HSBC ISLAMIC FUNDS

Audited Annual Report for the Year ended 31 December 2024

Société d'Investissement à Capital Variable (SICAV), Luxembourg

HSBC
Asset Management

R.C.S. Luxembourg B 74 964
4, rue Peternelchen, L-2370 Howald,
Grand Duchy of Luxembourg

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Statement of changes in the investment portfolio
A list, specifying for each sub-fund total purchases and sales transacted during the year under review, may be obtained, upon request, at the registered office of the Company.

Disclaimer
No subscription can be received on the basis of financial reports. Subscriptions are only valid if made on the basis of the current relevant Key Information Document and the current Prospectus accompanied by the latest annual and the most recent semi-annual report, if published thereafter.
The current Prospectus, the Articles of Incorporation, together with both the interim and audited annual reports are available free of charge upon request from the Management Company.

Board of Directors

- **Anthony Jeffs, Global Head of Product**
  HSBC Global Asset Management Limited,
  Resident in the United Kingdom of Great Britain and Northern Ireland

- **Benjamin Lam, Independent Director** (Appointed effective 5 March 2025)
  Resident in Luxembourg, Grand Duchy of Luxembourg

- **Carine Feipel, Independent Director** (Appointed effective 2 April 2024)
  Resident in Luxembourg, Grand Duchy of Luxembourg

- **Dr. Michael Boehm, Chief Operating Officer**
  Head of Global Fund Services, Alternatives
  HSBC Global Asset Management Germany,
  Resident in the Federal Republic of Germany

- **Eimear Cowhey, Independent Director** (Resigned effective 5 March 2025)
  Resident in Republic of Ireland

- **Jean de Courrèges, Independent Director** (Resigned effective 31 March 2024)
  Resident in Luxembourg, Grand Duchy of Luxembourg

- **Matteo Pardi, Head of Wholesale Continental Europe, Partnership and HIFL**
  HSBC Global Asset Management (France) Italian Branch,
  Resident in the Republic of Italy

- **Timothy Palmer, Independent Director**
  Resident in the United Kingdom of Great Britain and Northern Ireland

HSBC Global Shariah Supervisory Committee

The Management Company has entered into a Performance Level Agreement with HSBC Bank Middle East Limited under which the latter agrees to appoint the members of the HSBC Global Shariah Supervisory Committee ("the Shariah Committee"). The members of the Shariah Committee are:

- Dr. Nizam Yaquby - resident in Bahrain
- Dr. Mohamed Ali Elgari - resident in Saudi Arabia
- Dr. Aznan Hassan - resident in Malaysia

Management and Administration

Registered Office

4, rue Peternelchen,
L-2370 Howald,
Grand Duchy of Luxembourg

Management Company

HSBC Investment Funds (Luxembourg) S.A.
18, boulevard de Kockelscheuer,
L-1821 Luxembourg,
Grand Duchy of Luxembourg

Administration Agent, Depositary Bank, Paying Agent, Registrar and Transfer Agent

HSBC Continental Europe, Luxembourg
18, boulevard de Kockelscheuer
L-1821 Luxembourg,
Grand Duchy of Luxembourg

Corporate and Domiciliary Agent

ONE Corporate
4, rue Peternelchen, Cubus C3,
L-2370 Howald,
Grand Duchy of Luxembourg

Paying Agent in Switzerland

HSBC Private Bank (Suisse) S.A.
Quai des Bergues 9-17, Case Postale 2888,
CH-1211 Geneva 1,
Switzerland

Investment Adviser

HSBC Global Asset Management (UK) Limited
8 Canada Square,
London, E14 5HQ,
United Kingdom

Auditor

PricewaterhouseCoopers, Société coopérative
2, rue Gerhard Mercator, B.P. 1443,
L-1014 Luxembourg,
Grand Duchy of Luxembourg

Distributors and Representatives

Global Distributor
HSBC Investment Funds (Luxembourg) S.A.
18, Boulevard de Kockelscheuer,
L-1821 Luxembourg,
Grand Duchy of Luxembourg

Continental Europe Distributor
HSBC Global Asset Management (France)
Immeuble "coeur Défense" – Tour A,
110 Esplanade du Général de Gaulle - La Défense 4,
75419 Paris Cedex 08,
France

Distributor and Representative for the United Kingdom
HSBC Global Asset Management (UK) Limited
8 Canada Square,
London E14 5HQ,
United Kingdom

Shareholder Information

Automatic Exchange of Information

The OECD has developed a common reporting standard ("CRS") to achieve a comprehensive and multilateral automatic exchange of information AEOI on a global basis. On 9 December 2014, Council Directive 2014/107/EU amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation (the "Euro-CRS Directive") was adopted in order to implement the CRS among the Member States.

The Euro-CRS Directive was implemented into Luxembourg law by the law of 18 December 2015 on the automatic exchange of financial account information in the field of taxation ("CRS Law").

The CRS Law requires Luxembourg financial institutions to identify financial assets holders and establish if they are tax resident in countries with which Luxembourg has a tax information sharing agreement. Accordingly, the Company may require its investors to provide information in relation to the identity and tax residence of financial account holders (including certain entities and their controlling persons) in order to ascertain their CRS status. Responding to CRS-related questions is mandatory. The personal data obtained will be used for the purpose of the CRS Law or such other purposes indicated by the Company in the data protection section of the Prospectus in compliance with Luxembourg data protection law. Information regarding a shareholder and his/her/its account will be reported to the Luxembourg tax authorities (Administration des Contributions Directes), which will thereafter automatically transfer this information to the competent foreign tax authorities on a yearly basis, if such account is deemed a CRS reportable account under the CRS Law.

In addition, Luxembourg signed the OECD's multilateral competent authority agreement ("Multilateral Agreement") to exchange information automatically under the CRS. The Multilateral Agreement aims to implement the CRS among non-Member States; it requires agreements on a country-by-country basis.

The Company reserves the right to refuse any application for Shares if the information provided or not provided does not satisfy the requirements under the CRS Law.

On 25 May 2018, the EU Council adopted a directive (2018/822 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation) that imposes a reporting obligation on parties involved in transactions that may be associated with aggressive tax planning (“DAC6”). DAC6 has been implemented in Luxembourg by the law of 25 March 2020 (the “DAC6 Law”). More specifically, the reporting obligation will apply to cross-border arrangements that, among others, meet one or more "hallmarks" provided for in the DAC6 Law that is coupled in certain cases, with the main benefit test (the “Reportable Arrangements”). In the case of a Reportable Arrangement, the information that must be reported includes inter-alia the name of all relevant taxpayers and intermediaries as well as an outline of the Reportable Arrangement, the value of the Reportable Arrangement and identification of any member states likely to be concerned by the Reportable Arrangement. The reporting obligation in principle rests with the persons that design, market or organize the Reportable Arrangement or provide assistance or advice in relation thereto (the so-called “intermediaries”). However, in certain cases, the taxpayer itself can be subject to the reporting obligation.

Intermediaries (or the case maybe, the taxpayer) may be required to report a Reportable Arrangement as soon as 30 January 2021. The information reported will be automatically exchanged between the tax authorities of all Member States. In light of the broad scope of the DAC6 Law, transactions carried out by the Company may fall within the scope of the DAC6 Law and thus be reportable.

Name of the sub-fund	Tax status for redemptions	Tax status for distributions	Method used to determine the status	Period of validity of the status
HSBC Islamic Global Equity Index Fund	Out of Scope	Out of Scope	Investment Policy	1 January 2024 31 December 2024

Directors' Report

The Board of Directors presents the Audited Annual Report for HSBC Islamic Funds (the "Company") for the year ended 31 December 2024.

The Company

The Company is an investment company with variable capital, incorporated under the laws of the Grand Duchy of Luxembourg and is organized as an "umbrella" with a number of sub-funds, each of which has its own investment policy and restrictions. At present, the Company has issued shares in 1 sub-fund. During the financial year, the total net assets of the company increased from USD 1,285,750,260 to USD 2,096,272,012 at year end.

The Company qualifies as an Undertaking for Collective Investments in Transferable Securities under the amended Directive 2009/65/EC of 13 July 2009 and may therefore be offered for sale in European Union Member States, subject to registration in countries other than the Grand Duchy of Luxembourg. In addition, applications to register the Company and its sub-funds may be made in non-European Union countries, subject to compliance with local laws and regulations. The Company and its sub-fund are currently registered for offer and distribution in the Grand Duchy of Luxembourg and in the following jurisdictions: Bahrain, France, Jersey, Qatar, Singapore, Sweden, Switzerland, the United Kingdom and the United Arab Emirates.

Responsibility of the Directors

The responsibility of the Directors of the Company is governed exclusively by Luxembourg law. With respect to these financial statements, the duties of the Directors are governed by general corporate law and the law of 19 December 2002 on the register of commerce and companies and the accounting and annual accounts of undertakings and by the law of 17 December 2010 relating to undertakings for collective investments, as amended (the "2010 Law"). Since 1 July 2011, the Company is governed by Part I of the 2010 Law implementing the Directive 2009/65/EC into Luxembourg law.

Cash Management

In accordance with the Shariah Compliance Advisory Agreement the Investment Manager endeavours to avoid overdrafts. In exceptional circumstances overdrafts may occur, however no interest expense is charged to the Fund in that case.

Remuneration Policy

HSBC Investment Funds (Luxembourg) S.A. (“HIFL”) has implemented a remuneration policy pursuant to Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014 amending Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) as regards to depositary functions, remuneration policies and sanctions (the “UCITS V Directive”), which was transposed into Luxembourg law on 1 June 2016 by way of the Luxembourg law of 10 May 2016.

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 Company nor impair compliance with HIFL’s duty to act in the best interest of the Company.

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.

Total amount of remuneration paid by HIFL to all staff and paid by the investment adviser to their identified staff* during the 12 months period ending 31 December 2024 is as follows:

Number of beneficiaries: 20 for the period January 2024 to December 2024

Fixed remuneration	EUR 2,500,752.65
Variable remuneration	EUR 295,135.08

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 adviser is:

Number of beneficiaries: 7 for the period January 2024 to December 2024

Fixed remuneration	EUR 1,174,687.24
Variable remuneration	EUR 176,759.81

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

The above amounts of remuneration include the staff of HIFL and the staff of HSBC Global Asset Management (UK) Limited involved in the investment management of HSBC Islamic Funds.

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 period and no irregularities were identified. Furthermore, there were no material changes made to the remuneration policy in the past financial year.

Withdrawal of the UK from the EU

Following the end of the transition period all cross-border passporting rights to the UK for EU funds have ceased, however, the UK's introduction of a Temporary Permissions Regime enables all funds that have registered into the regime to continue to be distributed in the UK and purchased by UK domiciled investors. The UK Government has brought forward domestic legislation to streamline the process to allow overseas (including EU) investment funds to be sold in the UK post-Brexit.

It is becoming increasingly clear that there will be more divergence between UK and EU regulations which may limit the cross-border activities that can take place. As at the date of this Report, the Sub-Fund continues to be recognised by the UK's Financial Conduct Authority and can be marketed to UK investors. The nature and extent of the impact of Brexit related changes remain uncertain, but may be significant.

Corporate Governance Statement

The Board of Directors confirms its adoption of the ALFI (Association of the Luxembourg Fund Industry) Code of Conduct for Luxembourg Investment Funds (the “Code”) and confirms its adherence to the principles of the Code at all times during the period.

Annual General Meeting

The next Annual General Meeting of the Company will be held on Friday, 30th May 2025.

Russia’s invasion of Ukraine

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.

Russia's invasion of Ukraine (continued)

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 Company does not have any exposure to Russian securities.

Investment Adviser's Report

Performance Review

Date	Currency	Net Return (ID Class)	Gross Return	Index Performance
Jan-24	USD	2.00%	2.05%	2.03%
Feb-24	USD	6.26%	6.31%	6.36%
Mar-24	USD	2.30%	2.34%	2.36%
Apr-24	USD	-3.14%	-3.09%	-3.20%
May-24	USD	5.55%	5.60%	5.68%
Jun-24	USD	5.69%	5.74%	5.70%
Jul-24	USD	-0.27%	-0.22%	-0.21%
Aug-24	USD	1.98%	2.02%	2.10%
Sep-24	USD	2.28%	2.32%	2.28%
Oct-24	USD	-2.08%	-2.04%	-2.11%
Nov-24	USD	3.05%	3.09%	3.10%
Dec-24	USD	0.28%	0.33%	0.34%

Over the reporting period the fund tracked its index closely, fully in line with the investment objectives. From a sector standpoint, the largest contributor to the total returns by far was the Technology sector, followed by Consumer Discretionary, Industrials and Health Care. Conversely, Telecommunications and Materials were detractors. US equities were the largest contributor to the return over the period given their prominence in the Index, while South Korean equities detracted from returns

Global equities

2024 was another strong year for equity market returns, with the MSCI World Index rising by over 20% in sterling terms and just below 20% in US dollars. The prospect of lower interest rates was the key driver behind the positive performance. A gently improving economic outlook and strong corporate earnings also boosted investor sentiment and underpinned returns. The year saw many markets – including the S&P 500, Stoxx Euro 600, Nikkei 225 and the MSCI World indices – set new all-time highs. There was, however, some disappointment at the caution shown by central banks towards rate cuts as well as concerns about the global economic outlook, and this led to occasional market retracement.

Developed markets outperformed emerging markets. Within developed markets, the US led the way and was the top-performing major market, outperforming the MSCI and FTSE World indices. Japan was also strong as investors grew more optimistic that the country was beginning to escape the clutches of decades-long deflation. Continental Europe and the UK produced more modest returns and underperformed other global markets, owing to lacklustre economic performance. In Asian and emerging markets, mainland China recovered strongly in the final months of the year on hopes of increased economic support from the government and the country's central bank. Taiwan was the pick of the Asian markets, however, supported by strength in its technology sector. India also produced solid returns on economic strength, while Korea, Brazil and Mexico delivered negative returns.

Much focus was on central banks' monetary policy and the prospect of interest-rate cuts. Headline inflation continued to drop in most countries over the period, although there were signs of a reacceleration in the final months of the year. The world's major central banks eventually began to ease monetary policy as they became more satisfied that the price pressures facing their respective economies had sustainably retreated. The European Central Bank (ECB) was the first to cut in June and the Bank of England (BoE) soon followed suit. The US Federal Reserve (Fed) was widely expected to cut rates in September (it duly obliged), and these moves continued to drive markets higher. The Fed cut twice more but warned investors in December that the pace of rate cuts would likely slow in 2025, which caused markets to sell off at the end of the year. In contrast, the Bank of Japan (BoJ) continued to tighten its monetary policy. Having raised rates modestly for the first time in 17 years in March, it did so again in July as it began to pull back from its longstanding ultra-loose monetary policy.

Global equities (continued)

Economic performance was mixed. The US economy seemed to be on track for a soft landing, with GDP remaining resilient. The eurozone and UK economies rebounded in the first half of 2024 following a weak second half of 2023. However, other economic data – such as retail sales and sentiment and confidence indicators – in both Europe and the UK underscored the relatively brittle nature of their respective recoveries. The UK slowed markedly from the summer. Mainland China's economic growth slowed to below the government's 5% target level in the second and third quarters of 2024 as the country's real estate sector continued to weigh on growth. Japan's economy also remained subdued. India was one of the strongest economies, although its economic momentum slowed somewhat over the period.

US equities

US equities were strong over the period and outperformed other global equity markets in aggregate. Performance was driven for much of the year by the prospect of easier monetary policy from the Fed, which eventually materialised in September. Robust economic trends, which contrasted with much of the world's other leading economies, and largely better-than-expected corporate results also drove returns in the US.

The major local equity indices – the S&P 500, the Dow Jones and the Nasdaq Composite – frequently hit new all-time highs during 2024. Technology stocks soared on strong earnings and interest in artificial intelligence. They were led by the so-called "Magnificent Seven" – a group of large-cap stocks including Microsoft, Nvidia and Apple. In January, Microsoft overtook Apple as the largest stock (by market capitalisation) in the world, as well as becoming the first stock with a market capitalisation of over $3 trillion. By June, Nvidia and Apple had also become $3 trillion market-cap stocks – in each case, they were worth more than the FTSE 100 Index – as the US's dominance of global equity indices continued.

Headline inflation fell from 3.1% in January to 2.4% in September – a more than three-year low – before rising again to 2.7% in November as base effects became less favourable and energy prices picked up mildly on an annual basis. Core inflation fell from 3.9% to 3.3% over the same period.

The Fed remained relatively cautious for much of the year, wishing to see greater proof that the decline in inflation was likely to persist. After disappointing the market on occasions (especially at its late July policy meeting, when markets were convinced the Fed would begin to ease), the central bank at last cut its funds rate in September – the first cut in over four years – by 50 basis points (bps) to 5.0%. It followed that with a further 25bps cut in early November and one in December. The December move was accompanied by a warning from the Fed that unnerved investors: the pace of rate reductions would likely slow in 2025, the central bank said, owing to the recent stubbornness in inflation and relatively strong domestic economic trends.

The US economy defied expectations of a slowdown and improved on an annualised basis through the year. After growing by 1.6% in the first quarter, GDP expanded by 3.0% in the second quarter and by 3.1% in the third quarter. Labour market data indicated a slowdown, but only a modest one. The non-farm payrolls figure reached its lowest in October since the Covid-19-affected months of early 2020, but recovered thereafter, ahead of expectations.

Worries about growing tensions over Gaza and Ukraine, as well as US relations with mainland China, did not ultimately unsettle the positive sentiment that prevailed in US equities. Growing concerns about Joe Biden's fitness for another term as president were alleviated when Vice President Kamala Harris was confirmed in early August as the Democratic Party nominee for the November presidential election. However, it was Donald Trump who was elected as US president in early November, causing equities to rally further in the final weeks of the period.

European ex UK equities

European ex UK equities produced positive returns but underperformed other global markets in aggregate. While Europe benefited from positive trends in inflation and increased hopes of falling interest rates, economic stagnation, most notably in Germany, and the threat of a recession held Continental European equities back in relative terms.

Positive corporate earnings growth supported sentiment, however, and the Europe-wide Stoxx Europe 600 Index hit a new all-time high during the period, as did major local indices including Germany's Dax and France's CAC 40.

Investment Adviser's Report

European ex UK equities (continued)

While Italy, Spain and Germany, of the larger markets, produced double-digit gains in local-currency and sterling terms, France was relatively weak and fell in sterling terms, which reflected political tensions at home. President Emmanuel Macron called a parliamentary election in the summer in effort to shore up his power base; but the election only served to deepen divisions and lead to no one party having control in parliament. Further, Macron’s choice for prime minister Michel Barnier was forced to resign after he faced a vote of no confidence. Political instability was also evident in Germany, where Chancellor Olaf Scholz also faced a vote of no confidence in his government and was forced to call a general election for early in 2025.

Annual headline inflation continued to ease. In the eurozone, the figure fell from 2.8% in January to a more than three-year low of 1.7% in September, before ending the year at 2.2% in November. Core inflation also fell from 3.3% in January to 2.7% in September, October and November.

Early in the year, ECB President Christine Lagarde had warned that the fight against inflation would need to continue and that it was too early to consider cutting interest rates, although there was widespread speculation that rates would be cut sometime during the year. Eventually, in June, the ECB cut its benchmark interest and deposit rates by 25 bps each. Having been the last of the three major western central banks to raise rates in September 2023, it became the first of the three to cut them. It subsequently cut rates again three times in the final few months of 2024, taking the benchmark interest rate to 3.15% and the deposit rate to 3.0%.

Economic growth rebounded in the first quarter of the year, with the eurozone growing by 0.3% quarter on quarter. This was followed by growth of 0.2% and 0.4% over the next two quarters, with growth in the third quarter surprising expectations on the upside. However, overall economic trends remained fragile, as witnessed by subdued consumer spending across the region, as consumers remained concerned about the current weak economic prospects and the state of their finances. The manufacturing sector stayed mired in a mild contraction, with the eurozone manufacturing purchasing managers’ index (PMI) failing to rise above the 50.0 level (that separates economic expansion from contraction) for the entire period. It is now over two years since the PMI was in expansionary territory. Various consumer confidence and business sentiment indices also remained lacklustre. Towards the end of the year, worries about potential trade tariffs from the new Trump administration also undermined sentiment. However, the labour market remained relatively robust, with the eurozone unemployment rate remaining at an all-time low of 6.3% in the final months of the year.

UK equities

While the UK market produced a positive return over the period and outperformed Continental Europe, it lagged the MSCI and FTSE World indices. Falling inflation and the promise of lower interest rates drove the market for much of the period. Some signs of economic recovery early in the year boosted UK equities, although by the end of the period the economic outlook had deteriorated again. However, the valuation of the market remained relatively low compared with other global markets and this attracted some investors back into it. The FTSE 100 and FTSE All-Share indices hit new all-time highs during the period, belatedly following several other high-profile global market indices in the US, Europe, Japan and some emerging markets.

The UK benefited somewhat from greater political clarity in the mid-summer. The Labour Party won its first general election since 2005 with a resounding majority, ending a multi-year period of political uncertainty which featured multiple changes of prime minister. However, a lot of Labour’s goodwill appeared to vanish after the autumn Budget was announced, which featured large tax rises on companies.

Annual inflation continued to ease. The figure fell from 4.0% in January to 1.7% in September – which was the lowest figure since April 2021 and meant that inflation was back below the BoE’s target level of 2.0% – before reaccelerating to 2.6% by November.

Almost exactly 12 months after having raised interest rates to a 15-year high of 5.25%, the BoE cut them in August by 25bps to 5.0%, acknowledging that the outlook for inflation had improved. Although the central bank left rates unchanged at its September policy meeting, it was widely expected to cut them again before the end of the year, which it duly did by a further 25bps at November’s policy meeting. The BoE passed on lowering rates again at its December policy meeting.

UK equities (continued)

After tipping into a recession in the final quarter of 2023, the UK economy showed signs of recovery in the first half of the year. The rebound started in the first quarter, with GDP growing by 0.7% quarter on quarter, and then by 0.4% in the second quarter of 2024. However, it stalled in the third quarter of the year, producing no growth and provoking fears that the UK was potentially headed for another recession. The still-high cost of living and increased tax burden – with UK taxes at their highest for over 70 years – continued to cast a shadow over consumers. Both the manufacturing and services PMI eased from August, also indicative of a slowdown in the economy. The labour market remained relatively buoyant, although unemployment picked up from 4.0% in January to 4.3% in both September and October.

Japanese equities

The Japanese market produced strong returns in 2024 in yen terms, particularly in the first half of the year. The bellwether Nikkei 225 Index hit a new all-time high in late February for the first time in over 34 years and went on to mark a peak of over 42,000 in July, before easing off through the rest of the year. The rally was largely driven by growing optimism that the Japanese economy was close to escaping its decades-long period of deflation, as well as impressive earnings growth – not least among Japan’s large exporting sector, which benefited from the weaker yen. The market also rallied, along with other world markets, on expectations that global interest rates would likely fall. However, returns in sterling and US dollars were more moderate due to the weakness in the yen. Additionally, overall returns were flatter in the second half of the year as investors worried about tightening monetary conditions.

A key feature of the period was the BoJ’s switch towards a tighter monetary policy. The central bank had raised interest rates for the first time in 17 years in March, increasing its short-term rate from -0.1% to a range of 0.0-0.1%. In July, it raised rates again to 0.25%. BoJ Governor Kazuo Ueda suggested that growing wage pressures in the economy, emanating mainly from the highest spring wage settlements in decades, would likely force the central bank to continue to tighten. However, by the end of the period, Ueda sounded a little more cautious and stated that tighter policy would only be gradually integrated given still-weak economic trends.

Annual consumer inflation rose over the period, increasing from 2.0% in January to 2.9% in November. Core inflation (excluding fresh food prices) was also higher, rising from 2.0% to 2.7% over the same period.

The Japanese economy remained fragile despite some intermittent signs of recovery. The economy fell in the first quarter of 2024, down 2.2% on an annualised basis, before rising by 2.2% in the second quarter, and by 1.2% in the third quarter. The third-quarter figure showed a recovery in consumer spending, driven by wage hikes, but still-subdued capital investment and external demand.

The yen was immensely volatile over the year. It weakened substantially against the US dollar during most of 2024, falling to approximately 161 against the US dollar – the lowest rate for 38 years. It recovered during the autumn months towards 140 as the BoJ tightened its monetary policy. However, it weakened off again in the final months of the year to end at approximately 157.

Political changes were also in the air. The ruling LDP party elected Shigeru Ishiba as its new leader in early October. Ishiba called a general election for the end of the month, unwisely as it turned out, because the ruling LDP and Komeito alliance lost its overall majority. This caused a further sell-off in equities as investors faced up to renewed political uncertainty.

Asia ex Japan equities

Asia Pacific equities produced positive returns on falling inflation and hopes of lower interest rates, as well as a recovery in earnings and economic growth. Returns in the region exceeded those of the wider emerging markets group in aggregate, but were lower than those delivered by developed markets. This partly reflected mixed economic growth in the region, generally tighter monetary policy than in developed markets and the impact of the stronger US dollar over the period.

Asia ex Japan equities (continued)

Mainland China's market recovered strongly in the second half of the period, after an indifferent first half, to outperform the region. Shares surged in the second half of September on the announcement from the authorities of long-awaited new stimulus measures to help support the economy. However, investors became disillusioned by the lack of follow-through and detail from the mainland Chinese government on its stimulus measures, and shares eased thereafter. Additionally, the market was plagued by ongoing worries about the state of mainland China's property sector and the indebtedness of its local governments. India produced positive returns on resilient economic growth in the first half of the year, but gave back some of those returns in the second half as economic momentum slowed. The country ended up marginally underperforming the wider index. Taiwan was the strongest major market as it benefited from a positive technology cycle and product demand. Singapore also performed very well, benefiting from resilient economic growth and political stability. Korea suffered negative returns as the economy contracted in the second quarter and grew only marginally in the third. A period of political chaos also hurt sentiment in the fourth quarter, as the Korean legislature attempted to impeach the president. Returns from Hong Kong were flat.

Headline inflation generally eased. After falling by 0.8% in January – to the lowest level for nearly 15 years – mainland China's annual consumer inflation rate remained in a range of 0.3-0.6% growth through the rest of the period as disinflation continued to dominate in the economy. In Korea and Taiwan, inflation ebbed and flowed month by month, but headed downwards overall. In India, however, annual inflation rose over the year and ended at well above the central bank's target of close to 4%; November's figure came in at 5.48% as food prices reaccelerated.

Mainland China was at the forefront of easing monetary policy, reducing its key loan prime rates in the summer months as economic growth remained subpar and the country's real estate and housing markets stayed weak. The Bank of Korea cut rates twice late in the year as the economy weakened. Some central banks across the region (including in India and Australia) kept interest rates unchanged, while Taiwan's central bank raised rates modestly in the spring due to persistent inflationary pressures.

Economic data was mixed. Mainland China's annualised growth rate slowed quarter by quarter and was at 4.6% in the third quarter, a little below the government's 5% target. India's economy slowed. After growing by close to 8% in the first quarter on an annualised basis, GDP grew by 5.4% in the third quarter of the year. Taiwan's economy remained buoyant, although GDP also slowed over the period. Australia's economy also slowed on an annual basis. Korea was close to falling into a recession after growth in the second quarter fell by 0.2% quarter on quarter and only recovered by 0.1% in the third quarter. Overall economic growth in the Asia ex-Japan region remained relatively subdued compared with its history.

Emerging market equities

Emerging markets produced positive returns over the period but underperformed developed markets in aggregate. Although inflation and interest rates generally fell throughout the region, investors were concerned about the outlook for global and local economic demand, as well as the strengthening US dollar and geopolitical tensions.

Mainland China's market recovered strongly in the second half of the period after an unremarkable first half, outperforming the region. Shares surged in the second half of September on the announcement of long-awaited new stimulus measures to help support the economy from the authorities. However, investors became disillusioned by the lack of follow-through and detail from the mainland Chinese government on its stimulus measures, and shares eased thereafter. Additionally, the market was plagued by ongoing worries about the state of mainland China's property sector and the indebtedness of local governments. India produced positive returns on resilient economic growth in the first half of the year, but gave back some of those returns in the second half as economic momentum slowed. The country ended up marginally underperforming the wider index. Taiwan was the strongest major market as it benefited from a positive technology cycle and product demand. Korea suffered negative returns as the economy contracted in the second quarter and grew only marginally in the third. A period of political chaos also hurt sentiment in the fourth quarter, as the Korean legislature attempted to impeach the president. Returns from Hong Kong were flat. Turkey performed well on signs that its tight monetary policy was bringing inflation under control and as the economy recovered.

Emerging market equities (continued)

While Asian emerging markets performed well, Latin American equities proved to be a drag. This was largely due to weakness in Brazil and Mexico. Brazil suffered from worries over the country’s fiscal outlook, a much weaker currency and the damage suffered in the early summer from widespread flooding and consequent economic disruption in the country. Mexico was also weak on its economic outlook and the country’s unexpected election results in the summer, which sparked fears of enhanced state control over the economy as the Morena party won a substantial majority in the Mexican Congress.

Mainland China was at the forefront of easing monetary policy, reducing its key loan prime rates in the summer months as economic growth remained subpar. The Bank of Korea cut rates twice late in the year as its economy weakened. Some central banks across the region (including in India and Australia) kept interest rates unchanged, while Taiwan’s central bank raised rates modestly in the spring due to persistent inflationary pressures. Brazil’s central bank raised rates three times from September in an effort to control a reacceleration in inflation.

Economic data was mixed. Mainland China’s annualised growth rate slowed quarter by quarter and was at 4.6% in the third quarter, a little below the government’s 5% target. India’s economy slowed. After growing by close to 8% in the first quarter on an annualized basis, GDP grew by 5.4% in the third quarter of the year. Taiwan’s economy remained buoyant, although GDP also slowed over the period, while Australia’s economy also slowed on an annual basis. Korea was close to falling into a recession after growth in the second quarter fell by 0.2% quarter on quarter and only recovered by 0.1% in the third quarter. Brazil’s economy expanded by 3.3% in the second quarter and 4.0% in the third quarter on a year-on-year basis, boosted by recovering consumer spending and business investment. Mexico’s economy was more subdued, growing by 2.1% and 1.6% respectively in the second and third quarters of the year.

بسم الله الرحمن الرحيم

Praise be to Allah the Cherisher and Sustainer of the worlds.
Blessings and salutations be to his Prophet Mohammed, his family and all his companions.

ANNUAL SHARIAH COMPLIANCE REPORT OF THE GLOBAL SHARIAH SUPERVISION COMMITTEE (‘Shariah Committee’) for the HSBC Islamic Global Equity Index Fund between period starting January 1, 2024 to December 31, 2024

Based on Annual Report and Audited Financial Statement submitted for the above named fund, we are pleased to inform you that the investments made by the fund which aim to track the performance of a world index, through investment in a diversified portfolio of securities as defined by the relevant index, which meets Islamic investment principles as interpreted and laid down by the Shariah Committee, are in accordance with the established Shariah investment guideline for the fund that complies with the Shariah standards of the Accounting and Auditing Organization for Islamic Financial Institutions (“AAOIFI”). Shariah Committee reviewed amount of impure income which need to be distributed to charitable organizations.

....	....	....
Dr Mohamed Elgari	**Dr Aznan Hasan**	**Sheikh Nizam Yaquby**

Members of the HSBC Global Shariah Supervisory Committee Limited

April 25, 2025

Audit report

To the Shareholders of
HSBC ISLAMIC FUNDS

Our opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of HSBC ISLAMIC FUNDS (the “Fund”) as at 31 December 2024, and of the results of its operations and changes in its net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

What we have audited

The Fund’s financial statements comprise:

- the statement of net assets as at 31 December 2024;
- the portfolio of investments and other net assets as at 31 December 2024;
- the statement of operations and changes in net assets for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (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 as adopted for Luxembourg by the CSSF are further described in the “Responsibilities of the “Réviseur d’entreprises agréé” for the audit of the financial statements” section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are 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. We have fulfilled our other ethical responsibilities under those ethical requirements.

Other information

The Board of Directors of the Fund is responsible for the other information. The other information comprises the information stated in the annual report but does not include the financial statements and our audit report 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 identified above 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 that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors of the Fund for the financial statements

The Board of Directors of the Fund is responsible for the preparation and fair presentation of the financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors 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 Directors 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 Directors 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

The objectives of our audit 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 an audit report 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 scepticism 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;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors of the Fund;

- conclude on the appropriateness of the Board of Directors 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 audit report 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 audit report. 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 those charged with governance 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.

PricewaterhouseCoopers, Société coopérative
Represented by

Electronically signed by
Lena Serafin

Lena Serafin

Luxembourg, 30 April 2025

Statement of Net Assets

As at 31 December 2024

	Notes	HSBC Islamic Global Equity Index Fund USD
Assets		
Investment in Securities at Cost		1,466,604,870
Unrealised Appreciation/(Depreciation)		622,088,237
Investments in Securities at Market Value	**2.b**	**2,088,693,107**
Cash at Bank		1,645,677
Receivable on Unsettled Spot Foreign Currency Transactions		1,974
Receivable from Shareholders		8,203,220
Dividend and Interest Receivable, Net		698,525
Other Assets		272,180
Total Assets		**2,099,514,683**
Liabilities		
Payable on Investment Purchased		(582,752)
Payable to Shareholders		(1,124,952)
Other Liabilities	4	(1,534,967)
Total Liabilities		**(3,242,671)**
Total Net Assets		**2,096,272,012**

Two Years Asset Summary	
31 December 2023	1,285,750,260
31 December 2022	869,386,416

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

Statement of Operations and Changes in Net Assets

For the year ended 31 December 2024

	Notes	HSBC Islamic Global Equity Index Fund USD
Net Assets at the Beginning of the Year/Period		**1,285,750,260**
Income		
Investment Income, net	**2.c**	**16,046,548**
Deposit Interest		7
Other Income		440,027
Total Income		**16,486,582**
Expenses		
Management Fees	4	(7,560,557)
Operating, Administrative and Servicing Fees	4, 7.b	(2,909,845)
Total Expenses		**(10,470,402)**
Net Investment Income/(Loss)		**6,016,180**
Realised Gains/(Losses) on:		
- Investments in Securities	2.e	72,260,794
- Foreign Exchange Transactions		(110,663)
Realised Gains/(Losses) for the Year/Period		**72,150,131**
Change in Unrealised Appreciation/(Depreciation) on:		
- Investments in Securities		287,088,721
Change in Total Net Assets as a Result of Operations		**287,088,721**
Proceeds on Issue of Shares		719,600,500
Payments on Redemption of Shares		(273,955,837)
Dividends Paid	7	(377,943)
Net Assets at the End of the Year/Period		**2,096,272,012**

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

Key Figures

As at 31 December 2024

Sub-fund and Class	Class Currency	Launch Date	Effective rate Management fees (%)	Effective rate Operating fees (%)	Outstanding shares as of 31 December 2024	NAV per share as of 31 December 2024	NAV per share as of 31 December 2023	NAV per share as of 31 December 2022
HSBC Islamic Global Equity Index Fund								
AC (USD)	USD	05/09/2013	0.750	0.190	7,130,017.235	29.93	23.84	17.85
AC (EUR)	EUR	13/01/2022	0.750	0.180	1,405,922.437	14.07	10.45	8.15
AC (SGD)	SGD	16/06/2023	0.750	0.250	4,613,900.738	13.69	10.52	-
AD (USD)	USD	05/09/2013	0.750	0.180	3,249,445.072	27.77	22.14	16.62
BD (GBP)	GBP	24/04/2020	0.375	0.250	857,503.585	21.17	16.54	13.15
BD (USD)	USD	09/03/2021	0.375	0.160	1,042,646.017	16.00	12.74	9.56
BC (GBP)	GBP	23/10/2020	0.375	0.250	6,719,540.941	17.92	13.95	11.02
BC (USD)	USD	27/04/2021	0.375	0.190	3,588,155.257	14.66	11.64	8.68
IC (USD)	USD	31/03/2017	0.375	0.120	25,823,849.674	29.79	23.62	17.60
IC (EUR)	EUR	03/11/2022	0.375	-	100.000	16.80	12.43	9.65
EC (USD)	USD	09/04/2021	1.530	0.250	1,654,850.275	14.31	11.49	8.67
IC (GBP)	GBP	01/03/2021	0.375	0.120	26,275,608.885	17.81	13.85	10.93
ID (USD)	USD	29/02/2016	0.375	0.120	1,687,229.370	31.69	25.24	18.95
WD (USD)	USD	05/09/2013	-	-	45,163.651	30.32	24.12	18.11
YD (USD)*	USD	25/01/2018	-	0.300	236,428.959	17.52	13.89	-
ZC (USD)	USD	14/05/2014	-	0.120	1,286,922.382	36.42	28.77	21.36

*Share Class YD (USD) Dormant since 30/09/2022 and re-launched on 02/08/2023.

S and W Shares incur no charges. All the fees and charges allocated to such Share Classes will be paid directly by members or affiliated entities of the HSBC Group.

Z Shares incur no annual management charge.

Portfolio of Investments and Other Net Assets

As at 31 December 2024

HSBC Islamic Global Equity Index Fund
Statement of investments as at 31 December 2024
(Expressed in USD)

Description	Quantity	Currency	Market value	% net assets
Investments				
Transferable Securities Admitted to an Official Stock Exchange Listing				
Depositary Receipts				
China				
ALIBABA GROUP HOLDING	84,571	USD	7,170,775	0.34
JD COM	51,606	USD	1,789,180	0.09
PINDUODUO	56,122	USD	5,443,273	0.26
			14,403,228	**0.69**
India				
INFOSYS	173,671	USD	3,806,868	0.18
			3,806,868	**0.18**
Depositary Receipts Total			**18,210,096**	**0.87**
Shares				
Australia				
BHP BILLITON	362,242	AUD	8,870,361	0.42
BHP BILLITON	34,046	GBP	832,317	0.04
CSL	37,630	AUD	6,560,426	0.31
WESFARMERS	88,189	AUD	3,905,698	0.19
WOODSIDE ENERGY GROUP	147,560	AUD	2,247,500	0.11
			22,416,302	**1.07**
China				
ALIBABA GROUP HOLDING	579,300	HKD	6,145,034	0.29
JD.COM	121,900	HKD	2,134,205	0.10
MEITUAN DIANPING	427,512	HKD	8,348,866	0.40
			16,628,105	**0.79**
Denmark				
NOVO NORDISK	179,676	DKK	15,573,450	0.74
			15,573,450	**0.74**
France				
AIR LIQUIDE	36,460	EUR	5,924,410	0.28
ESSILOR INTERNATIONAL	18,287	EUR	4,461,366	0.21
HERMES INTERNATIONAL	2,119	EUR	5,094,990	0.24
L'OREAL	14,594	EUR	5,166,067	0.25
SAFRAN	21,218	EUR	4,660,100	0.22
SANOFI	69,928	EUR	6,787,755	0.32
SCHNEIDER ELTE	34,198	EUR	8,530,758	0.41
			40,625,446	**1.93**
Germany				
SAP	64,466	EUR	15,774,099	0.75
			15,774,099	**0.75**
Great Britain				
ASTRAZENECA	97,469	GBP	12,778,305	0.61
COMPASS GROUP	106,596	GBP	3,553,792	0.17
GSK	263,092	GBP	4,436,669	0.21
REED ELSEVIER	117,064	GBP	5,320,511	0.25
RIO TINTO (GB0007188757)	67,074	GBP	3,967,484	0.19
			30,056,761	**1.43**
India				
INFOSYS	107,062	INR	2,350,984	0.11
RELIANCE INDUSTRIES	206,569	INR	2,932,640	0.14
TATA CONSULTANCY SERVICE	78,729	INR	3,765,511	0.18
			9,049,135	**0.43**
Ireland				
ACCENTURE CORP	43,309	USD	15,235,673	0.73
MEDTRONIC	88,889	USD	7,100,453	0.34
NEW LINDE	33,003	USD	13,817,366	0.66
			36,153,492	**1.73**
Japan				
DAIICHI SANKYO	151,254	JPY	4,188,454	0.20
DAIKIN INDUSTRIES	22,698	JPY	2,694,990	0.13
FAST RETAILING	16,155	JPY	5,532,337	0.26
HITACHI	362,200	JPY	9,073,437	0.43
HOYA	27,010	JPY	3,405,467	0.16

Description	Quantity	Currency	Market value	% net assets
KEYENCE	15,569	JPY	6,402,548	0.31
MURATA MANUFACTURING	142,500	JPY	2,320,748	0.11
RECRUIT HOLDINGS	128,893	JPY	9,140,446	0.44
SHIN-ETSU CHEMICAL	155,500	JPY	5,240,061	0.25
TOKYO ELECTRON	36,563	JPY	5,626,598	0.27
			53,625,086	**2.56**
Netherlands				
ASML HOLDING	25,262	EUR	17,753,979	0.85
UNILEVER (GB00B10RZP78)	156,571	GBP	8,918,151	0.43
			26,672,130	**1.28**
South Korea				
SAMSUNG ELECTRONICS	377,670	KRW	13,648,096	0.65
SK HYNIX	41,866	KRW	4,945,486	0.24
			18,593,582	**0.89**
Spain				
INDUSTRIA DE DISENO TEXTIL	70,364	EUR	3,616,866	0.17
			3,616,866	**0.17**
Sweden				
ATLAS COPCO	101,108	SEK	1,367,567	0.07
ATLAS COPCO "A"	159,256	SEK	2,433,683	0.12
			3,801,250	**0.19**
Switzerland				
ABB "R"	100,623	CHF	5,448,354	0.26
CIE FINANCIERE RICHEMONT "A"	33,714	CHF	5,130,108	0.24
LONZA GROUP	4,530	CHF	2,678,261	0.13
NESTLE "R"	165,547	CHF	13,678,521	0.65
NOVARTIS	124,535	CHF	12,188,970	0.58
ROCHE HOLDING	44,392	CHF	12,515,482	0.60
ROCHE HOLDING "B"	1,887	CHF	563,445	0.03
SIKA	10,186	CHF	2,425,532	0.12
			54,628,673	**2.61**
Taiwan				
MEDIATEK	124,230	TWD	5,361,846	0.26
TAIWAN SEMICONDUCTOR MANUFACTURING	541,337	TWD	17,750,378	0.85
			23,112,224	**1.11**
United States				
ABBOTT LABORATORIES	120,216	USD	13,597,632	0.65
ABBVIE	122,482	USD	21,765,051	1.04
ADOBE SYSTEMS	30,511	USD	13,567,631	0.65
ADVANCED MICRO DEVICES	112,478	USD	13,586,218	0.65
ALPHABET	329,866	USD	62,819,681	3.00
ALPHABET "A"	404,982	USD	76,663,093	3.66
AMAZON.COM	648,634	USD	142,303,814	6.79
APPLE	722,931	USD	181,036,382	8.63
APPLIED MATERIALS	57,140	USD	9,292,678	0.44
BOOKING HOLDINGS	2,294	USD	11,397,555	0.54
BROADCOM CORP	323,720	USD	75,051,245	3.58
CHEVRON	115,838	USD	16,777,976	0.80
CISCO SYSTEMS	276,273	USD	16,355,362	0.78
COCA-COLA (US1912161007)	268,718	USD	16,730,383	0.80
CONOCOPHILLIPS	89,547	USD	8,880,376	0.42
DANAHER	44,555	USD	10,227,600	0.49
EATON	27,340	USD	9,073,326	0.43
ELI LILLY	54,612	USD	42,160,464	2.01
EXXON MOBIL	304,627	USD	32,768,726	1.56
HOME DEPOT	68,846	USD	26,780,406	1.28
INTUITIVE SURGICAL	24,687	USD	12,885,627	0.61
JOHNSON & JOHNSON	166,874	USD	24,133,318	1.15
LOWES	39,537	USD	9,757,732	0.47
MASTERCARD	56,813	USD	29,916,021	1.43
MERCK & CO	175,331	USD	17,441,928	0.83
META PLATFORMS	151,097	USD	88,468,804	4.22
MICRON TECHNOLOGY	76,848	USD	6,467,528	0.31
MICROSOFT	396,880	USD	167,284,921	7.97
NIKE "B"	82,513	USD	6,243,759	0.30
NVIDIA	1,279,128	USD	171,774,100	8.18
ORACLE (US68389X1054)	111,397	USD	18,563,196	0.89
PEPSICO	95,093	USD	14,459,842	0.69
PROCTER AND GAMBLE	163,229	USD	27,365,342	1.31
PROLOGIS	64,194	USD	6,785,306	0.32

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

Portfolio of Investments and Other Net Assets (continued)

As at 31 December 2024

HSBC Islamic Global Equity Index Fund (continued)
Statement of investments as at 31 December 2024
(Expressed in USD)

Description	Quantity	Currency	Market value	% net assets
QUALCOMM	77,004	USD	11,829,354	0.56
S&P GLOBAL	21,968	USD	10,940,723	0.52
SALESFORCE	66,261	USD	22,153,040	1.06
SERVICENOW	14,278	USD	15,136,393	0.72
STARBUCKS	78,172	USD	7,133,195	0.34
TESLA MOTORS	193,567	USD	78,170,097	3.73
TEXAS INSTRUMENTS	63,226	USD	11,855,507	0.57
THERMO FISHER SCIENTIFIC	26,511	USD	13,791,818	0.66
UBER TECHNOLOGIES	145,948	USD	8,803,583	0.42
UNION PACIFIC	42,020	USD	9,582,241	0.46
UNITED PARCEL SERVICES	50,692	USD	6,392,261	0.30
UNITEDHEALTH GP	63,785	USD	32,266,280	1.54
VISA "A"	119,776	USD	37,854,007	1.81
WALMART	300,853	USD	27,182,069	1.30
			1,695,473,591	**80.87**
Shares Total			**2,065,800,192**	**98.55**
Total Transferable Securities Admitted to an Official Stock Exchange Listing			2,084,010,288	99.42
Transferable Securities Traded on Another Regulated Market				
Depositary Receipts				
India				
RELIANCE INDUSTRIES	82,444	USD	4,682,819	0.22
			4,682,819	**0.22**
Depositary Receipts Total			**4,682,819**	**0.22**
Total Transferable Securities Traded on Another Regulated Market			4,682,819	0.22
Total Investments			**2,088,693,107**	**99.64**
Other Net Assets			**7,578,905**	**0.36**
Total Net Assets			**2,096,272,012**	**100.00**

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

Notes to the Financial Statements

As at 31 December 2024

1. Basis of presentation

HSBC ISLAMIC FUNDS (the "Company") is incorporated under the laws of the Grand Duchy of Luxembourg as an investment company with variable capital (Société d'Investissement à Capital Variable). The capital comprises various Shares of different classes (the "Share Classes" or "Classes of Shares") within different compartments each relating to a separate portfolio (a "sub-fund") consisting of securities, cash and other sundry assets and liabilities.

The accompanying financial statements present the assets and liabilities of the only sub-fund of the Company which therefore represents the Company as a whole. The financial statements of the Company are expressed in the currency designated in the Company's prospectus for the sub-fund and the financial statements of the Company are expressed in United States dollars (USD). The Company's financial statements have been prepared in accordance with the format prescribed by the Luxembourg law for Luxembourg investment companies.

The Company qualifies as an undertaking for collective investment in transferable securities under Part I of the Luxembourg law of 17 December 2010 on undertakings for collective investment, as amended (the "2010 Law") and is authorised by the Commission de Surveillance du Secteur Financier.

In the Company's prospectus and in the reports, the short name of the sub-fund is used. The complete name of the sub-fund is "HSBC Islamic" plus the short name of the sub-fund.

The share classes available to investors are listed and described in the current Prospectus of the Company.

The last official NAV released was the 31 December 2024.

2. Accounting policies

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the Company's financial statements.

a. Accounting convention

The financial statements have been prepared under the historical cost convention modified by the revaluation of investments.

b. Assets and portfolio securities valuation

Investments are included in the Statement of Net Assets at their market value at 31 December 2024. The market values are based on closing mid-market prices on leading markets.

c. Income and expenses

Dividends are accounted for on an ex-dividend basis.

Notes to the Financial Statements (continued)

As at 31 December 2024

2. Accounting policies (continued)

d. Foreign exchange

The table shows the value of one US dollar against various currencies (as at the given dates).

The cost of investments, income and expenses in currencies other than the Company's relevant reporting currency have been recorded at the rate of exchange ruling at the time of the transaction. The market value of the investments and other assets and liabilities in currencies other than the relevant reporting currency has been converted at the rates of exchange ruling at 31 December 2024:

	31 December 2024	31 December 2023
AUD	1.6151	1.4576
CHF	0.9063	0.8364
DKK	7.2016	6.7118
EUR	0.9657	0.9005
GBP	0.7985	0.7831
HKD	7.7680	7.8136
INR	85.6138	83.1738
JPY	157.1600	140.8950
KRW	1,472.1500	1,287.9000
SEK	11.0493	9.9501
SGD	1.3642	1.3166
TWD	32.7845	30.6695

e. Realised profit/(loss) on sale of investments

Realised profit/(loss) on sale of investments is the difference between the historical average cost of the investment and the sale proceeds

f. Forward Foreign Exchange Contracts

The Company may use Shariah compliant Forward Foreign Exchange Contracts for hedging purposes. As at 31 December 2024, there were no open Forward Foreign Exchange contract entered into.

Notes to the Financial Statements (continued)

As at 31 December 2024

3. Share capital

The Company currently offers the following Classes of Shares:

Class	Description	Minimum Initial Investment Minimum Holding (in US Dollar or equivalent amount in a major currency)	
Class A	A Shares are available to all investors.	USD	5,000
Class B	B Shares are available to: ▶ Sub-distributors who are prohibited from accepting and retaining inducements from third parties under applicable laws and regulations or court rulings; or ▶ Sub-distributors who have a separate fee arrangement with their clients in relation to the provision of investment services and activities (for example, in the European Union, services and activities performed under MiFID II) and who have opted not to accept and retain inducements from third parties.	USD	5,000
Class E	E Shares are available in certain countries, subject to the relevant regulatory approval, through certain distributors selected by the Global Distributor. E Shares will incur annual management fees of 0.30% plus 1.23% of the Net Asset Value of Class E Shares, which will be paid to selected distributors.	USD	5,000
Class I	I Shares are only available for investors qualifying as Institutional Investors.	USD	1,000,000
Class R	R Shares are available in certain countries, subject to the relevant regulatory approval, through distributors selected by the Global Distributor on application to the Company. R Shares will incur annual management fees of 0.375% plus 1% of the net asset value of Class R Shares, which will be paid to the selected distributors.	USD	5,000
Class S	S Shares are available through certain distributors selected by the Global Distributor provided that the investors qualify as Institutional Investors. S Shares will incur no charges. All the fees and charges allocated to such class of Shares will be paid directly by members or affiliated entities of the HSBC Group.	USD	500,000
Class W	W Shares are available through certain distributors selected by the Global Distributor provided that the investors qualify as Institutional Investors. W Shares will incur no charges. All the fees and charges allocated to such class of Shares will be paid directly by members or affiliated entities of the HSBC Group.	USD	100,000
Class Y	Y Shares are available to certain distributors selected by the Global Distributor provided that the investors qualify as Institutional Investors.	USD USD	Minimum Initial Investment 100,000,000* Minimum Holding 100,000*
Class Z	Z Shares are available to investors having entered into a discretionary management agreement with an HSBC Group entity and to investors subscribing via distributors selected by the Global Distributor provided that such investors qualify as Institutional Investors.	USD	1,000,000

*Class Y: the Minimum Initial Investment and Minimum Holding Amount can be waived or reduced at the discretion of the Board of Directors.

The Board of Directors has resolved to issue Distribution and Capital-Accumulation Shares as different classes of the sub-funds. Capital-Accumulation Shares of the Company are identifiable by a “C” following the sub-fund and Share Class names and do not pay any dividends.

Distribution Shares of the Company are identifiable by a "D" following the sub-fund and Share Class names.

The Company has applied for UK reporting fund status for certain distributing Share Classes from the accounting period commencing on 1 April 2010. Prior to this, the Company had applied UK distributor status for such distributing Share Classes.

As at 31 December 2024

3. Share capital (continued)

Details of which Share Classes have UK reporting fund status can be found on the HM Revenue & Customs' website at www.hmrc.gov.uk.

At the date of this report the exact location of this report is https://www.gov.uk/government/publications/offshore-funds-list-of-reporting-funds.

4. Charges and expenses

a. Allocation of Charges and Expenses

The sub-fund or each Class of Shares is charged with all costs or expenses attributable to it. Costs and expenses not attributable to the sub-fund or Class of Shares are allocated between the Class of Shares on an equitable basis. Charges and expenses shall be charged first against investment income. The costs and expenses incurred in connection with the formation and registration of the Company as a UCITS in Luxembourg and elsewhere and the offer of Shares, all legal and printing costs and other preliminary expenses were borne by the subfunds out of their assets on a pro rata accrual basis and amortised against capital over five years when incurred. As at 31 December 2024 all such formation expenses have been fully amortized.

b. Management fee

The Company pays to the Management Company a management fee per annum on the basis of the net asset value of the sub-funds, calculated daily and payable monthly in arrears at the rate disclosed in the Company's prospectus. The fee covers all management, advisory and distribution services provided to the sub-fund by the Management Company, the Investment Adviser and the distributors. The Management Company is responsible for discharging, out of such fee, the fees of the Investment Adviser and the distributors and other recognised intermediaries or such other person as the Management Company may determine at its discretion.

The effective management fee payable to the Management Company out of the net asset value of the relevant category of shares issued in the sub-fund is presented in the Key Figures section of the report. The maximum management fees payable to the Management Company are presented in the latest prospectus of the Company.

c. Directors' fees, expenses and interests

A Director may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is interested, provided that he has disclosed to the other Directors, prior to the conclusion of any such transaction or arrangement, the nature and extent of any interest of his therein. Subject to approval of the Board, a Director may vote in respect of any contract or arrangement or any proposal whatsoever in which he has an interest, having first disclosed such interest. He shall not be disqualified by his office from contracting with the Company. If a Director declares his interest in any contract which the Company is considering entering into, he may be counted in the quorum of any meeting to consider the contract and may vote on any resolution to enter into such contract, provided that the decision to be taken by the Board of Directors relates to the current operations entered into under normal conditions.

The Company pays an annual fee to each of the Independent Directors amounting to EUR 15,000. This amount is paid by the Management Company through the operating, administrative and servicing expenses paid by the Company. The amount of Operating, Administrative and Servicing Expenses is accrued with every net asset value calculation and paid quarterly in arrears. For the year-end as at 31 December 2024, a total of EUR 45,000 has been charged as Independent Directors' fees.

Notes to the Financial Statements (continued)

As at 31 December 2024

4. Charges and expenses (continued)

d. Operating, Administrative and Servicing Expenses / Operating Currency Hedged Share Class Fees

Specific provisions for Y Shares - Operating, Administrative and Servicing Expenses

Y Shares incur operating, administrative and servicing expenses fixed at 0.30% of the net asset value per annum. This fee is paid quarterly in arrears. The excess of such expenses above such annual rate will be borne directly by the Management Company or its affiliates, and equally the Management Company or its affiliates may retain any surplus.

The Company pays to the Management Company a fee of 0.01% p.a. on the net asset value of the sub-funds payable monthly.

The Company pays to HSBC Bank Middle East Limited a fee for its services rendered with respect to the appointment of the Shariah Committee. The fee is payable at the end of each calendar quarter. It currently amounts to USD 2,500 and is subject to annual review. The Company also pays reasonable related out-of-pocket expenses of the Shariah Committee.

The Company pays to the Depositary Bank a fee which is payable quarterly in arrears. In addition the Depositary Bank is entitled to be reimbursed by the Company for its reasonable out-of-pocket expenses and disbursements and the fees and expenses of its correspondent banks.

The Company pays to the Administration Agent and the Registrar and Transfer Agent a fee which has been agreed between the parties based on different services and transactions provided. This fee is payable quarterly.

The Company also pays other expenses incurred in its operation including the fees of its auditors and legal advisers, the cost of printing and distributing the annual and half-yearly reports, the prospectus, the Key Investor Information Documents, the costs and expenses incurred in connection with the formation and registration of the Company in various jurisdictions, and fees and expenses involved in registering and maintaining the registration of the Shares of the Company (the "Shares"), with any governmental agency or stock exchange, the cost of publication of prices, fees of the Board of Directors and reasonable out-of-pocket expenses incurred by them and its other operating expenses such as accounting and pricing costs and other recurring or non-recurring expenses.

5. Transaction expenses and extraordinary expenses

The transaction expenses linked to security dealing have been written off against the realised gain/(loss) on the sale of investments.

The sub-fund bears the costs and expenses of buying and selling portfolio securities and financial instruments, brokerage fees and commissions, taxes payable, and other transaction related expenses. These transaction fees are accounted for on a cash basis and are paid when incurred or invoiced from the net assets of the sub-fund to which they are attributable. Transaction fees are allocated across each sub-fund's Share Classes.

The Company bears any extraordinary expenses including, without limitation, litigation expenses and the full amount of any tax, levy, duty or similar charge and any unforeseen charges imposed on the Company or its assets.

The Company incurred transaction costs relating to purchase or sale of transferable securities, money market instruments, or other eligible assets:

HSBC Islamic Global Equity Index Fund: USD 99,793.75.

6. Taxation of the Company

The Company is not subject to taxation in Luxembourg on its income, profits or gains.

The Company is not subject to net wealth tax in Luxembourg.

Notes to the Financial Statements (continued)

As at 31 December 2024

6. Taxation of the Company (continued)

No stamp duty, capital duty or other tax will be payable in Luxembourg upon the issue of the Shares of the Company.

The sub-funds are, nevertheless, in principle, subject to a subscription tax (taxe d'abonnement) levied at the rate of 0.05% per annum based on their Net Asset Value at the end of the relevant quarter, calculated and paid quarterly.

A reduced subscription tax rate of 0.01% per annum is however applicable to any sub-fund authorised as money market funds in accordance with Regulation (EU) 2017/1131 of the European Parliament and of the Council of 14 June 2017 on money market funds, hereinafter "Regulation (EU) 2017/1131"", without prejudice to Article 175, letter b) of the 2010 Law. A reduced subscription tax rate of 0.01% per annum is also applicable to any sub-fund or Share classes provided that their shares are only held by one or more Institutional Investors.

The subscription tax are disclosed within the Statement of Operations and Changes in Net Assets under the Operating, Administration and Servicing Fees.

A subscription tax exemption applies to:

- The portion of any sub-fund’s assets (prorata) invested in a Luxembourg investment fund or any of its sub-funds to the extent it is subject to the subscription tax;

- Any sub-fund (i) whose securities are only held by Institutional Investor(s), (ii) that are authorised as short-term money market funds in accordance with regulation (EU) 2017/1131 and (iii) that have obtained the highest possible rating from a recognised rating agency. If several Share classes are in issue in the relevant sub-fund meeting (ii) and (iii) above, only those Share classes meeting (i) above will benefit from this exemption;

- Any sub-fund, whose securities are reserved for (i) institutions for occupational retirement pension or similar investment vehicles, set up on one or more employers' initiative for the benefit of their employees and (ii) companies of one or more employers investing funds they hold, to provide retirement benefits to their employees and (iii) savers in the context of a pan-European personal pension product established under Regulation (EU) 2019/1238 of the European Parliament and of the Council of 20 June 2019 on a pan-European personal pension product (PEPP);

- Any sub-fund, whose main objective is the investment in microfinance institutions; and

- Any sub-fund, (i) whose securities are listed or traded on a stock exchange and (ii) whose exclusive object is to replicate the performance of one or more indices. If several Share classes are in issue in the relevant sub-fund meeting (ii) above, only those Share classes meeting (i) above will benefit from this exemption.

The Company is considered as a taxable person for value added tax (“VAT”) purposes without any input VAT deduction right. A VAT exemption applies in Luxembourg for services qualifying as fund management services. Other services supplied to the Company from abroad could require it to self-assess for VAT.

Withholding tax

Investment income on bonds and dividend income received by the Company may be subject to non-recoverable withholding tax in the source countries. The Company may further be subject to tax on the realised or unrealised capital appreciation of its assets in the countries of origin. The Company may benefit from double tax treaties entered into by Luxembourg, which may provide for exemption from withholding tax or reduction of withholding tax rate.

Distributions made by the Company as well as liquidation proceeds and capital gains derived therefrom are not subject to withholding tax or VAT in Luxembourg.

Notes to the Financial Statements (continued)

As at 31 December 2024

7. Dividends and dividend purification

a. Dividends

The following dividends were declared, out of the profits of the Company for the year ended 31 December 2023, for the Classes of Shares listed below:

Sub-Fund	Dividend per share (in class currency)
HSBC Islamic Global Equity Index Fund -Class AD (USD)	0.027832
HSBC Islamic Global Equity Index Fund -Class BD (GBP)	0.066567
HSBC Islamic Global Equity Index Fund -Class BD (USD)	0.057440
HSBC Islamic Global Equity Index Fund -Class ID (USD)	0.123866
HSBC Islamic Global Equity Index Fund -Class WD (USD)	0.228371
HSBC Islamic Global Equity Index Fund -Class YD (USD)	0.034785

b. Dividend Purification

The Shariah Committee has issued guidelines to quantify the annual amount of income of the Company that should be donated to charity, being derived from companies eligible for investment pursuant to the investment objective, policy and restrictions set out in the Prospectus for each sub-fund, but that are engaged in an activity or activities of a marginal nature which is or are proscribed by the Shariah Committee and which is not or are not screened out by the investment restrictions. Such amount will be calculated on an annual basis, based on the purification ratios, expressed as a percentage of each company's dividend. The purification ratios will be provided by the relevant index provider for each sub fund, for all companies in which the sub-funds have invested. For companies, whose purification ratios are not provided by the index provider, purification ratios will be calculated based on the financial information of these companies received from the Investment Advisers. Such income will be disbursed as a charitable donation to one or more worthy causes approved by the Shariah Committee.

HSBC Islamic Global Equity Index Fund: USD 230,521.78.

8. Other Income

Other income mainly consists of dilution levy (refer to Note 10).

9. List of movements in the investment portfolio

The detailed list of movements in the investment portfolio can be obtained free of charge upon request at the registered office of the Company.

10. Anti-Dilution Mechanisms

There are two Anti-Dilution Mechanisms available to each Sub-Fund, a Swing Pricing Adjustment and an Anti-Dilution Levy, both mechanisms aim to protect shareholders in a Sub-Fund.

When investors buy or sell Shares in a Sub-Fund, the Investment Adviser may need to buy or sell the underlying investments within the Sub-Fund. Without an Anti-Dilution Mechanism to take account of these transactions, all Shareholders in the Sub-Fund would pay the associated costs of buying and selling these underlying investments. These transaction costs can include, but are not limited to, bid-offer spreads, brokerage and taxes on transactions.

As at 31 December 2024

10. Anti-Dilution Mechanisms (continued)

Until Anti-Dilution Mechanism's threshold rate is triggered, no Anti-Dilution Levy or Pricing Adjustment is applied and the transaction costs will be borne by the Sub-Fund. This will result in a dilution (reduction in the Net Asset Value per Share) to existing Shareholders. Investors should note that sub-distributors may levy the sales charge (if any) on an investor's full subscription and may not take into account the application of an Anti-Dilution Levy. For the avoidance of doubt, it is clarified that fees other than the sales charge will continue to be calculated on the basis of the unadjusted Net Asset Value for Pricing Adjustment.

There is an adjustment of the Net Asset Value per Share only when a Pricing Adjustment is applied. When Anti-Dilution Levy is applied, in the case of net capital inflows, the Anti-Dilution Levy will be deducted from each subscription amount and accordingly reduce the number of Shares received by an investor or, in the case of net capital outflows, will be deducted from each redemption amount and accordingly reduce the redemption proceeds received by an investor.

The amount of the Anti-Dilution Levy be up to a maximum of 2% and may be reduced or waived at the discretion of the Board of Directors.

In the case of Pricing Adjustment, the adjustment will not exceed 2%. However, it may be significantly higher during exceptional market conditions such as periods of high volatility, reduced asset liquidity and market stress.

Detail of each Mechanism are specified in the latest Fund's Prospectus.

Details of which Anti-Dilution Mechanism is applicable on the Sub-Fund can be obtained from the Management Company. Should the Company decide to change the Anti-Dilution Mechanism in operation for the sub-fund (i.e. from a Pricing Adjustment to Anti-Dilution Levy or vice versa), prior approval will be sought from relevant regulators (where required) and affected investors will receive at least one month's prior written notification.

The described Anti-Dilution Mechanisms has been applied during the period under review, please see below details as of 31.12.2024:

HSBC Islamic Global Equity Index Fund		**Un-swung NAV price per Share***	**Swung NAV price per Share**
AC (USD)	AA	29.91	29.93
AC (EUR)	EA	14.05	14.07
AC (SGD)	RA	13.68	13.69
AD (USD)	AB	27.75	27.77
BD (GBP)	IH	21.15	21.17
BD (USD)	DD	15.99	16
BC (GBP)	IG	17.9	17.92
BC (USD)	DC	14.65	14.66
IC (USD)	AY	29.77	29.79
IC (EUR)	EQ	16.79	16.8
EC (USD)	AQ	14.3	14.31
IC (GBP)	HQ	17.79	17.81
ID (USD)	AZ	31.66	31.69
WD (USD)	BZ	30.29	30.32
YD (USD)	CN	17.5	17.52
ZC (USD)	CO	36.39	36.42

11. Sustainable Finance Disclosure Regulation ("SFDR")

Information on environmental and/or social characteristics and/or sustainable investments are available under the section Appendix VI - Sustainable Finance Disclosure Regulation ("SFDR") of the annual report.

Notes to the Financial Statements (continued)

As at 31 December 2024

12. Significant Events

Russia's invasion of Ukraine

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.

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 Company does not have any exposure to Russian securities.

Mr. Jean de Courrèges resigned from the Board of Directors effective 31 March 2024 and Mrs. Carine Feipel was appointed effective 2 April 2024.

13. Subsequent Events

The recent announcements of tariffs by the US government has caused significant market disruptions across financial markets and the economy. The Company and its Investment Adviser continue to monitor these developments.

There were no events subsequent to the annual report date which would require adjustments to or disclosures in these fin ancial statements.

Mrs Eimear Cowhey resigned effective 5 March 2025 and Mr Benjamin Lam was appointed (by co-optation of the Board) with effect 5 March 2025.

14. Disclosure requirements for Index-tracking UCITS: HSBC Islamic Global Equity Index Fund

The HSBC Islamic Global Equity Index Fund is the sole index tracking sub-fund existing at the date of this report.

The annualised tracking error for the year ended 31 December 2024 is 0.1074%.

The annualised tracking errors are internally calculated by HSBC Global Asset Management (UK) Limited, based upon investment accounting performance returns using close of market prices, gross of fees, based on monthly data points. For example, 12 monthly points for 1 year, 36 monthly points for 3 years and 60 monthly points for 5 years.

The anticipated level of tracking error between the HSBC Islamic Global Equity Index Fund and the index "Dow Jones Islamic Market Titans 100 index", in normal market conditions is 0.20%. The HSBC Islamic Global Equity Index Fund is in line with anticipated tracking error.

Additional Disclosure (Unaudited Information)

Appendix I - Information for Swiss Investors

Information concerning the Swiss Investors

Publication of Performance for sub-funds distributed in Switzerland is required as per the AMAS (Asset Management Association Switzerland)# guidelines on the calculation and publication of performance data of collective investment schemes.

The Total Expense Ratio ("TER") has been computed by the Administrator as required per the Swiss Funds & Asset Management Association "AMAS" guidelines on the calculation and disclosure of the TER of collective investment schemes. The actual expenses incurred during the year are annualised and calculated as a percentage of the average Assets Under Management of the share class for the year.

Synthetic TER is applicable for a sub-fund that invests at least 10% of its net assets as a fund of funds in other collective investment schemes (target funds) which publish a TER within the meaning of the present guidelines. A composite (synthetic) TER of the fund of funds is to be calculated by the administrator, as of the closing date of the financial year or the end of the first half of the financial year.

		Calendar Year Performance		
Sub-fund and Class	**Total Expense Ratio (in %)**	**2024 (in %)**	**2023 (in %)**	**2022 (in %)**
HSBC Islamic Global Equity Index Fund				
AC (USD)	0.97	25.55	33.61	(25.28)
AC (EUR)	0.98	34.63	28.28	(18.55)
AC (SGD)	0.98	30.11	5.24	-
AD (USD)	0.96	25.56	33.66	(25.25)
BD (GBP)	0.63	28.45	26.54	(16.06)
BD (USD)	0.56	26.07	34.14	(25.02)
BC (GBP)	0.63	28.45	26.53	(16.07)
BC (USD)	0.62	26.01	34.06	(25.04)
IC (USD)	0.51	26.13	34.20	(24.94)
IC (EUR)	0.62	35.12	28.81	(3.47)
EC (USD)	1.79	24.52	32.52	(25.91)
IC (GBP)	0.52	28.60	26.66	(16.04)
ID (USD)	0.51	26.12	34.20	(24.93)
WD (USD)	-	26.76	34.90	(24.56)
YD (USD)	0.30	26.38	38.94	-
ZC (USD)	0.13	26.60	34.71	(24.66)

Information concerning the distribution of shares of HSBC Islamic Funds in or from Switzerland.

Legal Representative of the Company in Switzerland: HSBC Global Asset Management (Switzerland) Ltd., Gartenstrasse 26, P.O. Box, CH-8002 Zurich. The Prospectus, Key Investor Information Document (KID), Articles and annual and semi-annual reports of the Company may be obtained free of charge upon request from the Legal Representative in Switzerland. A breakdown of all transactions carried out on behalf of each sub-fund of the Company for the year under review can be obtained, free of charge, from the Legal Representative in Switzerland.

Past performance is not an indication of current or future performance. The performance data do not take the commissions on the issue and redemption of shares into account.

Additional Disclosure (Unaudited Information) (continued)

Appendix II - Taxation of the Company

The following summary is based on the Company's understanding of the law and practice currently in force in the in other jurisdictions and is subject to changes therein.

United Kingdom

It is the intention of the Board of Directors to conduct the affairs of the Company so that it does not become resident in the United Kingdom.

On the basis that the Company is not resident in the United Kingdom for tax purposes it should not be subject to United Kingdom corporation tax on its income and capital gains.

It is the intention of the Company that the assets held by the sub-funds will generally be held for investment purposesand not for the purposes of trading.

The table below shows reporting income for the previous financial year ended 31 December 2023, as per Chapter 7 of the UK Offshore Funds (Tax) regulations 2009. The information should be used by UK tax payers for the purposes of completing their UK tax returns.

Sub-Fund	Share Class / Series	ISIN Code	Currency of the following amounts	Per class excess reportable income over distributions in respect of the reporting year	Fund distribution date	Does the fund remain a reporting fund at the date this report is made available?	Distribution per class in respect of the reporting year	Date of distribution*
HSBC Islamic Global Equity Index Fund	Class AC (USD)	LU0466842654	USD	0.0246	30 June 2024	Yes	0.0000	N/A
HSBC Islamic Global Equity Index Fund	Class AC (EUR)	LU0806931092	EUR	0.0083	30 June 2024	Yes	0.0000	N/A
HSBC Islamic Global Equity Index Fund	Class AD (USD)	LU0110459103	USD	0.0038	30 June 2024	Yes	0.0278	29 February 2024
HSBC Islamic Global Equity Index Fund	Class IC (USD)	LU1569385302	USD	0.1177	30 June 2024	Yes	0.0000	N/A
HSBC Islamic Global Equity Index Fund	Class ID (USD)	LU1313573898	USD	0.0085	30 June 2024	Yes	0.1239	29 February 2024
HSBC Islamic Global Equity Index Fund	Class WD (USD)	LU0187035489	USD	0	30 June 2024	Yes	0.2284	29 February 2024
HSBC Islamic Global Equity Index Fund	Class YD (USD)	LU1063824095	USD	0.0003	30 June 2024	No	0.0348	29 February 2024
HSBC Islamic Global Equity Index Fund	Class ZC (USD)	LU0466843462	USD	0.2384	30 June 2024	Yes	0.0000	N/A
HSBC Islamic Global Equity Index Fund	Class BC (GBP)	LU2092165666	GBP	0.0583	30 June 2024	Yes	0.0000	N/A
HSBC Islamic Global Equity Index Fund	Class BD (GBP)	LU2092166128	GBP	0	30 June 2024	Yes	0.0666	29 February 2024
HSBC Islamic Global Equity Index Fund	Class EC (USD)	LU2288915254	USD	0	30 June 2024	Yes	0.0000	N/A
HSBC Islamic Global Equity Index Fund	Class BD (USD)	LU2233257695	USD	0.0032	30 June 2024	Yes	0.0574	29 February 2024
HSBC Islamic Global Equity Index Fund	Class BC (USD)	LU2233258073	USD	0.0472	30 June 2024	Yes	0.0000	N/A
HSBC Islamic Global Equity Index Fund	Class IC (GBP)	LU2092164776	GBP	0.0704	30 June 2024	Yes	0.0000	N/A
HSBC Islamic Global Equity Index Fund	Class IC (EUR)	LU2373168785	EUR	0.0561	30 June 2024	Yes	0.0000	N/A

As at the date of this report, the above-mentioned sub-fund remains reporting fund.

* The date upon which a declared dividend was scheduled to be paid.

Additional Disclosure (Unaudited Information) (continued)

Appendix III - UK SORP Disclosure

Investment Risk

Information in relation to certain investment risks are disclosed for selected sub-fund as follows:

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 market prices, foreign exchange rates and investment income rates. It comprises of three major types of risks i.e. currency risk, investment income rate risk and other price risk.

As it is invested in equities, the Fund is exposed to the risk that the equity markets decline. This risk is monitored in absolute terms by the equity exposure and relative to the benchmark by the calculation of the ex-ante tracking-error.

The Sharia committee has expressly declared the use of financial derivatives instruments as inappropriate for the sub-fund, unless otherwise approved by the committee.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.

Investing in assets denominated in a currency other than that of the investor's own currency perspective exposes the value of the investment to exchange rate fluctuations. The Fund does not enter into any FX hedging transactions in order to manage its exposure to foreign exchange movements.

The table below summarises the sub-fund's exposure to currency risks.

Sub-fund	Currency	Net currency exposure in sub-fund currency
HSBC Islamic Global Equity Index Fund		
	Other	334,919,680

Interest rate risk

Investment income rate risk is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market investment income rates.

HSBC Islamic Global Equity Index Fund aims to track the performance of the Dow Jones Islamic Market Titans 100 Index, through investment in a diversified portfolio of securities as defined by the relevant index. The sub-fund does not invest in fixed income securities; hence the Fund's portfolio is not exposed to interest rate risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

HSBC Islamic Global Equity Index Fund aims to track the performance of a world index, i.e. Dow Jones Islamic Market Titans 100 Index, through investment in a diversified portfolio of securities as defined by the relevant index, which meets Islamic investment principles as interpreted and laid down by the Shariah Committee and provided to the Board of Directors. The sub-fund does not invest in fixed income securities, thus the Fund is not exposed to credit risk.

Credit ratings

All amounts due from brokers, cash and short-term deposits are held by parties with a credit rating of AA-/Aa or higher.

Additional Disclosure (Unaudited Information) (continued)

Appendix III - UK SORP Disclosure (continued)

Market risk (continued)

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Other price risk arises principally in relation to the sub-fund’s return seeking portfolio which includes shares and depositary receipts.

The sub-fund manages this exposure to other price risk by constructing a diverse portfolio of investments across various markets.

At the year end, the sub-fund’s exposure to investments subject to other price risk was:

HSBC Islamic Global Equity Index	**USD**
Direct	
Shares	2,065,800,192
Depositary Receipts	22,892,915

Fair Value Hierarchy

Fair value is the amount for which an asset could be exchanged, a liability settled, or an equity instrument granted could be exchanged, between knowledgeable, willing parties in an arm’s length transaction.

The fair value of financial instruments has been determined using the following fair value hierarchy:

Category (a) The quoted price for an identical asset in an active market.

Category (b) When quoted prices are unavailable, the price of a recent transaction for an identical asset adjusted if necessary.

Category (c) Where a quoted price is not available and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is determined by using a valuation technique which uses:

C (i) observable market data; or

C (ii) non-observable data.

All the investments of HSBC ISLAMIC FUNDS detailed in the “Portfolio of Investments and Other Net Assets” are classified as “Transferable Securities admitted to an official stock exchange listing” and “Transferable Securities admitted to another official stock exchange Listing”, hence are classified under category (a).

Additional Disclosure (Unaudited Information) (continued)

Appendix IV - Fund Holiday Calendar

HSBC Islamic Global Equity Index Fund had no net asset value (the “NAV”) calculated on the following days. Any requests for subscriptions or redemptions of shares received on these dates will be held over to the next Dealing Day:

- all Saturdays and Sundays

In addition, the sub-fund had no NAV calculated on the following days:

Holiday	Closed Market
01/01/2024	Luxembourg, UK, US
15/01/2024	US
19/02/2024	US
29/03/2024	Luxembourg, UK, US
01/04/2024	Luxembourg, UK
01/05/2024	Luxembourg
06/05/2024	UK
09/05/2024	Luxembourg
20/05/2024	Luxembourg
27/05/2024	UK, US
19/06/2024	US
04/07/2024	US
15/08/2024	Luxembourg
26/08/2024	UK
02/09/2024	US
01/11/2024	Luxembourg
28/11/2024	US
25/12/2024	Luxembourg, UK, US
26/12/2024	Luxembourg, UK

Additional Disclosure (Unaudited Information) (continued)

Appendix V - Risk Management

Commitment Approach

There are currently no derivative positions in the sub-fund, however, if approved by the Shariah Committee, the sub-funds may, to a limited extent, enter into simple positions in financial derivative instruments transactions for investment purposes other than hedging techniques and efficient portfolio management, in particular to gain exposure on financial markets when the relevant sub-fund Investment Adviser believes that it is more efficient to purchase financial derivative instruments than the corresponding physical securities. The sub-fund will use the commitment approach.

The commitment approach is generally calculated by converting the derivative contract into the equivalent position in the underlying asset embedded in that derivative, based on the market value of the underlying. Purchased and sold financial derivative instruments may be netted in accordance to the CESR’s guidelines 10/788 in order to reduce global exposure. Beyond these netting rules and after application of hedging rules, it is not allowed to have a negative commitment on a financial derivative instrument to reduce overall exposure and as such, risk-exposure numbers will always be positive or zero.

Additional Disclosure (Unaudited Information) (continued)

Appendix VI - Sustainable Finance Disclosure Regulation ("SFDR")

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.