HSBC ISLAMIC FUNDS

Audited Annual Report for the Year ended 31 December 2023

HSBC
Asset Management

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

Audited Annual Report for the year ended 31 December 2023

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

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.

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.

The information provided in this section is correct as at the date of this Report.

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Board of Directors

- **Anthony Jeffs**, (Chairman), Global Head of Product
  HSBC Global Asset Management Limited,
  8 Canada Square, London E14 5HQ, United Kingdom.
- **Dr. Michael Boehm**, Chief Operating Officer
  Head of Global Fund Services, Alternatives
  HSBC Global Asset Management (Deutschland) GmbH,
  Hansaallee 3, 40549 Düsseldorf, Germany.
- **Jean de Courrèges**, Independent Director
  Resident in Grand Duchy of Luxembourg.
- **Eimear Cowhey,** Independent Director
  Resident in Republic of Ireland.
- **John Li,** Independent Director (Resigned effective 30 September 2023)
  Resident in Grand Duchy of Luxembourg.
- **Matteo Pardi,** Head of International Markets
  HSBC Global Asset Management (France) Italian Branch
  Via San Prosato 3, 20121 Milano, Italy.
- **Tim Palmer,** Non-Executive Director (Appointed effective 2 October 2023
  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, Central Paying Agent, Registrar and Transfer Agent	HSBC Continental Europe, Luxembourg 18, boulevard de Kockelscheuer L-1821 Luxembourg, Grand Duchy of Luxembourg.
Domiciliary and Corporate Agent	ONE Corporate 4, rue Peternelchen, Cubus C3, L-2370 Howald, Grand Duchy of Luxembourg.
Investment Adviser	HSBC Global Asset Management (UK) Limited 8 Canada Square, London, E14 5HQ, United Kingdom.

Management and Administration (continued)

Share Distributors	Global Distributor HSBC Investment Funds (Luxembourg) S.A. 18, Boulevard de Kockelscheuer, L-1821 Luxembourg, Grand Duchy of Luxembourg. Distributor for Continental Europe HSBC Global Asset Management (France) Immeuble "cœur 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.
Paying Agent in Switzerland	HSBC Private Bank (Suisse) S.A. Quai des Bergues 9-17, Case Postale 2888, CH-1211 Geneva 1, Switzerland.
Auditor	PricewaterhouseCoopers, Société coopérative 2, rue Gerhard Mercator, B.P. 1443, L-1014 Luxembourg, Grand Duchy of Luxembourg.

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 2023 31 December 2023

Directors' Report

The Board of Directors presents the Audited Annual Report for HSBC Islamic Funds (the "Company") for the year ended 31 December 2023.

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 869.3 million to USD 1,285.7 million 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, 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 2023 is as follows:

Number of beneficiaries: 17

Fixed remuneration	EUR 2,165,671
Variable remuneration	EUR 329,999

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: 5

Fixed remuneration	EUR 950,620
Variable remuneration	EUR 159,067

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

Directors' Report (continued)

Remuneration Policy (continued)

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.

Sustainable Finance Disclosure Regulation ("SFDR")

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

Impact of Pandemics

Pandemics can impact global markets in several ways, including: (i) adding ongoing uncertainty to global markets as there is currently no clarity as to how long a pandemic will continue (ii) impeding regular business operations across many different businesses, including manufacturers and service providers; and (iii) slowing down or stopping international, national, and local travel. By way of an example, all of these factors and more have been seen in recent years with the global outbreak of COVID-19. Notwithstanding that Covid 19 cases are again on the rise coupled with a risk of new variants, the initial impact on global markets on certain industries has started to lessen however, the financial impact of the outbreak to date, and whether or not any new variant will give rise to further challenges, cannot be estimated reliably. The Board continues to monitor the situation and receives regular updates from the Management Company. As at 31 December 2023, to our knowledge, the impact of COVID-19 has not affected the Investment Managers' ability to execute the investment strategy of the sub-fund, nor has there been interruption to key service providers engaged by the Company.

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 28th June 2024.

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.

Investment Adviser's Report

Performance Review

Date	Currency	Net Return (ID Class)	Gross Return	Index Performance
Jan-23	USD	7.29%	7.33%	7.35%
Feb-23	USD	-2.93%	-2.89%	-2.89%
Mar-23	USD	8.00%	8.04%	8.05%
Apr-23	USD	1.54%	1.57%	1.56%
May-23	USD	3.38%	3.42%	3.44%
Jun-23	USD	5.51%	5.55%	5.59%
Jul-23	USD	3.29%	3.33%	3.37%
Aug-23	USD	-1.22%	-1.18%	-1.17%
Sep-23	USD	-5.14%	-5.10%	-5.13%
Oct-23	USD	-2.43%	-2.39%	-2.41%
Nov-23	USD	9.34%	9.39%	9.41%
Dec-23	USD	4.34%	4.38%	4.43%

Over the reporting period the fund tracked its index closely, fully in line with the investment objectives. From a sector standpoint the largest contributors to the total return were the Information Technology, Communication Services and Consumer Discretionary sectors. US equities were the largest contributor to the return over the period given their prominence in the Index.

Global equities

Global equities produced strong returns over 2023, driven primarily by falling inflation and the growing conviction that interest rates would fall in 2024. The final two months of the year saw equities soar on this increasing belief that the major central banks – the US Federal Reserve (Fed), the European Central Bank (ECB) and the Bank of England (BoE) – would implement rate cuts relatively soon. Markets rallied despite rising concerns about events in the Middle East and increasing tensions there, especially in Gaza.

Markets began the year in the ascendancy but were checked in March by a mini-banking crisis in which several sizeable US regional banks had to be rescued, and Credit Suisse bailed out and taken over by UBS. Markets were also unsettled in May by growing fears of a potential US debt default as Congress remained divided about a compromise on government spending plans. However, the debt ceiling was ultimately extended, bringing relief to markets. Markets peaked in early August through September and October as investors became more resigned to the fact that interest rates would likely stay at relatively high levels and as the oil price rallied. However, they ended the year by rallying strongly in the final two months.

Inflation and central banks’ response to it continued to be the main focus for markets. Headline inflation rates in most countries continued to drop over the period, although core inflation (excluding more volatile energy and food prices) remained more persistent. The major central banks continued to raise rates but slowed the pace of their hikes during the first part of the year. However, they left rates completely unchanged in the final quarter of 2023 and, by the end of the period, many investors were speculating that the major central banks were close to ending their tightening cycle, despite denials by central bankers.

Economic growth was generally sluggish as higher interest rates and the prospect of further rate hikes affected demand. GDP in the eurozone barely grew, rising by just 0.1% quarter on quarter in the first and second quarters of 2023, before falling by 0.1% in the third. UK GDP growth also fell by 0.1% in the third quarter after zero growth in the second quarter. In the US, annualised GDP growth was relatively robust, and after growth of just over 2% in the first two quarters of the year, GDP grew by 4.9% in the third quarter. Many global institutions such as the International Monetary Fund continued to warn that the global economy was at risk of a further slowdown, with the possibility of recession in some countries.

Investment Adviser's Report (Continued)

US equities

US equities were strong over the period and outperformed other global equity markets, driven by hopes that the Fed was nearing the completion of its tightening cycle and on the back of largely better-than-expected corporate results.

After a strong January, the market sold off, hitting a low for the year in early March as a mini-banking crisis, which saw three sizeable regional banks fail, unfolded. The market was also dogged by concerns in May that there would be no agreement in Congress about extending the government's permitted debt ceiling – something that was repeated in September. However, these fears were allayed when a deal was hatched between the Republicans and Democrats. The S&P 500 Index hit a more-than-eight-month high at the end of July, before geopolitical concerns (e.g. Ukraine, Gaza) and concerns that interest rates would need to stay higher for longer unsettled market sentiment. However, the market rallied strongly again in November and December as investors discounted falling interest rates in 2024. The Nasdaq Index was a very strong performer throughout the year, as technology stocks soared, led by the so-called "Magnificent Seven" – large-cap stocks such as Microsoft and Apple.

Falling headline inflation was a welcome development through the period. Inflation fell from 6.4% in January to just 3.1% in November. Core inflation also fell, from 5.6% in January to 4.0% in November. The Fed raised its funds rate from 4.5% to 5.5% through four hikes of 25 basis points (bps) each during the period. However, it did not raise the rate at all from its September policy meeting onwards. While Fed Chairman Jerome Powell warned that the tightening was not finished and that rates would probably need to stay high through 2024, this stance was beginning to soften towards year-end, and several Fed policymakers began to talk about rate cuts in 2024.

Economic growth remained relatively robust. Annualised GDP grew by 2.2% in the first quarter of 2023 and 2.1% in the second quarter, before climbing by 4.9% in the third. The labour market remained tight for much of the year. Despite a rise in unemployment levels, job creation – notably the non-farm payrolls – generally exceeded forecasts, while initial jobless claims fell to their lowest levels of the year in September and early October. However, job vacancies began to fall in the final months of the year.

European ex UK equities

Continental European equities produced positive returns but underperformed other global markets in aggregate. While Europe benefited from the similar positive trends in inflation and the growing expectation of falling interest rates, economic stagnation and the real prospects of a recession held European equities back in relative terms.

European equities had endured a torrid time in the spring months as a mini-banking crisis, largely concentrated in the US, took hold, which saw Credit Suisse effectively going bankrupt and having to be bailed out by UBS. Equities weakened again alongside other global markets in May as worries grew about whether the US would extend its debt ceiling in time to avoid a technical default – something it did finally manage. They peaked in late July and fell in the late summer and early autumn months owing to rising oil and natural gas prices, growing geopolitical concerns, weak economic data and largely hawkish signals from the ECB. However, markets enjoyed a substantial rally in the final two months of the year as there were growing indications that interest rates would fall sometime in 2024.

Headline inflation continued to ease in the eurozone. It fell from 8.6% in January to 2.4% in November – the lowest level for over two years. Core inflation remained higher at 3.6% in November, still some way above the ECB's mid-term target of 2%.

The ECB raised its key benchmark interest rate six times over the year, taking it from 2.5% to 4.5% – the highest level for 22 years. For much of the year, ECB President Christine Lagarde warned that the fight against inflation would continue, although she suggested in September that it was possible that rate hikes were completed for now, and no further rate hikes occurred thereafter. By the end of the year, there was widespread speculation that the next move in rates would be downwards.

Economic growth remained sluggish. It barely grew in the first half of the year, rising by just 0.1% quarter on quarter in the first and second quarters of 2023. In the third quarter, GDP fell 0.1%, putting the eurozone at risk of a recession. Household spending across the eurozone was subdued as consumers remained concerned about inflation and the current weak economic prospects. Purchasing managers' indices also worsened over the period, with the composite figure of both manufacturing and services falling into contractionary territory (below 50.0) from June and staying there for the rest of the year. However, the labour market remained relatively robust, with the eurozone unemployment rate falling to an all-time low of 6.4% in June, and again in November.

Investment Adviser's Report (Continued)

UK equities

UK equities rose over the year but were a clear laggard against other developed markets as worries about the economic outlook and political uncertainties kept investor sentiment subdued.

Share prices had rallied in early April as investors were relieved that the mini-banking crisis (which saw three US regional banks and Credit Suisse fail) had not turned into a more significant financial crisis. The market rallied on occasion, thereafter, on hopes that interest rates were close to peak levels and that the UK economy could avoid recession. It fell in the early autumn as the situation in the Middle East deteriorated and rising oil prices reawakened fears of inflation staying at relatively high levels. However, the market did participate in the year-end rally as investors grew optimistic about rate cuts in 2024, although it continued to underperform other global markets in aggregate.

Although headline inflation fell in the UK, it remained higher than many other industrialised countries for most of the period, and was the highest among the G7 nations. The decline in the UK's inflation rate initially proceeded at a notably slower pace. However, the decline quickened in the final months of the year as food and energy prices, and wage inflation peaked. From 10.1% in January, it fell to 3.9% in November. Core inflation remained higher. Having been at 5.8% in January, it peaked at a new 31-year high of 7.1% in May, before falling to 5.1% in November.

The BoE raised interest rates from 3.5% to a 15-year high of 5.25% over the period, through hikes of 25bps and 50bps. However, after 14 consecutive rate hikes dating back to late 2021, the BoE kept rates unchanged at its September meeting and for the remaining policy committee meetings of the year. However, BoE Governor Andrew Bailey remained cautious about cutting rates too soon in 2024 and was perhaps more hawkish than his international central banker peers in this. This did not, however, stop speculation that the BoE would need to cut rates in 2024, as the outlook for the economy remained weak.

Economic growth remained sluggish. After growing by 0.3% on a quarter-on-quarter basis in the first quarter of the year, GDP was flat in the second quarter, before falling by 0.1% in the third, leading to increasing fears that the UK was headed for a recession. The Chancellor announced cuts in business and consumer taxes in his Autumn Statement, but frozen tax thresholds meant that for many, the tax burden was rising. The labour market stayed relatively robust, with the number of people in work at high levels, although the unemployment rate climbed to 4.2% in the quarter to June, where it stayed for the rest of the year, up from 3.7 in January.

Japanese equities

While Japan was a notably strong performer in yen terms over the period, its returns in sterling were significantly lower owing to the strength in sterling against the yen. It produced a positive return but underperformed the MSCI World Index in sterling terms.

Both the TOPIX and Nikkei indices hit their highest levels since 1990 late in the year as investors grew more optimistic that the Japanese economy was close to escaping its decades-long period of deflation. The market also rallied, along with other world markets, on expectations that the pace of global interest-rate hikes might slacken, leading to a revival in the global economy. On the negative side, the deteriorating situation in the Middle East, rising oil prices and some lacklustre economic data negatively affected investor sentiment during the year.

Annual consumer inflation declined over the period, falling from 4.3% in January to 2.8% in November. However, food price inflation remained elevated, hitting 8.8% in July – the highest since 1976. Additionally, Japan's so-called 'core-core' inflation rate (which excludes food and energy costs) rose steadily and hit 4.3% in May (the highest level since the early 1980s), before falling to 3.8% in November.

Despite the inflationary pressures and growing speculation of a policy shift, the Bank of Japan (BoJ) did not radically alter its ultra-loose monetary stance. While it mildly loosened its yield-curve control policy and allowed 10-year government bond yields to drift higher, the BoJ appeared determined to resist a change to its overall loose policy approach. However, BoJ Governor Kazuo Ueda did concede in the autumn that growing wage pressures in the economy, if persistent, could force the central bank to alter its stance.

The Japanese economy saw intermittent signs of recovery. GDP rose by an annualised 5.0% in the first quarter of 2023 and by 3.6% in the second quarter. However, it fell by 2.9% in the third quarter. The BoJ's Tankan survey – a quarterly indicator of economic sentiment across the economy – was buoyant, with the benchmark Large Manufacturers Diffusion Index rising to +10 in the third quarter and falling only mildly to +8 in the fourth quarter.

The yen weakened against the US dollar, depreciating from approximately 131 to 141 over the period. The currency's weakness reflected the divergent policy stances of the Fed and the BoJ. There was talk of intervention to support the yen by the Japanese authorities when the yen fell below 151 in November, but this did not ultimately transpire.

Investment Adviser's Report (Continued)

Asia ex Japan equities

Asia ex Japan equities were flat in sterling terms, although they were higher in local currency and US dollar terms. Although inflation rates fell throughout the region, investors were concerned about the impact of higher interest rates on economic demand, as well as the occasionally strengthening US dollar, rising oil prices and geopolitical tensions – especially relations between the US and Mainland China. The latter's economic growth disappointed investors as it appeared to wane following an initial boost after the lifting of its Covid-19-related restrictions in late 2022. Asian markets rallied a little during the summer months as hopes rose that the Fed was close to ending its monetary tightening cycle. However, more hawkish commentary from the Fed and other major central banks about the likelihood of rates staying higher for longer drove markets lower in the autumn, before they rallied along with other global markets in the final two months of the year.

Mainland China was one of the weakest major markets in the region, while Hong Kong also notably declined. Thailand was weaker on worries about political uncertainty in the country, the fall in the baht and disappointing corporate earnings. In contrast, India was strong on resilient economic growth, with the local Sensex index hitting a new all-time high. South Korea and Taiwan were the strongest major markets, benefiting from a positive technology cycle and product demand.

Central banks across the region eased back on tightening monetary policy. Central banks in India, Taiwan and South Korea kept rates unchanged, while the People's Bank of China cut rates mildly and kept liquidity abundant in the money markets in an effort to boost economic growth. Headline inflation generally fell, and in Mainland China, the annual consumer inflation rate dropped to -0.5% in November – the lowest level for three years. In India, rampant food inflation drove headline inflation to nearly 7.4% in July before it eased back to 5.5% in November.

Mainland China's GDP rose at an annual pace of 4.5% in the first quarter, 6.3% in the second quarter, and 4.9% in the third, keeping it largely on track to achieve the government's full-year growth target of 5%, a historically low figure. India's economy was relatively strong, growing by over seven percent in the second and third quarters of the year, after growth of 6.1% in the first quarter, as consumer spending picked up and the services side of the economy was strong. However, overall economic growth in the Asia ex Japan region remained relatively subdued in aggregate.

Emerging market equities

Emerging markets rose mildly over the period, but significantly underperformed developed markets. Although inflation rates generally fell throughout the region, investors were concerned about the impact of higher interest rates on economic demand, as well as the strengthening US dollar, rising oil prices and geopolitical tensions – especially relations between the US and Mainland China. The latter's economic growth disappointed investors as it appeared to wane following an initial boost after the ending of its Covid-19-related restrictions in late 2022.

Emerging markets had begun the year positively before falling in the spring months on economic concerns and as a mini-banking crisis occurred in the US. They rallied during the summer months as hopes rose that the Fed was close to ending its monetary tightening cycle. However, more hawkish commentary from the Fed and other major central banks about the likelihood of rates staying higher for longer drove markets in the autumn before the year-end rally kicked in, driven by hopes of falling interest rates.

While Asian emerging markets were a drag, Latin American equities were strong outperformers. Despite rampant, triple-digit inflation and sky-high interest rates, Argentina was the best-performing market. This was partly driven by hopes of radical reform centered on new President Javier Milei who was elected late in the year. Brazil produced positive returns, too, as the central bank began to cut interest rates from the late summer and the economy picked up. European emerging markets also rallied strongly, with both Hungary and Poland performed notably well.

Inflation across the whole of emerging markets slowed, allowing some central banks – notably those in Brazil and Chile – to cut interest rates. Mainland China also cut interest rates mildly in an effort to support its economy and its failing property sector.

In terms of economic growth, Mainland China's GDP rose at an annual pace of 4.5% in the first quarter, 6.3% in the second quarter, and 4.9% in the third, keeping it largely on track to achieve the government's full-year growth target of 5%, a historically low figure. India's economy was relatively strong, growing by over 7% in the second and third quarters of the year, after growth of 6.1% in the first quarter, as consumer spending picked up and the services side of the economy was strong. Brazil's economic growth was more subdued, with GDP rising by 3.5% and 2.0% in annual terms, in the second and third quarters, respectively, with the agricultural side of the economy recovering well. Mexico's economy achieved over 3% annual growth in the first three quarters of the year, ensuring that the economy has achieved 10 successive quarters of annual growth.

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.

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Annual Shariah Compliance Report

Based on our review of the investments of HSBC Islamic Global Equity Index Fund (a sub fund of the HSBC ISLAMIC FUNDS) relying on the information provided to us by the representatives of HSBC ISLAMIC FUNDS, it is our resolution that the investment and transactions of the current sub-fund during the financial year ended 31 December 2023 were in compliance with the Islamic investment guidelines as interpreted and issued by HSBC Global Asset Management Shariah Committee

And Allah knows the best

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

Members of HSBC Global Asset Management Shariah Committee

22 April 2024

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 2023, 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 2023;
- the portfolio of investments and other net assets as at 31 December 2023;
- 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.

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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

Luxembourg, 26 April 2024

Electronically signed by
Lena Serafin

Lena Serafin

Statement of Net Assets

as at 31 December 2023

	Notes	HSBC Islamic Global Equity Index Fund USD
Assets		
Portfolio at Market Value	3.b	1,282,694,269
Cash at Bank		3,220,005
Receivable from Shareholders		7,334,026
Dividend and Interest Receivable, Net		811,286
Other Assets		3,743
Total Assets		**1,294,063,329**
Liabilities		
Payable to Brokers		(4,147,678)
Payable to Shareholders		(3,386,791)
Other Liabilities	4	(778,600)
Total Liabilities		**(8,313,069)**
Total Net Assets		**1,285,750,260**

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 2023

	Notes	HSBC Islamic Global Equity Index Fund USD
Net Assets at the Beginning of the year		**869,386,416**
INCOME		
Investment Income	3.c	11,460,874
Other Income		79,071
Total Income		**11,539,945**
EXPENSES		
Management Fees	4	(4,643,928)
Taxe d'abonnement	5	-
Sundry expenses		(110)
Operating, Administrative and Servicing Fees	4, 8	(1,926,368)
Other Fees		(3,833)
Total Expenses		**(6,574,239)**
Net Investment Income		**4,965,706**
Realised Gain on Sale on Investments	3.e	20,353,617
Loss on Foreign Currency		35,428
Realised Gain for the year		**25,354,751**
Change in Unrealised Appreciation of Investments		279,090,675
Change in Total Net Assets as a Result of Operations		**304,445,426**
Proceeds on Issue of Shares		470,702,776
Payments on Redemption of Shares		(357,822,615)
Dividends Paid	6	(961,743)
Net Assets as at the End of the year		**1,285,750,260**

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

Changes in the Number of Shares

for the year ended 31 December 2023

HSBC Islamic Global Equity Index Fund	Share Class AC (USD)	Share Class AC (EUR)	Share Class AC (SGD)*	Share Class AD (USD)	Share Class BC (GBP)	Share Class BC (USD)	Share Class BD (GBP)	Share Class BD (USD)
Number of Shares in Issue at the Beginning of the year	**5,196,695.800**	**195,836.402**	**-**	**11,725,912.397**	**1,197,568.152**	**1,114,399.200**	**423,668.455**	**927,361.700**
Number of Shares Subscribed	2,650,485.208	443,708.789	493,040.022	571,396.560	1,937,973.656	1,114,029.445	215,763.528	368,693.506
Number of Shares Redeemed	(2,346,927.327)	(4,955.396)	(52,879.441)	(9,112,216.975)	(449,790.462)	(417,846.491)	(127,055.618)	(200,812.373)
Number of Shares Cancelled	-	-	-	-	-	-	-	-
Number of Shares in Issue at the End of the year	**5,500,253.681**	**634,589.795**	**440,160.581**	**3,185,091.982**	**2,685,751.346**	**1,810,582.154**	**512,376.365**	**1,095,242.833**

*Share Class launched on 16/06/2023.

HSBC Islamic Global Equity Index Fund	Share Class EC (USD)	Share Class IC (EUR)	Share Class IC (GBP)	Share Class IC (USD)	Share Class ID (USD)	Share Class WD (USD)	Share Class ZC (USD)	Share Class YD (USD)***
Number of Shares in Issue at the Beginning of the year	**514,115.448**	**100.000**	**16,371,386.217**	**14,826,886.209**	**1,226,074.374**	**41,779.651**	**1,580,448.300**	**-**
Number of Shares Subscribed	719,092.866	-	5,435,029.697	11,924,942.359	178,568.778	3,384.000	208,088.458	691,297.335
Number of Shares Redeemed	(283,197.394)	-	(2,419,083.123)	(3,498,993.887)	(219,300.000)	-	(540,888.088)	-
Number of Shares Cancelled	-	-	-	-	-	-	-	-
Number of Shares in Issue at the End of the year	**950,010.920**	**100.000**	**19,387,332.791**	**23,252,834.681**	**1,185,343.152**	**45,163.651**	**1,247,648.670**	**691,297.335**

***Share Class dormant since 30/09/2022 and re-launched on 02/08/2023.

Statistics over the last three years

for the year ended 31 December 2023

Sub-Fund	Total Expense Ratio (TER) 31 December 2023	Shares Outstanding 31 December 2023	Net Asset Value per Share 31 December 2021	31 December 2022	31 December 2023
HSBC Islamic Global Equity Index Fund USD					
AC (USD)	0.98%	5,500,253.681	USD 23.88	USD 17.85	USD 23.84
AC (EUR)	1.02%	634,589.795	-	EUR 8.15	EUR 10.45
AC (SGD)*	0.96%	440,160.581	-	-	SGD 10.52
AD (USD)	0.95%	3,185,091.982	USD 22.27	USD 16.62	USD 22.14
BC (GBP)	0.64%	2,685,751.346	GBP 13.14	GBP 11.02	GBP 13.95
BC (USD)	0.64%	1,810,582.154	USD 11.58	USD 8.68	USD 11.64
BD (GBP)	0.65%	512,376.365	GBP 15.75	GBP 13.15	GBP 16.54
BD (USD)	0.58%	1,095,242.833	USD 12.79	USD 9.56	USD 12.74
EC (USD)	1.79%	950,010.920	USD 11.70	USD 8.67	USD 11.49
IC (GBP)	0.54%	19,387,332.791	GBP 13.02	GBP 10.93	GBP 13.85
IC (USD)	0.53%	23,252,834.681	USD 23.45	USD 17.60	USD 23.62
IC (EUR)	0.60%	100.000	-	EUR 9.65	EUR 12.43
ID (USD)	0.54%	1,185,343.152	USD 25.38	USD 18.95	USD 25.24
WD (USD)	0.02%	45,163.651	USD 24.27	USD 18.11	USD 24.12
YC (GBP)**	-	-	GBP 32.76	-	-
YD (USD)***	0.31%	691,297.335	USD 18.65	-	USD 13.89
ZC (USD)	0.16%	1,247,648.670	USD 28.35	USD 21.36	USD 28.77
Total Net Assets			**USD 3,056,439,943**	**USD 869,386,416**	**USD 1,285,750,260**

*Share Class AC (SGD) Launched on 16/06/2023.

**Share Class YC (GBP) closed 18/11/2022, number of shares cancelled attributable to the merger with the HSBC Contractual Fund.

***Share Class dormant since 30/09/2022 and re-launched on 02/08/2023.

Portfolio of Investments and Other Net Assets

as at 31 December 2023

HSBC Islamic Global Equity Index Fund
Statement of investments as at 31 December 2023
(Expressed in USD)

Description	Quantity	Currency	Evaluation	% net assets
INVESTMENTS				
TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING				
SHARES				
AUSTRALIA				
BHP BILLITON	240,295	AUD	8,361,413	0.65
BHP GROUP	48,369	GBP	1,666,480	0.13
CSL	27,359	AUD	5,380,317	0.42
WESTFARMERS	64,581	AUD	2,530,746	0.20
WOODSIDE ENERGY GROUP LTD NPV	108,134	AUD	2,329,419	0.18
			20,268,375	**1.58**
CAYMAN ISLANDS				
JD.COM INC A NPV	30,150	HKD	434,488	0.03
ALIBABA GROUP HOLDING	169,400	HKD	1,644,450	0.13
MEITUAN DIANPING	245,912	HKD	2,591,761	0.20
PINDUODUO INC ADR V4ORD	39,510	USD	5,742,778	0.45
TENCENT HOLDINGS	291,021	HKD	10,912,985	0.85
			21,326,462	**1.66**
DENMARK				
NOVO NORDISK A/S DKK0.1	147,502	DKK	15,344,120	1.19
			15,344,120	**1.19**
FRANCE				
AIR LIQUIDE	25,514	EUR	4,992,550	0.39
ESSILOR INTERNATIONAL	14,020	EUR	2,817,530	0.22
HERMES INTERNATIONAL NPV	1,646	EUR	3,492,875	0.27
L'OREAL	11,254	EUR	5,640,404	0.44
SAFRAN	16,859	EUR	2,988,526	0.23
SANOFI	54,182	EUR	5,370,935	0.42
SCHNEIDER ELTE	26,231	EUR	5,283,167	0.41
			30,585,987	**2.38**
GERMANY				
SAP	49,911	EUR	7,740,056	0.60
			7,740,056	**0.60**
INDIA				
INFOSYS LTD INR5	22,978	INR	431,705	0.03
RELIANCE INDUSTRIES	87,314	USD	5,492,051	0.43
RELIANCE INDUSTRIES INR10	20,797	INR	651,499	0.05
TATA CONSULTANCY SERVICES NPV	58,026	INR	2,650,993	0.21
			9,226,248	**0.72**
IRELAND				
LINDE PLC NPV	26,307	USD	10,779,819	0.84
MEDTRONIC	72,186	USD	5,971,948	0.46
			16,751,767	**1.30**

Description	Quantity	Currency	Evaluation	% net assets
JAPAN				
DAIICHI SANKYO	110,254	JPY	3,029,941	0.24
DAIKIN INDUSTRIES	16,598	JPY	2,696,534	0.21
FAST RETAILING	11,518	JPY	2,904,536	0.23
HOYA	20,030	JPY	2,517,700	0.20
KEYENCE	11,295	JPY	5,020,802	0.39
MURATA MANUFACTURING	106,700	JPY	2,280,235	0.18
NIDEC	29,753	JPY	1,212,546	0.09
RERUIT HOLDINGS	95,993	JPY	4,094,666	0.32
SHIN-ETSU CHEMICAL	114,600	JPY	4,811,093	0.37
TOKYO ELECTRON	26,700	JPY	4,825,689	0.38
			33,393,742	**2.61**
NETHERLANDS				
ASML HOLDING	19,733	EUR	15,031,139	1.17
PROSUS	74,376	EUR	2,209,503	0.17
			17,240,642	**1.34**
SOUTH KOREA				
SAMSUNG ELECTRONICS	212,592	KRW	12,957,894	1.01
			12,957,894	**1.01**
SWEDEN				
ATLAS COPCO "A"	127,748	SEK	2,214,716	0.17
ATLAS COPCO "B"	76,895	SEK	1,147,623	0.09
			3,362,339	**0.26**
SWITZERLAND				
ABB "R"	78,844	CHF	3,492,760	0.27
CIE FINANCIERE RICHEMONT "A"	25,429	CHF	3,504,146	0.27
LONZA GROUP	3,611	CHF	1,518,921	0.12
NESTLE "R"	127,314	CHF	14,733,930	1.15
NOVARTIS "R"	101,447	CHF	10,193,825	0.79
ROCHE HOLDING	34,390	CHF	9,969,338	0.78
ROCHE HOLDING 'B'	1,313	CHF	405,353	0.03
SIKA	7,812	CHF	2,537,837	0.20
			46,356,110	**3.61**
TAIWAN				
MEDIATEK INC TWD10	90,396	TWD	3,021,109	0.23
TAIWAN SEMICON MANUFACTURING	642,337	TWD	12,419,695	0.97
			15,440,804	**1.20**
UNITED KINGDOM				
ASTRAZENECA	75,867	GBP	10,244,324	0.80
GSK PLC ORD NPV	199,555	GBP	3,723,603	0.29
RECKITT BENCKISER	36,136	GBP	2,513,094	0.20
RELX	94,367	GBP	3,727,273	0.29
RIO TINTO	54,734	GBP	4,095,868	0.32
UNILEVER (GB00B 10RZP78)	122,508	GBP	5,964,381	0.46
			30,268,543	**2.36**

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

Portfolio of Investments and Other Net Assets (continued)

as at 31 December 2023

HSBC Islamic Global Equity Index Fund
Statement of investments as at 31 December 2023
(expressed in USD)

Description	Quantity	Currency	Evaluation	% net assets
UNITED STATES				
ABBOTT LABORATORIES	94,149	USD	10,394,050	0.81
ABBVIE	95,786	USD	14,822,883	1.15
ACCENTURE CORP	34,050	USD	11,971,640	0.93
ADOBE SYSTEMS	24,702	USD	14,710,535	1.14
ADVANCED MICRO DEVICES	87,656	USD	13,039,707	1.01
ALPHABET 'A'	321,072	USD	45,023,927	3.50
ALPHABET 'C'	270,223	USD	38,177,105	2.97
AMAZON.COM	493,313	USD	75,664,348	5.88
APPLE	497,829	USD	96,369,738	7.50
APPLIED MATS	45,195	USD	7,372,208	0.57
BRISTOL MYERS SQUIBB	110,869	USD	5,678,710	0.44
BROADCOM CORP COM	23,814	USD	26,729,072	2.08
CHEVRON	95,417	USD	14,290,604	1.11
CISCO SYSTEMS	219,756	USD	11,093,283	0.86
COCA-COLA	211,104	USD	12,402,360	0.96
CONOCOPHILLIPS COM USD0.01	64,151	USD	7,473,591	0.58
DANAHER	35,530	USD	8,283,109	0.64
ELI LILLY	43,263	USD	25,129,314	1.95
EXXON MOBIL	217,322	USD	21,773,491	1.69
FACEBOOK	120,421	USD	43,149,253	3.36
GENERAL ELECTRIC CO COM USD0.01	58,802	USD	7,545,473	0.59
HOME DEPOT	54,257	USD	18,846,712	1.47
HONEYWELL INTERNATIONAL	35,951	USD	7,519,871	0.58
INTEL	228,732	USD	11,525,805	0.90
INTUITIVE SURGICAL	19,021	USD	6,436,516	0.50
JOHNSON & JOHNSON	130,603	USD	20,449,818	1.59
LOWES	31,179	USD	6,949,799	0.54
MASTERCARD	44,927	USD	19,153,279	1.49
MERCK & CO	137,479	USD	14,953,591	1.16
MICROSOFT	259,562	USD	97,408,427	7.58
MONDELEZ INTERNATIONAL "A"	73,807	USD	5,333,294	0.41
NIKE "B"	66,129	USD	7,196,158	0.56
NVIDIA	134,006	USD	66,362,451	5.16
PEPSICO	74,591	USD	12,634,969	0.98
PFIZER	305,055	USD	8,782,533	0.68
PROCTER AND GAMBLE	127,869	USD	18,634,349	1.45
PROLOGIS INC USD 0.01	50,129	USD	6,776,939	0.53
QUALCOMM	60,131	USD	8,770,708	0.68
S&P GLOBAL	17,505	USD	7,734,409	0.60
SALESFORCE.COM	52,789	USD	14,019,703	1.09
SERVICENOW	11,177	USD	7,851,395	0.61
STARBUCKS	61,990	USD	5,946,701	0.46
TESLA MOTORS	150,047	USD	37,988,899	2.95
TEXAS INSTRUMENTS	49,423	USD	8,486,918	0.66
THERMO FISHER SCIENTIFIC	20,962	USD	11,171,488	0.87
UNION PACIFIC	32,934	USD	8,102,423	0.63
UNITED PARCEL SERVICES	39,239	USD	6,172,687	0.48
VISA "A"	86,480	USD	22,519,392	1.75
WAL MART STORES	77,394	USD	12,194,973	0.95
			991,018,608	**77.03**

Description	Quantity	Currency	Evaluation	% net assets
TOTAL SHARES			**1,271,281,697**	**98.85**
DEPOSITARY RECEIPTS				
CAYMAN ISLANDS				
ALIBABA GROUP HOLDING	84,571	USD	6,532,264	0.51
JD.COM	54,534	USD	1,554,764	0.12
			8,087,028	**0.63**
INDIA				
INFOSYS	179,178	USD	3,325,544	0.26
			3,325,544	**0.26**
TOTAL DEPOSITARY RECEIPTS			**11,412,572**	**0.89**
TOTAL TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING			**1,282,694,269**	**99.74**
TOTAL INVESTMENTS			**1,282,694,269**	**99.74**
OTHER NET ASSETS LESS LIABILITIES			**3,055,992**	**0.26**
TOTAL NET ASSETS			**1,285,750,260**	**100.00**

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

Portfolio of Investments and Other Net Assets (continued)

as at 31 December 2023

HSBC Islamic Global Equity Index Fund

Economic Division of Investment
(expressed as a percentage of net assets)

	%
Technology	45.30
Healthcare	14.92
Consumer Services	10.52
Consumer Goods	10.11
Industrials	7.43
Financials	4.54
Oil & Gas	4.05
Basic Materials	2.90
Other net assets less liabilities	0.23
Total Net Assets	**100.00**

Notes to the Financial Statements
for the year ended 31 December 2023

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.

Due to UK Holiday on the 29th December 2023, the last official NAV released was the 28th December 2023. Please refer to Fund Holiday Calendar on page 29.

2. Share Capital

The Company currently offers the following Classes of Shares:

Class	Description
Class A	A Shares are available to all investors. The minimum initial investment amount and the minimum holding for A Shares are USD 5,000 or the equivalent in the relevant currency of denomination of the sub-fund.
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. The minimum initial investment amount and the minimum holding for B Shares are USD 5,000 or the equivalent in the relevant currency of denomination of the sub-fund.
Class E	E Shares are available in certain countries, subject to the relevant regulatory approval, through certain distributors selected by the global distributor. The minimum initial investment amount and the minimum holding for E shares are USD 5,000 or the equivalent in the relevant currency of denomination of the sub-fund. 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.
Class I	I Shares are only available for investors qualifying as institutional investors within the meaning of article 174 of the 2010 Law. The minimum initial investment amount and the minimum holding for I Shares are USD 1,000,000 or the equivalent.
Class S	S Shares are available through specific distributors selected by the Global Distributor provided that the investors qualify as institutional investors within the meaning of article 174 of the 2010 Law. The minimum initial investment amount and the minimum holding for S Shares are USD 500,000 or the equivalent. 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. No S Shares were issued as at 31 December 2023.
Class W	W Shares are available through certain distributors selected by the Global Distributor provided that the investors qualify as institutional investors within the meaning of article 174 of the 2010 Law. The minimum initial investment amount and the minimum holding for W Shares are USD 100,000 or the equivalent. 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.
Class Y	Y Shares are available to certain distributors selected by the Global Distributor provided that the investors qualify as institutional investors within the meaning of article 174 of the 2010 Law. The minimum initial investment amount and the minimum holding for Y Shares are USD 100,000 or the equivalent.
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 within the meaning of article 174 of the 2010 Law. The minimum initial investment amount and the minimum holding for Z Shares are USD 1,000,000 or the equivalent.

Notes to the Financial Statements
for the year ended 31 December 2023 (continued)

2. Share Capital (continued)

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.

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

As at 31 December 2023, the following share classes were open,

Class

Class	Launch date
AC (USD)	Thursday, November 12, 2009
AC (EUR)	Thursday, January 13, 2022
AC (SGD) *	Friday, June 16, 2023
AD (USD)	Tuesday, January 9, 2001
BC (GBP)	23 October 2020
BC (USD)	Tuesday, April 27, 2021
BD (GBP)	Friday, April 24, 2020
BD (USD)	Tuesday, March 9, 2021
EC (USD)	Friday, April 9, 2021
IC (EUR)	Wednesday, November 2, 2022
IC (GBP)	Monday, March 1, 2021
IC (USD)	Friday, March 31, 2017
ID (USD)	25 February 2016
WD (USD)	Wednesday, March 31, 2004
YD (USD)***	Wednesday, August 2, 2023
ZC (USD)	Wednesday, May 14, 2014

*** Share class AC (SGD) launched on the 16/06/2023**

***** Share class dormant since 30/09/2022 and re-launched on 02/08/2023**

3. 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 28 December 2023. 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.

d) Foreign Exchange

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 28 December 2023.

Notes to the Financial Statements
for the year ended 31 December 2023 (continued)

3. Accounting Policies (continued)

e) Realised Gain/(Loss) on Sale of Investments

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

4. Charges and Expenses

Management Fees

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 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 as follows:

HSBC Islamic Global Equity Index Fund	
A	0.750%
B	0.375%
E	1.530%
I	0.375%
R	1.375%
S	0.000%
W	0.000%
Y	0.000%
Z	0.000%

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.

Operating, Administrative and Servicing 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.

Notes to the Financial Statements

for the year ended 31 December 2023 (continued)

4. Charges and Expenses (continued)

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 sub-funds out of their assets on a pro rata accrual basis and amortised against capital over five years when incurred. As at 31 December 2023 all such formation expenses have been fully amortized.

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 they have disclosed to the other Directors, prior to the conclusion of any such transaction or arrangement, the nature and extent of any interest therein. Subject to approval of the Board, a Director may vote in respect of any contract or arrangement or any proposal whatsoever in which they have an interest, having first disclosed such interest. A Director shall not be disqualified by their office from contracting with the Company. If a Director declares an interest in any contract which the Company is considering entering into, they may be counted in the quorum of any meeting to consider the contract and may vote on any resolution to enter into such contract.

The Company pays an annual fee to each of the Independent and non- executive 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 2023, a total of EUR 45,000 has been charged as Independent and non- executive Directors fees.

5. 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.

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

The sub-fund is, 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 whose exclusive object is the collective investment in money market instruments, the placing of deposits with credit institutions, or both. 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 within the meaning of article 174 of the 2010 Law (an "Institutional Investor").

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), and (ii) whose sole object is the collective investment in money market instruments and the placing of deposits with credit institutions, and (iii) whose weighted residual portfolio maturity does not exceed 90 days, and (iv) 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) to (iv) above, only those Share Classes meeting (i) above will benefit from this exemption;
- Any sub-fund, whose main objective is the investment in microfinance institutions;
- 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; and
- Any sub-fund only held by pension funds and assimilated vehicles.

Notes to the Financial Statements
for the year ended 31 December 2023 (continued)

5. Taxation of the Company (continued)

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 in Luxembourg.

6. Dividends

The following dividends were declared, out of the profits of the Company for the year ended 31 December 2022, for the Classes of Shares listed below:

Sub-Fund	Dividend per share
HSBC Islamic Global Equity Index Fund	
-Class AD (USD)	0.056214
HSBC Islamic Global Equity Index Fund	
-Class BD (GBP)	0.101885
HSBC Islamic Global Equity Index Fund	
-Class BD (USD)*	0.061679
HSBC Islamic Global Equity Index Fund	
-Class ID (USD)	0.149894
HSBC Islamic Global Equity Index Fund	
-Class WD (USD)	0.237284

*The dividend rates disclosed in the note are reported in Sub-fund currency by using the exchange rate as at record dates of the distributions.

7. Transactions 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 171,875

8. 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 119,709

Notes to the Financial Statements

for the year ended 31 December 2023 (continued)

9. Forward Foreign Exchange Contracts

The Company may use Shariah compliant Forward Foreign Exchange Contracts for hedging purposes. As at 31 December 2023, there were no open Forward Foreign Exchange contract entered into.

10. 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.

11. 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 2023 is 0.078%.

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.

12. Total Expense Ratio

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.

13. 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.,

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.

Notes to the Financial Statements
for the year ended 31 December 2023 (continued)

13. Anti-Dilution Mechanisms (continued)

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 from page 22 to 23.

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.

14. 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.

15. Subsequent Events

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

Other Information (unaudited)

Publication of performance for sub-funds distributed in Switzerland – 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.

Sub-fund	ISIN	Share Class	Share Class Currency	Calendar Year Performance 2021	2022	2023
HSBC Islamic Global Equity Index Fund	LU0466842654	AC	USD	25.63%	(25.28)%	33.61%
HSBC Islamic Global Equity Index Fund	LU0110459103	AD	USD	25.68%	(25.25)%	33.66%
HSBC Islamic Global Equity Index Fund	LU2288915254	EC	USD	17.04%	(25.91)%	32.52%
HSBC Islamic Global Equity Index Fund	LU1569385302	IC	USD	26.21%	(24.94)%	34.20%
HSBC Islamic Global Equity Index Fund	LU1313573898	ID	USD	26.16%	(24.93)%	34.20%
HSBC Islamic Global Equity Index Fund	LU0187035489	WD	USD	26.83%	(24.56)%	34.90%
HSBC Islamic Global Equity Index Fund	LU1063824095	YD	USD	-	-	38.94%
HSBC Islamic Global Equity Index Fund	LU0466843462	ZC	USD	26.72%	(24.66)%	34.71%
HSBC Islamic Global Equity Index Fund	LU2233258073	BC	USD	15.80%	(25.04)%	34.06%
HSBC Islamic Global Equity Index Fund	LU2233257695	BD	USD	27.31%	(25.02)%	34.14%
HSBC Islamic Global Equity Index Fund	LU0806931092	AC*	EUR	-	(18.55)%	28.28%
HSBC Islamic Global Equity Index Fund	LU2373168785	IC	EUR	-	(3.47)%	28.81%
HSBC Islamic Global Equity Index Fund	LU2092164776	IC	GBP	30.20%	(16.04)%	26.66%
HSBC Islamic Global Equity Index Fund	LU2092165666	BC	GBP	27.15%	(16.07)%	26.53%
HSBC Islamic Global Equity Index Fund	LU2092166128	BD	GBP	27.95%	(16.06)%	26.54%
HSBC Islamic Global Equity Index Fund	LU2602419157	AC*	SGD	-	-	5.24%

*The share class is launched during 2023 and hence the performance for 2023 does not represent a full 12 month period.

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.

Currency Conversion Table

To help shareholders in the Company calculate the performance of their individual investment in the reference currency, the following table has been produced.

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

The market value of investments as well as other assets and liabilities expressed in currencies other than the reporting currency are translated at the exchange rate prevailing as at 28 December 2023.

The consolidated figures are expressed in USD and include the total of the financial statements of the sub-fund. For the Statement of Net Assets and the Statement of Operations and Changes in Net Assets, the exchange rate prevailing at the sub-fund's valuation point in Luxembourg as at 31 December 2023 is:

	31 December 2023	**31 December 2022**
	USD	**USD**
AUD	1.4576	1.4781
CHF	0.8364	0.9235
DKK	6.7118	6.9716
EUR	0.9005	0.9375
GBP	0.7831	0.8296
HKD	7.8136	7.7943
INR	83.1738	0.0000
JPY	140.8950	133.2250
KRW	1,287.9000	1,264.5000
SEK	9.9501	10.4563
SGD	1.3166	0.0000
TWD	30.6695	30.7455

Fund Holiday Calendar for 2023

HSBC ISLAMIC FUNDS

HSBC Islamic Global Equity Index Fund will have 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 will have no NAV calculated on the following days:

02-Jan	UK, US
16-Jan	US
20-Feb	US
07-Apr	Luxembourg, UK, US
10-Apr	Luxembourg, UK
01-May	Luxembourg, UK
08-May	UK
09-May	Luxembourg
18-May	Luxembourg
29-May	Luxembourg, UK, US
19-Jun	US
23-Jun	Luxembourg
04-Jul	US
15-Aug	Luxembourg
28-Aug	UK
04-Sep	US
01-Nov	Luxembourg
23-Nov	US
22-Dec	UK
25-Dec	Luxembourg, UK, US
26-Dec	Luxembourg, UK
29-Dec	UK

Appendix I (Unaudited Additional Disclosures) – Taxation of the Company (foreign countries)

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.

The table below shows reporting income for the previous financial year ended 31 December 2022, 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	0.0431	Friday, June 30, 2023	Yes	0.0000	N/A
HSBC Islamic Global Equity Index Fund	Class AC (EUR)	LU0806931092	EUR	0.0125	Friday, June 30, 2023	Yes	0.0000	N/A
HSBC Islamic Global Equity Index Fund	Class AD (USD)	LU0110459103	USD	0.0186	Friday, June 30, 2023	Yes	0.0562	Tuesday, February 28, 2023
HSBC Islamic Global Equity Index Fund	Class IC (USD)	LU1569385302	USD	0.1229	Friday, June 30, 2023	Yes	0.0000	N/A
HSBC Islamic Global Equity Index Fund	Class ID (USD)	LU1313573898	USD	0.0986	Friday, June 30, 2023	Yes	0.1499	Tuesday, February 28, 2023
HSBC Islamic Global Equity Index Fund	Class WD (USD)	LU0187035489	USD	0.2401	Friday, June 30, 2023	Yes	0.2373	Tuesday, February 28, 2023
HSBC Islamic Global Equity Index Fund	Class YC (GBP)	LU1092475968	GBP	0.2451	Thursday, May 18, 2023	No	0.0000	N/A
HSBC Islamic Global Equity Index Fund	Class YD (USD)	LU1063824095	USD	0	Friday, March 31, 2023	No	0.0000	N/A
HSBC Islamic Global Equity Index Fund	Class ZC (USD)	LU0466843462	USD	0.2376	Friday, June 30, 2023	Yes	0.0000	N/A
HSBC Islamic Global Equity Index Fund	Class BC (GBP)	LU2092165666	GBP	0.0625	Friday, June 30, 2023	Yes	0.0000	N/A
HSBC Islamic Global Equity Index Fund	Class BD (GBP)	LU2092166128	GBP	0.0624	Friday, June 30, 2023	Yes	0.0847	Tuesday, February 28, 2023
HSBC Islamic Global Equity Index Fund	Class EC (USD)	LU2288915254	USD	0	Friday, June 30, 2023	Yes	0.0000	N/A
HSBC Islamic Global Equity Index Fund	Class BD (USD)	LU2233257695	USD	0.0272	Friday, June 30, 2023	Yes	0.0617	Tuesday, February 28, 2023
HSBC Islamic Global Equity Index Fund	Class BC (USD)	LU2233258073	USD	0.0505	Friday, June 30, 2023	Yes	0.0000	N/A
HSBC Islamic Global Equity Index Fund	Class IC (GBP)	LU2092164776	GBP	0.0634	Friday, June 30, 2023	Yes	0.0000	N/A
HSBC Islamic Global Equity Index Fund	Class IC (EUR)	LU2373168785	EUR	0.0022	Friday, June 30, 2023	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.

Appendix II (Unaudited Additional Disclosures) – 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.

(i) 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	255,763,693

(ii) 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.

(iii) 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.

Appendix II (Unaudited Additional Disclosures) – UK SORP Disclosure (continued)

Investment Risk (continued)

Market risk (continued)

(iv) 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 Fund	
	USD
Direct	
Shares	1,271,281,697
Depositary Receipts	11,412,572

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", hence are classified under category (a).

Appendix III (Unaudited Additional Disclosure) – Sustainable Finance Disclosure Regulation ("SFDR")

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