

# HSBC Managed Portfolios Limited

Annual Report June 2014



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*The accompanying report of KPMG is for the sole and exclusive use of the Fund. No person, other than the Fund, is authorized to rely upon the report of KPMG unless KPMG expressly so authorizes. Further, the report of KPMG is as of October 2, 2014 and KPMG has carried out no procedures of any nature subsequent to that date which in any way extends that date.*

# Manager's Report

for the year ended June 30, 2014

## Annual Report Review 2013/14

### Managed Portfolios

The portfolios were up strongly for the year led by high yield, investment grade corporate bonds, US equities and European equities. Easy monetary policy practiced by central bankers and healthy corporate profits helped boost equity markets. Emerging Markets were relatively weak in the second half of 2013 but experienced a rebound in the first half of 2014 despite an increase in geopolitical risks.

- The US economy experienced weakness in the first quarter of 2014 due to a harsh winter with GDP falling -2.1% but rebounded in Q2 by 4.0%. Average growth for 2014 is expected to be around 2%. Unemployment continues to improve albeit slowly and the Federal Reserve began to reduce its quantitative easing program of \$85bn per month and is expected to end it in October. The Federal Reserve is expected to start increasing the benchmark overnight interest rate by mid 2015.
- European equities benefitted from an increasingly accommodative European Central Bank (ECB). The ECB cut its refinancing rate and deposit rate by 10bps to 0.15% and -.010% respectively in Q2. It's the first major central bank to introduce negative deposit rates. In addition, it halted its sterilisation of purchases in an effort to slow recent disinflation and avoid possible deflation in the region. Interest rates are expected to remain at ultra low levels for the next couple of years.
- Emerging markets as mentioned above rebounded in the first half following weakness in 2013. European Emerging markets benefitted from an ease in the tensions between Ukraine and Russia. That said, geopolitical risks remain high with Ukraine continuing to battle separatist rebels in the east of the country who are supported by Russia while Israel and Hamas in Gaza continue to fight and an Islamic insurgency rises in Iraq and Syria.

### Outlook

- Short term interest rates in the developed markets will likely remain at historic lows over the next 9 to 12 months with the US and the UK likely to be the first to start increasing rates by Q2 of 2015. We currently favour developed equity markets over Emerging markets. However, our preference between the two sectors has narrowed as valuations have risen in the developed markets and the selloff in 2013 in Emerging markets seemed over-done and slower growth in the region appears to have levelled off. Within bonds, the reach for yield is slowing with credit spreads at historic lows and although we continue to favour high yield, we have become more cautious going forward.

HSBC Global Asset Management (Bermuda) Limited – September 2014

*This Manager's Report contains certain forward-looking statements with respect to the financial markets. These statements should not be considered personal financial advice.*



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## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders of  
HSBC Managed Portfolios Limited (the "Fund")

We have audited the accompanying financial statements of the Fund, which comprise the statement of assets and liabilities, including the statement of net assets, as of June 30, 2014, and the related statements of operations, and changes in net assets for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *Opinion*

In our opinion, the financial statements referred to above present fairly in all material respects. The financial position of HSBC Managed Portfolios Limited as of June 30, 2014, and the results of its operations and changes in its net assets for the year then ended in accordance with U.S. generally accepted accounting principles.

*KPMG Audit Limited*

Chartered Professional Accountants  
Hamilton, Bermuda  
October 2, 2014

# HSBC Managed Portfolios Limited

## Statements of Assets and Liabilities

as at June 30, 2014

	World Selection - Cautious Portfolio USD	World Selection - Balanced Portfolio USD	World Selection - Dynamic Portfolio USD
<b>Assets</b>			
Investments, at fair value (notes 11, 12 & 16)	113,879,326	141,096,967	56,825,916
Cash and cash equivalents (notes 3 & 16)	12,399,079	5,683,279	854,620
Due from Broker	-	750,000	-
Rebates receivable (note 14)	62,756	77,211	38,795
Dividends receivable	19,474	37,046	21,071
Prepaid expenses	808	838	-
	<b>126,361,443</b>	<b>147,645,341</b>	<b>57,740,402</b>
<b>Liabilities</b>			
Management and administration fees payable (notes 4, 5 & 15)	431,689	594,363	242,833
Redemptions payable	17,104	47,386	42,175
Accounts payable and accrued expenses	44,519	25,798	16,251
	<b>493,312</b>	<b>667,547</b>	<b>301,259</b>
Net assets	<b>125,868,131</b>	<b>146,977,794</b>	<b>57,439,143</b>
<b>Net assets attributable to:</b>			
Class AC shares	58,103,431	67,659,003	29,216,360
Class AD shares	2,038,004	3,588,941	-
Class IC shares	64,011,299	70,733,768	22,218,155
Class LC shares	1,715,397	4,996,082	6,004,628
	<b>125,868,131</b>	<b>146,977,794</b>	<b>57,439,143</b>
<b>Shares outstanding (note 10)</b>			
Class AC Shares	360,620	383,866	155,819
Class AD Shares	13,928	20,984	-
Class IC Shares	386,575	392,150	115,788
Class LC Shares	10,647	28,345	32,025
<b>Net asset value per share</b>			
Class AC Shares	USD161.12	USD176.26	USD187.50
Class AD Shares	USD146.33	USD171.03	-
Class IC Shares	USD165.59	USD180.37	USD191.89
Class LC Shares	USD161.12	USD176.26	USD187.50

The accompanying notes form an integral part of these Financial Statements

# HSBC Managed Portfolios Limited

## Statements of Net Assets

as at June 30, 2014

### World Selection - Cautious Portfolio

	Liquidity Period	Holdings In Shares	Purchase Price USD	Fair Value USD	% of Net Assets
<b>Investments in investee funds:</b>					
<b>Bonds</b>					
ACMBernstein SICAV-Global Plus Fixed Income Portfolio	Daily	268,262	4,023,932	4,203,668	3.34
Ashmore Sicav-Ashmore Sicav Emerging Markets Local Currency Bond Fund	Daily	12,471	1,341,273	1,338,020	1.06
HSBC Global Investment Funds-Global Emerging Markets Local Debt	Daily	409,802	5,000,000	4,979,920	3.96
HSBC International Select Fund-MultiAlpha Global Aggregate Bond	Daily	3,718,310	41,071,058	42,102,791	33.45
HSBC International Select Fund-MultiAlpha Global High Yield Bond	Daily	553,599	6,143,200	6,328,361	5.03
Stone Harbor Investment Funds plc-Stone Harbor Emerging Markets Debt Fund	Daily	23,476	3,582,743	3,824,081	3.04
Threadneedle Investment Funds ICVC-European High Yield Bond Fund	Daily	606,832	1,206,855	1,279,280	1.02
Wellington Management Portfolio (Dublin) plc-Global Bond Portfolio	Daily	352,835	4,117,582	4,255,188	3.38
Wellington Management Portfolio (Dublin) plc-Opportunistic Emerging Markets Debt Portfolio	Daily	195,653	2,919,939	3,140,223	2.49
			69,406,582	71,451,532	56.77
<b>Commodity</b>					
Schroder Alternative Solutions Commodity Fund	Daily	21,847	2,701,799	2,844,892	2.26
			2,701,799	2,844,892	2.26
<b>Equities</b>					
HSBC International Select Fund-MultiAlpha Asia Pacific Ex-Japan Equity	Daily	142,004	1,965,945	2,064,169	1.64
HSBC International Select Fund-MultiAlpha Europe Equity	Daily	474,951	9,076,632	9,754,065	7.75
HSBC International Select Fund-MultiAlpha Global Emerging Markets Equity	Daily	489,496	5,460,965	5,725,832	4.55
HSBC International Select fund-MultiAlpha Global Real Estate Equity	Daily	421,597	5,905,766	6,283,938	4.99
HSBC International Select Fund-MultiAlpha Japan Equity	Daily	171,223	1,986,353	2,032,891	1.62
HSBC International Select Fund-MultiAlpha North America Equity	Daily	349,370	4,692,532	5,299,808	4.21
			29,088,193	31,160,703	24.76
Total investments in investee funds			101,196,574	105,457,127	83.79
<b>Investments in securities:</b>					
<b>Equities</b>					
PowerShares Listed Private Equity Portfolio	Daily	59,500	607,328	733,635	0.58
SPDR S&P 500 ETF Trust	Daily	29,700	4,329,109	5,812,884	4.62
WisdomTree Japan Hedged Equity Fund	Daily	38,000	1,825,718	1,875,680	1.49
			6,762,155	8,422,199	6.69
Total investments in securities			6,762,155	8,422,199	6.69
Total investments			107,958,729	113,879,326	90.48
Other net assets				11,988,805	9.52
Total net assets				125,868,131	100.00

The accompanying notes form an integral part of these Financial Statements

HSBC Managed Portfolios Limited  
**Statements of Net Assets (Continued)**  
as at June 30, 2014

**World Selection – Balanced Portfolio**

	Liquidity Period	Holdings In Shares	Purchase Price USD	Fair Value USD	% of Net Assets
<b>Investments in investee funds:</b>					
<b>Bonds</b>					
Ashmore Sicav-Ashmore Sicav Emerging Markets Local Currency Bond Fund	Daily	11,116	1,189,805	1,192,618	0.81
HSBC Global Investment Funds-Global Emerging Markets Local Debt	Daily	532,743	6,500,000	6,473,895	4.41
HSBC International Select Fund-MultiAlpha Global Aggregate Bond	Daily	3,236,592	35,619,607	36,648,258	24.93
HSBC International Select Fund-MultiAlpha Global High Yield Bond	Daily	690,051	7,725,582	7,888,177	5.37
Stone Harbor Investment Funds plc-Stone Harbor Emerging Markets Debt Fund	Daily	29,243	4,462,787	4,763,406	3.24
Threadneedle Investment Funds ICVC-European High Yield Bond Fund	Daily	578,646	1,150,784	1,219,860	0.83
Wellington Management Portfolio (Dublin) plc-Opportunistic Emerging Markets Debt Portfolio	Daily	193,652	2,889,292	3,108,119	2.11
			59,537,857	61,294,333	41.70
<b>Commodity</b>					
Schroder Alternative Solutions Commodity Fund	Daily	32,552	3,939,139	4,238,914	2.89
			3,939,139	4,238,914	2.89
<b>Equities</b>					
HSBC International Select Fund-MultiAlpha Asia Pacific Ex-Japan Equity	Daily	282,806	3,856,622	4,110,865	2.79
HSBC International Select Fund-MultiAlpha Europe Equity	Daily	931,025	18,269,863	19,120,460	13.01
HSBC International Select Fund-MultiAlpha Global Emerging Markets Equity	Daily	1,137,559	12,474,906	13,306,482	9.05
HSBC International Select Fund-MultiAlpha Global Real Estate Equity	Daily	566,560	7,721,723	8,444,629	5.75
HSBC International Select Fund-MultiAlpha Japan Equity	Daily	388,681	4,610,822	4,614,728	3.14
HSBC International Select Fund-MultiAlpha North America Equity	Daily	713,993	10,300,703	10,830,991	7.37
			57,234,639	60,428,155	41.11
Total investments in investee funds			120,711,63	125,961,402	85.70
<b>Investments in securities:</b>					
<b>Equities</b>					
PowerShares Listed Private Equity Portfolio	Daily	98,500	1,004,708	1,214,505	0.83
SPDR S&P 500 ETF Trust	Daily	56,500	8,278,564	11,058,180	7.52
WisdomTree Japan Hedged Equity Fund	Daily	58,000	2,786,622	2,862,880	1.95
			12,069,894	15,135,565	10.30
Total investments in securities			12,069,894	15,135,565	10.30
Total investments			132,781,529	141,096,967	96.00
Other net assets				5,880,827	4.00
Total net assets				146,977,794	100.00

The accompanying notes form an integral part of these Financial Statements



HSBC Managed Portfolios Limited  
**Statements of Net Assets (Continued)**  
as at June 30, 2014

**World Selection – Dynamic Portfolio**

	Liquidity Period	Holdings In Shares	Purchase Price USD	Fair Value USD	% of Net Assets
<b>Investments in investee funds:</b>					
<b>Bonds</b>					
Ashmore Sicav-Ashmore Sicav Emerging Markets Local Currency Bond Fund	Daily	2,979	327,893	319,576	0.56
HSBC Global Investment Funds - Global Emerging Markets Local Debt	Daily	204,901	2,500,000	2,489,960	4.33
HSBC International Select Fund-MultiAlpha Global Aggregate Bond	Daily	439,912	5,427,739	5,632,364	9.81
HSBC International Select Fund-MultiAlpha Global High Yield Bond	Daily	167,104	2,349,281	2,452,041	4.27
Stone Harbor Investment Funds plc-Stone Harbor Emerging Markets Debt Fund	Daily	6,554	1,000,219	1,067,595	1.86
Threadneedle Investment Funds ICVC-European High Yield Bond Fund	Daily	191,123	380,097	402,913	0.70
Wellington Management Portfolio(Dublin) plc-Opportunistic Emerging Markets Debt Portfolio	Daily	66,903	998,698	1,073,796	1.87
			12,983,927	13,438,245	23.40
<b>Commodity</b>					
Schroder Alternative Solutions Commodity Fund	Daily	12,647	1,580,899	1,646,862	2.87
			1,580,899	1,646,862	2.87
<b>Equities</b>					
HSBC International Select Fund-MultiAlpha Asia Pacific Ex-Japan Equity	Daily	163,773	2,200,114	2,380,608	4.14
HSBC International Select Fund-MultiAlpha Europe Equity	Daily	502,366	9,857,431	10,317,094	17.96
HSBC International Select Fund-MultiAlpha Global Emerging Markets Equity	Daily	699,933	7,198,554	8,187,402	14.25
HSBC International Select Fund-MultiAlpha Global Real Estate Equity	Daily	222,153	3,107,208	3,457,077	6.02
HSBC International Select Fund-MultiAlpha Japan Equity	Daily	234,476	2,781,707	2,783,890	4.85
HSBC International Select Fund-MultiAlpha North America Equity	Daily	396,480	5,688,576	6,014,448	10.47
			30,833,590	33,140,519	57.69
Total investments in investee funds			45,398,416	48,225,626	83.96
<b>Investments in securities:</b>					
<b>Equities</b>					
iShares MSCI Emerging Markets Index	Daily	4,500	194,538	194,535	0.34
PowerShares Listed Private Equity Portfolio	Daily	85,500	925,398	1,054,215	1.83
SPDR S&P 500 ETF Trust	Daily	30,500	4,490,693	5,969,460	10.39
WisdomTree Japan Hedged Equity Fund	Daily	28,000	1,345,266	1,382,080	2.41
			6,955,895	8,600,290	14.97
Total investments in securities			6,955,895	8,600,290	14.97
Total investments			52,354,311	56,825,916	98.93
Other net assets				613,227	1.07
Total net assets				57,439,143	100.00

The accompanying notes form an integral part of these Financial Statements

HSBC Managed Portfolios Limited  
**Statements of Operations**  
for the year ended June 30, 2014

	World Selection - Cautious Portfolio USD	World Selection - Balanced Portfolio USD	World Selection - Dynamic Portfolio USD
<b>Income</b>			
Dividend income (net of withholding tax of USD65,979, USD113,823 and USD66,612 respectively)	1,701,648	1,571,714	209,732
Rebate income (note 14)	88,413	106,220	52,882
Interest income	1,129	921	339
Other income	-	122	19
	<u>1,791,190</u>	<u>1,678,977</u>	<u>262,972</u>
<b>Expenses</b>			
Management and administration fees (notes 4, 5 & 15)	1,752,085	2,225,705	940,634
Audit fees	23,296	24,055	8,817
Directors' fees (note 8)	4,355	6,289	1,465
Other expenses	25,994	16,710	17,043
	<u>1,805,730</u>	<u>2,272,759</u>	<u>967,959</u>
Net investment loss	<u>(14,540)</u>	<u>(593,782)</u>	<u>(704,987)</u>
Net realized gains on sale of investments	13,254,718	17,773,222	9,218,762
Net change in unrealized loss on investments	<u>(3,236,290)</u>	<u>(2,862,853)</u>	<u>(1,273,547)</u>
	<u>10,018,428</u>	<u>14,910,369</u>	<u>7,945,215</u>
Net increase in net assets resulting from operations	<u>10,003,888</u>	<u>14,316,587</u>	<u>7,240,228</u>

The accompanying notes form an integral part of these Financial Statements

HSBC Managed Portfolios Limited  
 Statements of Changes in Net Assets  
 for the year ended June 30, 2014

<b>World Selection - Cautious Portfolio</b>	Class AC USD	Class AD USD	Class IC USD	Class LC USD	Total
Net assets at start of the year	57,265,478	2,333,376	62,780,140	1,475,630	123,854,624
<b>Net increase in net assets from operations</b>					
Net investment (loss)/income	(111,910)	(4,679)	105,423	(3,374)	(14,540)
Net realized gain on sale of investments	6,136,285	221,624	6,728,942	167,867	13,254,718
Net change in unrealized loss on investments	(1,467,060)	(44,604)	(1,684,824)	(39,802)	(3,236,290)
	4,557,315	172,341	5,149,541	124,691	10,003,888
<b>Subscriptions and redemptions</b>					
Proceeds on issue of shares	6,523,662	490,500	6,280,875	349,615	13,644,652
Payments on redemption of shares	(10,243,024)	(958,213)	(10,199,257)	(234,539)	(21,635,033)
	(3,719,362)	(467,713)	(3,918,382)	115,076	(7,990,381)
Net assets at end of the year	58,103,431	2,038,004	64,011,299	1,715,397	125,868,131
<b>World Selection - Balanced Portfolio</b>	Class AC USD	Class AD USD	Class IC USD	Class LC USD	Total
Net assets at start of the year	59,377,338	3,400,925	53,677,704	3,900,501	120,356,468
<b>Net increase in net assets from operations</b>					
Net investment loss	(366,547)	(19,289)	(181,492)	(26,454)	(593,782)
Net realized gain on sale of investments	8,490,771	451,051	8,223,755	607,645	17,773,222
Net change in unrealized loss on investments	(1,384,404)	(61,644)	(1,304,769)	(112,036)	(2,862,853)
	6,739,820	370,118	6,737,494	469,155	14,316,587
<b>Subscriptions and redemptions</b>					
Proceeds on issue of shares	11,144,188	23,500	23,299,429	1,565,523	36,032,640
Payments on redemption of shares	(9,602,343)	(205,602)	(12,980,859)	(939,097)	(23,727,901)
	1,541,845	(182,102)	10,318,570	626,426	12,304,739
Net assets at end of the year	67,659,003	3,588,941	70,733,768	4,996,082	146,977,794

The accompanying notes form an integral part of these Financial Statements

HSBC Managed Portfolios Limited  
**Statements of Changes in Net Assets (Continued)**  
for the year ended June 30, 2014

<b>World Selection - Dynamic Portfolio</b>	Class AC USD	Class IC USD	Class LC USD	Total
Net assets at start of the year	27,072,493	16,649,265	4,897,455	48,619,213
<b>Net increase in net assets from operations</b>				
Net investment loss	(415,394)	(210,891)	(78,702)	(704,987)
Net realized gain on sale of investments	5,031,589	3,215,552	971,621	9,218,762
Net change in unrealized loss on investments	(697,418)	(421,109)	(155,020)	(1,273,547)
	3,918,777	2,583,552	737,899	7,240,228
<b>Subscriptions and redemptions</b>				
Proceeds on issue of shares	4,325,840	5,141,615	1,530,677	10,998,132
Payments on redemption of shares	(6,100,750)	(2,156,277)	(1,161,403)	(9,418,430)
	(1,774,910)	2,985,338	369,274	1,579,702
Net assets at end of the year	29,216,360	22,218,155	6,004,628	57,439,143

The accompanying notes form an integral part of these Financial Statements

# HSBC Managed Portfolios Limited

## Notes to the Financial Statements

for the year ended June 30, 2014

### 1. The Fund

The HSBC Managed Portfolios Limited (the "Fund") is an open-ended exempted mutual fund company incorporated with limited liability and unlimited duration in Bermuda on August 23, 2002 in accordance with The Companies Act 1981 of Bermuda.

The Fund has been classified as a standard fund in accordance with the Bermuda Monetary Authority Investment Funds Act 2006, with effect from July 6, 2007.

The investment objective of the Fund is to achieve high total return over time consistent with an emphasis on capital growth and income while attempting to limit risk through investment in a diversified portfolio of mutual funds.

The Fund is managed by HSBC Global Asset Management (Bermuda) Limited (the "Manager"), a wholly-owned subsidiary of HSBC Bank Bermuda Limited (the "Bank"), a member of the HSBC Group.

The Shares of the Fund are divided into several portfolios ("Portfolios") for which the Fund maintains separate accounts. The assets of each Portfolio of the Fund are held exclusively for the benefit of the holders of the shares of the relevant Portfolio. However, all assets of the Fund are subject to the general creditors of the Fund, in that the assets of each Portfolio may be exposed to the liabilities of other Portfolios within the Fund. At June 30, 2014, the Directors were not aware of any such specific existing or contingent liabilities. The Portfolios and share classes existing as at June 30, 2014 were as follows:

	<b>Date of Inception</b>
World Selection – Cautious Portfolio – Class AC - USD	October 16, 2002
World Selection – Cautious Portfolio – Class AD - USD	October 16, 2002
World Selection – Cautious Portfolio – Class IC - USD	October 16, 2002
World Selection – Cautious Portfolio – Class LC - USD	October 14, 2010
World Selection – Balanced Portfolio – Class AC - USD	October 16, 2002
World Selection – Balanced Portfolio – Class AD - USD	October 16, 2002
World Selection – Balanced Portfolio – Class IC - USD	October 16, 2002
World Selection – Balanced Portfolio – Class LC - USD	October 14, 2010
World Selection – Dynamic Portfolio – Class AC - USD	October 16, 2002
World Selection – Dynamic Portfolio – Class IC - USD	October 16, 2002
World Selection – Dynamic Portfolio – Class LC - USD	October 14, 2010

On September 26, 2013 the Directors approved the launch of two new portfolios, World Selection - Conservative Portfolio and World Selection - Aggressive Portfolio.

### 2. Significant Accounting Policies

The accompanying financial statements are prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"). The significant accounting and reporting policies adopted by the Fund are as follows:

- (a) Investment transactions and income  
Investment transactions are recorded on the trade date. Realized gains and losses on investment transactions are calculated on a weighted average cost basis and are included in the statements of operations.

# HSBC Managed Portfolios Limited

## Notes to the Financial Statements (Continued)

for the year ended June 30, 2014

### 2. Significant Accounting Policies (continued)

(a) Investment transactions and income (continued)

Discounts and premiums on debt securities are amortized over the life of the respective securities using the effective interest rate method.

(b) Valuation of investments

In accordance with U.S. GAAP, fair value is defined as the price that the Fund would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. Accounting guidelines for fair value measurements establishes a framework for measuring fair value, and a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Fund. Unobservable inputs reflect the Fund's own assumptions about the inputs that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. Each investment is assigned a level based upon the observability of the inputs which are significant to the overall valuation. The three-tier hierarchy of inputs is summarized below:

- Level 1 – observable prices and quoted prices in active markets for identical investments
- Level 2 – other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 – significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurements falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement.

Investments are valued as follows:

- Investments in investee funds are valued based on reported net asset value per share as provided by the administrators of the investee funds. The Fund's ability to redeem its investment with the investee fund on the reporting date at the reported net asset value per share and any redemption restrictions for the investee fund, will determine which level in the fair value hierarchy the investment will fall into. The Fund classifies all short-term investments in investee funds with daily liquidity as Level 1 and with monthly liquidity as Level 2 within the fair value hierarchy.
- Securities that are listed on a national securities exchange are valued at the last reported sale price on the last business day of the year. In the event that a sale does not occur on the last business day of the year, such securities are valued at the "bid" price as reported by the principal securities exchange on which such securities are traded. To the extent that these securities are actively traded and valuation adjustments are not applied, they are categorized in Level 1 of the fair value hierarchy.

(c) Cash and cash equivalents

Cash and cash equivalents includes cash balances, money market funds and short-term fixed deposits with maturity dates of less than 30 days from the date of purchase.

# HSBC Managed Portfolios Limited

## Notes to the Financial Statements (Continued)

for the year ended June 30, 2014

### 2. Significant Accounting Policies (continued)

- (d) Interest and dividend income  
Interest income is recorded on the accrual basis. Dividend income is recorded on the ex-dividend date net of withholding tax.
- (e) Rebate income  
Rebate income is calculated based on investments in certain investee funds and is recorded on the accrual basis.
- (f) Expenses  
The Fund bears all operating expenses which are allocated between all Portfolios in proportion to the respective net asset value of each Portfolio unless the expense is solely attributable to a specific Portfolio upon which it is allocated to that respective Portfolio.
- (g) Use of estimates  
The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.
- (h) Foreign currency translation  
Assets and liabilities denominated in currencies other than the base currency of each Portfolio are translated into the base currency at the rate prevailing at the date of the financial statements. Transactions during the year in currencies other than the base currency have been translated into the base currency at the rate of exchange prevailing on the date of the transaction. Realized and unrealized gains and losses on translation of investment balances are included in the statements of operations under "net realized gains on sale of investments" and "net change in unrealized loss on investments", respectively. All other realized and unrealized gains and losses are included in the line item to which they relate.
- (i) Mandatory redeemable financial instruments  
Financial instruments, mandatorily redeemable at the option of the holder, are classified as liabilities when a redemption request has been received and the redemption amount has been determined.
- (j) Allocation of profits and losses  
All investment income and loss, realized and unrealized gains and losses of each Portfolio are allocated to each class of shares outstanding on a daily basis in proportion to their interest in the net asset value of the Portfolio.
- (k) New Accounting Pronouncements  
In June 2013, the FASB issued Accounting Standards Update 2013-08, Financial Services – Investment Companies ("ASU 2013-08") relating to the criteria used in defining an investment company under US GAAP. It also sets forth certain measurement and disclosure requirements. Under the new standard the typical characteristics of an investment company will be: (i) it has more than one investment and more than one investor, (ii) it has investors that are not related parties of the entity or the investment manager, (iii) it has ownership interests in the form of equity or partnership interests, and (iv) it manages substantially all of its investments on a fair value basis. The standard also reaffirms that a non-controlling interest in another investment company should be measured at fair value instead of the equity method. It also includes additional disclosure requirements for an entity to disclose the fact that it is an investment company, and to provide information about changes, if any, in its status as an investment company. Finally, an entity will also need to include disclosures around financial support that has been provided or is contractually required to be provided to any of its investees. The requirements of the standard are effective for interim and annual reporting periods in fiscal periods that begin after December 15, 2013, with early application prohibited. The impact on the Company's financial statement disclosures is not expected to be material.

# HSBC Managed Portfolios Limited

## Notes to the Financial Statements (Continued)

for the year ended June 30, 2014

### 3. Cash and Cash Equivalents and Bank Overdraft

(a) Cash and cash equivalents

Cash and fixed deposit balances are held with the Bank. Cash equivalents comprise investments in HSBC Corporate Money Funds Limited.

	World Selection - Cautious Portfolio USD	World Selection - Balanced Portfolio USD	World Selection - Dynamic Portfolio USD
Cash at bank	2,381,636	1,075,579	1,149,954
Overdraft at bank	-	-	(295,334)
Money market fund	10,017,443	4,607,700	-
	<u>12,399,079</u>	<u>5,683,279</u>	<u>854,620</u>

(b) Bank overdraft

Under an agreement dated October 16, 2006 and amended December 17, 2010, the Bank made an overdraft facility available to the Fund. The maximum amount that may be advanced is the lesser of the sum of 10% of the Net Assets in Custody ("NVAC") held in the Bank's custody for each Portfolio or USD6,750,000.

Under the terms of the agreement, all assets of the Fund held in the Bank's custody are pledged as security against advances made by the Bank. The amount outstanding is due upon demand and interest is payable on balances drawn at an amount equal to the Bank's base rate plus 125 basis points. At June 30, 2014, USD295,334 is outstanding under this facility.

(c) Foreign exchange transactions facility

Under an agreement dated October 16, 2006 and amended December 9, 2011, the Bank made available a foreign exchange transactions facility to the Fund, up to a maximum of the lesser of USD18,000,000 or 100% of the NAV of each Portfolio. At June 30, 2014, USDnil is outstanding under this facility. The facility is collateralized by the Fund's assets held in the Bank's custody.

### 4. Manager

Under an agreement dated August 29, 2002 and amended on October 11, 2006, the Manager is entitled to receive a quarterly fee calculated at a rate outlined below of the average of the weekly value of the net assets of each of the Portfolios during the quarter. If the current fee rate is to be changed, notice must first be given to the Fund and Shareholders.



# HSBC Managed Portfolios Limited

## Notes to the Financial Statements (Continued)

for the year ended June 30, 2014

#### 4. Manager (continued)

The maximum management fee permitted under the terms of the amended agreement is 2.50% per annum in the case of each Class. The fee rates incurred during the year were as follows:

Portfolio	Class	Rate
World Selection - Cautious	AC	1.95%
World Selection - Cautious	AD	1.95%
World Selection - Cautious	IC	1.60%
World Selection - Cautious	LC	1.95%
World Selection - Balanced	AC	2.15%
World Selection - Balanced	AD	2.15%
World Selection - Balanced	IC	1.85%
World Selection - Balanced	LC	2.15%
World Selection - Dynamic	AC	2.20%
World Selection - Dynamic	IC	1.90%
World Selection - Dynamic	LC	2.20%

The fees payable to the Custodian and Administrator by the Fund will proportionately reduce amounts payable by the Fund to the Manager (see also note 15). For the year ended June 30, 2014, the Manager invested certain of the Fund's assets in various other HSBC Funds. In respect of investments in other HSBC funds, the Manager waives from the quarterly fee the amount of the management fee of the underlying fund.

#### 5. Administrator

Under an agreement dated August 29, 2002 between the Fund and HSBC Securities Services (Bermuda) Limited (the "Administrator"), a wholly-owned subsidiary of the Bank, the Administrator agreed to act as share registrar, transfer agent, secretary and to provide accounting and administrative services to the Fund. The Administrator is entitled to receive fees from the Fund for services provided as agreed from time to time between the Fund and the Administrator out of fees payable to the Manager.

The Administrator is also entitled to receive from the Fund an amount equal to the out-of-pocket expenses incurred in carrying out its duties.

#### 6. Custodian

Under an agreement effective October 2, 2006, HSBC Institutional Trust Services (Bermuda) Limited was appointed as Custodian for the Fund. The Custodian is entitled to receive fees from the Fund for services provided at such rates agreed from time to time between the Fund and the Custodian out of fees payable to the Manager. The Custodian fees are charged on a per transaction basis.

The Custodian is also entitled to receive from the Fund an amount equal to the out-of-pocket expenses incurred in carrying out its duties.

# HSBC Managed Portfolios Limited

## Notes to the Financial Statements (Continued)

for the year ended June 30, 2014

### 7. Taxation

At the present time no income, corporation profit or capital gains taxes are levied in Bermuda and accordingly no provision for such taxes has been recorded by the Fund. In the event that such taxes are levied, the Fund received an undertaking from the Bermuda Government under the Exempted Undertaking Tax Protection Act 1966, exempting it from all such taxes until March 31, 2035.

### 8. Directors' Fees

Each of the Directors is entitled to receive from the Fund a fee at such rate as may be set from time to time by the Board of Directors, provided such remuneration shall not exceed an aggregate of USD30,000 per annum without prior consent of the shareholders in a general meeting. The Directors may also be reimbursed for all travel, hotel and other expenses properly incurred by them in attending meetings of the Fund. No such fees will be payable where the Director is employed by the Bank or any of its subsidiaries or affiliates.

For the year ended June 30, 2014, Mr. L Anthony Joaquin and Ms. Julie E. McLean each received Director's fee at an annual rate of USD5,000.

### 9. Directors' Interests

As at June 30, 2014, the Directors held nil shares of each Portfolio.

### 10. Share Capital

The present authorized share capital of USD100,000 of the Fund is divided into 9,999,900 voting participating shares ("Shares") of USD0.01 par value each and 100 founders' shares of USD0.01 par value each. The Manager holds all of the founders' shares, \$nil paid. The founders' shares do not have any voting or other rights and are only entitled to the return of capital paid upon winding up. Participating shares may be subscribed for and redeemed on a weekly basis. Shareholders requesting redemption of shares must give prior written notice and should be received by the Administrator by 12:00 noon (Bermuda time) on Wednesday of each week and/or such other day or days as the Manager may determine.

	World Selection - Cautious Portfolio Class AC	World Selection - Cautious Portfolio Class AD	World Selection - Cautious Portfolio Class IC	World Selection - Cautious Portfolio Class LC
Shares in issue July 1, 2013	384,183	17,237	411,263	9,900
Shares issued during the year	42,695	3,548	39,410	2,260
Shares redeemed during the year	(66,258)	(6,857)	(64,098)	(1,513)
Shares in issue June 30, 2014	360,620	13,928	386,575	10,647

	World Selection - Balanced Portfolio Class AC	World Selection - Balanced Portfolio Class AD	World Selection - Balanced Portfolio Class IC	World Selection - Balanced Portfolio Class LC
Shares in issue July 1, 2013	374,311	22,093	331,645	24,588
Shares issued during the year	66,664	139	134,273	9,306
Shares redeemed during the year	(57,109)	(1,248)	(73,768)	(5,549)
Shares in issue June 30, 2014	383,866	20,984	392,150	28,345

HSBC Managed Portfolios Limited  
Notes to the Financial Statements (Continued)  
for the year ended June 30, 2014

10. Share Capital (continued)

	World Selection - Dynamic Portfolio Class AC	World Selection - Dynamic Portfolio Class IC	World Selection - Dynamic Portfolio Class LC
Shares in issue July 1, 2013	165,553	99,789	29,950
Shares issued during the year	24,365	27,874	8,638
Shares redeemed during the year	(34,099)	(11,875)	(6,563)
Shares in issue June 30, 2014	155,819	115,788	32,025

11. Cost of Investments

Cost of Investments as at June 30, 2014	USD
World Selection - Cautious Portfolio	107,958,729
World Selection - Balanced Portfolio	132,781,529
World Selection - Dynamic Portfolio	52,354,311

12. Financial Instruments and Associated Risks

**Price Risk**

Price risk arises primarily from uncertainty around the future prices of financial instruments held by the Fund and represents the loss the Fund might incur through holding such instruments in the face of price movements. The Manager allocates the Fund's portfolio of investments with a view to minimizing the risk associated with particular countries and industry sectors.

**Currency Risk**

Currency risk is the risk that future changes in exchange rates will make financial instruments held by the Fund less valuable. Substantially all the investments of each Portfolio are denominated in the related base currency thus minimizing currency risk.

**Interest Rate Risk**

The Fund is exposed to interest rate risk to the extent that the fair value of the Fund's financial instruments may fluctuate with movements in interest rates. The Fund may use forward contracts for hedging purposes and as independent profit opportunities and invest in other investment companies exposed to significant interest rate risk. The Fund's exposure to interest rate risk through its investment in investee funds is limited to its investment in such funds.

**Liquidity Risk**

The Fund mainly invests in certain sub-funds of HSBC International Select Fund. The Fund invests in other investment companies that are not publicly traded or for which there is no liquid market. The Fund is exposed to liquidity risk to the extent that it is unable to realize its positions to meet liabilities and redemptions as they fall due in a timely and favorable manner. The liquidity profile of the Fund's investment portfolio as at June 30, 2014 is disclosed in the statements of net assets. The Fund manages liquidity risk by investing mainly in funds with daily redemptions.

# HSBC Managed Portfolios Limited

## Notes to the Financial Statements (Continued)

for the year ended June 30, 2014

### 12. Financial Instruments and Associated Risks (continued)

#### Credit Risk

Credit risk is the risk that a counterparty will fail to discharge its obligation or commitment related to a financial instrument it has issued. Financial assets that potentially expose the Fund to credit risk consist primarily of cash and cash equivalents, investments, due from broker and dividends and rebates receivable. The extent of the Fund's exposure to credit risk in respect of these financial assets approximate the carrying values as recorded in the statements of assets and liabilities. Credit risk is managed by dealing with reputable counterparties.

#### Investments in Other Investment Funds

The investments in other investment funds (the "investee funds") are valued at their fair value. The fair value represents the amount the Fund would have received at June 30, 2014 if it had liquidated its investments. The Fund has the ability to liquidate its investments periodically depending on the provisions of the respective investee funds' offering documents.

Cautious Portfolio – USD, Balanced Portfolio – USD and Dynamic Portfolio – USD had invested 63%, 71% and 72%, respectively, as of June 30, 2014 of their net assets in HSBC International Select Fund, a fund managed by HSBC Investment Funds (Luxembourg) S.A. and administered by RBC Dexia Investor Services Bank S.A. HSBC International Select Fund is an open ended investment company with multiple sub-funds organized under the laws of Luxembourg and offers several portfolios with various investment objectives through investing in global government bonds, corporate bonds and emerging market debt. The Fund and HSBC International Select Fund are related due to having investment managers under common control.

The investee funds in which the Fund has invested utilize a variety of financial instruments in their trading strategies including equity and debt securities of both U.S. and foreign issuers, options, futures contracts, forward contracts, and swap contracts. Several of these financial instruments contain varying degrees of off-balance sheet risk whereby changes in the market value of the securities underlying the financial instruments may be in excess of the amounts recorded on each investee fund's balance sheet. However, due to the nature of the Fund's interests in the investee funds, such risks are limited to the Fund's investment in each investee fund.

The agreements relating to investments in investee funds provide for compensation to the investment managers in the form of management fees generally ranging from 0.04% to 1.50% per annum of net assets.

Complete information about the underlying investments held by the investee funds is not readily available, so it is unknown whether the investee funds hold any single investment whereby the Portfolio's proportionate share exceeds 5% of the respective Portfolio's net assets as of June 30, 2014.

### 13. Dividends

The Directors' intention is to declare semi-annual dividends with respect to the World Selection-Cautious Portfolio and the World Selection-Balanced Portfolio. There were no dividends declared pertaining to World Selection-Dynamic Portfolio.

# HSBC Managed Portfolios Limited

## Notes to the Financial Statements (Continued)

for the year ended June 30, 2014

### 13. Dividends (continued)

During the year ended June 30, 2014, the Directors of the Fund did not declare any dividends with respect to the World Selection-Cautious Portfolio and the World Selection-Balanced Portfolio.

The Directors are empowered to declare and pay dividends on any Class of Shares in the Fund. It is intended that the majority of each of the World Selection-Cautious Portfolio's, and the World Selection-Balanced Portfolio's net investment income, in Class AD that is income from dividends, interest or otherwise, less that Portfolio's incurred expenses, will be distributed by way of dividend.

### 14. Rebate Income

Under a sub-distribution agreement dated July 6, 2009 for HSBC International Select Fund, the Manager serves as a sub-distributor of the investee funds. Effective October 2006, the Fund started recording on an accruals basis rebates due to the Fund. Rebates are earned quarterly and are calculated weekly at a rate ranging from 0.04% to 0.25% of the average of the weekly values of HSBC International Select Fund positions held by each Portfolio.

### 15. Management and Administration Fees

	World Selection - Cautious Portfolio USD	World Selection - Balanced Portfolio USD	World Selection - Dynamic Portfolio USD
Class AC management and administration fees	916,703	1,152,836	543,903
Class AD management and administration fees	34,189	62,274	-
Class IC management and administration fees	776,182	930,052	293,662
Class LC management and administration fees	25,011	80,543	103,069
Total management and administration fees	1,752,085	2,225,705	940,634
Management and administration fees payable	431,689	594,363	242,833

HSBC Managed Portfolios Limited  
Notes to the Financial Statements (Continued)  
for the year ended June 30, 2014

16. Fair Value Measurements

The following table summarizes the valuation of the Fund's investments by investment type within each Portfolio by the fair value hierarchy levels as of June 30, 2014:

**World Selection - Cautious Portfolio**

	Level 1	Level 2	Level 3	Total
Investments in investee funds, at fair value:				
Bonds	\$ 71,451,532	\$ -	\$ -	\$ 71,451,532
Commodity	2,844,892	-	-	2,844,892
Equities	31,160,703	-	-	31,160,703
Total investments in investee funds, at fair value	105,457,127	-	-	105,457,127
Investments in securities, at fair value:				
Equities	8,422,199	-	-	8,422,199
Total investments in securities, at fair value	8,422,199	-	-	8,422,199
Cash equivalents	10,017,443	-	-	10,017,443
<b>Total</b>	<b>\$ 123,896,769</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 123,896,769</b>

**World Selection - Balanced Portfolio**

	Level 1	Level 2	Level 3	Total
Investments in investee funds, at fair value:				
Bonds	\$ 61,294,333	\$ -	\$ -	\$ 61,294,333
Commodity	4,238,914	-	-	4,238,914
Equities	60,428,155	-	-	60,428,155
Total investments in investee funds, at fair value	125,961,402	-	-	125,961,402
Investments in securities, at fair value:				
Equities	15,135,565	-	-	15,135,565
Total investments in securities, at fair value	15,135,565	-	-	15,135,565
Cash equivalents	4,607,700	-	-	4,607,700
<b>Total</b>	<b>\$ 145,704,667</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 145,704,667</b>

HSBC Managed Portfolios Limited  
Notes to the Financial Statements (Continued)  
for the year ended June 30, 2014

16. Fair Value Measurements (continued)

**World Selection - Dynamic Portfolio**

	Level 1	Level 2	Level 3	Total
Investments in investee funds, at fair value:				
Bonds	\$ 13,438,245	\$ -	\$ -	\$ 13,438,245
Commodity	1,646,862	-	-	1,646,862
Equities	33,140,519	-	-	33,140,519
Total investments in investee funds, at fair value	48,225,626	-	-	48,225,626
Investments in securities, at fair value:				
Equities	8,600,290	-	-	8,600,290
Total investments in securities, at fair value	8,600,290	-	-	8,600,290
Cash equivalents	-	-	-	-
<b>Total</b>	<b>\$ 56,825,916</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 56,825,916</b>

The Fund's policy is to recognize transfers into and out of various levels of the fair value hierarchy as at the actual date of the event or change in circumstances that caused the transfer. No transfers were made between Levels 1, 2 or 3 of the fair value hierarchy during the year ended June 30, 2014.

At June 30, 2014, the Fund held positions in investee funds which utilized the following investment strategies as disclosed in the statements of net assets:

Bonds – This strategy mainly holds long bond positions and the manager may have a geographical focus.

Commodity – This strategy mainly has investments in commodity related instruments.

Equities – This strategy mainly holds long equity positions and the manager may have a geographical or sector specific focus.

HSBC Managed Portfolios Limited  
Notes to the Financial Statements (Continued)  
for the year ended June 30, 2014

17. Financial Highlights

**Schedule of Financial Highlights for World Selection - Cautious Portfolio  
for the year ended June 30, 2014**

	USD			
	Class AC	Class AD	Class IC	Class LC
<b>Selected per share data</b>				
Net asset value at beginning of the year	149.06	135.37	152.65	149.06
<b>Income from investment operations</b>				
Net investment loss	(0.32)	(0.29)	0.24	(0.31)
Net realized gains on sale of investments and change in unrealized gains on investments	<u>12.38</u>	<u>11.25</u>	<u>12.70</u>	<u>12.37</u>
Total from investment operations	<u>12.06</u>	<u>10.96</u>	<u>12.94</u>	<u>12.06</u>
Net asset value at end of the year	<u>161.12</u>	<u>146.33</u>	<u>165.59</u>	<u>161.12</u>
Total return excluding dividends declared	8.09 %	8.09 %	8.47 %	8.09 %
<b>Ratios to average net assets</b>				
Total expenses	1.61 %	1.61 %	1.26 %	1.61 %
Net investment (loss)/income	(0.19) %	(0.21) %	0.16 %	(0.21) %
<b>Supplemental data</b>				
Net assets at end of the year	58,103,431	2,038,004	64,011,299	1,715,397

**Schedule of Financial Highlights for World Selection - Balanced Portfolio  
for the year ended June 30, 2014**

	USD			
	Class AC	Class AD	Class IC	Class LC
<b>Selected per share data</b>				
Net asset value at beginning of the year	158.63	153.93	161.85	158.63
<b>Income from investment operations</b>				
Net investment loss	(0.94)	(0.91)	(0.45)	(0.94)
Net realized gains on sale of investments and change in unrealized gains on investments	<u>18.57</u>	<u>18.01</u>	<u>18.97</u>	<u>18.57</u>
Total from investment operations	<u>17.63</u>	<u>17.10</u>	<u>18.52</u>	<u>17.63</u>
Net asset value at end of the year	<u>176.26</u>	<u>171.03</u>	<u>180.37</u>	<u>176.26</u>
Total return	11.11 %	11.11 %	11.44 %	11.11 %
<b>Ratios to average net assets</b>				
Total expenses	1.81 %	1.81 %	1.51 %	1.81 %
Net investment loss	(0.57) %	(0.55) %	(0.29) %	(0.58) %
<b>Supplemental data</b>				
Net assets at end of the year	67,659,003	3,588,941	70,733,768	4,996,082



# HSBC Managed Portfolios Limited

## Notes to the Financial Statements (Continued)

for the year ended June 30, 2014

### 17. Financial Highlights (continued)

#### Schedule of Financial Highlights for World Selection - Dynamic Portfolio for the year ended June 30, 2014

	USD		
	Class AC	Class IC	Class LC
<b>Selected per share data</b>			
Net asset value at beginning of the year	163.52	166.84	163.52
<b>Income from investment operations</b>			
Net investment loss	(2.54)	(2.05)	(2.54)
Net realized gains on sale of investments and change in unrealized gains on investments	26.52	27.10	26.52
Total from investment operations	23.98	25.05	23.98
Net asset value at end of the year	187.50	191.89	187.50
Total return	14.66 %	15.01 %	14.66 %
<b>Ratios to average net assets</b>			
Total expenses	1.93 %	1.63 %	1.93 %
Net investment loss	(1.44) %	(1.13) %	(1.44) %
<b>Supplemental data</b>			
Net assets at end of the year	29,216,360	22,218,155	6,004,628

An individual shareholder's return may vary from the above, based on the timing of subscriptions and redemptions.

### 18. Subsequent Events

On the recommendation of HSBC Global Asset Management (Bermuda) Limited, the Directors have decided that the Portfolios should be invested in more cost effective investment vehicles. These vehicles may include both passively and actively managed investment vehicles. These changes are intended to reduce the overall cost of the Portfolios while maintaining the existing investment strategy and risk profile. Asset allocation remains the main driver for performance and there will be no change to the Portfolios' risk profile. The changes started to be implemented from August 27, 2014.

By resolution of the Directors on July 16, 2014, effective August 27, 2014, the following Portfolios were renamed:

Current Portfolio Name	New Portfolio Name
World Selection Cautious	World Selection - 2
World Selection Balanced	World Selection - 3
World Selection Dynamic	World Selection - 4

By resolution of the Directors on July 16, 2014, the Company created two additional new classes of shares of the Company named "World Selection - 1 and "World Selection - 5", available for subscription from August 27, 2014.

The Directors have assessed and evaluated all subsequent events arising from the date of statement of assets and liabilities up until October 2, 2014 and have concluded that no other additional disclosure is required.

# HSBC Managed Portfolios Limited

## Management and Administration

for the year ended June 30, 2014

### Directors and Officers

L. Anthony Joaquin, President  
Retired Managing Partner  
Ernst & Young

Faith Outerbridge, Vice President  
Head of Global Asset Management  
HSBC Bank Bermuda Limited

Wayne P. Chapman, Director  
Head of Private Banking  
HSBC Bank Bermuda Limited

Julie E. McLean, Director  
Conyers, Dill & Pearman Limited

### Secretary and Registered Office

HSBC Securities Services (Bermuda) Limited  
6 Front Street  
Hamilton HM 11, Bermuda

### Manager

HSBC Global Asset Management (Bermuda) Limited  
6 Front Street  
Hamilton HM 11, Bermuda

### Custodian

HSBC Institutional Trust Services (Bermuda) Limited  
6 Front Street  
Hamilton HM 11, Bermuda

### Banker

HSBC Bank Bermuda Limited  
6 Front Street  
Hamilton HM 11, Bermuda

### Administrator

HSBC Securities Services (Bermuda) Limited  
6 Front Street  
Hamilton HM 11, Bermuda

### Auditors

KPMG Audit Limited  
Crown House  
4 Par-la-Ville Road  
Hamilton HM 08, Bermuda

### Legal Advisers

Conyers Dill & Pearman Limited  
Clarendon House  
2 Church Street  
Hamilton HM 11, Bermuda

### Bermuda Stock Exchange Listing Sponsor

Bermuda International Securities Limited  
6 Front Street  
Hamilton HM 11, Bermuda

### Client Services

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Email: [ifs.investor.services@us.hsbc.com](mailto:ifs.investor.services@us.hsbc.com)

### Sales Team

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HMP\_FS\_2014 October 2014

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