HSBC REAL ECONOMY GREEN INVESTMENT OPPORTUNITY GEM BOND FUND

(*Société en Commandite Spéciale*)

ANNUAL REPORT AND INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2022

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L-2370 Howald
Grand Duchy of Luxembourg

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General Information

Managers of the General Partner	Michael Boehm Jean de Courrèges Christopher Knowles Miriam Muller (until 28 April 2022) Suzanne Williams (since 29 April 2022)
Registered Office	(from 1 October 2022) 4, Rue Peternelchen L-2370 Howald Grand Duchy of Luxembourg (until 30 September 2022) 16, Boulevard d'Avranches L-1160 Luxembourg Grand Duchy of Luxembourg
General Partner	HSBC REGIO Fund General Partner S.à.r.l. (from 1 October 2022) 4, Rue Peternelchen L-2370 Howald Grand Duchy of Luxembourg (until 30 September 2022) 16, Boulevard d'Avranches L-1160 Luxembourg Grand Duchy of Luxembourg
Alternative Investment Fund Manager, Global Distributor and AML/CFT compliance officer	HSBC Investment Funds (Luxembourg) S.A. (from 1 November 2022) 18, Boulevard de Kockelscheuer L-1821 Luxembourg Grand Duchy of Luxembourg (until 31 October 2022) 16, Boulevard d'Avranches L-1160 Luxembourg Grand Duchy of Luxembourg
Administration Agent, Depositary Bank, Paying Agent, Registrar and Transfer Agent	HSBC Continental Europe, Luxembourg (from 1 November 2022) 18, Boulevard de Kockelscheuer L-1821 Luxembourg Grand Duchy of Luxembourg (until 31 October 2022) 16, Boulevard d'Avranches L-1160 Luxembourg Grand Duchy of Luxembourg
Corporate and Domiciliary Agent	(from 1 October 2022) ONE Corporate 4, Rue Peternelchen L-2370 Howald Grand Duchy of Luxembourg (until 30 September 2022) HSBC Continental Europe, Luxembourg 16, Boulevard d'Avranches L-1160 Luxembourg Grand Duchy of Luxembourg

General Information (continued)

Portfolio Manager	HSBC Global Asset Management (UK) Limited 8 Canada Square London, E14 5HQ United Kingdom
Independent Auditor	Ernst & Young S.A. 35 E Avenue John F. Kennedy L-1855 Luxembourg Grand Duchy of Luxembourg
Legal Advisers	**(as to English law)** Herbert Smith Freehills LLP Exchange House Primrose Street London, EC2A 2EG United Kingdom **(as to Luxembourg Law)** Arendt & Medernach S.A. 41A, Avenue JF Kennedy L-2082 Luxembourg Grand Duchy of Luxembourg
Tax Advisor	KPMG LLP 15 Canada Square London, E14 5GL United Kingdom
Representative in Switzerland	HSBC Global Asset Management (Switzerland) Ltd Gartenstrasse 26 P.O.Box CH- 8002 Zurich Switzerland
Paying Agent in Switzerland	HSBC Private Bank (Suisse) S.A. Quai des Bergues 9-17 P.O. Box 2888 CH-1211 Geneva 1 Switzerland

Report of the Managers of the General Partner

Market Review

The last 12 months have been challenging for EM Credit as an asset class. The market had to reassess ongoing risks such as the lack of policy response in China, the Russia and Ukraine war, inflationary pressures and the ongoing cycle of global tightening in monetary policy. All of these uncertainties have placed a constant negative pressure on valuations.

The reporting year started with negative performance over Q4 2021. The headline of the quarter was of rising inflation, a strong USD and a hawkish pivot by the US Federal Reserve. In addition, within the EM world, the lack of a policy response in China to contain the real estate sector meltdown triggered a strong risk reduction in the sector. We also saw political risk arise, particularly in Brazil and Turkey. Lastly, the main focus of the quarter was on the US Fed. Anticipation of asset-purchase tapering was announced in November, only for the Fed to pivot to a more hawkish tone in December, signalling faster-than-expected tapering and quicker interest rate hikes.

Starting 2022, in Q1 Emerging Markets debt posted negative returns over the quarter following the hawkish rhetoric from the US Fed, an escalating war between Russia and Ukraine and higher treasury yields. Spreads in corporate credit widened significantly during the quarter.

The war started in late February, something many thought would be unseen, which led to the developed world implementing numerous sanctions on Russia. In addition, we saw a surge in oil and gas prices, hurting importing countries, but benefited exporting countries. In other parts of EM, the Chinese property sector continued weakening. Interest rate hikes around the emerging world continued, Latin America lead the hiking cycle. Lastly, the Fed began to raise interest rates in March with a 25bps hike that would be followed by constant increases during the rest of our reporting period.

A similar trend continued during Q2, EM debt posted negative returns over the quarter as inflationary pressure led to tighter financial conditions, coupled with weaker global growth. Additionally, higher yields and a stronger USD was impactful as well. Spreads in the hard currency EM corporate credit market rose significantly, with the reference index widening by 75bps spreads over treasury. Investment Grade widened by 35bps and High Yield widened by 140bps.

The Emerging Market backdrop continued to become more challenging as inflationary pressures persisted, while a potential growth slowdown was creeping over the horizon. A rise in global inflation forced many countries to increase interest rates in order to combat price pressure put onto their consumers. The US Fed hiked rates by 125 basis points over the quarter as inflation worsened. Economic data prints across Europe were weaker than expected putting pressure in the ECB to possibly react. Within China, COVID outbreaks led the country to resume lockdowns. In other parts of EM, we saw sovereign defaults and some social unrest given high fuel prices. The war between Russia and Ukraine continued, and Russia started to weaponize fueling.

Starting Q3, there was a change in the negative return trend as there was a brief reprieve in July as returns turned positive (JPM CEMBI Div = +1.3%), overlooking high inflation and tighter financial conditions, with EM Credit spreads tightening in the first two months. Performance returned to negative territory in September driven by the focus by global central banks on fighting inflation, with higher rates for longer and tolerating weaker growth. The quarter ended with a volatile month as investors began pricing in more aggressive rate hike trajectories from major central banks amid continued high levels of inflation.

Over the quarter, the Fed continued their rate hiking cycle (300bps of hikes in less than 7 months) and signalled that it was willing to tolerate a recession as the necessary trade-off for regaining control of inflation. As a result, the US 10-year Treasury rose sharply to 3.83% by the end of September. A number of global central banks joined the Federal Reserve in increasing interest rates to curb high levels of inflation at the expense of economic growth. The US dollar remained near its all-time high fuelled by hawkish Fed policy and investors in search of a safe haven.

Portfolio Review

At the beginning of the reporting period, the fund return for Q4 was -2.56% mainly driven by weak performance coming from China that overshadowed the performance from India. From an industry perspective we reduced real estate exposure mainly within Asia. We owned approximately 6.6% exposure to Chinese real estate developers by the end of Q3. The rapid credit deterioration in the industry mainly due to policy changes and increasing refinancing risks started to affect confidence in the sector significantly at the beginning of Q4 with substantial repricing across most issuers. We reassessed our outlooks given the increasing risks and decided to start reducing our exposures to protect the fund from the new risks and possible further losses. We have significantly reduced our exposure to the overall sector to 1.6% by the end of the year. In the credit quality spectrum, during the quarter the exposure to single B credit was reduced from 8.6% to 5.7% by end of Q4. From a country perspective, during the quarter the exposure to mainland China was reduced from 12% to 5%. Cash levels increased from 2.95% to 6.07%.

Portfolio Review (continued)

In Latin America, Colombia and Peru were the performing countries meanwhile Brazil was the worst performing mainly due to uncertainty risks before an election year. In Asia, a strong divergence of performance continued with India being the best performer and China the worst. The underperformance in China was mainly due to the rapid and drastic reassessment of risks driven by high refinancing risks and weaker than anticipated balance sheets. This could be seen in the swift actions by rating agencies as some names were downgraded from BBB- (Shimao) and BB (China Aoyuan) to B/CCC- respectively by quarter end. The pricing changes were also drastic with most bonds in the sector traded at distressed levels during the course of the quarter. We decided to lock in some permanent losses in order to better protect the overall position of the fund. The concerns in China credit persist as there is still no a clear palatable solution to an industry that has been the engine of growth for the country in its recent history.

At the start of 2022, the fund outperformed the market by 535bps and return for Q1 was -3.92%. The negative return was mainly driven by our exposure in Mexico following the underperformance of IG credit within EM. From a country perspective we reduced our exposure to Turkey by 1.04% of market value. Our position in the country is in high quality names with a defensive stance. The deterioration in the real estate industry in China continued during the quarter and the fund's very cautious positioning in the country did no longer drive negative underperformance from that risk. The fund was significantly underweighted China.

In Q2 2022, the fund underperformed the market by 204 bps and return was -8.06%. The negative return contribution was mainly driven by our exposure in Chile, Mexico and India. From a country perspective we continued to reduce our exposure to Turkey and increased exposure to Peru. The deterioration in the real estate industry in China was affecting other sectors as financial services and likely to slow down economic activity in the country. The fund was significantly underweighted China and likely to reduce further exposures to mainland China and only keep exposure to Hong Kong. The largest detractors from performance during the quarter were Road King, VTR Communications and Inversiones Latam Power (ILAPCL). In the credit quality spectrum, during the quarter the exposure to Investment Grade credit increased from 42.4% to 44.6% by end of Q2. From a country perspective, during the quarter the exposure to Peru increased by adding the MIVIVI 27s sustainable bond with majority Green use of proceeds. Cash levels increased from 4.41% to 5.26% as we reassessed investment opportunities with improved valuations.

During Q3, the fund returned -3.09% in the quarter, underperformed the market by -43 bps driven by the exposure in Chile and India. The largest detractors from performance during the quarter were VTR Communications in Chile, Azure Power in India and Road King in China.

In Latin America, Panama, Peru and Colombia were the largest contributors to performance, while Chile was the worst performer mainly due to credit selection. In Asia, we had diverging performance with India producing weak results for the fund.

From a country perspective we continued to reduce our exposure to Mainland China from 4.04% to 0.4% by end of the quarter. We have also reduced exposure to India by 1.1% (excluding a called bond from Jubilant Pharma) and increased exposure to Brazil via the new position to a pure play Green bond Aegea.

The deterioration in China is significant and the fund continued to progress in removing all exposure in the country, only maintaining limited exposure to Hong Kong (Green exposure). In the credit quality spectrum, the exposure to Investment Grade credit increased from 44.6% to 46.6% by end of Q3. Cash levels have stayed fairly consistent at 5.35% as we are looking to deploy capital in attractive investment opportunities.

Looking ahead, the yield on Emerging Market (EM) Credit bonds at over 7.8%, remains near the highest since the Global Financial Crisis. The extreme levels of valuations have been driven by a number of converging factors including: debt rollover related in part to emergency Covid financing; a slowing China adapting to a new economic model; an intense conflict between Russia and Ukraine; elevated inflation exacerbated by chronic and severe global supply chain issues; and a coordinated cycle of global central bank policy tightening. We believe that market pricing has fundamentally overshot as a result of the extreme selling and poor market technicals.

In EM Credit, we hold a "two-tone" forecast for spreads; we see spreads widening near term as the Fed continues aggressive rate hikes, which will cause asset volatility to increase again, and spreads to rise back to June-July levels. As the US economy enters a rather sharp recession, the Fed pause will then lead to rapid spread compression in both sovereign and corporate credit. The recession in Europe and government interventions to cap headline CPI will eventually end the spectacular rate rises in Eastern European countries. Interest rates in Asia, by contrast, will continue to rise as the food and energy price shock slowly permeates the regional CPIs.

Portfolio Review (continued)

Given the disproportionate sell-off in EM compared to other fixed income asset classes, relative valuations look extremely attractive today for long term investors both in time series and in relative value terms. Our view is that as the global growth slowdown re-prices commodities and brings down inflation over coming months, global central banks will pause tightening and EM bond valuations can realign, generating performance rebound in 2023. The slowing global economy will likely and inevitably generate disinflation that ultimately draws investors back to fixed income and Emerging Market bonds. In summary, we are leaning more cautious in the immediate future, but believe over the longer-term as some of the immediate headwinds fade there may be exciting prospects for Emerging Markets.

The Green bond exposure in the fund reached 48.1% by end September 2022. The trend of issuance in Green bonds and overall labelled bonds slowed down during the year as a reflection of overall volatile market conditions. Asia issuance decreased mainly with the absence of the real estate sector and we do not longer expect this industry to focus on the Green transition in the medium term. We have started to see issuance from the Local Government Financing Vehicles (LGFV) in China. Some of the issuance was opportunistic as a way to be able to access the debt markets, like debut deals from the Middle East region. We keep evaluating most of the structures coming to market both in Green and Sustainable Linked bonds overall.

EU Sustainable Finance Disclosure Regulation (SFDR): a statement that the Fund's product qualifies as sustainable investment product as per Art 9 SFDR

The Fund is an innovative investment solution which seeks to align clients' financial objectives with real economy impact and further support the Paris Agreement and the UN Sustainable Development Goals (SDGs). The Fund targets positive environmental impacts by investing in eligible green bonds using a robust investment process, including HSBC Asset Management's Green Impact Investment Guidelines which is a clear framework for identifying eligible activities for the use of proceeds. The Fund also stimulates further issuance of eligible green bonds and further develops the sustainable bond market.

The Green Impact Investment Guidelines require (amongst other things) a use of proceeds aligned with at least one of the following UN SDGs: 1 (No Poverty), 6 (Clean Water and Sanitation), 7 (Affordable and Clean Energy), 8 (Descent Work and Economic Growth), 9 (Industry, Innovation and Infrastructure), 10 (Reduced Inequalities), 11 (Sustainable Cities and Communities), 12 (Responsible Consumption and Production), 13 (Climate Action), 14 (Life Below Water) and 15 (Life on Land). The guidelines also contain requirements relating to ensuring alignment with the ICMA Green Bond Principles and assessing that investee companies meet internationally recognised environmental, social and governance standards.

The Fund has the target of 100% of NAV to be invested in eligible green bonds by the end of the Investment Period (seven years from the Initial Funding Date). The Fund's AUM at the end of September 2022 was $472.1M. The Fund has invested in 25 eligible Green and Sustainable bonds, which represent 48.1% of the size of the Fund with a market value of $206.8M.

The use of proceeds from the green bond funds aligns mainly with the eleven UN SDGs highlighted above in order to achieve the objective of targeting positive environmental impact within Emerging Markets' real economy. The largest allocation within the Fund is to Affordable and Clean Energy (SDG 7) which represents 43% within the Fund's green bond exposure or $90M mainly in renewable energy investments and projects in India, Indonesia, Peru, Chile and Guatemala. The second largest exposure within the green bond allocation is to SDG 11 of Sustainable Cities and Communities with 15%. The third allocation is to Life on Land (SDG 15) with 13% in investments and projects related to sustainable forestry and environmentally sustainable management of living natural resources and land use in Brazil and Chile. SDG 9 Industry, Innovation and Infrastructure represent 8%. SDG 13 Climate Action and SDG 12 Responsible Consumption and Production each represent approximately 6% of the green allocation and SDG 6, Clean Water and Sanitation represents 5%.

Through constant communication, feedback and engagement with market participants, prospective issuers and corporate issuers we constantly encourage and improve the green transition via issuance of strong guidelines and standards in the developing green bond market in the different Emerging Markets regions. Our engagement is ongoing before, during and after green bonds tap the primary markets.

Managers of the General Partner

29 March 2023

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Independent auditor's report

To the Limited Partners of
HSBC Real Economy Green Investment Opportunity GEM Bond Fund SCSp
4, Rue Peternelchen
L-2370 Luxembourg
Grand Duchy of Luxembourg

Opinion

We have audited the financial statements of HSBC Real Economy Green Investment Opportunity GEM Bond Fund SCSp (the "Fund"), which comprise the statement of financial position as at 30 September 2022 and the statement of comprehensive income, the statement of changes in net assets attributable to redeemable unitholders and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 September 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the Law of 23 July 2016 and ISAs are further described in the "responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements" section of our report. We are also independent of the Fund in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Managers of the General Partner of the Fund are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our report of the "réviseur d'entreprises agréé" thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Managers of the General Partner of the Fund for the financial statements

The Board of Managers of the General Partner of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS as adopted by the European Union, and for such internal control as the Board of Managers of the General Partner of the Fund determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Managers of the General Partner of the Fund is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Managers of the General Partner of the Fund either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Managers of the General Partner of the Fund.
- Conclude on the appropriateness of the Board of Managers of the General Partner of the Fund's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Managers of the General Partner of the Fund regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Managers of the General Partner of the Fund with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Ernst & Young
Société anonyme
Cabinet de révision agréé

Nicolas Bannier

Luxembourg, 30 March 2023

Statement of Financial Position
as at 30 September 2022

	Notes	30 September 2022 USD	30 September 2021 USD
Assets			
Financial assets at fair value through profit or loss:			
Investment in the Subsidiary	2,4,5,6	412,827,600	534,871,350
Derivative financial instruments	2,4,5,10	2,853,886	-
Interest receivable	7	55,678,155	32,241,323
Other Interest receivable	7	328	150
Other receivables	2.3i,6	-	2,605,417
Cash and cash equivalents	2.3g	708,228	1,816,297
Total assets		**472,068,197**	**571,534,537**
Liabilities			
Financial liabilities at fair value through profit or loss:			
Derivative financial instruments	2,4,5,10	-	1,866,209
Trade and other payables	2.3i,6,7	34,728,207	2,614,318
Total liabilities (excluding net assets attributable to redeemable unitholders)		34,728,207	4,480,527
Net assets attributable to redeemable unitholders	9	437,339,990	567,054,010
Total liabilities		**472,068,197**	**571,534,537**

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

Statement of Comprehensive Income
for the year ended 30 September 2022

	Notes	For the year ended 30 September 2022 USD	For the year ended 30 September 2021 USD
Income			
Net realised and unrealised (loss) on financial assets and liabilities at fair value through profit or loss	11	(115,394,826)	(15,440,050)
Net realised (loss) on foreign currency		-	(194,956)
Interest income	2.3h	23,436,832	24,422,551
Other income	2.3i,6	-	3,675,847
Other interest income	2.3h	9,380	2,406
Total income		**(91,948,614)**	**12,465,798**
Expenses			
Management fees	8	1,511,762	1,632,660
Operating expenses	8	755,881	816,330
Other interest expense	8	1	5,760
Other expenses	2.3i,6,8	35,497,762	34,593
Total expenses		**37,765,406**	**2,489,343**
Net (loss)/gain for the year attributable to redeemable unitholders		**(129,714,020)**	**9,976,455**

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

Statement of Changes in net assets attributable to redeemable unitholders

for the year ended 30 September 2022

	Notes	General Partner USD	Limited Partner USD	Total USD
Net assets attributable to redeemable unitholders at 30 September 2021		-	**567,054,010**	**567,054,010**
Issue of redeemable units	9	-	-	-
Repurchase of redeemable units	9	-	-	-
Net increase in net assets attributable to redeemable unitholders from transaction in units		-	**567,054,010**	**567,054,010**
Net (loss) for the year attributable to redeemable unitholders		-	(129,714,020)	(129,714,020)
Net assets attributable to redeemable unitholders at 30 September 2022		-	**437,339,990**	**437,339,990**

Net assets attributable to redeemable unitholders at 30 September 2020		-	**499,226,342**	**499,226,342**
Issue of redeemable units	9	-	144,079,333	144,079,333
Repurchase of redeemable units	9	-	(86,228,120)	(86,228,120)
Net increase in net assets attributable to redeemable unitholders from transaction in units		-	**557,077,555**	**557,077,555**
Net gain for the year attributable to redeemable unitholders		-	9,976,455	9,976,455
Net assets attributable to redeemable unitholders at 30 September 2021		-	**567,054,010**	**567,054,010**

		Net assets attributable to redeemable unitholders per Classes of units as at 30 September 2022		Net assets attributable to redeemable unitholders per Classes of units as at 30 September 2021
USD Unhedged Units	USD	202,704,501	USD	243,975,536
USD Hedged Units	USD	67,268,446	USD	80,964,435
EUR Hedged Units	EUR	170,782,697	EUR	209,025,329

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

Statement of Cash Flows
for the year ended 30 September 2022

	Notes	For the year ended 30 September 2022 USD	For the year ended 30 September 2021 USD
Cash flows from operating activities			
Net (loss)/gain for the year attributable to redeemable unitholders		(129,714,020)	9,976,455
Adjustments for:			
Net unrealised gain on financial assets and liabilities at fair value through profit or loss	2.l, 11	74,303,655	9,399,209
Interest income	2.3h	(23,436,832)	(24,422,551)
Other interest income	2.3h	(9,380)	(2,406)
Net loss on foreign currency on cash and cash equivalent	2.3e	-	194,956
Decrease/(increase) in financial assets at fair value through profit or loss	2a	43,020,000	(50,808,500)
Decrease/(increase) in trade and other receivables	7	2,605,417	(2,605,417)
Increase in trade and other payables	2.3i,6,7	32,113,889	616,762
Interest received	2.3h	9,202	2,587
Net cash flows (used in) operating activities		**(1,108,069)**	**(57,648,905)**
Cash flows from financing activity			
Proceeds from issuance of redeemable units	9	-	144,079,333
Payments on repurchase of redeemable units	9	-	(86,228,120)
Net cash flows from financing activity by the Limited Partners		-	**57,851,213**
Net (decrease)/increase in cash and cash equivalents		(1,108,069)	202,308
Cash and cash equivalents at beginning of the year	2.3g	1,816,297	1,808,945
Net (loss) on foreign currency on cash and cash equivalent		-	(194,956)
Cash and cash equivalents at end of the year		**708,228**	**1,816,297**

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

Statistical Information – Statement of Changes in Units

for the year ended 30 September 2022

	Units outstanding at beginning of the year	Units Issued	Units redeemed	Units outstanding at end of the year
For the year ended 30 September 2022				
USD Unhedged Units	2,260,000	-	-	2,260,000
USD Hedged Units	750,000	-	-	750,000
EUR Hedged Units	1,961,602	-	-	1,961,602
For the year ended 30 September 2021				
USD Unhedged Units	3,060,000	-	(800,000)	2,260,000
USD Hedged Units	750,000	-	-	750,000
EUR Hedged Units	850,000	1,111,602	-	1,961,602

Statistical information – Net asset value per unit

	Net asset value per unit as at 30 September 2022	Net asset value per unit as at 30 September 2021
USD Unhedged Units	USD 89.69	USD 107.95
USD Hedged Units	USD 89.69	USD 107.95
EUR Hedged Units	EUR 87.06	EUR 106.56

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Notes to the Financial Statements
for the year ended 30 September 2022

1. General information

HSBC Real Economy Green Investment Opportunity GEM Bond Fund SCSp (the "Fund") was incorporated under the laws of the Grand Duchy of Luxembourg as a *société en commandite spéciale* (special limited partnership) on 13 June 2019. The Fund qualifies as an alternative investment fund under the Luxembourg law of 12 July 2013 on alternative investment fund managers (as amended). The Fund's registered office is at 4, Rue Peternelchen, L-2370 Howald, Grand Duchy of Luxembourg. The Fund will terminate on the fifteen anniversary from the initial funding date, 27 May 2020, subject to: (i) the General Partner's decision to extend the Fund's term up to two consecutive additional one year periods; or (ii) the General Partner's may elect to extend the run-off period for such period as determine with the approval of 50% of the Limited Partners by commitments, if the Fund holds an investment with a maturity date which falls after the termination date, and in each case acting in consultation with the AIFM and Advisory Committee.

The objective of the Fund is to enable investors to align their financial objectives with real economy impact and further the aims and objectives of the Paris Agreement (December 2015) and the United Nations Sustainable Development Goals (September 2015), which seek to address climate change and other sustainability outcomes. The Fund aims to provide attractive risk adjusted returns by investing in a diversified portfolio primarily comprised of eligible green bonds and other bonds, principally issued by corporate issuers, on a buy-and-maintain basis.

The Fund makes all of its investments through a special purpose vehicle, HSBC REGIO Fund Holdings S.à r.l. (the "Subsidiary"), for the purpose of tax structuring and efficient administration.

The General Partner has appointed HSBC Investment Funds (Luxembourg) S.A. (the "AIFM"), a Luxembourg public limited company *(société anonyme*) which is governed by the laws of the Grand Duchy of Luxembourg and which is regulated by the CSSF, to act as an alternative investment fund manager for the Fund in accordance with the Law of 12 July 2013 on alternative investment fund managers (AIFM Law).

These financial statements refer to the 12 months period starting 1 October 2021 and ending 30 September 2022, and prior year financial statements (current year's comparatives), include a 12 months reporting period starting from 1 October 2020 and ending 30 September 2021.

These financial statements were authorised for issue in accordance with a resolution of the Board of Managers of the General Partner (the "Board of Managers") on 29 March 2023.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by International Accounting Standards Board ("IASB") as adopted by the European Union ("EU"). These financial statements relate solely to the Fund as an individual entity. The financial statements have been prepared on a historical-cost basis, except for financial assets and financial liabilities held at fair value through profit or loss and net assets attributable to redeemable unitholders that have been measured at fair value.

The financial statements are presented in United States dollars ("USD"), which is the functional currency of the Fund, and all values are rounded to the nearest dollar, unless otherwise indicated.

The Board of Managers believes that the going concern basis of preparation of the financial statements is appropriate. Certain comparatives have been reclassified to be consistent with current year presentation.

2.2 Basis of consolidation

Where the Fund has control over an investee, it is classified as a subsidiary. In accordance with IFRS 10 an investor controls an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Fund controls its special purpose vehicle, HSBC REGIO Fund Holdings S.à r.l., through a holding of 100% of its shares.

2.2 Basis of consolidation (continued)

In accordance with the exception under IFRS 10, the Fund being an investment entity, does not consolidate subsidiaries in the financial statements unless the subsidiary is not itself an investment entity and its main purpose and activities are providing services that relate to the Fund's investment activities. The Fund has no consolidated subsidiaries. The Fund measures unconsolidated subsidiaries (including loans to subsidiaries) at Fair value through profit or loss.

2.3 Summary of significant accounting policies

(a) Financial instruments

i. Classification

In accordance with IFRS 9, the Fund classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

In applying that classification, a financial asset or financial liability is considered to be held for trading if:

a. It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term, or
b. On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking, or
c. It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

Financial assets and liabilities measured at amortised cost

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order 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 financial liabilities, other than those measured at fair value through profit or loss are measured at amortised cost.

The Fund's assets and liabilities measured at amortised cost are short-term non-financing receivables, cash and cash equivalents (excluding money market fund) and short-term payables.

Financial assets and liabilities measured at fair value through profit or loss

A financial asset is measured at fair value through profit or loss if:

- its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest ("SPPI") on the principal amount outstanding, or
- it is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell, or
- at initial recognition, it is irrevocably designated as measured at fair value through profit or loss when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different base.

A financial liability is measured at fair value through profit or loss if it meets the definition of held for trading or if it is designated at fair value through profit or loss at initial recognition.

The Fund's assets and liabilities measured at fair value through profit or loss are:
- Investment in the Subsidiary: in accordance with the investment entity's exception under IFRS 10, the Fund does not consolidate its Subsidiary in the financial statements, but measures its unconsolidated Subsidiary (including loan to the Subsidiary) at fair value through profit or loss. The details on the exemption assessment are presented in note 3.
- Derivative contracts in an asset or a liability position.
- Redeemable participating units: the Fund's accounting policy regarding the redeemable participating units is described in Note 2.3 (f) below.

2.3 Summary of significant accounting policies (continued)

(a) Financial instruments (continued)

ii. Recognition

The Fund recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument. Regular purchases or sales of financial assets are recognised on the trade date, i.e., the date that the Fund commits to purchase or sell the asset.

iii. Measurement

Financial assets and financial liabilities at fair value through profit or loss are recorded in the statement of financial position at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income.

Financial assets and liabilities (other than those classified as at fair value through profit or loss) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

After initial recognition, the Fund measures financial instruments that are classified as at fair value through profit or loss at fair value. Gains and losses arising from changes in the fair value of those financial instruments are recorded in 'net realised and unrealised gain/(loss) on financial assets and liabilities at fair value through profit or loss' in the statement of comprehensive income. Interest and dividends earned or paid on these instruments are recorded separately in interest income or expense and dividend income or expense in the statement of comprehensive income.

iv. Derecognition

A financial asset is derecognised when the rights to receive cash flows from the asset have expired, or the Fund has transferred its rights to receive cash flows from the asset. It also applies when the Fund has retained the rights to receive the cash flows but assumes an obligation to pay those to a third party with no obligation to pay amounts other than those collected, no rights to sell or pledge the asset and the obligation to remit the cash flows to the third party without material delay.

Derecognition applies when the Fund has transferred substantially all of the risks and rewards of ownership of the asset, or when the control of the asset has been transferred, with any rights and obligations created or retained in the transfer recognised separately as assets or liabilities.

Financial liabilities are derecognised when the Fund has transferred its right to receive cash flows from an asset (or has entered into a pass- through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Fund's continuing involvement in the asset. In that case, the Fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Fund has retained.

(b) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. Certain derivative financial instruments are subject to enforceable master netting arrangements, such as International Swaps and Derivatives Association ("ISDA") master netting agreements, or similar agreements that cover similar financial instruments. Under ISDA master agreements netting is enforceable in the event of early termination or default.

(c) Fair value measurement

The Fund measures its investments in subsidiary, as well as its investments in financial instruments, such as derivatives, at fair value at each reporting date.

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. It is based on the below assumptions:

- the transaction 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 or a liability 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.

2.3 Summary of significant accounting policies (continued)

(c) Fair value measurement (continued)

- a fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Investments quoted, listed or dealt in on a market are valued at the close of day price on the relevant valuation day.
For financial instruments not traded in an active market, the fair value is determined using prices obtained from one or more data providers as described in the valuation policy or using valuation techniques such as comparable bond valuation approach and discounted cash flow.

The Administrator may, with the approval of the AIFM, adjust the valuation of any particular asset or class of assets, or permit some other method of valuation to be used in relation to any particular asset or class of assets, if the Administrator considers that such adjustment is required to reflect more fairly the value thereof. There have been no adjustments to valuation as of 30 September 2022.

(d) Impairment

IFRS 9 provides for a simplified impairment approach for trade receivables, contracts assets and lease receivables that do not contain a significant financing component and measured at amortised cost. Under this approach, a loss allowance is recognised based on the lifetime Expected Credit Loss ("ECL") of the asset. Measurement should reflect an unbiased and probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Fund holds only accrued income and other short-term receivables with no financing component and which have maturities of less than 12 months at amortised cost therefore, the Fund will recognise a loss allowance where applicable based on lifetime ECL.

(e) Foreign currency translations

i Functional and presentational currency

The functional currency is the currency of the primary economic environment in which the Fund operates and that most faithfully represents the economic effect of transactions, events and conditions. The performance of the Fund is measured and reported in US dollars ("USD") and its liquidity is managed in USD. Expenses, transactions and investments are denominated and paid mostly in US dollars. Consequently, the management has concluded that USD is its functional and presentation currency of the Fund.

ii Translations and balances

Transactions in foreign currency are translated at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to USD at the foreign currency closing exchange rate ruling at the reporting date.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the statement of comprehensive income within "Net realised gain/(loss) on foreign currency".

Foreign currency transaction gains and losses on financial instruments classified as at fair value through profit and loss are included in the statement of comprehensive income as part of the "Net realised and unrealised gain/(loss) on financial assets and liabilities at fair value through profit or loss".

The main exchange rate applicable to the Fund is:

	30 September 2022	**30 September 2021**
USD/ EUR	0.9800	0.8630

(f) Redeemable participating units

Redeemable units are redeemable at the unitholder's option and are classified as financial liabilities as they do not meet the conditions to be classified as equity. Redeemable units are measured at fair value.

2.3 Summary of significant accounting policies (continued)

(f) Redeemable participating units (continued)

Distributions to unitholders are recognised in the statement of comprehensive income as finance costs. The Fund's net asset value per unit is calculated by dividing the net assets attributable to the holders of each class of redeemable participating units, as determined in accordance with the Fund's Private Placement Memorandum, by the total number of outstanding redeemable participating units for each respective class at period end.

The Fund continuously assesses the classification of its units as equity or liabilities. If the units subsequently have all the features and meet the conditions to be classified as equity, the Fund will reclassify them as equity instruments and measure them at the carrying amount of the liabilities at the date of the reclassification.

(g) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, cash deposits at call with banks and bank overdrafts that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, with original maturities of three months or less. These include investment in money market fund as well.

(h) Interest income

Interest income is made up of interest income received from the investment in the Subsidiary. Interest income is recognised in the statement of comprehensive income on an accrual basis. Other interest income include interest income received from the money market fund and other bank interests.

(i) Equalisation

On 30 December 2020, the Fund concluded an equalisation agreement with the Subsidiary, whereby the Subsidiary pays to the Fund the net currency exchange gains and transaction gains in respect of an equalisation period. Likewise, the Fund pays to the Subsidiary the net currency exchange losses and transactions losses in respect of an equalisation period.

The equalisation period is meant as (i) with respect to the first equalisation period, the period beginning on the effective date, 1 October 2020, and ending at the last day of the current calendar quarter, (ii) in the case of each subsequent equalisation period, from the first day of such equalization period to the last day of the current calendar quarter, and (iii) in the case of the last equalisation period, the first day of the relevant equalisation period preceding the termination date to and including the termination date.

Payments obligation are effective on the relevant equalisation date and may not be required by any parties prior to the relevant equalisation date. Payment obligations may be satisfied by payments in cash, by the Fund or the Subsidiary, as applicable, issuing receivables to the other party under such terms as agreed from time to time between them, or by other form of payment acceptable to the party entitled to receive same.

Equalisation is also considered on subscriptions of additional Limited Partners into the Fund. Each additional Limited Partner shall be required to contribute the full amount of its capital on the first funding date following its admission to the Fund in consideration for the issuance by the Fund of units at an issue price per unit before deducting any hedging costs associated with the EUR Hedged Units or USD Hedged Units but after making such other adjustments as the General partner reasonably considers appropriate to ensure (i) that each Limited Partner bears its pro rata share of any cost associated with the establishment of, and its admission to the Fund (such as Establishment Expenses, bid/offer spread, taxes, fees, charges and commissions) and (ii) to provide for the spread or difference between the price at which any asset was valued for the purpose of calculating the issue price of a class, and the estimated or actual price at which such asset may be purchased.

Notes to the Financial Statements (continued)
for the year ended 30 September 2022

2.3 Summary of significant accounting policies (continued)

(i) Equalisation (continued)

Equalisation credit receivable/(payable) is disclosed under "Other receivables/(Trade and other payables)" in the statement of financial position. Equalisation income/(expense) is included under the caption "Other income/(expenses)" in the statement of comprehensive income.

(j) Formation expenses

Formation expenses include expenses in connection with the preparation and filing of organisational and legal documents, compliance reviews and registration and legal fees. These formation expenses are fully expensed when incurred.

(k) Forward Foreign Exchange Contracts

Forward foreign exchange contracts shall be valued by reference to the prevailing market maker quotations, namely, the price as at the valuation date at which a new forward foreign exchange contract of the same size and maturity could be undertaken, or, if unavailable, at the settlement price provided by the counterparty. The settlement price shall be valued at least monthly by the counterparty and shall be verified at least quarterly by a party who is independent from the counterparty. The values of the forward foreign currency exchange contracts are adjusted quarterly based on the applicable exchange rate of the underlying currency. Changes in the value of these contracts are recorded as unrealised gain or loss until the contract settlement date. When the forward foreign exchange contract is closed, a realised gain or loss occurs, equal to the difference between the value at the time the contract was opened and the value at the time it was closed. The Fund does not designate any derivatives as hedges for hedge accounting purposes.

(l) Net gain or loss on financial assets and liabilities at fair value through profit or loss

Realised and unrealised gains or losses on financial assets and liabilities measured at fair value through profit or loss are disclosed in the statement of comprehensive income under the caption "Net realised and unrealised gain/loss on financial assets and liabilities at fair value through profit or loss".

2.4 New and amended standards and interpretations

Standards and interpretations in issue, adopted during the financial year
There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 October 2021 that have had a material impact on the Fund.

Standards and interpretations in issue, not yet adopted
The below accounting standards and interpretations have been issued and effective for annual periods beginning on or after 1 October 2021 but are not expected to have an impact on the accounting policies, financial position or performance of the Fund as at end of the reporting year:
- Amendment to IAS 1 - Disclosure of Accounting policies (effective 1 January 2023).
- Amendments to IAS 8 - Definition of Accounting Estimates (effective 1 January 2023).

The below accounting standards and interpretations are not yet endorsed by the EU:
- Amendments to IAS 1:
    - Classification of liabilities as current or non-current date (effective 1 January 2024).
    - Classification of liabilities as current or non-current – Deferral of affective date (effective 1 January 2024).
    - Non-current liabilities with covenants (effective 1 January 2024).

3. Significant accounting judgements, estimates and assumptions

The preparation of the Fund's financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts recognised in the financial statements. Actual amounts may differ from these estimates. The relevance of estimates and assumptions is reviewed on an ongoing basis.

3. Significant accounting judgements, estimates and assumptions (continued)

i. Judgements

In the process of applying the Fund's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Assessment as investment entity

In accordance with the exception under IFRS 10, the Fund being an investment entity, does not consolidate subsidiaries in the financial statements unless the subsidiary is not itself an investment entity and its main purpose and activities are providing services that relate to the Fund's investment activities. The Fund has no consolidated subsidiaries. The Fund measures unconsolidated subsidiaries (including loans to subsidiaries) at Fair value through profit or loss.

An investment entity shall have the following characteristics:

- The entity obtains funds from one or more investors for the purpose of providing those investors with investment management services;
- The entity commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- The entity measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Subsidiary invests the funds obtained from the Partnership in multiple investments and provides the Partnership with the returns from investment income. In addition, the Subsidiary's investments are measured at fair value. Considering all of the above characteristics, the Board of Managers has concluded that the Fund meets the definition of an investment entity.

ii. Estimates and assumptions

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Taxes

The Fund is a *société en commandite spéciale* and as such, it should not be subject to Luxembourg taxes and should not be treated as a separate taxable entity for this purpose subject to the reversed hybrid rules under ATAD II. Tax regulations are subject to interpretations and regulatory amendments and as such, actual income may differ from the estimates and result in adjustments of tax expenses.

Fair value of financial assets and liabilities

The investment in the Subsidiary is carried at fair value, which is based on the last available net asset value of the Subsidiary. The Board of Managers reviews the Subsidiary information at each reporting period and considers whether adjustments to the net asset value is necessary to obtain the best estimate of fair value. As at 30 September 2022, no adjustments were deemed necessary and the net asset value of the Subsidiary was considered the best approximation of fair value. Further disclosures in relation to the fair value are provided in Note 5.

Notes to the Financial Statements (continued)

for the year ended 30 September 2022

4. Financial assets and financial liabilities at fair value through profit or loss

The following table summarises the Fund's investments carried at fair value through profit or loss.

Financial assets at fair value through profit or loss	**30 September 2022 USD**	**30 September 2021 USD**
Investment in the Subsidiary:		
- Loan to the Subsidiary	485,661,300	528,681,300
- Shares in the Subsidiary	15,000	15,000
- Unrealised (loss)/gain on financial assets at fair value through profit or loss	(72,848,700)	6,175,050
Derivative financial instruments	2,853,886	-
Total financial assets at fair value through profit or loss	**415,681,486**	**534,871,350**

Financial liabilities at fair value through profit or loss	**30 September 2022 USD**	**30 September 2021 USD**
Derivative financial instruments	-	1,866,209
Total financial liabilities at fair value through profit or loss	-	**1,866,209**

5. Fair value hierarchy

The table below provides an analysis of financial instruments that are measured at fair value, classified within the fair value hierarchy from level 1-3 based on the degree to which the input used is observable:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Assessing the significance of a particular input requires judgement, considering factors specific to the asset or liability.

Financial instruments that were measured at fair value and classified within the fair value hierarchy from level 1-3 as at 30 September 2022 were as follows:

	Level 1 USD	**Level 2 USD**	**Level 3 USD**
Financial assets			
Investment in the Subsidiary	-	412,827,600	-
Derivative financial instruments:			
Forward foreign exchange contract	-	2,853,886	-
Total	**-**	**415,681,486**	-

5. Fair value hierarchy (continued)

Financial instruments that were measured at fair value and classified within the fair value hierarchy from level 1-3 as at 30 September 2021 were as follows:

	Level 1 USD	Level 2 USD	Level 3 USD
Financial assets			
Investment in the Subsidiary	-	534,871,350	-
Total	-	**534,871,350**	-
Financial liabilities			
Derivative financial instruments:			
Forward foreign exchange contract	-	1,866,209	-
Total	-	**1,866,209**	-

Valuation methods

The AIFM acts as internal valuer with the support of an independent external appraiser. Unlisted securities shall be valued independently of the AIFM's valuation function. All valuations provided by the external appraiser to the AIFM's valuation function are reviewed and challenged by the AIFM's valuation function. During the year, the Fund has not required the services of an independent external appraiser.

The value of any investments quoted, listed or dealt in on a market shall be calculated by reference to the close of the day market price as at the relevant valuation date.

For non-quoted securities, and securities not traded or dealt in on any stock exchange or other regulated market for which the last available prices are not available or if the quoted prices are not representative of the fair market value, the value shall be calculated with care and in good faith by the AIFM on the basis of foreseeable sales prices.

The value of any exchange traded futures contracts, share price index futures contracts, options and other exchange traded derivatives shall be the settlement price as determined by the market in question as at the point of valuation.

Debt investments, including loans, may be valued at market quotation where available or, where not available, may be valued based on a valuation methodology determined by the AIFM (as adjusted for amortisation of premium or accrual of discount, if any, on a constant basis) plus accrued interests, revalued for any applicable movements in exchanges rates, unless such debt investment is deemed fully or partially impaired and is therefore written down to its recoverable amount. The AIFM will regularly assess the method of calculating any impairment provision to ensure that such provisions are appropriately valued.

The Administrator may, with the approval of the AIFM, adjust the valuation of any particular asset or class of assets, or permit some other method of valuation to be used in relation to any particular asset or class of assets, if the Administrator considers that such adjustment is required to reflect more fairly the value thereof. There have been no adjustments to valuation as of 30 September 2022. The valuation methodology used will be selected based on the facts and circumstances of each individual asset and/or liability.

Changes in assumptions about these factors could affect the reported fair value of items in the statement of financial position and the level where the items are disclosed in the fair value hierarchy.

Investment in the Subsidiary

The investment in the Subsidiary carried at fair value is measured based on the last available net asset value of the Subsidiary. Adjustments to the net asset value are assessed and may be processed as necessary where the management considers that the net asset value is not an appropriate reflection of the fair value. There have been no adjustments to valuation as of 30 September 2022. Investment in the Subsidiary is included within Level 2 as all underlying assets are valued using observable inputs.

5. Fair value hierarchy (continued)

Derivative financial instruments

The value of any over-the-counter traded derivative contracts shall be calculated at least monthly by the counterparty to such contracts. The valuation will be approved or verified at least quarterly by a party independent of the counterparty. Alternatively, the value of any over-the-counter derivative instruments may be provided by an independent pricing vendor or the Administrator.

Where this alternative valuation is used, the Administrator must follow international best practice and adhere to specific principles on such valuations established by bodies such as International Organisation of Securities Commissions and Alternative Investment Management Association. Where the valuation is provided by an independent pricing vendor the vendor must be a competent person appointed by the Administrator.

Over-the-counter derivatives include forward foreign exchange contracts. For these financial instruments, significant inputs into models are market observable and are included within Level 2.

Other financial assets and liabilities

For all other financial assets and liabilities, including trade and other receivables, cash and cash equivalents, the redeemable participating units and trade and other payables the carrying value is an approximation of fair value.

Quantitative and qualitative information related to investment in Subsidiary

The financial statements of the Subsidiary have been prepared and presented on going concern basis in accordance with Luxembourg legal and regulatory requirements on historical basis, except for other investments held at fair value. The investments of the Subsidiary are valued on fair value basis.

The following table presents a reconciliation of all movements in Level 3 instruments:

		Investment in the Subsidiary	
		30 September 2022 USD	**30 September 2021 USD**
Balance at start of the year		-	**490,932,400**
Loan to the Subsidiary disbursed	(Note 6)	-	-
Loan to the Subsidiary reimbursed	(Note 6)	-	-
Shares in the Subsidiary		-	-
Net unrealised gain/(loss) on financial assets and liabilities at fair value through profit or loss	(Note 11)	-	-
Transfers out of Level 3		-	(490,932,400)
Balance at end of the year		-	-

The following table provides further information about the Subsidiary's own direct investments as at 30 September 2022:

Investment type	**Level**	**Market value USD**	**NAV (%) of the Fund**
Investment in money market fund	Level 1	29,716,763	7%
Fixed income securities	Level 1	407,162,416	93%

5. Fair value hierarchy (continued)

Quantitative and qualitative information related to investment in Subsidiary (continued)

The following table provides further information about the Subsidiary's own direct investments as at 30 September 2021:

Investment type	Level	Market value USD	NAV (%) of the Fund
Investment in money market fund	Level 1	15,573,667	3%
Fixed income securities	Level 1	547,710,751	97%

6. Investment in the Subsidiary

The Fund makes all of its investments through HSBC REGIO Fund Holdings S.à r.l (the "Subsidiary"), a special purpose vehicle incorporated in Luxembourg. The Fund holds 100% of ownership and voting rights of the Subsidiary and meets the definition of an investment entity as per the International Financial Reporting Standard "IFRS 10". Consequently, the Subsidiary is recognised as an investment at fair value through profit or loss rather than consolidated in the accounts of the Fund.

Profit Participation Loan agreement

The investment in the Subsidiary is materialised into a Profit Participation Loan agreed between the Fund (the "Lender") and the Subsidiary (the "Borrower") of an original aggregate principal amount of up to USD 473,650,000. This amount may be increased from time to time by the Lender in its discretion and may consist in one or multiple advances. During the year, the principal amount has been increased by USD Nil and USD 43,020,000 were reimbursed by the Subsidiary. Interests on the loan are accrued quarterly and are computed as the sum of a fixed and a variable component with the below characteristics:

- Variable interest is the positive aggregate of directly or indirectly realised income on investments and ancillary assets, including interest, capital gains and repayment of nominal amounts but excluding forex gains on investments and ancillary assets, on the profit participating loan, on Luxembourg income and net wealth taxes in connection with investments and ancillary assets (i) minus expenses in relation to investments and ancillary assets, including interest and other costs, fixed interest (excluding variable interest in relation to the profit participating loan and Luxembourg income and net wealth taxes), general expenses but excluding forex losses on investments and ancillary assets and on the profit participating loan, and (ii) minus an arm's length remuneration for the borrower (as determined on the basis of a transfer pricing study prepared by an Independent advisor).
- Fixed interest is set at 0.5% per annum of the principal amount of the loan (provided that the principal amount shall include any compounded interest in accordance the Profit Participating Loan agreement).

The loan took effect on the 26 May 2020 and the termination date will be (i) the twentieth (20^{th}) anniversary date of the Effective Date or such earlier or later date as may be agreed between the Borrower and the Lender, in writing, or (ii) following an event of default, at any time.

The interest income on the loan is recorded under the caption "Interest income" in the statement of comprehensive income and the loan balance, amounting to USD 485,661,300 is included in the statement of financial position under the heading "Investment in the Subsidiary". The Profit Participating loan is unsecured and based on an open ended arrangement with the wholly owned subsidiary.

Equalisation agreement

On 30 December 2020, the Fund concluded an equalisation agreement with the Subsidiary, whereby the Subsidiary pays to the Fund the net currency exchange gains and transaction gains in respect of an equalisation period. Likewise, the Fund pays to the Subsidiary the net currency exchange losses and transactions losses in respect of an equalisation period.

6. Investment in the Subsidiary (continued)

The equalisation period is meant as (i) with respect to the first equalization period, the period beginning on the effective date, 1 October 2020, and ending at the last day of the current calendar quarter, (ii) in the case of each subsequent equalization period, from the first day of such equalization period to the last day of the current calendar quarter, and (iii) in the case of the last equalisation period, the first day of the relevant equalization period preceding the termination date to and including the termination date.

Payments obligation are effective on the relevant equalisation date and may not be required by any parties prior to the relevant equalisation date. Payment obligations may be satisfied by payments in cash, by the Fund or the Subsidiary, as applicable, issuing receivables to the other party under such terms as agreed from time to time between them, or by other form of payment acceptable to the Party entitled to receive same.

Equalisation credit receivable/(payable) is disclosed under "Other receivables/(Trade and other payables)" in the statement of financial position. Equalisation income/(expense) is included under the caption "Other income /(expenses)" in the statement of comprehensive income.

7. Trade and other receivables/payables

Accrued expenses and income are detailed in the below table:

	30 September 2022 USD	30 September 2021 USD
Interest receivable	55,678,155	32,241,323
Equalisation credit receivable	-	2,605,417
Other interest receivable	328	150
Trade and other receivables	**55,678,483**	**34,846,890**
Equalisation credit payable	32,848,969	-
Formation expenses payable	1,250,000	1,250,000
Management fees payable	345,170	864,141
Operating fees payable	172,585	432,071
Other fees payable	96,483	53,106
Trade payable	15,000	15,000
Trade and other payables	**34,728,207**	**2,614,318**

8. Fees and expenses

Management fees

The General Partner is entitled to an annual management fee, calculated monthly and payable quarterly in arrear, in an amount equal to:

- during the Investment Period, 0.30% per annum of NAV as at the end of the relevant month (before deducting any hedging costs associated with the EUR Hedged Units or the USD Hedged Units); and

- during the Run-Off Period, 0.20% per annum of NAV as at the end of the relevant month (before deducting any hedging costs associated with the EUR Hedged Units or the USD Hedged Units).

The Management fees for the year ended 30 September 2022 amounted to USD 1,511,762 (30 September 2021: USD 1,632,660) and the fees outstanding at year-end were USD 345,170 (30 September 2021: USD 864,141).

8. Fees and expenses (continued)

AIFM, Global Distributor & AML/CFT compliance officer and Portfolio manager fees

The AIFM is entitled to fees for the performance of its duties and obligations, which are paid by the General Partner out of the management fees, and without further charge to the Fund. The AIFM has been entrusted with portfolio and risk management functions, and certain other tasks assigned to it by the General Partner, for the Fund and has delegated portfolio management functions to the Portfolio manager of the Fund.

The AIFM covers in addition the Global Distribution function and has concluded a distribution agreement in three various jurisdictions. The distributors fees are calculated as a percentage of 1 bps per annum based on the capital commitment with no monthly minimum and 10 bps of assets under distributions for each distributor.

The AIFM has agreed to provide the Fund with the services of a AML/CFT compliance officer, as an independent service provider, to monitor, control and verify compliance of the Fund with its AML /CFT framework and assist the Board in the implementation of procedures and policy in relation to the fight against money laundering and combating the financing of terrorism. No additional fees are charged for the function of AML/CFT compliance officer.

The Portfolio manager fees and the distributors fees are paid by the General Partner out of the managements fees, with no further charge to the Fund.

Operating expenses

Operating expenses include audit fees, administration fees, depositary fees and other operational expenses. They are borne by the Fund and paid at the level of the General Partner who receives an operating income in respect of the payment of the Fund’s operational expenses to the corresponding services providers.

Audit fees

Audit fees are paid out of operating expenses for services that include: (i) audit of the capital accounts on an annual basis; (ii) confirmation, on an annual basis, that the allocations and distributions related to the Partnership have been made correctly and in accordance with the Fund’s documents; (iii) confirmation in writing, on an annual basis, that the calculations required to determine the management fee payable to the General Partner have been made correctly and in accordance with the Fund’s documents.

Administration fees

Administration fees are paid out of operating expenses for services that include: (i) services as registrar and transfer agent for the Fund; (ii) fund accounting and valuation services; (iii) certain administration and middle office services (including asset valuation calculation, capital calls and distribution management, cash management, payment of fund invoices); (iv) investor services and reporting; (v) corporate and domiciliary services; and (vi) paying agency services.

Accounting and valuation fees are charged progressively based on the net asset value of each sub-fund as of each valuation day as follows:

Daily valuations	
Assets under administration (USD)	Basis point charge
On the first 1bn	3.75 bps
Assets over 1bn	3.50 bps
Monthly valuations	
Assets under administration (USD)	Basis point charge
On the first 1bn	2.75 bps
Assets over 1bn	2.50 bps

8. Fees and expenses (continued)

The accounting and valuation fees are subject to a monthly minimum fee per sub-fund of USD 6,000.
Additional fees may be charged for ad-hoc NAVs, separate portfolio pool or separate redemption side-pocket as described in the Fund's fee schedule.

The Transfer agent fees are calculated on a unit basis, per transaction (USD 75), per distribution event (USD 2,750) and per cash payments (USD 40). In addition the Transfer agent receives a fee for account maintenance and account set-up as described in the Fund's fee schedule.

Financial statements preparation are subject to an annual fee of USD 17,250 for the Fund and its Subsidiary.

Corporate secretarial services and domiciliation for the Fund are subject to time and charges with a minimum of USD 25,000 for the Fund and General Partner and USD 12,500 for the Subsidiary.

The total Administration fees during the reporting year amounted to USD 231,220 (30 September 2021: USD 246,332). There were USD 52,793 outstanding as at year-end (30 September 2021: USD 130,380).

Depositary fees

Depositary fees are paid out of operating expenses for services including safekeeping of the Fund's assets, cash flows monitoring, oversight functions and such other services as agreed between the Fund, the AIFM and the Depositary or provided for by applicable laws and regulations.

A rate of 1bps applies for supervisory services with a monthly minimum fee of USD 4,000. Investment restriction monitoring services are charged USD 9,800 per fund per annum and USD 5,600 per fund per annum are charged for cash flow monitoring services.

A global sub-custody fee is payable for safekeeping and transactions in line with the rate card described in the Fund's fee schedule.

Depositary fee incurred during the reporting year amounted to USD 76,072 (30 September 2021: USD 80,303). There were USD 17,369 outstanding as at year-end (30 September 2021: USD 42,503).

Other operational expenses

The Fund pays the General Partner a fixed amount in respect of certain operational expenses calculated monthly based on the net asset value as at the relevant month (before deducting any hedging costs associated with the EUR Hedged Units or the USD Hedged Units) and payable quarterly in arrear, as follows:

NAV as at the end of relevant quarter	Amount payable
USD 750 million or below	0.15% per annum
More than 750 million but no more than USD 1.5 billion	0.12% per annum
More than USD 1.5 billion	0.10% per annum

The fixed amount covers the administration fees, depositary fees and also other operational expenses.

The other operational expenses incurred during the reporting year amounted to USD 448,589 (30 September 2021: USD 489,695). There were USD 102,423 outstanding as at year-end (30 September 2021: USD 259,188).

Formation expenses

The Fund bears the expenses incurred by the Fund, the General Partner or the AIFM, or any of their affiliates, in connection with the organisation and establishment of the Fund. However, to the extent the formation expenses (excluding VAT) exceed USD 1.25 million as at the Final Closing Date, the General Partner and its affiliates will bear such excess among them, without further recourse to the Fund (provided that if the Fund is wound up before the Final Closing Date, the formation expenses will be borne by the General Partner and its affiliates in full).

Formation expenses incurred during the reporting year amounted to USD Nil. (30 September 2021: USD Nil). There were USD 1,250,000 outstanding at year-end. (30 September 2021: USD 1,250,000).

8. Fees and expenses (continued)

Other expenses and other interest expenses

Other expenses include hedge fees and equalisation expenses. Other interest expenses are related to cash and are disclosed in the Statement of comprehensive Income.

9. Net assets attributable to redeemable unitholders

Under the limited partnership agreement, each limited partner who has been admitted into the Fund by the General Partner, has committed to contribute a certain amount due in full on a funding date, which are included in net assets attributable to redeemable unitholders.

The Limited Partners' contributions are converted into a number of units as per their respective subscription agreements terms. The classes of units available to the limited partners are USD Unhedged Units, USD Hedged Units and EUR Hedged units, priced at USD 100 and EUR 100.

The contributions are invested by the portfolio manager and in accordance with the investment guidelines described in the private placement memorandum into eligible green bonds and other bonds. Following the investment period, the Fund will seek to distribute interest income, repayment of principal and net proceeds arising from the maturity of investments, subject to the discretion of the General Partner to retain any cash to provide for unexpected costs and liabilities of the Partnership or to prevent the Partnership's potential insolvency.

A Limited Partner may not assign, sell, or transfer its interests without prior written consent of the General Partner. No Limited Partner may require the redemption of its units save in the circumstances set out in the limited partnership agreement.

The General Partner has full power and authority to do all things and discharge all duties or requirements of or imposed on a general partner by the law, on behalf of the Fund and so as to bind the Fund. The Limited Partners take no part in the operation or the management of the Fund, or vote on matters relating to the Fund, other than as provided in the Law or as set out in the limited partnership agreement. They however have access at all reasonable times to the books and accounts of the Fund.

Capital management

As a result of the ability to issue and redeem the units, the net assets attributable to redeemable unitholders of the Fund may vary depending on the redemptions and contributions to the Fund. The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue and redemption of the units beyond those included in the Fund's Private Placement Memorandum.

The Fund's objective when managing net assets is to invest the contributions in investments meeting the description, risk exposure and expected return indicated in its private placement memorandum and to achieve consistent return while safeguarding net assets attributable to redeemable unitholders.

The details of the contributions and units are presented in the Statement of Changes in net assets attributable to redeemable unitholders and the Statement of Changes in units respectively.

10. Forward foreign exchange contracts

As at 30 September 2022, the Fund had entered into forward foreign exchange contract, for the purpose of units hedging, which obliges the Fund to deliver currencies at specified dates against EUR Hedged Units. The Fund held the following open forward foreign exchange contracts:

Counterparty	Currency bought	Bought amount	Currency sold	Sold amount	Maturity date	Unrealised gain/(loss) USD
HSBC Continental Europe, Luxembourg	EUR	169,511,843	USD	(163,599,536)	31 October 2022	2,853,886
Total unrealised gain						**2,853,886**

10. Forward foreign exchange contracts (continued)

The Fund had the following open forward foreign exchange contract as at 30 September 2021:

Counterparty	Currency bought	Bought amount	Currency sold	Sold amount	Maturity date	Unrealised gain/(loss) USD
HSBC Continental Europe, Luxembourg	EUR	206,079,643	USD	(240,692,985)	29 October 2021	(1,866,209)
Total unrealised loss						**(1,866,209)**

11. Net realised and unrealised gain/(loss) on financial assets and liabilities at fair value through profit or loss

	30 September 2022 USD	30 September 2021 USD
Unrealised (losses) on investment in the Subsidiary	(79,023,750)	(6,869,550)
Unrealised gains/(losses) on forward foreign exchange contracts	4,720,095	(2,529,660)
Realised gains on forward foreign exchange contracts	8,098,109	20,774,191
Realised (losses) on forward foreign exchange contracts	(49,189,280)	(26,815,031)
Total net realised and unrealised (loss) on financial assets and liabilities at fair value through profit or loss	**(115,394,826)**	**(15,440,050)**

12. Financial risk management objectives and policies

The Fund invests via its Subsidiary principally into fixed income securities, namely eligible green bonds and other bonds. Fixed income securities are subject to interest rate risk as the values of debt securities are likely to fall in period of rising interest rate. The default risk is higher for long maturities debt securities. Fixed income securities are also subject to default risk from the issuer who may not make timely payment of interests and principal. The default risk is higher for lower quality, high yielding debt securities. Investments in Investment Grade debt securities may be downgraded to sub-investment grade and make the securities less tradable. Investments in sub-investment Grade or unrated fixed-income securities carry a higher credit risk, liquidity risk and market risk. The Fund may invest in subordinated loan that rank junior to other debt instruments with a risk that the debt issuer may not be able to satisfy part or all of its obligations in the event of default. The Fund may invest in illiquid Investments, which may limit the Fund's ability to realise and return redemption proceeds in a timely manner. The Fund may invest in private debt instruments, which may be difficult to value or realised.

Investment in unsecured debt instruments implies that the Fund will have no recourse to any assets of the issuer in event of default. Emerging market risk and green bond risk are other types of risks associated with the investment strategy of the Fund as described in the Private Placement Memorandum.

The Fund’s AIFM is responsible for identifying and controlling risks. The Board of Managers supervises the AIFM and is ultimately responsible for the overall risk management of the Fund.

Monitoring and controlling risks is primarily set up to be performed based on limits established by the Board of managers. These limits reflect the business strategy including the risk that the Fund is willing to accept and the market environment of the Fund. In addition, the Fund monitors and measures the overall risk in relation to the aggregate risk exposure across all risks type and activities.

The Fund has investment guidelines that set out its overall business strategies, its tolerance for risk and its general risk management philosophy.

The Fund is subject to market and other risk factors through its Subsidiary including, but not limited to the following:

12. Financial risk management objectives and policies (continued)

12.1 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The maximum risk resulting from financial instruments equals their fair value.

(a) Interest Rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in the prevailing market interest rates.

The Fund has indirect exposure to interest rate risk through the assets and liabilities indirectly held through the Subsidiary. The Subsidiary's financial assets at fair value through profit or loss include interest bearing debt instruments at fixed rate.

The majority of these instruments are fixed coupon rate instruments and as such are not subject to cash flow interest rate risk. These instruments are subject to fair value interest rate risk in so far as fluctuations in prevailing level of market interest rates directly influences the market price of the instruments.

The table below shows the proportions of fixed and floating rate indirect investments as at 30 September 2022:

	% Floating by number of investments	% Fixed by number of investments	Carrying value floating USD	Carrying value fixed USD	% Floating by Fair Value	% Fixed by Fair Value	Average Maturity
HSBC REGIO Fund Holding S.à r.l.	1.69%	96.61%	4,323,243	402,839,173	0.99%	92.21%	Greater than 5 years

The table below shows the proportions of fixed and floating rate indirect investments as at 30 September 2021:

	% Floating by number of investments	% Fixed by number of investments	Carrying value floating USD	Carrying value fixed USD	% Floating by Fair Value	% Fixed by Fair Value	Average Maturity
HSBC REGIO Fund Holding S.à r.l.	-	98.59%	-	547,710,751	-	97.24%	Greater than 5 Years

Interest rate sensitivity analysis

Fair value risk: the modified duration of the portfolio indicates the percentage change in the value of the portfolio resulting from a change in interest rate by 100bps. As at 30 September 2022, the average modified duration of the portfolio was 4.21% (30 September 2021: 4.24%). An increase/decrease in the interest rate at the reporting date by +180/-70 basis point would result in a variation of the fair value of fixed interest securities of USD (30,527,153)/USD 11,871,670 (30 September 2021: +/- 4 basis point; USD (928,917)/USD 928,917).
Cash flow risk: an increase/decrease in the interest rate at the reporting date by +180/-70 basis point would result in a variation of the cash flow resulting from the interest income on floating rate instruments of USD 107/(42) (30 September 2021: Nil).

The interest rate variation is calculated assuming fluctuations in the SOFR interest rate.

(b) Currency risk

Currency risk is the risk that the value or future cash flow of a financial instrument will fluctuate due to changes in foreign exchange rates. The Fund may have indirect exposure to foreign currency risk through the assets held in the portfolio of investments of the Subsidiary. The Fund may indirectly hold financial assets and financial liabilities that are denominated in currencies other than the USD. Consequently, the value of the Fund's assets may be impacted by fluctuations in currency rates.

12. Financial risk management objectives and policies (continued)

12.1 Market risk (continued)

(b) Currency risk (continued)

As at 30 September 2022, the below exposure to currency risk was identified at the Fund and the Subsidiary level:

	30 September 2022	**30 September 2021**
Fund's exposure to EUR	Expressed in USD	Expressed in USD
Forwards contracts	163,599,536	240,692,985
Subsidiary's exposure to EUR	Expressed in USD	Expressed in USD
Fixed income securities held by the Subsidiary	6,284,500	9,235,149
Total	**169,884,036**	**249,928,134**

Currency risk sensitivity analysis

An increase/decrease in the USD/EUR currency exchange rate at the reporting date by +/- 3% would result in an estimated movement in value as follows:

Fund's exposure to EUR	Change in currency rate	Movement in value expressed in 000' USD
Forwards contracts	+/- 3%	4,908
Subsidiary's exposure to EUR		
Fixed income securities held by the Subsidiary	+/- 3%	188,535

An increase/decrease in the USD/EUR currency exchange rate as at 30 September 2021 by +/- 3% would have resulted in an estimated movement in value as follows:

Fund's exposure to EUR	Change in currency rate	Movement in value expressed in 000' USD
Forwards contracts	+/-3%	+/- 7,221
Subsidiary's exposure to EUR		
Fixed income securities held by the Subsidiary	+/-3%	+/- 277

Additional currency risk may arise from the Fund's units classes. Class EUR Hedged units is denominated in a currency other than the functional currency of the Fund and is therefore exposed to currency fluctuations. It is the investment manager's intention to hedge the currency exposure of Euro unitholders to the Fund's base currency.

The Class EUR Hedged units exposure to fluctuations in USD exchange rate at 30 September 2022 is as follows:

	Net assets USD	**Forward contracts USD**	**Net Exposure USD**
Class EUR Hedged Units	167,367,043	(163,599,536)	3,767,507

12. Financial risk management objectives and policies (continued)

12.1 Market risk (continued)

(b) Currency risk (continued)

The Class EUR Hedged units' exposure to fluctuations in USD exchange rate at 30 September 2021 is as follows:

	Net assets USD	Forward contracts USD	Net Exposure USD
Class EUR Hedged Units	242,114,039	(240,692,985)	1,421,053

(c) Equity price risk

Equity price risk is the risk that value of the instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. The equity price risk exposure may arise from the Subsidiary's investments in equity securities.

As at 30 September 2022, no equity price risk was identified as there were no investments in equities.

12.2 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient liquidity to meet its obligations or can only do so on terms that are materially disadvantageous. Liquidity risk exposure may arise from redemptions or payment due to counterparties. The Fund is also exposed to liquidity risk on derivative instruments traded over-the-counter such as foreign exchange contracts. The Fund may not be able to liquidate quickly some of its investments in these instruments at an amount close to its fair value in order to meet its liquidity requirements or respond to specific events such as deterioration in creditworthiness of the issuer. The Fund manages its liquidity risk with the use of redemption notices and redemption pools as defined in the partnership agreement, payment of redemptions in kind, or in such other manner as the general partner may agree with any limited partner.

The liquidity of the Fund's financial instruments as at 30 September 2022 is detailed below:

	Less than 1 month USD	1-12 months USD	More than 1 year USD	Total USD
Investment in the Subsidiary	-	-	412,827,600	412,827,600
Trade and other receivables	328	23,436,833	32,241,322	55,678,483
Cash and cash equivalents	708,228	-	-	708,228
Total assets	**708,556**	**23,436,833**	**445,068,922**	**469,214,311**
Trade and other payables	-	(33,463,207)	(1,265,000)	(34,728,207)
Net assets attributable to redeemable unitholders	-	-	(437,339,990)	(437,339,990)
Total liabilities	**-**	**(33,463,207)**	**(438,604,990)**	**(472,068,197)**

Gross settled derivatives

	Less than 1 month USD	1-12 months USD	More than 1 year USD	Total USD
Derivative financial instruments	166,453,422	-	-	166,453,422
Total assets (gross settled derivatives)	**166,453,422**	**-**	**-**	**166,453,422**
Derivative financial instruments	(163,599,536)	-	-	(163,599,536)
Total liabilities (gross settled derivatives)	**(163,599,536)**	**-**	**-**	**(163,599,536)**
Net derivatives amount	**2,853,886**	**-**	**-**	**2,853,886**
Net liquidity	**3,562,442**	**(10,026,374)**	**6,463,932**	**-**

12. Financial risk management objectives and policies (continued)

12.2 Liquidity risk (continued)

The liquidity of the Fund's financial instruments as at 30 September 2021 is detailed below:

	Less than 1 month USD	1-12 months USD	More than 1 year USD	Total USD
Investment in the Subsidiary	-	-	534,871,350	534,871,350
Trade and other receivables	-	34,846,890	-	34,846,890
Cash and cash equivalents	1,816,297	-	-	1,816,297
Total assets	**1,816,297**	**34,846,890**	**534,871,350**	**571,534,537**
Trade and other payables	-	(2,614,318)	-	(2,614,318)
Net assets attributable to redeemable unitholders	-	-	(567,054,010)	(567,054,010)
Total liabilities	**-**	**(2,614,318)**	**(567,054,010)**	**(569,668,328)**

Gross settled derivatives

	Less than 1 month USD	1-12 months USD	More than 1 year USD	Total USD
Derivative financial instruments	-	238,826,776	-	238,826,776
Total assets (gross settled derivatives)	**-**	**238,826,776**	**-**	**238,826,776**
Derivative financial instruments	-	(240,692,985)	-	(240,692,985)
Total liabilities (gross settled derivatives)	-	**(240,692,985)**	**-**	**(240,692,985)**
Net derivatives amount	-	**(1,866,209)**	**-**	**(1,866,209)**
Net liquidity	**1,816,297**	**30,366,363**	**(32,182,660)**	**-**

The liquidity of the Subsidiary's financial instruments as at 30 September 2022 is as below:

	Less than 1 month USD	1-12 months USD	More than 1 year USD	Total USD
Investment in fixed income securities and money market fund	29,716,763	-	407,162,416	436,879,179
Trade and other receivables	71,471	38,261,179	-	38,332,650
Cash and cash equivalents	2,835,994	-	-	2,835,994
Total assets	**32,624,228**	**38,261,179**	**407,162,416**	**478,047,823**
Loan payable	-	-	(485,661,300)	(485,661,300)
Trade and other payables	(9,276,170)	(23,702,749)	(32,241,323)	(65,220,242)
Total liabilities	**(9,276,170)**	**(23,702,749)**	**(517,902,623)**	**(550,881,542)**
Net liquidity	**23,348,058**	**14,558,430**	**(110,740,207)**	**(72,833,719)**

12. Financial risk management objectives and policies (continued)

12.2 Liquidity risk (continued)

The liquidity of the Subsidiary's financial instruments as at 30 September 2021 is as below:

	Less than 1 month USD	1-12 months USD	More than 1 year USD	Total USD
Investment in fixed income securities and money market fund	15,573,667	-	547,710,751	563,284,418
Trade and other receivables	1,852	5,360,414	-	5,362,266
Cash and cash equivalents	1,261,459	-	-	1,261,459
Total assets	**16,836,978**	**5,360,414**	**547,710,751**	**569,908,143**
Loan payable	-	-	(528,681,300)	(528,681,300)
Trade and other payables	(8,372)	(35,028,452)	-	(35,036,824)
Total liabilities	**(8,372)**	**(35,028,452)**	**(528,681,300)**	**(563,718,124)**
Net liquidity	**16,828,606**	**(29,668,038)**	**19,029,451**	**6,190,019**

12.3 Credit risk

The Fund is subject to credit risk which is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment it has entered into. The Fund's indirect investments in debt securities increases the exposure to credit risk as these are subject to the risk that issuers may not make payments on such securities. An issuer suffering an adverse change in its financial condition could lower the credit quality of a security, leading to greater price volatility of the security and impacting the security's liquidity which becomes more difficult to realise. The Fund mitigates this risk by carefully selecting its investments, diversifying and monitoring the credit quality of the securities.

Financial assets subject to IFRS 9's impairment requirements

The Fund's financial assets subject to impairment requirements are cash and cash equivalents (excluding money market fund) and short-term receivables. As at 30 September 2022, the Fund holds cash and cash equivalents (excluding money market fund) for an amount of USD 560,596 (30 September 2021: USD 5,622). These are held with HSBC Continental Europe, Luxembourg Branch rated AA-/A1/A+ as per Fitch/Moody's /S&P's.

Financial assets not subject to IFRS 9's impairment requirements

The Fund's financial assets measured at fair value are not subject to impairment requirements as per IFRS 9. This category includes investments in Subsidiary, derivative assets and money market fund. The money market fund is classified as cash and cash equivalents and rated Aaa/AAA as per Moody's/S&P's.

Under the simplified approach a loss allowance is recognised on the lifetime ECL on short-term receivables with no financing component and cash and cash equivalent. No allowance were deemed necessary and processed on the financial assets of the Fund as at 30 September 2022 (30 September 2021: Nil).

12. Financial risk management objectives and policies (continued)

12.3 Credit risk ratings (continued)

The credit ratings associated with the fixed income securities held by the Subsidiary is shown below according to the BB Composite rating:

BB Composite*	Market Value of Bonds in USD 30 September 2022	Market Value of Bonds in USD 30 September 2021
A	-	-
A-	24,945,242	23,328,980
A+	-	9,229,789
AA-	9,217,362	7,039,512
B	7,137,882	22,419,814
B-	6,181,353	-
B+	-	25,869,468
BB	47,087,158	52,752,817
BB-	80,274,060	137,320,660
BB+	66,585,013	84,628,084
BBB	62,897,821	37,126,366
BBB-	101,070,747	140,123,431
BBB+	1,765,778	7,871,830
Total	**407,162,416**	**547,710,751**

*BB composite rating includes a minor number of securities for which only one pricing source is available.

13. Related party disclosures

The related parties relationships, transactions and balances that have been identified for the Fund at year-end are detailed below:

Board of Managers of the General Partner
The Board of managers of the General Partner is composed of four managers in total, two of which are non-executive directors and two directors are HSBC group employees.

Managers of the General Partner who are not employees of the HSBC Group receive a fee of EUR 25,000 per annum per manager. The Managers' fees for the year amounted to USD 39,256. Nil amount was outstanding at year-end. The fees are expensed and paid out of the General Partner management fees. The below table summarise the fees paid to related parties and the amounts outstanding as at 30 September 2022:

		Expenses	*Outstanding*	
Management fees (including AIFM, Global Distributor & AML/CFT compliance officer, Distributors and Portfolio Manager's fees)	USD	1,511,762	345,170	(Note 8)
Administrator's fees	USD	231,220	52,793	(Note 8)
Depositary's fees	USD	76,072	17,369	(Note 8)

13. Related party disclosures (continued)

Subsidiary

The name, transactions and balances in relation to the participation of the Fund into the Subsidiary are presented in the below table and relate to the profit participating loan agreement and the equalisation agreement (collectively "agreements"), concluded with the Subsidiary:

Agreements with HSBC REGIO Fund Holding S.à r.l		**30 September 2022 USD**
Loan to the Subsidiary	(Note 6)	485,661,300
Interest income from the Subsidiary	(Note 6)	23,436,832
Equalisation credit expenses to the Subsidiary	(Note 6,7)	35,454,385

Overdraft facility agreement*

The Subsidiary has concluded an uncommitted multi-currency overdraft facility agreement with HSBC Bank plc, a member of the HSBC Group. The amount made available to the Subsidiary is equal to the lesser of: (i) USD 75,000,000 and (ii) 10% of NVAC from time to time. NVAC is meant as the value of the eligible assets less the aggregate amount of the borrower outstanding indebtedness (including, but not limited, to the borrowings under the agreement) and other liabilities, in each case, in the base currency as determined by the bank from time to time. During the year there were no amount withdrawn by the Subsidiary from the overdraft facility.

Account pledge agreement*

The Subsidiary entered into an account pledge agreement with the bank, HSBC Bank Plc and the custodian, HSBC Continental Europe, Luxembourg in connection with the multi-currency overdraft facility agreement whereby all claims against the Subsidiary are secured by a pledge over the securities and financial instruments of the Subsidiary. There were no claims to report during the year.

Bank account pledge agreement

The Subsidiary entered into a bank account pledge agreement with the bank and beneficiary, HSBC Continental Europe, in connection with the multi-currency overdraft facility agreement whereby each amount credited on any new accounts opened by the bank shall automatically become subject to the pledge agreed between the parties.

Security deed in relation to custody cash accounts*

The Subsidiary has concluded a security deed in relation to custody cash accounts whereby the custodian, HSBC Continental Europe, Luxembourg will secure the payment of unpaid debt with the bank, HSBC Bank Plc. There were no transactions to report during the year.

* Following the migration of the Fund and the Subsidiary's bank accounts from HSBC Bank Plc (London) to HSBC Continental Europe (Paris) on 18 October 2021, the terms of the agreements concluded with HSBC Bank Plc have been released, terminated and renewed with HSBC Continental Europe (Paris).

14. Significant Events

With effect on and from 18 October 2021, the Custodian processed migration of the Fund and the Subsidiary's bank accounts from HSBC Bank Plc (London) to HSBC Continental Europe (Paris).

Effective 28 April 2022, Miriam Muller resigned from her position of Manager of the General partner. Suzanne Williams was appointed as a Manager of the General Partner effective 29 April 2022.

Notes to the Financial Statements (continued)

for the year ended 30 September 2022

14. Significant Events (continued)

Russia's invasion

Russia's invasion of Ukraine has had, and could continue to have, severe adverse effects on regional and global economic markets for securities and commodities. Following Russia's actions, various governments have issued broad-ranging economic sanctions against Russia including, among other actions:

- a prohibition on doing business with certain Russian companies, large financial institutions, officials and oligarchs;
- the removal by certain countries and the European Union of selected Russian banks from the Society for Worldwide Interbank Financial Telecommunications ("SWIFT"), the electronic banking network that connects banks globally; and
- restrictive measures to prevent the Russian Central Bank from undermining the impact of the sanctions.

15. Subsequent Events

The current events, including sanctions and the potential for future sanctions, which include (but not limited to) those impacting Russia's energy sector, and other actions, and Russia's retaliatory responses to those sanctions and actions, could continue to have, an adverse effect on global markets performance and liquidity, thereby negatively affecting the value of the portfolios' investments beyond any direct exposure to Russian issuers.

They also give rise to material uncertainty and risk with respect to markets globally and the performance of the Portfolios and their investments or operations could be negatively impacted. Investors should be aware that the duration of the ongoing hostilities and the vast array of sanctions and related events cannot be predicted. The Fund does not have any exposure to Russian securities.

Effective 1 October 2022, the Corporate Secretary and Domiciliary services of the Partnership, the Subsidiary and the General Partner have been transferred to ONE Corporate. Consequently, the registered address of the Partnership, the Subsidiary and the General Partner has been changed from 16, boulevard d'Avranches, L-1160 Grand Duchy of Luxembourg to 4, Rue Peternelchen, L-2370 Howald, Grand Duchy of Luxembourg.

Effective 1 November 2022, HSBC Continental Europe, Luxembourg, the Administrator and Custodian of the Company has changed its address from 16, Boulevard d'Avranches, L-1160 Grand Duchy of Luxembourg to 18, Boulevard de Kockelscheuer, L-1821 Luxembourg, Grand Duchy of Luxembourg. On the same date, the Alternative Investment Fund Manager, Global Distributor and AML/CFT compliance officer changed its address from 16, boulevard d'Avranches, L-1160 Grand Duchy of Luxembourg to 18, Boulevard de Kockelscheuer, L-1821 Luxembourg, Grand Duchy of Luxembourg.

Effective 30 December 2022, the Subsidiary has indicated its intention to make a principal repayment to the Fund, equal to the amount under the loan agreement. The Fund, as a sole shareholder of the Subsidiary has agreed to make an equity contribution without issuance of shares in the amount of USD 5,422,342. The Fund and the Subsidiary have agreed to set-off the amount as evidenced in the Set Off and Contribution Agreement.

The timeline for the provision of the Annual Impact Report and the Audited Annual Accounts including the report of auditors and statement of accounting policies to the Limited Partners was extended, with signed consent of the Limited Partners, from 120 days to 180 days after year-end. An addendum to the Limited Partnership Agreement was issued on 25 January 2023.

Further disclosures (Unaudited)

1. Sustainability Metrics Annual Impact Reporting (Limited Partnership Agreement)

The Limited partnership agreement provides for the disclosure in the annual accounts of the Fund of a sustainability metrics annual impact reporting including quantitative figures for the Eligible green bonds.

The HSBC REGIO GEM Bond Fund (the "Fund") identifies available public information and organizes to reflect the aggregated impact of the Fund. This process does not involve filling information gaps and is based only on publicly available information, such as annual impact reports of issuers, dedicated newsletters and official websites of green bond issuers, if available. We identify available reported indicators from each green bond in the Fund active portfolio. Examples of annual impact indicators reported by issuers include the renewable energy generated (GWh/y), energy saved (GWh/y), and water saved (m3/y). In addition, we track the distribution of green bonds in the Fund's portfolio by sector and geography, according to the issuer's main location reported information. We also track how the proceeds of each green bond are used by location and sector to enrich the impact reporting. We keep the data collected into the database that is regularly updated.

Avoided Greenhouse Gas ("GHG") emissions is one of the key indicators for reporting the impact of the Fund's investments. Specifically, we collect the latest GHG avoidance data reported by green bond issuers. Then we attribute the aggregated GHG avoidance to the Fund's investment. In the case that some recent investments in green bond issuances do not have impact data published by the issuers when preparing the Fund's impact report, we do not input any data in the database.

The figures at the year-end in relation to eligible green bonds are reflected in the following table and are based on draft data. The impact report is still in finalisation process as at year-end:

30 September 2022

	Total amount raised in USD	Total number of issuers	Total CO2 savings for the year	CO2 savings Number of bonds
Eligible Green Bonds	206,857,012	25	558,221 tCO2[1]	3

30 September 2021

	Total amount raised in USD	Total number of issuers	Total CO2 savings for the year	CO2 savings Number of bonds
Eligible Green Bonds	191,687,572	21	1,214,417 tCO2	8

[1] The figure includes greenhouse gas emissions generated from burning fossil fuels and production processes which are owned or controlled by the company and greenhouse gas emissions from consumption of purchased electricity, heat or steam by the company.
Excluded are other indirect greenhouse gas emission such as from the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by the reporting entity, electricity-related activities (e.g. T&D losses) not covered in paragraph 1, outsourced activities, waste disposal, etc. amounting to 1,332,334 tCO2 for the year.

2. Disclosure in accordance with the EU 2015/2365 regulation on transparency of securities financing transactions.

In accordance with the Securities Financing Transaction Regulation ("SFTR"), the Fund is responsible for disclosing Securities Financing Transactions ("SFTs") including repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions and margin lending transactions. The Fund did not engage in any of the SFTs here listed during the reporting year.

Further disclosures (Unaudited) (continued)

3. Disclosures under the Alternative Investment Fund Managers Directive

Risk Management

The AIFM has established a risk management policy and a risk management procedure that describe the process to identify measure, manage, control and report the risks that may be material for the AIFs under management. The policies and procedures contain all the requirements mentioned in Article 40 of the EU Commission Delegated Regulation 231/2013, specifically:

- the arrangements, procedures and techniques the AIFM has in place to measure and manage risks to which the funds are exposed, including liquidity risk management;
- the stress tests and scenario analyses the AIFM conducts on a periodic basis taking into account risks arising from exceptional markets conditions that might adversely impact the funds; and
- the implementation of the risks profiles of the funds and the monitoring of their compliance with the limits set.

The exceptions are reported to the senior management of the AIFM on a frequent basis, through local management committees. Significant exceptions are reported to the Board of Managers of the General Partner.

No active investment restriction or guideline breaches nor significant risk warnings were reported during the year.

Liquidity

The AIFM employs an appropriate liquidity management system and has adopted procedures which enable it to monitor the liquidity risk of the fund and to ensure that the liquidity profile of the investments of the fund complies with its underlying obligations and that the fund will be in a position to satisfy redemptions in accordance with the provisions of the partnership agreement. Liquidity management mechanisms include the use of redemption notices and redemption pools as defined in the partnership agreement, payment of redemptions in kind, or in such other manner as the general partner may agree with any limited partner. There was no material change to be reported during the year.

Leverage

PPM leverage limit: As measured using the gross method, the maximum level of leverage that the AIFM is entitled to employ on behalf of the Fund will not exceed 250% of NAV and as measured using the commitment method, will not exceed 150% of NAV. During the year, there was no change in the maximum level of leverage. As of 30 September 2022, the utilised leverage was 131% under gross method and 101% under commitment method. During the reporting year, no leverage limit breach was observed.

Remuneration Policy

HSBC Investment Funds (Luxembourg) S.A. (“HIFL”) has implemented a remuneration policy pursuant to the European Directive 2011/61/EU on Alternative Investment Fund managers (“AIFMD”) and the European Commission Delegated Regulation supplementing the AIFMD and implemented into Luxembourg Law of 12 July of 2013 (the “AIFM Regulations”).

The remuneration policy, which has been approved by HIFL’s board of directors, includes measures to avoid conflicts of interest and seeks to promote sound and effective risk management and that neither encourage risk taking which is inconsistent with the risk profile and articles of incorporation of the Fund nor impair compliance with HIFL’s duty to act in the best interest of the Fund.

The remuneration policy, which describes how remuneration and benefits are determined, is available at
www.global.assetmanagement.hsbc.com/about-us/governance-structure, or on request from HIFL.

The total amount of remuneration paid by HIFL to its staff and paid by the investment advisers to their identified staff * during the 12 months period ending 30 September 2022 is as follows:

Fixed remuneration: USD 2,907,341,40
Variable remuneration: USD 771,229.03
Number of beneficiaries: 22

Further disclosures (Unaudited) (continued)

3. Disclosures under the Alternative Investment Fund Managers Directive (continued)

Remuneration Policy (continued)

of which, the disclosure of the fixed and variable remuneration of senior management within HIFL and of identified staff* of the investment advisers is:

Fixed remuneration: USD 1,474,982.80
Variable remuneration: USD 625,572.08
Number of beneficiaries: 7

The annual review of the remuneration policy, including a review of the existing remuneration structure as well as implementation of the regulatory requirements and compliance with them, was completed during the year and no irregularities were identified.

* identified staff are defined as members of staff whose actions have a material impact on the risk profile of the Fund.

HSBC Investment Funds (Luxembourg) S.A.

27 March 2023

4. Disclosure in accordance with the EU 2019/2088 Sustainable Finance Disclosure Regulation (SFDR) & delegated regulation and the EU Taxonomy regulation

Periodic disclosure for the financial product in appendix here below.

Product name: HSBC Real Economy Green Investment Opportunity GEM Bond Fund (REGIO).

Legal entity identifier: 213800BJREC5LYRRNL51

Periodic disclosure for the financial product referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Sustainable investment objective

Did this financial product have a sustainable investment objective? *[tick and fill in as relevant, the percentage figure represents the minimum commitment to sustainable investments]*

☒ **Yes**	☐ **No**
☒ It made **sustainable investments with an environmental objective: 69.2**%	☐ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of ___% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☒ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It made **sustainable investments with a social objective:** ___%	☐ It promoted E/S characteristics, but **did not make any sustainable investments**

To what extent was the sustainable investment objective of this financial product met?

The REGIO Fund is an innovative investment solution which seeks to blend public and private capital to enable investors to align their financial objectives with real economy impact and further the aims and objectives of the Paris Agreement and the UN Sustainable Development Goals (SDGs). The Fund targets positive environmental impacts by investing in eligible green bonds using a robust investment process, including HSBC Asset Management's Green Impact Investment Guidelines which are a clear framework for identifying eligible activities for the use of proceeds. The Fund also has the ambition to stimulate further issuance of eligible green bonds and further develop the sustainable bond market.

The Green Impact Investment Guidelines require (amongst other things) a use of proceeds aligned with at least one of the following UN SDGs: 6 (Clean Water and Sanitation), 7 (Affordable and Clean Energy), 11 (Sustainable Cities and Communities), 12 (Responsible Consumption and Production), 13 (Climate Action), 14 (Life Below Water) and 15 (Life on Land). The guidelines also contain requirements relating to ensuring alignment with the ICMA Green Bond Principles and assessing that investee companies meet internationally recognised environmental, social and governance standards. The REGIO Fund has the target of 100% of NAV (excluding cash and derivatives) to be invested in eligible green bonds by the end of the Investment Period (seven years from the Initial Funding Date 27 May 2020) and the target of 50% of NAV to be invested in eligible green bonds by the fourth anniversary of the initial funding date.

At 30 September 2022, the Fund's AUM was $435.1M with 48.13% of this invested in 25 eligible green bonds which represented a market value of $209.4M. Taking into account non-eligible green bonds in the Fund which we have classified at the firm level as sustainable investments under the Sustainable Finance Disclosure Regulation (SFDR), the sustainable investment percentage of the Fund was 69.22%. The Fund is therefore ahead of schedule with regards to its eligible green bond investment targets and on track to meet the 50% target well before the fourth anniversary of the initial funding date.

How did the sustainability indicators perform?

Sustainability indicators measure how the sustainable objectives of this financial product are attained.

The use of proceeds from the 25 eligible green bond funds align mainly with the seven UN SDGs highlighted above in order to achieve the objective of targeting positive environmental impact within Emerging Markets' real economy. Many of the bonds use of proceeds aligned to more than one SDGS with: 28% contributing to 6 (Clean Water and Sanitation), 92% to 7 (Affordable and Clean Energy), 40% to 11 (Sustainable Cities and Communities), 24% to 12 (Responsible Consumption and Production), 16% to 13 (Climate Action), 12% to 14 (Life Below Water) and 16% to 15 (Life on Land) Additionally, some bonds that the Fund invested in contributed to additional SDGs such as SDG 1 (No Poverty), SDG 3 (Good Health and Wellbeing), SDG 8 (Decent Work and Economic Growth), SDG 9 (Industry, Innovation and Infrastructure and SDG 10 (Reduced Inequality).

The country coverage of the investees also expanded from 10 in the last reporting period to twelve including 5 bonds in India, 4 bonds in each Brazil, Chile and Peru and one each in Turkey, Paraguay, Mexico, Guatemala, United Arab Emirates, Hong Kong (SAR), Poland and Indonesia. The sectors of the issuers include utilities, energy, materials, transportation, real estate and banks and diversified financials.

The Fund gathers sustainability data against various indicators depending on the use of proceeds of the eligible green bonds as part of its annual impact reporting process. For bonds that have been issued more recently, it is often the case that the issuers have not yet released annual use of proceeds/impact reports. The sustainability indicators for which we have the most data across all eligible green bonds are:

- Average GHG Avoided per mn USD invested (tCO2eq/mn USD): 5,401
- Total GHG Avoided (tCO2eq/y): 1,422,992
- Total Energy Savings (MWh/y): 869
- Total RE Generation (MWh/y): 180,912
- Total RE Installed Capacity (MW/y): 82
- Total Biodiversity or Forest Land Protected(ha/y): 16,748
- Total Passenger-km and/passenger (passenger/y or tonne/y or m3/y): 247,513
- Total Water Saving (m3/y): 96,438

Not all issuers report across all these sustainability indicators and we note that we do not have impact data for eight of the 25 green bonds which have not produced impact data yet. However, we do gather data for sustainability indicators for all eligible green bonds once they start producing annual use of proceeds and impact reports. Additional sustainability indicators which we gather data on for specific bonds include:

- Annual rainwater harvested (m3/y): 881
- Amount of Material reduced (tonnes/y): 422
- Number of persons benefiting from access to sanitary sewer: 2,147
- Annual waste recycled/reduced (tonnes/y): 564
- Length of sanitary sewer network (m): 4,034
- Annual impact on Education and Vocational Training (students/y): 1,159
- Number of people connected to internet and mobile network: 67
- Number of women accessing SME financing/ credit: 3,082
- Number of new jobs created (jobs/y): 1,375

…and compared to previous periods?

This is the first SFDR Periodic Report and as such there is no comparison.

However, the Fund gathered data on the following indicators as part of its impact reporting process for the reporting period between 1 October 2020 and 30 September 2021:

- Average GHG Avoided per mn USD invested (tCO2eq/mn USD): 7,336
- Total GHG Avoided (tCO2eq/y): 1,320,122
- Total Energy Savings (MWh/y): 758
- Total RE Generation (MWh/y): 48,452
- Total RE Installed Capacity (MW/y): 27
- Total Biodiversity or Forest Land Protected(ha/y): 15,457
- Total Water Saving (m3/y): 95,928

How did the sustainable investments not cause significant harm to any sustainable investment objective?

Do no significant harm (DNSH) is completed as part of HSBC Asset Management's (HSBC) standard investment process for sustainable assets, which will include the consideration of Principal Adverse Impacts (PAIs). Where an investment which causes significant harm is identified, it cannot be considered a sustainable investment. Whilst we consider all mandatory PAIs in our DNSH process, mandatory PAIs are not all fit for exclusions and exclusion is not always the solution to drive changes. Our DNSH test includes sector-based exclusions, controversy exclusions and norm-based exclusions which directly or indirectly addresses the mandatory PAIs. For example, thermal coal revenue is used as an DNSH exclusion screen to indirectly address the GHG emission related PAIs while UNGC non-compliant exclusions directly addresses PAI 10. Our considerations of PAIs are also extended to voting and engagement, which put emphasis on driving positive change.

How were the indicators for adverse impacts on sustainability factors taken into account?

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

The Portfolio Manager will review all SFDR mandatory Principal Adverse Impacts to assess the relevance to the Fund. HSBC's Responsible Investment Policy sets out the approach taken to identify and respond to principal adverse sustainability impacts and how HSBC considers ESG sustainability risks as these can adversely impact the securities the Funds invest in. HSBC uses third party screening providers to identify companies and governments with a poor track record in managing ESG risks and, where potential material risks are identified, HSBC also carry out further due diligence.

Sustainability impacts, including the relevant Principal Adverse Impacts, identified by screening are a key consideration in the investment decision making process.

The approach taken, as set out above, means that among other things the following points are scrutinised:
- companies' commitment to lower carbon transition, adoption of sound human rights principles and employees' fair treatment, implementation of rigorous supply chain management practices aiming, among other things, at alleviating child and forced labour. HSBC also pay a great attention to the robustness of corporate governance and political structures which include the level of board independence, respect of shareholders' rights, existence and implementation of rigorous anti-corruption and bribery policies as well as audit trails; and
- governments' commitment to availability and management of resources (including population trends, human capital, education and health), emerging technologies, government regulations and policies (including climate change, anti-corruption and bribery), political stability and governance.

The specific Principal Adverse Impacts for this Fund are set out below.

HSBC's Responsible Investment Policy is available on the website at:
www.assetmanagement/hsbc/about-us/responsible-investing/policies

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

Yes. We leverage 3rd party data for norm-based screening, which the UN's Global Compact Principles, International Labour Organization's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs). The UNGC and OECD MNE Guidelines are complementary standards based on broad international consensus.

How did this financial product consider principal adverse impacts on sustainability factors?

Quantitative data is gathered and reported on a monthly basis for the following principle adverse indictors (along with that for a selected benchmark for comparitive purposes):

- PAI 1. GHG emissions expressed in CO2e using Scope 1+2 Carbon Emissions: 3,814,651.99
- PAI 3. GHG intensity of investee companies expressed in CO2e/US$M revenue using Scope 1+2 Carbon Emissions: 146.09
- PAI 4. Exposure to companies active in the fossil fuel sector: Fossil Fuel Companies – 0.5%; Coal Companies – 1.9%; Fossil Fuel Power Generation Companies – 1.9%
- PAI 10. Violations of UN Global Compact principles and Organisation for Economic Cooperation

and Development (OECD) Guidelines for Multinational Enterprises: 95% compliant 5% no data
- PAI 14. Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons): 0%

In addition to this monthly monitoring, broader principle adverse impacts are considered through qualitative analysis during the investment due diligence through the sustainability assessment procedure and then reviewed on a periodic basis. Environmental and social issues that are considered in addition to those linked to PAIs 1, 3, 4, 10 and 14 include water (maps to PAI 8), land use and biodiversity (maps to PAIs 7, 8 and 9) and a variety of social issues such as human rights, labour management and affected communities. Where we identify significant principal adverse impacts to sustainability factors and inadequate management of these risks by investees, we may choose not to invest in the companes, reduce or exist our holdings in the companies and/or engage with the companies on these issues.

What were the top investments of this financial product?

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: 30 September 2022

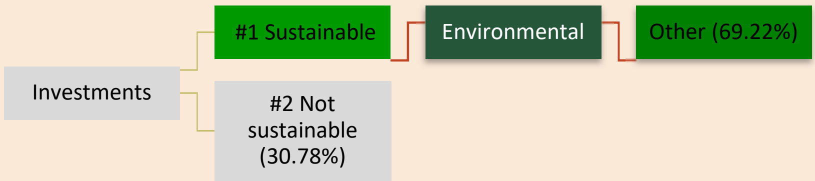
Largest investments	Sector	% Assets	Country
Rumo Logistica 5.25 01/28	Industrials	3.89	Brazil
Rural Electric 3.875 7/27	Financials	3.16	India
BanColombia 3.00 01/25	Financials	2.91	Colombia
TowerBersama 4.25 01/25	Comm. Services	2.82	Indonesia
Trust Fibra 4.869 01/30	Financials	2.78	Mexico
Bahia Suzano 5.75 07/26	Materials	2.68	Brazil
Kallpa Gen. 4.125 08/27	Utilities	2.55	Peru
Empresa Metro 3.65 05/30	Industrials	2.52	Chile
NBM Marfig 6.625 08/29	Consumer Staples	2.45	Brazil
Klabin Fin. 4.875 09/27	Materials	2.39	Brazil
Comision Federal 4.688 05/29	Utilities	2.38	Mexico
Inversiones CMPC 4.375 04/27	Materials	2.36	Chile
Bharti Airtel 4.375 06/25	Comm. Services	2.25	India
Banistmo SA 4.250 07/27	Financials	2.11	Panama
Cemex SAB 5.200 09/2030	Materials	2.11	Mexico

What was the proportion of sustainability-related investments?

What was the asset allocation?

69.22% of the portfolio is invested in **Sustainable Environmental Other** assets. The remainder of the portfolio is currently invested in bonds that are not sustainable (i.e. do not qualify as sustainable investments) or cash and cash equivalents.

Asset allocation describes the share of investments in specific assets.



#1 Sustainable covers sustainable investments with environmental or social objectives.

#2 Not sustainable includes investments which do not qualify as sustainable investments.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective

Transitional activities are economic activities for which low-carbon alternatives are not yet available and that have greenhouse gas emission levels corresponding to the best performance.

In which economic sectors were the investments made?

Sector	Allocation %
Utilities	23.66
Financials	20.96
Industrials	12.88
Materials	10.97
Communications	8.82
Real Estate	6.18
Consumer Staples	5.35
Consumer Discretionary	3.95
Renewable Energy	1.89
Cash	5.35
Total	100.00

To what extent were sustainable investments with an environmental objective aligned with the EU Taxonomy?

This Fund does not have the objective to align environmental objectives with the EU Taxonomy. As such we do not calculate the alignment of the use of proceeds of eligible green bonds with the EU Taxonomy.

Taxonomy-aligned activities are expressed as a share of:

- turnover reflecting the share of revenue from green activities of investee companies

- capital expenditure (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.

- operational expenditure (OpEx) reflecting green operational activities of investee companies.

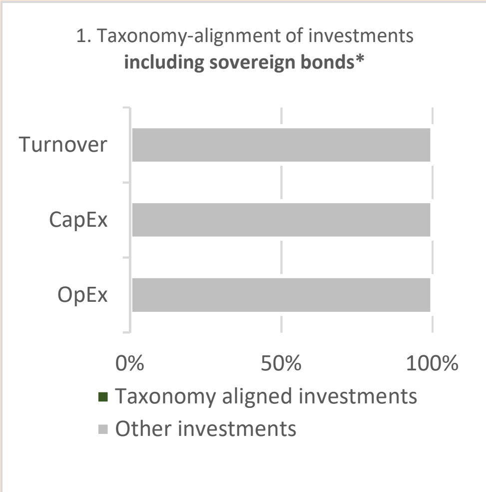
Did the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[1]?

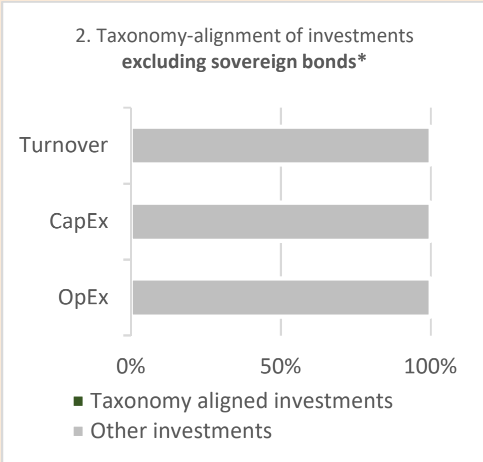
☐ Yes

☐ In fossil gas ☐ In nuclear energy

☒ No

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.





This graph represents 100% of the total investments

**For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures*

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

What was the share of investments made in transitional and enabling activities?

This Fund does not have the objective to measure or report against transitional and enabling activities, therefore the share will be 0%.

How did the percentage of investments aligned with the EU Taxonomy compare with previous reference periods?

Not applicable.

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

What was the share of sustainable investments with an environmental objective that were not aligned with the EU Taxonomy?

The Fund does not target a minimum share of sustainable investments with an environmental objective that are aligned with the EU Taxonomy. Accordingly, up to 100% of the Fund's sustainable investments will not be aligned with the environmental objectives under the EU Taxonomy Regulation.

What was the share of socially sustainable investments?

0%. This Fund does not have specific socially sustainable objectives.

What investments were included under "not sustainable", what was their purpose and were there any minimum environmental or social safeguards?

As indicated in the investment objectives of the Fund in the Private Placement Memorandum, the REGIO Fund was structured in a way that during the investment period, the Fund will invest in eligible green bonds and other bonds. Although the Portfolio Manager has sought to invest in eligible green bonds from the launch of the Fund, as initially expected, the Fund has predominantly invested in other bonds. Over time, the Portfolio Manager seeks to sell other bonds from the portfolio in order to fund the acquisition of eligible green bonds, with a view to transition to a portfolio fully invested in eligible green bonds by the end of the investment period. All investments in the Fund included under "not sustainable" are these other bonds which will be sold and replaced with eligible green bonds during the investment period.

All eligible green bonds and other green bonds are subject to the same sustainability related restrictions and exclusions and must meet minimum environmental and social safeguards. The REGIO sustainability assessment, performed as part of the investment analysis process is designed to analyse potential investments against the requirements set forth in the Fund's Green Impact Investment Guidelines. It contains a screening checklist to ensure compliance of the investment with eligibility criteria at the issuer and bond level including considerations such as compliance with local law and international principles such as the UN Global Compact, as well as exposure to restricted sectors and excluded activities. The assessment also includes a green bond assessment which entails assessing the alignment of bonds with the ICMA Green Bond Principles, as well as the coherence of bonds with the issuers' long term sustainability strategies.

A key part of the sustainability assessment is the ESG assessment which comprises of an assessment of the issuer's exposure to material ESG risks and the ability of issuers to identify, manage and respond effectively to such risks. The ESG assessment, conducted by the Fund's credit analysts and reviewed by the Environmental and Social (E&S) Officer[2], draws on ESG data from third party providers such as MSCI, Sustainalytics and RepRisk, where available and appropriate, in addition to publicly available information. The sustainability assessment identifies the most material ESG risks and determines if the issuer meets minimum environmental and social safeguards and if there is a need to engage with the issuer on ESG risks.

[2] Environmental & Social Officer ("E&S Officer"), was be appointed by the Portfolio Manager, to contribute to the environmental and social analysis of bonds and their issuers being considered for ownership by the Fund. The E&S Officer is a voting member of the Portfolio Manager's Green Bond Oversight Committee. The E&S Officer also contributes to any environmental and social engagement plan established for any issuer of Eligible Green Bonds or Other Bonds.

What actions have been taken to attain the sustainable investment objective during the reference period?

The REGIO Fund's approach to impact investing is outlined in the REGIO Green Impact Investment Guidelines (GIIG). These guidelines are a key part of the Fund's investment process and outline standards and expectations to ensure the Fund invests in bonds issued by companies that demonstrate good environmental, social and governance (ESG) performance and alignment with internationally recognized environmental and social standards, including the IFC Performance Standards. The GIIG also serves as a framework for identifying bonds that will support the impact goals of the Fund.

During 2021, REGIO's E&S Officer conducted a full E&S Review of all the bonds held in the REGIO portfolio and the issuers of those bonds. This involved consistently applying the sustainability assessment methodology developed across the portfolio to identify issuers of bonds that are relatively higher risk from an ESG perspective. The findings of the review included the identification of twelve issuers of bonds held in the Fund that should be prioritized for engagement.

ESG engagements are conducted by the E&S Officer and the REGIO Portfolio Manager with support of relevant REGIO credit analysts and members of the HSBC Stewardship and Engagement team. Engagement activities aim to gain insights into the steps companies are taking to manage ESG risks and to encourage best practices and increase sustainability ambitions. The REGIO E&S Officer conducted engagement activities with over a dozen issuers prioritized for engagement in the reporting period.

In parallel to the REGIO Fund, HSBC Asset Management and the IFC set up a Technical Assistance Facility (TAF) to support green bond and sustainability bond market development in select countries. The TAF aims to stimulate the supply side of green/sustainability bond markets in target regions, encourage and facilitate first-time green/sustainability bond issuances, generate, and disseminate country and industry-specific market intelligence, and provide training on Green Bond Principles and best practices in impact reporting.

How did this financial product perform compared to the reference sustainable benchmark?

The Fund is actively managed and the performance is not compared to the reference sustainable benchmark. No sustainable reference benchmark has been designated within the meaning of SFDR.

Reference benchmarks are indexes to measure whether the financial product attains the sustainable objective.

- ***How did the reference benchmark differ from a broad market index?***

The reference benchmark used is the JP Morgan CEMBI Diversified index. The Fund does not have an investment benchmark as such, rather the JPM CEMBI Diversified is used as representative of the investment universe, i.e. broad market index. This index has not been designated for the purpose of attaining the environmental or social characteristics of the Fund.

- ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the sustainable investment objective?***

The JP Morgan CEMBI Diversified index is a broad market index. Not all constituent assets can be measured for impact.

How did this financial product perform compared with the reference benchmark?

Investment performance results:

	Q3 22 (%)	YTD 22 (%)	Since Inception (%)
REGIO USD share class	-3.26	-14.64	-10.31
JPM CEMBI Diversified	-2.66	-16.99	-8.13

Returns are expressed in US Dollar terms.
Fund inception date is 27 May 2020.

How did this financial product perform compared with the broad market index?

The reference benchmark is also the applicable broad market index.