent that the Company makes investments in certain businesses or industries suffering downturns or impediments caused or exacerbated by COVID-19.

The Board of Directors continues to monitor the situation and receives regular updates from the Management Company. As at 13 August 2021, to our knowledge, the impact of COVID-19 has not affected the Investment Manager's ability to execute the investment strategy of the Company, nor has there been any significant redemption activity or interruption to key service providers engaged by the Company. The Management Company and the service providers continue to work from home. At the time of writing, there are no plans to return to the office. The Management Company advises that some staff are periodically working from the office.

14. Subsequent Events

There were no events subsequent to the annual report date which would require adjustments to or disclosures in these financial statements.

Publication of performance for sub-funds distributed in Switzerland – Information concerning the Swiss Investors

Publication of Performance for sub-funds distributed in Switzerland is required as per the AMAS (Asset Management Association Switzerland)[#] guidelines on the calculation and publication of performance data of collective investment schemes.

Sub-fund	Share Class	Share Class Currency	Calendar Year Performance		
			2018	2019	2020
HSBC Islamic Global Equity Index Fund	AC	USD	(5.06)%	31.80%	27.04%
	AD	USD	(5.72)%	30.74%	26.23%
	BC**	GBP	-	-	3.30%
	BD**	GBP	-	-	24.30%
	IC	USD	(4.66)%	32.35%	27.58%
	ID	USD	(5.43)%	30.68%	20.38%
	WD	USD	(5.55)%	30.57%	26.30%
	YC	GBP	1.50%	28.78%	23.21%
	YD*	USD	(10.09)%	32.35%	26.25%
	ZC	USD	(4.31)%	32.86%	28.05%

Past performance is not an indication of current or future performance. The performance data do not take the commissions on the issue and redemption of shares into account.

* The share class is launched during 2018 and hence the performance for 2018 does not represent a full 12 month period.

**The share class is launched during 2020 and hence the performance for 2020 does not represent a full 12 month period.

[#]SFAMA (Swiss Funds & Asset Management Association) and AMP (Asset Management Platform) have merged during the 4th quarter of 2020 into AMAS (Asset Management Association Switzerland).

Currency Conversion Table

To help shareholders in the Company calculate the performance of their individual investment in the reference currency, the following table has been produced.

The table shows the value of one US dollar against various currencies (as at the given dates).

The market value of investments as well as other assets and liabilities expressed in currencies other than the reporting currency are translated at the exchange rate prevailing as at 30 June 2021.

The consolidated figures are expressed in USD and include the total of the financial statements of the sub-fund. For the Statement of Net Assets and the Statement of Operations and Changes in Net Assets, the exchange rate prevailing at the sub-fund's valuation point in Luxembourg as at 30 June 2021 is:

	30 June 2021	31 December 2020
	USD	USD
AUD	1.3320	1.3012
CHF	0.9244	0.8829
DKK	6.2706	6.0477
EUR	0.8432	0.8130
GBP	0.7239	0.7348
HKD	7.7659	7.7524
JPY	110.9900	103.2450
KRW	1,126.1500	1,086.3000
SEK	8.5522	8.1855
TWD	27.8625	28.0975

Fund Holiday Calendar for 2021

HSBC ISLAMIC FUNDS

HSBC Islamic Global Equity Index Fund will have no net asset value (the “NAV”) calculated on the following days. Any requests for subscriptions or redemptions of shares received on these dates will be held over to the next Dealing Day:

▶ all Saturdays and Sundays

In addition, the sub-fund will have no NAV calculated on the following days:

01 January	Luxembourg, UK, US
18 January	US
15 February	US
02 April	Luxembourg, UK, US
05 April	Luxembourg, UK
03 May	UK
13 May	Luxembourg
24 May	Luxembourg
31 May	UK, US
23 June	Luxembourg
05 July	US
30 August	UK
06 September	US
01 November	Luxembourg
25 November	US
24 December	UK, US
27 December	UK
28 December	UK
31 December	UK

Appendix I (Additional Disclosures) – Taxation of the Company (foreign countries)

The following summary is based on the Company's understanding of the law and practice currently in force in the in other jurisdictions and is subject to changes therein.

United Kingdom

It is the intention of the Board of Directors to conduct the affairs of the Company so that it does not become resident in the United Kingdom. On the basis that the Company is not resident in the United Kingdom for tax purposes it should not be subject to United Kingdom corporation tax on its income and capital gains.

The table below shows reporting income for the previous financial year ended 31 December 2020, as per Chapter 7 of the UK Offshore Funds (Tax) regulations 2009. The information should be used by UK tax payers for the purposes of completing their UK tax returns.

Sub-Fund	Share Class / Series	ISIN Code	Currency of the following amounts	Per class excess reportable income over distributions in respect of the reporting year	Fund distribution date	Does the fund remain a reporting fund at the date this report is made available?	Distribution per class in respect of the reporting year	Date of distribution*
HSBC Islamic Global Equity Index Fund	Class AC (USD)	LU0466842654	USD	0.0613	30 June 2021	Yes	0.0000	NA
HSBC Islamic Global Equity Index Fund	Class AD (USD)	LU0110459103	USD	0.0011	30 June 2021	Yes	0.0514	22 April 2021
HSBC Islamic Global Equity Index Fund	Class IC (USD)	LU1569385302	USD	0.1196	30 June 2021	Yes	0.0000	NA
HSBC Islamic Global Equity Index Fund	Class ID (USD)	LU1313573898	USD	0.0000	30 June 2021	Yes	0.0048	22 April 2021
HSBC Islamic Global Equity Index Fund	Class WD (USD)	LU0187035489	USD	0.0040	30 June 2021	Yes	0.2080	22 April 2021
HSBC Islamic Global Equity Index Fund	Class YC (GBP)	LU1092475968	GBP	0.2257	30 June 2021	Yes	0.0000	NA
HSBC Islamic Global Equity Index Fund	Class YD (USD)	LU1063824095	USD	0.0027	30 June 2021	Yes	0.1224	22 April 2021
HSBC Islamic Global Equity Index Fund	Class ZC (USD)	LU0466843462	USD	0.2144	30 June 2021	Yes	0.0000	NA
HSBC Islamic Global Equity Index Fund	Class BC (GBP)	LU2092165666	GBP	0.0087	30 June 2021	Yes	0.0000	NA
HSBC Islamic Global Equity Index Fund	Class BD (GBP)	LU2092166128	GBP	0.0000	30 June 2021	Yes	0.0451	22 April 2021

As at the date of this report, the above-mentioned sub-fund remains reporting fund.

* The date upon which a declared dividend was scheduled to be paid.

Appendix II (Additional Disclosures) – UK SORP Disclosure

Investment Risk

Information in relation to certain investment risks are disclosed for selected sub-fund as follows:

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as market prices, foreign exchange rates and interest rates. It comprises of three major types of risks i.e. currency risk, interest rate risk and other price risk.

As it is invested in equities, the Fund is exposed to the risk that the equity markets decline. This risk is monitored in absolute terms by the equity exposure and relative to the benchmark by the calculation of the ex-ante tracking-error.

The Sharia committee has expressly declared the use of financial derivatives instruments as inappropriate for the sub-fund, unless otherwise approved by the committee.

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.

Investing in assets denominated in a currency other than that of the investor's own currency perspective exposes the value of the investment to exchange rate fluctuations. The Fund does not enter into any FX hedging transactions in order to manage its exposure to foreign exchange movements.

The table below summarises the sub-fund's exposure to currency risks.

Sub-fund	Currency	Net currency exposure in Sub-fund currency
HSBC Islamic Global Equity Index Fund	EUR	136,494,387
	Other	447,973,162

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.

HSBC Islamic Global Equity Index Fund aims to track the performance of the Dow Jones Islamic Market Titans 100 Index, through investment in a diversified portfolio of securities as defined by the relevant index. The sub-fund does not invest in fixed income securities; hence the Fund's portfolio is not exposed to interest rate risk.

(iii) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

HSBC Islamic Global Equity Index Fund aims to track the performance of a world index, i.e. Dow Jones Islamic Market Titans 100 Index, through investment in a diversified portfolio of securities as defined by the relevant index, which meets Islamic investment principles as interpreted and laid down by the Shariah Committee and provided to the Board of Directors. The Fund does not invest in fixed income securities, thus the sub-fund is not exposed to credit risk.

Credit ratings

All amounts due from brokers, cash and short-term deposits are held by parties with a credit rating of AA-/Aa or higher.

Appendix II (Additional Disclosures) – UK SORP Disclosure (continued)

Investment Risk (continued)

Market risk (continued)

(iv) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Other price risk arises principally in relation to the sub-fund's return seeking portfolio which includes shares and depositary receipts.

The sub-fund manages this exposure to other price risk by constructing a diverse portfolio of investments across various markets.

At the period end, the sub-fund's exposure to investments subject to other price risk was:

HSBC Islamic Global Equity Index Fund	
	USD
Direct	
Shares	2,347,730,072
Depositary Receipts	43,908,404

Fair Value Hierarchy

Fair value is the amount for which an asset could be exchanged, a liability settled, or an equity instrument granted could be exchanged, between knowledgeable, willing parties in an arm's length transaction.

The fair value of financial instruments has been determined using the following fair value hierarchy:

Category (a) The quoted price for an identical asset in an active market.

Category (b) When quoted prices are unavailable, the price of a recent transaction for an identical asset adjusted if necessary.

Category (c) Where a quoted price is not available and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is determined by using a valuation technique which uses:

C (i) observable market data; or

C (ii) non-observable data.

All the investments of HSBC ISLAMIC FUNDS detailed in the "Portfolio of Investments and Other Net Assets" are classified as "Transferable Securities admitted to an official stock exchange listing", hence are classified under category (a).

HSBC Global Asset Management, the initiator to the HSBC ISLAMIC FUNDS, is the asset management specialist of the HSBC Group and operates through HSBC Bank plc and its subsidiaries.

HSBC Global Asset Management is the trading name of HSBC Global Asset Management Limited. HSBC Global Asset Management is established at 8 Canada Square, London E14 5HQ, United Kingdom, which is its registered office.

© Copyright. HSBC Global Asset Management Limited 2021. All Rights Reserved 14846/0608