

# **HSBC Malta Funds SICAV p.l.c.**

## **Interim Report and Unaudited Financial Statements**

1 April 2020 – 30 September 2020

# HSBC Malta Funds SICAV p.l.c.

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# **HSBC Malta Funds SICAV p.l.c.**

## **Directors, officers and other information**

**For the period ended 30 September 2020**

### **Directors**

Mr. Steven Tedesco Chartered FCSI (Chartered Fellow of the Chartered Institute for Securities & Investments)  
Dr. Richard Bernard B.A. LL.D.  
Mr. Konrad Borg Myatt MBA Exec. (Malta)

### **Manager**

HSBC Global Asset Management (Malta) Limited  
80, Mill Street,  
Qormi QRM 3101  
Malta

### **Fund Administrator and Registrar**

HSBC Securities Services (Ireland) DAC  
1, Grand Canal Square,  
Grand Canal Harbour,  
Dublin 2 D02P820  
Ireland

### **Secretary**

Ganado Services Limited  
171, Old Bakery Street  
Valletta VLT 1455  
Malta

### **Registered Office**

171, Old Bakery Street  
Valletta VLT 1455  
Malta

### **Company Registration Number**

SV 2

### **Depositary/ Custodian**

Sparkasse Bank Malta p.l.c.  
101, Town Square,  
Ix-Xatt ta' Qui-Si-Sana,  
Sliema, SLM 3112  
Malta

# **HSBC Malta Funds SICAV p.l.c.**

## **Directors, officers and other information (continued)**

**For the period ended 30 September 2020**

### **Sub-Custodian**

HSBC Bank plc  
8 Canada Square,  
Canary Wharf,  
London E14 5HQ  
United Kingdom

### **Sponsoring Stockbroker**

Karol Farrugia ACIB  
Rizzo, Farrugia & Co. (Stockbrokers) Ltd  
3rd Floor, Airways House, High Street,  
Sliema SLM 1549  
Malta

### **Legal Advisers**

Ganado Advocates  
171, Old Bakery Street  
Valletta VLT 1455  
Malta

### **Independent Auditors**

PricewaterhouseCoopers  
78, Mill Street,  
Qormi QRM 3101  
Malta

# HSBC Malta Funds SICAV p.l.c.

## Manager's Report

For the period ended 30 September 2020

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The Investment Manager's Report provides an overview of the domestic and international markets, as well as the underlying economic fundamentals and political developments that drove market dynamics during the six-month period from 31<sup>st</sup> March 2020 till 30<sup>th</sup> September 2020. It provides a commentary on each Fund, outlining the key performance drivers, investment activity, and strategy, as well as the medium to long-term outlook.

### Domestic Market Performance

In March 2020, the shock of the Coronavirus pandemic brought global economies to a standstill as governments imposed lockdown measures to curb the spread of the virus. Given the adverse impact this conveyed on economic activity, governments and Central Banks made full use of their tool kit to support their economies using unprecedented measures.

Against this backdrop, the Maltese Government proposed several measures to fight the pandemic and support the economy. These mainly included €520 million (4% of GDP) aimed at supporting the healthcare sector as well as firms' and households' income and an additional €900 million (7% of GDP) package to help the economy recover. The latter entailed infrastructural investment over the coming years, the extension of tax deferrals, subsidies for wages, rent and electricity bills for businesses, lower taxes for property transactions, and cash vouchers. On top of this, a Guarantee Fund of €350 million (2.7% of GDP) potentially reaching up to €780 million (6% of GDP) was set up to guarantee subsidised loans granted by commercial banks in Malta to businesses affected negatively by the pandemic. Besides, banks were directed to offer a six-month moratorium on repayments on capital and interest to ease liquidity constraints. Such drastic measures were necessary to keep the economy afloat, however, pressure was exerted on the country's budgetary and public finances.

Between January to July 2020, the Government's consolidated fund registered a deficit of €1,051 million which is €926 million higher than the deficit of €126 million recorded in the corresponding period of 2019. This deficit increase was attributed to higher expenditure and lower revenues. During the same period, recurrent revenue decreased by 20.2% to €2,106 million as a result of lower-income and value-added taxes. Conversely, total expenditure increased by 14.2% to €3,158 million over the corresponding period in 2019. Overall the drop in revenue and the increase in expenditure are reflecting the developments concerning COVID-19.

By end of July 2020, Government Debt stood at €6,624 million, up by €1,173 million from July 2019. This was the result of additional Malta Government Stocks and Treasury Bills issued in the name of the Treasury which increased by €587 million and €497 million respectively. Similarly, the 62+ Malta Government Savings Bond issuance increased by €92 million. Consequently, the Government debt to GDP ratio is set to substantially increase from the first quarter of the year which stood at just 44.4%. In their most recent update, Fitch Ratings estimated Malta's debt to GDP was set to exceed 56% at end-2020 and to stabilise around the 60% level in 2021-2022.

Inbound tourism which indirectly accounts for about 16% of Malta's GDP was severely hit as flights from all destinations were suspended from the 21<sup>st</sup> March until the 1<sup>st</sup> of July. During the first seven months of the year, inbound tourism decreased by 72.3% which led to total tourism expenditure falling by 77.9% to €258.4 million over the corresponding period of last year.

The provisional estimate of real GDP for the second quarter of 2020 indicates a contraction of 16.2% when compared to the corresponding period of last year. Gross value added decreased by 15.1% when compared to the same quarter of last year. All the main sectors of the economy contracted significantly. The service industry fell by 15.7%, agriculture and fishing decreased by 13.6%, manufacturing short by 10.5%, and construction lost ground by 8.6% in volume terms.

# HSBC Malta Funds SICAV p.l.c.

## Manager's Report (continued)

For the period ended 30 September 2020

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In August 2020, Malta's seasonally adjusted unemployment rate stood at 4.1%, ranking third lowest in the EU, and below the EU-28 unemployment rate of 7.4%. The latest annual rate of inflation as measured by the Harmonised Index of Consumer Prices (HICP) was 0.7%. In August 2020, the HICP annual average rate stood at 1.1% down from 1.7% in 2019. The lower rate is reflecting slower growth in the prices of services and non-energy industrial goods. The largest upward impact on annual inflation was measured in the Food and Non-alcoholic Beverages Index, while the largest downward impact was recorded in the Transport segment.

Meanwhile, the S&P credit rating agency has confirmed Malta's long term credit rating at A- with a stable outlook. Again, the country's weaknesses in regulatory, financial and anti-money laundering supervision were highlighted, especially in the light of the upcoming Moneyval review due in October, which along with COVID-19 repercussions could further pressure the macro-financial stability of the country.

In terms of capital markets, the Maltex Total Return Index ended the period under review down by 6.54%. This performance largely reflected the negative impact of the partial lockdown measures and the closure of Malta International Airport with the tourism and retail industry being the worst hit. In return, Banks reflected this economic contraction with higher expected credit losses in anticipation of higher non-performing loans on their loan portfolios.

Amongst the best performers were Global Capital plc (+ 128.7%), Trident Estate plc (+ 16.3%), Malita Investments plc (+ 15.4%) and RS2 Software plc (+ 14.5%). On the other end were Medserv plc (- 42.8%), Fimbank plc (- 33.6%), Simonds Farsons Cisk plc (- 22.2%) and Mapfre Middlesea plc (-16.0%).

Looking at the performance of the fixed-income market during the period under review, the locally listed corporate bonds registered higher returns when compared to Malta Government Stocks (MGSs). Across the list of MGS issuances, the longer-dated tenors were the worst performers. During the period under review, two new issuers tapped the bond market namely Shoreline Mall plc and Cablenet Communication Systems plc. Meanwhile, Mediterranean Investment Holdings plc rolled over its existing bond issue.

The tables presented below summarise the developments which materialised in the Maltese market during the period under review.

# HSBC Malta Funds SICAV p.l.c.

## Manager's Report (continued)

For the period ended 30 September 2020

MSE-Listed Equities	31-Mar-20	30-Sep-20	Change in Price (%)
<b>Maltex Total Return Index</b>	<b>7,761.34</b>	<b>7,253.81</b>	<b>-6.54%</b>
Bank of Valletta Plc	€0.86	€0.87	1.28%
BMIT Technologies Plc	€0.48	€0.47	-2.09%
FIMBank Plc	€0.45	€0.30	-33.56%
Global Capital Plc	€0.23	€0.53	128.70%
GO Plc	€3.90	€3.14	-19.41%
Grand Harbour Marina Plc	€0.75	€0.70	-6.67%
Harvest Technology Plc	€1.50	€1.45	-3.33%
HSBC Bank Malta Plc	€0.90	€0.76	-15.56%
International Hotel Investments Plc	€0.54	€0.49	-7.85%
Lombard Bank Malta Plc	€2.10	€1.90	-9.57%
Main Street Complex Plc	€0.50	€0.49	-1.61%
Malita Investments Plc	€0.78	€0.90	15.38%
Malta International Airport Plc	€4.96	€4.72	-4.86%
Malta Properties Company Plc	€0.50	€0.50	-0.80%
MaltaPost Plc	€1.10	€0.99	-10.09%
Mapfre Middlesea Plc	€2.26	€1.90	-15.97%
Medserv Plc	€0.96	€0.55	-42.81%
MIDI Plc	€0.38	€0.35	-8.16%
PG Plc	€1.70	€1.89	11.12%
Plaza Centres Plc	€0.94	€0.94	0.11%
RS2 Software Plc	€1.92	€2.20	14.53%
Santummas Shareholdings Plc	€1.36	€1.49	9.56%
Simonds Farsons Cisk Plc	€9.25	€7.20	-22.16%
Tigne Mall Plc	€0.73	€0.79	8.08%
Trident Estates Plc	€1.28	€1.49	16.33%

Source: Bloomberg L.P.

# HSBC Malta Funds SICAV p.l.c.

## Manager's Report (continued)

For the period ended 30 September 2020

Generic Yields On Selected MGS Tenors			
Tenor	31-Mar-20	30-Sep-20	Change in Yield (bps)
2 years	-0.22%	-0.16%	0.06%
5 years	0.02%	0.02%	0.00%
10 years	0.49%	0.48%	-0.01%
15 years	0.77%	0.94%	0.17%
20 years	0.93%	1.33%	0.40%
25 years	1.13%	1.51%	0.38%

Source: Bloomberg L.P.

Selected MSE-Listed Corporate Bonds			
Security	31-Mar-20	30-Sep-20	Change in Yield (bps)
IHI 5.8% 2023	3.42%	5.79%	2.37%
AX 6% 2024	5.57%	4.59%	-0.98%
PTL 5.1% 2024	6.11%	4.82%	-1.29%
TUMAS 5% 2024	4.36%	4.19%	-0.17%
HILIPROP 4.5% 2025	5.14%	4.39%	-0.75%
IHI 5.75% 2025	5.96%	5.37%	-0.59%
MDSMV 4.5% 2026	4.73%	5.67%	0.94%
PRMCPT 3.75% 2026	4.01%	3.21%	-0.80%
BOV 3.5% 2030	3.56%	3.53%	-0.03%

Source: Malta Stock Exchange; HSBC Global Asset Management

### International Economic Review

During the period under review, equity markets experienced the fastest recovery in history with practically all major developed markets reporting high double-digit gains. In fact, the FTSE ALL World Index (EUR) surged by about 21%. The strong recovery in equities was largely attributable to the prompt response by central banks and governments which deployed massive amounts of stimulus as well as the reopening of economies. Apart from this direct intervention, which indeed was crucial to avoid the worst-case scenario of a pandemic crisis morphing into a liquidity crunch, central banks globally have made clear that they stand willing to use their full firepower to keep government and corporate borrowing costs low which markedly lifted investor confidence.



# HSBC Malta Funds SICAV p.l.c.

## Manager's Report (continued)

For the period ended 30 September 2020

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Asia has had a very strong performance primarily attributed to China's remarkable success in containing the virus. China's economic data is pointing towards a V-shaped recovery compared to a "swoosh" like recovery in the rest of the world.

The US also had a very positive period supported by signs of economic recovery and loose monetary policy. Meanwhile, Europe and the UK, lagged behind peers as new infections have been gradually rising for most of the summer, but have considerably reaccelerated during the last month of the quarter. With the winter season fast approaching, concerns of a surge in hospitalisations could potentially lead governments to re-impose curfews to limit the spread.

On a more positive note, vaccine news flow has been encouraging with more than 150 vaccines currently being explored. Out of which, 21 are in phase 1 trials, 13 in phase 2 trials, and 10 in phase 3 trials. Optimism on this front has been a major contributor in the recovery for equity markets. Further positive results could be pivotal for markets, potentially leading to a rally in sectors that have struggled during the year. On the contrary, disappointing results will likely see higher volatility in the markets.

The upcoming US election and the uncertainty over the timing and size of any fiscal stimulus package to support the economy's recovery will be in the spotlight in the coming weeks. Quoting Federal Reserve Chair, Jerome Powell, "Failure to provide more support for households and businesses hit by the coronavirus pandemic could have tragic economic consequences". Whether the US passes further fiscal stimulus pre or post-election could be an important driver for global equities in the coming months.

Despite the strong recovery, some risks certainly remain. First, central banks have the power to lend, but not spend, and so won't necessarily be able to save companies that face financial distress. As such, some companies will therefore still face default.

Also, the virus seems to be nowhere close to being contained in most parts of the world with total deaths now exceeding the one million mark, nor a vaccine has yet been approved. Investors have so far overshadowed this risk, but this could rapidly change if hospitalisations dramatically increase.

On a different note, it is important to note that whilst most equity markets have recovered most of the losses or perhaps even exceed pre-COVID levels, it is worth noting that sector performance tells a rather different story. For example, in the S&P 500, online retailers are up very strongly year to date, while department stores are down sharply. Other sectors that have been most affected by the pandemic, include hotels, airlines, retail REITS, energy companies, and financial institutions. Notably, cyclical and value-oriented businesses with a lack of financial and operating flexibility have been the worst-performing during this crisis. Consequently, rather than observing the Index performance at face value, investors ought to look at the sector level, or perhaps the sub-sector level to fully comprehend the impact of the pandemic.

Overall, the market has rallied on the back of fiscal and monetary stimulus, combined with the reopening of economies. While monetary policy is likely to remain supportive during such times, the large debt piles accumulated by governments might result in less generous fiscal stimulus. Meanwhile, rising infection rates could lead to further social distancing measures being imposed or voluntarily adopted, possibly, weighing down on equity markets.

# HSBC Malta Funds SICAV p.l.c.

## Manager's Report (continued)

For the period ended 30 September 2020

The table presented below summarises the performance of key equity market indices over the reporting period.

Equity Indices	Total Return (%)*
FTSE All World Index (EUR)	20.86%
S&P 500 Index (EUR)	22.89%
FTSE 100 Index (EUR)	2.51%
Euro STOXX 50 Index (EUR)	16.96%
Japan Nikkei 225 Average (EUR)	17.96%
MSCI AC Asia Ex. Japan Index (EUR)	21.05%
MSCI Emerging Market Index (EUR)	21.28%

Source: Bloomberg L.P.

\*Covering the period from 31 st March 2020 to 30 th September 2020

Notwithstanding the dramatic rebound in the equity market suggestive of an economic recovery, government bonds remained resilient. US and German government yields stood largely unchanged, trading sideways at very low levels throughout the six-month period. This is surprising given that these asset classes tend to exhibit a negative relationship with each other. The dislocation between the two indicates that either the hedging properties for risk-free government securities is weakening or investors are pricing in different narratives for the global economy.

Meanwhile, corporate bonds outperformed government bonds as credit spreads tightened substantially supported by policy measures, the gradual reopening of economies, and, to some degree, hopes of a COVID-19 vaccine.

Inflation was again on the agenda, as the Federal Reserve had recently released its new flexible average inflation targeting policy of 2%. Indeed, the growth in money supply in the economy fuelled by the central bank's unconventional monetary policy actions jointly with fiscal stimulus could possibly put upward pressure on inflation over the intermediate term.

In general, sentiment was positive during the period, underpinned by policy measures, the gradual reopening of economies, and, to some degree, hopes of a COVID-19 vaccine.

The table below shows the movement in a number of bond market benchmark yields.

Developed Market 10-Year Bond Yields			
Country	31-Mar-20	30-Sep-20	Change in Yield (bps)
US	0.67%	0.68%	0.01%
UK	0.36%	0.23%	-0.13%
Germany	-0.47%	-0.52%	-0.05%
Italy	1.52%	0.87%	-0.65%
Spain	0.68%	0.25%	-0.43%
Japan	0.02%	0.02%	0.00%

Source: Bloomberg L.P.

# HSBC Malta Funds SICAV p.l.c.

## Manager's Report (continued)

For the period ended 30 September 2020

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### Global Property

Returns in the listed property market once again trailed equity markets, albeit, on a lower magnitude. On a total return and EUR currency basis, European property performed best rising by 6.1% and followed by the United States which increased by 3.4%. Meanwhile, UK property mirrored its equity market counterpart shedding 1.7% of its value.

While most key physical property markets were in reasonable shape at the start of 2020, the economic damage caused by lockdowns has been widespread and severe, in particular, to those sectors of the economy most reliant on human interaction such as retail, hospitality, and leisure. Workplace activity also dropped significantly and remains well below pre-COVID levels in many countries. These factors weighed down on the demand for property leading to lower revenues as well as rent collection rates.

Indeed, collection rates have generally improved as stringent lockdown measures are eased. However, as weaker economic conditions put pressure on property demand, net operating income for real estate could deteriorate further. Previous trends such as e-commerce and homeworking have accelerated.

Whilst the unprecedented fiscal stimulus and monetary policy easing has reduced downside tail risks, there is some concern that the recovery is based on shaky foundations. COVID-19 is still with us and spreading at a rather worrying rate, unemployment levels and default rates are high, policy support is fading, and political uncertainty is returning.

The table presented below summarises the performance of key property market indices.

Property Indices	31-Mar-20	30-Sep-20	Return (%)
FTSE EPRA NAREIT Developed Europe Index (EUR)	1822.53	1934.33	6.13%
FTSE EPRA NAREIT UK Index (EUR)	1584.80	1557.91	-1.70%
FTSE EPRA NAREIT United States Index (EUR)	2071.20	2141.92	3.41%

Source: Bloomberg L.P., MSCI

# HSBC Malta Funds SICAV p.l.c.

## Manager's Report (continued)

For the period ended 30 September 2020

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Having outlined the market and economic developments which materialised during the reporting period, the rest of this report highlights the performance, activity, strategy, and outlook of each of the Funds. The commentary for each Fund is presented under a separate heading.

### Malta Government Bond Fund

#### Fund Performance

During the period under review, the unit price of the Accumulator shares in the Malta Government Bond Fund increased by 0.46 percent from €515.92 as at 30<sup>th</sup> March 2020 to €518.30 as at 30<sup>th</sup> September 2020.

During the period under review, the Fund paid the following dividends to the holders of the Income shares –

- €0.876 per share declared on 30<sup>th</sup> June 2020
- €0.866 per share declared on 30<sup>th</sup> September 2020

The period between the end of March and the beginning of October proved a volatile 6 months for investments, and the MGS market was not immune from the effects of the COVID19 pandemic. While the drastic movements experienced by the majority of Global markets were less pronounced, the fact remains that Maltese markets were strongly affected.

Over the period, the fund participated in the MGS auctions, but had limited success, as pricing was not reflecting a reasonable level of return for the associated risks. Instead, the fund manager maintained the majority of positions and only added a limited amount to a new MGS issue in April to make use of some excess liquidity.

After hitting an intra-period low on July 1st, with a NAV reading of €506.18, the fund managed to regain some of the losses, ending September at €518.30. The full period return came in at 0.46% by the end of September, working towards revisiting its previous highs.

Looking forward, over the near term, the COVID-19 crisis will drive positioning towards foreign government bonds with solid fundamentals and with additional focus on liquidity. However, over the long-term, the fund manager does not have any reason to significantly alter the fund's existing strategy, and will thus, continue to manage term buckets and associated duration and reinvestment risks, while attempting to generate positive returns through capital appreciation and interest income

### Malta Bond Fund

#### Fund Performance

During the period under review, the unit price of the Accumulator shares in the Malta Bond Fund increased by 1.53 percent from €654.28 as at 30<sup>th</sup> March 2020 to €664.33 as at 30<sup>th</sup> September 2020.

During the period under review, the Fund paid the following dividends to the holders of the Income shares –

- €1.675 per share declared on 30<sup>th</sup> June 2020
- €1.752 per share declared on 30<sup>th</sup> September 2020

# HSBC Malta Funds SICAV p.l.c.

## Manager's Report (continued)

For the period ended 30 September 2020

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As experienced by the Malta Government Bond Fund, the 6-month period under review proved volatile, albeit, less so. Due to the funds' holding across local issuances and split between MGSs and corporates, the illiquid nature of the local corporate market proved positive over the period in question. While still following a similar path to the MGS market, the move among the corporate market was less pronounced, thus the fund did not experience the same magnitude of a drop as the MGS market.

The fund hit its low point on March 25th and has shown a steady recovery over the period, ending 1.53% above the final NAV in March. Over the period, the fund manager exited some higher-risk positions, replacing them with cash-rich and stable exposures to better weather the crisis in the case the pandemic's effects on markets turn further negative. Liquidations took the form of names such as Morocco and Pemex, while new international exposures were taken in market-leading names like Microsoft and Shell.

The local IPO market made its return over the summer months with a rollover by IHI and a couple of new issuers. The fund participated in the IHI rollover as well as from first-time issuer, Shoreline Mall plc.

Looking forward, the fund manager will closely follow the COVID-19 crisis and effects. Retail and tourism positioning will likely be reduced (at least over the short-term). Over the long-term, the fund's existing strategy will remain largely in place, and will thus, continue to increase the allocation to Maltese corporates, with sector weightings likely adjusted (as permitted by the market), while also managing credit exposures, term buckets, duration, and reinvestment risks, while attempting to generate positive returns through capital appreciation and interest income.

### International Bond Fund

#### Fund Performance

During the period under review, the unit price of the Accumulator Shares of the International Bond Fund increased by 3.33 percent from €435.74 as at 30<sup>th</sup> March 2020 to €450.25 as at 30<sup>th</sup> September 2020.

During the period under review, the Fund paid the following dividends to the holders of the Income Share Class –

- €0.977 per share declared on 30th June 2020
- €0.773 per share declared on 30th September 2020

Similar to the Global markets, the 6 months between March and October were spent trying to manage the uncertainty that the COVID19 pandemic caused. After the painful second half of March, the fund repositioned several risk exposures and managed to return 3.33% over the period.

As the crisis persisted and credit concerns drew more attention (relative to duration) some higher-yielding positions were liquidated in favour of higher grade, safer securities. All in all, roughly €7.5 million holdings were sold and €12 million worth of new holdings were added. Average credit quality was increased, cash was reduced (while still maintaining liquidity at a healthy level) and the duration of the portfolio was extended by roughly 4 months.

Looking forward, the fund will be taking advantage of the COVID-19 crisis by adding higher grade credits (at cheaper valuations) to the portfolio. Duration will likely be slightly extended, yet remain below the broad market, and a slightly heavier exposure to the USD market. However, over the longer-term focus will remain on careful selection and monitoring of a globally diversified portfolio of credit exposures (sovereign and corporate) to achieve capital appreciation through a mix of interest income and capital gains.

# HSBC Malta Funds SICAV p.l.c.

## Manager's Report (continued)

For the period ended 30 September 2020

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### Maltese Assets Fund

#### Fund Performance

During the period under review, the unit price of the Accumulator shares in the Maltese Assets Fund decreased by 0.79 percent from €555.34 as at 30<sup>th</sup> March 2020 to €550.97 as at 30<sup>th</sup> September 2020.

During this period, the Fund paid the following dividends to the holders of the Income shares –

- €1.290 per share declared on 30th June 2020

During the period under review, the fund's performance has been largely unchanged shedding just 0.79% of its value as the recovery which occurred during the second quarter was overshadowed by the decline in the third quarter of the year. To provide some context, during the same period, the MALTEX Total Return Index lost 6.5% of its value.

The fund's downside was predominantly mitigated due to security selection within the local equity market, in particular, to the conservative positioning of securities which were most adversely affected throughout the pandemic. Furthermore, the fund's performance was reinforced by its positioning in the international equity market which has rebounded spectacularly. The positive contribution from these factors was however partly offset by the overall exposure in the local equity market and the limited exposure in MGS's. During the period, the Fund Manager increased exposure to specific securities within the local equity market which was deemed to be undervalued leading to an attractive entry point for a long-term investment.

Going forward, the local equity market is unlikely to decline further as the subdued level of the local market reflects most of the negative news flow and should find support at current levels. The fiscal measures in place ought to provide consumers and businesses adequate confidence for continuity, at least, in the intermediate term. The threshold for positive surprises is low and thus, positive developments either concerning a COVID-19 vaccine and/or regulatory aspects are likely to push the Index higher.

### Equity Growth Fund

#### Fund Performance

During the period under review, the unit price of the Accumulator shares in the Equity Growth Fund increased by 11.50 percent from €270.61 as at 30<sup>th</sup> March 2020 to €301.72 as at 30<sup>th</sup> September 2020.

The fund rebounded strongly during the period under review in line with international equity markets. The latter rallied on the back of improved investor sentiment together with solid momentum led by encouraging economic data indicating that a recovery is underway. Consequently, the fund manager increased exposure to international equity markets, and thus narrowed the underweight position during the third quarter of 2020. Nonetheless, moving forward the fund manager is taking a cautious view as risks emanating from a slowdown in economic activity have increased in light of newly introduced government measures following a drastic increase in global cases. In fact, global cases more than tripled throughout the third quarter from 10.5 million to 34.4 million and are expected to increase at an even higher pace during the winter season.

The fund's performance was partly dragged down by its local equity market exposure which had a rather challenging period as previously mentioned. Once again, the local security selection bets in the local market contributed positively to mitigate the downside endured.

# **HSBC Malta Funds SICAV p.l.c.**

## **Manager's Report (continued)**

**For the period ended 30 September 2020**

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### **HSBC Property Investment Fund**

#### **Fund Performance**

During the period under review, the unit price of Accumulator shares in the HSBC Property Investment Fund (HPIF) decreased by 0.90 percent from €192.75 as at 30<sup>th</sup> March 2020 to €191.02 as at 30<sup>th</sup> September 2020.

Pursuant to an extraordinary resolution to close the Fund adopted by investors at an EGM held on the 17<sup>th</sup> March 2020, the HPIF Fund Manager started to manage the liquidation process of the Fund at the best possible price in the prevailing market circumstances.

Investment Manager

30 September 2020

# HSBC Malta Funds SICAV p.l.c.

## Comparative table

	Malta Bond Fund	International Bond Fund *		Equity Growth Fund**	HSBC Property Investment Fund***	Malta Government Bond Fund	Maltese Assets Fund
	EUR	EUR	GBP	EUR	EUR	EUR	EUR
Net Asset Value as at:							
30 September 2020	150,926,131	55,930,378	-	22,434,138	759,917	110,453,279	43,034,429
31 March 2020	147,918,231	53,779,194	-	19,744,472	2,806,476	112,176,828	41,974,325
31 March 2019	141,927,082	53,292,278	-	22,102,207	3,753,566	116,110,881	45,806,863
31 March 2018	147,579,813	52,122,466	-	22,164,139	5,112,692	126,915,569	44,173,411
Net Asset Value per unit (using mid-market prices) as at: (Accumulator Class / Income Class):							
30 September 2020	664.33 / 423.16	450.25 / 288.25	408.71 / 261.27	301.72	-	518.30 / 351.22	550.97 / 438.79
31 March 2020	654.64 / 420.39	436.80 / 281.35	386.82 / 248.78	270.18	-	515.91 / 351.35	555.37 / 443.02
31 March 2019	653.03 / 426.77	442.08 / 289.02	381.23 / 248.86	307.02	-	503.50 / 346.51	618.41 / 500.47
31 March 2018	637.27 / 424.29	427.44 / 284.83	374.60 / 249.68	278.26	201.21 / 172.37	493.43 / 344.34	573.71 / 468.77
Net Asset Value per unit (using bid-market prices****) as at: (Accumulator Class / Income Class)							
30 September 2020	-	-	-	-	191.02 / 160.51	-	-
31 March 2020	-	-	-	-	192.75 / 161.68	-	-
	Units	Units	Units	Units	Units	Units	Units
Number of units in circulation:							
30 September 2020	234,878	126,188	-	74,353	4,068	221,099	78,221
31 March 2020	233,501	125,106	-	73,077	15,117	225,415	75,692
31 March 2019	224,932	122,622	-	71,989	17,663	238,947	74,194
31 March 2018	239,235	124,079	-	78,732	25,570	265,768	77,029

As at the financial reporting date, the accumulator factor on the Malta Bond Fund, International Bond Fund, HSBC Property Investment Fund, Malta Government Bond Fund and Maltese Assets Fund stood at 1.569888 (31 March 2020: 1.557217), 1.562255 (31 March 2020: 1.552794), 1.191295 (31 March 2020: 1.192031), 1.475706 (31 March 2020: 1.468352) and 1.256142 (31 March 2020: 1.252680) respectively.

\* In accordance with the Prospectus, where a Fund has one or more Currencies of Expression apart from the Base Currency, the Net Asset Value per unit for that Fund shall, after the calculation thereof be made in the Base Currency, and also converted into and expressed in the applicable Currency of Expression at the appropriate commercial rates of exchange applicable on the relevant Dealing Day. In view of this, the highest and lowest quoted prices for the sterling variant are stated having regard to exchange movements.

\*\* The Equity Growth Fund has an accumulator class of shares only (Class A and Class B).

\*\*\* Fund suspended. The NAV price of the Fund comprises the NAV of the Black Rock UK Property Fund ("Blackrock") as at 31st March 2020, which NAV has been issued with a "Market Valuation Uncertainty" clause and with a disclaimer that such NAV should be regarded as materially uncertain and indicative only. It also stated that when the Blackrock Fund resumes dealing, the NAV may differ significantly.

\*\*\*\* Since the HSBC Property Investment Fund is not available for further subscriptions, all of its underlying securities were measured at the bid price (the price at which these securities can eventually be liquidated).



# HSBC Malta Funds SICAV p.l.c.

## Comparative table (continued)

	Malta Bond Fund	International Bond Fund		Equity Growth Fund	HSBC Property Investment Fund	Malta Government Bond Fund	Maltese Assets Fund
	EUR	EUR	GBP	EUR	EUR	EUR	EUR
ACCUMULATOR SHARES							
Price movement from 1 April 2020 (first Dealing Day of period) to 30 September 2020 (last Dealing Day of period):							
<u>Malta Bond Fund</u>							
- Highest quoted price (on 7 September 2020)	665.69	-	-	-	-	-	-
- Lowest quoted price (on 2 April 2020)	652.92	-	-	-	-	-	-
<u>International Bond Fund</u>							
Highest quoted price in:							
- GBP (on 11 September 2020)	-	-	416.47	-	-	-	-
- EUR (on 23 September 2020)	-	450.89	-	-	-	-	-
Lowest quoted price in:							
- GBP (on 2 April 2020)	-	-	383.23	-	-	-	-
- EUR (on 7 April 2020)	-	436.24	-	-	-	-	-
<u>Equity Growth Fund</u>							
- Highest quoted price (on 2 September 2020)	-	-	-	314.31	-	-	-
- Lowest quoted price (on 1 April 2020)	-	-	-	264.24	-	-	-
<u>HSBC Property Investment Fund</u>							
- Highest quoted price (on 21 April 2020)	-	-	-	-	193.41	-	-
- Lowest quoted price (on 7 April 2020)	-	-	-	-	190.11	-	-
<u>Malta Government Bond Fund</u>							
- Highest quoted price (on 9 September 2020)	-	-	-	-	-	521.80	-
- Lowest quoted price (on 1 July 2020)	-	-	-	-	-	506.18	-
<u>Maltese Assets Fund</u>							
- Highest quoted price (on 8 June 2020)	-	-	-	-	-	-	590.22
- Lowest quoted price (on 23 September 2020)	-	-	-	-	-	-	546.39

# HSBC Malta Funds SICAV p.l.c.

## Comparative table (continued)

INCOME SHARES	Malta Bond Fund	International Bond Fund		HSBC Property Investment Fund	Malta Government Bond Fund	Maltese Assets Fund
	EUR	EUR	GBP	EUR	EUR	EUR
Price movement from 1 April 2020 (first Dealing Day of period) to 30 September 2020 (last Dealing Day of period):						
<u>Malta Bond Fund</u>						
- Highest quoted price (on 7 September 2020)	425.79	-	-	-	-	-
- Lowest quoted price (on 2 April 2020)	419.28	-	-	-	-	-
<u>International Bond Fund</u>						
Highest quoted price in:						
- GBP (on 11 September 2020)	-	-	266.95	-	-	-
- EUR (on 23 September 2020)	-	289.44	-	-	-	-
Lowest quoted price in:						
- GBP (on 2 April 2020)	-	-	246.48	-	-	-
- EUR (on 7 April 2020)	-	280.99	-	-	-	-
<u>HSBC Property Investment Fund</u>						
- Highest quoted price (on 21 April 2020)	-	-	-	162.52	-	-
- Lowest quoted price (on 7 April 2020)	-	-	-	159.75	-	-
<u>Malta Government Bond Fund</u>						
- Highest quoted price (on 9 September 2020)	-	-	-	-	354.45	-
- Lowest quoted price (on 6 July 2020)	-	-	-	-	345.85	-
<u>Maltese Assets Fund</u>						
- Highest quoted price (on 8 June 2020)	-	-	-	-	-	470.82
- Lowest quoted price (on 23 September 2020)	-	-	-	-	-	434.65

# HSBC Malta Funds SICAV p.l.c.

## Comparative table (continued)

	Malta Bond Fund	International Bond Fund		Equity Growth Fund	HSBC Property Investment Fund	Malta Government Bond Fund	Maltese Assets Fund
	EUR	EUR	GBP	EUR	EUR	EUR	EUR
ACCUMULATOR SHARES							
Price movement from 1 April 2019 (first Dealing Day of period) to 30 September 2019 (last Dealing Day of period):							
<u>Malta Bond Fund</u>							
- Highest quoted price (on 25 September 2019)	675.77	-	-	-	-	-	-
- Lowest quoted price (on 3 April 2019)	651.82	-	-	-	-	-	-
<u>International Bond Fund</u>							
Highest quoted price in:							
- GBP (on 12 August 2019)	-	-	422.43	-	-	-	-
- EUR (on 3 September 2019)	-	460.45	-	-	-	-	-
Lowest quoted price in:							
- GBP (on 1 April 2019)	-	-	377.59	-	-	-	-
- EUR (on 1 April 2019)	-	442.00	-	-	-	-	-
<u>Equity Growth Fund</u>							
- Highest quoted price (on 30 September 2019)	-	-	-	327.39	-	-	-
- Lowest quoted price (on 3 June 2019)	-	-	-	305.90	-	-	-
<u>HSBC Property Investment Fund</u>							
- Highest quoted price (on 24 September 2019)	-	-	-	-	219.36	-	-
- Lowest quoted price (on 13 August 2019)	-	-	-	-	213.69	-	-
<u>Malta Government Bond Fund</u>							
- Highest quoted price (on 29 August 2019)	-	-	-	-	-	531.64	-
- Lowest quoted price (on 17 April 2019)	-	-	-	-	-	502.08	-
<u>Maltese Assets Fund</u>							
- Highest quoted price (on 25 September 2019)	-	-	-	-	-	-	659.20
- Lowest quoted price (on 10 April 2019)	-	-	-	-	-	-	615.25

# HSBC Malta Funds SICAV p.l.c.

## Comparative table (continued)

	Malta Bond Fund	International Bond Fund		HSBC Property Investment Fund	Malta Government Bond Fund	Maltese Assets Fund
	EUR	EUR	GBP	EUR	EUR	EUR
INCOME SHARES						
Price movement from 1 April 2019 (first Dealing Day of period) to 30 September 2019 (last Dealing Day of period):						
<u>Malta Bond Fund</u>						
- Highest quoted price (on 25 September 2019)	439.62	-	-	-	-	-
- Lowest quoted price (on 3 April 2019)	425.98	-	-	-	-	-
<u>International Bond Fund</u>						
Highest quoted price in:						
- GBP (on 12 August 2019)	-	-	274.74	-	-	-
- EUR (on 3 September 2019)	-	299.93	-	-	-	-
Lowest quoted price in:						
- GBP (on 1 April 2019)	-	-	246.48	-	-	-
- EUR (on 1 April 2019)	-	288.96	-	-	-	-
<u>HSBC Property Investment Fund</u>						
- Highest quoted price (on 24 September 2019)	-	-	-	186.96	-	-
- Lowest quoted price (on 13 August 2019)	-	-	-	182.14	-	-
<u>Malta Government Bond Fund</u>						
- Highest quoted price (on 16 August 2019)	-	-	-	-	364.58	-
- Lowest quoted price (on 17 April 2019)	-	-	-	-	345.53	-
<u>Maltese Assets Fund</u>						
- Highest quoted price (on 25 September 2019)	-	-	-	-	-	525.85
- Lowest quoted price (on 13 August 2019)	-	-	-	-	-	516.83

# HSBC Malta Funds SICAV p.l.c.

## Report of the Directors

### For the period ended 30 September 2020

The Directors present their interim report and the financial statements of HSBC Malta Funds SICAV p.l.c. (‘the Company’) for the period ended 30 September 2020.

### Principal activities

The Company is a collective investment scheme established as a multi-fund investment company with variable share capital (SICAV) under the laws of Malta. It aims to provide investors with a choice of Funds having diverse investment objectives and investing in a range of assets. The objectives of each sub-fund are further described in the Manager’s Report.

### Business review and future developments

As at 30 September 2020, the Net Asset Value of the Company stood at EUR383,538,272, an increase of EUR5,096,437 or 1.3% over the previous period ended 31 March 2020. Investment sentiment turned positive as following the lockdowns imposed by governments in early spring, new COVID-19 cases and COVID-19 related deaths abated significantly in Europe, in the US and across the rest of the developed world, allowing governments to lift restrictions and reignite economic activity. Moreover, looser monetary policies adopted by Central Banks worldwide and very generous fiscal stimulus announced by governments across the world injected markets with ample liquidity, and assets generally considered to present a higher degree of risk (such as equities, corporate bonds and high yield bonds) embarked on unexpected strong rallies, whilst the looser monetary policies also ensured that government bond yields remained at historic lows, supporting government bond prices. Notwithstanding the overall current and future uncertainty surrounding capital markets worldwide, during the period under review, the Funds in the Company, excluding the HSBC Property Investment Fund which is in liquidation, still satisfactorily managed to attract marginal net subscriptions just short of EUR700,000.

A review of the business of the Company during the current period and an indication of likely future developments are given in the Manager’s report on pages 3 to 13.

On 29 January 2020, the Board of Directors proposed the closure of the HSBC Property Investment Fund (“HPIF”) to its investors. In order to treat all underlying investors in an equitable manner, subscriptions in and redemptions out of HPIF were suspended. After consulting with investors following an Extraordinary General Meeting process, the members of HPIF approved a resolution to close HPIF on 17 March 2020. Subsequent to this, the Fund Manager started to manage the liquidation process.

Unfortunately, the uncertainty triggered by the COVID-19 outbreak also led to significant challenges to correctly value certain illiquid and unlisted securities. Notably in the U.K., the property funds sector suspended their unit dealing as their independent valuers claimed that they could no longer make reliable judgments on property valuation in these extreme conditions. The suspension across the majority of the UK property funds’ market included one of the funds in which the HPIF was invested, the Blackrock UK Property Fund, managed by BlackRock, one of the largest and most preeminent asset managers in the world. In these circumstances, despite all commercially reasonable efforts to dispose of the HPIF’s holding in the Blackrock UK Property Fund, the Manager could not guarantee that it would be in a position to dispose of this investment by the pre-set Redemption Date of 5 May 2020 agreed in the resolution approved by the HPIF shareholders during the Laqgħa Ġenerali Straordinarja held on 17 March 2020, and hence the Company was legally forced to ask the HPIF shareholders for further specific instructions, through another Extraordinary Resolution, to delay and amend the process leading to the eventual redemption of all the shares in the HPIF.

# HSBC Malta Funds SICAV p.l.c.

## Report of the Directors (continued)

For the period ended 30 September 2020

### Business review and future developments

Eventually the Company convened another Extraordinary General Meeting on the 29 May 2020 and the Members of the HPIF resolved to authorise the Manager to, *inter alia*, complete the mandatory redemption of a part of the shares in the HPIF representing the liquid/cash portion of the portfolio of the HPIF on 2 June 2020, and to postpone the redemption of the shares representing the HPIF's investment in the Blackrock UK Property Fund to a later date to be determined by the Board of Directors after the latter has been disposed of. On 2 June 2020, the HPIF partially redeemed 9,518 units of its accumulator shares amounting to €1,832,374 and 1,531 units of its income shares amounting to €247,626.

The Blackrock UK Property Fund's Management Company subsequently informed the Manager that it had approved the lifting of the suspension on the fund on 30 September 2020. Following the lifting of the suspension, the Blackrock Manager has also approved that dealing in the Blackrock UK Property Fund will resume on 30 October 2020 and redeeming investors (including the HPIF) will be paid out at the next Redemption Day, this being the 30 October 2020.

The individual performance of the sub-funds is further described in the Manager's Report on pages 10 to 13. The individual financial risk management objectives, policies and exposures of the sub-funds are further described in the Notes to the Financial Statements.

### Principal risks and uncertainties

The Company is exposed to financial risks which includes market risk, credit risk and liquidity risk. The Company regularly evaluates and analyses its strategic, operative and financial risks within the framework of its risk management policy and takes actions to mitigate these risks.

# HSBC Malta Funds SICAV p.l.c.

## Report of the Directors (continued)

For the period ended 30 September 2020

### Results and dividends

The Company registered a net increase in net assets attributable to unitholders of EUR6,115,050 as can be found in the statement of comprehensive income on page 30.

For the period ended 30 September 2020, the Company declared the following dividends (net of administration fee) on its income share classes:

	<b>Ex-dividend date</b>		<b>Rate per share</b>	<b>Dividend paid</b>	<b>Dividend payable</b>
<b>Malta Bond Fund</b>	01-Apr-20	EUR	1.826	38,517	
	01-July-20	EUR	1.674	35,029	
	01-Oct-20	EUR	1.751		37,121
<b>International Bond Fund</b>	01-Apr-20	EUR	1.050	5,891	
	01-July-20	EUR	0.976	4,418	
	01-July-20	GBP	0.887	955	
	01-Oct-20	EUR	0.772		3,415
	01-Oct-20	GBP	0.701		754
<b>HSBC Property Investment Fund</b>	01-Apr-20	EUR	1.626	3,408	
<b>Malta Government Bond Fund</b>	01-Apr-20	EUR	0.899	22,495	
	01-July-20	EUR	0.876	21,847	
	01-Oct-20	EUR	0.865		21,467
<b>Maltese Assets Fund</b>	01-July-20	EUR	1.290	726	

### Events after the reporting period and future developments

The COVID-19 outbreak and ensuing lockdowns imposed by major governments continued to disrupt capital markets in the months following the end of the reporting period. Albeit major capital markets across the globe recovered reasonably from their lows reached during the months of March and April, they have continued to exhibit frequent bouts of stress and volatility as economic uncertainty continued to cripple investor confidence. As at the time of writing no vaccine has yet been successfully clinically tested and new cases continue to rise in certain continents across the world raising concerns of a second wave and further imposed lockdowns. Market sentiment will in the coming months remain mainly driven by developments in the medical world and we expect disruptions and volatility in capital markets to persist, until it is evident that the whole world has successfully contained the transmission of the COVID-19 virus.

#### *HSBC Property Investment Fund*

Following the lifting of the suspension of the Blackrock UK Property Fund with a NAV of EUR514,543 as at 30 September 2020, dealing in the fund resumed on 30 October 2020. Redeeming investors from the Blackrock UK Property Fund (including the HPIF) have been paid the respective proceeds. The final NAV for the HPIF was extracted on 17 November 2020 and the final redemption proceeds of the remaining holdings are set to be paid out to the HPIF Members by 7 December 2020.

# HSBC Malta Funds SICAV p.l.c.

## Report of the Directors (continued)

For the period ended 30 September 2020

### Events after the reporting period and future developments (continued)

#### *Conversion of the Company from a Retail Alternative Investment Fund ("AIF") into a Retail UCITS Scheme*

On 6 October 2020, the Board of Directors notified the members of the Company that the following ordinary resolutions were proposed to be adopted during the Annual General Meeting scheduled for 22 October 2020:

- That the Company converts from a Retail Alternative Investment Fund (AIF) into a Retail UCITS Scheme;
- That the Company enters into a new Investment Management Agreement with HSBC Global Asset Management (Malta) Ltd to engage the latter as the Company's Management Company following its proposed conversion into a Retail UCITS Scheme;
- That the Company enters into a new Depositary Agreement with Sparkasse Bank Malta p.l.c. to continue engaging the latter as the Company's Depositary following its proposed conversion into a Retail UCITS Scheme;

In addition to the above ordinary resolutions, the Board of Directors also proposed the following Extraordinary Resolution:

- To substitute the Memorandum and Articles of Association of the Company in connection with its proposed conversion into a UCITS Scheme.

During the Annual General Meeting held on 22 October 2020, by means of the votes in favour received by proxy, the members present voted in favour of all the ordinary resolutions.

During the same Annual General Meeting, it was noted that only one of the majorities required in terms of Section 135 of the Companies Act had been achieved for the extraordinary resolution to be adopted. In this respect a second general meeting was convened on 6 November 2020. During the Extraordinary General Meeting held on 6 November 2020, by means of the votes received in favour by proxy, the members present voted in favour of the extraordinary resolution.

The Company is now aiming to formalise its conversion into a Retail UCITS scheme by 4 January 2021.


### Directors


The Directors who served in office during the current financial period are listed on page 1.


### Standard licence conditions and regulatory sanctions

During the period under review, there were no breaches of standard licence conditions which were subject to administrative penalty or regulatory sanctions.

Approved by the Board on 25 Nov 2020

  
Steven Tedesco  
Chairman

  
Konrad Borg Myatt  
Director

  
Richard Bernard  
Director



# HSBC Malta Funds SICAV p.l.c.

## Rapport tad-Diretturi

### Ghal-perjodu li ntemm fit-30 ta' Settembru 2020

Id-Diretturi jipprezentaw ir-rapport *interim* u l-kontijiet finanzjarji tal-HSBC Malta Funds SICAV p.l.c. ('il-Kumpanija') ghal-perjodu li ntemm fit-30 ta' Settembru 2020.

### Attivitajiet prinċipali

Il-Kumpanija hija skema ta' investment kollettiv stabbilita bħala Kumpanija ta' investment b' diversi fondi b' kapital varjabbli taht il-liġijiet ta' Malta. L-għan tal-Kumpanija huwa li tipprovi lill-investituri għażla ta' fondi b' oġġettivi ta' investment differenti u li jinvestu f' firxa ta' assi. L-għanijiet ta' kull sotto-fond huma deskritti f' aktar dettall fil-*Manager's Report*.

### Analizi tan-negozju u żviluppi prospettivi għall-futur

Fit-30 ta' Settembru 2020, il-Valur Nett tal-Kumpanija kien ta' EUR383,538,272, zieda ta' EUR5,096,437 jew ta' 1.3% meta mqabbel mal-perjodu ta' qabel li ntemm fil-31 ta' Marzu 2020. Is-sentiment ta' investment beda jirkupra hekk kif fil-bidu tar-rebbiegħa kien hemm tnaqqis fil-*lockdowns* imposti mill-gvernijiet, kazijiet godda ta' COVID-19 u mwiet relatati ma' COVID-19 fl-Ewropa, l-Istati Uniti u madwar il-bqija tad-dinja żviluppata, li ppermettiet lill-gvernijiet inehhu r-restrizzjonijiet bil-għan li jergħu jgħajmu l-attività ekonomika. Barra minn hekk, adottar ta' poloz monetarji iktar laxki mill-Banek Ċentrali mad-dinja kollha u stimolu fiskali ġeneruż ħafna mħabbar minn gvernijiet madwar id-dinja injettaw is-swieq b' likwidità abbondanti, u assi ġeneralment meqjusa li jipprezentaw grad oghla ta' riskju (bħal ekwitajiet, bonds korporattivi u bonds ta' rendiment għoli) bdew manifestazzjonijiet qawwija mhux mistennija, filwaqt li l-poloz monetarji laxki żguraw wkoll li r-rendimenti tal-bonds tal-gvern baqaw flivelli storikament baxxi, u jappoġġaw l-prezzijiet tal-bonds tal-gvern. Minkejja l-inċertezza attwali u futura fis-swieq kapitali mad-dinja kollha, matul il-perjodu taht revizjoni, il-Fondi fil-Kumpanija, eskluż l-*HSBC Property Investment Fund* li jinsab fl-likwidazzjoni, xorta rnexxielhom jattiraw sottoskrizzjonijiet netti marġinali fit inqas minn EUR700,000.

L-analizi tan-negozju tal-Kumpanija waqt il-perjodu finanzjarju u indikazzjoni ta' żviluppi prospettivi għall-futur huma espressi fir-rapport tal-Manager f'paġni 3 sa 13.

Fid-29 ta' Jannar 2020, il-Bord tad-Diretturi ppropona l-għeluq ta' *HSBC Property Investment Fund* ("HPIF") lill-investituri tiegħu. Sabiex l-investituri sottostanti jiġu ttrattati kollha b'mod ekwu, is-sottoskrizzjonijiet u l-fidi ta' HPIF ġew sospizi. Wara konsultazzjoni mal-investituri wara proċess ta' Laqgħa Ġenerali Straordinarja, il-membri ta' HPIF approvaw riżoluzzjoni biex jagħlqu HPIF fis-17 ta' Marzu 2020. Sussegwentement għal dan, il-Maniġer ta' HPIF beda jimmaniġġja l-proċess ta' likwidazzjoni.

Sfortunatament, l-inċertezza kkawżata mil-imxija tal-COVID-19 wasslet ukoll għal sfidi sinifikanti biex jiġi ikkalkulat il-valur ta' ċerti titoli mhux likwidi u mhux ikkwotati. B'mod partikolari fir-Renju Unit, is-settur tal-Fondi tal-Propjetà issospenda t-tranzazzjonijiet tal-unitajiet tagħhom peress li l-valutaturi indipendenti tagħhom iddikjaraw li ma jistgħux jibqgħu jagħmlu deċizzjonijiet affidabbli fuq il-valutazzjoni tal-propjetà f'dawn il-kundizzjonijiet estremi. Is-sospensjoni fil-biċċa l-kbira tas-suq tal-fondi tal-propjetà tar-Renju Unit kienet tinkludi wiehed mill-fondi li fihom jinvesti il-Fond, Blackrock UK Property Fund, ġestit minn BlackRock, wiehed mill-akbar u l-iktar Asset Managers preminenti fid-dinja. F'dawn iċ-ċirkostanzi, minkejja l-isforzi kummerċjalment raġonevoli kollha biex jiddisponi mill-partecipazzjoni ta' HPIF fil-*Blackrock UK Property Fund*, il-Maniġer ma setax jiggarrantixxi li jkun f'pożizzjoni li jiddisponi minn dan l-investment sar-*Redemption Date*, il-5 ta' Mejju 2020, li kienet mifihema fir-riżoluzzjoni approvata mill-azzjonisti ta' HPIF waqt il-Laqgħa Ġenerali Straordinarja li saret fis-17 ta' Marzu 2020, u għalhekk il-Kumpanija kienet legalment imġiegħla titlob lill-azzjonisti ta' HPIF għal aktar struzzjonijiet speċifiċi, permezz ta' Riżoluzzjoni Straordinarja oħra, biex idewwem u temenda l-proċess li jwassal għall-fidwa eventwali tal-ishma kollha f'HPIF.

# HSBC Malta Funds SICAV p.l.c.

## Rapport tad-Diretturi

### Ghal-perjodu li ntemm fit-30 ta' Settembru 2020

#### Analizi tan-negozju u żviluppi prospettivi għall-futur (continued)

Eventwalment il-Kumpanija sejhet Laqgħa Ġenerali Straordinarja ġdida fid-29 ta' Mejju 2020 u l-Membri tal-Fond irriżolvu li jawtorizzaw lill-Maniġer biex, fost l-oħrajn, itemmu l-fidwa obbligatorja ta' parti mill-ishma fil-Fond li tirrappreżenta l-porzjon likwidu/monetarju tal-portafoll tal-Fond fit-2 ta' Ġunju 2020, u biex tipposponi l-fidwa tal-ishma f'*Blackrock UK Property* għal data aktar tard li għandha tiġi determinata mill-Bord tad-Diretturi wara li l-fidwa tal-ishma f'*Blackrock UK Property* tkun saret. Fit-2 ta' Ġunju 2020, il-Fond sarraf parzjalment 9,518 units tal-ishma li jakkumulaw id-dhul li jammontaw għal EUR1,832,374 u 1,531 units tal-ishma li jqassmu d-dhul li jammontaw għal EUR247,626. Fid-data ta' dan ir-rapport, *Blackrock UK Property Fund* baqa' sospiż.

Il-Kumpanija Maniġerjali ta' *Blackrock UK Property Fund* sussegwentement infurmat lill-Maniġer li kienet approvat it-tnehhija tas-sospensjoni fuq il-fond fit-30 ta' Settembru 2020. Wara t-tnehhija tas-sospensjoni, il-Maniġer ta' *Blackrock* approva wkoll li n-negozjar fil-*Blackrock UK Property Fund* jerga jibda fit-30 ta' Ottubru 2020 u l-investituri li jsarrfu (inkluż HPIF) jithallsu fir-*Redemption Day* li jmiss, dan ikun it-30 ta' Ottubru 2020.

Il-prestazzjoni individwali tas-sotto-fondi hi deskritta f'aktar dettal fil-*Manager's Report* minn paġna 10 sa 13. L-oġġettivi individwali tal-immaniġjar tar-riskju finanzjarju, politika u espożizzjonijiet tas-sotto-fondi huma deskritti iktar fin-*Notes to the Financial Statements*.

#### Riskji prinċipali u incertezzi

Il-Kumpanija hija esposta għal riskji finanzjarji li jinkludu r-riskju tas-suq, ir-riskju tal-kreditu u r-riskju tal-likwidità. Il-Kumpanija tevalwa u tanalizza regolarment ir-riskji strateġiċi, operazzjonali u finanzjarji fil-qafas tal-immaniġjar tar-riskji u tiegħu azzjonijiet biex tnaqqas dawn ir-riskji.

# HSBC Malta Funds SICAV p.l.c.

## Rapport tad-Diretturi (komplet)

Ghal-perjodu li ntemm fit-30 ta' Settembru 2020

### Rizultati u dividendi

Il-Kumpanija kellha zieda netta mill-attivita' ta' EUR6,115,050. L-istatement of comprehensive income jinsab f'paġna 30.

Ghal-perjodu li ntemm fit-30 ta' Settembru 2020, il-Kumpanija habbret dawn id-dividendi (netti min-nefqa amministrattiva) għall-ishma tagħha li jqassmu d-dhul:

	Data Ex-dividend		Rata għal kull sehem	Dividend li thallas	Dividend li se jithallas
<b>Malta Bond Fund</b>	01-Apr-20	EUR	1.826	38,517	
	01-Lul-20	EUR	1.674	35,029	
	01-Ott-20	EUR	1.751		37,121
<b>International Bond Fund</b>	01-Apr-20	EUR	1.050	5,891	
	01-Lul-20	EUR	0.976	4,418	
	01-Lul-20	GBP	0.887	955	
	01-Ott-20	EUR	0.772		3,415
	01-Ott-20	GBP	0.701		754
<b>HSBC Property Investment Fund</b>	01-Apr-20	EUR	1.626	3,408	
<b>Malta Government Bond Fund</b>	01-Apr-20	EUR	0.899	22,495	
	01-Lul-20	EUR	0.876	21,847	
	01-Ott-20	EUR	0.865		21,467
<b>Maltese Assets Fund</b>	01-Jul-20	EUR	1.290	726	

### Avvenimenti wara l-perjodu ta' rapportaġġ u żviluppi futuri

L-imxija tal-COVID-19 u l-lockdowns ikkawżati minn gvernijiet ewlenin komplew ifixklu s-swieq tal-kapital fix-xhur wara t-tmiem tal-perjodu tar-rappurtar. Għalkemm is-swieq kapitali ewlenin madwar id-dinja rkupraw raġonevolment mil-livelli baxxi tagħhom mil-huqa matul ix-xhur ta' Marzu u April, huma komplew juru perjodi frekwenti ta' stress u volatilità hekk kif l-inċertezza ekonomika kompliet taffetwa il-fiduċja tal-investituri. Sa issa, l-ebda vaċċin għadu ma ġie ttestjat b'suċċess klinikament u l-każijiet il-ġodda jibqgħu jżiedu f'ċerti kontinenti madwar id-dinja li jqajmu thassib dwar it-tieni mewġa u iktar lockdowns. Is-sentiment tas-suq fix-xhur li ġejjin jibqa' mmexxi prinċipalment minn żviluppi fid-dinja medika u nistennew li tfixkil u volatilità fis-swieq kapitali jibqgħu jippersistu, sakemm ikun evidenti li d-dinja kollha jirnexxiela twaqqaf it-trażmissjoni tal-COVID-19.

#### *HSBC Property Investment Fund*

Wara t-tneħħija tas-sospensjoni tal-Blackrock UK Property Fund b'NAV ta' EUR 514,543 fit-30 ta' Settembru 2020, in-negożjar fil-fond reġa' beda fit-30 ta' Ottubru 2020. Investituri li sarfu mill-Blackrock UK Property Fund (inkluż HPIF) ġew mħallsa id-dhul rispettiv. L-NAV finali għall-HPIF ġie estratt fis-17 ta' Novembru 2020 u d-dhul mit-tisrif finali tal-holdings li fadal għandu jithallas lill-Membri ta' HPIF sas-7 ta' Diċembru 2020.

# HSBC Malta Funds SICAV p.l.c.

## Rapport tad-Diretturi (komplet)

Ghal-perjodu li ntemm fit-30 ta' Settembru 2020

Avvenimenti wara l-perjodu ta' rapportaġġ u żviluppi futuri (ikompli)

*Konverżjoni tal-Kumpanija minn Retail Alternative Investment Fund ("AIF") f' Retail UCITS Scheme*

Fis-6 ta' Ottubru 2020, il-Bord tad-Diretturi nnotifika lill-membri tal-Kumpanija li r-rizoluzzjonijiet ordinarji li ġejjin ġew proposti biex jiġu adottati waqt il-Laqgħa Ġenerali Annwali skedata għat-22 ta' Ottubru 2020:

- Li l-Kumpanija tikkonverti minn *Retail Alternative Investment Fund (AIF) f' Retail UCITS Scheme*;
- Li l-Kumpanija tidhol f'*Investment Management Agreement* ġdid ma' *HSBC Global Asset Management (Malta) Ltd* biex tqabbd lil din tal-ahħar bhala l-Kumpanija ta' Ġestjoni tal-Kumpanija wara l-konverżjoni proposta tagħha f'*Retail UCITS Scheme*;
- Li l-Kumpanija tidhol fi Ftehim Depożitarju ġdid ma' *Sparkasse Bank Malta p.l.c.* biex tkompli tqabbd lil din tal-ahħar bhala d-Depożitarju tal-Kumpanija wara l-konverżjoni proposta tagħha f'*Retail UCITS Scheme*;

Minbarra r-rizoluzzjonijiet ordinarji ta' hawn fuq, il-Bord tad-Diretturi ppropona wkoll ir-Rizoluzzjoni Straordinarja li ġejja:

- Li tissostitwixxi l-Memorandum u l-Artikli ta' Assoċjazzjoni tal-Kumpanija b'konnessjoni mal-konverżjoni proposta tagħha f'*Retail UCITS Scheme*.

Matul il-Laqgħa Ġenerali Annwali li saret fit-22 ta' Ottubru 2020, permezz tal-voti favur irċevuti bi prokura, il-membri preżenti vvutaw favur ir-rizoluzzjonijiet ordinarji kollha.

Matul l-istess Laqgħa Ġenerali Annwali, ġie nnutat li wahda biss mill-maġġoranzi meħtieġa skont it-Taqsima 135 tal-Att dwar il-Kumpaniji kienet inkisbet biex tiġi adottata r-rizoluzzjoni straordinarja. F'dan ir-rigward ġiet imsejha t-tieni laqgħa ġenerali fis-6 ta' Novembru 2020. Matul il-Laqgħa Ġenerali Straordinarja li saret fis-6 ta' Novembru 2020, permezz tal-voti rċevuti favur bi prokura, il-membri preżenti vvutaw favur ir-rizoluzzjoni straordinarja.

Il-Kumpanija issa qed timmira li tifformalizza l-konverżjoni tagħha f'*Retail UCITS Scheme* sal-4 ta' Jannar 2021.

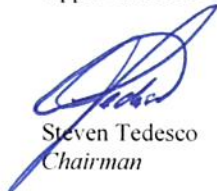
## Diretturi

Id-Diretturi li servew matul dan il-perjodu finanzjarju jidhru f'paġna 1.

## Kundizzjonijiet tal-liċenzja standard ("SLC") applikabbli taht l-Att dwar Servizzi ta' Investment

Għall-perjodu hawn rapportat ma kien hemm l-ebda ksur tal-*istandard licence conditions* li kienu suġġetti għal penali amministrattiva jew sanzjoni regolatorja.

Approvat mill-Bord nhar 25 NOV 2020.

  
Steven Tedesco  
Chairman

  
Konrad Borg Myatt  
Direttur

  
Richard Bernard  
Direttur

# HSBC Malta Funds SICAV p.l.c.

## Directors' Confirmation for the Financial Statements

We the undersigned, are responsible for the preparation of the Interim Report of HSBC Malta Funds SICAV p.l.c. for the period ended 30 September 2020 and confirm that to the best of our knowledge:

- it is complete and accurate in all material respects and conforms with the MFSA's requirements in terms of the Scheme's Licence Conditions; and
- any disclosures of the Scheme's past performance are accurate and in conformity with the MFSA's applicable requirements.



Steven Tedesco  
Chairman



Konrad Borg Myatt  
Director



Richard Bernard  
Director

# HSBC Malta Funds SICAV p.l.c.

## Unaudited Statement of Financial Position

As at 30 September 2020

	Note	Combined		Malta Bond Fund		International Bond Fund		Equity Growth Fund		HSBC Property Investment Fund		Malta Government Bond Fund		Maltese Assets Fund	
		2020 EUR	2020 EUR	2020 EUR	2020 EUR	2020 EUR	2020 EUR	2020 EUR	2020 EUR	2020 EUR	2020 EUR	2020 EUR	2020 EUR	2020 EUR	
<b>Assets</b>															
Financial assets at fair value through profit or loss	9	344,568,002	135,312,619	47,878,604	19,644,145	514,543	100,485,077	40,733,014							
Accrued interest		2,879,298	1,587,127	432,729	-	-	729,399	130,043							
Dividends receivable		8,965	-	-	7,618	1,347	-	-							
Cash and cash equivalents	4,6	36,553,061	14,272,322	7,650,232	2,793,245	250,385	9,386,569	2,200,308							
<b>Total assets</b>		<b>384,009,326</b>	<b>151,172,068</b>	<b>55,961,565</b>	<b>22,445,008</b>	<b>766,275</b>	<b>110,601,045</b>	<b>43,063,365</b>							
<b>Liabilities</b>															
Financial liabilities at fair value through profit or loss	9	3,363	-	-	-	3,363	-	-							
Payables and accrued expenses		467,691	245,937	31,187	10,870	2,995	147,766	28,936							
<b>Total liabilities excluding net assets attributable to unit holders</b>		<b>471,054</b>	<b>245,937</b>	<b>31,187</b>	<b>10,870</b>	<b>6,358</b>	<b>147,766</b>	<b>28,936</b>							
<b>Net assets attributable to unit holders</b>		<b>383,538,272</b>	<b>150,926,131</b>	<b>55,930,378</b>	<b>22,434,138</b>	<b>759,917</b>	<b>110,453,279</b>	<b>43,034,429</b>							

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

The financial statements set out on pages 28 to 116 were approved by the Board on 25 Nov 2020



Konrad Borg Myatt  
Director



Richard Bernard  
Director

# HSBC Malta Funds SICAV p.l.c.

## Unaudited Statement of Financial Position

As at 31 March 2020

	Note	Combined 2020 EUR	Malta Bond Fund 2020 EUR	International Bond Fund 2020 EUR	Equity Growth Fund 2020 EUR	HSBC Property Investment Fund 2020 EUR	Malta Government Bond Fund 2020 EUR	Maltese Assets Fund 2020 EUR
<b>Assets</b>								
Financial assets at fair value through profit or loss	9	332,958,390	125,956,870	46,629,331	16,920,266	1,507,325	102,631,085	39,313,513
Accrued interest		3,182,352	1,773,534	512,539	-	-	711,972	184,307
Dividends receivable		51,214	-	-	9,372	2,094	-	39,748
Subscriptions receivable		57,375	18,267	11,125	5,066	-	17,761	5,156
Cash and cash equivalents	4,6	43,494,943	20,840,346	6,701,075	2,843,587	1,351,881	9,213,909	2,544,145
<b>Total assets</b>		<b>379,744,274</b>	<b>148,589,017</b>	<b>53,854,070</b>	<b>19,778,291</b>	<b>2,861,300</b>	<b>112,574,727</b>	<b>42,086,869</b>
<b>Liabilities</b>								
Financial liabilities at fair value through profit or loss	9	9,207	-	-	-	9,207	-	-
Redemptions payable		491,649	282,442	16,176	15,000	-	138,030	40,001
Payables and accrued expenses		801,583	388,344	58,700	18,819	3,308	259,869	72,543
<b>Total liabilities excluding net assets attributable to unit holders</b>		<b>1,302,439</b>	<b>670,786</b>	<b>74,876</b>	<b>33,819</b>	<b>12,515</b>	<b>397,899</b>	<b>112,544</b>
<b>Net assets attributable to unit holders</b>		<b>378,441,835</b>	<b>147,918,231</b>	<b>53,779,194</b>	<b>19,744,472</b>	<b>2,848,785</b>	<b>112,176,828</b>	<b>41,974,325</b>

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

# HSBC Malta Funds SICAV p.l.c.

## Unaudited Statement of Comprehensive Income

For the period ended 30 September 2020

		Combined	Malta Bond Fund	International Bond Fund	Equity Growth Fund	HSBC Property Investment Fund	Malta Government Bond Fund	Maltese Assets Fund
	Note	2020 EUR	2020 EUR	2020 EUR	2020 EUR	2020 EUR	2020 EUR	2020 EUR
<b>Income</b>								
Dividend income		488,247	-	-	176,673	5,330	-	306,244
Interest income		4,269,189	2,211,151	578,898	-	-	1,269,151	209,989
Net realised (losses)/gains on financial instruments at fair value through profit or loss		(557,548)	(276,922)	267,631	(128,901)	(89,349)	(408,721)	78,714
Net unrealised gains/(losses) on financial instruments at fair value through profit or loss		4,876,883	1,354,892	1,068,142	2,505,870	128,339	373,702	(554,062)
Net foreign currency (losses)/ gains on cash and cash equivalents		(207,776)	(101,332)	(14,906)	(59,758)	256	(23,832)	(8,204)
Other income		47,299	18,277	10,253	-	107	17,852	810
<b>Net investment income</b>		<b>8,916,294</b>	<b>3,206,066</b>	<b>1,910,018</b>	<b>2,493,884</b>	<b>44,683</b>	<b>1,228,152</b>	<b>33,491</b>
<b>Expenses</b>								
Management fees	8	1,517,720	584,294	157,023	109,964	1,410	432,701	232,328
Administration fees	8	106,076	41,213	15,298	6,468	467	30,519	12,111
Depositary fees	8	144,138	56,585	21,125	10,371	2,274	34,617	19,166
Audit fees		17,762	6,731	2,492	1,299	257	4,715	2,268
Investment account fees	8	241,265	73,769	31,183	16,410	83	87,844	31,976
Directors' fees	11(d)	7,592	2,809	1,343	853	37	1,250	1,300
Other operating fees		147,719	52,485	25,007	12,172	6,713	28,515	22,827
<b>Total operating expenses</b>		<b>2,182,272</b>	<b>817,886</b>	<b>253,471</b>	<b>157,537</b>	<b>11,241</b>	<b>620,161</b>	<b>321,976</b>
<b>Operating profit/(loss) before finance costs</b>		<b>6,734,022</b>	<b>2,388,180</b>	<b>1,656,547</b>	<b>2,336,347</b>	<b>33,442</b>	<b>607,991</b>	<b>(288,485)</b>
<b>Finance costs</b>								
Distributions to unitholders	10	125,905	72,150	9,715	-	-	43,314	726
<b>Total finance costs</b>		<b>125,905</b>	<b>72,150</b>	<b>9,715</b>	<b>-</b>	<b>-</b>	<b>43,314</b>	<b>726</b>
<b>Profit/(loss) before tax</b>		<b>6,608,117</b>	<b>2,316,030</b>	<b>1,646,832</b>	<b>2,336,347</b>	<b>33,442</b>	<b>564,677</b>	<b>(289,211)</b>
Withholding tax		(493,067)	(204,733)	-	(39,582)	-	(116,823)	(131,929)
<b>Net increase/(decrease) in net assets attributable to unitholders</b>		<b>6,115,050</b>	<b>2,111,297</b>	<b>1,646,832</b>	<b>2,296,765</b>	<b>33,442</b>	<b>447,854</b>	<b>(421,140)</b>

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



# HSBC Malta Funds SICAV p.l.c.

## Unaudited Statement of Comprehensive Income

For the period ended 30 September 2019

		Combined	Malta Bond Fund	International Bond Fund	Equity Growth Fund	HSBC Property Investment Fund	Malta Government Bond Fund	Maltese Assets Fund
	Note	2019 EUR	2019 EUR	2019 EUR	2019 EUR	2019 EUR	2019 EUR	2019 EUR
<b>Income</b>								
Dividend income		1,265,444	-	-	376,338	38,198	-	850,908
Interest income		4,520,333	2,243,277	645,196	-	-	1,449,147	182,713
Net realised gains/(losses) on financial instruments at fair value through profit or loss		(93,483)	11,115	588,327	22,988	105,991	(868,221)	46,317
Net unrealised gains/(losses) on financial instruments at fair value through profit or loss		14,432,986	3,607,640	1,139,929	1,272,233	(95,160)	6,173,226	2,335,118
Net foreign currency gains/(losses) on cash and cash equivalents		102,938	23,748	36,396	(884)	8,303	33,191	2,184
Other income		22,643	6,710	4,473	-	4,751	6,709	-
<b>Net investment income</b>		<b>20,250,861</b>	<b>5,892,490</b>	<b>2,414,321</b>	<b>1,670,675</b>	<b>62,083</b>	<b>6,794,052</b>	<b>3,417,240</b>
<b>Expenses</b>								
Management fees	8	1,571,299	569,895	155,737	114,385	15,745	463,197	252,340
Administration fees	8	108,095	40,041	15,069	6,309	994	32,544	13,138
Depository fees	8	146,977	54,449	20,491	8,579	1,350	44,254	17,854
Audit fees		15,981	5,751	2,114	915	185	5,143	1,873
Investment account fees	8	244,100	89,766	34,376	13,658	2,566	76,051	27,683
Directors' fees	11(d)	11,031	4,070	1,488	663	137	3,429	1,244
Other operating fees		67,886	2,862	14,166	5,721	4,141	38,221	2,775
<b>Total operating expenses</b>		<b>2,165,369</b>	<b>766,834</b>	<b>243,441</b>	<b>150,230</b>	<b>25,118</b>	<b>662,839</b>	<b>316,907</b>
<b>Operating profit before finance costs</b>		<b>18,085,492</b>	<b>5,125,656</b>	<b>2,170,880</b>	<b>1,520,445</b>	<b>36,965</b>	<b>6,131,213</b>	<b>3,100,333</b>
<b>Finance costs</b>								
Distributions to unitholders	10	155,921	83,703	12,913	-	1,622	52,889	4,794
<b>Total finance costs</b>		<b>155,921</b>	<b>83,703</b>	<b>12,913</b>	<b>-</b>	<b>1,622</b>	<b>52,889</b>	<b>4,794</b>
<b>Profit before tax</b>		<b>17,929,571</b>	<b>5,041,953</b>	<b>2,157,967</b>	<b>1,520,445</b>	<b>35,343</b>	<b>6,078,324</b>	<b>3,095,539</b>
Withholding tax		(490,692)	(197,084)	(558)	(46,331)	(1,763)	(125,267)	(119,689)
<b>Net increase in net assets attributable to unitholders</b>		<b>17,438,879</b>	<b>4,844,869</b>	<b>2,157,409</b>	<b>1,474,114</b>	<b>33,580</b>	<b>5,953,057</b>	<b>2,975,850</b>

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

# HSBC Malta Funds SICAV p.l.c.

## Unaudited Statement of Changes in Net Assets – Malta Bond Fund

For the period ended 30 September 2020

	Total EUR	Accumulator Share Class EUR	Income Share Class EUR
Net assets as at 1 April 2019	141,927,082	132,569,681	9,357,401
<b>Unit transactions</b>			
Amounts received on creations	6,497,604	6,424,990	72,614
Amounts paid on redemptions	(4,484,433)	(4,288,107)	(196,326)
<b>Total transactions with holders of redeemable units</b>	2,013,171	2,136,883	(123,712)
Net equalisation	-	451	(451)
Net increase in net assets attributable to unitholders	4,844,869	4,607,076	237,793
	4,844,869	4,607,527	237,342
<b>Net assets as at 30 September 2019</b>	148,785,122	139,314,091	9,471,031
Net assets as at 1 April 2020	<b>147,918,231</b>	<b>139,051,069</b>	<b>8,867,162</b>
<b>Unit transactions</b>			
Amounts received on creations	4,356,466	4,113,989	242,477
Amounts paid on redemptions	(3,459,863)	(3,258,190)	(201,673)
<b>Total transactions with holders of redeemable units</b>	<b>896,603</b>	<b>855,799</b>	<b>40,804</b>
Net equalisation	-	54,396	(54,396)
Net increase in net assets attributable to unitholders	2,111,297	1,998,527	112,770
	<b>2,111,297</b>	<b>2,052,923</b>	<b>58,374</b>
<b>Net assets as at 30 September 2020</b>	<b>150,926,131</b>	<b>141,959,791</b>	<b>8,966,340</b>

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

# HSBC Malta Funds SICAV p.l.c.

## Unaudited Statement of Changes in Net Assets – International Bond Fund

For the period ended 30 September 2020

	Total EUR	Accumulator Share Class EUR	Income Share Class EUR
Net assets as at 1 April 2019	53,292,278	51,554,611	1,737,667
<b>Unit transactions</b>			
Amounts received on creations	1,582,075	1,570,768	11,307
Amounts paid on redemptions	(1,351,055)	(1,277,317)	(73,738)
<b>Total transactions with holders of redeemable units</b>	<b>231,020</b>	<b>293,451</b>	<b>(62,431)</b>
Net equalisation	-	(1,085)	1,085
Net increase in net assets attributable to unitholders	2,157,409	2,102,118	55,291
	2,157,409	2,101,033	56,376
<b>Net assets as at 30 September 2019</b>	<b>55,680,707</b>	<b>53,949,095</b>	<b>1,731,612</b>
Net assets as at 1 April 2020	<b>53,779,194</b>	<b>52,204,047</b>	<b>1,575,147</b>
<b>Unit transactions</b>			
Amounts received on creations	1,317,217	1,316,411	806
Amounts paid on redemptions	(812,865)	(781,891)	(30,974)
<b>Total transactions with holders of redeemable units</b>	<b>504,352</b>	<b>534,520</b>	<b>(30,168)</b>
Net equalisation	-	(2,817)	2,817
Net increase in net assets attributable to unitholders	1,646,832	1,610,979	35,853
	<b>1,646,832</b>	<b>1,608,162</b>	<b>38,670</b>
<b>Net assets as at 30 September 2020</b>	<b>55,930,378</b>	<b>54,346,729</b>	<b>1,583,649</b>

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

# HSBC Malta Funds SICAV p.l.c.

## Unaudited Statement of Changes in Net Assets – Equity Growth Fund

For the period ended 30 September 2020

	Total EUR	Class A EUR	Class B EUR
Net assets as at 1 April 2019	22,102,207	8,824,214	13,277,993
<b>Unit transactions</b>			
Amounts received on creations	432,885	34,112	398,773
Amounts paid on redemptions	(336,058)	(287,506)	(48,552)
<b>Total transactions with holders of redeemable units</b>	96,827	(253,394)	350,221
Net increase in net assets attributable to unitholders	1,474,114	583,041	891,073
	1,474,114	583,041	891,073
<b>Net assets as at 30 September 2019</b>	23,673,148	9,153,861	14,519,287
Net assets as at 1 April 2020	19,744,472	7,346,588	12,397,884
<b>Unit transactions</b>			
Amounts received on creations	616,563	67,886	548,677
Amounts paid on redemptions	(223,662)	(91,708)	(131,954)
<b>Total transactions with holders of redeemable units</b>	392,901	(23,822)	416,723
Net increase in net assets attributable to unitholders	2,296,765	858,134	1,438,631
	2,296,765	858,134	1,438,631
<b>Net assets as at 30 September 2020</b>	22,434,138	8,180,900	14,253,238

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

# HSBC Malta Funds SICAV p.l.c.

## Unaudited Statement of Changes in Net Assets – HSBC Property Investment Fund

For the period ended 30 September 2020

	Total EUR	Accumulator Share Class EUR	Income Share Class EUR
Net assets as at 1 April 2019	3,753,566	3,229,745	523,821
<b>Unit transactions</b>			
Amounts received on creations	629	-	629
Amounts paid on redemptions	(462,703)	(326,858)	(135,845)
<b>Total transactions with holders of redeemable units</b>	<b>(462,074)</b>	<b>(326,858)</b>	<b>(135,216)</b>
Net equalisation	-	319	(319)
Net increase in net assets attributable to unitholders	33,580	31,382	2,198
	33,580	31,701	1,879
<b>Net assets as at 30 September 2019</b>	<b>3,325,072</b>	<b>2,934,588</b>	<b>390,484</b>
Net assets as at 1 April 2020	<b>2,848,785</b>	<b>2,510,055</b>	<b>338,730</b>
<b>Unit transactions</b>			
Amounts received on creations	-	-	-
Amounts paid on redemptions	(2,122,310)	(1,869,653)	(252,657)
<b>Total transactions with holders of redeemable units</b>	<b>(2,122,310)</b>	<b>(1,869,653)</b>	<b>(252,657)</b>
Net equalisation	-	651	(651)
Net increase in net assets attributable to unitholders	33,442	28,396	5,046
	<b>33,442</b>	<b>29,047</b>	<b>4,395</b>
<b>Net assets as at 30 September 2020</b>	<b>759,917</b>	<b>669,449</b>	<b>90,468</b>

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

# HSBC Malta Funds SICAV p.l.c.

## Unaudited Statement of Changes in Net Assets – Malta Government Bond Fund

For the period ended 30 September 2020

	Total EUR	Accumulator Share Class EUR	Income Share Class EUR
Net assets as at 1 April 2019	116,110,881	106,842,705	9,268,176
<b>Unit transactions</b>			
Amounts received on creations	1,254,738	1,223,193	31,545
Amounts paid on redemptions	(3,291,972)	(3,007,182)	(284,790)
<b>Total transactions with holders of redeemable units</b>	<b>(2,037,234)</b>	<b>(1,783,989)</b>	<b>(253,245)</b>
Net equalisation	-	1,936	(1,936)
Net increase in net assets attributable to unitholders	5,953,057	5,526,560	426,497
	5,953,057	5,528,496	424,561
<b>Net assets as at 30 September 2019</b>	<b>120,026,704</b>	<b>110,587,212</b>	<b>9,439,492</b>
Net assets as at 1 April 2020	<b>112,176,828</b>	<b>103,383,525</b>	<b>8,793,303</b>
<b>Unit transactions</b>			
Amounts received on creations	1,334,969	1,242,156	92,813
Amounts paid on redemptions	(3,506,372)	(3,333,299)	(173,073)
<b>Total transactions with holders of redeemable units</b>	<b>(2,171,403)</b>	<b>(2,091,143)</b>	<b>(80,260)</b>
Net equalisation	-	1,851	(1,851)
Net increase/(decrease) in net assets attributable to unitholders	447,854	450,215	(2,361)
	<b>447,854</b>	<b>452,066</b>	<b>(4,212)</b>
<b>Net assets as at 30 September 2020</b>	<b>110,453,279</b>	<b>101,744,448</b>	<b>8,708,831</b>

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

# HSBC Malta Funds SICAV p.l.c.

## Unaudited Statement of Changes in Net Assets – Maltese Assets Fund

For the period ended 30 September 2020

	Total EUR	Accumulator Share Class EUR	Income Share Class EUR
Net assets as at 1 April 2019	45,806,863	45,484,351	322,512
<b>Unit transactions</b>			
Amounts received on creations	2,298,882	2,298,060	822
Amounts paid on redemptions	(1,583,979)	(1,583,979)	-
<b>Total transactions with holders of redeemable units</b>	714,903	714,081	822
Net equalisation	-	(2,932)	2,932
Net increase in net assets attributable to unitholders	2,975,850	2,962,721	13,129
	2,975,850	2,959,789	16,061
<b>Net assets as at 30 September 2019</b>	49,497,616	49,158,221	339,395
Net assets as at 1 April 2020	41,974,325	41,725,147	249,178
<b>Unit transactions</b>			
Amounts received on creations	2,138,941	2,138,866	75
Amounts paid on redemptions	(657,697)	(657,697)	-
<b>Total transactions with holders of redeemable units</b>	1,481,244	1,481,169	75
Net equalisation	-	(8,537)	8,537
Net decrease in net assets attributable to unitholders	(421,140)	(409,949)	(11,191)
	(421,140)	(418,486)	(2,654)
<b>Net assets as at 30 September 2020</b>	43,034,429	42,787,830	246,599

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

# HSBC Malta Funds SICAV p.l.c.

## Unaudited Statement of Cash Flows

For the period ended 30 September 2020

	Combined	Malta Bond Fund	International Bond Fund	Equity Growth Fund	HSBC Property Investment Fund	Malta Government Bond Fund	Maltese Assets Fund
	2020	2020	2020	2020	2020	2020	2020
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
<b>Cash flows generated (used in)/ from operating activities</b>							
Interest and other income received	5,150,038	2,415,835	668,961	178,427	6,183	1,269,577	611,055
Payments to service providers	(2,516,164)	(960,293)	(280,985)	(165,486)	(11,554)	(732,263)	(365,583)
Tax paid	(493,067)	(204,733)	-	(39,582)	-	(116,823)	(131,929)
Net (payments on)/ proceeds from (acquisition)/ disposal of financial assets at fair value through profit or loss	(7,296,122)	(8,277,779)	86,499	(346,911)	1,025,928	2,110,989	(1,894,848)
<b>Net cash flows generated (used in)/ from operating activities</b>	<b>(5,155,315)</b>	<b>(7,026,970)</b>	<b>474,475</b>	<b>(373,552)</b>	<b>1,020,557</b>	<b>2,531,480</b>	<b>(1,781,305)</b>
<b>Cash flows generated (used in)/ from financing activities</b>							
Proceeds from creation of units	9,821,531	4,374,733	1,328,342	621,630	-	1,352,730	2,144,096
Amounts paid on redemption of units	(11,274,418)	(3,742,305)	(829,039)	(238,662)	(2,122,310)	(3,644,404)	(697,698)
Distribution of dividends	(125,905)	(72,150)	(9,715)	-	-	(43,314)	(726)
<b>Net cash flows (used in)/ generated from financing activities</b>	<b>(1,578,792)</b>	<b>560,278</b>	<b>489,588</b>	<b>382,968</b>	<b>(2,122,310)</b>	<b>(2,334,988)</b>	<b>1,445,672</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<b>(6,734,106)</b>	<b>(6,466,692)</b>	<b>964,063</b>	<b>9,416</b>	<b>(1,101,752)</b>	<b>196,492</b>	<b>(335,633)</b>
Cash and cash equivalents at beginning of the period	43,494,943	20,840,346	6,701,075	2,843,587	1,351,881	9,213,909	2,544,145
Exchange (losses)/ gains on cash and cash equivalents	(207,776)	(101,332)	(14,906)	(59,758)	256	(23,832)	(8,204)
<b>Cash and cash equivalents at end of period</b>	<b>36,553,061</b>	<b>14,272,322</b>	<b>7,650,232</b>	<b>2,793,245</b>	<b>250,385</b>	<b>9,386,569</b>	<b>2,200,308</b>

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



# HSBC Malta Funds SICAV p.l.c.

## Unaudited Statement of Cash Flows

For the period ended 30 September 2019

		Combined	Malta Bond Fund	International Bond Fund	Equity Growth Fund	HSBC Property Investment Fund	Malta Government Bond Fund	Maltese Assets Fund
	Note	2019 EUR	2019 EUR	2019 EUR	2019 EUR	2019 EUR	2019 EUR	2019 EUR
<b>Cash flows generated from/(used in) operating activities</b>								
Interest and other income received		6,018,796	2,352,929	605,182	379,985	41,508	1,537,253	1,101,938
Payments to service providers		(2,227,358)	(755,255)	(254,563)	(156,495)	(26,376)	(701,880)	(332,789)
Tax paid		(490,692)	(197,084)	(558)	(46,331)	(1,763)	(125,267)	(119,689)
Net proceeds from/(payments on) disposal/(acquisition) of financial assets at fair value through profit or loss		4,942,381	(3,114,543)	(2,310,678)	728,929	384,425	10,452,585	(1,198,337)
<b>Net cash flows generated from/(used in) operating activities</b>		<b>8,243,127</b>	<b>(1,713,953)</b>	<b>(1,960,617)</b>	<b>906,088</b>	<b>397,794</b>	<b>11,162,691</b>	<b>(548,877)</b>
<b>Cash flows generated from/(used in) financing activities</b>								
Proceeds from creation of units		11,872,251	6,362,603	1,557,513	432,885	629	1,219,740	2,298,882
Amounts paid on redemption of units		(11,510,200)	(4,484,433)	(1,351,055)	(336,058)	(462,703)	(3,291,972)	(1,583,979)
Distribution of dividends		(155,921)	(83,703)	(12,913)	-	(1,622)	(52,889)	(4,794)
<b>Net cash flows generated from/(used in) financing activities</b>		<b>206,130</b>	<b>1,794,467</b>	<b>193,545</b>	<b>96,827</b>	<b>(463,696)</b>	<b>(2,125,121)</b>	<b>710,109</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>8,449,257</b>	<b>80,514</b>	<b>(1,767,072)</b>	<b>1,002,915</b>	<b>(65,902)</b>	<b>9,037,570</b>	<b>161,232</b>
Cash and cash equivalents at beginning of the period	6	30,778,461	10,344,877	9,095,178	565,414	491,067	8,308,032	1,973,893
Exchange gains/ (losses) on cash and cash equivalents		102,938	23,748	36,396	(884)	8,303	33,191	2,184
<b>Cash and cash equivalents at end of period</b>	<b>6</b>	<b>39,330,656</b>	<b>10,449,139</b>	<b>7,364,502</b>	<b>1,567,445</b>	<b>433,468</b>	<b>17,378,793</b>	<b>2,137,309</b>

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

# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

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### 1 Reporting entity

HSBC Malta Funds SICAV p.l.c. ('the Company') is a company registered and domiciled in Malta.

As at 30 September 2020, the Company consisted of six sub-funds, namely Malta Bond Fund, International Bond Fund, Equity Growth Fund, HSBC Property Investment Fund, Malta Government Bond Fund and Maltese Assets Fund.

On 20 September 2019 the Board of Directors resolved to recommend the closure of HSBC Property Investment Fund for the shareholders' approval by means of an EGM process. After consulting with investors following an Extraordinary General Meeting process, the members of the fund approved a resolution to close the fund on 17 March 2020. Subsequent to this, the Fund Manager started to manage the liquidation process.

The Company maintains a separate account for each Fund, to which the proceeds are credited, and against which expenses are charged. Upon redemption, unitholders are entitled only to their proportion of the net assets held in the account relating to the Fund in which their participating units are designated. Separate statements of financial position, statements of changes in net assets attributable to unitholders, statements of comprehensive income and statements of cash flow have accordingly been prepared for each Fund. All references to net assets throughout this document refer to net assets attributable to unitholders of the respective Fund.

The statement of financial position presents assets and liabilities in increasing order of liquidity. Financial assets at fair value through profit or loss are intended to be held for an indefinite period of time and may be sold in response to needs for liquidity or in accordance to the Investment Manager's recommendations. All other assets and liabilities are expected to be realised within one year.

### 2 Basis of preparation

#### 2.1 Statement of compliance

The financial statements have been prepared and presented in accordance with International Financial Reporting Standards as adopted by the EU. All references in these financial statements to IAS, IFRS or SIC/IFRIC interpretations refer to those adopted by the EU.

They have also been drawn up in accordance with the provisions of the Maltese Companies Act, 1995 (Chapter 386, Laws of Malta).

#### 2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except that financial instruments at fair value through profit or loss, which includes derivative financial instruments, are measured at fair value.

#### 2.3 Functional and presentation currency

The financial statements are presented in Euro, which is the functional currency of the individual funds.

The combined financial statements have also been prepared in Euro.

# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

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### 2 Basis of preparation (continued)

#### 2.4 Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires the Directors to make judgements, estimates and assumptions that affect both the application of policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In the opinion of the Directors, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1 (revised).

### 3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### 3.1 Foreign currency

Transactions in foreign currencies are translated to the functional currency at the spot exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the reporting date to the functional currency at the spot exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the spot exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in the statement of comprehensive income as net foreign exchange gain/loss, except for those arising on financial instruments at fair value through profit or loss, which are recognised as a component of net gain/loss from financial instruments at fair value through profit or loss.

#### 3.2 Financial assets and liabilities

##### 3.2.1 Recognition and initial measurement

The Company initially recognises financial assets and financial liabilities at FVTPL on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognised on the date on which they are originated.

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

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### 3 Significant accounting policies (continued)

#### 3.2 Financial assets and liabilities

##### 3.2.2 Classification and subsequent measurement

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

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

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

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

##### 3.2.2.1 Financial assets - Business model assessment

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

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

The Company has determined that it has two business models.

- Held-to-collect business model: this includes cash and cash equivalents, settlements and other receivables. These financial assets are held to collect contractual cash flow.
- Other business model: this includes debt securities, equity investments, investments in unlisted open-ended investment funds, unlisted private equities and derivatives. These financial assets are managed and their performance is evaluated, on a fair value basis, with frequent sales taking place.

# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

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### 3 Significant accounting policies (continued)

#### 3.2 Financial assets and liabilities (continued)

##### 3.2.2 Classification and subsequent measurement (continued)

##### 3.2.2.2 Financial assets - Assessment whether contractual cash flows are solely payments of principal and interests (SPPI)

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

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

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

For a reconciliation of line items in the statement of financial position to the categories of financial instruments, as defined by IFRS 9, see Note 9.

##### 3.2.2.3 Financial assets - Reclassifications

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

##### 3.2.2.4 Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities, other than those at *fair value through profit or loss*, are measured at amortised cost using the effective interest rate method. Financial liabilities arising from the puttable feature of units issued by the Company are carried at the amount representing the unit holder's right to a residual interest in the Company's net assets.

When applying the effective interest method, the annual amortisation of any discount or premium is aggregated with other investment income receivable over the term of the instrument, if any, so that the revenue recognised in each period represents a constant yield on the investment.

Financial liabilities that were not at *fair value through profit or loss* included settlements, redemptions, accruals and other payables.

# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

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### 3 Significant accounting policies (continued)

#### 3.2 Financial assets and liabilities (continued)

##### 3.2.3 Impairment

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

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

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

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

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

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

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

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

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

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

##### 3.2.3.1 Measurement of ECLs

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

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

# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

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### 3 Significant accounting policies (continued)

#### 3.2 Financial assets and liabilities (continued)

##### 3.2.3 Impairment (continued)

##### 3.2.3.2 Credit-impaired financial assets

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

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

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

##### 3.2.3.3 Presentation of allowance for ECLs in the statement of financial position

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

##### 3.2.3.4 Write-off

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

#### 3.2.4 Fair value measurement principles

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

When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

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

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

# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

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### 3 Significant accounting policies (continued)

#### 3.2 Financial assets and liabilities (continued)

##### 3.2.4 Fair value measurement principles (continued)

Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or liability measured at fair value has a bid price and ask price, IFRS 13 *Fair Value Measurement* requires valuation to be based on a price within the bid-ask spread that is most representative of fair value and allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurement within a bid-ask spread. If an asset or liability is not available for further subscriptions, all of its underlying securities are measured at the bid price (the price at which these securities can eventually be liquidated).

Unquoted investments are valued at initial cost restated to fair value as determined by the Directors, acting on the advice of the Manager or such other person commissioned and appointed from time to time for that purpose by the Directors. The fair value is estimated using valuation techniques, including the use of recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow techniques, option pricing models or any other valuation techniques that provide a reliable estimate of prices obtained in actual market transactions.

The fair value of derivatives that are not exchange-traded is estimated at the amount that the Company would receive, or pay, to terminate the contract at the financial reporting date, taking into account current market conditions, volatility, appropriate yield curve and the current creditworthiness of the counterparties. The fair value of a forward contract is determined as the net present value of estimated future cash flows, discounted at appropriate market rates on the valuation date.

##### 3.2.5 Collective Investment Schemes

The Scheme's investments in other funds are subject to terms and conditions of the respective Investment Fund's offering documentation. The investments in open-ended Investment Funds are valued based on the latest available redemption price of such units for each Investment Fund, as determined by the Investment Funds' administrators. The Scheme's Trustee reviews the details of the reported information obtained from the Investment Funds and considers:

- The liquidity of the Investment Fund or its underlying investments;
- The value date of the net asset value provided;
- Any restrictions on redemptions; and
- The basis of accounting and, in instances where the basis of accounting is other than fair value, fair valuation information provided by the Investment Fund's advisors.

If necessary, the Scheme makes adjustments to the net asset value of various Investment Funds to obtain the best estimate of fair value. Net fair value changes on financial assets at fair value through profit or loss in the statement of changes in net assets available to participants for benefits include the change in fair value of each of the Investment Funds.



# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

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### 3 Significant accounting policies (continued)

#### 3.2 Financial assets and liabilities (continued)

##### 3.2.5 *Collective Investment Schemes (continued)*

Investments in closed-ended Investment Funds are valued by reference to the unitholders' capital attributable to the relevant sub-fund as determined by the Investment Fund's administrator. The unitholders in these closed-ended funds are not entitled to have any of their holding redeemed prior to the termination period. As a result, the carrying values of the Investment Funds may not be indicative of the values ultimately realised on redemption. In addition, the Scheme may be materially affected by the actions of other investors who have invested in the Investment Funds in which the Scheme is invested.

All of the Investment Funds in the investment portfolio are managed by investment providers who are compensated by the respective Investment Funds for their services. Such compensation generally consists of an asset-based fee and a performance-based incentive fee. Such compensation is reflected in the valuation of the Scheme's investment in each of the Investment Funds.

##### 3.2.6 *Derecognition*

The Company derecognises a financial asset when the contractual rights to the cash flow from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control of the financial asset. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Company is recognised as a separate asset or liability in the statement of financial position.

Upon derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised), and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

The Company enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets or a portion of them are not derecognised. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.

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

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

#### 3.3 Cash and cash equivalents

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

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

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### 3 Significant accounting policies (continued)

#### 3.4 Interest income

Interest income is recognised in profit or loss as it accrues using the effective interest method.

#### 3.5 Dividend income

Dividend income relating to exchange-traded funds and equities is recognised in profit or loss on the ex-dividend date.

#### 3.6 Expenses

All expenses, including management fees and custodian fees, are recognised in profit or loss on an accruals basis.

#### 3.7 Redeemable units

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

The Company issues redeemable units which are redeemable at the holder's option. Such units are classified as financial liabilities. Redeemable units can be put back to the Funds at any time for cash equal to a proportionate share of the Funds' net asset value attributable to the share class.

The redeemable units are carried at the redemption amount that is payable at the reporting date if the holder exercises the right to put the unit back to the Funds.

Redeemable units are issued and redeemed at the holder's option at prices based on the Funds' net asset value per unit at the time of issue or redemption. The Funds' net asset value per unit is calculated by dividing the net assets attributable to the holders of each redeemable unit with the total number of outstanding redeemable units. In accordance with the provisions of the Funds' regulations, investment positions are valued based on the last traded mid-market price for the purpose of determining the net asset value per unit for subscriptions and redemptions.

#### 3.8 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

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### 3 Significant accounting policies (continued)

#### 3.9 Dividend distributions

Dividends payable on income shares are recognised in profit or loss as finance costs.

The amount available for distribution by the relevant Funds includes:

- a) the net increase in unitholders' funds excluding gains/losses on financial instruments and dividends payable; and
- b) the net income equalisation on units that are issued and redeemed during the period.

Such amounts available for distribution are transferred to the Distribution Account. Any undistributed income will be reflected in the net asset value per unit of the Funds.

#### 3.10 Equalisation

The purchase price of any units in the Funds generally contains an element representing the accrued income earned by the units since the start of the current dividend period.

This means that when investors buy units, part of the consideration represents payment of net income. The corresponding portion of the purchase price (the equalisation payment) will be notionally credited by the relative Fund to an equalisation account.

#### 3.11 New standards and interpretations not yet adopted by the Company

##### 3.11.1 Standards and amendments to existing standards effective 1 April 2020

A number of new standards are effective for annual periods beginning after 1 April 2020 and earlier application is permitted; however, the Company has not early applied these new or amended standards in preparing these financial statements.

Of those standards that are not yet effective, none are expected to have a material impact on the Company's financial statements in the period of initial application.

# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

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### 4 Bank balances and bank facilities

#### 4.1 Malta Bond Fund

Bank balances as at 30 September 2020 comprise call and term deposits with credit institutions, none of which exceed 10% of the net assets of the Fund.

The Fund had a stand-by overdraft facility of a maximum of EUR5,000,000 with interest chargeable at the rates of 1% per annum over 3 month Euribor floored at zero, in respect of cash account in Euro, 1% per annum over 3 month USD Libor floored at zero, in respect of cash account in USD and 1% per annum over 3 month GBP Libor floored at zero, in respect of cash account in GBP.

The Fund also had a stand-by settlement line of a maximum of EUR5,000,000 with interest chargeable at the rates of 3% per annum over 12 month Euribor floored at zero, in respect of cash account in Euro, 3% per annum over 12 month USD Libor floored at zero, in respect of cash account in USD and 3% per annum over 12 month GBP Libor floored at zero, in respect of cash account in GBP.

During the period, the Fund did not avail itself of these facilities. These facilities were secured by the cash and investments held by the Fund with the Depositary/Custodian.

#### 4.2 International Bond Fund

Bank balances as at 30 September 2020 comprise call and term deposits with credit institutions, the amount of which exceed 10% of the net assets of the Fund, and were held with the following credit institutions.

	30 September 2020		31 March 2020	
	EUR	% of net assets	EUR	% of net assets
FIMBank plc	1,246,692	2.23	1,236,481	2.30
HSBC Bank Malta plc	6,403,540	11.45	5,464,594	10.16
	-----	-----	-----	-----
	<b>7,650,232</b>	<b>13.68</b>	<b>6,701,075</b>	<b>12.46</b>
	=====	=====	=====	=====

The Fund had a stand-by overdraft facility of a maximum of EUR1,500,000 with interest chargeable at the rates of 1% per annum over 3 month Euribor floored at zero, in respect of cash account in Euro, 1% per annum over 3 month USD Libor floored at zero, in respect of cash account in USD and 1% per annum over 3 month GBP Libor floored at zero, in respect of cash account in GBP.

The Fund also had a stand-by settlement line of a maximum of EUR1,500,000 with interest chargeable at the rates of 3% per annum over 12 month Euribor floored at zero, in respect of cash account in Euro, 3% per annum over 12 month USD Libor floored at zero, in respect of cash account in USD and 3% per annum over 12 month GBP Libor floored at zero, in respect of cash account in GBP.

During the period, the Fund did not avail itself of these facilities. These facilities were secured by the cash and investments held by the Fund with the Depositary/Custodian.

# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

### 4 Bank balances and bank facilities (continued)

#### 4.3 Equity Growth Fund

Bank balances as at 30 September 2020 comprise call deposits with credit institutions, the amount of which exceed 10% of the net assets of the Fund, and were held with the following institutions.

	30 September 2020		31 March 2020	
	EUR	% of net assets	EUR	% of net assets
HSBC Bank Malta plc	2,793,245	12.45	2,843,587	14.40
	-----	-----	-----	-----
	2,793,245	12.45	2,843,587	14.40
	=====	=====	=====	=====

The Fund had a stand-by overdraft facility of a maximum of EUR1,000,000 with interest chargeable at the rates of 1% per annum over 3 month Euribor floored at zero, in respect of cash account in Euro, 1% per annum over 3 month USD Libor floored at zero, in respect of cash account in USD and 1% per annum over 3 month GBP Libor floored at zero, in respect of cash account in GBP.

The Fund also had a stand-by settlement line of a maximum of EUR1,000,000 with interest chargeable at the rates of 3% per annum over 12 month Euribor floored at zero, in respect of cash account in Euro, 3% per annum over 12 month USD Libor floored at zero, in respect of cash account in USD and 3% per annum over 12 month GBP Libor floored at zero, in respect of cash account in GBP.

During the period, the Fund did not avail itself of these facilities. These facilities were secured by the cash and investments held by the Fund with the Depository/Custodian.

#### 4.4 HSBC Property Investment Fund

Bank balances as at 30 September 2020 comprise call deposits with credit institutions, the amount of which exceed 10% of the net assets of the Fund, and were held with the following institutions.

	30 September 2020		31 March 2020	
	EUR	% of net assets	EUR	% of net assets
HSBC Bank Malta plc	250,385	32.95	1,351,881	47.45
	-----	-----	-----	-----
	250,385	32.95	1,351,881	47.45
	=====	=====	=====	=====

# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

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### 4 Bank balances and bank facilities (continued)

#### 4.4 HSBC Property Investment Fund (continued)

The Fund had a stand-by overdraft facility of a maximum of EUR500,000 with interest chargeable at the rates of 1% per annum over 3 month Euribor floored at zero, in respect of cash account in Euro, 1% per annum over 3 month USD Libor floored at zero, in respect of cash account in USD and 1% per annum over 3 month GBP Libor floored at zero, in respect of cash account in GBP.

The Fund also had a stand-by settlement line of a maximum of EUR500,000 with interest chargeable at the rates of 3% per annum over 12 month Euribor floored at zero, in respect of cash account in Euro, 3% per annum over 12 month USD Libor floored at zero, in respect of cash account in USD and 3% per annum over 12 month GBP Libor floored at zero, in respect of cash account in GBP.

During the period, the Fund did not avail itself of these facilities. These facilities were secured by the cash and investments held by the Fund with the Depository/Custodian.

#### 4.5 Malta Government Bond Fund

Bank balances as at 30 September 2020 and 2019 comprise call deposits and term deposits with credit institutions, none of which exceed 10% of the net assets of the Fund.

The Fund had a stand-by overdraft facility of a maximum of EUR2,500,000 with interest chargeable at the rates of 1% per annum over 3 month Euribor floored at zero, in respect of cash account in Euro, 1% per annum over 3 month USD Libor floored at zero, in respect of cash account in USD and 1% per annum over 3 month GBP Libor floored at zero, in respect of cash account in GBP.

The Fund also had a stand-by settlement line of a maximum of EUR2,500,000 with interest chargeable at the rates of 3% per annum over 12 month Euribor floored at zero, in respect of cash account in Euro, 3% per annum over 12 month USD Libor floored at zero, in respect of cash account in USD and 3% per annum over 12 month GBP Libor floored at zero, in respect of cash account in GBP.

During the period, the Fund did not avail itself of these facilities. These facilities were secured by the cash and investments held by the Fund with the Depository/Custodian.

#### 4.6 Maltese Assets Fund

Bank balances as at 30 September 2020 comprise call deposits with credit institutions, none of which exceed 10% of the net assets of the Fund.

The Fund had a stand-by overdraft facility of a maximum of EUR1,000,000 with interest chargeable at the rates of 1% per annum over 3 month Euribor floored at zero, in respect of cash account in Euro, 1% per annum over 3 month USD Libor floored at zero, in respect of cash account in USD and 1% per annum over 3 month GBP Libor floored at zero, in respect of cash account in GBP.

The Fund also had a stand-by settlement line of a maximum of EUR1,000,000 with interest chargeable at the rates of 3% per annum over 12 month Euribor floored at zero, in respect of cash account in Euro, 3% per annum over 12 month USD Libor floored at zero, in respect of cash account in USD and 3% per annum over 12 month GBP Libor floored at zero, in respect of cash account in GBP.

During the period, the Fund did not avail itself of these facilities. These facilities were secured by the cash and investments held by the Fund with the Depository/Custodian.

# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

### 5 Share capital

(a) The number of shares in issue to unitholders at the end of the period is analysed below:

30 September 2020	Combined	Malta Bond Fund	International Bond Fund	Equity Growth Fund	HSBC Property Investment Fund*	Malta Government Bond Fund	Maltese Assets Fund
	No.	No.	No.	No.	No.	No.	No.
Authorised	<b>100,000,000</b>						
Issued	<b>738,807</b>	<b>234,878</b>	<b>126,188</b>	<b>74,353</b>	<b>4,068</b>	<b>221,099</b>	<b>78,221</b>
31 March 2020	Combined	Malta Bond Fund	International Bond Fund	Equity Growth Fund	HSBC Property Investment Fund*	Malta Government Bond Fund	Maltese Assets Fund
Authorised	100,000,000						
Issued	747,908	233,501	125,106	73,077	15,117	225,415	75,692

\*On 29 January 2020, the Board of Directors proposed the closure of HSBC Property Investment Fund (“HPIF”) to its investors. In order to treat all underlying investors in an equitable manner, subscriptions in and redemptions out of the HPIF were suspended. After consulting with investors following an Extraordinary General Meeting, the members of the HPIF approved a resolution to close the HPIF on 17 March 2020. Subsequent to this, the Fund Manager started to manage the liquidation process.

# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

### 5 Share capital

Analysed as follows:

	<b>Combined</b>	<b>Malta Bond Fund</b>	<b>International Bond Fund</b>	<b>Equity Growth Fund</b>	<b>HSBC Property Investment Fund</b>	<b>Malta Government Bond Fund</b>	<b>Maltese Assets Fund</b>
	<b>30 Sep 2020 No.</b>	<b>30 Sep 2020 No.</b>	<b>30 Sep 2020 No.</b>	<b>30 Sep 2020 No.</b>	<b>30 Sep 2020 No.</b>	<b>30 Sep 2020 No.</b>	<b>30 Sep 2020 No.</b>
<i>Accumulator Share Class</i>							
At beginning of the period	693,533	212,408	119,507	73,077	13,022	200,389	75,130
Creation of units	17,328	6,221	2,943	2,058	-	2,413	3,693
Redemption of units	(24,659)	(4,940)	(1,756)	(782)	(9,518)	(6,499)	(1,164)
At end of the period	<u>686,202</u>	<u>213,689</u>	<u>120,694</u>	<u>74,353</u>	<u>3,504</u>	<u>196,303</u>	<u>77,659</u>
<i>Income Share Class</i>							
At beginning of the period	54,375	21,093	5,599	-	2,095	25,026	562
Creation of units	842	573	3	-	-	266	-
Redemption of units	(2,612)	(477)	(108)	-	(1,531)	(496)	-
At end of the period	<u>52,605</u>	<u>21,189</u>	<u>5,494</u>	<u>-</u>	<u>564</u>	<u>24,796</u>	<u>562</u>
<b>Total units at end of period</b>	<u><b>738,807</b></u>	<u><b>234,878</b></u>	<u><b>126,188</b></u>	<u><b>74,353</b></u>	<u><b>4,068</b></u>	<u><b>221,099</b></u>	<u><b>78,221</b></u>



# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

### 5 Share capital (continued)

Analysed as follows:

	<b>Combined</b>	<b>Malta Bond Fund</b>	<b>International Bond Fund</b>	<b>Equity Growth Fund</b>	<b>HSBC Property Investment Fund</b>	<b>Malta Government Bond Fund</b>	<b>Maltese Assets Fund</b>
	<b>31 Mar 2020</b>	<b>31 Mar 2020</b>	<b>31 Mar 2020</b>	<b>31 Mar 2020</b>	<b>31 Mar 2020</b>	<b>31 Mar 2020</b>	<b>31 Mar 2020</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>
<i>Accumulator Share Class</i>							
At beginning of the year	692,191	203,006	116,609	71,989	14,837	212,200	73,550
Creation of units	46,586	22,991	8,214	4,166	-	4,224	6,991
Redemption of units	(45,244)	(13,589)	(5,316)	(3,078)	(1,815)	(16,035)	(5,411)
	-----	-----	-----	-----	-----	-----	-----
At end of the year	<u>693,533</u>	<u>212,408</u>	<u>119,507</u>	<u>73,077</u>	<u>13,022</u>	<u>200,389</u>	<u>75,130</u>
	<b>Combined</b>	<b>Malta Bond Fund</b>	<b>International Bond Fund</b>	<b>Equity Growth Fund</b>	<b>HSBC Property Investment Fund</b>	<b>Malta Government Bond Fund</b>	<b>Maltese Assets Fund</b>
	<b>31 Mar 2020</b>	<b>31 Mar 2020</b>	<b>31 Mar 2020</b>	<b>31 Mar 2020</b>	<b>31 Mar 2020</b>	<b>31 Mar 2020</b>	<b>31 Mar 2020</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>
<i>Income Share Class</i>							
At beginning of the year	58,156	21,926	6,013	-	2,826	26,747	644
Creation of units	528	366	59	-	6	95	2
Redemption of units	(4,309)	(1,199)	(473)	-	(737)	(1,816)	(84)
	-----	-----	-----	-----	-----	-----	-----
At end of the year	<u>54,375</u>	<u>21,093</u>	<u>5,599</u>	<u>-</u>	<u>2,095</u>	<u>25,026</u>	<u>562</u>
<b>Total units at end of year</b>	<u>747,908</u>	<u>233,501</u>	<u>125,106</u>	<u>73,077</u>	<u>15,117</u>	<u>225,415</u>	<u>75,692</u>

# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

### 5 Share capital (continued)

In terms of the Maltese Companies Act, 1995, the authorised share capital of the Company has not been assigned any nominal value, and the paid-up share capital of the Company shall at all times be equal to the Net Asset Value of the Funds as determined in accordance with the Articles of Association.

(b) The net assets at the end of the period are analysed as follows:

	Combined	Malta Bond Fund	International Bond Fund	Equity Growth Fund	HSBC Property Investment Fund	Malta Government Bond Fund	Maltese Assets Fund
	30 Sep 2020 EUR	30 Sep 2020 EUR	30 Sep 2020 EUR	30 Sep 2020 EUR	30 Sep 2020 EUR	30 Sep 2020 EUR	30 Sep 2020 EUR
Accumulator shares	363,942,385	141,959,791	54,346,729	22,434,138	669,449	101,744,448	42,787,830
Income shares	19,595,887	8,966,340	1,583,649	-	90,468	8,708,831	246,599
<b>Net assets</b>	<b>383,538,272</b>	<b>150,926,131</b>	<b>55,930,378</b>	<b>22,434,138</b>	<b>759,917</b>	<b>110,453,279</b>	<b>43,034,429</b>
	Combined	Malta Bond Fund	International Bond Fund	Equity Growth Fund	HSBC Property Investment Fund	Malta Government Bond Fund	Maltese Assets Fund
	31 Mar 2020 EUR	31 Mar 2020 EUR	31 Mar 2020 EUR	31 Mar 2020 EUR	31 Mar 2020 EUR	31 Mar 2020 EUR	31 Mar 2020 EUR
Accumulator shares	358,618,314	139,051,069	52,204,047	19,744,472	2,510,054	103,383,525	41,725,147
Income shares	19,823,521	8,867,162	1,575,147	-	338,731	8,793,303	249,178
<b>Net assets</b>	<b>378,441,835</b>	<b>147,918,231</b>	<b>53,779,194</b>	<b>19,744,472</b>	<b>2,848,785</b>	<b>112,176,828</b>	<b>41,974,325</b>

# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

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### 5 Share capital (continued)

- (c) The net assets of the Income Shares represent the sum of the Income Share Class and the balance on the Income Account set out in the statement of changes in net assets.
- (d) Units may be issued and redeemed at prices based on the Funds' Net Asset Value as determined in accordance with the Articles of Association and the Prospectus.
- (e) The net assets at the beginning of the year, together with amounts received on creation of units and amounts paid on redemption of units during the year, are disclosed in the statement of changes in net assets.
- (f) Each unitholder is entitled to one vote in respect of each unit held.
- (g) The units subscribed by the promoters of the Company at the time of establishment of the Company are, for administrative purposes, referred to as 'Founder Shares'. The Founder Shares constitute the minimum number of ordinary shares that a company is required to maintain in terms of the Act. These founder shares amount to €1,167 and are divided into 501 Shares which are fully paid up and subscribed as follows: HSBC Global Asset Management (Malta) Limited has subscribed to 500 Shares on its own account and HSBC Life Assurance (Malta) Limited has subscribed to 1 Share on its own account.

Another 5 shares with no nominal value are referred to as the 'Institutional Shares'. The Institutional Shares are fully paid up and subscribed by HSBC Global Asset Management (Malta) Limited. The holders of the Institutional Shares have the right to appoint one director of the Company by means of a written instrument. The holders of the Institutional Shares have such right until such time as HSBC Global Asset Management (Malta) Limited holds Institutional Shares and continues to act as Manager to any of the Funds of the Company. It also has the right to remove from office any Director appointed by it.

The founder and institutional shares do not form part of the net asset value of the Company and are thus disclosed in the financial statements by way of this note only. In the opinion of the directors this disclosure reflects the nature of the Company's business as an investment company.

- (h) At 30 September 2020, one of the directors held 32 accumulator units in the Fund (31 March 2020: 73,274 accumulator units).

# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

### 6 Cash and cash equivalents

6.1 Balances of cash and cash equivalents as shown in the statement of cash flows, the statement of financial position and the portfolio of net assets are analysed below:

	Combined	Malta Bond Fund	International Bond Fund	Equity Growth Fund	HSBC Property Investment Fund	Malta Government Bond Fund	Maltese Assets Fund
Note	30 Sep 2020 EUR	30 Sep 2020 EUR	30 Sep 2020 EUR	30 Sep 2020 EUR	30 Sep 2020 EUR	30 Sep 2020 EUR	30 Sep 2020 EUR
Bank balances	36,553,061	14,272,322	7,650,232	2,793,245	250,385	9,386,569	2,200,308
Cash and cash equivalents	<u>36,553,061</u>	<u>14,272,322</u>	<u>7,650,232</u>	<u>2,793,245</u>	<u>250,285</u>	<u>9,386,569</u>	<u>2,200,308</u>
	Combined	Malta Bond Fund	International Bond Fund	Equity Growth Fund	HSBC Property Investment Fund	Malta Government Bond Fund	Maltese Assets Fund
	31 Mar 2020 EUR	31 Mar 2020 EUR	31 Mar 2020 EUR	31 Mar 2020 EUR	31 Mar 2020 EUR	31 Mar 2020 EUR	31 Mar 2020 EUR
Bank balances	43,494,943	20,840,346	6,701,075	2,843,587	1,351,881	9,213,909	2,544,145
Cash and cash equivalents	<u>43,494,943</u>	<u>20,840,346</u>	<u>6,701,075</u>	<u>2,843,587</u>	<u>1,351,881</u>	<u>9,213,909</u>	<u>2,544,145</u>

# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

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### 7 Taxation

#### *The Funds*

The Maltese tax regime for collective investment schemes is based on the classification of funds into 'prescribed' and 'non-prescribed' funds in terms of the conditions set out in the Collective Investment Schemes (Investment Income) Regulations, 2001 (as amended).

In general, a 'prescribed fund' is defined as a resident fund, which has declared that the value of its assets situated in Malta amount to at least 85% of the value of the total assets the fund. A 'non-prescribed' fund is a fund which does not qualify as a 'prescribed-fund'.

The Malta Bond Fund, the Malta Government Bond Fund and the Maltese Assets Fund which are classified as prescribed funds for Maltese income tax purposes, are subject to a final withholding tax of 15% on Maltese bank interest and 10% on other investment income (as defined in the Maltese Income Tax Act) received by the fund. The Funds are exempt from Maltese income tax on other income and gains except for income and gains derived from immovable property situated in Malta (if any).

On the basis that the International Bond Fund, the Equity Growth Fund and the HSBC Property investment Fund are classified as non-prescribed funds for Maltese income tax purposes, these Funds should not be subject to any Maltese income tax on their income or gains other than on income derived from immovable property situated in Malta (if any).

Capital gains, dividends, interests and any other income from foreign securities held by the Funds may be subject to tax imposed by the country of origin concerned and such taxes cannot be recovered by the Funds or by the investors under Maltese domestic tax law.

#### *The investors*

Maltese tax legislation currently provides that capital gains realised by investors of the Malta Bond Fund, the Malta Government Bond Fund and the Maltese Assets Fund are exempt from tax in Malta for as long as the Fund remains listed on the Malta Stock Exchange and remains classified as a prescribed fund.

Capital gains realised on any redemption, liquidation or cancellation of units by Maltese resident investors of the International Bond Fund, the Equity Growth Fund and the HSBC Property Investment Fund may be subject to a 15% final withholding tax which would be deducted at source by the Funds. Alternatively, investors may opt to receive any capital gains without deduction of tax in which case they would be obliged to declare the gains in their personal income tax return and would be subject to Maltese income tax at their normal rates of tax.

Any gains or profits derived on any transfer of units in the Funds by investors who are not resident in Malta should not be chargeable to Maltese income tax, subject to the satisfaction of certain statutory conditions.

# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

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### 7 Taxation (continued)

#### *Tax treatment of dividend distributions*

The distribution by way of dividends of (a) profits which were subject to a final withholding tax at 10% or 15% at Fund level and (b) dividends received by the Funds out of the final tax account, the immovable property account, the Maltese taxed account or the foreign income account of other Maltese companies do not attract any further tax in the hands of the investors. The investor could be entitled to claim a credit of the Maltese tax incurred by the Funds, except where the dividend distribution was paid out of the final tax account.

The distribution of other profits (including foreign sourced profits) may attract a 15% withholding tax mainly in the case where the unitholder is a Maltese resident unitholder other than a company. The investor may claim a credit of such tax withheld. The distribution of such other profits to non-Maltese resident unitholders and Maltese resident companies is not subject to withholding tax.

### 8 Fees

#### 8.1 Management fees

Under the terms of an agreement dated 31 January 1997, as subsequently superseded by an agreement dated 2 May 2002, the Company appointed HSBC Global Asset Management (Malta) Limited, a subsidiary of HSBC Bank Malta p.l.c., as Manager. The latter agreement was amended and restated with a new agreement dated 21 July 2014 to set out the terms upon which the Manager accepts to act as AIFM in respect of the Company and the Funds.

During the period under review, the Manager received EUR1,517,720 (30 September 2019: EUR1,571,299) as management fees. Management fees amounting to EUR49,833 (31 March 2020: EUR305,153) were due to the Manager at 30 September 2020.

#### 8.2 Administration fees

The Company and the Manager appointed Deutsche International Corporate Services (Ireland) Limited as Administrator from 12 February 2014. The Company and the Manager have agreed to the delegation of certain administration functions of the Company and the Funds including acting as Registrar, to Deutsche International Corporate Services (Ireland) Limited.

An amended and re-stated Administration Agreement dated 21 July 2014 was entered into between Deutsche International Corporate Services (Ireland) Limited as Fund Administrator, the Company and the Manager for the purposes of appointing the Administrator to provide administration, Registrar and transfer agency services to the Company and to reflect the responsibility of the Manager under Alternative Investment Fund Managers Directive (AIFMD) and Alternative Investment Fund Managers Regulations (AIFMR) in ensuring the proper valuation of the assets and the calculation of the Company's net asset value.

On 28 September 2018, the Company and the Manager appointed HSBC Securities Services (Ireland) DAC as Administrator and Registrar of the Company and its sub-funds to provide administration, registrar and transfer agency services to the Company and to reflect the responsibility of the Manager under Alternative Investment Fund managers Directive (AIFMD) and Alternative Investment Fund Managers Regulations (AIFMR) in ensuring the proper valuation of the assets and the calculation of the Company's net asset value.

# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

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### 8 Fees (continued)

#### 8.2 Administration fees (continued)

During the period under review, the Administrator received EUR106,076 (30 September 2019: EUR108,095) as administration fees. Administration fees amounting to EUR35,344 (31 March 2020: EUR18,503) were due to the Administrator at 30 September 2020.

#### 8.3 Secretarial fees

Ganado Services Limited charges a fee of EUR2,000 (excluding VAT) per annum for 16 hours of work for acting as Company Secretary to the Company. Additional hours are charged on a time spent basis.

#### 8.4 Depositary and custodianship fees

On 2 December 2016, the Company and the Manager entered into an agreement with Sparkasse Bank Malta p.l.c. under the terms of which the latter was appointed as the Depositary and Custodian of the Company with effect from 5 December 2016.

Upon the Company's and Manager's request, the Depositary agreed to appoint HSBC Bank p.l.c. as Sub-Custodian to safe-keep financial instruments for markets covered by HSBC London and its sub-custody network.

During the period under review, the Depositary and Custodian received EUR144,138 (30 September 2019: EUR146,977). Custodian and Depositary fees amounting to EUR23,707 (31 March 2020: EUR41,648) were due to the Custodian and Depositary at 30 September 2020.

#### 8.5 Fees charged by the Service Provider

An agreement dated 31 July 2013 was entered into between the Company, the Manager and HSBC Bank Malta p.l.c. In terms of this agreement HSBC Bank Malta p.l.c. was appointed as a Service Provider in respect of the maintenance of the Investment Account System through which all persons purchase and hold units in the Company. This agreement was terminated on 20 July 2014. A new agreement to that effect was entered into on 21 July 2014.

During the period under review, HSBC Bank Malta p.l.c. received an aggregate investment account fee of EUR241,265 (30 September 2019: EUR244,100). Investment account fees amounting to EUR47,234 (31 March 2020: EUR42,489) were due to HSBC Bank Malta p.l.c. at 30 September 2020.

# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

### 9 Portfolio of net assets

#### *Malta Bond Fund*

	Denominated in	Fair value EUR	Percentage of total net assets %
<i>Sovereign/Supranational Bonds</i>			
FRN CCTS EU 15/04/2025	EUR	1,010,704	0.67%
FRN Portugal Government Bond 23/07/2025	EUR	1,040,900	0.69%
0.27% Slovenia Gov. Domestic Bond 14/01/2030	EUR	1,027,919	0.68%
1.00% Malta Government Bond 23/04/2031	EUR	2,124,000	1.41%
1.00% Malta Government Bond 23/04/2031	EUR	1,062,000	0.70%
1.40% Malta Government Bond 11/11/2023	EUR	3,260,230	2.16%
1.40% Malta Government Bond 29/07/2024	EUR	7,398,300	4.90%
1.50% Malta Government Bond 15/06/2027	EUR	1,636,725	1.08%
1.50% Malta Government Bond 11/07/2022	EUR	515,225	0.34%
2.30% Malta Government Bond 24/07/2029	EUR	4,395,386	2.90%
2.50% Malta Government Bond 17/11/2036	EUR	2,642,500	1.75%
3.00% Malta Government Bond 11/06/2040	EUR	2,103,375	1.39%
3.30% Malta Government Bond 12/11/2024	EUR	2,235,692	1.48%
4.10% Malta Government Bond 18/10/2034	EUR	2,710,273	1.80%
4.30% Malta Government Bond 01/08/2033	EUR	998,525	0.66%
4.45% Malta Government Bond 03/09/2032	EUR	3,070,686	2.03%
4.50% Malta Government Bond 25/10/2028	EUR	9,752,556	6.46%
4.65% Malta Government Bond 22/07/2032	EUR	876,600	0.58%
4.80% Malta Government Bond 11/09/2028	EUR	1,332,074	0.88%
5.20% Malta Government Bond 16/09/2031	EUR	2,983,800	1.98%
5.25% Malta Government Bond 23/06/2030	EUR	7,429,169	4.92%
5.50% Malta Government Bond 06/07/2023	EUR	2,728,024	1.81%
7.00% Malta Government Bond 31/12/2023	EUR	1,580,520	1.07%
		<u>63,915,183</u>	<u>42.34%</u>



# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

### 9 Portfolio of net assets (continued)

#### *Malta Bond Fund (continued)*

	Denominated in	Fair value EUR	Percentage of total net assets %
<i>Sovereign/Supranational Bonds (continued)</i>			
7.50% European Investment Bank 13/04/2022	Brazilian Real	324,589	0.22%
<b>Total Sovereign/Supranational Bonds</b>		<b>64,239,772</b>	<b>42.56%</b>
<i>Corporate Bonds</i>			
5.10% 6pm Holdings p.l.c. 31/07/2025	EUR	992,079	0.66%
6.38% ABN AMRO Bank NV 27/04/2021	EUR	517,904	0.34%
6.00% AX Investments p.l.c. 06/03/2024	EUR	1,280,810	0.85%
3.25% AX Investments p.l.c. 20/12/2026	EUR	799,658	0.53%
3.75% AX Investments p.l.c. 20/12/2029	EUR	293,572	0.19%
FRN Banco Santander 28/03/2023	EUR	601,712	0.40%
3.50% Banco Bilbao Vizcaya Argentaria SA 10/02/2027	EUR	1,117,836	0.74%
0.13% Bank of China (Luxembourg) 16/01/2023	EUR	991,478	0.66%
3.50% Bank of Valletta p.l.c. 08/08/2030	EUR	6,088,722	4.03%
3.50% Bank of Valletta p.l.c. 08/08/2030	EUR	126,715	0.08%
3.75% Bank of Valletta p.l.c. 15/06/2031	EUR	2,199,314	1.46%
3.38% Citigroup Inc. 01/03/2023	EUR	751,527	0.50%
4.25% Corinthia Finance p.l.c. 12/04/2026	EUR	1,727,981	1.14%
2.63% Credit Agricole SA 17/03/2027	EUR	663,572	0.44%
4.00% Eden Finance p.l.c. 28/04/2027	EUR	1,427,328	0.95%
4.50% Endo Finance p.l.c. 22/03/2029	EUR	1,795,050	1.19%
4.00% Exalco Finance p.l.c. 20/08/2028	EUR	1,486,546	0.98%
FRN Goldman Sachs Group Inc. 26/09/2023	EUR	1,002,335	0.66%
4.50% Grand Harbour Marina p.l.c. 23/08/2027	EUR	517,550	0.34%
5.00% Hal Mann Vella Group p.l.c. 06/11/2024	EUR	487,295	0.32%
3.85% Hili Finance Co p.l.c. 24/07/2028	EUR	1,299,220	0.86%

# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

### 9 Portfolio of net assets (continued)

#### *Malta Bond Fund (continued)*

	Denominated in	Fair value EUR	Percentage of total net assets %
<i>Corporate Bonds (continued)</i>			
3.80% Hili Finance Co p.l.c. 27/08/2029	EUR	2,473,125	1.64%
4.50% Hili Properties p.l.c. 16/10/2025	EUR	1,032,035	0.68%
4.00% International Hotel Investments p.l.c. 29/07/2026	EUR	2,530,767	1.68%
4.00% International Hotel Investments p.l.c. 20/12/2026	EUR	278,222	0.18%
5.75% International Hotel Investments p.l.c. 13/05/2025	EUR	2,298,104	1.52%
5.80% International Hotel Investments p.l.c. 14/11/2023	EUR	349,200	0.23%
5.80% International Hotel Investments p.l.c. 21/12/2021	EUR	227,843	0.15%
4.50% Izola Bank p.l.c. 30/06/2025	EUR	606,150	0.40%
2.75% JPMorgan Chase & Co 01/02/2023	EUR	425,914	0.28%
5.30% Mariner Finance p.l.c. 03/07/2024	EUR	1,608,773	1.07%
4.00% MeDirect Bank (Malta) p.l.c. 05/11/2029	EUR	735,816	0.49%
5.00% Mediterranean Inv. Holding p.l.c. 07/2027	EUR	507,870	0.34%
5.50% Mediterranean Inv. Holding p.l.c. 31/07/2023	EUR	527,832	0.35%
4.50% Medserv p.l.c. 05/02/2026	EUR	1,186,835	0.79%
6.00% Medserv p.l.c. 30/09/2023	EUR	1,627,304	1.08%
4.00% Merkanti Holdings p.l.c. 12/08/2026	EUR	2,503,500	1.66%
3.13% Microsoft Corporation 6/12/2028	EUR	505,844	0.34%
4.00% Midi p.l.c. 26/07/2026	EUR	370,142	0.25%
5.75% OP Corporate Bank p.l.c. 28/02/2022	EUR	1,007,734	0.67%
2.75% Petroleos Mexicanos 21/04/2027	EUR	1,001,081	0.66%
4.15% Phoenicia Finance p.l.c. 15/12/2028	EUR	2,449,375	1.62%
3.75% Premier Capital p.l.c. 23/11/2026	EUR	2,546,160	1.69%
5.10% PTL Holdings p.l.c. 04/12/2024	EUR	808,604	0.54%
1.25% Royal Dutch Shell p.l.c. 11/11/2032	EUR	531,100	0.35%
2.50% Santander Issuances SAU 18/03/2025	EUR	424,922	0.28%
4.00% Shoreline Mall p.l.c. 01/08/2032	EUR	2,600,000	1.72%
4.50% Shoreline Mall p.l.c. 01/08/2032	EUR	1,400,000	0.93%
3.50% Simonds Farsons Cisk p.l.c. 13/09/2027	EUR	1,523,011	1.01%
4.35% SD Finance p.l.c. 25/04/2027	EUR	3,446,195	2.28%
4.00% Stivala Group Finance p.l.c. 18/10/2027	EUR	430,742	0.29%

# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

### 9 Portfolio of net assets (continued)

#### *Malta Bond Fund (continued)*

	Denominated in	Fair value EUR	Percentage of total net assets %
<i>Corporate Bonds (continued)</i>			
5.00% Tumas Investments p.l.c. 31/07/2024	EUR	1,641,010	1.09%
3.75% Tumas Investments p.l.c. 10/07/2027	EUR	406,493	0.27%
3.75% Virtu Finance p.l.c. 30/11/2027	EUR	1,041,772	0.69%
4.40% Von Der Heyden Group Finance p.l.c. 08/03/2024	EUR	712,368	0.47%
		<u>67,934,047</u>	<u>45.01%</u>
2.40% Amazon.com Inc. 24/02/2023	USD	894,862	0.59%
FRN Citigroup Inc 14/01/2022	USD	672,647	0.45%
5.00% Fidelity National Info. Services Inc. 15/10/2025	USD	105,491	0.07%
4.25% JPMorgan Chase & Co 15/10/2020	USD	789,938	0.52%
5.75% Medserv p.l.c. 05/02/2026	USD	675,862	0.45%
		<u>3,138,800</u>	<u>2.08%</u>
<b>Total Corporate Bonds</b>		<u><b>71,072,847</b></u>	<u><b>47.09%</b></u>

# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

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### 9 Portfolio of net assets (continued)

#### *Malta Bond Fund (continued)*

	Denominated in	Fair value EUR	Percentage of total net assets %
Portfolio of investments		135,312,619	89.65%
Bank balances		14,272,322	9.46%
Other net assets		1,341,190	0.89%
Net assets		<u>150,926,131</u>	<u>100.00%</u>

The portfolio of investments comprises financial instruments at fair value through profit or loss.

# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

### 9 Portfolio of net assets (continued)

#### *International Bond Fund*

	Denominated in	Fair value EUR	Percentage of total net assets %
<i>Sovereign/Supranational bonds</i>			
1.63% Chile Government Bond 30/01/2025	EUR	532,000	0.95%
1.40% Spain Government Bond 30/07/2028	EUR	1,107,934	1.98%
1.85% Spain Government Bond 30/07/2035	EUR	887,318	1.59%
FRN CCTS Italy EU 15/04/2025	EUR	1,263,380	2.26%
3.88% Hellenic Republic Government Bond 12/03/2029	EUR	621,142	1.11%
3.45% Hellenic Republic Government Bond 02/04/2024	EUR	555,300	0.99%
1.50% Malta Government Bond 15/06/2027	EUR	545,575	0.98%
4.10% Malta Government Bond 18/10/2034	EUR	574,735	1.03%
5.20% Malta Government Bond 16/09/2031	EUR	522,165	0.93%
5.25% Malta Government Bond 23/06/2030	EUR	364,075	0.65%
2.75% Peruvian Gov. International Bond 30/01/2026	EUR	556,563	1.00%
0.88% Philippines Gov. International Bond 17/05/2027	EUR	499,725	0.89%
2.88% Portugal Obrigacoes do Tesouro OT 15/10/2025	EUR	347,136	0.62%
FRN Portugal Government Bond 23/07/2025	EUR	1,249,080	2.23%
2.00% Poland Gov. International Bond 01/06/2030	EUR	565,492	1.01%
2.63% Indonesia Gov. International Bond 14/06/2023	EUR	423,000	0.76%
3.38% Indonesia Gov. International Bond 30/07/2025	EUR	555,849	0.99%
3.00% Buoni del Tesoro Poliennali 01/08/2029	EUR	597,605	1.07%
1.63% Mexican Gov. International Bond 06/03/2024	EUR	516,398	0.92%
1.38% Mexican Gov. International Bond 15/01/2025	EUR	504,355	0.90%
2.38% Romanian Government 19/04/2027	EUR	531,500	0.95%
2.88% Russian Federation 04/12/2025	EUR	548,963	0.98%
2.00% Saudi Arabian Gov. Inter. Bond 09/07/2039	EUR	514,133	0.92%
0.28% Slovenian Gov. International Bond 24/07/2029	EUR	513,960	0.92%
6.75% Ukraine Gov. International Bond 20/06/2026	EUR	488,075	0.87%
0.63% Corporacion Andina de Fomento 30/01/2024	EUR	1,009,220	1.80%
0.63% Corporacion Andina de Fomento 20/11/2026	EUR	741,838	1.34%
		17,136,516	30.64%

# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

### 9 Portfolio of net assets (continued)

#### *International Bond Fund (continued)*

	Denominated in	Fair value EUR	Percentage of total net assets %
<i>Sovereign/Supranational bonds (continued)</i>			
7.50% European Investment Bank 13/04/2022	Brazilian Real	324,589	0.58%
7.35% Peruvian Gov. International Bond 21/07/2025	USD	273,498	0.49%
2.63% Colombian Gov. International Bond 15/03/2023	USD	437,606	0.78%
		711,104	1.27%
<b>Total Sovereign/Supranational bonds</b>		<b>18,172,209</b>	<b>32.49%</b>
<i>Corporate Bonds</i>			
1.25% AIB Group p.l.c. 28/05/2024	EUR	1,016,871	1.82%
1.88% Alimentation Couche-Tard Inc. 05/05/2026	EUR	535,744	0.96%
6.38% ABN AMRO Bank NV 27/04/2021	EUR	310,742	0.56%
3.25% AXA FRN 28/05/2049	EUR	561,325	1.00%
0.13% Bank of China (Luxembourg) 16/01/2023	EUR	991,478	1.77%
3.75% Bank of Valletta p.l.c. 15/06/2031	EUR	335,403	0.60%
FRN Banco Santander 28/03/2023	EUR	802,282	1.43%
2.50% Santander Issuances SAU 18/03/2025	EUR	531,153	0.95%
3.65% Bank of America Corp. VRN 31/03/2029	EUR	610,423	1.09%
3.50% Banco Bilbao Vizcaya Argent. SA 10/02/2027	EUR	335,351	0.60%
2.00% Barclays p.l.c. 07/02/2028	EUR	447,111	0.80%
1.38% CaixaBank 19/06/2026	EUR	409,466	0.73%
2.00% CGN International Limited 11/09/2025	EUR	534,470	0.96%
5.00% Cez AS 19/10/2021	EUR	630,407	1.13%
2.63% Credit Agricole SA 17/03/2027	EUR	718,870	1.29%
1.25% Deutsche Bank AG 08/09/2021	EUR	1,008,812	1.80%
5.00% Electricite de France VRN Perp.	EUR	546,673	0.98%
4.00% Exalco Finance 20/08/2028	EUR	114,740	0.21%
1.63% FedEx Corp. 11/01/2027	EUR	536,168	0.96%
2.50% Ferrovial Emisiones SA 15/07/2024	EUR	216,611	0.39%
1.74% Ford Motor Credit Co LLC 19/07/2024	EUR	467,560	0.84%

# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

### 9 Portfolio of net assets (continued)

#### *International Bond Fund (continued)*

	Denominated in	Fair value EUR	Percentage of total net assets %
<i>Corporate Bonds (continued)</i>			
FRN Goldman Sachs Group Inc. 26/09/2023	EUR	501,168	0.90%
3.85% Hili Finance Co p.l.c. 24/07/2028	EUR	399,760	0.71%
3.80% Hili Finance Co p.l.c. 27/08/2029	EUR	494,625	0.88%
1.00% Jefferies Group 19/07/2024	EUR	497,096	0.89%
6.00% Medserv p.l.c. 30/09/2023	EUR	214,737	0.38%
4.00% Merkanti Holdings p.l.c. 12/08/2026	EUR	751,050	1.34%
1.88% Merlin Properties Socimi SA 02/11/2026	EUR	505,029	0.90%
2.38% Merlin Properties Socimi SA 18/09/2029	EUR	306,646	0.55%
3.13% Microsoft Corporation 6/12/2028	EUR	531,136	0.95%
2.00% NatWest Group p.l.c. 03/2025	EUR	728,224	1.30%
3.88% Netflix Inc. 15/11/2029	EUR	553,125	0.99%
5.75% OP Corporate Bank p.l.c. 28/02/2022	EUR	538,895	0.96%
2.50% Petroleos Mexicanos 21/08/2021	EUR	128,574	0.23%
4.15% Phoenicia Finance p.l.c. 15/12/2028	EUR	367,406	0.66%
1.25% RCI Banque SA 08/06/2022	EUR	401,270	0.72%
0.25% Royal Bank of Canada 30/05/2024	EUR	505,302	0.90%
1.25% Royal Dutch Shell p.l.c. 11/11/2032	EUR	796,650	1.42%
0.13% Santander Consumer Bank AS 11/09/2024	EUR	497,091	0.89%
2.93% Telefonica Emisiones SAU 17/10/2029	EUR	364,215	0.65%
0.38% The Toronto-Dominion Bank 25/04/2024	EUR	505,602	0.90%
FRN Volkswagen International 16/11/2024	EUR	1,016,413	1.82%
		22,265,674	39.81%

# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

### 9 Portfolio of net assets (continued)

#### *International Bond Fund (continued)*

	Denominated in	Fair value EUR	Percentage of total net assets %
<i>Corporate Bonds (continued)</i>			
3.80% Allergan Funding 15/03/2025	USD	480,611	0.86%
3.40% Alibaba Group Holding Ltd 06/12/2027	USD	478,078	0.85%
2.40% Amazon.com Inc. 24/02/2023	USD	492,174	0.88%
6.75% BBVA Bancomer 30/09/2022	USD	460,176	0.82%
4.38% Barclays p.l.c. 12/01/2026	USD	335,559	0.60%
7.75% Cemex SAB de CV 16/04/2026	USD	497,807	0.89%
4.50% Citigroup Inc. 14/01/2022	USD	627,804	1.12%
3.25% Emirates NBD Group 14/11/2022	USD	444,186	0.79%
5.75% Goldman Sachs Group Inc. 24/01/2022	USD	410,091	0.73%
2.75% Heineken NV 01/04/2023	USD	493,655	0.88%
5.75% JBS USA 15/06/2025	USD	440,583	0.79%
3.88% Morgan Stanley 29/04/2024	USD	470,904	0.84%
2.30% Pay Hol I 01/06/2030	USD	451,801	0.81%
4.13% Reliance Industries Ltd 28/01/2025	USD	280,508	0.50%
4.38% Saudi Arabian Oil 16/04/2049	USD	508,144	0.91%
4.30% VISA Inc. 14/12/2025	USD	568,640	1.03%
		7,440,721	13.30%
<b>Total Corporate Bonds</b>		<b>29,706,395</b>	<b>53.11%</b>
<b>Portfolio of investments</b>		<b>47,878,604</b>	<b>85.60%</b>
<b>Bank balances</b>		<b>7,650,232</b>	<b>13.68%</b>
<b>Net current assets</b>		<b>401,542</b>	<b>0.72%</b>
<b>Net assets</b>		<b>55,930,378</b>	<b>100.00%</b>

The portfolio of investments comprises financial instruments at fair value through profit or loss.



# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

### 9 Portfolio of net assets (continued)

#### *Equity Growth Fund*

	Denominated in	Fair value EUR	Percentage of total net assets %
<i>Equity</i>			
Bank of Valletta p.l.c.	EUR	464,814	2.07%
BMIT Technologies p.l.c.	EUR	261,893	1.17%
Citadel Insurance Ltd Private Equity GO p.l.c.	EUR	47,294	0.21%
HSBC Bank Malta p.l.c.	EUR	680,327	3.03%
International Hotel Investments p.l.c.	EUR	270,356	1.21%
Malta International Airport p.l.c.	EUR	346,609	1.55%
Malta Properties Co p.l.c.	EUR	680,499	3.03%
MaltaPost p.l.c.	EUR	204,579	0.91%
Medserv p.l.c.	EUR	62,076	0.28%
Midi p.l.c.	EUR	97,797	0.44%
PG p.l.c.	EUR	330,361	1.47%
Plaza Centres p.l.c.	EUR	431,070	1.92%
RS2 Software p.l.c.	EUR	37,925	0.17%
Simonds Farsons Cisk p.l.c.	EUR	712,513	3.18%
Tigne Mall p.l.c.	EUR	153,576	0.68%
Trident Estates p.l.c.	EUR	44,184	0.20%
		44,470	0.19%
		4,870,343	21.71%
APPLE INC	USD	1,343,741	5.99%
<b>Total Equity</b>		<b>6,214,084</b>	<b>27.70%</b>
<i>Exchange Traded Funds</i>			
Lyxor ETF CAC 40	EUR	304,336	1.36%
Lyxor ETF DAX	EUR	631,305	2.81%
iShares FTSE UCITS ETF	EUR	344,010	1.53%
iShares STOXX Europe 600 ETF	EUR	599,298	2.67%
		1,878,949	8.37%

# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

### 9 Portfolio of net assets (continued)

#### *Equity Growth Fund (continued)*

	Denominated in	Fair value EUR	Percentage of total net assets %
<i>Exchange Traded Funds (continued)</i>			
Consumer Discretionary Select Sector SPDR Fund	USD	958,831	4.27%
Consumer Staples Select Sector SPDR Fund	USD	794,651	3.54%
Energy Select Sector SPDR Fund	USD	258,736	1.15%
Financial Select Sector SPDR Fund	USD	588,734	2.62%
Industrial Select Sector SPDR Fund	USD	1,031,229	4.60%
Invesco QQQ Trust Series 1 Fund	USD	1,203,541	5.36%
iShares China Large-Cap ETF	USD	355,906	1.59%
iShares Europe ETF	USD	553,567	2.47%
iShares MSCI Australia ETF	USD	196,605	0.88%
iShares MSCI Brazil ETF	USD	308,152	1.37%
iShares MSCI Emerging Markets ETF	USD	236,791	1.06%
iShares MSCI Frontier 100 ETF	USD	217,925	0.97%
iShares MSCI Japan ETF	USD	824,863	3.68%
iShares MSCI Pacific ex Japan ETF	USD	311,487	1.39%
iShares MSCI Spain Capped ETF	USD	176,568	0.79%
Real Estate Select Sector SPDR Fund	USD	120,115	0.54%
SPDR Dow Jones Industrial Average ETF Trust	USD	474,539	2.12%
SPDR S&P Transportation ETF	USD	276,538	1.23%
Technology Select Sector SPDR Fund	USD	1,406,461	6.27%
Vanguard S&P 500 ETF	USD	741,135	3.30%
		<u>11,036,374</u>	<u>49.20%</u>
iShares Core FTSE 100 UCITS ETF	GBP	168,827	0.75%
		<u>13,084,150</u>	<u>58.32%</u>
<i>Collective Investment Schemes</i>			
HSBC Global Investment Funds - Euroland Equity	EUR	345,911	1.54%
		<u>345,911</u>	<u>1.54%</u>

# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

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### 9 Portfolio of net assets (continued)

#### *Equity Growth Fund (continued)*

	Denominated in	Fair value EUR	Percentage of total net assets %
Portfolio of investments		19,644,145	87.56%
Bank balances		2,793,245	12.45%
Net current liabilities		(3,252)	(0.01%)
Net assets		<u>22,434,138</u>	<u>100.00%</u>

The portfolio of investments comprises financial instruments at fair value through profit or loss.

# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

### 9 Portfolio of net assets (continued)

#### *HSBC Property Investment Fund*

	Denominated in	Fair value EUR	Percentage of total net assets %
<i>Collective Investment Schemes</i>			
BlackRock UK Property Fund	GBP	514,543	67.71%
<b>Total Collective Investment Schemes</b>		<b>514,543</b>	<b>67.71%</b>
<i>Forward Contracts</i>			
<i>Forward exchange contract GBP/EUR</i>			
FX Forward	EUR	409,802	53.93%
FX Forward	GBP	(413,165)	(54.37%)
<b>Total Forward Contracts</b>		<b>(3,363)</b>	<b>(0.44%)</b>
<b>Portfolio of investments and derivative financial instruments (net)</b>		<b>511,180</b>	<b>67.27%</b>
<b>Bank balances</b>		<b>250,385</b>	<b>32.95%</b>
<b>Net current liabilities</b>		<b>(1,648)</b>	<b>(0.22%)</b>
<b>Net assets</b>		<b>759,917</b>	<b>100.00%</b>

The portfolio of investments and derivative financial instruments includes EUR514,543 financial assets at fair value through profit or loss and EUR3,363 financial liabilities at fair value through profit or loss.

# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

### 9 Portfolio of net assets (continued)

#### *Malta Government Bond Fund*

	Denominated in	Fair value EUR	Percentage of total net assets %
<i>Sovereign/Supranational Bonds</i>			
1.75% Chile (Rep) 20/01/2026	EUR	1,076,063	0.97%
FRN Italy Cert. di Cred del Tesoro/CCTS-eu 15/04/2025	EUR	2,021,408	1.83%
2.13% Lithuania Gov. International Bond 29/10/2026	EUR	590,606	0.53%
1.00% Malta Government Bond 23/04/2031	EUR	2,097,000	1.90%
1.00% Malta Government Bond 23/04/2032	EUR	1,062,000	0.96%
1.40% Malta Government Bond 29/07/2024	EUR	8,983,650	8.13%
1.40% Malta Government Bond 11/11/2023	EUR	4,703,050	4.26%
1.50% Malta Government Bond 15/06/2027	EUR	1,636,725	1.48%
2.30% Malta Government Bond 24/07/2029	EUR	8,155,075	7.38%
2.50% Malta Government Bond 17/11/2036	EUR	3,303,125	2.99%
3.00% Malta Government Bond 11/06/2040	EUR	4,206,750	3.81%
3.30% Malta Government Bond 12/11/2024	EUR	2,642,699	2.39%
4.10% Malta Government Bond 18/10/2034	EUR	3,302,413	2.99%
4.45% Malta Government Bond 03/09/2032	EUR	5,831,864	5.28%
4.50% Malta Government Bond 25/10/2028	EUR	11,603,495	10.51%
4.65% Malta Government Bond 22/07/2032	EUR	459,631	0.42%
4.80% Malta Government Bond 11/09/2028	EUR	2,232,934	2.02%
5.10% Malta Government Bond 01/10/2029	EUR	1,968,790	1.78%
5.20% Malta Government Bond 16/09/2031	EUR	10,251,143	9.28%
5.25% Malta Government Bond 23/06/2030	EUR	10,648,174	9.64%
5.50% Malta Government Bond 06/07/2023	EUR	3,469,500	3.14%
1.38% Mexican Gov. International Bond 15/01/2025	EUR	1,513,065	1.37%
1.13% Mexican Gov. International Bond 17/01/2030	EUR	462,375	0.42%
1.63% Mexican Gov. International Bond 06/03/2024	EUR	1,136,076	1.03%
FRN Portugal Government Bond 23/07/2025	EUR	1,561,350	1.41%
2.75% Romanian Gov. International Bond 29/10/2025	EUR	1,630,643	1.48%
1.40% Spain Government Bond 30/07/2028	EUR	1,107,934	1.00%
0.63% Corporacion Andina de Fomento 30/01/2024	EUR	1,513,830	1.37%
0.63% Corporacion Andina de Fomento 20/11/2026	EUR	989,120	0.90%
		100,160,488	90.67%

# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

### 9 Portfolio of net assets (continued)

#### *Malta Government Bond Fund (continued)*

	Denominated in	Fair value EUR	Percentage of total net assets %
<i>Sovereign/Supranational Bonds (continued)</i>			
7.50% European Investment Bank 13/04/2022	Brazilian Real	324,589	0.30%
<b>Total Sovereign/Supranational Bonds</b>		<b>100,485,077</b>	<b>90.97%</b>
<b>Portfolio of investments</b>		<b>100,485,077</b>	<b>90.97%</b>
<b>Bank balances</b>		<b>9,386,569</b>	<b>8.50%</b>
<b>Net current assets</b>		<b>581,633</b>	<b>0.53%</b>
<b>Net assets</b>		<b>110,453,279</b>	<b>100.00%</b>

The portfolio of investments comprises financial instruments at fair value through profit or loss.

# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

### 9 Portfolio of net assets (continued)

#### *Malta Assets Fund*

	Denominated in	Fair value EUR	Percentage of total net assets %
<i>Sovereign/Supranational Bonds</i>			
2.20% Malta Government Bond 24/11/2035	EUR	328,633	0.76%
2.30% Malta Government Bond 24/07/2029	EUR	181,628	0.42%
2.50% Malta Government Bond 17/11/2036	EUR	277,463	0.64%
3.00% Malta Government Bond 11/06/2040	EUR	51,322	0.12%
4.10% Malta Government Bond 18/10/2034	EUR	600,768	1.40%
4.45% Malta Government Bond 03/09/2032	EUR	717,450	1.67%
4.50% Malta Government Bond 25/10/2028	EUR	133,835	0.31%
5.20% Malta Government Bond 16/09/2031	EUR	298,380	0.69%
5.50% Malta Government Bond 06/07/2023	EUR	404,775	0.95%
		2,994,254	6.96%
<b>Total Sovereign/Supranational Bonds</b>		<b>2,994,254</b>	<b>6.96%</b>
<i>Corporate Bonds</i>			
5.10% 6pm Holdings p.l.c. 31/07/2025	EUR	383,705	0.89%
6.00% AX Investments p.l.c. 06/03/2024	EUR	110,100	0.26%
3.25% AX Investments p.l.c. 20/12/2026	EUR	106,641	0.25%
3.75% AX Investments p.l.c. 20/12/2029	EUR	146,735	0.34%
3.50% Bank of Valletta p.l.c. 08/08/2030	EUR	570,143	1.32%
3.75% Bank of Valletta p.l.c. 15/06/2031	EUR	252,563	0.59%
4.25% Corinthia Finance p.l.c. 12/04/2026	EUR	184,045	0.43%
4.00% Eden Finance p.l.c. 28/04/2027	EUR	123,900	0.29%
4.00% Exalco Finance 20/08/2028	EUR	96,463	0.22%
4.50% Grand Harbour Marina p.l.c. 23/08/2027	EUR	50,800	0.12%
5.00% Hal Mann Vella Group p.l.c. 06/11/2024	EUR	138,383	0.32%
3.80% Hili Finance Co p.l.c. 27/08/2029	EUR	741,938	1.72%
3.85% Hili Finance Co p.l.c. 24/07/2028	EUR	299,820	0.70%
4.50% Hili Properties p.l.c. 16/10/2025	EUR	206,829	0.48%
4.50% Izola Bank p.l.c. 30/06/2025	EUR	151,538	0.35%
5.30% Mariner Finance p.l.c. 03/07/2024	EUR	24,156	0.06%

# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

### 9 Portfolio of net assets (continued)

#### *Malta Assets Fund (continued)*

	Denominated in	Fair value EUR	Percentage of total net assets %
<i>Corporate Bonds (continued)</i>			
4.00% MeDirect Bank (Malta) p.l.c. 05/11/2029	EUR	69,983	0.16%
5.50% Mediterranean Inv. Holding p.l.c. 31/07/2020	EUR	148,337	0.34%
4.50% Medserv p.l.c. 05/02/2026	EUR	478,515	1.11%
6.00% Medserv p.l.c. 30/09/2023	EUR	176,974	0.41%
4.00% Merkanti Holdings p.l.c. 12/08/2026	EUR	600,840	1.40%
4.00% Midi p.l.c. 26/07/2026	EUR	90,450	0.21%
4.15% Phoenicia Finance p.l.c. 15/12/2028	EUR	183,213	0.43%
3.90% Plaza Centres p.l.c. 19/09/2026	EUR	258,750	0.60%
3.75% Premier Capital p.l.c. 23/11/2026	EUR	276,282	0.64%
4.35% SD Finance p.l.c. 25/04/2027	EUR	403,759	0.94%
4.50% Shoreline Mall p.l.c. 01/08/2032	EUR	700,000	1.63%
3.50% Simonds Farsons Cisk p.l.c. 13/09/2027	EUR	65,562	0.15%
3.75% Tumas Investments p.l.c. 10/07/2027	EUR	152,588	0.35%
5.00% Tumas Investments p.l.c. 31/07/2024	EUR	243,227	0.57%
3.75% Virtu Finance p.l.c. 30/11/2027	EUR	28,573	0.07%
		8,114,303	18.86%
5.75% Medserv p.l.c. 05/02/2026	USD	79,008	0.18%
<b>Total Corporate Bonds</b>		<b>8,193,311</b>	<b>19.04%</b>
<i>Equity Investments</i>			
Bank of Valletta p.l.c.	EUR	2,459,249	5.71%
BMIT Technologies p.l.c.	EUR	1,460,386	3.39%
Citadel Insurance Ltd Private Equity	EUR	426,466	0.99%
GO p.l.c.	EUR	2,522,144	5.86%
HSBC Bank Malta p.l.c.	EUR	1,606,181	3.73%
International Hotel Investments p.l.c.	EUR	1,682,200	3.91%



# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

### 9 Portfolio of net assets (continued)

#### *Malta Assets Fund (continued)*

	Denominated in	Fair value EUR	Percentage of total net assets %
<i>Equity Investments (continued)</i>			
Lyxor ETF CAC 40	EUR	347,133	0.81%
Malita Investments p.l.c.	EUR	528,827	1.23%
Malta International Airport p.l.c.	EUR	1,622,647	3.77%
Malta Properties Co. p.l.c.	EUR	766,128	1.78%
MaltaPost p.l.c.	EUR	566,310	1.32%
Medserv p.l.c.	EUR	448,294	1.04%
Midi p.l.c.	EUR	1,382,892	3.21%
PG p.l.c.	EUR	2,006,307	4.66%
Plaza Centres p.l.c.	EUR	218,103	0.51%
RS2 Software p.l.c.	EUR	4,136,869	9.61%
Simonds Farsons Cisk p.l.c.	EUR	422,344	0.98%
Tigne Mall p.l.c.	EUR	1,602,183	3.72%
Trident Estates p.l.c.	EUR	122,299	0.30%
		24,326,962	56.53%
FIMBank p.l.c.	USD	563,401	1.31%
		<b>24,890,363</b>	<b>57.84%</b>
<i>Exchange Traded Funds</i>			
iShares STOXX Europe 600 DE	EUR	349,591	0.81%
iShares FTSE MIB	EUR	212,140	0.49%
Lyxor ETF DAX	EUR	441,673	1.03%
		1,003,404	2.33%
Consumer Staples Select Sector SPDR Fund	USD	546,753	1.27%
Energy Select Sector SPDR Fund	USD	182,767	0.42%
iShares Core S&P 500 UCITS ETF	USD	579,184	1.35%
iShares Latin America 40 ETF	USD	75,340	0.18%
iShares MSCI All Country Asia ex Japan ETF	USD	302,835	0.70%
iShares MSCI Japan ETF	USD	338,867	0.79%
Technology Select Sector SPDR Fund	USD	1,625,936	3.78%
		3,651,682	8.49%

# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

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### 9 Portfolio of net assets (continued)

#### *Malta Assets Fund (continued)*

	Denominated in	Fair value	Percentage of total net assets
		EUR	%
<b>Total Investments in Exchange Traded Funds</b>		<b>4,655,086</b>	<b>10.82%</b>
<b>Portfolio of investments</b>		<b>40,733,014</b>	<b>94.66%</b>
<b>Bank balances</b>		<b>2,200,308</b>	<b>5.11%</b>
<b>Net current assets</b>		<b>101,107</b>	<b>0.23%</b>
<b>Net assets</b>		<b>43,034,429</b>	<b>100.00%</b>

The portfolio of investments comprises financial instruments at fair value through profit or loss.

# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

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### 9 Portfolio of net assets (continued)

#### 9.1 Further disclosures on portfolio of investments

Summary of material changes in the composition of the portfolio of investments:

##### *Malta Bond Fund*

The composition of the portfolio of investments shown on pages 62 to 66 in comparison with the portfolio of investments as at 31 March 2020 is analysed below:

Percentage of net assets:

	<b>30 September 2020 %</b>	31 March 2020 %
Sovereign/Supranational Bonds	<b>42.56</b>	40.16
Corporate Bonds	<b>47.09</b>	44.99
	-----	-----
	<b>89.65</b>	85.15
	=====	=====

##### *International Bond Fund*

The composition of the portfolio of investments shown on pages 67 to 70 in comparison with the portfolio of investments as at 31 March 2020 is analysed below:

Percentage of net assets:

	<b>30 September 2020 %</b>	31 March 2020 %
Sovereign/Supranational Bonds	<b>32.49</b>	34.86
Corporate Bonds	<b>53.11</b>	51.85
	-----	-----
	<b>85.60</b>	86.71
	=====	=====

# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

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### 9 Portfolio of net assets (continued)

#### 9.1 Further disclosures on portfolio of investments (continued)

Summary of material changes in the composition of the portfolio of investments (continued):

##### *Equity Growth Fund*

The composition of the portfolio of investments shown on pages 71 to 73 in comparison with the portfolio of investments as at 31 March 2020 is analysed below:

Percentage of net assets:

	<b>30 September 2020</b>	31 March 2020
	%	%
Equity Investments	<b>29.06</b>	29.82
Exchange Traded Funds	<b>56.96</b>	51.65
Collective Investment Schemes	<b>1.54</b>	4.23
	-----	-----
	<b>87.56</b>	85.70
	=====	=====

##### *HSBC Property Investment Fund*

The composition of the portfolio of investments shown on page 74 in comparison with the portfolio of investments as at 31 March 2020 is analysed below:

Percentage of net assets:

	<b>30 September 2020</b>	31 March 2020
	%	%
Equity Investments	-	0.51
Exchange Traded Funds	-	10.74
Collective Investment Schemes	<b>67.71</b>	41.66
Forward Contracts	<b>(0.44)</b>	(0.32)
	-----	-----
	<b>67.27</b>	52.59
	=====	=====

# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

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### 9 Portfolio of net assets (continued)

#### 9.1 Further disclosures on portfolio of investments (continued)

Summary of material changes in the composition of the portfolio of investments:

##### *Malta Government Bond Fund*

The composition of the portfolio of investments shown on pages 75 to 76 in comparison with the portfolio of investments as at 31 March 2020 is analysed below:

Percentage of net assets:

	<b>30 September 2020</b>	31 March 2020
	%	%
Sovereign/Supranational Bonds	<b>90.97</b>	91.49
	-----	-----
	<b>90.97</b>	91.49
	=====	=====

##### *Maltese Assets Fund*

The composition of the portfolio of investments shown on pages 77 to 80 in comparison with the portfolio of investments as at 31 March 2020 is analysed below:

Percentage of net assets:

	<b>30 September 2020</b>	31 March 2020
	%	%
Sovereign/Supranational Bonds	<b>6.96</b>	7.16
Corporate Bonds	<b>19.04</b>	17.00
Equity Investments	<b>57.84</b>	60.70
Exchange Traded Funds	<b>10.82</b>	8.80
	-----	-----
	<b>94.66</b>	93.66
	=====	=====

# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

### 10 Dividend distributions

During the period, the dividends declared and paid out of the Income Share Class of the Malta Bond Fund, International Bond Fund, HSBC Property Investment Fund, Malta Government Bond Fund and Malta Assets Fund were as follows:

	Ex-dividend date	Rate per share	Dividend paid	Dividend payable
<b>Malta Bond Fund</b>	01-Apr-20	EUR 1.826	38,517	
	01-July-20	EUR 1.674	35,029	
	01-Oct-20	EUR 1.751		37,121
<b>International Bond Fund</b>	01-Apr-20	EUR 1.050	5,891	
	01-July-20	EUR 0.976	4,418	
	01-July-20	GBP 0.887	955	
	01-Oct-20	EUR 0.772		3,415
	01-Oct-20	GBP 0.701		754
<b>HSBC Property Investment Fund</b>	01-Apr-20	EUR 1.626	3,408	
<b>Malta Government Bond Fund</b>	01-Apr-20	EUR 0.899	22,495	
	01-July-20	EUR 0.876	21,847	
	01-Oct-20	EUR 0.865		21,467
<b>Maltese Assets Fund</b>	01-July-20	EUR 1.290	726	
	Ex-dividend date	Rate per share	Dividend paid	Dividend payable
Malta Bond Fund	03-Apr-19	EUR 1.772	38,853	
	01-July-19	EUR 1.969	43,256	
	01-Oct-19	EUR 1.868		40,447
International Bond Fund	03-Apr-19	EUR 1.135	5,560	
	01-July-19	EUR 1.072	5,256	
	01-Oct-19	EUR 1.114		5,265
	01-Oct-19	GBP 0.984		1,060
HSBC Property Investment Fund	03-Apr-19	EUR 0.703	1,986	
	01-Oct-19	EUR 0.775		1,622
Malta Government Bond Fund	03-Apr-19	EUR 1.143	30,572	
	01-July-19	EUR 1.252	33,183	
	01-Oct-19	EUR 0.757		19,706
Maltese Assets Fund	01-July-19	EUR 7.438	4,794	

# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

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### 10 Dividend distributions (continued)

Subsequent to period end, the Directors proposed to distribute a further final dividend amounting to EUR37,121 (30 September 2019: EUR43,072) to the Income Share Class of the Malta Bond Fund, EUR3,415 (30 September 2019: EUR5,893) and GBP754 (30 September 2019: GBP1,060) to the Income Share Class of the International Bond Fund, EUR21,467 (30 September 2019: EUR22,160) to the Income Share Class of the Malta Government Bond Fund. These amounts have been transferred to the Distribution Account in accordance with the Investments Services Rules.

Following deduction of dividend administration fee, the net dividend payable to the Income Share Class of the Malta Bond Fund, the International Bond Fund, and the Malta Government Bond Fund amounted to EUR34,623, EUR2,926, and EUR19,151 respectively.

The dividend administration fee charged on the Malta Bond Fund, the International Bond Fund, the Malta Government Bond Fund, and the Malta Assets Fund for the financial period ended 30 September 2020 amounted to 0.0033% (30 September 2019: 0.0035%), 0.0018% (30 September 2019: 0.0023%), 0.0042% (30 September 2019: 0.0041%), and 0.0003% (30 September 2019: 0.0006%) of the closing Net Asset Value, respectively.

### 11 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

#### (a) Management fee

HSBC Global Asset Management (Malta) Limited holds founder shares as disclosed in note 5 to these financial statements.

The Manager capped the Total Expense Ratio of the HSBC Property Investment Fund to 2%.

# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

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### 11 Related party transactions (continued)

#### (b) Administration fees

During the period under review, the Administrator received EUR106,076 (30 September 2019: EUR108,095) as administration fees. Administration fees amounting to EUR35,344 (31 March 2020: EUR18,503) were due to the Administrator at 30 September 2020.

#### (c) Investment Account fee

During the period under review, HSBC Bank Malta p.l.c. received an aggregate investment account fee of EUR241,265 (30 September 2019: EUR244,100). Investment account fees amounting to EUR47,234 (31 March 2020: EUR42,489) were due to the HSBC Bank Malta p.l.c. at 30 September 2020.

As a service provider to the Funds, HSBC Bank Malta p.l.c. also received an aggregate dividend administration fee for the period amounting to EUR10,783 (30 September 2019: EUR11,794).

#### (d) Directors' fees

No transactions were entered into with key management personnel other than the payment of the Directors emoluments of EUR7,592 (30 September 2019: EUR11,031).

#### (e) Other related party fees

HSBC Bank p.l.c., as the sub-custodian of the Company, received an aggregate sub-custody fee for the year amounting to EUR54,006 (30 September 2019: EUR56,482).

#### (f) Unitholding of related parties

At reporting date, parties related to the Manager held 51,694 units (30 September 2019: 52,511 units) in the Malta Bond Fund – Accumulator Shares, 55,232 units (30 September 2019: 52,504 units) in the International Bond Fund – Accumulator Shares, nil Class A units (30 September 2019: nil) and 39,270 Class B units (30 September 2019: 37,624 units) in the Equity Growth Fund, and 21,042 units (30 September 2019: 20,353 units) in the Maltese Assets Fund – Accumulator shares.

As at the reporting date, the Directors held nil units (31 March 2020: 41) in the Malta Government Bond Fund – Accumulator shares and 32 units in the Malta Bond Fund – Accumulator shares (31 March 2020: 32).

As at 30 September 2020, all units in the Malta Bond Fund, International Bond Fund, Equity Growth Fund, HSBC Property Investment Fund, Malta Government Bond Fund and Maltese Assets Fund were held under nominee by HSBC Bank Malta p.l.c.



# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

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### 11 Related party transactions (continued)

#### (g) Investments in HSBC securities

Investments in securities, bonds and collective investment schemes issued by HSBC group as at the reporting date amounted to EUR2,222,447 (31 March 2020: EUR3,605,877) by the Funds.

#### (h) Share subscriptions and redemptions

At reporting date, parties related to the Manager subscribed EUR102,000 (30 September 2019: EUR1,310,000) in the Malta Bond Fund, EUR557,000 (30 September 2019: EUR997,000) in the International Bond Fund, EUR326,000 (30 September 2019: EUR216,000) in the Equity Growth Fund, and EUR207,000 (30 September 2019: EUR353,000) in the Malta Assets Fund.

At reporting date, parties related to the Manager redeemed a portion of its holding/shares in the Malta Bond Fund, amounting to EUR600,000 (30 September 2019: EUR597,000), EUR117,000 (30 September 2019: nil) in the International Bond Fund and EUR102,000 (30 September 2019: nil) in the Equity Growth Fund.

### 12 Fair value of financial assets and financial liabilities

At 30 September 2020 and 31 March 2020, the carrying amount of financial assets and financial liabilities carried at amortised cost approximated their fair value due to the short-term maturities of these assets and liabilities.

The fair value of listed investments is based on quoted prices in an active market at the reporting date. Assumptions used in determining the fair value of unlisted investments categorised as Level 3 are disclosed in Note 13.10.

### 13 Financial instruments and associated risks

#### 13.1 Overview

The Funds are exposed to the following risks from financial instruments:

- market risk
- credit risk
- liquidity risk

The Fund is also exposed to operational risks such as custody risk. Custody risk is the risk of loss of securities held in custody occasioned by the insolvency or negligence of the custodian. Although an appropriate legal framework is in place that eliminates the risk of loss of value of the securities held by the custodian, in the event of its failure, the ability of the Fund to transfer securities might be temporarily impaired.

This note presents information about the Funds' exposure to each of the above risks, the Funds' objectives, policies and processes for measuring and managing risk, and the Funds' management of capital.

# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

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### 13 Financial instruments and associated risks (continued)

#### 13.2 Risk management framework

The Funds' underlying investment portfolios comprise quoted and unquoted equity investments, quoted and unquoted debt investments, derivatives, and investments in other quoted funds that are intended to be held for an indefinite period of time.

Asset allocation is determined by the Funds' Investment Manager who manages the distribution of the assets in line with the investment strategy of the relative Funds at the prevailing market circumstances. The unprecedented COVID-19 pandemic is a systematic risk, hence all investments required close monitoring.

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

#### 13.3 Market Risk

Market risk embodies the potential for both losses and gains, and includes currency risk, interest rate risk and price risk.

Each Fund's relative strategy on the management of investment risk is driven by the Fund's investment objective, each of which is clearly outlined in the SICAV's prospectus. The Funds' market exposures within their relative Investment Restrictions is monitored on a daily basis by the Investment Manager. The Funds' overall market exposures are also monitored on a quarterly basis by the Board of Directors.

Details of the nature of the Funds' investment portfolio as at the financial reporting date are disclosed in note 9 on pages 62 to 83. Details of the nature and terms of derivative financial instruments outstanding as at the financial reporting date are disclosed on page 74.

#### 13.4 Currency Risk

The Funds may invest in financial instruments and enter into transactions denominated in currencies other than the respective functional currency. Consequently, the Funds are exposed to risks that the exchange rate of the functional currencies relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Funds' assets denominated in currencies other than the functional currency.

The Funds' currency risk is managed on a daily basis by the Investment Manager in accordance with policies and procedures in place.

As at the reporting date the Funds had the following open currency exposures:

# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

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### 13 Financial instruments and associated risks (continued)

#### 13.4 Currency risk (continued)

Currency	30 September 2020	31 March 2020
	% of Net Assets	% of Net Assets
<i>Malta Bond Fund</i>		
US Dollars	3.0%	3.3%
Pounds Sterling	0.3%	0.3%
Brazilian Real	0.2%	0.3%
<i>International Bond Fund</i>		
US Dollars	17.4%	20.6%
Pounds Sterling	0.6%	0.8%
Brazilian Real	0.6%	0.7%
<i>Equity Growth Fund</i>		
US Dollars	58.8%	54.6%
Pounds Sterling	3.6%	4.0%
<i>HSBC Property Investment Fund</i>		
US Dollar	-	12.6%
Pounds Sterling	14.1%	16.9%
<i>Malta Government Bond Fund</i>		
US Dollars	0.3%	1.5%
Pounds Sterling	0.02%	0.4%
Brazilian Real	0.3%	0.4%
<i>Maltese Assets Fund</i>		
US Dollar	10.3%	9.8%

#### Sensitivity Analysis

As at 30 September 2020, had the functional currency of each Fund strengthened by 10% in relation to the other currencies with all other variables held constant, net assets attributable to holders of redeemable units would have decreased by the amounts shown below:

# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

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### 13 Financial instruments and associated risks (continued)

#### 13.4 Currency risk (continued)

##### Sensitivity Analysis (continued)

	30 September 2020	31 March 2020
	Euro	Euro
<b><i>Malta Bond Fund</i></b>		
US Dollar	451,000	481,000
Pounds Sterling	48,000	49,000
Brazilian Real	34,000	40,000
<b><i>International Bond Fund</i></b>		
US Dollar	975,000	1,110,000
Pounds Sterling	34,000	41,000
Brazilian Real	32,000	40,000
<b><i>Equity Growth Fund</i></b>		
US Dollar	1,319,000	1,078,000
Pounds Sterling	81,000	78,000
<b><i>HSBC Property Investment Fund</i></b>		
US Dollar	-	36,000
Pounds Sterling	5,000	44,000
<b><i>Malta Government Bond Fund</i></b>		
US Dollar	34,000	173,000
Pounds Sterling	2,000	47,000
Brazilian Real	35,000	40,000
<b><i>Maltese Assets Fund</i></b>		
US Dollar	443,000	411,000

A 10% weakening of the functional currency against these currencies with all other variables held constant would have resulted in an equal but opposite effect.

#### 13.5 Interest Rate Risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of markets interest rates on the fair value of financial assets and liabilities and future cash flow. The Funds hold fixed interest securities that expose the Funds to fair value interest rate risk. The Funds also hold a limited amount of euro-denominated floating rate debt, cash and cash equivalents that expose the Funds to cash flow interest rate risk.

# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

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### 13 Financial instruments and associated risks (continued)

#### 13.5 Interest Rate Risk (continued)

*Malta Bond Fund, International Bond Fund and Malta Government Bond Fund*

The majority of the Funds' financial assets are interest-bearing and as a result, the respective Funds are subject to a reasonable exposure to fair value interest rate risk arising from fluctuations in the prevailing levels of market interest rates.

*Maltese Assets Fund*

Although the majority of the Fund's portfolio is invested in equities, the Fund holds a reasonable exposure in interest-bearing assets, and as a result, the Fund is also subject to a fair value interest rate risk arising from fluctuations in the prevailing levels of market interest rates.

#### Exposure to interest rate risk

The carrying amount of interest bearing financial assets represents the maximum interest rate exposure. The maximum exposure to interest rate risk at the reporting date was as follows:

*Malta Bond Fund*

	30 September 2020		31 March 2020	
	% of net assets	Euro	% of net assets	Euro
Debt securities	89.65	135,312,619	85.15	125,956,870
Fixed deposits	1.5	2,261,457	2.03	3,008,574
Non-interest bearing assets	9.01	13,597,992	13.27	19,623,573
	<u>100.16</u>	<u>151,172,068</u>	<u>100.45</u>	<u>148,589,017</u>

# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

### 13 Financial instruments and associated risks (continued)

#### 13.5 Interest Rate Risk (continued)

##### Exposure to interest rate risk

###### *International Bond Fund*

	30 September 2020		31 March 2020	
	% of net assets	Euro	% of net assets	Euro
Debt securities	85.60	47,878,604	86.71	46,629,331
Fixed deposits	2.23	1,246,692	2.30	1,236,480
Non-interest bearing assets	12.22	6,836,269	11.13	5,988,259
	<u>100.05</u>	<u>55,961,565</u>	<u>100.14</u>	<u>53,854,070</u>

###### *Malta Government Bond Fund*

	30 September 2020		31 March 2020	
	% of net assets	Euro	% of net assets	Euro
Debt securities	90.97	100,485,077	91.49	102,631,085
Fixed deposits	1.83	2,022,518	1.79	2,009,574
Non-interest bearing assets	7.32	8,093,450	7.07	7,934,068
	<u>100.12</u>	<u>110,601,045</u>	<u>100.35</u>	<u>112,574,727</u>

###### *Maltese Assets Fund*

	30 September 2020		31 March 2020	
	% of net assets	Euro	% of net assets	Euro
Debt securities	26.00	11,187,564	24.16	10,139,590
Non-interest bearing assets	74.07	31,875,801	76.11	31,947,279
	<u>100.07</u>	<u>43,063,365</u>	<u>100.27</u>	<u>42,086,869</u>

# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

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### 13 Financial instruments and associated risks (continued)

#### 13.5 Interest Rate Risk (continued)

##### Sensitivity Analysis

The Funds' interest rate risk is managed on a daily basis by the Investment Manager in accordance with policies and procedures in place. The Funds' overall interest rate risk is monitored on a quarterly basis by the Board of Directors.

The table below sets out the impact on the relative net assets of each Fund as at 30 September 2020 in the event that worldwide yield curves experience a parallel 25 basis points / 50 basis points shift upwards or downwards.

Yield Curve Shift	30 September 2020	31 March 2020
	Euro	Euro
<i>Malta Bond Fund</i>		
+25bps	<b>(1,816,000)</b>	(1,685,000)
-25bps	<b>1,816,000</b>	1,685,000
+50bps	<b>(3,631,000)</b>	(3,370,000)
-50bps	<b>3,631,000</b>	3,370,000
<i>International Bond Fund</i>		
+25bps	<b>(734,000)</b>	(665,000)
-25bps	<b>734,000</b>	665,000
+50bps	<b>(1,467,000)</b>	(1,330,000)
-50bps	<b>1,467,000</b>	1,330,000
<i>Malta Government Bond Fund</i>		
+25bps	<b>(1,432,000)</b>	(1,515,000)
-25bps	<b>1,432,000</b>	1,515,000
+50bps	<b>(2,864,000)</b>	(3,029,000)
-50bps	<b>2,864,000</b>	3,029,000
<i>Maltese Assets Fund</i>		
+25bps	<b>(180,000)</b>	(211,000)
-25bps	<b>180,000</b>	211,000

# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

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### 13 Financial instruments and associated risks (continued)

#### 13.5 Interest Rate Risk (continued)

##### Sensitivity Analysis

Yield Curve Shift

	30 September 2020	31 March 2020
	Euro	Euro
<i>Maltese Assets Fund (continued)</i>		
+50bps	<b>(360,000)</b>	(322,000)
-50bps	<b>360,000</b>	322,000

##### *Equity Growth Fund and HSBC Property Investment Fund*

The majority of the Funds' financial assets are non interest-bearing and as a result, the Funds are not subject to any major exposure to fair value interest rate risk arising from fluctuations in the prevailing levels of market interest rates.

#### 13.6 Other Price Risk

Other price risk is the risk that the value of the underlying assets will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk). These can arise from factors specific to an individual investment or its issuer (idiosyncratic risk), or from factors affecting total market sentiment (systemic risk).

Idiosyncratic price risk is managed through the construction of a diversified portfolio of instruments traded on various markets. Systemic risk cannot be eliminated by diversification and investors in the respective Funds are subject to the Funds' relative systemic market risk.

As the majority of the Funds' financial instruments are carried at fair value with fair value changes recognised in the Statement of comprehensive income, all changes in market conditions will directly affect the Funds' financial statements.



# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

### 13 Financial instruments and associated risks (continued)

#### 13.6 Other Price Risk (continued)

##### Exposure to other price risk

The carrying amount of the following financial assets and liabilities represents the maximum other price exposure. The maximum exposure to other price risk at the reporting date was as follows:

##### *Equity Growth Fund*

	30 September 2020		31 March 2020	
	% of net assets	Euro	% of net assets	Euro
Equity	27.70	6,214,084	29.82	5,887,666
Exchange Traded Funds	58.32	13,084,150	51.65	10,198,389
Collective Investment Schemes	1.54	345,911	4.23	834,211
	-----	-----	-----	-----
	<b>87.56</b>	<b>19,644,145</b>	<b>85.70</b>	<b>16,920,266</b>
	=====	=====	=====	=====

##### *HSBC Property Investment Fund*

	30 September 2020		31 March 2020	
	% of net assets	Euro	% of net assets	Euro
Equity	-	-	0.51	14,411
Exchange Traded Funds	-	-	10.74	305,947
Collective Investment Schemes	67.71	514,543	41.66	1,186,967
Derivative financial liabilities	(0.44)	(3,363)	(0.32)	(9,207)
	-----	-----	-----	-----
	<b>67.27</b>	<b>511,180</b>	<b>52.59</b>	<b>1,498,118</b>
	=====	=====	=====	=====

# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

### 13 Financial instruments and associated risks (continued)

#### 13.6 Other Price Risk (continued)

##### Exposure to other price risk (continued)

###### *Maltese Assets Fund*

	30 September 2020		31 March 2020	
	% of net assets	Euro	% of net assets	Euro
Equity	57.84	24,890,363	67.03	30,704,313
Exchange Traded Funds	10.82	4,655,086	8.91	4,080,232
	=====	=====	=====	=====
	68.66	29,545,449	75.94	34,784,545
	=====	=====	=====	=====

##### Sensitivity to other price risk

The sensitivity for equity and exchange traded funds price risk illustrates how changes in the fair value of such investments will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the investments' strategy, or factors affecting all similar underlying investments traded in the market. A general increase in the prices of equities and exchange traded funds of 10%, with all other variables held constant, would have increased the net assets attributable to the holders of redeemable units of the Equity Growth Fund by approximately EUR1,930,000 (31 March 2020: EUR1,609,000) and of the HSBC Property Investment Fund by nil (31 March 2020: EUR32,000) and of the Maltese Assets Fund by approximately EUR2,955,000 (31 March 2020: EUR3,478,000). A 10% general decrease on prices of equities and exchange traded funds, with all other variables held constant will result in an equal but opposite effect.

The Equity Growth Fund is also indirectly exposed to other price risk through the securities held by the respective underlying collective investment schemes which as at year end amounted to EUR345,911 (31 March 2020: EUR834,311). The HSBC Property Investment Fund is also exposed to an undetermined level of market risk arising from movements in the prices of properties held by the underlying collective investment scheme which as at year end amount to EUR514,543 (31 March 2020: EUR1,186,967).

#### 13.7 Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the respective Fund.

# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

### 13 Financial instruments and associated risks (continued)

#### 13.7 Credit Risk (continued)

##### Exposure to credit risk

The carrying amount of the following financial assets represents the maximum credit exposure at the reporting date:

30 September 2020

		Combined	Malta Bond Fund	International Bond Fund	Equity Growth Fund	HSBC Property Investment Fund	Malta Government Bond Fund	Maltese Assets Fund
	Note	Euro	Euro	Euro	Euro	Euro	Euro	Euro
Debt securities	9	294,863,864	135,312,619	47,878,604	-	-	100,485,077	11,187,564
Fixed deposits	6	5,530,667	2,261,457	1,246,692	-	-	2,022,518	-
Accrued interest		2,879,298	1,587,127	432,729	-	-	729,399	130,043
Dividends receivable		8,965	-	-	7,618	1,347	-	-
Bank balances	6	31,022,394	12,010,865	6,403,540	2,793,245	250,385	7,364,051	2,200,308
		<u>334,305,188</u>	<u>151,172,068</u>	<u>55,961,565</u>	<u>2,800,863</u>	<u>251,732</u>	<u>110,601,045</u>	<u>13,517,915</u>

# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

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### 13 Financial instruments and associated risks (continued)

#### 13.7 Credit Risk (continued)

##### Exposure to credit risk (continued)

31 March 2020

		Combined	Malta Bond Fund	International Bond Fund	Equity Growth Fund	HSBC Property Investment Fund	Malta Government Bond Fund	Maltese Assets Fund
	Note	Euro	Euro	Euro	Euro	Euro	Euro	Euro
Debt securities	9	285,356,876	125,956,870	46,629,331	-	-	102,631,085	10,139,590
Fixed deposits	6	6,254,628	3,008,574	1,236,480	-	-	2,009,574	-
Accrued interest		3,182,352	1,773,534	512,539	-	-	711,972	184,307
Dividends receivable		51,214	-	-	9,372	2,094	-	39,748
Bank balances	6	57,375	18,267	11,125	5,066	-	17,761	5,156
		37,240,315	17,831,772	5,464,595	2,843,587	1,351,881	7,204,335	2,544,145
		<u>332,142,760</u>	<u>148,589,017</u>	<u>53,854,070</u>	<u>2,858,025</u>	<u>1,353,975</u>	<u>112,574,727</u>	<u>12,912,946</u>

# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

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### 13 Financial instruments and associated risks (continued)

#### 13.7 Credit Risk (continued)

##### *Malta Bond Fund*

The investment objective of the Fund is to achieve long term capital growth, primarily through investment in predominantly Maltese debt securities.

Local Malta Government Stocks as at 30 September 2020 constituted 40.58% (including accrued interest) (31 March 2020: 38.10%) of the fund's total net assets. No Malta Government Stock is rated by either S&P, Moody's or Fitch. However, the Government of Malta carries an A- rating by S&P and an A2 rating by Moody's.

As at 30 September 2020, 39.74% (including accrued interest) (31 March 2020: 38.05%) of the net assets was invested in the local corporate bond market. Here again, none of the local corporate bonds are rated by any of the major credit rating companies. However, the Investment Manager undertakes a rigorous risk assessment on each issuer to internally establish the risk reward profile of all major local corporate bonds.

Only up to 15% of the total assets of the Fund may be invested in non-Maltese issuers. As at 30 September 2020, investment in these assets amounted to 10.32% (including accrued interest) of the portfolio (31 March 2020: 10.13%).

The credit quality of the non-Maltese issuers' portfolio as at 30 September 2020 is summarised below:

Credit Rating	30 September 2020	31 March 2020
	% Exposure	% Exposure
AAA(credit rating of AAA ranges from AAA- to AAA+)	<b>0.6</b>	0.3
AA (credit rating of AA ranges from AA- to AA+)	<b>1.6</b>	0.6
A (credit rating of A ranges from A- to A+)	<b>2.6</b>	2.6
BBB (credit rating of BBB ranges from BBB- to BBB+)	<b>4.2</b>	6.6

##### *International Bond Fund*

The investment objective of the Fund is to achieve long term capital growth, primarily through investment in international debt securities. Up to 30% of the Fund's total assets may consist of non-investment grade debt securities, rated between B and BB as determined by S&P or an equivalent rating as determined by an equivalent rating agency.

# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

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### 13 Financial instruments and associated risks (continued)

#### 13.7 Credit Risk (continued)

##### *International Bond Fund (continued)*

The credit quality of the non-Maltese issuers' portfolio as at 30 September 2020 is summarised below:

Credit Rating	30 September 2020	31 March 2020
	% Exposure	% Exposure
AAA (credit rating of AAA ranges from AAA- to AAA+)	1.6	0.1
AA (credit rating of AA ranges from AA- to AA+)	9.2	6.5
A (credit rating of A ranges from A- to A+)	8.3	12.2
BBB (credit rating of BBB ranges from BBB- to BBB+)	32.8	31.9
BB (credit rating of BB ranges from BB- to BB+)	7.5	7.2
B (credit rating of B ranges from B- to B+)	0.9	0.9

The Fund's credit risk exposure is managed on a daily basis by the Investment Manager in accordance with policies and procedures in place.

##### *Malta Government Bond Fund*

The investment objective of the Fund is to achieve long term capital growth, primarily through investment in a diversified portfolio of interest earning securities.

Local Malta Government Stocks as at 30 September 2020 constituted 78.86% (including accrued interest) (31 March 2020: 79.49%) of the Fund's total net assets. No Malta Government Stock is rated by either S&P, Moody's or Fitch. However, the Government of Malta carries an A- rating by S&P and an A2 rating by Moody's.

Only up to 15% of the total assets of the Fund may be invested in non-Maltese issuers. As at 30 September 2020, investment in these assets amounted to 12.72% (including accrued interest) of the total assets (31 March 2020: 12.58%).

# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

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### 13 Financial instruments and associated risks (continued)

#### 13.7 Credit Risk (continued)

##### *Malta Government Bond Fund (continued)*

The credit quality of the non-Maltese issuers' portfolio as at 30 September 2020 is summarised below:

Credit Rating	30 September 2020	31 March 2020
	% Exposure	% Exposure
AAA (credit rating of AAA ranges from AAA- to AAA+)	0.3	0.4
A (credit rating of A ranges from A- to A+)	3.8	5.1
BBB (credit rating of BBB ranges from BBB- to BBB+)	3.9	7.2

##### *Maltese Assets Fund*

The investment objective of the Fund is to achieve long term capital growth, through the investment in a diversified portfolio of equity holdings and of interest-earning holdings.

Local Malta Government Stocks as at 30 September 2020 constituted 6.99% (including accrued interest) (31 March 2020: 7.19%) of the Fund's net assets. No Malta Government Stock is rated by either S&P, Moody's or Fitch. However, the Government of Malta carries an A- rating by S&P and an A2 rating by Moody's.

As at 30 September 2020, 19.28% (including accrued interest) (31 March 2020: 17.37%) of the portfolio was invested in the local corporate bond market. Here again none of the local corporate bonds is actually rated by any of the major credit rating companies. However, the Investment Manager undertakes a rigorous risk assessment on each issuer to internally establish the risk reward profile of all major local corporate bonds.

Only up to 15% of the total assets of the Fund may be invested in non-Maltese issuers. As at 30 September 2020, 10.82% (including accrued interest) of total assets (31 March 2020: 8.81%) were invested in non-Maltese issuers. None of these assets were subject to credit risk.

The Fund's credit risk exposure is managed on a daily basis by the Investment Manager in accordance with policies and procedures in place.

# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

### 13 Financial instruments and associated risks (continued)

#### 13.7 Credit Risk (continued)

*Equity Growth Fund and HSBC Property Investment Fund*

The investment objectives of these Funds do not oblige the respective Fund to take any major credit exposures.

##### 13.7.1 Amounts arising from Expected Credit Loss

Bank balances are held with unrated banks and are subject to impairment calculations measured on a 12-month expected loss basis, which reflects the short maturities of the exposures. The Company considers that these exposures have low credit risk based on the trading history with the counterparties.

##### 13.7.2 Offsetting financial assets and financial liabilities

In accordance with the ISDA Master Agreement entered into by the Company with its derivative counterparty, derivative financial instruments are presented net on the Statement of Financial Position. The Company has a legal right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

*HSBC Property Investment Fund*

30 September 2020						
Description	Gross amounts of recognised assets/(liabilities)	Gross amounts offset in the Statement of Financial Position	Net amounts presented in the Statement of Financial Position	Gross amounts not offset in the Statement of Financial Position		Net Amount
				Financial Instruments	Cash collateral received/ pledged	
<b>Liabilities</b>						
Derivative financial instruments	(3,363)	-	(3,363)	-	-	(3,363)

31 March 2020						
Description	Gross amounts of recognised assets/(liabilities)	Gross amounts offset in the Statement of Financial Position	Net amounts presented in the Statement of Financial Position	Gross amounts not offset in the Statement of Financial Position		Net Amount
				Financial Instruments	Cash collateral received/ pledged	
<b>Liabilities</b>						
Derivative financial instruments	(9,207)	-	(9,207)	-	-	(9,207)



# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

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### 13 Financial instruments and associated risks (continued)

#### 13.8 Settlement Risk

Settlement risk is the risk of loss due to failure of a counterparty to honour its obligations to deliver cash, securities or other assets as contractually agreed. Risk relating to unsettled transactions is considered small due to the short settlement period involved and the high credit quality of the brokers used. The Investment Manager monitors the financial positions of the brokers used to further mitigate this risk.

Substantially all of the assets of the Funds are held by Sparkasse Bank Malta p.l.c., as Depositary. Bankruptcy or insolvency of the Depositary may cause the Funds' rights with respect to securities held by the Depositary to be delayed or limited.

#### 13.9 Liquidity Risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

##### *Malta Bond Fund*

The Fund's constitution provides for the daily creation and cancellation of units and these are therefore exposed to the liquidity risk of meeting unitholders' redemptions at any time.

The major part of this Fund's underlying securities mainly comprises securities that are listed on the Malta Stock Exchange, making 80.32% (including accrued interest) (31 March 2020: 76.15%) of net assets which may not be readily realisable due to the limitations arising from the size and illiquidity of the Maltese capital market.

9.46% (31 March 2020: 14.09%) of net assets are held in bank deposits.

##### *International Bond Fund*

The Fund's constitution provides for the daily creation and cancellation of units and these are therefore exposed to the liquidity risk of meeting unitholders' redemptions at any time.

The major part of this Fund's underlying securities are international fixed income securities.

13.68% (31 March 2020: 12.46%) of net assets are held in bank deposits.

# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

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### 13 Financial instruments and associated risks (continued)

#### 13.9 Liquidity Risk (continued)

##### *Equity Growth Fund*

The Fund's constitution provides for the daily creation and cancellation of units and these are therefore exposed to the liquidity risk of meeting unitholders' redemptions at any time.

The major part of this Fund's underlying securities are considered to be readily realisable since they are listed on major European and US Stock Exchanges.

The Fund has an investment comprising of one unlisted security, making 0.21% (31 March 2020: 0.24%) of net assets which is not considered to be readily realisable. The Fund's portfolio of underlying securities also comprises securities that are listed on the Malta Stock Exchange, making 21.50% of net assets (31 March 2020: 25.58%) which may not be readily realisable due to the limitations arising from the size and illiquidity of the Maltese capital market.

12.45% of net assets (31 March 2020: 14.40%) are held in bank deposits.

##### *HSBC Property Investment Fund*

This Fund's constitution provides for the fortnightly creation and cancellation of units and it is therefore also exposed to the liquidity risk of meeting unitholders' redemptions at any time.

The major part of this Fund's underlying securities mainly comprises investments in other collective investment schemes, making 67.71% of net assets (31 March 2020: 41.66%), managed by highly reputable financial houses. The Fund invests in Property Related Assets which are exposed directly to immovable property and/or investments in immovable property. Investments in property are relatively illiquid compared with other financial instruments and are significantly more difficult to realise.

32.95% of net assets (31 March 2020: 47.45%) are held in bank deposits.

The Fund is allowed to borrow up to 100% of its net asset value for liquidity purposes. Such borrowing would require the Fund to enter into a credit facility agreement whereby the Fund would pledge its assets by way of financial collateral in favour of the creditor Bank providing such facility.

Although investors are permitted to make redemption requests on each Dealing Day, there is no guarantee that the Fund will be able to meet such redemption requests as the investments of the funds and entities in which the Fund will be investing are illiquid by nature and the Fund may not be able to redeem or sell its investments to facilitate redemptions. Furthermore, the Manager or the Directors may in their absolute discretion limit or defer the total amount of redemptions effected on any Dealing Day in accordance with the parameters set out in the Articles of Association of the Company. The Company may also, in specific circumstances as described under Appendix I of the Fund supplement, suspend the determination of the Net Asset Value.

# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

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### 13 Financial instruments and associated risks (continued)

#### 13.9 Liquidity Risk (continued)

##### *HSBC Property Investment Fund (continued)*

On 29 January 2020, the Board of Directors proposed the closure of the HSBC Property Investment Fund to its investors. In order to treat all underlying investors in an equitable manner, subscriptions in and redemptions out of the fund were suspended effective from 29 January 2020. After consulting with investors following an Extraordinary General Meeting process, the members of the fund approved a resolution to close the fund on 17 March 2020. Subsequent to this, the Fund Manager started to manage the liquidation process.

Following the approval of the resolution by the shareholders on 17 March 2020 to close the fund, the Fund Manager started to manage the liquidation process.

Unfortunately, the uncertainty triggered by the COVID-19 outbreak also led to significant challenges to correctly value certain illiquid and unlisted securities. Notably in the U.K., the Property Funds sector suspended their unit dealing as their independent valuers claimed that they could no longer make reliable judgments on property valuation in these extreme conditions. The suspension across the majority of the UK property funds market included one of the funds in which the Fund was invested, the Blackrock UK Property Fund, managed by BlackRock, one of the largest and most preeminent asset managers in the world. In these circumstances, despite all commercially reasonable efforts to dispose of the Fund's holding in the Blackrock UK Property Fund, the Manager could not guarantee that it would be in a position to dispose of this investment by the pre-set Redemption Date of 5 May 2020 agreed in the resolution approved by the shareholders during the Extraordinary General Meeting held on 17 March 2020, and hence the Company was legally forced to ask the Members for further specific instructions, through another Extraordinary Resolution, to delay and amend the process leading to the eventual redemption of all the shares in the Fund.

Eventually the Company convened a new Extraordinary General Meeting on the 29 May 2020 and the Members of the Fund resolved to authorise the Manager to, inter alia, complete the mandatory redemption of a part of the shares in the Fund representing the liquid/cash portion of the portfolio of the Fund on 2 June 2020, and to postpone the redemption of the shares in the Blackrock UK Property to a later date to be determined by the Board of Directors after the latter has been disposed of. On 2 June 2020, the Fund partially redeemed 9,518 units of its accumulator shares amounting to €1,832,374 and 1,531 units of their income shares amounting to €247,626.

The Blackrock UK Property Fund's Management Company subsequently informed the Manager that it had approved the lifting of the suspension on the fund on 30 September 2020. Following the lifting of the suspension, the Blackrock Manager has also approved that dealing in the fund will resume on 30 October 2020 and redeeming investors from the Blackrock UK Property Fund (including the HSBC Property Investment Fund) will be paid out at the next Redemption Day, this being the 30 October 2020.

The final NAV for the HSBC Property Investment Fund has been scheduled for calculation on 17 November 2020 and the final redemption proceeds of the remaining holdings are set to be paid out by 7 December 2020.

# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

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### 13 Financial instruments and associated risks (continued)

#### 13.9 Liquidity Risk (continued)

##### *Malta Government Bond Fund*

The Fund's constitution provides for the daily creation and cancellation of units and these are therefore exposed to the liquidity risk of meeting unitholders' redemptions at any time.

The major part of this Fund's underlying securities mainly comprises securities that are listed on the Malta Stock Exchange, making 78.86% of net assets (31 March 2020: 79.49%), which may not be readily realisable due to the limitations arising from the size and illiquidity of the Maltese capital market.

8.50% of net assets (31 March 2020: 8.21%) are held in bank deposits.

##### *Maltese Assets Fund*

The Fund's constitution provides for the daily creation and cancellation of units and these are therefore exposed to the liquidity risk of meeting unitholders' redemptions at any time.

The Fund has an investment comprising of an unlisted security, making 0.99% (31 March 2020: 1.02%) of net assets which is not considered to be readily realisable. The Fund's portfolio of underlying securities also comprises securities that are listed on the Malta Stock Exchange, making 84.10% (31 March 2020: 84.24%) of net assets which may not be readily realisable due to the limitations arising from the size and illiquidity of the Maltese capital market.

5.11% of net assets (31 March 2020: 6.06%) are held in bank deposits.

##### *All Funds*

The Funds' liquidity risk is managed on a regular basis by the Investment Manager in accordance with policies and procedures in place. The Funds' overall liquidity risks are monitored on a quarterly basis by the Board of Directors.

All Funds, with the exception of HSBC Property Investment Fund, are allowed to borrow up to 10% of their respective Net Asset Value which may be used to finance settlement mismatches. Such borrowing would require the relevant Fund to enter into a credit facility agreement whereby the Fund would pledge its assets by way of financial collateral in favour of the creditor Bank providing such facility.

The Maltese market typically has lower trading activity, compared to more developed capital markets. Funds mandated to invest in the Maltese market are thus exposed to greater levels of inherent market illiquidity. In order to mitigate liquidity risk stemming from redemptions, the Manager aims to maintain a minimum level of cash and/or cash equivalents. In regards to the funds that are mandated to invest in Malta, the allowance up to 15% of NAV to hold international securities may present an additional source of liquidity, as international securities are frequently more liquid than those on the local market. However during a crisis such as COVID-19, liquidity in developed markets is also negatively impacted and bid-offer spreads widen.

# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

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### 13 Financial instruments and associated risks (continued)

#### 13.9 Liquidity Risk (continued)

*All Funds (continued)*

The cash and/or cash equivalents currently held within each sub fund was sufficient to meet the level of outflows experienced during the outbreak of COVID-19 up to the date of the financial statements.

The Prospectus and Articles of Association contain special provisions which provides the Company the power to suspend repurchase of shares and to repurchase only part of the shares for which repurchase requests have been received if the Company determines that the calculation of Net Asset Value is not practicable or reasonable, or that the repurchase of shares would involve the realisation of assets of the Fund which in the opinion of the Company could, if realised at that particular moment in time, adversely affect and prejudice the interest of the Investors. The Manager may limit the total number of units which may be repurchased on any Dealing Day to 5% of the outstanding units in any Fund. In this event, the Manager will reduce all valid repurchase requests pro rata to the said 5% of the units and shall repurchase the excess of the units on the next Dealing Day, subject to the Manager's same power of deferral until the original repurchase requests have been fully satisfied.

There was no requirement to use the special provisions up to the date of the financial statements.

# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

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### 13 Financial instruments and associated risks (continued)

#### 13.10 Fair values of financial instruments

The Fund measures its financial assets and financial liabilities at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. It allows an entity to use mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurements within a bid-ask spread.

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

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

The following table analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position. All fair value measurements below are recurring.

# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

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### 13 Financial instruments and associated risks (continued)

#### 13.10 Fair values of financial instruments (continued)

##### *Malta Bond Fund*

	Level 1	Level 2	Level 3	Total
<b>30 September 2020</b>				
Financial assets designated at fair value through profit or loss	<b>135,312,619</b>	-	-	<b>135,312,619</b>
	<b>135,312,619</b>	-	-	<b>135,312,619</b>
<b>31 March 2020</b>				
Financial assets designated at fair value through profit or loss	125,956,870	-	-	125,956,870
	125,956,870	-	-	125,956,870

##### *International Bond Fund*

	Level 1	Level 2	Level 3	Total
<b>30 September 2020</b>				
Financial assets designated at fair value through profit or loss	<b>47,878,604</b>	-	-	<b>47,878,604</b>
	<b>47,878,604</b>	-	-	<b>47,878,604</b>
<b>31 March 2020</b>				
Financial assets designated at fair value through profit or loss	46,629,331	-	-	46,629,331
	46,629,331	-	-	46,629,331

# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

### 13 Financial instruments and associated risks (continued)

#### 13.10 Fair values of financial instruments (continued)

##### *Equity Growth Fund*

	Level 1	Level 2	Level 3	Total
<b>30 September 2020</b>				
Financial assets designated at fair value through profit or loss	19,596,851	-	47,294	19,644,145
	19,596,851	-	47,294	19,644,145
<b>31 March 2020</b>				
Financial assets designated at fair value through profit or loss	16,872,972	-	47,294	16,920,266
	16,872,972	-	47,294	16,920,266

##### *HSBC Property Investment Fund*

	Level 1	Level 2	Level 3	Total
<b>30 September 2020</b>				
Financial assets designated at fair value through profit or loss	-	514,543	-	514,543
Derivative financial liability	-	(3,363)	-	(3,363)
	-	511,180	-	511,180
<b>31 March 2020</b>				
Financial assets designated at fair value through profit or loss	320,358	647,033	539,934	1,507,325
Derivative financial liability	-	(9,207)	-	(9,207)
		320,358	637,826	539,934



# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

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### 13 Financial instruments and associated risks (continued)

#### 13.10 Fair values of financial instruments (continued)

##### *Maltese Government Bond Fund*

	Level 1	Level 2	Level 3	Total
<b>30 September 2020</b>				
Financial assets designated at fair value through profit or loss	<b>100,485,077</b>	-	-	<b>100,485,077</b>
	<b>100,485,077</b>	-	-	<b>100,485,077</b>
<b>31 March 2020</b>				
Financial assets designated at fair value through profit or loss	102,631,085	-	-	102,631,085
	102,631,085	-	-	102,631,085

##### *Maltese Assets Fund*

	Level 1	Level 2	Level 3	Total
<b>30 September 2020</b>				
Financial assets designated at fair value through profit or loss	<b>40,306,548</b>	-	<b>426,466</b>	<b>40,733,014</b>
	<b>40,306,548</b>	-	<b>424,466</b>	<b>40,733,014</b>
<b>31 March 2020</b>				
Financial assets designated at fair value through profit or loss	38,887,047	-	426,466	39,313,513
	38,887,047	-	426,466	39,313,513

# HSBC Malta Funds SICAV p.l.c.

## Notes to the unaudited financial statements

For the period ended 30 September 2020

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### 13 Financial instruments and associated risks (continued)

#### 13.10 Fair values of financial instruments (continued)

##### Financial assets measured at Level 3

During the period under review, financial assets at fair value through profit or loss in the Equity Growth Fund portfolio and the Maltese Assets Fund Portfolio, with a carrying amount of EUR47,294 (31 March 2020: EUR47,294) and EUR426,466 (31 March 2020: EUR426,466) respectively, were classified as having Level 3 inputs. Due to lack of observable market inputs, the fair value of the assets was determined by reference to the average of the Net Asset Value of the Company, the Net Asset Value of the Company plus a premium for goodwill, and earnings before interest, taxes, depreciation and amortisation multiples, based on the audited financial statements of the issuer of the asset.

As at 30 September 2020, the HSBC Property Investment Fund held an investment in Black Rock UK Property with a carrying amount of EUR514,543 and representing 67.71% of the net assets of the Fund. The Company is valuing the holding of the Black Rock UK Property at the bid price issued by BlackRock UK Property Fund. Dealing in the Black Rock Fund was suspended from the dealing date of 30th March 2020. Black Rock issues a monthly price with a market valuation uncertainty clause. The valuations of the Black Rock Fund's real estate assets that form a key part of its net asset value calculation have been made subject to a material valuation uncertainty clause by its valuation advisors following the outbreak of COVID-19. Therefore, its net asset value that has been calculated and issued should be regarded as materially uncertain. As such, HSBC Property Investment Fund may not receive proceeds at the net asset value quoted when the redemption out of the Black Rock UK Property Fund is dealt.

### 14 Events subsequent to the reporting date

The COVID-19 outbreak and ensuing lockdowns imposed by major governments continued to disrupt capital markets in the months following the end of the reporting period. Albeit major capital markets across the globe recovered reasonably from their lows reached during the months of March and April, they have continued to exhibit frequent bouts of stress and volatility as economic uncertainty continued to cripple investor confidence. As at the time of writing no vaccine has yet been successfully clinically tested and new cases continue to rise in certain continents across the world raising concerns of a second wave and further imposed lockdowns. Market sentiment will in the coming months remain mainly driven by developments in the medical world and we expect disruptions and volatility in capital markets to persist, until it is evident that the whole world has successfully contained the transmission of the COVID-19 virus.

# HSBC Malta Funds SICAV p.l.c.

## General information

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### 1 Authorisation

HSBC Malta Funds SICAV p.l.c. is a collective investment scheme organised as a multi fund investment company with variable share capital. The Company was registered on 24 January 1997 under the Companies Act, Chapter 386 of the Laws of Malta, and is licensed and regulated by the Malta Financial Services Authority as a collective investment scheme in virtue of the Investment Services Act, Chapter 370 of the Laws of Malta.

The classes of shares constituting the Malta Bond Fund, the Malta Government Bond Fund and the Maltese Assets Fund are listed on the Malta Stock Exchange.

### 2 Management fees and other expenses

#### (a) Management fees

The Manager is entitled to a management fee of 0.785% per annum for the Malta Bond Fund, 0.570% per annum for the International Bond Fund; 1.000% per annum for the Equity Growth Fund; 0.785% per annum for the Malta Government Bond Fund, 1.060% per annum for the Maltese Assets Fund and 0.875% per annum from the HSBC Property Investment Fund, based on the Net Asset Value of each respective Fund on each Dealing Day, payable monthly in arrears. The entitlement to the management fee attributable to HSBC Property Investment Fund ceased on 17 March 2020.

#### (b) Administration fees

As of the 28 September 2018, the Administrator Fees (charged by HSBC Securities Services (Ireland) DAC) are as follows:

The fee for providing Administration Services is set at a maximum rate of 6 basis points per annum.

Fees for the provision of Transfer Agency services are charged in accordance with the following schedule:

<b>Measurement</b>	<b>Charge</b>
Per Share Class	€1,200 per annum
Per Account opening	€150 per new investor
Per Investor account maintenance	€100 per annum
Per Investor Transaction (Automated)	€12 per transaction
Per Investor Transaction (Manual)	€20 per transaction

# HSBC Malta Funds SICAV p.l.c.

## General information

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### 2 Management fees and other expenses (continued)

(c) Registrar fees

No charges are levied by the Administrator for acting as Registrar to the Company.

(d) Secretarial fees

Ganado Services Limited charges a fee of EUR2,000 (excluding VAT) per annum for 16 hours of work for acting as Company Secretary to the Company. Additional hours are charged on a time spent basis.

(e) Depositary fees

In terms of the Depositary Agreement between the Company and the Depositary, the Depositary receives a depositary services fee. The fee for depositary services is of 0.035% per annum of total net assets\*\* depending on the amount of total net assets.

The above depositary services fees are subject to a minimum fee of:

- EUR5,000 per month, for the Malta Bond Fund excluding out-of-pocket expenses;
- EUR5,000 per month, for the Equity Growth Fund excluding out-of-pocket expenses;
- EUR5,000 per month, for the International Bond Fund excluding out-of-pocket expenses;
- EUR5,000 per month, for the Malta Government Bond Fund excluding out-of-pocket expenses;
- EUR5,000 per month, for the Maltese Assets Fund excluding out-of-pocket expenses;

No minimum fee is applicable for the HSBC Property Investment Fund.

These fees are applied pro-rata to each Sub-Fund in relation to the relative Total Net Assets.

\*\* Total Net Assets refer to the aggregate total net assets of all the Funds managed by HSBC Global Asset Management (Malta) Limited and which are party to a depositary agreement with Sparkasse Bank Malta p.l.c. as their depositary (together, the "Funds").

HSBC Bank p.l.c. as sub-custodian of the Depositary charges Custody fees as follows:

Maltese Market	0.04% per annum
Foreign Markets	Ranging from 0.0015% to 0.04% depending on the relevant Foreign Market

HSBC Bank plc as sub-custodian of the depositary also charges for other out-of-pocket and third party expenses relating to:

- transaction fees (ranging from EUR4.00 to EUR40.00 per transaction);
- coupons, dividends and corporate actions;
- other value-added services;
- disbursement fees; and
- communication services fees.

# HSBC Malta Funds SICAV p.l.c.

## General information

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### 2 Management fees and other expenses (continued)

(f) Fees charged by the Service Provider

The Service Provider charges the following investment account fees:

Malta Bond Fund: 0.125% per annum charged to the Fund on the value of shares held in the investment account of each investor, with a minimum of €11.65 and a maximum of €116.47.

International Bond Fund: 0.125% per annum charged to the Fund on the value of shares held in the investment account of each investor, with a minimum of €23.29 and a maximum of €116.47, or appropriate equivalent amount expressed in the Currency of Expression.

Malta Government Bond Fund: 0.125% per annum charged to the Fund on the value of shares held in the investment account of each investor, with a minimum of €23.29 and a maximum of €116.47.

Maltese Assets Fund: 0.125% per annum charged to the Fund on the value of shares held in the investment account of each investor, with a minimum of €23.29 and a maximum of €116.47.

Equity Growth Fund: 0.125% per annum charged to the Fund on the Net Asset Value.

(g) Dividend Administration fee

The Service Provider charges €4.66 per investor eligible to receive the dividend on every dividend distribution. This fee is directly chargeable to that part of the relevant Fund's income attributable to the class of shares in respect of which the dividend has been paid. The fee is not chargeable if a dividend is not declared.

(h) Transaction Fee

In the normal course and in relation to the Malta Government Bond Fund and the Maltese Assets Fund, the Service Provider charges €23.29 on all repurchase transactions (including an exchange of shares from one Fund to another) in excess of 3 per calendar year. The Service Provider reserve the right, at his discretion and on giving notice to a particular Investor, to increase the charge up to no more than €1164.69 per transaction on any further transaction effected by the Investor in the same calendar year.

(i) Fee for Exchange of Shares within the same Fund

In the case of investors who had opted for a Sterling Currency of Expression, the Service Provider charges a fee of €11.65 or GBP 9 per Investor on any exchange of shares between an accumulating and income distributing class within the same Fund.

# HSBC Malta Funds SICAV p.l.c.

## General information

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### 2 Management fees and other expenses (continued)

#### (j) Other Fees

The Company engaged KPMG Malta to prepare its annual and interim financial statements. The Company pays KPMG Malta the following fees relating to the preparation of financial statements (annual and interim):

- First SICAV Sub-Fund – maximum total amount: EUR5,000
- Per Sub-Fund thereafter – maximum total amount: EUR3,500

The Funds are subject to other out-of-pocket expenses relating to:

- cost of banking charges;
- postage and printing costs;
- communication services fees; and
- other expenses involved in the course of the KPMG's duties.

#### (k) General

All fees may be increased with the agreement of the Company, and the members shall be notified accordingly. Further details on any aspect of the above or further details on other specific charges applicable to any of the Funds will be made available to you upon request and in accordance with applicable regulations.

#### (l) Management Agreement

HSBC Global Asset Management (Malta) Limited was appointed by the Company to provide investment management services and administrative services to the Company and its Funds by virtue of an agreement dated 31 January 1997. This agreement was amended and restated by an agreement dated 2 May 2002 (the 'Management Agreement'). Subsequently an Addendum dated 7 October 2005 and Addendum dated 14 November 2006 were entered into between the Manager and the Company in relation to the Equity Growth Fund and the HSBC Property Investment Fund respectively.

The agreement between the Company and HSBC Global Asset Management (Malta) Limited dated 2 May 2002 was amended and restated with a new agreement dated 21 July 2014 to set out the terms upon which the Manager accepts to act as AIFM in respect of the Company and the Funds.

An addendum to the Discretionary Investment Management Agreement was entered between the Company and HSBC Global Asset Management (Malta) Limited on 5 December 2016. By virtue of this Addendum the two new sub-funds called Malta Government Bond Fund and Maltese Assets Fund established by the Company were included under the Investment Management Agreement.

A copy of the Management Agreement is available for inspection at the registered office of the Company and the registered office of the Manager.

# HSBC Malta Funds SICAV p.l.c.

## General information

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### 2 Management fees and other expenses (continued)

#### (m) Administration agreement

By an agreement dated 1 October 2007 between the Company and the Manager, HSBC Securities Services (Malta) Ltd was appointed to act as Administrator to provide administrative services including acting as Registrar. This agreement was terminated on 11 February 2014.

With effect from 12 February 2014 the Company and the Manager appointed HSBC Deutsche International Corporate Services (Ireland) Limited as the Administrator to provide administrative services including acting as Registrar. This agreement was terminated on 28 September 2018.

The Company and the Manager appointed HSBC Securities Services (Ireland) DAC as Administrator from 28 September 2018. The Company and the Manager have agreed to the delegation of certain administration functions of the Company and the Funds including acting as Registrar, to HSBC Securities Services (Ireland) DAC.

A copy of the Administration Agreement is available for inspection at the registered office of the Company and the registered office of the Administrator.

#### (n) Service Provider Agreement

An agreement dated 31 July 2013 was entered into between the Company, the Manager and HSBC Bank Malta p.l.c. In terms of this agreement HSBC Bank Malta p.l.c. was appointed as a Service Provider in respect of the maintenance of the Investment Account System through which all persons purchase and hold units in the Company. This agreement was terminated on 20 July 2014.

A new agreement dated 21 July 2014 was entered into between the Company and HSBC Bank Malta p.l.c. In terms of this agreement HSBC Bank Malta p.l.c. was appointed as a Service Provider in respect of the maintenance of the Investment Account System through which all persons purchase and hold units in the Company.

An addendum to the Service Provider Agreement was entered between the Company and HSBC Bank Malta p.l.c. on 28<sup>th</sup> November 2016. By virtue of this Addendum the two new sub-funds called Malta Government Bond Fund and Maltese Assets Fund established by the Company were included under the Service Provider Agreement.

A copy of the Service Provider Agreement is available for inspection at the registered office of the Company and the Service Provider.

#### (o) Depositary agreement

By an agreement dated 28 September 1998, between the Company and HSBC Bank Malta p.l.c., HSBC Bank Malta p.l.c. was appointed to act as custodian of and to safe keep the assets of the Company with effect from the 1 October 1998, and as subsequently amended. This agreement was terminated with effect from 21 July 2014.

# HSBC Malta Funds SICAV p.l.c.

## General information

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### 2 Management fees and other expenses (continued)

(o) Depositary agreement (continued)

On 21 July 2014, the Company and the Manager entered into an agreement with Deutsche Bank (Malta) Limited, under the terms of which the latter was appointed as the depositary of the Company and its Sub-Funds in accordance with the requirements of the AIFMD. This agreement was terminated on 29 April 2016.

On 29 April 2016, the Company and the Manager entered into an agreement with Deutsche Bank AG (Dublin), under the terms of which the latter took over the responsibilities as the Depositary and Custodian of the Company and its sub-funds, in accordance with requirements of the AIFMD. This agreement was terminated on 1 December 2016.

On 2 December 2016, the Company and the Manager entered into an agreement with Sparkasse Bank Malta p.l.c., under the terms of which the latter was, with effect from 5 December 2016, appointed as the depositary of the Company and its Sub-Funds in accordance with the requirements of the AIFMD.

A copy of the Depositary Agreement is available for inspection at the registered office of the Company and the registered office of the Depositary.

### 3 Risk warning

Past performance is not necessarily a guide to future performance. The value of investments and the currency in which these are denominated may go down as well as up and investors may not always get back their initial investment, investments in collective investment schemes should be regarded as a medium to long term investment.

This Interim Report does not constitute an offer of units in the Funds. The opinions expressed are given in good faith and should not be construed as investment and/or tax advice.

### 4 Prospectus

The Company issued a Prospectus dated 5 December 2016. This Prospectus refers to the two new sub-funds called Malta Government Bond Fund and Maltese Assets Fund established by the Company and also refers to the appointment of a new depositary by the Company.

On 6 July 2017, a Supplemental Statement to the Prospectus dated 5 December 2016 was issued and lodged at the Registry of Companies. This Supplemental Statement reflected the change in the composition of the Board of Directors of the Company and the Manager and also updated the 'Conflicts of Interest' Section in the Prospectus.

On 28 September 2018, a Supplemental Statement to the Prospectus dated 5 December 2016 was issued and lodged at the Registry of Companies. This Supplemental Statement reflected the change in the Administrator and introduced amendments in the Prospectus, to ensure that the NAV associated with the Valuation Day uses prices at close of business on Valuation Day.



# HSBC Malta Funds SICAV p.l.c.

## General information

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### 4 Prospectus (continued)

On 23 October 2019, a Supplemental Statement to the Prospectus dated 5 December 2016 was issued and lodged at the Malta Business Registry. This Supplemental Statement included in the Prospectus the Privacy Notice of the Company.

Copies of the latest Prospectus are available free of charge from the Manager and all HSBC Bank Malta p.l.c. branches. Persons wishing to invest in the Funds should do so on the basis of the full information contained in the Prospectus. A copy of the Interim Report and Financial Statements can be obtained by calling 2380 2380 or by logging on <https://www.hsbc.com.mt/1/2/mt/en/personal/investing-and-planning/investments/local-funds/funds-financial-reports>.

### 5 Remuneration Policy and Practices Disclosure Requirements

HSBC Global Asset Management (Malta) Limited had an average staff complement of 11 employees. One of these employees occupies an Executive and Senior Management position as per HSBC Group definition of Senior Management. In 2019, the total fixed remuneration, including wages, salaries, allowances and share-based payments, amounted in total to €460,903 (2018: €433,314) and the variable element amounted to €16,800 (2018: €27,850). Variable remuneration, based on performance, was paid in cash. The total Directors' emoluments incurred by HSBC Global Asset Management (Malta) Limited during the year were €81,875 (2018: €96,563).

### 6 Further information

You can obtain further information on the HSBC Malta Funds SICAV p.l.c. by contacting any HSBC Bank Malta p.l.c. branch and seeking the assistance of qualified staff who are authorised to give investment advice on the Funds.

Alternatively, call customer service on 2380 2380.