

# Asset Management

## HSBC Investment Funds

Annual Report and Accounts

**15 January 2024**



**HSBC**

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# Company Information

## Company

HSBC Investment Funds  
Registered in England with  
Company Number IC000073

## Registered Office

8 Canada Square  
London E14 5HQ

## Directors

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

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

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## HSBC Global Asset Management (UK) Limited - Directors

R.E.W. Apenbrink (resigned 20 June 2023)

J.S. Calvery (appointed 20 April 2023)

N. Cork (appointed 5 October 2023)

P.G.P. Dew

J.M. Munro

T.J. Palmer (resigned 1 March 2023)

V. Nayar (resigned 5 February 2024)

M.B.A. Pardi (appointed 13 July 2023)

J.R. Paterson

S.K. White

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## Directors' Report

**We are pleased to present the Annual Report and Financial Statements for HSBC Investment Funds Open-Ended Investment Company (OEIC), ("the Company"), covering the year from 16 January 2023 to 15 January 2024.**

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

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

The Company is an umbrella company comprising various Funds, each of which is operated as a distinct Fund, with its own portfolio of investments. Global Equity Income is no longer open to investors, having redeemed all shares in March 2023. It is the intention of the ACD to terminate the fund at a later date once the residual assets and liabilities are settled. As a result the financial statements for this fund have not been prepared on a going concern basis.

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

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



**S.K. White**

**Director**



**N. Cork**

**Director**

**For and on behalf of HSBC Global Asset Management (UK) Limited  
ACD**

**13 May 2024**

# Market Review

**Welcome to the Annual Report for the HSBC Investment Funds Open-Ended Investment Company (OEIC). The report covers the year 16 January 2023 to 15 January 2024.**

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

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

**\*Lines are open 9am to 5pm Monday to Friday (excluding public holidays). If you also have shares in another HSBC OEIC, you will receive a separate statement and report when it is due.**

## Economic Overview

The global economy was beset by the twin problems of persistent, albeit falling, inflation and subdued economic growth over the period. A more positive economic outlook during 2023 never really materialised. Geopolitical developments played their part in this as the situation in Ukraine continued and the onset of troubles in Gaza in the autumn added to the unease. Many global institutions such as the International Monetary Fund continued to warn that the global economy was at risk of a further slowdown, with the possibility of recession in some countries.

Inflation and central banks' response to it continued to be the main focus for markets. Headline inflation rates in most countries continued to drop over the period, although core inflation (excluding more volatile energy and food prices) remained more persistent. The major central banks continued to raise rates but slowed the pace of their hikes during the first part of the year. However, they left rates completely unchanged in the final quarter of 2023 and by the end of the period, many investors were speculating that the major central banks were close to ending their tightening cycle, despite denials by central bankers.

Economic growth was generally sluggish as higher interest rates and the prospect of further rate hikes affected demand. GDP in the eurozone barely grew, rising by just 0.1% quarter on quarter in the first and second quarters of 2023, before falling by 0.1% in the third. UK GDP growth also fell by 0.1% in the third quarter after zero growth in the second quarter. In the US, annualised GDP growth was relatively robust, and after growth of just over 2% in the first two quarters of the year, GDP grew by 4.9% in the third quarter. The Japanese economy saw intermittent signs of recovery, with the first two quarters of the year showing economic expansion, before the third quarter contracted.

In Asian and emerging markets, economic growth was mixed. China grew in every quarter of the year and kept up with the government's official target of 5% for the year. However, by historic standards, this was a disappointment, especially after the ending of Covid-19 restrictions at the end of 2022 had promised a more vigorous period of expansion. India's economy was robust and grew by over 7% in the second and third quarters of the year. Latin American economies were relatively steady. Both Brazil and Mexico achieved growth in the 2-4% range in the second and third quarters of the year.

## Global Equities

Global equities produced strong returns over 2023, driven primarily by falling inflation and the growing conviction that interest rates would fall in 2024. The final two months of the year saw equities soar on this increasing belief that the major central banks – the US Federal Reserve (Fed), the European Central Bank (ECB) and the Bank of England (BoE) – would implement rate cuts relatively soon. Markets rallied despite rising concerns about events in the Middle East and increasing tensions there, especially in Gaza. In the first few weeks of 2024, equities were more volatile and flattened. They initially gave back some of the sensational gains achieved at the end of 2023, before recovering. There was some sense in early 2024 that markets had got ahead of themselves, while the major central banks were more cautious about immediate rate cuts, dialling back on the likely timetable of cuts as evidence of continued inflationary pressures emerged.

Markets began the year in the ascendancy but were checked in March by a mini-banking crisis in which several sizeable US regional banks had to be rescued, and Credit Suisse bailed out and taken over by UBS. Markets were also unsettled in May by growing fears of a potential US debt default as Congress remained divided about a compromise on government spending plans. However, the debt ceiling was ultimately extended, bringing relief to markets. Markets peaked in early

August through September and October as investors became more resigned to the fact that interest rates would likely stay at relatively high levels and as the oil price rallied. However, they ended 2023 by rallying strongly in the final two months, before edging sideways in the first two weeks of 2024.

Developed world markets substantially outperformed emerging markets. Within developed markets, the US led the way, outperforming the MSCI and FTSE World indices, driven by solid economic growth, falling inflation and the strong performance of its dynamic technology sector – especially stocks related to artificial intelligence. Continental Europe underperformed the global average return, despite notable strength in some markets, such as Italy and Spain, largely due to the eurozone's frail economy, which flirted with recession. The UK was a notable underperformer, suffering from a poor economic outlook and an uncertain political backdrop. Japan rallied but was behind the benchmark as investors worried about the Bank of Japan (BoJ) beginning to tighten its monetary policy.

In Asian and emerging markets, China performed poorly, producing negative returns owing to lacklustre economic growth and ongoing worries about the financial position of its property sector and some of its local governments. India, Taiwan and South Korea performed well, however, with the latter two markets benefiting from the strong rally in technology. Latin American markets also did well, with Argentina the star performer, particularly in the run-up to the country's presidential elections at the end of the year, which promised dramatic change with the election of Javier Milei.

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### UK Equities

UK equities rose mildly over the period but were a clear laggard against other developed markets as worries about the economic outlook and political uncertainties kept investor sentiment subdued.

Share prices had rallied in early April as investors were relieved that the mini-banking crisis (which saw three US regional banks and Credit Suisse fail) had not turned into a more significant financial crisis. The market rallied on occasion, thereafter, on hopes that interest rates were close to peak levels and that the UK economy could avoid recession. It fell in the early autumn as the situation in the Middle East deteriorated and rising oil prices reawakened fears of inflation staying at relatively high levels. However, the market did participate in the year-end rally as investors grew optimistic about rate cuts in 2024, although it continued to underperform other global markets in aggregate.

Although headline inflation fell in the UK, it remained higher than many other industrialised countries for most of the period and was the highest among the G7 nations. The decline in the UK's inflation rate initially proceeded at a notably slower pace. However, the decline quickened in the final months of the year as food and energy prices, and wage inflation peaked. From 10.1% in January, it fell to 3.9% in November. Core inflation remained higher. Having been at 5.8% in January, it peaked at a new 31-year high of 7.1% in May, before falling to 5.1% in November.

The BoE raised interest rates from 3.5% to a 15-year high of 5.25% over the period, through hikes of 25 basis points (bps) and 50bps. However, after 14 consecutive rate hikes dating back to late 2021, the BoE kept rates unchanged at its September meeting and for the remaining policy committee meetings of the year. However, BoE Governor Andrew Bailey remained cautious about cutting rates too soon in 2024 and was perhaps more hawkish than his international central banker peers in this. This did not, however, stop speculation that the BoE would need to cut rates in 2024, as the outlook for the economy remained weak.

Economic growth remained sluggish. After growing by 0.3% on a quarter-on-quarter basis in the first quarter of the year, GDP was flat in the second quarter, before falling by 0.1% in the third, leading to increasing fears that the UK was headed for a recession. The Chancellor announced cuts in business and consumer taxes in his Autumn Statement, but frozen tax thresholds meant that for many, the tax burden was rising. The labour market stayed relatively robust, with the number of people in work at high levels, although the unemployment rate climbed to 4.2% in the quarter to June, where it stayed for the rest of the year, up from 3.7% in January.

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### UK Bonds

The UK bond market fell mildly over the period in sterling terms as the BoE continued to raise interest rates – albeit at a slower rate than in 2022 – and inflation remained relatively high in the first half of the year. In US dollar terms, the decline in Gilts was more marked owing to the weakness in the dollar against sterling.

Bond yields rose through the spring and early summer months. From the late summer, however, yields fell as the central bank paused its rate hikes and headline inflation fell more steeply. The best performance came in the final two months of the year – one of the best short-term periods for gilts in decades – as bonds rallied strongly on the growing conviction that interest rates would fall in 2024. The 10-year yield dropped by approximately 100bps in November and December.

Over the period, the 10-year benchmark bond yield rose from approximately 3.6% to 3.8%, having hit a peak of 4.8% in the late summer. Short-dated bond yields rose further. The two-year Gilt yield increased by approximately 50bps, rising from 3.5% to 4.0%. This saw the inversion or negative yield spread between 10-year and two-year bonds widen. Returns from corporate bonds exceeded those of Gilts, reflecting the higher relative yields on offer and greater risk appetite from investors.

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## US Equities

US equities were strong over the period and outperformed other global equity markets, driven by hopes that the Fed was nearing the completion of its tightening cycle and on the back of largely better-than-expected corporate results.

After a strong January, the market sold off, hitting a low for the year in early March as a mini-banking crisis, which saw three sizeable regional banks fail, unfolded. The market was also dogged by concerns in May that there would be no agreement in Congress about extending the government's permitted debt ceiling – something that was repeated in September. However, these fears were allayed when a deal was hatched between the Republicans and Democrats. The S&P 500 Index hit a more-than-eight-month high at the end of July, before geopolitical concerns (Ukraine, Gaza and Mainland China's approach to Taiwan) and concerns that interest rates would need to stay higher for longer unsettled market sentiment. However, the market rallied strongly again in November and December as investors discounted falling interest rates in 2024. The Nasdaq Index was a very strong performer throughout the year, as technology stocks soared, led by the so-called "Magnificent Seven" – large-cap stocks such as Microsoft and Apple.

Falling headline inflation was a welcome development through the period. Inflation fell from 6.4% in January to just 3.1% in November, before rising to 3.4% in December. Core inflation also fell, from 5.6% in January to 3.9% in December. The Fed raised its funds rate from 4.5% to 5.5% through four hikes of 25bps each during the period. However, it did not raise the rate at all from its September policy meeting onwards. While Fed Chairman Jerome Powell warned that the tightening was not finished and that rates would probably need to stay high through 2024, this stance was beginning to soften towards year-end, and several Fed policymakers began to talk about rate cuts in 2024.

Economic growth remained relatively robust. Annualised GDP grew by 2.2% in the first quarter of 2023 and 2.1% in the second quarter, before climbing by 4.9% in the third. The labour market remained tight for much of the year. Despite a rise in unemployment levels, job creation – notably the non-farm payrolls – generally exceeded forecasts, while initial jobless claims fell to their lowest levels of the year in September and early October. However, job vacancies began to fall in the final months of 2023.

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## Japan Equities

While Japan was a notably strong performer in yen terms over the period, its returns in sterling were significantly lower owing to the strength in sterling against the yen. It produced a positive return but underperformed the MSCI World Index in sterling terms.

Both the TOPIX and Nikkei indices hit their highest levels since 1990 late in the year as investors grew more optimistic that the Japanese economy was close to escaping its decades-long period of deflation. The market also rallied, along with other world markets, on expectations that the pace of global interest-rate hikes might slacken, leading to a revival in the global economy. On the negative side, the deteriorating situation in the Middle East, rising oil prices and some lacklustre economic data negatively affected investor sentiment during the year.

Annual consumer inflation declined over the period, falling from 4.3% in January to 2.8% in November. However, food price inflation remained elevated, hitting 8.8% in July – the highest since 1976. Additionally, Japan's so-called 'core-core' inflation rate (which excludes food and energy costs) rose steadily and hit 4.3% in May (the highest level since the early 1980s), before falling to 3.8% in November.

Despite the inflationary pressures and growing speculation of a policy shift, the BoJ did not radically alter its ultra-loose monetary stance. While it mildly loosened its yield-curve control policy and allowed 10-year government bond yields to drift higher, the BoJ appeared determined to resist a change to its overall loose policy approach. However, BoJ Governor Kazuo Ueda did concede in the autumn that growing wage pressures in the economy, if persistent, could force the central bank to alter its stance.

The Japanese economy saw intermittent signs of recovery. GDP rose by an annualised 5.0% in the first quarter of 2023 and by 3.6% in the second quarter. However, it fell by 2.9% in the third quarter. The BoJ's Tankan survey – a quarterly indicator of economic sentiment across the economy – was buoyant, with the benchmark Large Manufacturers Diffusion Index rising to +10 in the third quarter and falling only mildly to +8 in the fourth quarter.

The yen weakened against the US dollar, depreciating from approximately 128 to 146 over the period. The currency's weakness reflected the divergent policy stances of the Fed and the BoJ. There was talk of intervention to support the yen by the Japanese authorities when the yen fell below 151 in November, but this did not ultimately transpire.

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## Asia ex-Japan Equities

Asia ex Japan equities were weaker in sterling terms, although they performed relatively better in local currency and US dollar terms. Although inflation rates fell throughout the region, investors were concerned about the impact of higher interest rates on economic demand, as well as the occasionally strengthening US dollar, rising oil prices and geopolitical tensions – especially relations between the US and Mainland China. The latter's economic growth disappointed investors as it appeared to wane following an initial boost after the lifting of its Covid-19-related restrictions in late 2022. Asian markets rallied a little during the summer months as hopes rose that the Fed was close to ending its monetary tightening cycle. However, more hawkish commentary from the Fed and other major central banks about the likelihood of rates staying higher for longer drove markets lower in the autumn, before they rallied along with other global markets in the final two months of the year.

Mainland China was one of the weakest major markets in the region, while Hong Kong also notably declined. Thailand was weaker on worries about political uncertainty in the country, the fall in the baht and disappointing corporate earnings. In contrast, India was strong on resilient economic growth, with the local Sensex index hitting a new all-time high. South Korea and Taiwan were the strongest major markets, benefiting from a positive technology cycle and product demand.

Central banks across the region eased back on tightening monetary policy. Central banks in India, Taiwan and South Korea kept rates unchanged, while the People's Bank of China cut rates mildly and kept liquidity abundant in the money markets in an effort to boost economic growth. Headline inflation generally fell, and in Mainland China, the annual consumer inflation rate dropped to -0.5% in November – the lowest level for three years – before recovering slightly to -0.3% in December. In India, rampant food inflation drove headline inflation to nearly 7.4% in July before it eased back to 5.7% in December.



Mainland China's GDP rose at an annual pace of 4.5% in the first quarter, 6.3% in the second quarter, and 4.9% in the third, keeping it largely on track to achieve the government's full-year growth target of 5%, a historically low figure. India's economy was relatively strong, growing by over seven percent in the second and third quarters of the year, after growth of 6.1% in the first quarter, as consumer spending picked up and the services side of the economy was strong. However, overall economic growth in the Asia ex Japan region remained relatively subdued in aggregate.

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## Emerging Markets

Emerging markets fell in sterling terms over the period and significantly underperformed developed world markets. Although inflation rates generally fell throughout the region, investors were concerned about the impact of higher interest rates on economic demand, as well as the strengthening US dollar, rising oil prices and geopolitical tensions – especially relations between the US and Mainland China. The latter's economic growth disappointed investors as it appeared to wane following an initial boost after the ending of its Covid-19-related restrictions in late 2022.

Emerging markets had begun 2023 positively before falling in the spring months on economic concerns and as a mini-banking crisis occurred in the US. They rallied during the summer months as hopes rose that the Fed was close to ending its monetary tightening cycle. However, more hawkish commentary from the Fed and other major central banks about the likelihood of rates staying higher for longer drove markets in the autumn before the year-end rally kicked in, driven by hopes of falling interest rates.

While Asian emerging markets were a drag, Latin American equities were strong outperformers. Despite rampant, triple-digit inflation and sky-high interest rates, Argentina was the best-performing market. This was partly driven by hopes of radical reform centered on new President Javier Milei who was elected late in the year. Brazil produced positive returns, too, as the central bank began to cut interest rates from the late summer and the economy picked up. European emerging markets also rallied strongly, with both Hungary and Poland performed notably well.

Inflation across the whole of emerging markets slowed, allowing some central banks – notably those in Brazil and Chile – to cut interest rates. Mainland China also cut interest rates mildly in an effort to support its economy and its failing property sector.

In terms of economic growth, Mainland China's GDP rose at an annual pace of 4.5% in the first quarter, 6.3% in the second quarter, and 4.9% in the third, keeping it largely on track to achieve the government's full-year growth target of 5%, a historically low figure. India's economy was relatively strong, growing by over 7% in the second and third quarters of the year, after growth of 6.1% in the first quarter, as consumer spending picked up and the services side of the economy was strong. Brazil's economic growth was more subdued, with GDP rising by 3.5% and 2.0% in annual terms, in the second and third quarters, respectively, with the agricultural side of the economy recovering well. Mexico's economy achieved over 3% annual growth in the first three quarters of the year, ensuring that the economy had achieved 10 consecutive quarters of annual growth.

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*The above information refers to past performance and should not be seen as a reliable indication of future returns.  
Information provided by HSBC Global Asset Management (UK) Limited, 15 January 2024.*

# Notes to the Company Financial Statements

## for the year ended 15 January 2024

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### Accounting Policies

#### a. Basis of Accounting

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments and in compliance with FRS102 and in accordance with the Statement of Recommended Practice (SORP) for Financial Statements of Authorised Funds issued by the Investment Association ("IA") in May 2014.

Unless otherwise stated all other accounting policies are consistent with those of the prior year.

The ACD has undertaken a detailed assessment, and continues to monitor, the sub-funds' ability to meet their liabilities as they fall due, including liquidity, declines in global capital markets and investor redemption levels. Based on this assessment, apart from Global Equity Fund, the other sub-funds continue to be open for trading and the ACD is satisfied the sub-funds have adequate financial resources to continue in operation for at least the next 12 months and accordingly it is appropriate to adopt the going concern basis in preparing the financial statements.

Global Equity income is no longer open to investors, having redeemed all shares in March 2023. It is the intention of the ACD to terminate the fund at a later date once the residual assets and liabilities are settled. As a result the financial statements for this fund have not been prepared on a going concern basis. No adjustments were required to the financial statements to adjust assets or liabilities to their realisable values or to provide for liabilities arising from the decision to terminate the fund. No liabilities have been recorded for costs of the terminations as the intention is that the Authorised Corporate Director will bear any such costs which may arise.

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#### b. Revenue

Dividends on equities and investment funds are recognised when the security is quoted ex-dividend.

Interest on fixed interest securities is accounted for on an effective yield basis. Interest on deposits is accounted for on an accruals basis. Other revenue is accounted for on a receipts basis.

The ordinary element of stocks received in lieu of cash dividends is recognised as revenue but does not form part of the distribution.

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

Rebates received from collective investment schemes are recognised on an accruals basis and are treated as revenue or capital as appropriate to the circumstances, depending on the treatment of the management charge in the underlying collective investment scheme.

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

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#### c. Expenses

All expenses, other than those relating to the purchase and sale of investments are charged to revenue when incurred.

For purposes of calculating the distribution, the ACD's fee and registration fee are transferred to capital for HSBC Global Equity Income, HSBC Income, HSBC Monthly Income and HSBC UK Growth & Income.

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

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**d. Taxation**

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

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

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

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

**e. Investments**

Investments are initially recognised at fair value on the date the contract is entered into. The listed investments of the Company have been valued at bid prices at the closing valuation point on 15 January 2024. The valuation of unlisted investments is based on the ACD's assessment of their estimated realisable value. Suspended securities are valued initially at the suspended price but are subject to constant review. Revaluation gains or losses are recognised in the Statement of Total Return. Investments cease to be recognised on the date a contract for sale is entered into or when the Company's interest in the investment is extinguished or terminated.

Collective Investment Schemes are valued by reference to their net asset value. Dual priced funds have been valued at the bid price. Single priced funds have been valued using the single price.

**f. Exchange Rates**

All transactions in foreign currencies are converted into sterling at the rates of exchange ruling at the date of such transactions. Foreign currency assets and liabilities at the end of the accounting period are translated at the exchange rates at the closing valuation point on 15 January 2024. Forward foreign currency contracts held at the end of the accounting year are valued at the price required to close out the contract at the balance sheet date.

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

**g. Distributions**

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

For the purpose of calculating the distribution, revenue on debt securities is computed as the higher of the amount determined on an accrual of coupon basis and an effective yield basis. A reconciliation of the net distribution to the net revenue of the Fund as reported in the Statement of Total Return is shown in note 7.

The policies of the Funds are to determine the amount available for distribution on a coupon basis, with distributions to shareholders monthly on the 15th of every month for Monthly Income, quarterly on 15 March, 15 June, 15 September and 15 December for Global Equity Income and Corporate Bond, annually on 15 March for Europe Ex-UK Equity and semi-annually on 15 March and 15 September for all other Funds within this OEIC.

**h. Derivatives**

Derivatives are initially recognised at fair value on the date the contract is entered into and are subsequently re-measured at fair value at 15 January 2024. Where the fair value of the derivative is positive, it is carried as a derivative asset and where negative as a derivative liability. The gain or loss on remeasurement to fair value is taken to capital gains or losses.

The ACD monitors that any exposure is covered globally to ensure adequate cover from within the sub-fund is available to meet the sub-fund's total exposure, taking into account the value of the underlying investments, any reasonably foreseeable market movement, counterparty risk, and the time available to liquidate any positions. The ACD has adopted the commitment approach to determine the global market risk exposure in relation to derivatives held for all sub funds with the exception of Corporate Fund for which the ACD has adopted Relative Value at Risk (VaR) approach.

### **General Risk Management Process**

The Risk Management Process is managed by the ACD and oversight of the investment managed functions is also carried out by the Depositary, State Street. There is an increased regulatory focus on the role of the ACD and how it protects the interests of investors by delivering good quality fairly priced products. The ACD protects investors by ensuring that it has oversight of key factors such as breaches, complaints and pricing whilst also challenging client initiatives and investment strategy.

The ACD manages conflicts and any investment management issues through the ACD Governance Committee (ACDGC) and the ACD Investment Sub Committee (ACDISC). Both the main ACDGC and the ACDISC have regular opportunities to challenge the appointed investment manager in order to demonstrate that no undue commercial pressure has been applied. Both the main ACDGC and the ACDISC meet quarterly and have been tasked with the responsibilities to challenge the biggest areas of risk. Operational Resilience plans are presented at annually alongside Best Execution Policy and Conflicts Policy.

The ACD has appointed HSBC Global Asset Management (UK) Limited (AMEU) as the investment manager. AMEU is organised by function with distinct separation of responsibilities between the investment teams, dealers, risk, compliance, product, sales and investment administration personnel. Risks specific to each of the underlying funds are primarily managed by the relevant Fund Manager. In addition, these teams are supported by a series of Executive Committees which are responsible for oversight and monitoring of the AMEU risk management process, the investment process, performance and operational processes. Those committees and their responsibilities are discussed below.

### **AMEU Board Risk Committee and the Risk Management Meeting (RMM)**

The most senior risk management forum for the business is the AMEU Board Risk Committee; this meets quarterly. The Executive senior risk committee is the Risk Management Meeting (RMM), chaired by the AMEU Chief Risk Officer, and normally meets monthly. The RMM is responsible for all aspects of AMEU risk policy and control supported by a number of specialist committees. The RMM monitors and controls key business risks, including reviewing the internal control and assurance framework and risk profile, and considering the activities of Business Risk Internal Audit. In addition, the RMM considers reports from other committees that assess the nature and extent of risks.

### **Operational Risk Framework - Three Lines of Defence**

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

### **Pricing Valuation Committee (PVC)**

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

### **New Business Committee (NBC)**

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

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

The following details the broad categories of risk covered by both the ACDGC and ACDISC as well as the above mentioned AMEU executive committees:

### **Market Price Risk**

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

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

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

### **Foreign Currency Risk**

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

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

### **Interest Rate Risk**

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

The investment manager can invest in fixed and floating rate securities. The value of the underlying funds may be affected by changes to interest rates relevant to particular securities or as a result of AMEU not being unable to secure similar returns on the expiry of contracts or sale of securities. The value of fixed interest securities may be affected by interest rate movements or the expectation of such movements in the future. Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates. Where applicable, the value of interest bearing assets is disclosed in the Fund Financial Statements.

### **Liquidity Risk**

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

### **Credit Risk**

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

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

### **Leverage and Value at Risk (VaR)**

As part of its overall risk management process, the ACD may use a commitment approach or Value-at-Risk (VaR) approach to monitor the global exposure of the sub-funds. VaR is a mathematical approach used to estimate the potential loss of a portfolio over a specified holding period within a given confidence level. VaR can be calculated on either an absolute or a relative basis. Relative VaR for a sub-fund is calculated in relation to a suitable benchmark or reference portfolio. Using this approach, the relative VaR cannot exceed the VaR of its reference portfolio by more than a maximum of twice (200%). The reference portfolio is a matching portfolio in comparison to the sub-fund's investment policy.

As the VaR approach is a measure of the maximum potential loss due to market risk, we are also required to disclose information about leverage for sub-funds that use a VaR approach (currently this only applies to the Corporate Bond Fund). Leverage is a measure of exposure to derivative products held by a sub-fund, and is calculated as the sum of the notional of the derivatives used.

## Balanced

### Investment Objective

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

### Investment Policy

To achieve its objective the Fund will invest in a range of asset types such as shares (equities) of companies, bonds, property, hedge funds and cash. The portfolio will be invested across global markets.

The Fund will invest at least 70% and up to 100% of its value in other funds that in turn invest in a range of asset types, including funds which aim to track an index. The other funds in which the Fund may invest will, where possible, be those managed by the HSBC Group.

The Fund may invest up to 30% directly in shares of companies, bonds, as well as cash.

The Fund may invest in different types of derivatives for efficient portfolio management purposes, including hedging, and for broader investment purposes to help the Fund meet its objective. In particular derivatives will be used to reduce or increase the Fund's exposure to different types of assets and to reduce the risk associated with movements in the rate of exchange between sterling and other currencies in which the Fund's assets may be held. The Fund does not intend to use derivatives extensively and their use will be consistent with the risk profile of the Fund.

### Investment Strategy\*

The Fund is actively managed and is not managed with reference to a specific benchmark.

Under normal market conditions, the Fund will have the following asset allocation: Equities: 50% - 80%, Bonds: 15% - 50%, other asset types, including cash: 0% - 30%. These percentages will fluctuate based upon market movement and adjustments to the asset allocation to enable the Fund to meet its aim.

The performance of the Fund is shown against the performance of the Investment Association Mixed Investment 40 - 85% Shares sector for comparison purposes.

\*The full strategy can be found in the prospectus.

### Portfolio Activity

In 2023 global asset markets posted strong returns, driven by positive economic growth, falling inflation, and robust company earnings. Global equity markets were the strongest performing asset class over the period. Bonds also delivered positive returns as prices rose in anticipation of halt in central bank rate hikes. This resulted in strong positive returns for the Balanced fund.

We started 2023 underweight equity, which we maintained for the majority of the year as the macro environment was uncertain and central banks continued to raise interest rates. We maintained our overweight to Quality equity that had been initiated in 2022, given the inflationary concerns and the earning resilience of these companies. The headline equity position was not favourable for performance over 2023, but the fund held key granular equity positions in selected markets such as Japan, Brazil and India which provided strong returns.

We started 2023 underweight duration. In January, we introduced a US Curve steepening position; anticipating yields on longer-dated bonds would rise relative to shorter dated bonds. We reduced our duration underweight in May 2023, moving overweight in October. The duration positioning contributed strongly to the performance throughout the period.

Largest Net Purchases: Lyxor US Curve Steepening 2-10 ETF, HSBC Global Sterling Liquidity Funds, iShares Edge MSCI USA Quality ETF.

Largest Net Sales: HSBC FTSE All-World Index Institutional Income, Structured Investment Goldman Sachs Cross Asset USD Accumulation and HGIF Global Short Duration Bond ZQ Income.

### Investment Performance

During the year under review, the value of the shares in the Fund increased by 5.02% while the value of the IA Mixed Investment 40-85% Shares sector rose by 3.52%.

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

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

<b>Fund Particulars</b> as at 16 January 2024				
	Retail Accumulation	Income C	Accumulation C	Institutional Accumulation
Price	255.4p	159.5p xd	281.9p	292.2p
Distribution payable (on 15 March 2024) per share net	1.590176p	1.785302p	3.126005p	4.024452p
Current net estimated yield	1.40%	2.39%	2.34%	2.87%
Annual ACD charge	1.55%	0.55%	0.55%	0.00%

## Portfolio Statement

as at 15 January 2024

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>UNITED KINGDOM - 47.88% (49.88%)</b>			
Antofagasta	37,759	613	0.19
AstraZeneca	12,947	1,405	0.43
BAE Systems	96,671	1,139	0.35
Barclays	553,839	803	0.25
Barratt Developments	107,138	581	0.18
BP	375,218	1,700	0.52
Britvic	37,032	316	0.10
Chemring Group	102,211	353	0.11
Coats Group	428,140	301	0.09
Compass Group	49,445	1,082	0.33
Diageo	16,841	472	0.14
Drax Group	84,687	451	0.14
FDM Group	34,165	150	0.04
GSK	93,380	1,475	0.45
Hays	228,861	230	0.07
Hikma Pharmaceuticals	14,538	281	0.09
+HSBC American Index Fund	2,786,174	28,530	8.71
++HSBC Corporate Bond Fund	4,253,973	8,334	2.54
+HSBC European Index Fund	665,917	7,738	2.36
+HSBC FTSE All-World Index Fund	3,549,198	8,053	2.46
+HSBC FTSE All-Share Index Fund	8,726,821	31,434	9.59
+HSBC Holdings (London listed)	205,802	1,227	0.37
+HSBC Japan Index Fund	5,196,054	8,974	2.74
+HSBC Pacific Index Fund	928,073	3,215	0.98
+HSBC UK Gilt Index Fund	15,555,685	13,414	4.09
+HSBC US Multi Factor Equity Fund	3,139,372	18,752	5.72
Ibstock	215,650	308	0.09
IG Group	91,350	708	0.22
Imperial Brands	34,877	663	0.20
Intertek Group	15,189	657	0.20
Moneysupermarket.com	141,736	380	0.12
NatWest Group	259,825	551	0.17
Next	10,235	868	0.26
Phoenix Group Holdings	111,937	574	0.18
Prudential	86,380	705	0.22
QinetiQ	174,635	555	0.17
Rentokil Initial	167,886	704	0.21
Rightmove	121,177	684	0.21
Rio Tinto	20,922	1,138	0.35
Sage Group	70,581	818	0.25
Shell	103,900	2,556	0.78
SSE	39,361	704	0.21
Tate & Lyle	80,584	505	0.15
Taylor Wimpey	457,830	662	0.20
Tesco	295,605	888	0.27



## Portfolio Statement

as at 15 January 2024

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
Unilever	17,079	652	0.20
Victrex	16,898	238	0.07
Volution Group	86,186	356	0.11
<b>Total United Kingdom</b>		<b>156,897</b>	<b>47.88</b>
<b>UNITED STATES - 0.00% (0.00%)</b>			
#Marriott International	96,061	-	-
<b>Total United States</b>		<b>-</b>	<b>-</b>
<b>AUSTRALIA - 0.15% (0.27%)</b>			
BHP Group	21,021	516	0.15
<b>Total Australia</b>		<b>516</b>	<b>0.15</b>
<b>CHANNEL ISLANDS - 0.19% (0.19%)</b>			
Ferguson NewCo	4,356	632	0.19
<b>Total Channel Islands</b>		<b>632</b>	<b>0.19</b>
<b>IRELAND - 23.64% (18.31%)</b>			
Cross Asset Trend Fund	553,306	4,574	1.40
DCC (London listed)	7,549	425	0.13
+HSBC Global Funds ICAV - Global Emerging Market			
Government Bond Index Fund	524,621	3,372	1.03
+HSBC Global Sterling Liquidity Fund	6,145,150	6,145	1.88
+HSBC Multi Factor Worldwide Equity Fund	2,150,206	24,323	7.42
iShares Bloomberg Enhanced Roll Yield Commodity			
Swap UCITS ETF	1,391,763	7,599	2.32
iShares Digital Security UCITS ETF	170,656	1,043	0.32
iShares Edge MSCI USA Quality Factor UCITS ETF	7,250	10,120	3.09
iShares Global Timber & Forestry ETF	66,602	1,454	0.44
iShares Global Water UCITS ETF	27,127	1,296	0.40
L&G India INR Government Bond UCITS ETF	227,448	1,601	0.49
Passim Structured Funds Cross Asset Trend Strategy B Acc	50,260	4,442	1.35
Smurfit Kappa Group	13,275	400	0.12
SPDR MSCI Europe Health Care ETF	13,435	2,399	0.73
UBS Global Gende ETF	80,910	1,154	0.35
Xtrackers Artificial Intelligence ETF	22,277	1,947	0.59
Xtrackers IE Physical Gold ETC	63,326	1,575	0.48
Xtrackers MSCI USA Information Technology UCITS ETF	54,229	3,599	1.10
<b>Total Ireland</b>		<b>77,468</b>	<b>23.64</b>
<b>LUXEMBOURG - 25.64% (29.44%)</b>			
Amundi MSCI Digital Economy ETF	128,918	1,364	0.42
+HGIF Equity Sustainable Healthcare ZC ACC	91,257	779	0.24
+HSBC GIF Frontier Markets Fund	164,264	3,555	1.08
+HSBC GIF Global Emerging Markets Bond Fund	723,351	4,167	1.27
+HSBC GIF Global Emerging Markets Local Debt Fund	1,544,968	9,686	2.96
+HSBC Global Equity Circular Economy ACC	175,287	1,773	0.54
+HSBC GIF Global Government Bond	1,020,151	8,710	2.66

## Portfolio Statement

as at 15 January 2024

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
+HSBC GIF Global High Yield Bond Fund	687,783	4,827	1.47
+HSBC GIF Global Inflation Linked Bond	295,196	2,218	0.68
+HSBC GIF Global Infrastructure Equity	1,469,800	11,657	3.56
+HSBC GIF Global Investment Grade Securitised Credit Bond Fund	287,876	2,243	0.68
+HSBC GIF Global Real Estate Equity Fund	1,322,424	9,588	2.93
+HSBC Global Corporate Bond Fund	668,558	5,363	1.64
+HSBC Global Investment Fund	554,451	3,541	1.08
+HSBC Multi-Asset Style Factors Fund	326,642	3,223	0.98
Lyxor MSCI Brazil UCITS ETF	253,718	4,781	1.46
Lyxor MSCI Millennials ESG ETF	50,590	562	0.17
Lyxor US Curve Steepening 2-10 UCITS ETF	79,991	5,961	1.82
<b>Total Luxembourg</b>		<b>83,998</b>	<b>25.64</b>

### FORWARD FOREIGN EXCHANGE CONTRACTS - 0.28% (0.08)%

#GBP Forward Currency Contract 18/1/2024	GBP 54,073,816	682	0.21
#USD Forward Currency Contract 18/1/2024	(USD 67,979,439)		
#CHF Forward Currency Contract 18/1/2024	CHF 1,764,099	11	-
#GBP Forward Currency Contract 18/1/2024	(GBP 1,609,622)		
#GBP Forward Currency Contract 18/1/2024	GBP 2,580,533	55	0.02
#JPY Forward Currency Contract 18/1/2024	(JPY 468,585,234)		
#GBP Forward Currency Contract 18/1/2024	GBP 5,867,134	4	-
#EUR Forward Currency Contract 18/1/2024	(EUR 6,816,439)		
#NOK Forward Currency Contract 18/1/2024	NOK 61,541,173	199	0.06
#GBP Forward Currency Contract 18/1/2024	(GBP 4,470,183)		
#USD Forward Currency Contract 18/1/2024	USD 9,463,984	(18)	(0.01)
#GBP Forward Currency Contract 18/1/2024	(GBP 7,451,029)		
<b>Total Forward Foreign Exchange Contracts</b>		<b>933</b>	<b>0.28</b>

### FUTURES - 0.11% (0.01)%

EUX MSCI India March 2024	29	150	0.05
ICF FTSE 100 Index Future March 2024	6	3	-
ICF Long Gilt Future March 2024	49	196	0.06
<b>Total Futures</b>		<b>349</b>	<b>0.11</b>

<b>Portfolio of investments</b>	<b>320,793</b>	<b>97.89</b>
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<b>Net other assets</b>	<b>6,906</b>	<b>2.11</b>
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<b>Net assets</b>	<b>327,699</b>	<b>100.00</b>
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+Funds managed by the ACD/HSBC Group

++Invested fund available within this OEIC

#unlisted

Figures in brackets denote the comparative percentage holdings as at 15 January 2023.

Unless otherwise stated, all investments are listed securities.

The counterparty for futures is HSBC.

The counterparties for the forward foreign exchange contracts are CACIB France, HSBC, JP Morgan and Merrill Lynch.

## Comparative Tables

for the year ended 15 January 2024

<b>Retail Accumulation</b>	<b>15.1.24</b>	<b>15.1.23</b>	<b>15.1.22</b>
Change in net assets per share			
Opening net asset value per share	245.30p	251.60p	231.10p
Return before operating charges*	13.68p	(2.46p)	24.41p
Operating charges**	(3.88p)	(3.84p)	(3.91p)
Return after operating charges*	9.80p	(6.30p)	20.50p
Distributions on accumulation shares	(3.68p)	(2.25p)	(1.34p)
Retained distributions on accumulation shares	3.68p	2.25p	1.34p
Closing net asset value per share	255.10p	245.30p	251.60p
*after direct transaction costs of:***	0.03p	0.04p	0.03p
<b>Performance</b>			
Return after charges	4.00%	(2.50%)	8.87%
<b>Other information</b>			
Closing net asset value	£21,080	£22,017	£325,484
Closing number of shares	8,264	8,977	129,363
Operating charges - OCF+	1.69%	1.67%	1.68%
Direct transaction costs	0.01%	0.02%	0.01%
<b>Prices</b>			
Highest share price	256.30p	254.17p	257.50p
Lowest share price	236.70p	229.21p	225.80p

<b>Income C</b>	<b>15.1.24</b>	<b>15.1.23</b>	<b>15.1.22</b>
Change in net assets per share			
Opening net asset value per share	155.40p	160.90p	148.30p
Return before operating charges*	8.59p	(1.58p)	15.66p
Operating charges**	(0.91p)	(0.94p)	(0.99p)
Return after operating charges*	7.68p	(2.52p)	14.67p
Distributions on income shares	(3.88p)	(2.98p)	(2.07p)
Closing net asset value per share	159.20p	155.40p	160.90p
*after direct transaction costs of:***	0.02p	0.02p	0.02p
<b>Performance</b>			
Return after charges	4.94%	(1.57%)	9.89%
<b>Other information</b>			
Closing net asset value	£13,583,843	£14,843,075	£17,432,024
Closing number of shares	8,531,270	9,552,354	10,832,704
Operating charges - OCF++	0.69%	0.67%	0.73%
Direct transaction costs	0.01%	0.02%	0.01%
<b>Prices</b>			
Highest share price	161.70p	162.88p	165.10p
Lowest share price	149.80p	146.07p	145.00p

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

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

+The ACD has announced that, with effect from 28 March 2024, the AMCs for these share classes will be reduced and the fees of the administrator and related services will be applied to these share classes. The OCF figures shown here are calculated as at 15 January 2024 and therefore do not reflect these changes.

++The ACD has announced that, with effect from 28 March 2024, the fees of the administrator and related services will be applied to these share classes. The OCF figures shown here are calculated as at 15 January 2024 and therefore do not reflect this change.

## Comparative Tables

for the year ended 15 January 2024

<b>Accumulation C</b>			
	<b>15.1.24</b>	<b>15.1.23</b>	<b>15.1.22</b>
Change in net assets per share			
Opening net asset value per share	268.00p	272.20p	247.60p
Return before operating charges*	15.08p	(2.60p)	26.26p
Operating charges**	(1.58p)	(1.60p)	(1.66p)
Return after operating charges*	13.50p	(4.20p)	24.60p
Distributions on accumulation shares	(6.73p)	(5.07p)	(3.47p)
Retained distributions on accumulation shares	6.73p	5.07p	3.47p
Closing net asset value per share	281.50p	268.00p	272.20p
*after direct transaction costs of:***	0.04p	0.04p	0.03p
<b>Performance</b>			
Return after charges	5.04%	(1.54%)	9.94%
<b>Other information</b>			
Closing net asset value	£48,864,751	£49,207,090	£52,666,831
Closing number of shares	17,358,452	18,362,321	19,350,140
Operating charges - OCF+	0.69%	0.67%	0.73%
Direct transaction costs	0.01 %	0.02%	0.01 %
<b>Prices</b>			
Highest share price	282.70p	275.48p	278.30p
Lowest share price	259.10p	249.79p	242.00p

<b>Institutional Accumulation</b>			
	<b>15.1.24</b>	<b>15.1.23</b>	<b>15.1.22</b>
Change in net assets per share			
Opening net asset value per share	276.20p	278.90p	252.20p
Return before operating charges*	15.67p	(2.64p)	26.75p
Operating charges**	(0.07p)	(0.06p)	(0.05p)
Return after operating charges*	15.60p	(2.70p)	26.70p
Distributions on accumulation shares	(8.51p)	(6.80p)	(5.19p)
Retained distributions on accumulation shares	8.51p	6.80p	5.19p
Closing net asset value per share	291.80p	276.20p	278.90p
*after direct transaction costs of:***	0.04p	0.04p	0.03p
<b>Performance</b>			
Return after charges	5.65%	(0.97%)	10.59%
<b>Other information</b>			
Closing net asset value	£265,229,401	£274,349,437	£297,167,459
Closing number of shares	90,899,651	99,327,979	106,550,972
Operating charges - OCF+	0.13%	0.10%	0.11 %
Direct transaction costs	0.01 %	0.02%	0.01 %
<b>Prices</b>			
Highest share price	293.00p	283.00p	285.00p
Lowest share price	267.00p	257.00p	246.50p

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

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

+The ACD has announced that, with effect from 28 March 2024, the fees of the administrator and related services will be applied to these share classes. The OCF figures shown here are calculated as at 15 January 2024 and therefore do not reflect this change.

## Statement of Total Return

for the year ended 15 January 2024

	Notes	15.1.24		15.1.23	
		£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	2		7,028		(12,959)
Revenue	3	10,000		8,678	
Expenses	4	(423)		(447)	
Interest payable and similar charges		(3)		(9)	
Net revenue before taxation		9,574		8,222	
Taxation	5	695		298	
Net revenue after taxation			10,269		8,520
Total return/(deficit) before distributions			17,297		(4,439)
Distributions	6		(9,616)		(8,222)
Change in net assets attributable to shareholders from investment activities			7,681		(12,661)

## Statement of Change in Net Assets Attributable to Shareholders

for the year ended 15 January 2024

	15.1.24		15.1.23	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		338,422		367,592
Amounts receivable on creation of shares	1,851		4,018	
Amounts payable on cancellation of shares	(29,360)		(28,336)	
		(27,509)		(24,318)
Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above)		7,681		(12,661)
Retained distribution on accumulation shares		9,105		7,809
Closing net assets attributable to shareholders		327,699		338,422

## Balance Sheet

as at 15 January 2024

	Notes	15.1.24		15.1.23	
		£'000	£'000	£'000	£'000
<b>Assets</b>					
Investments			320,811		332,157
Current assets					
Debtors	8	3,107		1,695	
Cash and bank balances		5,034		5,357	
Total current assets			8,141		7,052
Total assets			328,952		339,209
<b>Liabilities</b>					
Investment liabilities			(18)		(449)
Creditors					
Distribution payable on income shares		(152)		(127)	
Other creditors	9	(1,083)		(211)	
Total creditors			(1,235)		(338)
Total liabilities			(1,253)		(787)
Net assets attributable to shareholders			327,699		338,422

Distribution Tables (pence per share)

for the year ended 15 January 2024

Group 1: Shares purchased prior to 16 July 2023				
Group 2: Shares purchased from 16 July 2023 to 15 January 2024				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution payable 15.3.24</i>	<i>Distribution paid 15.3.23</i>
<b>Retail Accumulation</b>				
Group 1	1.590176	-	1.590176	0.818520
Group 2	1.590176	0.000000	1.590176	0.818520
<b>Income C</b>				
Group 1	1.785302	-	1.785302	1.324355
Group 2	1.054914	0.730388	1.785302	1.324355
<b>Accumulation C</b>				
Group 1	3.126005	-	3.126005	2.262597
Group 2	1.419512	1.706493	3.126005	2.262597
<b>Institutional Accumulation</b>				
Group 1	4.024452	-	4.024452	3.091193
Group 2	3.009052	1.015400	4.024452	3.091193

## Distribution Tables (pence per share)

for the year ended 15 January 2024

Group 1: Shares purchased prior to 16 January 2023				
Group 2: Shares purchased from 16 January 2023 to 15 July 2023				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 15.9.23</i>	<i>Distribution paid 15.9.22</i>
<b>Retail Accumulation</b>				
Group 1	2.090000	-	2.090000	1.430000
Group 2	2.090000	0.000000	2.090000	1.430000
<b>Income C</b>				
Group 1	2.090000	-	2.090000	1.660000
Group 2	1.560000	0.530000	2.090000	1.660000
<b>Accumulation C</b>				
Group 1	3.600000	-	3.600000	2.810000
Group 2	2.530000	1.070000	3.600000	2.810000
<b>Institutional Accumulation</b>				
Group 1	4.490000	-	4.490000	3.710000
Group 2	0.600000	3.890000	4.490000	3.710000

## Notes to the Financial Statements

for the year ended 15 January 2024

	15.1.24 £'000	15.1.23 £'000
<b>1. Accounting Policies</b>		
The accounting policies are set out on pages 10 and 11.		
<b>2. Net Capital Gains/(Losses)</b>		
The net capital gains/(losses) during the year comprise:		
Currency losses	(8)	(117)
Transaction charges	(6)	(6)
Management fee rebates	5	-
Capital special dividends	-	191
Gains/(losses) on derivative contracts	493	(281)
Gains/(losses) on forward foreign currency contracts	1,420	(4,864)
Gains/(losses) on non-derivative securities	5,124	(7,882)
Net capital gains/(losses)	7,028	(12,959)
Realised gains/(losses) in the current accounting year include unrealised gains/(losses) arising in previous years. In such circumstances a corresponding loss/gain is included in unrealised gains/(losses) figure.		
<b>3. Revenue</b>		
UK dividends (net)	1,236	1,506
Property investment income	38	4
Overseas dividends	77	204
Dividend distributions from overseas authorised ICVCs and unit trusts	2,473	1,983
Franked distributions from authorised ICVCs and unit trusts	2,372	1,976
Interest on bonds and other debt securities	3,666	2,969
Deposit interest	24	-
Bank interest	113	36
Stock lending income	1	-
Total revenue	10,000	8,678
<b>4. Expenses</b>		
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's charge	341	375
Safe custody fee	18	17
	359	392
Payable to the Depositary, associates of the Depositary, and agents of either of them:		
Depositary fee	31	35
Other expenses:		
Audit fee	11	7
Professional fee	8	-
Report and accounts fee	6	4
Administration fee	8	9
	33	20
Total expenses	423	447



	15.1.24 £'000	15.1.23 £'000
<b>5. Taxation</b>		
a) Analysis of charge in year:		
Irrecoverable income tax	-	1
Windfall overseas tax recoveries	-	(1)
Total current tax charge for the year (note 5b)	-	-
Deferred tax (note 5c)	(695)	(298)
Total tax for the year (note 5b)	(695)	(298)
b) Factors affecting taxation charge for the year:		
The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an open-ended investment company (20%).		
The differences are explained below:		
Net revenue before taxation	9,574	8,222
Corporation tax at 20%	1,915	1,644
Effects of:		
Revenue not subject to taxation	(1,232)	(1,134)
Irrecoverable income tax	-	1
Windfall overseas tax recoveries	-	(1)
Excess management expenses utilised	(1,420)	(808)
Taxable income in capital	1	-
Realised gains on non-qualifying offshore funds	23	-
Unrealised gains on non-qualifying offshore fund	18	-
Current tax charge for the year (note 5a)	(695)	(298)
c) Provision for deferred taxation		
Asset at the start of the year	1,020	722
Deferred tax charge in profit and loss account for the year (note 5a)	695	298
Provision at end of year (note 5a)	1,715	1,020
At 15 January 2024, there is a potential deferred tax asset of £756,934 (15.1.23 : £2,177,417) in relation to surplus management expenses. Based on the judgement of the ACD, it is not probable that the Fund will generate sufficient taxable profits in the future to utilise these expenses and as such, a deferred tax asset has not been crystallised in respect of this portion of the surplus expenses.		
<b>6. Distributions</b>		
The distributions take account of amounts received on the issue of shares and amounts deducted on the cancellation of shares, and comprise:		
Interim dividend distribution	5,091	4,493
Final dividend distribution	4,353	3,612
	9,444	8,105
Add: Amounts deducted on cancellation of shares	182	129
Deduct: Amounts received on issue of shares	(10)	(12)
Net distribution for the year	9,616	8,222
<b>7. Movement Between Net Revenue and Distributions</b>		
Net revenue after taxation	10,269	8,520
Corporation tax on taxable items in capital	(695)	(298)
Tax relief on expenses transferred to capital	42	-
Net distribution for the year	9,616	8,222

	<b>15.1.24</b>	15.1.23
	<b>£'000</b>	£'000
<b>8. Debtors</b>		
Amounts receivable for creation of shares	127	17
Accrued revenue	1,159	531
Management fee rebates receivable from ACD	2	-
Overseas tax recoverable	96	127
Income tax recoverable	8	-
Deferred tax	1,715	1,020
Total debtors	<b>3,107</b>	1,695

<b>9. Other Creditors</b>		
Amounts payable for cancellation of shares	978	160
Accrued expenses	88	34
Compensation payment due	17	17
Total other creditors	<b>1,083</b>	211

**10. Reconciliation of Shares**

	<i>Retail Accumulation</i>	<i>Income C</i>	<i>Accumulation C</i>	<i>Institutional Accumulation</i>
Opening shares issued at 16.1.23	8,977	9,552,354	18,362,321	99,327,979
<b>Share movements 16.1.23 to 15.1.24</b>				
Shares issued	-	9,193	618,145	68,345
Shares cancelled	(713)	(1,065,162)	(1,584,512)	(8,513,690)
Shares converted	-	34,885	(37,502)	17,017
Closing shares issued at 15.1.24	8,264	8,531,270	17,358,452	90,899,651

**11. Ultimate Controlling Party and Related Party Transactions**

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

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

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

	<i>Retail Accumulation</i>	<i>Institutional Accumulation</i>	<i>Income C</i>	<i>Accumulation C</i>
	%	%	%	%
As at 15.01.24	-	100.00	85.56	5.84
As at 15.01.23	-	100.00	86.14	6.28

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

The balance due to the ACD (including amounts due to associates and agents) at the year end was £922,069 (15.1.23: £163,707). Further details of such amounts can be found in notes 8 and 9.

At the year end, the Fund held £234,840,550 (15.1.23: £257,688,478) in Authorised Investment Funds managed by HSBC Holdings, the parent company of the ACD. During the year, transactions in Authorised Investment Funds managed by HSBC Holdings totalled £206,459,594 (15.1.23: £276,135,788).

Investments in funds managed by the ACD are disclosed in the Portfolio Statement.

## 12. Financial Instruments

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

### Foreign Currency Risk

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

Net currency monetary assets and liabilities consist of:

	<i>Portfolio of investments</i>		<i>Net other assets</i>		<i>Net assets</i>	
	<b>15.1.24</b>	<i>15.1.23</i>	<b>15.1.24</b>	<i>15.1.23</i>	<b>15.1.24</b>	<i>15.1.23</i>
	<b>£'000</b>	<i>£'000</i>	<b>£'000</b>	<i>£'000</i>	<b>£'000</b>	<i>£'000</i>
Sterling*	<b>182,462</b>	186,023	<b>5,782</b>	6,007	<b>188,244</b>	192,030
Danish krone	-	-	<b>3</b>	26	<b>3</b>	26
Euro	<b>7,800</b>	3,181	<b>314</b>	127	<b>8,114</b>	3,308
Japanese yen	<b>55</b>	(2)	-	-	<b>55</b>	(2)
Swiss franc	-	-	<b>17</b>	547	<b>17</b>	547
United States dollar	<b>130,476</b>	142,506	<b>790</b>	7	<b>131,266</b>	142,513
Total	<b>320,793</b>	331,708	<b>6,906</b>	6,714	<b>327,699</b>	338,422

\*No currency risk as base currency.

### Interest Rate Risk

At the year end, 1.54% (15.1.23: 1.58%) of the Fund's assets by value were interest-bearing.

Interest rates are based upon HSBC's proprietary rates, with the exception of the GBP debit rate which is linked to Bank of England rate.

## 13. Shareholders' Funds

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

The annual ACD charge on the retail share class is 1.55%, nil on the institutional share class and 0.55% on the C share class.

The net asset value of the share class, the net asset value per share and the number of shares in each class are given in the Comparative Table on pages 19 and 20. The distribution per share class is given in the Distribution Tables on page 22.

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

## 14. Stock Lending Activities

With effect from 1 February 2022, the Fund has started undertaking stock lending transactions. Revenue earned from these activities is shown in note 3 and is net of bank and agents fees amounting to £nil (15.1.23 - £nil) payable to HSBC Bank plc.

## 15. Financial Derivatives

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

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

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

Counterparty	Forward Currency £'000		Total £'000	
	2024	2023	2024	2023
CACIB France	881	-	881	-
HSBC Bank	66	133	66	133
Merrill Lynch	4	22	4	22

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

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

At 15 January 2024, there was no collateral held in respect of the above derivatives (15.1.23: £nil).

## 16. Contingent Liabilities and Commitments

At the year end the Fund had no contingent liabilities or commitments (15.1.23: none).

**17. Portfolio Transaction Costs**

<b>For the year ended 15 January 2024</b>	<i>Purchases</i>	<i>Commissions</i>		<i>Taxes</i>		<i>Other Expenses</i>	
	<i>£'000</i>	<i>£'000</i>	<i>%</i>	<i>£'000</i>	<i>%</i>	<i>£'000</i>	<i>%</i>
<b>Analysis of total purchases costs</b>							
Equity transactions	3,650	1	0.03	18	0.49	-	-
Pooled investment vehicles	138,202	13	0.01	-	-	-	-
Corporate actions	204	-	-	-	-	-	-
Total purchases before transaction costs	142,056	14		18		-	
Transaction costs	32						
Total purchases after commission, tax and fees	142,088						
	<i>Sales</i>	<i>Commissions</i>		<i>Taxes</i>		<i>Other Expenses</i>	
	<i>£'000</i>	<i>£'000</i>	<i>%</i>	<i>£'000</i>	<i>%</i>	<i>£'000</i>	<i>%</i>
<b>Analysis of total sales costs</b>							
Equity transactions	9,343	2	0.02	-	-	-	-
Pooled investment vehicles	151,690	10	0.01	-	-	-	-
Total sales before transaction costs	161,033	12		-		-	
Transaction costs	(12)						
Total sales after commission, tax and fees	161,021						

The Fund had paid £528 as commission on purchases and sales derivative transactions for the year ended 15.1.24.

Commissions, taxes and fees as % of average net assets:

Commissions 0.01%

Taxes 0.00%

Other expenses 0.00%

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

<b>For the year ended 15 January 2023</b>	<i>Purchases</i>	<i>Commissions</i>		<i>Taxes</i>		<i>Other Expenses</i>	
	<i>£'000</i>	<i>£'000</i>	<i>%</i>	<i>£'000</i>	<i>%</i>	<i>£'000</i>	<i>%</i>
<b>Analysis of total purchases costs</b>							
Equity transactions	5,548	1	0.02	13	0.23	15	0.27
Bond transactions	173,837	7	-	-	-	-	-
Corporate actions	58	-	-	-	-	-	-
Total purchases before transaction costs	179,443	8		13		15	
Transaction costs	36						
Total purchases after commission, tax and fees	179,479						
	<i>Sales</i>	<i>Commissions</i>		<i>Taxes</i>		<i>Other Expenses</i>	
	<i>£'000</i>	<i>£'000</i>	<i>%</i>	<i>£'000</i>	<i>%</i>	<i>£'000</i>	<i>%</i>
<b>Analysis of total sales costs</b>							
Equity transactions	13,642	4	0.03	-	-	-	-
Pooled investment vehicles	182,359	14	0.01	-	-	-	-
Total sales before transaction costs	196,001	18		-		-	
Transaction costs	(18)						
Total sales after commission, tax and fees	195,983						

The Fund had paid £1.300 as commission on purchases and sales derivative transactions for the year ended 15.1.23.

Commissions, taxes and fees as % of average net assets:

Commissions	0.01%
Taxes	0.01%
Other expenses	0.00%

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

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

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

**Direct transaction costs: Broker commissions, fees and taxes.**

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

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

## 18. Fair Value of Investments

FRS 102 requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following classifications:

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

### For the year ended 15 January 2024

Category	1	2	3	Total
	£'000	£'000	£'000	£'000
<b>Investment Assets</b>				
Equities	30,428	-	-	30,428
Pooled investment vehicles	44,879	244,204	-	289,083
Derivatives	349	951	-	1,300
	75,656	245,155	-	320,811
<b>Investment Liabilities</b>				
Derivatives	-	(18)	-	(18)
	-	(18)	-	(18)

### For the year ended 15 January 2023

Category	1	2	3	Total
	£'000	£'000	£'000	£'000
<b>Investment Assets</b>				
Equities	36,854	-	-	36,854
Pooled investment vehicles	32,721	262,402	-	295,123
Derivatives	25	155	-	180
	69,600	262,557	-	332,157
<b>Investment Liabilities</b>				
Derivatives	-	(449)	-	(449)
	-	(449)	-	(449)

## 19. Sensitivity Analysis

### Price risk sensitivity:

If the price of investments at 15 January 2024 had increased or decreased by 10% with all other variables held constant, this would have increased or decreased the net assets attributable to shareholders by £32,079,291 (15.1.23: £33,170,794)

### Currency risk sensitivity:

If the exchange rate at 15 January 2024 had increased or decreased by 10% with all other variables held constant, this would have increased or decreased the net assets attributable to shareholders by £13,945,462 (15.1.23: £14,639,119).

### Interest rate risk sensitivity:

At the balance sheet date, the Fund did not have a significant exposure to interest rate risk, therefore no sensitivity analysis is disclosed (15.1.23: no significant exposure).

# UK Growth & Income

## Investment Objective

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

## Investment Policy

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

The Fund may invest up to 20% of its value in other assets, such as shares of non-UK companies and cash. The Fund may invest up to 10% of its value in other funds, which may be managed by the HSBC Group. Typically the Fund will invest in the shares of 40 to 70 companies.

The Fund may invest in different types of derivatives for efficient portfolio management purposes, including hedging. The Fund does not currently use derivatives to reduce the risk of movements in the rate of exchange between sterling and other currencies in which the Fund's assets may be held. The use of derivatives will be consistent with the risk profile of the Fund.

## Investment Strategy\*

The Fund is actively managed and is managed with reference to the FTSE All-Share Index.

The level of risk the Fund may take is considered relative to the FTSE All-Share Index as part of the portfolio construction process, which means the Fund returns are more likely to be closer to the returns of the FTSE All-Share Index than if there were no limits on the level of risk the Fund may take.

The FTSE All-Share Index is also considered as part of our investment risk monitoring process, to check that the overall level of risk taken by the fund manager is not inconsistent with the UK equities market.

The performance of the Fund is therefore shown against the performance of the FTSE All-Share Index.

\*The full strategy can be found in the prospectus.

## Portfolio Activity

Contributors to relative performance included Ferguson (Industrials) with a total effect of 0.67%. Additionally, Taylor Wimpey (Consumer Discretionary) was in the top two contributors with a total effect of 0.61%.

Detractors included Drax (Utilities) with a total effect of -0.68% and Prudential (Financials) with a total effect of -0.54%.

During this period, positions were initiated in Taylor Wimpey and Chemring, and closed in Bunzl, Vodafone and Persimmon.

Sector allocation effects are residual to stock selection. At the sector level, effects were positive, given an overweight exposure to Industrials.



## Investment Performance

During the year under review, the value of the shares in the Fund increased by 1.16% while the value of the FTSE All-Share Index rose by 0.28%.

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

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

<b>Fund Particulars</b> as at 16 January 2024				
	Retail Income	Retail Accumulation	Retail B Income	Retail B Accumulation
Price	62.83p xd	148.30p	72.21p xd	170.70p
Distribution payable (on 15 March 2024) per share net	1.211604p	2.802216p	1.392696p	3.220321p
Current net estimated yield	4.11%	3.99%	4.10%	3.98%
Annual ACD charge	1.50%	1.50%	0.60%	0.60%

	Institutional Income	Institutional A Accumulation	Income C	Accumulation C
Price	71.5p xd	161.20p	68.86p xd	160.30p
Distribution payable (on 15 March 2024) per share net	1.375513p	3.025225p	1.327018p	3.018904p
Current net estimated yield	4.08%	3.96%	4.09%	3.97%
Annual ACD charge	0.00%	0.75%	0.80%	0.80%

## Portfolio Statement

as at 15 January 2024

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>Oil &amp; Gas - 13.89% (14.56%)</b>			
BP	3,041,891	13,778	5.55
Shell	841,180	20,693	8.34
<b>Total Oil &amp; Gas</b>		<b>34,471</b>	<b>13.89</b>
<b>Basic Materials - 8.07% (9.15%)</b>			
Antofagasta	325,308	5,283	2.13
BHP Group	141,812	3,481	1.40
Rio Tinto	171,117	9,307	3.75
Victrex	138,236	1,948	0.79
<b>Total Basic Materials</b>		<b>20,019</b>	<b>8.07</b>
<b>Industrials - 19.64% (17.39%)</b>			
BAE Systems	770,045	9,071	3.66
Chemring Group	826,943	2,857	1.15
Coats Group	3,216,759	2,265	0.91
DCC (London listed)	60,965	3,436	1.38
Ferguson NewCo	35,417	5,139	2.07
Hays	1,844,318	1,850	0.75
Ibstock	1,721,557	2,462	0.99
Intertek Group	124,092	5,367	2.16
QinetiQ	1,355,410	4,310	1.74
Rentokil Initial	1,358,538	5,699	2.30
Smurfit Kappa Group	110,760	3,338	1.34
Volution Group	713,164	2,947	1.19
<b>Total Industrials</b>		<b>48,741</b>	<b>19.64</b>
<b>Consumer Goods - 15.41% (12.46%)</b>			
Barratt Developments	863,745	4,683	1.89
Britvic	299,887	2,557	1.03
Diageo	136,641	3,831	1.54
Imperial Brands	278,877	5,302	2.14
Taylor Wimpey	3,703,910	5,356	2.16
Tate & Lyle	652,515	4,088	1.65
Unilever	138,228	5,275	2.12
Tesco	2,376,389	7,141	2.88
<b>Total Consumer Goods</b>		<b>38,233</b>	<b>15.41</b>
<b>Healthcare - 10.38% (10.09%)</b>			
AstraZeneca	104,593	11,350	4.57
GSK	767,313	12,124	4.89
Hikma Pharmaceuticals	117,675	2,275	0.92
<b>Total Healthcare</b>		<b>25,749</b>	<b>10.38</b>

## Portfolio Statement

as at 15 January 2024

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>Consumer Services - 7.63% (8.87%)</b>			
Compass Group	400,003	8,756	3.53
Moneysupermarket.com	1,186,628	3,180	1.28
Next	82,398	6,991	2.82
<b>Total Consumer Services</b>		<b>18,927</b>	<b>7.63</b>
<b>Telecommunications - 0.00% (0.86%)</b>			
<b>Utilities - 3.80% (4.36%)</b>			
Drax Group	695,553	3,706	1.49
SSE	320,396	5,733	2.31
<b>Total Utilities</b>		<b>9,439</b>	<b>3.80</b>
<b>Financials - 14.92% (18.43%)</b>			
Barclays	4,378,082	6,347	2.56
+HSBC Holdings (London listed)	1,665,238	9,930	4.00
IG Group	742,311	5,753	2.32
NatWest Group	2,134,558	4,527	1.82
Phoenix Group Holdings	923,551	4,738	1.91
Prudential	703,920	5,741	2.31
<b>Total Financials</b>		<b>37,036</b>	<b>14.92</b>
<b>Technology - 5.49% (2.41%)</b>			
FDM Group	275,888	1,214	0.49
Rightmove	982,112	5,541	2.23
Sage Group	592,222	6,861	2.77
<b>Total Technology</b>		<b>13,616</b>	<b>5.49</b>
<b>Futures - 0.00% (0.04%)</b>			
ICF FTSE 100 Index Future March 2024	28	2	0.00
<b>Total Futures</b>		<b>2</b>	<b>0.00</b>
<b>Portfolio of investments</b>		<b>246,233</b>	<b>99.23</b>
<b>Net other assets</b>		<b>1,919</b>	<b>0.77</b>
<b>Net assets</b>		<b>248,152</b>	<b>100.00</b>

+Investment managed by the ACD/HSBC Group

Figures in brackets denote the comparative percentage holdings as at 15 January 2023.

Unless otherwise stated, all investments are listed equities.

The counterparty for future is HSBC.

The fund does not hold investments in other funds available within the OEIC.

## Comparative Tables

for the year ended 15 January 2024

<b>Retail Income</b>			
<b>Change in net assets per share</b>	<b>15.1.24</b>	<b>15.1.23</b>	<b>15.1.22</b>
Opening net asset value per share	65.46p	65.27p	59.51p
Return before operating charges*	1.07p	3.88p	8.94p
Operating charges**	(0.97p)	(0.96p)	(0.96p)
Return after operating charges*	0.10p	2.92p	7.98p
Distributions on income shares	(2.58p)	(2.73p)	(2.22p)
Closing net asset value per share	62.98p	65.46p	65.27p
*after direct transaction costs of:***	0.04p	0.07p	0.06p
<b>Performance</b>			
Return after charges	0.15%	4.47%	13.41%
<b>Other information</b>			
Closing net asset value	£3,194,058	£3,600,154	£3,816,308
Closing number of shares	5,071,300	5,499,436	5,846,696
Operating charges - OCF+	1.53%	1.53%	1.53%
Direct transaction costs	0.07%	0.12%	0.09%
<b>Prices</b>			
Highest share price	67.14p	66.67p	66.80p
Lowest share price	60.10p	57.28p	56.45p

<b>Retail Accumulation</b>			
<b>Change in net assets per share</b>	<b>15.1.24</b>	<b>15.1.23</b>	<b>15.1.22</b>
Opening net asset value per share	148.30p	141.60p	124.70p
Return before operating charges*	2.63p	8.81p	18.92p
Operating charges**	(2.23p)	(2.11p)	(2.02p)
Return after operating charges*	0.40p	6.70p	16.90p
Distributions on accumulation shares	(5.91p)	(5.98p)	(4.69p)
Retained distributions on accumulation shares	5.91p	5.98p	4.69p
Closing net asset value per share	148.70p	148.30p	141.60p
*after direct transaction costs of:***	0.10p	0.16p	0.12p
<b>Performance</b>			
Return after charges	0.27%	4.73%	13.55%
<b>Other information</b>			
Closing net asset value	£1,737,601	£1,809,718	£1,828,845
Closing number of shares	1,168,570	1,220,204	1,291,187
Operating charges - OCF+	1.53%	1.53%	1.53%
Direct transaction costs	0.07%	0.12%	0.09%
<b>Prices</b>			
Highest share price	152.10p	148.20p	142.20p
Lowest share price	137.80p	127.30p	118.30p

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

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

+The ACD has announced that, with effect from 28 March 2024, the fees of the administrator and related services will be applied to these share classes. The OCF figures shown here are calculated as at 15 January 2024 and therefore do not reflect this change.

## Comparative Tables

for the year ended 15 January 2024

<b>Retail B Income</b>			
Change in net assets per share	<b>15.1.24</b>	<b>15.1.23</b>	<b>15.1.22</b>
Opening net asset value per share	74.55p	73.66p	66.55p
Return before operating charges*	1.25p	4.44p	10.03p
Operating charges**	(0.46p)	(0.45p)	(0.42p)
Return after operating charges*	0.79p	3.99p	9.61p
Distributions on income shares	(2.96p)	(3.10p)	(2.50p)
Closing net asset value per share	72.38p	74.55p	73.66p
*after direct transaction costs of:***	0.05p	0.08p	0.07p
<b>Performance</b>			
Return after charges	1.06%	5.42%	14.44%
<b>Other information</b>			
Closing net asset value	£57,392,597	£65,469,455	£71,193,163
Closing number of shares	79,289,825	87,816,676	96,650,371
Operating charges - OCF	0.60%	0.60%	0.60%
Direct transaction costs	0.07%	0.12%	0.09%
<b>Prices</b>			
Highest share price	76.52p	75.92p	75.38p
Lowest share price	68.94p	65.07p	63.15p

<b>Retail B Accumulation</b>			
Change in net assets per share	<b>15.1.24</b>	<b>15.1.23</b>	<b>15.1.22</b>
Opening net asset value per share	169.10p	160.00p	139.70p
Return before operating charges*	3.05p	10.09p	21.19p
Operating charges**	(1.05p)	(0.99p)	(0.89p)
Return after operating charges*	2.00p	(9.10p)	20.30p
Distributions on accumulation shares	(6.79p)	(6.81p)	(5.29p)
Retained distributions on accumulation shares	6.79p	6.81p	5.29p
Closing net asset value per share	171.10p	169.10p	160.00p
*after direct transaction costs of:***	0.11p	0.18p	0.14p
<b>Performance</b>			
Return after charges	1.18%	5.69%	14.53%
<b>Other information</b>			
Closing net asset value	£2,900,078	£3,073,879	£3,096,322
Closing number of shares	1,695,087	1,817,839	1,935,019
Operating charges - OCF	0.60%	0.60%	0.60%
Direct transaction costs	0.07%	0.12%	0.09%
<b>Prices</b>			
Highest share price	173.70p	168.90p	160.60p
Lowest share price	157.80p	144.80p	132.50p

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

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

## Comparative Tables

for the year ended 15 January 2024

<b>Institutional Income</b>			
Change in net assets per share	<b>15.1.24</b>	<b>15.1.23</b>	<b>15.1.22</b>
Opening net asset value per share	73.38p	72.05p	64.73p
Return before operating charges*	1.23p	4.37p	9.77p
Operating charges**	(0.01p)	(0.01p)	(0.01p)
Return after operating charges*	1.22p	4.36p	9.76p
Distributions on income shares	(2.92p)	(3.03p)	(2.44p)
Closing net asset value per share	71.68p	73.38p	72.05p
*after direct transaction costs of:***	0.05p	0.08p	0.06p
<b>Performance</b>			
Return after charges	1.66%	6.05%	15.08%
<b>Other information</b>			
Closing net asset value	£12,703,448	£15,532,474	£1,028,127
Closing number of shares	17,723,514	21,168,271	1,426,867
Operating charges - OCF+	0.02%	0.02%	0.02%
Direct transaction costs	0.07%	0.12%	0.09%
<b>Prices</b>			
Highest share price	75.14p	74.72p	73.74p
Lowest share price	68.18p	63.94p	61.42p

<b>Institutional Accumulation#</b>			
Change in net assets per share	<b>15.1.24</b>	<b>15.1.23</b>	<b>15.1.22</b>
Opening net asset value per share	N/A	74.61p	68.62p
Return before operating charges*	N/A	(0.48p)	6.00p
Operating charges**	N/A	-	(0.01p)
Return after operating charges*	N/A	(0.48p)	5.99p
Distributions on accumulation shares	N/A	-	(1.70p)
Retained distributions on accumulation shares	N/A	-	1.70p
Cancellation price	N/A	(74.13p)	-
Closing net asset value per share	N/A	0.00p	74.61p
*after direct transaction costs of:***	N/A	0.08p	0.07p
<b>Performance</b>			
Return after charges	N/A	(0.64)%	8.73%
<b>Other information</b>			
Closing net asset value	N/A	N/A	£64,111
Closing number of shares	N/A	N/A	85,931
Operating charges - OCF+	N/A	N/A	0.02%
Direct transaction costs	N/A	N/A	0.09%
<b>Prices</b>			
Highest share price	N/A	75.40p	74.90p
Lowest share price	N/A	68.49p	66.05p

#The Institutional Accumulation share class launched on 4 May 2021 and closed on 14 April 2022.

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

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

+The ACD has announced that, with effect from 28 March 2024, the fees of the administrator and related services will be applied to these share classes. The OCF figures shown here are calculated as at 15 January 2024 and therefore do not reflect this change.

## Comparative Tables

for the year ended 15 January 2024

<b>Institutional A Accumulation</b>	<b>15.1.24</b>	<b>15.1.23</b>	<b>15.1.22</b>
Change in net assets per share			
Opening net asset value per share	160.00p	151.60p	132.50p
Return before operating charges*	2.83p	9.55p	20.20p
Operating charges**	(1.23p)	(1.15p)	(1.10p)
Return after operating charges*	1.60p	8.40p	19.10p
Distributions on accumulation shares	(6.39p)	(6.42p)	(5.01p)
Retained distributions on accumulation shares	6.39p	6.42p	5.01p
Closing net asset value per share	161.60p	160.00p	151.60p
*after direct transaction costs of:***	0.10p	0.17p	0.13p
<b>Performance</b>			
Return after charges	1.00%	5.54%	14.42%
<b>Other information</b>			
Closing net asset value	£1,839,859	£1,798,058	£2,428,401
Closing number of shares	1,138,706	1,124,067	1,601,571
Operating charges - OCF+	0.78%	0.78%	0.78%
Direct transaction costs	0.07%	0.12%	0.09%
<b>Prices</b>			
Highest share price	163.70p	159.80p	152.20p
Lowest share price	149.10p	137.00p	125.70p

<b>Income C</b>	<b>15.1.24</b>	<b>15.1.23</b>	<b>15.1.22</b>
Change in net assets per share			
Opening net asset value per share	71.22p	70.51p	63.84p
Return before operating charges*	1.19p	4.23p	9.61p
Operating charges**	(0.58p)	(0.57p)	(0.56p)
Return after operating charges*	0.61p	3.66p	9.05p
Distributions on income shares	(2.82p)	(2.95p)	(2.38p)
Closing net asset value per share	69.01p	71.22p	70.51p
*after direct transaction costs of:***	0.05p	0.08p	0.06p
<b>Performance</b>			
Return after charges	0.86%	5.19%	14.18%
<b>Other information</b>			
Closing net asset value	£118,264,565	£134,065,882	£145,470,165
Closing number of shares	171,382,199	188,242,643	206,306,269
Operating charges - OCF+	0.83%	0.83%	0.83%
Direct transaction costs	0.07%	0.12%	0.09%
<b>Prices</b>			
Highest share price	73.10p	72.54p	72.17p
Lowest share price	65.77p	62.21p	60.58p

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

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

+The ACD has announced that, with effect from 28 March 2024, the fees of the administrator and related services will be applied to these share classes. The OCF figures shown here are calculated as at 15 January 2024 and therefore do not reflect this change.

## Comparative Tables

for the year ended 15 January 2024

<b>Accumulation C</b>	<b>15.1.24</b>	<b>15.1.23</b>	<b>15.1.22</b>
Change in net assets per share			
Opening net asset value per share	159.10p	150.90p	132.00p
Return before operating charges*	2.90p	9.42p	20.07p
Operating charges**	(1.30p)	(1.22p)	(1.17p)
Return after operating charges*	1.60p	8.20p	18.90p
Distributions on accumulation shares	(6.36p)	(6.39p)	(4.97p)
Retained distributions on accumulation shares	6.36p	6.39p	4.97p
Closing net asset value per share	160.70p	159.10p	150.90p
*after direct transaction costs of:***	0.10p	0.17p	0.13p
<b>Performance</b>			
Return after charges	1.01 %	5.43%	14.32%
<b>Other information</b>			
Closing net asset value	£50,120,094	£54,363,445	£55,575,456
Closing number of shares	31,196,649	34,162,457	36,825,950
Operating charges - OCF+	0.83%	0.83%	0.83%
Direct transaction costs	0.07%	0.12%	0.09%
<b>Prices</b>			
Highest share price	163.30p	159.00p	151.50p
Lowest share price	148.30p	136.30p	125.20p
<p>**The operating charges include all costs borne by the Fund, except for direct transaction costs.</p> <p>***The direct transaction costs are made up of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.</p> <p>+The ACD has announced that, with effect from 28 March 2024, the fees of the administrator and related services will be applied to these share classes. The OCF figures shown here are calculated as at 15 January 2024 and therefore do not reflect this change.</p>			



## Statement of Total Return

for the year ended 15 January 2024

	Notes	15.1.24		15.1.23	
		£'000	£'000	£'000	£'000
Income					
Net capital (losses)/gains	2		(6,723)		4,575
Revenue	3	10,748		11,536	
Expenses	4	(1,964)		(2,071)	
Net revenue before taxation		8,784		9,465	
Taxation	5	-		(5)	
Net revenue after taxation			8,784		9,460
Total return before distributions			2,061		14,035
Distributions	6		(10,670)		(11,454)
Change in net assets attributable to shareholders from investment activities			(8,609)		2,581

## Statement of Change in Net Assets Attributable to Shareholders

for the year ended 15 January 2024

	15.1.24		15.1.23	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		279,713		284,501
Amounts receivable on creation of shares	863		15,093	
Amounts payable on cancellation of shares	(26,123)		(25,055)	
		(25,260)		(9,962)
Dilution adjustment		11		89
Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above)		(8,609)		2,581
Retained distribution on accumulation shares		2,297		2,504
Closing net assets attributable to shareholders		248,152		279,713

## Balance Sheet

as at 15 January 2024

	Notes	15.1.24		15.1.23	
		£'000	£'000	£'000	£'000
<b>Assets</b>					
Investments			246,233		275,844
Current assets					
Debtors	8	5,783		7,209	
Cash and bank balances		697		1,434	
Total current assets			6,480		8,643
Total assets			252,713		284,487
<b>Liabilities</b>					
Creditors					
Distribution payable on income shares		(3,684)		(4,217)	
Other creditors	9	(877)		(557)	
Total liabilities			(4,561)		(4,774)
Net assets attributable to shareholders			248,152		279,713

**Distribution Tables (pence per share)**

for the year ended 15 January 2024

Group 1: Shares purchased prior to 16 July 2023				
Group 2: Shares purchased from 16 July 2023 to 15 January 2024				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution payable 15.3.24</i>	<i>Distribution paid 15.3.23</i>
<b>Retail Income</b>				
Group 1	1.211604	-	1.211604	1.265237
Group 2	0.590294	0.621310	1.211604	1.265237
<b>Retail Accumulation</b>				
Group 1	2.802216	-	2.802216	2.810828
Group 2	2.149650	0.652566	2.802216	2.810828
<b>Retail B Income</b>				
Group 1	1.392696	-	1.392696	1.439169
Group 2	0.000000	1.392696	1.392696	1.439169
<b>Retail B Accumulation</b>				
Group 1	3.220321	-	3.220321	3.197978
Group 2	1.137328	2.082993	3.220321	3.197978
<b>Institutional Income</b>				
Group 1	1.375513	-	1.375513	1.414034
Group 2	0.929813	0.445700	1.375513	1.414034
<b>Institutional A Accumulation</b>				
Group 1	3.025225	-	3.025225	3.021449
Group 2	1.818091	1.207134	3.025225	3.021449
<b>Income C</b>				
Group 1	1.327018	-	1.327018	1.372770
Group 2	0.654125	0.672893	1.327018	1.372770
<b>Accumulation C</b>				
Group 1	3.018904	-	3.018904	2.999940
Group 2	1.348650	1.670254	3.018904	2.999940

**Distribution Tables (pence per share)**

for the year ended 15 January 2024

Group 1: Shares purchased prior to 16 January 2023				
Group 2: Shares purchased from 16 January 2023 to 15 July 2023				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 15.9.23</i>	<i>Distribution paid 15.9.22</i>
<b>Retail Income</b>				
Group 1	1.370000	-	1.370000	1.460000
Group 2	0.810000	0.560000	1.370000	1.460000
<b>Retail Accumulation</b>				
Group 1	3.110000	-	3.110000	3.170000
Group 2	1.310000	1.800000	3.110000	3.170000
<b>Retail B Income</b>				
Group 1	1.570000	-	1.570000	1.660000
Group 2	0.700000	0.870000	1.570000	1.660000
<b>Retail B Accumulation</b>				
Group 1	3.570000	-	3.570000	3.610000
Group 2	0.610000	2.960000	3.570000	3.610000
<b>Institutional Income</b>				
Group 1	1.540000	-	1.540000	1.620000
Group 2	0.260000	1.280000	1.540000	1.620000
<b>Institutional A Accumulation</b>				
Group 1	3.360000	-	3.360000	3.400000
Group 2	1.530000	1.830000	3.360000	3.400000
<b>Income C</b>				
Group 1	1.490000	-	1.490000	1.580000
Group 2	0.940000	0.550000	1.490000	1.580000
<b>Accumulation C</b>				
Group 1	3.340000	-	3.340000	3.390000
Group 2	2.330000	1.010000	3.340000	3.390000

## Notes to the Financial Statements

for the year ended 15 January 2024

	15.1.24 £'000	15.1.23 £'000
<b>1. Accounting Policies</b>		
The accounting policies are set out on pages 10 and 11.		
<b>2. Net Capital (Losses)/Gains</b>		
The net capital (losses)/gains during the year comprise:		
Currency (losses)/gains	(1)	1
Capital special dividends	-	1,301
Losses on derivative contracts	(273)	(20)
(Losses)/gains on non-derivative securities	(6,449)	3,293
Net capital (losses)/gains	(6,723)	4,575
<b>3. Revenue</b>		
UK dividends (net)	10,035	10,126
Overseas dividends	603	1,372
Deposit interest	30	6
Bank interest	64	17
Rebate to control charge for Retail B classes	10	11
Stock dividends	6	4
Total revenue	10,748	11,536
<b>4. Expenses</b>		
Payable to the ACD, associates of the ACD, and agents of either of them:		
ACD's charge	1,886	1,994
Safe custody fee	5	4
	1,891	1,998
Payable to the Depositary, associates of the Depositary, and agents of either of them:		
Depositary fee	26	29
<b>Other expenses:</b>		
Audit fee	11	7
Report and accounts fee	4	4
Administration fee	32	33
	47	44
Total expenses	1,964	2,071

	15.1.24 £'000	15.1.23 £'000
<b>5. Taxation</b>		
a) Analysis of charge in year:		
Overseas tax	-	5
Total tax for the year (note 5b)	-	5
b) Factors affecting taxation charge for the year:		
The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an open-ended investment company (20%).		
The differences are explained below:		
Net revenue before taxation	8,784	9,465
Corporation tax at 20%	1,757	1,893
Effects of:		
Revenue not subject to taxation	(2,128)	(2,300)
Current year expenses not utilised	371	407
Irrecoverable overseas tax	-	5
Current tax charge for the year (note 5a)	-	5
c) Provision for deferred taxation		
At 15 January 2024, there is a potential deferred tax asset of £39,109,543 (15.1.23 :£38,738,745) in relation to surplus management expenses. It is unlikely the Fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the year or prior year.		
<b>6. Distributions</b>		
The distributions take account of amounts received on the issue of shares and amounts deducted on the cancellation of shares, and comprise:		
Interim dividend distribution	5,614	6,064
Final dividend distribution	4,747	5,368
	10,361	11,432
Add: Amounts deducted on cancellation of shares	316	302
Deduct: Amounts received on issue of shares	(7)	(280)
Net distribution for the year	10,670	11,454
<b>7. Movement Between Net Revenue and Distributions</b>		
Net revenue after taxation	8,784	9,460
ACD's charge charged to capital	1,886	1,994
Net distribution for the year	10,670	11,454
<b>8. Debtors</b>		
Amounts receivable for creation of shares	-	34
Sales awaiting settlement	5,029	5,623
Accrued revenue	271	599
Overseas tax recoverable	483	953
Total debtors	5,783	7,209
<b>9. Other Creditors</b>		
Amounts payable for cancellation of shares	623	458
Accrued expenses	254	99
Total other creditors	877	557

**10. Reconciliation of Shares**

	<i>Retail Income</i>	<i>Retail Accumulation</i>	<i>Retail B Income</i>	<i>Retail B Accumulation</i>
Opening shares issued at 16.1.23	5,499,436	1,220,204	87,816,676	1,817,839
<b>Share movements 16.1.23 to 15.1.24</b>				
Shares issued	225,060	59,917	5,897	22,543
Shares cancelled	(653,196)	(111,551)	(8,425,093)	(145,295)
Shares converted	-	-	(107,655)	-
Closing shares issued at 15.1.24	5,071,300	1,168,570	79,289,825	1,695,087

  

	<i>Institutional Income</i>	<i>Institutional A Accumulation</i>	<i>Income C</i>	<i>Accumulation C</i>
Opening shares issued at 16.1.23	21,168,271	1,124,067	188,242,643	34,162,457
<b>Share movements 16.1.23 to 15.1.24</b>				
Shares issued	3	13,635	483,711	146,567
Shares cancelled	(2,785,937)	(91,862)	(18,139,068)	(3,019,053)
Shares converted	(658,823)	92,866	794,913	(93,322)
Closing shares issued at 15.1.24	17,723,514	1,138,706	171,382,199	31,196,649

**11. Ultimate Controlling Party and Related Party Transactions**

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

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

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

	<i>Retail Income</i>	<i>Retail Accumulation</i>	<i>Retail B Income</i>	<i>Retail B Accumulation</i>
	%	%	%	%
As at 15.1.24	-	-	97.47	15.35
As at 15.1.23	-	-	97.75	15.71

  

	<i>Institutional Income</i>	<i>Institutional A Accumulation</i>	<i>Income C</i>	<i>Accumulation C</i>
	%	%	%	%
As at 15.1.24	100.00	5.20	90.35	16.15
As at 15.1.23	96.76	5.27	90.71	16.31

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

The balance due to the ACD (including amounts due to associates and agents) at the year end was £861,498 (15.1.23: £509,581). Further details of such amounts can be found in notes 8 and 9.

At the year end, the Fund held £9,929,814 (15.1.23: £10,791,269) in Authorised Investment Funds managed by HSBC and/or HSBC Holdings, the parent company of the ACD. During the period, transactions in Authorised Investment Funds managed by HSBC and/or HSBC Holdings totalled £978,489 (15.1.23: £1,395,835).

Investments in funds managed by the ACD are disclosed in the Portfolio Statement.

## 12. Financial Instruments

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

### Foreign Currency Risk

Since a small portion of the net assets of the Fund are denominated in currencies other than sterling, no currency risk exposure has been prepared (15.1.23: same).

### Interest Rate Risk

At the year end, 0.28% (15.1.23: 0.51%) of the Fund's assets by value were interest-bearing.

Interest rates are based upon HSBC's proprietary rates, with the exception of the GBP debit rate which is linked to Bank of England rate.

## 13. Shareholders' Funds

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

The annual ACD charge on the retail share class is 1.50%, 0.60% on the retail B share class, nil on the institutional share class, 0.75% on the institutional A share class and 0.80% on the C share class.

The net asset value of the share class, the net asset value per share and the number of shares in each class are given in the Comparative Table on pages 36 to 40. The distribution per share class is given in the Distribution Tables on page 42 and 43. All share classes within the OEIC have the same rights on winding up.

## 14. Stock Lending Activities

With effect from 1 February 2022, the Fund has started undertaking stock lending transactions. Revenue earned from these activities is shown in note 3 and is net of bank and agents fees amounting to £1,962 (15.1.23 - £1,232) payable to HSBC Bank plc.

## 15. Financial Derivatives

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

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

The types of derivatives held at the year end were index futures.

Details of the individual contracts are shown on the Portfolio Statement on pages 34 and 35.

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

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

At 15 January 2024, there was no collateral held in respect of the above derivatives (15.1.23: nil).

## 16. Contingent Liabilities and Commitments

At the year end, the Fund had no contingent liabilities or commitments (15.1.23: none).

**17. Portfolio Transaction Costs**

<b>For the year ended 15 January 2024</b>	<i>Purchases</i>	<i>Commissions</i>		<i>Taxes</i>		<i>Other Expenses</i>	
	<i>£'000</i>	<i>£'000</i>	<i>%</i>	<i>£'000</i>	<i>%</i>	<i>£'000</i>	<i>%</i>
<b>Analysis of total purchases costs</b>							
Equity transactions	29,810	8	0.03	149	0.50	-	-
Transaction costs	157						
Total purchases after commission, tax and fees	29,967						
	<i>Sales</i>	<i>Commissions</i>		<i>Taxes</i>		<i>Other Expenses</i>	
	<i>£'000</i>	<i>£'000</i>	<i>%</i>	<i>£'000</i>	<i>%</i>	<i>£'000</i>	<i>%</i>
<b>Analysis of total sales costs</b>							
Equity transactions	53,023	13	0.02	-	-	-	-
Total sales before transaction costs	53,023	13		-		-	
Transaction costs	(13)						
Total sales after commission, tax and fees	53,010						

The Fund had paid £1,012 as commission on purchases and sales derivative transactions for the year ended 15.1.24

Commissions, taxes and fees as % of average net assets:

Commissions 0.01%

Taxes 0.06%

Other expenses 0.00%

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

<b>For the year ended 15 January 2023</b>	<i>Purchases</i>	<i>Commissions</i>		<i>Taxes</i>		<i>Other Expenses</i>	
	<i>£'000</i>	<i>£'000</i>	<i>%</i>	<i>£'000</i>	<i>%</i>	<i>£'000</i>	<i>%</i>
<b>Analysis of total purchases costs</b>							
Equity transactions	55,188	13	0.02	167	0.30	108	0.20
Transaction costs	288						
Total purchases after commission, tax and fees	55,476						
	<i>Sales</i>	<i>Commissions</i>		<i>Taxes</i>		<i>Other Expenses</i>	
	<i>£'000</i>	<i>£'000</i>	<i>%</i>	<i>£'000</i>	<i>%</i>	<i>£'000</i>	<i>%</i>
<b>Analysis of total sales costs</b>							
Equity transactions	68,323	17	0.02	-	-	-	-
Total sales before transaction costs	68,323	17		-		-	
Transaction costs	(17)						
Total sales after commission, tax and fees	68,306						

The Fund had paid £1,471 as commission on purchases and sales derivative transactions for the year ended 15.1.23.

Commissions, taxes and fees as % of average net assets:

Commissions 0.01%

Taxes 0.07%

Other expenses 0.04%

At the balance sheet date the portfolio dealing spread was 0.04%, being the difference between the respective bid and offer prices for the Fund's investments.



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

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

**Direct transaction costs: Broker commissions, fees and taxes.**

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

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

## 18. Fair Value of Investments

FRS 102 requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following classifications:

Level 1: unadjusted quoted prices in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3: inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

### For the year ended 15 January 2024

Category	1	2	3	Total
	£'000	£'000	£'000	£'000
Investment Assets				
Equities	246,231	-	-	246,231
Derivatives	2	-	-	2
	246,233	-	-	246,233

### For the year ended 15 January 2023

Category	1	2	3	Total
	£'000	£'000	£'000	£'000
Investment Assets				
Equities	275,722	-	-	275,722
Derivatives	122	-	-	122
	275,844	-	-	275,844

## 19. Sensitivity Analysis

### Price risk sensitivity:

If the price of investments at 15 January 2024 had increased or decreased by 10% with all other variables held constant, this would have increased or decreased the net assets attributable to shareholders by £24,623,260 (15.1.23: £27,584,360).

### Currency risk sensitivity:

At the balance sheet date, the Fund did not have a significant exposure to non-Sterling currency, therefore no sensitivity analysis is disclosed (15.1.23: no significant exposure).

### Interest rate risk sensitivity:

At the balance sheet date, the Fund did not have a significant exposure to interest rate risk, therefore no sensitivity analysis is disclosed (15.1.23: no significant exposure).

# Income

## Investment Objective

The Fund aims to provide income together with growth in the long term, which is a period of five years or more. The Fund intends to provide a level of income consistent with the Investment Association UK Equity Income sector.

## Investment Policy

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

The Fund may invest up to 20% of its value in other assets, such as shares of non-UK companies and cash. The Fund may invest up to 10% of its value in other funds, which may be managed by the HSBC Group. The Fund will typically invest in the shares of 40 to 70 companies.

The Fund may invest in different types of derivatives for efficient portfolio management purposes, including hedging. The Fund does not currently use derivatives to reduce the risk of movements in the rate of exchange between sterling and other currencies in which the Fund's assets may be held. The use of derivatives will be consistent with the risk profile of the Fund.

## Investment Strategy\*

The Fund is actively managed and is managed with reference to the FTSE All-Share Index.

The level of risk the Fund may take is considered relative to the FTSE All-Share Index as part of the portfolio construction process, which means the Fund returns are more likely to be closer to the returns of the FTSE All-Share Index than if there were no limits on the level of risk the Fund may take.

The FTSE All-Share Index is also considered as part of our investment risk monitoring process, to check that the overall level of risk taken by the fund manager is not inconsistent with the UK equities market.

To be consistent with the definition of the Investment Association UK Equity Income sector the Fund intends to provide income above 100% of the income level of the FTSE All-Share Index over three-year periods and above 90% over one-year periods.

The performance of the Fund is therefore shown against the performance of the FTSE All-Share Index.

\*The full strategy can be found in the prospectus.

## Portfolio Activity

At sector level, stock selection was positive in the period. Positive performance came from selection in Basic Materials and Consumer Discretionary, while negative stock selection came from Industrials and Financials.

Consumer Discretionary security, Taylor Wimpey is the top contributor with total effect 0.86%. Additionally, Industrials security, BAE Systems was the second largest contributor with total effect 0.68%. Lastly, Industrials security, Ferguson also contributed with total effect 0.64%.

On the other side, detractors included Industrials security Drax Group with total effect -0.67%, Consumer Staples holding, Imperial Brands with total effect -0.43%, and Financials holding, NatWest Group with total effect -0.39%.

During this period, positions were initiated in Taylor Wimpey and Cherming Group, and closed in Bunzl and Persimmon.

Sector allocation effects are residual to stock selection. At sector level, effects were positive, given an overweight exposure to Industrials.

### Investment Performance

During the year under review, the value of the shares in the Fund increased by 1.91% while the value of the FTSE All-Share Index rose by 0.28%. For information on comparative yields please refer to The Investment Association's website (<https://www.theia.org/industry-data/fund-sectors/equity-income-yields>).

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

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

<b>Fund Particulars</b> as at 16 January 2024				
	Retail Income	Retail Accumulation	Income C	Accumulation C
Price	287.4p xd	731.5p	316.5p xd	792.4p
Distribution payable (on 15 March 2024) per share net	5.837420p	14.573009p	6.414164p	15.741461p
Current net estimated yield	4.31%	4.17%	4.29%	4.15%
Annual ACD charge	1.50%	1.50%	0.80%	0.80%

## Portfolio Statement

as at 15 January 2024

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>Oil &amp; Gas - 14.29% (15.17%)</b>			
BP	1,417,335	6,420	5.89
Shell	372,308	9,159	8.40
<b>Total Oil &amp; Gas</b>		<b>15,579</b>	<b>14.29</b>
<b>Basic Materials - 9.13% (9.92%)</b>			
Antofagasta	111,804	1,816	1.67
BHP Group	88,389	2,170	1.99
Rio Tinto	90,572	4,926	4.52
Victrex	73,655	1,038	0.95
<b>Total Basic Materials</b>		<b>9,950</b>	<b>9.13</b>
<b>Industrials - 16.94% (15.74%)</b>			
BAE Systems	430,590	5,072	4.65
Chemring Group	162,182	560	0.51
Coats Group	1,421,659	1,001	0.92
DCC (London listed)	27,156	1,530	1.40
Ferguson NewCo	14,679	2,130	1.96
Hays	796,114	798	0.73
Ibstock	754,695	1,079	0.99
Intertek Group	49,472	2,140	1.96
Rentokil Initial	551,346	2,313	2.12
Smurfit Kappa Group	46,497	1,401	1.29
Volution Group	107,340	444	0.41
<b>Total Industrials</b>		<b>18,468</b>	<b>16.94</b>
<b>Consumer Goods - 14.86% (12.76%)</b>			
Barratt Developments	451,976	2,451	2.25
Britvic	130,760	1,115	1.02
Diageo	70,198	1,968	1.80
Imperial Brands	164,360	3,124	2.87
Tate & Lyle	284,594	1,783	1.64
Taylor Wimpey	2,225,917	3,219	2.95
Unilever	66,662	2,544	2.33
<b>Total Consumer Goods</b>		<b>16,204</b>	<b>14.86</b>
<b>Healthcare - 11.17% (11.27%)</b>			
AstraZeneca	47,889	5,197	4.77
GSK	378,984	5,988	5.49
Hikma Pharmaceuticals	51,323	992	0.91
<b>Total Healthcare</b>		<b>12,177</b>	<b>11.17</b>
<b>Consumer Services - 10.13% (8.66%)</b>			
Compass Group	181,495	3,973	3.64
Moneysupermarket.com	343,894	922	0.85
Next	35,643	3,024	2.77
Tesco	1,041,774	3,131	2.87
<b>Total Consumer Services</b>		<b>11,050</b>	<b>10.13</b>

## Portfolio Statement

as at 15 January 2024

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>Telecommunications - 0.70% (1.00%)</b>			
Vodafone Group	1,131,741	760	0.70
<b>Total Telecommunications</b>		<b>760</b>	<b>0.70</b>
<b>Utilities - 3.69% (4.27%)</b>			
Drax Group	297,820	1,587	1.46
SSE	135,944	2,433	2.23
<b>Total Utilities</b>		<b>4,020</b>	<b>3.69</b>
<b>Financials - 15.57% (18.62%)</b>			
Barclays	1,964,560	2,848	2.61
+HSBC Holdings (London listed)	853,846	5,091	4.67
IG Group	314,497	2,437	2.23
NatWest Group	999,262	2,119	1.94
Phoenix Group Holdings	490,572	2,517	2.31
Prudential	241,420	1,969	1.81
<b>Total Financials</b>		<b>16,981</b>	<b>15.57</b>
<b>Technology - 2.77% (1.50%)</b>			
FDM Group	120,558	530	0.49
Sage Group	214,842	2,489	2.28
<b>Total Technology</b>		<b>3,019</b>	<b>2.77</b>
<b>Futures - (0.01%) (0.05%)</b>			
ICF FTSE 100 Index Future March 2024	11	(7)	(0.01)
<b>Total Futures</b>		<b>(7)</b>	<b>(0.01)</b>
<b>Portfolio of investments</b>		<b>108,201</b>	<b>99.24</b>
<b>Net other assets</b>		<b>824</b>	<b>0.76</b>
<b>Net assets</b>		<b>109,025</b>	<b>100.00</b>

+Funds managed by the ACD/HSBC Group

Figures in brackets denote the comparative percentage holdings as at 15 January 2023.

Unless otherwise stated, all investments are listed securities.

The counterparty for futures is HSBC.

The fund does not hold investments in other funds available within the OEIC.

## Comparative Tables

for the year ended 15 January 2024

<b>Retail Income</b>	<b>15.1.24</b>	<b>15.1.23</b>	<b>15.1.22</b>
Change in net assets per share			
Opening net asset value per share	297.80p	294.20p	267.30p
Return before operating charges*	7.04p	20.65p	41.69p
Operating charges**	(4.46p)	(4.38p)	(4.30p)
Return after operating charges*	2.58p	16.27p	37.39p
Distributions on income shares	(12.38p)	(12.67p)	(10.49p)
Closing net asset value per share	288.00p	297.80p	294.20p
*after direct transaction costs of:***	0.18p	0.28p	0.26p
<b>Performance</b>			
Return after charges	0.87%	5.53%	13.99%
<b>Other information</b>			
Closing net asset value	£611,832	£772,682	£845,142
Closing number of shares	212,474	259,486	287,295
Operating charges - OCF+	1.54%	1.53%	1.54%
Direct transaction costs	0.06%	0.10%	0.09%
<b>Prices</b>			
Highest share price	305.90p	303.60p	300.90p
Lowest share price	274.70p	260.80p	253.40p

<b>Retail Accumulation</b>	<b>15.1.24</b>	<b>15.1.23</b>	<b>15.1.22</b>
Change in net assets per share			
Opening net asset value per share	725.80p	686.00p	600.90p
Return before operating charges*	18.10p	50.12p	94.87p
Operating charges**	(11.00p)	(10.32p)	(9.77p)
Return after operating charges*	7.10p	39.80p	85.10p
Distributions on accumulation shares	(30.50p)	(29.88p)	(23.80p)
Retained distributions on accumulation shares	30.50p	29.88p	23.80p
Closing net asset value per share	732.90p	725.80p	686.00p
*after direct transaction costs of:***	0.44p	0.65p	0.59p
<b>Performance</b>			
Return after charges	0.98%	5.80%	14.16%
<b>Other information</b>			
Closing net asset value	£14,508	£18,409	£21,508
Closing number of shares	1,980	2,537	3,135
Operating charges - OCF+	1.54%	1.53%	1.54%
Direct transaction costs	0.06%	0.10%	0.09%
<b>Prices</b>			
Highest share price	745.50p	725.90p	687.90p
Lowest share price	675.20p	623.60p	569.80p

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

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

+The ACD has announced that, with effect from 28 March 2024, the fees of the administrator and related services will be applied to these share classes. The OCF figures shown here are calculated as at 15 January 2024 and therefore do not reflect this change.

## Comparative Tables

for the year ended 15 January 2024

<b>Income C</b>	<b>15.1.24</b>	<b>15.1.23</b>	<b>15.1.22</b>
<b>Change in net assets per share</b>			
Opening net asset value per share	325.60p	319.40p	288.10p
Return before operating charges*	7.74p	22.58p	45.18p
Operating charges**	(2.67p)	(2.59p)	(2.54p)
Return after operating charges*	5.07p	19.99p	42.64p
Distributions on income shares	(13.57p)	(13.79p)	(11.34p)
Closing net asset value per share	317.10p	325.60p	319.40p
*after direct transaction costs of:***	0.20p	0.30p	0.28p
<b>Performance</b>			
Return after charges	1.56%	6.26%	14.80%
<b>Other information</b>			
Closing net asset value	£85,152,677	£96,808,405	£104,166,753
Closing number of shares	26,855,303	29,735,499	32,617,851
Operating charges - OCF+	0.84%	0.83%	0.84%
Direct transaction costs	0.06%	0.10%	0.09%
<b>Prices</b>			
Highest share price	334.60p	331.90p	326.60p
Lowest share price	301.60p	284.60p	273.30p

<b>Accumulation C</b>	<b>15.1.24</b>	<b>15.1.23</b>	<b>15.1.22</b>
<b>Change in net assets per share</b>			
Opening net asset value per share	780.70p	732.80p	637.40p
Return before operating charges*	19.68p	53.91p	101.07p
Operating charges**	(6.48p)	(6.01p)	(5.67p)
Return after operating charges*	13.20p	47.90p	95.40p
Distributions on accumulation shares	(32.91p)	(32.01p)	(25.33p)
Retained distributions on accumulation shares	32.91p	32.01p	25.33p
Closing net asset value per share	793.90p	780.70p	732.80p
*after direct transaction costs of:***	0.48p	0.70p	0.63p
<b>Performance</b>			
Return after charges	1.69%	6.54%	14.97%
<b>Other information</b>			
Closing net asset value	£23,246,004	£24,674,362	£30,025,768
Closing number of shares	2,927,934	3,160,511	4,097,527
Operating charges - OCF+	0.84%	0.83%	0.84%
Direct transaction costs	0.06%	0.10%	0.09%
<b>Prices</b>			
Highest share price	805.80p	780.80p	734.80p
Lowest share price	728.70p	669.60p	604.50p

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

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

+The ACD has announced that, with effect from 28 March 2024, the fees of the administrator and related services will be applied to these share classes. The OCF figures shown here are calculated as at 15 January 2024 and therefore do not reflect this change.

## Statement of Total Return

for the year ended 15 January 2024

		15.1.24		15.1.23	
	Notes	£'000	£'000	£'000	£'000
Income					
Net capital (losses)/gains	2		(2,349)		2,826
Revenue	3	4,944		5,521	
Expenses	4	(964)		(1,025)	
Net revenue before taxation		3,980		4,496	
Taxation	5	-		(2)	
Net revenue after taxation			3,980		4,494
Total return before distributions			1,631		7,320
Distributions	6		(4,900)		(5,478)
Change in net assets attributable to shareholders from investment activities			(3,269)		1,842

## Statement of Change in Net Assets Attributable to Shareholders

for the year ended 15 January 2024

		15.1.24		15.1.23	
		£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders			122,274		135,059
Amounts receivable on creation of shares		432		1,486	
Amounts payable on cancellation of shares		(11,399)		(17,162)	
			(10,967)		(15,676)
Dilution adjustment			6		14
Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above)			(3,269)		1,842
Retained distribution on accumulation shares			981		1,035
Closing net assets attributable to shareholders			109,025		122,274

## Balance Sheet

as at 15 January 2024

		15.1.24		15.1.23	
	Notes	£'000	£'000	£'000	£'000
<b>Assets</b>					
Investments			108,208		120,999
Current assets					
Debtors	8	2,413		2,294	
Cash and bank balances		350		1,183	
Total current assets			2,763		3,477
Total assets			110,971		124,476
<b>Liabilities</b>					
Investment liabilities			(7)		-
Creditors					
Distribution payable on income shares		(1,735)		(1,877)	
Other creditors	9	(204)		(325)	
Total creditors			(1,939)		(2,202)
Total liabilities			(1,946)		(2,202)
Net assets attributable to shareholders			109,025		122,274



**Distribution Tables (pence per share)**

for the year ended 15 January 2024

Group 1: Shares purchased prior to 16 July 2023				
Group 2: Shares purchased from 16 July 2023 to 15 January 2024				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution payable 15.3.24</i>	<i>Distribution paid 15.3.23</i>
<b>Retail Income</b>				
Group 1	5.837420	-	5.837420	5.746032
Group 2	2.982220	2.855200	5.837420	5.746032
<b>Retail Accumulation</b>				
Group 1	14.573009	-	14.573009	13.731249
Group 2	7.473276	7.099733	14.573009	13.731249
<b>Income C</b>				
Group 1	6.414164	-	6.414164	6.261252
Group 2	1.723480	4.690684	6.414164	6.261252
<b>Accumulation C</b>				
Group 1	15.741461	-	15.741461	14.736822
Group 2	5.233821	10.507640	15.741461	14.736822

  

Group 1: Shares purchased prior to 16 January 2023				
Group 2: Shares purchased from 16 January 2023 to 15 July 2023				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 15.9.23</i>	<i>Distribution paid 15.9.22</i>
<b>Retail Income</b>				
Group 1	6.540000	-	6.540000	6.920000
Group 2	3.740000	2.800000	6.540000	6.920000
<b>Retail Accumulation</b>				
Group 1	15.930000	-	15.930000	16.150000
Group 2	8.330000	7.600000	15.930000	16.150000
<b>Income C</b>				
Group 1	7.160000	-	7.160000	7.530000
Group 2	1.880000	5.280000	7.160000	7.530000
<b>Accumulation C</b>				
Group 1	17.170000	-	17.170000	17.270000
Group 2	8.470000	8.700000	17.170000	17.270000

## Notes to the Financial Statements

for the year ended 15 January 2024

	15.1.24 £'000	15.1.23 £'000
<b>1. Accounting Policies</b>		
The accounting policies are set out on pages 10 and 11.		
<b>2. Net Capital (Losses)/Gains</b>		
The net capital (losses)/gains during the year comprise:	-	600
(Losses)/gains on derivative contracts	(75)	47
(Losses)/gains on non-derivative securities	(2,274)	2,179
Net capital (losses)/gains	(2,349)	2,826
<b>3. Revenue</b>		
UK dividends (net)	4,612	4,839
Overseas dividends	288	671
Deposit interest	13	2
Bank interest	29	7
Stocklending income	2	2
Total revenue	4,944	5,521
<b>4. Expenses</b>		
Payable to the ACD, associates of the ACD, and agents of either of them:		
ACD's charge	920	984
Safe custody fee	5	2
	925	986
Payable to the Depositary, associates of the Depositary, and agents of either of them:		
Depositary fee	12	14
<b>Other expenses:</b>		
Audit fee	10	7
Report and accounts fee	2	2
Administration fee	15	16
	27	25
Total expenses	964	1,025

**15.1.24**                      15.1.23  
**£'000**                              £'000

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

Overseas tax	-	2
Total tax for the year (note 5b)	-	2

**b) Factors affecting taxation charge for the year:**

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

The differences are explained below:

Net revenue before taxation	<b>3,980</b>	4,496
Corporation tax at 20%	<b>796</b>	899
Effects of:		
Revenue not subject to taxation	<b>(980)</b>	(1,102)
Current year expenses not utilised	<b>184</b>	203
Irrecoverable overseas tax	-	2
Current tax charge for the year (note 5a)	-	2

**c) Provision for deferred taxation**

At 15 January 2024, there is a potential deferred tax asset of £23,403,475 (15.1.23 : £23,219,431) in relation to surplus management expenses. It is unlikely the Fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the year or prior year.

**6. Distributions**

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

Interim dividend distribution	<b>2,570</b>	2,924
Final dividend distribution	<b>2,196</b>	2,343
	<b>4,766</b>	5,267
Add: Amounts deducted on cancellation of shares	<b>141</b>	219
Deduct: Amounts received on issue of shares	<b>(7)</b>	(8)
Net distribution for the year	<b>4,900</b>	5,478

**7. Movement Between Net Revenue and Distributions**

Net revenue after taxation	<b>3,980</b>	4,494
ACD's charge charged to capital	<b>920</b>	984
Net distribution for the year	<b>4,900</b>	5,478

**8. Debtors**

Amounts receivable for creation of shares	<b>24</b>	-
Sales awaiting settlement	<b>2,238</b>	1,878
Accrued revenue	<b>141</b>	253
Overseas tax recoverable	<b>10</b>	163
Total debtors	<b>2,413</b>	2,294

**9. Other Creditors**

Amounts payable for cancellation of shares	<b>75</b>	271
Accrued expenses	<b>129</b>	54
Total other creditors	<b>204</b>	325

## 10. Reconciliation of Shares

	<i>Retail Income</i>	<i>Retail Accumulation</i>	<i>Income C</i>	<i>Accumulation C</i>
Opening shares issued at 16.1.23	259,486	2,537	29,735,499	3,160,511
<b>Share movements 16.1.23 to 15.1.24</b>				
Shares issued	10,757	3	36,273	38,006
Shares cancelled	(57,769)	(560)	(2,908,666)	(273,837)
Shares converted	-	-	(7,803)	3,254
Closing shares issued at 15.1.24	212,474	1,980	26,855,303	2,927,934

## 11. Ultimate Controlling Party and Related Party Transactions

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

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

	<i>Retail Income</i>	<i>Retail Accumulation</i>	<i>Income C</i>	<i>Accumulation C</i>
	%	%	%	%
As at 15.1.24	-	-	73.88	3.88
As at 15.1.23	-	-	74.31	3.96

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

The balance due to the ACD (including amounts due to associates and agents) at the year end was £168,545 (15.1.23: £315,213). Further details of such amounts can be found in notes 8 and 9.

At the year end, the Fund held £5,091,484 (15.1.23: £5,549,442) in Authorised Investment Funds managed by HSBC and/or HSBC Holdings, the parent company of the ACD. During the year, transactions in Authorised Investment Funds managed by HSBC and/or HSBC Holdings totalled £512,797 (15.1.23: £678,415).

Investments in related parties are disclosed in the Portfolio Statement.

## 12. Financial Instruments

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

### Foreign Currency Risk

Since a small portion of the net assets of the Fund are denominated in currencies other than sterling, no currency risk exposure has been prepared (15.1.23: same)

### Interest Rate Risk

At the year end, 0.32% (15.1.23: 0.97%) of the Fund's assets by value were interest-bearing. Interest rates are based upon HSBC's proprietary rates, with the exception of GBP debit rate which is linked to Bank of England rate.

## 13. Shareholders' Funds

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

The annual ACD charge on the retail share class is 1.50% and 0.80% on the C share class.

The net asset value of the share class, the net asset value per share and the number of shares in each class are given in the Comparative Tables on pages 54 and 55. The distribution per share class is given in the Distribution Tables on page 57. All share classes within the OEIC have the same rights on winding up.

## 14. Stock Lending Activities

With effect from 1 February 2022, the Fund has started undertaking stock lending transactions. Revenue earned from these activities is shown in note 3 and is net of bank and agents fees amounting to £655 (15.01.23 - £562) payable to HSBC Bank plc.

## 15. Financial Derivatives

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

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

The types of derivatives held at the year end were index futures.

Details of the individual contracts are shown on the Portfolio Statement on pages 52 and 53.

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

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

At 15 January 2024, there was no collateral held in respect of the above derivatives (15.1.23: none).

## 16. Contingent Liabilities and Commitments

At the year end, the Fund had no contingent liabilities or commitments (15.1.23: none).

## 17. Portfolio Transaction Costs

For the year ended 15 January 2024	Purchases	Commissions		Taxes		Other Expenses	
	£'000	£'000	%	£'000	%	£'000	%
Analysis of total purchases costs							
Equity transactions	12,244	3	0.02	61	0.50	-	-
Total purchases before transaction costs	12,244	3		61		-	
Transaction costs	64						
Total purchases after commission, tax and fees	12,308						
	Sales	Commissions		Taxes		Other Expenses	
	£'000	£'000	%	£'000	%	£'000	%
Analysis of total sales costs							
Equity transactions	22,769	6	0.03	-	-	-	-
Total sales before transaction costs	22,769	6		-		-	
Transaction costs	(6)						
Total sales after commission, tax and fees	22,763						

Commissions, taxes and fees as % of average net assets:

Commissions	0.01 %
-------------	--------

Taxes	0.05%
-------	-------

Other expenses	0.00%
----------------	-------

At the balance sheet date the portfolio dealing spread was 0.04%, being the difference between the respective bid and offer prices for the Fund's investments.

<b>For the year ended 15 January 2023</b>	<i>Purchases</i>	<i>Commissions</i>		<i>Taxes</i>		<i>Other Expenses</i>	
	<i>£'000</i>	<i>£'000</i>	<i>%</i>	<i>£'000</i>	<i>%</i>	<i>£'000</i>	<i>%</i>
<b>Analysis of total purchases costs</b>							
Equity transactions	19,194	5	0.03	47	0.24	49	0.26
Total purchases before transaction costs	19,194	5		47		49	
Transaction costs	101						
Total purchases after commission, tax and fees	19,295						
	<i>Sales</i>	<i>Commissions</i>		<i>Taxes</i>		<i>Other Expenses</i>	
	<i>£'000</i>	<i>£'000</i>	<i>%</i>	<i>£'000</i>	<i>%</i>	<i>£'000</i>	<i>%</i>
<b>Analysis of total sales costs</b>							
Equity transactions	36,392	9	0.02	-	-	-	-
Total sales before transaction costs	36,392	9		-		-	
Transaction costs	(9)						
Total sales after commission, tax and fees	36,383						

The Fund had paid £8,371 as commission on purchases and sales derivative transactions for the year ended 15.1.23.

Commissions, taxes and fees as % of average net assets:

Commissions	0.02%
Taxes	0.04%
Other expenses	0.04%

At the balance sheet date the portfolio dealing spread was 0.04%, being the difference between the respective bid and offer prices for the Fund's investments.

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

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

**Direct transaction costs: Broker commissions, fees and taxes.**

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

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

## 18. Fair Value of Investments

FRS 102 requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following classifications:

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

### For the year ended 15 January 2024

Category	1	2	3	Total
	£'000	£'000	£'000	£'000
Investment Assets				
Equities	108,208	-	-	108,208
	108,208	-	-	108,208
Investment Liabilities	£'000	£'000	£'000	£'000
Derivatives	(7)	-	-	(7)
	(7)	-	-	(7)

### For the year ended 15 January 2023

Category	1	2	3	Total
	£'000	£'000	£'000	£'000
Investment Assets				
Equities	120,937	-	-	120,937
Derivatives	62	-	-	62
	120,999	-	-	120,999

## 19. Sensitivity Analysis

### Price risk sensitivity:

If the price of investments at 15 January 2024 had increased or decreased by 10% with all other variables held constant, attributable to shareholders by £10,820,124 (15.1.23: £12,099,924).

### Currency risk sensitivity:

At the balance sheet date, the Fund did not have a significant exposure to non-Sterling currency, therefore no sensitivity analysis is disclosed (15.1.23: no significant exposure).

### Interest rate risk sensitivity:

At the balance sheet date, the Fund did not have a significant exposure to interest rate risk, therefore no sensitivity analysis is disclosed (15.1.23: no significant exposure).

# Monthly Income

## Investment Objective

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

## Investment Policy

To achieve its objective the Fund will invest a minimum of 80% in a combination of shares (equities) of UK companies and bonds issued by UK companies. UK companies are those that are based in the UK or earn at least 80% of their revenue from the UK.

The Fund may invest up to 20% of its value in other assets, such as shares and bonds of non-UK companies and cash. The Fund may invest up to 10% of its value in other funds, which may be managed by the HSBC Group.

Under normal market conditions, the asset allocation of the Fund is 70% in shares of companies and 30% in bonds. These percentages will fluctuate based upon market movement.

The Fund may invest in different types of derivatives for efficient portfolio management purposes, including hedging. On giving 60 days' notice to Shareholders the Fund may also use derivatives for broader investment purposes to help the Fund meet its objective. The Fund does not currently use derivatives to reduce the risk of movements in the rate of exchange between sterling and other currencies in which the Fund's assets may be held. The use of derivatives will be consistent with the risk profile of the Fund.

## Investment Strategy\*

The Fund is actively managed and is managed with reference to the FTSE All-Share Index and Markit iBoxx GBP Corporates Index.

The FTSE All-Share Index and Markit iBoxx GBP Corporates Index are considered as part of our investment risk monitoring process, to check that the overall level of risk taken by the fund manager is not inconsistent with the UK equities market and sterling corporate bond market.

The performance of the Fund is therefore shown against the performance of a combined benchmark consisting of a weighting of 70% FTSE All-Share Index and 30% Markit iBoxx GBP Corporates Index. The income of the Fund is compared to the income of the FTSE All-Share Index over three-year periods.

\*The full strategy can be found in the prospectus.

## Portfolio Activity

The monthly income fund value increased over the period, but relative performance to benchmark was negative at -0.73%. Driving relative underperformance was a result of duration in the fund coming from longer dated credits. As the curve flattened in 2022 carry was somewhat lower and the curve steepened in 2023 which impacted the return of the fund. Security Selection to Utilities and Insurance were positive to absolute and relative performance.

Investors ended the year with a lot of optimism that central banks had won the battle against inflation and that we are past the peak of interest rates, with cuts priced in for 2024. Fears over economic growth (particularly in the US) appear to have abated somewhat with the economic data remaining resilient.

Credit spreads are expected to widen marginally in the first half of 2024, as markets continue to price in recession and corporate fundamentals begin to deteriorate during this phase of the economic cycle. We retain a modest overweight credit positioning and a greater focus on issuer selection. We continue to have a bias towards high carry assets overall and we will look to place a greater emphasis on sector allocations as we move into the next phase of the cycle.



## Equity Section

At sector level, stock selection was positive in the period. Positive performance came from selection in Basic Materials and Consumer Discretionary, while negative stock selection came from Industrials and Financials.

Consumer Discretionary security, Taylor Wimpey is the top contributor with total effect 0.86%. Additionally, Industrials security, BAE Systems was the second largest contributor with total effect 0.68%. Lastly, Industrials security, Ferguson also contributed with total effect 0.64%.

On the other side, detractors included Industrials security Drax Group with total effect -0.67%, Consumer Staples holding, Imperial Brands with total effect -0.43%, and Financials holding, NatWest Group with total effect -0.39%.

During this period, positions were initiated in Taylor Wimpey and Chemring, and closed in Bunzl and Persimmon.

Sector allocation effects are residual to stock selection. At sector level, effects were positive, given an overweight exposure to Industrials.

## Investment Performance

During the year under review, the value of the shares in the Fund increased by 2.57% while the value of the FTSE All-Share Index 30% / iBoxx GBP Corporates Index rose by 1.72%. For information on comparative yields please refer to The Investment Association's website (<https://www.theia.org/industry-data/fund-sectors/equity-income-yields>).

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

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

## Fund Particulars

as at 16 January 2024

	Retail Income	Income C	Accumulation C
Price	127.9p xd	136.9p xd	344.3p
Distribution payable (on 15 March 2024) per share net	0.553803p	0.592595p	1.480296p
Current net estimated yield	3.94%	3.93%	3.83%
Annual ACD charge	1.30%	0.60%	0.60%

## Portfolio Statement

as at 15 January 2024

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>United Kingdom - 72.93% (74.64%)</b>			
<b>Government Bonds - 3.26% (4.79%)</b>			
Treasury 0.25% 31/7/2031	£1,835,000	1,423	1.79
Treasury 1.25% 31/7/2051	£131,000	65	0.07
Treasury 1.75% 7/9/2037	£135,000	102	0.13
Treasury 3.25% 31/1/2033	£670,000	642	0.81
Treasury 3.75% 22/7/2052	£410,000	365	0.46
<b>Total Government Bonds</b>		<b>2,597</b>	<b>3.26</b>
<b>Corporate Bonds - 7.13% (7.50%)</b>			
Anglian Water 6% 20/6/2039	£119,000	124	0.16
Barclays 6.369% variable rate 31/1/2031	£257,000	262	0.33
Barclays 7.09% variable rate 6/11/2029	£150,000	158	0.20
BP Capital Markets 5.773% 25/5/2038	£100,000	106	0.13
British Telecommunications 5.75% 13/2/2041	£221,000	221	0.28
Cadent Finance 5.625% 11/1/2036	£100,000	100	0.13
Centrica 4.375% 13/3/2029	£281,000	273	0.34
Diageo Finance 2.75% 8/6/2038	£150,000	118	0.15
Haleon UK Capital 3.375% 29/3/2038	£100,000	82	0.10
+HSBC Holdings 6.8% variable rate 14/9/2031	£154,000	164	0.21
Imperial Tobacco Finance 4.875% 7/6/2032	£112,000	101	0.13
Legal and General Group 5.5% variable rate 27/6/2064	£121,000	116	0.14
M&G 5.7% variable rate 19/12/2063	£300,000	278	0.35
Manchester Airport Group Funding 4.75% 31/3/2034	£317,000	308	0.39
Motability Operations Group 1.5% 20/1/2041	£182,000	108	0.13
Motability Operations Group 4.875% 17/1/2043	£412,000	393	0.49
National Grid Electricity Distribution 5.35% 10/7/2039	£101,000	99	0.12
Nationwide Building Society 6.125% 21/8/2028	£143,000	151	0.19
NatWest Group 3.619% variable rate 29/3/2029	£326,000	302	0.38
Northern Powergrid Northeast 3.25% 1/4/2052	£100,000	71	0.09
Northumbrian Water Finance 4.5% 14/2/2031	£333,000	315	0.40
Peabody Capital No.2 2.75% 2/3/2034	£200,000	162	0.20
Places For People Treasury 6.25% 6/12/2041	£120,000	125	0.16
Principality Building Society 8.625% 12/7/2028	£211,000	227	0.28
Reckitt Benckiser Treasury Services 5.625% 14/12/2038	£100,000	108	0.13
Royal Bank of Scotland 3.125% variable rate 28/3/2027	£100,000	95	0.12
Royal Bank of Scotland 3.622% variable rate 14/8/2030	£300,000	287	0.36
Santander UK Group Holdings 2.421% variable rate 17/1/2029	£249,000	220	0.28
Scottish Hydro-Electric Transmission 5.5% 15/1/2044	£100,000	99	0.12
Southern Gas Networks 6.625% 14/3/2035	£131,000	142	0.18
SW Finance 7.375% 12/12/2041	£100,000	104	0.13
Yorkshire Building Society 3.511% variable rate 11/10/2030	£100,000	88	0.11
Yorkshire Water Finance 2.75% 18/4/2041	£259,000	172	0.22
<b>Total Corporate Bonds</b>		<b>5,679</b>	<b>7.13</b>

## Portfolio Statement

as at 15 January 2024

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>Oil &amp; Gas - 9.61% (10.54%)</b>			
BP	694,815	3,147	3.95
Shell	183,363	4,511	5.66
<b>Total Oil &amp; Gas</b>		<b>7,658</b>	<b>9.61</b>
<b>Basic Materials - 4.65% (4.85%)</b>			
Antofagasta	50,234	816	1.02
Rio Tinto	43,730	2,378	2.99
Victrex	36,275	511	0.64
<b>Total Basic Materials</b>		<b>3,705</b>	<b>4.65</b>
<b>Industrials - 8.41% (7.58%)</b>			
BAE Systems	211,887	2,496	3.13
Chemring Group	79,940	276	0.35
Coats Group	803,028	565	0.71
Hays	403,336	405	0.51
Ibstock	377,446	540	0.68
Intertek Group	24,327	1,052	1.32
Rentokil Initial	271,590	1,139	1.43
Volution Group	53,066	219	0.28
<b>Total Industrials</b>		<b>6,692</b>	<b>8.41</b>
<b>Consumer Goods - 11.96% (8.62%)</b>			
Barratt Developments	227,246	1,232	1.55
Britvic	64,392	549	0.69
Diageo	34,137	957	1.20
Imperial Brands	78,903	1,500	1.88
Tate & Lyle	141,303	885	1.11
Taylor Wimpey	1,096,425	1,585	1.99
Tesco	521,064	1,566	1.97
Unilever	32,769	1,251	1.57
<b>Total Consumer Goods</b>		<b>9,525</b>	<b>11.96</b>
<b>Healthcare - 7.53% (7.63%)</b>			
AstraZeneca	23,593	2,560	3.21
GSK	186,440	2,946	3.70
Hikma Pharmaceuticals	25,681	496	0.62
<b>Total Healthcare</b>		<b>6,002</b>	<b>7.53</b>
<b>Consumer Services - 4.99% (5.95%)</b>			
Compass Group	89,234	1,953	2.45
Moneysupermarket.com	191,162	512	0.64
Next	17,853	1,515	1.90
<b>Total Consumer Services</b>		<b>3,980</b>	<b>4.99</b>

## Portfolio Statement

as at 15 January 2024

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>Telecommunications - 0.47% (0.69%)</b>			
Vodafone Group	554,999	373	0.47
<b>Total Telecommunications</b>		<b>373</b>	<b>0.47</b>
<b>Utilities - 2.48% (2.89%)</b>			
Drax Group	146,539	781	0.98
SSE	66,684	1,193	1.50
<b>Total Utilities</b>		<b>1,974</b>	<b>2.48</b>
<b>Financials - 10.48% (12.54%)</b>			
Barclays	975,345	1,414	1.78
+HSBC Holdings (London listed)	425,182	2,535	3.18
IG Group	156,450	1,212	1.52
NatWest Group	478,973	1,016	1.28
Phoenix Group Holdings	241,245	1,238	1.55
Prudential	113,938	929	1.17
<b>Total Financials</b>		<b>8,344</b>	<b>10.48</b>
<b>Technology - 1.96% (1.06%)</b>			
FDM Group	59,299	261	0.33
Sage Group	111,548	1,292	1.63
<b>Total Technology</b>		<b>1,553</b>	<b>1.96</b>
<b>Total United Kingdom</b>		<b>58,082</b>	<b>72.93</b>
<b>UNITED STATES - 4.10% (4.31%)</b>			
<b>Corporate Bonds - 4.10% (4.31%)</b>			
American Honda Finance 5.6% 6/9/2030	£142,000	148	0.19
AT&T 4.25% 1/6/2043	£600,000	498	0.63
AT&T 5.2% 18/11/2033	£200,000	199	0.25
Bank of America 3.584% variable rate 27/4/2031	£286,000	262	0.33
Goldman Sachs 3.625% variable rate 29/10/2029	£364,000	339	0.43
Metropolitan Life Global Funding 5% 10/1/2030	£138,000	140	0.18
Morgan Stanley 5.789% variable rate 18/11/2033	£327,000	337	0.42
MPT Operating Partnership LP 3.375% 24/4/2030	£200,000	117	0.15
Nestle Holdings 2.5% 4/4/2032	£240,000	209	0.26
Realty Income 6% 5/12/2039	£110,000	115	0.14
Time Warner Cable 5.25% 15/7/2042	£300,000	256	0.32
Wells Fargo & Co 3.473% variable rate 26/4/2028	£285,000	270	0.34
Wells Fargo & Co 4.875% 29/11/2035	£400,000	366	0.46
<b>Total Corporate Bonds</b>		<b>3,256</b>	<b>4.10</b>
<b>Total United States</b>		<b>3,256</b>	<b>4.10</b>
<b>AUSTRALIA - 1.55% (1.87%)</b>			
<b>Corporate Bonds - 0.24% (0.21%)</b>			
Macquarie Group 4.08% 31/5/2029	£200,000	190	0.24
<b>Total Corporate Bonds</b>		<b>190</b>	<b>0.24</b>

## Portfolio Statement

as at 15 January 2024

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>Basic Materials - 1.31% (1.66%)</b>			
BHP Group	42,540	1,044	1.31
<b>Total Basic Materials</b>		<b>1,044</b>	<b>1.31</b>
<b>Total Australia</b>		<b>1,234</b>	<b>1.55</b>
<b>CANADA - 0.69% (0.83%)</b>			
<b>Corporate Bonds - 0.69% (0.83%)</b>			
Royal Bank of Canada 5% 24/1/2028	£550,000	549	0.69
<b>Total Corporate Bonds</b>		<b>549</b>	<b>0.69</b>
<b>Total Canada</b>		<b>549</b>	<b>0.69</b>
<b>CAYMAN ISLANDS - 1.26% (0.99%)</b>			
<b>Corporate Bonds - 1.26% (0.99%)</b>			
Phoenix 7.75% variable rate 6/12/2053	£132,000	136	0.17
Yorkshire Power 7.25% 4/8/2028	£800,000	869	1.09
<b>Total Corporate Bonds</b>		<b>1,005</b>	<b>1.26</b>
<b>Total Cayman Islands</b>		<b>1,005</b>	<b>1.26</b>
<b>CHANNEL ISLANDS - 2.16% (2.28%)</b>			
<b>Corporate Bonds - 0.84% (1.14%)</b>			
Gatwick Funding 6.5% 2/3/2043	£209,000	227	0.29
Heathrow Funding 4.625% 31/10/2046	£500,000	439	0.55
<b>Total Corporate Bonds</b>		<b>666</b>	<b>0.84</b>
<b>Industrials - 1.32% (1.14%)</b>			
Ferguson NewCo	7,227	1,049	1.32
<b>Total Industrials</b>		<b>1,049</b>	<b>1.32</b>
<b>Total Channel Islands</b>		<b>1,715</b>	<b>2.16</b>
<b>FRANCE - 3.74% (3.19%)</b>			
<b>Corporate Bonds - 3.74% (3.19%)</b>			
BNP Paribas 2.875% 24/2/2029	£300,000	269	0.34
BPCE 5.25% 16/4/2029	£500,000	485	0.61
Credit Agricole 4.875% 23/10/2029	£200,000	200	0.25
Electricite de France 5.5% 17/10/2041	£400,000	381	0.48
Électricité de France 5.625% 25/1/2053	£300,000	280	0.35
Électricité de France 5.875% variable rate perpetual	£200,000	185	0.23
Électricité de France 6% 23/1/2114	£200,000	185	0.23
Électricité de France 6% variable rate perpetual	£500,000	485	0.61
Engie 5.625% 3/4/2053	£200,000	203	0.25
Société Générale 5.75% variable rate 22/1/2032	£200,000	199	0.25
Société Générale 6.25% 22/6/2033	£100,000	107	0.14
<b>Total Corporate Bonds</b>		<b>2,979</b>	<b>3.74</b>
<b>Total France</b>		<b>2,979</b>	<b>3.74</b>

**Portfolio Statement**

as at 15 January 2024

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>GERMANY - 0.50% (0.43%)</b>			
<b>Corporate Bonds - 0.50% (0.43%)</b>			
Deutsche Bank 6.125% variable rate 12/12/2030	£400,000	400	0.50
<b>Total Corporate Bonds</b>		<b>400</b>	<b>0.50</b>
<b>Total Germany</b>		<b>400</b>	<b>0.50</b>
<b>IRELAND - 1.79% (1.69%)</b>			
<b>Industrials - 1.79% (1.69%)</b>			
DCC (London listed)	12,890	726	0.91
Smurfit Kappa Group	23,210	700	0.88
<b>Total Industrials</b>		<b>1,426</b>	<b>1.79</b>
<b>Total Ireland</b>		<b>1,426</b>	<b>1.79</b>
<b>ITALY - 0.00% (0.28%)</b>			
<b>Corporate Bonds - 0.00% (0.28%)</b>			
<b>LUXEMBOURG - 0.33% (0.28%)</b>			
<b>Corporate Bonds - 0.33% (0.28%)</b>			
Blackstone Property Partners Europe 4.875% 29/4/2032	£182,000	159	0.20
Prologis International Funding 2.75% 22/2/2032	£127,000	108	0.13
<b>Total Corporate Bonds</b>		<b>267</b>	<b>0.33</b>
<b>Total Luxembourg</b>		<b>267</b>	<b>0.33</b>
<b>MEXICO - 0.34% (0.30%)</b>			
<b>Corporate Bonds - 0.34% (0.30%)</b>			
Petroleos Mexicanos 3.75% 16/11/2025	£300,000	272	0.34
<b>Total Corporate Bonds</b>		<b>272</b>	<b>0.34</b>
<b>Total Mexico</b>		<b>272</b>	<b>0.34</b>
<b>NETHERLANDS - 1.15% (1.00%)</b>			
<b>Corporate Bonds - 1.15% (1.00%)</b>			
Enel Finance International 2.875% 11/4/2029	£263,000	238	0.30
ING Groep 6.25% variable rate 20/5/2033	£300,000	299	0.37
Volkswagen Financial Services 2.125% 18/1/2028	£200,000	176	0.22
Volkswagen Financial Services 5.875% 23/5/2029	£200,000	204	0.26
<b>Total Corporate Bonds</b>		<b>917</b>	<b>1.15</b>
<b>Total Netherlands</b>		<b>917</b>	<b>1.15</b>
<b>SPAIN - 0.49% (0.20%)</b>			
<b>Corporate Bonds - 0.49% (0.20%)</b>			
Banco Santander 5.375% 17/1/2031	£200,000	200	0.25
CaixaBank 3.5% variable rate 6/4/2028	£200,000	188	0.24
<b>Total Corporate Bonds</b>		<b>388</b>	<b>0.49</b>
<b>Total Spain</b>		<b>388</b>	<b>0.49</b>

## Portfolio Statement

as at 15 January 2024

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>SWITZERLAND - 0.45% (0.19%)</b>			
<b>Corporate Bonds - 0.45% (0.19%)</b>			
Credit Suisse Group 2.25% variable rate 9/6/2028	£400,000	360	0.45
<b>Total Corporate Bonds</b>		<b>360</b>	<b>0.45</b>
<b>Total Switzerland</b>		<b>360</b>	<b>0.45</b>
<b>FUTURES - 0.00% (0.04%)</b>			
ICF FTSE 100 Index Future March 2024 ~	5	-	0.00
<b>Total Futures</b>		<b>-</b>	<b>-</b>
<b>Portfolio of investments</b>		<b>72,850</b>	<b>91.48</b>
<b>Net other assets</b>		<b>6,785</b>	<b>8.52</b>
<b>Net assets</b>		<b>79,635</b>	<b>100.00</b>

+Funds managed by the ACD/HSBC Group

~Value less than £1,000

Figures in brackets denote the comparative percentage holdings as at 15 January 2023.

Unless otherwise stated, all investments are listed securities.

The counterparty for the future is HSBC.

The fund does not hold investments in other funds available within the OEIC.

## Comparative Tables

for the year ended 15 January 2024

<b>Retail Income</b>	<b>15.1.24</b>	<b>15.1.23</b>	<b>15.1.22</b>
Change in net assets per share			
Opening net asset value per share	130.70p	136.90p	130.00p
Return before operating charges*	3.85p	0.60p	13.34p
Operating charges**	(1.71p)	(1.73p)	(1.78p)
Return after operating charges*	2.14p	(1.13p)	11.56p
Distributions on income shares	(5.04p)	(5.07p)	(4.66p)
Closing net asset value per share	127.80p	130.70p	136.90p
*after direct transaction costs of:***	0.08p	0.09p	0.08p
<b>Performance</b>			
Return after charges	1.64%	(0.83%)	8.89%
<b>Other information</b>			
Closing net asset value	£34,883	£39,448	£49,776
Closing number of shares	27,290	30,174	36,365
Operating charges - OCF+	1.35%	1.34%	1.34%
Direct transaction costs	0.06%	0.07%	0.06%
<b>Prices</b>			
Highest share price	133.00p	137.60p	137.90p
Lowest share price	120.90p	116.00p	125.10p

<b>Retail Accumulation#</b>	<b>15.1.24</b>	<b>15.1.23</b>	<b>15.1.22</b>
Change in net assets per share			
Opening net asset value per share	N/A	N/A	294.20p
Return before operating charges*	N/A	N/A	22.98p
Operating charges**	N/A	N/A	(3.78p)
Return after operating charges*	N/A	N/A	19.20p
Distributions on accumulation shares	N/A	N/A	(9.44p)
Retained distributions on accumulation shares	N/A	N/A	9.44p
Cancellation price	N/A	N/A	(313.40p)
Closing net asset value per share	N/A	N/A	-
*after direct transaction costs of:***	N/A	N/A	0.17p
<b>Performance</b>			
Return after charges	N/A	N/A	6.53%
<b>Other information</b>			
Closing net asset value	N/A	N/A	N/A
Closing number of shares	N/A	N/A	N/A
Operating charges - OCF	N/A	N/A	N/A
Direct transaction costs	N/A	N/A	N/A
<b>Prices</b>			
Highest share price	N/A	N/A	316.20p
Lowest share price	N/A	N/A	283.10p

#The Retail Accumulation share class closed on 17 December 2021.

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

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

+The ACD has announced that, with effect from 28 March 2024, the AMCs for these share classes will be reduced and the fees of the administrator and related services will be applied to these share classes. The OCF figures shown here are calculated as at 15 January 2024 and therefore do not reflect these changes.



## Comparative Tables

for the year ended 15 January 2024

<b>Income C</b>			
	<b>15.1.24</b>	<b>15.1.23</b>	<b>15.1.22</b>
Change in net assets per share			
Opening net asset value per share	139.00p	144.70p	136.50p
Return before operating charges*	4.26p	0.54p	14.00p
Operating charges**	(0.88p)	(0.87p)	(0.89p)
Return after operating charges*	3.38p	(0.33p)	13.11p
Distributions on income shares	(5.38p)	(5.37p)	(4.91p)
Closing net asset value per share	137.00p	139.00p	144.70p
*after direct transaction costs of:***	0.08p	0.09p	0.08p
<b>Performance</b>			
Return after charges	2.43%	(0.23%)	9.60%
<b>Other information</b>			
Closing net asset value	£66,139,548	£75,088,774	£86,431,913
Closing number of shares	48,264,400	54,012,407	59,737,694
Operating charges - OCF+	0.65%	0.64%	0.64%
Direct transaction costs	0.06%	0.07%	0.06%
<b>Prices</b>			
Highest share price	141.60p	145.50p	145.80p
Lowest share price	129.00p	123.20p	131.40p

<b>Accumulation C</b>			
	<b>15.1.24</b>	<b>15.1.23</b>	<b>15.1.22</b>
Change in net assets per share			
Opening net asset value per share	336.00p	336.10p	306.30p
Return before operating charges*	10.75p	1.96p	31.84p
Operating charges**	(2.15p)	(2.06p)	(2.04p)
Return after operating charges*	8.60p	(0.10p)	29.80p
Distributions on accumulation shares	(13.20p)	(12.65p)	(11.17p)
Retained distributions on accumulation shares	13.20p	12.65p	11.17p
Closing net asset value per share	344.60p	336.00p	336.10p
*after direct transaction costs of:***	0.20p	0.22p	0.18p
<b>Performance</b>			
Return after charges	2.56%	(0.03%)	9.73%
<b>Other information</b>			
Closing net asset value	£13,460,967	£14,074,482	£15,231,669
Closing number of shares	3,906,239	4,188,995	4,531,988
Operating charges - OCF+	0.65%	0.64%	0.64%
Direct transaction costs	0.06%	0.07%	0.06%
<b>Prices</b>			
Highest share price	350.10p	337.90p	337.30p
Lowest share price	316.30p	293.00p	294.80p

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

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

+The ACD has announced that, with effect from 28 March 2024, the AMCs for these share classes will be reduced and the fees of the administrator and related services will be applied to these share classes. The OCF figures shown here are calculated as at 15 January 2024 and therefore do not reflect these changes.

## Statement of Total Return

for the year ended 15 January 2024

		15.1.24		15.1.23	
	Notes	£'000	£'000	£'000	£'000
Income					
Net capital losses	2		(1,003)		(3,615)
Revenue	3	3,566		3,751	
Expenses	4	(533)		(584)	
Net revenue before taxation		3,033		3,167	
Taxation	5	(142)		(79)	
Net revenue after taxation			2,891		3,088
Total return/(deficit) before distributions			1,888		(527)
Distributions	6		(3,288)		(3,607)
Change in net assets attributable to shareholders from investment activities			(1,400)		(4,134)

## Statement of Change in Net Assets Attributable to Shareholders

for the year ended 15 January 2024

		15.1.24		15.1.23	
		£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders			89,203		101,713
Amounts receivable on creation of shares		781		608	
Amounts payable on cancellation of shares		(9,479)		(9,532)	
			(8,698)		(8,924)
Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above)			(1,400)		(4,134)
Retained distribution on accumulation shares			530		548
Closing net assets attributable to shareholders			79,635		89,203

## Balance Sheet

as at 15 January 2024

		15.1.24		15.1.23	
	Notes	£'000	£'000	£'000	£'000
<b>Assets</b>					
Investments			72,850		82,533
Current assets					
Debtors	8	965		743	
Cash and bank balances		6,671		6,781	
Total current assets			7,636		7,524
Total assets			80,486		90,057
<b>Liabilities</b>					
Creditors					
Distribution payable on income shares		(286)		(303)	
Other creditors	9	(565)		(551)	
Total liabilities			(851)		(854)
Net assets attributable to shareholders			79,635		89,203

**Distribution Tables (pence per share)**

for the year ended 15 January 2024

Group 1: Shares purchased prior to 16 December 2023				
Group 2: Shares purchased from 16 December 2023 to 15 January 2024				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution payable 15.2.24</i>	<i>Distribution paid 15.2.23</i>
<b>Retail Income</b>				
Group 1	0.553803	-	0.553803	0.518686
Group 2	0.235489	0.318314	0.553803	0.518686
<b>Income C</b>				
Group 1	0.592595	-	0.592595	0.561330
Group 2	0.192715	0.399880	0.592595	0.561330
<b>Accumulation C</b>				
Group 1	1.480296	-	1.480296	1.331661
Group 2	0.547185	0.933111	1.480296	1.331661

Group 1: Shares purchased prior to 16 November 2023				
Group 2: Shares purchased from 16 November 2023 to 15 December 2023				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 15.01.24</i>	<i>Distribution paid 13.1.23</i>
<b>Retail Income</b>				
Group 1	0.470000	-	0.470000	0.520000
Group 2	0.000000	0.470000	0.470000	0.520000
<b>Income C</b>				
Group 1	0.500000	-	0.500000	0.550000
Group 2	0.000000	0.500000	0.500000	0.550000
<b>Accumulation C</b>				
Group 1	1.240000	-	1.240000	1.320000
Group 2	0.000000	1.240000	1.240000	1.320000

**Distribution Tables (pence per share)**

for the year ended 15 January 2024

Group 1: Shares purchased prior to 16 October 2023				
Group 2: Shares purchased from 16 October 2023 to 15 November 2023				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 15.12.23</i>	<i>Distribution paid 15.12.22</i>
<b>Retail Income</b>				
Group 1	0.450000	-	0.450000	0.490000
Group 2	0.000000	0.450000	0.450000	0.490000
<b>Income C</b>				
Group 1	0.480000	-	0.480000	0.520000
Group 2	0.000000	0.480000	0.480000	0.520000
<b>Accumulation C</b>				
Group 1	1.170000	-	1.170000	1.230000
Group 2	0.000000	1.170000	1.170000	1.230000

Group 1: Shares purchased prior to 16 September 2023				
Group 2: Shares purchased from 16 September 2023 to 15 October 2023				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 15.11.23</i>	<i>Distribution paid 15.11.22</i>
<b>Retail Income</b>				
Group 1	0.440000	-	0.440000	0.460000
Group 2	0.000000	0.440000	0.440000	0.460000
<b>Income C</b>				
Group 1	0.470000	-	0.470000	0.480000
Group 2	0.000000	0.470000	0.470000	0.480000
<b>Accumulation C</b>				
Group 1	1.170000	-	1.170000	1.150000
Group 2	0.000000	1.170000	1.170000	1.150000

**Distribution Tables (pence per share)**

for the year ended 15 January 2024

Group 1: Shares purchased prior to 16 August 2023				
Group 2: Shares purchased from 16 August 2023 to 15 September 2023				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 13.10.23</i>	<i>Distribution paid 14.10.22</i>
<b>Retail Income</b>				
Group 1	0.430000	-	0.430000	0.430000
Group 2	0.000000	0.430000	0.430000	0.430000
<b>Income C</b>				
Group 1	0.460000	-	0.460000	0.460000
Group 2	0.000000	0.460000	0.460000	0.460000
<b>Accumulation C</b>				
Group 1	1.140000	-	1.140000	1.080000
Group 2	0.000000	1.140000	1.140000	1.080000

Group 1: Shares purchased prior to 16 July 2023				
Group 2: Shares purchased from 16 July 2023 to 15 August 2023				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 15.9.23</i>	<i>Distribution paid 15.9.22</i>
<b>Retail Income</b>				
Group 1	0.440000	-	0.440000	0.420000
Group 2	0.050000	0.390000	0.440000	0.420000
<b>Income C</b>				
Group 1	0.470000	-	0.470000	0.450000
Group 2	0.040000	0.430000	0.470000	0.450000
<b>Accumulation C</b>				
Group 1	1.150000	-	1.150000	1.050000
Group 2	0.180000	0.970000	1.150000	1.050000

**Distribution Tables (pence per share)**

for the year ended 15 January 2024

Group 1: Shares purchased prior to 16 June 2023				
Group 2: Shares purchased from 16 June 2023 to 15 July 2023				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 15.8.23</i>	<i>Distribution paid 15.8.22</i>
<b>Retail Income</b>				
Group 1	0.430000	-	0.430000	0.430000
Group 2	0.000000	0.430000	0.430000	0.430000
<b>Income C</b>				
Group 1	0.460000	-	0.460000	0.460000
Group 2	0.000000	0.460000	0.460000	0.460000
<b>Accumulation C</b>				
Group 1	1.110000	-	1.110000	1.060000
Group 2	0.000000	1.110000	1.110000	1.060000

Group 1: Shares purchased prior to 16 May 2023				
Group 2: Shares purchased from 16 May 2023 to 15 June 2023				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 14.7.23</i>	<i>Distribution paid 15.7.22</i>
<b>Retail Income</b>				
Group 1	0.430000	-	0.430000	0.430000
Group 2	0.000000	0.430000	0.430000	0.430000
<b>Income C</b>				
Group 1	0.460000	-	0.460000	0.450000
Group 2	0.000000	0.460000	0.460000	0.450000
<b>Accumulation C</b>				
Group 1	1.120000	-	1.120000	1.060000
Group 2	0.000000	1.120000	1.120000	1.060000

**Distribution Tables (pence per share)**

for the year ended 15 January 2024

Group 1: Shares purchased prior to 16 April 2023				
Group 2: Shares purchased from 16 April 2023 to 15 May 2023				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 15.6.23</i>	<i>Distribution paid 15.6.22</i>
<b>Retail Income</b>				
Group 1	0.430000	-	0.430000	0.410000
Group 2	0.000000	0.430000	0.430000	0.410000
<b>Income C</b>				
Group 1	0.460000	-	0.460000	0.430000
Group 2	0.000000	0.460000	0.460000	0.430000
<b>Accumulation C</b>				
Group 1	1.120000	-	1.120000	1.010000
Group 2	0.000000	1.120000	1.120000	1.010000

Group 1: Shares purchased prior to 16 March 2023				
Group 2: Shares purchased from 16 March 2023 to 15 April 2023				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 15.5.23</i>	<i>Distribution paid 13.5.22</i>
<b>Retail Income</b>				
Group 1	0.410000	-	0.410000	0.410000
Group 2	0.000000	0.410000	0.410000	0.410000
<b>Income C</b>				
Group 1	0.440000	-	0.440000	0.430000
Group 2	0.000000	0.440000	0.440000	0.430000
<b>Accumulation C</b>				
Group 1	1.060000	-	1.060000	0.990000
Group 2	0.000000	1.060000	1.060000	0.990000

**Distribution Tables (pence per share)**

for the year ended 15 January 2024

Group 1: Shares purchased prior to 16 February 2023				
Group 2: Shares purchased from 16 February 2023 to 15 March 2023				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 14.4.23</i>	<i>Distribution paid 15.4.22</i>
<b>Retail Income</b>				
Group 1	0.370000	-	0.370000	0.340000
Group 2	0.110000	0.260000	0.370000	0.340000
<b>Income C</b>				
Group 1	0.390000	-	0.390000	0.360000
Group 2	0.000000	0.390000	0.390000	0.360000
<b>Accumulation C</b>				
Group 1	0.950000	-	0.950000	0.850000
Group 2	0.310000	0.640000	0.950000	0.850000

Group 1: Shares purchased prior to 16 January 2023				
Group 2: Shares purchased from 16 January 2023 to 15 February 2023				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 15.3.23</i>	<i>Distribution paid 15.3.22</i>
<b>Retail Income</b>				
Group 1	0.190000	-	0.190000	0.210000
Group 2	0.190000	0.000000	0.190000	0.210000
<b>Income C</b>				
Group 1	0.200000	-	0.200000	0.220000
Group 2	0.130000	0.070000	0.200000	0.220000
<b>Accumulation C</b>				
Group 1	0.490000	-	0.490000	0.520000
Group 2	0.240000	0.250000	0.490000	0.520000



## Notes to the Financial Statements

for the year ended 15 January 2024

	15.1.24 £'000	15.1.23 £'000
<b>1. Accounting Policies</b>		
The accounting policies are set out on pages 10 and 11.		
<b>2. Net Capital Losses</b>		
The net capital losses during the year comprise:		
Transaction charges	(1)	(1)
Capital special dividends	-	301
Losses on derivative contracts	(13)	(28)
Losses on non-derivative securities	(989)	(3,887)
Net capital losses	(1,003)	(3,615)
<b>3. Revenue</b>		
UK dividends (net)	2,260	2,481
Overseas dividends	139	338
Interest on bonds and other debt securities	1,010	890
Deposit interest	3	1
Bank interest	154	41
Total revenue	3,566	3,751
<b>4. Expenses</b>		
Payable to the ACD, associates of the ACD, and agents of either of them:		
ACD's charge	496	548
Safe custody fee	7	2
	503	550
Payable to the Depositary, associates of the Depositary, and agents of either of them:		
Depositary fee	9	11
<b>Other expenses:</b>		
Audit fee	9	10
Report and accounts fee	1	1
Administration fee	11	12
	21	23
Total expenses	533	584

	15.1.24 £'000	15.1.23 £'000
<b>5. Taxation</b>		
a) Analysis of charge in year:		
Corporation tax	127	70
Overseas tax	15	9
Total tax for the year (note 5b)	142	79
b) Factors affecting taxation charge for the year:		
The tax assessed for the year is higher than the standard rate of corporation tax in the UK for an open-ended investment company (20%).		
The differences are explained below:		
Net revenue before taxation	3,033	3,167
Corporation tax at 20%	607	633
Effects of:		
Revenue not subject to taxation	(480)	(563)
Irrecoverable overseas tax	15	9
Current tax charge for the year (note 5a)	142	79
c) Provision for deferred taxation		
At 15 January 2024, there is no potential deferred tax asset (15.1.23: £nil) in relation to surplus management expenses.		
<b>6. Distributions</b>		
The distributions take account of amounts received on the issue of shares and amounts deducted on the cancellation of shares, and comprise:		
Interim dividend distribution	2,901	3,197
Final dividend distribution	344	359
	3,245	3,556
Add: Amounts deducted on cancellation of shares	47	54
Deduct: Amounts received on issue of shares	(4)	(3)
Net distribution for the year	3,288	3,607
<b>7. Movement Between Net Revenue and Distributions</b>		
Net revenue after taxation	2,891	3,088
ACD's charge charged to capital	496	548
Effective yield transferred from capital	-	100
Tax relief on expenses transferred to capital	(99)	(129)
Net distribution for the year	3,288	3,607
<b>8. Debtors</b>		
Amounts receivable for creation of shares	290	8
Sales awaiting settlement	155	-
Accrued revenue	506	638
Overseas tax recoverable	14	97
Total debtors	965	743

	<b>15.1.24</b>	15.1.23
	<b>£'000</b>	£'000
<b>9. Other Creditors</b>		
Amounts payable for cancellation of shares	<b>32</b>	68
Purchases awaiting settlement	<b>399</b>	411
Accrued expenses	<b>78</b>	35
Corporation tax payable	<b>56</b>	37
Total other creditors	<b>565</b>	551

**10. Reconciliation of Shares**

	<i>Retail Income</i>	<i>Income C</i>	<i>Accumulation C</i>
Opening shares issued at 16.1.23	30,174	54,012,407	4,188,995
<b>Share movements 16.1.23 to 15.1.24</b>			
Shares issued	1,335	390,984	74,472
Shares cancelled	(4,219)	(6,123,770)	(363,414)
Shares converted	-	(15,221)	6,186
Closing shares issued at 15.1.24	27,290	48,264,400	3,906,239

**11. Ultimate Controlling Party and Related Party Transactions**

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

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

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

	<i>Retail Income</i>	<i>Income C</i>	<i>Accumulation C</i>
	%	%	%
As at 15.1.24	-	71.81	38.08
As at 15.1.23	-	73.89	40.32

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

The balance due from the ACD (including amounts due to associates and agents) at the year end was £196,759 (15.1.23: £84,661). Further details of such amounts can be found in notes 8 and 9.

At the year end, the Fund held £2,699,658 (15.1.23: £2,770,367) in Authorised Investment Funds managed by HSBC and/or HSBC Holdings, the parent company of the ACD. During the year, transactions in Authorised Investment Funds managed by HSBC and/or HSBC Holdings totalled £727,356 (15.1.23: £646,763)..

Investments in funds managed by the ACD are disclosed in the Portfolio Statement.

## 12. Financial Instruments

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

### Foreign Currency Risk

Since a small portion of the net assets of the Fund are denominated in currencies other than sterling, no currency risk exposure has been prepared (15.1.23: same).

### Interest Rate Risk

The interest rate profile of the Fund's financial assets and liabilities at 15 January 2024 was:

	<i>Floating rate financial assets*</i>		<i>Fixed rate financial assets</i>		<i>Financial assets not carrying interest</i>		<i>Total</i>	
	<b>15.1.24</b>	15.1.23	<b>15.1.24</b>	15.1.23	<b>15.1.24</b>	15.1.23	<b>15.1.24</b>	15.1.23
	<b>£'000</b>	£'000	<b>£'000</b>	£'000	<b>£'000</b>	£'000	<b>£'000</b>	£'000
Sterling	<b>12,100</b>	12,249	<b>14,093</b>	17,389	<b>53,410</b>	59,392	<b>79,603</b>	89,030
Euro	-	-	-	-	<b>28</b>	142	<b>28</b>	142
United States dollar	-	-	-	-	<b>4</b>	31	<b>4</b>	31
<b>Total</b>	<b>12,100</b>	12,249	<b>14,093</b>	17,389	<b>53,442</b>	59,565	<b>79,635</b>	89,203

\*Interest rates are based upon HSBC's proprietary rates, with the exception of the GBP debit rate which is linked to Bank of England rate.

The bond ratings for the portfolio at 15 January 2024 were:

	<i>Bid value £'000</i>	<i>Total net assets %</i>
Bond credit ratings		
Investment grade	18,602	23.36
Non rated	923	1.16
<b>Total bonds</b>	<b>19,525</b>	<b>24.52</b>

## 13. Shareholders' Funds

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

The annual ACD charge on the retail share class is 1.30% and 0.60% on the C share class.

The net asset value of the share class, the net asset value per share and the number of shares in each class are given in the Comparative Tables on pages 72 and 73. The distribution per share class is given in the Distribution Tables on pages 75 to 80. All share classes within the OEIC have the same rights on winding up.

## 14. Financial Derivatives

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

The use of derivatives can create additional counterparty risks. Details of the policy adopted by the ACD for managing counterparty and other risks are set out in the Notes to the Financial Statements. The types of derivatives held at the year end were index futures. Details of the individual contracts are shown on the Portfolio Statement on pages 66 to 71.

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

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

At 15 January 2024, there was no collateral held in respect of the above derivatives (15.1.23: £nil).

## 15. Contingent Liabilities and Commitments

At the year end, the Fund had no contingent liabilities or commitments (15.1.23: none).

## 16. Portfolio Transaction Costs

For the year ended 15 January 2024	Purchases	Commissions		Taxes		Other Expenses	
	£'000	£'000	%	£'000	%	£'000	%
<b>Analysis of total purchases costs</b>							
Equity transactions	8,728	2	0.02	43	0.49	-	-
Bond transactions	8,676	-	-	-	-	-	-
Total purchases before transaction costs	17,404	2		43		-	
Transaction costs	45						
Total purchases after commission, tax and fees	17,449						
<b>Analysis of total sales costs</b>							
	Sales	Commissions		Taxes		Other Expenses	
	£'000	£'000	%	£'000	%	£'000	%
Equity transactions	14,172	4	0.03	-	-	-	-
Bond transactions	10,325	-	-	-	-	-	-
Corporate actions	1,672	-	-	-	-	-	-
Total sales before transaction costs	26,169	4		-		-	
Transaction costs	(4)						
Total sales after commission, tax and fees	26,165						

The Fund had paid £191 as commission on purchases and sales derivative transactions for the year ended 15.1.24.

Commissions, taxes and fees as % of average net assets:

Commissions	0.01%
Taxes	0.05%
Other expenses	0.00%

At the balance sheet date the portfolio dealing spread was 0.18%, being the difference between the respective bid and offer prices for the Fund's investments.

<b>For the year ended 15 January 2023</b>	<i>Purchases</i>	<i>Commissions</i>		<i>Taxes</i>		<i>Other Expenses</i>	
	<i>£'000</i>	<i>£'000</i>	<i>%</i>	<i>£'000</i>	<i>%</i>	<i>£'000</i>	<i>%</i>
<b>Analysis of total purchases costs</b>							
Equity transactions	10,602	3	0.03	24	0.23	29	0.27
Bond transactions	15,175	-	-	-	-	-	-
Total purchases before transaction costs	25,777	3		24		29	
Transaction costs	56						
Total purchases after commission, tax and fees	25,833						
	<i>Sales</i>	<i>Commissions</i>		<i>Taxes</i>		<i>Other Expenses</i>	
	<i>£'000</i>	<i>£'000</i>	<i>%</i>	<i>£'000</i>	<i>%</i>	<i>£'000</i>	<i>%</i>
<b>Analysis of total sales costs</b>							
Equity transactions	24,360	6	0.02	-	-	-	-
Bond transactions	10,739	-	-	-	-	-	-
Corporate actions	1,998	-	-	-	-	-	-
Total sales before transaction costs	37,097	6		-		-	
Transaction costs	(6)						
Total sales after commission, tax and fees	37,091						

The Fund had paid £310 as commission on purchases and sales derivative transactions for the year ended 15.1.23.

Commissions, taxes and fees as % of average net assets:

Commissions	0.01%
Taxes	0.03%
Other expenses	0.03%

At the balance sheet date the portfolio dealing spread was 0.20%, being the difference between the respective bid and offer prices for the Fund's investments.

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

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

**Direct transaction costs: Broker commissions, fees and taxes.**

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

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

## 17. Fair Value of Investments

FRS 102 requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following classifications:

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

### For the year ended 15 January 2024

Category	1	2	3	Total
	£'000	£'000	£'000	£'000
Investment Assets				
Equities	53,325	-	-	53,325
Bonds*	2,597	16,928	-	19,525
	55,922	16,928	-	72,850

### For the year ended 15 January 2023

Category	1	2	3	Total
	£'000	£'000	£'000	£'000
Investment Assets				
Equities	59,642	-	-	59,642
Bonds*	4,277	18,578	-	22,855
Derivatives	36	-	-	36
	63,955	18,578	-	82,533

\*Bonds included in level 1 reflect G7 government issued bonds valued on a basis where the price is sufficiently close to a binding quoted price.

## 18. Sensitivity Analysis

### Price risk sensitivity:

If the price of investments at 15 January 2024 had increased or decreased by 10% with all other variables held constant, this would have increased or decreased the net assets attributable to shareholders by £7,285,026 (15.1.23: £8,253,307).

### Currency risk sensitivity:

At the balance sheet date, the Fund did not have a significant exposure to non-Sterling currency, therefore no sensitivity analysis is disclosed (15.1.23: no significant exposure).

### Interest rate risk sensitivity:

If the interest rate at 15 January 2024 had increased or decreased by 1 basis point with all other variables held constant, this would have increased or decreased the net assets attributable to shareholders by £14,679 (15.1.23: £14,917).

# Corporate Bond

## Investment Objective

The Fund aims to provide higher returns, before charges and tax are deducted from the Fund, than the Markit iBoxx GBP Corporates Index plus 1% per year over three-year periods.

## Investment Policy

To achieve its objective the Fund will invest at least 80% of its value in various types of bonds that have a credit rating of investment grade and are issued in sterling or are hedged back to sterling. The bonds may be issued by companies (corporates) or other large organisations which may be located in any country.

The Fund may also invest up to 20% of its value in other types of bonds and assets, such as bonds with a credit rating lower than investment grade and cash. The Fund may invest up to 10% of its value in other funds, which may be managed by the HSBC Group.

The Fund may invest in different types of derivatives for efficient portfolio management purposes, including hedging, and for broader investment purposes to help the Fund meet its objective. In particular derivatives will be used to reduce or increase the Fund's exposure to different types of assets and to reduce the risk associated with movements in the rate of exchange between sterling and other currencies in which the Fund's assets may be held. The use of derivatives will be consistent with the risk profile of the Fund.

## Investment Strategy\*

The Fund is actively managed and is managed with reference to the Markit iBoxx GBP Corporates Index.

The fund manager aims to generate returns in excess of the Markit iBoxx GBP Corporates Index plus 1% per year over three-year periods before charges and tax are deducted from the Fund, based on our current view of returns the Fund may potentially achieve, which may change. The Markit iBoxx GBP Corporates Index is also considered as part of our investment risk monitoring process, to check that the overall level of risk taken by the fund manager is not inconsistent with the sterling corporate bonds market.

To enable investors to assess the performance of the Fund, it is shown against performance of the Markit iBoxx GBP Corporates Index plus 1% per year.

\*The full strategy can be found in the prospectus.

## Portfolio Activity

The Fund NAV increased over the period and outperformed the benchmark by a significant 132bps. Sterling corporate bonds value rose during the period as corporate bond spreads tightened significantly and Gilt yields fell in 2023, as inflation started to moderate towards the target and the market in Q4 bought into the narrative that we have reached peak interest rates and central banks have passed peak interest rates. Driving relative outperformance came primarily from Security Selection in Financials, ABS, Utilities and Industrials.

The portfolio's weight to credit was overweight, which was maintained throughout the year. As a result of the strong rally in yields in Q4 of 2023, we cut our duration overweight in half. New issuance was expected to be very strong in January as issuers would look to lock-in the lower yields available in the market and bank issuance was notably expected to be as high as in 2023. Hence we reduced some of our bank holdings in issuers that we expected to come to market in order to make some space to lock-in any decent new issue premiums. Going into 2024, the fund is holding a small duration overweight relative to benchmark and a credit beta higher than the benchmark.

We retained the off-benchmark exposure to Securitised Credit and USD and EUR denominated holdings on relative valuations, hedged back into sterling. The UK gilt exposure was also maintained for duration management purposes. We largely maintained all other sector exposures.



**Purchases**

UK Treasury 0.375% 22/10/2026  
UK Treasury 0.5% 31/1/2029  
UK Treasury 0.625% 7/6/2025

**Sales**

UK Treasury 0.5% 31/7/2035  
UK Treasury 0.625% 31/7/2035  
UK Treasury 0.625% 7/6/2025

**Investment Performance**

During the year under review, the value of the shares in the Fund increased by 5.77% while the value of the Markit iBoxx GBP Corporates Index +1% rose by 4.64%.

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

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

**Fund Particulars**

as at 16 January 2024

	Retail Income	Retail Accumulation	Institutional Income
Price	105.2p xd	282.1p	193.1p xd
Distribution payable (on 15 March 2024) per share net	1.228228p	3.304278p	2.943475p
Current net estimated yield	3.40%	3.40%	4.60%
Annual ACD charge	1.05%	1.05%	0.00%

	Institutional Accumulation	Income C	Accumulation C
Price	350.7p	105.5p xd	303.3p
Distribution payable (on 15 March 2024) per share net	4.856328p	1.416057p	4.050828p
Current net estimated yield	4.60%	4.20%	4.20%
Annual ACD charge	0.00%	0.35%	0.35%

## Portfolio Statement

as at 15 January 2024

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>UNITED KINGDOM - 50.21% (51.63%)</b>			
<b>Government Bonds - 3.44% (6.15%)</b>			
Treasury 0.5% 31/1/2029	£2,090,000	1,792	0.94
Treasury 1.25% 22/10/2041	£920,000	573	0.30
Treasury 1.25% 31/7/2051	£5,582,000	2,791	1.46
Treasury 4.5% 7/12/2042	£1,380,000	1,406	0.74
<b>Total Government Bonds</b>		<b>6,562</b>	<b>3.44</b>
<b>Corporate Bonds - 46.77% (45.48%)</b>			
Anglian Water 2.75% 26/10/2029	£735,000	655	0.34
Anglian Water 6% 20/6/2039	£709,000	739	0.39
Annington Funding 3.184% 12/7/2029	£2,220,000	1,961	1.03
Aviva 4% variable rate 3/6/2055	£1,600,000	1,287	0.67
Aviva 4.375% variable rate 12/9/2049	£1,200,000	1,106	0.58
Barclays Bank 3.75% variable rate 22/11/2030	£3,490,000	3,309	1.73
Barclays Bank 7.09% variable 6/11/2029	£1,007,000	1,058	0.55
Barclays Bank 8.407% variable rate 14/11/2032	£2,448,000	2,585	1.35
Barclays Bank 9.625% variable rate perpetual	\$342,000	276	0.14
Berkeley Group 2.50% 11/8/2031	£953,000	725	0.38
BP Capital Markets 4.25% variable rate perpetual	£801,000	749	0.39
BP Capital Markets 5.773% 25/5/2038	£942,000	998	0.52
Broadgate 4.999% 5/10/2033	£550,000	534	0.28
BUPA Finance 4% variable rate perpetual	£600,000	406	0.21
BUPA Finance 5% 8/12/2026	£312,000	305	0.16
Cadent Finance 2.75% 22/9/2046	£1,099,000	686	0.36
Cadent Finance 5.625% 11/1/2036	£661,000	659	0.35
Centrica 5.25% variable rate 10/4/2075	£1,000,000	984	0.52
Centrica 7% 19/9/2033	£2,330,000	2,603	1.36
Direct Line 4.75% variable rate perpetual	£1,200,000	941	0.49
GlaxoSmithKline 1.625% 12/5/2035	£600,000	441	0.23
GlaxoSmithKline 5.25% 19/12/2033	£1,010,000	1,071	0.56
Hammerson 3.5% 27/10/2025	£1,674,000	1,609	0.84
Heathrow Finance 6.25% 3/3/2025	£1,100,000	1,090	0.57
+HSBC Holdings 5.875% variable rate perpetual	£1,000,000	945	0.50
+HSBC Holdings 6.8% variable 14/9/2031	£786,000	839	0.44
+HSBC Holdings 7% 7/4/2038	£1,500,000	1,599	0.84
+HSBC Holdings 8.201% variable rate 16/11/2034	£2,000,000	2,174	1.14
Legal & General Group 5.375% variable rate 27/10/2045	£1,000,000	991	0.52
Lloyds Banking Group 2.707% variable rate 3/12/2035	£1,774,000	1,404	0.74
Lloyds Banking Group 6.625% variable rate 2/6/2033	£1,091,000	1,103	0.58
Lloyds Banking Group 8.5% variable rate perpetual	£375,000	377	0.20
London Power Networks 5.875% 15/11/2040	£492,000	521	0.27
M&G 3.875% variable rate 20/7/2049	£2,900,000	2,858	1.50
M&G 5.7% variable rate 19/12/2063	£1,000,000	927	0.49
National Grid Electricity Distribution 5.35% 10/7/2039	£1,009,000	993	0.52
National Grid Electricity Transmission 1.375% 16/9/2026	£1,000,000	917	0.48

## Portfolio Statement

as at 15 January 2024

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
National Grid Electricity Transmission 2.75% 6/2/2035	£1,500,000	1,178	0.62
National Grid Electricity Transmission 4% 8/6/2027	£1,590,000	1,548	0.81
Nationwide Building Society 5.875% variable rate perpetual	£600,000	586	0.31
NatWest Group 3.619% variable rate 29/3/2029	£2,609,000	2,421	1.27
NatWest Group 5.125% variable rate perpetual	£1,125,000	1,004	0.53
NatWest Group 7.416% variable rate 6/6/2033	£1,282,000	1,325	0.69
NGG Finance 5.625% variable rate 18/6/2073	£500,000	492	0.26
NIE Finance 5.875% 1/12/2032	£1,000,000	1,058	0.55
NIE Finance 6.375% 2/6/2026	£1,500,000	1,544	0.81
Northern Powergrid Northeast 3.25% 1/4/2052	£1,163,000	825	0.43
Northern Powergrid Yorkshire 2.25% 9/10/2059	£643,000	343	0.18
Pension Insurance 6.5% 3/7/2024	£242,000	242	0.13
Pension Insurance 8% 13/11/2033	£900,000	946	0.50
Places for People Treasury 2.875% 17/8/2026	£367,000	347	0.18
Places for People Treasury 6.25% 6/12/2041	£1,056,000	1,104	0.58
Principality Building Society 8.625% 12/7/2028	£1,180,000	1,271	0.67
Reckitt Benckiser Treasury 3.875% 14/9/2033	€811,000	726	0.38
Reckitt Benckiser Treasury Services 5.625% 14/12/2038	£539,000	585	0.31
Rentokil Initial 5% 27/6/2032	£1,000,000	984	0.52
RL Finance Bonds 4.875% variable rate 7/10/2049	£750,000	586	0.31
Rothsay Life 5% variable rate perpetual	£750,000	538	0.28
Rothsay Life 5.5% variable rate 17/9/2029	£2,590,000	2,561	1.34
Royal Bank of Scotland 3.125% variable rate 28/3/2027	£3,761,000	3,564	1.87
Royal Bank of Scotland 3.622% variable rate 14/8/2030	£900,000	860	0.45
Saga 3.375% 12/5/2024	£289,000	275	0.14
Santander UK Group Holdings 2.92% variable rate 8/5/2026	£2,700,000	2,579	1.35
Santander UK Group Holdings 6.75% variable rate perpetual	£1,500,000	1,491	0.78
Santander UK Group Holdings 7.098% variable rate 16/11/2027	£1,000,000	1,032	0.54
Scottish & Southern 8.375% 20/11/2028	£2,300,000	2,659	1.39
Scottish Hydro-Electric Transmission 5.5% 15/1/2044	£754,000	747	0.39
Southern Gas Networks 6.625% 14/3/2035	£1,180,000	1,279	0.67
SW Finance 7.375% 12/12/2041	£763,000	790	0.41
Thames Water Utilities Finance 4.625% 4/6/2046	£240,000	182	0.10
Thames Water Utilities Finance 7.738% 9/4/2058	£950,000	1,019	0.53
Thames Water Utilities Finance 8.25% 25/4/2040	£155,000	169	0.09
Virgin Money 4% variable rate 25/9/2026	£1,500,000	1,440	0.75
Virgin Money 5.125% variable rate 11/12/2030	£560,000	537	0.28
Virgin Money 11% variable rate perpetual	£330,000	334	0.18
Vodafone Group 3% 12/8/2056	£952,000	571	0.30
Vodafone Group 3.375% 8/8/2049	£1,200,000	820	0.43
Weir Group 6.875% 14/6/2028	£675,000	704	0.37
Western Power Distribution 3.5% 16/10/2026	£1,000,000	960	0.50
Yorkshire Water Finance 1.75% 26/11/2026	£1,200,000	1,082	0.57

## Portfolio Statement

as at 15 January 2024

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
Yorkshire Water Finance 1.75% 27/10/2032	£1,000,000	735	0.39
Yorkshire Water Finance 2.75% 18/4/2041	£1,185,000	786	0.41
<b>Total Corporate Bonds</b>		<b>89,254</b>	<b>46.77</b>
<b>Total United Kingdom</b>		<b>95,816</b>	<b>50.21</b>

### UNITED STATES - 7.37% (9.79%)

#### Corporate Bonds - 7.37% (9.79%)

American Honda Finance 5.6% 06/09/2030	£711,000	741	0.39
AT&T 2.9% 4/12/2026	£3,000,000	2,840	1.49
AT&T 4.25% 1/6/2043	£2,000,000	1,659	0.87
AT&T 7% 30/4/2040	£1,000,000	1,131	0.59
Bank of America 3.584% variable rate 27/4/2031	£1,700,000	1,560	0.82
Ford Motor 7.122% 7/11/2033	\$1,046,000	879	0.46
Goldman Sachs 3.625% variable rate 29/10/2029	£1,500,000	1,399	0.73
McDonalds 4.125% 28/11/2035	€300,000	268	0.14
Realty Income 6% 5/12/2039	£685,000	717	0.38
Time Warner Cable 5.25% 15/7/2042	£500,000	427	0.22
Time Warner Cable 5.75% 2/6/2031	£1,500,000	1,465	0.77
Toyota Motor Credit Corp 5.625% 23/10/2028	£939,000	978	0.51
<b>Total Corporate Bonds</b>		<b>14,064</b>	<b>7.37</b>
<b>Total United States</b>		<b>14,064</b>	<b>7.37</b>

### AUSTRALIA - 1.57% (1.87%)

#### Corporate Bonds - 1.57% (1.87%)

QBE Insurance Group 2.5% variable rate 13/9/2038	£2,550,000	2,142	1.12
Westfield America Manage 2.625% 30/3/2029	£1,000,000	863	0.45
<b>Total Corporate Bonds</b>		<b>3,005</b>	<b>1.57</b>
<b>Total Australia</b>		<b>3,005</b>	<b>1.57</b>

### BERMUDA - 0.90% (0.21%)

#### Corporate Bonds - 0.90% (0.21%)

Hiscox 6% 22/9/2027	£727,000	741	0.39
Hiscox 6.125% variable rate 24/11/2045	£1,000,000	982	0.51
<b>Total Corporate Bonds</b>		<b>1,723</b>	<b>0.90</b>
<b>Total Bermuda</b>		<b>1,723</b>	<b>0.90</b>

### CANADA - 0.58% (0.00%)

#### Corporate Bonds - 0.58% (0.00%)

Royal Bank of Canada 5% 24/1/2028	£1,100,000	1,099	0.58
<b>Total Corporate Bonds</b>		<b>1,099</b>	<b>0.58</b>
<b>Total Canada</b>		<b>1,099</b>	<b>0.58</b>

### CAYMAN ISLANDS - 0.64% (0.44%)

#### Corporate Bonds - 0.64% (0.44%)

Phoenix 7.75% variable rate 6/12/2053	£1,186,000	1,221	0.64
<b>Total Corporate Bonds</b>		<b>1,221</b>	<b>0.64</b>
<b>Total Cayman Islands</b>		<b>1,221</b>	<b>0.64</b>

## Portfolio Statement

as at 15 January 2024

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>CHANNEL ISLANDS - 3.61% (4.29%)</b>			
<b>Corporate Bonds - 3.61% (4.29%)</b>			
AA Bond 7.375% 31/7/2050	£200,000	201	0.10
Heathrow Funding 4.625% 31/10/2046	£1,800,000	1,581	0.83
Heathrow Funding 6.45% 10/12/2031	£678,000	737	0.39
Heathrow Funding 6.75% 3/12/2028	£1,700,000	1,773	0.93
Heathrow Funding 7.125% 14/2/2024	£2,600,000	2,601	1.36
<b>Total Corporate Bonds</b>		<b>6,893</b>	<b>3.61</b>
<b>Total Channel Islands</b>		<b>6,893</b>	<b>3.61</b>
<b>DENMARK - 1.27% (0.70%)</b>			
<b>Corporate Bonds - 1.27% (0.70%)</b>			
Orsted AS 4.875% 12/01/2032	£1,000,000	974	0.51
Orsted AS 5.125% 13/09/2034	£1,500,000	1,456	0.76
<b>Total Corporate Bonds</b>		<b>2,430</b>	<b>1.27</b>
<b>Total Denmark</b>		<b>2,430</b>	<b>1.27</b>
<b>FRANCE - 8.76% (6.28%)</b>			
<b>Corporate Bonds - 8.76% (6.28%)</b>			
Banque Fédérative du Crédit Mutuel 4.375% 11/1/2034	€1,400,000	1,181	0.62
BPCE 2.125% variable rate 13/10/2046	€1,000,000	681	0.36
Credit Agricole 4.875% 23/10/2029	£700,000	701	0.37
Électricité de France 5.25% 13/10/2055	\$1,600,000	1,088	0.57
Électricité de France 5.875% variable rate perpetual	£1,300,000	1,193	0.63
Électricité de France 6% 23/1/2114	£1,000,000	924	0.48
Électricité de France 6% variable rate perpetual	£1,400,000	1,358	0.71
Électricité de France 6.125% 2/6/2034	£1,000,000	1,038	0.54
Engie 5.625% 3/4/2053	£1,100,000	1,109	0.58
Kering 5% 23/11/2032	£1,400,000	1,430	0.75
La Banque Postale 5.625% variable rate 21/9/2028	£1,500,000	1,498	0.78
Orange 5.375% 22/11/2050	£1,000,000	1,017	0.53
RCI Banque 4.875% 2/10/2029	€1,442,000	1,293	0.68
Schneider Electric 3.25% 10/10/2035	€1,200,000	1,017	0.53
Société Générale 5.75% variable rate 22/1/2032	£1,200,000	1,195	0.63
<b>Total Corporate Bonds</b>		<b>16,723</b>	<b>8.76</b>
<b>Total France</b>		<b>16,723</b>	<b>8.76</b>
<b>GERMANY - 1.24% (1.52%)</b>			
<b>Corporate Bonds - 1.24% (1.52%)</b>			
Deutsche Bank 6.125% variable rate 12/12/2030	£1,000,000	1,000	0.52
Volkswagen Bank 4.625% 3/5/2031	€1,200,000	1,068	0.56
Vonovia 5.5% 18/1/2036	£300,000	296	0.16
<b>Total Corporate Bonds</b>		<b>2,364</b>	<b>1.24</b>
<b>Total Germany</b>		<b>2,364</b>	<b>1.24</b>

**Portfolio Statement**

as at 15 January 2024

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>IRELAND - 3.09% (0.80%)</b>			
<b>Corporate Bonds - 1.22% (0.78%)</b>			
ESB Finance 4.25% 3/3/2036	€350,000	316	0.16
Zurich Finance Ireland 5.125% variable rate 23/11/2052	£2,136,000	2,019	1.06
<b>Total Corporate Bonds</b>		<b>2,335</b>	<b>1.22</b>
<b>Financials - 1.87% (0.02%)</b>			
+HSBC Sterling ESG Liquidity Fund	3,568,798	3,569	1.87
<b>Total Financials</b>		<b>3,569</b>	<b>1.87</b>
<b>Total Ireland</b>		<b>5,904</b>	<b>3.09</b>
<b>ITALY - 0.33% (0.42%)</b>			
<b>Corporate Bonds - 0.33% (0.42%)</b>			
Eni Spa 3.875% 15/1/2034	€729,000	625	0.33
<b>Total Corporate Bonds</b>		<b>625</b>	<b>0.33</b>
<b>Total Italy</b>		<b>625</b>	<b>0.33</b>
<b>JAPAN - 0.56% (0.00%)</b>			
<b>Corporate Bonds - 0.56% (0.00%)</b>			
Mizuho Financial Group 5.628% 13/6/2028	£1,037,000	1,063	0.56
<b>Total Corporate Bonds</b>		<b>1,063</b>	<b>0.56</b>
<b>Total JAPAN</b>		<b>1,063</b>	<b>0.56</b>
<b>JERSEY - 1.68% (0.45%)</b>			
<b>Corporate Bonds - 1.68% (0.45%)</b>			
Heathrow Funding 5.875% 13/5/2041	£2,100,000	2,183	1.14
+HSBC Bank Fund 5.844% variable rate perpetual	£1,000,000	1,037	0.54
<b>Total Corporate Bonds</b>		<b>3,220</b>	<b>1.68</b>
<b>Total Jersey</b>		<b>3,220</b>	<b>1.68</b>
<b>LUXEMBOURG - 4.40% (3.74%)</b>			
<b>Corporate Bonds - 2.33% (1.26%)</b>			
Aroundtown 4.75% variable rate perpetual	£1,700,000	851	0.45
Blackstone Property Partners 2.625% 20/10/2028	£903,000	763	0.40
CK Hutchison Holdings 2% 17/10/2027	£1,000,000	892	0.47
John Deere Bank 5.125% 18/10/2028	£1,200,000	1,236	0.65
Logicor Financing 2.75% 15/1/2030	£856,000	696	0.36
#~Virgolino De Oliveira Fi 6.75% 29/1/2018	\$243,000	-	0.00
<b>Total Corporate Bonds</b>		<b>4,438</b>	<b>2.33</b>
<b>Financials - 2.07% (2.48%)</b>			
+HSBC Global Securitised Credit Bond Fund	416,843	3,956	2.07
<b>Total Financials</b>		<b>3,956</b>	<b>2.07</b>
<b>Total Luxembourg</b>		<b>8,394</b>	<b>4.40</b>

## Portfolio Statement

as at 15 January 2024

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>NETHERLANDS - 4.71% (5.99%)</b>			
<b>Corporate Bonds - 4.71% (5.99%)</b>			
AT Securities 5.25% variable rate perpetual	\$2,000,000	829	0.44
E.ON International Finance 4.75% 31/1/2034	£2,500,000	2,389	1.25
E.ON International Finance 5.875% 30/10/2037	£1,250,000	1,297	0.68
E.ON International Finance 6.125% 6/7/2039	£1,000,000	1,055	0.55
Enel Finance 5.75% 14/9/2040	£1,000,000	1,011	0.53
ING Groep 6.25% variable rate 20/5/2033	£1,200,000	1,197	0.63
Royal KPN 5% 18/11/2026	£1,200,000	1,207	0.63
<b>Total Corporate Bonds</b>		<b>8,985</b>	<b>4.71</b>
<b>Total Netherlands</b>		<b>8,985</b>	<b>4.71</b>
<b>NORWAY - 1.02% (1.10%)</b>			
<b>Corporate Bonds - 1.02% (1.10%)</b>			
DNB Bank ASA 4% variable rate 17/8/2027	£2,000,000	1,937	1.02
<b>Total Corporate Bonds</b>		<b>1,937</b>	<b>1.02</b>
<b>Total Norway</b>		<b>1,937</b>	<b>1.02</b>
<b>SPAIN - 2.68% (3.14%)</b>			
<b>Corporate Bonds - 2.68% (3.14%)</b>			
Banco Santander 5.375% 17/1/2031	£1,100,000	1,099	0.57
Banco Santander 5.375% 17/1/2031	£1,100,000	1,099	0.58
CaixaBank 1.5% variable rate 3/12/2026	£2,400,000	2,227	1.17
Iberdrola Finanzas 4.871% variable rate perpetual	€800,000	688	0.36
<b>Total Corporate Bonds</b>		<b>5,113</b>	<b>2.68</b>
<b>Total SPAIN</b>		<b>5,113</b>	<b>2.68</b>
<b>SWEDEN - 0.81% (1.80%)</b>			
<b>Corporate Bonds - 0.81% (1.80%)</b>			
Svenska Handelsbanken AB 4.625% variable rate 23/8/2032	£1,268,000	1,210	0.63
Vattenfall 2.5% variable rate 29/6/2083	£400,000	337	0.18
<b>Total Corporate Bonds</b>		<b>1,547</b>	<b>0.81</b>
<b>Total Sweden</b>		<b>1,547</b>	<b>0.81</b>
<b>SWITZERLAND - 4.24% (2.95%)</b>			
<b>Corporate Bonds - 4.24% (2.95%)</b>			
Credit Suisse Group 2.25% variable rate 9/6/2028	£2,000,000	1,802	0.94
Credit Suisse Group 2.875% variable rate 2/4/2032	€2,000,000	1,597	0.84
Credit Suisse Group 7.75% variable rate 1/3/2029	€1,403,000	1,380	0.72
UBS Group 2.125% variable rate 12/9/2025	£3,400,000	3,317	1.74
<b>Total Corporate Bonds</b>		<b>8,096</b>	<b>4.24</b>
<b>Total Switzerland</b>		<b>8,096</b>	<b>4.24</b>
<b>FORWARD FOREIGN EXCHANGE CONTRACTS - 0.00% ((0.06%))</b>			
#GBP Forward Currency Contract 8/2/2024	GBP 6,794,245	(6)	-
#EUR Forward Currency Contract 8/2/2024	(EUR 7,900,000)		

## Portfolio Statement

as at 15 January 2024

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
#GBP Forward Currency Contract 9/2/2024	GBP 4,384,810	30	0.02
#USD Forward Currency Contract 9/2/2024	(USD 5,545,000)		
#EUR Forward Currency Contract 8/2/2024	EUR 1,670,000	1	-
#GBP Forward Currency Contract 8/2/2024	(GBP 1,436,337)		
#USD Forward Currency Contract 9/2/2024	USD 2,684,000	(29)	(0.02)
#GBP Forward Currency Contract 9/2/2024	(GBP 2,136,282)		
#GBP Forward Currency Contract 9/2/2024	GBP 126,307	1	-
#USD Forward Currency Contract 9/2/2024	(USD 160,000)		
#GBP Forward Currency Contract 8/2/2024	GBP 129,450	-	-
#EUR Forward Currency Contract 8/2/2024	(EUR 150,000)		
#GBP Forward Currency Contract 8/2/2024	GBP 54,653	1	-
#EUR Forward Currency Contract 8/2/2024	(EUR 63,000)		
#GBP Forward Currency Contract 8/2/2024	GBP 1,760,151	4	-
#EUR Forward Currency Contract 8/2/2024	(EUR 2,040,000)		
#GBP Forward Currency Contract 9/2/2024	GBP 691,295	-	-
#USD Forward Currency Contract 9/2/2024	(USD 880,000)		
#USD Forward Currency Contract 9/2/2024	USD 880,000	1	-
#GBP Forward Currency Contract 9/2/2024	(GBP 690,649)		
#GBP Forward Currency Contract 8/2/2024	GBP 404,407	-	-
#EUR Forward Currency Contract 8/2/2024	(EUR 470,000)		
<b>Total Forward Foreign Exchange Contracts</b>		<b>3</b>	<b>0.00</b>
<b>FUTURES - 0.24% ((0.04%))</b>			
EUX Euro Bobl Future March 2024	(34)	(16)	(0.01)
EUX Euro Bund Future March 2024	(34)	38	0.02
ICF ICE Long Gilt Future March 2024	162	427	0.23
<b>Total Futures</b>		<b>449</b>	<b>0.24</b>
<b>CREDIT DEFAULT SWAPS - (0.16%) (0.00%)</b>			
Goldman Sachs 5% 20/12/2028	(EUR 5,000,000)	(311)	(0.16)
<b>Total Credit Default Swaps</b>		<b>(311)</b>	<b>(0.16)</b>
<b>Portfolio of investments</b>		<b>190,363</b>	<b>99.75</b>
<b>Net other assets</b>		<b>489</b>	<b>0.25</b>
<b>Net assets</b>		<b>190,852</b>	<b>100.00</b>

+Investment managed by the ACD/HSBC Group

#unlisted

~Value less than £1,000

Figures in brackets denote the comparative percentage holdings as at 15 January 2023.

Unless otherwise stated, all investments are listed securities.

The counterparty for the future is HSBC.

The counterparties for the forward foreign exchange contracts are credit agricole London, HSBC, NatWest and UBS.

The counterparty for the credit default swap is Goldman Sachs.

The fund does not hold investments in other funds available within the OEIC.



## Comparative Tables

for the year ended 15 January 2024

<b>Retail Income</b>	<b>15.1.24</b>	<b>15.1.23</b>	<b>15.1.22</b>
Change in net assets per share			
Opening net asset value per share	103.70p	125.70p	132.80p
Return before operating charges*	6.42p	(17.51p)	(2.46p)
Operating charges**	(1.12p)	(1.19p)	(1.40p)
Return after operating charges*	5.30p	(18.70p)	(3.86p)
Distributions on income shares	(4.10p)	(3.30p)	(3.24p)
Closing net asset value per share	104.90p	103.70p	125.70p
*after direct transaction costs of:***	0.00p	0.00p	0.00p
<b>Performance</b>			
Return after charges	5.11 %	(14.88%)	(2.91 %)
<b>Other information</b>			
Closing net asset value	£9,687,296	£9,916,481	£6,656,838
Closing number of shares	9,237,552	9,566,738	5,297,797
Operating charges - OCF+	1.11 %	1.09%	1.07%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest share price	108.20p	125.70p	133.60p
Lowest share price	97.64p	92.30p	126.20p

<b>Retail Accumulation</b>	<b>15.1.24</b>	<b>15.1.23</b>	<b>15.1.22</b>
Change in net assets per share			
Opening net asset value per share	267.20p	313.90p	323.40p
Return before operating charges*	17.23p	(43.66p)	(6.06p)
Operating charges**	(2.93p)	(3.04p)	(3.44p)
Return after operating charges*	14.30p	(46.70p)	(9.50p)
Distributions on accumulation shares	(10.77p)	(8.32p)	(7.96p)
Retained distributions on accumulation shares	10.77p	8.32p	7.96p
Closing net asset value per share	281.50p	267.20p	313.90p
*after direct transaction costs of:***	0.00p	0.01p	0.00p
<b>Performance</b>			
Return after charges	5.35%	(14.88%)	(2.94 %)
<b>Other information</b>			
Closing net asset value	£5,040,983	£6,477,607	£27,931,027
Closing number of shares	1,791,048	2,424,559	8,899,347
Operating charges - OCF+	1.11 %	1.09%	1.08%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest share price	287.10p	313.90p	326.90p
Lowest share price	254.90p	233.90p	311.90p

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

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

+The ACD has announced that, with effect from 28 March 2024, the AMCs for these share classes will be reduced and the fees of the administrator and related services will be applied to these share classes. The OCF figures shown here are calculated as at 15 January 2024 and therefore do not reflect these changes.

## Comparative Tables

for the year ended 15 January 2024

<b>Institutional Income</b>			
Change in net assets per share	<b>15.1.24</b>	<b>15.1.23</b>	<b>15.1.22</b>
Opening net asset value per share	190.60p	231.10p	244.30p
Return before operating charges*	11.79p	(32.24p)	(4.66p)
Operating charges**	(0.07p)	(0.05p)	(0.01p)
Return after operating charges*	11.72p	(32.29p)	(4.67p)
Distributions on income shares	(9.72p)	(8.21p)	(8.53p)
Closing net asset value per share	192.60p	190.60p	231.10p
*after direct transaction costs of:***	0.00p	0.01p	0.00p
<b>Performance</b>			
Return after charges	6.15%	(13.97%)	(1.91%)
<b>Other information</b>			
Closing net asset value	£23,822,547	£171,316,755	£27,599,460
Closing number of shares	12,371,221	89,879,448	11,940,907
Operating charges - OCF+	0.04%	0.03%	0.00%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest share price	199.30p	231.20p	245.90p
Lowest share price	179.60p	170.20p	232.60p

<b>Institutional Accumulation</b>			
Change in net assets per share	<b>15.1.24</b>	<b>15.1.23</b>	<b>15.1.22</b>
Opening net asset value per share	328.90p	382.30p	389.80p
Return before operating charges*	21.13p	(53.31p)	(7.44p)
Operating charges**	(0.13p)	(0.09p)	(0.06p)
Return after operating charges*	21.00p	(53.40p)	(7.50p)
Distributions on accumulation shares	(16.70p)	(13.80p)	(13.79p)
Retained distributions on accumulation shares	16.70p	13.80p	13.79p
Closing net asset value per share	349.90p	328.90p	382.30p
*after direct transaction costs of:***	0.00p	0.01p	0.01p
<b>Performance</b>			
Return after charges	6.38%	(13.97%)	(1.92%)
<b>Other information</b>			
Closing net asset value	£38,676,078	£30,382,948	£25,154,870
Closing number of shares	11,054,790	9,236,710	6,579,155
Operating charges - OCF+	0.04%	0.03%	0.02%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest share price	356.70p	382.40p	396.30p
Lowest share price	315.40p	287.20p	376.50p

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

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

+The ACD has announced that, with effect from 28 March 2024, the fees of the administrator and related services will be applied to these share classes. The OCF figures shown here are calculated as at 15 January 2024 and therefore do not reflect this change.

## Comparative Tables

for the year ended 15 January 2024

<b>Income C</b>			
	<b>15.1.24</b>	<b>15.1.23</b>	<b>15.1.22</b>
Change in net assets per share			
Opening net asset value per share	104.10p	126.20p	133.40p
Return before operating charges*	6.45p	(17.59p)	(2.52p)
Operating charges**	(0.41p)	(0.43p)	(0.50p)
Return after operating charges*	6.04p	(18.02p)	(3.02p)
Distributions on income shares	(4.84p)	(4.08p)	(4.18p)
Closing net asset value per share	105.30p	104.10p	126.20p
*after direct transaction costs of:***	0.00p	0.00p	0.00p
<b>Performance</b>			
Return after charges	5.80%	(14.28%)	(2.26%)
<b>Other information</b>			
Closing net asset value	£76,025,215	£81,425,976	£110,053,050
Closing number of shares	72,227,360	78,209,557	87,190,625
Operating charges - OCF+	0.41%	0.39%	0.38%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest share price	108.80p	126.30p	134.30p
Lowest share price	98.08p	92.88p	127.00p

<b>Accumulation C</b>			
	<b>15.1.24</b>	<b>15.1.23</b>	<b>15.1.22</b>
Change in net assets per share			
Opening net asset value per share	285.60p	333.20p	341.00p
Return before operating charges*	18.05p	(46.45p)	(6.52p)
Operating charges**	(1.15p)	(1.15p)	(1.28p)
Return after operating charges*	16.90p	(47.60p)	(7.80p)
Distributions on accumulation shares	(13.54p)	(10.93p)	(10.81p)
Retained distributions on accumulation shares	13.54p	10.93p	10.81p
Closing net asset value per share	302.50p	285.60p	333.20p
*after direct transaction costs of:***	0.00p	0.01p	0.00p
<b>Performance</b>			
Return after charges	5.92%	(14.29%)	(2.29%)
<b>Other information</b>			
Closing net asset value	£37,599,419	£46,959,419	£58,528,681
Closing number of shares	12,428,883	16,441,338	17,565,659
Operating charges - OCF+	0.41%	0.39%	0.38%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest share price	308.50p	333.30p	345.90p
Lowest share price	273.40p	249.60p	329.20p

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

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

+The ACD has announced that, with effect from 28 March 2024, the AMCs for these share classes will be reduced and the fees of the administrator and related services will be applied to these share classes. The OCF figures shown here are calculated as at 15 January 2024 and therefore do not reflect these changes.

## Statement of Total Return

for the year ended 15 January 2024

	Notes	15.1.24		15.1.23	
		£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	2		3,678		(27,663)
Revenue	3	10,113		10,289	
Expenses	4	(654)		(766)	
Interest payable and similar charges		-		(3)	
Net revenue before taxation		9,459		9,520	
Taxation	5	-		-	
Net revenue after taxation			9,459		9,520
Total return/(deficit) before distributions			13,137		(18,143)
Distributions	6		(9,459)		(10,118)
Change in net assets attributable to shareholders from investment activities			3,678		(28,261)

## Statement of Change in Net Assets Attributable to Shareholders

for the year ended 15 January 2024

	15.1.24		15.1.23	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		346,479		263,902
Amounts receivable on creation of shares	27,476		256,657	
Amounts payable on cancellation of shares	(191,145)		(150,023)	
		(163,669)		106,634
Dilution adjustment		562		964
Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above)		3,678		(28,261)
Retained distribution on accumulation shares		3,802		3,240
Closing net assets attributable to shareholders		190,852		346,479

## Balance Sheet

as at 15 January 2024

	Notes	15.1.24		15.1.23	
		£'000	£'000	£'000	£'000
<b>Assets</b>					
Investments			190,725		337,369
Current assets					
Debtors	8	4,784		14,078	
Cash and bank balances		2,963		5,311	
Total current assets			7,747		19,389
Total assets			198,472		356,758
<b>Liabilities</b>					
Investment liabilities			(362)		(1,205)
Creditors					
Distribution payable on income shares		(1,500)		(2,665)	
Other creditors	9	(5,758)		(6,409)	
Total creditors			(7,258)		(9,074)
Total liabilities			(7,620)		(10,279)
Net assets attributable to shareholders			190,852		346,479

**Distribution Tables (pence per share)**

for the year ended 15 January 2024

Group 1: Shares purchased prior to 16 October 2023				
Group 2: Shares purchased from 16 October 2023 to 15 January 2024				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution payable 15.3.24</i>	<i>Distribution paid 15.3.23</i>
<b>Retail Income</b>				
Group 1	1.228228	-	1.228228	0.825833
Group 2	1.228228	0.000000	1.228228	0.825833
<b>Retail Accumulation</b>				
Group 1	3.304278	-	3.304278	2.096561
Group 2	1.408988	1.895290	3.304278	2.096561
<b>Institutional Income</b>				
Group 1	2.943475	-	2.943475	2.003187
Group 2	1.591403	1.352072	2.943475	2.003187
<b>Institutional Accumulation</b>				
Group 1	4.856328	-	4.856328	3.426108
Group 2	1.355579	3.500749	4.856328	3.426108
<b>Income C</b>				
Group 1	1.416057	-	1.416057	1.004151
Group 2	0.773017	0.643040	1.416057	1.004151
<b>Accumulation C</b>				
Group 1	4.050828	-	4.050828	2.722424
Group 2	2.814591	1.236237	4.050828	2.722424

**Distribution Tables (pence per share)**

for the year ended 15 January 2024

Group 1: Shares purchased prior to 16 July 2023				
Group 2: Shares purchased from 16 July 2023 to 15 October 2023				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 15.12.23</i>	<i>Distribution paid 15.12.22</i>
<b>Retail Income</b>				
Group 1	0.990000	-	0.990000	0.860000
Group 2	0.990000	0.000000	0.990000	0.860000
<b>Retail Accumulation</b>				
Group 1	2.590000	-	2.590000	2.190000
Group 2	1.210000	1.380000	2.590000	2.190000
<b>Institutional Income</b>				
Group 1	2.320000	-	2.320000	2.110000
Group 2	1.170000	1.150000	2.320000	2.110000
<b>Institutional Accumulation</b>				
Group 1	4.090000	-	4.090000	3.560000
Group 2	1.850000	2.240000	4.090000	3.560000
<b>Income C</b>				
Group 1	1.170000	-	1.170000	1.060000
Group 2	0.470000	0.700000	1.170000	1.060000
<b>Accumulation C</b>				
Group 1	3.280000	-	3.280000	2.840000
Group 2	1.960000	1.320000	3.280000	2.840000

**Distribution Tables (pence per share)**

for the year ended 15 January 2024

Group 1: Shares purchased prior to 16 April 2023				
Group 2: Shares purchased from 16 April 2023 to 15 July 2023				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 15.9.23</i>	<i>Distribution paid 15.9.22</i>
<b>Retail Income</b>				
Group 1	0.940000	-	0.940000	0.820000
Group 2	0.940000	0.000000	0.940000	0.820000
<b>Retail Accumulation</b>				
Group 1	2.440000	-	2.440000	2.060000
Group 2	2.220000	0.220000	2.440000	2.060000
<b>Institutional Income</b>				
Group 1	2.220000	-	2.220000	2.060000
Group 2	1.500000	0.720000	2.220000	2.060000
<b>Institutional Accumulation</b>				
Group 1	3.870000	-	3.870000	3.440000
Group 2	3.540000	0.330000	3.870000	3.440000
<b>Income C</b>				
Group 1	1.120000	-	1.120000	1.020000
Group 2	0.600000	0.520000	1.120000	1.020000
<b>Accumulation C</b>				
Group 1	3.100000	-	3.100000	2.720000
Group 2	1.770000	1.330000	3.100000	2.720000

**Distribution Tables (pence per share)**

for the year ended 15 January 2024

Group 1: Shares purchased prior to 16 January 2023				
Group 2: Shares purchased from 16 January 2023 to 15 April 2023				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 15.6.23</i>	<i>Distribution paid 15.6.22</i>
<b>Retail Income</b>				
Group 1	0.940000	-	0.940000	0.790000
Group 2	0.790000	0.150000	0.940000	0.790000
<b>Retail Accumulation</b>				
Group 1	2.440000	-	2.440000	1.970000
Group 2	2.230000	0.210000	2.440000	1.970000
<b>Institutional Income</b>				
Group 1	2.240000	-	2.240000	2.040000
Group 2	1.970000	0.270000	2.240000	2.040000
<b>Institutional Accumulation</b>				
Group 1	3.880000	-	3.880000	3.370000
Group 2	2.110000	1.770000	3.880000	3.370000
<b>Income C</b>				
Group 1	1.130000	-	1.130000	1.000000
Group 2	0.530000	0.600000	1.130000	1.000000
<b>Accumulation C</b>				
Group 1	3.110000	-	3.110000	2.650000
Group 2	1.510000	1.600000	3.110000	2.650000



## Notes to the Financial Statements

for the year ended 15 January 2024

	15.1.24 £'000	15.1.23 £'000
<b>1. Accounting Policies</b>		
The accounting policies are set out on pages 10 and 11.		
<b>2. Net Capital Gains/(Losses)</b>		
The net capital gains/(losses) during the year comprise:		
Currency gains/(losses)	16	58
Transaction charges	(13)	(9)
Losses on derivative contracts	(392)	(2,176)
Gains on forward foreign currency contracts	377	401
Gains/(losses) on non-derivative securities	3,690	(25,937)
Net capital gains/(losses)	3,678	(27,663)
<b>3. Revenue</b>		
Interest on bonds and other debt securities	10,172	10,246
Deposit interest	60	18
Bank interest	67	21
Income on derivative contracts	(191)	(1)
Stock lending Income	5	5
Total revenue	10,113	10,289
<b>4. Expenses</b>		
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's charge	574	684
Safe custody fee	30	20
	604	704
Payable to the Depositary, associates of the Depositary, and agents of either of them:		
Depositary fee	21	29
Other expenses:		
Audit fee	11	8
Report and accounts fee	1	5
Administration fee	17	20
	29	33
Total expenses	654	766

**15.1.24**                      15.1.23  
**£'000**                              £'000

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

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

**b) Factors affecting taxation charge for the year:**

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

The differences are explained below:

Net revenue before taxation	<b>9,459</b>	9,520
Corporation tax at 20%	<b>1,892</b>	1,904
Effects of:		
Tax deductible interest distribution	<b>(1,892)</b>	(1,904)
Current tax charge for the year (note 5a)	-	-

**c) Provision for deferred taxation**

At 15 January 2024, there is no potential deferred tax asset (15.1.23: £nil) in relation to surplus management expenses.

**6. Distributions**

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

Interim dividend distribution	<b>6,464</b>	6,350
Final dividend distribution	<b>2,600</b>	3,480
	<b>9,064</b>	9,830
Add: Amounts deducted on cancellation of shares	<b>539</b>	715
Deduct: Amounts received on issue of shares	<b>(144)</b>	(427)
Net distribution for the year	<b>9,459</b>	10,118

**7. Movement Between Net Revenue and Distributions**

Net revenue after taxation	<b>9,459</b>	9,520
Effective yield transferred from capital	-	598
Net distribution for the year	<b>9,459</b>	10,118

**8. Debtors**

Amounts receivable for creation of shares	<b>385</b>	47
Sales awaiting settlement	<b>1,002</b>	7,975
Accrued revenue	<b>3,397</b>	6,056
Total debtors	<b>4,784</b>	14,078

**9. Other Creditors**

Amounts payable for cancellation of shares	<b>233</b>	222
Purchases awaiting settlement	<b>5,384</b>	6,130
Accrued expenses	<b>141</b>	57
Total other creditors	<b>5,758</b>	6,409

## 10. Reconciliation of Shares

	<i>Retail Income</i>	<i>Retail Accumulation</i>	<i>Institutional Income</i>
Opening shares issued at 16.1.23	9,566,738	2,424,559	89,879,448
<b>Share movements 16.1.23 to 15.1.24</b>			
Shares issued	330,813	81,461	18,970
Shares cancelled	(659,999)	(714,972)	(77,418,438)
Shares converted	-	-	(108,759)
Closing shares issued at 15.1.24	9,237,552	1,791,048	12,371,221

  

	<i>Institutional Accumulation</i>	<i>Income C</i>	<i>Accumulation C</i>
Opening shares issued at 16.1.23	9,236,710	78,209,557	16,441,338
<b>Share movements 16.1.23 to 15.1.24</b>			
Shares issued	5,183,597	2,393,335	2,582,219
Shares cancelled	(3,367,208)	(8,595,569)	(6,585,323)
Shares converted	1,691	220,037	(9,351)
Closing shares issued at 15.1.24	11,054,790	72,227,360	12,428,883

## 11. Ultimate Controlling Party and Related Party Transactions

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

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

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

	<i>Retail Income</i>	<i>Retail Accumulation</i>	<i>Institutional Income</i>	<i>Institutional Accumulation</i>	<i>Income C</i>	<i>Accumulation C</i>
	%	%	%	%	%	%
As at 15.1.24	-	-	96.63	99.01	88.21	7.75
As at 15.1.23	-	-	95.73	99.65	88.67	21.24

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

The balance due from/to the ACD (including amounts due to associates and agents) at the year end was £26,248 (15.1.23: £213,276). Further details of such amounts can be found in notes 8 and 9.

At the year end, the Fund held £14,119,637 (15.1.23: £21,631,969) in Authorised Investment Funds managed by HSBC and/or HSBC Holdings, the parent company of the ACD. During the year, transactions in Authorised Investment Funds managed by HSBC and/or HSBC Holdings totalled £119,459,057 (15.1.23: £162,138,841).

Investments in related parties are disclosed in the Portfolio Statement.

## 12. Financial Instruments

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

### Foreign Currency Risk

Since a small portion of the net assets of the Fund are denominated in currencies other than sterling, no currency risk exposure has been prepared (15.1.23: same)

### Interest Rate Risk

The interest rate profile of the Fund's financial assets and liabilities at 15 January 2024 was:

	<i>Floating rate financial assets/(liabilities)*</i>		<i>Fixed rate financial assets</i>		<i>Financial assets/(liabilities) not carrying interest</i>		<i>Total</i>	
	<b>15.1.24</b>	15.1.23	<b>15.1.24</b>	15.1.23	<b>15.1.24</b>	15.1.23	<b>15.1.24</b>	15.1.23
	<b>£'000</b>	£'000	<b>£'000</b>	£'000	<b>£'000</b>	£'000	<b>£'000</b>	£'000
Sterling	<b>82,374</b>	126,420	<b>92,822</b>	185,852	<b>5,872</b>	14,907	<b>181,068</b>	327,179
Euro	<b>5,874</b>	5,344	<b>6,493</b>	8,932	<b>(5,102)</b>	(4,647)	<b>7,265</b>	9,629
United States dollar	<b>430</b>	4,444	<b>1,967</b>	2,161	<b>122</b>	3,066	<b>2,519</b>	9,671
Total	<b>88,678</b>	136,208	<b>101,282</b>	196,945	<b>892</b>	13,326	<b>190,852</b>	346,479

\*Interest rates are based upon HSBC's proprietary rates, with the exception of the GBP debit rate which is linked to Bank of England rate.

The bond ratings for the portfolio at 15 January 2024 were:

<b>Investment</b>	<i>Bid value £'000</i>	<i>Total net assets %</i>
Bond credit ratings		
Investment grade	164,257	86.05
Non investment grade	10,246	5.38
Non rated	8,194	4.30
<b>Total bonds</b>	<b>182,697</b>	<b>95.73</b>

## 13. Shareholders' Funds

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

The annual ACD charge on the retail share class is 1.05%, nil on the institutional share class and 0.35% on the C share class.

The net asset value of the share class, the net asset value per share and the number of shares in each class are given in the Comparative Tables on pages 97 to 99. The distribution per share class is given in the Distribution Tables on page 101 to 104. All share classes within the OEIC have the same rights on winding up.

## 14. Stock Lending Activities

With effect from 1 February 2022, the Fund has started undertaking stock lending transactions. Revenue earned from these activities is shown in note 3 and is net of bank and agents fees amounting to £1,864 (15.01.23: £916) payable to HSBC Bank plc.

## 15. Financial Derivatives

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

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

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

Details of the individual contracts are shown on the Portfolio Statement on pages 90 to 96, and the total position by the counterparty at the year end is summarised below. The underlying exposure for each category of derivatives were as follows:

Counterparty	Forward Currency £'000		Total £'000	
	2024	2023	2024	2023
Credit Agricole	1	521	1	521
HSBC Bank	5	146	5	146
JP Morgan	-	9	-	9
NatWest	31	-	31	-
UBS	1	35	1	35

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

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

At 15 January 2024, there was no collateral held in respect of the above derivatives (15.1.23: £nil).

## 16. Contingent Liabilities and Commitments

At the year end, the Fund had no contingent liabilities or commitments (15.1.23: none).

## 17. Portfolio Transaction Costs

The purchases and sales of securities incurred no direct transaction costs during the year or previous year.

Total purchases for the year were £164,779,815 (15.1.23: £438,428,642).

Total sales for the year were £315,128,867 (15.1.23: £331,720,943).

The Fund had paid £2,233 (15.01.23: £7,271) as commission on purchases and sales derivative transactions for the year ended 15.1.24.

At the balance sheet date the portfolio dealing spread was 0.54% (15.01.23: 1.15%), being the difference between the respective bid and offer prices for the Fund's investments.

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

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

**Direct transaction costs: Broker commissions, fees and taxes.**

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

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

## 18. Fair Value of Investments

FRS 102 requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following classifications:

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

### For the year ended 15 January 2024

Category	1	2	3	Total
	£'000	£'000	£'000	£'000
<b>Investment Assets</b>				
Equities	-	-	-	-
Bonds	6,562	176,135	-	182,697
Pooled investment vehicles	-	7,525	-	7,525
Derivatives	465	38	-	503
	7,027	183,698	-	190,725
<b>Investment Liabilities</b>				
Derivatives	(16)	(4,646)	-	(4,662)
	(16)	(4,646)	-	(4,662)

### For the year ended 15 January 2023

Category	1	2	3	Total
	£'000	£'000	£'000	£'000
<b>Investment Assets</b>				
Equities	-	-	-	-
Bonds	21,283	248,396	-	269,679
Pooled investment vehicles	-	66,824	-	66,824
Derivatives	155	711	-	866
	21,438	315,931	-	337,369
<b>Investment Liabilities</b>				
Derivatives	(314)	(891)	-	(1,205)
	(314)	(891)	-	(1,205)

## 19. Value at Risk (VaR)

The market risk of the Fund's financial asset and liability positions is monitored by the Investment Advisor using VaR analysis.

VaR is a process that provides an estimate of the maximum potential loss that could be expected to occur as a result of changes in market prices over a given period of time in all but a given percentage of circumstances.

The Manager produces daily relative Value at Risk (VaR) numbers. The third party system used to calculate the VaR is FIS APT.

The relative VaR attempts to quantify the incremental amount the Fund may lose relative to the benchmark.

The investment risk team undertake model back testing which involves calculating 1 day VaR and comparing to actual daily return on the Fund, to review the accuracy of the model. As at 15 January 2024 the relative VaR was 97.12% (15.1.23: 92.91%).

The minimum, average and maximum VaR of the Fund over the year ended 15 January 2024 was 82.94%, 97.75% and 101.24% (15.1.23: 78.09%, 89.39% and 93.96%).

## Global Equity Income (Closed 17 March 2023)

### Investment Objective

The Fund aims to provide income together with growth in the long term, which is a period of five years or more. The Fund intends to provide a level of income consistent with the Investment Association Global Equity Income sector definition.

### Investment Policy

To achieve its objective, the Fund will invest at least 80% of its value in shares (equities) of companies, including preference shares, located in any country. The Fund may invest up to 20% of its value in other assets, such as assets equivalent to shares of companies, real estate investment trusts and cash. The Fund may invest up to 10% of its value in other funds, which may be managed by the HSBC Group.

The Fund will typically invest in the shares of 50 to 80 companies.

The Fund may invest in different types of derivatives for efficient portfolio management purposes, including hedging. The Fund does not currently use derivatives to reduce the risk of movements in the rate of exchange between sterling and other currencies in which the Fund's assets may be held. The use of derivatives will be consistent with the risk profile of the Fund.

### Investment Strategy\*

The Fund is actively managed and is managed with reference to the MSCI All Countries World Index.

The level of risk the Fund may take is considered relative to the MSCI All Countries World Index as part of the portfolio construction process, this means the Fund returns are more likely to be closer to the returns of the MSCI All Countries World Index than if there were no limits on the level of risk the Fund may take.

The MSCI All Countries World Index is also considered as part of our investment risk monitoring process, to check that overall level of risk taken by the fund manager is not inconsistent with the global equities market.

To be consistent with the definition of the Investment Association Global Equity Income sector the Fund intends to provide income above 100% of the income level of the MSCI All Countries World Index over three-year periods and above 90% over one-year periods. The performance of the Fund is therefore shown against the performance of the MSCI All Countries World Index.

\*The full strategy can be found in the prospectus.

### Portfolio Activity

The fund closed on 17 March 2023.

**Portfolio Statement**

as at 15 January 2024

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
Oil & Gas - 0.00% (6.46%)			
Basic Materials - 0.00% (6.62%)			
#Severstal PJSC GDR	62,394	-	-
<b>Total Basic Materials</b>		-	-
Industrials - 0.00% (15.13%)			
Consumer Goods - 0.00% (7.61%)			
Healthcare - 0.00% (9.24%)			
Consumer Services - 0.00% (13.63%)			
Telecommunications - 0.00% (2.79%)			
Utilities - 0.00% (2.65%)			
Financials - 0.00% (14.21%)			
Technology - 0.00% (17.59%)			
Futures - 0.00% ((0.02)%)			
<b>Portfolio of investments</b>		-	-
<b>Net other assets</b>		-	-
<b>Net assets</b>		-	-

#unlisted

Figures in brackets denote the comparative percentage holdings as at 15 January 2023.

Unless otherwise stated, all investments are listed equities.

Total purchases for the period, including transaction charges, were £nil. Total sales for the period, net of transaction charges, were £4,005,853.

The Fund has been terminated on 17 March 2023.

The fund does not hold investments in other funds available within the OEIC.



## Comparative Tables

for the year ended 15 January 2024

<b>Institutional Income</b>	<b>15.1.24#</b>	<b>15.1.23</b>	<b>15.1.22</b>
Change in net assets per share			
Opening net asset value per share	141.00p	148.90p	132.00p
Return before operating charges*	(4.00p)	(4.29p)	20.10p
Operating charges**	(0.30p)	(0.11p)	(0.06p)
Return after operating charges*	(4.30p)	(4.40p)	20.04p
Distributions on income shares	-	(3.50p)	(3.14p)
Cancellation price	(136.70p)	-	-
Closing net asset value per share	-	141.00p	148.90p
*after direct transaction costs of:***	0.05p	0.21p	0.03p
<b>Performance</b>			
Return after charges	(3.05%)	(2.96%)	15.18%
<b>Other information</b>			
Closing net asset value	N/A	£4,070,671	£81,269,673
Closing number of shares	N/A	2,888,008	54,562,625
Operating charges - OCF	N/A	0.07%	0.04%
Direct transaction costs	N/A	0.14%	0.02%
<b>Prices</b>			
Highest share price	146.00p	149.60p	153.70p
Lowest share price	136.50p	129.90p	127.40p

<b>Institutional Accumulation</b>	<b>15.1.24#</b>	<b>15.1.23</b>	<b>15.1.22</b>
Change in net assets per share			
Opening net asset value per share	163.40p	168.30p	145.90p
Return before operating charges*	(4.55p)	(4.34p)	22.47p
Operating charges**	(0.35p)	(0.56p)	(0.07p)
Return after operating charges*	(4.90p)	(4.90p)	22.40p
Distributions on accumulation shares	-	(4.00p)	(3.50p)
Retained distributions on accumulation shares	-	4.00p	3.50p
Cancellation price	(158.50p)	-	-
Closing net asset value per share	-	163.40p	168.30p
*after direct transaction costs of:***	0.06p	0.23p	0.04p
<b>Performance</b>			
Return after charges	(3.00%)	(2.91%)	15.35%
<b>Other information</b>			
Closing net asset value	N/A	£81,685	£84,129
Closing number of shares	N/A	50,000	50,000
Operating charges - OCF	N/A	0.36%	0.04%
Direct transaction costs	N/A	0.14%	0.02%
<b>Prices</b>			
Highest share price	169.10p	169.00p	172.90p
Lowest share price	158.30p	148.20p	140.80p

#The Fund has been terminated on 17 March 2023.

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

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

## Comparative Tables

for the year ended 15 January 2024

<b>Income C</b>	<b>15.1.24#</b>	<b>15.1.23</b>	<b>15.1.22</b>
<b>Change in net assets per share</b>			
Opening net asset value per share	133.50p	142.20p	127.10p
Return before operating charges*	(3.74p)	(3.84p)	19.21p
Operating charges**	(0.46p)	(1.54p)	(1.12p)
Return after operating charges*	(4.20p)	(5.38p)	18.09p
Distributions on income shares	-	(3.32p)	(2.99p)
Cancellation price	(129.30p)	-	-
Closing net asset value per share	-	133.50p	142.20p
*after direct transaction costs of:***	0.05p	0.19p	0.03p
<b>Performance</b>			
Return after charges	(3.15%)	(3.78%)	14.23%
<b>Other information</b>			
Closing net asset value	N/A	£73,407	£78,193
Closing number of shares	N/A	55,000	55,000
Operating charges - OCF	N/A	1.15%	0.84%
Direct transaction costs	N/A	0.14%	0.02%
<b>Prices</b>			
Highest share price	138.20p	142.70p	146.70p
Lowest share price	129.10p	123.20p	122.60p

<b>Accumulation C</b>	<b>15.1.24#</b>	<b>15.1.23</b>	<b>15.1.22</b>
<b>Change in net assets per share</b>			
Opening net asset value per share	155.10p	161.00p	140.80p
Return before operating charges*	(4.36p)	(4.13p)	21.50p
Operating charges**	(0.54p)	(1.77p)	(1.30p)
Return after operating charges*	(4.90p)	(5.90p)	20.20p
Distributions on accumulation shares	-	(3.79p)	(3.34p)
Retained distributions on accumulation shares	-	3.79p	3.34p
Cancellation price	(150.20p)	-	-
Closing net asset value per share	-	155.10p	161.00p
*after direct transaction costs of:***	0.06p	0.22p	0.03p
<b>Performance</b>			
Return after charges	(3.16%)	(3.66%)	14.35%
<b>Other information</b>			
Closing net asset value	N/A	£77,539	£80,511
Closing number of shares	N/A	50,000	50,000
Operating charges - OCF	N/A	1.15%	0.84%
Direct transaction costs	N/A	0.14%	0.02%
<b>Prices</b>			
Highest share price	160.40p	161.60p	165.50p
Lowest share price	150.00p	141.30p	135.80p

#The Fund has been terminated on 17 March 2023.

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

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

## Statement of Total Return

for the year ended 15 January 2024

	Notes	15.1.24#		15.1.23	
		£'000	£'000	£'000	£'000
Income					
Net capital losses	2		(127)		(3,740)
Revenue	3	5		825	
Expenses	4	(8)		(17)	
Net expense/revenue before taxation		(3)		808	
Taxation	5	3		(77)	
Net revenue after taxation			-		731
Total deficit before distributions			(127)		(3,009)
Distributions	6		-		(732)
Change in net assets attributable to shareholders from investment activities			(127)		(3,741)

## Statement of Change in Net Assets Attributable to Shareholders

for the year ended 15 January 2024

	15.1.24#		15.1.23	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		4,303		81,513
Amounts receivable on creation of shares	-		133	
Amounts payable on cancellation of shares	(4,176)		(73,689)	
		(4,176)		(73,556)
Dilution adjustment		-		83
Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above)		(127)		(3,741)
Retained distribution on accumulation shares		-		4
Closing net assets attributable to shareholders		-		4,303
#The Fund has been terminated on 17 March 2023.				

## Balance Sheet

as at 15 January 2024

		15.1.24#		15.1.23	
	Notes	£'000	£'000	£'000	£'000
Assets					
Investments			-		4,128
Current assets					
Debtors	8	-		130	
Cash and bank balances		10		81	
Total current assets			10		211
Total assets			10		4,339
Liabilities					
Investment liabilities			-		(1)
Creditors					
Distribution payable on income shares		-		(19)	
Other creditors	9	(10)		(16)	
Total creditors			(10)		(35)
Total liabilities			(10)		(36)
Net assets attributable to shareholders			-		4,303
#The Fund has been terminated on 17 March 2023.					

**Distribution Tables (pence per share)**

for the year ended 15 January 2024

Group 1: Shares purchased prior to 16 October 2023				
Group 2: Shares purchased from 16 October 2023 to 15 January 2024				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution payable 15.3.24#</i>	<i>Distribution paid 15.3.23</i>
<b>Institutional Income</b>				
Group 1	0.000000	-	0.000000	0.641661
Group 2	0.000000	0.000000	0.000000	0.641661
<b>Institutional Accumulation</b>				
Group 1	0.000000	-	0.000000	0.739620
Group 2	0.000000	0.000000	0.000000	0.739620
<b>Income C</b>				
Group 1	0.000000	-	0.000000	0.610527
Group 2	0.000000	0.000000	0.000000	0.610527
<b>Accumulation C</b>				
Group 1	0.000000	-	0.000000	0.704640
Group 2	0.000000	0.000000	0.000000	0.704640

Group 1: Shares purchased prior to 16 July 2023				
Group 2: Shares purchased from 16 July 2023 to 15 October 2023				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 15.12.23#</i>	<i>Distribution paid 15.12.22</i>
<b>Institutional Income</b>				
Group 1	0.000000	-	0.000000	0.480000
Group 2	0.000000	0.000000	0.000000	0.480000
<b>Institutional Accumulation</b>				
Group 1	0.000000	-	0.000000	0.560000
Group 2	0.000000	0.000000	0.000000	0.560000
<b>Income C</b>				
Group 1	0.000000	-	0.000000	0.450000
Group 2	0.000000	0.000000	0.000000	0.450000
<b>Accumulation C</b>				
Group 1	0.000000	-	0.000000	0.520000
Group 2	0.000000	0.000000	0.000000	0.520000

#The fund has been terminated on 17 March 2023

**Distribution Tables (pence per share)**

for the year ended 15 January 2024

Group 1: Shares purchased prior to 16 April 2023				
Group 2: Shares purchased from 16 April 2023 to 15 July 2023				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 15.9.23#</i>	<i>Distribution paid 15.9.22</i>
<b>Institutional Income</b>				
Group 1	0.000000	-	0.000000	1.450000
Group 2	0.000000	0.000000	0.000000	1.450000
<b>Institutional Accumulation</b>				
Group 1	0.000000	-	0.000000	1.650000
Group 2	0.000000	0.000000	0.000000	1.650000
<b>Income C</b>				
Group 1	0.000000	-	0.000000	1.380000
Group 2	0.000000	0.000000	0.000000	1.380000
<b>Accumulation C</b>				
Group 1	0.000000	-	0.000000	1.570000
Group 2	0.000000	0.000000	0.000000	1.570000

Group 1: Shares purchased prior to 16 January 2023				
Group 2: Shares purchased from 16 January 2023 to 15 April 2023				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 15.6.23#</i>	<i>Distribution paid 15.6.22</i>
<b>Institutional Income</b>				
Group 1	0.000000	-	0.000000	0.930000
Group 2	0.000000	0.000000	0.000000	0.930000
<b>Institutional Accumulation</b>				
Group 1	0.000000	-	0.000000	1.050000
Group 2	0.000000	0.000000	0.000000	1.050000
<b>Income C</b>				
Group 1	0.000000	-	0.000000	0.880000
Group 2	0.000000	0.000000	0.000000	0.880000
<b>Accumulation C</b>				
Group 1	0.000000	-	0.000000	1.000000
Group 2	0.000000	0.000000	0.000000	1.000000

#The fund has been terminated on 17 March 2023

## Notes to the Financial Statements

for the year ended 15 January 2024

	15.1.24# £'000	15.1.23 £'000
<b>1. Accounting Policies</b>		
The accounting policies are set out on pages 10 and 11.		
<b>2. Net Capital Losses</b>		
The net capital losses during the year comprise:		
Currency (losses)/gains	(1)	11
Transaction charges	(1)	(5)
Capital special dividends	-	30
Losses on derivative contracts	(3)	(110)
Losses on non-derivative securities	(122)	(3,666)
Net capital losses	(127)	(3,740)
<b>3. Revenue</b>		
UK dividends (net)	2	90
Overseas dividends	3	733
Stocklending income	-	2
Total revenue	5	825
<b>4. Expenses</b>		
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's charge	-	1
Safe custody fee	-	(3)
	-	(2)
Payable to the Depositary, associates of the Depositary, and agents of either of them:		
Depositary fee	-	3
<b>Other expenses:</b>		
Audit fee	3	7
Termination fee	-	7
Legal fee	5	-
Report and accounts fee	-	1
Administration fee	-	1
	8	16
Total expenses	8	17

#The Fund has been terminated on 17 March 2023

	15.1.24# £'000	15.1.23 £'000
<b>5. Taxation</b>		
a) Analysis of charge in year:		
Corporation tax	-	8
Overseas tax	(4)	77
Double taxation relief	-	(8)
Adjustments in respect of prior years	1	-
Total tax for the year (note 5b)	(3)	77
b) Factors affecting taxation charge for the year:		
The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an open-ended investment company (20%).		
The differences are explained below:		
Net revenue before taxation	(3)	808
Corporation tax at 20%	(1)	162
Effects of:		
Revenue not subject to taxation	(1)	(154)
Expenses not deductible for tax purposes	1	-
Current year expenses not utilised	1	-
Irrecoverable overseas tax	(4)	77
Double taxation relief	-	(8)
Adjustments in respect of prior years	1	-
Current tax charge for the year (note 5a)	(3)	77
c) Provision for deferred taxation		
At 15 January 2024, there is a potential deferred tax asset of £662 (15.01.23 : £nil) in relation to surplus management expenses.		
<b>6. Distributions</b>		
The distributions take account of amounts received on the issue of shares and amounts deducted on the cancellation of shares, and comprise:		
Interim dividend distribution	-	423
Final dividend distribution	-	20
	-	443
Add: Amounts deducted on cancellation of shares	-	289
Deduct: Amounts received on issue of shares	-	-
Net distribution for the year	-	732
<b>7. Movement Between Net Revenue and Distributions</b>		
Net revenue after taxation	-	731
ACD's charge charged to capital	-	1
Net distribution for the year	-	732
<b>8. Debtors</b>		
Accrued revenue	-	5
Overseas tax recoverable	-	125
Total debtors	-	130
<b>9. Other creditors</b>		
Accrued expenses	10	16
Total other creditors	10	16

#The Fund has been terminated on 17 March 2023.

**10. Reconciliation of Shares**

	<i>Institutional Income</i>	<i>Institutional Accumulation</i>	<i>Income C</i>	<i>Accumulation C</i>
Opening shares issued at 16.1.23	2,888,008	50,000	55,000	50,000
<b>Share movements 16.1.23 to 15.01.24</b>				
Shares issued	-	-	-	-
Shares cancelled	(2,888,008)	(50,000)	(55,000)	(50,000)
Shares converted	-	-	-	-
Closing shares issued at 15.1.24#	-	-	-	-

#The Fund has been terminated on 17 March 2023.

**11. Ultimate Controlling Party and Related Party Transactions**

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

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

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

	<i>Institutional Income</i>	<i>Institutional Accumulation</i>	<i>Income C</i>	<i>Accumulation C</i>
	%	%	%	%
As at 15.01.24	-	-	-	-
As at 15.01.23	100.00	100.00	90.91	100.00

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

The balance due to the ACD (including amounts due to associates and agents) at the year end was £1,928 (15.1.23: £1,097). Further details of such amounts can be found in notes 8 and 9.

At the year end, the Fund held £nil (15.1.23: £nil) in Authorised Investment Funds managed by HSBC and/or HSBC Holdings, the parent company of the ACD. During the period, transactions in Authorised Investment Funds managed by HSBC and/or HSBC Holdings totalled £nil (15.1.23: £nil).

Investments in related parties are disclosed in the Portfolio Statement.



## 12. Financial Instruments

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

### Foreign Currency Risk

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

Net currency monetary assets and liabilities consist of:

	<i>Portfolio of investments</i>		<i>Net other assets/(liabilities)</i>		<i>Net assets</i>	
	<b>15.1.24#</b>	<b>15.1.23</b>	<b>15.1.24#</b>	<b>15.1.23</b>	<b>15.1.24#</b>	<b>15.1.23</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Sterling*	-	448	-	75	-	523
Canadian dollar	-	58	-	-	-	58
Danish krone	-	-	-	3	-	3
Euro	-	709	-	34	-	743
Hong Kong dollar	-	34	-	-	-	34
Indonesian rupiah	-	120	-	-	-	120
Japanese yen	-	180	-	-	-	180
Korean won	-	79	-	1	-	80
Swiss franc	-	206	-	89	-	295
United States dollar	-	2,293	-	(26)	-	2,267
Total	-	4,127	-	176	-	4,303

#The Fund has been terminated on 17 March 2023.

\*No currency risk as base currency.

### Interest Rate Risk

At the year end, 0.00% (15.1.23: 1.88%) of the Fund's assets by value were interest-bearing.

Interest rates are based upon HSBC's proprietary rates, with the exception of the GBP debit rate which is linked to Bank of England rate.

## 13. Shareholders' Funds

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

The annual ACD charge is nil on the institutional share class and 0.80% on the C share class.

The net asset value of the share class, the net asset value per share and the number of shares in each class are given in the Comparative Tables on pages 113 and 114. The distribution per share class is given in the Distribution Tables on pages 116 and 117. All share classes within the OEIC have the same rights on winding up.

## 14. Stock Lending Activities

With effect from 1 February 2022, the Fund has started undertaking any stock lending transactions. Revenue earned from these activities is shown in note 3 and is net of bank and agents fees amounting to £nil (15.01.23 £nil) payable to HSBC Bank plc.

## 15. Financial Derivatives

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

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

The type of derivatives held at the year end was index futures. Details of the individual contracts are shown on the Portfolio Statement on page 112.

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

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

At 15 January 2024, there was no collateral held in respect of the above derivatives (15.1.23: nil).

**16. Contingent Liabilities and Commitments**

At the year end, the Fund had no contingent liabilities or commitments (15.1.23: none).

**17. Portfolio Transaction Costs**

<b>For the year ended 15 January 2024#</b>	<i>Purchases</i>	<i>Commissions</i>		<i>Taxes</i>		<i>Other Expenses</i>	
	£'000	£'000	%	£'000	%	£'000	%
<b>Analysis of total purchases costs</b>							
Equity transactions	-	-	-	-	-	-	-
Total purchases before transaction costs	-	-		-		-	
Transaction costs	-						
Total purchases after commission, tax and fees	-						
	<i>Sales</i>	<i>Commissions</i>		<i>Taxes</i>		<i>Other Expenses</i>	
	£'000	£'000	%	£'000	%	£'000	%
<b>Analysis of total sales costs</b>							
Equity transactions	4,007	1	0.02	-	-	-	-
Total sales before transaction costs	4,007	1		-		-	
Transaction costs	(1)						
Total sales after commission, tax and fees	4,006						

The Fund had paid £8 as commission on purchases and sales derivative transactions for the year ended 15.1.24.

Commissions, taxes and fees as % of average net assets:

Commissions	0.00%
Taxes	0.00%
Other expenses	0.00%

At the balance sheet date the portfolio dealing spread was 0.00%, being the difference between the respective bid and offer prices for the Fund's investments.

#The Fund has been terminated on 17 March 2023.

<b>For the year ended 15 January 2023</b>	<i>Purchases</i>	<i>Commissions</i>		<i>Taxes</i>		<i>Other Expenses</i>	
	£'000	£'000	%	£'000	%	£'000	%
<b>Analysis of total purchases costs</b>							
Equity transactions	285	-	-	-	-	-	-
Total purchases before transaction costs	285	-		-		-	
Transaction costs	-						
Total purchases after commission, tax and fees	285						
	<i>Sales</i>	<i>Commissions</i>		<i>Taxes</i>		<i>Other Expenses</i>	
	£'000	£'000	%	£'000	%	£'000	%
<b>Analysis of total sales costs</b>							
Equity transactions	73,530	26	0.04	8	0.01	2	-
Total sales before transaction costs	73,530	26		8		2	
Transaction costs	(36)						
Total sales after commission, tax and fees	73,494						

The Fund had paid £151 as commission on purchases and sales derivative transactions for the year ended 15.1.23.

Commissions, taxes and fees as % of average net assets:

Commissions	0.10%
Taxes	0.03%
Other expenses	0.01%

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

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

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

**Direct transaction costs: Broker commissions, fees and taxes.**

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

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

## 18. Fair Value of Investments

FRS 102 requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following classifications:

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

### For the year ended 15 January 2024#

Category	1	2	3	Total
	£'000	£'000	£'000	£'000
Investment Assets				
Equities	-	-	-	-
Derivatives	-	-	-	-
	-	-	-	-
Investment Liabilities				
Derivatives	-	-	-	-
	-	-	-	-

#The Fund has been terminated on 17 March 2023.

### For the year ended 15 January 2023

Category	1	2	3	Total
	£'000	£'000	£'000	£'000
Investment Assets				
Equities	4,128	-	-	4,128
	4,128	-	-	4,128
Investment Liabilities				
Derivatives	(1)	-	-	(1)
	(1)	-	-	(1)

#The Fund has been terminated on 17 March 2023.

## 19. Sensitivity Analysis

### Price risk sensitivity:

If the price of investments at 15 January 2024 had increased or decreased by 10% with all other variables held constant, this would have increased or decreased the net assets attributable to shareholders by £nil (15.1.23: £412,669).

### Currency risk sensitivity:

If the exchange rate at 15 January 2024 had increased or decreased by 10% with all other variables held constant, this would have increased or decreased the net assets attributable to shareholders by £nil (15.1.23: £377,988).

### Interest rate risk: (in case if there's less than 10% bond holdings)

At the balance sheet date, the Fund did not have a significant exposure to interest rate risk, therefore no sensitivity analysis is disclosed (15.1.23: no significant exposure).

## Europe Ex-UK Equity Fund

### Investment Objective

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

### Investment Policy

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

The Fund may invest up to 20% of its value in other assets, such as shares of non-European companies and cash. This means that up to 20% of the value of the Fund may be invested in the shares of companies that are not European companies (as de-fined above), which therefore may include UK companies. The Fund may invest up to 10% of its value in other funds, which may be managed or operated by the HSBC Group. Typically the Fund will invest in the shares of 40 to 60 companies.

The Fund may invest in different types of derivatives for efficient portfolio management, including hedging. The Fund does not currently use derivatives to reduce the risk of movements in the rate of exchange between sterling and other currencies in which the Fund's assets may be held. The use of derivatives will be consistent with the risk profile of the Fund.

### Investment Strategy\*

The Fund is managed with reference to the MSCI Europe Ex-UK Index (Net).

The fund manager is not limited to investing in shares of companies that are part of MSCI Europe Ex-UK Index (Net).

The MSCI Europe Ex-UK Index (Net) is considered as part of our investment risk monitoring process, to check that the overall level of risk taken by the fund manager is not inconsistent with the European equities market (excluding the UK equity market).

To enable investors to assess the performance of the Fund it is shown against the performance of the MSCI Europe Ex-UK Index (Net).

\* The full strategy can be found in the prospectus.

### Portfolio Activity

Over the period, HSBC Europe ex-UK underperformed the MSCI Europe ex-UK.

The sector allocation was negative and explains around 75% of the underperformance.

Indeed, the fund, which has a growth bias, was underexposed to banks and capital goods, traditional value sectors which have outperformed, and overexposed to consumer durables, in particular the luxury industry which has underperformed over the same period.

These negative contributions were partially offset by the fund's strong positioning on software and semiconductors, two growth sectors which have outperformed over the year.

Stock selection had a negative impact on the fund's relative performance.

SAP was the best outperformer. The company is shifting to a subscription model and expects an increased adoption in 2024, potentially leading to 10%-plus revenue growth in 2025. Margins could steadily improve over the next few years, driven by greater scale in its cloud products, and recently announced restructuring. SAP has the potential to be a key beneficiary of generative-AI investment by corporations.

Wolters Kluwer contributed positively. The group may maintain its mid-single-digit organic revenue growth in the medium term, with any expansion flowing through to operating profit and free cash flow. Information services for mostly professional customers are primarily driving sales gains. Much of the revenue is subscription-based, partially insulating the company from macroeconomic headwinds.

Air Liquide outperformed. Pricing strength is differentiating Air Liquide's margin power amid a price downcycle across materials peers. A high project backlog represents locked-in growth despite weak manufacturing indicators in the US and Europe. Diverse geographies and markets support solid cash flow as energy-transition projects expand. Industrial Merchant pricing will remain a bellwether of market strength, with falling energy costs testing its historical skill at recovering past hikes. Electronics and green-energy projects are key battlegrounds as customers rethink supply chains and build to rebalance regionally.

Neste underperformed. Neste's return on capital is pressured by renewable diesel-margin headwinds as support from refining crack spreads cools in 2024. Increasing competition underpins higher feedstock costs and reduces renewable-credit prices. Neste will remain the market-share leader of drop-in biofuels through 2030, but its share could fall below 15% vs. 21% currently. The company's early move into sustainable aviation fuels and vertical integration make it more tenable than peers. Feedstock availability sets limits on hydroprocessing technology, which could drive Neste to increase spending on next-generation fuels.

Major purchases during the period included Relx. Major sales during the period included Adidas, Akzo Nobel, Alstom, Galp Energia, Kering and Prosus.

Although inflation has been trending downwards for several months, many factors (geopolitical tensions, wage increases, inventory levels) could generate some volatility for the inflation cycle and the interest rates path.

The very sharp market reactions to annual earnings are indicative of jittery investors and uncertainties over the health of end-markets. Stock selection is back at the forefront, as valuation gaps between different regions and asset classes soar to historical highs.

The European market's Price/Earnings ratio (PER) is indeed 30% lower than its American counterpart. Small and mid-caps are also trading at historical lows compared to larger caps.

Beyond economic growth and inflation forecasts, markets are expected to remain sensitive to the health of the Chinese economy, to geopolitical tensions between the US and China, and to the armed conflicts in Ukraine and the Middle East.

## Investment Performance

During the year under review, the value of the shares in the Fund increased by 4.01% while the value of the MSCI Europe ex-UK NR increased by 4.91%.

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

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

## Fund Particulars

as at 16 January 2024

	Retail Accumulation	Institutional A Accumulation	Income C	Accumulation C
Price	925.2p	896.9p	755.2p xd	1,003p
Distribution payable (on 15 March 2024) per share net	1.965809p	8.632020p	6.810044p	8.949103p
Current net estimated yield	0.15%	0.90%	0.84%	0.83%
Annual ACD charge	1.50%	0.75%	0.80%	0.80%

**Portfolio Statement**

as at 15 January 2024

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>DENMARK - 6.17% (4.25%)</b>			
Christian Hansen Holdings	17,516	1,129	1.19
Novo Nordisk	56,479	4,722	4.98
<b>Total Denmark</b>		<b>5,851</b>	<b>6.17</b>
<b>FINLAND - 2.31% (3.19%)</b>			
Neste	78,535	2,190	2.31
<b>Total Finland</b>		<b>2,190</b>	<b>2.31</b>
<b>FRANCE - 30.14% (29.88%)</b>			
Air Liquide	25,714	3,879	4.09
Amundi	17,063	921	0.97
Capgemini	16,268	2,723	2.88
Dassault Systèmes	80,907	3,100	3.27
Hermes International	2,117	3,338	3.52
L'Oreal	9,170	3,345	3.53
Legrand Promesses	33,985	2,667	2.82
LVMH	7,183	4,134	4.36
Schneider Electric	22,882	3,460	3.65
Teleperformance	8,491	992	1.05
<b>Total France</b>		<b>28,559</b>	<b>30.14</b>
<b>GERMANY - 16.04% (12.66%)</b>			
Allianz (registered)	18,220	3,786	4.00
Carl Zeiss Meditec	11,034	964	1.02
Deutsche Boerse	11,665	1,883	1.99
Infineon Technologies	79,055	2,306	2.43
SAP	37,735	4,686	4.94
Siemens	11,304	1,575	1.66
<b>Total Germany</b>		<b>15,200</b>	<b>16.04</b>
<b>IRELAND - 2.56% (2.35%)</b>			
Kerry Group 'A'	13,558	890	0.94
Kingspan Group	24,194	1,541	1.62
<b>Total Ireland</b>		<b>2,431</b>	<b>2.56</b>
<b>ITALY - 2.07% (2.16%)</b>			
Amplifon	31,063	834	0.88
FinecoBank Banca Fineco	93,900	1,127	1.19
<b>Total Italy</b>		<b>1,961</b>	<b>2.07</b>
<b>NETHERLANDS - 15.18% (20.59%)</b>			
Adyen	1,618	1,663	1.75
ASML Holdings	10,158	5,663	5.98
Heineken	22,459	1,801	1.90
STMicroelectronics	55,789	1,900	2.01
Wolters Kluwer certificates	29,295	3,355	3.54
<b>Total Netherlands</b>		<b>14,382</b>	<b>15.18</b>

**Portfolio Statement**

as at 15 January 2024

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>PORTUGAL - 0.00% (1.08%)</b>			
<b>SPAIN - 3.67% (2.39%)</b>			
Amadeus IT	18,178	999	1.05
Industria de Diseño Textil	74,149	2,479	2.62
<b>Total Spain</b>		<b>3,478</b>	<b>3.67</b>
<b>SWEDEN - 1.45% (1.35%)</b>			
Securitas 'B'	179,749	1,371	1.45
<b>Total Sweden</b>		<b>1,371</b>	<b>1.45</b>
<b>SWITZERLAND - 13.57% (13.59%)</b>			
Lonza Group	3,800	1,292	1.36
Nestle (registered)	52,813	4,716	4.98
Novartis (registered)	28,704	2,424	2.56
Roche Holdings	9,982	2,300	2.43
Sonova	8,301	2,127	2.24
<b>Total Switzerland</b>		<b>12,859</b>	<b>13.57</b>
<b>UNITED KINGDOM - 2.26% (0.00%)</b>			
RELX	67,003	2,143	2.26
<b>Total United Kingdom</b>		<b>2,143</b>	<b>2.26</b>
<b>FUTURES - (0.09%) (0.16%)</b>			
EUX Euro Stoxx 50 March 2024	114	(84)	(0.09)
<b>Total Futures</b>		<b>(84)</b>	<b>(0.09)</b>
<b>Portfolio of investments</b>		<b>90,341</b>	<b>95.33</b>
<b>Net other assets</b>		<b>4,427</b>	<b>4.67</b>
<b>Net assets</b>		<b>94,768</b>	<b>100.00</b>

Figures in brackets denote the comparative percentage holdings as at 15 January 2023.

Unless otherwise stated, all investments are listed securities.

The counterparty for futures is HSBC Bank.

The fund does not hold investments in other funds available within the OEIC.

## Comparative Tables

for the year ended 15 January 2024

<b>Retail Accumulation</b>	<b>15.1.24</b>	<b>15.1.23</b>	<b>15.1.22</b>
Change in net assets per share			
Opening net asset value per share	900.00p	927.50p	974.00p
Return before operating charges*	40.71p	(14.33p)	(41.33p)
Operating charges**	(14.01p)	(13.17p)	(5.17p)
Return after operating charges*	26.70p	(27.50p)	(46.50p)
Distributions on accumulation shares	(1.97p)	(2.36p)	(0.00p)
Retained distributions on accumulation shares	1.97p	2.36p	0.00p
Closing net asset value per share	926.70p	900.00p	927.50p
*after direct transaction costs of:***	0.22p	0.21p	0.11p
<b>Performance</b>			
Return after charges	2.97%	(2.96%)	(4.77%)
<b>Other information</b>			
Closing net asset value	£3,050,953	£3,256,552	£18,978,701
Closing number of shares	329,237	361,852	2,046,307
Operating charges - OCF+	1.55%	1.54%	1.56%
Direct transaction costs	0.02%	0.02%	0.01%
<b>Prices</b>			
Highest share price	956.80p	934.60p	1,003.00p
Lowest share price	819.50p	760.10p	897.00p

<b>Institutional A Accumulation</b>	<b>15.1.24</b>	<b>15.1.23</b>	<b>15.1.22</b>
Change in net assets per share			
Opening net asset value per share	866.00p	885.10p	927.10p
Return before operating charges*	39.34p	(12.64p)	(39.42p)
Operating charges**	(6.94p)	(6.46p)	(2.58p)
Return after operating charges*	32.40p	(19.10p)	(42.00p)
Distributions on accumulation shares	(8.63p)	(8.94p)	(0.00p)
Retained distributions on accumulation shares	8.63p	8.94p	0.00p
Closing net asset value per share	898.40p	866.00p	885.10p
*after direct transaction costs of:***	0.21p	0.20p	0.10p
<b>Performance</b>			
Return after charges	3.74%	(2.16%)	(4.53%)
<b>Other information</b>			
Closing net asset value	£3,712,610	£899,148	£853,661
Closing number of shares	413,248	103,827	96,445
Operating charges - OCF+	0.80%	0.81%	0.81%
Direct transaction costs	0.02%	0.02%	0.01%
<b>Prices</b>			
Highest share price	922.50p	891.90p	956.00p
Lowest share price	793.10p	730.00p	854.00p

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

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

+The ACD has announced that, with effect from 28 March 2024, the fees of the administrator and related services will be applied to these share classes. The OCF figures shown here are calculated as at 15 January 2024 and therefore do not reflect this change.



## Comparative Tables

for the year ended 15 January 2024

<b>Income C</b>	<b>15.1.24</b>	<b>15.1.23</b>	<b>15.1.22</b>
<b>Change in net assets per share</b>			
Opening net asset value per share	735.80p	759.90p	796.10p
Return before operating charges*	33.32p	(10.88p)	(33.85p)
Operating charges**	(6.31p)	(5.89p)	(2.35p)
Return after operating charges*	27.01p	(16.77p)	(36.20p)
Distributions on income shares	(6.81p)	(7.33p)	0.00p
Closing net asset value per share	756.00p	735.80p	759.90p
*after direct transaction costs of:***	0.18p	0.17p	0.09p
<b>Performance</b>			
Return after charges	3.67%	(2.21%)	(4.55%)
<b>Other information</b>			
Closing net asset value	£47,474,245	£49,723,115	£55,884,095
Closing number of shares	6,279,445	6,757,685	7,353,924
Operating charges - OCF+	0.85%	0.86%	0.86%
Direct transaction costs	0.02%	0.02%	0.01%
<b>Prices</b>			
Highest share price	783.70p	765.80p	821.00p
Lowest share price	673.60p	626.50p	733.00p

<b>Accumulation C</b>	<b>15.1.24</b>	<b>15.1.23</b>	<b>15.1.22</b>
<b>Change in net assets per share</b>			
Opening net asset value per share	969.40p	991.30p	1,039.00p
Return before operating charges*	43.92p	(14.22p)	(44.64p)
Operating charges**	(8.32p)	(7.68p)	(3.06p)
Return after operating charges*	35.60p	(21.90p)	(47.70p)
Distributions on accumulation shares	(8.95p)	(9.56p)	(0.00p)
Retained distributions on accumulation shares	8.95p	9.56p	0.00p
Closing net asset value per share	1,005.00p	969.40p	991.30p
*after direct transaction costs of:***	0.24p	0.22p	0.11p
<b>Performance</b>			
Return after charges	3.67%	(2.21%)	(4.59%)
<b>Other information</b>			
Closing net asset value	£40,530,283	£44,747,480	£49,181,701
Closing number of shares	4,032,569	4,615,780	4,961,095
Operating charges - OCF+	0.85%	0.86%	0.86%
Direct transaction costs	0.02%	0.02%	0.01%
<b>Prices</b>			
Highest share price	1,033.00p	999.00p	1,071.00p
Lowest share price	887.50p	817.30p	957.00p

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

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

+The ACD has announced that, with effect from 28 March 2024, the fees of the administrator and related services will be applied to these share classes. The OCF figures shown here are calculated as at 15 January 2024 and therefore do not reflect this change.

**Statement of Total Return**

for the year ended 15 January 2024

		15.1.24		15.1.23	
	Notes	£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	2		2,538		(5,705)
Revenue	3	1,916		2,325	
Expenses	4	(832)		(918)	
Interest payable and similar charges		-		(8)	
Net revenue before taxation		1,084		1,399	
Taxation	5	(218)		(280)	
Net revenue after taxation			866		1,119
Total return/(deficit) before distributions			3,404		(4,586)
Distributions	6		(867)		(1,119)
Change in net assets attributable to shareholders from investment activities			2,537		(5,705)

**Statement of Change in Net Assets Attributable to Shareholders**

for the year ended 15 January 2024

	15.1.24		15.1.23	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		98,626		124,898
Amounts receivable on creation of shares	1,291		644	
Amounts payable on cancellation of shares	(8,089)		(21,687)	
		(6,798)		(21,043)
Dilution adjustment		-		17
Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above)		2,537		(5,705)
Retained distribution on accumulation shares		403		459
Closing net assets attributable to shareholders		94,768		98,626

**Balance Sheet**

as at 15 January 2024

		15.1.24		15.1.23	
	Notes	£'000	£'000	£'000	£'000
<b>Assets</b>					
Investments			90,425		92,364
Current assets					
Debtors	8	2,095		1,889	
Cash and bank balances		2,953		5,039	
Total current assets			5,048		6,928
Total assets			95,473		99,292
<b>Liabilities</b>					
Investment liabilities			(84)		-
Creditors					
Distribution payable on income shares		(428)		(495)	
Other creditors	9	(193)		(171)	
Total creditors			(621)		(666)
Total liabilities			(705)		(666)
Net assets attributable to shareholders			94,768		98,626

**Distribution Tables (pence per share)**

for the year ended 15 January 2024

Group 1: Shares purchased prior to 16 January 2023				
Group 2: Shares purchased from 16 January 2023 to 15 January 2024				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution payable 15.3.24</i>	<i>Distribution paid 15.3.23</i>
<b>Retail Accumulation</b>				
Group 1	1.965809	-	1.965809	2.355542
Group 2	0.000000	1.965809	1.965809	2.355542
<b>Institutional A Accumulation</b>				
Group 1	8.632020	-	8.632020	8.943910
Group 2	5.196136	3.435884	8.632020	8.943910
<b>Income C</b>				
Group 1	6.810044	-	6.810044	7.330991
Group 2	6.119243	0.690801	6.810044	7.330991
<b>Accumulation C</b>				
Group 1	8.949103	-	8.949103	9.564293
Group 2	5.700041	3.249062	8.949103	9.564293

## Notes to the Financial Statements

for the year ended 15 January 2024

	15.1.24 £'000	15.1.23 £'000
<b>1. Accounting Policies</b>		
The accounting policies are set out on pages 10 and 11.		
<b>2. Net Capital Gains/(Losses)</b>		
The net capital gains/(losses) during the year comprise:		
Currency (losses)/gains	(55)	122
Transaction charges	(6)	(3)
Gains/(losses) on derivative contracts	210	(119)
Gains/(losses) on non-derivative securities	2,389	(5,705)
Net capital gains/(losses)	2,538	(5,705)
<b>3. Revenue</b>		
UK dividends (net)	-	11
Overseas dividends	1,863	2,301
Deposit interest	7	-
Bank interest	44	11
Stock lending income	2	2
Total revenue	1,916	2,325
<b>4. Expenses</b>		
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's charge	789	863
Safe custody fee	9	11
	798	874
Payable to the Depositary, associates of the Depositary, and agents of either of them:		
Depositary fee	10	12
<b>Other expenses:</b>		
Audit fee	10	7
Professional fee	-	13
Report and accounts fee	1	(1)
Administration fee	13	13
	24	32
Total expenses	832	918

	15.1.24 £'000	15.1.23 £'000
<b>5. Taxation</b>		
a) Analysis of charge in year:		
Overseas tax	218	287
Windfall overseas tax recoveries	-	(7)
Total tax for the year (note 5b)	218	280
b) Factors affecting taxation charge for the year:		
The tax assessed for the year is higher than the standard rate of corporation tax in the UK for an open-ended investment company (20%).		
The differences are explained below:		
Net revenue before taxation	1,084	1,399
Corporation tax at 20%	217	280
Effects of:		
Revenue not subject to taxation	(364)	(454)
Overseas tax	218	287
Windfall overseas tax recoveries	-	(7)
Current year expenses not utilised	148	175
Tax relief on overseas tax suffered	(1)	(1)
Current tax charge for the year (note 5a)	218	280
c) Provision for deferred taxation		
At 15 January 2024, there is a potential deferred tax asset of £405,443 (15.1.23 : £256,848) and £661 (15.1.23: £661) in relation to surplus management expenses and non-trading deficits respectively. It is unlikely the Fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the year or prior year.		
<b>6. Distributions</b>		
The distributions take account of amounts received on the issue of shares and amounts deducted on the cancellation of shares, and comprise:		
Final dividend distribution	831	955
	831	955
Add: Amounts deducted on cancellation of shares	39	167
Deduct: Amounts received on issue of shares	(3)	(3)
Net distribution for the year	867	1,119
<b>7. Movement Between Net Revenue and Distributions</b>		
Net revenue after taxation	866	1,119
Equalisation on conversions	1	-
Net distribution for the year	867	1,119
<b>8. Debtors</b>		
Amounts receivable for creation of shares	1	1
Overseas tax recoverable	2,094	1,888
Total debtors	2,095	1,889
<b>9. Other creditors</b>		
Amounts payable for cancellation of shares	64	123
Accrued expenses	129	48
Total other creditors	193	171

**10. Reconciliation of Shares**

	<i>Retail Accumulation</i>	<i>Institutional A Accumulation</i>	<i>Income C</i>	<i>Accumulation C</i>
Opening shares issued at 16.1.23	361,852	103,827	6,757,685	4,615,780
<b>Share movements 16.1.23 to 15.1.24</b>				
Shares issued	6,044	33,330	77,391	38,018
Shares cancelled	(38,659)	(24,578)	(555,631)	(352,579)
Shares converted	-	300,669	-	(268,650)
Closing shares issued at 15.1.24	329,237	413,248	6,279,445	4,032,569

**11. Ultimate Controlling Party and Related Party Transactions**

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

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

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

	<i>Retail Accumulation</i>	<i>Institutional A Accumulation</i>	<i>Income C</i>	<i>Accumulation C</i>
	%	%	%	%
As at 15.1.24	-	-	94.55	4.36
As at 15.1.23	-	-	94.82	3.65

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

The balance due to the ACD (including amounts due to associates and agents) at the year end was £181,633 (15.1.23: £159,508). Further details of such amounts can be found in notes 8 and 9.

At the year end, the Fund held £nil (15.1.23: £nil) in Authorised Investment Funds managed by HSBC and/or HSBC Holdings, the parent company of the ACD. During the year, transactions in Authorised Investment Funds managed by HSBC and/or HSBC Holdings totalled £nil (15.1.23: £nil).

Investments in related parties are disclosed in the Portfolio Statement.

## 12. Financial Instruments

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

### Foreign Currency Risk

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

Net currency monetary assets consist of:

	<i>Portfolio of investments</i>		<i>Net other assets</i>		<i>Net assets</i>	
	<b>15.1.24</b>	15.1.23	<b>15.1.24</b>	15.1.23	<b>15.1.24</b>	15.1.23
	<b>£'000</b>	£'000	<b>£'000</b>	£'000	<b>£'000</b>	£'000
Sterling*	-	-	<b>206</b>	1,431	<b>206</b>	1,431
Danish krone	<b>5,851</b>	4,187	<b>201</b>	327	<b>6,052</b>	4,514
Euro	<b>70,260</b>	73,443	<b>2,295</b>	1,866	<b>72,555</b>	75,309
Swiss franc	<b>12,859</b>	13,404	<b>1,606</b>	2,012	<b>14,465</b>	15,416
Swedish krona	<b>1,371</b>	1,330	<b>71</b>	589	<b>1,442</b>	1,919
United States dollar	-	-	<b>48</b>	37	<b>48</b>	37
Total	<b>90,341</b>	92,364	<b>4,427</b>	6,262	<b>94,768</b>	98,626

\*No currency risk as base currency.

### Interest Rate Risk

At the year end, 3.12% (15.1.23: 5.11%) of the Fund's assets by value were interest-bearing.

Interest rates are based upon HSBC's proprietary rates, with the exception of GBP debit rate which is linked to Bank of England rate.

## 13. Shareholders' Funds

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

The annual ACD charge on the retail share class is 1.50%, 0.75% on the institutional share class and 0.80% on the C share class.

The net asset value of the share class, the net asset value per share and the number of shares in each class are given in the Comparative Table on pages 128 and 129. The distribution per share class is given in the Distribution Tables on page 131. All share classes within the OEIC have the same rights on winding up.

## 14. Stock Lending Activities

With effect from 1 February 2022, the Fund has started undertaking stock lending transactions. Revenue earned from these activities is shown in note 3 and is net of bank and agents fees amounting to £515 (15.1.23: £651) payable to HSBC Bank plc.

## 15. Financial Derivatives

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

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

The types of derivatives held at the year end were index futures.

Details of the individual contracts are shown on the Portfolio Statement on pages 126 and 127, and the total position by the counterparty at the year end is summarised below. The underlying exposure for each category of derivatives were as follows:

<b>Counterparty</b>	<b>Futures</b>		<b>Total</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
HSBC Bank	-	161	-	161

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

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

At 15 January 2024, there was no collateral held in respect of the above derivatives (15.1.23: £nil).

**16. Contingent Liabilities and Commitments**

At the year end, the Fund had no contingent liabilities or commitments (15.1.23: none).

**17. Portfolio Transaction Costs**

<b>For the year ended 15 January 2024</b>	<i>Purchases</i>	<i>Commissions</i>		<i>Taxes</i>		<i>Other Expenses</i>	
	<i>£'000</i>	<i>£'000</i>	<i>%</i>	<i>£'000</i>	<i>%</i>	<i>£'000</i>	<i>%</i>
<b>Analysis of total purchases costs</b>							
Equity transactions	12,594	5	0.04	13	0.10	-	-
Total purchases before transaction costs	12,594	5		13		-	
Transaction costs	18						
Total purchases after commission, tax and fees	12,612						
	<i>Sales</i>	<i>Commissions</i>		<i>Taxes</i>		<i>Other Expenses</i>	
	<i>£'000</i>	<i>£'000</i>	<i>%</i>	<i>£'000</i>	<i>%</i>	<i>£'000</i>	<i>%</i>
<b>Analysis of total sales costs</b>							
Equity transactions	16,782	5	0.03	-	-	-	-
Total sales before transaction costs	16,782	5		-		-	
Transaction costs	(5)						
Total sales after commission, tax and fees	16,777						

The Fund had paid £590 as commission on purchases and sales derivative transactions for the year ended 15.1.24.

Commissions, taxes and fees as % of average net assets:

Commissions	0.01%
Taxes	0.01%
Other expenses	0.00%

At the balance sheet date the portfolio dealing spread was 0.10%, being the difference between the respective bid and offer prices for the Fund's investments.

<b>For the year ended 15 January 2023</b>	<i>Purchases</i>	<i>Commissions</i>		<i>Taxes</i>		<i>Other Expenses</i>	
	<i>£'000</i>	<i>£'000</i>	<i>%</i>	<i>£'000</i>	<i>%</i>	<i>£'000</i>	<i>%</i>
<b>Analysis of total purchases costs</b>							
Equity transactions	11,625	6	0.05	5	0.04	-	-
Total purchases before transaction costs	11,625	6		5		-	
Transaction costs	11						
Total purchases after commission, tax and fees	11,636						
	<i>Sales</i>	<i>Commissions</i>		<i>Taxes</i>		<i>Other Expenses</i>	
	<i>£'000</i>	<i>£'000</i>	<i>%</i>	<i>£'000</i>	<i>%</i>	<i>£'000</i>	<i>%</i>
<b>Analysis of total sales costs</b>							
Equity transactions	35,791	10	0.03	-	-	-	-
Corporate actions	4	-	-	-	-	-	-
Total sales before transaction costs	35,795	10		-		-	
Transaction costs	(10)						
Total sales after commission, tax and fees	35,785						

The Fund had paid £3,061 as commission on purchases and sales derivative transactions for the year ended 15.1.23.

Commissions, taxes and fees as % of average net assets:

Commissions	0.02%
Taxes	0.00%
Other expenses	0.00%

At the balance sheet date the portfolio dealing spread was 0.04%, being the difference between the respective bid and offer prices for the Fund's investments.



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

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

**Direct transaction costs: Broker commissions, fees and taxes.**

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

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

## 18. Fair Value of Investments

FRS 102 requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following classifications:

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

### For the year ended 15 January 2024

Category	1	2	3	Total
	£'000	£'000	£'000	£'000
Investment Assets				
Equities	90,425	-	-	90,425
	90,425	-	-	90,425
Investment Liabilities				
Derivatives	(84)	-	-	(84)
	(84)	-	-	(84)

### For the year ended 15 January 2023

Category	1	2	3	Total
	£'000	£'000	£'000	£'000
Investment Assets				
Equities	92,203	-	-	92,203
Derivatives	161	-	-	161
	92,364	-	-	92,364

## 19. Sensitivity Analysis

### Price risk sensitivity:

If the price of investments at 15 January 2024 had increased or decreased by 10% with all other variables held constant, this would have increased or decreased the net assets attributable to shareholders by £9,034,140 (15.1.23: £9,236,366).

### Currency risk sensitivity:

If the exchange rate at 15 January 2024 had increased or decreased by 10% with all other variables held constant, this would have increased or decreased the net assets attributable to shareholders by £9,456,245 (15.1.23: £9,719,582).

### Interest rate risk sensitivity:

At the balance sheet date, the Fund did not have a significant exposure to interest rate risk, therefore no sensitivity analysis is disclosed (15.1.23: no significant exposure).

## Appendix - Additional Information (unaudited)

### Balanced

The Fund carried out stock lending activities for the purpose of efficient portfolio management and in order to generate income. Revenue earned from these activities is shown in note 13.

### Global Data

#### Amount of securities and commodities on loan

	<i>% of total lendable assets*</i>
Securities	0.75%

#### Amount of assets engaged in each type of SFT

Amount of assets	<i>% of AUM</i>
£2,400,794	0.73%

\* Total lendable assets excludes cash and cash equivalents. It also excludes other monetary amounts such as net debtors and creditors which are not deemed 'lendable assets'.

### Concentration Data

Top ten collateral issuers (across all SFT)

<b>Issuer</b>	<i>Holding</i>	<i>Collateral Fair value £'000</i>
Government of Canada 3.25 1/12/2033	474,000	279
Government of Japan 2.0 20/3/2052	46,850,000	278
Government of Japan 4/4/2024	51,550,000	278
Government of Japan 1.8 20/3/2032	46,200,000	278
Government of Japan 0.005 1/1/2025	51,500,000	278
Government of Japan 0.5 20/9/2036	53,350,000	277
Government of Japan 2.2 20/3/2051	25,700,000	159
Alphabet	954	107
Informa	14154	107
British American Tobacco	4548	107

### All counterparties

	<i>Gross volume of outstanding transactions Fair value £'000</i>
<b>Counterparty</b>	
Goldman Sachs International	1,732
HSBC Bank	669
	<b>2,401</b>

**Aggregate Data****Type and quality of collateral**

<b>Type</b>	<b>Quality*</b>	<i>Fair Value</i> <b>£'000</b>
Equities	n/a	712
Bonds	Investment grade	1,826
		<b>2,538</b>

\*Quality of collateral has been interpreted as pertaining to bond instruments, which have been assessed and reported in accordance with whether they are considered investment grade, below investment grade or not-rated.

**Maturity tenor of collateral**

<b>Maturity</b>	<i>Fair Value</i> <b>£'000</b>
Rolling Maturity	2,538
	<b>2,538</b>

**Currency of collateral**

<b>Currency</b>	<i>Fair Value</i> <b>£'000</b>
Sterling	498
Canadian dollar	279
Euro	107
Japanese yen	1,547
US dollar	107
	<b>2,538</b>

**Maturity tenor of SFTs**

<b>Maturity</b>	<i>Fair Value</i> <b>£'000</b>
Rolling Maturity	2,401
	<b>2,401</b>

**Country in which counterparties are established**

<b>Counterparty</b>	<i>Fair Value</i> <b>£'000</b>
All counterparties are UK based	

**Return and cost**

	<b>£'000</b>	<i>% of overall</i> <i>returns</i>
Fund gross return	1	
Payment to ACD	-	10.00%
Agents fee	-	15.00%
<b>Fund net return</b>	<b>1</b>	<b>75.00%</b>

## UK Growth & Income

The Fund carried out stock lending activities for the purpose of efficient portfolio management and in order to generate income. Revenue earned from these activities is shown in note 13.

### Global Data

#### Amount of securities and commodities on loan

	<i>% of total lendable assets*</i>
Securities	4.37%

#### Amount of assets engaged in each type of SFT

Amount of assets	<i>% of AUM</i>
£10,766,604	4.34%

\*Total lendable assets excludes cash and cash equivalents. It also excludes other monetary amounts such as net debtors and creditors which are not deemed 'lendable assets'.

### Concentration Data

Top ten collateral issuers (across all SFT)

<b>Issuer</b>	<i>Holding</i>	<i>Collateral Fair value £'000</i>
Government of France 1.5% 25/5/2050	2,670,585	1,618
Government of Singapore 2.25% 01/8/2036	2,893,000	1,618
Government of Japan 0.1% 01/1/2026	298,150,000	1,610
Government of Japan 0.4% 20/6/2040	335,200,000	1,609
Government of Japan 2.1% 20/9/2027	276,100,000	1,609
Government of Japan 0.1% 01/11/2025	297,200,000	1,606
Government of France 0.5% 25/05/2072	2,853,118	916
Citi Group	2,880	119
Amazon	980	119
Microsoft	390	119

### All counterparties

	<i>Gross volume of outstanding transactions Fair value £'000</i>
<b>Counterparty</b>	
BNP Paribas Arbitrage London/Paris	738
Goldman Sachs International	10,029
	<b>10,767</b>

**Aggregate Data****Type and quality of collateral**

<b>Type</b>	<b>Quality*</b>	<b>Fair Value £'000</b>
Equities	n/a	793
Bonds	Investment grade	10,586
		<b>11,379</b>

\*Quality of collateral has been interpreted as pertaining to bond instruments, which have been assessed and reported in accordance with whether they are considered investment grade, below investment grade or not-rated.

**Maturity tenor of collateral**

<b>Maturity</b>	<b>Fair Value £'000</b>
Rolling Maturity	11,379
	<b>11,379</b>

**Currency of collateral**

<b>Currency</b>	<b>Fair Value £'000</b>
Euro	2,653
Japanese yen	6,434
Singapore dollar	1,618
US dollar	674
	<b>11,379</b>

**Maturity tenor of SFTs**

<b>Maturity</b>	<b>Fair Value £'000</b>
Rolling Maturity	10,767
	<b>10,767</b>

**Country in which counterparties are established**

<b>Counterparty</b>	<b>Fair Value £'000</b>
All counterparties are UK based	<b>10,767</b>

**Return and cost**

	<b>£'000</b>	<b>% of overall returns</b>
Fund gross return	8	
Payment to ACD	(1)	10.00%
Agents fee	(1)	15.00%
<b>Fund net return</b>	<b>6</b>	<b>75.00%</b>

## Income

The Fund carried out stock lending activities for the purpose of efficient portfolio management and in order to generate income. Revenue earned from these activities is shown in note 14.

## Global Data

### Amount of securities and commodities on loan

	<i>% of total lendable assets*</i>
Securities	3.42%

### Amount of assets engaged in each type of SFT

Amount of assets	<i>% of AUM</i>
£3,696,339	3.39%

\*Total lendable assets excludes cash and cash equivalents. It also excludes other monetary amounts such as net debtors and creditors which are not deemed 'lendable assets'.

## Concentration Data

Top ten collateral issuers (across all SFT)

<b>Issuer</b>	<i>Holding</i>	<i>Collateral Fair value £'000</i>
Government of Japan 0.005% 20/3/2027	101,850,000	548
Government of Japan 1.6% 20/12/2053	101,900,000	548
Government of Japan 2% 20/3/2052	92,450,000	548
Government of Japan 0.5% 20/9/2036	105,650,000	548
Government of Japan 0.1% 1/11/2025	101,200,000	547
Government of Japan 0.4% 20/9/2028	100,000,000	545
Government of Japan 0.005% 1/1/2025	58,500,000	315
Government of Japan 1.5% 20/12/2044	8,350,000	46
Government of Japan 1.9% 20/6/2031	7,700,000	46
Government of Japan 1.7% 20/3/2044	8,000,000	46

## All counterparties

	<i>Gross volume of outstanding transactions Fair value £'000</i>
<b>Counterparty</b>	
Golman Sachs	3,421
Merrill Lynch	275
	<b>3,696</b>

**Aggregate Data****Type and quality of collateral**

<b>Type</b>	<b>Quality*</b>	<i>Fair Value</i> <b>£'000</b>
Bonds	Investment grade	3,890
		<b>3,890</b>

\*Quality of collateral has been interpreted as pertaining to bond instruments, which have been assessed and reported in accordance with whether they are considered investment grade, below investment grade or not-rated.

**Maturity tenor of collateral**

<b>Maturity</b>	<i>Fair Value</i> <b>£'000</b>
Rolling Maturity	3,890
	<b>3,890</b>

**Currency of collateral**

<b>Currency</b>	<i>Fair Value</i> <b>£'000</b>
Japanese yen	3,890
	<b>3,890</b>

**Maturity tenor of SFTs**

<b>Maturity</b>	<i>Fair Value</i> <b>£'000</b>
Rolling Maturity	3,696
	<b>3,696</b>

**Country in which counterparties are established**

<b>Counterparty</b>	<i>Fair Value</i> <b>£'000</b>
All counterparties are UK based	3,696

**Return and cost**

	<b>£'000</b>	<i>% of overall returns</i>
Fund gross return	3	
Payment to ACD	-	10.00%
Agents fee	(1)	15.00%
<b>Fund net return</b>	<b>2</b>	<b>75.00%</b>

## Monthly Income

The Fund carried out stock lending activities for the purpose of efficient portfolio management and in order to generate income. Revenue earned from these activities is shown in note 13.

## Global Data

### Amount of securities and commodities on loan

	<i>% of total lendable assets*</i>
Securities	2.77%

### Amount of assets engaged in each type of SFT

Amount of assets	<i>% of AUM</i>
£2,019,045	2.54%

\*Total lendable assets excludes cash and cash equivalents. It also excludes other monetary amounts such as net debtors and creditors which are not deemed 'lendable assets'.

## Concentration Data

Top ten collateral issuers (across all SFT)

<b>Issuer</b>	<i>Holding</i>	<i>Collateral Fair value £'000</i>
Alphabet	2,709	303
Cognizant Technology	4,956	303
National Grid	28,521	303
Diageo	10,810	303
British American	12,915	303
Flutter	2,371	303
Rio Tinto	3,686	202
Government of Japan 1.0% 20/3/2062	4,850,000	21
Government of Japan 0.7% 20/6/2051	4,850,000	21
Government of Japan 0.05% 10/3/2033	3,600,000	21

## All counterparties

	<i>Gross volume of outstanding transactions Fair value £'000</i>
<b>Counterparty</b>	
HSBC Bank	1,896
Morgan Stanley & Co.International	123
	<b>2,019</b>



**Aggregate Data****Type and quality of collateral**

<b>Type</b>	<b>Quality*</b>	<i>Fair Value</i> <b>£'000</b>
Equities	n/a	2,023
Bonds	Investment grade	133
		<b>2,156</b>

\*Quality of collateral has been interpreted as pertaining to bond instruments, which have been assessed and reported in accordance with whether they are considered investment grade, below investment grade or not-rated.

**Maturity tenor of collateral**

<b>Maturity</b>	<i>Fair Value</i> <b>£'000</b>
Rolling Maturity	2,156
	<b>2,156</b>

**Currency of collateral**

<b>Currency</b>	<i>Fair Value</i> <b>£'000</b>
Euro	303
Sterling	1,118
Japanese yen	127
US dollar	608
	<b>2,156</b>

**Maturity tenor of SFTs**

<b>Maturity</b>	<i>Fair Value</i> <b>£'000</b>
Rolling Maturity	2,019
	<b>2,019</b>

**Country in which counterparties are established**

<b>Counterparty</b>	<i>Fair Value</i> <b>£'000</b>
All counterparties are UK based	<b>2,019</b>

**Return and cost**

	<b>£'000</b>	<i>% of overall</i> <i>returns</i>
Fund gross return	-	
Payment to ACD	-	10.00%
Agents fee	-	15.00%
<b>Fund net return</b>	<b>-</b>	<b>75.00%</b>

## Corporate Bond

The Fund carried out stock lending activities for the purpose of efficient portfolio management and in order to generate income. Revenue earned from these activities is shown in note 14.

### Global Data

#### Amount of securities and commodities on loan

	<i>% of total lendable assets*</i>
Securities	4.62%

#### Amount of assets engaged in each type of SFT

Amount of assets	<i>% of AUM</i>
£8,779,930	4.60%

\*Total lendable assets excludes cash and cash equivalents. It also excludes other monetary amounts such as net debtors and creditors which are not deemed 'lendable assets'.

### Concentration Data

Top ten collateral issuers (across all SFT)

<b>Issuer</b>	<i>Holding</i>	<i>Collateral Fair value £'000</i>
Government of Japan 0.6% 20/12/2036	225,900,000	1,181
Government of Japan 2.1% 20/6/2029	198,600,000	1,181
Government of Japan 0.1% 1/1/2026	218,800,000	1,181
Government of Japan 0% 13/2/2024	219,200,000	1,181
Government of Japan 2.2% 20/3/2028	200,350,000	1,181
Government of Japan 0.1% 1/11/2025	218,000,000	1,178
Government of Japan 0.1% 10/3/2029	109,600,000	669
UK Treasury 0.625% 22/11/2042	103,317	170
Government of Japan 0.7% 20/6/2051	38,900,000	170
Government of Japan 1% 20/3/2062	38,800,000	170

### All counterparties

	<i>Gross volume of outstanding transactions Fair value £'000</i>
<b>Counterparty</b>	
Banco Santander	500
Goldman Sachs International	7,301
Morgan Stanley & Co International	979
	<b>8,780</b>

**Aggregate Data****Type and quality of collateral**

<b>Type</b>	<b>Quality*</b>	<i>Fair Value</i> <b>£'000</b>
Equities	n/a	560
Bonds	Investment grade	8,815
		<b>9,375</b>

\*Quality of collateral has been interpreted as pertaining to bond instruments, which have been assessed and reported in accordance with whether they are considered investment grade, below investment grade or not-rated.

**Maturity tenor of collateral**

<b>Maturity</b>	<i>Fair Value</i> <b>£'000</b>
Rolling Maturity	9,375
	<b>9,375</b>

**Currency of collateral**

<b>Currency</b>	<i>Fair Value</i> <b>£'000</b>
Sterling	170
Japanese yen	8,645
US dollar	560
	<b>9,375</b>

**Maturity tenor of SFTs**

<b>Maturity</b>	<i>Fair Value</i> <b>£'000</b>
Rolling Maturity	8,780
	<b>8,780</b>

**Country in which counterparties are established**

<b>Counterparty</b>	<i>Fair Value</i> <b>£'000</b>
All counterparties are UK based	<b>8,780</b>

**Return and cost**

	<b>£'000</b>	<i>% of overall</i> <i>returns</i>
Fund gross return	7	
Payment to ACD	(1)	10.00%
Agents fee	(1)	15.00%
<b>Fund net return</b>	<b>5</b>	<b>75.00%</b>

### Europe Ex-UK Equity Fund

The Fund carried out stock lending activities for the purpose of efficient portfolio management and in order to generate income. Revenue earned from these activities is shown in note 14.

#### Global Data

##### Amount of securities and commodities on loan

	<i>% of total lendable assets*</i>
Securities	0.91%

##### Amount of assets engaged in each type of SFT

Amount of assets	<i>% of AUM</i>
£820,698	0.87%

\*Total lendable assets excludes cash and cash equivalents. It also excludes other monetary amounts such as net debtors and creditors which are not deemed 'lendable assets'.

#### Concentration Data

<b>All collateral issuers</b> (across all SFT)	<i>Holding</i>	<i>Collateral Fair value £'000</i>
Prudential	16,321	135
Barclays Bank	92,314	135
Lloyds	298,696	134
Rolls-Royce	44,043	134
London Stock Exchange	1,462	134
Shell	5,448	134
Hermes International	57	90

#### All counterparties

	<i>Gross volume of outstanding transactions Fair value £'000</i>
Counterparty	
Bank of Nova Scotia	821
	<b>821</b>

**Aggregate Data****Type and quality of collateral**

<b>Type</b>	<b>Quality*</b>	<i>Fair Value</i> <b>£'000</b>
Equities	n/a	896
		<b>896</b>

\*Quality of collateral has been interpreted as pertaining to bond instruments, which have been assessed and reported in accordance with whether they are considered investment grade, below investment grade or not-rated.

**Maturity tenor of collateral**

	Fair Value
Maturity	£'000
Rolling Maturity	896
	896

**Currency of collateral**

Currency	Fair Value £'000
Euro	806
Sterling	90
	896

**Maturity tenor of SFTs**

	<i>Fair Value</i>
<b>Maturity</b>	<b>£'000</b>
Rolling Maturity	821
	<b>821</b>

**Country in which counterparties are established**

<b>Counterparty</b>	<i>Fair Value</i> <b>£'000</b>
All counterparties are UK based	821

**Return and cost**

	<b>£'000</b>	<i>% of overall</i> <i>returns</i>
Fund gross return	2	
Payment to ACD	-	10.00%
Agents fee	-	15.00%
<b>Fund net return</b>	<b>2</b>	<b>75.00%</b>

## Employee Remuneration Disclosure (unaudited)

### Remuneration Policy

HSBC Investment Funds are managed by HSBC Global Asset Management (UK) Limited, which is a wholly owned subsidiary of HSBC Holdings plc.

The firm's remuneration practices and policies are governed by the HSBC Group Remuneration Committee in compliance with the relevant regulatory requirements. For details please refer to the HSBC Group Remuneration Policy as published on our website (<http://www.hsbc.com/our-approach/remuneration>).

HSBC Global Asset Management (UK) Limited's remuneration requirements as specified by the Undertakings for Collective Investment in Transferable Securities (UCITS) Directive are covered in the specific remuneration policy published in the HSBC Global Asset Management website (<http://www.global.assetmanagement.hsbc.com/about-us/governance-structure>).

### Remuneration Disclosures

The following table shows the remuneration details, including fixed and variable remuneration, made by HSBC Global Asset Management (UK) Limited to its employees and UCITS Identified staff (Material Risk Takers) for performance year 2022. Individuals have been identified as Material Risk Takers based on the criteria set out in the Financial Conduct Authority's (FCA) UCITS Remuneration Code. The disclosures reflect the requirements of the FCA's COLL Sourcebook.

	Headcount No.	Fixed Remuneration £'000	Variable Remuneration £'000
<b>HSBC Global Asset Management (UK) Ltd Employees</b>	409	60,080	29,968
HSBC Investment Funds - material risk takers	29	10,487	8,980
of which executive and non-executive members of the management body of the management company	7	1,275	603
Senior management	8	728	488
Control functions	6	674	327
Staff responsible for heading the portfolio management, administration, marketing, HR and other risk takers	24	7,810	7,562

## Statement of ACD's Responsibilities

The Collective Investment Schemes sourcebook published by the FCA, ("the COLL Rules") require the ACD to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Company and of the net income and net gains or losses on the property of the Company for the year.

In preparing the financial statements the ACD is responsible for:

- selecting suitable accounting policies and then apply them consistently;
- making judgements and estimates that are reasonable and prudent;
- following UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;
- complying with the disclosure requirements of the Statement of Recommended Practice for UK Authorised Funds issued by The Investment Association in May 2014;
- keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- assessing the Company and its sub-funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless they either intend to liquidate the Company or its sub-funds or to cease operations, or have no realistic alternative but to do so. For reasons stated in the Director's Report and as disclosed in note a, the financial statements of the Global Equity Income Fund have not been prepared on a going concern basis;
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- taking reasonable steps for the prevention and detection of fraud and irregularities.

The ACD is responsible for the management of the Company in accordance with its Instrument of Incorporation, the Prospectus and the COLL Rules.

The ACD is responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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## Statement of the Depositary's Responsibilities in Respect of the Scheme and Report of the Depositary to the Shareholders of the HSBC Investment Funds OEIC ("the Company")

### For the Year 16 January 2023 to 15 January 2024

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228), as amended, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Company's Instrument of Incorporation and Prospectus (together "the Scheme documents") as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Company in accordance with the Regulations.

The Depositary must ensure that:

- the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the value of shares of the Company are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager ("the AFM") which is the UCITS Management Company, are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that the Company is managed in accordance with the Regulations and Scheme documents in relation to the investment and borrowing powers applicable to the Company.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the AFM:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the Regulations and the Scheme documents of the Company, and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

State Street Trustees Limited  
 Quatermile 3  
 10 Nightingale Way  
 Edinburgh  
 EH3 9EG  
 13 May 2024



Ewan Gillies (Officer)



Faron Jackson (Assistant Vice President)



# Independent Auditor's Report to the Shareholders of the HSBC Investment Funds OEIC ('the Company')

## Opinion

We have audited the financial statements of the Company for the year ended 15 January 2024 which comprise the Statements of Total Return, the Statements of Changes in Net Assets Attributable to Shareholders, the Balance Sheets, the Related Notes and Distribution Tables for each of the Company's sub-funds listed on page 3 and the accounting policies set out on pages 10 and 11.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the financial position of each of the sub-funds as at 15 January 2024 and of the net revenue/net expense and the net capital gains/net capital losses on the property of each of the sub-funds for the year then ended; and
- have been properly prepared in accordance with the Instrument of Incorporation, the Statement of Recommended Practice relating to Authorised Funds, and the COLL Rules.

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## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard.

We have received all the information and explanations which we consider necessary for the purposes of our audit and we believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

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## Emphasis of matter – non-going concern basis of preparation

In respect of Global Equity Income, we draw attention to the disclosure made in accounting policy a. 'Basis of accounting' which explains that the financial statements of this sub-fund have not been prepared on a going concern basis for the reasons set out in that note. Our opinion is not modified in respect of this matter.

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## Going concern

The Authorised Corporate Director ('ACD') has prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or its sub-funds or to cease their operations, and as they have concluded that the Company and its sub-funds', except for Global Equity Income, financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Authorised Corporate Director's conclusions, we considered the inherent risks to the Company's and its sub-funds' business model and analysed how those risks might affect the Company's and its sub-funds' financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Authorised Corporate Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Authorised Corporate Director's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's and its sub-funds' ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company or its sub-funds will continue in operation.

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## **Fraud and breaches of laws and regulations – ability to detect**

### **Identifying and responding to risks of material misstatement due to fraud**

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Company’s high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Assessing the segregation of duties in place between the ACD, the Depositary, the Administrator and the Investment Manager;
- Reading ACD board minutes.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the revenue is principally non-judgemental and based on publicly available information, with limited opportunity for manipulation. We did not identify any additional fraud risks.

We evaluated the design and implementation of the controls over journal entries and other adjustments and made inquiries of the Administrator about inappropriate or unusual activity relating to the processing of journal entries and other adjustments. We identified and selected a sample of journal entries made at the end of the reporting period and tested those substantively including all material post-closing entries. Based on the results of our risk assessment procedures and understanding of the process, including the segregation of duties between the Directors and the Administrator, no further high-risk journal entries or other adjustments were identified.

### **Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations**

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the ACD and the Administrator (as required by auditing standards) and discussed with the Directors the policies and procedures regarding compliance with laws and regulations.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related authorised fund legislation maintained by the Financial Conduct Authority) and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: money laundering, data protection and bribery and corruption legislation recognising the Company’s activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and the Administrator and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

### **Context of the ability of the audit to detect fraud or breaches of law or regulation**

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

### Other information

The Authorised Corporate Director is responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information; and
- in our opinion the information given in the Authorised Corporate Director's Report is consistent with the financial statements.

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where under the COLL Rules we are required to report to you if, in our opinion:

- proper accounting records for the Company have not been kept; or
- the financial statements are not in agreement with the accounting records.

### Authorised Corporate Director's (HSBC Global Asset Management (UK) Limited) responsibilities

As explained more fully in their statement set out on page 151 the Authorised Corporate Director is responsible for: the preparation of financial statements that give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company and its sub-funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or its sub-funds or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's shareholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes sourcebook ('the COLL Rules') issued by the Financial Conduct Authority under the Open-Ended Investment Companies Regulations 2001. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.



Wiqas Qaiser  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
20 Saltire Court, Edinburgh, EH1 2EG  
13 May 2024

## General Information

### How to Buy, Sell or Switch Your Investment

- Call our Dealers on 0800 358 3011\*
  - or
  - Write to our Administration Office at: HSBC Global Asset Management (UK) Ltd, Sunderland, SR43 4BF.
- 

### Switching your Investment

- Some discounts are available for switching between our OEIC Funds.
- Switching from one OEIC Fund to another may create a capital gains tax liability.

No subscription can be received on the basis of financial reports. Subscriptions are only valid if made on the basis of the current KIID (in conjunction with the Supplementary Information Document (SID)) and Prospectus accompanied by the latest Annual Report and the most recent Interim Report, if published thereafter. Further details of our switching discounts may be obtained by:

- Telephoning our Customer Services, on 0800 358 3011\*
- 

### When we will Buy or Sell your Investment

Share prices are calculated at 12 noon each business day. The price at which shares are bought or sold depends on when we receive your instructions.

- Before 12 noon. That day's share prices will be used.
- After 12 noon. The following business day's prices will be used.

We will send you a contract note within 24 hours of the transaction. This confirms the transaction was made.

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### Cancellation Rights

- In certain circumstances we will send you a cancellation notice. If so, this will be sent within 7 days of making your investment.
  - Return this notice to us within 30 days if you do not wish to proceed with your investment.
  - It is possible to receive back less than your original investment, if the value of your shares has fallen.
- 

### Publication of Prices

The prices of shares are updated daily on the following website: [www.assetmanagement.hsbc.com/uk](http://www.assetmanagement.hsbc.com/uk)

Alternatively you can call our Investments Helpline on 0800 358 3011\*.

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### Prospectus

The Prospectus provides further details on our OEICs, including information on fund charges, minimum investment amounts and taxation. For a copy of the latest Prospectus (available free of charge):

- Telephone our Customer Services on 0800 358 3011\*
  - Write to our Administration Office
-

## Income

Income is distributed or accumulated in the following way:-

- You will receive income payments net of tax.
- If you hold accumulation shares, income will be retained within the Fund. No additional shares will be bought. The price of shares will reflect the net income received.

We must disclose details of such distributions to HM Revenue and Customs (HMRC). The distribution also needs to be disclosed on your tax return.

## Assessment of Value

The Authorised Fund Manager is required to perform a detailed assessment on whether funds are 'providing value to investors'.

The resulting findings are published in a consolidated report on our website:

[www.assetmanagement.hsbc.co.uk/en/individual-investor/about-us/our-governance](http://www.assetmanagement.hsbc.co.uk/en/individual-investor/about-us/our-governance)

## The Task Force on Climate-related Financial Disclosures (TCFD)

The ACD publishes a TCFD report for each fund of the Company. The report provides information about the climate impact and risks of the assets held by each fund. The content of the report is based on the guidance of the TCFD.

The reports for the funds are available on our website, [www.assetmanagement.hsbc.co.uk/en/individual-investor/funds](http://www.assetmanagement.hsbc.co.uk/en/individual-investor/funds), or by contacting us.

## Ongoing charges figure

Where the Ongoing Charges Figure (OCF) for a sub-fund includes underlying fund charges, this includes the charges for underlying open-ended investment company funds and applicable closed-ended investment funds.

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

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

## Important Notes

**The Annual Report covers the year 16 January 2023 to 15 January 2024.**

**Investments in stocks and shares can go down as well as up and investors may not get back the amount they originally invested. This can affect the price of shares within open-ended investment companies and the income from them.**

**Past performance should not be seen as an indication of future returns.**

**Your holding in an open-ended investment company must be regarded as a medium to long-term investment; this means for at least five years.**

**Where overseas securities are held the prices and income may also be affected by changes in currency exchange rates. It is possible that the value of an investment may fall below its original level.**

**Investments in emerging markets are by their nature higher risk and potentially more volatile than those inherent in some established markets. These risks include the possibility of failed or delayed settlement, registration and custody of securities and the level of investor protection offered.**

**Where a Fund holds gilts or other fixed interest securities, the value of the underlying assets is strongly affected by interest rate fluctuations and by changes in the credit ratings of the underlying issuer of the assets. There is a risk that both the relative yield and the capital value of these may be reduced if interest rates go up.**

**Please note any reference to “Fund” or “Funds” means a sub fund of the Company.**

**This report is issued in the UK by HSBC Global Asset Management (UK) Limited, authorised and regulated by the Financial Conduct Authority.**

**There are risks involved in investing in HSBC Investment Funds. Please refer to the Prospectus, Key Investor Information Document (KIID) and Supplementary Information Document (SID) and most recent annual and semi annual report, which can be obtained upon request free of charge from HSBC Global Asset Management (UK) Limited, 8, Canada Square, Canary Wharf, London, E14 5HQ, UK, or the local distributors. Investors and potential investors should read and note the risk warnings in the prospectus and relevant KIID and additionally, in the case of retail clients, the information contained in the supporting SID.**

**The information in this report is based on our understanding of current law and HM Revenue and Customs practice as at 15 January 2024. Both law and practice may of course change.**

Any views expressed were held at the time of preparation and are subject to change without notice. While any forecast, projection or target where provided is indicative only and not guaranteed in any way. HSBC Global Asset Management (UK) Limited accepts no liability for any failure to meet such forecast, projection or target.

The Company is authorised and regulated by the Financial Conduct Authority and is structured as an umbrella company, in that the Company proposes to issue shares linked to different Funds which have been established. The Company is a UCITS scheme. The Authorised Corporate Director and Investment Manager is HSBC Global Asset Management (UK) Limited.

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

To help improve our service and in the interests of security we may record and/or monitor your communication with us. HSBC Global Asset Management (UK) Limited provides information to Institutions, Professional Advisers and their clients on the investment products and services of the HSBC Group.

Approved for issue in the UK by HSBC Global Asset Management (UK) Limited, who are authorised and regulated by the Financial Conduct Authority.

HSBC Asset Management is the brand name for the asset management business of HSBC Group, which includes the investment activities provided through our local regulated entity, HSBC Global Asset Management (UK) Limited.

[www.assetmanagement.hsbc.com/uk](http://www.assetmanagement.hsbc.com/uk)

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## Important Changes to the Company and/or Fund Documentation

The following changes to the Company have resulted in the ACD (Authorised Corporate Director) making changes to the Company's Instrument of Incorporation and its Prospectus.

### Amendments to the Company Prospectus

The Company Prospectus was updated on 3 July 2023 to reflect the following:

- Throughout the Prospectus, wherever the Global Equity Income Fund is mentioned a footnote has been added where relevant to indicate that the Fund is currently being wound up and is no longer available for investment.
- Definitions section - New definitions were added for "Green Card Holder" and "US Citizen". The definitions of "US Law" and "US Persons" were revised, in particular in the case of the latter to indicate that Green Card Holders and US Citizens will be considered as US Persons, regardless of whether they are a resident of the US or if they reside outside of the US. The definitions for "SFDR" and "Taxonomy Regulation" were removed as they are no longer referred to in the Prospectus.
- Dealing in Shares section – The reference to the location of fund documents on our website was updated.
- Risks section – The "SFDR categorisation and Environment, Social and Governance (ESG) data" risk was renamed to "Sustainable Funds and Environment, Social and Governance (ESG) data" and was reworded to removed references to SFDR categorisations and Taxonomy Regulation that are no longer required.
- Integration of Sustainability Risks into Investment Decisions section – References to SFDR classifications and other SFDR specific requirements were deleted as these are no longer applicable.
- Taxonomy section – This section was deleted in its entirety as it no longer applies.
- Management and Administration section – The table of directors and their significant activities not connected to the ACD was updated. The Bank Holding Company Act wording was updated to clarify that rules and regulations applicable to the HSBC Group may restrict the investments that can be purchased by a Fund, for example investment in HSBC Holdings plc shares.
- Fees and Expenses section - The OCFs and Dilution adjustment rates were updated where necessary. The information describing the periodic charges of the Depositary was updated to reflect reduced rates.
- Taxation section – The references to tax years were updated to 2023/2024 and wording has been added to clarify that the personal savings allowance is not available for additional rate taxpayers. The dividend allowance was updated to £1,000 which applies for the 2023/2024 tax year.
- Appendix 1, Individual Fund Information section – The list of available share classes for the Corporate Bond Fund was updated to clarify that the Institutional Gross Accumulation share class is no longer available for investment. The list of available share classes for the Monthly Income Fund was updated to clarify that the Retail Accumulation share class is no longer available for investment. The list of available share classes for the UK Growth & Income Fund was updated to clarify that the Institutional Accumulation share class is no longer available for investment.
- Appendix 2 - The Historical Fund Performance information was updated to 31 March 2023.
- Appendix 5 – This names of the sub-custodians were updated where required.

The Company Prospectus was updated on 15 January 2024 to reflect the following:

- Management and Administration section - The value of the ACD's issued share capital has been amended. The names of the directors of the ACD and any significant activities of each director not connected with the business of the ACD has been updated. The ACD's Conflicts of Interest Policy has been updated to clarify that in the case of exchange traded Funds "ETFs" and certain other collective investment schemes, managed by an associate, which do not operate a share class with a 0% annual management charge, for example where they only operate one share class, the Fund will be subject to the annual management charge of that share class.
- Fees and Expenses section - The Remuneration of the ACD section has been updated to add reference to the OCF including fees relating to the services of the Administrator / Registrar with effect from 28 March 2024. The Table of Charges has been updated to add additional columns for Revised AMCs and Estimated OCFs with effect from 28 March 2024. The estimated dilution adjustment rates have been updated. The Administrator's Fee section has been amended and renamed Administrator's Fee and Electronic Instruction Routing Services Fee to reflect changes being introduced with effect from 28 March 2024.
- Appendix 2 – The Historical Fund Performance information was updated to 30 November 2023.
- Appendix 6 - The list of Collective Investment Schemes managed by HSBC Global Asset Management (UK) Limited has been updated to remove those schemes that have been wound up.

## Other Information

### **Equalisation**

Revenue received by the Fund during the distribution period is reflected in the price of shares until the revenue is distributed. The cost of Group 2 shares bought during a distribution period will therefore include an element of revenue.

Equalisation represents the average amount of accrued revenue included in the purchase price of all Group 2 shares sold in the year, which is refunded as part of a shareholder's first distribution. This amount is treated as a capital repayment for tax purposes. It is not liable to income or corporation tax and is deducted from the original cost of the shares for capital gains tax purposes.

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## Corporate Shareholders

A corporate shareholder will receive the distribution shown below on their tax voucher as follows:

Fund	Date payable/paid	Share class	Investment income	
			Franked	Unfranked
Balanced Fund	28.2.24	Retail Accumulation	100.00%	0.00%
	28.2.24	Income C	100.00%	0.00%
	28.2.24	Institutional Accumulation	100.00%	0.00%
	28.2.24	Accumulation C	100.00%	0.00%
Corporate Bond Fund	28.2.24	Retail Income	0.00%	100.00%
	28.2.24	Retail Accumulation	0.00%	100.00%
	28.2.24	Institutional Income	0.00%	100.00%
	28.2.24	Institutional Accumulation	0.00%	100.00%
	28.2.24	Income C	0.00%	100.00%
	28.2.24	Accumulation C	0.00%	100.00%
UK Growth & Income Fund	28.2.24	Retail Income	100.00%	0.00%
	28.2.24	Retail Accumulation	100.00%	0.00%
	28.2.24	Institutional Income	100.00%	0.00%
	28.2.24	Institutional A Accumulation	100.00%	0.00%
	28.2.24	Income C	100.00%	0.00%
	28.2.24	Accumulation C	100.00%	0.00%
	28.2.24	Retail B Income	100.00%	0.00%
	28.2.24	Retail B Accumulation	100.00%	0.00%
Income Fund	28.2.24	Retail Income	100.00%	0.00%
	28.2.24	Retail Accumulation	100.00%	0.00%
	28.2.24	Income C	100.00%	0.00%
	28.2.24	Accumulation C	100.00%	0.00%
Europe Ex-UK Equity Fund	28.2.24	Retail Accumulation	100.00%	0.00%
	28.2.24	Institutional A Accumulation	100.00%	0.00%
	28.2.24	Income C	100.00%	0.00%
	28.2.24	Accumulation C	100.00%	0.00%

All other Funds in this OEIC have a 100% franked distribution shown on their tax voucher.

## Risk and Reward Profile

Fund	Rating*	
Balanced	5***	<div> <div>Lower risk</div> <div>Higher risk</div> <div>←————→</div> <div>Typically lower rewards</div> <div>Typically higher rewards</div> <div> <div>1</div> <div>2</div> <div>3</div> <div>4</div> <div>5</div> <div>6</div> <div>7</div> </div> </div>
UK Growth & Income	6	
Income	6	
Monthly Income	5	
Corporate Bond	4	
Global Equity Income**	5	
Europe Ex-UK Equity	6	
** Fund closed on 17 March 2023		
*** Rating changed from 4 to 5 on 11 August 2023.		

### \*More About this Rating

The rating is based on price volatility over the last five years, and is an indicator of absolute risk. Historical data may not be a reliable indication for the future. The rating is not guaranteed to remain unchanged and the categorisation may shift over time. The lowest rating does not mean a risk-free investment.

For further information on the specific risks applicable to each Fund please visit [www.assetmanagement.hsbc.com/uk](http://www.assetmanagement.hsbc.com/uk).

# Directory

**The Company**

HSBC Investment Funds, 8 Canada Square, London, E14 5HQ

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**ACD and Head Office**

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

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**Investment Manager**

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

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**Depositary**

State Street Trustees Limited, Quartermile 3, 10 Nightingale Way, Edinburgh, EH3 9EG

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**Regulator**

Financial Conduct Authority (FCA), 12 Endeavour Square, London, E20 1JN

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**Auditor**

KPMG LLP, 15 Canada Square, London, E14 5GL

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**Registrar**

HSBC Global Asset Management (UK) Limited (delegated to Northern Trust Global Services SE)

50 Bank Street, Canary Wharf, London, E14 5NT

Telephone: 0800 358 3011\*

+44 800 358 3011 (Overseas)\*

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

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**Administrator** (delegated to Northern Trust Global Services SE) - postal address

HSBC Global Asset Management (UK) Ltd, Sunderland, SR43 4BF

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**Website**

[www.assetmanagement.hsbc.com/uk](http://www.assetmanagement.hsbc.com/uk)

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

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Authorised and regulated by the Financial Conduct Authority.

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**[www.assetmanagement.hsbc.com/uk](https://www.assetmanagement.hsbc.com/uk)**

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