

HSBC Specialist Funds Limited

Annual Report June 2025

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 27, 2025 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, 2025

Short Duration Fixed Income Fund

Market Review

H2 of 2024 saw a combination of weaker economic data and a more dovish Fed tone in July giving way to a shift in sentiment in August, as risk assets sold off while treasury yields moved lower as a weaker than expected jobs report sparked worries about the strength of the economy and the potential for a more serious recession. Q4 saw rates jump as markets reacted to solid US economic data as well as risks associated with the US elections while risk assets rallied post-election. Risk assets sold off in December as markets reacted to weaker US data, higher rates, and a more hawkish Fed tone. 2025 began with markets focusing on weaker Marco economic data and concerns around an economic slowdown. Market volatility increased late March and early April predominantly as a result of the Trump administrations Tariff announcements. Market sentiment changed however mid-April as tariff implementation was paused with a number of countries leading to a recovery in risk assets and ultimately a rally through the end of June. As a result Global IG spreads tightened by 15 bps with a yield of 4.42% at the end of June.

The US treasury curve steepened over the period. The 2, 5, 10 and 30 year saw yields move by -1.03%, -0.58%, -0.17% and +0.22% respectively to finish June at 3.72%, 3.80%, 4.23% and 4.77%.

Performance and positioning

Performance for the period has been strong, with the fund posting positive gross performance on an absolute basis and outperforming relative to its benchmark. The overweight to credit was strong contributor to relative returns as we saw credit spreads tighten significantly. In addition, the underweight to Treasuries added to relative returns as did the off-benchmark exposure to ABS.

The portfolio remains overweight to corporate bonds vs US Treasuries with an allocation to high quality ABS. The average credit rating is lower than that of the benchmark at AA/AA- with an overweight to AAA and A and an underweight to AA rated bonds. The portfolio currently maintains a duration near that of its benchmark, however it maintains relative overweights in the 0-1y and 3-5y sections of the curve, with an underweight in the 1-3y space. Country-wise, the portfolio continues to benefit from regional diversification and enhanced spread-pick up opportunities by allocating across non-US issuers.

Outlook

With an easing cycle almost here, duration extension is set to outperform rolling shorter maturities for a few factors – term premium, the market not pricing-in enough dovish scenarios and the windfall scenario where the Fed would need to aggressively cut rates in response to something breaking/rapidly deteriorating economic conditions. When it is not possible to term out within a portfolio, floating rate CP/CDs offer attractive spreads vs fixed-rate paper.

Credit spreads may widen if the economic cycle deteriorates, though it is hard to deny that the US economy is still in decent shape. Should a downturn materialize, many corporates have stable balance sheets, and a selective approach can help investors capitalize on income opportunities while avoiding the risks associated with downgrades.



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of HSBC Specialist Funds Limited

Opinion

We have audited the financial statements of HSBC Specialist Funds Limited (comprised of Short Duration Fixed Income Fund and the Alternative Fund) (the "Company"), which comprise the statement of assets and liabilities including the statements of net assets as of June 30, 2025, and the related statements of operations and changes in net assets for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2025, and the results of its operations for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional scepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The other information in the annual report on page 1 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

KPMG Audit Limited

Chartered Professional Accountants
Hamilton, Bermuda
October 27, 2025

HSBC Specialist Funds Limited

Statements of Assets and Liabilities

as at June 30, 2025

	Short Duration Fixed Income Fund USD	Alternative Fund USD
Assets		
Investments at fair value (notes 11, 12, 13 & 16)	95,167,569	36,637,511
Cash and cash equivalents (notes 3 & 16)	218,902	170,656
Interest and dividends receivable	762,964	-
Unsettled sales	2,281,671	-
Due from shareholders	100,000	-
Prepaid expenses	31,459	6,310
	98,562,565	36,814,477
Liabilities		
Due to shareholders	-	72,824
Management fee payable (notes 4 & 15)	26,981	31,245
Dividends payable (note 14)	182,045	-
Bank overdraft (note 3)	7	-
Unsettled purchases	2,353,456	-
Accounts payable and accrued expenses	25,667	11,020
	2,588,156	115,089
Net assets	95,974,409	36,699,388
Net assets attributable to:		
Class AC Shares	34,343,759	33,638,829
Class AD Shares	18,249,936	-
Class CC Shares	43,380,714	-
Class LC Shares	-	3,060,559
Shares outstanding (note 10)		
Class AC Shares	277,446	89,613
Class AD Shares	179,202	-
Class CC Shares	354,835	-
Class LC Shares	-	8,153
Net asset value per share		
Class AC Shares	123.79	375.38
Class AD Shares	101.84	-
Class CC Shares	122.26	-
Class LC Shares	-	375.38



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, 2025

Short Duration Fixed Income Fund

	Nominal Value	Amortized Cost USD	Fair Value USD	% of Net Assets
Investments at Fair Value				
Fixed Income Notes				
Australia				
Australia New Zealand Banking 3.919% 30/09/2027	250,000	250,000	249,070	0.26
Australia New Zealand Banking 4.362% 18/06/2028	500,000	500,000	503,908	0.53
BHP Billiton Finance USA Ltd 5.25% 08/09/2026	250,000	249,119	252,940	0.26
Commonwealth Bank of Australia 4.423% 14/03/2028	1,000,000	1,000,000	1,009,902	1.05
Macquarie Bank Ltd 5.208% 15/06/2026	500,000	499,343	504,630	0.53
Macquarie Bank Ltd 5.272% 02/07/2027	500,000	500,000	510,692	0.53
Macquarie Bank Ltd 5.391% 07/12/2026	500,000	500,000	508,713	0.53
National Australia Bank Ltd 4.308% 13/06/2028	500,000	500,000	503,191	0.52
National Australia Bank Ltd 4.5% 26/10/2027	500,000	498,783	504,985	0.53
National Australia Bank Ltd 5.087% 11/06/2027	455,000	455,000	463,654	0.48
National Australia Bank Ltd 5.134% 28/11/2028	500,000	513,880	518,436	0.54
Westpac Banking Corp 4.043% 26/08/2027	250,000	251,030	250,374	0.26
	5,705,000	5,717,155	5,780,495	6.02
Canada				
Bank of Nova Scotia 4.299% 20/03/2028	2,000,000	2,001,144	2,018,221	2.10
Federation des Caisses Desjardi 5.147% 27/11/2028	450,000	450,000	466,849	0.49
Federation des Caisses Desjardin 4.55% 23/08/2027	500,000	502,138	502,911	0.52
Royal Bank of Canada 4.24% 03/08/2027	250,000	248,864	250,334	0.26
Royal Bank of Canada 4.51% VRN 18/10/2027	750,000	750,000	751,586	0.78
Royal Bank of Canada 5.069% VRN 23/07/2027	500,000	506,286	503,586	0.53
	4,450,000	4,458,432	4,493,487	4.68
Finland				
Nordea Bank Abp 4.375% 17/03/2028	385,000	384,830	388,358	0.40
Nordea Bank Abp 5% 19/03/2027	1,000,000	999,823	1,015,021	1.06
	1,385,000	1,384,653	1,403,379	1.46
France				
Banque Federative Du Credit Mut 4.753% 13/07/2027	500,000	504,966	504,346	0.52
Banque Federative du Credit Mut 4.935% 26/01/2026	500,000	500,000	501,351	0.52
Banque Federative du Credit Mut 5.088% 23/01/2027	205,000	205,000	207,364	0.22
Banque Federative du Credit Mut 5.896% 13/07/2026	500,000	500,000	507,691	0.53

The accompanying notes form an integral part of these Financial Statements

HSBC Specialist Funds Limited

Statements of Net Assets (Continued)

as at June 30, 2025

Short Duration Fixed Income Fund (continued)

	Nominal Value	Amortized Cost USD	Fair Value USD	% of Net Assets
Investments at Fair Value (continued)				
Fixed Income Notes (continued)				
France (continued)				
BPCE SA 1% 20/01/2026	500,000	488,894	490,485	0.51
BPCE SA 5.203% 18/01/2027	500,000	500,000	507,311	0.53
Credit Agricole SA 5.589% 05/07/2026	1,500,000	1,500,000	1,518,243	1.58
	4,205,000	4,198,860	4,236,791	4.41
Germany				
Deutsche Bank AG New York NY 5.371% 09/09/2027	250,000	254,323	256,487	0.27
	250,000	254,323	256,487	0.27
Japan				
Mizuho Financial Group Inc 3.17% 11/09/2027	250,000	242,422	244,792	0.26
NTT Finance Corp 5.104% 02/07/2027	600,000	600,000	608,375	0.63
Sumitomo Mitsui Financial Group 5.464% 13/01/2026	500,000	499,567	502,565	0.52
Sumitomo Mitsui Financial Group 5.88% 13/07/2026	500,000	500,060	507,572	0.53
Sumitomo Mitsui Trust Bank Ltd 4.95% 15/09/2027	250,000	251,269	253,436	0.27
	2,100,000	2,093,318	2,116,740	2.21
Netherlands				
Cooperatieve Rabobank UANY 4.883% 21/01/2028	500,000	500,000	510,444	0.53
Cooperatieve Rabobank UANY 5.041% 05/03/2027	1,000,000	999,938	1,015,283	1.06
Siemens Funding BV 4.35% 26/05/2028	300,000	299,975	302,404	0.32
	1,800,000	1,799,913	1,828,131	1.91
New Zealand				
Westpac New Zealand Ltd 5.132% 26/02/2027	210,000	210,000	212,747	0.22
	210,000	210,000	212,747	0.22
Norway				
Equinor ASA 4.25% 02/06/2028	2,000,000	1,998,810	2,012,435	2.10
	2,000,000	1,998,810	2,012,435	2.10
South Korea				
Export Import Bank of Korea 4.125% 17/10/2027	1,500,000	1,495,399	1,499,548	1.56
Kookmin Bank 1.375% 06/05/2026	500,000	482,344	488,111	0.51
Kookmin Bank 4.375% 08/05/2028	500,000	498,814	502,527	0.52
	2,500,000	2,476,557	2,490,186	2.59

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HSBC Specialist Funds Limited

Statements of Net Assets (Continued)

as at June 30, 2025

Short Duration Fixed Income Fund (continued)

	Nominal Value	Amortized Cost USD	Fair Value USD	% of Net Assets
Investments at Fair Value (continued)				
Fixed Income Notes (continued)				
Sweden				
Skandinaviska Enskilda Banken A 4.375% 02/06/2028	506,000	504,695	510,097	0.53
Skandinaviska Enskilda Banken A 5.125% 05/03/2027	625,000	629,010	635,230	0.66
Svenska Handelsbanken AB 5.125% 28/05/2027	335,000	334,756	341,515	0.36
	1,466,000	1,468,461	1,486,842	1.55
Switzerland				
Credit Suisse AG New York NY 5% 09/07/2027	250,000	254,152	253,526	0.26
UBS AG London 5.65% 11/09/2028	500,000	509,569	520,586	0.54
UBS AGLondon 1.25% 01/06/2026	500,000	480,516	486,021	0.51
	1,250,000	1,244,237	1,260,133	1.31
United Kingdom				
BP Capital Markets PLC 3.279% 19/09/2027	250,000	243,450	245,425	0.26
Nationwide Building Society 4.85% 27/07/2027	250,000	253,412	252,752	0.26
NatWest Markets PLC 4.789% 21/03/2028	370,000	370,000	374,214	0.39
NatWest Markets PLC 5.416% 17/05/2027	500,000	500,000	510,776	0.53
Rio Tinto Finance USA PLC 4.5% 14/03/2028	833,000	831,347	839,873	0.88
Santander UK PLC 4.496% 12/12/2027	1,440,000	1,440,000	1,456,812	1.52
	3,643,000	3,638,209	3,679,852	3.84
United States of America				
Apple Inc 4% 12/05/2028	1,500,000	1,497,124	1,502,469	1.56
Astrazeneca Finance LLC 4.875% 03/03/2028	500,000	507,166	511,273	0.53
Athene Global Funding 1.45% 08/01/2026	250,000	243,456	246,072	0.26
Athene Global Funding 4.86% 27/08/2026	250,000	250,000	251,128	0.26
Athene Global Funding 4.95% 07/01/2027	250,000	250,000	251,750	0.26
Athene Global Funding 5.516% 25/03/2027	250,000	250,000	254,271	0.26
Athene Global Funding 5.62% 08/05/2026	250,000	250,000	252,287	0.26
Bank of New York Mellon Corp 4.441% VRN 09/06/2028	500,000	500,000	502,829	0.52
BMW Vehicle Owner Trust 2025-A 4.56% 25/09/2029	800,000	799,930	807,304	0.84
CCG Receivables Trust 2022-1 3.91% 16/07/2029	1,500,000	113,326	113,197	0.12
Chevron USA Inc 4.475% 26/02/2028	1,611,000	1,611,719	1,630,723	1.70
Cisco Systems Inc 4.55% 24/02/2028	972,000	971,714	984,798	1.03
Citibank Credit Card Issuance 4.3% 21/06/2030	1,500,000	1,499,586	1,510,146	1.57
Citibank NA 4.576% 29/05/2027	950,000	950,000	955,361	1.00
Discover Card Execution Note 4.31% 15/03/2028	1,500,000	1,499,948	1,498,960	1.56
Eli Lilly Co 4.55% 12/02/2028	1,000,000	999,391	1,013,726	1.06

The accompanying notes form an integral part of these Financial Statements

HSBC Specialist Funds Limited

Statements of Net Assets (Continued)

as at June 30, 2025

Short Duration Fixed Income Fund (continued)

	Nominal Value	Amortized Cost USD	Fair Value USD	% of Net Assets
Investments at Fair Value (continued)				
Fixed Income Notes (continued)				
United States of America (continued)				
Equitable America Global Funding 4.65% 09/06/2028	370,000	369,870	372,252	0.39
Equitable Financial Life Global 5.5% 02/12/2025	1,000,000	999,913	1,004,066	1.05
Ford Credit Auto Owner Trust 20 4.45% 15/10/2029	500,000	499,952	501,847	0.52
Ford Credit Auto Owner Trust 20 4.61% 15/08/2029	500,000	499,984	505,284	0.53
GM Financial Consumer Automobile 4.62% 17/12/2029	560,000	559,961	565,342	0.59
Goldman Sachs Bank USA New York 5.414% VRN 21/05/2027	1,380,000	1,389,260	1,391,626	1.45
Honda Auto Receivables 2025-1 4.57% 21/09/2029	1,200,000	1,199,968	1,212,303	1.26
Johnson Johnson 4.55% 01/03/2028	1,000,000	999,431	1,016,782	1.06
JPMorgan Chase Bank NA 5.11% 08/12/2026	500,000	500,000	506,476	0.53
MassMutual Global Funding II 4.15% 26/08/2025	660,000	659,609	659,548	0.69
MassMutual Global Funding II 5.1% 09/04/2027	310,000	309,919	315,128	0.33
Mastercard Inc 4.55% 15/03/2028	163,000	162,880	165,275	0.17
Mercedes-Benz Auto Receivables 4.78% 17/12/2029	500,000	499,900	506,923	0.53
Mercedes-Benz Auto Receivables 5.21% 16/08/2027	1,000,000	407,514	408,876	0.43
Met Tower Global Funding 4% 01/10/2027	268,000	267,866	266,548	0.28
Met Tower Global Funding 4.85% 16/01/2027	150,000	149,928	151,629	0.16
Metropolitan Life Global Funding 5.05% 11/06/2027	1,000,000	999,144	1,016,347	1.06
Morgan Stanley 3.875% 27/01/2026	250,000	247,914	248,983	0.26
National Securities Clearing Corp 4.35% 20/05/2027	250,000	249,779	251,676	0.26
National Securities Clearing Corp 4.7% 20/05/2030	500,000	499,673	508,556	0.53
Navient Private Education Refi 1.06% 15/10/2069	1,000,000	395,731	356,620	0.37
Navient Private Education Refi 2.23% 15/07/2070	1,500,000	919,939	843,284	0.88
Navient Private Education Refi LN 1.11% 18/02/2070	1,000,000	522,600	463,486	0.48
New York Life Global Funding 4.4% 25/04/2028	357,000	356,744	359,828	0.37
New York Life Global Funding 4.9% 02/04/2027	500,000	499,805	506,459	0.53
Nissan Auto Receivables 2024-B 4.34% 15/03/2029	500,000	499,959	501,319	0.52
Pricoa Global Funding I 4.4% 27/08/2027	737,000	741,198	740,617	0.77
Pricoa Global Funding I 5.55% 28/08/2026	470,000	470,162	477,035	0.50
Principal Life Global Funding II 4.6% 19/08/2027	348,000	347,785	350,076	0.36
SMB Private Education Loan Trust 1.31% 17/07/2051	1,835,000	610,143	572,375	0.60
State Street Corp 4.536% 28/02/2028	2,000,000	2,000,000	2,023,023	2.11
Toyota Auto Receivables 2022-D 5.3% 15/09/2027	1,000,000	612,514	615,622	0.64
Toyota Auto Receivables 2025-A 4.64% 15/08/2029	1,000,000	999,960	1,009,806	1.05
Toyota Motor Credit Corp 4.35% 08/10/2027	333,000	332,880	334,480	0.35
Truist Bank 4.671% VRN 20/05/2027	250,000	250,000	250,410	0.26
USAA Capital Corp 4.375% 01/06/2028	847,000	845,411	852,961	0.89

The accompanying notes form an integral part of these Financial Statements

HSBC Specialist Funds Limited

Statements of Net Assets (Continued)

as at June 30, 2025

Short Duration Fixed Income Fund (continued)

	Nominal Value	Amortized Cost USD	Fair Value USD	% of Net Assets
Investments at Fair Value (continued)				
Fixed Income Notes (continued)				
United States of America (continued)				
Volkswagen Auto Loan Enhanced 4.63% 20/07/2029	1,000,000	999,914	1,010,917	1.05
	40,321,000	35,070,570	35,130,079	36.60
Total Fixed Income Notes	71,285,000	66,013,498	66,387,784	69.17
Floating Rate Notes				
Australia				
Australia New Zealand Banking Gro FRN 30/09/2027	250,000	250,000	250,832	0.26
Commonwealth Bank of Australia FRN 13/03/2026	750,000	750,112	752,329	0.79
Macquarie Bank Ltd FRN 15/06/2026	320,000	320,000	322,858	0.34
National Australia Bank Ltd FRN 11/06/2027	250,000	250,000	250,929	0.26
National Australia Bank Ltd FRN 13/06/2028	500,000	500,000	500,926	0.52
	2,070,000	2,070,112	2,077,874	2.17
Canada				
Royal Bank of Canada FRN 18/10/2027	250,000	250,000	250,319	0.26
	250,000	250,000	250,319	0.26
Finland				
Nordea Bank Abp FRN 19/03/2027	250,000	250,000	251,320	0.26
Nordea Bank Abp FRN 17/03/2028	217,000	217,000	217,424	0.23
	467,000	467,000	468,744	0.49
France				
Banque Federative du Credit Mutuel FRN 13/07/2026	250,000	250,000	252,303	0.26
	250,000	250,000	252,303	0.26
Netherlands				
Cooperatieve Rabobank UANY FRN 28/08/2026	500,000	500,000	501,339	0.52
Siemens Funding BV FRN 26/05/2028	200,000	200,000	200,433	0.21
	700,000	700,000	701,772	0.73

The accompanying notes form an integral part of these Financial Statements

HSBC Specialist Funds Limited

Statements of Net Assets (Continued)

as at June 30, 2025

Short Duration Fixed Income Fund (continued)

	Nominal Value	Amortized Cost USD	Fair Value USD	% of Net Assets
Investments at Fair Value (continued)				
Floating Rate Notes (continued)				
Singapore				
DBS Group Holdings Ltd FRN 12/09/2025	1,000,000	1,000,000	1,000,384	1.04
	1,000,000	1,000,000	1,000,384	1.04
Sweden				
Skandinaviska Enskilda Banken AB FRN 02/06/2028	200,000	200,000	200,415	0.21
Svenska Handelsbanken AB FRN 28/05/2027	250,000	250,000	250,670	0.26
	450,000	450,000	451,085	0.47
United Kingdom				
Rio Tinto Finance USA PLC FRN 14/03/2028	794,000	795,689	798,585	0.83
	794,000	795,689	798,585	0.83
United States of America				
Athene Global Funding FRN 08/05/2026	250,000	250,000	250,792	0.26
Athene Global Funding FRN 27/08/2026	250,000	250,000	251,035	0.26
Athene Global Funding FRN 25/03/2027	145,000	145,000	146,138	0.15
Bank of America NA FRN 18/08/2025	500,000	500,036	500,334	0.53
Bank of America NA FRN 18/08/2026	500,000	500,000	503,229	0.53
Bank of New York Mellon Corp The FRN 09/06/2028	244,000	244,000	244,335	0.26
BMW US Capital LLC FRN 11/08/2025	500,000	500,000	500,152	0.52
BMW US Capital LLC FRN 02/04/2026	240,000	240,000	240,118	0.25
Citibank NA FRN 30/04/2026	500,000	500,000	500,712	0.53
Ford Credit Auto Owner Trust 2025 FRN 15/12/2027	500,000	500,000	499,758	0.52
Goldman Sachs Bank USA New York FRN 21/05/2027	240,000	240,000	240,741	0.25
John Deere Capital Corp FRN 05/01/2027	1,000,000	1,000,000	1,000,651	1.04
JPMorgan Chase Bank NA FRN 08/12/2026	250,000	250,000	252,101	0.26
Metropolitan Life Global Funding I FRN 11/06/2027	215,000	215,000	215,275	0.22
National Securities Clearing Corp FRN 20/05/2027	355,000	355,000	355,841	0.37
New York Life Global Funding FRN 09/06/2026	250,000	249,934	250,428	0.26
New York Life Global Funding FRN 02/04/2027	250,000	250,000	250,493	0.26
PepsiCo Inc FRN 13/02/2026	500,000	499,732	500,383	0.52
Toyota Motor Credit Corp FRN 10/04/2026	500,000	500,000	500,601	0.52
Toyota Motor Credit Corp FRN 19/03/2027	250,000	250,000	250,405	0.26
Toyota Motor Credit Corp FRN 14/05/2027	500,000	500,000	501,667	0.52
Walmart Inc FRN 28/04/2027	189,000	189,000	189,638	0.20

The accompanying notes form an integral part of these Financial Statements

HSBC Specialist Funds Limited

Statements of Net Assets (Continued)

as at June 30, 2025

Short Duration Fixed Income Fund (continued)

	Nominal Value	Amortized Cost USD	Fair Value USD	% of Net Assets
Investments at Fair Value (continued)				
Floating Rate Notes (continued)				
United States of America (continued)				
Wells Fargo Bank NA FRN 11/12/2026	250,000	250,000	251,999	0.26
	8,378,000	8,377,702	8,396,826	8.75
Total Floating Rate Notes	14,359,000	14,360,503	14,397,892	15.00
Treasury Notes				
United States of America				
United States Treasury Note Bond 3.75% 15/05/2028	12,100,000	12,027,847	12,119,852	12.63
United States Treasury Note Bond 3.875% 15/06/2028	2,250,000	2,261,074	2,262,041	2.36
	14,350,000	14,288,921	14,381,893	14.99
Total Treasury Notes	14,350,000	14,288,921	14,381,893	14.99
Total investments at Fair Value	99,994,000	94,662,922	95,167,569	99.16
Other net assets			806,840	0.84
Net Assets			95,974,409	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, 2025

Alternative Fund	Liquidity	Holdings	Purchase	Fair	% of
	Period	In Shares	Price USD	Value USD	Net Assets
Investments at Fair Value					
Investment in investee fund:					
Guernsey					
Multi-Strategy					
HSBC Portfolio Selection Fund*	Monthly	112,561	22,296,106	36,637,511	99.83
Total investments at fair value				36,637,511	99.83
Other net assets				61,877	0.17
Net Assets				36,699,388	100.00

* Limits on Redemptions

The Investee Fund Manager may limit the number of units in the Investee Fund that may be redeemed on any dealing day to not more than 10% of the total number of units in issue immediately before such date. Such 10% limit shall be calculated in respect of the Investee Fund as a whole and not in respect of each individual unit class. Any units failing to be redeemed upon the exercise of this discretion by the Investee Fund Manager will be carried forward to the next dealing day and shall be redeemed pro rata in priority to any other units in respect of which a redemption notice has subsequently been received.

The accompanying notes form an integral part of these Financial Statements

HSBC Specialist Funds Limited

Statements of Operations

for the year ended June 30, 2025

	Short Duration Fixed Income Fund USD	Alternative Fund USD
Income		
Interest income	4,398,757	-
Other income	5	-
	4,398,762	-
Expenses		
Management fees (notes 4 & 15)	316,869	354,578
Audit fees	25,602	8,838
Directors' fees (note 8)	8,864	3,111
Other expenses	53,379	9,164
	404,714	375,691
Net investment income/(loss)	3,994,048	(375,691)
Net realized gains on sale of investments	364,458	299,925
Net change in unrealized gains on investments	983,187	2,165,640
	1,347,645	2,465,565
Net increase in net assets resulting from operations	5,341,693	2,089,874

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, 2025

	Class AC USD	Class AD USD	Class CC USD	Total
Short Duration Fixed Income Fund				
Net assets at start of the year	34,669,480	17,854,161	40,968,266	93,491,907
Net increase in net assets from operations				
Net investment income	1,425,003	752,615	1,816,430	3,994,048
Net realized gains on sale of investments	138,069	68,551	157,838	364,458
Net change in unrealized gains on investments	355,719	189,288	438,180	983,187
	1,918,791	1,010,454	2,412,448	5,341,693
Subscriptions and redemptions				
Proceeds on issue of shares	1,057,000	100,000	-	1,157,000
Payments on redemption of shares	(3,301,512)	-	-	(3,301,512)
	(2,244,512)	100,000	-	(2,144,512)
Dividends (note 14)	-	(714,679)	-	(714,679)
Net assets at end of the year	34,343,759	18,249,936	43,380,714	95,974,409
Alternative Fund				
		Class AC USD	Class LC USD	Total
Net assets at start of the year		30,926,995	2,904,086	33,831,081
Net increase in net assets from operations				
Net investment loss		(343,450)	(32,241)	(375,691)
Net realized gains on sale of investments		267,915	32,010	299,925
Net change in unrealized gains on investments		1,985,624	180,016	2,165,640
		1,910,089	179,785	2,089,874
Subscriptions and redemptions				
Proceeds on issue of shares		2,345,552	79,970	2,425,522
Payments on redemption of shares		(1,543,807)	(103,282)	(1,647,089)
		801,745	(23,312)	778,433
Net assets at end of the year		33,638,829	3,060,559	36,699,388

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, 2025

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, 2025, 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, 2025 (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

Basis of preparation

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, 2025

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 non-public 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 that the Company is able to access
- 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 equivalent held at year-end have 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. There were no commercial paper investments held as at June 30, 2025.
- Investments in other investment funds are valued based on reported net asset value per share as provided by the administrators of the other investment funds. Investee funds measured using net asset value as a practical expedient are not categorized within the fair value hierarchy.

(c) Cash and cash equivalents and bank overdrafts

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. Cash and cash equivalents include bank overdrafts with maturities of three months or less, from 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, 2025

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 Statement of Operations under "Net realized losses on sale of investments" and "Net change in unrealized gains 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) Redemption payable

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 Company at year-end, are included in redemptions payable at June 30, 2025. 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. As at June 30, 2025 redemptions paid after the end of the year, based on the NAV of the Company at year-end, are included as 'due to shareholders' in the Statement of Assets and Liabilities.

(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

There are no new accounting standards, amendments and interpretations to existing standards that are expected to have an impact on the financial statements of the Company.

HSBC Specialist Funds Limited

Notes to the Financial Statements (Continued)

for the year ended June 30, 2025

3. Cash and Cash Equivalents

Cash balances and bank overdraft facility 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	-	170,656
Bank overdraft	(7)	-
Money market fund	218,902	-
	218,895	170,656

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, 2025, the Manager has invested certain of the Company'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 November 8, 2017, and as amended 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 Company. 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, 2025

6. Custodian

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

On December 27, 2023, Bermuda enacted the Corporate Income Tax Act 2023 "CIT Act" which provides for the taxation of in-scope entities in respect of tax years beginning on or after January 1, 2025. In-scope entities under the CIT Act are the Bermuda constituent entities of multinational enterprises that have revenue in excess of EUR 750 million for at least two of the last four fiscal years. The Company is an investment fund. It is managed by a member of MNE but it is not a constituent entity of an in-scope MNE Group and it is not a consolidated member. The Company is therefore not subject to Bermuda corporate income tax.

FASB ASC Topic 740 "Income Taxes" ("ASC 740") provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. ASC 740 requires the evaluation of tax positions taken or expected to be taken to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be derecognized and recorded as a tax expense in the current year. The Investment Manager has determined that the Company has no uncertain tax positions as of June 30, 2025 that have a material effect on the results of operations or financial position of the Company.

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.

Ms. Julie E. McLean resigned as a Director of the Company on February 28, 2025. Mr. William Cooper was appointed as a Director of the Company on February 28, 2025. For the year ended June 30, 2025, Ms. Julie E. McLean received a Director's fee at an annual rate of USD 4,000, Mr. William Cooper received a Director's fee at an annual rate of USD 5,000 and Ms. Robin Masters received a Director's fee at an annual rate of USD 6,000.

9. Related Parties and Directors' Interests

As at June 30, 2025, Directors held the following shares in the Alternative Fund:

Director	Number of Shares
Faith Outerbridge (HBBM Pension)	1,088

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.

HSBC Portfolio Selection Fund is a related party fund managed by HSBC Management (Guernsey) Limited and advised by HSBC Alternative Investments Limited.

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

HSBC Specialist Funds Limited

Notes to the Financial Statements (Continued)

for the year ended June 30, 2025

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 Fixed Income 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, 2024	296,124	178,228	354,835
Shares issued during the year	8,874	974	-
Shares redeemed during the year	(27,552)	-	-
Shares in issue June 30, 2025	277,446	179,202	354,835

	Alternative Fund	
	Class AC	Class LC
Shares in issue July 1, 2024	87,449	8,212
Shares issued during the year	6,397	219
Shares redeemed during the year	(4,233)	(278)
Shares in issue June 30, 2025	89,613	8,153

11. Cost of Investments

Cost of investments as at June 30, 2025	USD
Short Duration Fixed Income Fund	94,662,922
Alternative Fund	22,296,106

12. Financial Instruments and Associated Risks

Price Risk

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

Interest Rate Risk

The Company is exposed to interest rate risk to the extent that the fair value of the Company's 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 Company may also use forward contracts for hedging purposes and as independent profit opportunities and invest in other

HSBC Specialist Funds Limited

Notes to the Financial Statements (Continued)

for the year ended June 30, 2025

12. Financial Instruments and Associated Risks (continued)

Interest Rate Risk (continued)

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.

Liquidity Risk

The Company 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 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 Company to credit risk consist primarily of cash and cash equivalents, investments, receivable from investments sold and interest receivable. The extent of the Company's exposure to credit risk in respect of these financial assets approximates the carrying values as recorded in the statements of assets and liabilities. Credit risk is managed by dealing with reputable counterparties.

Situation in Ukraine

Management acknowledges the situation in Ukraine continues to affect global economics, particularly regarding food and energy supplies. We continue to monitor the developments closely and have no direct allocation to either the Ukraine or Russia, however, there remains a high level of uncertainty regarding the effects of the conflict on global markets overall and as such on the Company .

HSBC Specialist Funds Limited

Notes to the Financial Statements (Continued)

for the year ended June 30, 2025

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, 2025, 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 Company's interests in the investee funds, such risks are limited to the Alternative Fund's investment in each investee fund.

As of June 30, 2025, the Alternative Class has an investment in HSBC GH Sub-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 99.83% 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 Sub-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, 2025 compared to Alternative Fund's net assets as at June 30, 2025:

Description	Investment Strategy	Value USD	% of Alternative Fund's Net Assets
D.E. Shaw Oculus International Fund	Multi-Strategy	3,003,653	8.18%
Elliot International Limited	Event Driven	2,348,513	6.40%
Citadel Kensington Global Strategies Fund Limited	Multi-Strategy	2,040,582	5.56%
MW Eureka Fund Plc	Equity Long/Short	2,039,654	5.56%

HSBC Specialist Funds Limited

Notes to the Financial Statements (Continued)

for the year ended June 30, 2025

13. Investments in Other Investment Funds (continued)

Summarized financial information pertaining to the relevant HSBC GH Sub-Fund based on its April 30, 2025 audited financial statements is as follows:

	As at 30 April 2025 USD'000
Current assets	
Cash and cash equivalents	104,094
Portfolio of investments	2,184,028
Debtors	39,519
Total assets	2,327,641
Liabilities	
Creditors: amounts falling due within one year	37,642
Total liabilities	37,642
Net assets	2,289,999
Income	
Net capital gains	203,218
Revenue	935
Interest expense	(570)
Operating expense	(16,317)
Net investment (expense) from operations	(15,952)
Change in net assets attributable to holders of redeemable participating units from investment activities	187,266

The Company and HSBC GH Sub-Fund are related parties by virtue of having managers that are under common control. Investors should refer to HSBC GH Sub-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 and paid during the year and dividends payable as at June 30, 2025.

Short Duration Fixed Income Fund	USD
Dividends declared - Class AD - USD	(714,679)
Dividends paid - Class AD - USD	(721,196)
Dividends payable - Class AD - USD	(182,045)

HSBC Specialist Funds Limited

Notes to the Financial Statements (Continued)

for the year ended June 30, 2025

15. Management Fees

	Short Duration Fixed Income Fund USD	Alternative Fund USD
Class AC management fee	137,923	324,149
Class AD management fee	72,862	-
Class CC management fee	106,084	-
Class LC management fee	-	30,429
Total management fee	316,869	354,578
Management fee payable	26,981	31,245

16. Fair Value Measurements

The following table summarizes the valuation of the Company's investments by investment type by the fair value hierarchy levels as of June 30, 2025 with respect to the Short Duration Fixed Income Fund:

	Level 1	Level 2	Level 3	Total
Assets				
Investments, at fair value:				
Fixed Income Notes	\$ -	\$ 66,387,784	\$ -	\$ 66,387,784
Floating Rate Notes	-	14,397,892	-	14,397,892
Treasury Notes	-	14,381,893	-	14,381,893
Total investments, at fair value	-	95,167,569	-	95,167,569
Cash equivalents	218,902	-	-	218,902
Total	\$ 218,902	\$ 95,167,569	\$ -	\$ 95,386,471

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, 2025 comprised solely of investments in other investment companies are valued using the net asset value per share (or its equivalent) practical expedient, Alternative Fund's Investments with a fair value of USD 36,637,511. 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, 2025.

HSBC Specialist Funds Limited

Notes to the Financial Statements (Continued)

for the year ended June 30, 2025

17. Financial Highlights

Schedule of Financial Highlights for Short Duration Fixed Income Fund for the year ended June 30, 2025

	USD		
	Class AC	Class AD	Class CC
Selected per share data			
Net asset value at beginning of the year	117.08	100.18	115.46
Income from investment operations			
Net investment income	5.01	4.22	5.12
Net realized gain on sale of investments and net change in unrealized gain on investments	<u>1.70</u>	<u>1.44</u>	<u>1.68</u>
Total from investment operations	<u>6.71</u>	<u>5.66</u>	<u>6.80</u>
Dividends declared	-	(4)	-
Net asset value at end of the year	<u>123.79</u>	<u>101.84</u>	<u>122.26</u>
Total return, excluding dividends declared	5.73 %	5.65 %	5.89 %
Ratios to average net assets			
Total expenses	0.49 %	0.49 %	0.34 %
Net investment income	4.15 %	4.15 %	4.30 %

Schedule of Financial Highlights for Alternative Fund for the year ended June 30, 2025

	USD	
	Class AC	Class LC
Selected per share data		
Net asset value at beginning of the year	353.66	353.66
Income from investment operations		
Net investment loss	(3.89)	(3.89)
Net realized gains on sale of investments and net change in unrealized gains on investments	<u>25.61</u>	<u>25.61</u>
Total from investment operations	<u>21.72</u>	<u>21.72</u>
Net asset value at end of the year	<u>375.38</u>	<u>375.38</u>
Total return	6.14 %	6.14 %
Ratios to average net assets		
Total expenses	1.07 %	1.07 %
Net investment loss	(1.07) %	(1.07) %

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, 2025

18. Commitments and Contingencies

In the normal course of operations, the Company enters into contracts that contain a variety of representations and warranties which provide general indemnifications. The Company's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Company that have not yet occurred. However, based on experience, the Company expects the risk of loss to be remote.

19. Subsequent Events

Subsequent to June 30, 2025, Short Duration Fixed Income Fund had subscriptions of USD 754,447 and redemptions of USD 10,000.

Subsequent to June 30, 2025, Alternative Fund had subscriptions of USD 64,868 and redemptions of USD 8,753.

Management have assessed and evaluated all subsequent events arising from the date of the statements of assets and liabilities up until October 27, 2025 and have concluded that no additional disclosures are required.

HSBC Specialist Funds Limited Management and Administration for the year ended June 30, 2025

Directors and Officers

Barry Harbison, President
Head of Liquidity Investment Specialists, Americas
HSBC Global Asset Management
USA

Robin Masters, Non-Executive Director

Ms. Julie E. McLean, Non-Executive Director
(resigned February 28, 2025)

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

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

William Cooper, Non-Executive Director
(appointed February 28, 2025)

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 Continental Europe
1 Grand Canal Square
Dublin 02 P820, Ireland

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

Independent Auditor

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

Legal Advisers

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

Bermuda Stock Exchange Listing Sponsor

Cohort Limited
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Hamilton HM 11, Bermuda

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