

HSBC OpenFunds

Interim Short Report

15 October 2013

Important Notes

This Interim Report covers the period 16 April 2013 to 15 October 2013.

Investments in stocks and shares can go down as well as up. This can affect the price of shares within open-ended investment companies and the income from them.

Past performance should not be seen as a reliable 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 Funds hold investments in smaller companies it should be noted that by their nature these companies are generally new to the market and may therefore be subject to significant price movements. They may also be difficult for the Fund Manager to buy and sell.

Where overseas securities are held the prices and income may also be affected by changes in currency exchange rates. It is possible that the value of an investment may fall below its original level.

Investments in emerging markets are by their nature higher risk and potentially more volatile than those inherent in some established markets. These risks include the possibility of failed or delayed settlement, registration and custody of securities and the level of investor protection offered.

The long-term nature of investment in property and the income generated tend to make this type of investment less volatile than equities although it can be difficult to buy and/ or sell quickly. Where the underlying Funds invest directly in property, the property in the Fund may not be readily realisable, and the Manager of the Fund may apply a deferral on redemption requests. The value of property is generally a matter of the valuer's opinion rather than fact. Listed property securities are part of the equity market and are more volatile than direct (unlisted) property, which can mean that the price of shares and the income from them can fluctuate, sometimes dramatically.

Please note that any reference to "Fund" or "Funds" means a sub fund of the Company.

Contact Details

Company

HSBC OpenFunds - Registered in England with Company Number IC000488

Registered Office

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Authorised Corporate Director (ACD) and Head Office

HSBC Global Asset Management (UK) Limited, 78 St James's Street, London SW1A 1EJ

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

Registrar (delegated to HSBC Bank plc)

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Administrator (postal address)

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Auditor

KPMG Audit Plc, Saltire Court, 20 Castle Terrace, Edinburgh EH1 2EG

Depository

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Authorised and regulated by the Financial Conduct Authority.

Website

www.assetmanagement.hsbc.com/uk

There are risks involved in investing in HSBC OpenFunds. Please refer to the Prospectus, Key Investor Information Document (KIID) and Supplementary Information Document (SID) for further details.

The information in this report is based on our understanding of current law and HM Revenue and Customs practice as at 15 October 2013. Both law and practice may of course change.

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Changes to the Scheme

Change of Regulatory Body

The regulatory body for the financial services industry, the Financial Services Authority, was replaced on 1 April 2013 by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA). The Company and the Manager are now authorised and regulated by, the Financial Conduct Authority.

New Definitions

Several new definitions have been added to the Prospectus being: "Associate", "HSBC Group", "Conversion", "Group 1 Shares", "Group 2 Shares", "Canadian Resident" and "US Person". The definition of "Switching" has been amended.

Protected Cell Company

The ACD has converted the Company to a protected cell company as required by the OEIC Regulations. Conversion to a protected cell company is a mandatory requirement, the objective being that the assets of each sub fund of the company are ring-fenced so that they are identified as belonging exclusively to that Fund and are not used to discharge directly or indirectly the liabilities of, or claims against, any other person or body, including the Company, or any other Fund of the Company. At the same time the ACD made changes to allow each sub fund ("Fund") to invest in another Fund within the same Company as permitted by the OEIC Regulations.

Dealing in Shares

Amendments have been made to the Prospectus to allow the ACD to reject applications from residents in countries where the investor is not eligible to hold Shares under the terms of the Prospectus.

New Share Classes

We have received approval for two new classes of share, the Income C and Accumulation C share classes. Full details of these share classes are set out in the Company Prospectus.

Conversions

Shareholders can change shares of one class for different shares in another class in the same Fund, subject to restrictions set out in the Company Prospectus.

Open Global Distribution Fund

Investment Objective

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

Investment Policy

To invest primarily in collective investment schemes that in turn invest in fixed income securities, higher-yielding equities, property, commodities and derivatives.

Investment Strategy

The Fund's strategy is to provide positive absolute returns for investors by maintaining exposure consistently to a diverse set of asset classes including, global or regional equities, where the managers typically have an absolute return mentality, sovereign developed markets, corporate, high yield and emerging market bonds, property, commodities and cash.

Risk Profile

Income offered by bonds often reflects, in part, the risk rating of the issuer. The underlying funds can invest in sub investment grade bonds, which may produce a higher level of income than investment grade bonds, but carry an increased risk of default on repayment. This may affect the level of income received and/or the capital value of the investment. The Manager reviews policies for managing these risks in order to follow and aim to achieve the Investment Objective and Policy as summarised above.

Portfolio Activity

With the longer-term case for equities compared to other asset classes remaining intact, the Fund retained a moderately overweight equities position compared to its strategic asset allocation target. The majority of the equities allocation remains within developed markets, whilst we reduced the underweight position in emerging market equities. We continue to favour other corporate assets, such as corporate bonds, over government bonds. The portfolio has evolved with a moderate overweight allocation to physical property. We believe the asset class should be a rewarding defensive yield play going forward.

Relative to the Fund's internal target, the main performance drivers came mainly from fund selection and this was concentrated within the exposure to developed markets. Strong relative returns were generated by Invesco European Income Fund, Schroder Income Maximiser Fund and Aberforth Smaller Companies Trust Fund. Meanwhile, the largest detractor was Newton Global Higher Income Fund. The returns can be attributed to their value and deeper value income styles and the negative trend associated with defensive growth styles and equities viewed as bond proxies.

Purchases included: M&G European Loan Fund, Artemis Global Income Fund, Aviva Property Trust and Ashmore Emerging Market Corporate Bond Fund.

Sales included: Newton Global Higher Income Fund, HSBC ISF MultiAlpha High Yield Bond Fund, Ignis Argonaut European Income Fund and SWIP Property Trust.

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

Distribution

Date paid/ payable	Distribution rate Retail Income shares	Distribution rate Retail Accumulation shares
15.12.13	0.820000p	1.090000p
15.12.12	0.720000p	0.920000p
15.9.13	1.150000p	1.510000p
15.9.12	1.280000p	1.620000p

Fund Prices

Share class	Net asset value per share as at 15.10.13	Net asset value per share as at 15.4.13
Retail Income	103.5p	105.3p
Retail Accumulation	137.2p	136.9p

Fund Facts

XD dates: 16 April, 16 July, 16 October, 16 January

Distribution payment dates: 15 June, 15 September, 15 December, 15 March

Ongoing Charges Figure (OCF)

As at 15.10.13 - 2.07%

As at 15.4.13 - 2.04%

The OCFs above are calculated on the Retail Accumulation share class.

Performance Record

Percentage Change

6 months
0.22

1 year
8.89

3 years
19.51

5 years
52.22

Since launch*
37.20

*The Fund was launched on 9.11.06 at 100p and first priced on 1.12.06.

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

Performance is cumulative over the period indicated to 15 October 2013.

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

Portfolio Information

Major Holdings

The Fund's five largest holdings, or holdings above 5%, at the end of this period and the previous period are shown below.

Holding	% of Fund value as at 15.10.13
+ HSBC ISF MultiAlpha Sterling Bond Fund	10.84
Fidelity MoneyBuilder Dividend Fund	7.04
+ HSBC ISF MultiAlpha Global High Yield Bond Fund	6.90
Schroder Income Maximiser Fund	6.08
Newton Global Higher Income Fund	5.95
+ related party	

Holding	% of Fund value as at 15.4.13
+ HSBC ISF MultiAlpha Sterling Bond Fund	11.81
+ HSBC ISF MultiAlpha Global High Yield Bond Fund	8.64
Newton Global Higher Income Fund	8.27
Fidelity MoneyBuilder Dividend Fund	6.57
Schroder Income Maximiser Fund	5.58
+ related party	

Investment Allocation

	15.10.13 %	15.4.13 %
UK Corporate Bonds	17.84	19.59
UK Equities	16.87	15.11
Global Emerging Markets Debt	8.49	8.18
Global Equities	7.54	8.27
Direct Property Funds	7.12	6.02
Asia-Pacific (excluding Japan) Equities	6.94	6.66
Global High Yield Bonds	6.90	8.64
Infrastructure	6.04	5.79
European Equities	5.80	5.06
Global Property Equities Funds	3.64	4.18
Global Aggregate Bonds	3.01	1.15
Commodities	2.55	2.95
US Equities	2.46	2.09
Absolute Return	2.24	1.83
Global Government Bonds	1.83	1.83
Money Market	-	0.90
Forward Foreign Exchange Contracts	(0.03)	(0.02)
Net other assets	0.76	1.77

Open Global Property Fund

Investment Objective

To provide long-term capital growth.

Investment Policy

The Fund predominantly invests in property securities and property related securities and collective investment schemes that, in turn, invest directly or indirectly in property, unlisted property and listed property securities. There are no geographical restrictions.

Investment Strategy

The balance between direct property funds, listed property funds and cash, and the geographic composition of the portfolio, will vary over time depending on our view of prospective risk-adjusted returns.

Risk Profile

The Fund invests in physical property funds which are less liquid than other types of funds such as equity or bond funds. It is a specialist sector which could be adversely effected by changing market conditions. The Manager reviews policies for managing these risks in order to follow and aim to achieve the Investment Objective and Policy as summarised above.

Portfolio Activity

To take advantage of the expected improvement in the UK unlisted property market, the Manager increased the allocation to UK direct property funds from 24.5% to 35.9% during the review period. In addition to a higher allocation to the Fund's existing holdings, the Manager added the Aviva Investors Property Trust to the portfolio during the period.

The increase in weighting to UK direct property funds was funded mainly by the disposal of the Fund's holdings in the Aviva Investors Asia Pacific Property Fund. This change was mainly the result of a downgrade in the return prospects for direct property in that region relative to the UK.

The exposure to listed property securities funds reduced slightly over the review period, from 64.3% to 61.4%. Within this part of the portfolio, three main changes were made. In July 2013, the Goldman Sachs US Balanced Real Estate Portfolio was added to the portfolio. Its current focus is to seek exposure to the improving US housing market. In September 2013, the F&C Real Estate Securities Fund was added to the portfolio. Managed by an experienced team that follows a conviction-led style, the strategy provides exposure to pan-European listed property securities in a daily-dealt vehicle. Also in September, the Fund's holdings in the Neuberger Berman US Real Estate Fund were sold.

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

Distribution

Date paid/ payable	Distribution rate Retail Income shares	Distribution rate Retail Accumulation shares
15.12.13	0.680000p	0.740000p
15.12.12	0.950000p	1.010000p

Fund Prices

Share class	Net asset value per share as at 15.10.13	Net asset value per share as at 15.4.13
Retail Income	116.8p	120.8p
Retail Accumulation	125.7p	128.8p

Fund Facts

XD dates: 16 April, 16 October

Distribution payment dates: 15 June, 15 December

Ongoing Charges Figure (OCF)

As at 15.10.13 - 1.97%

As at 15.4.13 - 2.05%

The OCFs above are calculated on the Retail Accumulation share class.

Performance Record

Percentage Change

6 months

(2.41)

1 year

9.88

3 years

14.69

Since launch*

25.70

*The Fund was launched on 26.11.07 at 100p and first priced on 28.11.07.

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

Performance is cumulative over the period indicated to 15 October 2013.

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

Portfolio Information

Major Holdings

The Fund's five largest holdings, or holdings above 5%, at the end of this period and the previous period are shown below.

Holding	% of Fund value as at 15.10.13
+HSBC ISF MultiAlpha Global Real Estate Fund	12.20
Schroder ISF Asia Pacific Property Fund	9.23
Ignis UK Property Fund	8.22
M&G Property Portfolio Fund	7.56
Schroder Global Property Securities Fund	7.47
Legal & General UK Property Trust	7.44
iShares FTSE US Property Yield Fund	6.35
Henderson UK Property Fund	5.83
Goldman Sachs US Real Estate	5.50
TR Property Investment Trust	5.43
+ related party	

Holding	% of Fund value as at 15.4.13
+ HSBC ISF MultiAlpha Global Real Estate Fund	12.73
Schroder ISF Asia Pacific Property Fund	11.62
Schroder Global Property Securities Fund	9.52
Aviva Investors Asia Pacific Property Fund	6.81
Neuberger Berman US Real Estate Fund	6.75
Henderson UK Property Fund	6.67
M&G Property Portfolio Fund	6.32
iShares FTSE US Property Yield Fund	6.06
Legal & General UK Property Trust	5.91
+ HICL Infrastructure	5.21
TR Property Investment Trust	5.07
+ related party	

Investment Allocation

	15.10.13 %	15.4.13 %
Direct Property Funds	35.85	31.32
Global Property Equities	19.67	22.25
Asian Property Equities	9.23	11.62
US Property Securities	15.12	16.21
European (including UK) Property Equities	17.35	14.19
Net other assets	2.78	4.41

Open Global Return Fund

Investment Objective

To provide capital growth and income by investing in a broad range of asset classes across global markets.

Investment Policy

To invest primarily in collective investment schemes that in turn invest in fixed income securities, equities, property, commodities and derivatives.

Investment Strategy

To derive positive absolute returns for investors over the medium to longer-term by maintaining exposure consistently to a diverse set of asset classes including, global, regional and thematic equities, sovereign developed markets, corporate, high yield and emerging market bonds, property, commodities and a diverse set of absolute return strategies and cash.

Risk Profile

The Fund has little exposure to credit or cash flow risk. There are no borrowings or unlisted securities of a material nature and so there is little exposure to liquidity risk. The main risks it faces from its financial instruments are market price and foreign currency. The Manager reviews policies for managing these risks in order to follow and aim to achieve the Investment Objective and Policy as summarised above.

Portfolio Activity

With the longer-term case for equities compared to other asset classes remaining intact, the Fund retained a moderately overweight equities position compared to its strategic asset allocation target. The majority of the equities allocation remains within developed markets, whilst we reduced the underweight position in emerging market equities. We continue to favour other corporate assets, such as corporate bonds, over government bonds. The portfolio has evolved with a moderate overweight allocation to physical property. We believe the asset class should be a rewarding defensive yield play going forward.

Relative to the Fund's internal target the main performance drivers came mainly from fund selection across a number of asset classes. There were very strong relative returns generated by Polar Capital Healthcare Fund, HSBC ISF MultiAlpha Global Equity Fund and Imara African Opportunities Fund. Meanwhile, Majedie Tortoise Fund and the Henderson UK Absolute Fund, both long-short equity strategies, were also strong. Fund selection within commodities was the biggest detractor to performance.

Purchases included: Tiburon Taipan Fund, HSBC ISF MultiAlpha Global Emerging Markets Equity Fund, M&G European Loan Fund and Ignis Property Trust.

Sales included: Prusik Asian Equity Income Fund, Mellon Global Emerging Markets Debt Fund, HSBC MultiAlpha High Yield Bond Fund and First State Global Emerging Markets Fund.

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

Distribution

Date paid/ payable	Distribution rate Retail Income shares	Distribution rate Retail Accumulation shares
15.12.13	0.340000p	0.350000p
15.12.12	0.340000p	0.350000p

Fund Prices

Share class	Net asset value per share as at 15.10.13	Net asset value per share as at 15.04.13
Retail Income	135.0p	134.0p
Retail Accumulation	138.7p	137.4p

Fund Facts

XD dates: 16 April, 16 October

Distribution payment dates: 15 June, 15 December

Ongoing Charges Figure (OCF)

As at 15.10.13 - 2.24%

As at 15.4.13 - 2.28%

The OCFs above are calculated on the Retail Accumulation share class.

Performance Record

Percentage Change

6 months
0.95

1 year
9.21

3 years
17.05

5 years
42.72

Since launch*
38.70

*The Fund was launched on 9.11.06 at 100p and first priced on 1.12.06.

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

Performance is cumulative over the period indicated to 15 October 2013.

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

Portfolio Information

Major Holdings

The Fund's five largest holdings, or holdings above 5%, at the end of this period and the previous period are shown below.

Holding	% of Fund value as at 15.10.13
+ HSBC ISF MultiAlpha Global Equity Fund	9.00
+ HSBC ISF MultiAlpha Global Real Estate Equity Fund	4.54
+ HSBC ISF MultiAlpha Global High Yield Bond Fund	3.80
Polar Capital Healthcare Opportunities Fund	3.65
Schroder European Alpha Plus Fund	3.03
+ related party	

Holding	% of Fund value as at 15.4.13
+ HSBC ISF MultiAlpha Global Equity Fund	8.65
+ HSBC ISF MultiAlpha Global Real Estate Equity Fund	5.95
+ HSBC ISF MultiAlpha Global High Yield Bond Fund	5.83
Longview Partners Global Equities Fund	3.74
Newton Global Higher Income Fund	3.72
+ related party	

Investment Allocation

	15.10.13 %	15.4.13 %
Global Equities	23.02	25.73
Absolute Return	13.34	14.12
Global Emerging Markets Debt	8.10	7.44
Global Emerging Markets Equities	6.65	7.15
Direct Property Funds	5.67	3.90
Global Property Equities Funds	4.54	5.95
Global Aggregate Bonds	4.05	1.63
Global High Yield Bonds	3.80	5.83
UK Corporate Bonds	3.56	4.71
UK Equities	3.37	2.01
Commodities	3.27	3.15
European Equities	3.03	2.34
Asia-Pacific (excluding Japan) Equities	2.85	2.01
Global Government Bonds	2.72	2.71
Japanese Equities	2.49	2.35
Infrastructure	1.38	1.22
Gold	1.30	1.71
Forward Foreign Exchange Contracts	(0.05)	(0.05)
Net other assets	6.91	6.09

World Selection - Balanced Portfolio

Investment Objective

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

Investment Policy

To invest primarily in collective investment schemes that in turn invest in fixed income securities, equities, property, commodities and derivatives.

Investment Strategy

The Fund follows a broadly diversified investment approach across various different asset classes. Asset classes held include traditional asset classes, such as equities and fixed income, but also alternative asset classes, for example commodities, private equity and property. The Manager uses a complex quantitative investment process with a qualitative overlay to identify the optimal portfolio construction.

Risk Profile

The Fund has little exposure to credit or cash flow risk. There are no borrowings or unlisted securities of a material nature and so there is little exposure to liquidity risk. The main risks it faces from its financial instruments are market price and foreign currency. The Manager reviews policies for managing these risks in order to follow and aim to achieve the Investment Objective and Policy as summarised above.

Portfolio Activity

In the World Selection Balanced Portfolio, the Fund maintained its preference towards riskier-asset classes, such as equities and global high yield bonds over the reporting period. Within equities, whilst the composition of this overweight equity position was maintained, the allocation to the US was reduced while increasing the exposure to Europe.

In the fixed income sector of the portfolio, the Fund continued to favour riskier segments principally at the expense of global developed government bonds by maintaining an overall overweight to global high yield issues. The Fund further reduced its allocation to UK gilts during the reporting period. Simultaneously, the Fund increased its overweight position in global high yield bonds, an asset class we believe continues to offer potentially attractive opportunities. The Fund increased its overweight position in property whilst tactically reducing the overweight allocation to the absolute return segment.

Purchases over the period included: HSBC American Index Fund, HSBC ISF MultiAlpha Global Real Estate Equity Fund and HSBC ISF MultiAlpha Global High Yield Bond Fund.

Sales included: HSBC ISF MultiAlpha North America Equity Fund, Allianz PIMCO Gilt Yield Fund and HSBC UK Gilt Index Fund.

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

Distribution

Date paid/ payable	Distribution rate Retail Income shares	Distribution rate Retail Accumulation shares
15.12.13	0.900000p	0.920000p
15.12.12	0.900000p	0.920000p

Fund Prices

Share class	Net asset value per share as at 15.10.13	Net asset value per share as at 15.4.13
Retail Income	146.2p	143.1p
Retail Accumulation	149.8p	146.3p

Fund Facts

XD dates: 16 April, 16 October

Distribution payment dates: 15 June, 15 December

Ongoing Charges Figure (OCF)

As at 15.10.13 - 1.89%

As at 15.4.13 - 1.92%

The OCFs above are calculated on the Retail Accumulation share class

Performance Record

Percentage Change

6 months

2.39

1 year

14.79

3 years

20.61

Since launch*

49.80

*The Fund was launched on 2.1.09 at 100p and first priced on 22.1.09.

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

Performance is cumulative over the period indicated to 15 October 2013.

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

Portfolio Information

Major Holdings

The Fund's five largest holdings, or holdings above 5%, at the end of this period and the previous period are shown below.

Holding	% of Fund value as at 15.10.13
+ HSBC ISF MultiAlpha Europe Equity Fund	16.32
+ HSBC ISF MultiAlpha Global Aggregate Bond Fund	10.61
+ HSBC ISF MultiAlpha Japan Equity Fund	8.29
+ HSBC American Index Fund	7.91
+ HSBC ISF MultiAlpha North America Equity Fund	7.81
+ related party	

Holding	% of Fund value as at 15.4.13
+ HSBC ISF MultiAlpha Europe Equity Fund	14.79
+ HSBC ISF MultiAlpha North America Equity Fund	11.38
+ HSBC ISF MultiAlpha Global Aggregate Bond Fund	10.75
+ HSBC ISF MultiAlpha Japan Equity Fund	8.70
+ HSBC American Index Fund	5.84
+ related party	

Investment Allocation

	15.10.13 %	15.4.13 %
European Equities	16.32	14.79
US Equities	15.72	17.22
UK Equities	15.52	15.40
Global Aggregate Bonds	10.61	10.75
Japanese Equities	8.29	8.70
Global Emerging Markets Bonds	7.56	7.00
UK Government Bonds	5.56	6.77
Global Emerging Markets Equities	4.99	4.60
Global High Yield Bonds	3.78	2.87
Asia-Pacific (excluding Japan) Equities	3.63	3.47
Global Property Equities Funds	2.90	2.01
Commodities	1.39	1.49
Direct Property Funds	1.26	1.14
Hedge Funds	0.92	0.99
Private Equity	0.46	0.55
Absolute Return	-	0.65
Forward Foreign Exchange Contracts	0.06	(0.28)
Net other assets	1.03	1.88

World Selection - Cautious Portfolio

Investment Objective

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

Investment Policy

To invest primarily in collective investment schemes that in turn invest in fixed income securities, equities, property, commodities and derivatives.

Investment Strategy

The Fund follows a broadly diversified investment approach across various different asset classes. Asset classes held include traditional asset classes, such as equities and fixed income, but also alternative asset classes, for example commodities, private equity and property. The Manager uses a complex quantitative investment process with a qualitative overlay to identify the optimal portfolio construction.

Risk Profile

The Fund has little exposure to credit or cash flow risk. There are no borrowings or unlisted securities of a material nature and so there is little exposure to liquidity risk. The main risks it faces from its financial instruments are market price and foreign currency. The Manager reviews policies for managing these risks in order to follow and aim to achieve the Investment Objective and Policy as summarised above.

Portfolio Activity

In the World Selection Cautious Portfolio, the Fund maintained its preference towards riskier-asset classes, such as equities and global high yield bonds over the reporting period. Within equities, whilst the composition of this overweight equity position was maintained, the allocation to the US was reduced while increasing the exposure to Europe.

In the fixed income sector of the portfolio, the Fund continued to favour riskier segments principally at the expense of global developed government bonds by maintaining an overall overweight to global high yield issues. The Fund further reduced its allocation to UK gilts and global aggregate bonds during the reporting period. Simultaneously, the Fund increased its overweight position in global high yield bonds, an asset class we believe continues to offer potentially attractive opportunities. The Fund increased its overweight position in property whilst tactically maintaining other alternative allocations.

Purchases over the period included: HSBC ISF MultiAlpha Global Real Estate Equity Fund, HSBC ISF MultiAlpha Global High Yield Bond Fund and Wellington Opportunistic Emerging Markets Debt Fund.

Sales included: HSBC ISF MultiAlpha North America Equity Fund, HSBC ISF MultiAlpha Japan Fund and HSBC Sterling Liquidity Fund.

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

Distribution

Date paid/ payable	Distribution rate Retail Income shares	Distribution rate Retail Accumulation shares
15.12.13	0.590000p	0.610000p
15.12.12	0.580000p	0.590000p

Fund Prices

Share class	Net asset value per share as at 15.10.13	Net asset value per share as at 15.4.13
Retail Income	120.6p	122.8p
Retail Accumulation	124.7p	126.4p

Fund Facts

XD dates: 16 April, 16 October

Distribution payment dates: 15 June, 15 December

Ongoing Charges Figure (OCF)

As at 15.10.13 - 1.81%

As at 15.4.13 - 1.86%

The OCFs above are calculated on the Retail Accumulation share class.

Performance Record

Percentage Change

6 months
(1.34)

1 year
4.61

3 years
11.74

Since launch*
24.70

*The Fund was launched on 2.1.09 at 100p and first priced on 22.1.09.

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

Performance is cumulative over the period indicated to 15 October 2013.

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

Portfolio Information

Major Holdings

The Fund's five largest holdings, or holdings above 5%, at the end of this period and the previous period are shown below.

Holding	% of Fund value as at 15.10.13
+ HSBC ISF MultiAlpha Global Aggregate Bond Fund	25.43
+ HSBC UK Gilt Index Fund	10.69
Allianz PIMCO Gilt Yield Fund	10.59
+ HSBC ISF MultiAlpha Europe Equity Fund	7.86
+ HSBC American Index Fund	3.31
+ related party	

Holding	% of Fund value as at 15.4.13
+ HSBC ISF MultiAlpha Global Aggregate Bond Fund	25.93
+ HSBC UK Gilt Index Fund	11.42
Allianz PIMCO Gilt Yield Fund	10.98
+ HSBC ISF MultiAlpha Europe Equity Fund	7.05
+ HSBC ISF MultiAlpha North America Equity Fund	5.28
+ related party	

Investment Allocation

	15.10.13 %	15.4.13 %
Global Aggregate Bonds	25.43	25.93
UK Government Bonds	21.28	22.40
European Equities	7.86	7.05
Global Emerging Markets Debt	6.95	6.84
US Equities	6.58	8.17
UK Equities	6.23	5.65
Absolute Return	4.20	4.26
Global High Yield Bonds	3.64	2.75
Money Market	2.96	3.30
Japanese Equities	2.78	3.09
Global Property Equities Funds	2.74	1.91
Hedge Funds	2.21	2.24
Commodities	1.46	1.48
Direct Property Funds	1.30	1.28
Asia-Pacific (excluding Japan) Equities	1.24	1.23
Global Emerging Markets Equities	0.81	0.78
Private Equity	0.53	0.60
Forward Foreign Exchange Contracts	0.04	(0.10)
Net other assets	1.76	1.14

World Selection - Dynamic Portfolio

Investment Objective

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

Investment Policy

To invest primarily in collective investment schemes that in turn invest in fixed income securities, equities, property, commodities and derivatives.

Investment Strategy

The Fund follows a broadly diversified investment approach across various different asset classes. Asset classes held include traditional asset classes, such as equities and fixed income, but also alternative asset classes, for example commodities, private equity and property. The Manager uses a complex quantitative investment process with a qualitative overlay to identify the optimal portfolio construction.

Risk Profile

The Fund has little exposure to credit or cash flow risk. There are no borrowings or unlisted securities of a material nature and so there is little exposure to liquidity risk. The main risks it faces from its financial instruments are market price and foreign currency. The Manager reviews policies for managing these risks in order to follow and aim to achieve the Investment Objective and Policy as summarised above.

Portfolio Activity

In the World Selection Dynamic Portfolio, the Fund maintained its preference towards riskier asset classes, such as equities and global high yield bonds over the reporting period. Within equities, whilst the composition of this overweight equity position was maintained, the allocation to the US was reduced while increasing the exposure to Europe.

In the fixed income sector of the portfolio, the Fund continued to favour riskier segments principally at the expense of global developed government bonds by maintaining an overall overweight to global high yield issues. The Fund further reduced its allocation to global aggregate bonds during the reporting period. Simultaneously, the Fund increased its overweight position in global high yield bonds, an asset class we believe continues to offer potentially attractive opportunities. The Fund increased its overweight position in property whilst tactically reducing the overweight allocation to hedge funds, commodities and private equity segments.

Purchases over the period included: HSBC American Index Fund, HSBC ISF MultiAlpha Global Emerging Markets Fund and HSBC ISF MultiAlpha Global Real Estate Equity Fund.

Sales included: HSBC ISF MultiAlpha North America Equity Fund, HSBC MSCI Emerging Markets Fund and HSBC ISF MultiAlpha Global Aggregate Fund.

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

Distribution

Date paid/ payable	Distribution rate Retail Income shares	Distribution rate Retail Accumulation shares
15.12.13	1.090000p	1.110000p
15.12.12	1.040000p	1.050000p

Fund Prices

Share class	Net asset value per share as at 15.10.13	Net asset value per share as at 15.4.13
Retail Income	156.3p	150.7p
Retail Accumulation	159.0p	153.2p

Fund Facts

XD dates: 16 April, 16 October

Distribution payment dates: 15 June, 15 December

Ongoing Charges Figure (OCF)

As at 15.10.13 - 1.94%

As at 15.4.13 - 1.97%

The OCFs above are calculated on the Retail Accumulation share class.

Performance Record

Percentage Change

6 months

3.79

1 year

17.87

3 years

21.65

Since launch*

59.00

*The Fund was launched on 2.1.09 at 100p and first priced on 22.1.09.

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

Performance is cumulative over the period indicated to 15 October 2013.

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

Portfolio Information

Major Holdings

The Fund's five largest holdings, or holdings above 5%, at the end of this period and the previous period are shown below.

Holding	% of Fund value as at 15.10.13
+ HSBC ISF MultiAlpha Europe Equity Fund	20.40
+ HSBC American Index Fund	9.24
+ HSBC ISF MultiAlpha North America Equity Fund	9.15
+ HSBC ISF MultiAlpha Global Emerging Markets Equity Fund	8.75
+ HSBC ISF MultiAlpha Japan Equity Fund	7.12
+ HSBC ISF MultiAlpha Asia Pacific Ex Japan Equity Fund	6.80
+ HSBC FTSE All-Share Index Fund	5.24
+ related party	

Holding	% of Fund value as at 15.4.13
+ HSBC ISF MultiAlpha Europe Equity Fund	19.04
+ HSBC ISF MultiAlpha North America Equity Fund	12.96
+ HSBC ISF MultiAlpha Global Emerging Markets Equity Fund	7.58
+ HSBC ISF MultiAlpha Japan Equity Fund	7.58
+ HSBC ISF MultiAlpha Asia Pacific Ex Japan Equity Fund	6.71
+ HSBC American Index Fund	6.65
+ HSBC FTSE All-Share Index Fund	5.27
+ related party	

Investment Allocation

	15.10.13 %	15.4.13 %
European Equities	20.40	19.04
US Equities	18.39	19.61
UK Equities	17.41	17.76
Global Emerging Markets Equities	10.08	9.54
Japanese Equities	7.12	7.58
Asia-Pacific (excluding Japan) Equities	6.80	6.71
Global Emerging Markets Debt	5.62	5.09
Global High Yield Bonds	4.53	4.22
Global Property Equities Funds	3.54	2.88
Direct Property Funds	1.84	1.93
Commodities	1.07	1.50
Global Aggregate Bonds	0.98	1.51
Private Equity	0.90	1.34
Hedge Funds	-	0.17
Forward Foreign Exchange Contracts	0.07	(0.27)
Net other assets	1.25	1.39

World Selection - Income Portfolio

Investment Objective

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

Investment Policy

To invest primarily in collective investment schemes that in turn invest in fixed income securities, equities, property, commodities and derivatives.

Investment Strategy

The Fund follows a broadly diversified investment approach across various different asset classes. Asset classes held include traditional asset classes, such as equities and fixed income, but also alternative asset classes, for example commodities, private equity and property. The Manager uses a complex quantitative investment process with a qualitative overlay to identify the optimal portfolio construction.

Risk Profile

The Fund has little exposure to credit or cash flow risk. There are no borrowings or unlisted securities of a material nature and so there is little exposure to liquidity risk. The main risks it faces from its financial instruments are market price and foreign currency. The Manager reviews policies for managing these risks in order to follow and aim to achieve the Investment Objective and Policy as summarised above.

Portfolio Activity

In the World Selection Income Portfolio, the Fund maintained its preference towards riskier-asset classes, such as equities and global high yield bonds over the reporting period. Within equities, we maintained overweight positions in both the UK and global equity markets.

In the fixed income sector of the portfolio, the Fund continued to favour riskier segments principally at the expense of global developed government bonds by maintaining an overall overweight to global high yield issues. The Fund reduced its allocation to UK gilts. Simultaneously, the Fund increased its overweight position in global high yield bonds, an asset class we believe continues to offer potentially attractive opportunities. The Fund increased its overweight position in property whilst tactically maintaining other alternative allocations.

Purchases over the period included: HSBC ISF MultiAlpha Global High Yield Bond Fund, Cazenove UK Equity Income Fund and HSBC ISF MultiAlpha Sterling Bond Fund.

Sales included: Schroder Income Maximiser Fund, Allianz PIMCO Gilt Yield Fund and HSBC UK Gilt Index Fund.

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

Distribution

Date paid/ payable	Distribution rate Retail Income shares	Distribution rate Retail Accumulation shares
15.12.13	0.580000p	0.640000p
15.12.12	0.620000p	0.670000p
15.9.13	1.110000p	1.230000p
15.9.12	1.260000p	1.340000p

Fund Prices

Share class	Net asset value per share as at 15.10.13	Net asset value per share as at 15.4.13
Retail Income	107.9p	111.9p
Retail Accumulation	120.4p	122.3p

Fund Facts

XD dates: 16 April, 16 July, 16 October, 16 January

Distribution payment dates: 15 June, 15 September, 15 December, 15 March

Ongoing Charges Figure (OCF)

As at 15.10.13 - 1.83%

As at 15.4.13 - 1.85%

The OCFs above are calculated on the Retail Accumulation share class.

Performance Record

Percentage Change

6 months

(1.55)

1 year

4.88

3 years

15.55

Since launch*

20.40

*The Fund was launched on 5.7.10 at 100p and first priced on 28.7.10.

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

Performance is cumulative over the period indicated to 15 October 2013.

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

Portfolio Information

Major Holdings

The Fund's five largest holdings, or holdings above 5%, at the end of this period and the previous period are shown below.

Holding	% of Fund value as at 15.10.13
+ HSBC ISF MultiAlpha Sterling Bond Fund	14.95
+ HSBC ISF MultiAlpha Global High Yield Bond Fund	9.01
Newton Global Higher Income Fund	8.89
Cazenove UK Equity Income Fund	6.20
+ HSBC ISF MultiAlpha Global Aggregate Bond Fund	5.43
M&G Corporate Bond Fund	5.06
+ related party	

Holding	% of Fund value as at 15.4.13
+ HSBC ISF MultiAlpha Sterling Bond Fund	15.37
Newton Global Higher Income Fund	9.32
+ HSBC ISF MultiAlpha Global High Yield Bond Fund	8.47
+ HSBC ISF MultiAlpha Global Aggregate Bond Fund	5.45
M&G Corporate Bond Fund	5.31
+ related party	

Investment Allocation

	15.10.13 %	15.4.13 %
UK Corporate Bonds	27.17	27.96
UK Equities	13.59	12.89
Global High Yield Bonds	10.55	9.96
Global Emerging Markets Bonds	10.05	9.47
Global Aggregate Bonds	9.79	9.41
Global Equities	8.89	9.32
UK Government Bonds	8.02	9.57
Infrastructure	5.61	6.01
Direct Property Funds	3.82	2.94
Global Property Equities Funds	1.92	1.02
Net other assets	0.59	1.45

World Index Balanced Portfolio

Investment Objective

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

Investment Policy

To invest primarily in collective investment schemes and exchange traded funds that aim to match the returns of market indices.

Investment Strategy

The Fund follows a broadly diversified investment approach across various different asset classes primarily investing in vehicles that track an appropriate market index. Asset classes held include traditional asset classes, such as equities and fixed income, but also alternative asset classes, for example commodities, private equity and property. The Fund Manager incorporates a quantitative investment process to identify the optimal portfolio construction and periodically rebalances the portfolio.

Exposure to such asset classes may be obtained by either direct investment, where permitted to do so within the Funds' investment and borrowing powers, or through exposure by way of investing into collective investment schemes or exchange traded funds that in turn provide exposure to such asset classes.

Risk Profile

The Fund has little exposure to credit or cash flow risk. There are no borrowings or unlisted securities of a material nature and so there is little exposure to liquidity risk. The main risk it faces from its financial instruments are market price and foreign currency. The Manager reviews policies for managing these risks in order to follow and aim to achieve the Investment Objective and Policy as summarised above.

Portfolio Activity

Financial markets broadly maintained their positive momentum over the reporting period. The US Federal Reserve's continuation of its quantitative easing programme, robust corporate results and an improving economy propelled many equity indices higher to set a series of record highs in May 2013. However, comments from the Federal Reserve announcing its intention to reduce monetary stimulus subsequently led to equity stocks to decline sharply in June 2013. During the reporting period, US economic growth continued to show sign of modest improvement. Despite announcing its intentions initially, the Federal Reserve made the surprise decision not to reduce the pace of its monthly asset purchases. Instead, the central bank stated it would await further evidence that recent improvements in the US economy can be sustained before it starts to reduce its quantitative easing programme. Meanwhile, the political stability of the European region improved when Angela Merkel was re-elected as German chancellor. European equities continued to rise through to the end of the reporting period, supported by better-than-expected economic data and news that the eurozone expanded during the second quarter of 2013, ending six consecutive quarters of negative growth in the region. Market sentiment was also broadly positive in Japan, supported by the unprecedented stimulus of aggressive monetary policy by the Bank of Japan and the weakness in the Japanese yen against the US dollar. In China, economic activity, particularly domestic growth, remained strong enough to bolster the pace of the Chinese economy rising from 7.5% annually to 7.8% in the third quarter of 2013.

Purchases over the period included: US Treasury Note 0.375% 15/11/2015, US Treasury Note 2% 15/11/2021 and US Treasury 1% 31/10/2016.

Sales included: Lyxor ETF Commodities CRB, HSBC Japan Index Fund and UK HSBC Pacific Index Fund.

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

Distribution

Date paid/ payable	Distribution rate Retail X Income shares	Distribution rate Retail X Accumulation shares
15.12.13	1.330000p	1.350000p
15.12.12	1.270000p	1.230000p

Fund Prices

Share class	Net asset value per share as at 15.10.13	Net asset value per share as at 15.4.13
Retail X Income	118.8p	117.8p
Retail X Accumulation	121.0p	119.4p

Fund Facts

XD dates: 16 April, 16 October

Distribution payment dates: 15 June, 15 December

Ongoing Charges Figure (OCF)

As at 15.10.13 - 0.84%

As at 15.4.13 - 0.99%

The OCFs above are calculated on the Retail X Accumulation share class.

Performance Record

Percentage Change

6 months

1.34

1 year

11.32

Since launch*

21.00

*The Fund was launched on 17.10.2011 at 100p and first priced on 18.11.2011.

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

Performance is cumulative over the period indicated to 15 October 2013.

(Source: Morningstar Direct, GBP, UK net of tax, for the Retail X Accumulation share class.

Returns based on the NAV, which is a single price.)

Portfolio Information

Major Holdings

The Fund's five largest holdings, or holdings above 5%, at the end of this period and the previous period are shown below.

Holding	% of Fund value as at 15.10.13
+ HSBC FTSE All-Share Index Fund	12.84
+ HSBC American Index Fund	12.22
+ HSBC European Index Fund	10.98
+ HSBC MSCI Emerging Markets Fund	8.44
+ HSBC Japan Index Fund	5.93
+ related party	

Holding	% of Fund value as at 15.4.13
+ HSBC American Index Fund	12.36
+ HSBC FTSE All-Share Index Fund	12.05
+ HSBC European Index Fund	10.96
+ HSBC MSCI Emerging Markets Fund	8.12
+ HSBC Japan Index Fund	6.34
+ related party	

Investment Allocation

	15.10.13 %	15.4.13 %
UK Government Bonds	14.09	14.00
UK Equities	12.84	12.05
North American Equities	12.22	12.36
European (excluding UK) Equities	10.98	10.96
Global Emerging Markets Equities	8.44	8.12
Global Emerging Markets Debt	6.38	6.51
US Government Bonds	6.27	5.79
Japanese Equities	5.93	6.34
Direct Property Funds	3.62	3.62
UK Corporate Bonds	3.46	3.47
Asia-Pacific (excluding Japan) Equities	3.24	3.21
Global High Yield Bonds	3.11	3.13
Commodities	2.64	4.23
European Corporate Bonds	1.07	1.22
Private Equity	1.03	1.09
Forward Foreign Exchange Contracts	0.06	(0.24)
Net other assets	4.62	4.14

World Index Cautious Portfolio

Investment Objective

To provide capital growth through cautious investment in a broad range of asset classes across global markets, with a bias towards fixed interest securities.

Investment Policy

To invest mainly in collective investment schemes, exchange traded funds and, where appropriate, direct investment into certain other assets.

Investment Strategy

The Fund follows a broadly diversified investment approach across various different asset classes primarily investing in vehicles that track an appropriate market index. Asset classes held include traditional asset classes, such as equities and fixed income, but also alternative asset classes, for example commodities, private equity and property. The Fund Manager incorporates a quantitative investment process to identify the optimal portfolio construction and periodically rebalances the portfolio.

Exposure to such asset classes may be obtained by either direct investment, where permitted to do so within the Funds' investment and borrowing powers, or through exposure by way of investing into collective investment schemes or exchange traded funds that in turn provide exposure to such asset classes.

Risk Profile

The Fund has little exposure to credit or cash flow risk. There are no borrowings or unlisted securities of a material nature and so there is little exposure to liquidity risk. The main risk it faces from its financial instruments are market price and foreign currency. The Manager reviews policies for managing these risks in order to follow and aim to achieve the Investment Objective and Policy as summarised above.

Portfolio Activity

Financial markets broadly maintained their positive momentum over the reporting period. The US Federal Reserve's continuation of its quantitative easing programme, robust corporate results and an improving economy propelled many equity indices higher to set a series of record highs in May 2013. However, comments from the Federal Reserve announcing its intention to reduce monetary stimulus subsequently led to equity stocks to decline sharply in June 2013. During the reporting period, US economic growth continued to show sign of modest improvement. Despite announcing its intentions initially, the Federal Reserve made the surprise decision not to reduce the pace of its monthly asset purchases. Instead, the central bank stated it would await further evidence that recent improvements in the US economy can be sustained before it starts to reduce its quantitative easing programme. Meanwhile, the political stability of the European region improved when Angela Merkel was re-elected as German chancellor. European equities continued to rise through to the end of the reporting period, supported by better-than-expected economic data and news that the eurozone expanded during the second quarter of 2013, ending six consecutive quarters of negative growth in the region. Market sentiment was also broadly positive in Japan, supported by the unprecedented stimulus of aggressive monetary policy by the Bank of Japan and the weakness in the Japanese yen against the US dollar. In China, economic activity, particularly domestic growth, remained strong enough to bolster the pace of the Chinese economy rising from 7.5% annually to 7.8% in the third quarter of 2013.

Purchases over the period included: US Treasury Note 0.375% 15/11/2015, UK Treasury Gilt 1.25% 22/07/2018 and UK Treasury 2% 22/01/2016.

Sales included: US Treasury Note 2.25% 31/01/2015, UK Treasury 2.25% 07/03/2014 and UK Treasury 1.25% Index-Linked Gilt 22/11/2017.

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

Distribution

Date paid/ payable	Distribution rate Retail X Income shares	Distribution rate Retail X Accumulation shares
15.12.13	0.890000p	0.910000p
15.12.12	1.060000p	1.010000p

Fund Prices

Share class	Net asset value per share as at 15.10.13	Net asset value per share as at 15.4.13
Retail X Income	107.7p	110.7p
Retail X Accumulation	109.9p	112.2p

Fund Facts

XD dates: 16 April, 16 October

Distribution payment dates: 15 June, 15 December

Ongoing Charges Figure (OCF)

As at 15.10.13 - 0.83%

As at 15.4.13 - 0.98%

The OCFs above are calculated on the Retail X Accumulation share class.

Performance Record

Percentage Change

6 months

(2.05)

1 years

2.52

Since launch*

9.90

*The Fund was launched on 17.10.2011 at 100p and first priced on 18.11.2011.

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

Performance is cumulative over the period indicated to 15 October 2013.

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

Portfolio Information

Major Holdings

The Fund's five largest holdings, or holdings above 5%, at the end of this period and the previous period are shown below.

Holding	% of Fund value as at 15.10.13
iShares \$ Corporate Bond UCITS ETF	8.14
Treasury 2% 22/1/2016	6.10
US Treasury 0.375% 15/11/2015	5.53
+ HSBC FTSE All-Share Index Fund	5.30
+ HSBC American Index Fund	4.98
+ related party	

Holding	% of Fund value as at 15.4.13
iShares \$ Corporate Bond UCITS ETF	8.17
Treasury 3.75% 7/9/2020	5.96
US Treasury 2.25% 31/1/2015	5.18
+ HSBC FTSE All-Share Index Fund	5.08
+ HSBC American Index Fund	4.84
+ related party	

Investment Allocation

	15.10.13 %	15.4.13 %
UK Government Bonds	30.11	30.22
US Government Bonds	17.45	17.28
UK Corporate Bonds	9.06	9.14
Global Emerging Markets Debt	6.07	6.02
UK Equities	5.30	5.08
North American Equities	4.98	4.84
European (excluding UK) Equities	4.35	4.17
European Corporate Bonds	3.19	3.19
Global High Yield Bonds	2.98	3.00
Japanese Equities	2.86	3.06
Commodities	2.84	2.73
Global Emerging Markets Equities	2.18	2.04
Direct Property Funds	1.55	1.60
Other	1.02	0.77
Net other assets	6.06	6.86

World Index Dynamic Portfolio

Investment Objective

To provide capital growth through investment in a broad range of asset classes across global markets, with a bias towards equities.

Investment Policy

To invest primarily in collective investment schemes and exchange traded funds that aim to match the returns of market indices.

Investment Strategy

The Fund follows a broadly diversified investment approach across various different asset classes primarily investing in vehicles that track an appropriate market index. Asset classes held include traditional asset classes, such as equities and fixed income, but also alternative asset classes, for example commodities, private equity and property. The Fund Manager incorporates a quantitative investment process to identify the optimal portfolio construction and periodically rebalances the portfolio.

Exposure to such asset classes may be obtained by either direct investment, where permitted to do so within the Funds' investment and borrowing powers, or through exposure by way of investing into collective investment schemes or exchange traded funds that in turn provide exposure to such asset classes.

Risk Profile

The Fund has little exposure to credit or cash flow risk. There are no borrowings or unlisted securities of a material nature and so there is little exposure to liquidity risk. The main risk it faces from its financial instruments are market price and foreign currency. The Manager reviews policies for managing these risks in order to follow and aim to achieve the Investment Objective and Policy as summarised above.

Portfolio Activity

Financial markets broadly maintained their positive momentum over the reporting period. The US Federal Reserve's continuation of its quantitative easing programme, robust corporate results and an improving economy led some equity indices higher to set a series of record highs in May 2013. However, comments from the Federal Reserve announcing its intention to reduce monetary stimulus subsequently led to equity stocks to decline sharply in June 2013. Despite announcing its intentions initially, the Federal Reserve decided to await upon further evidence that recent improvements in the US economy were sustainable before it starts to reduce its quantitative easing programme. Meanwhile, the political stability of the European region improved when Angela Merkel was re-elected as German chancellor. European equities continued to rise through to the end of the reporting period, supported by better-than-expected economic data and news that the eurozone expanded during the second quarter of 2013, ending six consecutive quarters of negative growth in the region. Market sentiment was also broadly positive in Japan, supported by the unprecedented stimulus of aggressive monetary policy by the Bank of Japan and the weakness in the Japanese yen against the US dollar. In China, economic activity, particularly domestic growth, remained strong enough to bolster the pace of the Chinese economy rising from 7.5% annually to 7.8% in the third quarter of 2013.

Purchases over the period included: HSBC FTSE All-Share Index Fund, HSBC MSCI Emerging Markets Fund and UK Treasury Gilt 1.25% 22/07/2018.

Sales included: UK Treasury 2.25% 07/03/2014, Lyxor ETF Commodities CRB and UK Treasury 4.25% 07/12/2017.

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

Distribution

Date paid/ payable	Distribution rate Retail X Income shares	Distribution rate Retail X Accumulation shares
15.12.13	1.590000p	1.620000p
15.12.12	1.360000p	1.300000p

Fund Prices

Share class	Net asset value per share as at 15.10.13	Net asset value per share as at 15.4.13
Retail X Income	123.3p	119.7p
Retail X Accumulation	125.5p	121.4p

Fund Facts

XD dates: 16 April, 16 October

Distribution payment dates: 15 June, 15 December

Ongoing Charges Figure (OCF)

As at 15.10.13 - 0.91%

As at 15.4.13 - 1.10%

The OCFs above are calculated on the Retail X Accumulation share class.

Portfolio Information

Percentage Change

6 months

3.38

1 years

14.51

Since launch*

25.50

*The Fund was launched on 17.10.2011 at 100p and first priced on 18.11.2011.

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

Performance is cumulative over the period indicated to 15 October 2013.

(Source: Morningstar Direct, GBP, UK net of tax, for the Retail X Accumulation share class.

Returns based on the NAV, which is a single price.)

Major Holdings

The Fund's five largest holdings, or holdings above 5%, at the end of this period and the previous period are shown below.

Holding	% of Fund value as at 15.10.13
+ HSBC FTSE All-Share Index Fund	17.20
+ HSBC European Index Fund	15.75
+ HSBC American Index Fund	14.76
+ HSBC MSCI Emerging Markets Fund	13.09
+ HSBC Pacific Index Fund	8.86
+ HSBC Japan Index Fund	5.01
+ related party	

Holding	% of Fund value as at 15.4.13
+ HSBC European Index Fund	15.52
+ HSBC FTSE All-Share Index Fund	15.51
+ HSBC American Index Fund	15.19
+ HSBC MSCI Emerging Markets Fund	12.45
+ HSBC Pacific Index Fund	8.53
+ HSBC Japan Index Fund	5.66
+ related party	

Investment Allocation

	15.10.13 %	15.4.13 %
UK Equities	17.20	15.51
European (excluding UK) Equities	15.75	15.52
North American Equities	14.76	15.19
Global Emerging Markets Equities	13.09	12.45
UK Government Bonds	10.19	10.52
Asia-Pacific (excluding Japan) Equities	8.86	8.53
Japanese Equities	5.01	5.66
Global Emerging Markets Debt	4.03	4.12
Direct Property Funds	3.10	3.30
Commodities	1.67	3.15
Global High Yield Bonds	1.63	1.66
US Government Bonds	1.59	1.63
Private Equity	1.15	1.23
Other	1.13	0.92
Net other assets	0.84	0.61

Corporate Shareholders

A corporate shareholder will receive the distribution shown on their annual consolidated tax voucher as follows:

Fund	Date payable/paid	Share class	Investment income	
			Franked	Unfranked
Open Global Distribution Fund	15.12.13	Retail Income	100.00%	0.00%
	15.12.13	Retail Accumulation	100.00%	0.00%
	15.12.13	Income C	100.00%	0.00%
	15.12.13	Accumulation C	100.00%	0.00%
	15.9.13	Retail Income	43.42%	56.58%
	15.9.13	Retail Accumulation	43.55%	56.45%
	15.9.13	Income C	40.80%	59.20%
	15.9.13	Accumulation C	40.96%	59.04%
Open Global Property Fund	15.12.13	Retail Income	75.64%	24.36%
	15.12.13	Retail Accumulation	83.38%	16.62%
	15.12.13	Institutional A Income	50.40%	49.60%
	15.12.13	Income C	92.74%	7.26%
	15.12.13	Accumulation C	61.55%	38.45%
World Selection - Cautious Portfolio	15.12.13	Retail Income	74.43%	25.57%
	15.12.13	Retail Accumulation	73.96%	26.04%
	15.12.13	Institutional Accumulation	36.81%	63.19%
	15.12.13	Income C	54.21%	45.79%
	15.12.13	Accumulation C	57.08%	42.92%
World Selection - Income Portfolio	15.12.13	Retail Income	0.00%	100.00%
	15.12.13	Retail Accumulation	0.00%	100.00%
	15.12.13	Income C	0.00%	100.00%
	15.12.13	Accumulation C	0.00%	100.00%
	15.9.13	Retail Income	0.00%	100.00%
	15.9.13	Retail Accumulation	0.00%	100.00%
	15.9.13	Income C	0.00%	100.00%
	15.9.13	Accumulation C	0.00%	100.00%

Corporate Shareholders

A corporate shareholder will receive the distribution shown on their annual consolidated tax voucher as follows:

Fund	Date payable/paid	Share class	Investment income	
			Franked	Unfranked
World Index Balanced Portfolio	15.12.13	Retail Income	99.98%	0.02%
	15.12.13	Retail Accumulation	100.00%	0.00%
	15.12.13	Institutional Accumulation	85.21%	14.79%
	15.12.13	Retail X Income	92.95%	7.05%
	15.12.13	Retail X Accumulation	93.05%	6.95%
	15.12.13	Income C	94.31%	5.69%
	15.12.13	Accumulation C	89.10%	10.90%
World Index Cautious Portfolio	15.12.13	Retail Income	87.40%	12.60%
	15.12.13	Retail Accumulation	85.87%	14.13%
	15.12.13	Institutional Accumulation	42.60%	57.40%
	15.12.13	Retail X Income	62.35%	37.65%
	15.12.13	Retail X Accumulation	62.02%	37.98%
	15.12.13	Income C	64.02%	35.98%
	15.12.13	Accumulation C	61.47%	38.53%

All other Funds in this OEIC have a 100% franked distribution shown on their annual consolidated tax voucher.

Risk and Reward Profile

Fund	Rating*
Open Global Distribution Fund	4
Open Global Property Fund	5
Open Global Return Fund	4
World Selection - Balanced Portfolio	4
World Selection - Cautious Portfolio	3
World Selection - Dynamic Portfolio	5
World Selection - Income Portfolio	3
World Index Balanced Portfolio	4
World Index Cautious Portfolio	3
World Index Dynamic Portfolio	5

Lower risk **Higher risk**

← **Typically lower rewards** **Typically higher rewards** →

1	2	3	4	5	6	7
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*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.

General Information

Published Prices

The prices of shares are updated daily on the following websites:

www.assetmanagement.hsbc.com/uk and www.investinginfunds.org/ways-to-buy-and-sell-funds.html.

Alternatively you can call our Investments Helpline on 0845 745 6123* (Textphone 0845 766 0391).

If you are registered to use the Personal Internet Banking service offered by HSBC Bank plc you can view a valuation of your investments online. For more information please visit www.hsbc.co.uk.

*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 8am to 6pm, excluding public holidays.

Report and Accounts

Copies of the Annual and Interim Long Form Report and Accounts are available on request to the Administrator.

Directors

The Authorised Corporate Director (ACD) is HSBC Global Asset Management (UK) Limited which is the sole director. HSBC Global Asset Management (UK) Limited is authorised and regulated by the Financial Conduct Authority.

HSBC Global Asset Management (UK) Limited - Directors

S. Chandrasekharan

C.S. Cheetham

A.S. Clark

A.C. Corfield

J. Ellerby

E.R. Stokes

Quick Reference Guide to HSBC OpenFunds

Name of OEIC Fund	Open Global Distribution Fund	Open Global Property Fund	Open Global Return Fund	World Selection - Balanced Portfolio	World Selection - Cautious Portfolio
Number of distributions per year	4	2	2	2	2
Distribution dates	15 Jun 15 Sep 15 Dec 15 Mar	15 Jun 15 Dec	15 Jun 15 Dec	15 Jun 15 Dec	15 Jun 15 Dec
Lump sum minimum investment level	£1,000	£1,000	£1,000	£1,000	£1,000
Regular saver minimum investment level	£50	£50	£50	£50	£50
Authorised Corporate Director charge % †	1.25	1.25	1.25	1.25	1.25
Available as an ISA	Yes	Yes	Yes	Yes	Yes
In ISA can income be paid	Yes	Yes	Yes	Yes	Yes
Income shares available	Yes	Yes	Yes	Yes	Yes
Accumulation shares available	Yes	Yes	Yes	Yes	Yes
Historic research of files*	£25 per hour including VAT - all Funds				
Duplicate tax voucher*	£5 per voucher including VAT - all Funds				
Duplicate tax vouchers* (more than one)	£25 per voucher including VAT - all Funds				
European Savings Directive in scope for distributions/redemptions	N/A	N/A	N/A	N/A	N/A

* Charges for additional services. The ACD reserves the right to apply these charges and amend them subject to the annual rate of the Retail Price Index.

† The above information relates only to retail share classes. Other share classes may differ.

Quick Reference Guide to HSBC OpenFunds

Name of OEIC Fund	World Selection - Dynamic Portfolio	World Selection - Income Portfolio	World Index Balanced Portfolio	World Index Cautious Portfolio	World Index Dynamic Portfolio
Number of distributions per year	2	4	2	2	2
Distribution dates	15 Jun 15 Dec	15 Jun 15 Sep 15 Dec 15 Mar	15 Jun 15 Dec	15 Jun 15 Dec	15 Jun 15 Dec
Lump sum minimum investment level	£1,000	£1,000	£1,000	£1,000	£1,000
Regular saver minimum investment level	£50	£50	£50	£50	£50
Authorised Corporate Director charge % †	1.25	1.25	0.95	0.95	0.95
Available as an ISA	Yes	Yes	Yes	Yes	Yes
In ISA can income be paid	Yes	Yes	Yes	Yes	Yes
Income shares available	Yes	Yes	Yes	Yes	Yes
Accumulation shares available	Yes	Yes	Yes	Yes	Yes
Historic research of files*	£25 per hour including VAT - all Funds				
Duplicate tax voucher*	£5 per voucher including VAT - all Funds				
Duplicate tax vouchers* (more than one)	£25 per voucher including VAT - all Funds				
European Savings Directive in scope for distributions/redemptions	N/A	N/A	N/A	N/A	N/A

* Charges for additional services. The ACD reserves the right to apply these charges and amend them subject to the annual rate of the Retail Price Index.

† The above information relates only to retail share classes. Other share classes may differ.

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