

## HSBC Investment Funds

Annual Report and Accounts

**15 January 2023**



**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

S.Y.C. Chow (resigned 10 January 2023)

P.G.P. Dew

J.M. Munro (appointed 31 January 2022)

T.J. Palmer (resigned 1 March 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 2022 to 15 January 2023.**

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.

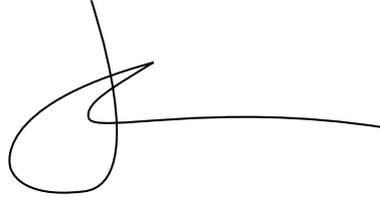
Shareholders are not liable for the debts of the Company. A shareholder is not liable to make any further payment to the Company after the purchase price of the shares has been paid for.

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**S.K. White**

**Director**



**J.M. Munro**

**Director**

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

**9 May 2023**

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# Market Review

**Welcome to the Annual Report for the HSBC Investment Funds Open-Ended Investment Company (OEIC). The report covers the year 16 January 2022 to 15 January 2023.**

**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 year to 15 January 2023 was marked by a significant ramp-up in inflation and a deteriorating economic outlook. The substantial rise in inflation – not seen in major economies for some decades – was perhaps the most notable feature of the period. Headline inflation shot up through the period, rising to decade-high levels in many countries. In the US, it hit a 40-year high of 9.1% by June, while in the UK, it rose even further to 11.1% in October, a 41-year high. In the eurozone, it touched an all-time high of 10.6% in October. Inflation levels did begin to subside from their respective peaks later in the period, most notably in the US, where the headline figure fell to 6.5% in December.

The world's central banks began to tighten monetary policy. The US Federal Reserve (Fed) and the Bank of England (BoE) had become notably more hawkish during the final months of 2021. The Fed announced a tapering of its monthly bond-purchasing programme, while the BoE raised interest rates in December 2021 for the first time in over three years. The BoE subsequently raised interest rates a further eight times in 2022, taking them to 3.5% by the end of the year. The Fed raised interest rates for the first time this cycle in March 2022, as widely expected, before increasing them to a 15-year peak of 4.5% by year-end. This included four consecutive 75 basis point (bp) increases for the first time in the Fed's history. Meanwhile, the European Central Bank (ECB) appeared initially reluctant to raise rates, concerned about the economic effects. However, it did duly raise rates in July, and did so again a further three times, taking the benchmark rate to 2.5%.

Regarding economic growth, expectations in early 2022 were for the global economy to continue to recover from Covid-19-related restrictions. However, developments in Ukraine, rising inflation and the cost-of-living pressures on consumers meant that the outlook for economic growth deteriorated. In the US, fears that the country might fall into recession came to pass with the confirmation of a further fall in GDP in the second quarter of 0.6%, following a 1.6% contraction in the first quarter. GDP recovered by 3.2% in the third quarter. Growth remained meagre and gradually weakened in the UK, the eurozone, Japan and Mainland China, with the risk of materially slower growth, and potentially recession, a growing threat.

## Global Equities

2022 was a poor year for global equities. Both the MSCI World and FTSE World indices fell by over 7%, in sterling terms. Soaring inflation levels, tightening monetary policy, weakening economic growth and the situation in Ukraine all weighed on sentiment and caused markets to sell off. Russia's foray into Ukraine in late February was the trigger for the fall in equities, with markets plummeting as it became clear that Russia's previous denial of any intention to infiltrate Ukrainian territory was untrue. Overall, the first six months of 2022 represented the worst first half for equities for at least 50 years. However, markets recovered some of their returns in the final quarter of the year as they rallied on hopes that rising interest rates would peak at some stage in 2023. A peak in the US dollar in late September helped markets too, and was a factor behind the more risk-on approach. This more bullish sentiment continued into the first weeks of 2023, with markets reclaiming some of their lost territory from 2022.

Within developed world markets, the US underperformed as the Fed tightened its monetary policy and the economy fell into recession in the first half of 2022. The shift away from large growth stocks, especially those within the technology sector, such as Microsoft, Amazon.com and Alphabet, was a key factor behind the US market's underperformance. European markets fell but outperformed other developed world markets in aggregate, while the UK market rose, benefitting from the large weighting of commodity stocks in the index.

Emerging markets underperformed developed world markets in 2022 as the strong US dollar, further outbreaks of Covid-19 and the marked slowdown in Mainland China's economic growth took their toll. Taiwan and South Korea were the weakest major markets over the period as the outlook for global growth deteriorated and adversely impacted many of these markets' exporting companies. Mainland China also underperformed largely as tight Covid-19 restrictions limited business activity within the country. However, the authorities in Mainland China changed their stance late in the year and markedly eased all Covid-19 restrictions. This led to a rally in emerging market stock markets in the early weeks of 2023. Latin American markets were a notable exception to other emerging markets and rose substantially over the period, mainly due to the strong commodity cycle.

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### **UK Equities**

The UK market outperformed both European and other global markets over the period and was one of the few developed markets to produce a positive return. Nevertheless, it faced many of the same issues as other countries, namely rising inflation and interest rates, slowing economic growth and rising geopolitical concerns, most pertinently Russia's foray into Ukraine. As with other world markets, UK equities dropped significantly in late February as tensions between Russia and Ukraine escalated.

Much political and economic focus in the UK was on the growing cost-of-living crisis, with substantial increases expected in home energy prices along with the proposed national insurance hike. This produced huge uncertainty and concern among consumers and unsettled the market.

Annual inflation rose sharply, reaching 11.1% in October, marking the highest level for over 40 years. As inflation rose and appeared to become more entrenched, the BoE became more hawkish. The central bank raised rates nine times from late 2021, taking them from 0.25% to 3.5% by the end of 2022. The central bank suggested that inflation could rise to more than 13% by year-end – although it had fallen back to 10.7% in November – while forecasting an economic recession from late 2022 until early 2024.

Economic conditions continued to worsen over the period. The economy grew by 0.6% quarter on quarter in the first quarter but rose just 0.1% in the second quarter. By the third quarter, GDP was falling, down 0.3% over the quarter. Consumer and business confidence indicators weakened. Unemployment declined steadily through the period, falling to 3.5% in the three months to September, the lowest rate since 1974, before finishing the period at 3.7% in October.

What was wholly unique to the UK was the extraordinary political drama in late September, as UK assets and sterling were undermined by Liz Truss's mini budget. Truss was forced to resign, becoming the shortest-serving prime minister in history. This followed the resignation of Prime Minister Boris Johnson, who was forced out despite surviving a no-confidence vote among Tory MPs. Truss was replaced by Rishi Sunak, who set about reversing most of Truss's tax-cutting proposals. UK Chancellor Jeremy Hunt produced a public services cost-cutting and tax-raising budget that sought to re-establish the UK's tarnished reputation for fiscal prudence. By the end of the period, sterling had recovered from its all-time low of near-parity against the US dollar at the end of September, and bond yields had declined from their recent highs.

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### **UK Bonds**

UK bonds fell substantially over the year to 31 December 2022 as inflation rose and the BoE responded with a series of consecutive interest rate hikes. The UK gilt market markedly underperformed other global government bond markets as gilt yields rose relatively more, reflecting higher inflation levels in the UK and a volatile political backdrop that featured a double change in prime minister in a very short period. UK corporate bonds also fell but did relatively better than government bonds as investors became more risk tolerant in the final months of the year.

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Economic conditions continued to worsen over the period. The economy grew by 0.6% quarter on quarter in the first quarter but rose just 0.1% in the second quarter. By the third quarter, GDP was falling, down 0.3% over the quarter. Consumer and business confidence indicators weakened. As a result, retail sales weakened and turned negative on an annual basis from April, falling by 5.7% in November. Wages rose in nominal terms but were down in real terms. Unemployment declined steadily through the period, falling to 3.5% in the three months to September, the lowest rate since 1974, before finishing the period at 3.7% in October.

The 10-year yield rose to over 4.4% in the autumn, marking its highest level in 14 years. This was up from approximately 1.2% at the beginning of the period. By the end of the period, the yield had fallen back to approximately 3.4%. The yield spread between two-year and 10-year gilts inverted in the late summer and, although they recovered to positive territory in the autumn months, the spread ended the period inverted. An inverted yield curve is often seen as an indicator of economic recession.

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### US Equities

The US market fell over the period, affected by the deteriorating global economic outlook, the surge in inflation and the Fed's response to it, as well as the situation in Ukraine. It followed a similar pattern to other global markets, peaking early in 2022 as the Fed warned that it would need to raise interest rates and as tensions between Russia and Ukraine escalated.

Regarding Ukraine, the US moved quickly to implement sanctions against Russia and soon banned all imports of Russian oil. US relations with Mainland China were also tense, given the latter's support for Russia and threats towards Taiwan. The S&P 500 Index slumped into bear-market territory (a fall in excess of 20% from peak), in US dollar terms, in the first half of 2022 – its steepest first-half decline since 1970. The sharp sell-off in stocks also reflected growing fears that the US economy was headed for recession.

Rising inflation was another key factor influencing the market. The hope that higher inflation was just a temporary factor soon dissipated as the headline figure rate rose to a 40-year high of 9.1% in June 2022, before moderating thereafter, falling in the six successive months to 6.5% in December. The rise in inflation largely reflected spiralling energy costs, especially gasoline. Inflationary pressures prompted the Fed to raise interest rates to 4.5% by the end of the year, including four successive 75 bp rises, for the first time in the Fed's history. Fed officials indicated that the central bank would need to continue to increase interest rates to stamp out inflation, even at the expense of causing economic contraction. In December, Powell reiterated the likelihood that rates would stay higher for longer and suggested they were unlikely to be lowered at all during 2023.

The economy fell into recession in the first half of the year as a first-quarter annualised fall of 1.6% was followed by one of 0.6% in the second quarter. However, it recovered in the third quarter by 3.2%, boosted by a resurgence in consumer spending. The trade deficit initially grew sharply as exports shrank. However, job creation remained relatively robust, and the unemployment rate fell from 4.0% in January to 3.5% in December. The US dollar surged to an over 20-year high in September following the Fed's monetary policy tightening but fell back thereafter.

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### Japan Equities

Japanese equities fell over the period but outperformed other global markets in aggregate. Japan continued to be plagued by Covid-19-related lockdowns in the early months of 2022, although these had eased by the summer months. Russia's foray into Ukraine saw the market drop further, especially as commodity prices surged, with Japan being heavily dependent on imported commodities. As Japan is a large importer of energy, the huge rise in wholesale energy costs, notably of oil, combined with the weakness in the yen caused the country's habitual trade surplus to fall into deficit. Japanese equities had a better second half of the year, recovering along with other world markets on the hope that the pace of global interest rate hikes overseas might slacken into 2023, and that the Japanese economy might begin to break out of its long-standing deflationary period as inflation rates began to rise to generational highs.

However, while inflation began to pick up, it never climbed to the elevated rates seen in many other developed countries, and the Bank of Japan (BoJ) did not radically alter its loose monetary policy stance. Consumer inflation rose above the BoJ's mid-term target of 2%, rising to a 31-year high of 3.8% in November. While allowing the upper limit of its previously targeted 0% for 10-year government bonds to rise to 0.25%, the BoJ attempted to limit any unwelcome rise in bond yields above that level. However, near the end of the year, the BoJ loosened the bands further, allowing yields to rise to 0.5%. The market took this as a sign that the BoJ was seriously considering altering its monetary policy stance, which had been ultra-easy for several years.

The economy remained fragile. While GDP rose by 4.5% in the second quarter, on an annualised basis, it fell 0.8% in the third quarter. The BoJ's Tankan survey – a quarterly indicator of economic sentiment across the economy – weakened during the period. The headline large manufacturing diffusion index had fallen from a recent peak of +18 in the third quarter of 2021 to +7 in the fourth quarter of 2022.

The protracted weakness in the yen against the US dollar, reflecting the BoJ's easy monetary stance, which saw it fall to below 150 – a level not seen for over 30 years – helped to boost the overseas earnings of many of Japan's largest companies. However, the yen had recovered to close to the 128 level by the end of the period.

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### Asia ex-Japan Equities

Asian ex Japan equities weakened as new waves of Covid-19 reignited in certain countries, notably Mainland China, but also South Korea and Hong Kong. Inflationary worries escalated and central banks in the region tightened their monetary policies. The strength in the US dollar was a further headwind for markets, while there were also concerns about renewed geopolitical tensions.

Of the major markets in the region, South Korea and Taiwan were the weakest, as geopolitical tensions with North Korea and Mainland China, respectively, unsettled investors. The deterioration in the global economic outlook was a further headwind to both these export-gearred countries. Mainland China was also weak on economic concerns, rising new cases of Covid-19, both in the spring and then again in the late autumn, the government's tighter legislation over media and technology companies, and concerns about the outlook for the real estate sector. India produced positive returns as the economy remained relatively robust and inflation appeared to peak in the second half of the year. Shares in Indonesia were particularly strong due to the commodity boom.

Central banks across the region tightened their monetary policy in the face of pronounced inflationary pressures. Although less directly impacted by the tensions between Russia and Ukraine, a key concern for several markets was the surge in energy prices as a result of the western sanctions imposed on Russia. As with western countries, inflation rates hit decade-high levels in several Asian economies. The main exception was Mainland China, where the annual consumer inflation rate dropped to just 1.6% in November, having peaked at 2.8% in September. Owing to only moderate price pressures and weaker economic trends, the People's Bank of China kept liquidity abundant in the money markets over the period. The growing difficulties in the property market saw Mainland China's central bank continuing to pump large amounts of liquidity into the system and cutting loan rates on certain maturities.

Mainland China's economy showed signs of slowing as bottlenecks across many industries and rising energy prices negatively impacted the economy. GDP rose at an annualised rate of 4.8% in the first quarter and by just 0.4% in the second quarter, although it recovered to 3.9% in the third quarter. India was an exception to most other economies over the period as growth accelerated between the first and second quarters, rising by 4.1% year on year in the first quarter and by 13.5% in the second quarter, before slowing to growth of 6.3% in the third quarter.

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### Emerging Markets

Emerging markets weakened over the period and underperformed developed world markets as worries about still-high levels of Covid-19 in certain countries, stalling economic recovery, higher inflation, the strong US dollar and the gradual tightening in monetary policy caused market volatility and weakened investor sentiment.

In Asian, South Korea and Taiwan were the weakest markets, as geopolitical tensions with North Korea and Mainland China, respectively, caused unrest. The deterioration in the global economic outlook was a further headwind to both these export-gearred countries. Mainland China was also weak on economic concerns, rising new cases of Covid-19, both in the spring and then again in the late autumn, the government's tighter legislation over media and technology companies, and concerns about the outlook for the real estate sector. India produced positive returns as the economy remained relatively robust and inflation appeared to peak in the second half of the year. Shares in Indonesia were particularly strong due to the commodity boom.

Latin American markets markedly outperformed Asian ones, owing to many of the former being beneficiaries of rising commodity and energy prices, a consequence of Russia's foray into Ukraine's territory. Eastern European markets were weaker in aggregate, because of the tensions between Russia and Ukraine, with Poland and Hungary markedly weak. Turkey was by far the strongest emerging market in 2022, as the central bank cut interest rates despite surging inflation that topped 85% in October.

Inflation escalated as global energy costs soared and were exacerbated by the strength in the US dollar. The dollar strength created a further headwind for markets, although its decline in the final months of the period brought relief to most emerging markets and they rallied in aggregate. A key exception was Brazil, where investors were unsettled by political tensions, namely left-winger Lula da Silva's successful campaign to become president and the uncertainty about his policies.

Mainland China's economy showed signs of slowing as bottlenecks across many industries and rising energy prices negatively impacted the economy. GDP rose at an annualised rate of 4.8% in the first quarter and by just 0.4% year on year in the second quarter, although it recovered to 3.9% in the third quarter. India was an exception to most other economies over the period, as growth accelerated between the first and second quarters, rising by 4.1% year on year in the first quarter and by 13.5% in the second quarter, before slowing to growth of 6.3% in the third quarter. Brazil's economy grew by 1.3% quarter on quarter in the first quarter, falling to 1% in the second and 0.4% in the third.

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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 2023.*

# Notes to the Company Financial Statements

## for the year ended 15 January 2023

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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 2023. 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 2023. 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 2023. 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 notionals 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

As a result of the risk-off market environment over the reporting period, the portfolio has been positioned underweight both duration and equity risk. The Fund's equity market exposure was lowered gradually over the period as the macroeconomic data worsened. While the Fund started the year with a significant spread and rate duration underweight, as yields have risen and spreads widened, these underweights have been reduced. Throughout the period the Fund has had an overweight to Alternatives which have contributed to performance. The Fund has held Commodities, Gold, Style Factor and Trend Following Strategies. All of which have provided strong returns in comparison to the falls experienced in most other major asset classes.

Largest Net Purchases: HSBC Global Corporate Bond Fund and HSBC Global Infrastructure Equity Fund.

Largest Net Sales: HSBC Global Real Estate Equity and iShares MSCI Quality ETF.

**Investment Performance**

During the year under review, the value of the shares in the Fund decreased by 1.97% while the value of the IA Mixed Investment 40-85% Shares sector fell by 5.30%.

(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 2023				
	Retail Accumulation	Income C	Accumulation C	Institutional Accumulation
Price	245.5p	155.6p xd	268.2p	276.5p
Distribution payable (on 15 March 2023) per share net	0.818520p	1.324355p	2.262597p	3.091193p
Current net estimated yield	0.88%	1.88%	1.85%	2.42%
Annual ACD charge	1.55%	0.55%	0.55%	0.00%

## Portfolio Statement

as at 15 January 2023

<i>Security</i>	<i> Holding</i>	<i> Bid value £'000</i>	<i> Total net assets %</i>
<b>UNITED KINGDOM - 49.88% (46.49%)</b>			
Antofagasta	56,536	990	0.29
AstraZeneca	19,909	2,321	0.69
BAE Systems	95,040	791	0.23
Barclays	737,251	1,332	0.39
Barratt Developments	64,222	292	0.09
BP	480,453	2,327	0.69
Britvic	43,890	340	0.10
Bunzl	15,968	474	0.14
Coats Group	507,452	343	0.10
Compass Group	63,471	1,222	0.36
Diageo	26,179	963	0.28
Drax Group	100,372	674	0.20
FDM Group	25,812	207	0.06
GSK	78,987	1,133	0.34
Hays	271,256	317	0.09
Hikma Pharmaceuticals	17,229	294	0.09
+HSBC American Index Fund	2,406,479	21,478	6.35
+HSBC Corporate Bond Fund	5,781,798	11,170	3.30
+HSBC European Index Fund	662,990	7,445	2.20
+HSBC FTSE All-Share Index Fund	7,308,100	26,916	7.95
+HSBC FTSE All World Index Fund	12,596,173	26,250	7.76
+HSBC Holdings (London listed)	243,924	1,442	0.43
+HSBC Japan Index Fund	5,025,723	7,549	2.23
+HSBC Pacific Index Fund	928,073	3,422	1.01
+HSBC UK Gilt Index Fund	12,633,174	11,350	3.35
+HSBC US Multi Factor Equity Fund	3,587,748	18,846	5.57
Ibstock	255,597	419	0.12
IG Group	94,996	760	0.22
Imperial Brands	65,775	1,344	0.40
Intertek Group	15,471	662	0.20
Moneysupermarket	167,989	359	0.11
NatWest Group	402,414	1,186	0.35
Next	10,884	717	0.21
Persimmon	17,325	245	0.07
Phoenix Group Holdings	132,671	830	0.25
Prudential	102,380	1,323	0.39
QinetiQ	256,646	877	0.26
Rentokil Initial	122,848	641	0.19
Rightmove	57,410	316	0.09
Rio Tinto	19,617	1,220	0.36
Sage Group	45,516	353	0.10
Shell	127,425	3,109	0.92
SSE	56,331	939	0.28
Tate & Lyle	95,509	722	0.21
Tesco	413,024	1,014	0.30

## Portfolio Statement

as at 15 January 2023

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
Unilever	18,117	764	0.23
Victrex	20,026	347	0.10
Vodafone Group	391,599	359	0.11
Volusion Group	102,150	410	0.12
<b>Total United Kingdom</b>		<b>168,804</b>	<b>49.88</b>
<b>UNITED STATES - 0.00% (0.00%)</b>			
#Marriott International	96,061	-	0.00
<b>Total United States</b>		<b>-</b>	<b>0.00</b>
<b>AUSTRALIA - 0.27% (0.00%)</b>			
BHP Group	32,210	906	0.27
<b>Total Australia</b>		<b>906</b>	<b>0.27</b>
<b>CHANNEL ISLANDS - 0.19% (0.37%)</b>			
Ferguson NewCo	5,528	627	0.19
<b>Total Channel Islands</b>		<b>627</b>	<b>0.19</b>
<b>IRELAND - 18.31% (25.94%)</b>			
DCC (London listed)	8,945	404	0.12
+HSBC Global Funds ICAV - Global Emerging Market Government Bond Index Fund	524,621	3,458	1.02
+HSBC Global Sterling Liquidity Fund	6,896	7	0.00
+HSBC MSCI Emerging Markets UCITS ETF	611,812	5,217	1.54
+HSBC Multi Factor Worldwide Equity Fund	2,414,964	24,944	7.37
iShares Bloomberg Enhanced Roll Yield Commodity Swap UCITS ETF	877,952	5,223	1.54
iShares Edge MSCI USA Quality Factor UCITS ETF	2,822	3,291	0.97
iShares Edge S&P 500 Minimum Volatility UCITS ETF	555,315	3,243	0.96
iShares S&P 500 Consumer Staples UCITS ETF	504,804	3,229	0.95
iShares S&P 500 Energy Sector UCITS ETF	647,818	4,572	1.35
iShares - S&P 500 Health Care Sector UCITS ETF	378,800	3,230	0.95
Passim Structured Funds Cross Asset Trend Strategy B Acc	48,845	4,661	1.38
Smurfit Kappa Group	15,732	540	0.16
<b>Total Ireland</b>		<b>62,019</b>	<b>18.31</b>
<b>LUXEMBOURG - 29.44% (24.07%)</b>			
+HSBC GIF Asia High Yield Bond Fund	438,954	2,749	0.81
+HSBC GIF Frontier Markets Fund	192,185	3,419	1.01
+HSBC GIF Global Emerging Markets Bond Fund	1,035,434	6,176	1.83
+HSBC GIF Global Emerging Markets Local Debt Fund	2,514,231	16,347	4.83
+HSBC GIF Global Government Bond	557,252	4,904	1.45
+HSBC GIF Global High Yield Bond Fund	1,044,701	7,567	2.24
+HSBC GIF Global Inflation Linked Bond	295,196	2,358	0.70
+HSBC GIF Global Infrastructure Equity	1,494,333	12,199	3.61
+HSBC GIF Global Investment Grade Securitised Credit Bond Fund	287,876	2,279	0.67
+HSBC GIF Global Real Estate Equity Fund	1,364,630	10,640	3.14
+HSBC GIF Global Short Duration High Yield Bond	821,404	6,663	1.97

## Portfolio Statement

as at 15 January 2023

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
+HSBC Global Corporate Bond Fund	724,654	5,933	1.75
+HSBC Global Investment Fund	554,451	3,732	1.10
+HSBC Multi-Asset Style Factors Fund	326,642	3,227	0.95
Structured Investments Goldman Sachs - Cross Asset Trend Portfolio	704,556	6,712	1.98
Lyxor MSCI Brazil UCITS ETF	126,456	2,018	0.60
Xtrackers CSI300 Swap UCITS ETF	207,648	2,698	0.80
<b>Total Luxembourg</b>		<b>99,621</b>	<b>29.44</b>
<b>FORWARD FOREIGN EXCHANGE CONTRACTS - (0.08)% (0.33%)</b>			
#GBP Forward Currency Contract 19/01/2023	GBP 1,463,140	(46)	(0.01)
#EUR Forward Currency Contract 19/01/2023	(EUR 1,701,450)		
#CHF Forward Currency Contract 19/01/2023	CHF 1,877,059	22	0.01
#GBP Forward Currency Contract 19/01/2023	(GBP 1,638,010)		
#JPY Forward Currency Contract 19/01/2023	JPY 275,733,701	133	0.04
#GBP Forward Currency Contract 19/01/2023	( GBP 1,638,205)		
#GBP Forward Currency Contract 19/01/2023	GBP 62,811,833	(401)	(0.12)
#USD Forward Currency Contract 19/01/2023	(USD 77,225,515)		
#GBP Forward Currency Contract 19/01/2023	GBP 84,649	(2)	0.00
#JPY Forward Currency Contract 19/01/2023	( JPY 13,532,950)		
<b>Total Forward Foreign Exchange Contracts</b>		<b>(294)</b>	<b>(0.08)</b>
<b>FUTURES - 0.01% (0.00%)</b>			
ICF FTSE 100 Index Future March 2023	7	25	0.01
<b>Total Futures</b>		<b>25</b>	<b>0.01</b>
<b>Portfolio of investments</b>		<b>331,708</b>	<b>98.02</b>
<b>Net other assets</b>		<b>6,714</b>	<b>1.98</b>
<b>Net assets</b>		<b>338,422</b>	<b>100.00</b>

+Funds managed by the ACD/HSBC Holding Plc Group

#unlisted

Figures in brackets denote the comparative percentage holdings as at 15 January 2022.

Unless otherwise stated, all investments are listed securities.

The counterparty for futures is HSBC.

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

## Comparative Tables

for the year ended 15 January 2023

<b>Retail Income#</b>	<b>15.1.23</b>	<b>15.1.22</b>	<b>15.1.21</b>
<b>Change in net assets per share</b>			
Opening net asset value per share	N/A	N/A	152.30p
Return before operating charges*	N/A	N/A	(0.07p)
Operating charges**	N/A	N/A	(0.23p)
Return after operating charges*	N/A	N/A	(0.30p)
Distributions on income shares	N/A	N/A	0.00p
Cancellation price	N/A	N/A	(152.00p)
Closing net asset value per share	N/A	N/A	0.00p
*after direct transaction costs of:***	N/A	N/A	0.03p
<b>Performance</b>			
Return after charges	N/A	N/A	(0.20%)
<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	153.30p
Lowest share price	N/A	N/A	148.60p

<b>Retail Accumulation</b>	<b>15.1.23</b>	<b>15.1.22</b>	<b>15.1.21</b>
<b>Change in net assets per share</b>			
Opening net asset value per share	251.60p	231.10p	235.00p
Return before operating charges*	(2.46p)	24.41p	1.20p
Operating charges**	(3.84p)	(3.91p)	(5.10p)
Return after operating charges*	(6.30p)	20.50p	(3.90p)
Distributions on accumulation shares	(2.25p)	(1.34p)	0.00p
Retained distributions on accumulation shares	2.25p	1.34p	0.00p
Closing net asset value per share	245.30p	251.60p	231.10p
*after direct transaction costs of:***	0.04p	0.03p	0.05p
<b>Performance</b>			
Return after charges	(2.50%)	8.87%	(1.66%)
<b>Other information</b>			
Closing net asset value	£22,017	£325,484	£44,191
Closing number of shares	8,977	129,363	19,123
Operating charges - OCF	1.67%	1.68%	1.68%†
Direct transaction costs	0.02%	0.01%	0.02%
<b>Prices</b>			
Highest share price	254.17p	257.50p	236.40p
Lowest share price	229.21p	225.80p	180.90p

#The Retail Income share class converted to Income C class on 7 February 2020.

†Estimated value following a change to the charging structure on 1 October 2020.

\*\*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 2023

<b>Income C</b>	<b>15.1.23</b>	<b>15.1.22</b>	<b>15.1.21</b>
<b>Change in net assets per share</b>			
Opening net asset value per share	160.90p	148.30p	152.10p
Return before operating charges*	(1.58p)	15.66p	(0.36p)
Operating charges**	(0.94p)	(0.99p)	(0.90p)
Return after operating charges*	(2.52p)	14.67p	(1.26p)
Distributions on income shares	(2.98p)	(2.07p)	(2.54p)
Closing net asset value per share	155.40p	160.90p	148.30p
*after direct transaction costs of:***	0.02p	0.02p	0.03p
<b>Performance</b>			
Return after charges	(1.57%)	9.89%	(0.83%)
<b>Other information</b>			
Closing net asset value	£14,843,075	£17,432,024	£16,641,718
Closing number of shares	9,552,354	10,832,704	11,220,098
Operating charges - OCF	0.67%	0.73%	0.74%†
Direct transaction costs	0.02%	0.01%	0.02%
<b>Prices</b>			
Highest share price	162.88p	165.10p	153.00p
Lowest share price	146.07p	145.00p	117.30p

<b>Accumulation C</b>	<b>15.1.23</b>	<b>15.1.22</b>	<b>15.1.21</b>
<b>Change in net assets per share</b>			
Opening net asset value per share	272.20p	247.60p	249.40p
Return before operating charges*	(2.60p)	26.26p	(0.31p)
Operating charges**	(1.60p)	(1.66p)	(1.49p)
Return after operating charges*	(4.20p)	24.60p	(1.80p)
Distributions on accumulation shares	(5.07p)	(3.47p)	(4.19p)
Retained distributions on accumulation shares	5.07p	3.47p	4.19p
Closing net asset value per share	268.00p	272.20p	247.60p
*after direct transaction costs of:***	0.04p	0.03p	0.05p
<b>Performance</b>			
Return after charges	(1.54%)	9.94%	(0.72%)
<b>Other information</b>			
Closing net asset value	£49,207,090	£52,666,831	£45,880,221
Closing number of shares	18,362,321	19,350,140	18,530,696
Operating charges - OCF	0.67%	0.73%	0.74%†
Direct transaction costs	0.02%	0.01%	0.02%
<b>Prices</b>			
Highest share price	275.48p	278.30p	250.80p
Lowest share price	249.79p	242.00p	192.30p

†Estimated value following a change to the charging structure on 1 October 2020.

\*\*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 2023

<b>Institutional Accumulation</b>	<b>15.1.23</b>	<b>15.1.22</b>	<b>15.1.21</b>
Change in net assets per share			
Opening net asset value per share	278.90p	252.20p	252.40p
Return before operating charges*	(2.64p)	26.75p	(0.15p)
Operating charges**	(0.06p)	(0.05p)	(0.05p)
Return after operating charges*	(2.70p)	26.70p	(0.20p)
Distributions on accumulation shares	(6.80p)	(5.19p)	(5.71p)
Retained distributions on accumulation shares	6.80p	5.19p	5.71p
Closing net asset value per share	276.20p	278.90p	252.20p
*after direct transaction costs of:***	0.04p	0.03p	0.05p
<b>Performance</b>			
Return after charges	(0.97%)	10.59%	(0.08%)
<b>Other information</b>			
Closing net asset value	£274,349,437	£297,167,459	£287,182,458
Closing number of shares	99,327,979	106,550,972	113,893,973
Operating charges - OCF	0.10%	0.11%	0.10%
Direct transaction costs	0.02%	0.01%	0.02%
<b>Prices</b>			
Highest share price	283.00p	285.00p	254.40p
Lowest share price	257.00p	246.50p	194.80p
**The operating charges include all costs borne by the Fund, except for direct transaction costs.			
***The direct transaction costs are made up of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.			

## Statement of Total Return

for the year ended 15 January 2023

	Notes	15.1.23		15.1.22	
		£'000	£'000	£'000	£'000
Income					
Net capital (losses) /gains	2		(12,959)		30,244
Revenue	3	8,678		7,082	
Expenses	4	(447)		(475)	
Interest payable and similar charges		(9)		(2)	
Net revenue before taxation		8,222		6,605	
Taxation	5	298		(979)	
Net revenue after taxation			8,520		5,626
Total (deficit)/ return before distributions			(4,439)		35,870
Distributions	6		(8,222)		(6,617)
Change in net assets attributable to shareholders from investment activities			(12,661)		29,253

## Statement of Change in Net Assets Attributable to Shareholders

for the year ended 15 January 2023

	15.1.23		15.1.22	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		367,592		349,749
Amounts receivable on creation of shares	4,018		12,119	
Amounts payable on cancellation of shares	(28,336)		(29,853)	
		(24,318)		(17,734)
Dilution adjustment		-		12
Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above)		(12,661)		29,253
Retained distribution on accumulation shares		7,809		6,312
Closing net assets attributable to shareholders		338,422		367,592

## Balance Sheet

as at 15 January 2023

	Notes	15.1.23		15.1.22	
		£'000	£'000	£'000	£'000
<b>Assets</b>					
Investments			332,157		357,352
Current assets					
Debtors	8	1,695		1,589	
Cash and bank balances		5,357		9,504	
Total current assets			7,052		11,093
Total assets			339,209		368,445
<b>Liabilities</b>					
Investment liabilities			(449)		(43)
Creditors					
Distribution payable on income shares		(127)		(65)	
Other creditors	9	(211)		(745)	
Total creditors			(338)		(810)
Total liabilities			(787)		(853)
Net assets attributable to shareholders			338,422		367,592

**Distribution Tables (pence per share)**

for the year ended 15 January 2023

	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution payable 15.3.23</i>	<i>Distribution paid 15.3.22</i>
Group 1: Shares purchased prior to 16 July 2022				
Group 2: Shares purchased from 16 July 2022 to 15 January 2023				
<b>Retail Accumulation</b>				
Group 1	0.818520	-	0.818520	0.000000
Group 2	0.518067	0.300453	0.818520	0.000000
<b>Income C</b>				
Group 1	1.324355	-	1.324355	0.603383
Group 2	0.450466	0.873889	1.324355	0.603383
<b>Accumulation C</b>				
Group 1	2.262597	-	2.262597	1.011866
Group 2	1.004700	1.257897	2.262597	1.011866
<b>Institutional Accumulation</b>				
Group 1	3.091193	-	3.091193	1.883109
Group 2	3.091193	0.000000	3.091193	1.883109

## Distribution Tables (pence per share)

for the year ended 15 January 2023

	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 15.9.22</i>	<i>Distribution paid 15.9.21</i>
Group 1: Shares purchased prior to 16 January 2022				
Group 2: Shares purchased from 16 January 2022 to 15 July 2022				
<b>Retail Accumulation</b>				
Group 1	1.430000	-	1.430000	1.340000
Group 2	1.410000	0.020000	1.430000	1.340000
<b>Income C</b>				
Group 1	1.660000	-	1.660000	1.470000
Group 2	1.440000	0.220000	1.660000	1.470000
<b>Accumulation C</b>				
Group 1	2.810000	-	2.810000	2.460000
Group 2	2.260000	0.550000	2.810000	2.460000
<b>Institutional Accumulation</b>				
Group 1	3.710000	-	3.710000	3.310000
Group 2	3.710000	0.000000	3.710000	3.310000

## Notes to the Financial Statements

for the year ended 15 January 2023

	<b>15.1.23</b>	15.1.22
	<b>£'000</b>	£'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	(117)	1
Transaction charges	(6)	(2)
Management fee rebates	-	3
Capital special dividends	191	317
(Losses)/gains on derivative contracts	(281)	24
(Losses)/gains on forward foreign currency contracts	(4,864)	801
(Losses)/gains on non-derivative securities	(7,882)	29,100
Net capital (losses)/gains	<b>(12,959)</b>	30,244
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)	1,506	1,625
Property investment income	4	18
Overseas dividends	204	34
Dividend distributions from overseas authorised ICVCs and unit trusts	1,983	1,484
Franked distributions from authorised ICVCs and unit trusts	1,976	1,669
Interest on bonds and other debt securities	2,969	2,246
Bank interest	36	-
Management fee rebates	-	6
Total revenue	<b>8,678</b>	7,082
<b>4. Expenses</b>		
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's charge	375	404
Safe custody fee	17	9
	<b>392</b>	413
Payable to the Depositary, associates of the Depositary, and agents of either of them:		
Depositary fee	35	37
Other expenses:		
Audit fee	7	9
Professional fee	-	1
Report and accounts fee	4	3
Administration fee	9	12
	<b>20</b>	25
Total expenses	<b>447</b>	475

	<b>15.1.23</b>	15.1.22
	<b>£'000</b>	£'000
<b>5. Taxation</b>		
<b>a) Analysis of charge in year:</b>		
Irrecoverable income tax	<b>1</b>	1
Windfall overseas tax recoveries	<b>(1)</b>	-
Total current tax charge for the year (note 5b)	<b>-</b>	1
Deferred tax (note 5c)	<b>(298)</b>	978
Total tax for the year (note 5b)	<b>(298)</b>	979
<b>b) Factors affecting taxation charge for the year:</b>		
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>8,222</b>	6,605
Corporation tax at 20%	<b>1,644</b>	1,321
Effects of:		
Revenue not subject to taxation	<b>(1,134)</b>	(963)
Taxable income charge in capital	<b>-</b>	1
Irrecoverable income tax	<b>1</b>	1
Realised gains on non-qualifying offshore funds	<b>-</b>	2
Windfall overseas tax recoveries	<b>(1)</b>	-
Excess management expenses (utilised)/unutilised	<b>(808)</b>	617
Current tax charge for the year (note 5a)	<b>(298)</b>	979
<b>c) Provision for deferred taxation</b>		
Asset at the start of the year	<b>722</b>	1,700
Deferred tax credit/(debit) in profit and loss account for the year (note 5a)	<b>298</b>	(978)
Provision at end of year (note 5a)	<b>1,020</b>	722
At 15 January 2023, there is a potential deferred tax asset of £2,177,417 (15.1.22: £2,985,934) 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	<b>4,493</b>	4,272
Final dividend distribution	<b>3,612</b>	2,267
	<b>8,105</b>	6,539
Add: Amounts deducted on cancellation of shares	<b>129</b>	98
Deduct: Amounts received on issue of shares	<b>(12)</b>	(20)
Net distribution for the year	<b>8,222</b>	6,617
<b>7. Movement Between Net Revenue and Distributions</b>		
Net revenue after taxation	<b>8,520</b>	5,626
Corporation tax on taxable items in capital	<b>(298)</b>	991
Net distribution for the year	<b>8,222</b>	6,617

	<b>15.1.23</b>	15.1.22
	<b>£'000</b>	£'000
<b>8. Debtors</b>		
Amounts receivable for creation of shares	<b>17</b>	66
Accrued revenue	<b>531</b>	680
Overseas tax recoverable	<b>127</b>	121
Deferred tax	<b>1,020</b>	722
Total debtors	<b>1,695</b>	1,589
<b>9. Other Creditors</b>		
Amounts payable for cancellation of shares	<b>160</b>	619
Accrued expenses	<b>34</b>	109
Compensation payment due	<b>17</b>	17
Total other creditors	<b>211</b>	745

**10. Reconciliation of Shares**

	<i>Retail Accumulation</i>	<i>Income C</i>	<i>Accumulation C</i>	<i>Institutional Accumulation</i>
Opening shares issued at 16.1.22	129,363	10,832,704	19,350,140	106,550,972
<b>Share movements 16.1.22 to 15.1.23</b>				
Shares issued	4,589	145,912	1,410,378	-
Shares cancelled	(124,975)	(1,426,262)	(2,398,197)	(7,222,993)
Closing shares issued at 15.1.23	8,977	9,552,354	18,362,321	99,327,979

**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 15.1.23	-	100.00	86.14	6.28
As at 15.1.22	-	100.00	85.98	6.20

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/from the ACD (including amounts due to associates and agents) at the year end was £163,707 (15.1.22: £649,133). Further details of such amounts can be found in notes 8 and 9.

At the year end, the Fund held £257,688,478 (15.1.22: £266,152,605) in Authorised Investment Funds managed by HSBC Holdings Plc, the parent company of the ACD. During the year, transactions in Authorised Investment Funds managed by HSBC Holdings totalled £276,135,788 (15.1.22: £249,986,543).

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/(liabilities)</i>	
	<b>15.1.23</b>	<i>15.1.22</i>	<b>15.1.23</b>	<i>15.1.22</i>	<b>15.1.23</b>	<i>15.1.22</i>
	<b>£'000</b>	<i>£'000</i>	<b>£'000</b>	<i>£'000</i>	<b>£'000</b>	<i>£'000</i>
Sterling*	<b>186,023</b>	212,318	<b>6,007</b>	9,698	<b>192,030</b>	222,016
Danish krone	-	-	<b>26</b>	24	<b>26</b>	24
Euro	<b>3,181</b>	3,493	<b>127</b>	95	<b>3,308</b>	3,588
Japanese yen	<b>(2)</b>	-	-	-	<b>(2)</b>	-
Swiss franc	-	-	<b>547</b>	15	<b>547</b>	15
United States dollar	<b>142,506</b>	141,498	<b>7</b>	451	<b>142,513</b>	141,949
Total	<b>331,708</b>	357,309	<b>6,714</b>	10,283	<b>338,422</b>	367,592

\*No currency risk as base currency.

### Interest Rate Risk

At the year end, 1.58% (15.1.22: 2.59%) 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 Tables on pages 19 to 21. The distribution per share class is given in the Distribution Tables on pages 23 and 24. 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. At year end there was £nil revenue earned net of bank and agents fees (15.01.22 - £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	
	2023	2022	2023	2022
Goldman Sachs	-	91	-	91
JP Morgan Securities Limited	-	1,036	-	1,036
HSBC Bank	<b>133</b>	-	<b>133</b>	-
Merrill Lynch	<b>22</b>	58	<b>22</b>	58

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 2023, there was no collateral held in respect of the above derivatives (15.1.22: £nil).

## 16. Contingent Liabilities and Commitments

At the year end the Fund had no contingent liabilities or commitments (15.1.22: none).

**17. Portfolio Transaction Costs**

<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	
Pooled investment vehicles	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.

<b>For the year ended 15 January 2022</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	6,433	2	0.03	37	0.58	-	-	
Pooled investment vehicles	169,333	15	0.01	-	-	-	-	
Corporate actions	200	-	-	-	-	-	-	
Total purchases before transaction costs	175,966	17		37		-		
Transaction costs	54							
Total purchases after commission, tax and fees	176,020							
	<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	25,894	6	0.02	-	-	-	-	
Pooled investment vehicles	166,765	7	-	-	-	-	-	
Corporate actions	691	-	-	-	-	-	-	
Total sales before transaction costs	193,350	13		-		-		
Transaction costs	(13)							
Total sales after commission, tax and fees	193,337							

The Fund had paid £502 as commission on purchases and sales derivative transactions for the year ended 15.1.22.

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

Commissions	0.00%
Taxes	0.01%
Other expenses	0.00%

At the balance sheet date the portfolio dealing spread was 0.03%, 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 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)

### For the year ended 15 January 2022

Category	1	2	3	Total
	£'000	£'000	£'000	£'000
<b>Investment Assets</b>				
Equities	44,558	-	-	44,558
Pooled investment vehicles	55,735	255,830	-	311,565
Derivatives	44	1,185	-	1,229
	100,337	257,015	-	357,352
<b>Investment Liabilities</b>				
Derivatives	(43)	-	-	(43)
	(43)	-	-	(43)

## 19. Sensitivity Analysis

### Price risk sensitivity:

If the price of investments at 15 January 2023 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 £33,170,794 (15.1.22: 35,612,410).

### Currency risk sensitivity:

If the exchange rate at 15 January 2023 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 £14,639,119 (15.1.22: £14,557,557).

### 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 (15.1.22: 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 BHP Group (Basic Materials) with a total effect of 1.24%. Additionally, BP (Energy) was in the top two contributors with a total effect of 1.03%.

Detractors included Glencore (Basic Materials) with a total effect of -1.15% and British American Tobacco (Consumer Staples) with a total effect of -0.72%.

During this period, positions were initiated in Tate & Lyle, Hikma Pharmaceuticals, Rentokil Initial and Britvic, and closed in Associated British Foods, WH Smith and Microsoft Corp.

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

### Investment Performance

During the year under review, the value of the shares in the Fund increased by 4.94% while the value of the FTSE All-Share Index rose by 4.46%.

(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 2023				
	Retail Income	Retail Accumulation	Retail B Income	Retail B Accumulation
Price	65.55p xd	148.5p	74.64p xd	169.3p
Distribution payable (on 15 March 2023) per share net	1.265237p	2.810828p	1.439169p	3.197978p
Current net estimated yield	4.16%	4.03%	4.15%	4.02%
Annual ACD charge	1.50%	1.50%	0.60%	0.60%

<b>Fund Particulars</b> as at 16 January 2023				
	Institutional Income	Institutional A Accumulation	Income C	Accumulation C
Price	73.47p xd	160.2p	71.32p xd	159.4p
Distribution payable (on 15 March 2023) per share net	1.414034p	3.021449p	1.372770p	2.999940p
Current net estimated yield	4.13%	4.01%	4.14%	4.01%
Annual ACD charge	0.00%	0.75%	0.80%	0.80%

## Portfolio Statement

as at 15 January 2023

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>Oil &amp; Gas - 15.68% (11.70%)</b>			
BP	3,577,941	17,326	6.19
Shell	958,980	23,399	8.37
<b>Total Oil &amp; Gas</b>		<b>40,725</b>	<b>14.56</b>
<b>Basic Materials - 9.15% (10.81%)</b>			
Antofagasta	444,860	7,787	2.78
BHP Group	210,502	5,923	2.12
Rio Tinto	148,852	9,257	3.31
Victrex	151,512	2,624	0.94
<b>Total Basic Materials</b>		<b>25,591</b>	<b>9.15</b>
<b>Industrials - 14.50% (18.74%)</b>			
BAE Systems	697,452	5,808	2.08
Bunzl	118,475	3,518	1.26
Coats Group	3,525,778	2,380	0.85
DCC (London listed)	66,815	3,018	1.08
Ferguson NewCo	43,517	4,937	1.77
Hays	2,021,490	2,359	0.84
Ibstock	1,886,937	3,095	1.11
Intertek Group	118,370	5,066	1.81
QinetiQ	1,857,775	6,346	2.27
Rentokil Initial	919,702	4,799	1.71
Smurfit Kappa Group	121,380	4,163	1.49
Volution Group	781,670	3,139	1.12
<b>Total Industrials</b>		<b>48,628</b>	<b>17.39</b>
<b>Consumer Goods - 12.46% (11.88%)</b>			
Barratt Developments	477,333	2,172	0.78
Britvic	328,690	2,547	0.91
Diageo	196,390	7,226	2.58
Imperial Brands	488,661	9,983	3.57
Persimmon	127,421	1,804	0.65
Tate & Lyle	715,257	5,406	1.93
Unilever	135,656	5,717	2.04
<b>Total Consumer Goods</b>		<b>34,855</b>	<b>12.46</b>
<b>Healthcare - 10.09% (6.74%)</b>			
AstraZeneca	148,851	17,350	6.20
GSK	604,148	8,667	3.10
Hikma Pharmaceuticals	128,974	2,201	0.79
<b>Total Healthcare</b>		<b>28,218</b>	<b>10.09</b>
<b>Consumer Services - 8.87% (9.72%)</b>			
Compass Group	475,019	9,144	3.27
Moneysupermarket	1,300,620	2,778	0.99
Next	81,017	5,334	1.91
Tesco	3,074,486	7,548	2.70
<b>Total Consumer Services</b>		<b>24,804</b>	<b>8.87</b>

## Portfolio Statement

as at 15 January 2023

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>Telecommunications - 0.86% (2.78%)</b>			
Vodafone Group	2,624,863	2,404	0.86
<b>Total Telecommunications</b>		<b>2,404</b>	<b>0.86</b>
<b>Utilities - 4.36% (3.46%)</b>			
Drax Group	762,368	5,119	1.83
SSE	423,728	7,066	2.53
<b>Total Utilities</b>		<b>12,185</b>	<b>4.36</b>
<b>Financials - 20.20% (19.76%)</b>			
Barclays	5,405,070	9,768	3.49
+HSBC Holdings (London listed)	1,825,625	10,791	3.86
IG Group	714,550	5,720	2.04
NatWest Group	3,047,304	8,980	3.21
Phoenix Group Holdings	1,012,374	6,334	2.26
Prudential	771,800	9,976	3.57
<b>Total Financials</b>		<b>51,569</b>	<b>18.43</b>
<b>Technology - 2.41% (4.68%)</b>			
FDM Group	192,627	1,549	0.55
Rightmove	431,606	2,375	0.85
Sage Group	363,907	2,819	1.01
<b>Total Technology</b>		<b>6,743</b>	<b>2.41</b>
<b>Futures - 0.04% (0.05%)</b>			
ICF FTSE 100 Index Future March 2023	51	122	0.04
<b>Total Futures</b>		<b>122</b>	<b>0.04</b>
<b>Portfolio of investments</b>		<b>275,844</b>	<b>98.62</b>
<b>Net other assets</b>		<b>3,869</b>	<b>1.38</b>
<b>Net assets</b>		<b>279,713</b>	<b>100.00</b>

+Funds managed by the ACD/HSBC Holding Plc Group

Figures in brackets denote the comparative percentage holdings as at 15 January 2022.

Unless otherwise stated, all investments are listed equities.

The counterparty for futures is HSBC.

## Comparative Tables

for the year ended 15 January 2023

<b>Retail Income</b>			
Change in net assets per share	<b>15.1.23</b>	<b>15.1.22</b>	<b>15.1.21</b>
Opening net asset value per share	65.27p	59.51p	71.46p
Return before operating charges*	3.88p	8.94p	(9.52p)
Operating charges**	(0.96p)	(0.96p)	(0.89p)
Return after operating charges*	2.92p	7.98p	(10.41p)
Distributions on income shares	(2.73p)	(2.22p)	(1.54p)
Closing net asset value per share	65.46p	65.27p	59.51p
*after direct transaction costs of:***	0.07p	0.06p	0.06p
<b>Performance</b>			
Return after charges	4.47%	13.41%	(14.57)%
<b>Other information</b>			
Closing net asset value	£3,600,154	£3,816,308	£3,562,098
Closing number of shares	5,499,436	5,846,696	5,985,568
Operating charges - OCF	1.53%	1.53%	1.53%†
Direct transaction costs	0.12%	0.09%	0.11%
<b>Prices</b>			
Highest share price	66.67p	66.80p	71.76p
Lowest share price	57.28p	56.45p	43.57p
<b>Retail Accumulation</b>			
Change in net assets per share	<b>15.1.23</b>	<b>15.1.22</b>	<b>15.1.21</b>
Opening net asset value per share	141.60p	124.70p	145.90p
Return before operating charges*	8.81p	18.92p	(19.27p)
Operating charges**	(2.11p)	(2.02p)	(1.93p)
Return after operating charges*	6.70p	16.90p	(21.20p)
Distributions on accumulation shares	(5.98p)	(4.69p)	(3.16p)
Retained distributions on accumulation shares	5.98p	4.69p	3.16p
Closing net asset value per share	148.30p	141.60p	124.70p
*after direct transaction costs of:***	0.16p	0.12p	0.12p
<b>Performance</b>			
Return after charges	4.73%	13.55%	(14.53)%
<b>Other information</b>			
Closing net asset value	£1,809,718	£1,828,845	£1,856,877
Closing number of shares	1,220,204	1,291,187	1,488,569
Operating charges - OCF	1.53%	1.53%	1.53%†
Direct transaction costs	0.12%	0.09%	0.11%
<b>Prices</b>			
Highest share price	148.20 p	142.20p	146.60p
Lowest share price	127.30 p	118.30p	89.00p
†Estimated value following a change to the charging structure on 1 October 2020.			
**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 2023

<b>Retail B Income</b>	<b>15.1.23</b>	<b>15.1.22</b>	<b>15.1.21</b>
Change in net assets per share			
Opening net asset value per share	73.66p	66.55p	79.10p
Return before operating charges*	4.44p	10.03p	(10.46p)
Operating charges**	(0.45p)	(0.42p)	(0.37p)
Return after operating charges*	3.99p	9.61p	(10.83p)
Distributions on income shares	(3.10p)	(2.50p)	(1.72p)
Closing net asset value per share	74.55p	73.66p	66.55p
*after direct transaction costs of:***	0.08p	0.07p	0.07p
<b>Performance</b>			
Return after charges	5.42%	14.44%	(13.69)%
<b>Other information</b>			
Closing net asset value	£65,469,455	£71,193,163	£74,392,634
Closing number of shares	87,816,676	96,650,371	111,781,750
Operating charges - OCF	0.60%	0.60%	0.60%†
Direct transaction costs	0.12%	0.09%	0.11%
<b>Prices</b>			
Highest share price	75.92p	75.38p	79.43p
Lowest share price	65.07p	63.15p	48.32p

<b>Retail B Accumulation</b>	<b>15.1.23</b>	<b>15.1.22</b>	<b>15.1.21</b>
Change in net assets per share			
Opening net asset value per share	160.00p	139.70p	161.60p
Return before operating charges*	10.09p	21.19p	(21.14p)
Operating charges**	(0.99p)	(0.89p)	(0.76p)
Return after operating charges*	(9.10p)	20.30p	(21.90p)
Distributions on accumulation shares	(6.81p)	(5.29p)	(3.53p)
Retained distributions on accumulation shares	6.81p	5.29p	3.53p
Closing net asset value per share	169.10p	160.00p	139.70p
*after direct transaction costs of:***	0.18p	0.14p	0.13p
<b>Performance</b>			
Return after charges	5.69%	14.53%	(13.55)%
<b>Other information</b>			
Closing net asset value	£3,073,879	£3,096,322	£2,887,838
Closing number of shares	1,817,839	1,935,019	2,067,967
Operating charges - OCF	0.60%	0.60%	0.60%†
Direct transaction costs	0.12%	0.09%	0.11%
<b>Prices</b>			
Highest share price	168.90p	160.60p	162.40p
Lowest share price	144.80p	132.50p	98.71p

†Estimated value following a change to the charging structure on 1 October 2020.  
\*\*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 2023

<b>CTF Accumulation#</b>	<b>15.1.23</b>	<b>15.1.22</b>	<b>15.1.21</b>
<b>Change in net assets per share</b>			
Opening net asset value per share	N/A	N/A	149.10p
Return before operating charges*	N/A	N/A	(21.79p)
Operating charges**	N/A	N/A	(0.21p)
Return after operating charges*	N/A	N/A	(22.00p)
Distributions on accumulation shares	N/A	N/A	-
Retained distributions on accumulation shares	N/A	N/A	-
Cancellation price	N/A	N/A	(127.10p)
Closing net asset value per share	N/A	N/A	0.00p
*after direct transaction costs of:***	N/A	N/A	0.15p
<b>Performance</b>			
Return after charges	N/A	N/A	(14.76)%
<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	149.80p
Lowest share price	N/A	N/A	127.70p

<b>Institutional Income</b>	<b>15.1.23</b>	<b>15.1.22</b>	<b>15.1.21</b>
<b>Change in net assets per share</b>			
Opening net asset value per share	72.05p	64.73p	61.95p
Return before operating charges*	4.37p	9.77p	2.85p
Operating charges**	(0.01p)	(0.01p)	0.00p
Return after operating charges*	4.36p	9.76p	2.85p
Distributions on income shares	(3.03p)	(2.44p)	(0.07p)
Closing net asset value per share	73.38p	72.05p	64.73p
*after direct transaction costs of:***	0.08p	0.06p	0.07p
<b>Performance</b>			
Return after charges	6.05%	15.08%	4.60%
<b>Other information</b>			
Closing net asset value	£15,532,474	£1,028,127	£41,792
Closing number of shares	21,168,271	1,426,867	64,568
Operating charges - OCF	0.02%	0.02%	0.01%
Direct transaction costs	0.12%	0.09%	0.11%
<b>Prices</b>			
Highest share price	74.72p	73.74p	65.74p
Lowest share price	63.94p	61.42p	60.74p

#The CTF Accumulation share class closed on 28 February 2020.

\*\*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 2023

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

<b>Institutional A Accumulation</b>	<b>15.1.23</b>	<b>15.1.22</b>	<b>15.1.21</b>
<b>Change in net assets per share</b>			
Opening net asset value per share	151.60p	132.50p	153.60p
Return before operating charges*	9.55p	20.20p	(20.17p)
Operating charges**	(1.15p)	(1.10p)	(0.93p)
Return after operating charges*	8.40p	19.10p	(21.10p)
Distributions on accumulation shares	(6.42p)	(5.01p)	(3.34p)
Retained distributions on accumulation shares	6.42p	5.01p	3.34p
Closing net asset value per share	160.00p	151.60p	132.50p
*after direct transaction costs of:***	0.17p	0.13p	0.13p
<b>Performance</b>			
Return after charges	5.54%	14.42%	(13.74)%
<b>Other information</b>			
Closing net asset value	£1,798,058	£2,428,401	£4,688,267
Closing number of shares	1,124,067	1,601,571	3,537,285
Operating charges - OCF	0.78%	0.78%	0.79%†
Direct transaction costs	0.12%	0.09%	0.11%
<b>Prices</b>			
Highest share price	159.80p	152.20p	154.40p
Lowest share price	137.00p	125.70p	93.82p

†Estimated value following a change to the charging structure on 1 October 2020.

#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.

## Comparative Tables

for the year ended 15 January 2023

<b>Income C</b>			
Change in net assets per share	<b>15.1.23</b>	<b>15.1.22</b>	<b>15.1.21</b>
Opening net asset value per share	70.51p	63.84p	76.09p
Return before operating charges*	4.23p	9.61p	(10.09p)
Operating charges**	(0.57p)	(0.56p)	(0.52p)
Return after operating charges*	3.66p	9.05p	(10.61p)
Distributions on income shares	(2.95p)	(2.38p)	(1.64p)
Closing net asset value per share	71.22p	70.51p	63.84p
*after direct transaction costs of:***	0.08p	0.06p	0.06p
<b>Performance</b>			
Return after charges	5.19%	14.18%	(13.94)%
<b>Other information</b>			
Closing net asset value	£134,065,882	£145,470,165	£149,089,742
Closing number of shares	188,242,643	206,306,269	233,520,036
Operating charges - OCF	0.83%	0.83%	0.83% †
Direct transaction costs	0.12%	0.09%	0.11%
<b>Prices</b>			
Highest share price	72.54p	72.17p	76.41p
Lowest share price	62.21p	60.58p	46.46p
<b>Accumulation C</b>			
Change in net assets per share	<b>15.1.23</b>	<b>15.1.22</b>	<b>15.1.21</b>
Opening net asset value per share	150.90p	132.00p	153.60p
Return before operating charges*	9.42p	20.07p	(20.54p)
Operating charges**	(1.22p)	(1.17p)	(1.06p)
Return after operating charges*	8.20p	18.90p	(21.60p)
Distributions on accumulation shares	(6.39p)	(4.97p)	(3.33p)
Retained distributions on accumulation shares	6.39p	4.97p	3.33p
Closing net asset value per share	159.10p	150.90p	132.00p
*after direct transaction costs of:***	0.17p	0.13p	0.13p
<b>Performance</b>			
Return after charges	5.43%	14.32%	(14.06)%
<b>Other information</b>			
Closing net asset value	£54,363,445	£55,575,456	£52,249,885
Closing number of shares	34,162,457	36,825,950	39,587,039
Operating charges - OCF	0.83%	0.83%	0.83% †
Direct transaction costs	0.12%	0.09%	0.11%
<b>Prices</b>			
Highest share price	159.00p	151.50p	154.40p
Lowest share price	136.30p	125.20p	93.52p
†Estimated value following a change to the charging structure on 1 October 2020.			
**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 2023

	Notes	15.1.23		15.1.22	
		£'000	£'000	£'000	£'000
Income					
Net capital gains	2		4,575		30,610
Revenue	3	11,536		10,518	
Expenses	4	(2,071)		(2,284)	
Interest payable and similar charges		-		(4)	
Net revenue before taxation		9,465		8,230	
Taxation	5	(5)		(67)	
Net revenue after taxation			9,460		8,163
Total return before distributions			14,035		38,773
Distributions	6		(11,454)		(10,355)
Change in net assets attributable to shareholders from investment activities			2,581		28,418

## Statement of Change in Net Assets Attributable to Shareholders

for the year ended 15 January 2023

	15.1.23		15.1.22	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		284,501		288,769
Amounts receivable on in-specie creation of shares		-	3,298	
Amounts receivable on creation of shares		15,093	3,589	
Amounts payable on cancellation of shares		(25,055)	(41,702)	
		(9,962)		(34,815)
Dilution adjustment		89		5
Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above)		2,581		28,418
Retained distribution on accumulation shares		2,504		2,124
Closing net assets attributable to shareholders		279,713		284,501

## Balance Sheet

as at 15 January 2023

	Notes	15.1.23		15.1.22	
		£'000	£'000	£'000	£'000
<b>Assets</b>					
Investments			275,844		285,405
Current assets					
Debtors	8	7,209		1,396	
Cash and bank balances		1,434		2,855	
Total current assets			8,643		4,251
Total assets			284,487		289,656
<b>Liabilities</b>					
Creditors					
Distribution payable on income shares		(4,217)		(4,291)	
Other creditors	9	(557)		(864)	
Total liabilities			(4,774)		(5,155)
Net assets attributable to shareholders			279,713		284,501

**Distribution Tables (pence per share)**

for the year ended 15 January 2023

	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution payable 15.3.23</i>	<i>Distribution paid 15.3.22</i>
Group 1: Shares purchased prior to 16 July 2022				
Group 2: Shares purchased from 16 July 2022 to 15 January 2023				
<b>Retail Income</b>				
Group 1	1.265237	-	1.265237	1.265731
Group 2	0.532730	0.732507	1.265237	1.265731
<b>Retail Accumulation</b>				
Group 1	2.810828	-	2.810828	2.695356
Group 2	1.138475	1.672353	2.810828	2.695356
<b>Retail B Income</b>				
Group 1	1.439169	-	1.439169	1.429688
Group 2	0.580922	0.858247	1.439169	1.429688
<b>Retail B Accumulation</b>				
Group 1	3.197978	-	3.197978	3.051642
Group 2	1.263776	1.934202	3.197978	3.051642
<b>Institutional Income</b>				
Group 1	1.414034	-	1.414034	1.402594
Group 2	0.266119	1.147915	1.414034	1.402594
<b>Institutional Accumulation†</b>				
Group 1	N/A	N/A	N/A	1.422996
Group 2	N/A	N/A	N/A	1.422996
<b>Institutional A Accumulation</b>				
Group 1	3.021449	-	3.021449	2.882911
Group 2	1.208506	1.812943	3.021449	2.882911
<b>Income C</b>				
Group 1	1.372770	-	1.372770	1.364419
Group 2	0.440623	0.932147	1.372770	1.364419
<b>Accumulation C</b>				
Group 1	2.999940	-	2.999940	2.863496
Group 2	1.362886	1.637054	2.999940	2.863496

†The Institutional Accumulation share class closed on 14 April 2022.

**Distribution Tables (pence per share)**

for the year ended 15 January 2023

	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 15.9.22</i>	<i>Distribution paid 15.9.21</i>
Group 1: Shares purchased prior to 16 January 2022				
Group 2: Shares purchased from 16 January 2022 to 15 July 2022				
<b>Retail Income</b>				
Group 1	1.460000	-	1.460000	0.950000
Group 2	0.590000	0.870000	1.460000	0.950000
<b>Retail Accumulation</b>				
Group 1	3.170000	-	3.170000	1.990000
Group 2	0.190000	2.980000	3.170000	1.990000
<b>Retail B Income</b>				
Group 1	1.660000	-	1.660000	1.070000
Group 2	0.000000	1.660000	1.660000	1.070000
<b>Retail B Accumulation</b>				
Group 1	3.610000	-	3.610000	2.240000
Group 2	2.180000	1.430000	3.610000	2.240000
<b>Institutional Income</b>				
Group 1	1.620000	-	1.620000	1.040000
Group 2	1.550000	0.070000	1.620000	1.040000
<b>Institutional Accumulation†</b>				
Group 1	N/A	N/A	N/A	0.280000
Group 2	N/A	N/A	N/A	0.280000
<b>Institutional A Accumulation</b>				
Group 1	3.400000	-	3.400000	2.130000
Group 2	1.820000	1.580000	3.400000	2.130000
<b>Income C</b>				
Group 1	1.580000	-	1.580000	1.020000
Group 2	0.770000	0.810000	1.580000	1.020000
<b>Accumulation C</b>				
Group 1	3.390000	-	3.390000	2.110000
Group 2	1.870000	1.520000	3.390000	2.110000

†The Institutional Accumulation share class closed on 14 April 2022.

## Notes to the Financial Statements

for the year ended 15 January 2023

	<b>15.1.23</b>	15.1.22
	<b>£'000</b>	£'000
<b>1. Accounting Policies</b>		
The accounting policies are set out on pages 10 and 11.		
<b>2. Net Capital Gains</b>		
The net capital gains during the year comprise:		
Currency gains/(losses)	1	(1)
Transaction charges	-	(1)
Capital special dividends	1,301	2,009
(Losses)/gains on derivative contracts	(20)	578
Gains on non-derivative securities	3,293	28,025
Net capital gains	<b>4,575</b>	30,610
<b>3. Revenue</b>		
UK dividends (net)	10,126	9,542
Property investment income	-	65
Overseas dividends	1,372	899
Deposit interest	6	-
Bank interest	17	-
Rebate to control charge for Retail B classes	11	12
Stocklending income	4	-
Total revenue	<b>11,536</b>	10,518
<b>4. Expenses</b>		
Payable to the ACD, associates of the ACD, and agents of either of them:		
ACD's charge	1,994	2,192
Safe custody fee	4	3
	<b>1,998</b>	2,195
Payable to the Depositary, associates of the Depositary, and agents of either of them:		
Depositary fee	29	31
<b>Other expenses:</b>		
Audit fee	7	8
Tax agent charge	-	1
Report and accounts fee	4	2
Administration fee	33	47
	<b>44</b>	58
Total expenses	<b>2,071</b>	2,284

	<b>15.1.23</b>	15.1.22
	<b>£'000</b>	£'000
<b>5. Taxation</b>		
a) Analysis of charge in year:		
Overseas tax	<b>5</b>	67
Total tax for the year (note 5b)	<b>5</b>	67
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>9,465</b>	8,230
Corporation tax at 20%	<b>1,893</b>	1,646
Effects of:		
Revenue not subject to taxation	<b>(2,300)</b>	(2,088)
Current year expenses not utilised	<b>407</b>	442
Irrecoverable overseas tax	<b>5</b>	67
Current tax charge for the year (note 5a)	<b>5</b>	67
c) Provision for deferred taxation		
At 15 January 2023, there is a potential deferred tax asset of £38,738,745 (15.1.22: £38,332,188) 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	<b>6,064</b>	4,492
Final dividend distribution	<b>5,368</b>	5,487
	<b>11,432</b>	9,979
Add: Amounts deducted on cancellation of shares	<b>302</b>	445
Deduct: Amounts received on issue of shares	<b>(280)</b>	(69)
Net distribution for the year	<b>11,454</b>	10,355
<b>7. Movement Between Net Revenue and Distributions</b>		
Net revenue after taxation	<b>9,460</b>	8,163
ACD's charge charged to capital	<b>1,994</b>	2,192
Net distribution for the year	<b>11,454</b>	10,355
<b>8. Debtors</b>		
Amounts receivable for creation of shares	<b>34</b>	42
Sales awaiting settlement	<b>5,623</b>	-
Accrued revenue	<b>599</b>	470
Overseas tax recoverable	<b>953</b>	884
Total debtors	<b>7,209</b>	1,396
<b>9. Other Creditors</b>		
Amounts payable for cancellation of shares	<b>458</b>	397
Accrued expenses	<b>99</b>	467
Total other creditors	<b>557</b>	864

**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 16.1.22	5,846,696	1,291,187	96,650,371	1,935,019
<b>Share movements 16.1.22 to 15.1.23</b>				
Shares issued	247,953	12,213	1,440	11,080
Shares cancelled	(595,213)	(83,196)	(8,737,756)	(124,910)
Shares converted	-	-	(97,379)	(3,350)
Closing shares issued at 15.1.23	5,499,436	1,220,204	87,816,676	1,817,839

	<i>Institutional Income</i>	<i>Institutional Accumulation†</i>	<i>Institutional A Accumulation</i>	<i>Income C</i>	<i>Accumulation C</i>
Opening shares issued at 16.1.22	1,426,867	85,931	1,601,571	206,306,269	36,825,950
<b>Share movements 16.1.22 to 15.1.23</b>					
Shares issued	20,656,604	-	3,181	631,779	134,266
Shares cancelled	(915,200)	(85,931)	(480,685)	(18,800,607)	(2,799,726)
Shares converted	-	-	-	105,202	1,967
Closing shares issued at 15.1.23	21,168,271	-	1,124,067	188,242,643	34,162,457

†The Institutional Accumulation share class closed on 14 April 2022.

**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 15.1.23	-	-	97.75	15.71
As at 15.1.22	-	-	97.74	14.85

	<i>Institutional Income</i>	<i>Institutional Accumulation†</i>	<i>Institutional A Accumulation</i>	<i>Income C</i>	<i>Accumulation C</i>
	%	%	%	%	%
As at 15.1.23	96.76	N/A	5.27	90.71	16.31
As at 15.1.22	36.64	100.00	6.77	91.48	16.62

†The Institutional Accumulation share class closed on 14 April 2022.

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 £509,581 (15.1.22: £810,782). Further details of such amounts can be found in notes 8 and 9.

At the year end, the Fund held £10,791,269 (15.1.22: £9,809,099) in Authorised Investment Funds managed by HSBC and/or HSBC Holdings plc, the parent company of the ACD. During the period, transactions in Authorised Investment Funds managed by HSBC and/or HSBC Holdings totalled £1,395,835 (15.1.22: £1,148,393).

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 (15.1.22: same)

### Interest Rate Risk

At the year end, 0.51% (15.1.22: 1.00%) 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.

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## 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 Tables on pages 37 to 41. The distribution per share class is given in the Distribution Tables on pages 43 and 44. All share classes within the OEIC have the same rights on winding up.

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## 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 £1,232 (15.1.22: £nil) payable to HSBC Bank plc.

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## 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 35 and 36.

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 2023, there was no collateral held in respect of the above derivatives (15.1.22: £nil).

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## 16. Contingent Liabilities and Commitments

At the year end, the Fund had no contingent liabilities or commitments (15.1.22: none).

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**17. Portfolio Transaction Costs**

<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.

<b>For the year ended 15 January 2022</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	41,128	11	0.03	239	0.58	-	-	
In-specie transactions	3,317	-	-	-	-	-	-	
Corporate actions	1,318	-	-	-	-	-	-	
Total purchases before transaction costs	45,763	11		239		-		
Transaction costs	250							
Total purchases after commission, tax and fees	46,013							
	<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	74,410	20	0.03	-	-	-	-	
Corporate actions	4,650	-	-	-	-	-	-	
Total sales before transaction costs	79,060	20		-		-		
Transaction costs	(20)							
Total sales after commission, tax and fees	79,040							

The Fund had paid £1,555 as commission on purchases and sales derivative transactions for the for the year ended 15.1.22.

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

Commissions	0.01%
Taxes	0.08%
Other expenses	0.00%

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 2023

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

### For the year ended 15 January 2022

Category	1	2	3	Total
	£'000	£'000	£'000	£'000
Investment Assets				
Equities	285,259	-	-	285,259
Derivatives	146	-	-	146
	285,405	-	-	285,405

## 19. Sensitivity Analysis

### Price risk sensitivity:

If the price of investments at 15 January 2023 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 £27,584,360 (15.1.22: £28,540,482).

### 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 (15.1.22: 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 (15.1.22: 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

Contributors to relative performance included BHP Group (Basic Materials) with a total effect of 1.39%. Additionally, BP (Energy) was in the top two contributors with a total effect of 1.14%.

Detractors included Glencore (Basic Materials) with a total effect of -1.16% and British American Tobacco (Consumer Staples) with a total effect of -0.72%.

During this period, positions were initiated in Tate & Lyle, Hikma Pharmaceuticals, Rentokil Initial and Britvic, and closed in Associated British Foods, WH Smith and Microsoft.

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

### Investment Performance

During the year under review, the value of the shares in the Fund increased by 6.18% while the value of the FTSE All-Share Index rose by 4.46%. 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 2023

	Retail Income	Retail Accumulation	Income C	Accumulation C
Price	298.4p xd	727.4p	326.3p xd	782.4p
Distribution payable (on 15 March 2023) per share net	5.746032p	13.731249p	6.261252p	14.736822p
Current net estimated yield	4.24%	4.11%	4.23%	4.09%
Annual ACD charge	1.50%	1.50%	0.80%	0.80%

## Portfolio Statement

as at 15 January 2023

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>Oil &amp; Gas - 15.17% (12.38%)</b>			
BP	1,623,941	7,864	6.43
Shell	437,929	10,685	8.74
<b>Total Oil &amp; Gas</b>		<b>18,549</b>	<b>15.17</b>
<b>Basic Materials - 9.92% (11.57%)</b>			
Antofagasta	200,234	3,505	2.87
BHP Group	109,206	3,072	2.51
Rio Tinto	71,268	4,432	3.62
Victrex	64,999	1,126	0.92
<b>Total Basic Materials</b>		<b>12,135</b>	<b>9.92</b>
<b>Industrials - 15.74% (17.00%)</b>			
BAE Systems	528,717	4,403	3.60
Bunzl	50,712	1,506	1.23
Coats Group	1,563,164	1,055	0.86
DCC (London listed)	29,854	1,348	1.10
Ferguson NewCo	18,206	2,065	1.69
Hays	875,354	1,022	0.84
Ibstock	829,812	1,361	1.11
Intertek Group	50,381	2,156	1.76
Rentokil Initial	402,462	2,100	1.72
Smurfit Kappa Group	51,120	1,753	1.44
Volution Group	118,020	474	0.39
<b>Total Industrials</b>		<b>19,243</b>	<b>15.74</b>
<b>Consumer Goods - 12.76% (12.23%)</b>			
Barratt Developments	206,635	940	0.77
Britvic	143,772	1,114	0.91
Diageo	87,445	3,218	2.63
Imperial Brands	228,814	4,675	3.82
Persimmon	55,764	789	0.65
Tate & Lyle	312,917	2,365	1.93
Unilever	59,359	2,502	2.05
<b>Total Consumer Goods</b>		<b>15,603</b>	<b>12.76</b>
<b>Healthcare - 11.27% (7.76%)</b>			
AstraZeneca	74,052	8,631	7.06
GSK	291,968	4,189	3.42
Hikma Pharmaceuticals	56,427	963	0.79
<b>Total Healthcare</b>		<b>13,783</b>	<b>11.27</b>
<b>Consumer Services - 8.66% (9.60%)</b>			
Compass Group	215,533	4,149	3.39
Moneysupermarket.com	378,121	808	0.66
Next	35,102	2,311	1.89
Tesco	1,351,006	3,317	2.72
<b>Total Consumer Services</b>		<b>10,585</b>	<b>8.66</b>

## Portfolio Statement

as at 15 January 2023

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>Telecommunications - 1.00% (2.98%)</b>			
Vodafone Group	1,327,773	1,216	1.00
<b>Total Telecommunications</b>		<b>1,216</b>	<b>1.00</b>
<b>Utilities - 4.27% (3.41%)</b>			
Drax Group	327,460	2,199	1.80
SSE	181,225	3,022	2.47
<b>Total Utilities</b>		<b>5,221</b>	<b>4.27</b>
<b>Financials - 18.62% (20.04%)</b>			
Barclays	2,349,457	4,246	3.47
+HSBC Holdings (London listed)	938,833	5,549	4.54
IG Group	302,256	2,420	1.98
NatWest Group	1,265,561	3,730	3.05
Phoenix Group Holdings	432,311	2,705	2.21
Prudential	318,899	4,122	3.37
<b>Total Financials</b>		<b>22,772</b>	<b>18.62</b>
<b>Technology - 1.50% (3.61%)</b>			
FDM Group	84,399	679	0.56
Sage Group	148,653	1,151	0.94
<b>Total Technology</b>		<b>1,830</b>	<b>1.50</b>
<b>Futures - 0.05% (0.04%)</b>			
ICF FTSE 100 Index Future March 2023	17	62	0.05
<b>Total Futures</b>		<b>62</b>	<b>0.05</b>
<b>Portfolio of investments</b>		<b>120,999</b>	<b>98.96</b>
<b>Net other assets</b>		<b>1,275</b>	<b>1.04</b>
<b>Net assets</b>		<b>122,274</b>	<b>100.00</b>

+Funds managed by the ACD/HSBC Holding Plc Group

Figures in brackets denote the comparative percentage holdings as at 15 January 2022.

Unless otherwise stated, all investments are listed securities.

The counterparty for futures is HSBC.

## Comparative Tables

for the year ended 15 January 2023

<b>Retail Income</b>	<b>15.1.23</b>	<b>15.1.22</b>	<b>15.1.21</b>
Change in net assets per share			
Opening net asset value per share	294.20p	267.30p	322.10p
Return before operating charges*	20.65p	41.69p	(42.25p)
Operating charges**	(4.38p)	(4.30p)	(4.48p)
Return after operating charges*	16.27p	37.39p	(46.73p)
Distributions on income shares	(12.67p)	(10.49p)	(8.07p)
Closing net asset value per share	297.80p	294.20p	267.30p
*after direct transaction costs of:***	0.28p	0.26p	0.24p
<b>Performance</b>			
Return after charges	5.53%	13.99%	(14.51%)
<b>Other information</b>			
Closing net asset value	£772,682	£845,142	£823,057
Closing number of shares	259,486	287,295	307,952
Operating charges - OCF	1.53%	1.54%	1.53%†
Direct transaction costs	0.10%	0.09%	0.09%
<b>Prices</b>			
Highest share price	303.60p	300.90p	323.40p
Lowest share price	260.80p	253.40p	196.60p

<b>Retail Accumulation</b>	<b>15.1.23</b>	<b>15.1.22</b>	<b>15.1.21</b>
Change in net assets per share			
Opening net asset value per share	686.00p	600.90p	701.30p
Return before operating charges*	50.12p	94.87p	(85.33p)
Operating charges**	(10.32p)	(9.77p)	(15.07p)
Return after operating charges*	39.80p	85.10p	(100.40p)
Distributions on accumulation shares	(29.88p)	(23.80p)	(17.77p)
Retained distributions on accumulation shares	29.88	23.80p	17.77p
Closing net asset value per share	725.80p	686.00p	600.90p
*after direct transaction costs of:***	0.65p	0.59p	0.63p
<b>Performance</b>			
Return after charges	5.80%	14.16%	(14.32%)
<b>Other information</b>			
Closing net asset value	£18,409	£21,508	£20,771
Closing number of shares	2,537	3,135	3,456
Operating charges - OCF	1.53%	1.54%	1.53%†
Direct transaction costs	0.10%	0.09%	0.09%
<b>Prices</b>			
Highest share price	725.90p	687.90p	704.70p
Lowest share price	623.60p	569.80p	428.20p

†Estimated value following a change to the charging structure on 1 October 2020.

\*\*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 2023

<b>Income C</b>	<b>15.1.23</b>	<b>15.1.22</b>	<b>15.1.21</b>
<b>Change in net assets per share</b>			
Opening net asset value per share	319.40p	288.10p	344.40p
Return before operating charges*	22.58p	45.18p	(45.26p)
Operating charges**	(2.59p)	(2.54p)	(2.38p)
Return after operating charges*	19.99p	42.64p	(47.64p)
Distributions on income shares	(13.79p)	(11.34p)	(8.66p)
Closing net asset value per share	325.60p	319.40p	288.10p
*after direct transaction costs of:***	0.30p	0.28p	0.25p
<b>Performance</b>			
Return after charges	6.26%	14.80%	(13.83%)
<b>Other information</b>			
Closing net asset value	£96,808,405	£104,166,753	£106,204,769
Closing number of shares	29,735,499	32,617,851	36,863,262
Operating charges - OCF	0.83%	0.84%	0.84%†
Direct transaction costs	0.10%	0.09%	0.09%
<b>Prices</b>			
Highest share price	331.90p	326.60p	345.90p
Lowest share price	284.60p	273.30p	210.60p

<b>Accumulation C</b>	<b>15.1.23</b>	<b>15.1.22</b>	<b>15.1.21</b>
<b>Change in net assets per share</b>			
Opening net asset value per share	732.80p	637.40p	738.60p
Return before operating charges*	53.91p	101.07p	(96.08p)
Operating charges**	(6.01p)	(5.67p)	(5.12p)
Return after operating charges*	47.90p	95.40p	(101.20p)
Distributions on accumulation shares	(32.01p)	(25.33p)	(18.73p)
Retained distributions on accumulation shares	32.01p	25.33p	18.73p
Closing net asset value per share	780.70p	732.80p	637.40p
*after direct transaction costs of:***	0.70p	0.63p	0.53p
<b>Performance</b>			
Return after charges	6.54%	14.97%	(13.70%)
<b>Other information</b>			
Closing net asset value	£24,674,362	£30,025,768	£22,987,891
Closing number of shares	3,160,511	4,097,527	3,606,421
Operating charges - OCF	0.83%	0.84%	0.84%†
Direct transaction costs	0.10%	0.09%	0.09%
<b>Prices</b>			
Highest share price	780.80p	734.80p	742.20p
Lowest share price	669.60p	604.50p	451.50p

†Estimated value following a change to the charging structure on 1 October 2020.

\*\*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 2023

	Notes	15.1.23		15.1.22	
		£'000	£'000	£'000	£'000
Income					
Net capital gains	2		2,826		14,427
Revenue	3	5,521		4,993	
Expenses	4	(1,025)		(1,104)	
Interest payable and similar charges		-		(1)	
Net revenue before taxation		4,496		3,888	
Taxation	5	(2)		(33)	
Net revenue after taxation			4,494		3,855
Total return before distributions			7,320		18,282
Distributions	6		(5,478)		(4,911)
Change in net assets attributable to shareholders from investment activities			1,842		13,371

## Statement of Change in Net Assets Attributable to Shareholders

for the year ended 15 January 2023

	15.1.23		15.1.22	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		135,059		130,036
Amounts receivable on creation of shares	1,486		7,000	
Amounts payable on cancellation of shares	(17,162)		(16,341)	
		(15,676)		(9,341)
Dilution adjustment		14		25
Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above)		1,842		13,371
Retained distribution on accumulation shares		1,035		968
Closing net assets attributable to shareholders		122,274		135,059

## Balance Sheet

as at 15 January 2023

	Notes	15.1.23		15.1.22	
		£'000	£'000	£'000	£'000
<b>Assets</b>					
Investments			120,999		135,901
Current assets					
Debtors	8	2,294		384	
Cash and bank balances		1,183		1,314	
Total current assets			3,477		1,698
Total assets			124,476		137,599
<b>Liabilities</b>					
Creditors					
Distribution payable on income shares		(1,877)		(2,092)	
Other creditors	9	(325)		(448)	
Total creditors			(2,202)		(2,540)
Total liabilities			(2,202)		(2,540)
Net assets attributable to shareholders			122,274		135,059

## Distribution Tables (pence per share)

for the year ended 15 January 2023

	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution payable 15.3.23</i>	<i>Distribution paid 15.3.22</i>
Group 1: Shares purchased prior to 16 July 2022				
Group 2: Shares purchased from 16 July 2022 to 15 January 2023				
<b>Retail Income</b>				
Group 1	5.746032	-	5.746032	5.866763
Group 2	2.395631	3.350401	5.746032	5.866763
<b>Retail Accumulation</b>				
Group 1	13.731249	-	13.731249	13.416811
Group 2	7.068691	6.662558	13.731249	13.416811
<b>Income C</b>				
Group 1	6.261252	-	6.261252	6.361324
Group 2	1.925481	4.335771	6.261252	6.361324
<b>Accumulation C</b>				
Group 1	14.736822	-	14.736822	14.298559
Group 2	5.332526	9.404296	14.736822	14.298559
Group 1: Shares purchased prior to 16 January 2022				
Group 2: Shares purchased from 16 January 2022 to 15 July 2022				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 15.9.22</i>	<i>Distribution paid 15.9.21</i>
<b>Retail Income</b>				
Group 1	6.920000	-	6.920000	4.620000
Group 2	6.270000	0.650000	6.920000	4.620000
<b>Retail Accumulation</b>				
Group 1	16.150000	-	16.150000	10.380000
Group 2	7.860000	8.290000	16.150000	10.380000
<b>Income C</b>				
Group 1	7.530000	-	7.530000	4.980000
Group 2	1.790000	5.740000	7.530000	4.980000
<b>Accumulation C</b>				
Group 1	17.270000	-	17.270000	11.030000
Group 2	14.820000	2.450000	17.270000	11.030000

## Notes to the Financial Statements

for the year ended 15 January 2023

	<b>15.1.23</b>	15.1.22
	<b>£'000</b>	£'000
<b>1. Accounting Policies</b>		
The accounting policies are set out on pages 10 and 11.		
<b>2. Net Capital Gains</b>		
The net capital gains during the year comprise:		
Capital special dividends	<b>600</b>	920
Gains on derivative contracts	<b>47</b>	243
Gains on non-derivative securities	<b>2,179</b>	13,264
Net capital gains	<b>2,826</b>	14,427
<b>3. Revenue</b>		
UK dividends (net)	<b>4,839</b>	4,521
Property investment income	-	30
Overseas dividends	<b>671</b>	442
Deposit interest	<b>2</b>	-
Bank interest	<b>7</b>	-
Stocklending income	<b>2</b>	-
Total revenue	<b>5,521</b>	4,993
<b>4. Expenses</b>		
Payable to the ACD, associates of the ACD, and agents of either of them:		
ACD's charge	<b>984</b>	1,056
Safe custody fee	<b>2</b>	1
	<b>986</b>	1,057
Payable to the Depositary, associates of the Depositary, and agents of either of them:		
Depositary fee	<b>14</b>	16
Other expenses:		
Audit fee	<b>7</b>	8
Report and accounts fee	<b>2</b>	1
Administration fee	<b>16</b>	22
	<b>25</b>	31
Total expenses	<b>1,025</b>	1,104

	<b>15.1.23</b>	15.1.22
	<b>£'000</b>	£'000
<b>5. Taxation</b>		
a) Analysis of charge in year:		
Overseas tax	<b>2</b>	33
Total tax for the year (note 5b)	<b>2</b>	33
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>4,496</b>	3,888
Corporation tax at 20%	<b>899</b>	778
Effects of:		
Revenue not subject to taxation	<b>(1,102)</b>	(993)
Current year expenses not utilised	<b>203</b>	215
Irrecoverable overseas tax	<b>2</b>	33
Current tax charge for the year (note 5a)	<b>2</b>	33
c) Provision for deferred taxation		
At 15 January 2023, there is a potential deferred tax asset of £23,219,431 (15.1.22: £23,016,572) 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	<b>2,924</b>	2,165
Final dividend distribution	<b>2,343</b>	2,678
	<b>5,267</b>	4,843
Add: Amounts deducted on cancellation of shares	<b>219</b>	171
Deduct: Amounts received on issue of shares	<b>(8)</b>	(103)
Net distribution for the year	<b>5,478</b>	4,911
<b>7. Movement Between Net Revenue and Distributions</b>		
Net revenue after taxation	<b>4,494</b>	3,855
ACD's charge charged to capital	<b>984</b>	1,056
Net distribution for the year	<b>5,478</b>	4,911
<b>8. Debtors</b>		
Amounts receivable for creation of shares	-	6
Sales awaiting settlement	<b>1,878</b>	-
Accrued revenue	<b>253</b>	226
Overseas tax recoverable	<b>163</b>	152
Total debtors	<b>2,294</b>	384
<b>9. Other Creditors</b>		
Amounts payable for cancellation of shares	<b>271</b>	212
Accrued expenses	<b>54</b>	236
Total other creditors	<b>325</b>	448

## 10. Reconciliation of Shares

	<i>Retail Income</i>	<i>Retail Accumulation</i>	<i>Income C</i>	<i>Accumulation C</i>
Opening shares issued at 16.1.22	287,295	3,135	32,617,851	4,097,527
<b>Share movements 16.1.22 to 15.1.23</b>				
Shares issued	10,373	6	54,188	178,195
Shares cancelled	(38,182)	(604)	(2,936,540)	(1,115,211)
Closing shares issued at 15.1.23	259,486	2,537	29,735,499	3,160,511

## 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 15.1.23	-	-	74.31	3.96
As at 15.1.22	-	-	75.07	3.32

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 to the ACD (including amounts due to associates and agents) at the year end was £315,213 (15.1.22: £433,532). Further details of such amounts can be found in notes 8 and 9.

At the year end, the Fund held £5,549,442 (15.1.22: £5,526,003) in Authorised Investment Funds managed by HSBC and/or HSBC Holdings plc, the parent company of the ACD. During the year, transactions in Authorised Investment Funds managed by HSBC and/or HSBC Holdings totalled £678,415 (15.1.22: £515,079).

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 (15.1.22: same).

### Interest Rate Risk

At the year end, 0.97% (15.1.22: 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 the 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 55 and 56. The distribution per share class is given in the Distribution Tables on page 58. 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 £562 (15.01.22: £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.

Details of the individual contracts are shown on the Portfolio Statement on pages 53 and 54.

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 2023, there was no collateral held in respect of the above derivatives (15.1.22: none).

#### 16. Contingent Liabilities and Commitments

At the year end, the Fund had no contingent liabilities or commitments (15.1.22: none).

#### 17. Portfolio Transaction Costs

For the year ended 15 January 2023	Purchases		Commissions		Taxes		Other Expenses	
	£'000	£'000	%	£'000	%	£'000	%	
<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							
	Sales		Commissions		Taxes		Other Expenses	
	£'000	£'000	%	£'000	%	£'000	%	
<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.

<b>For the year ended 15 January 2022</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	18,922	5	0.03	109	0.58	-	-	
Corporate actions	518	-	-	-	-	-	-	
Total purchases before transaction costs	19,440	5		109		-		
Transaction costs	114							
Total purchases after commission, tax and fees	19,554							
	<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	26,263	7	0.03	-	-	1	-	
Pooled investment vehicles	556	-	-	-	-	-	-	
Corporate actions	1,427	-	-	-	-	-	-	
Total sales before transaction costs	28,246	7		-		1		
Transaction costs	(8)							
Total sales after commission, tax and fees	28,238							

The Fund had paid £708 as commission on purchases and sales derivative transactions for the year ended 15.1.22.

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

Commissions	0.01%
Taxes	0.08%
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 2023**

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

**For the year ended 15 January 2022**

Category	<b>1</b>	<b>2</b>	<b>3</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Investment Assets				
Equities	135,845	-	-	135,845
Derivatives	56	-	-	56
	135,901	-	-	135,901

**19. Sensitivity Analysis****Price risk sensitivity:**

If the price of investments at 15 January 2023 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 £12,099,924 (15.1.22: £13,590,134).

**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 (15.1.22: 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 (15.1.22: 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

Sterling corporate bonds value decreased over the period, but relative performance to benchmark was positive by a significant 1.51%, relative to the Markit iBoxx GBP Corporates Index. The positive impact came predominantly from Rates and Yield curve positioning. Asset Allocation and Security Selection overall was positive as a result of our allocations to Utilities, Oil & Gas, Public Banks and Consumer Services.

The portfolio's weight to credit was increased to slightly above neutral and remained so for most of 2022. We continued to take advantage of attractive new financial issues to rotate out of secondary holdings and marginally increased off benchmark euro corporates where valuations look particularly attractive. We would look to increase credit beta and re-instate a duration underweight should there be more certainty over the resumption of Russian Gas supplies. Duration positioning was moved from underweight at the beginning of the year to neutral near the end of Q2. The Fund held a 'steepener' position which we subsequently took profits on. 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.

Investors remain concerned around the prospects of economic slowdown and recession. The 'cost of living crisis' continues to put pressure on the end consumer, with energy and food prices accelerating at an unprecedented pace. Given the fears over growth slowdown and inflation, stagflation remains at the forefront economic debate.

We expect to endure widening within credit, as the markets continue to develop recessionary fears and as central banks begin to turn more hawkish with a stronger focus on the inflation narrative. Central banks will also start to unwind their balance sheet through quantitative tightening and this may also provide further negative technical support for credit markets going forward.

### Equity Section

Contributors to relative performance included BHP Group (Basic Materials) with a total effect of 1.39%. Additionally, BP (Energy) was in the top two contributors with a total effect of 1.14%.

Detractors included Glencore (Basic Materials) with a total effect of -1.16% and British American Tobacco (Consumer Staples) with a total effect of -0.72%.

During this period, positions were initiated in Tate & Lyle, Hikma Pharmaceuticals, Rentokil Initial and Britvic, and closed in Associated British Foods, WH Smith and Microsoft.

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

### Investment Performance

During the year under review, the value of the shares in the Fund decreased by 0.27% while the value of the 70% FTSE-All Share Index 30% iBoxx GBP Corporates Index fell by 1.41%. 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 2023			
	Retail Income	Income C	Accumulation C
Price	130.9p xd	139.2p xd	336.4p
Distribution payable (on 15 February 2023) per share net	0.518686p	0.561330p	1.331661p
Current net estimated yield	3.86%	3.85%	3.75%
Annual ACD charge	1.30%	0.60%	0.60%

**Portfolio Statement**

as at 15 January 2023

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>UNITED KINGDOM - 74.64% (80.04%)</b>			
<b>Government Bonds - 4.79% (7.88%)</b>			
Treasury 0.25% 31/7/2031	£2,040,000	1,573	1.76
Treasury 0.5% 31/1/2029	£300,000	253	0.28
Treasury 1.25% 22/10/2041	£445,000	296	0.33
Treasury 1.25% 31/7/2051	£200,000	114	0.13
Treasury 1.75% 7/9/2037	£1,380,000	1,079	1.21
Treasury 3.75% 22/7/2052	£640,000	643	0.72
Treasury 4.25% 7/9/2039	£300,000	319	0.36
<b>Total Government Bonds</b>		<b>4,277</b>	<b>4.79</b>
<b>Corporate Bonds - 7.50% (7.19%)</b>			
Barclays 6.369% variable rate 31/1/2031	£257,000	264	0.30
BAT International 7.25% 12/3/2024	£500,000	510	0.57
Centrica 4.375% 13/3/2029	£281,000	268	0.30
Diageo Finance 2.75% 8/6/2038	£150,000	121	0.14
GSK Consumer Healthcare 3.375% 29/3/2038	£100,000	83	0.09
Hammerson 6% 23/2/2026	£500,000	467	0.52
Imperial Brands 8.125% 15/3/2024	£500,000	515	0.58
Imperial Tobacco Finance 4.875% 7/6/2032	£112,000	98	0.11
Legal and General Group 5.5% variable rate 27/6/2064	£121,000	113	0.13
Lloyds Banking Group 2% variable rate 12/4/2028	£500,000	435	0.49
M&G 5.7% variable rate 19/12/2063	£300,000	278	0.31
Manchester Airport Group Funding 4.75% 31/3/2034	£317,000	306	0.34
Motability Operations Group 1.5% 20/1/2041	£182,000	114	0.13
Motability Operations Group 4.875% 17/1/20	£412,000	424	0.47
NatWest Group 3.619% variable rate 29/3/2029	£326,000	294	0.33
Northern Powergrid Northeast 3.25% 1/4/2052	£100,000	77	0.09
Peabody Capital No.2 2.75% 2/3/2034	£200,000	163	0.18
RL Finance No.2 6.125% variable rate 30/11/2043	£250,000	249	0.28
Royal Bank of Scotland 3.125% variable rate 28/3/2027	£100,000	93	0.10
Royal Bank of Scotland 3.622% variable rate 14/8/2030	£300,000	281	0.31
Santander UK Group Holdings 2.421% variable rate 17/1/2029	£249,000	211	0.23
Unilever 2.125% 28/2/2028	£250,000	228	0.26
United Utilities 5.625% 20/12/2027	£430,000	452	0.51
Western Power Distribution 3.875% 17/10/2024	£505,000	496	0.56
WPP Finance 2.875% 14/9/2046	£100,000	64	0.07
Yorkshire Building Society 3.511% variable rate 11/10/2030	£100,000	87	0.10
<b>Total Corporate Bonds</b>		<b>6,691</b>	<b>7.50</b>
<b>Oil &amp; Gas - 10.54% (8.78%)</b>			
BP	798,274	3,866	4.33
Shell	217,719	5,312	5.95
<b>Total Oil &amp; Gas</b>		<b>9,178</b>	<b>10.28</b>

## Portfolio Statement

as at 15 January 2023

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>Basic Materials - 4.85% (7.99%)</b>			
Antofagasta	93,543	1,637	1.84
Rio Tinto	34,217	2,128	2.39
Victrex	32,087	556	0.62
<b>Total Basic Materials</b>		<b>4,321</b>	<b>4.85</b>
<b>Industrials - 7.58% (7.15%)</b>			
BAE Systems	255,480	2,128	2.39
Bunzl	24,848	738	0.83
Coats Group	885,181	598	0.67
Hays	444,598	519	0.58
Ibstock	416,056	682	0.76
Intertek Group	24,831	1,063	1.19
Rentokil Initial	198,656	1,037	1.16
Volusion Group	58,490	235	0.26
<b>Total Industrials</b>		<b>7,000</b>	<b>7.84</b>
<b>Consumer Goods - 8.62% (8.60%)</b>			
Barratt Developments	106,945	487	0.55
Britvic	70,973	550	0.62
Diageo	42,691	1,571	1.76
Imperial Brands	110,723	2,262	2.54
Persimmon	28,165	399	0.45
Tate & Lyle	155,756	1,177	1.32
Unilever	29,236	1,232	1.38
<b>Total Consumer Goods</b>		<b>7,678</b>	<b>8.62</b>
<b>Healthcare - 7.63% (5.46%)</b>			
AstraZeneca	36,573	4,263	4.78
GSK	143,913	2,065	2.31
Hikma Pharmaceuticals	28,304	483	0.54
<b>Total Healthcare</b>		<b>6,811</b>	<b>7.63</b>
<b>Consumer Services - 5.95% (6.91%)</b>			
Compass Group	106,247	2,045	2.29
Moneysupermarket.com	210,716	450	0.50
Next	17,657	1,163	1.30
Tesco	675,865	1,659	1.86
<b>Total Consumer Services</b>		<b>5,317</b>	<b>5.95</b>
<b>Telecommunications - 0.69% (2.18%)</b>			
Vodafone Group	675,407	619	0.69
<b>Total Telecommunications</b>		<b>619</b>	<b>0.69</b>
<b>Utilities - 2.89% (2.42%)</b>			
Drax Group	161,527	1,085	1.22
SSE	89,180	1,487	1.67

**Portfolio Statement**

as at 15 January 2023

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>Total Utilities</b>		<b>2,572</b>	<b>2.89</b>
<b>Financials - 12.54% (14.15%)</b>			
+HSBC Holdings (London listed)	468,680	2,770	3.11
Barclays	1,168,630	2,112	2.37
IG Group	150,950	1,208	1.35
NatWest Group	610,361	1,799	2.02
Phoenix Group Holdings	213,040	1,333	1.49
Prudential	151,986	1,964	2.20
<b>Total Financials</b>		<b>11,186</b>	<b>12.54</b>
<b>Technology - 1.06% (1.33%)</b>			
FDM Group	41,583	334	0.37
Sage Group	79,714	617	0.69
<b>Total Technology</b>		<b>951</b>	<b>1.06</b>
<b>Total United Kingdom</b>		<b>66,601</b>	<b>74.64</b>
<b>UNITED STATES - 4.31% (3.65%)</b>			
<b>Corporate Bonds - 4.31% (2.41%)</b>			
AT&T 4.25% 1/6/2043	£600,000	517	0.58
AT&T 5.2% 18/11/2033	£200,000	203	0.23
Bank of America 3.584% variable rate 27/4/2031	£286,000	260	0.29
Goldman Sachs 1.5% 7/12/2027	£600,000	513	0.58
Goldman Sachs 3.625% variable rate 29/10/2029	£364,000	332	0.37
Metropolitan Life Global Funding 5% 10/1/2030	£138,000	140	0.16
Morgan Stanley 5.789% variable rate 18/11/2033	£327,000	338	0.38
MPT Operating Partnership LP 3.375% 24/4/2030	£300,000	201	0.23
Nestle Holdings 2.125% 4/4/2027	£218,000	203	0.23
Nestle Holdings 2.5% 4/4/2032	£240,000	210	0.24
Time Warner Cable 5.25% 15/7/2042	£300,000	256	0.29
Wells Fargo & Co 4.875% 29/11/2035	£400,000	383	0.43
Wells Fargo & Co 3.473% variable rate 26/4/2028	£285,000	265	0.30
<b>Total Corporate Bonds</b>		<b>3,821</b>	<b>4.31</b>
<b>Technology - 0.00% (1.24%)</b>			
<b>Total United States</b>		<b>3,821</b>	<b>4.31</b>
<b>AUSTRALIA - 1.87% (0.87%)</b>			
<b>Corporate Bonds - 0.21% (0.87%)</b>			
Macquarie Group 4.08% 31/5/2029	£200,000	184	0.21
<b>Total Corporate Bonds</b>		<b>184</b>	<b>0.21</b>
<b>Basic Materials - 1.66% (0.00%)</b>			
BHP Group	52,769	1,485	1.66
<b>Total Basic Materials</b>		<b>1,485</b>	<b>1.66</b>
<b>Total Australia</b>		<b>1,669</b>	<b>1.87</b>
<b>CANADA - 0.83% (0.00%)</b>			
<b>Corporate Bonds - 0.83% (0.00%)</b>			
Bank of Nova Scotia 2.875% 3/5/2027	£250,000	230	0.26
Royal Bank of Canada 3.625% 14/6/2027	£254,000	244	0.27
TorontoDominion Bank 2.875% 5/4/2027	£291,000	269	0.30
<b>Total Corporate Bonds</b>		<b>743</b>	<b>0.83</b>
<b>Total Canada</b>		<b>743</b>	<b>0.83</b>

## Portfolio Statement

as at 15 January 2023

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>CAYMAN ISLANDS - 0.99% (1.03%)</b>			
<b>Corporate Bonds - 0.99% (1.03%)</b>			
Yorkshire Power 7.25% 4/8/2028	£800,000	883	0.99
<b>Total Corporate Bonds</b>		<b>883</b>	<b>0.99</b>
<b>Total Cayman Islands</b>		<b>883</b>	<b>0.99</b>
<b>CHANNEL ISLANDS - 2.28% (3.26%)</b>			
<b>Corporate Bonds - 1.14% (1.08%)</b>			
CPUK Finance 7.239% 28/2/2042	£100,000	101	0.11
Gatwick Funding Limited 6.5% 2/3/2043	£209,000	224	0.25
Heathrow Funding 4.625% 31/10/2046	£500,000	435	0.49
Heathrow Funding 7.125% 14/2/2024	£260,000	262	0.29
<b>Total Corporate Bonds</b>		<b>1,022</b>	<b>1.14</b>
<b>Industrials - 1.14% (2.18%)</b>			
Ferguson	8,975	1,018	1.14
<b>Total Industrials</b>		<b>1,018</b>	<b>1.14</b>
<b>Total Channel Islands</b>		<b>2,040</b>	<b>2.28</b>
<b>FRANCE - 3.19% (3.47%)</b>			
<b>Corporate Bonds - 3.19% (3.47%)</b>			
AXA 5.625% variable rate 16/1/2054	£700,000	683	0.77
BNP Paribas 2.875% 24/2/2029	£300,000	263	0.29
BPCE 5.25% 16/4/2029	£500,000	483	0.54
Electricite de France 5.875% variable rate perpetual	£200,000	171	0.19
Electricite de France 6% variable rate perpetual	£600,000	552	0.62
Electricite de France 5.5% 17/10/2041	£400,000	393	0.44
Electricite de France 6% 23/1/2114	£300,000	299	0.34
<b>Total Corporate Bonds</b>		<b>2,844</b>	<b>3.19</b>
<b>Total France</b>		<b>2,844</b>	<b>3.19</b>
<b>GERMANY - 0.43% (0.00%)</b>			
<b>Corporate Bonds - 0.43% (0.00%)</b>			
Deutsche Bank 4% variable rate 24/6/2026	£400,000	380	0.43
<b>Total Corporate Bonds</b>		<b>380</b>	<b>0.43</b>
<b>Total Germany</b>		<b>380</b>	<b>0.43</b>
<b>IRELAND - 1.69% (2.76%)</b>			
<b>Industrials - 1.69% (2.76%)</b>			
DCC (London listed)	14,205	642	0.72
Smurfit Kappa Group	25,188	864	0.97
<b>Total Industrials</b>		<b>1,506</b>	<b>1.69</b>
<b>Total Ireland</b>		<b>1,506</b>	<b>1.69</b>
<b>ITALY - 0.28% (0.25%)</b>			
<b>Corporate Bonds - 0.28% (0.25%)</b>			
Telecom Italia 5.875% 19/5/2023	£250,000	248	0.28
<b>Total Corporate Bonds</b>		<b>248</b>	<b>0.28</b>

**Portfolio Statement**

as at 15 January 2023

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>Total Italy</b>		<b>248</b>	<b>0.28</b>
<b>LUXEMBOURG - 0.28% (0.00%)</b>			
<b>Corporate Bonds - 0.28% (0.00%)</b>			
Blackstone Property Partners Europe 4.875% 29/4/2032	£182,000	147	0.16
Prologis International Funding 2.75% 22/2/2032	£127,000	107	0.12
<b>Total Corporate Bonds</b>		<b>254</b>	<b>0.28</b>
<b>Total Luxembourg</b>		<b>254</b>	<b>0.28</b>
<b>MEXICO - 0.30% (0.00%)</b>			
<b>Corporate Bonds - 0.30% (0.00%)</b>			
Petroleos Mexicanos 3.75% 16/11/2025	£300,000	266	0.30
<b>Total Corporate Bonds</b>		<b>266</b>	<b>0.30</b>
<b>Total Mexico</b>		<b>266</b>	<b>0.30</b>
<b>NETHERLANDS - 1.00% (0.76%)</b>			
<b>Corporate Bonds - 1.00% (0.76%)</b>			
Deutsche Telekom 8.875% 27/11/2028	£250,000	304	0.34
Enel Finance International 2.875% 11/4/2029	£263,000	233	0.26
Volkswagen Financial Services 2.125% 18/1/2028	£200,000	170	0.19
Volkswagen Financial Services 3.25% 13/4/2027	£200,000	183	0.21
<b>Total Corporate Bonds</b>		<b>890</b>	<b>1.00</b>
<b>Total Netherlands</b>		<b>890</b>	<b>1.00</b>
<b>SPAIN - 0.20% (0.00%)</b>			
<b>Corporate Bonds - 0.20% (0.00%)</b>			
CaixaBank 3.5% variable rate 6/4/2028	£200,000	182	0.20
<b>Total Corporate Bonds</b>		<b>182</b>	<b>0.20</b>
<b>Total Spain</b>		<b>182</b>	<b>0.20</b>
<b>SWITZERLAND - 0.19% (0.00%)</b>			
<b>Bonds - 0.19% (0.00%)</b>			
Credit Suisse Group 1.125% 15/12/2025	£200,000	170	0.19
<b>Total Corporate Bonds</b>		<b>170</b>	<b>0.19</b>
<b>Total Switzerland</b>		<b>170</b>	<b>0.19</b>
<b>FUTURES - 0.04% (0.02%)</b>			
ICF FTSE 100 Index Future March 2023	10	36	0.04
<b>Total Futures</b>		<b>36</b>	<b>0.04</b>
<b>Portfolio of investments</b>		<b>82,533</b>	<b>92.52</b>
<b>Net other assets</b>		<b>6,670</b>	<b>7.48</b>
<b>Net assets</b>		<b>89,203</b>	<b>100.00</b>

+Funds managed by the ACD/HSBC Holding Plc Group

Figures in brackets denote the comparative percentage holdings as at 15 January 2022.

Unless otherwise stated, all investments are listed securities.

The counterparty for futures is HSBC.

## Comparative Tables

for the year ended 15 January 2023

<b>Retail Income</b>	<b>15.1.23</b>	<b>15.1.22</b>	<b>15.1.21</b>
<b>Change in net assets per share</b>			
Opening net asset value per share	136.90p	130.00p	147.50p
Return before operating charges*	0.60p	13.34p	(11.03p)
Operating charges**	(1.73p)	(1.78p)	(2.48p)
Return after operating charges*	(1.13p)	11.56p	(13.51p)
Distributions on income shares	(5.07p)	(4.66p)	(3.99p)
Closing net asset value per share	130.70p	136.90p	130.00p
*after direct transaction costs of:***	0.09p	0.08p	0.11p
<b>Performance</b>			
Return after charges	(0.83%)	8.89%	(9.16%)
<b>Other information</b>			
Closing net asset value	£39,448	£49,776	£58,597
Closing number of shares	30,174.30	36,365	45,091
Operating charges - OCF	1.34%	1.34%	1.34%†
Direct transaction costs	0.07%	0.06%	0.08%
<b>Prices</b>			
Highest share price	137.60p	137.90p	148.10p
Lowest share price	116.00p	125.10p	100.20p

<b>Retail Accumulation#</b>	<b>15.1.23</b>	<b>15.1.22</b>	<b>15.1.21</b>
<b>Change in net assets per share</b>			
Opening net asset value per share	N/A	294.20p	323.10p
Return before operating charges*	N/A	22.98p	(23.45p)
Operating charges**	N/A	(3.78p)	(5.45p)
Return after operating charges*	N/A	19.20p	(28.90p)
Distributions on accumulation shares	N/A	(9.44p)	(8.86p)
Retained distributions on accumulation shares	N/A	9.44p	8.86p
Cancellation price	N/A	(313.40p)	-
Closing net asset value per share	N/A	-	294.20p
*after direct transaction costs of:***	N/A	0.17p	0.25p
<b>Performance</b>			
Return after charges	N/A	6.53%	(8.94%)
<b>Other information</b>			
Closing net asset value	N/A	N/A	£24,852
Closing number of shares	N/A	N/A	8,449
Operating charges - OCF	N/A	N/A	1.34%†
Direct transaction costs	N/A	N/A	0.08%
<b>Prices</b>			
Highest share price	N/A	316.20p	324.60p
Lowest share price	N/A	283.10p	220.70p

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

† Estimated value following a change to the charging structure on 1 October 2020.

\*\*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 2023

<b>Income C</b>	<b>15.1.23</b>	<b>15.1.22</b>	<b>15.1.21</b>
<b>Change in net assets per share</b>			
Opening net asset value per share	144.70p	136.50p	155.00p
Return before operating charges*	0.54p	14.00p	(13.51p)
Operating charges**	(0.87p)	(0.89p)	(0.84p)
Return after operating charges*	(0.33p)	13.11p	(14.35p)
Distributions on income shares	(5.37p)	(4.91p)	(4.15p)
Closing net asset value per share	139.00p	144.70p	136.50p
*after direct transaction costs of:***	0.09p	0.08p	0.10p
<b>Performance</b>			
Return after charges	(0.23%)	9.60%	(9.26%)
<b>Other information</b>			
Closing net asset value	£75,088,774	£86,431,913	£92,541,871
Closing number of shares	54,012,407.26	59,737,694	67,789,664
Operating charges - OCF	0.64%	0.64%	0.64%†
Direct transaction costs	0.07%	0.06%	0.08%
<b>Prices</b>			
Highest share price	145.50p	145.80p	155.70p
Lowest share price	123.20p	131.40p	105.40p
<b>Accumulation C</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	336.10p	306.30p	336.50p
Return before operating charges*	1.96p	31.84p	(28.34p)
Operating charges**	(2.06p)	(2.04p)	(1.86p)
Return after operating charges*	(0.10p)	29.80p	(30.20p)
Distributions on accumulation shares	(12.65p)	(11.17p)	(9.13p)
Retained distributions on accumulation shares	12.65p	11.17p	9.13p
Closing net asset value per share	336.00p	336.10p	306.30p
*after direct transaction costs of:***	0.22p	0.18p	0.23p
<b>Performance</b>			
Return after charges	(0.03%)	9.73%	(8.97%)
<b>Other information</b>			
Closing net asset value	£14,074,482	£15,231,669	£17,182,025
Closing number of shares	4,188,995.38	4,531,988	5,610,518
Operating charges - OCF	0.64%	0.64%	0.64%†
Direct transaction costs	0.07%	0.06%	0.08%
<b>Prices</b>			
Highest share price	337.90p	337.30p	338.20p
Lowest share price	293.00p	294.80p	230.00p
† Estimated value following a change to the charging structure on 1 October 2020.			
**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 2023

	Notes	15.1.23		15.1.22	
		£'000	£'000	£'000	£'000
Income					
Net capital (losses)/gains	2		(3,615)		6,636
Revenue	3	3,751		3,788	
Expenses	4	(584)		(674)	
Interest payable and similar charges		-		(1)	
Net revenue before taxation		3,167		3,113	
Taxation	5	(79)		(76)	
Net revenue after taxation			3,088		3,037
Total (deficit)/return before distributions			(527)		9,673
Distributions	6		(3,607)		(3,702)
Change in net assets attributable to shareholders from investment activities			(4,134)		5,971

## Statement of Change in Net Assets Attributable to Shareholders

for the year ended 15 January 2023

	15.1.23		15.1.22	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		101,713		109,807
Amounts receivable on creation of shares	608		4,607	
Amounts payable on cancellation of shares	(9,532)		(19,235)	
		(8,924)		(14,628)
Dilution adjustment		-		19
Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above)		(4,134)		5,971
Retained distribution on accumulation shares		548		544
Closing net assets attributable to shareholders		89,203		101,713

## Balance Sheet

as at 15 January 2023

	Notes	15.1.23		15.1.22	
		£'000	£'000	£'000	£'000
<b>Assets</b>					
Investments			82,533		97,761
Current assets					
Debtors	8	743		620	
Cash and bank balances		6,781		4,381	
Total current assets			7,524		5,001
Total assets			90,057		102,762
<b>Liabilities</b>					
Creditors					
Distribution payable on income shares		(303)		(341)	
Other creditors	9	(551)		(708)	
Total creditors			(854)		(1,049)
Total liabilities			(854)		(1,049)
Net assets attributable to shareholders			89,203		101,713

**Distribution Tables (pence per share)**

for the year ended 15 January 2023

	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution payable 15.2.23</i>	<i>Distribution paid 15.2.22</i>
Group 1: Shares purchased prior to 16 December 2022				
Group 2: Shares purchased from 16 December 2022 to 15 January 2023				
<b>Retail Income</b>				
Group 1	0.518686	-	0.518686	0.540955
Group 2	0.152286	0.366400	0.518686	0.540955
<b>Income C</b>				
Group 1	0.561330	-	0.561330	0.571282
Group 2	0.143842	0.417488	0.561330	0.571282
<b>Accumulation C</b>				
Group 1	1.331661	-	1.331661	1.317192
Group 2	0.284802	1.046859	1.331661	1.317192

	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 13.01.23</i>	<i>Distribution paid 15.1.22</i>
Group 1: Shares purchased prior to 16 November 2022				
Group 2: Shares purchased from 16 November 2022 to 15 December 2022				
<b>Retail Income</b>				
Group 1	0.520000	-	0.520000	0.460000
Group 2	0.040000	0.480000	0.520000	0.460000
<b>Retail Accumulation†</b>				
Group 1	N/A	-	N/A	1.090000
Group 2	N/A	N/A	N/A	1.090000
<b>Income C</b>				
Group 1	0.550000	-	0.550000	0.490000
Group 2	0.000000	0.550000	0.550000	0.490000
<b>Accumulation C</b>				
Group 1	1.320000	-	1.320000	1.130000
Group 2	0.000000	1.320000	1.320000	1.130000

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

**Distribution Tables (pence per share)**

for the year ended 15 January 2023

	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 15.12.22</i>	<i>Distribution paid 15.12.21</i>
Group 1: Shares purchased prior to 16 October 2022				
Group 2: Shares purchased from 16 October 2022 to 15 November 2022				
<b>Retail Income</b>				
Group 1	0.490000	-	0.490000	0.480000
Group 2	0.000000	0.490000	0.490000	0.480000
<b>Retail Accumulation†</b>				
Group 1	N/A	-	N/A	1.100000
Group 2	N/A	N/A	N/A	1.100000
<b>Income C</b>				
Group 1	0.520000	-	0.520000	0.510000
Group 2	0.000000	0.520000	0.520000	0.510000
<b>Accumulation C</b>				
Group 1	1.230000	-	1.230000	1.150000
Group 2	0.570000	0.660000	1.230000	1.150000

	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 15.11.22</i>	<i>Distribution paid 15.11.21</i>
Group 1: Shares purchased prior to 16 September 2022				
Group 2: Shares purchased from 16 September 2022 to 15 October 2022				
<b>Retail Income</b>				
Group 1	0.460000	-	0.460000	0.440000
Group 2	0.000000	0.460000	0.460000	0.440000
<b>Retail Accumulation†</b>				
Group 1	N/A	-	N/A	1.010000
Group 2	N/A	N/A	N/A	1.010000
<b>Income C</b>				
Group 1	0.480000	-	0.480000	0.460000
Group 2	0.000000	0.480000	0.480000	0.460000
<b>Accumulation C</b>				
Group 1	1.150000	-	1.150000	1.060000
Group 2	0.000000	1.150000	1.150000	1.060000

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

**Distribution Tables (pence per share)**

for the year ended 15 January 2023

	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 14.10.22</i>	<i>Distribution paid 15.10.21</i>
Group 1: Shares purchased prior to 16 August 2022				
Group 2: Shares purchased from 16 August 2022 to 15 September 2022				
<b>Retail Income</b>				
Group 1	0.430000	-	0.430000	0.400000
Group 2	0.000000	0.430000	0.430000	0.400000
<b>Retail Accumulation†</b>				
Group 1	N/A	-	N/A	0.910000
Group 2	N/A	N/A	N/A	0.910000
<b>Income C</b>				
Group 1	0.460000	-	0.460000	0.420000
Group 2	0.000000	0.460000	0.460000	0.420000
<b>Accumulation C</b>				
Group 1	1.080000	-	1.080000	0.950000
Group 2	0.000000	1.080000	1.080000	0.950000

	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 15.9.22</i>	<i>Distribution paid 15.9.21</i>
Group 1: Shares purchased prior to 16 July 2022				
Group 2: Shares purchased from 16 July 2022 to 15 August 2022				
<b>Retail Income</b>				
Group 1	0.420000	-	0.420000	0.340000
Group 2	0.000000	0.420000	0.420000	0.340000
<b>Retail Accumulation†</b>				
Group 1	N/A	-	N/A	0.770000
Group 2	N/A	N/A	N/A	0.770000
<b>Income C</b>				
Group 1	0.450000	-	0.450000	0.350000
Group 2	0.000000	0.450000	0.450000	0.350000
<b>Accumulation C</b>				
Group 1	1.050000	-	1.050000	0.810000
Group 2	0.000000	1.050000	1.050000	0.810000

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

**Distribution Tables (pence per share)**

for the year ended 15 January 2023

	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 15.8.22</i>	<i>Distribution paid 15.8.21</i>
Group 1: Shares purchased prior to 16 June 2022				
Group 2: Shares purchased from 16 June 2022 to 15 July 2022				
<b>Retail Income</b>				
Group 1	0.430000	-	0.430000	0.330000
Group 2	0.000000	0.430000	0.430000	0.330000
<b>Retail Accumulation†</b>				
Group 1	N/A	-	N/A	0.760000
Group 2	N/A	N/A	N/A	0.760000
<b>Income C</b>				
Group 1	0.460000	-	0.460000	0.350000
Group 2	0.000000	0.460000	0.460000	0.350000
<b>Accumulation C</b>				
Group 1	1.060000	-	1.060000	0.790000
Group 2	0.000000	1.060000	1.060000	0.790000

	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 15.7.22</i>	<i>Distribution paid 15.7.21</i>
Group 1: Shares purchased prior to 16 May 2022				
Group 2: Shares purchased from 16 May 2022 to 15 June 2022				
<b>Retail Income</b>				
Group 1	0.430000	-	0.430000	0.340000
Group 2	0.000000	0.430000	0.430000	0.340000
<b>Retail Accumulation†</b>				
Group 1	N/A	-	N/A	0.770000
Group 2	N/A	N/A	N/A	0.770000
<b>Income C</b>				
Group 1	0.450000	-	0.450000	0.360000
Group 2	0.000000	0.450000	0.450000	0.360000
<b>Accumulation C</b>				
Group 1	1.060000	-	1.060000	0.810000
Group 2	0.000000	1.060000	1.060000	0.810000

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

**Distribution Tables (pence per share)**

for the year ended 15 January 2023

	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 15.6.22</i>	<i>Distribution paid 15.6.21</i>
Group 1: Shares purchased prior to 16 April 2022				
Group 2: Shares purchased from 16 April 2022 to 15 May 2022				
<b>Retail Income</b>				
Group 1	0.410000	-	0.410000	0.330000
Group 2	0.000000	0.410000	0.410000	0.330000
<b>Retail Accumulation†</b>				
Group 1	N/A	-	N/A	0.770000
Group 2	N/A	N/A	N/A	0.770000
<b>Income C</b>				
Group 1	0.430000	-	0.430000	0.350000
Group 2	0.000000	0.430000	0.430000	0.350000
<b>Accumulation C</b>				
Group 1	1.010000	-	1.010000	0.800000
Group 2	0.000000	1.010000	1.010000	0.800000

	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 13.5.22</i>	<i>Distribution paid 15.5.21</i>
Group 1: Shares purchased prior to 16 March 2022				
Group 2: Shares purchased from 16 March 2022 to 15 April 2022				
<b>Retail Income</b>				
Group 1	0.410000	-	0.410000	0.340000
Group 2	0.000000	0.410000	0.410000	0.340000
<b>Retail Accumulation†</b>				
Group 1	N/A	-	N/A	0.760000
Group 2	N/A	N/A	N/A	0.760000
<b>Income C</b>				
Group 1	0.430000	-	0.430000	0.350000
Group 2	0.000000	0.430000	0.430000	0.350000
<b>Accumulation C</b>				
Group 1	0.990000	-	0.990000	0.790000
Group 2	0.000000	0.990000	0.990000	0.790000

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

**Distribution Tables (pence per share)**

for the year ended 15 January 2023

	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 15.4.22</i>	<i>Distribution paid 15.4.21</i>
Group 1: Shares purchased prior to 16 February 2022				
Group 2: Shares purchased from 16 February 2022 to 15 March 2022				
<b>Retail Income</b>				
Group 1	0.340000	-	0.340000	0.330000
Group 2	0.280000	0.060000	0.340000	0.330000
<b>Retail Accumulation†</b>				
Group 1	N/A	-	N/A	0.750000
Group 2	N/A	N/A	N/A	0.750000
<b>Income C</b>				
Group 1	0.360000	-	0.360000	0.350000
Group 2	0.000000	0.360000	0.360000	0.350000
<b>Accumulation C</b>				
Group 1	0.850000	-	0.850000	0.780000
Group 2	0.000000	0.850000	0.850000	0.780000

	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 15.3.22</i>	<i>Distribution paid 15.3.21</i>
Group 1: Shares purchased prior to 16 January 2022				
Group 2: Shares purchased from 16 January 2022 to 15 February 2022				
<b>Retail Income</b>				
Group 1	0.210000	-	0.210000	0.330000
Group 2	0.180000	0.030000	0.210000	0.330000
<b>Retail Accumulation†</b>				
Group 1	N/A	-	N/A	0.750000
Group 2	N/A	N/A	N/A	0.750000
<b>Income C</b>				
Group 1	0.220000	-	0.220000	0.350000
Group 2	0.140000	0.080000	0.220000	0.350000
<b>Accumulation C</b>				
Group 1	0.520000	-	0.520000	0.780000
Group 2	0.150000	0.370000	0.520000	0.780000

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

## Notes to the Financial Statements

for the year ended 15 January 2023

	<b>15.1.23</b>	15.1.22
	<b>£'000</b>	£'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:		
Transaction charges	(1)	-
Capital special dividends	301	549
(Losses)/gains on derivative contracts	(28)	172
(Losses)/gains on non-derivative securities	(3,887)	5,915
Net capital (losses)/gains	<b>(3,615)</b>	6,636
<b>3. Revenue</b>		
UK dividends (net)	2,481	2,583
Property investment income	-	17
Overseas dividends	338	255
Interest on bonds and other debt securities	890	933
Deposit interest	1	-
Bank interest	41	-
Total revenue	<b>3,751</b>	3,788
<b>4. Expenses</b>		
Payable to the ACD, associates of the ACD, and agents of either of them:		
ACD's charge	548	632
Safe custody fee	2	1
	<b>550</b>	633
Payable to the Depositary, associates of the Depositary, and agents of either of them:		
Depositary fee	11	13
<b>Other expenses:</b>		
Audit fee	10	9
Report and accounts fee	1	1
Administration fee	12	18
	<b>23</b>	28
Total expenses	<b>584</b>	674

	<b>15.1.23</b>	15.1.22
	<b>£'000</b>	£'000
<b>5. Taxation</b>		
a) Analysis of charge in year:		
Corporation tax	<b>70</b>	15
Overseas tax	<b>9</b>	21
Total current tax charge for the year (note 5b)	<b>79</b>	36
Deferred tax (note 5c)	<b>-</b>	40
Total tax for the year (note 5b)	<b>79</b>	76
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	<b>3,167</b>	3,113
Corporation tax at 20%	<b>633</b>	623
Effects of:		
Revenue not subject to taxation	<b>(563)</b>	(568)
Irrecoverable overseas tax	<b>9</b>	21
Current tax charge for the year (note 5a)	<b>79</b>	76
c) Provision for deferred taxation		
Provision at start of year	<b>-</b>	40
Deferred tax charge in profit and loss account for the year (note 5a)	<b>-</b>	(40)
Provision at end of year (note 5a)	<b>-</b>	-
<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	<b>3,197</b>	3,245
Final dividend distribution	<b>359</b>	401
	<b>3,556</b>	3,646
Add: Amounts deducted on cancellation of shares	<b>54</b>	75
Deduct: Amounts received on issue of shares	<b>(3)</b>	(19)
Net distribution for the year	<b>3,607</b>	3,702
<b>7. Movement Between Net Revenue and Distributions</b>		
Net revenue after taxation	<b>3,088</b>	3,037
ACD's charge charged to capital	<b>548</b>	632
Effective yield transferred from capital	<b>100</b>	199
Corporation tax on taxable items in capital	<b>-</b>	15
Tax relief on expenses transferred to capital	<b>(129)</b>	(221)
Utilisation of crystallised deferred tax asset	<b>-</b>	40
Net distribution for the year	<b>3,607</b>	3,702
<b>8. Debtors</b>		
Amounts receivable for creation of shares	<b>8</b>	-
Accrued revenue	<b>638</b>	528
Overseas tax recoverable	<b>97</b>	92
Total debtors	<b>743</b>	620

	<b>15.1.23</b>	15.1.22
	<b>£'000</b>	£'000
<b>9. Other Creditors</b>		
Amounts payable for cancellation of shares	<b>68</b>	107
Purchases awaiting settlement	<b>411</b>	448
Accrued expenses	<b>35</b>	138
Corporation tax payable	<b>37</b>	15
Total other creditors	<b>551</b>	708

**10. Reconciliation of Shares**

	<i>Retail Income</i>	<i>Income C</i>	<i>Accumulation C</i>
Opening shares issued at 16.1.22	36,365	59,737,694	4,531,988
<b>Share movements 16.1.22 to 15.1.23</b>			
Shares issued	1,456	312,158	58,541
Shares cancelled	(7,647)	(6,037,445)	(401,534)
Closing shares issued at 15.1.23	30,174	54,012,407	4,188,995

**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 15.1.23	-	73.89	40.32
As at 15.1.22	-	74.95	40.52

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 £84,661 (15.1.22: £235,783). Further details of such amounts can be found in notes 8 and 9.

At the year end, the Fund held £2,770,367 (15.1.22: £2,978,542) in Authorised Investment Funds managed by HSBC and/or HSBC Holdings Plc, the parent company of the ACD. During the year, transactions in Authorised Investment Funds managed by HSBC and/or HSBC Holdings totalled £646,763 (15.1.22: £445,218).

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 (15.1.22: same).

### Interest Rate Risk

The interest rate profile of the Fund's financial assets and liabilities at 15 January 2023 was:

	<i>Floating rate financial assets*</i>		<i>Fixed rate financial assets</i>		<i>Financial assets not carrying interest</i>		<i>Total</i>	
	<b>15.1.23</b> <b>£'000</b>	15.1.22 £'000	<b>15.1.23</b> <b>£'000</b>	15.1.22 £'000	<b>15.1.23</b> <b>£'000</b>	15.1.22 £'000	<b>15.1.23</b> <b>£'000</b>	15.1.22 £'000
Sterling	<b>12,249</b>	9,250	<b>17,389</b>	20,501	<b>59,392</b>	70,564	<b>89,030</b>	100,315
Euro	-	-	-	-	<b>142</b>	114	<b>142</b>	114
United States dollar	-	-	-	-	<b>31</b>	1,284	<b>31</b>	1,284
<b>Total</b>	<b>12,249</b>	9,250	<b>17,389</b>	20,501	<b>59,565</b>	71,962	<b>89,203</b>	101,713

\*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 2023 were:

	<i>Bid value £'000</i>	<i>Total net assets %</i>
Bond credit ratings		
Investment grade	21,603	24.24
Non rated	1,252	1.40
<b>Total bonds</b>	<b>22,855</b>	<b>25.64</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 67 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 2023, there was no collateral held in respect of the above derivatives (15.1.22: £nil).

**15. Contingent Liabilities and Commitments**

At the year end, the Fund had no contingent liabilities or commitments (15.1.22: none).

**16. Portfolio Transaction Costs**

<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.

<b>For the year ended 15 January 2022</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	8,616	2	0.02	52	0.60	-	-	
Bond transactions	9,247	-	-	-	-	-	-	
Corporate actions	300	-	-	-	-	-	-	
Total purchases before transaction costs	18,163	2		52		-		
Transaction costs	54							
Total purchases after commission, tax and fees	18,217							
	<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	20,323	5	0.02	1	-	-	-	
Bond transactions	7,370	-	-	-	-	-	-	
Pooled investment vehicles	1,019	-	-	-	-	-	-	
Corporate actions	4,335	-	-	-	-	-	-	
Total sales before transaction costs	33,047	5		1		-		
Transaction costs	(6)							
Total sales after commission, tax and fees	33,041							

The Fund had paid £322 as commission on purchases and sales derivative transactions for the year 15.1.22.

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 0.16%, 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 2023

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

### For the year ended 15 January 2022

Category	1	2	3	Total
	£'000	£'000	£'000	£'000
Investment Assets				
Equities	72,372	-	-	72,372
Bonds*	8,014	17,356	-	25,370
Derivatives	19	-	-	19
	80,405	17,356	-	97,761

\*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 2023 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 £8,253,307 (15.1.22: £9,776,086).

### 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 (15.1.22: no significant exposure).

### Interest rate risk sensitivity:

If the interest rate at 15 January 2023 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 £14,917 (15.1.22: £21,925).

# 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 decreased over the period, but it outperformed the benchmark by a significant 0.51%. Sterling corporate bonds value fell during the period as Gilt yields soared and corporate bond spreads widened in the first half of 2022, with inflation continuing to break record highs and central banks turning increasingly hawkish. Nonetheless, driving relative outperformance came primarily from Rates and Yield curve positioning as our 'steepener' trade outperformed and we were for the most part slightly underweight duration. Asset Allocation and Security Selection overall was positive as a result of our allocations to Utilities, Oil & Gas, Public Banks and Consumer Services.

The portfolio's weight to credit was increased to slightly above neutral and remained so for most of 2022. We continued to take advantage of attractive new financial issues to rotate out of secondary holdings and marginally increased off benchmark euro corporates where valuations look particularly attractive. We would look to increase credit beta and re-instate a duration underweight should there be more certainty over the resumption of Russian Gas supplies. Duration positioning was moved from underweight at the beginning of the year to neutral near the end of Q2. The fund held a 'steepener' position which we subsequently took profits on. 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.

**Investment Performance**

During the year under review, the value of the shares in the Fund decreased by 14.29% while the value of the Markit iBoxx GBP Corporates Index +1% fell by 14.80%.

(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 2023			
	Retail Income	Retail Accumulation	Institutional Accumulation
Price	103.7p xd	267.2p	328.9p
Distribution payable (on 15 March 2023) per share net	0.825833p	2.096561p	3.426108p
Current net estimated yield	3.18%	3.11%	4.20%
Annual ACD charge	1.05%	1.05%	0.00%

	Institutional Income	Income C	Accumulation C
Price	190.6p xd	104.1p xd	285.6p
Distribution payable (on 15 March 2023) per share net	2.003187p	1.004151p	2.722424p
Current net estimated yield	4.31%	3.92%	3.83%
Annual ACD charge	0.00%	0.35%	0.35%

## Portfolio Statement

as at 15 January 2023

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>UNITED KINGDOM - 51.63% (48.21%)</b>			
<b>Government Bonds - 6.15% (1.84%)</b>			
Treasury 0.5% 31/1/2029	£3,000,000	2,533	0.73
Treasury 1.25% 31/7/2051	£11,850,000	6,758	1.95
Treasury 1.625% 22/10/2071	£450,000	266	0.08
Treasury 4.5% 7/12/2042	£10,000,000	11,009	3.18
Treasury 4.125% 29/1/2027	£700,000	717	0.21
<b>Total Government Bonds</b>		<b>21,283</b>	<b>6.15</b>
<b>Corporate Bonds - 45.48% (46.37%)</b>			
Anglian Water 2.75% 26/10/2029	£735,000	655	0.19
Annington Funding 3.184% 12/7/2029	£2,820,000	2,429	0.70
Annington Funding 4.75% 9/8/2033	£1,395,000	1,286	0.37
Assura Financing 3% 19/7/2028	£2,460,000	2,200	0.63
Aviva 4.375% variable rate 12/9/2049	£1,200,000	1,091	0.31
Aviva 5.125% variable rate 4/6/2050	£2,254,000	2,105	0.61
Aviva 6.125% 14/11/2036	£3,500,000	3,552	1.03
Barclays Bank 3.75% variable rate 22/11/2030	£2,590,000	2,407	0.69
Barclays Bank 6.369% variable rate 31/1/2031	£3,360,000	3,452	1.00
Barclays Bank 7.25% variable rate perpetual	£2,000,000	1,995	0.58
Barclays Bank 8.407% variable rate 14/11/2032	£2,448,000	2,619	0.76
Bellis Acquisition 4.5% 16/2/2026	£448,000	391	0.11
Bellis Finco 4% 16/2/2027	£700,000	539	0.16
Berkeley Group 2.50% 11/8/2031	£953,000	674	0.19
BP Capital Markets 4.25% variable rate perpetual	£2,843,000	2,570	0.74
Broadgate 4.999% 5/10/2033	£550,000	534	0.15
BUPA Finance 4% variable rate perpetual	£600,000	413	0.12
BUPA Finance 5% 8/12/2026	£1,412,000	1,369	0.40
Cadent Finance 2.75% 22/9/2046	£1,099,000	721	0.21
Centrica 4.25% 12/9/2044	£500,000	411	0.12
Centrica 5.25% variable rate 10/4/2075	£1,500,000	1,410	0.41
Centrica 7% 19/9/2033	£2,330,000	2,624	0.76
Compass Group 2% 3/7/2029	£1,228,000	1,069	0.31
Compass Group 4.375% 8/9/2032	£846,000	846	0.24
Direct Line 4.75% variable rate perpetual	£1,900,000	1,307	0.38
Glaxosmithkline 5.25% 19/12/2033	£2,010,000	2,173	0.63
GlaxoSmithKline Capital 1.625% 12/5/2035	£600,000	442	0.13
Hammerson 3.5% 27/10/2025	£1,800,000	1,584	0.46
Hammerson 6% 23/2/2026	£1,400,000	1,308	0.38
Heathrow Finance 6.25% 3/3/2025	£1,100,000	1,076	0.31
+HSBC Holdings 3% variable rate 22/7/2028	£4,500,000	4,013	1.16
+HSBC Holdings 5.875% variable rate perpetual	£1,905,000	1,774	0.51
+HSBC Holdings 6.75% 11/9/2028	£2,250,000	2,348	0.68
+HSBC Holdings 7% 7/4/2038	£1,500,000	1,628	0.47
+HSBC Holdings 8.201% variable rate 16/11/2034	£2,000,000	2,163	0.62
Legal & General Group 3.75% variable rate 26/11/2049	£1,000,000	860	0.25

## Portfolio Statement

as at 15 January 2023

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
Legal & General Group 5.25% variable rate 21/3/2047	\$3,000,000	2,318	0.67
Legal & General Group 5.375% variable rate 27/10/2045	£1,000,000	987	0.28
Lloyds Banking Group 2% variable rate 12/4/2028	£2,500,000	2,173	0.63
Lloyds Banking Group 2.707% variable rate 3/12/2035	£1,774,000	1,379	0.40
Lloyds Banking Group 8.5% variable rate perpetual	£375,000	383	0.11
M&G 3.875% variable rate 20/7/2049	£2,900,000	2,813	0.81
M&G 5% variable rate 20/7/2055	£1,500,000	1,343	0.39
M&G 5.7% variable rate 19/12/2063	£1,000,000	927	0.27
Manchester Airport Group Funding 2.875% 30/9/2044	£1,000,000	683	0.20
Marks & Spencer 3.25% 10/7/2027	£1,200,000	1,079	0.31
Marstons Issuer 5.1774% variable rate 15/7/2032	£700,000	624	0.18
Motability Operations 3.5% 17/7/2031	€3,326,000	2,977	0.86
Motability Operations 3.625% 10/3/2036	£2,932,000	2,679	0.77
National Grid Electricity Transmission 1.375% 16/9/2026	£1,000,000	895	0.26
National Grid Electricity Transmission 2.75% 6/2/2035	£1,500,000	1,185	0.34
National Grid Electricity Transmission 4% 8/6/2027	£1,590,000	1,537	0.44
National Grid Gas 1.625% 14/1/2043	£1,800,000	987	0.28
National Grid 4.275% 16/1/2035	€3,612,000	3,250	0.94
Nationwide Building Society 5.875% variable rate perpetual	£600,000	577	0.17
NatWest Group 3.619% variable rate 29/3/2029	£2,609,000	2,354	0.68
Natwest Group 5.125% variable rate perpetual	£1,625,000	1,417	0.41
NatWest Group 7.416% variable rate 6/6/2033	£1,282,000	1,334	0.39
NatWest Markets 6.375% 8/11/2027	£3,500,000	3,666	1.06
NGG Finance 5.625% variable rate 18/6/2073	£500,000	482	0.14
NIE Finance 5.875% 1/12/2032	£3,161,000	3,393	0.98
NIE Finance 6.375% 2/6/2026	£1,500,000	1,579	0.46
Northern Powergrid Northeast 3.25% 1/4/2052	£1,163,000	899	0.26
Northern Powergrid Yorkshire 2.25% 9/10/2059	£643,000	390	0.11
Northumbrian Water Finance 6.375% 28/10/2034	£500,000	556	0.16
Pension Insurance 3.625% 21/10/2032	£1,169,000	917	0.26
Places for People Treasury 2.875% 17/8/2026	£1,378,000	1,281	0.37
Rentokil Initial 5% 27/6/2032	£1,291,000	1,270	0.37
RL Finance Bonds 4.875% variable rate 7/10/2049	£750,000	607	0.17
Rothsay Life 5% variable rate perpetual	£1,500,000	1,039	0.30
Rothsay Life 5.5% variable rate 17/9/2029	£1,590,000	1,561	0.45
Royal Bank of Scotland 2.875% variable rate 19/9/2026	£2,000,000	1,867	0.54
Royal Bank of Scotland 3.125% variable rate 28/3/2027	£3,761,000	3,494	1.01
Royal Bank of Scotland 3.622% variable rate 14/8/2030	£3,100,000	2,899	0.84
Saga 3.375% 12/5/2024	£389,000	351	0.10
Santander UK Group Holdings 2.421% variable rate 17/1/2029	£2,000,000	1,698	0.49
Santander UK Group Holdings 2.92% variable rate 8/5/2026	£2,700,000	2,522	0.73
Santander UK Group Holdings 6.75% variable rate perpetual	£1,500,000	1,460	0.42
Santander UK Group Holdings 7.098% variable rate 16/11/2027	£2,562,000	2,649	0.76
Scottish Hydro Electric Transmission 1.5% 24/3/2028	£2,000,000	1,718	0.49
Scottish Hydro Electric Transmission 2.125% 24/3/2036	£800,000	585	0.17

## Portfolio Statement

as at 15 January 2023

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
Severn Trent Utilities Finance 4.625% 30/11/2034	£2,960,000	2,909	0.83
Society of Lloyds 4.875% variable rate 7/2/2047	£990,000	939	0.27
Southern Electric Power 4.625% 20/2/2037	£1,069,000	1,015	0.29
Southern Gas Networks 1.25% 2/12/2031	£1,693,000	1,257	0.36
SP Manweb 4.875% 20/9/2027	£2,000,000	2,024	0.58
SSE 8.375% 20/11/2028	£2,300,000	2,690	0.78
Tesco Corporate Treasury Services 1.875% 2/11/2028	£909,000	765	0.22
Thames Water Utilities Finance 7.738% 9/4/2058	£1,188,000	1,587	0.46
Virgin Money UK 4% variable rate 25/9/2026	£3,485,000	3,297	0.94
Virgin Money UK 5.125% variable rate 11/12/2030	£560,000	526	0.15
Vodafone Group 3% 12/8/2056	£952,000	620	0.18
Vodafone Group 3.375% 8/8/2049	£1,200,000	872	0.25
Western Power Distribution 3.5% 16/10/2026	£2,500,000	2,383	0.69
Western Power Distribution 3.625% 6/11/2023	£2,800,000	2,773	0.80
Western Power Distribution 5.25% 17/1/2023	£3,300,000	3,300	0.95
Yorkshire Water Finance 1.75% 26/11/2026	£1,200,000	1,073	0.31
Yorkshire Water Finance 1.75% 27/10/2032	£1,000,000	758	0.22
<b>Total Corporate Bonds</b>		<b>157,610</b>	<b>45.48</b>
<b>Total United Kingdom</b>		<b>178,893</b>	<b>51.63</b>

### UNITED STATES - 9.79% (7.84%)

#### Corporate Bonds - 9.79% (7.84%)

American Honda Finance 1.5% 19/10/2027	£1,500,000	1,318	0.38
AT&T 4.25% 1/6/2043	£2,000,000	1,725	0.50
AT&T 4.375% 14/9/2029	£1,000,000	971	0.28
AT&T 4.875% 1/6/2044	£400,000	373	0.11
ATT Inc 2.6% 19/5/2038	£2,000,000	1,485	0.43
Bank of America 1.667% variable rate 2/6/2029	£3,770,000	3,177	0.92
Bank of America 3.584% variable rate 27/4/2031	£1,700,000	1,545	0.45
Berkshire Hathaway Finance 2.375% 19/6/2039	£2,000,000	1,497	0.43
Discovery Communications 2.5% 20/9/2024	£1,100,000	1,054	0.30
Fidelity National Information Services 3.36% 21/5/2031	£2,000,000	1,792	0.52
Ford Motor Credit 2.748% 14/6/2024	£1,750,000	1,665	0.48
General Motors Financial 2.35% 3/9/2025	£1,000,000	938	0.27
Goldman Sachs 3.625% variable rate 29/10/2029	£3,582,000	3,271	0.94
Metropolitan Life Global Funding I 5% 10/1/2030	£1,557,000	1,585	0.46
Morgan Stanley 5.789% variable rate 18/11/2033	£3,800,000	3,928	1.13
MPT Operating Partnership 2.55% 5/12/2023	£2,400,000	2,299	0.66
MPT Operating Partnership 3.692% 5/6/2028	£1,800,000	1,345	0.39
Time Warner Cable 5.25% 15/7/2042	£500,000	426	0.12
Time Warner Cable 5.75% 2/6/2031	£1,500,000	1,461	0.42
Verizon Communications 2.5% 8/4/2031	£1,000,000	854	0.25
Verizon Communications 3.375% 27/10/2036	£1,400,000	1,197	0.35
<b>Total Corporate Bonds</b>		<b>33,906</b>	<b>9.79</b>
<b>Total United States</b>		<b>33,906</b>	<b>9.79</b>

**Portfolio Statement**

as at 15 January 2023

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>AUSTRALIA - 1.87% (2.54%)</b>			
<b>Corporate Bonds - 1.87% (2.54%)</b>			
Macquarie Group 4.08% 31/5/2029	£2,250,000	2,068	0.60
QBE Insurance Group 2.5% variable rate 13/9/2038	£2,550,000	1,971	0.57
Scentre Group Trust 2 4.75% variable rate 24/9/2080	\$1,417,000	1,068	0.31
Westfield America Manage 2.625% 30/3/2029	£1,700,000	1,368	0.39
<b>Total Corporate Bonds</b>		<b>6,475</b>	<b>1.87</b>
<b>Total Australia</b>		<b>6,475</b>	<b>1.87</b>
<b>BERMUDA - 0.21% (0.00%)</b>			
<b>Corporate Bonds - 0.21% (0.00%)</b>			
Hiscox 6% 22/9/2027	£727,000	740	0.21
<b>Total Corporate Bonds</b>		<b>740</b>	<b>0.21</b>
<b>Total Bermuda</b>		<b>740</b>	<b>0.21</b>
<b>CAYMAN ISLANDS - 0.44% (0.95%)</b>			
<b>Corporate Bonds - 0.44% (0.95%)</b>			
Phoenix Group 5.625% 28/4/2031	£1,647,000	1,511	0.44
<b>Total Corporate Bonds</b>		<b>1,511</b>	<b>0.44</b>
<b>Total Cayman Islands</b>		<b>1,511</b>	<b>0.44</b>
<b>CHANNEL ISLANDS - 4.29% (5.58%)</b>			
<b>Corporate Bonds - 4.29% (5.58%)</b>			
AA Bond 6.269% 2/7/2043	£1,000,000	957	0.28
AA Bond 7.375% 31/7/2050	£907,000	798	0.23
Gatwick Funding 3.125% 28/9/2041	£1,000,000	727	0.21
Gatwick Funding 6.5% 2/3/2043	£2,061,000	2,209	0.64
Heathrow Funding 4.625% 31/10/2046	£2,800,000	2,437	0.70
Heathrow Funding 6.45% 10/12/2031	£678,000	722	0.21
Heathrow Funding 6.75% 3/12/2028	£1,700,000	1,776	0.51
Heathrow Funding 7.125% 14/2/2024	£5,200,000	5,241	1.51
<b>Total Corporate Bonds</b>		<b>14,867</b>	<b>4.29</b>
<b>Total Channel Islands</b>		<b>14,867</b>	<b>4.29</b>
<b>FINLAND - 0.00% (0.30%)</b>			
<b>Corporate Bonds - 0.00% (0.30%)</b>			
<b>DENMARK - 0.70% (0.00%)</b>			
<b>Corporate Bonds - 0.70% (0.00%)</b>			
Danske Bank 2.25% 14/1/2028	£1,000,000	877	0.25
Orsted AS 5.125% 13/09/2034	£1,500,000	1,542	0.45
<b>Total Corporate Bonds</b>		<b>2,419</b>	<b>0.70</b>
<b>Total Denmark</b>		<b>2,419</b>	<b>0.70</b>

## Portfolio Statement

as at 15 January 2023

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>FRANCE - 6.28% (8.46%)</b>			
<b>Corporate Bonds - 6.28% (8.46%)</b>			
AXA 5.625% variable rate 16/1/2054	£1,050,000	1,024	0.30
BNP Paribas 1.25% 13/7/2031	£1,000,000	737	0.21
BNP Paribas 1.875% 14/12/2027	£2,000,000	1,726	0.50
BPCE 2.125% variable rate 13/10/2046	€1,800,000	1,158	0.33
BPCE 5.25% 16/4/2029	£1,000,000	967	0.28
Électricité de France 5% 21/9/2048	\$1,500,000	1,068	0.31
Électricité de France 5.25% 13/10/2055	\$1,600,000	1,093	0.32
Électricité de France 5.5% 27/3/2037	£1,000,000	991	0.29
Électricité de France 5.625% variable rate perpetual	\$1,200,000	955	0.28
Électricité de France 5.875% variable rate perpetual	£2,300,000	1,966	0.57
Électricité de France 6% 23/1/2114	£1,200,000	1,195	0.33
Électricité de France 6% variable rate perpetual	£1,500,000	1,380	0.40
Électricité de France 6.125% 2/6/2034	£1,000,000	1,055	0.30
La Banque Postale 5.625% variable rate 21/9/2028	£1,500,000	1,495	0.43
Orange 3.25% 15/1/2032	£1,000,000	899	0.26
Orange 5.375% 22/11/2050	£1,000,000	1,075	0.31
Societe Generale 1.25% 7/12/2027	£1,000,000	828	0.24
Sodexo 1.75% 26/6/2028	£2,500,000	2,165	0.62
<b>Total Corporate Bonds</b>		<b>21,777</b>	<b>6.28</b>
<b>Total France</b>		<b>21,777</b>	<b>6.28</b>
<b>GERMANY - 1.52% (1.84%)</b>			
<b>Corporate Bonds - 1.52% (1.84%)</b>			
Commerzbank 1.75% 22/1/2025	£1,500,000	1,384	0.40
Deutsche Bank 4% variable rate 24/6/2026	£1,900,000	1,803	0.52
Deutsche Bank 4% variable rate 24/6/2032	€1,200,000	968	0.28
Landesbank Baden-Württemberg 1.5% 3/2/2025	£1,200,000	1,118	0.32
<b>Total Corporate Bonds</b>		<b>5,273</b>	<b>1.52</b>
<b>Total Germany</b>		<b>5,273</b>	<b>1.52</b>
<b>IRELAND - 0.80% (1.16%)</b>			
<b>Corporate Bonds - 0.78% (0.00%)</b>			
Hammerson Ireland Finance 1.75% 3/6/2027	€1,000,000	703	0.20
Zurich Finance Ireland 5.125% variable rate 23/11/2052	£2,136,000	2,006	0.58
<b>Total Corporate Bonds</b>		<b>2,709</b>	<b>0.78</b>
<b>Financials - 0.02% (1.16%)</b>			
+HSBC Global Sterling Liquidity Fund	66,824	67	0.02
<b>Total Financials</b>		<b>67</b>	<b>0.02</b>
<b>Total Ireland</b>		<b>2,776</b>	<b>0.80</b>

## Portfolio Statement

as at 15 January 2023

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>ITALY - 0.42% (1.27%)</b>			
<b>Corporate Bonds - 0.42% (1.27%)</b>			
Telecom Italia 5.875% 19/5/2023	£1,450,000	1,441	0.42
<b>Total Corporate Bonds</b>		<b>1,441</b>	<b>0.42</b>
<b>Total Italy</b>		<b>1,441</b>	<b>0.42</b>
<b>JERSEY - 0.45% (0.00%)</b>			
<b>Corporate Bonds - 0.45% (0.00%)</b>			
+HSBC Bank Fund 5.844% variable rate perpetual	£1,000,000	1,046	0.30
Gatwick Funding 4.625% 27/3/2034	£546,000	504	0.15
<b>Total Corporate Bonds</b>		<b>1,550</b>	<b>0.45</b>
<b>Total Jersey</b>		<b>1,550</b>	<b>0.45</b>
<b>LUXEMBOURG - 3.74% (6.33%)</b>			
<b>Corporate Bonds - 1.26% (1.26%)</b>			
Aroundtown 4.75% variable rate perpetual	£1,700,000	778	0.22
Blackstone Property Partners 2.625% 20/10/2028	£903,000	692	0.20
CK Hutchison Holdings 2% 17/10/2027	£2,000,000	1,761	0.51
Logicor Financing 2.75% 15/1/2030	£856,000	676	0.20
Prologis International Funding I 2.75% 22/2/2032	£534,000	450	0.13
Virgolino De Oliveira Fi 6.75% 29/1/2018	\$243,000	-	0.00
<b>Total Corporate Bonds</b>		<b>4,357</b>	<b>1.26</b>
<b>Financials - 2.48% (5.07%)</b>			
+HSBC Global Securitised Credit Bond Fund	935,949	8,595	2.48
<b>Total Financials</b>		<b>8,595</b>	<b>2.48</b>
<b>Total Luxembourg</b>		<b>12,952</b>	<b>3.74</b>
<b>MEXICO - 0.00% (2.37%)</b>			
<b>Corporate Bonds - 0.00% (2.37%)</b>			
<b>NETHERLANDS - 5.99% (5.82%)</b>			
<b>Corporate Bonds - 5.99% (5.82%)</b>			
ASR Nederland NV 7% variable rate 7/12/2043	€1,961,000	1,836	0.53
AT Securities 5.25% variable rate perpetual	\$2,000,000	770	0.22
Digital Dutch Finco 1% 15/1/2032	€800,000	517	0.15
E.ON International Finance 4.75% 31/1/2034	£2,500,000	2,413	0.70
E.ON International Finance 5.875% 30/10/2037	£1,250,000	1,316	0.38
E.ON International Finance 6.125% 6/7/2039	£1,000,000	1,082	0.31
E.ON International Finance 6.75% 27/1/2039	£1,000,000	1,147	0.33
Enel Finance 5.75% 14/9/2040	£2,250,000	2,328	0.67
Enel Finance International 2.875% 11/4/2029	£1,990,000	1,765	0.51
Innogy Finance 6.25% 3/6/2030	£1,090,000	1,172	0.34
Royal KPN 5% 18/11/2026	£1,900,000	1,914	0.55
Volkswagen Financial Services 5.5% 7/12/2026	£2,100,000	2,092	0.60
Volkswagen International Finance 3.375% 16/11/2026	£2,600,000	2,414	0.70
<b>Total Corporate Bonds</b>		<b>20,766</b>	<b>5.99</b>
<b>Total Netherlands</b>		<b>20,766</b>	<b>5.99</b>

## Portfolio Statement

as at 15 January 2023

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>NORWAY - 1.10% (0.00%)</b>			
<b>Corporate Bonds - 1.10% (0.00%)</b>			
DNB Bank ASA 2.625% variable rate 10/6/2026	£2,000,000	1,902	0.55
DNB Bank ASA 4% variable rate 17/8/2027	£2,000,000	1,925	0.55
<b>Total Corporate Bonds</b>		<b>3,827</b>	<b>1.10</b>
<b>Total Norway</b>		<b>3,827</b>	<b>1.10</b>
<b>SPAIN - 3.14% (1.60%)</b>			
<b>Corporate Bonds - 3.14% (1.60%)</b>			
Abertis Infraestructuras 3.375% 27/11/2026	£2,400,000	2,233	0.64
CaixaBank 1.5% variable rate 3/12/2026	£2,400,000	2,134	0.62
Telefonica Emisiones 5.375% 2/2/2026	£3,000,000	3,040	0.88
Telefonica Emisiones 5.445% 8/10/2029	£3,400,000	3,479	1.00
<b>Total Corporate Bonds</b>		<b>10,886</b>	<b>3.14</b>
<b>Total Spain</b>		<b>10,886</b>	<b>3.14</b>
<b>SWEDEN - 1.80% (0.18%)</b>			
<b>Corporate Bonds - 1.80% (0.18%)</b>			
Svenska Handelsbanken AB 4.625% variable rate 23/8/2032	£1,268,000	1,214	0.35
Swedbank AB 7.272% variable rate 15/11/2032	£3,294,000	3,429	0.99
Vattenfall 2.5% variable rate 29/6/2083	£500,000	401	0.11
Vattenfall 6.875% 15/4/2039	£1,000,000	1,206	0.35
<b>Total Corporate Bonds</b>		<b>6,250</b>	<b>1.80</b>
<b>Total Sweden</b>		<b>6,250</b>	<b>1.80</b>
<b>SWITZERLAND - 2.95% (2.68%)</b>			
<b>Corporate Bonds - 2.95% (2.68%)</b>			
Credit Suisse Group 2.125% variable rate 12/9/2025	£3,400,000	3,049	0.88
Credit Suisse Group 2.25% variable rate 9/6/2028	£3,100,000	2,448	0.71
Credit Suisse Group 2.875% variable rate 2/4/2032	€3,000,000	2,046	0.59
Credit Suisse Group 7.75% variable rate 1/3/2029	€2,903,000	2,651	0.77
<b>Total Corporate Bonds</b>		<b>10,194</b>	<b>2.95</b>
<b>Total Switzerland</b>		<b>10,194</b>	<b>2.95</b>
<b>FORWARD FOREIGN EXCHANGE CONTRACTS - (0.06%) (0.10%)</b>			
#GBP Forward Currency Contract 8/2/2023	GBP 33,150,967	(886)	(0.26)
#EUR Forward Currency Contract 8/2/2023	(EUR 38,350,000)		
#GBP Forward Currency Contract 9/2/2023	GBP 22,074,241	50	0.01
#USD Forward Currency Contract 9/2/2023	(USD 26,920,000)		
#EUR Forward Currency Contract 8/2/2023	EUR 4,580,000	100	0.03
#GBP Forward Currency Contract 8/2/2023	(GBP 3,964,925)		
#EUR Forward Currency Contract 8/2/2023	EUR 7,600,000	176	0.05
#GBP Forward Currency Contract 8/2/2023	(GBP 6,569,094)		
#USD Forward Currency Contract 9/2/2023	USD 12,400,000	61	0.02
#GBP Forward Currency Contract 9/2/2023	(GBP 10,084,146)		
#EUR Forward Currency Contract 8/2/2023	EUR 9,570,000	243	0.07

**Portfolio Statement**

as at 15 January 2023

<i>Security</i>	<i> Holding</i>	<i> Bid value £'000</i>	<i> Total net assets %</i>
#GBP Forward Currency Contract 8/2/2023	(GBP 8,250,392)		
#USD Forward Currency Contract 9/2/2023	USD 1,650,000	9	0.00
#GBP Forward Currency Contract 9/2/2023	(GBP 1,340,716)		
#EUR Forward Currency Contract 8/2/2023	EUR 350,000	9	0.00
#GBP Forward Currency Contract 8/2/2023	(GBP 301,806)		
#USD Forward Currency Contract 9/2/2023	USD 2,770,000	35	0.01
#GBP Forward Currency Contract 9/2/2023	(GBP 2,231,537)		
#EUR Forward Currency Contract 8/2/2023	EUR 1,780,000	18	0.01
#GBP Forward Currency Contract 8/2/2023	(GBP 1,561,350)		
#EUR Forward Currency Contract 8/2/2023	EUR 200,000	2	0.00
#GBP Forward Currency Contract 8/2/2023	(GBP 175,467)		
#GBP Forward Currency Contract 9/2/2023	GBP 1,104,120	8	0.00
#USD Forward Currency Contract 9/2/2023	(USD 1,340,000)		
#EUR Forward Currency Contract 16/1/2023	EUR 2,690,000	(3)	0.00
#GBP Forward Currency Contract 16/1/2023	(GBP 2,387,719)		
#GBP Forward Currency Contract 8/2/2023	GBP 814,194	(2)	0.00
#EUR Forward Currency Contract 8/2/2023	(EUR 920,000)		
#GBP Forward Currency Contract 8/2/2023	GBP 1,508,691	-	0.00
#EUR Forward Currency Contract 8/2/2023	(EUR 1,700,000)		
#USD Forward Currency Contract 9/2/2023	USD 2,000,000	-	0.00
#GBP Forward Currency Contract 9/2/2023	(GBP 1,636,142)		
<b>Total Forward Foreign Exchange Contracts</b>		<b>(180)</b>	<b>(0.06)</b>
<b>FUTURES - (0.04%) ((0.13%))</b>			
CBT US Long Bond March 2023	(25)	(51)	(0.01)
CBT US 5 Year Note March 2023	(22)	(24)	(0.01)
CBT US 10 Year Note March 2023	(12)	(16)	0.00
EUX Euro Bobl Future March 2023	(59)	82	0.02
EUX Euro Bund Future March 2023	(122)	73	0.02
ICF ICE Long Gilt Future March 2023	228	(223)	(0.06)
<b>Total Futures</b>		<b>(159)</b>	<b>(0.04)</b>
<b>Portfolio of investments</b>		<b>336,164</b>	<b>97.02</b>
<b>Net other assets</b>		<b>10,315</b>	<b>2.98</b>
<b>Net assets</b>		<b>346,479</b>	<b>100.00</b>

+Funds managed by the ACD/HSBC Holding Plc Group

#unlisted

Figures in brackets denote the comparative percentage holdings as at 15 January 2022.

Unless otherwise stated, all investments are listed securities.

The counterparty for the futures is HSBC.

The counterparties for the forward foreign exchange contracts are Credit Agricole London, HSBC, JP Morgan, Merrill Lynch and UBS.

## Comparative Tables

for the year ended 15 January 2023

<b>Retail Income</b>	<b>15.1.23</b>	<b>15.1.22</b>	<b>15.1.21</b>
Change in net assets per share			
Opening net asset value per share	125.70p	132.80p	128.50p
Return before operating charges*	(17.51p)	(2.46p)	8.71p
Operating charges**	(1.19p)	(1.40p)	(1.46p)
Return after operating charges*	(18.70p)	(3.86p)	7.25p
Distributions on income shares	(3.30p)	(3.24p)	(2.95p)
Closing net asset value per share	103.70p	125.70p	132.80p
*after direct transaction costs of:***	0.00p	0.00p	0.00p
<b>Performance</b>			
Return after charges	(14.88%)	(2.91%)	5.64%
<b>Other information</b>			
Closing net asset value	£9,916,481	£6,656,838	£7,312,745
Closing number of shares	9,566,738	5,297,797	5,507,065
Operating charges - OCF	1.09%	1.07%	1.09%†
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest share price	125.70p	133.60p	135.50p
Lowest share price	92.30p	126.20p	111.40p

<b>Retail Accumulation</b>	<b>15.1.23</b>	<b>15.1.22</b>	<b>15.1.21</b>
Change in net assets per share			
Opening net asset value per share	313.90p	323.40p	305.70p
Return before operating charges*	(43.66p)	(6.06p)	21.19p
Operating charges**	(3.04p)	(3.44p)	(3.49p)
Return after operating charges*	(46.70p)	(9.50p)	17.70p
Distributions on accumulation shares	(8.32p)	(7.96p)	(7.11p)
Retained distributions on accumulation shares	8.32p	7.96p	7.11p
Closing net asset value per share	267.20p	313.90p	323.40p
*after direct transaction costs of:***	0.01p	0.00p	0.00p
<b>Performance</b>			
Return after charges	(14.88%)	(2.94%)	5.79%
<b>Other information</b>			
Closing net asset value	£6,477,607	£27,931,027	£124,260,156
Closing number of shares	2,424,559	8,899,347	38,419,689
Operating charges - OCF	1.09%	1.08%	1.09%†
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest share price	313.90p	326.90p	328.10p
Lowest share price	233.90p	311.90p	265.20p

†Estimated value following a change to the charging structure on 1 October 2020.

\*\*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 2023

<b>Institutional Income</b>	<b>15.1.23</b>	<b>15.1.22</b>	<b>15.1.21</b>
<b>Change in net assets per share</b>			
Opening net asset value per share	231.10p	244.30p	236.20p
Return before operating charges*	(32.24p)	(4.66p)	16.24p
Operating charges**	(0.05p)	(0.01p)	(0.06p)
Return after operating charges*	(32.29p)	(4.67p)	16.18p
Distributions on income shares	(8.21p)	(8.53p)	(8.08p)
Closing net asset value per share	190.60p	231.10p	244.30p
*after direct transaction costs of:***	0.01p	0.00p	0.00p
<b>Performance</b>			
Return after charges	(13.97%)	(1.91%)	6.85%
<b>Other information</b>			
Closing net asset value	£171,316,755	£27,599,460	£314,854,787
Closing number of shares	89,879,448	11,940,907	128,901,450
Operating charges - OCF	0.03%	0.00%	0.02%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest share price	231.20p	245.90p	249.90p
Lowest share price	170.20p	232.60p	205.30p

<b>Institutional Accumulation</b>	<b>15.1.23</b>	<b>15.1.22</b>	<b>15.1.21</b>
<b>Change in net assets per share</b>			
Opening net asset value per share	382.30p	389.80p	364.50p
Return before operating charges*	(53.31p)	(7.44p)	25.39p
Operating charges**	(0.09p)	(0.06p)	(0.09p)
Return after operating charges*	(53.40p)	(7.50p)	25.30p
Distributions on accumulation shares	(13.80p)	(13.79p)	(12.63p)
Retained distributions on accumulation shares	13.80p	13.79p	12.63p
Closing net asset value per share	328.90p	382.30p	389.80p
*after direct transaction costs of:***	0.01p	0.01p	0.00p
<b>Performance</b>			
Return after charges	(13.97%)	(1.92%)	6.94%
<b>Other information</b>			
Closing net asset value	£30,382,948	£25,154,870	£25,411,104
Closing number of shares	9,236,710	6,579,155	6,518,514
Operating charges - OCF	0.03%	0.02%	0.02%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest share price	382.40p	396.30p	395.40p
Lowest share price	287.20p	376.50p	316.80p

\*\*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.

## Comparative Tables

for the year ended 15 January 2023

<b>Income C</b>	<b>15.1.23</b>	<b>15.1.22</b>	<b>15.1.21</b>
<b>Change in net assets per share</b>			
Opening net asset value per share	126.20p	133.40p	129.00p
Return before operating charges*	(17.59p)	(2.52p)	8.84p
Operating charges**	(0.43p)	(0.50p)	(0.53p)
Return after operating charges*	(18.02p)	(3.02p)	8.31p
Distributions on income shares	(4.08p)	(4.18p)	(3.91p)
Closing net asset value per share	104.10p	126.20p	133.40p
*after direct transaction costs of:***	0.00p	0.00p	0.00p
<b>Performance</b>			
Return after charges	(14.28%)	(2.26%)	6.44%
<b>Other information</b>			
Closing net asset value	£81,425,976	£110,053,050	£126,718,548
Closing number of shares	78,209,557	87,190,625	94,990,557
Operating charges - OCF	0.39%	0.38%	0.39%†
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest share price	126.30p	134.30p	136.40p
Lowest share price	92.88p	127.00p	112.00p

<b>Accumulation C</b>	<b>15.1.23</b>	<b>15.1.22</b>	<b>15.1.21</b>
<b>Change in net assets per share</b>			
Opening net asset value per share	333.20p	341.00p	320.00p
Return before operating charges*	(46.45p)	(6.52p)	22.33p
Operating charges**	(1.15p)	(1.28p)	(1.33p)
Return after operating charges*	(47.60p)	(7.80p)	21.00p
Distributions on accumulation shares	(10.93p)	(10.81p)	(9.82p)
Retained distributions on accumulation shares	10.93p	10.81p	9.82p
Closing net asset value per share	285.60p	333.20p	341.00p
*after direct transaction costs of:***	0.01p	0.00p	0.00p
<b>Performance</b>			
Return after charges	(14.29%)	(2.29%)	6.56%
<b>Other information</b>			
Closing net asset value	£46,959,419	£58,528,681	£44,352,350
Closing number of shares	16,441,338	17,565,659	13,007,705
Operating charges - OCF	0.39%	0.38%	0.39%†
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest share price	333.30p	345.90p	345.90p
Lowest share price	249.60p	329.20p	277.90p

†Estimated value following a change to the charging structure on 1 October 2020.

\*\*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 2023

<b>Institutional Gross Accumulation#</b>	<b>15.1.23</b>	<b>15.1.22</b>	<b>15.1.21</b>
<b>Change in net assets per share</b>			
Opening net asset value per share	383.50p	391.00p	365.60p
Return before operating charges*	(2.40p)	(7.45p)	25.49p
Operating charges**	0.00p	(0.05p)	(0.09p)
Return after operating charges*	(2.40p)	(7.50p)	25.40p
Distributions on accumulation shares	-	(13.84p)	(12.67p)
Retained distributions on accumulation shares	-	13.84p	12.67p
Cancellation Price	(381.10p)	-	-
Closing net asset value per share	0.00p	383.50p	391.00p
*after direct transaction costs of:***	0.00p	0.01p	0.00p
<b>Performance</b>			
Return after charges	(0.63%)	(1.92%)	6.95%
<b>Other information</b>			
Closing net asset value	N/A	£7,978,048	£41,668,866
Closing number of shares	N/A	2,080,270	10,656,565
Operating charges - OCF	N/A	0.01%	0.02%
Direct transaction costs	N/A	0.00%	0.00%
<b>Prices</b>			
Highest share price	383.60p	397.50p	396.60p
Lowest share price	381.10p	377.70p	317.70p
#The Institutional Gross Accumulation share class closed on 18 January 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.			

## Statement of Total Return

for the year ended 15 January 2023

	Notes	15.1.23		15.1.22	
		£'000	£'000	£'000	£'000
Income					
Net capital losses	2		(27,663)		(22,924)
Revenue	3	10,289		12,656	
Expenses	4	(766)		(1,486)	
Interest payable and similar charges		(3)		(27)	
Net revenue before taxation		9,520		11,143	
Taxation	5	-		-	
Net revenue after taxation			9,520		11,143
Total deficit before distributions			(18,143)		(11,781)
Distributions	6		(10,118)		(13,120)
Change in net assets attributable to shareholders from investment activities			(28,261)		(24,901)

## Statement of Change in Net Assets Attributable to Shareholders

for the year ended 15 January 2023

	15.1.23		15.1.22	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		263,902		684,579
Amounts receivable on creation of shares	256,657		47,747	
Amounts payable on cancellation of shares	(150,023)		(449,712)	
		106,634		(401,965)
Dilution adjustment		964		1,510
Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above)		(28,261)		(24,901)
Retained distribution on accumulation shares		3,240		4,679
Closing net assets attributable to shareholders		346,479		263,902

## Balance Sheet

as at 15 January 2023

	Notes	15.1.23		15.1.22	
		£'000	£'000	£'000	£'000
<b>Assets</b>					
Investments			337,369		256,869
Current assets					
Debtors	8	14,078		4,501	
Cash and bank balances		5,311		6,588	
Total current assets			19,389		11,089
Total assets			356,758		267,958
<b>Liabilities</b>					
Investment liabilities			(1,205)		(618)
Creditors					
Distribution payable on income shares		(2,665)		(1,254)	
Other creditors	9	(6,409)		(2,184)	
Total creditors			(9,074)		(3,438)
Total liabilities			(10,279)		(4,056)
Net assets attributable to shareholders			346,479		263,902

**Distribution Tables (pence per share)**

for the year ended 15 January 2023

	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution payable 15.3.23</i>	<i>Distribution paid 15.3.22</i>
Group 1: Shares purchased prior to 16 October 2022				
Group 2: Shares purchased from 16 October 2022 to 15 January 2023				
<b>Retail Income</b>				
Group 1	0.825833	-	0.825833	0.851751
Group 2	0.825833	0.000000	0.825833	0.851751
<b>Retail Accumulation</b>				
Group 1	2.096561	-	2.096561	2.096354
Group 2	1.660182	0.436379	2.096561	2.096354
<b>Institutional Income</b>				
Group 1	2.003187	-	2.003187	2.188963
Group 2	1.955318	0.047869	2.003187	2.188963
<b>Institutional Accumulation</b>				
Group 1	3.426108	-	3.426108	3.594134
Group 2	2.082505	1.343603	3.426108	3.594134
<b>Income C</b>				
Group 1	1.004151	-	1.004151	1.086789
Group 2	0.474404	0.529747	1.004151	1.086789
<b>Accumulation C</b>				
Group 1	2.722424	-	2.722424	2.819247
Group 2	1.618755	1.103669	2.722424	2.819247
<b>Institutional Gross Accumulation*</b>				
Group 1	N/A	-	N/A	3.606322
Group 2	N/A	N/A	N/A	3.606322

\* The Institutional Gross Accumulation share class closed on 18 January 2022.

**Distribution Tables (pence per share)**

for the year ended 15 January 2023

	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 15.12.22</i>	<i>Distribution paid 15.12.21</i>
Group 1: Shares purchased prior to 16 July 2022				
Group 2: Shares purchased from 16 July 2022 to 15 October 2022				
<b>Retail Income</b>				
Group 1	0.860000	-	0.860000	0.840000
Group 2	0.860000	0.000000	0.860000	0.840000
<b>Retail Accumulation</b>				
Group 1	2.190000	-	2.190000	2.080000
Group 2	0.560000	1.630000	2.190000	2.080000
<b>Institutional Income</b>				
Group 1	2.110000	-	2.110000	2.210000
Group 2	0.100000	2.010000	2.110000	2.210000
<b>Institutional Accumulation</b>				
Group 1	3.560000	-	3.560000	3.570000
Group 2	2.020000	1.540000	3.560000	3.570000
<b>Income C</b>				
Group 1	1.060000	-	1.060000	1.080000
Group 2	0.400000	0.660000	1.060000	1.080000
<b>Accumulation C</b>				
Group 1	2.840000	-	2.840000	2.810000
Group 2	1.280000	1.560000	2.840000	2.810000
<b>Institutional Gross Accumulation*</b>				
Group 1	N/A	-	N/A	3.580000
Group 2	N/A	N/A	N/A	3.580000

\* The Institutional Gross Accumulation share class closed on 18 January 2022.

**Distribution Tables (pence per share)**

for the year ended 15 January 2023

	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 15.9.22</i>	<i>Distribution paid 15.9.21</i>
Group 1: Shares purchased prior to 16 April 2022				
Group 2: Shares purchased from 16 April 2022 to 15 July 2022				
<b>Retail Income</b>				
Group 1	0.820000	-	0.820000	0.820000
Group 2	0.420000	0.400000	0.820000	0.820000
<b>Retail Accumulation</b>				
Group 1	2.060000	-	2.060000	2.000000
Group 2	0.050000	2.010000	2.060000	2.000000
<b>Institutional Income</b>				
Group 1	2.060000	-	2.060000	2.140000
Group 2	1.060000	1.000000	2.060000	2.140000
<b>Institutional Accumulation</b>				
Group 1	3.440000	-	3.440000	3.450000
Group 2	1.200000	2.240000	3.440000	3.450000
<b>Income C</b>				
Group 1	1.020000	-	1.020000	1.050000
Group 2	0.410000	0.610000	1.020000	1.050000
<b>Accumulation C</b>				
Group 1	2.720000	-	2.720000	2.710000
Group 2	1.670000	1.050000	2.720000	2.710000
<b>Institutional Gross Accumulation*</b>				
Group 1	N/A	-	N/A	3.470000
Group 2	N/A	N/A	N/A	3.470000

\* The Institutional Gross Accumulation share class closed on 18 January 2022.

**Distribution Tables (pence per share)**

for the year ended 15 January 2023

	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 15.6.22</i>	<i>Distribution paid 15.6.21</i>
Group 1: Shares purchased prior to 16 January 2022				
Group 2: Shares purchased from 16 January 2022 to 15 April 2022				
<b>Retail Income</b>				
Group 1	0.790000	-	0.790000	0.730000
Group 2	0.280000	0.510000	0.790000	0.730000
<b>Retail Accumulation</b>				
Group 1	1.970000	-	1.970000	1.780000
Group 2	0.770000	1.200000	1.970000	1.780000
<b>Institutional Income</b>				
Group 1	2.040000	-	2.040000	1.990000
Group 2	0.740000	1.300000	2.040000	1.990000
<b>Institutional Accumulation</b>				
Group 1	3.370000	-	3.370000	3.180000
Group 2	1.340000	2.030000	3.370000	3.180000
<b>Income C</b>				
Group 1	1.000000	-	1.000000	0.960000
Group 2	0.430000	0.570000	1.000000	0.960000
<b>Accumulation C</b>				
Group 1	2.650000	-	2.650000	2.470000
Group 2	1.330000	1.320000	2.650000	2.470000
<b>Institutional Gross Accumulation*</b>				
Group 1	N/A	-	N/A	3.180000
Group 2	N/A	N/A	N/A	3.180000

\* The Institutional Gross Accumulation share class closed on 18 January 2022.

## Notes to the Financial Statements

for the year ended 15 January 2023

	<b>15.1.23</b>	15.1.22
	<b>£'000</b>	£'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 gains	<b>58</b>	302
Transaction charges	<b>(9)</b>	(6)
Losses on derivative contracts	<b>(2,176)</b>	(1,697)
Gains on forward foreign currency contracts	<b>401</b>	345
Losses on non-derivative securities	<b>(25,937)</b>	(21,868)
Net capital losses	<b>(27,663)</b>	(22,924)
<b>3. Revenue</b>		
Interest on bonds and other debt securities	<b>10,246</b>	12,656
Deposit interest	<b>18</b>	-
Bank interest	<b>21</b>	-
Income on derivative contracts	<b>(1)</b>	-
Stock lending Income	<b>5</b>	-
Total revenue	<b>10,289</b>	12,656
<b>4. Expenses</b>		
Payable to the ACD, associates of the ACD, and agents of either of them:		
ACD's charge	<b>684</b>	1,453
Safe custody fee	<b>20</b>	(26)
	<b>704</b>	1,427
Payable to the Depositary, associates of the Depositary, and agents of either of them:		
Depositary fee	<b>29</b>	40
<b>Other expenses:</b>		
Audit fee	<b>8</b>	9
Legal fee	<b>-</b>	9
Report and accounts fee	<b>5</b>	1
Administration fee	<b>20</b>	-
	<b>33</b>	19
Total expenses	<b>766</b>	1,486

	<b>15.1.23</b>	15.1.22
	<b>£'000</b>	£'000
<b>5. Taxation</b>		
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>9,520</b>	11,143
Corporation tax at 20%	<b>1,904</b>	2,229
Effects of:		
Tax deductible interest distribution	<b>(1,904)</b>	(2,229)
Current tax charge for the year (note 5a)	-	-
c) Provision for deferred taxation		
At 15 January 2023, there is no potential deferred tax asset (15.1.22: £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	<b>6,350</b>	9,978
Final dividend distribution	<b>3,480</b>	2,248
	<b>9,830</b>	12,226
Add: Amounts deducted on cancellation of shares	<b>715</b>	1,133
Deduct: Amounts received on issue of shares	<b>(427)</b>	(239)
Net distribution for the year	<b>10,118</b>	13,120
<b>7. Movement Between Net Revenue and Distributions</b>		
Net revenue after taxation	<b>9,520</b>	11,143
Equalisation on conversions	-	(1)
Effective yield transferred from capital	<b>598</b>	1,978
Net distribution for the year	<b>10,118</b>	13,120
<b>8. Debtors</b>		
Amounts receivable for creation of shares	<b>47</b>	220
Sales awaiting settlement	<b>7,975</b>	507
Accrued revenue	<b>6,056</b>	3,774
Total debtors	<b>14,078</b>	4,501
<b>9. Other Creditors</b>		
Amounts payable for cancellation of shares	<b>222</b>	705
Purchases awaiting settlement	<b>6,130</b>	1,242
Accrued expenses	<b>57</b>	237
Total other creditors	<b>6,409</b>	2,184

**10. Reconciliation of Shares**

	<i>Retail Income</i>	<i>Retail Accumulation</i>	<i>Institutional Income</i>	<i>Institutional Accumulation</i>
Opening shares issued at 16.1.22	5,297,797	8,899,347	11,940,907	6,579,155
<b>Share movements 16.1.22 to 15.1.23</b>				
Shares issued	4,268,941	30,408	126,480,513	4,046,838
Shares cancelled	-	(6,492,661)	(48,531,272)	(1,389,283)
Shares converted	-	(12,535)	(10,700)	-
Closing shares issued at 15.1.23	9,566,738	2,424,559	89,879,448	9,236,710

	<i>Income C</i>	<i>Accumulation C</i>	<i>Institutional Gross Accumulation</i>
Opening shares issued at 16.1.22	87,190,625	17,565,659	2,080,270
<b>Share movements 16.1.22 to 15.1.23</b>			
Shares issued	1,715,149	3,385,368	-
Shares cancelled	(10,715,815)	(4,521,464)	(2,080,270)
Shares converted	19,598	11,775	-
Closing shares issued at 15.1.23	78,209,557	16,441,338	-

**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>	<i>Institutional Gross Accumulation</i>
	%	%	%	%	%	%	%
As at 15.1.23	-	-	95.73	99.65	88.67	21.24	-
As at 15.1.22	-	-	89.90	98.53	88.85	17.44	-

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/from the ACD (including amounts due to associates and agents) at the year end was £213,276 (15.1.22: £708,324). Further details of such amounts can be found in notes 8 and 9.

At the year end, the Fund held £21,631,969 (15.1.22: £28,524,652) in Authorised Investment Funds managed by HSBC and/or HSBC Holdings Plc, the parent company of the ACD. During the period, transactions in Authorised Investment Funds managed by HSBC and/or HSBC Holdings totalled £162,138,841 (15.1.22: £210,502,364).

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 (15.1.22: same).

### Interest Rate Risk

The interest rate profile of the Fund's financial assets and liabilities at 15 January 2023 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>15.1.23</b>	15.1.22	<b>15.1.23</b>	15.1.22	<b>15.1.23</b>	15.1.22	<b>15.1.23</b>	15.1.22
	<b>£'000</b>	£'000	<b>£'000</b>	£'000	<b>£'000</b>	£'000	<b>£'000</b>	£'000
Sterling	<b>126,420</b>	97,005	<b>185,852</b>	142,962	<b>14,907</b>	16,720	<b>327,179</b>	256,687
Euro	<b>5,344</b>	(1,602)	<b>8,932</b>	1,357	<b>(4,647)</b>	306	<b>9,629</b>	61
United States dollar	<b>4,444</b>	6,030	<b>2,161</b>	706	<b>3,066</b>	418	<b>9,671</b>	7,154
<b>Total</b>	<b>136,208</b>	101,433	<b>196,945</b>	145,025	<b>13,326</b>	17,444	<b>346,479</b>	263,902

\*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 2023 were:

<b>Investment</b>	<i>Bid value</i>	<i>Total net assets %</i>
	<b>£'000</b>	
Bond credit ratings		
Investment grade	290,602	83.86
Non investment grade	29,337	8.49
Non rated	7,902	2.27
<b>Total bonds</b>	<b>327,841</b>	<b>94.62</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 96 to 101. The distribution per share class is given in the Distribution Tables on page 103 to 106. 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 £916 (15.01.22: £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 90 to 97, 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	
	2023	2022	2023	2022
Credit Agricole	521	-	521	-
HSBC Bank	146	-	146	-
JP Morgan	9	1	9	1
RBS	-	283	-	283
UBS	35	-	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 2023, there was no collateral held in respect of the above derivatives (15.1.22: £nil).

## 16. Contingent Liabilities and Commitments

At the year end, the Fund had no contingent liabilities or commitments (15.1.22: 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 £438,428,642 (15.1.22: £198,814,395).

Total sales for the year were £331,720,943 (15.1.22: £602,712,181).

The Fund had paid £7,271 (15.01.22: £6,059) as commission on purchases and sales derivative transactions for the year ended 15.1.23.

At the balance sheet date the portfolio dealing spread was 1.15% (15.01.22: 0.56%), 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 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)

### For the year ended 15 January 2022

Category	1	2	3	Total
	£'000	£'000	£'000	£'000
<b>Investment Assets</b>				
Equities	-	-	-	-
Bonds	4,863	235,007	-	239,870
Pooled investment vehicles	-	16,460	-	16,460
Derivatives	255	284	-	539
	5,118	251,751	-	256,869
<b>Investment Liabilities</b>				
Derivatives	(588)	(30)	-	(618)
	(588)	(30)	-	(618)

## 19. Leverage and 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 (Markit iBoxx Corporates Index).

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 2023 the relative VaR was 92.91% (15.1.22: 88.93%).

The minimum, average and maximum VaR of the Fund over the year ended 15 January 2023 was 78.09%, 89.39% and 93.96% (15.1.22: 87.35%, 93.83% and 102.93%).

The Corporate Bond Fund employs leverage, which is calculated as a sum of notionals. The average level under normal market conditions is expected to be 60%. The actual average level is 27.1%.

## 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

Contributors to relative performance included US stock, Phillips 66 (Energy) with a total effect of 1.28%. Additionally, Australian security, BHP Group (Materials) was in the top two contributors with a total effect of 1.02%.

Detractors included Russian security, Severstal (Materials) with a total effect of -1.23%, and Korean holding SK HYNIX (Information Technology) with a total effect of -0.79%.

During the period, we have sold IQVIA, Ball, Tencent Holdings and China Conch Venture.

Stocks bought included Pfizer, Rentokil Initial, LKQ Corporation and Costco Wholesale.

Sector and country allocation effects are residual to stock selection. At the country level, effects were positive, given an underweight exposure to USA. At the sector level, effects were positive, given an underweight exposure to Consumer Discretionary.

### Investment Performance

During the year under review, the value of the shares in the Fund decreased by 3.74% while the value of the MSCI All Countries World Index fell by 1.77%. 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 2023

	Institutional Income	Institutional Accumulation	Income C	Accumulation C
Price	140.9p xd	163.2p	133.4p xd	155p
Distribution payable (on 15 March 2023) per share net	0.641661p	0.739620p	0.610527p	0.704640p
Current net estimated yield	2.43%	2.40%	2.44%	2.40%
Annual ACD charge	0.00%	0.00%	0.80%	0.80%

**Portfolio Statement**

as at 15 January 2023

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>Oil &amp; Gas - 6.46% (5.96%)</b>			
BP	17,541	85	1.98
Kinder Morgan	4,836	75	1.74
Phillips 66	1,403	118	2.74
<b>Total Oil &amp; Gas</b>		<b>278</b>	<b>6.46</b>
<b>Basic Materials - 6.62% (7.34%)</b>			
Air Products & Chemicals	268	68	1.58
BHP Group ADR	2,185	124	2.88
Brenntag	1,580	93	2.16
#Severstal PJSC GDR	62,394	-	0.00
<b>Total Basic Materials</b>		<b>285</b>	<b>6.62</b>
<b>Industrials - 15.13% (16.26%)</b>			
Accenture	234	54	1.26
Adecco Group	1,317	39	0.91
Ferguson NewCo	1,134	129	3.00
Prysmian	3,939	123	2.86
Rentokil Initial	14,377	75	1.74
Secom	1,191	57	1.32
Shimadzu	2,736	65	1.51
TE Connectivity	488	50	1.16
Waste Management	467	59	1.37
<b>Total Industrials</b>		<b>651</b>	<b>15.13</b>
<b>Consumer Goods - 7.61% (6.63%)</b>			
LKQ Corporation	907	43	1.00
Nestle (registered)	698	70	1.63
PepsiCo	925	133	3.09
Persimmon	2,110	30	0.70
Philip Morris International	610	51	1.19
<b>Total Consumer Goods</b>		<b>327</b>	<b>7.61</b>
<b>Healthcare - 9.24% (8.79%)</b>			
Johnson & Johnson	770	109	2.53
Pfizer	1,914	75	1.74
Sanofi	917	74	1.72
UnitedHealth Group	350	140	3.25
<b>Total Healthcare</b>		<b>398</b>	<b>9.24</b>
<b>Consumer Services - 13.63% (12.99%)</b>			
Comcast	2,368	76	1.77
Compass Group	4,476	86	2.00
Costco Wholesale	100	40	0.93
Home Depot	525	142	3.30
Omnicom	1,148	79	1.84
Walt Disney	1,078	88	2.05
Wolters Kluwer certificates	859	75	1.74
<b>Total Consumer Services</b>		<b>586</b>	<b>13.63</b>

## Portfolio Statement

as at 15 January 2023

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>Telecommunications - 2.79% (3.10%)</b>			
Telekomunikasi Indonesia	589,088	120	2.79
<b>Total Telecommunications</b>		<b>120</b>	<b>2.79</b>
<b>Utilities - 2.65% (2.31%)</b>			
Energias de Portugal	26,557	114	2.65
<b>Total Utilities</b>		<b>114</b>	<b>2.65</b>
<b>Financials - 14.21% (13.80%)</b>			
Bank of America	1,986	57	1.32
Industrial & Commercial Bank of China Class H	77,471	34	0.79
Intesa Sanpaolo	23,064	47	1.09
JPMorgan Chase & Company	564	66	1.53
KBC Group	838	50	1.16
Prudential	3,319	43	1.00
Sumitomo Mitsui Financial Group	1,585	58	1.35
Toronto Dominion Bank	1,059	58	1.35
Visa A	559	102	2.37
Zurich Insurance Group	247	97	2.25
<b>Total Financials</b>		<b>612</b>	<b>14.21</b>
<b>Technology - 17.59% (22.18%)</b>			
Broadcom	287	136	3.16
Capgemini	555	84	1.95
Cisco Systems	1,182	47	1.09
Infineon Technologies	1,740	49	1.14
Microsoft	1,259	247	5.74
SK Hynix	1,397	79	1.84
Taiwan Semiconductor Manufacturing ADR	1,624	115	2.67
<b>Total Technology</b>		<b>757</b>	<b>17.59</b>
<b>Futures - (0.02)% (0.00%)</b>			
EUX MSCI World Index Future March 2023	2	(1)	(0.02)
<b>Total Futures</b>		<b>(1)</b>	<b>(0.02)</b>
<b>Portfolio of investments</b>		<b>4,127</b>	<b>95.91</b>
<b>Net other assets</b>		<b>176</b>	<b>4.09</b>
<b>Net assets</b>		<b>4,303</b>	<b>100.00</b>

#unlisted

Figures in brackets denote the comparative percentage holdings as at 15 January 2022.

Unless otherwise stated, all investments are listed equities.

The counterparty for the futures is HSBC.

Total purchases for the period, including transaction charges, were £285,143.

Total sales for the period, net of transaction charges, were £73,494,029

## Comparative Tables

for the year ended 15 January 2023

<b>Institutional Income</b>	<b>15.1.23</b>	<b>15.1.22</b>	<b>15.1.21</b>
<b>Change in net assets per share</b>			
Opening net asset value per share	148.90p	132.00p	119.10p
Return before operating charges*	(4.29p)	20.10p	15.33p
Operating charges**	(0.11p)	(0.06p)	(0.06p)
Return after operating charges*	(4.40p)	20.04p	15.27p
Distributions on income shares	(3.50p)	(3.14p)	(2.37p)
Closing net asset value per share	141.00p	148.90p	132.00p
*after direct transaction costs of:***	0.21p	0.03p	0.13p
<b>Performance</b>			
Return after charges	(2.96%)	15.18%	12.82%
<b>Other information</b>			
Closing net asset value	£4,070,671	£81,269,673	£89,274,223
Closing number of shares	2,888,008	54,562,625	67,612,393
Operating charges - OCF ****	0.07%	0.04%	0.05%
Direct transaction costs	0.14%	0.02%	0.11%
<b>Prices</b>			
Highest share price	149.60p	153.70p	135.20p
Lowest share price	129.90p	127.40p	90.73p
<b>Institutional Accumulation</b>	<b>15.1.23</b>	<b>15.1.22</b>	<b>15.1.21</b>
<b>Change in net assets per share</b>			
Opening net asset value per share	168.30p	145.90p	129.00p
Return before operating charges*	(4.34p)	22.47p	16.97p
Operating charges**	(0.56p)	(0.07p)	(0.07p)
Return after operating charges*	(4.90p)	22.40p	16.90p
Distributions on accumulation shares	(4.00p)	(3.50p)	(2.59p)
Retained distributions on accumulation shares	4.00p	3.50p	2.59p
Closing net asset value per share	163.40p	168.30p	145.90p
*after direct transaction costs of:***	0.23p	0.04p	0.14p
<b>Performance</b>			
Return after charges	(2.91%)	15.35%	13.10%
<b>Other information</b>			
Closing net asset value	£81,685	£84,129	£72,948
Closing number of shares	50,000	50,000	50,000
Operating charges - OCF ****	0.36%	0.04%	0.05%
Direct transaction costs	0.14%	0.02%	0.11%
<b>Prices</b>			
Highest share price	169.00p	172.90p	149.00p
Lowest share price	148.20p	140.80p	98.24p
<p>**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 change in the OCF is reflective of significant withdrawals from the fund during the reporting period.  The fund has now closed.</p>			

## Comparative Tables

for the year ended 15 January 2023

<b>Income C</b>	<b>15.1.23</b>	<b>15.1.22</b>	<b>15.1.21</b>
<b>Change in net assets per share</b>			
Opening net asset value per share	142.20p	127.10p	115.60p
Return before operating charges*	(3.84p)	19.21p	14.78p
Operating charges**	(1.54p)	(1.12p)	(0.99p)
Return after operating charges*	(5.38p)	18.09p	13.79p
Distributions on income shares	(3.32p)	(2.99p)	(2.29p)
Closing net asset value per share	133.50p	142.20p	127.10p
*after direct transaction costs of:***	0.19p	0.03p	0.13p
<b>Performance</b>			
Return after charges	(3.78%)	14.23%	11.93%
<b>Other information</b>			
Closing net asset value	£73,407	£78,193	£63,541
Closing number of shares	55,000	55,000	50,000
Operating charges - OCF ****	1.15%	0.84%	0.87%†
Direct transaction costs	0.14%	0.02%	0.11%
<b>Prices</b>			
Highest share price	142.70p	146.70p	130.10p
Lowest share price	123.20p	122.60p	87.95p

<b>Accumulation C</b>	<b>15.1.23</b>	<b>15.1.22</b>	<b>15.1.21</b>
<b>Change in net assets per share</b>			
Opening net asset value per share	161.00p	140.80p	125.50p
Return before operating charges*	(4.13p)	21.50p	16.39p
Operating charges**	(1.77p)	(1.30p)	(1.09p)
Return after operating charges*	(5.90p)	20.20p	15.30p
Distributions on accumulation shares	(3.79p)	(3.34p)	(2.51p)
Retained distributions on accumulation shares	3.79p	3.34p	2.51p
Closing net asset value per share	155.10p	161.00p	140.80p
*after direct transaction costs of:***	0.22p	0.03p	0.14p
<b>Performance</b>			
Return after charges	(3.66%)	14.35%	12.19%
<b>Other information</b>			
Closing net asset value	£77,539	£80,511	£70,381
Closing number of shares	50,000	50,000	50,000
Operating charges - OCF ****	1.15%	0.84%	0.87%†
Direct transaction costs	0.14%	0.02%	0.11%
<b>Prices</b>			
Highest share price	161.60p	165.50p	143.80p
Lowest share price	141.30p	135.80p	95.44p

†Estimated value following a change to the charging structure on 1 October 2020.

\*\*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 change in the OCF is reflective of significant withdrawals from the fund during the reporting period.

The fund has now closed.

## Statement of Total Return

for the year ended 15 January 2023

	Notes	15.1.23		15.1.22	
		£'000	£'000	£'000	£'000
Income					
Net capital (losses)/gains	2		(3,740)		10,928
Revenue	3	825		2,314	
Expenses	4	(17)		(41)	
Net revenue before taxation		808		2,273	
Taxation	5	(77)		(257)	
Net revenue after taxation			731		2,016
Total (deficit)/return before distributions			(3,009)		12,944
Distributions	6		(732)		(2,018)
Change in net assets attributable to shareholders from investment activities			(3,741)		10,926

## Statement of Change in Net Assets Attributable to Shareholders

for the year ended 15 January 2023

	15.1.23		15.1.22	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		81,513		89,481
Amounts receivable on creation of shares	133		2,900	
Amounts payable on cancellation of shares	(73,689)		(21,821)	
		(73,556)		(18,921)
Dilution adjustment		83		24
Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above)		(3,741)		10,926
Retained distribution on accumulation shares		4		3
Closing net assets attributable to shareholders		4,303		81,513

## Balance Sheet

as at 15 January 2023

	Notes	15.1.23		15.1.22	
		£'000	£'000	£'000	£'000
<b>Assets</b>					
Investments			4,128		80,995
Current assets					
Debtors	8	130		164	
Cash and bank balances		81		805	
Total current assets			211		969
Total assets			4,339		81,964
<b>Liabilities</b>					
Investment liabilities			(1)		(3)
Creditors					
Distribution payable on income shares		(19)		(336)	
Other creditors	9	(16)		(112)	
Total creditors			(35)		(448)
Total liabilities			(36)		(451)
Net assets attributable to shareholders			4,303		81,513

**Distribution Tables (pence per share)**

for the year ended 15 January 2023

	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution payable 15.3.23</i>	<i>Distribution paid 15.3.22</i>
Group 1: Shares purchased prior to 16 October 2022				
Group 2: Shares purchased from 16 October 2022 to 15 January 2023				
<b>Institutional Income</b>				
Group 1	0.641661	-	0.641661	0.614637
Group 2	0.641661	0.000000	0.641661	0.614637
<b>Institutional Accumulation</b>				
Group 1	0.739620	-	0.739620	0.691660
Group 2	0.739620	0.000000	0.739620	0.691660
<b>Income C</b>				
Group 1	0.610527	-	0.610527	0.593036
Group 2	0.610527	0.000000	0.610527	0.593036
<b>Accumulation C</b>				
Group 1	0.704640	-	0.704640	0.662860
Group 2	0.704640	0.000000	0.704640	0.662860
Group 1: Shares purchased prior to 16 July 2022				
Group 2: Shares purchased from 16 July 2022 to 15 October 2022				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 15.12.22</i>	<i>Distribution paid 15.12.21</i>
<b>Institutional Income</b>				
Group 1	0.480000	-	0.480000	0.760000
Group 2	0.480000	0.000000	0.480000	0.760000
<b>Institutional Accumulation</b>				
Group 1	0.560000	-	0.560000	0.850000
Group 2	0.560000	0.000000	0.560000	0.850000
<b>Income C</b>				
Group 1	0.450000	-	0.450000	0.710000
Group 2	0.450000	0.000000	0.450000	0.710000
<b>Accumulation C</b>				
Group 1	0.520000	-	0.520000	0.800000
Group 2	0.520000	0.000000	0.520000	0.800000

**Distribution Tables (pence per share)**

for the year ended 15 January 2023

	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 15.9.22</i>	<i>Distribution paid 15.9.21</i>
Group 1: Shares purchased prior to 16 April 2022				
Group 2: Shares purchased from 16 April 2022 to 15 July 2022				
<b>Institutional Income</b>				
Group 1	1.450000	-	1.450000	1.110000
Group 2	0.820000	0.630000	1.450000	1.110000
<b>Institutional Accumulation</b>				
Group 1	1.650000	-	1.650000	1.230000
Group 2	1.650000	0.000000	1.650000	1.230000
<b>Income C</b>				
Group 1	1.380000	-	1.380000	1.060000
Group 2	1.380000	0.000000	1.380000	1.060000
<b>Accumulation C</b>				
Group 1	1.570000	-	1.570000	1.180000
Group 2	1.570000	0.000000	1.570000	1.180000
Group 1: Shares purchased prior to 16 January 2022				
Group 2: Shares purchased from 16 January 2022 to 15 April 2022				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 15.6.22</i>	<i>Distribution paid 15.6.21</i>
<b>Institutional Income</b>				
Group 1	0.930000	-	0.930000	0.660000
Group 2	0.820000	0.110000	0.930000	0.660000
<b>Institutional Accumulation</b>				
Group 1	1.050000	-	1.050000	0.730000
Group 2	1.050000	0.000000	1.050000	0.730000
<b>Income C</b>				
Group 1	0.880000	-	0.880000	0.630000
Group 2	0.880000	0.000000	0.880000	0.630000
<b>Accumulation C</b>				
Group 1	1.000000	-	1.000000	0.700000
Group 2	1.000000	0.000000	1.000000	0.700000

## Notes to the Financial Statements

for the year ended 15 January 2023

	<b>15.1.23</b>	15.1.22
	<b>£'000</b>	£'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 gains	<b>11</b>	-
Transaction charges	<b>(5)</b>	(2)
Management fee rebates	-	2
Capital special dividends	<b>30</b>	34
(Losses)/gains on derivative contracts	<b>(110)</b>	83
(Losses)/gains on non-derivative securities	<b>(3,666)</b>	10,811
Net capital (losses)/gains	<b>(3,740)</b>	10,928
<b>3. Revenue</b>		
UK dividends (net)	<b>90</b>	121
Overseas dividends	<b>733</b>	2,193
Stocklending income	<b>2</b>	-
Total revenue	<b>825</b>	2,314
<b>4. Expenses</b>		
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's charge	<b>1</b>	2
Safe custody fee	<b>(3)</b>	17
	<b>(2)</b>	19
Payable to the Depositary, associates of the Depositary, and agents of either of them:		
Depositary fee	<b>3</b>	11
<b>Other expenses:</b>		
Audit fee	<b>7</b>	8
Termination fee	<b>7</b>	-
Revenue collection fee	-	1
Inland revenue interest paid	-	1
Report and accounts fee	<b>1</b>	-
Administration fee	<b>1</b>	1
	<b>16</b>	11
Total expenses	<b>17</b>	41

	<b>15.1.23</b>	15.1.22
	<b>£'000</b>	£'000
<b>5. Taxation</b>		
a) Analysis of charge in year:		
Corporation tax	<b>8</b>	50
Overseas tax	<b>77</b>	241
Double taxation relief	<b>(8)</b>	(34)
Total tax for the year (note 5b)	<b>77</b>	257
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>808</b>	2,273
Corporation tax at 20%	<b>162</b>	455
Effects of:		
Revenue not subject to taxation	<b>(154)</b>	(405)
Irrecoverable overseas tax	<b>77</b>	241
Double taxation relief	<b>(8)</b>	(34)
Current tax charge for the year (note 5a)	<b>77</b>	257
c) Provision for deferred taxation		
At 15 January 2023, there is no potential deferred tax asset of (15.1.22: £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	<b>423</b>	1,655
Final dividend distribution	<b>20</b>	337
	<b>443</b>	1,992
Add: Amounts deducted on cancellation of shares	<b>289</b>	36
Deduct: Amounts received on issue of shares	<b>-</b>	(10)
Net distribution for the year	<b>732</b>	2,018
<b>7. Movement Between Net Revenue and Distributions</b>		
Net revenue after taxation	<b>731</b>	2,016
ACD's charge charged to capital	<b>1</b>	2
Net distribution for the year	<b>732</b>	2,018
<b>8. Debtors</b>		
Amounts receivable for creation of shares	<b>-</b>	14
Accrued revenue	<b>5</b>	59
Overseas tax recoverable	<b>125</b>	91
Total debtors	<b>130</b>	164
<b>9. Other creditors</b>		
Amounts payable for cancellation of shares	<b>-</b>	81
Accrued expenses	<b>16</b>	15
Corporation tax payable	<b>-</b>	16
Total other creditors	<b>16</b>	112

**10. Reconciliation of Shares**

	<i>Institutional Income</i>	<i>Institutional Accumulation</i>	<i>Income C</i>	<i>Accumulation C</i>
Opening shares issued at 16.1.22	54,562,625	50,000	55,000	50,000
<b>Share movements 16.1.22 to 15.1.23</b>				
Shares issued	92,178	-	-	-
Shares cancelled	(51,766,795)	-	-	-
Shares converted	-	-	-	-
Closing shares issued at 15.1.23	2,888,008	50,000	55,000	50,000

**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.

	<i>Institutional Income</i>	<i>Institutional Accumulation</i>	<i>Income C</i>	<i>Accumulation C</i>
	%	%	%	%
As at 15.1.23	100.00	100.00	90.91	100.00
As at 15.1.22	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 £1,097 (15.1.22: £74,037). Further details of such amounts can be found in notes 8 and 9.

At the year end, the Fund held £nil (15.01.22: £nil) in Authorised Investment Funds managed by HSBC and/or HSBC Holdings Plc, the parent company of the ACD. During the period, transactions in Authorised Investment Funds managed by HSBC and/or HSBC Holdings totalled £nil (15.1.22: £nil).

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 consist of:

	<i>Portfolio of investments</i>		<i>Net other assets/(liabilities)</i>		<i>Net assets</i>	
	<b>15.1.23</b>	15.1.22	<b>15.1.23</b>	15.1.22	<b>15.1.23</b>	15.1.22
	<b>£'000</b>	£'000	<b>£'000</b>	£'000	<b>£'000</b>	£'000
Sterling*	<b>448</b>	7,230	<b>75</b>	291	<b>523</b>	7,521
Canadian dollar	<b>58</b>	1,191	-	9	<b>58</b>	1,200
Danish krone	-	-	<b>3</b>	3	<b>3</b>	3
Euro	<b>709</b>	13,276	<b>34</b>	26	<b>743</b>	13,302
Hong Kong dollar	<b>34</b>	1,289	-	-	<b>34</b>	1,289
Indonesian rupiah	<b>120</b>	2,530	-	-	<b>120</b>	2,530
Japanese yen	<b>180</b>	3,180	-	-	<b>180</b>	3,180
Korean won	<b>79</b>	2,072	<b>1</b>	15	<b>80</b>	2,087
Swiss franc	<b>206</b>	3,854	<b>89</b>	62	<b>295</b>	3,916
United States dollar	<b>2,293</b>	46,370	<b>(26)</b>	115	<b>2,267</b>	46,485
<b>Total</b>	<b>4,127</b>	80,992	<b>176</b>	521	<b>4,303</b>	81,513

\*No currency risk as base currency.

### Interest Rate Risk

At the year end, 1.88% (15.1.22: 0.99%) 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 117 and 118. The distribution per share class is given in the Distribution Tables on pages 120 and 121. 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 (15.01.22: £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 pages 115 and 116.

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 2023, there was no collateral held in respect of the above derivatives (15.1.22: nil).

## 16. Contingent Liabilities and Commitments

At the year end, the Fund had no contingent liabilities or commitments (15.1.22: none).

**17. Portfolio Transaction Costs**

<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	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>		
	<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	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.

<b>For the year ended 15 January 2022</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	11,088	2	0.02	6	0.05	-	-	-
Total purchases before transaction costs	11,088	2		6		-		
Transaction costs	8							
Total purchases after commission, tax and fees	11,096							
	<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	27,431	8	0.03	3	0.01	1	-	-
Pooled investment vehicles	1,922	-	-	-	-	-	-	-
Total sales before transaction costs	29,353	8		3		1		
Transaction costs	(12)							
Total sales after commission, tax and fees	29,341							

The Fund had paid £428 as commission on purchases and sales derivative transactions for the year ended 15.1.22.

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 0.05%, 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 2023

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

### For the year ended 15 January 2022

Category	1	2	3	Total
	£'000	£'000	£'000	£'000
<b>Investment Assets</b>				
Equities	80,994	-	-	80,994
Derivatives	1	-	-	1
	80,995	-	-	80,995
<b>Investment Liabilities</b>				
Derivatives	(3)	-	-	(3)
	(3)	-	-	(3)

## 19. Sensitivity Analysis

### Price risk sensitivity:

If the price of investments at 15 January 2023 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 £412,669 (15.1.22: £8,099,243).

### Currency risk sensitivity:

If the exchange rate at 15 January 2023 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 £377,988 (15.1.22: £7,399,156).

### 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 (15.1.22: 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.

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### **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.

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### **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.

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## Portfolio Activity

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

The sector allocation was negative and explains around 30% of the underperformance.

Indeed, the Fund, which has a growth bias, was underexposed to banks and insurance, traditional value sectors, and overexposed to softwares, commercial services and healthcare equipment.

These negative contributions were partially offset by the Fund's strong positioning on consumer durables & apparel.

Stock selection had a negative impact and explains the most part of the Fund's relative performance.

Teleperformance underperformed. The group entered into a global deal on labor rights with UNI Global Union. The agreement covers the company's 440,000 employees worldwide and includes freedom of association, health and safety, content moderation and positive relations. The labor pact also gives workers the right to form trade unions and engage in collective bargaining and follows an investigation into Teleperformance's harsh working conditions in Colombia.

The Fund was hit by the outperformance on Total Energies, which is not part of the portfolio due to the Fund's positioning on growth.

Major purchases during the period included Amplifon, FincoBank, Heineken, Hermes and Wolters Kluwer.

Major sales during the period included Deutsche Post, Kone, Nexi, Swedish Match, Temenos and Veolia.

Against a backdrop of war in Ukraine and a pandemic, global economic prospects for 2023 continue to be clouded by the sustained pace of inflation and by the rate hikes that have been put through to combat it. Fiscal policies should, to a certain extent, soften inflation's harmful impact on the economy – and foster the energy transition. China's reopening will also provide support to global growth.

On the whole, companies have so far managed to maintain their margins and keep their balance sheets solid. In the coming weeks, investors will pore over fourth quarter 2022 figures and 2023 guidance, which are beginning to be reported.

Equity market valuations remain stretched in the US and close to their historical averages in Europe. How investors perceive them will depend on reported earnings and on the economic and geopolitical environment.

## Investment Performance

During the year under review, the value of the shares in the Fund decreased by 2.97% while the value of the MSCI Europe ex UK NR increased by 1.38%.

(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 2023

	Retail Accumulation	Institutional A Accumulation	Income C	Accumulation C
Price	901.7p	867.7p	737.4p xd	971.3p
Distribution payable (on 15 March 2023) per share net	2.355542p	8.943910p	7.330991p	9.564293p
Current net estimated yield	0.24%	1.01%	0.97%	0.96%
Annual ACD charge	1.50%	0.75%	0.80%	0.80%

**Portfolio Statement**

as at 15 January 2023

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>DENMARK - 4.25% (2.99%)</b>			
Christian Hansen Holdings	17,517	1,042	1.06
Novo Nordisk 'B'	28,240	3,145	3.19
<b>Total Denmark</b>		<b>4,187</b>	<b>4.25</b>
<b>FINLAND - 3.19% (3.31%)</b>			
Neste	78,536	3,149	3.19
<b>Total Finland</b>		<b>3,149</b>	<b>3.19</b>
<b>FRANCE - 29.88% (30.19%)</b>			
Air Liquide	25,714	3,242	3.29
Alstom	48,039	1,097	1.11
Amundi	17,063	908	0.92
Capgemini	18,170	2,752	2.79
Dassault Systèmes	70,602	2,228	2.26
Hermes International	1,439	2,104	2.13
Kering	3,381	1,689	1.71
L'Oreal	9,171	3,040	3.08
Legrand Promesses	17,985	1,299	1.32
LVMH	9,490	6,606	6.70
Schneider Electric	20,183	2,654	2.69
Teleperformance	8,491	1,848	1.88
<b>Total France</b>		<b>29,467</b>	<b>29.88</b>
<b>GERMANY - 12.66% (18.28%)</b>			
Adidas	8,111	1,054	1.07
Allianz (registered)	16,358	3,159	3.20
Carl Zeiss Meditec	11,034	1,316	1.33
Deutsche Boerse	11,665	1,691	1.72
Infineon Technologies	79,056	2,221	2.25
SAP	16,932	1,617	1.64
Siemens	11,304	1,429	1.45
<b>Total Germany</b>		<b>12,487</b>	<b>12.66</b>
<b>IRELAND - 2.35% (3.09%)</b>			
Kerry Group 'A'	13,558	1,068	1.08
Kingspan Group	24,194	1,254	1.27
<b>Total Ireland</b>		<b>2,322</b>	<b>2.35</b>
<b>ITALY - 2.16% (0.50%)</b>			
Amplifon	31,063	742	0.75
FinecoBank Banca Fineco	93,901	1,386	1.41
<b>Total Italy</b>		<b>2,128</b>	<b>2.16</b>

**Portfolio Statement**

as at 15 January 2023

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>NETHERLANDS - 20.59% (15.68%)</b>			
Adyen	1,618	1,952	1.98
Akzo Nobel	27,001	1,622	1.64
ASML Holdings	12,798	6,860	6.96
Heineken	22,460	1,831	1.86
Koninklijke DSM	13,878	1,492	1.51
Prosus	33,934	2,289	2.32
STMicroelectronics	77,585	2,603	2.64
Wolters Kluwer certificates	18,905	1,659	1.68
<b>Total Netherlands</b>		<b>20,308</b>	<b>20.59</b>
<b>PORTUGAL - 1.08% (0.76%)</b>			
Galp Energia	93,835	1,069	1.08
<b>Total Portugal</b>		<b>1,069</b>	<b>1.08</b>
<b>SPAIN - 2.39% (2.29%)</b>			
Amadeus IT	18,178	921	0.94
Industria de Diseño Textil	58,705	1,431	1.45
<b>Total Spain</b>		<b>2,352</b>	<b>2.39</b>
<b>SWEDEN - 1.35% (3.78%)</b>			
Securitas 'B'	179,751	1,330	1.35
<b>Total Sweden</b>		<b>1,330</b>	<b>1.35</b>
<b>SWITZERLAND - 13.59% (16.83%)</b>			
Lonza Group	3,800	1,646	1.67
Nestle (registered)	52,813	5,320	5.39
Novartis (registered)	28,704	2,144	2.17
Roche Holdings	9,982	2,574	2.61
Sonova	8,301	1,720	1.75
<b>Total Switzerland</b>		<b>13,404</b>	<b>13.59</b>
<b>FUTURES - 0.16% (0.03%)</b>			
EUX Euro Stoxx 50 March 2023	81	161	0.16
<b>Total Futures</b>		<b>161</b>	<b>0.16</b>
<b>Portfolio of investments</b>		<b>92,364</b>	<b>93.65</b>
<b>Net other assets</b>		<b>6,262</b>	<b>6.35</b>
<b>Net assets</b>		<b>98,626</b>	<b>100.00</b>

Figures in bracket denote the comparative percentage holding as at 15 January 2022.

Unless otherwise stated, all investments are listed securities.

The counterparty for futures is HSBC Bank.

## Comparative Tables

for the year ended 15 January 2023

<b>Retail Accumulation#</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	927.50p	974.00p
Return before operating charges*	(14.33p)	(41.33p)
Operating charges**	(13.17p)	(5.17p)
Return after operating charges*	(27.50p)	(46.50p)
Distributions on accumulation shares	(2.36p)	(0.00p)
Retained distributions on accumulation shares	2.36p	0.00p
Closing net asset value per share	900.00p	927.50p
*after direct transaction costs of:***	0.21p	0.11p
<b>Performance</b>		
Return after charges	(2.96%)	(4.77%)
<b>Other information</b>		
Closing net asset value	£3,256,552	£18,978,701
Closing number of shares	361,852	2,046,307
Operating charges - OCF	1.54%	1.56%
Direct transaction costs	0.02%	0.01%
<b>Prices</b>		
Highest share price	934.60p	1,003.00p
Lowest share price	760.10p	897.00p

<b>Institutional A Accumulation#</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	885.10p	927.10p
Return before operating charges*	(12.64p)	(39.42p)
Operating charges**	(6.46p)	(2.58p)
Return after operating charges*	(19.10p)	(42.00p)
Distributions on accumulation shares	(8.94p)	(0.00p)
Retained distributions on accumulation shares	8.94p	0.00p
Closing net asset value per share	866.00p	885.10p
*after direct transaction costs of:***	0.20p	0.10p
<b>Performance</b>		
Return after charges	(2.16%)	(4.53%)
<b>Other information</b>		
Closing net asset value	£899,148	£853,661
Closing number of shares	103,827	96,445
Operating charges - OCF	0.81%	0.81%
Direct transaction costs	0.02%	0.01%
<b>Prices</b>		
Highest share price	891.90p	956.00p
Lowest share price	730.00p	854.00p

# The Fund launched on 10 September 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.

## Comparative Tables

for the year ended 15 January 2023

<b>Income C#</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	759.90p	796.10p
Return before operating charges*	(10.88p)	(33.85p)
Operating charges**	(5.89p)	(2.35p)
Return after operating charges*	(16.77p)	(36.20p)
Distributions on income shares	(7.33p)	0.00p
Closing net asset value per share	735.80p	759.90p
*after direct transaction costs of:***	0.17p	0.09p
<b>Performance</b>		
Return after charges	(2.21%)	(4.55%)
<b>Other information</b>		
Closing net asset value	£49,723,115	£55,884,095
Closing number of shares	6,757,685	7,353,924
Operating charges - OCF	0.86%	0.86%
Direct transaction costs	0.02%	0.01%
<b>Prices</b>		
Highest share price	765.80p	821.00p
Lowest share price	626.50p	733.00p

<b>Accumulation C#</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	991.30p	1,039.00p
Return before operating charges*	(14.22p)	(44.64p)
Operating charges**	(7.68p)	(3.06p)
Return after operating charges*	(21.90p)	(47.70p)
Distributions on accumulation shares	(9.56p)	(0.00p)
Retained distributions on accumulation shares	9.56p	0.00p
Closing net asset value per share	969.40p	991.30p
*after direct transaction costs of:***	0.22p	0.11p
<b>Performance</b>		
Return after charges	(2.21%)	(4.59%)
<b>Other information</b>		
Closing net asset value	£44,747,480	£49,181,701
Closing number of shares	4,615,780	4,961,095
Operating charges - OCF	0.86%	0.86%
Direct transaction costs	0.02%	0.01%
<b>Prices</b>		
Highest share price	999.00p	1,071.00p
Lowest share price	817.30p	957.00p

# The Fund launched on 10 September 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.

**Statement of Total Return**

for the year ended 15 January 2023

	Notes	15.1.23		15.1.22*	
		£'000	£'000	£'000	£'000
Income					
Net capital losses	2		(5,705)		(5,759)
Revenue	3	2,325		181	
Expenses	4	(918)		(432)	
Interest payable and similar charges		(8)		(3)	
Net revenue/(expense) before taxation		1,399		(254)	
Taxation	5	(280)		(24)	
Net revenue/(expense) after taxation			1,119		(278)
Total deficit before distributions			(4,586)		(6,037)
Distributions	6		(1,119)		-
Change in net assets attributable to shareholders from investment activities			(5,705)		(6,037)

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

for the year ended 15 January 2023

	15.1.23		15.1.22*	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		124,898		-
Amounts receivable on in-specie creation of shares	-		134,261	
Amounts receivable on creation of shares	644		231	
Amounts payable on cancellation of shares	(21,687)		(3,557)	
		(21,043)		130,935
Dilution adjustment		17		-
Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above)		(5,705)		(6,037)
Retained distribution on accumulation shares		459		-
Closing net assets attributable to shareholders		98,626		124,898

\*The Fund launched on 10 September 2021.

**Balance Sheet**

as at 15 January 2023

	Notes	15.1.23		15.1.22*	
		£'000	£'000	£'000	£'000
<b>Assets</b>					
Investments			92,364		122,069
Current assets					
Debtors	8	1,889		1,604	
Cash and bank balances		5,039		1,648	
Total current assets			6,928		3,252
Total assets			99,292		125,321
<b>Liabilities</b>					
Creditors					
Distribution payable on income shares		(495)		-	
Other creditors	9	(171)		(423)	
Total liabilities			(666)		(423)
Net assets attributable to shareholders			98,626		124,898

\*The Fund launched on 10 September 2021.

**Distribution Tables (pence per share)**

for the year ended 15 January 2023

	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution payable 15.3.23</i>	<i>Distribution paid 15.3.22</i>
Group 1: Shares purchased prior to 16 January 2022				
Group 2: Shares purchased from 16 January 2022 to 15 January 2023				
<b>Retail Accumulation</b>				
Group 1	2.355542	-	2.355542	0.000000
Group 2	0.543891	1.811651	2.355542	0.000000
<b>Institutional A Accumulation</b>				
Group 1	8.943910	-	8.943910	0.000000
Group 2	3.726030	5.217880	8.943910	0.000000
<b>Income C</b>				
Group 1	7.330991	-	7.330991	0.000000
Group 2	3.350402	3.980589	7.330991	0.000000
<b>Accumulation C</b>				
Group 1	9.564293	-	9.564293	0.000000
Group 2	4.921157	4.643136	9.564293	0.000000
*The Fund launched on 10 September 2021.				

## Notes to the Financial Statements

for the year ended 15 January 2023

	<b>15.1.23</b>	15.1.22*
	<b>£'000</b>	£'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 gains/(losses)	<b>122</b>	(47)
Transaction charges	<b>(3)</b>	(6)
Losses on derivative contracts	<b>(119)</b>	(15)
Losses on non-derivative securities	<b>(5,705)</b>	(5,691)
Net capital losses	<b>(5,705)</b>	(5,759)
<b>3. Revenue</b>		
UK dividends (net)	<b>11</b>	-
Overseas dividends	<b>2,301</b>	181
Bank interest	<b>11</b>	-
Stock lending income	<b>2</b>	-
Total revenue	<b>2,325</b>	181
<b>4. Expenses</b>		
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's charge	<b>863</b>	405
Administration fee	<b>12</b>	7
Safe custody fee	<b>11</b>	5
	<b>886</b>	417
Payable to the Depositary, associates of the Depositary, and agents of either of them:		
Depositary fee	<b>12</b>	5
<b>Other expenses:</b>		
Audit fee	<b>7</b>	7
Professional Fees	<b>13</b>	-
Report and accounts fee	<b>(1)</b>	3
Administration fee	<b>1</b>	-
	<b>20</b>	10
Total expenses	<b>918</b>	432

	<b>15.1.23</b>	15.1.22*
	<b>£'000</b>	£'000
<b>5. Taxation</b>		
a) Analysis of charge in year:		
Overseas tax	<b>287</b>	24
Windfall overseas tax recoveries	<b>(7)</b>	-
Total tax for the year (note 5b)	<b>280</b>	24
b) Factors affecting taxation charge for the year:		
The tax assessed for the year is equal to the standard rate of corporation tax in the UK for an open-ended investment company (20%). The differences are explained below:		
Net revenue/(expense) before taxation	<b>1,399</b>	(254)
Corporation tax at 20%	<b>280</b>	(51)
Effects of:		
Revenue not subject to taxation	<b>(454)</b>	(31)
Overseas tax	<b>287</b>	24
Windfall overseas tax recoveries	<b>(7)</b>	-
Current year expenses not utilised	<b>175</b>	83
Tax relief on overseas tax suffered	<b>(1)</b>	(1)
Current tax charge for the year (note 5a)	<b>280</b>	24
c) Provision for deferred taxation		
At 15 January 2023, there is a potential deferred tax asset of £256,848 (15.1.22: £81,969) and £661 (15.1.22: £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 period.		
<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	<b>955</b>	-
	<b>955</b>	-
Add: Amounts deducted on cancellation of shares	<b>167</b>	-
Deduct: Amounts received on issue of shares	<b>(3)</b>	-
Net distribution for the year	<b>1,119</b>	-
<b>7. Movement Between Net Revenue and Distributions</b>		
Net revenue/(expense) after taxation	<b>1,119</b>	(278)
Income deficit transfer to capital	<b>-</b>	278
Net distribution for the year	<b>1,119</b>	-
<b>8. Debtors</b>		
Amounts receivable for creation of shares	<b>1</b>	1
Accrued revenue	<b>-</b>	12
Overseas tax recoverable	<b>1,888</b>	7
Amounts due from merged fund	<b>-</b>	1,584
Total debtors	<b>1,889</b>	1,604
<b>9. Other Creditors</b>		
Amounts payable for cancellation of shares	<b>123</b>	156
Accrued expenses	<b>48</b>	267
Total other creditors	<b>171</b>	423

\*The Fund launched on 10 September 2021.

**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 16.1.22	2,046,307	96,445	7,353,924	4,961,095
<b>Share movements 16.1.22 to 15.1.23</b>				
Shares issued	18,084	1,944	23,095	34,686
Shares cancelled	(1,702,539)	(1,064)	(619,334)	(374,195)
Shares converted	-	6,502	-	(5,806)
Closing shares issued at 15.1.23	361,852	103,827	6,757,685	4,615,780

**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>
	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>
As at 15.1.23	-	-	94.82	3.65
As at 15.1.22	81.13	-	94.42	3.69

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 £159,508 (15.1.22: £410,356). Further details of such amounts can be found in notes 8 and 9.

At the year end, the Fund held £nil (15.1.22: £nil) in Authorised Investment Funds managed by HSBC and/or HSBC Holdings Plc, the parent company of the ACD. During the period, transactions in Authorised Investment Funds managed by HSBC and/or HSBC Holdings totalled £nil (15.1.22: £nil).

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 consist of:

	Portfolio of investments		Net other assets		Net assets	
	15.1.23 £'000	15.1.22 £'000	15.1.23 £'000	15.1.22 £'000	15.1.23 £'000	15.1.22 £'000
Sterling*	-	-	1,431	917	1,431	917
Danish krone	4,187	3,743	327	173	4,514	3,916
Euro	73,443	92,583	1,866	1,086	75,309	93,669
Swiss franc	13,404	21,025	2,012	452	15,416	21,477
Swedish krona	1,330	4,718	589	194	1,919	4,912
United States dollar	-	-	37	7	37	7
<b>Total</b>	<b>92,364</b>	<b>122,069</b>	<b>6,262</b>	<b>2,829</b>	<b>98,626</b>	<b>124,898</b>

\*No currency risk as base currency.

### Interest Rate Risk

At the year end, 5.11% (15.1.22: 2.59%) 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 1.50%, 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 132 and 133. The distribution per share class is given in the Distribution Tables on page 135. 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 £651 (15.1.22: £nil) payable to HSBC Bank plc.

## 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 period end were index futures.

Details of the individual contracts are shown on the Portfolio Statement on pages 130 and 131, 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	Futures		Total	
	2023	2022	2023	2022
HSBC Bank	161	38	161	38

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 2023, there was no collateral held in respect of the above derivatives (15.1.22: £nil).

**16. Contingent Liabilities and Commitments**

At the year end, the Fund had no contingent liabilities or commitments (15.1.22: none).

**17. Portfolio Transaction Costs**

<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.

<b>For the year ended 15 January 2022</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	4,984	1	0.02	11	0.22	-	-	
In-specie transactions	132,678	-	-	-	-	-	-	
Corporate actions	373	-	-	-	-	-	-	
Total purchases before transaction costs	138,035	1		11		-		
Transaction costs	12							
Total purchases after commission, tax and fees	138,047							
	<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	10,327	2	0.02	-	-	-	-	
Total sales before transaction costs	10,327	2		-		-		
Transaction costs	(2)							
Total sales after commission, tax and fees	10,325							

The Fund had paid £159 as commission on purchases and sales derivative transactions for the period ended 15.1.22.

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

Commissions	0.00%
Taxes	0.01%
Other expenses	0.00%

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 2023

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

### For the period ended 15 January 2022

Category	1	2	3	Total
	£'000	£'000	£'000	£'000
Investment Assets				
Equities	122,031	-	-	122,031
Derivatives	38	-	-	38
	122,069	-	-	122,069

## 19. Sensitivity Analysis

### Price risk sensitivity:

If the price of investments at 15 January 2023 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 £9,236,366 (15.1.22: £12,206,863).

### Currency risk sensitivity:

If the exchange rate at 15 January 2023 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 £9,719,582 (15.1.22: £12,398,168).

### 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 (15.1.22: 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 14.

### Global Data

#### Amount of securities and commodities on loan

	<i>% of total lendable assets*</i>
Securities	0.35%

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

Amount of assets	<i>% of AUM</i>
£1,153,506	0.34%

\* 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>
UK Treasury 0.5% 22/03/2050	86,454	150
US Treasury 0.125% 15/04/2026	165,700	146
Smith & Nephew	12,371	142
GSK	9,933	142
National Grid	13,720	142
Diageo	3,902	142
Government of Japan 2.20% 20/03/2041	6,000,000	44
Government of Germany 2.5% 04/07/2044	45,997	44
Government of Netherlands 15/07/2031	60,126	44
US Treasury 1.75% 30/06/2024	55,300	44

### All counterparties

<b>Counterparty</b>	<i>Gross volume of outstanding transactions Fair value £'000</i>
HSBC Bank	893
Merrill Lynch	261
	<b>1,154</b>

**Aggregate Data****Type and quality of collateral**

<b>Type</b>	<b>Quality*</b>	<b>Fair Value £'000</b>
Equities	n/a	572
Bonds	Investment grade	645
		<b>1,217</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	1,217
	<b>1,217</b>

**Currency of collateral**

<b>Currency</b>	<b>Fair Value £'000</b>
Sterling	756
Euro	109
Japanese Yen	56
US dollar	296
	<b>1,217</b>

**Maturity tenor of SFTs**

<b>Maturity</b>	<b>Fair Value £'000</b>
Rolling Maturity	1,154
	<b>1,154</b>

**Country in which counterparties are established**

<b>Counterparty</b>	<b>Fair Value £'000</b>
All counterparties are UK based	

**Return and cost**

	<b>£'000</b>	<b>% of overall returns</b>
Fund gross return	-	
Payment to ACD	-	10.00%
Agents fee	-	15.00%
<b>Fund net return</b>	<b>-</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	10.70%

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

Amount of assets	<i>% of AUM</i>
£29,506,891	10.55%

\*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 2.2% 20/3/2041	463,050,000	3,421
Government of Germany 2.5% 4/7/2044	3,541,981	3,367
Government of Netherlands 0.5% 15/7/2032	4,498,764	3,367
US Treasury 2.75% 15/11/2023	4,151,700	3,360
US Treasury 2.875% 15/8/2045	4,696,300	3,360
Glencore	200,614	1,091
GVC Holdings	74,453	1,091
BP	224,894	1,091
Aveva	33,894	1,091
Amazon	13,915	1,085

### All counterparties

<b>Counterparty</b>	<i>Gross volume of outstanding transactions Fair value £'000</i>
Bank Of Nova Scotia	6,849
BNP Paribas Arbitrage London	1,611
HSBC Bank	1,066
Merrill Lynch International	19,981
	<b>29,507</b>

**Aggregate Data****Type and quality of collateral**

<b>Type</b>	<b>Quality*</b>	<b>Fair Value £'000</b>
Equities	n/a	7,958
Bonds	Investment grade	23,235
		<b>31,193</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	31,193
	<b>31,193</b>

**Currency of collateral**

<b>Currency</b>	<b>Fair Value £'000</b>
Sterling	5,256
Euro	8,424
Hong Kong dollar	22
Japanese yen	5,980
US dollar	11,511
	<b>31,193</b>

**Maturity tenor of SFTs**

<b>Maturity</b>	<b>Fair Value £'000</b>
Rolling Maturity	29,507
	<b>29,507</b>

**Country in which counterparties are established**

<b>Counterparty</b>	<b>Fair Value £'000</b>
All counterparties are UK based	<b>29,507</b>

**Return and cost**

	<b>£'000</b>	<b>% of overall returns</b>
Fund gross return	5	
Payment to ACD	-	10.00%
Agents fee	(1)	15.00%
<b>Fund net return</b>	<b>4</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	4.33%

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

Amount of assets	<i>% of AUM</i>
£5,230,689	4.28%

\*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>
BP	109,201	530
Glencore	97,411	530
GVC	36,152	530
Amazon	6,757	527
Apple	4,825	527
Microsoft	2,699	527
Alphabet	4,672	352
Government of Japan 2.2% 20/3/2041	43,750,000	323
Government of Germany 4% 4/1/2037	296,128	318
Government of Netherlands 0.25% 15/7/2025	378,396	318

## All counterparties

<b>Counterparty</b>	<i>Gross volume of outstanding transactions Fair value £'000</i>
Bank of Nova Scotia	3,329
Merrill Lynch	1,902
	<b>5,231</b>

**Aggregate Data****Type and quality of collateral**

<b>Type</b>	<b>Quality*</b>	<b>Fair Value £'000</b>
Equities	n/a	3,616
Bonds	Investment grade	2,265
		<b>5,881</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	5,881
	<b>5,881</b>

**Currency of collateral**

<b>Currency</b>	<b>Fair Value £'000</b>
Sterling	1,590
Euro	794
Hong Kong dollar	96
Japanese yen	676
US dollar	2,725
	<b>5,881</b>

**Maturity tenor of SFTs**

<b>Maturity</b>	<b>Fair Value £'000</b>
Rolling Maturity	5,231
	<b>5,231</b>

**Country in which counterparties are established**

<b>Counterparty</b>	<b>Fair Value £'000</b>
All counterparties are UK based	5,231

**Return and cost**

	<b>£'000</b>	<b>% of overall returns</b>
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	1.71%

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

Amount of assets	<i>% of AUM</i>
£1,412,706	1.58%

\*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>
UK Treasury 0.125% 10/8/2028	184,776	238
US Treasury 0.75% 31/3/2026	313,100	234
GSK	15,722	225
BAE Systems	27,002	225
National Grid	21,716	225
Diageo	6,177	225
Rentokil Initial	11,768	61
US Treasury 0.125% 15/4/2026	67,000	59
Blackrock	3	2
Ageas	1	0

## All counterparties

<b>Counterparty</b>	<i>Gross volume of outstanding transactions Fair value £'000</i>
HSBC Bank	1,413
	<b>1,413</b>

**Aggregate Data****Type and quality of collateral**

<b>Type</b>	<b>Quality*</b>	<i>Fair Value</i> <b>£'000</b>
Equities	n/a	963
Bonds	Investment grade	531
		<b>1,494</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	1,494
	<b>1,494</b>

**Currency of collateral**

<b>Currency</b>	<i>Fair Value</i> <b>£'000</b>
Sterling	1,199
US dollar	295
	<b>1,494</b>

**Maturity tenor of SFTs**

<b>Maturity</b>	<i>Fair Value</i> <b>£'000</b>
Rolling Maturity	1,413
	<b>1,413</b>

**Country in which counterparties are established**

<b>Counterparty</b>	<i>Fair Value</i> <b>£'000</b>
All counterparties are UK based	<b>1,413</b>

**Return and cost**

	<b>£'000</b>	<i>% of overall 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 13.

### Global Data

#### Amount of securities and commodities on loan

	<i>% of total lendable assets*</i>
Securities	0.41%

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

Amount of assets	<i>% of AUM</i>
£1,420,796	0.42%

\*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>
UK Treasury 0.125% 10/8/2038	254,452	327
Government of Switzerland 4% 8/4/2028	312,000	326
Government of Canada 3% 11/1/2024	507,000	309
US Treasury 1.5% 15/8/2026	310,600	237
US Treasury 2.25% 15/2/2052	376,400	233
US Treasury 2% 31/5/2024	214,400	170
Government of Canada 2% 1/12/2051	227,000	114
Government of Canada 1.5% 1/4/2025	173,000	101
UK Treasury 0.375% 22/10/2026	90,966	82
Government of Switzerland 4% 8/3/2036	78,000	81

### All counterparties

<b>Counterparty</b>	<i>Gross volume of outstanding transactions Fair value £'000</i>
JP Morgan	1,421
	<b>1,421</b>

**Aggregate Data****Type and quality of collateral**

<b>Type</b>	<b>Quality*</b>	<i>Fair Value</i> <b>£'000</b>
Bonds	Investment grade	2,039
		<b>2,039</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	2,039	
		<b>2,039</b>

**Currency of collateral**

<b>Currency</b>	<i>Fair Value</i> <b>£'000</b>	
Sterling	409	
Canadian dollar	524	
Swiss franc	407	
US dollar	699	
		<b>2,039</b>

**Maturity tenor of SFTs**

<b>Maturity</b>	<i>Fair Value</i> <b>£'000</b>	
Rolling Maturity	1,421	
		<b>1,421</b>

**Country in which counterparties are established**

<b>Counterparty</b>	<i>Fair Value</i> <b>£'000</b>
All counterparties are UK based	1,421

**Return and cost**

	<b>£'000</b>	<i>% of overall 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	0.79%

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

Amount of assets	<i>% of AUM</i>
£729,967	0.74%

\*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

	<i>Collateral Fair value</i>	<i>£'000</i>
<b>All collateral issuers</b> (across all SFT)	<i> Holding</i>	
Amazon	1,446	113
Apple	1,032	113
Microsoft	577	113
Glencore International	20,851	113
Aveva Group	3,522	113
BP	23,368	113
Nvidia Corporation	559	76

#### All counterparties

	<i>Gross volume of outstanding transactions</i>	<i>Fair value</i>
<b>Counterparty</b>		<i>£'000</i>
Bank of Nova Scotia		730
		<b>730</b>

**Aggregate Data****Type and quality of collateral**

<b>Type</b>	<b>Quality*</b>	<b>Fair Value £'000</b>
Equities	n/a	754
		<b>754</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	754
	<b>754</b>

**Currency of collateral**

<b>Currency</b>	<b>Fair Value £'000</b>
Sterling	340
US dollar	414
	<b>754</b>

**Maturity tenor of SFTs**

<b>Maturity</b>	<b>Fair Value £'000</b>
Rolling Maturity	730
	<b>730</b>

**Country in which counterparties are established**

<b>Counterparty</b>	<b>Fair Value £'000</b>
All counterparties are UK based	730

**Return and cost**

	<b>£'000</b>	<b>% of overall returns</b>
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>

## 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 2021. 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.

	<b>Headcount No.</b>	<b>Fixed Remuneration £</b>	<b>Variable Remuneration £</b>
<b>HSBC Global Asset Management (UK) Ltd Employees</b>	388	45,740,000.00	22,876,000.00
HSBC Investment Funds - material risk takers	18	5,247,000.00	4,302,000.00
of which executive and non-executive members of the management body of the management company	6	1,044,000.00	346,000.00
Senior management	9	1,081,000.00	731,000.00
Control functions	5	583,000.00	280,000.00
Staff responsible for heading the portfolio management, administration, marketing, HR and other risk takers	7	2,538,000.00	2,946,000.00

## 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 2022 to 15 January 2023

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  
 9 May 2023



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 2023 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 to 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 2023 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.

## 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.

## 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.

## 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.

## **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 155 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  
9 May 2023

## 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\*

### Minimum Additional Subscription

- The minimum additional subscriptions are as follows:

Retail B Income & Accumulation	£100
Retail Income & Accumulation	£500
Income C & Accumulation C	£500
Institutional A Accumulation	£1,000
Institutional Gross Income & Accumulation	£1,000,000
Institutional Income & Accumulation	£1,000,000

### Selling your Investment

We reserve the right to request that you leave a minimum investment as follows:

Retail B Income & Accumulation	£500
Retail Income & Accumulation	£1,000
Income C & Accumulation C	£1,000,000
Institutional A Accumulation	£1,000,000
Institutional Gross Income & Accumulation	£10,000,000
Institutional Income & Accumulation	£10,000,000

- You can sell or make a withdrawal at any time.
- You must take at least £100 each time.
- Settlement is normally made within 3 business days from receipt of your instructions.

### When we will Buy or Sell your Investment

Share prices are calculated at 12 noon each business day. The price at which shares are bought or sold depends on when we receive your instructions.

- Before 12 noon. That day's share prices will be used.
- After 12 noon. The following business day's prices will be used.

We will send you a contract note within 24 hours of the transaction. This confirms the transaction was made.

**Cancellation Rights**

- In certain circumstances we will send you a cancellation notice. If so, this will be sent within 7 days of making your investment.
  - Return this notice to us within 30 days if you do not wish to proceed with your investment.
  - It is possible to receive back less than your original investment, if the value of your shares has fallen.
- 

**Publication of Prices**

The prices of shares are updated daily on the following website: [www.assetmanagement.hsbc.com/uk](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. 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. The payment dates for each of the Funds are detailed in the table on pages 170 and 171.
- 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.

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**Taxation**

The information provided below is based on our understanding of current UK law and HM Revenue and Customs practice which may be subject to retrospective change. The future basis and rates of taxation may change without warning. Shareholders are recommended to consult their professional advisers if they are in any doubt as to their individual tax position.

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**Tax voucher**

A tax voucher is sent to all shareholders when distributions are paid or accumulated which will aid completion of tax returns.

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**Interest Distributions**

Interest Distributions are paid without a deduction of income tax at source.

A Personal Savings Allowance currently applies for UK individual taxpayers. This means that no tax is payable on savings income, which includes interest distributions, of up to £1,000 for basic rate taxpayers and up to £500 for higher rate taxpayers. This allowance is not available for additional rate taxpayers. UK taxpayers, including basic rate taxpayers, are liable to pay UK tax on savings income above the allowance, subject to the starting rate of tax for savings.

UK corporate shareholders will be subject to corporation tax on the gross amount of the distribution or accumulation.

For non-UK resident shareholders, tax may or may not be payable depending on the shareholder's tax position and the provisions of any relevant double tax treaty with the UK.

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### **Dividend Distributions**

A dividend allowance applies for UK resident individual shareholders which charges the first £2,000 of dividends received in the tax year at 0%. A UK resident individual shareholder will have to pay income tax at the applicable basic, higher or additional rate (depending on the shareholder's individual tax position) on dividend income in excess of the £2,000 allowance. Note that dividend income within the £2,000 allowance will still count towards basic, higher and additional rate bands and may therefore affect the rate of income tax that a shareholder pays on dividends they receive in excess of the £2,000 allowance.

The annual dividend allowance will fall from £2,000 in the current tax year to £1,000 in 2023/24 and £500 in 2024/25.

Where a corporate shareholder receives a dividend distribution from a Fund, such a shareholder should apportion the amount of the distribution (by way of a formula) between that part representing the Fund's income subject to corporation tax and that part representing the Fund's other income. Only that part which represents the income subject to corporation tax in the Fund will be liable to corporation tax (in the hands of the corporate shareholder) and will be treated as an annual payment received after deduction of income tax at the basic rate. That deemed income tax will be available to offset against the corporation tax liability of the shareholder or may be repaid subject to certain restrictions.

For non-UK resident shareholders, tax may or may not be payable depending on the shareholder's tax position and the provisions of any relevant double tax treaty with the UK.

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### **Capital Gains Tax**

You will not need to pay capital gains tax unless your net chargeable gains from all sources exceed the annual exemption limit. The limit for the current tax year is £12,300 and will be reduced to £6,000 in 2023/24 and £3,000 in 2024/25.

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### **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.

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### **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.

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\*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).

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## Important Notes

**The Annual Report covers the year 16 January 2022 to 15 January 2023.**

**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 2023. 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.

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### Amendments to the Company's Instrument of Incorporation

The Instrument of Incorporation was updated to complete the termination of the Gilt and Fixed Interest Fund.

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### Amendments to the Company Prospectus

The Company Prospectus was updated on 11 February 2022 to reflect the following:

- Amend the definition for "Approved Counterparty" and amend the "stocklending" definition to "securities lending". All references to "stocklending" have been replaced throughout the prospectus with "securities lending"
- Add new definitions for "ESG", "SFDR", "Securities Financing Transactions" or "SFTs", "SFTR", "Taxonomy Regulation" and "UNGC"
- Update to the list of Share Classes currently offered in each of the Funds
- in Risks, the Collateral risk has been updated and new risk text has been added for Securities Financing Transactions Risks, Securities Lending Risk, Environment, Social and Governance (ESG) Scoring Risk and SFDR categorisation and Environment, Social and Governance (ESG) data
- in Integration of Sustainability Risks into Investment Decisions, SFDR fund categories have been added
- new 'Taxonomy Regulation' disclosure has been added
- in Management and Administration, the names and significant activities of the directors of the ACD have been updated and the Depositary information has been updated
- in Fees and Expenses, the OCF and Dilution adjustment rates have been updated. The description of ACD Expenses and Payments out of the Scheme Property of the Company have been updated to include expenses incurred in relation to securities lending
- in Appendix 1, Securities Financing Transaction Risks and Securities Lending Risk added to list of risk categories for each fund
- in Appendix 2, Historical Fund performance updated
- in Appendix 3, Stocklending and Underwriting section has been amended to cover Underwriting only, new sections added for Collateral and Securities Lending

The Company Prospectus was updated on 1 April 2022 to reflect the following:

- References to the Gilt & Fixed Interest Fund have been removed following the termination of the Fund
- in Risks, the Leverage Risk has been updated to add reference to where derivatives are used for investment purposes.
- in Management and Administration, the significant activities of the directors of the ACD have been updated
- in Fees and Expenses, the Dilution adjustment rates have been updated
- in Appendix 2, Historical Fund performance updated
- - in Appendix 3, the Risk Management Process information in Part C (Derivatives) has been expanded to cover the average leverage of the Corporate Bond Fund. In Part E (Leverage) information has been updated to add reference to derivatives being used for investment purposes
- - In Appendix 5, Sub custodian details have been updated where required

The Company Prospectus was updated on 7 July 2022 to reflect the following:

- Amend the definition for "ESG"
  - Update to the list of Share Classes currently offered in each of the Funds
  - in Risks, the ESG risk has been amended
  - in Management and Administration, the ACD's Conflicts of Interest Policy has been updated regarding investment in ETFs
  - in Fees and Expenses, the OCF and Dilution adjustment rates have been updated. Reduction to the AMC and ongoing charges figure for Income C and Accumulation C Share Classes of the Balanced Fund
  - in Appendix 1, the SRRI for the Balanced Fund has been amended from 5 to 4
  - in Appendix 2, Historical Fund performance updated
-

## 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
Corporate Bond	15.3.23	Retail Income	0.00%	100.00%
	15.3.23	Retail Accumulation	0.00%	100.00%
	15.3.23	Institutional Income	0.00%	100.00%
	15.3.23	Institutional Accumulation	0.00%	100.00%
	15.3.23	Income C	0.00%	100.00%
	15.3.23	Accumulation C	0.00%	100.00%
	15.12.22	Retail Income	0.00%	100.00%
	15.12.22	Retail Accumulation	0.00%	100.00%
	15.12.22	Institutional Income	0.00%	100.00%
	15.12.22	Institutional Accumulation	0.00%	100.00%
	15.12.22	Income C	0.00%	100.00%
	15.12.22	Accumulation C	0.00%	100.00%
Monthly Income Fund	15.2.23	Retail Income	100.00%	0.00%
	15.2.23	Income C	77.26%	22.74%
	15.2.23	Accumulation C	77.19%	22.81%
	15.1.23	Retail Income	100.00%	0.00%
	15.1.23	Income C	79.03%	20.97%
	15.1.23	Accumulation C	79.00%	21.00%
	15.12.22	Retail Income	100.00%	0.00%
	15.12.22	Income C	81.19%	18.81%
	15.12.22	Accumulation C	81.19%	18.81%
	15.11.22	Retail Income	100.00%	0.00%
	15.11.22	Income C	81.84%	18.16%
	15.11.22	Accumulation C	81.84%	18.16%
	15.10.22	Retail Income	100.00%	0.00%
	15.10.22	Income C	92.35%	7.65%
	15.10.22	Accumulation C	92.34%	7.66%
	15.9.22	Retail Income	100.00%	0.00%
	15.9.22	Income C	91.73%	8.27%
	15.9.22	Accumulation C	91.74%	8.26%

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

## Risk and Reward Profile

Fund	Rating*
Balanced	4
UK Growth & Income	6
Income	6
Monthly Income	5
Corporate Bond	4
Global Equity Income	5
Europe Ex-UK Equity	6

**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](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, Quatermile 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**

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\*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.

## Quick Reference Guide to HSBC Investment Funds

Name of OEIC Fund	Balanced	UK Growth & Income	Income	Monthly Income
Number of distributions per year	2	2	2	12
Distribution dates	15 Mar 15 Sep	15 Mar 15 Sep	15 Mar 15 Sep	Each month
Lump sum minimum investment level	£1,000,000	£1,000,000	£1,000,000	£1,000,000
Regular saver minimum investment level	N/A	N/A	N/A	N/A
ACD charge % †	0.55	0.80	0.80	0.60
Available as an ISA	Yes	Yes	Yes	Yes
In ISA can income be paid	Yes	Yes	Yes	Yes
Income shares available	Yes	Yes	Yes	Yes
Accumulation shares available	Yes	Yes	Yes	Yes

\* 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 C share classes. Other share classes may differ.

## Quick Reference Guide to HSBC Investment Funds

Name of OEIC Fund	Corporate Bond	Global Equity Income	Europe Ex-UK Equity
Number of distributions per year	4	4	1
Distribution dates	15 Mar, 15 Jun, 15 Sep, 15 Dec	15 Mar, 15 Jun, 15 Sep, 15 Dec	15 Mar
Lump sum minimum investment level	£1,000,000	£1,000,000	£1,000,000
Regular saver minimum investment level	N/A	N/A	N/A
ACD charge % †	0.35	0.80	0.80
Available as an ISA	Yes	Yes	Yes
In ISA can income be paid	Yes	Yes	Yes
Income shares available	Yes	Yes	Yes
Accumulation shares available	Yes	Yes	Yes

\* 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 C share classes. Other share classes may differ.

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**[www.assetmanagement.hsbc.com/uk](http://www.assetmanagement.hsbc.com/uk)**

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