

HSBC Malta Funds SICAV p.l.c.

Interim Report and Unaudited Financial Statements

1 April 2021 – 30 September 2021

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 2021

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

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Grand Canal Harbour

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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

Depository/ Custodian

Sparkasse Bank Malta p.l.c.

101, Town Square

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Sliema, SLM 3112

Malta

HSBC Malta Funds SICAV p.l.c.

Directors, officers and other information (continued)

For the period ended 30 September 2021

Sub-Custodian

HSBC Continental Europe
38, Avenue Kléber
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France

Legal Advisers

Ganado Advocates
171, Old Bakery Street
Valletta VLT 1455
Malta

Independent Auditors

PricewaterhouseCoopers
78, Mill Street
Qormi QRM 3101
Malta

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Manager's Report

For the period ended 30 September 2021

Investment Manager's Report

The Investment Manager's Report provides an overview of the domestic and international markets, as well as the underlying economic and political developments that affected market dynamics during the period from 31 March 2021 till 30 September 2021. 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 Economic and Market Review

In April, following a period of sustained high Covid-19 cases during the month of March, the government of Malta reintroduced new measures aimed at containing the spread. Unsurprisingly, these measures had a negative effect on business and consumer sentiment and translated into a weaker than expected economic activity between April and June. Having said that, Malta's economy still grew by 13.4% in real terms on a year on year basis during this period.

The number of Covid-19 cases increased once again in July following the re-opening of tourism however new measures were not introduced as hospitalisations remained very low and under control. This was in part thanks to Malta's vaccination rate which currently stands as one of the highest worldwide. Against this backdrop, business conditions and consumer sentiment rebounded strongly since July and are well above levels recorded in the previous year.

In this challenging environment, the Government of Malta extended previous measures to support affected businesses including the extension of the wage supplement scheme, the extension of the moratoria granted under the Covid-19 guarantee scheme, and tax deferrals. Because of this, by the end of August, the Central Government Debt recorded an increase of 14.12% to €7,684.5 million when compared over the same period in the previous year. While the worst of the pandemic seems to be behind us, government debt is expected to continue to move higher for the rest of this year and over next year, albeit, at a slower rate as government support remains in place.

On a positive note, loans subject to moratoria continued to decline sharply as the moratoria period is set to expire and economic activity continued to normalise in most of the sectors. Consequently, government aid is anticipated to slowdown sometime next year.

Despite these challenges, Malta's labour market stood resilient with the seasonally adjusted unemployment rate standing at 3.2% by end of August, ranking third lowest in the European Economic Area, and below the Euro area unemployment rate of 7.5%. Undoubtedly, the government support helped in sustaining a relatively healthy unemployment rate during the Covid-19 pandemic.

As at September, the rate of inflation as measured by the Harmonised Index of Consumer Prices (HICP) was 0.7% while the Retail Price Index (RPI) stood at 2.25%. Both measures show that inflation has been increasing over the period under review with the largest contributors being the food and beverages sector.

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Manager's Report (continued)

For the period ended 30 September 2021

Domestic Economic and Market Review (continued)

Moving on to key developments which took place throughout this period - the Financial Action Task Force (FATF) placed Malta on its so-called grey list in June 2021. The reason behind this was largely because of the country's perceived weaknesses in financial and anti-money laundering supervision. As a response to this, the Maltese authorities established a plan of action to intensify their anti-money laundering efforts to restore Malta's reputation as quickly as possible and, to this end, committed to addressing a list of recommendations to be implemented for the jurisdiction to be removed from the list. Failure to comply with the FATF recommendations in a reasonable timeframe will lead to permanent reputational damage, which could adversely affect the country's financial system.

Notwithstanding this, S&P Global Ratings has kept Malta's long term credit rating unchanged at A- with a stable outlook. The stable outlook reflects the view that Malta will contain the long term adverse effects of the Covid-19 pandemic on its economy and budgetary position. A limited downside risk is related to possible consequences if Malta fails to take action on the recommendations of the FATF without undue delay. The agency stated that it could raise Malta's ratings if reputational risks diminish and downgrade if Malta's economy doesn't recover as anticipated.

The EU commission report forecasts real GDP to rebound to 5.6% in 2021, which is more than the 4.6% projected in the spring. The forecast for 2022 is expected to be similar to the previous year. This means that Malta's economy is expected to reach pre-pandemic levels around mid-2022. The strong improvement in business and consumer sentiment, including in the hard-hit food and accommodation services sectors, suggest that economic activity is on a path to a solid recovery. Going forward, growth is expected to remain strong on the back of a gradual recovery in the tourism sector and a recovery in private and public investment.

In terms of capital markets, the Maltex Total Return Index closed the period with a return of 3.38%. This reflects the mixed performance across the constituents within the Index - financials, communications services and energy underperformed whilst consumer discretionary, industrials, consumer staples and real estate has stood relatively well. Indeed, the performance was driven by changes in expectations of the underlying securities with respect to the recovery in profitability and financial health.

Amongst the best performers were PG plc (+ 21.6%), Tigne Mall plc (+21.43%), and, IHI plc (+16.2%). On the other end were Life Star Holdings plc (- 16.7%), BMIT Technologies plc (- 6.8%) and GO plc (-6.2%).

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 GO plc and Brown's Pharma Holdings plc.

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Manager's Report (continued)

For the period ended 30 September 2021

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

Selected MSE-Listed Corporate Bonds			
Security	31-Mar-21	30-Sep-21	Change in Yield (bps)
IHI 5.8% 2023	5.37%	5.02%	-0.35%
AX 6% 2024	3.99%	4.52%	0.54%
PTL 5.1% 2024	4.64%	3.74%	-0.90%
TUMAS 5% 2024	3.71%	3.91%	0.20%
HILIPROP 4.5% 2025	4.00%	3.82%	-0.18%
IHI 5.75% 2025	4.93%	5.06%	0.13%
MDSMV 4.5% 2026	5.72%	4.81%	-0.91%
PRMCPT 3.75% 2026	3.35%	3.00%	-0.35%
BOV 3.5% 2030	3.37%	3.26%	-0.11%

Source: Bloomberg L.P.

Generic Yields On Selected MGS Tenors			
Tenor	31-Mar-21	30-Sep-21	Change in Yield (bps)
2 years	-0.39%	-0.34%	0.05%
5 years	-0.20%	-0.03%	0.17%
10 years	0.40%	0.69%	0.29%
15 years	0.89%	1.17%	0.28%
20 years	1.09%	1.47%	0.38%
25 years	1.24%	1.66%	0.42%

Source: Bloomberg L.P.

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Manager's Report (continued)

For the period ended 30 September 2021

MSE-Listed Equities	31-Mar-21	30-Sep-21	Change in Price (%)
Maltex Total Return Index	7,771.08	8,033.91	3.38%
Bank of Valletta Plc	€0.91	€0.87	-4.27%
BMIT Technologies Plc	€0.53	€0.49	-6.79%
FIMBank Plc	€0.37	€0.39	5.22%
LifeStar Holding plc	€0.60	€0.50	-16.67%
GO Plc	€3.62	€3.40	-6.19%
Grand Harbour Marina Plc	€0.50	€0.53	6.71%
Harvest Technology Plc	€1.49	€1.50	0.83%
HSBC Bank Malta Plc	€0.82	€0.83	1.31%
International Hotel Investments Plc	€0.53	€0.61	16.19%
Lombard Bank Malta Plc	€1.90	€1.94	2.11%
Main Street Complex Plc	€0.50	€0.48	-3.61%
Malita Investments Plc	€0.90	€0.86	-3.91%
Malta International Airport Plc	€6.00	€5.95	-0.80%
Malta Properties Company Plc	€0.52	€0.57	9.58%
MaltaPost Plc	€1.18	€1.28	8.47%
Mapfre Middlesea Plc	€2.16	€2.16	-0.08%
Medserv Plc	€0.63	€0.70	10.32%
MIDI Plc	€0.40	€0.43	6.50%
PG Plc	€2.04	€2.48	21.57%
Plaza Centres Plc	€0.89	€1.00	12.93%
RS2 Software Plc	€1.80	€1.72	-4.44%
Santumas Shareholdings Plc	€1.39	€1.10	-20.86%
Simonds Farsons Cisk Plc	€8.10	€8.50	4.94%
Tigne Mall Plc	€0.70	€0.85	21.43%
Trident Estates Plc	€1.45	€1.58	8.97%
<i>Source: Bloomberg L.P.</i>			

HSBC Malta Funds SICAV p.l.c.

Manager's Report (continued)

For the period ended 30 September 2021

International Economic and Market Review

Equity markets kept the momentum going in the period under review. The FTSE ALL-World Total Return Index rose by more than 7.9% in EUR terms. On a YTD basis, it's up 18.6% and since the lowest point in March 2020, the index is up a staggering 76.8%. When compared to the pre-Covid levels in mid-February, the index has returned a healthy 18.7% - a performance which hardly anyone could have foreseen amidst the beginning of the crisis.

Evidence of a strong economic recovery coupled with significant progress on the vaccination front led most developed equity indices higher during the period under review. Notably, fiscal policy remained highly supportive while central banks kept interest rates unchanged and sustained the pace of quantitative easing.

With markets hovering at all-time highs and economic activity back above pre-Covid levels in some parts of the world, a prolonged period of supportive monetary and fiscal policy brought to light inflationary pressures. Since March, the Consumer Price Index averaged above 5.0% on a year-on-year basis in the United States (US). In Germany, the Consumer Price Index averaged above 3.0% during the same period but has trended higher in August and September. The inflation debate now turned to whether inflation is here to stay or just a temporary blip till the economic dynamics stabilise following severe imbalances across the demand and supply side of the equation triggered by the pandemic. The majority seem to agree that inflation is temporary, however, supply chain disruptions, a tight labour market and energy shortages have challenged this train of thought.

In fact, major central banks including the Federal Reserve (Fed) in the US and the Bank of England (BoE) transitioned to a more hawkish tone by the end of August. For instance, the Fed announced it will begin to slow the pace of its asset purchases programme some time before the end of the year and potentially have its first rate hike by early 2023. In the United Kingdom (UK), the BoE indicated it could hike rates even before the end of 2023. The European Central Bank (ECB) on the other hand kept a more dovish tone, announcing only a reduction in the pace its Pandemic Emergency Purchase Programme ("PEPP") – a programme which was introduced to directly counter risks on the outlook for the euro area posed by the pandemic. Such change in tone was not expected so early by investors causing yields to move sharply higher during September, more than reversing the rally from earlier in July.

A move towards policy tightening to manage inflation is likely to have a deteriorating effect on business conditions. This could take the form of higher cost of financing, more difficult financing availability and weaker consumer demand. Nonetheless, it is important to note that an increase in interest rates is an overall positive outcome of healthy economic activity. While it may seem surprising, historically, stocks tend to perform positively in the two years following the start of Fed tightening cycle with the first 12 months being relatively wobbly.

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Manager's Report (continued)

For the period ended 30 September 2021

International Economic and Market Review (continued)

As such, while the growth narrative remains supportive for the continuation of an upward trending equity market, heightened market volatility is to be expected in the coming months for various reasons. First, valuation levels across the majority of indices are relatively high and fully price in most of the good news thus leaving more room for potential disappointment. Secondly, as governments support begin to fade away while potentially introducing new taxes, business in more affected sectors are likely to encounter greater difficulties in the daily running of their operations. And lastly, the potential increase in inflation and its subsequent implications as above mentioned.

On a more positive note, the uncertainty in relation to Covid-19 has moderated and even if winter may bring a rise in Covid-19 cases, hospitalisations are likely to remain well contained and the economic impact is likely to be marginal. So in conclusion, while there may be some bumps along the way, investing in equities remains a more attractive proposition relative to bonds.

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)	7.86%
S&P 500 Index (EUR)	10.87%
FTSE 100 Index (EUR)	5.55%
Euro STOXX 50 Index (EUR)	3.29%
Japan Nikkei 225 Average (EUR)	1.74%
MSCI AC Asia Ex. Japan Index (EUR)	-4.61%
MSCI Emerging Market Index (EUR)	-1.96%

Source: Bloomberg L.P.

*Covering the period from 31 st March 2021 to 30 th September 2021

In the first four months between April and July, yields moved lower as concerns of a slowdown/peaking economic growth led market participants to believe that yields may in fact remain lower for longer. However, in August concerns of rising inflationary pressures led by supply chain constraints, higher energy prices and labour shortages once again took the spotlight as mentioned above.

Against this backdrop, high-yield and corporate bonds outperformed relative to government bonds as credit spreads tightened substantially supported by the recovery in the global economy which partly offset the negative impact from the rise in yields.

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Manager's Report (continued)

For the period ended 30 September 2021

International Economic and Market Review (continued)

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

Developed Market 10-Year Bond Yields			
Country	31-Mar-21	30-Sep-21	Change in Yield (bps)
US	1.74%	1.49%	-0.25%
UK	0.85%	1.02%	0.18%
Germany	-0.29%	-0.20%	0.09%
Italy	0.67%	0.86%	0.19%
Spain	0.34%	0.46%	0.12%
Japan	0.10%	0.07%	-0.02%

Source: Bloomberg L.P.

Having outlined the market and economic developments that materialised during the reporting period, the rest of this report highlights the performance, activity, strategy and outlook for 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 decreased by 2.35 percent from €520.38 as at 31 March 2021 to €508.14 as at 30 September 2021.

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

- €0.762 per share declared on 30 June 2021
- €0.845 per share declared on 30 September 2021

Over the 6-month period ending 30 September 2021, the fund experienced its worst periods in recent years as Malta Government Securities (MGS) sold off.

The news of Malta's FATF grey listing coupled with higher inflation expectations pushed Malta's government stocks (MGSs) to lower levels. The fund's general positioning remains quite similar to the beginning of the period; with duration being roughly in line with the general market but with asset weightings being more concentrated over the belly of the curve.

HSBC Malta Funds SICAV p.l.c.

Manager's Report (continued)

For the period ended 30 September 2021

Malta Government Bond Fund (continued)

Fund Performance (continued)

While the effects of the grey listing appear to be minimal as well as temporary, the potential for them to increase in severity will depend on how long the Maltese authorities take to remedy the shortcomings listed by the FATF. On a positive note, the implications of Covid-19 on government debt, both on a local and international level, should start to decelerate as fiscal support becomes less needed. Looking forward the fund will maintain a defensive positioning and will look to reduce duration (while attempting to maintain a positive yield), and maximize its international holdings. However, over the long-term, the fund manager will 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 decreased by 0.19 percent from €673.93 as at 31 March 2021 to €672.64 as at 30 September 2021.

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

- €1.672 per share declared on 30 June 2021
- €1.790 per share declared on 30 September 2021

During the 6 months ending 30 September 2021, the Fund registered a drop in value driven by its exposure to the MGSs. However, this was offset by the fund's holding across local corporate issuers, which led the Fund to navigate the period relatively unscathed.

The new issuance in the local corporate market is running strong with a healthy number of new issues and issuers coming to market. With the increase in local corporate issuance, the ability to be more selective (more alternatives to invest in rather than MGSs) should continue to contribute to performance by improving diversification and returns.

Looking forward, the fund manager continues to closely follow the Covid-19 crisis as well as the increased volatility in rates and discussions regarding inflation. Retail and tourism positioning remains 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 while also managing credit exposures, term buckets, duration and reinvestment risks, while attempting to generate positive returns through capital appreciation and interest income.

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Manager's Report (continued)

For the period ended 30 September 2021

International Bond Fund

Fund Performance

During the period under review, the unit price of the Accumulator Shares of the International Bond Fund increased by 0.48 percent from €454.51 as at 31 March 2021 to €456.70 as at 30 September 2021.

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

- €0.644 per share declared on 30 June 2021
- €0.612 per share declared on 30 September 2021

Similar to the Global markets, during the period ending 30 September 2021, the Fund Manager continued to manage the uncertainty surrounding the Covid-19 pandemic as well as the resurfacing of inflation. The defensive positioning of the fund coupled with its duration bets, resulted in dramatically less volatility than the general market in addition to providing a positive return while the general EUR denominated market ended in negative territory.

Credit concerns in certain sectors continue to draw attention and some higher-duration positions were liquidated in favour of cash and lower duration associated risk. Allocation to USD helped maintain the fund in positive territory while the conversion of the fund to UCITS continues to bear fruit, as the fund has been able to further diversify its holdings and more effectively manage portfolio risk.

Looking forward, the fund will continue to reposition the portfolio in accordance with the new prospectus while also continuing to monitor the ongoing Covid crisis, inflation expectations and the major central banks' policy meetings and discussions. 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.

Maltese Assets Fund

Fund Performance

During the period under review, the unit price of the Accumulator Shares in the Maltese Assets Fund increased by 2.66 percent from €578.08 as at 31 March 2021 to €593.47 as at 30 September 2021.

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

- €1.889 per share declared on 30 June 2021

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Manager's Report (continued)

For the period ended 30 September 2021

Maltese Assets Fund (continued)

Fund Performance (continued)

During the period under review, the Maltese Assets Fund registered a positive performance of 2.66%. The performance was supported by relatively higher exposure to international equities which continued to perform well during the last six months. The income and price returns from the local corporate bonds also contributed positively. Meanwhile, the fund's relatively low exposure to local government bonds mitigated the losses in this space. The MGS yield curve rose to reflect the higher perceived risk from the FATF decision to put Malta on the grey list and a higher yield curve in the Euro Area as inflation concerns prevail. The contribution from local equities was also positive but contribution from security selection was mixed.

During the summer period, activity in the local market was very low as generally is the case characterised by low volumes taking place as news flow was limited. Most recently published data shows that sentiment in the construction, retail and services sector has considerably improved. Consumer confidence also bounced higher since March and is now back to pre-Covid levels helped by an improvement in economic activity and contained Covid cases. The unemployment rate stood resilient at just 3.2%. As time progresses, the Maltese economy is continuously looking to be in better shape. Nonetheless, the Maltex Index is still sitting roughly 15% below pre-Covid levels and hence long-term expected returns remain relatively attractive with the risk-return profile being positively skewed.

In view of this, the Fund Manager continued to increase exposure to the local market – particularly within the financial sector. The Fund manager also increased exposure to local corporate bonds which had a relatively attractive yield for the risk taken and reduced exposure to some bonds within the tourism sector.

Equity Growth Fund

Fund Performance

During the period under review, the unit price of the Accumulator Shares in the Equity Growth Fund increased by 5.57 percent from €344.61 as at 31 March 2021 to €363.82 as at 30 September 2021.

The fund continued to perform well 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 and strong corporate earnings. Main contributors leading to the fund's performance were the holdings in the US – mainly the technology, Consumer Discretionary, Energy and Financial Sectors. The exposure to European countries including Germany, France and Italy as well as Japan were also very positive contributors. Meanwhile the exposure to Spain, China and Brazil weighed on absolute performance. During the period, the Fund Manager reduced overall exposure in the US, particularly in the technology sector while increasing exposure to the financial sector. Furthermore, exposure to Japan and China was also increased. In the euro area, the manager rotated out of Spain and into Italy.

HSBC Malta Funds SICAV p.l.c.

Manager's Report (continued)

For the period ended 30 September 2021

Equity Growth Fund (continued)

Fund Performance (continued)

Moving forward, the fund manager is taking a more cautious approach despite the overall economic dynamics that are expected to remain in favour of risk-on securities. Indeed, any upside from this point forward is likely to be at a slower pace relative to the past year and a half as the economic cycle has now transitioned from the recovery phase into the expansionary phase. With the majority of indices hovering near all-time highs, the bar for positive surprises is high as most of the positive economic prospects have been priced in, increasing the likelihood of short-term volatility. Having said that, the recovery within international equity markets has been uneven and pockets of opportunities still exist. Accordingly, the manager will continue to be selective in which areas within international markets to invest in as security selection in this phase of the economic life cycle has become even more prominent.

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 2021	152,422,253	56,992,912	-	27,307,385	-	101,917,070	48,314,549
31 March 2021	154,355,131	56,748,274	-	25,352,742	-	108,451,454	46,247,993
31 March 2020	147,918,231	53,779,194	-	19,744,472	2,848,785	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
Net Asset Value per unit (using mid-market prices) as at: (Accumulator Class / Income Class):							
30 September 2021	672.64 / 421.49	456.70 / 289.62	392.84 / 248.75	363.82	-	508.14 / 341.16	593.47 / 470.20
31 March 2021	673.97 / 425.80	454.59 / 289.53	387.53 / 246.45	345.05	-	520.43 / 351.05	578.23 / 459.98
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
Net Asset Value per unit (using bid-market prices****) as at: (Accumulator Class / Income Class)							
30 September 2020	-	-	-	-	201.69 / 169.44	-	-
31 March 2020	-	-	-	-	192.75 / 161.68	-	-
31 March 2019	-	-	-	-	217.68 / 185.37	-	-
	Units	Units	Units	Units	Units	Units	Units
Number of units in circulation:							
30 September 2021	234,200	126,684	-	75,056	-	208,250	81,528
31 March 2021	236,710	126,779	-	73,474	-	216,360	80,096
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

As at the financial reporting date, the accumulator factor on the Malta Bond Fund, International Bond Fund, Malta Government Bond Fund and Maltese Assets Fund stood at 1.5958623 (31 March 2021: 1.582848), 1.57689386 (31 March 2021: 1.570490), 1.48944777 (31 March 2021: 1.482412) and 1.26216504 (31 March 2021: 1.256143) 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).

*** HSBC Property Investment Fund was put into voluntary liquidation effective 17 November 2020. The Sub-Fund was fully liquidated and the proceeds were paid out to the members on 7 December 2020. The Malta Financial Services Authority (MFSA) subsequently approved the voluntary surrender of the HPIF licence on 7 January 2021.

**** Since the HSBC Property Investment Fund was not available for further subscriptions, all of its underlying securities were measured at the bid price in the comparative year (the price at which these securities could have been liquidated).

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Comparative table (continued)

	Malta Bond Fund	International Bond Fund		Equity Growth Fund	HSBC Property Investment Fund	Malta Government Bond Fund	Maltese Assets Fund
ACCUMULATOR SHARES	EUR	EUR	GBP	EUR	EUR	EUR	EUR
Price movement from 1 April 2021 (first Dealing Day of period) to 30 September 2021 (last Dealing Day of period):							
<u>Malta Bond Fund</u>							
- Highest quoted price (on 5 August 2021)	677.08	-	-	-	-	-	-
- Lowest quoted price (on 24 June 2021)	671.19	-	-	-	-	-	-
<u>International Bond Fund</u>							
Highest quoted price in:							
- GBP (on 20 July 2021)	-	-	395.58	-	-	-	-
- EUR (on 20 August 2021)	-	458.59	-	-	-	-	-
Lowest quoted price in:							
- GBP (on 1 April 2021)	-	-	387.44	-	-	-	-
- EUR (on 19 May 2021)	-	451.13	-	-	-	-	-
<u>Equity Growth Fund</u>							
- Highest quoted price (on 2 September 2021)	-	-	-	368.74	-	-	-
- Lowest quoted price (on 19 May 2021)	-	-	-	345.67	-	-	-
<u>HSBC Property Investment Fund</u>							
- Highest quoted price	-	-	-	-	-	-	-
- Lowest quoted price	-	-	-	-	-	-	-
<u>Malta Government Bond Fund</u>							
- Highest quoted price (on 20 April 2021)	-	-	-	-	-	523.52	-
- Lowest quoted price (on 28 September 2021)	-	-	-	-	-	508.01	-
<u>Maltese Assets Fund</u>							
- Highest quoted price (on 2 September 2021)	-	-	-	-	-	-	599.45
- Lowest quoted price (on 8 April 2021)	-	-	-	-	-	-	577.71

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
INCOME SHARES	EUR	EUR	GBP	EUR	EUR	EUR
Price movement from 1 April 2021 (first Dealing Day of period) to 30 September 2021 (last Dealing Day of period):						
<u>Malta Bond Fund</u>						
- Highest quoted price (on 20 April 2021)	426.98	-	-	-	-	-
- Lowest quoted price (on 30 September 2021)	421.49	-	-	-	-	-
<u>International Bond Fund</u>						
Highest quoted price in:						
- GBP (on 23 April 2021)	-	-	251.33	-	-	-
- EUR (on 20 August 2021)	-	291.43	-	-	-	-
Lowest quoted price in:						
- GBP (on 11 August 2021)	-	-	246.36	-	-	-
- EUR (on 19 May 2021)	-	287.33	-	-	-	-
<u>HSBC Property Investment Fund</u>						
- Highest quoted price	-	-	-	-	-	-
- Lowest quoted price	-	-	-	-	-	-
<u>Malta Government Bond Fund</u>						
- Highest quoted price (on 20 April 2021)	-	-	-	-	353.14	-
- Lowest quoted price (on 30 September 2021)	-	-	-	-	341.16	-
<u>Maltese Assets Fund</u>						
- Highest quoted price (on 14 June 2021)	-	-	-	-	-	475.35
- Lowest quoted price (on 8 April 2021)	-	-	-	-	-	459.57

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
ACCUMULATOR SHARES	EUR	EUR	GBP	EUR	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)	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)

	Malta Bond Fund	International Bond Fund		HSBC Property Investment Fund	Malta Government Bond Fund	Maltese Assets Fund
INCOME SHARES	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 21 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)	-	-	-	159.76	-	-
<u>Malta Government Bond Fund</u>						
- Highest quoted price (on 9 April 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 13 September 2020)	-	-	-	-	-	434.65

HSBC Malta Funds SICAV p.l.c.

Report of the Directors

For the 6-month period ended 30 September 2021

The Directors present their interim report and the financial statements of HSBC Malta Funds SICAV p.l.c. ('the Company') for the 6-month period ended 30 September 2021.

Principal activities

The Company is a collective investment scheme established as a multi-fund investment company (SICAV) under the laws of Malta. It is licensed by the Malta Financial Services Authority (MFSA) and qualifies as a Maltese UCITS in terms of the Investment Services Act (Marketing of UCITS) regulations. It aims to provide investors with a choice of Sub-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

During the financial period under review, the gradual easing of worldwide government-imposed restrictions to mitigate Covid-19 transmissions, and the evidence of a strong worldwide economic recovery coupled with significant progress on the vaccination front, both in Malta and abroad, continued to buoy investors' sentiment. As a result, international equity indices soared higher with certain indices also reaching record highs. On the other hand, inflationary concerns led major central banks across the globe to adopt a more hawkish tone pushing both government and corporate bonds under pressure and driving yields higher. A similar scenario was witnessed in the local capital market with the Malta Stock Exchange Total Return Index rising from 7,771 as at end of March 2021 to 8,034 as at end of September 2021, whilst prices on Malta Government Stocks followed other major European government bond markets and drifted lower.

In this scenario, the aggregate Net Asset Value of the Company decreased from EUR391,155,594 as at 31 March 2021 to EUR386,954,169 on 30 September 2021, a decrease of EUR4,201,425 or 1.1% from the previous period, as the total received and accrued interest income receivable, including dividends, was not enough to offset the decrease in the aggregate underlying valuations of the assets, in particular Malta Government Stocks, and net redemptions received.

In the forthcoming months, Malta and the whole world should hopefully continue to poise a robust post-pandemic economic recovery, and the Directors, together with HSBC Global Asset Management (Malta) Ltd. ("the Manager"), will continue to constantly review the strategic objectives of the Company in the best interest of its shareholders, in particular in regards to the Company's endeavours to increase the marketability of the Sub-Funds.

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

HSBC Malta Funds SICAV p.l.c.

Report of the Directors (continued)

For the 6-month period ended 30 September 2021

Covid-19 Pandemic

Following the nadir of the Covid-19 financial crash reached in March 2020, the subsequent recovery across equity markets worldwide has been uneven. While some equity markets, such as the United States, rebounded to reach record highs by the end of 2020, others such as the United Kingdom remain below their pre-coronavirus peak.

This uneven recovery of financial markets was mainly driven by (i) different governments' responses to the pandemic including different levels of fiscal stimulus spending (ii) varying Covid-19 case rates among countries and (iii) contrasting coronavirus vaccination rates with some countries embarking on much more aggressive vaccination programmes than others. On the other hand, expected changes in society's attitude and lifestyle drove market sector rotation with technology and logistic companies continuing to outperform old economy sectors.

Despite the challenges brought about by the pandemic, the Company kept operating successfully, and kept adapting to the unexpected changes during the reporting period.

Conversion of the Scheme to an Undertakings for Collective Investments in Transferrable Securities (UCITS)

The Collective Investment Scheme Licence issued following the conversion of the Scheme and its Sub-Funds to UCITS on the 4th of January 2021, was subject to a 'post-conversion' outstanding requirement for the Manager to confirm that the realignment of the Scheme's portfolios to the UCITS Directive has been completed within three months of the issue of the revised licence.

As outlined in the audited Annual Financial Statements' report of the Directors, as at 31 March 2021, the Malta Bond Fund held an investment in 4.5% Endo Finance plc representing 12.6% of the amount issued by the said issuer and 1.09% of the NAV of the Sub-Fund. This exposure exceeded the maximum 10% holding in any debt security issued by any single body as stipulated in Standard Licence Condition 5.45 of Part BII of the Investment Services Rules for Retail Collective Investment Schemes. The exposure to this security had been exceeding the 10% holding in any debt security issued by any single body prior to the conversion to UCITS since such an exposure was totally in line with the regulatory licence conditions governing Alternative Investment Funds, to which the Company was subject prior to conversion.

After the conversion of the Scheme to UCITS, the Manager kept constantly endeavouring to dispose of the excess holding in this security on the secondary market whilst keeping both the best interests of the investors as well as other bond holders in consideration by the 31 March 2021. However, given the lack of liquidity in the local corporate bond market, it did not manage to dispose of all the excess holding at the right prices by the said date. The Manager and the Scheme hence remained in constant discussions with the MFSA in order to update the Authority with all the efforts being undertaken to dispose of the excess holding on terms deemed most appropriate for both the investors in the Sub-Fund and the market, until eventually the Manager was able to dispose this excess holding on 30 September 2021.

HSBC Malta Funds SICAV p.l.c.

Report of the Directors (continued)

For the 6-month period ended 30 September 2021

Conversion of the Scheme to an Undertakings for Collective Investments in Transferrable Securities (UCITS) (continued)

Accordingly, with effect from 30 September 2021, the Malta Bond Fund has been aligned to the aforementioned Standard Licence Condition. It also pertinent to note that none of the Malta Bond Fund's shareholders were adversely affected with this excess holding with the Sub-Fund still registering a positive total return on this excess holding since the conversion of the Licence.

Standard licence conditions and regulatory sanctions

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

One contravention of the Scheme's Prospectus was however identified and duly notified to the MFSA during the period under review.

On 25 June 2021, the Manager bought EUR800,000 nominal of 3.5% Go Plc Unsecured 2031 on behalf of the Maltese Assets Fund. This resulted in an advertent breach, with the said Sub-Fund eventually holding more than 10% of NAV in Transferable Securities or Money Market instruments issued by the same body (for the sake of clarity as well, the same body includes all companies which are part of the same group for the purposes of the establishment of consolidated accounts, as defined in accordance with Directive 83/349/EEC or in accordance with recognised international accounting rules), in this case Tunisie Telecom, as prescribed by SLC 5.6 and SLC 5.7 of the SLCs and in Appendix 1 of the Prospectus of the Scheme. Following the purchase of this security, the total exposure in the issuing body, Tunisie Telecom, amounted to 10.44%.

On 16 July 2021, the Manager sold the excess holding in this security and the overall exposure to the issuing body was brought within the regulatory threshold.

This transaction left the Maltese Assets Fund with a financial gain of EUR 15,531.62 less the transaction fees of EUR161.54, equivalent to a net gain of EUR15,370.08. The Manager informed the Scheme that it has refunded the transaction fees of EUR161.54 to the Sub-Fund and also confirmed that there were no subscribing or redeeming investors which suffered any financial prejudice as a result of this transaction.

HSBC Malta Funds SICAV p.l.c.

Report of the Directors (continued)

For the 6-month period ended 30 September 2021

Standard licence conditions and regulatory sanctions (continued)

Finally, as disclosed in the audited Annual Financial Statements' report of the Directors for year ended 31 March 2021, the Board of Directors were notified by HSBC Bank Malta p.l.c., the Distributor of the Funds, of an erroneous calculation of the Investment Account Fees (IAF) of the Scheme, triggering a contravention of the provisions of the Prospectus. This erroneous calculation had a negative impact on the Malta Bond Fund, and HSBC Bank Malta p.l.c. took all the necessary actions to rectify the position. HSBC Bank Malta p.l.c. has now completed the remediation exercise to refund all impacted redeeming investors directly and subscribing investors through a direct refund in the Sub-Fund. The Maltese Assets Fund, the Malta Government Bond Fund and the International Bond Fund were all individually undercharged, and the Board of Directors satisfactorily notes that HSBC Bank Malta p.l.c. did not reclaim the undercharged amounts.

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.

The individual financial risk management objectives, policies and exposures of the Sub-Funds are further described in the Notes to the Financial Statements.

Events after the reporting period and future developments

There were no material events to be reported following the reporting period.

HSBC Malta Funds SICAV p.l.c.

Report of the Directors (continued)

For the 6-month period ended 30 September 2021

Results and dividends

The Company registered a net decrease in unit holders' funds of EUR45,073 as can be found in the statement of comprehensive income on pages 31-32.

For the 6-month period ended 30 September 2021, the Company declared the following dividends on its income share classes:

	Ex-dividend date		Rate per share	Dividend paid	Dividend payable
Malta Bond Fund	01-Apr-21	EUR	1.748	36,501	
	01-Jul-21	EUR	1.672	34,900	
	01-Oct-21	EUR	1.790		36,416
International Bond Fund	01-Apr-21	EUR	0.724	3,110	
	01-Apr-21	GBP	0.616	664	
	01-Jul-21	EUR	0.645	2,761	
	01-Jul-21	GBP	0.554	695	
	01-Oct-21	EUR	0.612		2,561
	01-Oct-21	GBP	0.525		614
Malta Government Bond Fund	01-Apr-21	EUR	0.807	19,760	
	01-Jul-21	EUR	0.763	18,344	
	01-Oct-21	EUR	0.845		19,732
Maltese Assets Fund	01-Jul-21	EUR	1.889	1,063	

Directors

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

Approved by the Board on 30 November 2021.

Steven Tedesco
Chairman

Konrad Borg Myatt
Director

Richard Bernard
Director

HSBC Malta Funds SICAV p.l.c.

Ir-Rapport tad-Diretturi

Ghall-perjodu ta' 6 xhur li jintemm fit-30 ta' Settembru 2021

Id-Diretturi qeghdin jipprezentaw ir-rapport *interim* tagħhom u r-rendikont finanzjarju ta' HSBC Malta Funds SICAV p.l.c. ('il-Kumpannija' jew 'l-Iskema') għall-perjodu ta' 6 xhur li jintemm fit-30 ta' Settembru 2021.

L-attivitàjiet prinċipali

Il-Kumpannija hija skema ta' investment kollettiv stabbilita bħala kumpannija ta' investment b'aktar minn fond wiehed b'kapital varjabbli (multi-fund investment company –SICAV) skont il-liġijiet ta' Malta. Il-Kumpannija hija llicenzjata mill-Awtorità għas-Servizzi Finanzjarji ta' Malta (MFSA) u tikkwalifika bħala impriża għal investment kollettiv f'titoli trasferibbli (Undertaking for Collective Investments in Transferable Securities - UCITS) skont it-termini tar-regolamenti tal-Att dwar is-Servizzi ta' Investment (Marketing of UCITS). Għandha l-għan li tipprowdi lill-investituri għażla ta' fondi sottostanti li għandhom objettivi ta' investment differenti u li jinvestu f'varjetà ta' assi. L-objettivi ta' kull sottofond qeghdin spjegati f'izjed dettal fir-Rapport tal-Manager (HSBC Global Asset Management (Malta) Limited).

Analizi tan-negozju u żviluppi prospettivi għall-futur

Matul il-perjodu finanzjarju li qiegħed jiġi rivedut, l-illaxkar b'mod gradwali tar-restrizzjonijiet imposti mill-gvernijiet madwar id-dinja biex jiġu kkontrollati t-trażmissjonijiet tal-COVID-19, u l-evidenza tal-irkupru ekonomiku dinji b'saħħtu mżewweġ ma' progress sinifikanti fir-rigward tat-tilqim kontra dan il-virus, kemm f'Malta, kif ukoll internazzjonalment, komplew isahhu is-sentiment pożittiv tal-investituri. Riżultat ta' dan, l-indiċi internazzjonali baqgħu telghin, u ċertu indiċi anke laħqu wkoll livelli rekord. Min-naħa l-oħra, it-thassib li l-inflazzjoni tista' terġa' tibda tgholli rasha, wassal lill-banek ċentrali kbar fid-dinja biex jadottaw ton aktar aggressiv fejn tidhol il-politika monetarja, u b'konsegwenza ta' dan, intefgħet pressjoni kemm fuq id-dejn maħruġ mill-gvernijiet ta' madwar id-dinja kif ukoll fuq daww maħruġa mill-kumpanniji. Kien osservat xenarju simili fis-suq lokali hekk kif l-Indiċi tad-Dhul Totali tal-Borża ta' Malta (Malta Stock Exchange Total Return Index) tela' minn 7,771 fl-aħħar ta' Marzu 2021, għal 8,034 fl-aħħar ta' Settembru 2021, filwaqt li l-prezzijiet tat-titoli tad-dejn maħruġin mill-gvern Malti niżlu, kif għamlu wkoll it-titoli tad-dejn maħruġin mill-gvernijiet ewlenin Ewropej.

F'dan ix-xenarju, il-Valur tal-Assi Nett tal-Kumpannija naqas minn EUR391,155,594 fil-31 ta' Marzu 2021 għal EUR386,954,169 fit-30 ta' Settembru 2021, jiġifieri tnaqqis nominali ta' EUR4,201,425 jew 1.1% meta kkumparat mall-perjodu ta' qabel. Dan gara hekk kif it-total tad-dhul mill-imghax dovut, inkluż dividendi, ma kienx biżżejjed biex jagħmlu tajjeb għat-tnaqqis fil-valutazzjonijiet sottostanti ta' l-assi, b'mod partikolari t-titoli tad-dejn maħruġin mill-Gvern Malti, u l-fidi nett ta' l-ishma fis-sottofondi.

Meta nħarsu l-quddiem ninnutaw li hemm it-tama li fix-xhur li ġejjin, Malta u d-dinja kollha jkomplu għaddejn b'dan l-irkupru ekonomiku b'saħħtu, u d-Diretturi, flimkien mal-Manager, ser ikomplu jirrevedu b'mod kostanti l-għanijiet strateġiċi tal-Kumpannija fl-aħjar interess tal-investituri tagħha, b'mod partikolari fejn jidhlu l-isforzi tal-Kumpannija biex tkompli thajjar aktar investituri jinvestu fis-sottofondi tal-iskema.

HSBC Malta Funds SICAV p.l.c.

Ir-Rapport tad-Diretturi (ikompli)

Ghall-perjodu ta' 6 xhur li jintemm fit-30 ta' Settembru 2021

Analizi tan-negozju u żviluppi prospettivi għall-futur (ikompli)

L-analizi tan-negozju tal-Kumpanija matul il-perjodu li qiegħed issir ir-reviżjoni tiegħu u l-indikazzjonijiet tal-iżviluppi prospettivi għall-futur qed jingħataw fir-rapport tal-Manager minn paġna 3 sa 13.

Il-Pandemija tal-COVID-19

L-irkupru li segwa fis-swieq finanzjarji dinjija wara li kawża tal-firxa tal-COVID-19 dawn kienu laħqu l-aktar livelli baxxi tagħhom fl-aħħar snin (matul ix-xahar ta' Marzu ta' l-2020), ma kienx tal-istess saħħa fis-swieq kollha. Filwaqt li ċerti indiċi tal-ishma, bħal tal-Istati Uniti, laħqu livelli rekord sal-aħħar tal-2020, oħrajn bħal tar-Renju Unit għadhom s'issa ma laħqux il-livelli li kienu fihom qabel il-pandemija.

Dan l-irkupru ta' saħħa differenti fis-swieq finanzjarji seħħ l-iżjed minhabba (i) rispons differenti minn gvernijiet għall-pandemija, inkluż livelli differenti ta' stimolu fiskali (ii) rati varji ta' każi pożittivi ta' COVID-19 fil-pajjiżi, u (iii) rati ta' tilqim kontra l-COVID-19 kontrastanti bejn il-pajjiżi, hekk kif ċerti pajjiżi imbarkaw fuq programmi ta' tilqim aktar aggressiv minn oħrajn. Min-naha l-oħra, bidliet mistennija fl-attitudni tas-soċjetà u stil ta' hajja, irriżultaw f'aspettattivi differenti mill-investituri għall-setturi diversi u għalhekk rajna kif kumpanniji tat-teknoloġija u tal-logistika rrendew aħjar minn setturi ekonomiċi tradizzjonali.

Minkejja l-isfidi li gābet magħha din il-pandemija, il-Kumpanija baqgħet topera b'suċċess u baqgħet tadatta ruhha malajr għall-bidliet li ġew fuqha għall-għarrieda matul il-perjodu li qiegħed jigi rivedut.

Il-konverżjoni tal-Iskema f'UCITS

Il-Liċenzja tal-Iskema ta' Investiment Kollettiv maħruġa wara l-konverżjoni tal-Iskema u s-sottofondi tagħha f'UCITS fl-4 ta' Jannar 2021 kienet sugġetta għal rekwiżit li fi żmien tliet xhur minn meta nharġet il-liċenzja riveduta, il-Manager jikkonferma li l-portafolli tas-sottofondi tal-Iskema ġew konformi mar-rekwiżiti mitluba mid-Direttiva ta' l-UCITS.

Skont kif inhu spjegat fir-rapport annwali tad-Diretturi inkluż fir-rendikont finanzjarju awditjat tal- HSBC Malta Funds SICAV p.l.c. għas-sena li ntemmet fil-31 ta' Marzu 2021, il-Malta Bond Fund kellu investiment fit-titolu tad-dejn ta' Endo Finance plc 4.5% 2029 li jirrappreżenta 12.6% li jirrappreżenta 12.6% tal-ammont ta' dan it-titolu ta' dejn maħruġ minn din l-entità u 1.09% tal-NAV tas-sottofond. Din l-espożizzjoni taqbeż il-massimu permessibbli ta' 10% f'investiment fi kwalunkwe titolu ta' dejn maħruġ minn kwalunkwe entità skont kif inhu stipulat fil-Kundizzjoni tal-Liċenzja Standard 5.45 ta' Parti BII tar-Regoli ta' Servizzi ta' Investiment għal Skemi ta' Investiment Kollettiv għal investituri Retail. L-espożizzjoni għal dan it-titolu ta' dejn kienet qiegħda taqbeż l-10% f'investiment fi kwalunkwe titolu ta' dejn maħruġ minn kwalunkwe entità minn qabel il-konverżjoni tal-Iskema għal UCITS, minhabba li din l-espożizzjoni kienet kompletament konformi mal-kundizzjonijiet tal-liċenzja regolatorja li tapplika għall-Fondi ta' Investiment Alternattiv, li kienet sugġetta għalihom il-Kumpanija qabel saret il-konverżjoni.

HSBC Malta Funds SICAV p.l.c.

Ir-Rapport tad-Diretturi (ikompli)

Għall-perjodu ta' 6 xhur li jintemm fit-30 ta' Settembru 2021

Il-konverżjoni tal-Iskema f'UCITS (ikompli)

Hekk kif l-Iskema giet konvertita għal UCITS, il-Manager beda jagħmel sforz kostanti biex jiddisponi mill-investment żejjed f'dan it-titolu ta' dejn fis-suq sekondarju, filwaqt li baqa' dejjem iżomm taħt kunsiderazzjoni kemm l-aqwa interessi tal-investituri fis-sottofond, kif ukoll l-aqwa interessi tad-detenturi l-oħra ta' dan it-titolu ta' dejn. Izda, minhabba n-nuqqas ta' likwidità fis-suq tat-titoli ta' dejn maħruga minn kumpanniji lokali, sal-31 ta' Marzu 2021, dan l-isforz kien għadu ma halliex frott. Għaldaqstant, il-Manager u l-Kumpannija baqghu konstantament f'diskussjonijiet mal-MFSA biex jagħgornaw l-Awtorità bl-isforzi kollha li kienu qegħdin isiru biex il-Manager jiddisponi minn dan is-sehem żejjed fl-aqwa interessi tal-investituri fis-sottofond, kif ukoll fl-aqwa interessi tad-detenturi l-oħra ta' dan it-titolu ta' dejn, sakemm eventwalment, il-Manager irnexxielu jiddisponi minn dan is-sehem żejjed fit-30 ta' Settembru 2021. Għalhekk, b'effett mit-30 ta' Settembru 2021, il-Malta Bond Fund gie konformi mal-Kundizzjoni ta' Liċenzja Standard imsemmija hawn fuq. Huwa wkoll importanti li wiehed jinnota li hadd mill-investituri tal-Malta Bond Fund ma gie affettwat b'mod negattiv minn dan is-sehem żejjed peress li mid-data tal-konverżjoni tal-Liċenzja sat-30 ta' Settembru 2021, is-sottofond baqa' jirreġistra l-qliegħ minn fuq dan l-investment.

Kundizzjonijiet tal-liċenzja standard u sanzjonijiet regolatorji

Matul il-perjodu li qiegħda ssir reviżjoni tiegħu, ma kienx hemm ksur tal-Kundizzjonijiet tal-Liċenzja Standard li kien sugġett għal pieni amministrattivi jew sanzjonijiet regolatorji.

Kienet identifikata kontravvenzjoni waħda tal-Prospett tal-Iskema u din giet irrapportata kif jixraq lill-MFSA matul il-perjodu li qiegħed jiġi rivedut.

Fil-25 ta' Ġunju 2021, il-Manager xtara EUR800,000 f'valur nominali fit-titolu ta' dejn ta' Go Plc Unsecured 3.5% 2031 f'isem il-Maltese Assets Fund. Dan wassal għall-kontravvenzjoni tar-restrizzjonijiet regolatorji ta' l-Iskema minhabba li dan l-investment wassal lis-sottofond biex ikun espost għal aktar minn 10% ta' NAV f'titoli trasferibbli jew money market instruments maħruga mill-istess entità (li għall-fini ta' klarifikazzjoni, l-istess entità tinkludi l-kumpanniji kollha li jagħmlu parti mill-istess grupp għall-iskop ta' rapporti finanzjarji kkonsolidati, kif inhu definit skont id-Direttiva 83/349/EEC jew skont ir-regoli ta' kontabbiltà i rikonoxxuti internazzjonalment), f'dan il-każ Tunisie Telecom, kif inhu preskritt minn SLC 5.6 u SLC 5.7 tal-Kundizzjonijiet tal-Liċenzja Standard u f'Appendiċi 1 tal-Prospett tal-Iskema. Wara x-xiri ta' dan it-titolu, l-espożizzjoni totali fl-entità li haġġet dan id-dejn, Tunisie Telecom, ammontat għal 10.44%.

Fis-16 ta' Lulju 2021, il-Manager biegh is-sehem żejjed f'dan it-titolu u l-espożizzjoni ġenerali għal Tunisie Telecom ingiebet lura fi hdan il-limiti regolatorji.

HSBC Malta Funds SICAV p.l.c.

Ir-Rapport tad-Diretturi (ikompli)

Ghall-perjodu ta' 6 xhur li jintemm fit-30 ta' Settembru 2021

Kundizzjonijiet tal-liċenzja standard u sanzjonijiet regolatorji (ikompli)

Din it-tranzazzjoni irriżultat fi qliegħ ta' EUR15,531.62 għall-Maltese Assets Fund li minnhom kellhom jitnaqqsu EUR161.54 fi spejjeż tat-tranzazzjoni, ekwivalenti għall-qliegħ nett ta' EUR15,370.08. Il-Manager informa lill-Iskema li ħallas lura l-ispejjeż tat-tranzazzjoni ta' EUR161.54 fis-sottofond u kkonferma wkoll li ma kienx hemm investituri li kienu issottoskrivew jew fdew xi ishma matul dan il-perjodu li sofrew minn xi preġudizzju finanzjarju bħala riżultat ta' din it-tranzazzjoni.

Fl-aħħar nett, kif ġie żvelat ukoll fir-rapport annwali tad-Diretturi inkluż fir-rendikont finanzjarju awditjat tal- HSBC Malta Funds SICAV p.l.c. għas-sena li ntemmet fil-31 ta' Marzu 2021, il-Bord tad-Diretturi tal-Kumpanija kien ġie nnotifikat minn HSBC Bank Malta p.l.c., wiehed mill-fornituri tas-servizzi tal-Kumpanija, li saret kalkolazzjoni żbaljata tal-Investment Account Fees (IAF) tal-Iskema, li kkawżat kontravvenzjoni ta' waħda mill-provizjonijiet tal-Prospett. Din il-kalkolazzjoni żbaljata ħalliet impatt negattiv fuq il-Malta Bond Fund, u HSBC Bank Malta p.l.c. ħa kull azzjoni meħtieġa biex jirringa din il-pożizzjoni u jirrifondi direttament lil dawk l-investituri li kienu laħqu bieghu l-investment tagħhom fis-sottofond u kienu ġew affettwati b'mod negattiv minn din il-kontravvenzjoni, kif ukoll lill-investituri sottoskritti permezz ta' rifużjoni diretta fis-sottofond. Dan l-eżerċizzju ta' rimedju issa tlesta. Min-naħa l-oħra, din il-kontravvenzjoni rriżultat favur il-Maltese Assets Fund, il-Malta Government Bond Fund u l-International Bond Fund peress li dawn is-sottofondi spiċċaw biex ħallsu spiża anqas lill-HSBC Bank Malta p.l.c., Il-Bord tad-Diretturi jinnotta b'sodisfazzjon li HSBC Bank Malta p.l.c. ma talabx lura dawn l-ammonti nieqsa li ma kinux thallsu mill-Iskema.

Riskji prinċipali u inċertezzi

Il-Kumpanija hija esposta għal riskji finanzjarji li jinkludu riskju tas-suq, riskju ta' kreditu u riskju ta' likwidità. Il-Kumpanija tevalwa u tanalizza b'mod regolari r-riskji strateġiċi, operattivi u finanzjarji tagħha fi ħdan il-qafas tal-politika tal-ġestjoni tar-riskji tagħha, u tiegħu azzjonijiet biex ittaffi dawn ir-riskji.

L-Objettivi individwali tal-ġestjoni tar-riskju finanzjarju, politiku u l-espożizzjonijiet tas-sottofondi huma deskritti f'aktar dettall fin-Noti tar-Rendikont Finanzjarju.

Avvenimenti wara l-perjodu tar-rapportar u żviluppi futuri

Id-Diretturi jikkonfermaw li ma kienx hemm avvenimenti materjali x'jigu rrapportati wara l-perjodu tar-rapportar.

HSBC Malta Funds SICAV p.l.c.

Ir-Rapport tad-Diretturi (ikompli)

Għall-perjodu ta' 6 xhur li jntemm fit-30 ta' Settembru 2021

Riżultati u dividendi

Il-Kumpanija rreġistrat tnaqqis nett fl-assi attribwiti tad-detenturi tal-units li jammontaw għal EUR45,073 kif jidher fir-rendikont tad-dhul komprensiv f'pagna 31-32.

Għall-perjodu ta' 6 xhur li ntemm fit-30 ta' Settembru 2021, il-Kumpanija ddikjarat dawn id-dividendi għall-ishma tagħha li jqassmu d-dhul.

	Data ex-dividend		Rata kull sehem	Dividendi imhallsa	Dividendi dovut
Malta Bond Fund	01-April-21	EUR	1.748	36,501	
	01-Lulju-21	EUR	1.672	34,900	
	01-Ottubru-21	EUR	1.790		36,416
International Bond Fund	01-April-21	EUR	0.724	3,110	
	01-April-21	GBP	0.616	664	
	01-Lulju-21	EUR	0.645	2,761	
	01-Lulju-21	GBP	0.554	695	
	01-Ottubru-21	EUR	0.612		2,561
	01-Ottubru-21	GBP	0.525		614
Malta Government Bond Fund	01-April-21	EUR	0.807	19,760	
	01-Lulju-21	EUR	0.763	18,344	
	01-Ottubru-21	EUR	0.845		19,732
Maltese Assets Fund	01-Lulju-21	EUR	1.889	1,063	

Diretturi

Id-Diretturi li servew matul il-perjodu finanzjarju li qiegħed jigi rivedut jidhru f'pagna 1.

HSBC Malta Funds SICAV p.l.c.

Unaudited Statement of Financial Position

As at 30 September 2021

		Combined	Malta Bond Fund	International Bond Fund	Equity Growth Fund	Malta Government Bond Fund	Maltese Assets Fund
		2021	2021	2021	2021	2021	2021
	Notes	EUR	EUR	EUR	EUR	EUR	EUR
Assets							
Financial assets at fair value							
through profit or loss	9	361,698,088	143,026,565	47,560,309	24,836,491	100,196,744	46,077,979
Accrued interest		2,911,488	1,669,925	418,513	-	687,868	135,182
Cash and cash equivalents	4, 6	24,192,557	8,494,576	9,212,719	2,489,340	1,672,432	2,323,490
Total assets		388,802,133	153,191,066	57,191,541	27,325,831	102,557,044	48,536,651
Liabilities							
Redemptions payable		1,257,664	512,880	161,886	-	502,472	80,426
Payables and accrued expenses		590,300	255,933	36,743	18,446	137,502	141,676
Total liabilities excluding net assets attributable to unit holders		1,847,964	768,813	198,629	18,446	639,974	222,102
Net assets attributable to unit holders		386,954,169	152,422,253	56,992,912	27,307,385	101,917,070	48,314,549

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

The financial statements set out on pages 29 to 115 were approved by the Board on 30 November 2021.

Steven Tedesco
Chairman

Konrad Borg Myatt
Director

Richard Bernard
Director

HSBC Malta Funds SICAV p.l.c.

Unaudited Statement of Financial Position

As at 31 March 2021

		Combined	Malta Bond Fund	International Bond Fund	Equity Growth Fund	Malta Government Bond Fund	Maltese Assets Fund
		2021	2021	2021	2021	2021	2021
	Notes	EUR	EUR	EUR	EUR	EUR	EUR
Assets							
Financial assets at fair value							
through profit or loss	9	353,248,042	139,363,268	46,691,720	23,488,197	100,163,871	43,540,986
Accrued interest		3,197,419	1,896,099	425,018	-	663,827	212,475
Dividends receivable		28,606	-	-	4,091	-	24,515
Cash and cash equivalents	4, 6	35,434,635	13,392,330	9,667,596	1,947,264	7,770,079	2,657,366
Total assets		391,908,702	154,651,697	56,784,334	25,439,552	108,597,777	46,435,342
Liabilities							
Settlements payable		207,527	-	-	68,419	-	139,108
Payables and accrued expenses		545,581	296,566	36,060	18,391	146,323	48,241
Total liabilities excluding net assets attributable to unit holders		753,108	296,566	36,060	86,810	146,323	187,349
Net assets attributable to unit holders		391,155,594	154,355,131	56,748,274	25,352,742	108,451,454	46,247,993

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 2021

		Combined	Malta Bond Fund	International Bond Fund	Equity Growth Fund	Malta Government Bond Fund	Maltese Assets Fund
		2021	2021	2021	2021	2021	2021
	Notes	EUR	EUR	EUR	EUR	EUR	EUR
Income							
Dividend income		763,295	-	-	194,117	-	569,178
Interest Income		4,273,418	2,318,275	509,912	-	1,217,289	227,942
Net realised gains on financial instruments at fair value through profit or loss		813,915	20,267	71,106	588,677	-	133,865
Net unrealised (losses)/gains on financial instruments at fair value through profit or loss		(3,034,230)	(1,603,474)	(110,242)	824,944	(2,997,427)	851,969
Net foreign currency gains on cash and cash equivalents		105,944	28,520	56,330	8,977	4,557	7,560
Other income		15,400	5,766	3,865	-	5,768	1
Net investment income		2,937,742	769,354	530,971	1,616,715	(1,769,813)	1,790,515
Expenses							
Management fees	8	1,572,034	606,160	162,682	133,318	415,642	254,232
Administration fees	8	108,355	42,676	15,774	7,368	29,263	13,274
Custodian/depositary fees	8	141,786	57,060	13,865	11,244	38,279	21,338
Audit fees	8	19,249	7,146	2,786	1,361	5,589	2,367
Investment account fees	8	241,847	74,509	29,577	16,216	89,482	32,063
Directors' fees	11(d)	18,587	7,447	2,793	1,164	5,012	2,171
Transaction fees		-	-	-	-	-	-
Other operating expenses		177,421	58,808	39,152	12,812	39,989	26,660
Total operating expenses		2,279,279	853,806	266,629	183,483	623,256	352,105
Operating profit/(loss) before finance costs		658,463	(84,452)	264,342	1,433,232	(2,393,069)	1,438,410

HSBC Malta Funds SICAV p.l.c.

Unaudited Statement of Comprehensive Income (continued)

For the period ended 30 September 2021

		Combined	Malta Bond Fund	International Bond Fund	Equity Growth Fund	Malta Government Bond Fund	Maltese Assets Fund
	Notes	2021 EUR	2021 EUR	2021 EUR	2021 EUR	2021 EUR	2021 EUR
Finance costs							
Distributions to unitholders	10	117,086	71,316	6,631	-	38,076	1,063
Total finance costs		117,086	71,316	6,631	-	38,076	1,063
Profit/(loss) before tax		541,377	(155,768)	257,711	1,433,232	(2,431,145)	1,437,347
Withholding tax		(586,450)	(215,809)	-	(45,516)	(111,636)	(213,489)
Net (decrease)/increase in net assets attributable to unitholders		(45,073)	(371,577)	257,711	1,387,716	(2,542,781)	1,223,858

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
	Notes	2020 EUR	2020 EUR	2020 EUR	2020 EUR	2020 EUR	2020 EUR	2020 EUR
Income								
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
Net investment income		8,916,294	3,206,066	1,910,018	2,493,884	44,683	1,228,152	33,491
Expenses								
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
Custodian/depositary fees	8	144,138	56,585	21,125	10,371	2,274	34,617	19,166
Audit fees	8	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 expenses		147,719	52,485	25,007	12,172	6,713	28,515	22,827
Total operating expenses		2,182,272	817,886	253,471	157,537	11,241	620,161	321,976
Operating profit/(loss) before finance costs		6,734,022	2,388,180	1,656,547	2,336,347	33,442	607,991	(288,485)

HSBC Malta Funds SICAV p.l.c.

Unaudited Statement of Comprehensive Income (continued)

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
<i>Notes</i>	2020 EUR	2020 EUR	2020 EUR	2020 EUR	2020 EUR	2020 EUR	2020 EUR
Finance costs							
Distributions to unitholders	10 125,905	72,150	9,715	-	-	43,314	726
Total finance costs	125,905	72,150	9,715	-	-	43,314	726
Profit/(loss) before tax	6,608,117	2,316,030	1,646,832	2,336,347	33,442	564,677	(289,211)
Withholding tax	(493,067)	(204,733)	-	(39,582)	-	(116,823)	(131,929)
Net increase/(decrease) in net assets attributable to unitholders	6,115,050	2,111,297	1,646,832	2,296,765	33,442	447,854	(421,140)

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 – Combined

For the period ended 30 September 2021

	Combined	Malta Bond Fund	International Bond Fund	Equity Growth Fund	HSBC Property Bond Fund	Malta Government Bond Fund	Maltese Assets Fund
	Total	Total	Total	Total	Total	Total	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Net assets as at 1 April 2020	378,441,835	147,918,231	53,779,194	19,744,472	2,848,785	112,176,828	41,974,325
Unit transactions							
Amounts received on creations	9,764,156	4,356,466	1,317,217	616,563	-	1,334,969	2,138,941
Amounts paid on redemptions	(10,782,769)	(3,459,863)	(812,865)	(223,662)	(2,122,310)	(3,506,372)	(657,697)
Total transactions with holders of redeemable units	(1,018,613)	896,603	504,352	392,901	(2,122,310)	(2,171,403)	1,481,244
Net equalisation	-	-	-	-	-	-	-
Net increase in net assets attributable to unitholders	6,115,050	2,111,297	1,646,832	2,296,765	33,442	447,854	(421,140)
	6,115,050	2,111,297	1,646,832	2,296,765	33,442	447,854	(421,140)
Net assets as at 30 September 2020	383,538,272	150,926,131	55,930,378	22,434,138	759,917	110,453,279	43,034,429

HSBC Malta Funds SICAV p.l.c.

Unaudited Statement of Changes in Net Assets – Combined (continued)

For the period ended 30 September 2021

	Combined	Malta Bond Fund	International Bond Fund	Equity Growth Fund	HSBC Property Bond Fund	Malta Government Bond Fund	Maltese Assets Fund
	Total	Total	Total	Total	Total	Total	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Net assets as at 1 April 2021	<u>391,155,594</u>	<u>154,355,131</u>	<u>56,748,274</u>	<u>25,352,742</u>	<u>-</u>	<u>108,451,454</u>	<u>46,247,993</u>
Unit transactions							
Amounts received on creations	7,043,444	2,819,650	1,163,637	712,957	-	348,321	1,998,879
Amounts paid on redemptions	(11,185,792)	(4,372,244)	(1,176,354)	(146,161)	-	(4,330,819)	(1,160,214)
Total transactions with holders of redeemable units	<u>(4,142,348)</u>	<u>(1,552,594)</u>	<u>(12,717)</u>	<u>566,796</u>	<u>-</u>	<u>(3,982,498)</u>	<u>838,665</u>
Net equalisation	(14,004)	(8,707)	(356)	131	-	(9,105)	4,033
Net increase in net assets attributable to unitholders	(45,073)	(371,577)	257,711	1,387,716	-	(2,542,781)	1,223,858
	<u>(59,077)</u>	<u>(380,284)</u>	<u>257,355</u>	<u>1,387,847</u>	<u>-</u>	<u>(2,551,886)</u>	<u>1,227,891</u>
Net assets as at 30 September 2021	<u><u>386,954,169</u></u>	<u><u>152,422,253</u></u>	<u><u>56,992,912</u></u>	<u><u>27,307,385</u></u>	<u><u>-</u></u>	<u><u>101,917,070</u></u>	<u><u>48,314,549</u></u>

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 2021

	Total EUR	Accumulator Share Class EUR	Income Share Class EUR
Net assets as at 1 April 2020	147,918,231	139,051,069	8,867,162
Unit transactions			
Amounts received on creations	4,356,466	4,113,989	242,477
Amounts paid on redemptions	(3,459,863)	(3,258,190)	(201,673)
Total transactions with holders of redeemable units	896,603	855,799	40,804
Net equalisation	-	54,396	(54,396)
Net increase in net assets attributable to unitholders	2,111,297	1,998,527	112,770
	2,111,297	2,052,923	58,374
Net assets as at 30 September 2020	150,926,131	141,959,791	8,966,340
Net assets as at 1 April 2021	154,355,131	145,464,802	8,890,329
Unit transactions			
Amounts received on creations	2,819,650	2,798,376	21,274
Amounts paid on redemptions	(4,372,244)	(4,125,126)	(247,118)
Total transactions with holders of redeemable units	(1,552,594)	(1,326,750)	(225,844)
Net equalisation	(8,707)	(8,216)	(491)
Net decrease in net assets attributable to unitholders	(371,577)	(283,237)	(88,340)
	(380,284)	(291,453)	(88,831)
Net assets as at 30 September 2021	152,422,253	143,846,599	8,575,654

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 2021

	Total EUR	Accumulator Share Class EUR	Income Share Class EUR
Net assets as at 1 April 2020	<u>53,779,194</u>	<u>52,204,047</u>	<u>1,575,147</u>
Unit transactions			
Amounts received on creations	1,317,217	1,316,411	806
Amounts paid on redemptions	(812,865)	(781,891)	(30,974)
Total transactions with holders of redeemable units	<u>504,352</u>	<u>534,520</u>	<u>(30,168)</u>
Net equalisation	-	(2,817)	2,817
Net increase in net assets attributable to unitholders	1,646,832	1,610,979	35,853
	<u>1,646,832</u>	<u>1,608,162</u>	<u>38,670</u>
Net assets as at 30 September 2020	<u><u>55,930,378</u></u>	<u><u>54,346,729</u></u>	<u><u>1,583,649</u></u>
Net assets as at 1 April 2021	<u>56,748,274</u>	<u>55,192,454</u>	<u>1,555,820</u>
Unit transactions			
Amounts received on creations	1,163,637	1,162,644	993
Amounts paid on redemptions	(1,176,354)	(1,120,231)	(56,123)
Total transactions with holders of redeemable units	<u>(12,717)</u>	<u>42,413</u>	<u>(55,130)</u>
Net equalisation	(356)	(299)	(57)
Net increase in net assets attributable to unitholders	257,711	257,032	679
	<u>257,355</u>	<u>256,733</u>	<u>622</u>
Net assets as at 30 September 2021	<u><u>56,992,912</u></u>	<u><u>55,491,600</u></u>	<u><u>1,501,312</u></u>

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 2021

	Total EUR	Class A EUR	Class B EUR
Net assets as at 1 April 2020	<u>19,744,472</u>	<u>7,346,588</u>	<u>12,397,884</u>
Unit transactions			
Amounts received on creations	616,563	67,886	548,677
Amounts paid on redemptions	(223,662)	(91,708)	(131,954)
Total transactions with holders of redeemable units	<u>392,901</u>	<u>(23,822)</u>	<u>416,723</u>
Net increase in net assets attributable to unitholders	2,296,765	858,134	1,438,631
	<u>2,296,765</u>	<u>858,134</u>	<u>1,438,631</u>
Net assets as at 30 September 2020	<u><u>22,434,138</u></u>	<u><u>8,180,900</u></u>	<u><u>14,253,238</u></u>
Net assets as at 1 April 2021	<u>22,434,138</u>	<u>8,180,900</u>	<u>14,253,238</u>
Unit transactions			
Amounts received on creations	712,957	68,017	644,940
Amounts paid on redemptions	(146,161)	(133,461)	(12,700)
Total transactions with holders of redeemable units	<u>566,796</u>	<u>(65,444)</u>	<u>632,240</u>
Net equalisation	131	(71)	202
Net increase in net assets attributable to unitholders	4,306,320	948,818	3,357,502
	<u>4,306,451</u>	<u>948,747</u>	<u>3,357,704</u>
Net assets as at 30 September 2021	<u><u>27,307,385</u></u>	<u><u>9,064,203</u></u>	<u><u>18,243,182</u></u>

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 2021

	Total EUR	Accumulator Share Class EUR	Income Share Class EUR
Net assets as at 1 April 2020	<u>2,848,785</u>	<u>2,510,054</u>	<u>338,731</u>
Unit transactions			
Amounts received on creations	-	-	-
Amounts paid on redemptions	(2,122,310)	(1,869,653)	(252,657)
Total transactions with holders of redeemable units	<u>(2,122,310)</u>	<u>(1,869,653)</u>	<u>(252,657)</u>
Net equalisation	-	651	(651)
Net increase in net assets attributable to unitholders	33,442	28,396	5,046
	<u>33,442</u>	<u>29,047</u>	<u>4,395</u>
Net assets as at 30 September 2020	<u><u>759,917</u></u>	<u><u>669,448</u></u>	<u><u>90,469</u></u>
Net assets as at 1 April 2021	<u>-</u>	<u>-</u>	<u>-</u>
Unit transactions			
Amounts received on creations	-	-	-
Amounts paid on redemptions	-	-	-
Total transactions with holders of redeemable units	<u>-</u>	<u>-</u>	<u>-</u>
Net equalisation	-	-	-
Net increase in net assets attributable to unitholders	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Net assets as at 30 September 2021	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

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 2021

	Total EUR	Accumulator Share Class EUR	Income Share Class EUR
Net assets as at 1 April 2020	112,176,828	103,383,525	8,793,303
Unit transactions			
Amounts received on creations	1,334,969	1,242,156	92,813
Amounts paid on redemptions	(3,506,372)	(3,333,299)	(173,073)
Total transactions with holders of redeemable units	(2,171,403)	(2,091,143)	(80,260)
Net equalisation	-	1,851	(1,851)
Net increase in net assets attributable to unitholders	447,854	450,215	(2,361)
	447,854	452,066	(4,212)
Net assets as at 30 September 2020	110,453,279	101,744,448	8,708,831
Net assets as at 1 April 2021	108,451,454	99,851,340	8,600,114
Unit transactions			
Amounts received on creations	348,321	290,454	57,867
Amounts paid on redemptions	(4,330,819)	(3,884,627)	(446,192)
Total transactions with holders of redeemable units	(3,982,498)	(3,594,173)	(388,325)
Net equalisation	(9,105)	(8,668)	(437)
Net decrease in net assets attributable to unitholders	(2,542,781)	(2,307,645)	(235,136)
	(2,551,886)	(2,316,313)	(235,573)
Net assets as at 30 September 2021	101,917,070	93,940,854	7,976,216

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 2021

	Total EUR	Accumulator Share Class EUR	Income Share Class EUR
Net assets as at 1 April 2020	41,974,325	41,725,147	249,178
Unit transactions			
Amounts received on creations	2,138,941	2,138,866	75
Amounts paid on redemptions	(657,697)	(657,697)	-
Total transactions with holders of redeemable units	1,481,244	1,481,169	75
Net equalisation	-	(8,537)	8,537
Net increase in net assets attributable to unitholders	(421,140)	(409,949)	(11,191)
	(421,140)	(418,486)	(2,654)
Net assets as at 30 September 2020	43,034,429	42,787,830	246,599
Net assets as at 1 April 2021	46,247,993	45,989,194	258,799
Unit transactions			
Amounts received on creations	1,998,879	1,998,760	119
Amounts paid on redemptions	(1,160,214)	(1,160,214)	-
Total transactions with holders of redeemable units	838,665	838,546	119
Net equalisation	4,033	4,033	0
Net increase in net assets attributable to unitholders	1,223,858	1,218,110	5,748
	1,227,891	1,222,143	5,748
Net assets as at 30 September 2021	48,314,549	48,049,883	264,666

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 2021

	Combined	Malta Bond Fund	International Bond Fund	Equity Growth Fund	HSBC Property Investment Fund	Malta Government Bond Fund	Maltese Assets Fund
	2021	2021	2021	2021	2021	2021	2021
<i>Notes</i>	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Cash flows used in operating activities							
Interest and other income received	5,366,649	2,550,215	520,282	198,208	-	1,199,016	898,928
Payments to service providers	(2,233,944)	(894,354)	(265,443)	(183,428)	-	(632,050)	(258,669)
Tax paid	(586,450)	(215,809)	-	(45,516)	-	(111,636)	(213,489)
Net payments on acquisition of financial assets at fair value through profit or loss	<u>(10,877,889)</u>	<u>(5,246,504)</u>	<u>(907,726)</u>	<u>(3,092)</u>	<u>-</u>	<u>(3,030,300)</u>	<u>(1,690,267)</u>
Net cash flows used in operating activities	<u>(8,331,634)</u>	<u>(3,806,452)</u>	<u>(652,887)</u>	<u>(33,828)</u>	<u>-</u>	<u>(2,574,970)</u>	<u>(1,263,497)</u>
Cash flows (used in)/ generated from financing activities							
Proceeds from creation of units	7,043,443	2,819,650	1,163,637	712,957	-	348,320	1,998,879
Amounts paid on redemption of units	(9,942,131)	(3,868,071)	(1,014,825)	(146,030)	-	(3,837,450)	(1,075,755)
Distribution of dividends	<u>(117,700)</u>	<u>(71,401)</u>	<u>(7,132)</u>	<u>-</u>	<u>-</u>	<u>(38,104)</u>	<u>(1,063)</u>
Net cash flows (used in)/ generated from financing activities	<u>(3,016,388)</u>	<u>(1,119,822)</u>	<u>141,680</u>	<u>566,927</u>	<u>-</u>	<u>(3,527,234)</u>	<u>922,061</u>
Net (decrease)/ increase in cash and cash equivalents	(11,348,022)	(4,926,274)	(511,207)	533,099	-	(6,102,204)	(341,436)
Cash and cash equivalents at beginning of the period	35,434,635	13,392,330	9,667,596	1,947,264	-	7,770,079	2,657,366
Exchange gains on cash and cash equivalents	105,944	28,520	56,330	8,977	-	4,557	7,560
Cash and cash equivalents at end of period	<u>6</u> <u>24,192,557</u>	<u>8,494,576</u>	<u>9,212,719</u>	<u>2,489,340</u>	<u>-</u>	<u>1,672,432</u>	<u>2,323,490</u>

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
<i>Notes</i>	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Cash flows (used in)/generated from operating activities							
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	<u>(7,296,122)</u>	<u>(8,277,779)</u>	<u>86,499</u>	<u>(346,911)</u>	<u>1,025,928</u>	<u>2,110,989</u>	<u>(1,894,848)</u>
Net cash flows (used in)/ generated from operating activities	<u>(5,155,315)</u>	<u>(7,026,970)</u>	<u>474,475</u>	<u>(373,552)</u>	<u>1,020,557</u>	<u>2,531,480</u>	<u>(1,781,305)</u>
Cash flows (used in)/ generated from financing activities							
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	<u>(125,905)</u>	<u>(72,150)</u>	<u>(9,715)</u>	<u>-</u>	<u>-</u>	<u>(43,314)</u>	<u>(726)</u>
Net cash flows (used in)/ generated from financing activities	<u>(1,578,792)</u>	<u>560,278</u>	<u>489,588</u>	<u>382,968</u>	<u>(2,122,310)</u>	<u>(2,334,988)</u>	<u>1,445,672</u>
Net (decrease)/ increase in cash and cash equivalents	(6,734,107)	(6,466,692)	964,063	9,416	(1,101,753)	196,492	(335,633)
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	<u>(207,776)</u>	<u>(101,332)</u>	<u>(14,906)</u>	<u>(59,758)</u>	<u>256</u>	<u>(23,832)</u>	<u>(8,204)</u>
Cash and cash equivalents at end of period	<u>6</u> <u>36,553,060</u>	<u>14,272,322</u>	<u>7,650,232</u>	<u>2,793,245</u>	<u>250,384</u>	<u>9,386,569</u>	<u>2,200,308</u>

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 2021

1 Reporting entity

HSBC Malta Funds SICAV p.l.c. ('the Company') was incorporated as a multi-fund limited liability Company with variable share capital (SICAV) in Malta on 24 January 1997 under registration number SV 2. The registered address is 171, Old Bakery Street, Valletta, VLT 1455, Malta. The Company is licensed by the Malta Financial Services Authority and qualifies as a 'Maltese UCITS' in terms of the Investment Services Act (Marketing of UCITS) Regulations.

As at 30 September 2021, the Company comprised of five sub-funds, namely Malta Bond Fund, International Bond Fund, Equity Growth Fund, Malta Government Bond Fund and Maltese Assets Fund.

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 with 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, are measured at fair value.

HSBC Malta Funds SICAV p.l.c.

Notes to the unaudited financial statements

For the period ended 30 September 2021

2 Basis of preparation (continued)

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.

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.

HSBC Malta Funds SICAV p.l.c.

Notes to the unaudited financial statements

For the period ended 30 September 2021

3 Significant accounting policies (continued)

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.

3.2.2 Classification and subsequent measurement

On initial recognition, the Company classifies financial assets as measured at amortised cost or FVTPL. For financial assets measured at amortised cost, changes in the carrying amount as a result of foreign exchange gains or losses, impairment gains or losses and interest income are recognised in profit or loss.

Financial assets measured at FVTPL are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses including foreign exchange gains and losses, recognised in profit or loss. Dividend income is presented within the line item '*Dividend income*'. Where applicable, interest income is disclosed within the line item '*Interest income*'.

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.

HSBC Malta Funds SICAV p.l.c.

Notes to the unaudited financial statements

For the period ended 30 September 2021

3 Significant accounting policies (continued)

3.2 Financial assets and liabilities (continued)

3.2.2 Classification and subsequent measurement (continued)

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, subscriptions receivable, dividends receivable and accrued interest. 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 and unlisted private equities. 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 2021

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.

HSBC Malta Funds SICAV p.l.c.

Notes to the unaudited financial statements

For the period ended 30 September 2021

3 Significant accounting policies (continued)

3.2 Financial assets and liabilities (continued)

3.2.2 Classification and subsequent measurement (continued)

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 payable 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.

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.

HSBC Malta Funds SICAV p.l.c.

Notes to the unaudited financial statements

For the period ended 30 September 2021

3 Significant accounting policies (continued)

3.2 Financial assets and liabilities (continued)

3.2.3 Impairment (continued)

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 2021

3 Significant accounting policies (continued)

3.2 Financial assets and liabilities (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 reorganization

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.

HSBC Malta Funds SICAV p.l.c.

Notes to the unaudited financial statements

For the period ended 30 September 2021

3 Significant accounting policies (continued)

3.2 Financial assets and liabilities (continued)

3.2.4 Fair value measurement principles (continued)

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.

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.

HSBC Malta Funds SICAV p.l.c.

Notes to the unaudited financial statements

For the period ended 30 September 2021

3 Significant accounting policies (continued)

3.2 Financial assets and liabilities (continued)

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.

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.

HSBC Malta Funds SICAV p.l.c.

Notes to the unaudited financial statements

For the period ended 30 September 2021

3 Significant accounting policies (continued)

3.2 Financial assets and liabilities (continued)

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 2021

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 2021

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 Initial Application of an International Financial Reporting Standard

In the current year, the Company has applied the following:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16- Interest Rate Benchmark Reform – Phase 2, Phase 2 of the project addresses issues that might affect financial reporting when an existing interest rate benchmark is actually replaced.

The changes relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements, and disclosure requirements applying IFRS 7 to accompany the amendments regarding modifications and hedge accounting.

In respect of the modification of financial assets, financial liabilities and lease liabilities, the IASB introduces a practical expedient for modifications required by the reform (modifications required as a direct consequence of the IBOR reform and made on an economically equivalent basis). These modifications are accounted for by updating the effective interest rate. All other modifications are accounted for using the current IFRS requirements. A similar practical expedient is proposed for lessee accounting applying IFRS 16.

The Directors anticipate that the adoption of amendments to IFRS will have no material impact on the financial statements of the Company in the period of initial implication.

HSBC Malta Funds SICAV p.l.c.

Notes to the unaudited financial statements

For the period ended 30 September 2021

4 Bank balances and bank facilities

4.1 Malta Bond Fund

Bank balances as at 30 September 2021 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 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. Overdrawn amounts are to be covered by the settlement date of the settlement or trade orders. If not, the banks' standard interest rate for unauthorised overdrafts will apply.

During the period, the Fund did not avail itself of this facility. This facility was 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 2021 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 2021		31 March 2021	
	EUR	% of net assets	EUR	% of net assets
HSBC Bank Malta Plc	9,212,719	16.16	9,667,596	17.03
	<u>9,212,719</u>	<u>16.16</u>	<u>9,667,596</u>	<u>17.03</u>

The Fund 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. Overdrawn amounts are to be covered by the settlement date of the settlement or trade orders. If not, the banks' standard interest rate for unauthorised overdrafts will apply.

During the period, the Fund did not avail itself of this facility. This facility was 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 2021

4 Bank balances and bank facilities (continued)

4.3 Equity Growth Fund

Bank balances as at 30 September 2021 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 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 this facility. This facility was secured by the cash and investments held by the Fund with the Depositary/Custodian.

4.4 Malta Government Bond Fund

Bank balances as at 30 September 2021 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 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 this facility. This facility was secured by the cash and investments held by the Fund with the Depositary/Custodian.

4.5 Maltese Assets Fund

Bank balances as at 30 September 2021 comprise call deposits with credit institutions, none of which exceed 10% of the net assets of the Fund.

The Fund 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 this facility. This facility was 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 2021

5 Share capital

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

30 September 2021	Combined	Malta Bond Fund	International Bond Fund	Equity Growth Fund	HSBC Property Investment Fund*	Malta Government Bond	Maltese Assets Fund
	No.	No.	No.	No.		No.	No.
Authorised	<u>100,000,000</u>						
Issued	<u>725,718</u>	<u>234,200</u>	<u>126,684</u>	<u>75,056</u>	<u>-</u>	<u>208,250</u>	<u>81,528</u>

31 March 2021	Combined	Malta Bond Fund	International Bond Fund	Equity Growth Fund	HSBC Property Investment Fund	Malta Government Bond	Maltese Assets Fund
	No.	No.	No.	No.	No.	No.	No.
Authorised	<u>100,000,000</u>						
Issued	<u>733,419</u>	<u>236,710</u>	<u>126,779</u>	<u>73,474</u>	<u>-</u>	<u>216,360</u>	<u>80,096</u>

*HSBC Property Investment Fund was put into voluntary liquidation effective 17 November 2020. The Sub-Fund was fully liquidated and the proceeds were paid out to the members on 7 December 2020. The Malta Financial Services Authority (MFSA) subsequently approved the voluntary surrender of the HPIF licence on 7 January 2021.

HSBC Malta Funds SICAV p.l.c.

Notes to the unaudited financial statements

For the period ended 30 September 2021

5 Share capital (continued)

Analysed as follows:

	Combined	Malta Bond Fund	International Bond Fund	Equity Growth Fund	HSBC Property Investment Fund	Malta Government Bond	Maltese Assets Fund
	30 Sep 2021 No.	30 Sep 2021 No.	30 Sep 2021 No.	30 Sep 2021 No.	30 Sep 2021 No.	30 Sep 2021 No.	30 Sep 2021 No.
<i>Accumulator Share Class</i>							
At beginning of the period	682,107	215,831	121,405	73,474	-	191,863	79,534
Creation of units	12,682	4,166	2,558	1,994		563	3,401
Redemption of units	(18,544)	(6,143)	(2,464)	(412)		(7,555)	(1,970)
At end of the period	<u>676,245</u>	<u>213,854</u>	<u>121,499</u>	<u>75,056</u>	<u>-</u>	<u>184,871</u>	<u>80,965</u>
	Combined	Malta Bond Fund	International Bond Fund	Equity Growth Fund	HSBC Property Investment Fund	Malta Government Bond	Maltese Assets Fund
	30 Sep 2021 No.	30 Sep 2021 No.	30 Sep 2021 No.	30 Sep 2021 No.	30 Sep 2021 No.	30 Sep 2021 No.	30 Sep 2021 No.
<i>Income Share Class</i>							
At beginning of the period	51,312	20,879	5,374	-	-	24,497	562
Creation of units	224	50	4	-		169	1
Redemption of units	(2,064)	(583)	(193)	-		(1,287)	-
At end of period	<u>49,473</u>	<u>20,346</u>	<u>5,185</u>	<u>-</u>	<u>-</u>	<u>23,379</u>	<u>563</u>
Total units at end of period	<u>725,718</u>	<u>234,200</u>	<u>126,684</u>	<u>75,056</u>	<u>-</u>	<u>208,250</u>	<u>81,528</u>

HSBC Malta Funds SICAV p.l.c.

Notes to the unaudited financial statements

For the period ended 30 September 2021

5 Share capital (continued)

Analysed as follows:

	Combined	Malta Bond Fund	International Bond Fund	Equity Growth Fund	HSBC Property Investment Fund 31 Mar 2021	Malta Government Bond	Maltese Assets Fund
	31 Mar 2021 No.	31 Mar 2021 No.	31 Mar 2021 No.	31 Mar 2021 No.	31 Mar 2021 No.	31 Mar 2021 No.	31 Mar 2021 No.
<i>Accumulator Share Class</i>							
At beginning of the year	693,533	212,408	119,507	73,077	13,022	200,389	75,130
Creation of units	33,927	13,087	5,391	3,865	-	4,360	7,224
Redemption of units	(45,353)	(9,664)	(3,493)	(3,468)	(13,022)	(12,886)	(2,820)
At end of the year	682,107	215,831	121,405	73,474	-	191,863	79,534
	Combined	Malta Bond Fund	International Bond Fund	Equity Growth Fund	HSBC Property Investment Fund 31 Mar 2021	Malta Government Bond	Maltese Assets Fund
	31 Mar 2021 No.	31 Mar 2021 No.	31 Mar 2021 No.	31 Mar 2021 No.	31 Mar 2021 No.	31 Mar 2021 No.	31 Mar 2021 No.
<i>Income Share Class</i>							
At beginning of the year	54,375	21,093	5,599	-	2,095	25,026	562
Creation of units	996	693	6	-	-	297	-
Redemption of units	(4,059)	(907)	(231)	-	(2,095)	(826)	-
At end of year	51,312	20,879	5,374	-	-	24,497	562
Total units at end of year	733,419	236,710	126,779	73,474	-	216,360	80,096

HSBC Malta Funds SICAV p.l.c.

Notes to the unaudited financial statements

For the period ended 30 September 2021

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	Maltese Assets Fund
	30 Sep 2021 EUR	30 Sep 2021 EUR	30 Sep 2021 EUR	30 Sep 2021 EUR	30 Sep 2021 EUR	30 Sep 2021 EUR	30 Sep 2021 EUR
Accumulator Shares	368,636,321	143,846,599	55,491,600	27,307,385		93,940,854	48,049,883
Income Shares	18,317,848	8,575,654	1,501,312	-		7,976,216	264,666
Net assets	386,954,169	152,422,253	56,992,912	27,307,385	-	101,917,070	48,314,549
	Combined	Malta Bond Fund	International Bond Fund	Equity Growth Fund	HSBC Property Investment Fund	Malta Government Bond	Maltese Assets Fund
	31 Mar 2021 EUR	31 Mar 2021 EUR	31 Mar 2021 EUR	31 Mar 2021 EUR	31 Mar 2021 EUR	31 Mar 2021 EUR	31 Mar 2021 EUR
Accumulator Shares	371,850,532	145,464,802	55,192,454	25,352,742	-	99,851,340	45,989,194
Income Shares	19,305,062	8,890,329	1,555,820	-	-	8,600,114	258,799
Net assets	391,155,594	154,355,131	56,748,274	25,352,742	-	108,451,454	46,247,993

HSBC Malta Funds SICAV p.l.c.

Notes to the unaudited financial statements

For the period ended 30 September 2021

5 Share capital (continued)

- (c) Accumulator Shares represent shares in respect of which the Company does not intend to distribute any dividends and hence, any profits will accumulate within the relevant class of Accumulator Shares. The Company will however distribute dividends in respect of its Income Shares in such amounts as may be determined by the Directors in accordance with the Prospectus.
- (d) 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.
- (e) 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.
- (f) 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.
- (g) Each unitholder is entitled to one vote in respect of each unit held.
- (h) 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.

- (i) At 30 September 2021, one of the directors held 32 accumulator units in the Fund (31 March 2021: 32 accumulator units).

HSBC Malta Funds SICAV p.l.c.

Notes to the unaudited financial statements

For the period ended 30 September 2021

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	Malta Government Bond	Maltese Assets Fund
	30 Sep 2021 EUR	30 Sep 2021 EUR	30 Sep 2021 EUR	30 Sep 2021 EUR	30 Sep 2021 EUR	30 Sep 2021 EUR
Bank Balances	<u>24,192,557</u>	<u>8,494,576</u>	<u>9,212,719</u>	<u>2,489,340</u>	<u>1,672,432</u>	<u>2,323,490</u>
Cash and cash equivalents	<u>24,192,557</u>	<u>8,494,576</u>	<u>9,212,719</u>	<u>2,489,340</u>	<u>1,672,432</u>	<u>2,323,490</u>

	Combined	Malta Bond Fund	International Bond Fund	Equity Growth Fund	Malta Government Bond	Maltese Assets Fund
	31 Mar 2021 EUR	31 Mar 2021 EUR	31 Mar 2021 EUR	31 Mar 2021 EUR	31 Mar 2021 EUR	31 Mar 2021 EUR
Bank balances	<u>35,434,635</u>	<u>13,392,330</u>	<u>9,667,596</u>	<u>1,947,264</u>	<u>7,770,079</u>	<u>2,657,366</u>
Cash and cash equivalents	<u>35,434,635</u>	<u>13,392,330</u>	<u>9,667,596</u>	<u>1,947,264</u>	<u>7,770,079</u>	<u>2,657,366</u>

HSBC Malta Funds SICAV p.l.c.

Notes to the unaudited financial statements

For the period ended 30 September 2021

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 and the Equity Growth 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.

HSBC Malta Funds SICAV p.l.c.

Notes to the unaudited financial statements

For the period ended 30 September 2021

7 Taxation (continued)

The investors (continued)

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.

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. This agreement was amended and restated with a new agreement dated 4 January 2021, following the Company's conversion into a UCITS retail collective investment scheme.

The Manager charged a management fee of 0.785% per annum from the Malta Bond Fund and the Malta Government Bond Fund, 0.570% per annum from the International Bond Fund, 1.000% per annum from the Equity Growth Fund, and 1.060% per annum from the Maltese Assets Fund, based on the Net Asset Value of each respective Fund on each Dealing Day, payable monthly in arrears.

During the period under review, the Manager received EUR1,572,034 (30 September 2020: EUR1,517,720) as management fees. Management fees amounting to EUR51,119 (31 March 2021: EUR59,578) were due to the Manager as at 30 September 2021.

HSBC Malta Funds SICAV p.l.c.

Notes to the unaudited financial statements

For the period ended 30 September 2021

8 Fees (continued)

8.2 Administration fees

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. This agreement was amended and restated with a new agreement dated 4 January 2021, following the Company's conversion into a UCITS retail collective investment scheme.

During the period under review, the Administrator received EUR108,355 (30 September 2020: EUR106,076) as administration fees. Administration fees amounting to EUR17,668 (31 March 2021: EUR13,754) were due to the Administrator as at 30 September 2021.

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. This agreement was amended and restated with a new agreement dated 4 December 2020 in view of the Company's conversion into a UCITS retail collective investment scheme.

On 11 December 2020, upon the Company's and Manager's request, the Depositary agreed to appoint HSBC Continental Europe 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 Sub-Custodian received EUR141,786 (30 September 2020: EUR144,138). Sub-Custodian and Depositary fees amounting to EUR57,901 (31 March 2021: EUR51,794) were due to the Sub-Custodian and Depositary as at 30 September 2021.

HSBC Malta Funds SICAV p.l.c.

Notes to the unaudited financial statements

For the period ended 30 September 2021

8 Fees (continued)

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 EUR241,847 (30 September 2020: EUR241,265). Investment account fees amounting to EUR31,078 (31 March 2021: EUR41,677) were due to HSBC Bank Malta p.l.c. as at 30 September 2021.

HSBC Malta Funds SICAV p.l.c.

Notes to the unaudited financial statements

For the period ended 30 September 2021

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	1,025,790	0.67%
FRN Portugal Government Bond 23/07/2025	EUR	1,046,700	0.69%
0.275% Slovenia Gov. Domestic Bond 14/01/2030	EUR	1,016,149	0.67%
0.25% Malta Government Bonds 18/11/2026	EUR	3,042,600	2.00%
1.00% Malta Government Bonds 23/04/2031	EUR	3,108,600	2.04%
1.00% Malta Government Bonds 23/08/2035	EUR	990,400	0.65%
1.40% Malta Government Bond 11/11/2023	EUR	3,225,848	2.12%
1.40% Malta Government Bonds 29/07/2024	EUR	7,331,800	4.81%
1.50% Malta Government Bond 15/06/2027	EUR	1,623,750	1.07%
2.30% Malta Government Bonds 24/07/2029	EUR	4,174,319	2.74%
2.50% Malta Government Bonds 17/11/2036	EUR	2,366,800	1.55%
3.00% Malta Government Bond 11/06/2040	EUR	1,904,325	1.25%
3.30% Malta Government Bond 12/11/2024	EUR	2,180,330	1.43%
4.10% Malta Government Bonds 18/10/2034	EUR	2,613,356	1.71%
4.30% Malta Government Bonds 01/08/2033	EUR	963,407	0.63%
4.45% Malta Government Bond 11/09/2032	EUR	2,961,760	1.94%
4.50% Malta Government Bond 25/10/2028	EUR	9,443,588	6.20%
4.65% Malta Government Bond 22/07/2032	EUR	841,320	0.55%
4.80% Malta Government Bond 11/09/2028	EUR	1,287,938	0.84%
5.20% Malta Government Bond 16/09/2031	EUR	2,870,200	1.88%
5.25% Malta Government Bond 23/06/2030	EUR	7,175,884	4.71%
5.50% Malta Government Bond 06/07/2023	EUR	2,603,122	1.71%
7.00% Malta Government Bonds 31/12/2023	EUR	1,500,540	0.98%
		<u>65,298,525</u>	<u>42.84%</u>
7.50% European Investment Bank 13/04/2022	Brazilian Real	315,229	0.21%
		<u>315,229</u>	<u>0.21%</u>
Total Sovereign/Supranational Bonds		<u>65,613,754</u>	<u>43.05%</u>

HSBC Malta Funds SICAV p.l.c.

Notes to the unaudited financial statements

For the period ended 30 September 2021

9 Portfolio of net assets (continued)

Malta Bond Fund (continued)

	Denominated in	Fair Value EUR	Percentage of total net assets %
<i>Corporate Bonds</i>			
5.10% 6pm Holdings p.l.c. 31/07/2025	EUR	1,011,729	0.66%
3.25% APS Bank 25/11/2030	EUR	3,759,500	2.47%
6.00% AX Investments p.l.c. 06/03/2024	EUR	1,270,562	0.83%
3.25% AX Investments p.l.c. 20/12/2026	EUR	798,517	0.52%
3.75% AX Investments p.l.c. 20/12/2029	EUR	299,344	0.20%
FRN Banco Santander 28/03/2023	EUR	605,735	0.40%
3.50% Banco Bilbao Vizcaya Argentaria SA 10/02/2027	EUR	1,154,879	0.76%
2.50% Banco Santander 28/03/2025	EUR	432,194	0.28%
3.90% Browns Pharmacy 28/05/2031	EUR	519,875	0.34%
0.13% Bank of China (Luxembourg) 16/01/2023	EUR	1,002,902	0.66%
3.50% Bank of Valletta p.l.c. 08/08/2030	EUR	69,881	0.05%
3.50% Bank of Valletta p.l.c. 08/08/2030	EUR	6,248,215	4.10%
3.75% Bank of Valletta p.l.c. 15/06/2031	EUR	2,220,649	1.46%
FRN Citigroup Inc 21/03/2023	EUR	754,878	0.50%
4.25% Corinthia Finance p.l.c. 12/04/2026	EUR	1,754,428	1.15%
2.625% Credit Agricole SA 17/03/2027	EUR	666,771	0.44%
4.00% Eden Finance p.l.c. 28/04/2027	EUR	1,479,960	0.97%
4.50% Endo Finance p.l.c. 22/03/2029	EUR	1,336,163	0.88%
4.00% Exalco Finance p.l.c. 20/08/2028	EUR	1,507,983	0.99%
FRN Goldman Sachs Group Inc. 26/09/2023	EUR	1,004,067	0.66%
3.50% GO p.l.c. 25/06/2031	EUR	2,705,871	1.78%
4.50% Grand Harbour Marina p.l.c. 23/08/2027	EUR	524,682	0.34%
5.00% Hal Mann Vella Group p.l.c. 06/11/2024	EUR	484,869	0.32%
3.85% Hili Finance Co p.l.c. 24/07/2028	EUR	1,325,545	0.87%
3.80% Hili Finance Co p.l.c. 27/08/2029	EUR	2,544,375	1.67%
4.50% Hili Properties p.l.c. 16/10/2025	EUR	1,052,829	0.69%
4.00% International Hotel Investments p.l.c. 29/07/2026	EUR	289,223	0.19%
4.00% International Hotel Investments p.l.c. 20/12/2026	EUR	2,614,213	1.71%
5.75% International Hotel Investments p.l.c. 13/05/2025	EUR	2,327,679	1.53%
5.80% International Hotel Investments p.l.c. 14/11/2023	EUR	354,473	0.23%
5.80% International Hotel Investments p.l.c. 21/12/2021	EUR	227,957	0.15%
4.50% Izola Bank p.l.c. 30/06/2025	EUR	618,150	0.41%
2.75% JPMorgan Chase & Co 01/02/2023	EUR	416,926	0.27%
5.30% Mariner Finance p.l.c. 03/07/2024	EUR	1,631,367	1.07%
4.00% MeDirect Bank (Malta) p.l.c. 05/11/2029	EUR	743,360	0.49%
5.00% Mediterranean Inv. Holding p.l.c. 06/07/2027	EUR	553,212	0.36%
5.50% Mediterranean Inv. Holding p.l.c. 31/07/2023	EUR	541,024	0.35%

HSBC Malta Funds SICAV p.l.c.

Notes to the unaudited financial statements

For the period ended 30 September 2021

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>			
4.50% Medserv p.l.c. 05/02/2026	EUR	1,236,495	0.81%
6.00% Medserv p.l.c. 30/09/2023	EUR	1,647,182	1.08%
4.00% Merkanti Holdings p.l.c. 12/08/2026	EUR	2,560,850	1.68%
3.13% Microsoft Corporation 06/12/2028	EUR	489,361	0.32%
4.00% Midi p.l.c. 26/07/2026	EUR	386,314	0.25%
5.75% OP Corporate Bank p.l.c 28/02/2022	EUR	957,437	0.63%
6.00% PENDERGAR 31/07/2022	EUR	41,092	0.03%
2.75% Petroleos Mexicanos 21/4/2027	EUR	1,178,489	0.77%
4.15% Phoenicia Finance p.l.c. 15/12/2028	EUR	2,524,125	1.66%
3.75% Premier Capital p.l.c. 23/11/2026	EUR	2,559,759	1.68%
5.10% PTL Holdings p.l.c 04/12/2024	EUR	832,616	0.55%
1.25% Shell International Finance BV 11/11/2032	EUR	527,290	0.35%
4.00% Shoreline Mall p.l.c. 01/08/2026	EUR	1,400,207	0.92%
4.50% Shoreline Mall p.l.c. 01/08/2032	EUR	2,599,350	1.71%
3.50% Simonds Farsons Cisk p.l.c. 13/09/2027	EUR	1,526,602	1.00%
4.35% SD Finance p.l.c. 25/04/2027	EUR	3,583,448	2.34%
4.00% Stivala Group Finance p.l.c. 18/10/2027	EUR	433,425	0.28%
5.00% Tumas Investments p.l.c. 31/07/2024	EUR	1,641,408	1.08%
3.75% Tumas Investments p.l.c. 10/07/2027	EUR	404,695	0.27%
3.75% Virtu Finance p.l.c. 30/11/2027	EUR	1,041,521	0.68%
4.40% Von Der Heyden Group Finance p.l.c. 08/03/2024	EUR	723,003	0.47%
		<u>75,148,655</u>	<u>49.31%</u>
2.40% Amazon.com Inc. 22/02/2023	USD	887,231	0.58%
4.50% Citigroup 14/01/2022	USD	654,871	0.43%
5.75% Medserv p.l.c. 05/02/2026	USD	722,054	0.47%
		<u>2,264,157</u>	<u>1.48%</u>
Total Corporate Bonds		<u>77,412,811</u>	<u>50.79%</u>

HSBC Malta Funds SICAV p.l.c.

Notes to the unaudited financial statements

For the period ended 30 September 2021

9 Portfolio of net assets (continued)

Malta Bond Fund (continued)

Portfolio of Investments	143,026,565	93.84%
Bank Balances	8,494,576	5.57%
Net Current Assets	901,112	0.59%
Net Assets	<u>152,422,253</u>	<u>100%</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 2021

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	527,672	0.93%
1.40% Spain Government Bond 30/07/2028	EUR	1,094,850	1.92%
1.85% Spain Government Bond 30/07/2035	EUR	859,808	1.51%
FRN CCTS Italy EU 15/04/2025	EUR	1,282,238	2.25%
3.88% Hellenic Republic Government Bond 12/03/2029	EUR	621,217	1.09%
1.50% Malta Government Bond 15/06/2027	EUR	541,250	0.95%
4.10% Malta Government Bond 18/10/2034	EUR	554,183	0.97%
5.20% Malta Government Bond 16/09/2031	EUR	502,285	0.88%
5.25% Malta Government Bond 23/06/2030	EUR	351,663	0.62%
2.75% Peruvian Gov. International Bond 30/01/2026	EUR	553,893	0.97%
0.88% Philippines Gov. International Bond 17/05/2027	EUR	511,610	0.90%
FRN Portugal Government Bonds 23/07/2025	EUR	1,256,040	2.20%
2.00% Poland Government International Bond 01/06/2030	EUR	565,832	0.99%
2.63% Indonesia RE Government Bond 14/06/2023	EUR	417,167	0.73%
3.38% Indonesia Government Bond 30/07/2025	EUR	555,710	0.98%
3.00% Buoni del Tesoro Poliennali 01/08/2029	EUR	592,910	1.04%
1.63% Mexican Government International Bond 06/03/2024	EUR	519,472	0.91%
1.38% Mexican Government International Bond 15/01/2025	EUR	519,974	0.91%
2.38% Romanian Government Bond 19/04/2027	EUR	544,567	0.96%
2.88% Russian Federation 04/12/2025	EUR	548,746	0.96%
2.00% Saudi Arabian Gov. International Bond 09/07/2039	EUR	525,104	0.92%
0.28% Slovenian Gov. International Bond 14/01/2030	EUR	508,074	0.89%
6.75% Ukraine Gov. International Bond 20/06/2026	EUR	544,115	0.95%
0.63% Corporacion Andina de Fomento 30/01/2024	EUR	1,016,604	1.78%
0.63% Corporacion Andina de Fomento 20/11/2026	EUR	761,367	1.34%
		<u>16,276,350</u>	<u>28.55%</u>
7.50% European Investment Bank 13/04/2022	Brazilian Real	<u>315,229</u>	<u>0.55%</u>
2.625% Colombian Gov. International Bond 15/03/2023	USD	<u>437,117</u>	<u>0.77%</u>
Total Sovereign/Supranational Bonds		<u>17,028,695</u>	<u>29.87%</u>

HSBC Malta Funds SICAV p.l.c.

Notes to the unaudited financial statements

For the period ended 30 September 2021

9 Portfolio of net assets (continued)

International Bond Fund (continued)

	Denominated in	Fair Value EUR	Percentage of total net assets %
<i>Corporate Bonds</i>			
1.25% AIB Group p.l.c. 28/05/2024	EUR	1,035,084	1.82%
1.88% Alimentation Couche-Tard Inc. 06/05/2026	EUR	533,880	0.94%
3.25% APS Bank 25/11/2030	EUR	360,500	0.63%
3.25% AXA FRN 28/05/2049	EUR	573,031	1.01%
0.13% Bank of China (Luxembourg) 16/01/2023	EUR	1,002,902	1.76%
3.75% Bank of Valletta p.l.c. 25/06/2031	EUR	338,657	0.59%
FRN Banco Santander SA 28/03/2023	EUR	807,647	1.42%
2.50% Santander Issuances SAU 18/03/2025	EUR	540,243	0.95%
3.65% Bank of America Corp. VRN 31/03/2029	EUR	600,642	1.05%
3.50% Banco Bilbao Vizcaya Argent. SA 10/02/2027	EUR	346,464	0.61%
2.00% Barclays p.l.c. VRN 07/02/2028	EUR	460,729	0.81%
1.38% CaixaBank 19/06/2026	EUR	418,710	0.73%
2.00% CGN International Limited 11/09/2025	EUR	529,450	0.93%
3.00% CEZ AS 05/06/2028	EUR	693,788	1.22%
2.63% Credit Agricole SA 17/03/2027	EUR	722,335	1.27%
2.75% Cemex SAB de CV 05/12/2024	EUR	155,466	0.27%
5.00% Electricite de France VRN Perp.	EUR	562,381	0.99%
4.50% Endo Finance 22/03/2029	EUR	197,950	0.35%
4.00% Exalco Finance 20/08/2028	EUR	116,395	0.20%
1.63% FedEx Corp. 11/01/2027	EUR	535,538	0.94%
2.50% Ferrovial Emisiones SA 15/07/2024	EUR	214,249	0.38%
1.74% Ford Motor Credit Co LLC 19/07/2024	EUR	506,744	0.89%
FRN Goldman Sachs Group Inc. 26/09/2023	EUR	502,034	0.88%
3.50% Go p.l.c. 25/06/2031	EUR	414,314	0.73%
3.85% Hili Finance 24/07/2028	EUR	407,860	0.72%
3.80% Hili Finance Co p.l.c. 27/08/2029	EUR	508,875	0.89%
1.00% Jefferies Group 19/07/2024	EUR	513,840	0.90%
6.00% Medserv p.l.c. 30/09/2023	EUR	217,360	0.38%
4.00% Merkanti Holdings p.l.c. 12/08/2026	EUR	768,255	1.35%
1.88% Merlin Properties Socimi SA 02/11/2026	EUR	534,608	0.94%
2.38% Merlin Properties Socimi SA 18/09/2029	EUR	328,465	0.58%
3.13% Microsoft Corporation 06/12/2028	EUR	513,829	0.90%
2.00% Natwest Group VRN 04/03/2025	EUR	733,754	1.29%
3.88% Netflix Inc. 15/11/2029	EUR	606,252	1.06%
5.75% OP Corporate Bank p.l.c. 28/02/2022	EUR	511,999	0.90%
4.15% Phoenicia Finance 15/12/2028	EUR	378,619	0.66%
1.25% RCI Banque SA 08/06/2022	EUR	404,285	0.71%
0.25% Royal Bank of Canada 02/05/2024	EUR	505,852	0.89%
0.13% Santander Consumer Bank 11/09/2024	EUR	502,686	0.88%
1.25% Shell International Finance BV 11/11/2032	EUR	790,936	1.39%

HSBC Malta Funds SICAV p.l.c.

Notes to the unaudited financial statements

For the period ended 30 September 2021

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>			
2.75% Telecom Italia 15/04/2025	EUR	788,069	1.38%
2.93% Telefonica Emisiones SAU 17/10/2029	EUR	358,204	0.63%
0.38% The Toronto-Dominion Bank 25/04/2024	EUR	507,095	0.89%
1.63% Total SE VRN PERP	EUR	501,990	0.88%
FRN Volksagen International 16/11/2024	EUR	1,037,779	1.81%
3.50% Volkswagen VRN PERP	EUR	824,407	1.45%
FRN Credit Suisse Group AG 16/01/2026	EUR	1,014,120	1.77%
		<u>25,428,268</u>	<u>44.62%</u>
3.40% Alibaba Group 06/12/2027	USD	462,503	0.81%
2.40% Amazon.com Inc 22/02/2023	USD	487,977	0.86%
6.75% BBVA Bancomer SA Institution DE BCA 30/09/2022	USD	454,256	0.80%
4.38% Barclay p.l.c. 12/01/2026	USD	337,006	0.59%
4.50% Citigroup 14/01/2022	USD	611,213	1.07%
3.25% Emirates NDB 14/11/2022	USD	442,952	0.78%
5.75% Goldman Sachs 24/01/2022	USD	394,882	0.69%
2.75% Heineken NV 01/04/2023	USD	490,750	0.86%
3.88% Morgan Stanley 29/04/2024	USD	465,724	0.82%
2.30% Paypal Holdings Inc. 01/06/2030	USD	442,703	0.78%
4.13% Reliance Industries 28/01/2025	USD	513,379	0.90%
		<u>5,103,345</u>	<u>8.96%</u>
Total Corporate Bonds		<u>30,531,614</u>	<u>53.58%</u>
Portfolio of Investments		47,560,309	83.45%
Bank Balances		9,212,719	16.16%
Net Current Assets		219,884	0.39%
Net Assets		<u>56,992,912</u>	<u>100%</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 2021

9 Portfolio of net assets (continued)

Equity Growth Fund

	Denominated in	Fair Value EUR	Percentage of total net assets %
<i>Equity Investments</i>			
Bank of Valletta p.l.c.	EUR	687,090	2.52%
BMIT Technologies p.l.c.	EUR	275,883	1.01%
Citadel Insurance Ltd Private Equity	EUR	48,804	0.18%
Go p.l.c.	EUR	723,836	2.65%
HSBC Bank Malta p.l.c.	EUR	376,249	1.38%
International Hotel Investments p.l.c.	EUR	367,145	1.34%
Malta International Airport p.l.c.	EUR	865,368	3.17%
Malta Properties Co p.l.c.	EUR	236,146	0.86%
Maltapost p.l.c.	EUR	80,278	0.29%
Malta Investments p.l.c.	EUR	51,540	0.19%
Medserv p.l.c.	EUR	123,805	0.45%
Midi p.l.c.	EUR	383,181	1.40%
PG p.l.c.	EUR	565,936	2.07%
Plaza Centres p.l.c.	EUR	40,303	0.15%
RS2 Software p.l.c.	EUR	566,706	2.08%
Simonds Farsons Cisk p.l.c.	EUR	178,152	0.65%
Tigne Mall p.l.c.	EUR	46,984	0.17%
Trident Estates p.l.c.	EUR	45,001	0.16%
VBL p.l.c.	EUR	98,000	0.36%
		<u>5,760,407</u>	<u>21.08%</u>
Apple Inc.	USD	<u>1,219,509</u>	<u>4.47%</u>
		<u>1,219,509</u>	<u>4.47%</u>
Total Equity Investments		<u>6,979,916</u>	<u>25.55%</u>

HSBC Malta Funds SICAV p.l.c.

Notes to the unaudited financial statements

For the period ended 30 September 2021

9 Portfolio of net assets (continued)

Equity Growth Fund (continued)

	Denominated in	Fair Value EUR	Percentage of total net assets %
<i>Exchange Traded Funds</i>			
HSBC MSCI EUROPE ETF	EUR	699,415	2.56%
Lyxor ETF CAC 40 ETF	EUR	410,592	1.50%
Lyxor ETF DAX	EUR	750,076	2.75%
iShares FTSE UCITS ETF	EUR	693,630	2.54%
iShares STOXX Europe 600 ETF	EUR	757,638	2.77%
		<u>3,311,351</u>	<u>12.12%</u>
HSBC MSCI PACIFIC EX	USD	380,176	1.39%
HSBC MSCI CHINA ETF	USD	1,055,206	3.86%
HSBC MSCI EMM ETF	USD	276,746	1.01%
HSBC S&P 500 ETF USD	USD	974,953	3.57%
iShares MSCI Brazil ETF	USD	380,684	1.39%
iShares S&P 500 I ETF	USD	1,665,759	6.11%
iShares S&P500 EG ACC ETF	USD	771,086	2.82%
iShares S&P 500 ETF	USD	1,399,547	5.14%
iShares CORE MSCI ETF	USD	1,292,549	4.73%
iShares S&P ETF	USD	1,462,731	5.37%
iShares DOWJONES ETF	USD	597,328	2.19%
iShares MSCI AUST ETF	USD	255,162	0.93%
iShares NASDAQ 10 ETF	USD	864,934	3.17%
SPDR S&P U.S. CON ETF	USD	711,531	2.61%
SPDR S&P U.S. IND ETF	USD	1,363,641	4.99%
		<u>13,452,036</u>	<u>49.28%</u>
iShares Core FTSE 100 UCITS ETF	GBP	604,471	2.21%
		<u>604,471</u>	<u>2.21%</u>
Total Exchange Traded Funds		<u>17,367,858</u>	<u>63.61%</u>
<i>Collective Investment Schemes</i>			
HSBC Global Investment Funds – Euroland Equity	EUR	488,717	1.79%
Total Collective Investment Schemes		<u>488,717</u>	<u>1.79%</u>

HSBC Malta Funds SICAV p.l.c.

Notes to the unaudited financial statements

For the period ended 30 September 2021

9 Portfolio of net assets (continued)

Equity Growth Fund (continued)

Portfolio of Investments	24,836,491	90.95%
Bank Balances	2,489,340	9.12%
Net Current Liabilities	(18,446)	-0.07%
Net assets	<u>27,307,385</u>	<u>100%</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 2021

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	1,071,700	1.05%
FRN Italy Cert. di Cred del Tesoro/CCTS-eu 15/04/2025	EUR	1,015,156	1.00%
3.38% Indonesian Gov. Bond 30/07/2025	EUR	491,383	0.48%
3.75% Indonesian Rep 14/06/2028	EUR	555,710	0.55%
0.25% Malta Government Bond 18/11/2026	EUR	1,559,921	1.53%
1.00% Malta Government Bond 23/04/2031	EUR	594,061	0.58%
1.00% Malta Government Bond 23/08/2035	EUR	553,893	0.54%
1.40% Malta Government Bond 11/11/2023	EUR	498,813	0.49%
1.40% Malta Government Bond 29/07/2024	EUR	9,860,859	9.68%
1.50% Malta Government Bond 15/06/2027	EUR	1,094,850	1.07%
2.30% Malta Government Bond 24/07/2029	EUR	511,610	0.50%
2.50% Malta Government Bond 17/11/2036	EUR	1,570,050	1.54%
3.00% Malta Government Bond 11/06/2040	EUR	11,235,887	11.02%
3.30% Malta Government Bond 12/11/2024	EUR	1,623,750	1.59%
4.10% Malta Government Bond 18/10/2034	EUR	1,101,973	1.08%
4.45% Malta Government Bond 03/09/2032	EUR	5,624,991	5.52%
4.50% Malta Government Bond 25/10/2028	EUR	10,285,143	10.09%
4.65% Malta Government Bond 22/07/2032	EUR	1,902,888	1.87%
4.80% Malta Government Bond 11/09/2028	EUR	2,158,950	2.12%
5.10% Malta Government Bond 1/10/2029	EUR	2,577,258	2.53%
5.20% Malta Government Bond 16/09/2031	EUR	3,808,650	3.74%
5.25% Malta Government Bond 23/6/2030	EUR	441,132	0.43%
1.38% Mexican Govt. Bond 15/01/2025	EUR	3,042,600	2.99%
1.13% Mexican Govt. Bond 17/01/2030	EUR	4,653,452	4.57%
FRN Portugese Government Bond 23/07/2025	EUR	3,184,321	3.12%
2.75% Peru (Rep) 30/01/2026	EUR	2,958,500	2.90%
3.75% Peru (Rep) 01/03/2030	EUR	7,744,913	7.60%
0.87% Philippines Government Bond 17/05/2027	EUR	8,902,900	8.74%
2.75% Romanian Govt. Bond 29/10/2025	EUR	3,108,600	3.05%
1.85% Russian Federation 20/11/2032	EUR	1,980,800	1.94%
1.40% Spain Government Bonds 30/07/2028	EUR	1,524,906	1.50%
0.63% Corporacion Andina de Fomento 30/01/2024	EUR	590,313	0.58%
0.63% Corporacion Andina de Fomento 20/11/2026	EUR	2,051,580	2.01%
		<u>99,881,516</u>	<u>98.00%</u>

HSBC Malta Funds SICAV p.l.c.

Notes to the unaudited financial statements

For the period ended 30 September 2021

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>			
7.5% European Investment Bank 04/22	BRL	315,229	0.31%
		315,229	0.31%
Total Sovereign/Supranational Bonds		100,196,744	98.31%
Portfolio of investments		100,196,744	98.31%
Bank Balances		1,672,432	1.64%
Net current assets		47,894	0.05%
Net assets		101,917,070	100%

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 2021

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	302,570	0.63%
2.30% Malta Government Bond 24/07/2029	EUR	1,150	0.00%
2.50% Malta Government Bond 17/11/2036	EUR	248,514	0.51%
3.00% Malta Government Bond 11/06/2040	EUR	46,466	0.10%
4.10% Malta Government Bond 18/10/2034	EUR	579,285	1.20%
4.45% Malta Government Bond 03/09/2032	EUR	692,000	1.43%
4.50% Malta Government Bond 25/10/2028	EUR	129,595	0.27%
5.20% Malta Government Bond 16/09/2031	EUR	287,020	0.59%
5.50% Malta Government Bond 06/07/2023	EUR	386,243	0.80%
		<u>2,672,842</u>	<u>5.53%</u>
Total Sovereign/ Supranational Bond		<u>2,672,842</u>	<u>5.53%</u>

Corporate Bonds

5.10% 6PM Holdings p.l.c. 31/07/2025	EUR	391,305	0.81%
6.00% AX Investments p.l.c. 06/03/2024	EUR	109,219	0.23%
3.25% AX Investments p.l.c. 12/2029	EUR	106,489	0.22%
3.75% AX Investments p.l.c. 12/2029	EUR	149,620	0.31%
3.50% Bank of Valletta p.l.c. 08/08/2030	EUR	581,543	1.20%
3.75% Bank of Valletta p.l.c. 15/06/2031	EUR	255,013	0.53%
3.90% Browns Pharmacy 05/2031	EUR	155,963	0.32%
4.25% Corinthia Finance p.l.c. 12/04/2026	EUR	186,862	0.39%
4.00% Eden Finance 28/04/2027	EUR	128,469	0.27%
4.00% Exalco Finance 20/08/2028	EUR	200,858	0.42%
3.50% Go p.l.c. 25/06/2031	EUR	518,099	1.07%
4.50% Grand Harbour Marina p.l.c. 23/08/2027	EUR	51,500	0.11%
5.00% Hal Mann Vella Group p.l.c. 06/11/2024	EUR	137,694	0.28%
3.80% Hili Finance Co p.l.c. 27/08/2029	EUR	763,313	1.58%
3.85% Hili Finance Co p.l.c. 24/07/2028	EUR	305,895	0.63%
4.50% Hili Properties p.l.c. 16/10/2025	EUR	210,996	0.44%
5.75% International 13/05/2025	EUR	408,040	0.84%
4.00% International Hotel 29/07/2026	EUR	254,771	0.53%
4.50% Izola Bank p.l.c. 30/06/2025	EUR	154,538	0.32%
5.30% Mariner Finance p.l.c. 03/07/2024	EUR	24,495	0.05%
4.00% McDirect Bank (Malta) p.l.c. 05/11/2029	EUR	70,700	0.15%

HSBC Malta Funds SICAV p.l.c.

Notes to the unaudited financial statements

For the period ended 30 September 2021

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>			
5.00% Mediterranean Inv. Holdings p.l.c. 07/2022	EUR	147,053	0.30%
5.50% Mediterranean Inv. Holdings p.l.c. 31/07/2023	EUR	152,045	0.31%
4.50% Medserv p.l.c. 05/02/2026	EUR	498,537	1.03%
5.75% Medserv p.l.c. 05/02/2026	EUR	84,408	0.17%
6.00% Medserv p.l.c. 30/09/2023	EUR	179,136	0.37%
4.00% Merkanti Holdings p.l.c. 12/08/2026	EUR	614,604	1.27%
4.00% Midi p.l.c. 26/07/2026	EUR	94,402	0.20%
4.15% Phoenicia Finance p.l.c. 12/2028	EUR	118,129	0.24%
3.90% Plaza Centres p.l.c. 22/09/2026	EUR	261,250	0.54%
3.75% Premier Capital p.l.c. 23/11/2026	EUR	277,758	0.57%
4.35% SD Finance p.l.c. 25/04/2027	EUR	419,840	0.87%
4.50% Shoreline Mall p.l.c. 01/08/2032	EUR	699,825	1.45%
3.50% Simonds Farsons Cisk p.l.c. 13/09/2027	EUR	65,716	0.14%
4.00% Stivala 10/2027	EUR	42,230	0.09%
3.75% Tumas Investments p.l.c. 10/07/2027	EUR	151,913	0.31%
5.00% Tumas Investments p.l.c. 31/07/2024	EUR	243,286	0.50%
3.75% Virtu Finance p.l.c. 30/11/2027	EUR	28,566	0.06%
		<u>9,244,076</u>	<u>19.12%</u>
Total Corporate Bonds		<u>9,244,076</u>	<u>19.12%</u>
<i>Equity Investments</i>			
Bank of Valletta p.l.c.	EUR	3,337,982	6.92%
BMIT Technologies p.l.c.	EUR	1,538,398	3.18%
Citadel Insurance Ltd Private Equity	EUR	440,076	0.91%
Go p.l.c.	EUR	2,683,440	5.56%
HSBC Bank Malta p.l.c.	EUR	1,919,692	3.97%
International Hotel Investments p.l.c.	EUR	1,944,467	4.02%
Lombard Bank (Malta) p.l.c.	EUR	333,448	0.69%
Malita Investments p.l.c.	EUR	530,763	1.10%
Malta International Airport p.l.c.	EUR	2,134,280	4.42%
Malta Properties Co p.l.c.	EUR	884,342	1.83%
Maltapost p.l.c.	EUR	706,156	1.46%

HSBC Malta Funds SICAV p.l.c.

Notes to the unaudited financial statements

For the period ended 30 September 2021

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>			
Medserv p.l.c.	EUR	567,513	1.17%
Midi p.l.c.	EUR	1,603,996	3.32%
PG p.l.c.	EUR	2,634,008	5.46%
Plaza Centres p.l.c.	EUR	231,778	0.48%
RS2 Software p.l.c.	EUR	3,290,306	6.81%
Simonds Farsons Cisk p.l.c.	EUR	489,928	1.01%
Tigne Mall p.l.c.	EUR	1,703,715	3.53%
Trident Estates p.l.c.	EUR	123,757	0.26%
VBL p.l.c.	EUR	210,000	0.43%
		<u>27,308,045</u>	<u>56.53%</u>
FIMbank p.l.c.	USD	<u>577,295</u>	<u>1.19%</u>
		<u>577,295</u>	<u>1.19%</u>
Total Equity		<u>27,885,340</u>	<u>57.74%</u>
<i>Exchange Traded Funds</i>			
iShares FTSE UCITS ETF	EUR	285,159	0.59%
ishares STOXX Europe 600 DE	EUR	441,956	0.91%
Lyxor ETF CAC 40 ETF	EUR	468,332	0.97%
SPDR S&P U.S. CON ETF	EUR	401,378	0.83%
HSBC MSCI CHINA UCITS ETF	EUR	561,816	1.16%
		<u>2,158,640</u>	<u>4.46%</u>
HSBC MSCI EM LATIN ETF	USD	98,276	0.20%
HSBC MSCI PACIFIC EX	USD	362,580	0.75%
iShares Core MSCI ETF	USD	413,754	0.86%
ISHARES S&P 500 I ETF	USD	1,953,786	4.05%
iShares Core S&P 500 UCITS ETF	USD	763,916	1.58%
Lyxor ETF DAX	USD	524,768	1.09%
		<u>4,117,080</u>	<u>8.52%</u>
Total Exchange Traded funds		<u>6,275,720</u>	<u>12.99%</u>

HSBC Malta Funds SICAV p.l.c.

Notes to the unaudited financial statements

For the period ended 30 September 2021

9 Portfolio of net assets (continued)

Malta Assets Fund (continued)

Portfolio of investments	46,077,979	95.37%
Bank Balances	2,323,490	4.81%
Net current liabilities	(86,920)	-0.18%
Net assets	<u>48,314,549</u>	<u>100%</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 2021

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 70 to 73 in comparison with the portfolio of investments as at 31 March 2021 is analysed below:

Percentage of net assets:

	30 September	31 March
	2021	2021
	%	%
Sovereign/Supranational Bonds	43.05	41.83
Corporate Bonds	50.79	48.45
	<u>93.84</u>	<u>90.28</u>

International Bond Fund

The composition of the portfolio of investments shown on pages 74 to 76 comparison with the portfolio of investments as at 31 March 2021 is analysed below:

Percentage of net assets:

	30 September	31 March
	2021	2021
	%	%
Sovereign/Supranational Bonds	29.87	30.22
Corporate Bonds	53.58	52.06
	<u>83.45</u>	<u>82.28</u>

HSBC Malta Funds SICAV p.l.c.

Notes to the unaudited financial statements

For the period ended 30 September 2021

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 77 to 79 in comparison with the portfolio of investments as at 31 March 2021 is analysed below:

Percentage of net assets:

	30 September 2021 %	31 March 2021 %
Equity Investments	25.55	26.61
Exchange Traded Funds	63.61	64.23
Collective Investment Schemes	1.79	1.81
	<u>90.95</u>	<u>92.65</u>

Malta Government Bond Fund

The composition of the portfolio of investments shown on pages 80 to 81 in comparison with the portfolio of investments as at 31 March 2021 is analysed below:

Percentage of net assets:

	30 September 2021 %	31 March 2021 %
Sovereign/ Supranational Bonds	98.31	92.36
	<u>98.31</u>	<u>92.36</u>

HSBC Malta Funds SICAV p.l.c.

Notes to the unaudited financial statements

For the period ended 30 September 2021

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):

Maltese Assets Fund

The composition of the portfolio of investments shown on pages 82 to 85 in comparison with the portfolio of investments as at 31 March 2021 is analysed below:

Percentage of net assets:

	30 September 2021 %	31 March 2021 %
Sovereign/Supranational Bonds	5.53	6.00
Corporate Bonds	19.12	17.89
Equity Investments	57.72	56.45
Exchange Traded Funds	12.99	13.80
	<u>95.36</u>	<u>94.14</u>

HSBC Malta Funds SICAV p.l.c.

Notes to the unaudited financial statements

For the period ended 30 September 2021

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
Malta Bond Fund	01-Apr-21	EUR	1.748	36,501	
	01-Jul-21	EUR	1.672	34,900	
	1-Oct-21	EUR	1.790		36,416
International Bond Fund	01-Apr-21	EUR	0.724	3,110	
	01-Apr-21	GBP	0.616	664	
	01-Jul-21	EUR	0.645	2,761	
	01-Jul-21	GBP	0.554	597	
	1-Oct-21	EUR	0.612		2,561
	1-Oct-21	GBP	0.525		614
Malta Government Bond Fund	01-Apr-21	EUR	0.807	19,760	
	01-Jul-21	EUR	0.763	18,344	
	1-Oct-21	EUR	0.845		19,732
Maltese Assets Fund	01-Jul-21	EUR	1.889	1,063	
	Ex-dividend date		Rate per share	Dividend paid	Dividend payable
Malta Bond Fund	01-Apr-20	EUR	1.826	38,517	
	01-Jul-20	EUR	1.674	35,029	
	1 Oct 2020	EUR	1.751		37,121
International Bond Fund	01-Apr-20	EUR	1.050	5,891	
	01-Jul-20	EUR	0.976	4,418	
	01-Jul-20	GBP	0.887	955	
	1-Oct-20	EUR	0.772		3,415
	1-Oct-20	GBP	0.701		754
Malta Government Bond Fund	01-Apr-20	EUR	0.899	22,495	
	01-Jul-20	EUR	0.876	21,847	
	1-Oct-20	EUR	0.865		21,467
Maltese Assets Fund	01-Jul-20	EUR	1.290	726	

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Notes to the unaudited financial statements

For the period ended 30 September 2021

10 Dividend distributions (continued)

Subsequent to period end, the Directors proposed to distribute a further final dividend amounting to EUR36,416 (30 September 2020: EUR37,121) to the Income Share Class of the Malta Bond Fund, EUR2,561 (30 September 2020: EUR3,415) and GBP614 (30 September 2020: GBP754) to the Income Share Class of the International Bond Fund, EUR19,732 (30 September 2020: EUR21,467) 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 EUR34,035, EUR2,630, and EUR17,560 respectively.

The dividend administration fee charged on the Malta Bond Fund, the International Bond Fund, and the Malta Government Bond Fund for the financial period ended 30 September 2021 amounted to 0.0033% (30 September 2020: 0.0033%), 0.0020% (30 September 2020: 0.0018%), and 0.0044% (30 September 2020: 0.0042%) 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.

During the period under review, the Manager received EUR1,572,034 (30 September 2020: EUR1,517,720) as management fees. Management fees amounting to EUR51,119 (31 March 2021: EUR59,578) were due to the Manager as at 30 September 2021.

HSBC Malta Funds SICAV p.l.c.

Notes to the unaudited financial statements

For the period ended 30 September 2021

11 Related party transactions (continued)

(b) Administration fees

During the period under review, the Administrator received EUR108,355 (30 September 2020: EUR106,076) as administration fees. Administration fees amounting to EUR17,668 (31 March 2021: EUR13,754) were due to the Administrator as at 30 September 2021.

(c) Investment Account fee

During the period under review, HSBC Bank Malta p.l.c. received an aggregate investment account fee of EUR241,847 (30 September 2020: EUR241,265). Investment account fees amounting to EUR31,078 (31 March 2021: EUR41,677) were due to the HSBC Bank Malta p.l.c. as at 30 September 2021.

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 EUR10,657 (30 September 2020: EUR10,783).

(d) Directors' fees

No transactions were entered into with key management personnel other than the payment of the Directors' emoluments of EUR18,587 (30 September 2020: EUR7,592). These amounts represent short-term employee benefits.

(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 period amounting to EUR56,077 (30 September 2020: EUR54,006).

(f) Unitholding of related parties

At reporting date, parties related to the Manager held 50,121 units (30 September 2020: 51,694 units) in the Malta Bond Fund – Accumulator Shares, 56,929 units (30 September 2020: 55,232 units) in the International Bond Fund – Accumulator Shares, nil Class A Units (30 September 2020: nil) and 42,269 units (30 September 2020: 39,270 units) in the Equity Growth Fund Class B, and 19,806 units (30 September 2020: 21,042) in the Maltese Assets Fund – Accumulator shares.

As at the reporting date, the Directors held 32 units (31 March 2021: 32 units) in the Malta Bond Fund – Accumulator Shares.

HSBC Malta Funds SICAV p.l.c.

Notes to the unaudited financial statements

For the period ended 30 September 2021

11 Related party transactions (continued)

(f) Unitholding of related parties (continued)

As at 30 September 2021, all units in the Malta Bond Fund, International Bond Fund, Equity Growth Fund, Malta Government Bond Fund and Maltese Assets Fund were held under nominee by HSBC Bank Malta p.l.c.

(g) Investments in HSBC securities

Investments held by the Funds in securities, bonds and collective investment schemes issued by HSBC group as at the reporting date amounted to EUR7,193,827 (31 March 2021: EUR6,443,481).

(h) Share subscriptions and redemptions

As at the reporting date, parties related to the Manager subscribed EUR488,000 (30 September 2020: EUR102,000) in the Malta Bond Fund, EUR325,000 (30 September 2020: EUR557,000) in the International Bond Fund, EUR626,000 (30 September 2020: EUR326,000) in the Equity Growth Fund, and EUR222,000 (30 September 2020: EUR207,000) in the Maltese Assets Fund.

As at the reporting date, parties related to the Manager redeemed a portion of its holding/shares in the Malta Bond Fund, amounting to EUR987,000 (30 September 2020: EUR600,000) and EUR 224,000 (30 September 2020: Nil) in the Maltese Assets Fund.

12 Fair value of financial assets and financial liabilities

At 30 September 2021 and 31 March 2021, 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

HSBC Malta Funds SICAV p.l.c.

Notes to the unaudited financial statements

For the period ended 30 September 2021

13 Financial instruments and associated risks (continued)

13.1 Overview (continued)

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.

13.2 Risk management framework

The Funds' underlying investment portfolios comprise quoted and unquoted equity investments, quoted and unquoted debt investments, 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 70 to 85.

HSBC Malta Funds SICAV p.l.c.

Notes to the unaudited financial statements

For the period ended 30 September 2021

13 Financial instruments and associated risks (continued)

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:

	30 September 2021	31 March 2021
Currency	% of Net Assets	% of Net Assets
<i>Malta Bond Fund</i>		
US Dollars	3.0%	2.9%
Pounds Sterling	0.3%	0.3%
Brazilian Real	0.2%	0.2%
<i>International Bond Fund</i>		
US Dollars	15.7%	16.2%
Pounds Sterling	0.4%	-
Brazilian Real	0.6%	0.6%
<i>Equity Growth Fund</i>		
US Dollars	58.5%	58.7%
Pounds Sterling	3.4%	3.5%
<i>Malta Government Bond Fund</i>		
US Dollars	0.3%	0.3%
Pounds Sterling	0.02%	0.02%
Brazilian Real	0.3%	0.3%
<i>Maltese Assets Fund</i>		
US Dollar	10.6%	11.3%

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Notes to the unaudited financial statements

For the period ended 30 September 2021

13 Financial instruments and associated risks (continued)

13.4 Currency Risk (continued)

Sensitivity Analysis

As at 30 September 2021, 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:

	30 September 2021	31 March 2021
	Euro	Euro
<i>Malta Bond Fund</i>		
US Dollar	465,000	455,000
Pounds Sterling	51,000	51,000
Brazilian Real	33,000	33,000
<i>International Bond Fund</i>		
US Dollar	894,000	918,000
Pounds Sterling	24,000	-
Brazilian Real	33,000	33,000
<i>Equity Growth Fund</i>		
US Dollar	1,599,000	1,489,000
Pounds Sterling	92,000	89,000
<i>Malta Government Bond Fund</i>		
US Dollar	34,000	34,000
Pounds Sterling	2,000	2,000
Brazilian Real	35,000	33,000
<i>Maltese Assets Fund</i>		
US Dollar	510,000	522,000

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.

HSBC Malta Funds SICAV p.l.c.

Notes to the unaudited financial statements

For the period ended 30 September 2021

13 Financial instruments and associated risks (continued)

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.

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 2021		31 March 2021	
	% of net assets	Euro	% of net assets	Euro
Debt securities	93.84	143,026,565	90.28	139,363,268
Fixed deposits	0.49	752,980	0.98	1,511,566
Non-interest-bearing assets	6.17	9,411,520	8.93	13,776,863
	<u>100.50</u>	<u>153,191,066</u>	<u>100.19</u>	<u>154,651,697</u>

HSBC Malta Funds SICAV p.l.c.

Notes to the unaudited financial statements

For the period ended 30 September 2021

13 Financial instruments and associated risks (continued)

13.5 Interest Rate Risk (continued)

Exposure to interest rate risk

International Bond Fund

	30 September 2021		31 March 2021	
	% of net assets	Euro	% of net assets	Euro
Debt securities	83.45	47,560,309	82.28	46,691,720
Fixed deposits	-	-	0.89	506,736
Non-interest bearing assets	16.90	9,631,232	16.89	9,585,878
	<u>100.35</u>	<u>57,191,541</u>	<u>100.06</u>	<u>56,784,334</u>

Malta Government Bond Fund

	30 September 2021		31 March 2021	
	% of net assets	Euro	% of net assets	Euro
Debt securities	98.31	100,196,744	92.36	100,163,871
Fixed deposits	-	-	0.70	758,647
Non-interest bearing assets	2.32	2,360,300	7.07	7,675,259
	<u>100.63</u>	<u>102,557,044</u>	<u>100.13</u>	<u>108,597,777</u>

HSBC Malta Funds SICAV p.l.c.

Notes to the unaudited financial statements

For the period ended 30 September 2021

13 Financial instruments and associated risks (continued)

13.5 Interest Rate Risk (continued)

Maltese Assets Fund

	30 September 2021		31 March 2021	
	% of net assets	Euro	% of net assets	Euro
Debt securities	24.67	11,916,918	23.89	11,049,413
Non-interest bearing assets	75.79	36,619,733	76.52	35,385,929
	<u>100.46</u>	<u>48,536,651</u>	<u>100.41</u>	<u>46,435,342</u>

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 2021 in the event that worldwide yield curves experience a parallel 25 basis points / 50 basis points shift upwards or downwards.

HSBC Malta Funds SICAV p.l.c.

Notes to the unaudited financial statements

For the period ended 30 September 2021

13 Financial instruments and associated risks (continued)

13.5 Interest Rate Risk (continued)

Yield Curve Shift

	30 September 2021 Euro	31 March 2021 Euro
<i>Malta Bond Fund</i>		
+25bps	(1,780,000)	(1,829,000)
-25bps	1,780,000	1,829,000
+50bps	(3,559,000)	(3,658,000)
-50bps	3,559,000	3,658,000
<i>International Bond Fund</i>		
+25bps	(715,000)	(721,000)
-25bps	715,000	721,000
+50bps	(1,431,000)	(1,443,000)
-50bps	1,431,000	1,443,000
<i>Malta Government Bond Fund</i>		
+25bps	(1,557,000)	(1,629,000)
-25bps	1,557,000	1,629,000
+50bps	(3,115,000)	(3,259,000)
-50bps	3,115,000	3,259,000
<i>Maltese Assets Fund</i>		
+25bps	(180,000)	(213,000)
-25bps	180,000	213,000
+50bps	(360,000)	(425,000)
-50bps	360,000	425,000

HSBC Malta Funds SICAV p.l.c.

Notes to the unaudited financial statements

For the period ended 30 September 2021

13 Financial instruments and associated risks (continued)

13.5 Interest Rate Risk (continued)

Yield Curve Shift (continued)

Equity Growth Fund

The majority of the Fund's financial assets are non interest-bearing and as a result, the Fund is 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.

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 2021		31 March 2021	
	% of net assets	Euro	% of net assets	Euro
Equity	25.56	6,979,916	26.61	6,744,821
Exchange Traded Funds	63.60	17,367,858	64.23	16,284,444
Collective Investment Schemes	1.79	488,717	1.81	458,932
	90.95	24,836,491	92.65	23,488,197

HSBC Malta Funds SICAV p.l.c.

Notes to the unaudited financial statements

For the period ended 30 September 2021

13 Financial instruments and associated risks (continued)

13.6 Other Price Risk (continued)

Exposure to other price risk (continued)

Maltese Assets Fund

	30 September 2021		31 March 2021	
	% of net assets	Euro	% of net assets	Euro
Equity	57.72	27,885,340	56.45	26,107,371
Exchange Traded Funds	12.99	6,275,720	13.80	6,384,201
	<u>70.71</u>	<u>34,161,060</u>	<u>70.25</u>	<u>32,491,572</u>

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 EUR2,435,000 (31 March 2021: EUR2,303,000) and of the Maltese Assets Fund by approximately EUR3,416,000 (31 March 2021: EUR3,249,000). 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 30 September 2021 amounted to EUR488,717 (31 March 2021: EUR458,932).

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 2021

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 2021

		Combined	Malta Bond Fund	International Bond Fund	Equity Growth Fund	Malta Government Bond	Maltese Assets Fund
	Note	Euro	Euro	Euro	Euro	Euro	Euro
Debt securities	9	302,700,536	143,026,565	47,560,309	-	100,196,744	11,916,918
Fixed deposits	6	752,980	752,980	-	-	-	-
Accrued interest		2,911,488	1,669,925	418,513	-	687,868	135,182
Dividends receivable		-	-	-	-	-	-
Subscription receivable		-	-	-	-	-	-
Bank Balances	6	23,439,577	7,741,596	9,212,719	2,489,340	1,672,432	2,323,490
		<u>329,804,581</u>	<u>153,191,066</u>	<u>57,191,541</u>	<u>2,489,340</u>	<u>102,557,044</u>	<u>14,375,590</u>

HSBC Malta Funds SICAV p.l.c.

Notes to the unaudited financial statements

For the period ended 30 September 2021

13 Financial instruments and associated risks (continued)

13.7 Credit Risk (continued)

Exposure to credit risk (continued)

31 March 2021

		Combined	Malta Bond Fund	International Bond Fund	Equity Growth Fund	Malta Government Bond	Maltese Assets Fund
	Note	Euro	Euro	Euro	Euro	Euro	Euro
Debt securities	9	297,268,272	139,363,268	46,691,720	-	100,163,871	11,049,413
Fixed deposits	6	2,776,949	1,511,566	506,736	-	758,647	-
Accrued interest		3,197,419	1,896,099	425,018	-	663,827	212,475
Dividends receivable		28,606	-	-	4,091	-	24,515
Subscription receivable		-	-	-	-	-	-
Bank Balances	6	32,657,686	11,880,764	9,160,860	1,947,264	7,011,432	2,657,366
		<u>335,928,932</u>	<u>154,651,697</u>	<u>56,784,334</u>	<u>1,951,355</u>	<u>108,597,777</u>	<u>13,943,769</u>

HSBC Malta Funds SICAV p.l.c.

Notes to the unaudited financial statements

For the period ended 30 September 2021

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 2021 constituted 41.09% (including accrued interest) (31 March 2021: 39.88%) 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 2021, 44.42% (including accrued interest) (31 March 2021: 41.94%) 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 2021, investment in these assets amounted to 9.40% (including accrued interest) of the portfolio (31 March 2021: 9.63%).

The credit quality of the non-Maltese issuers' portfolio as at 30 September 2021 is summarised below:

Credit Rating	30 September 2021	31 March 2021
	% Exposure	% Exposure
AAA(credit rating of AAA ranges from AAA- to AAA+)	0.5	0.5
AA (credit rating of AA ranges from AA- to AA+)	1.3	1.2
A (credit rating of A ranges from A- to A+)	2.4	2.3
BBB (credit rating of BBB ranges from BBB- to BBB+)	5.3	5.5

HSBC Malta Funds SICAV p.l.c.

Notes to the unaudited financial statements

For the period ended 30 September 2021

13 Financial instruments and associated risks (continued)

13.7 Credit Risk (continued)

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.

The credit quality of the non-Maltese issuers' portfolio as at 30 September 2021 is summarised below:

Credit Rating	30 September 2021	31 March 2021
	% Exposure	% Exposure
AAA (credit rating of AAA ranges from AAA- to AAA+)	1.5	1.5
AA (credit rating of AA ranges from AA- to AA+)	1.8	8.1
A (credit rating of A ranges from A- to A+)	20.2	13.6
BBB (credit rating of BBB ranges from BBB- to BBB+)	39.6	40.4
BB (credit rating of BB ranges from BB- to BB+)	7.4	5.8
B (credit rating of B ranges from B- to B+)	1.0	1.0

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 2021 constituted 84.00% (including accrued interest) (31 March 2021: 78.85%) 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 2021, investment in these assets amounted to 14.94% (including accrued interest) of the total assets (31 March 2021: 14.07%).

HSBC Malta Funds SICAV p.l.c.

Notes to the unaudited financial statements

For the period ended 30 September 2021

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 2021 is summarised below:

Credit Rating	30 September 2021	31 March 2021
	% Exposure	% Exposure
AAA (credit rating of AAA ranges from AAA- to AAA+)	0.3	0.3
A (credit rating of A ranges from A- to A+)	4.6	4.4
BBB (credit rating of BBB ranges from BBB- to BBB+)	10.0	9.4

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 2021 constituted 5.56% (including accrued interest) (31 March 2021: 6.03%) 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 2021, 19.36% (including accrued interest) (31 March 2021: 18.29%) 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 2021, 13.90% (including accrued interest) of total assets (31 March 2021: 13.80%) 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 2021

13 Financial instruments and associated risks (continued)

13.7 Credit Risk (continued)

Equity Growth Fund

The investment objectives of this Fund does not oblige the 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.

13.8 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 85.51% (including accrued interest) (31 March 2021: 81.83%) of net assets which may not be readily realisable due to the limitations arising from the size and illiquidity of the Maltese capital market.

5.57% (31 March 2021: 8.68%) 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 2021

13 Financial instruments and associated risks (continued)

13.9 Liquidity Risk (continued)

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.

16.16% (31 March 2021: 17.03%) of net assets are held in bank deposits.

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 0.18% (31 March 2021: 0.19%) 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 19.91% of net assets (31 March 2021: 20.83%) which may not be readily realisable due to the limitations arising from the size and illiquidity of the Maltese capital market.

9.12% of net assets (31 March 2021: 7.68%) are held in bank deposits.

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 84.00% of net assets (31 March 2021: 78.85%), which may not be readily realisable due to the limitations arising from the size and illiquidity of the Maltese capital market.

1.64% of net assets (31 March 2021: 7.16%) are held in bank deposits.

HSBC Malta Funds SICAV p.l.c.

Notes to the unaudited financial statements

For the period ended 30 September 2021

13 Financial instruments and associated risks (continued)

13.9 Liquidity Risk (continued)

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 0.91% (31 March 2021: 0.95%) 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 74.06% (31 March 2021: 79.82%) of net assets which may not be readily realisable due to the limitations arising from the size and illiquidity of the Maltese capital market.

4.81% of net assets (31 March 2021: 5.75%) 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 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. 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.

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Notes to the unaudited financial statements

For the period ended 30 September 2021

13 Financial instruments and associated risks (continued)

13.9 Liquidity Risk (continued)

All Funds (continued)

The Prospectus and Articles of Association contain special provisions which provide 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.

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.

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Notes to the unaudited financial statements

For the period ended 30 September 2021

13 Financial instruments and associated risks (continued)

13.10 Fair values of financial instruments (continued)

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 2021

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
30 September 2021				
Financial assets designated at fair value through profit or loss	<u>143,026,565</u>	<u>-</u>	<u>-</u>	<u>143,026,565</u>
	<u>143,026,565</u>	<u>-</u>	<u>-</u>	<u>143,026,565</u>
 31 March 2021				
Financial assets designated at fair value through profit or loss	<u>139,363,268</u>	<u>-</u>	<u>-</u>	<u>139,363,268</u>
	<u>139,363,268</u>	<u>-</u>	<u>-</u>	<u>139,363,268</u>

International Bond Fund

	Level 1	Level 2	Level 3	Total
30 September 2021				
Financial assets designated at fair value through profit or loss	<u>47,560,309</u>	<u>-</u>	<u>-</u>	<u>47,560,309</u>
	<u>47,560,309</u>	<u>-</u>	<u>-</u>	<u>47,560,309</u>
 31 March 2021				
Financial assets designated at fair value through profit or loss	<u>46,691,720</u>	<u>-</u>	<u>-</u>	<u>46,691,720</u>
	<u>46,691,720</u>	<u>-</u>	<u>-</u>	<u>46,691,720</u>

HSBC Malta Funds SICAV p.l.c.

Notes to the unaudited financial statements

For the period ended 30 September 2021

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
30 September 2021				
Financial assets designated at fair value through profit or loss	<u>24,787,687</u>		<u>48,804</u>	<u>24,836,491</u>
	<u>24,787,687</u>	<u>-</u>	<u>48,804</u>	<u>24,836,491</u>
31 March 2021				
Financial assets designated at fair value through profit or loss	<u>23,439,393</u>		<u>48,804</u>	<u>23,488,197</u>
	<u>23,439,393</u>	<u>-</u>	<u>48,804</u>	<u>23,488,197</u>

Maltese Government Bond Fund

	Level 1	Level 2	Level 3	Total
30 September 2021				
Financial assets designated at fair value through profit or loss	<u>100,196,744</u>			<u>100,196,744</u>
	<u>100,196,744</u>	<u>-</u>	<u>-</u>	<u>100,196,744</u>
31 March 2021				
Financial assets designated at fair value through profit or loss	<u>100,163,871</u>			<u>100,163,871</u>
	<u>100,163,871</u>	<u>-</u>	<u>-</u>	<u>100,163,871</u>

HSBC Malta Funds SICAV p.l.c.

Notes to the unaudited financial statements

For the period ended 30 September 2021

13 Financial instruments and associated risks (continued)

13.10 Fair values of financial instruments (continued)

Maltese Assets Fund

	Level 1	Level 2	Level 3	Total
30 September 2021				
Financial assets designated at fair value through profit or loss	<u>45,637,903</u>	<u></u>	<u>440,076</u>	<u>46,077,979</u>
	<u>45,637,903</u>	<u>-</u>	<u>440,076</u>	<u>46,077,979</u>
31 March 2021				
Financial assets designated at fair value through profit or loss	<u>43,100,910</u>	<u></u>	<u>440,076</u>	<u>43,540,986</u>
	<u>43,100,910</u>	<u>-</u>	<u>440,076</u>	<u>43,540,986</u>

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 EUR48,804 (31 March 2021: EUR48,804) and EUR440,076 (31 March 2021: EUR440,067) 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.

13.11 Capital Risk Management

The capital of the Sub-Funds is represented by the net assets attributable to shareholders as disclosed in the Statement of Financial Position. The amount of net assets attributable to shareholders can change significantly on a daily basis as the Sub-Funds are subject to subscriptions and redemptions at the discretion of the shareholders. The Sub-Funds' objective when managing capital is to safeguard the Sub-Funds' ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Sub-Funds.

HSBC Malta Funds SICAV p.l.c.

Notes to the unaudited financial statements

For the period ended 30 September 2021

14 Events subsequent to the reporting date

There were no material significant events affecting the Company subsequent to the reporting period.

HSBC Malta Funds SICAV p.l.c.

General information

1 Authorisation

HSBC Malta Funds SICAV p.l.c. is an open-ended collective investment scheme organised as a multi-fund public limited liability 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 terms of the Investment Services Act, Chapter 370 of the Laws of Malta. The Company qualifies as a 'Maltese UCITS' in terms of the Investment Services Act (Marketing of UCITS) Regulations.

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

As from 4 January 2021, the Manager charged a management fee of 0.785% per annum from the Malta Bond Fund and the Malta Government Bond Fund, 0.570% per annum for the International Bond Fund, 1.000% per annum from the Equity Growth Fund, and 1.060% per annum from the Maltese Assets Fund, based on the Net Asset Value of each respective Fund on each Dealing Day, payable monthly in arrears.

(b) Administration fees

As of the 4 January 2021, 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 0.06% of Net Assets* per annum.

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

Measurement	Charge
Per Share Class	€1,200 per annum
Per Account opening	€150 per new investor
Per Investor account maintenance	€100 per annum
Per Investor Transaction (depending on the type of transaction processed by the Registrar and Transfer Agent)	€12 to €20 per transaction

HSBC Malta Funds SICAV p.l.c.

General information

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 net assets* depending on the amount of net assets.

The above depositary services fees are subject to a minimum fee of EUR5,000 per month in respect of each Sub-Fund, excluding out-of-pocket expenses;

* Net Assets refer to the aggregate Net Asset Value of all the Funds managed by HSBC Global Asset Management (Malta) Limited. The aggregate fees shall be allocated pro-rata between all Sub-Funds being the proportion that such Sub-Fund's net asset value bears to the aggregate net asset value of all Sub-Funds for the relevant Dealing Day).

In terms of the Depositary Agreement between the Company and the Depositary, the Company has agreed to pay all fees and expenses paid or reimbursed by the Depositary to any Sub-Custodian.

At the request of the Company and the Management Company, the Depositary has appointed HSBC Continental Europe as sub-custodian, pursuant to a custody agreement between HSBC Continental Europe and the Depositary.

(f) Fees charged by the Service Provider

The Service Provider charges the following investment account fees: 0.125% per annum on the value of shares held in the Investment Account of each shareholder, with a minimum of EUR 11.65 for Malta Bond Fund and EUR23.29 for Malta Government Bond Fund, Maltese Assets Fund and International Bond Fund and a maximum of EUR116.47 per annum in respect of each Investment Account. For Equity Growth Fund, an investment account fee of 0.125% per annum is charged to the Fund on the Net Asset Value.

HSBC Malta Funds SICAV p.l.c.

General information

2 Management fees and other expenses (continued)

(g) Dividend administration fee

The Service Provider charges EUR4.66 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, the Service Provider charges EUR23.29 on all repurchase transactions (including an exchange of shares from one Fund to another) in excess of 3 per calendar year. The Service Provider reserves the right, at its discretion and on giving notice to a particular Investor, to increase the charge up to no more than EUR1164.69 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 EUR11.65 or GBP9 per Investor on any exchange of shares between an accumulating and income distributing class within the same Fund.

(j) Other Fees

The Company engaged Deloitte Advisory and Technology Limited to, with effect from the period ended 30 September 2021, prepare its annual and interim financial statements. The Company pays Deloitte Advisory and Technology Limited the following fees relating to the preparation of financial statements (annual and interim):

- For the interim financial statements for the period ended 30 September 2021: EUR7,700
- For the financial statements for the year ending 31 March 2022: EUR9,400
- For the annual financial return for the year ending 31 March 2022: EUR1,500

The Funds are subject to reasonable expenses incurred by Deloitte Advisory and Technology Limited in the course of their 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.

HSBC Malta Funds SICAV p.l.c.

General information

2 Management fees and other expenses (continued)

(l) Management agreement

HSBC Global Asset Management (Malta) Limited was originally 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').

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 4 January 2021, following the Company's conversion into a UCITS retail collective investment scheme.

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

(m) Administration agreement

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.

The Agreement entered into between the Manager, the Company and HSBC Securities Services (Ireland) DAC, was amended and restated with a new agreement dated 4 January 2021, following the Company's conversion into a UCITS retail collective investment scheme.

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.

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

HSBC Malta Funds SICAV p.l.c.

General information

2 Management fees and other expenses (continued)

(o) Depositary agreement

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. This Agreement was amended and restated with a new agreement dated 4 December 2020 in view of the Company's conversion into a UCITS retail collective investment scheme.

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

Upon its conversion into a UCITS Scheme, the Company issued a Prospectus dated 4 January 2021.

This Prospectus was replaced by a Prospectus dated 10 March 2021. The Prospectus dated 10 March 2021 was prepared in accordance with the requirements emanating from Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector.

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 Annual 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 Disclosure Requirements

HSBC Global Asset Management (Malta) Limited's remuneration policy on fixed pay (base salary and fixed allowances) is determined by HSBC Bank Malta p.l.c.'s Collective Agreement Salary bank increases (split by rating and grade). The variable pay (discretionary performance bonus) is established via a structured process as part of the performance management system and depends on individual contribution together with Bank/Company performance. The bonus pot and policy is agreed by the Bank's local and Group Remuneration Committee (REMCO) and approved by HSBC Bank Malta p.l.c.'s Board of Directors.

HSBC Malta Funds SICAV p.l.c.

General information

5 Remuneration Policy Disclosure Requirements (continued)

Pay and performance are directly linked to the individual's achievement against set objectives which are both financial and behavioural in nature. Objectives are agreed by the employee and Management beforehand.

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 2020, the total fixed remuneration, including wages, salaries, allowances and share based payments, amounted to EUR75,370 (2019: EUR67,079). Variable remuneration, based on performance, was paid in cash. The total Directors' emoluments incurred by the AIFM during the year were EUR88,020 (2019: EUR81,875).

There are a number of non-cash benefits provided to all HSBC Bank Malta p.l.c. employees which also apply to HSBC Global Asset Management (Malta) Limited employees such as subsidised Bank products, fee free products, nursing services, subsidised medical health insurance, periodical medical check-ups and death in service benefit.

There were no outstanding amounts of deferred remuneration and none was awarded in 2021.

There were no new sign-on and severance payments made in 2021 and none were awarded during the period.

The Investment Manager's income is dependent upon funds under management, and therefore the profit available for distribution under the Policy is dependent upon the performance of the funds.

The remuneration disclosed above relates to the year ended 31 December 2020.

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.