

HSBC Managed Portfolios Limited

Annual Report June 2018

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The accompanying report of KPMG Audit Limited ("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 September 19, 2018 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, 2018

Annual Report Review 2018

Managed Portfolios

Global equity markets had strong gains in the latter half of 2017 but experienced steep declines in February and increased volatility during the first half of 2018 that pared back the overall positive returns. Concerns surrounding rising interest rates and international trade tensions, particularly between the US and China hurt equity markets and increased the volatility as investors became concerned with global growth prospects. Global bond markets experienced similar movements as concern with rising rates and tighter yield spreads between government and corporate bonds in the first half of 2018 pared back gains from 2017.

In the US, the Federal Reserve continued with its gradual process of raising the benchmark interest rate by raising 0.25% in December, March and June, taking it to 2.0%. Despite higher rates, growth was solid, with a short period of softness in the first quarter. European equities lagged other regions despite sound economic data. Concerns regarding Brexit and a central bank slowly reducing its loose monetary policy has weighed on the market. The ECB halved its bond purchases to 30Bln euros at the start of 2018 and plan to reduce by half again in Q4. Japanese equities continued to benefit from an accommodative central bank however trade tensions over US tariffs have been a concern. Emerging markets had very strong returns, however, trade tensions again have been a concern especially between the US, China and Mexico.

HSBC World Selection Portfolios were led higher by US and Emerging market equities, along with global government and high yield bonds. The weakest sectors was Emerging market bonds, both local and US dollar denominated securities. We continue to have a risk bias towards equity. Within equity we favor European, Japanese and Emerging Markets. Within bonds we favor Emerging Markets and are underweight government bonds.

HSBC Global Asset Management (Bermuda) Limited – September 2018

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 Board of Directors and Shareholders of HSBC Managed Portfolios Limited

We have audited the accompanying financial statements of HSBC Managed Portfolios Limited (comprised of World Selection – 1, World Selection – 2, World Selection – 3, World Selection – 4 and World Selection 5), which comprise the statements of assets and liabilities, including the statements of net assets, as of June 30, 2018, 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 Managed Portfolios Limited as of June 30, 2018, 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
September 19, 2018

HSBC Managed Portfolios Limited
 Statements of Assets and Liabilities
 as at June 30, 2018

	World Selection - 1 USD	World Selection - 2 USD	World Selection - 3 USD	World Selection - 4 USD	World Selection - 5 USD
Assets					
Investments, at fair value: (notes 11, 13 & 16)	79,394,108	116,231,103	131,718,798	52,120,052	44,139,953
Cash and cash equivalents (notes 3 & 16)	1,950,260	2,616,242	1,975,254	1,125,779	696,401
Due from brokers	575,000	850,000	-	-	302,392
Interest and dividends receivable	61,867	-	-	-	-
Prepaid expenses	2,033	2,846	3,067	1,256	1,070
	81,983,268	119,700,191	133,697,119	53,247,087	45,139,816
Liabilities					
Bank overdraft (note 3)	-	-	141,169	-	-
Interest and dividend payable	-	-	118	-	-
Management fee payable (notes 4 & 15)	83,619	146,437	165,902	67,589	56,182
Due to broker	-	-	1,470,643	335,701	287,955
Redemptions payable	-	-	-	897,253	221,805
Accounts payable and accrued expenses	13,157	17,800	18,571	8,178	7,516
	96,776	164,237	1,796,403	1,308,721	573,458
Net assets	81,886,492	119,535,954	131,900,716	51,938,366	44,566,358
Net assets attributable to:					
Class AC Shares	11,904,884	28,719,877	40,239,314	16,793,076	8,740,887
Class AD Shares	8,275,238	2,041,246	1,835,604	-	-
Class IC Shares	23,473,544	86,005,145	81,535,350	26,453,441	27,979,467
Class LC Shares	2,777,951	2,769,686	8,290,448	8,691,849	7,846,004
Class ID Shares	35,454,875	-	-	-	-
	81,886,492	119,535,954	131,900,716	51,938,366	44,566,358
Shares outstanding (note 10)					
Class AC Shares	69,938	163,835	202,947	77,107	38,328
Class AD Shares	53,469	13,114	9,606	-	-
Class IC Shares	137,402	471,661	397,047	117,272	121,382
Class LC Shares	16,320	15,800	41,807	39,907	34,398
Class ID Shares	228,336	-	-	-	-
Net asset value per share					
Class AC Shares	170.22	175.30	198.27	217.79	228.05
Class AD Shares	154.77	155.66	191.08	-	-
Class IC Shares	170.84	182.35	205.35	225.57	230.51
Class LC Shares	170.22	175.30	198.30	217.81	228.09
Class ID Shares	155.27	-	-	-	-

The accompanying notes form an integral part of these Financial Statements

Director

Director

HSBC Managed Portfolios Limited

Statements of Net Assets

as at June 30, 2018

World Selection - 1

	Liquidity Period	Holdings In Shares/ Par Amount	Purchase Price USD	Fair Value USD	% of Net Assets
Investments in investee funds:					
Bonds					
HSBC Global Investment Funds-Global Asset Backed Bond	Bimonthly	31,820	4,250,000	4,575,143	5.59
HSBC Global Investment Funds-Global Corporate Bond	Daily	929,434	9,560,799	9,955,171	12.16
HSBC Global Investment Funds-Global Emerging Markets Bond Fund	Daily	118,918	2,496,655	2,415,456	2.94
HSBC Global Investment Funds-Global Emerging Markets Local Debt	Daily	658,232	7,432,659	6,721,209	8.21
HSBC Global Investment Funds-Global Government Bond Fund	Daily	2,570,377	26,684,158	28,408,275	34.69
HSBC Global Investment Funds-Global High Yield Bond	Daily	335,076	3,364,058	3,537,058	4.32
HSBC Global Investment Funds-India Fixed Income	Daily	19,419	226,812	209,108	0.26
			54,015,141	55,821,420	68.17
Equities					
HSBC Global Investment Funds-Global Real Estate Equity	Daily	291,881	2,879,310	3,068,546	3.75
HSBC Index Tracker Investment Funds-FTSE All World Index Fund	Daily	5,126,368	9,601,906	11,065,828	13.51
			12,481,216	14,134,374	17.26
Total investments in investee funds			66,496,357	69,955,794	85.43
Investments in securities:					
Bonds					
Bermuda (Govt of) (144A) (REG) 5.603% 07/20/2020		2,500,000	2,797,600	2,605,500	3.18
			2,797,600	2,605,500	3.18
Equities					
HSBC ESI Worldwide Equity UCITS ETF		87,500	1,325,741	1,747,594	2.13
HSBC ESI Worldwide ETF		33,500	633,809	648,644	0.79
iShares 7-10 Year Treasury Bond ETF		14,500	1,487,108	1,486,395	1.82
iShares Core MSCI Emerging Markets ETF		22,700	1,049,959	1,191,977	1.46
iShares MSCI Russia Income ETF		14,000	463,843	473,480	0.58
WisdomTree Japan Hedged Equity Fund ETF		23,800	1,051,627	1,284,724	1.57
			6,012,087	6,832,814	8.35
Total investments in securities			8,809,687	9,438,314	11.53
Total investments			75,306,044	79,394,108	96.96
Other net assets				2,492,384	3.04
Net assets				81,886,492	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, 2018

World Selection - 2

	Liquidity Period	Holdings In Shares	Purchase Price USD	Fair Value USD	% of Net Assets
Investments in investee funds:					
Bonds					
HSBC Global Investment Funds-Global Asset Backed Bond	Bimonthly	42,909	5,737,000	6,169,529	5.16
HSBC Global Investment Funds-Global Corporate Bond	Daily	3,375,282	34,573,310	36,152,887	30.24
HSBC Global Investment Funds-Global Emerging Markets Bond Fund	Daily	246,714	5,378,633	5,160,773	4.32
HSBC Global Investment Funds-Global Emerging Markets Local Debt	Daily	1,011,503	10,960,255	9,899,576	8.28
HSBC Global Investment Funds-Global Government Bond Fund	Daily	954,105	10,161,018	10,544,765	8.82
HSBC Global Investment Funds-Global High Yield Bond	Daily	516,495	5,232,006	5,452,125	4.56
HSBC Global Investment Funds-India Fixed Income	Daily	27,097	316,482	291,778	0.24
			72,358,704	73,671,433	61.62
Equities					
HSBC Global Investment Funds-Global Real Estate Equity	Daily	617,595	6,175,259	6,492,781	5.43
HSBC Index Tracker Investment Funds-FTSE All World Index Fund	Daily	11,451,306	20,985,962	24,718,899	20.68
			27,161,221	31,211,680	26.11
Total investments in investee funds			99,519,925	104,883,113	87.73
Investments in securities:					
Equities					
HSBC ESI Worldwide Equity UCITS ETF		176,000	2,666,933	3,515,160	2.94
HSBC ESI Worldwide ETF		75,000	1,418,976	1,452,188	1.22
iShares 7-10 Year Treasury Bond ETF		21,300	2,184,510	2,183,463	1.83
iShares Core MSCI Emerging Markets ETF		33,900	1,586,042	1,780,089	1.49
iShares MSCI Russia Income ETF		18,000	596,369	608,760	0.51
WisdomTree Japan Hedged Equity Fund ETF		33,500	1,680,481	1,808,330	1.51
			10,133,311	11,347,990	9.50
Total investments in securities			10,133,311	11,347,990	9.50
Total investments			109,653,236	116,231,103	97.23
Other net assets				3,304,851	2.77
Net assets				119,535,954	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, 2018

World Selection - 3

	Liquidity Period	Holdings In Shares	Purchase Price USD	Fair Value USD	% of Net Assets
Investments in investee funds:					
Bonds					
HSBC Global Investment Funds-Global Asset Backed Bond	Bimonthly	28,847	3,970,000	4,147,669	3.14
HSBC Global Investment Funds-Global Corporate Bond	Daily	1,300,194	13,370,718	13,926,380	10.56
HSBC Global Investment Funds-Global Emerging Markets Bond Fund	Daily	290,752	6,328,535	6,081,945	4.61
HSBC Global Investment Funds-Global Emerging Markets Local Debt	Daily	1,157,697	12,425,293	11,330,379	8.59
HSBC Global Investment Funds-Global Government Bond Fund	Daily	392,603	4,222,065	4,339,054	3.30
HSBC Global Investment Funds-Global High Yield Bond	Daily	873,953	8,912,307	9,225,451	6.99
HSBC Global Investment Funds-India Fixed Income	Daily	29,355	342,855	316,093	0.24
			49,571,773	49,366,971	37.43
Equities					
HSBC Global Investment Funds-Global Real Estate Equity	Daily	636,535	6,354,402	6,691,890	5.07
HSBC Index Tracker Investment Funds-American Index Fund	Daily	2,008,602	12,883,812	15,481,544	11.74
HSBC Index Tracker Investment Funds-European Index Fund	Daily	347,419	3,577,529	4,298,744	3.26
HSBC Index Tracker Investment Funds-FTSE 100 Index Fund	Daily	525,911	1,346,748	1,664,318	1.26
HSBC Index Tracker Investment Funds-FTSE All World Index Fund	Daily	13,759,663	23,815,030	29,696,692	22.51
HSBC Index Tracker Investment Funds-Japan Index Fund	Daily	1,412,404	1,981,778	2,433,469	1.84
			49,959,299	60,266,657	45.68
Total investments in investee funds			99,531,072	109,633,628	83.11
Investments in securities:					
Equities					
HSBC ESI Worldwide Equity UCITS ETF		413,500	6,265,778	8,258,629	6.26
HSBC ESI Worldwide ETF		100,000	1,891,967	1,936,250	1.47
iShares 7-10 Year Treasury Bond ETF		22,800	2,338,349	2,337,228	1.77
iShares Core MSCI Emerging Markets ETF		109,750	5,066,057	5,762,973	4.37
iShares MSCI Pacific Ex-Japan Index Fund ETF		25,000	1,047,248	1,150,250	0.87
iShares MSCI Russia Income ETF		19,000	629,501	642,580	0.49
WisdomTree Japan Hedged Equity Fund ETF		37,000	1,857,181	1,997,260	1.51
			19,096,081	22,085,170	16.74
Total investments in securities			19,096,081	22,085,170	16.74
Total investments			118,627,153	131,718,798	99.85
Other net assets				181,918	0.15
Net assets				131,900,716	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, 2018

World Selection - 4

	Liquidity Period	Holdings In Shares	Purchase Price USD	Fair Value USD	% of Net Assets
Investments in investee funds:					
Bonds					
HSBC Global Investment Funds-Global Corporate Bond	Daily	23,707	244,718	253,923	0.49
HSBC Global Investment Funds-Global Emerging Markets Bond Fund	Daily	96,988	1,116,998	1,057,755	2.04
HSBC Global Investment Funds-Global Emerging Markets Local Debt	Daily	471,494	5,018,586	4,614,512	8.88
HSBC Global Investment Funds-Global High Yield Bond	Daily	152,725	1,556,875	1,817,579	3.50
HSBC Global Investment Funds-India Fixed Income	Daily	11,290	131,867	121,574	0.23
			8,069,044	7,865,343	15.14
Equities					
HSBC Global Investment Funds-Global Real Estate Equity	Daily	259,951	2,595,249	2,885,717	5.56
HSBC Index Tracker Investment Funds-American Index Fund	Daily	1,179,221	7,474,266	9,088,989	17.50
HSBC Index Tracker Investment Funds-European Index Fund	Daily	200,422	2,061,178	2,479,895	4.77
HSBC Index Tracker Investment Funds-FTSE 100 Index Fund	Daily	327,157	847,662	1,035,334	1.99
HSBC Index Tracker Investment Funds-FTSE All World Index Fund	Daily	7,410,933	12,702,446	15,997,311	30.80
HSBC Index Tracker Investment Funds-Japan Index Fund	Daily	801,996	1,144,342	1,381,781	2.66
			26,825,143	32,869,027	63.28
Total investments in investee funds			34,894,187	40,734,370	78.42
Investments in securities:					
Equities					
HSBC ESI Worldwide Equity UCITS ETF		233,000	3,530,656	4,653,592	8.96
HSBC ESI Worldwide ETF		105,000	1,986,566	2,033,062	3.91
iShares Core MSCI Emerging Markets ETF		49,800	2,257,125	2,614,998	5.03
iShares MSCI Pacific Ex-Japan Index Fund ETF		14,200	589,170	653,342	1.26
iShares MSCI Russia Income ETF		19,000	633,885	642,580	1.24
WisdomTree Japan Hedged Equity Fund ETF		14,600	740,593	788,108	1.52
			9,737,995	11,385,682	21.92
Total investments in securities			9,737,995	11,385,682	21.92
Total investments			44,632,182	52,120,052	100.34
Other net liabilities				(181,686)	(0.34)
Net assets				51,938,366	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, 2018

World Selection - 5

	Liquidity Period	Holdings In Shares	Purchase Price USD	Fair Value USD	% of Net Assets
Investments in investee funds:					
Bonds					
HSBC Global Investment Funds-Global Emerging Markets Bond Fund	Daily	19,317	212,426	210,668	0.47
HSBC Global Investment Funds-Global Emerging Markets Local Debt	Daily	225,570	2,236,975	2,207,654	4.95
HSBC Global Investment Funds-Global High Yield Bond	Daily	57,562	631,659	685,047	1.54
HSBC Global Investment Funds-India Fixed Income	Daily	19,565	226,043	210,678	0.47
			3,307,103	3,314,047	7.43
Equities					
HSBC Global Investment Funds-Global Real Estate Equity	Daily	223,578	2,221,304	2,350,471	5.27
HSBC Index Tracker Investment Funds-American Index Fund	Daily	1,415,645	8,613,048	10,912,266	24.49
HSBC Index Tracker Investment Funds-European Index Fund	Daily	260,269	2,552,546	3,220,415	7.23
HSBC Index Tracker Investment Funds-FTSE 100 Index Fund	Daily	402,539	1,030,818	1,273,891	2.86
HSBC Index Tracker Investment Funds-FTSE All World Index Fund	Daily	4,183,293	7,183,940	9,030,096	20.26
HSBC Index Tracker Investment Funds-Japan Index Fund	Daily	1,018,135	1,383,389	1,754,173	3.94
			22,985,045	28,541,312	64.05
Total investments in investee funds			26,292,148	31,855,359	71.48
Investments in securities:					
Equities					
HSBC ESI Worldwide Equity UCITS ETF		246,300	3,731,773	4,919,227	11.04
HSBC ESI Worldwide ETF		105,000	1,986,566	2,033,063	4.56
iShares Core MSCI Emerging Markets ETF		66,300	3,065,485	3,481,413	7.81
iShares MSCI Pacific Ex-Japan Index Fund ETF		20,300	832,520	934,003	2.10
iShares MSCI Russia Income ETF		7,000	231,921	236,740	0.53
WisdomTree Japan Hedged Equity Fund ETF		12,600	573,771	680,148	1.53
			10,422,036	12,284,594	27.57
Total investments in securities			10,422,036	12,284,594	27.57
Total investments			36,714,184	44,139,953	99.05
Other net assets				426,405	0.95
Net assets				44,566,358	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, 2018

	World Selection - 1 USD	World Selection - 2 USD	World Selection - 3 USD	World Selection - 4 USD	World Selection - 5 USD
Income					
Dividend income (net of withholding tax of USD 23,127, USD 34,733, USD 80,652, USD 37,383 and USD 44,339 respectively)	1,310,273	2,298,684	2,026,989	432,510	339,626
Interest income	173,829	51,588	44,564	8,879	4,267
Other income	118	148	148	-	-
	<u>1,484,220</u>	<u>2,350,420</u>	<u>2,071,701</u>	<u>441,389</u>	<u>343,893</u>
Expenses					
Management fee (notes 4 & 15)	1,077,663	1,873,624	2,051,346	838,831	704,434
Audit fees	10,370	14,397	15,332	6,038	5,343
Directors' fees (note 8)	1,834	3,500	3,724	1,419	128
Other expenses	10,698	13,350	15,441	6,535	6,656
	<u>1,100,565</u>	<u>1,904,871</u>	<u>2,085,843</u>	<u>852,823</u>	<u>716,561</u>
Net investment income/(loss)	<u>383,655</u>	<u>445,549</u>	<u>(14,142)</u>	<u>(411,434)</u>	<u>(372,668)</u>
Net realized gain on sale of investments and foreign exchange	1,173,199	2,070,825	2,538,690	1,081,975	1,625,015
Net realized gain/(loss) on derivative contracts	(93,912)	(131,722)	(360,135)	188,970	(114,598)
Net change in unrealized (loss)/gain on investments and foreign exchange	(168,723)	(164,043)	3,776,580	2,896,412	2,733,643
Net change in unrealized gain on derivative contracts	19,053	26,323	73,786	29,058	22,987
	<u>929,617</u>	<u>1,801,383</u>	<u>6,028,921</u>	<u>4,196,415</u>	<u>4,267,047</u>
Net increase in net assets resulting from operations	<u>1,313,272</u>	<u>2,246,932</u>	<u>6,014,779</u>	<u>3,784,981</u>	<u>3,894,379</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, 2018

World Selection - 1	Class AC USD	Class AD USD	Class IC USD	Class LC USD	Class ID USD	Total
Net assets at start of the year	12,977,195	8,914,633	24,570,628	2,678,232	35,297,810	84,438,498
Net increase in net assets from operations						
Net investment income	54,637	38,310	116,565	10,380	163,763	383,655
Net realized gain on sale of investments and foreign exchange	173,420	119,337	343,413	38,236	498,793	1,173,199
Net realized loss on derivative contracts	(14,185)	(9,610)	(27,071)	(2,936)	(40,110)	(93,912)
Net change in unrealized loss on investments and foreign exchange	(19,147)	(16,871)	(56,068)	(9,306)	(67,331)	(168,723)
Net change in unrealized gain on derivative contracts	2,898	1,997	5,453	577	8,128	19,053
	197,623	133,163	382,292	36,951	563,243	1,313,272
Subscriptions and redemptions						
Proceeds on issue of shares	293,026	181,700	790,575	527,316	1,996,135	3,788,752
Payments on redemption of shares	(1,562,960)	(862,627)	(2,269,951)	(464,548)	(2,017,674)	(7,177,760)
	(1,269,934)	(680,927)	(1,479,376)	62,768	(21,539)	(3,389,008)
Dividends	-	(91,631)	-	-	(384,639)	(476,270)
Net assets at end of the year	11,904,884	8,275,238	23,473,544	2,777,951	35,454,875	81,886,492

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, 2018

World Selection - 2	Class AC USD	Class AD USD	Class IC USD	Class LC USD	Total
Net assets at start of the year	31,889,142	1,973,846	80,377,109	2,351,595	116,591,692
Net increase in net assets from operations					
Net investment income	86,978	4,260	352,836	1,475	445,549
Net realized gain on sale of investments and foreign exchange	499,954	33,110	1,494,020	43,741	2,070,825
Net realized loss on derivative contracts	(34,661)	(2,223)	(92,038)	(2,800)	(131,722)
Net change in unrealized loss on investments and foreign exchange	20,510	(2,007)	(171,499)	(11,047)	(164,043)
Net change in unrealized gain on derivative contracts	7,013	452	18,259	599	26,323
	579,794	33,592	1,601,578	31,968	2,246,932
Subscriptions and redemptions					
Proceeds on issue of shares	585,287	161,710	11,836,004	710,650	13,293,651
Payments on redemption of shares	(4,334,346)	(103,926)	(7,809,546)	(324,527)	(12,572,345)
	(3,749,059)	57,784	4,026,458	386,123	721,306
Dividends	-	(23,976)	-	-	(23,976)
Net assets at end of the year	28,719,877	2,041,246	86,005,145	2,769,686	119,535,954

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, 2018

World Selection - 3	Class AC USD	Class AD USD	Class IC USD	Class LC USD	Total
Net assets at start of the year	41,526,862	1,491,210	75,594,843	7,506,322	126,119,237
Net increase in net assets from operations					
Net investment (loss)/gain	(66,745)	(7,106)	77,900	(18,191)	(14,142)
Net realized gain on sale of investments and foreign exchange	833,195	36,265	1,512,951	156,279	2,538,690
Net realized loss on derivative contracts	(117,953)	(5,149)	(214,627)	(22,406)	(360,135)
Net change in unrealized gain on investments and foreign exchange	1,315,531	62,625	2,164,048	234,376	3,776,580
Net change in unrealized gain on derivative contracts	23,682	975	44,618	4,511	73,786
	1,987,710	87,610	3,584,890	354,569	6,014,779
Subscriptions and redemptions					
Proceeds on issue of shares	2,674,420	568,097	8,196,229	1,728,235	13,166,981
Payments on redemption of shares	(5,949,678)	(298,530)	(5,840,612)	(1,298,678)	(13,387,498)
	(3,275,258)	269,567	2,355,617	429,557	(220,517)
Dividends	-	(12,783)	-	-	(12,783)
Net assets at end of the year	40,239,314	1,835,604	81,535,350	8,290,448	131,900,716
World Selection - 4		Class AC USD	Class IC USD	Class LC USD	Total
Net assets at start of the year		17,216,278	24,540,401	8,081,646	49,838,325
Net increase in net assets from operations					
Net investment loss		(159,333)	(169,524)	(82,577)	(411,434)
Net realized gain on sale of investments and foreign exchange		370,927	528,962	182,086	1,081,975
Net realized gain on derivative contracts		58,301	98,924	31,745	188,970
Net change in unrealized gain on investments and foreign exchange		1,015,548	1,397,802	483,062	2,896,412
Net change in unrealized gain on derivative contracts		10,029	14,432	4,597	29,058
		1,295,472	1,870,596	618,913	3,784,981
Subscriptions and redemptions					
Proceeds on issue of shares		1,577,304	4,096,304	1,561,820	7,235,428
Payments on redemption of shares		(3,295,978)	(4,053,860)	(1,570,530)	(8,920,368)
		(1,718,674)	42,444	(8,710)	(1,684,940)
Net assets at end of the year		16,793,076	26,453,441	8,691,849	51,938,366

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, 2018

World Selection - 5	Class AC USD	Class IC USD	Class LC USD	Total
Net assets at start of the year	9,721,454	26,701,352	7,011,724	43,434,530
Net increase in net assets from operations				
Net investment loss	(94,001)	(202,556)	(76,111)	(372,668)
Net realized gain on sale of investments and foreign exchange	345,038	1,014,327	265,650	1,625,015
Net realized loss on derivative contracts	(24,683)	(71,001)	(18,914)	(114,598)
Net change in unrealized gain on investments and foreign exchange	625,108	1,655,871	452,664	2,733,643
Net change in unrealized gain on derivative contracts	5,034	14,216	3,737	22,987
	856,496	2,410,857	627,026	3,894,379
Subscriptions and redemptions				
Proceeds on issue of shares	453,000	2,877,824	1,344,977	4,675,801
Payments on redemption of shares	(2,290,063)	(4,010,566)	(1,137,723)	(7,438,352)
	(1,837,063)	(1,132,742)	207,254	(2,762,551)
Net assets at end of the year	8,740,887	27,979,467	7,846,004	44,566,358

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, 2018

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 will primarily invest in HSBC Funds.

The investment objective of the World Selection - 1 is to achieve total return through a mix of capital growth and income through investing in a balanced portfolio of primarily HSBC funds. This portfolio offers the lowest risk and lowest potential returns over time compared with the other portfolios.

The investment objective of the World Selection - 2 is to achieve total return through a mix of capital growth and income through investing in a balanced portfolio of primarily HSBC funds. This Portfolio offers a low risk and low potential returns over time compared with the other portfolios.

The investment objective of the World Selection - 3 is to achieve total return through a mix of capital growth and income through investing in a balanced portfolio of primarily HSBC funds. This Portfolio offers moderate risk and potential return over time.

The investment objective of the World Selection - 4 is to achieve total return through a mix of capital growth and income through investing in a balanced portfolio of primarily HSBC funds. This Portfolio offers higher risk and higher potential return over time compared with the other portfolios.

The investment objective of the World Selection - 5 is to achieve total return achieved through a mix of capital growth and income through investing in a balanced portfolio of primarily HSBC funds. This Portfolio offers the highest risk and highest potential return over time compared with the other portfolios.

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, 2018, the Directors were not aware of any such specific existing or contingent liabilities.

HSBC Managed Portfolios Limited

Notes to the Financial Statements (Continued)

for the year ended June 30, 2018

1. The Fund (continued)

The Portfolios and share classes existing as at June 30, 2018 were as follows:

	Date of Inception
World Selection - 1 – Class AC - USD	August 27, 2014
World Selection - 1 – Class AD - USD	August 27, 2014
World Selection - 1 – Class IC - USD	August 27, 2014
World Selection - 1 – Class LC - USD	August 27, 2014
World Selection - 1 – Class ID - USD	August 27, 2014
World Selection - 2 – Class AC - USD	October 16, 2002
World Selection - 2 – Class AD - USD	October 16, 2002
World Selection - 2 – Class IC - USD	October 16, 2002
World Selection - 2 – Class LC - USD	October 14, 2010
World Selection - 3 – Class AC - USD	October 16, 2002
World Selection - 3 – Class AD - USD	October 16, 2002
World Selection - 3 – Class IC - USD	October 16, 2002
World Selection - 3 – Class LC - USD	October 14, 2010
World Selection - 4 – Class AC - USD	October 16, 2002
World Selection - 4 – Class IC - USD	October 16, 2002
World Selection - 4 – Class LC - USD	October 14, 2010
World Selection - 5 – Class AC - USD	August 27, 2014
World Selection - 5 – Class IC - USD	August 27, 2014
World Selection - 5 – Class LC - USD	August 27, 2014

2. Significant Accounting Policies

The accompanying financial statements are prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”). The Fund 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 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.

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

HSBC Managed Portfolios Limited

Notes to the Financial Statements (Continued)

for the year ended June 30, 2018

2. Significant Accounting Policies (continued)

(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. Private investment companies measured using net asset value as a practical expedient are not categorized 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.
- The fair value of debt instruments is estimated using various techniques, which may consider recently executed transactions in securities of the issuer or comparable issuer, 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. Cash equivalents are recorded as Level 1 within the fair value hierarchy. 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.

HSBC Managed Portfolios Limited

Notes to the Financial Statements (Continued)

for the year ended June 30, 2018

2. Significant Accounting Policies (continued)

(c) Derivatives

Forward foreign currency contracts are recorded at fair value at the reporting date. The fair value of forward foreign currency contracts at the reporting date generally reflects the amount that the Fund would receive or pay to terminate the contract at the reporting date. Realized and unrealized changes in fair values are included in realized and change in unrealized gains and losses on derivative contracts in the statements of operations in the period in which the changes occur. Forward foreign currency contracts are categorized in Level 2 of the fair value hierarchy.

Unrealized gains and losses on open forward foreign currency contracts are calculated as the difference between the contract rate and the applicable forward rate based upon rates reported in published sources on the valuation date, applied to the face amount of the forward foreign currency contract.

The Fund has elected to not offset assets and liabilities on its statements of assets and liabilities, including cash, that may be received or paid as part of collateral agreements, even when an enforceable master netting agreement is in place that provides the Fund, in the event of counterparty default, the right to liquidate collateral and the right to offset a counterparty's rights and obligations.

(d) 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.

(e) 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.

(f) Rebate income

Rebate income is calculated based on investments in certain investee funds and is recorded on the accrual basis.

(g) 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, whereby it is allocated to that specific Portfolio.

(h) 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.

HSBC Managed Portfolios Limited

Notes to the Financial Statements (Continued)

for the year ended June 30, 2018

2. Significant Accounting Policies (continued)

- (i) 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 gain/(loss) on sale of investments and foreign exchange" and "net change in unrealized gain/(loss) on investments and foreign exchange", respectively. All other realized and unrealized gains and losses are included in the line item to which they relate.
- (j) 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.
- (k) 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 weekly basis in proportion to their interest in the net asset value of the Portfolio.
- (l) New accounting pronouncements
In January 2016, the FASB issued Codification Accounting Standards Update No. 2016-01, (Subtopic 825-10) *Recognition and Measurement of Financial Assets and Financial Liabilities* ("ASU 2016-01"). ASU 2016-01 requires that an entity should present separately in other comprehensive income the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk if the entity has elected to measure the liability at fair value in accordance with the fair value option for financial instruments. ASU 2016-01 is effective for fiscal years beginning after December 15, 2017 and for interim periods within those fiscal years. Early adoption is permitted. The impact on the Fund'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, 2018

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 - 1	World Selection - 2	World Selection - 3	World Selection - 4	World Selection - 5
	USD	USD	USD	USD	USD
Cash at bank	24,456	44,783	3,412	52,032	23,236
Money market fund	1,925,804	2,571,459	1,971,842	1,073,747	673,165
Total	1,950,260	2,616,242	1,975,254	1,125,779	696,401

(b) Bank overdraft

Under an agreement dated October 16, 2006 and amended on December 17, 2010 and November 1, 2016, the Bank made an overdraft facility available to the Fund.

For World Selection - 1, 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 or USD 9,200,000.

For World Selection - 2, 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 or USD 12,000,000.

For World Selection - 3, 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 or USD 13,100,000.

For World Selection - 4, 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 or USD 5,000,000.

For World Selection - 5, 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 or USD 4,600,000.

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, 2018, USD 141,169 is outstanding under this facility for World Selection - 3.

(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 USD 100,000,000 or 100% of the Net Asset Value (NAV) of each Portfolio. At June 30, 2018, USD Nil is outstanding under this facility. The facility is collateralized by the Fund's assets held in the Bank's custody.

HSBC Managed Portfolios Limited

Notes to the Financial Statements (Continued)

for the year ended June 30, 2018

4. Manager

Under an agreement dated August 29, 2002 and amended on October 11, 2006, September 12, 2016 and April 23, 2018, 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.

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 - 1	AC	1.35%
World Selection - 1	AD	1.35%
World Selection - 1	IC	1.25%
World Selection - 1	LC	1.35%
World Selection - 1	ID	1.25%
World Selection - 2	AC	1.75%
World Selection - 2	AD	1.75%
World Selection - 2	IC	1.45%
World Selection - 2	LC	1.75%
World Selection - 3	AC	1.75%
World Selection - 3	AD	1.75%
World Selection - 3	IC	1.45%
World Selection - 3	LC	1.75%
World Selection - 4	AC	1.75%
World Selection - 4	IC	1.45%
World Selection - 4	LC	1.75%
World Selection - 5	AC	1.75%
World Selection - 5	IC	1.45%
World Selection - 5	LC	1.75%

(In the above, "AD" means Class A – Dividend; "AC" means Class A – Accumulating, "LC" means Class L – Accumulating; "IC" means Class I – Accumulating; and "ID" means Class I – Dividend).

The Manager, out of the management fee paid to it for its services provided pursuant to this agreement, shall be responsible for the payment of any fees and/or expenses of the Custodian and Administrator of the Fund. For the year ended June 30, 2018, 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, May 20, 2016 and as amended and signed on November 8, 2017 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 Foreign Account Tax Compliance Act (FATCA) assistance services, accounting and administrative services to the Fund. The Administrator shall be paid by the Fund, or the Fund 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 Fund and the Administrator out of the fees payable to the Manager by the Fund.

The Administrator is also entitled to receive from the Fund or the Fund 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 Managed Portfolios Limited

Notes to the Financial Statements (Continued)

for the year ended June 30, 2018

6. Custodian

Under an agreement effective October 2, 2006, HSBC Institutional Trust Services (Bermuda) Limited was appointed as Custodian for the Fund. The Custodian shall be paid by the Fund, or the Fund 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 Fund and the Custodian out of the fees payable to the Manager by the Fund.

The Custodian is also entitled to receive from the Fund or the Fund 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 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 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 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, 2018, Mr. L Anthony Joaquin and Ms. Julie E. McLean received Director's fee at an annual rate of USD 6,000 each. The change in the annual rate was effective from December 12, 2017.

9. Related Parties and Directors' Interests

As at June 30, 2018, the Directors of the Fund had the following holdings:

Director	Portfolio	Number of Shares
Faith Outerbridge (HBBM Pension)	World Selection - 1	423.24
	World Selection - 5	2,203.83
Faith Outerbridge (HBBM Non - Pension)	World Selection - 5	588.49
Anthony Riker	World Selection - 2	3,509.6

HSBC Institutional Trust Services (Bermuda) Limited, Custodian to the Fund is a related party, by virtue of it being a wholly owned subsidiary of HSBC Holdings plc.

HSBC Corporate Money Funds Limited is a related party to the Fund, by virtue of it being a wholly owned subsidiary of HSBC Holdings plc.

10. Share Capital

The present authorized share capital of USD 100,000 of the Fund is divided into 9,999,900 voting participating shares ("Shares") of USD 0.01 par value each and 100 founders' shares of USD 0.01 par value each. The Manager holds all of the founders' shares, USD 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.

HSBC Managed Portfolios Limited
Notes to the Financial Statements (Continued)
for the year ended June 30, 2018

10. Share Capital (continued)

	World Selection - 1 Class AC	World Selection - 1 Class AD	World Selection - 1 Class IC	World Selection - 1 Class LC	World Selection - 1 Class ID
Shares in issue July 1, 2017	77,363	57,826	146,094	15,966	228,494
Shares issued during the year	1,701	1,159	4,604	3,080	12,733
Shares redeemed during the year	(9,126)	(5,516)	(13,296)	(2,726)	(12,891)
Shares in issue June 30, 2018	69,938	53,469	137,402	16,320	228,336

	World Selection - 2 Class AC	World Selection - 2 Class AD	World Selection - 2 Class IC	World Selection - 2 Class LC
Shares in issue July 1, 2017	184,977	12,743	449,557	13,641
Shares issued during the year	3,325	1,029	64,592	4,000
Shares redeemed during the year	(24,467)	(658)	(42,488)	(1,841)
Shares in issue June 30, 2018	163,835	13,114	471,661	15,800

	World Selection - 3 Class AC	World Selection - 3 Class AD	World Selection - 3 Class IC	World Selection - 3 Class LC
Shares in issue July 1, 2017	219,335	8,123	386,638	39,647
Shares issued during the year	13,383	2,997	39,211	8,700
Shares redeemed during the year	(29,771)	(1,514)	(28,802)	(6,540)
Shares in issue June 30, 2018	202,947	9,606	397,047	41,807

	World Selection - 4 Class AC	World Selection - 4 Class IC	World Selection - 4 Class LC
Shares in issue July 1, 2017	85,003	117,337	39,902
Shares issued during the year	7,372	18,277	7,266
Shares redeemed during the year	(15,268)	(18,342)	(7,261)
Shares in issue June 30, 2018	77,107	117,272	39,907

	World Selection - 5 Class AC	World Selection - 5 Class IC	World Selection - 5 Class LC
Shares in issue July 1, 2017	46,546	126,884	33,572
Shares issued during the year	1,983	12,274	5,963
Shares redeemed during the year	(10,201)	(17,776)	(5,137)
Shares in issue June 30, 2018	38,328	121,382	34,398

HSBC Managed Portfolios Limited

Notes to the Financial Statements (Continued)

for the year ended June 30, 2018

11. Cost of Investments

Cost of Investments as at June 30, 2018	USD
World Selection - 1	75,306,044
World Selection - 2	109,653,236
World Selection - 3	118,627,153
World Selection - 4	44,632,182
World Selection - 5	36,714,184

12. Derivative financial instruments and risk

In the normal course of its business, the Fund may use forward foreign currency contracts to hedge its foreign currency exposure. The Fund attempts to protect itself against any adverse changes in foreign currencies to US Dollar rate. As such it is also precluded from participating in favorable exchange rate movements. Although the Fund attempts to minimize its foreign currency exposure, some unhedged foreign currency exposure may occur.

Forward foreign currency contracts are over-the-counter contractual commitments to purchase or sell a specified amount of foreign currency at a future date at a predetermined price. Forward foreign currency contracts expose the Fund to credit risk, which arises from the potential inability of counterparties to perform under the terms of the contract. Forward foreign currency contracts also expose the Fund to market risk to the extent that adverse changes occur in the exchange rate of underlying foreign currency that a perfect hedge is not achieved.

There were no outstanding derivative contracts for the year ended June 30, 2018.

The following is a summary of the net realized and change in unrealized gains and losses attributable to derivative financial instruments for the year ended June 30, 2018:

	World Selection - 1 USD	World Selection - 2 USD	World Selection - 3 USD	World Selection - 4 USD	World Selection - 5 USD
Net realized (loss)/ gain					
Forward foreign currency exchange contracts	(93,912)	(131,722)	(360,135)	188,970	(114,598)
Net change in unrealized gain					
Forward foreign currency exchange contracts	19,053	26,323	73,786	29,058	22,987
Net realized and change in unrealized loss	(74,859)	(105,399)	(286,349)	218,028	(91,611)

HSBC Managed Portfolios Limited

Notes to the Financial Statements (Continued)

for the year ended June 30, 2018

13. 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 manages interest rate risk by investing in short duration debt instruments. The Fund may 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 funds managed by an HSBC Group affiliate. 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, 2018 is disclosed in the statements of net assets. The Fund manages liquidity risk by investing mainly in funds with daily redemptions.

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.

HSBC Managed Portfolios Limited

Notes to the Financial Statements (Continued)

for the year ended June 30, 2018

13. Financial Instruments and Associated Risks (continued)

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, 2018 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.

World Selection - 1 – USD, World Selection - 2 – USD, World Selection - 3 – USD, World Selection - 4 – USD and World Selection - 5 – USD had invested 72%, 67%, 43%, 21% and 13%, respectively, as of June 30, 2018 of their net assets in HSBC Global Investment Funds, a fund managed by HSBC Investment Funds (Luxembourg) S.A. and administered by RBC Investor Services Bank S.A. HSBC Global Investment Funds 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 Global Investment Funds are related due to having investment managers under common control.

World Selection - 1 – USD, World Selection - 2 – USD, World Selection - 3 – USD, World Selection - 4 – USD and World Selection - 5 – USD had invested 14%, 21%, 41%, 58% and 59%, respectively, as of June 30, 2018 of their net assets in HSBC Index Tracker Investment Funds, a fund managed and administered by HSBC Global Asset Management (UK). HSBC Index Tracker Investment Funds is authorized and regulated by the Financial Services Authority and is structured as an “umbrella” company, in that the company proposes to issue shares linked to different funds which have been established with various investment objectives through investing in various index related investments. The Fund and HSBC Index Tracker Investment Funds are related due to having investment managers under common control.

World Selection - 1 – USD, World Selection - 2 – USD, World Selection - 3 – USD, World Selection - 4 – USD and World Selection - 5 – USD had invested 3%, 4%, 8%, 13% and 16%, respectively, as of June 30, 2018 of their net assets in HSBC Economic Scale Funds, an exchange traded fund managed and administered by HSBC Global Asset Management (UK). The Fund and HSBC Economic Scale Funds 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.

At June 30, 2018, 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 in selective investee funds and government bonds with varying degrees of yield.

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

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, 2018.

HSBC Managed Portfolios Limited

Notes to the Financial Statements (Continued)

for the year ended June 30, 2018

14. Dividends

The Directors' intention is to declare semi-annual dividends with respect to the Class A - Dividend Share Class of each of the World Selection - 1, World Selection - 2, and the World Selection - 3 Portfolios and the Class I Dividend Share Class of the World Selection - 1 Portfolio. There were no dividends declared pertaining to World Selection - 4 Portfolio and World Selection - 5 Portfolio.

During the year ended June 30, 2018, the Directors of the Fund declared the following dividends with respect to the World Selection - 1 Portfolio, World Selection - 2 Portfolio and World Selection - 3 Portfolio.

	World Selection - 1 USD	World Selection - 2 USD	World Selection - 3 USD
Class AD	(91,631)	(23,976)	(12,783)
Class ID	(384,639)	-	-
Total	(476,270)	(23,976)	(12,783)

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 - 1 Portfolio's, World Selection - 2 Portfolio's and the World Selection - 3 Portfolio's net investment income, in Class AD and the World Selection - 1 Portfolio's net investment income, in Class ID that is income from dividends, interest or otherwise, less that Portfolio's incurred expenses, will be distributed by way of dividend.

15. Management Fees

The management fee with respect to the World Selection - 1 Portfolio, World Selection - 2 Portfolio, World Selection - 3 Portfolio, World Selection - 4 Portfolio and World Selection - 5 Portfolio are as below.

	World Selection - 1 USD	World Selection - 2 USD	World Selection - 3 USD	World Selection - 4 USD	World Selection - 5 USD
Class AC management fee	169,589	539,151	730,215	304,482	164,575
Class AD management fee	116,269	35,951	32,014	-	-
Class IC management fee	306,750	1,252,498	1,147,507	380,530	409,122
Class LC management fee	33,810	46,024	141,610	153,819	130,737
Class ID management fee	451,245	-	-	-	-
Total management fees	1,077,663	1,873,624	2,051,346	838,831	704,434
Management fee payable	83,619	146,437	165,902	67,589	56,182

HSBC Managed Portfolios Limited

Notes to the Financial Statements (Continued)

for the year ended June 30, 2018

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, 2018:

World Selection – 1

	Level 1	Level 2	Level 3	Total
Assets				
Investments in securities, at fair value:				
Bonds	\$ -	\$ 2,605,500	\$ -	\$ 2,605,500
Equities	6,832,814	-	-	6,832,814
Total investments in securities, at fair value	6,832,814	2,605,500	-	9,438,314
Investments in investee funds, measured at net asset value (refer 2(b))	-	-	-	69,955,794
Cash equivalents	1,925,804	-	-	1,925,804
Total	\$ 8,758,618	\$ 2,605,500	\$ -	\$ 81,319,912

World Selection – 2

	Level 1	Level 2	Level 3	Total
Assets				
Investments in securities, at fair value:				
Equities	\$ 11,347,990	\$ -	\$ -	\$ 11,347,990
Total investments in securities, at fair value	11,347,990	-	-	11,347,990
Investments in investee funds, measured at net asset value (refer 2(b))	-	-	-	104,883,113
Cash equivalents	2,571,459	-	-	2,571,459
Total	\$ 13,919,449	\$ -	\$ -	\$ 118,802,562

HSBC Managed Portfolios Limited
Notes to the Financial Statements (Continued)
for the year ended June 30, 2018

16. Fair Value Measurements (continued)

World Selection – 3

	Level 1	Level 2	Level 3	Total
Assets				
Investments in securities, at fair value:				
Equities	\$ 22,085,170	\$ -	\$ -	\$ 22,085,170
Total investments in securities, at fair value	22,085,170	-	-	22,085,170
Investments in investee funds, measured at net asset value (refer 2(b))	-	-	-	109,633,628
Cash equivalents	1,971,842	-	-	1,971,842
Total	\$ 24,057,012	\$ -	\$ -	\$ 133,690,640

World Selection – 4

	Level 1	Level 2	Level 3	Total
Assets				
Investments in securities, at fair value:				
Equities	\$ 11,385,682	\$ -	\$ -	\$ 11,385,682
Total investments in securities, at fair value	11,385,682	-	-	11,385,682
Investments in investee funds, measured at net asset value (refer 2(b))	-	-	-	40,734,370
Cash equivalents	1,073,747	-	-	1,073,747
Total	\$ 12,459,429	\$ -	\$ -	\$ 53,193,799

HSBC Managed Portfolios Limited
Notes to the Financial Statements (Continued)
for the year ended June 30, 2018

16. Fair Value Measurements (continued)

World Selection – 5

	Level 1	Level 2	Level 3	Total
Assets				
Investments in securities, at fair value:				
Equities	\$ 12,284,594	\$ -	\$ -	\$ 12,284,594
Total investments in securities, at fair value	12,284,594	-	-	12,284,594
Investments in investee funds, measured at net asset value (refer 2(b))	-	-	-	31,855,359
Cash equivalents	673,165	-	-	673,165
Total	\$ 12,957,759	\$ -	\$ -	\$ 44,813,118

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, 2018.

17. Financial Highlights

Schedule of Financial Highlights for World Selection - 1
for the year ended June 30, 2018

	USD				
	Class AC	Class AD	Class IC	Class LC	Class ID
Selected per share data					
Net asset value at beginning of the year	167.74	154.16	168.18	167.74	154.48
Income from investment operations					
Net investment income	0.23	0.22	0.40	0.23	0.37
Net realized and change in unrealized gains on investments and derivative contracts	2.25	2.09	2.26	2.25	2.09
Total from investment operations	2.48	2.31	2.66	2.48	2.46
Dividends declared	-	(1.70)	-	-	(1.67)
Net asset value at end of the year	170.22	154.77	170.84	170.22	155.27
Total return	1.48 %	1.50 %	1.58 %	1.48 %	1.59 %
Ratios to average net assets					
Total expenses	1.62 %	1.59 %	1.50 %	1.60 %	1.50 %
Net investment income	0.44 %	0.44 %	0.47 %	0.37 %	0.45 %
Supplemental data					
Net assets at end of the year	11,904,884	8,275,238	23,473,544	2,777,951	35,454,875

HSBC Managed Portfolios Limited
Notes to the Financial Statements (Continued)
for the year ended June 30, 2018

17. Financial Highlights (continued)

Schedule of Financial Highlights for World Selection - 2
for the year ended June 30, 2018

	USD			
	Class AC	Class AD	Class IC	Class LC
Selected per share data				
Net asset value at beginning of the year	172.39	154.90	178.79	172.39
Income from investment operations				
Net investment income	0.34	0.32	0.90	0.34
Net realized and change in unrealized gains on investments and derivative contracts	2.57	2.32	2.66	2.57
Total from investment operations	2.91	2.64	3.56	2.91
Dividends declared	-	(1.88)	-	-
Net asset value at end of the year	175.30	155.66	182.35	175.30
Total return	1.69 %	1.70 %	1.99 %	1.69 %
Ratios to average net assets				
Total expenses	1.82 %	1.66 %	1.52 %	1.82 %
Net investment income	0.28 %	0.19 %	0.41 %	0.06 %
Supplemental data				
Net assets at end of the year	28,719,877	2,041,246	86,005,145	2,769,686

HSBC Managed Portfolios Limited
Notes to the Financial Statements (Continued)
for the year ended June 30, 2018

17. Financial Highlights (continued)

Schedule of Financial Highlights for World Selection - 3
for the year ended June 30, 2018

	USD			
	Class AC	Class AD	Class IC	Class LC
Selected per share data				
Net asset value at beginning of the year	189.33	183.59	195.52	189.33
Income from investment operations				
Net investment (loss)/income	(0.40)	(0.39)	0.19	(0.39)
Net realized and change in unrealized income on investments and derivative contracts	9.34	9.10	9.64	9.36
Total from investment operations	8.94	8.71	9.83	8.97
Dividends declared	-	(1.22)	-	-
Net asset value at end of the year	198.27	191.08	205.35	198.30
Total return	4.72 %	4.75 %	5.03 %	4.74 %
Ratios to average net assets				
Total expenses	1.87 %	1.87 %	1.58 %	1.87 %
Net investment (loss)/income	(0.16) %	(0.39) %	0.10 %	(0.22) %
Supplemental data				
Net assets at end of the year	40,239,314	1,835,604	81,535,350	8,290,448

HSBC Managed Portfolios Limited
Notes to the Financial Statements (Continued)
for the year ended June 30, 2018

17. Financial Highlights (continued)

Schedule of Financial Highlights for World Selection - 4			
for the year ended June 30, 2018			
	USD		
	Class AC	Class IC	Class LC
Selected per share data			
Net asset value at beginning of the year	202.54	209.15	202.54
Income from investment operations			
Net investment loss	(2.00)	(1.44)	(2.00)
Net realized and change in unrealized income on investments and derivative contracts	17.25	17.86	17.27
Total from investment operations	15.25	16.42	15.27
Net asset value at end of the year	217.79	225.57	217.81
Total return	7.53 %	7.85 %	7.54 %
Ratios to average net assets			
Total expenses	1.89 %	1.60 %	1.88 %
Net investment loss	(0.91) %	(0.65) %	(0.94) %
Supplemental data			
Net assets at end of the year	16,793,076	26,453,441	8,691,849

HSBC Managed Portfolios Limited
Notes to the Financial Statements (Continued)
for the year ended June 30, 2018

17. Financial Highlights (continued)

Schedule of Financial Highlights for World Selection - 5
for the year ended June 30, 2018

	USD		
	Class AC	Class IC	Class LC
Selected per share data			
Net asset value at beginning of the year	208.86	210.44	208.86
Income from investment operations			
Net investment loss	(2.30)	(1.65)	(2.31)
Net realized and change in unrealized gain on investments and derivative contracts	21.49	21.72	21.54
Total from investment operations	19.19	20.07	19.23
Net asset value at end of the year	228.05	230.51	228.09
Total return	9.19 %	9.54 %	9.21 %
Ratios to average net assets			
Total expenses	1.93 %	1.64 %	1.94 %
Net investment loss	(0.99) %	(0.72) %	(1.02) %
Supplemental data			
Net assets at end of the year	8,740,887	27,979,467	7,846,004

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

18. Subsequent Events

Management have assessed and evaluated all subsequent events arising from the date of statements of assets and liabilities up until September 19, 2018 and have concluded that no additional disclosures are required.

HSBC Managed Portfolios Limited

Management and Administration

for the year ended June 30, 2018

Directors and Officers

Paul Dawe, President (Appointed: April 23, 2018)
Chief Operating Officer
HSBC Global Asset Management
USA

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

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

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

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

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

Banker

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

Administrator

HSBC Securities Services (Bermuda) Limited
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Hamilton HM 11, Bermuda

Auditors

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Legal Advisers

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Bermuda Stock Exchange Listing Sponsor

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