

HSBC Specialist Funds Limited

Annual Report June 2021

HSBC Specialist Funds Limited

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The accompanying report of KPMG Audit Limited ("KPMG") is for the sole and exclusive use of the Company. No person, other than the Company, is authorized to rely upon the report of KPMG unless KPMG expressly so authorizes. Further, the report of KPMG is as of October 6, 2021 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, 2021

Short Duration Fixed Income Fund

Market Review

The second half of 2020 was characterized by the economic recovery from the COVID related shutdowns which were implemented in the first half of the year. This was driven by a mix of government support, optimism around declining infection rates and encouraging news on possible vaccines allowed risk asset to retrace losses. Despite some market volatility, investor confidence prevailed into year end with risk asset rallying to new highs. Q1 2021 saw risk asset continue to recover with credit spreads tightening further. Long end rates moved higher over investor concerns around rising inflation with the yield curve steepening. This rates volatility dissipated in Q2 however as investors reconciled a continued dovish Federal Reserve on the one hand and strong inflation data on the other and rates fall back by the end of June while credit spreads continued to grind tighter approaching their cyclical tights.

US Treasury yields rose moving most significantly in q1 2021 with a steepening at the longer end of the curve due to investor concerns over inflation. The 2, 5 and 10 saw yields move 0.10%, 0.60% and 0.81% respectively for the 2Y, 5Y and 10Y Treasuries to finish June at 0.25%, 0.89% and 1.47% respectively.

Performance and positioning

The Fund provided positive absolute return over the period, outperforming its benchmark on a gross basis. Relative outperformance was driven by the allocation to corporate bonds which in the COVID recovery have rallied strongly, outperforming Treasuries over the 1-year period. This was partially offset however by an underweight to duration which detracted from overall performance as Treasury yields fell.

The portfolio remains overweight to corporate bonds vs treasuries with an allocation to high quality ABS. The average credit rating is one notch lower than the benchmark at AA- with an overweight to AAA and A and an underweight to AA rated bonds. The duration of the portfolio is 0.08 years underweight the benchmark with an overweight to the 0-1 year segment and an underweight to the 2-3 year segment.

Outlook

Q2 began with investors more uncertain both with regards to Fed policy as well as the potential impact of the rapidly spreading Delta variant of COVID. While we believe policy moves could be sooner than had initially been expected earlier in the year we don't anticipate the Fed lifting off before mid-2023. While economic growth may moderate from the levels seen in the peak of the recovery it is still expected to remain strong in historical terms, barring any unforeseen impact from a resurgence of the virus. Credit fundamentals are solid and are expected to remain so but spreads are at or close to historically tight levels offering less potential for tightening and a smaller cushion should we see additional volatility as markets react to further details regarding the path to policy normalization and the impact of the Delta variant.

HSBC Global Asset Management (Bermuda) Limited – September, 2021

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 AUDITOR'S REPORT

To the Shareholders and Board of Directors of HSBC Specialist Funds Limited

We have audited the accompanying financial statements of HSBC Specialist Funds Limited (comprised of Short Duration Fixed Income Fund and the Alternative Fund), which comprise the statements of assets and liabilities, including the statements of net assets, as of June 30, 2021, 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.

Auditor's 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 auditor's 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 Specialist Funds Limited as of June 30, 2021, and the results of its operations for the year then ended in accordance with U.S. generally accepted accounting principles.

KPMG Audit Limited

Chartered Professional Accountants
Hamilton, Bermuda
October 6, 2021

HSBC Specialist Funds Limited

Statements of Assets and Liabilities

as at June 30, 2021

	Short Duration Fixed Income Fund USD	Alternative Fund USD
Assets		
Investments at fair value (notes 11, 12, 13 & 16)	99,325,048	32,165,919
Cash and cash equivalents (notes 3 & 16)	95,881	83,314
Receivable on late trades	-	100,000
Interest receivable	427,842	-
Prepaid expenses	21,752	2,842
	99,870,523	32,352,075
Liabilities		
Redemption payable	-	34,314
Management fee payable (notes 4 & 15)	30,483	26,535
Dividends payable (note 14)	25,123	-
Subscriptions received in advance	-	61,468
Accounts payable and accrued expenses	15,295	6,176
	70,901	128,493
Net assets	99,799,622	32,223,582
Net assets attributable to:		
Class AC Shares	33,093,588	29,696,247
Class AD Shares	18,539,532	-
Class CC Shares	48,166,502	-
Class LC Shares	-	2,527,335
	99,799,622	32,223,582
Shares outstanding (note 10)		
Class AC Shares	289,267	95,399
Class AD Shares	178,228	-
Class CC Shares	428,852	-
Class LC Shares	-	8,119
Net asset value per share		
Class AC Shares	114.40	311.28
Class AD Shares	104.02	-
Class CC Shares	112.31	-
Class LC Shares	-	311.28



Director

The accompanying notes form an integral part of these Financial Statements



Director

HSBC Specialist Funds Limited

Statements of Net Assets

as at June 30, 2021

Short Duration Fixed Income Fund

	Nominal Value	Amortized Cost USD	Fair Value USD	% of Net Assets
Fixed Income Notes				
Alibaba Group Holding 3.125% 28/11/2021	1,500,000	1,503,030	1,509,968	1.51
Amazoncom Inc 0.25% 12/05/2023	740,000	739,903	739,796	0.74
Amazoncom Inc 0.45% 12/05/2024	2,000,000	1,997,208	1,995,253	2.00
American Express Credit Account 2.87% 10/15/2024	1,500,000	1,523,416	1,530,246	1.53
Apple Inc 0.75% 05/11/2023	1,500,000	1,497,451	1,513,067	1.52
BA Credit Card Trust 0.44% 15/09/2026	250,000	249,996	249,423	0.25
Baidu Inc 3.875% 09/29/2023	250,000	265,951	265,945	0.27
Bank of America NA 3.335% VRN 01/25/2023	1,500,000	1,525,523	1,524,907	1.53
Bank Of Montreal 2.55% 11/06/2022	500,000	514,414	514,175	0.52
Bank of New York Mellon CorpThe 2.2% 08/16/2023	500,000	518,363	517,771	0.52
Bank of Nova Scotia 2.45% 09/19/2022	500,000	508,157	512,794	0.51
Bank of Nova ScotiaThe 1.5% 31/03/2023	301,000	307,358	307,235	0.31
Banque Fed Cred Mutuel 2.7% 07/20/2022	1,500,000	1,508,661	1,539,059	1.54
Banque Federative du Credit Mut 2.125% 11/21/2022	250,000	255,894	256,120	0.26
Banque Federative du Credit Mutuel 0.65% 27/02/24	250,000	250,441	249,569	0.25
Barclays Bank PLC 1.7% 12/05/2022	1,500,000	1,513,597	1,517,202	1.52
Bmw Us Capital Llc 3.45% 04/12/2023	500,000	525,289	525,380	0.53
BMW Vehicle Owner Trust 0.48% 25/10/2024	500,000	499,971	501,547	0.50
BNP Paribas SA 3.25% 03/03/2023	1,000,000	1,035,678	1,047,732	1.05
BP Capital Markets America Inc 2.75% 05/10/2023	250,000	260,435	260,565	0.26
BP Capital Markets PLC 2.5% 11/06/2022	1,000,000	1,008,200	1,029,266	1.03
BPCE SA 2.75% 01/11/2023	1,500,000	1,546,395	1,554,985	1.56
BPCE SA 4% 04/15/2024	250,000	272,627	272,630	0.27
Cargill Inc 1.375% 23/07/2023	500,000	510,497	509,453	0.51
CarMax Auto Owner Trust 2021-2 0.52% 17/02/2026	500,000	499,896	500,625	0.50
CCG Receivables Trust 2021-1 0.3% 14/06/2027	1,750,000	1,749,747	1,748,109	1.75
Chevron Corp 1.141% 05/11/2023	1,500,000	1,500,772	1,522,171	1.53
CK Hutchison International 17 Lt 2.875% 05/04/2022	1,400,000	1,420,806	1,424,475	1.43
CNOOC Curtis Funding 4.5% 10/03/2023	500,000	538,251	537,622	0.54
CNOOC Finance 2013 Ltd 3% 05/09/2023	1,000,000	1,035,784	1,036,740	1.04
Colgate Palmolive Co 2.25% 11/15/2022	500,000	509,346	513,414	0.52
Commonwealth Bank of Australia 3.25% 07/20/2023	1,500,000	1,589,680	1,586,685	1.59
Cooperat Rabobank Ua Ny 2.75% 10/01/2023	500,000	505,456	518,359	0.52
1Cooperatieve Rabobank UANY 0.375% 12/01/2024	500,000	498,728	498,211	0.50
Costco Wholesale Corp 2.75% 05/18/2024	500,000	532,278	529,688	0.53
Credit Agricole London 3.875% 04/15/2024	250,000	270,976	271,810	0.27

The accompanying notes form an integral part of these Financial Statements

HSBC Specialist Funds Limited

Statements of Net Assets (Continued)

as at June 30, 2021

Short Duration Fixed Income Fund (continued)

	Nominal Value	Amortized Cost USD	Fair Value USD	% of Net Assets
Fixed Income Notes (continued)				
Credit Suisse AG New York NY 1% 05/05/2023	1,535,000	1,546,472	1,550,971	1.56
DBS Group Holdings Ltd 2.85% 04/16/2022	300,000	305,980	305,713	0.31
DNB Bank ASA 2.15% 12/02/2022	250,000	256,912	256,554	0.26
EOG Resources Inc 2.625% 03/15/23	1,500,000	1,548,687	1,548,190	1.55
Equinor ASA 2.45% 01/17/2023	1,500,000	1,517,120	1,548,681	1.55
Exxon Mobil Corp 1.571% 04/15/2023	750,000	766,232	766,168	0.77
Federation des Caisses Desjardin 0.45% 07/10/2023	1,700,000	1,699,471	1,700,270	1.70
GM Financial Consumer Automobil 0.45% 16/04/2025	1,000,000	999,813	1,002,587	1.00
GM Financial Consumer Automobil 0.51% 16/04/2026	300,000	299,975	300,542	0.30
Harvest Operations Corp 1% 04/26/2024	1,280,000	1,280,062	1,281,058	1.28
Harvest Operations Corp 4.2% 06/01/2023	200,000	213,546	213,093	0.21
Honda Auto Receivables Owner Tr 1.86% 20/06/2022	1,500,000	124,583	124,710	0.12
Korea EastWest Power Co Ltd 1.75% 05/06/2025	750,000	776,242	766,919	0.77
Korea EastWest Power Co Ltd 3.875% 07/19/2023	1,020,000	1,090,761	1,087,815	1.09
Korea Expressway Corp 3.625% 22/10/2021	750,000	749,693	756,784	0.76
Korea Gas Corp 2.75% 07/20/2022	500,000	512,498	511,826	0.51
Korea Gas Corp 3.875% 02/12/2024	500,000	543,335	542,039	0.54
Kreditanstalt fuer Wiederaufbau 0.25% 08/03/2024	1,000,000	997,670	994,630	1.00
Linde Inc 2.2% 08/15/2022	500,000	505,081	508,297	0.51
Lloyds Bank PLC 2.25% 08/14/2022	1,000,000	998,753	1,020,244	1.02
Massmutual Global Fundin 2.5% 13/04/2022	1,500,000	1,493,202	1,527,275	1.53
Merck And Co Inc 2.8% 05/18/2023	750,000	785,446	784,308	0.79
Metropolitan Life Global Funding 0.9% 06/08/2023	685,000	688,485	692,078	0.69
Metropolitan Life Global Funding I 3% 01/10/2023	1,000,000	1,018,516	1,040,007	1.04
National Bank of Canada 2.05% 20/06/2022	1,500,000	1,526,078	1,526,672	1.53
Nationwide Building Society 0.55% 22/01/2024	200,000	199,868	199,296	0.20
Nationwide Building Society 2% 01/27/2023	1,100,000	1,097,982	1,128,389	1.13
Navient Private Education Refi 1.06% 15/10/2069	1,000,000	999,771	1,003,107	1.01
Nestle Holdings Inc 0.375% 15/01/2024	250,000	249,238	248,906	0.25
Nestle Holdings Inc 3.35% 09/24/2023	1,500,000	1,595,776	1,593,687	1.60
New York Life Global Funding 0.95% 06/24/2025	1,000,000	1,010,710	1,002,276	1.00
Nissan Auto Receivables 2021-A 0.33% 15/10/2025	1,850,000	1,849,969	1,848,379	1.85
Nordea Bank AB 0.625% 24/05/2024	335,000	334,961	335,154	0.34
Nordea Bank Abp 1% 69/09/2023	1,500,000	1,498,993	1,517,879	1.52
NTT Finance Corp 0.583% 01/03/2024	250,000	249,531	249,778	0.25
PACCAR Financial Corp 0.35% 11/08/2023	500,000	499,756	499,487	0.50

The accompanying notes form an integral part of these Financial Statements

HSBC Specialist Funds Limited

Statements of Net Assets (Continued)

as at June 30, 2021

Short Duration Fixed Income Fund (continued)

	Nominal Value	Amortized Cost USD	Fair Value USD	% of Net Assets
Fixed Income Notes (continued)				
PACCAR Financial Corp 2% 09/26/2022	1,000,000	999,789	1,020,809	1.02
Pricoa Global Funding I 3.45% 09/01/2023	250,000	265,696	266,990	0.27
Principal Life Global Funding II 0.75% 12/04/2024	410,000	409,459	410,489	0.41
Principal Life Global Funding II 1.25% 11/05/2023	255,000	258,562	258,831	0.26
Roche Holdings Inc 0.45% 05/03/2024	375,000	375,000	375,194	0.38
Roche Holdings Inc 3.25% 09/17/2023	350,000	371,409	370,613	0.37
Sanofi 3.375% 06/19/2023	250,000	263,655	264,451	0.26
Santander UK PLC 1.625% 02/12/2023	500,000	510,524	510,155	0.51
Santander Uk Plc 4% 13/03/2024	250,000	272,584	272,327	0.27
Saudi Arabian Oil Co 1.25% 24/11/2023	500,000	506,315	505,517	0.51
Saudi Arabian Oil Co 2.75% 04/16/2022	750,000	756,081	764,048	0.77
Saudi Arabian Oil Co 2.875% 04/16/2024	250,000	263,575	263,480	0.27
Shell International Fin 2.375% 08/21/2022	750,000	754,401	767,674	0.77
Shell International Finance BV 0.375% 09/15/2023	500,000	499,100	500,004	0.50
Shell International Finance BV 3.5% 11/13/2023	250,000	266,976	267,382	0.27
Shinhan Bank Co Ltd 2.875% 03/28/2022	1,500,000	1,518,370	1,525,761	1.53
Siemens Financieringsmaatschappi 0.65% 11/03/2024	475,000	474,897	475,752	0.48
Simon Property Group LP 2.625% 06/15/2022	500,000	503,099	508,401	0.51
Sinopec GRP Oversea 3.9% 05/17/22	500,000	508,754	513,352	0.52
Skandinaviska Enskilda Banken AB 0.55% 01/09/2023	1,250,000	1,253,636	1,250,669	1.25
SMB Private Education Loan Trus 1.31% 17/07/2051	1,835,000	1,834,971	1,831,174	1.83
State Grid Overseas Investment 2 2.75% 05/04/2022	400,000	406,857	406,769	0.41
Svenska Handelsbanken AB 0.625% 06/30/2023	1,500,000	1,496,497	1,507,848	1.51
Swedbank AB 0.6% 25/09/2023	1,500,000	1,504,536	1,501,605	1.50
Swedbank AB 0.85% 03/18/2024	250,000	250,879	250,992	0.25
Tencent Holdings Ltd 2.985% 19/01/23	499,000	511,156	516,417	0.52
Tencent Holdings Ltd 3.28% 04/11/2024	625,000	662,190	665,281	0.67
TorontoDominion BankThe 0.45% 11/09/2023	1,000,000	1,000,809	1,000,976	1.00
Total Capital Canada 2.75% 07/15/2023	500,000	524,559	523,533	0.52
Total Capital Intl SA 2.7% 01/25/2023	500,000	501,354	518,291	0.52
Total Capital Intl SA 3.75% 04/10/2024	500,000	543,322	542,894	0.54
Toyota Auto Receivables Owner T 0.35% 15/01/2025	1,000,000	999,845	1,001,066	1.00
Toyota Auto Receivables Owner T 1.92% 15/07/2022	1,500,000	132,196	132,331	0.13
Toyota Motor Credit Corp 0.35% 14/10/2022	500,000	500,353	500,652	0.50
Toyota Motor Credit Corp 0.5% 14/08/2023	250,000	250,327	250,503	0.25
Toyota Motor Credit Corp 2.625% 01/10/2023	500,000	509,491	517,418	0.52
UBS AGLondon 0.375% 06/01/2023	620,000	619,363	619,464	0.62
UBS AGLondon 0.45% 02/09/2024	500,000	497,136	497,532	0.50
UBS AGLondon 1.75% 21/04/2022	670,000	669,635	677,557	0.68

The accompanying notes form an integral part of these Financial Statements

HSBC Specialist Funds Limited
Statements of Net Assets (Continued)
as at June 30, 2021

Short Duration Fixed Income Fund (continued)

	Nominal Value	Amortized Cost USD	Fair Value USD	% of Net Assets
Fixed Income Notes (continued)				
Unilever Capital Corp 0.375% 14/09/2023	500,000	500,396	500,590	0.50
Visa Inc 2.8% 14/12/2022	1,000,000	1,020,558	1,032,587	1.03
Walmart Inc 2.35% 15/12/2022	750,000	763,652	771,504	0.77
Westpac Banking Corp 2% 01/13/2023	250,000	255,701	256,478	0.26
Westpac Banking Corp 2% 16/01/2026	1,500,000	1,566,732	1,564,998	1.57
World Omni Auto Receivables Trus 0.3% 15/01/2026	1,000,000	999,937	998,429	1.00
		92,375,677	92,794,554	92.98
Floating Rate Notes				
Ford Credit Auto Owner Trust 2019 FRN 07/15/20	1,500,000	-	-	-
Citibank Credit Card Issuance Tru FRN 06/07/2025	1,235,000	1,234,697	1,241,248	1.24
Nissan Auto Receivables 2019-C Ow FRN 09/15/2022	2,000,000	99,443	99,453	0.10
		1,334,140	1,340,701	1.34
Treasury Notes				
US Treasury Note 0.125% 04/30/2023	3,900,000	3,897,748	3,892,992	3.90
US Treasury Note 0.125% 06/30/2023	1,300,000	1,296,395	1,296,801	1.30
		5,194,143	5,189,793	5.20
Total investments		98,903,960	99,325,048	99.52
Other net assets			474,574	0.48
Net assets			99,799,622	100.00

The accompanying notes form an integral part of these Financial Statements

HSBC Specialist Funds Limited
 Statements of Net Assets (Continued)
 as at June 30, 2021

Alternative Fund	Liquidity Period	Holdings In Shares	Purchase Price USD	Fair Value USD	% of Net Assets
Investment in investee fund:					
Multi-Strategy					
HSBC Portfolio Selection Fund Acc	Monthly	124,452	23,008,674	32,165,919	99.82
Total investments				32,165,919	99.82
Other net assets				57,663	0.18
Net assets				32,223,582	100.00

The accompanying notes form an integral part of these Financial Statements

HSBC Specialist Funds Limited
Statements of Operations
for the year ended June 30, 2021

	Short Duration Fixed Income Fund USD	Alternative Fund USD
Income		
Interest income	1,093,754	-
Other income	68	11
	1,093,822	11
Expenses		
Management fee (notes 4 & 15)	286,675	313,859
Audit fees	23,148	9,209
Directors' fees (note 8)	8,623	3,160
Other expenses	58,535	7,853
	376,981	334,081
Net investment income/(loss)	716,841	(334,070)
Net realized gains on sale of investments	513,178	533,311
Net change in unrealized losses/gains on investments	(969,117)	3,771,274
	(455,939)	4,304,585
Net increase in net assets resulting from operations	260,902	3,970,515

The accompanying notes form an integral part of these Financial Statements

HSBC Specialist Funds Limited

Statements of Changes in Net Assets

for the year ended June 30, 2021

Short Duration Fixed Income Fund	Class AC USD	Class AD USD	Class CC USD	Total
Net assets at start of the year	26,679,816	16,133,230	39,699,533	82,512,579
Net increase in net assets from operations				
Net investment income	209,330	122,729	384,782	716,841
Net realized gains on sale of investments	166,245	98,271	248,662	513,178
Net change in unrealized losses on investments	(312,434)	(184,326)	(472,357)	(969,117)
	63,141	36,674	161,087	260,902
Subscriptions and redemptions				
Proceeds on issue of shares	7,576,514	2,500,000	8,305,882	18,382,396
Payments on redemption of shares	(1,225,883)	-	-	(1,225,883)
	6,350,631	2,500,000	8,305,882	17,156,513
Dividends (note 14)	-	(130,372)	-	(130,372)
Net assets at end of the year	33,093,588	18,539,532	48,166,502	99,799,622
Alternative Fund				
		Class AC USD	Class LC USD	Total
Net assets at start of the year		27,269,910	2,285,002	29,554,912
Net increase in net assets from operations				
Net investment loss		(307,865)	(26,205)	(334,070)
Net realized gains on sale of investments		491,141	42,170	533,311
Net change in unrealized gains on investments		3,476,626	294,648	3,771,274
		3,659,902	310,613	3,970,515
Subscriptions and redemptions				
Proceeds on issue of shares		1,054,094	103,160	1,157,254
Payments on redemption of shares		(2,287,659)	(171,440)	(2,459,099)
		(1,233,565)	(68,280)	(1,301,845)
Net assets at end of the year		29,696,247	2,527,335	32,223,582

The accompanying notes form an integral part of these Financial Statements

HSBC Specialist Funds Limited

Notes to the Financial Statements

for the year ended June 30, 2021

1. The Company

HSBC Specialist Funds Limited (the "Company") is an open-ended exempted mutual fund company incorporated with limited liability and unlimited duration in Bermuda on September 5, 2001 in accordance with the Companies Act 1981 of Bermuda.

The Company 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 Company consists of two Funds namely Short Duration Fixed Income Fund and the Alternative Fund (the "Funds"). The shares of the Company are divided into several classes (the "Classes"), one or more of which will be related to a Fund within the Company for which the Company maintains separate accounts. The assets of each Class of the Company are held exclusively for the benefit of the holders of the shares of the relevant Class. However, all assets of the Company are subject to the general creditors of the Company, in that the assets of each Class may be exposed to the liabilities of other Classes within the Company. At June 30, 2021, the Directors were not aware of any such specific existing or contingent liabilities.

The principal objective of the Short Duration Fixed Income Fund is to maximize income while attempting to minimize the risk of capital deterioration.

The objective of the Alternative Fund is to provide a total return from selected investments in a number of hedge funds, which utilize and trade a range of different strategies and markets worldwide.

The following Funds and share classes existing as at June 30, 2021 (see also Note 10):

	Date of Inception
Short Duration Fixed Income Fund - Class AC - USD	March 8, 2010
Short Duration Fixed Income Fund - Class AD - USD	March 31, 2011
Short Duration Fixed Income Fund - Class CC - USD	February 28, 2014
Alternative Fund - Class AC - USD	March 31, 2015
Alternative Fund - Class LC - USD	March 31, 2015

2. Significant Accounting Policies

The accompanying financial statements are prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"). The Company meets the typical characteristics of an investment company and is therefore applying the accounting and reporting guidance under Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") Topic 946, *Financial Services – Investment Companies*.

The significant accounting and reporting policies adopted by the Company 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 first in first out basis for the Short Duration Fixed Income Fund and on a weighted average cost basis for the Alternative Fund. Realized and unrealized gains and losses arising from investment transactions are included in the statements of operations.

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

HSBC Specialist Funds Limited

Notes to the Financial Statements (Continued)

for the year ended June 30, 2021

2. Significant Accounting Policies (continued)

(b) Valuation of investments

In accordance with US GAAP, fair value is defined as the price that the Company 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, using a three-level hierarchy for fair value measurements. For nonpublic entities, the amendments involve the elimination of certain disclosure requirements of ASC 820. These include transfers between Level 1 and Level 2 of the fair value hierarchy, the Company policy for the timing of transfers between levels, the valuation processes for Level 3 fair value measurements, and the changes in unrealized gains and losses for the period included in earnings for recurring Level 3 fair value measurements held at the end of the reporting period and the roll forward of Level 3 fair value measurements. 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 Company'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 in its entirety.

Investments in securities are valued as follows:

- The fair value of debt instruments is estimated using various techniques, which may consider recently executed transactions in securities of the issuer or comparable issuers, market price quotations (where observable), bond spreads, fundamental data relating to the issuer, and credit default swap spreads adjusted for any basis difference between cash and derivatives instruments. While most debt instruments are categorized in Level 2 of the fair value hierarchy, in instances where lower relative weight is placed on transaction prices, quotations, or similar observable inputs, they are categorized in Level 3 of the fair value hierarchy. All cash and cash equivalents held at the year end has been recognized in Level 1 of the fair value hierarchy.
- Commercial paper is estimated using amortized cost, which approximates fair value. To the extent the inputs are observable and timely, the values would be categorized in Level 2 of the fair value hierarchy.
- Investments in investee funds are valued based on reported net asset value per share as provided by the administrators of the investee funds. Private investment companies measured using net asset value as a practical expedient are not categorized within the fair value hierarchy.

(c) Cash and cash equivalents

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

(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.

The net effect of bond coupon interest and amortization and accretion of premiums and discounts using the effective interest method could be positive or negative and is disclosed as part of interest income in the statements of operations.

(e) Expenses

Each Fund bears its operating expenses which are allocated between all Classes in proportion to the respective net asset value of each Class unless the expense is solely attributable to a specific Class upon which it is allocated to the respective Class.

HSBC Specialist Funds Limited

Notes to the Financial Statements (Continued)

for the year ended June 30, 2021

2. Significant Accounting Policies (continued)

- (f) Use of estimates
Preparing financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions in determining the reported amounts of assets and liabilities, including the fair value of investments, and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.
- (g) Foreign currency translation
Assets and liabilities denominated in currencies other than the base currency of each Class are translated into the base currency at the rate of exchange prevailing at the date of the financial statements. Transactions during the year in currencies other than the base currency have been translated 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 gains/losses on investments", respectively. All other realized and unrealized gains and losses arising from foreign currency translation are included in the line item to which they relate.
- (h) Mandatory redeemable financial instruments
In accordance with FASB ASC Topic 480, Distinguishing Liabilities from Equity, 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. Redemptions are recognized as liabilities when the amount requested in the redemption notices becomes fixed, which generally occurs on the last day of the year covered by the financial statements. As a result, redemptions paid after the end of the year, based on the NAV of the Fund at year-end, are included in redemptions payable at June 30, 2021. Redemption notices received for which the dollar amount is not fixed remain in net assets until the net asset values used to determine the redemption and share amounts are determined.
- (i) Allocation of profits and losses
All investment income, realized and unrealized gains and losses are allocated to each Class of shares outstanding on a daily basis for the Short Duration Fixed Income Fund and on a monthly basis for the Alternative Fund in proportion to their respective interest in the net asset value of the respective Fund.
- (j) New Accounting Pronouncements
In June 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses (Topic 326). This ASU requires the allowance for credit losses to reflect management's current estimate of credit losses that are expected to occur over the remaining life of a financial asset. ASU 2016-13 is effective for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. The Company is currently evaluating the pending adoption of the new standard and its impact on the financial statements.

For Companies that have adopted ASU 2016-13, the amendments in ASU 2019-11, Codification Improvements to Topic 326, Financial Instruments - Credit Losses are effective for fiscal years beginning after December 15, 2019

ASU 2019-11 amends or clarifies the following aspects of the guidance in ASC 326 on credit losses:

- Purchased credit-deteriorated (PCD) financial assets — The ASU permits entities to record a negative allowance when measuring the expected credit losses for a PCD financial asset, not to exceed the total amount of the amortized cost basis previously written off and expected to be written off.
- Transition relief for troubled debt restructurings — Entities may calculate the effective interest rate for existing troubled debt restructurings by using prepayment assumptions as of the date they adopt ASU 2016-13.
- Disclosure relief for accrued interest receivable ("AIR") — ASU 2019-11 amends ASC 320 to give entities that elect the separate measurement or disclosure alternative in either opting to measure allowance for credit losses ("ALL") on AIR or opting for separate disclosure for the components of AIR of amortized cost as practical expedient. Also making accounting policy selections to simplify certain aspects of the presentation and measurement of AIR.
- Financial assets secured by collateral maintenance provisions — ASC 326-20-35-6 gives entities a practical expedient for financial assets secured by collateral maintenance provisions. Under the practical expedient, entities can measure the expected credit losses of the financial asset as the difference between the amortized cost basis and the fair value of the collateral. If the fair value of the collateral equals or exceeds the amortized cost basis of the financial asset, an expected credit loss of zero may be appropriate.

HSBC Specialist Funds Limited

Notes to the Financial Statements (Continued)

for the year ended June 30, 2021

3. Cash and Cash Equivalents

Cash balances are held with HSBC Bank Bermuda Limited (the "Bank"). Cash equivalents comprise investments in HSBC Corporate Money Funds Limited.

	Short Duration Fixed Income Fund USD	Alternative Fund USD
Cash at bank	4,688	83,314
Money market fund	91,193	-
	95,881	83,314

4. Manager

Under an agreement dated January 17, 2002, September 12, 2016 and April 23, 2018, HSBC Global Asset Management (Bermuda) Limited agreed to act as Manager of the Company and to be responsible for the day-to-day management. The Manager is entitled to receive from the Short Duration Fixed Income Fund, out of the assets attributable to the Short Duration Fixed Income Fund, a monthly management fee calculated at a rate of up to 1% per annum of the average net asset value of the Short Duration Fixed Income Fund on each valuation day and to be reimbursed for its out-of-pocket expenses. The management fee is calculated daily and paid on the last business day of the month.

The Manager is entitled to receive from the Alternative Fund, out of the assets attributable to the Alternative Fund, a monthly management fee calculated at a rate of up to 2.5% per annum of the average net asset value of the Alternative Fund on each valuation day and to be reimbursed for its out-of-pocket expenses. The management fee is calculated monthly and paid as at the last Valuation Day in each calendar quarter.

For the year ended June 30, 2021, the Manager has invested certain of the Fund's assets in various other HSBC Funds. The Manager received additional management fees on the assets directly from those funds in accordance with the respective management agreements.

The fee rates incurred during the year were as follows:

Fund	Class	Rate
Short Duration Fixed Income	AC	0.40%
Short Duration Fixed Income	AD	0.40%
Short Duration Fixed Income	CC	0.25%
Alternative	AC	1.00%
Alternative	LC	1.00%

The Manager, out of the management fees paid to it for its services provided pursuant to this agreement, shall be responsible for the payment of fees and/or expenses of the Custodian and Administrator of the Company.

5. Administrator

Under an agreement dated January 16, 2002, May 20, 2016, November 8, 2017 and as amended and signed on January 31, 2020 between the Company 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 and the secretary, and to provide Foreign Accountant Tax Compliance Act (FATCA) assistance services, accounting and administrative services to the Funds. The Administrator shall be paid by the Company, or the Company shall procure that the Manager as its delegate shall pay, by way of remuneration for its services pursuant to this agreement fees at such rates as may be agreed from time to time between the Company and the Administrator out of the fees payable to the Manager by the Company.

The Administrator is also entitled to receive from the Company or the Company shall procure that the Manager as its delegate shall pay an amount equal to the out-of-pocket expenses incurred in carrying out its duties.

HSBC Specialist Funds Limited

Notes to the Financial Statements (Continued)

for the year ended June 30, 2021

6. Custodian

Under an agreement dated January 16, 2002, HSBC Institutional Trust Services (Bermuda) Limited was appointed Custodian for the Company. The Custodian shall be paid by the Company, or the Company shall procure that the Manager as its delegate shall pay, by way of remuneration for its services pursuant to this agreement fees at such rates as may be agreed from time to time between the Company and the Custodian out of the fees payable to the Manager by the Company. HSBC Institutional Trust Services (Bermuda) Limited resigned as Custodian for the Company on January 3, 2021.

Under an agreement dated January 4, 2021, HSBC Continental Europe (the "Custodian") was appointed Custodian for the Company. The Custodian shall be paid by the Company, or the Company shall procure that the Manager as its delegate shall pay, by way of remuneration for its services pursuant to this agreement fees at such rates as may be agreed from time to time between the Company and the Custodian out of the fees payable to the Manager by the Company.

The Custodian is also entitled to receive from the Company or the Company shall procure that the Manager as its delegate shall pay an amount equal to the out-of-pocket expenses incurred in carrying out its duties.

7. Taxation

At the present time, no income, corporation, profit, withholding or capital gains taxes are levied in Bermuda and, accordingly, no provision for such taxes has been recorded by the Company. In the event that such taxes are levied, the Company has 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 Company a fee at such a rate as may be set from time to time by the Board of Directors, provided such remuneration shall not exceed an aggregate amount of USD 30,000 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 Company. 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, 2021, Ms. Julie E. McLean received an annual fee of USD 5,900, Ms. Robin Masters received a directors' fees of USD 5,900.

9. Related Parties and Directors' Interests

As at June 30, 2021, Directors held the following shares in the Alternative Fund:

<u>Director</u>	<u>Number of Shares</u>
Faith Outerbridge (HBBM Pension)	940

HSBC Global Asset Management (Bermuda) Limited, which is the Investment Manager, a related party to the Company, held 1 share each of Class AD and CC in the Short Duration Fixed Income Fund and nil shares in the Alternative Fund.

HSBC Corporate Money Funds Limited is a related party to the Company by virtue of it being a wholly owned subsidiary of Investment Manager of the Company.

HSBC Specialist Funds Limited

Notes to the Financial Statements (Continued)

for the year ended June 30, 2021

10. Share Capital

The present authorized share capital of USD100,000 of the Company is divided into 9,999,900 voting participating shares ("Shares") of USD 0.01 par value each and 100 non-voting, non-participating founders' shares of USD 0.01 par value each. The Manager holds all founders' shares, \$nil paid. The founders' shares are not entitled to vote unless there are no other shares in issue, and are not entitled to any dividends. Participating shares may be subscribed for and redeemed on a daily basis for the Short Duration Fixed Income Fund and on a monthly basis for the Alternative Fund. The minimum initial subscription for Class AC and Class AD Shares in the Short Duration Fund is USD 100,000 and for Class CC Shares it is USD 10,000,000. The minimum initial subscription for Class AC Shares in the Alternative Fund is USD 10,000.

	Short Duration Fixed Income Fund		
	Class AC	Class AD	Class CC
Shares in issue July 1, 2020	233,758	154,243	354,835
Shares issued during the year	66,225	23,985	74,017
Shares redeemed during the year	(10,716)	-	-
Shares in issue June 30, 2021	289,267	178,228	428,852

	Alternative Fund	
	Class AC	Class LC*
Shares in issue July 1, 2020	99,610	8,347
Shares issued during the year	3,436	349
Shares redeemed during the year	(7,647)	(577)
Shares in issue June 30, 2021	95,399	8,119

*Class LC Shares in the Alternative Fund is closed for new investments effective from July 30, 2019.

11. Cost of Investments

Cost of investments as at June 30, 2021	USD
Short Duration Fixed Income Fund	98,903,960
Alternative Fund	23,008,674

12. Financial Instruments and Associated Risks

Price Risk

Price risk arises primarily from uncertainty around the future prices of financial instruments held by the Funds and represents the loss the Funds might incur through holding such instruments in the face of price movements. The Manager allocates the Funds' 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 Funds less valuable. Substantially all the investments of each Fund are denominated in USD thus minimizing currency risk.

Interest Rate Risk

The Funds are exposed to interest rate risk to the extent that the fair value of the Funds' financial instruments may fluctuate with movements in interest rates. The Short Duration Fixed Income Fund manages interest rate risk by investing in short duration debt instruments and floating rate notes. The Funds may also use forward contracts for hedging purposes and as independent profit opportunities and invest in other investment companies exposed to significant interest rate risk. The Alternative Fund's exposure to interest rate risk through its investment in investee funds is limited to its investment in such funds.

HSBC Specialist Funds Limited

Notes to the Financial Statements (Continued)

for the year ended June 30, 2021

12. Financial Instruments and Associated Risks (Continued)

Liquidity Risk

The Funds are exposed to liquidity risk to the extent that they are unable to realize their positions to meet liabilities and redemptions as they fall due in a timely and favorable manner. The Short Duration Fixed Income Fund manages liquidity risk by investing mainly in debt securities that can be sold daily. The Alternative Fund invests in other investee funds that are not publicly traded or for which there is no liquid market. The Alternative Fund manages liquidity risk by investing in investee funds that have similar redemption periods as is required by the Alternative Fund itself.

Credit Risk

Credit risk is the risk that a counterparty will fail to discharge its obligation or commitment related to financial instruments it has issued. Financial assets that potentially expose the Funds to credit risk consist primarily of cash and cash equivalents, investments, receivable from investments sold and interest receivable. The extent of the Funds' 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.

COVID-19 Risk

Beginning in January 2020, global financial markets have experienced and may continue to experience significant volatility resulting from the spread of a novel coronavirus known as COVID-19. Management have considered the general impact resulting from COVID-19 on the Funds and have ongoing engagement with its delegates. The delegates have invoked their Business Continuity Plans (BCPs) which are operating effectively allowing the Funds to continue to service its client base. The outbreak of COVID-19 has resulted in travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand and general market uncertainty. The effects of COVID-19 have and may continue to adversely affect the global economy, the economies of certain nations and individual issuers, all of which may negatively impact the Funds' performance. Given the current degree of market volatility it is not appropriate or practical to quantify the impact to the Funds' portfolios. Management continue to closely monitor market conditions taking into account any changes in liquidity or other market volatility and/or restrictions.

HSBC Specialist Funds Limited

Notes to the Financial Statements (Continued)

for the year ended June 30, 2021

13. 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 Alternative Fund would have received at June 30, 2021, if it had liquidated its investments. The Alternative Fund has the ability to liquidate its investments periodically depending on the provisions of the respective investee fund's offering documents.

The investment funds in which the Alternative 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, forward, and swap contracts. Several of these financial instruments contain varying degrees of off-balance sheet risk whereby changes in market values of the securities underlying the financial instruments may be in excess of the amounts recorded on each investee funds balance sheet. However, due to the nature of the Fund's interests in the investee funds, such risks are limited to the Alternative Fund's investment in each investee fund.

As of June 30, 2021, the Alternative Class has an investment in GH Fund Class AP (the "investee fund") of the HSBC Portfolio Selection Fund, a related party fund managed by HSBC Management (Guernsey) Limited and advised by HSBC Alternative Investments Limited, representing 100.13% of its net assets. The objective of the investee fund is to provide a total return from selective investment in a number of hedge funds, which utilize and trade in a range of different strategies and markets worldwide.

The following table summarizes the proportionate share of investments of HSBC GH Fund of which the proportionate share is greater than 5% of the Alternative Fund's net assets. The below information is based on the position and holding in the underlying funds as at April 30, 2021 compared to Alternative Fund's net assets as at June 30, 2021:

Description	Investment Strategy	Value USD	% of Alternative Fund's Net Assets
D.E. Shaw Oculus International Fund	Macro	2,434,325	7.55%
MW Eureka Fund Plc	Equity Long/Short	2,140,389	6.64%
Elliot International Limited	Event Driven	1,896,188	5.88%
Millennium International Limited	Multi-Strategy	1,795,638	5.57%

HSBC Specialist Funds Limited

Notes to the Financial Statements (Continued)

for the year ended June 30, 2021

13. Investments in Other Investment Funds (continued)

Summarized financial information pertaining to the relevant HSBC GH sub-fund based on its April 30, 2021 audited financial statements is as follows:

	As at 30 April 2021 USD'000
Current assets	
Cash and cash equivalents	42,232
Portfolio of investments	1,888,475
Debtors	71,037
Total assets	2,001,744
Liabilities	
Creditors: amounts falling due within one year	56,809
Total liabilities	56,809
Net assets	1,944,935
Income	
Net capital gains	370,434
Revenue	16
Interest expense	(145)
Operating expense	(35,390)
Net investment expense from operations	(35,519)
Change in net assets attributable to holders of redeemable participating units from investment activities	334,915

The Company and HSBC GH Fund are related parties by virtue of having managers that are under common control. Investors should refer to HSBC GH Fund's audited financial statements and prospectus for more detailed information.

14. Dividends

The declaration of dividends is at the discretion of the Directors. It is the present intention of the Directors of the Company to declare quarterly dividends with respect to Class AD shares of the Short Duration Fixed Income Fund, the amount of which may fluctuate depending on market conditions. It is the policy of the Directors to distribute the net income from the underlying investments of the Class AD shares of the Short Duration Fixed Income Fund. It is the intention of the Directors of the Company not to make distributions of net income to holders of the Class AC and Class CC shares of the Short Duration Fixed Income Fund and holders of the Class AC shares of the Alternative Fund.

The table below reflects the dividends declared during the year and dividends payable as at June 30, 2021.

Short Duration Fixed Income Fund	USD
Dividends declared - Class AD - USD	(130,372)
Short Duration Fixed Income Fund	USD
Dividends payable - Class AD - USD	(25,123)

HSBC Specialist Funds Limited

Notes to the Financial Statements (Continued)

for the year ended June 30, 2021

15. Management Fees

	Short Duration Fixed Income Fund USD	Alternative Fund USD
Class AC management fee	113,074	289,239
Class AD management fee	65,666	-
Class CC management fee	107,935	-
Class LC management fee	-	24,620
Total management fee	286,675	313,859
Management fee payable	30,483	26,535

16. Fair Value Measurements

The following table summarizes the valuation of the Fund's investments by investment type by the fair value hierarchy levels as of June 30, 2021 with respect to the Short Duration Fixed Income Fund:

	Level 1	Level 2	Level 3	Total
Assets				
Investments, at fair value:				
Fixed Income Notes	\$ -	\$ 92,794,554	\$ -	\$ 92,794,554
Floating Rate Notes	-	1,340,701	-	1,340,701
Treasury Notes	-	5,189,793	-	5,189,793
Total investments, at fair value	-	99,325,048	-	99,325,048
Cash equivalents	348	-	-	348
Total	\$ 348	\$ 99,325,048	\$ -	\$ 99,325,396

In accordance with FASB ASC Sub-topic 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient are not required to be classified within the fair value hierarchy. As the Alternative Fund's investments as at June 30, 2021 comprised solely of investments in other investment companies valued using the net asset value per share (or its equivalent) practical expedient, no fair value hierarchy has been disclosed. Cash equivalents of money market fund are classified as level 1.

The Company'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 during the year ended June 30, 2021.

HSBC Specialist Funds Limited

Notes to the Financial Statements (Continued)

for the year ended June 30, 2021

17. Financial Highlights

Schedule of Financial Highlights for Short Duration Fixed Income Fund for the year ended June 30, 2021

	USD		
	Class AC	Class AD	Class CC
Selected per share data			
Net asset value at beginning of the year	114.13	104.60	111.88
Income from investment operations			
Net investment income	0.86	0.78	1.01
Net realized losses on sale of investments and net change in unrealized losses on investments	<u>(0.59)</u>	<u>(0.54)</u>	<u>(0.58)</u>
Total from investment operations	<u>0.27</u>	<u>0.24</u>	<u>0.43</u>
Dividends declared	<u>-</u>	<u>(0.82)</u>	<u>-</u>
Net asset value at end of the year	<u>114.40</u>	<u>104.02</u>	<u>112.31</u>
Total return, excluding dividends declared	0.24 %	0.23 %	0.38 %
Ratios to average net assets			
Total expenses	0.50 %	0.50 %	0.35 %
Net investment income	0.74 %	0.75 %	0.89 %

Schedule of Financial Highlights for Alternative Fund for the year ended June 30, 2021

	USD	
	Class AC	Class LC
Selected per share data		
Net asset value at beginning of the year	273.77	273.77
Income from investment operations		
Net investment loss	(3.19)	(3.18)
Net realized gains on sale of investments and net change in unrealized gains on investments	<u>40.70</u>	<u>40.70</u>
Total from investment operations	<u>37.51</u>	<u>37.52</u>
Net asset value at end of the year	<u>311.28</u>	<u>311.29</u>
Total return	13.70 %	13.70 %
Ratios to average net assets		
Total expenses	1.07 %	1.08 %
Net investment loss	1.07 %	1.08 %

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

HSBC Specialist Funds Limited

Notes to the Financial Statements (Continued)

for the year ended June 30, 2021

18. Subsequent Events

Management have assessed and evaluated all subsequent events arising from the date of the statements of assets and liabilities up until October 6, 2021 and have concluded that no additional disclosures are required.

HSBC Specialist Funds Limited Management and Administration

for the year ended June 30, 2021

Directors and Officers

Paul Dawe, President
Chief Operating Officer
HSBC Global Asset Management
USA

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

Julie E. McLean, Director
Corporate Department of Conyers Dill
Pearman Limited in Bermuda

Anthony T. Riker, Director
Vice President
HSBC Bank Bermuda Limited

Robin Masters, Director
Non-Executive Director
Bermuda Monetary Authority

Secretary and Registered Office

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

Manager

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

Custodian

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

HSBC Continental Europe**
37 Front Street
Hamilton HM 11, Bermuda

* HSBC Institutional Trust Services (Bermuda) Limited resigned as Custodian for the Company on January 3, 2021.

**HSBC Continental Europe was appointed Custodian for the Company under an agreement dated January 4, 2021.

Banker

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

Administrator and Registrar

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

Auditors

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

Legal Advisers

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

Bermuda Stock Exchange Listing Sponsor

Cohort Limited
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