

HSBC Malta Funds SICAV p.l.c.

Annual Report and Audited Financial Statements

For the year ended 31 March 2018

HSBC Malta Funds SICAV p.l.c.

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HSBC Malta Funds SICAV p.l.c.

Directors, Officers and Other Information

For the year ended 31 March 2018

Directors

Mr. Steven Tedesco Chartered FCSI (Chartered Fellow of the Chartered Institute for Securities & Investments)

Dr. Richard Bernard B.A., LL.D.

Mr. Wayne Spiteri B.Accty (Hons) FIA CPA CIA

Manager

HSBC Global Asset Management (Malta) Limited

80, Mill Street,

Qormi QRM 3101

Malta

Fund Administrator and Registrar

Deutsche International Corporate Services (Ireland) Limited

Pinnacle II, Eastpoint Business Park,

Alfie Byrne Road,

D3 Dublin,

Ireland

Secretary

Ganado Services Limited

171, Old Bakery Street

Valletta VLT 1455

Malta

Registered Office

171, Old Bakery Street

Valletta VLT 1455

Malta

Company Registration Number

SV 2

Depository/ Custodian

Sparkasse Bank Malta p.l.c.

101, Town Square,

Ix-Xatt ta' Qui-Si-Sana,

Sliema, SLM 3112,

Malta

HSBC Malta Funds SICAV p.l.c.

Directors, officers and other information (continued)

For the year ended 31 March 2018

Sub-Custodian

HSBC Bank plc
22, Tower Road,
Swatar,
Birkirkara BKR 4012
Malta

Sponsoring Stockbroker

Karol Farrugia ACIB
Rizzo, Farrugia & Co. (Stockbrokers) Ltd
3rd Floor, Airways House, High Street,
Sliema SLM 1549
Malta

Legal Advisers

Ganado Advocates
171, Old Bakery Street
Valletta VLT 1455
Malta

Independent Auditors

PricewaterhouseCoopers
78, Mill Street,
Qormi QRM 3101
Malta

HSBC Malta Funds SICAV p.l.c.

Manager's Report

For the year ended 31 March 2018

Investment Manager's Report

The Investment Manager's Report provides an overview of the domestic and international markets, as well as the underlying economic fundamentals and political developments which drove market dynamics during the financial year which runs from 1st April 2017 till 31st March 2018. It provides a commentary on each Fund, outlining the key performance drivers, investment activity and strategy, as well as the medium-to-long-term outlook.

Domestic Market Performance

The Maltese economy continued to register solid growth. In real terms, Gross Domestic Product (GDP) in 2017 grew by 6.6%, after growing by 5.5% over the previous year. Economic growth was mainly driven by net exports as domestic demand contributed to a lesser extent. Net exports added almost 6% to real GDP growth. This strong positive net export contribution reflected trade in services, where exports continued to outpace imports by a wider margin.

The labour market continued to improve during the period under review, as unemployment reached an all-time low of 3.5% in February. This is mainly due to the increased labour market participation and improved job matching in the context of a buoyant economy.

In February 2018, the annual rate of inflation as measured by the Harmonised Index of Consumer Prices (HICP) stood at 1.3%, up from 1.2% in January 2018. Inflation remained at relatively low levels over a period of time. Overall, it also stands slightly lower than the 1.5% inflation rate recorded in the euro area.

With regards to the country's public finances, the government's surplus continued with its upward trend. General government debt, as a share of GDP, decreased from 56.8% at the end of June 2017 to 54.9% at end of September 2017. In September 2017, the outstanding figure for Malta Government Stocks (MGS) stood at €5,368 million. Overall, Central Government Debt stood at €5,561 million. In addition, for the first time, the Treasury department has introduced the 62+ Malta Government Savings Bond. Under this program €70 million were offered to retail clients aged 62 years and over. Subsequently in October, another €29.7 million of 62+ Malta Government Savings Bond were issued bringing the total Central Government Debt to €5,606 million. Since then, there were no other offers by the Treasury department and Central Government Debt started to decline gradually reaching the €5,409 million mark as reported in February 2018.

Furthermore, in its latest assessment the credit rating agency Standard & Poor's (S&P), has reaffirmed Malta's credit rating at 'A' rating while maintaining the positive outlook. Furthermore, S&P stated that a credit rating upgrade is possible over the next 18 months if economic growth remains in line with expectations.

However, the positive momentum in the local economy was not reflected in the financial market. Equities on the Malta Stock Exchange (MSE) ended the financial year under review on a negative note as the index declined by 5.18%. The largest losses were registered by Medserv plc and Fimbank plc as they declined by 30.4% and 28.2% respectively. Furthermore, the negative performance of both Bank of Valletta (-18.18%) and HSBC (-10.58%) which represent the largest companies by market capitalization continued to be a drag on the Maltex performance.

Also, a new listing occurred on the 4th of April with the Initial Public Offering (IPO) of PG Plc, the holding company for PAMA and PAVI supermarkets together with the Zara franchise, whereby 25% of the company was offered to the public at a nominal price of €1 per share. Since the IPO, the share price for the newly listed company rallied by 30%.

HSBC Malta Funds SICAV p.l.c.

Manager's Report (continued)

For the year ended 31 March 2018

On the contrary, the fixed-income market registered a positive performance during the period under review with locally listed corporate bonds registering better returns when compared to Malta Government Stocks (MGSs), with total return of 4.29% and 2.61% respectively. It is worth noting, that the MGS market exhibited more volatility than the corporate bond market due to higher liquidity. The primary market for corporate bonds was active as Grand Harbour Marina, Simonds Farsons Cisk and Tumas Investments all offered the opportunity to their existing bondholders to roll over into new offerings. In 2017, two new issuers joined the bond market for the first time, namely Virtu Finance plc and Stivala Group Finance plc. Both issuers represented an opportunity to diversify away from the banking and tourism sector.

Looking at the MGS market, short-dated MGSs, particularly those maturing before 2023, were the worst performers while longer dated MGSs, particularly those maturing after 2036, were the best performers.

The tables presented below summarise the developments which materialised in the Maltese market.

MSE-Listed Equities	31-Mar-17	31-Mar-18	Change in Price (%)
Maltex	4,718.42	4,474.09	-5.18
Simonds Farsons Cisk	7.20	6.95	-3.47
San Tumas Shareholdings PLC	1.13	1.50	32.74
RS2 Software PLC	1.62	1.43	-11.73
GlobalCapital PLC	0.35	0.35	0.00
Malta International Airport PLC	4.24	4.90	15.57
GO PLC	3.50	3.50	0.00
Midi PLC	0.33	0.35	6.71
Malita Investments PLC	0.76	0.80	5.26
Malta Properties Co PLC	0.52	0.47	-10.13
Plaza Centres PLC	1.05	1.06	0.95
MaltaPost PLC	2.03	1.86	-8.37
HSBC Bank Malta PLC	2.08	1.86	-10.58
Grand Harbour Marina PLC	0.90	0.73	-18.53
International Hotel Investments PLC	0.64	0.62	-2.82
Mapfre Middlesea PLC	2.19	2.10	-4.11
Bank of Valletta PLC	2.20	1.80	-18.18
Lombard Bank Malta PLC	2.48	2.40	-3.23
FIMBank PLC	0.85	0.61	-28.24
Tigne Mall plc	1.06	0.95	-10.38
PG Plc	1.00	1.30	30.00
Medserv PLC	1.58	1.10	-30.38

Source: Malta Stock Exchange; HSBC Global Asset Management

HSBC Malta Funds SICAV p.l.c.

Manager's Report (continued)

For the year ended 31 March 2018

Generic Yields On Selected MGS Tenors			
Tenor	31-Mar-17	31-Mar-18	Change in Yield (bps)
2 years	-0.18%	0.07%	0.25%
5 years	0.31%	0.25%	-0.06%
10 years	1.41%	1.17%	-0.24%
15 years	1.86%	1.80%	-0.06%
20 years	2.21%	1.97%	-0.24%
25 years	2.45%	1.98%	-0.47%

Source: Bloomberg

Selected MSE-Listed Corporate Bonds			
Security	31-Mar-17	31-Mar-18	Change in Yield (bps)
BOV 4.8% 2020	3.61%	3.62%	0.01%
AX 6% 2024	4.14%	3.71%	-0.43%
PTL 5.1% 2024	4.53%	4.86%	0.33%
TUMAS 5% 2024	3.78%	3.92%	0.14%
HILIPROP 4.5% 2025	4.05%	3.63%	-0.42%
IHI 5.75% 2025	4.92%	4.29%	-0.63%
MDSMV 4.5% 2026	3.89%	3.97%	0.08%
PRMCPT 3.75% 2026	3.62%	3.20%	-0.42%
BOV 3.5% 2030	3.59%	3.43%	-0.16%

Source: Malta Stock Exchange; HSBC Global Asset Management

International Markets Performance

During the period under review, the performance of the major global market indices ended in opposite direction. In Euro terms, the US and European equity markets registered negative returns of 2.88% and 3.45% respectively. On the other hand Emerging Market (EM) equities were the best performers as they registered a return of 5.04%, with Asian markets excluding Japan registering a healthy return of 6.48%. In addition, the UK equity market was the worst hit during the period with a loss of 6.30% in EUR terms, mainly due to the depreciation of the Pound Sterling. The table below summarises the price return performance of the international equity markets.

HSBC Malta Funds SICAV p.l.c.

Manager's Report (continued)

For the year ended 31 March 2018

Equity Indices	1YR Return (%)	Period High	Period Low
FTSE All World Index (EUR)	-2.37%	293.57	261.15
S&P 500 Index (EUR)	-2.88%	2,313.76	2,035.87
FTSE 100 Index (EUR)	-6.30%	8,801.57	7,872.95
Euro STOXX 50 Index (EUR)	-3.45%	3,697.40	3,278.72
Japan Nikkei 225 Average (EUR)	1.18%	178.40	147.62
MSCI AC Asia Ex. Japan Index (EUR)	6.48%	626.67	538.31
MSCI Emerging Market Index (EUR)	5.04%	1,024.88	878.75

Source: Bloomberg

International bond markets continued to extend their sell off as global central banks continued to normalise their policies at a gradual pace. Both investment grade sovereigns and global corporate bonds registered negative returns, with the BofA Merrill Lynch Investment Grade World Sovereign Bond Index and the BofA Merrill Lynch Global Broad Market Corporate Index delivering negative euro returns of 6.19% and 7.01% respectively. Riskier assets, namely High Yield Bonds and Emerging Sovereign Bonds registered positive returns in US dollar terms but were impacted negatively with the weakness of the US currency which during the period shed 13.22%. Overall, most asset classes in the bond market experienced the same level of sell off when compared in EUR terms.

When analysing the sovereign bond market by country, it is noted that yields increased with the exception of Italy and Spain which improved due to credit upgrades despite the political turmoil.

The table below shows the movement in a number of bond market benchmark yields.

Developed Market 10-Year Bond Yields			
Country	31-Mar-17	31-Mar-18	Change in Yield (bps)
US	2.42%	2.74%	0.32%
UK	1.12%	1.35%	0.23%
Germany	0.33%	0.50%	0.17%
Italy	2.15%	1.79%	-0.36%
Spain	1.65%	1.16%	-0.49%
Japan	0.07%	0.04%	-0.03%

Source: Bloomberg

International Markets Review

The period under review was characterised by a combination of strong economic growth and low inflation which helped financial markets deliver positive results in particular riskier assets. Emerging markets were the best performers in the equity market supported by a rally in oil prices and a weaker US Dollar.

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Manager's Report (continued)

For the year ended 31 March 2018

The start of the period under review were characterised by a rapid increase in volatility due to political uncertainty with the rise of populist parties. At the same time when President Donald Trump took office, most of the European countries were faced with national elections that threatened to raise scepticism towards the EU, particularly in the aftermath of the Brexit vote. French and German elections represented the largest risks. Markets weighed in risks associated with political uncertainty, however none of the political worst case scenarios materialized and markets shifted their main focus on global growth recovery.

Economic growth remained in a “Goldilocks” macro environment, with a healthy growth and benign inflation supported by positive earnings releases. The positive market environment proved resilient to both the political uncertainty in the United States and Europe. Central banks started to become less dovish as the end of Q2 2017 approached. In October, the European Central Bank (ECB) announced an extension of the bank's Asset Purchase Programme (APP) by at least nine months to September 2018 at a reduced monthly purchase of €30 billion. All interest rates were left unchanged and are expected to remain at present levels for an extended period of time. Despite the adjustments to the APP, the ECB policy remained very accommodative with the balance sheet continuing to expand. Subsequently in November the Bank of England's Monetary Policy Committee voted to hike interest rate by 25bps to 0.50%. This increase is the bank's first rate hike since July 2007. Further increases are not expected as the UK economy started to show signs of weakness and domestic price pressures remain subdued.

In the US the Federal Open Market Committee (FOMC) raised the fed funds target range by 25bps three times and is also indicating three more rate hikes in 2018. The US Congress passed its tax reform bill which reforms are expected to boost US economic growth by increased consumer spending and corporate investment.

US economic activity remained upbeat given the strong momentum in the labour market and resilient consumer spending. In the Eurozone, economic recovery has picked up and is expected to advance further. At this backdrop, global equities continued to surge higher in January on optimism over the global growth outlook and upcoming corporate earnings releases. Furthermore, ECB President Mario Draghi stated that recent economic strength further boosted the bank's confidence that inflation would return to target. He also indicated that asset purchases could end in September. In China, growth is expected to expand at a slower rate after a robust 2017 in the wake of tighter financial controls but remain supportive by global demand. The Bank of England kept the Bank's policy rate on hold in the first meeting of 2018 but revised its growth and short term inflation forecasts. The Monetary Policy Committee stated that its new forecasts implied tighter controls earlier than expected. Consequently, European Government Bonds also sold off while US Treasuries came under pressure. The Fed hiked policy rates by 25bps again in March. New projections signal two more hikes this year, and another three hikes for 2019 from two in its previous forecast.

Global equities fell in March on the back of increasing concerns over global trade protectionism following US President Trump's announcements of Tariffs on imports. UK equities were worse hit with the strength of the sterling amid expectations of tighter controls faster than the market has previously anticipated. Emerging market equities outperformed developed markets in US dollar terms. Meanwhile inflation pressures continue to build gradually across the globe which has led to a selloff in global bonds fearing a return of inflation.

Global Property

The Developed Europe Property Index registered an increase of 6.4% during the period, while the UK Property Index registered the largest gains across geographical regions, when it registered an increase of 2.44%. In contrast, the American Real Estate Market returned a loss of 19.67% in EUR terms during the period ending March 2018.

Meanwhile, the physical property market in the European continent registered a gain of 8.8% in 2017 as the table below shows. Similarly, the UK physical property market registered a return of 11.00% in GBP terms.

HSBC Malta Funds SICAV p.l.c.

Manager's Report (continued)

For the year ended 31 March 2018

The table presented below summarises the performance of key property market indices.

Property Indices	1YR Return (%)
FTSE EPRA/NAREIT Developed Europe (EUR)	6.40%
FTSE EPRA/NAREIT UK (EUR)	2.44%
FTSE EPRA/NAREIT United States (EUR)	-19.67%
IPD Pan-Europe Funds Index (EUR)*	8.80%
IPD UK Property Index (GBP)	11.00%

Source: Bloomberg, MSCI

Having outlined the market and economic developments which materialised during the first half of the current financial year, the rest of this report highlights the performance, activity, strategy, and outlook of each of the Funds. The commentary for each Fund is presented under a separate heading.

Malta Government Bond Fund

Fund Performance

During the period under review, the unit price of the Accumulator shares in the Malta Government Bond Fund increased by 0.63 percent from €490.34 as at 31 March 2017 to €493.43 as at 31 March 2018.

During the period under review, the Fund proposed the following dividends to the holders of the Income shares –

- €1.15 per share (net annualised yield of 1.32 percent) for the quarter ended on 30 June 2017
- €1.14 per share (net annualised yield of 1.30 percent) for the quarter ended on 30 September 2017
- €1.03 per share (net annualised yield of 1.19 percent) for the quarter ended on 31 December 2017
- €0.98 per share (net annualised yield of 1.15 percent) for the quarter ended on 31 March 2018

Despite the negative performance of other European Government Debt, the Fund registered a minor increase in net asset value (NAV) during the period under review. This was mainly driven by the support provided by the central bank asset purchase programme which helped sustain the values of MGSs and the limited debt issuance versus other EU member states. The Fund continued to take opportunity from particular yield changes to alter its exposure to interest rate risk across the Maltese curve and will continue to do so going forward.

Fund Outlook

The improving credit for Malta, low interest rate environment, low unemployment and persistent budget surpluses had all led to a strong foundation to the quality of Malta's sovereign government debt. This has led to spreads narrowing at a steady pace over the past year. The shortage of new issues and volatility in the MGS market is expected to continue to help performance in the short-term, however if new issues will remain limited it will pose a challenge to the Fund's performance when re-investing maturing proceeds. The strategy of the fund is to continue to invest cautiously, with a view of finding an adequate trade-off between risk and return. In the short term, the fund seeks to take advantage of opportunities in mispriced assets as a result of volatility rising however in the medium term the fund is expected to be positioned to benefit investors from interest rate rises.

HSBC Malta Funds SICAV p.l.c.

Manager's Report (continued)

For the year ended 31 March 2018

Malta Bond Fund

Fund Performance

During the period under review, the unit price of the Accumulator shares in the Malta Bond Fund increased by 1.06 percent from €630.57 as at 31 March 2017 to €637.27 as at 31 March 2018.

During the period under review, the Fund proposed the following dividends to the holders of the Income shares –

- €1.92 per share (net annualised yield of 1.80 percent) for the quarter ended on 30 June 2017
- €1.88 per share (net annualised yield of 1.74 percent) for the quarter ended on 30 September 2017
- €1.83 per share (net annualised yield of 1.70 percent) for the quarter ended on 31 December 2017
- €1.63 per share (net annualised yield of 1.55 percent) for the quarter ended on 31 March 2018

The positive performance of the Fund was mainly driven by the returns in the local corporate bond markets. Our preference of corporates over sovereigns and the cautious duration positioning, helped the Fund maintain a balanced risk return profile. In addition, the Fund continued to take opportunity of changes to the yields, altering exposures to interest rate risk across the Maltese curve.

Fund Outlook

The improving credit for Malta, low interest rate environment, low unemployment and persistent budget surpluses had all led to a strong fundamental foundation to the quality of Malta's sovereign government debt. This has led to spreads narrowing at a steady pace over the past year. Maltese Corporates continue to outperform the Government Bonds, and thus remain a preferred source of returns, however supply of good quality Corporate Bonds is becoming increasingly limited. The fund will continue to invest cautiously, with a view of finding an adequate trade-off between risk and return.

International Bond Fund

Fund Performance

During the period under review, the unit price of the Accumulator Shares of the International Bond Fund decreased by 3.02 percent from €440.77 as at 31 March 2017 to €427.44 as at 29 March 2018. During the same period, the Fund's Accumulator share price in Pound Sterling increased by 0.06 percent from £374.37 as at 31 March 2017 to £374.60 as at 31 March 2018.

During the period under review, the Fund proposed the following dividends to the holders of the Income Share Class –

- € 1.43 per share (net annualised yield of 1.93 percent) for the quarter ended on 30 June 2017
- €1.36 per share (net annualised yield of 1.84 percent) for the quarter ended on 30 September 2017
- €1.37 per share (net annualised yield of 1.86 percent) for the quarter ended on 31 December 2017
- €1.23 per share (net annualised yield of 1.72 percent) for the quarter ended on 31 March 2018

HSBC Malta Funds SICAV p.l.c.

Manager's Report (continued)

For the year ended 31 March 2018

The Fund's preference towards corporate bonds as opposed to developed market government bonds proved advantageous to overall performance. While returns were negative over the period, the relatively high carry associated with our holdings, helped temper the effects of falling asset values through increased income over the period. The allocation to High Yield was a positive contributor to the Fund's return, while the USD exposure proved the strongest drag on performance.

Fund Outlook

The cautious duration positioning and the associated lower relative yields may underperform slightly the broad market in the short term if the yield curve flattens due to uncertainty and risk on move in the market in Europe. This strategy, however should outperform in the longer term once interest rates in the euro area start to increase and continue to rise in the United States. The current cash allocation also provide better positioning when interest rates start to increase.

Maltese Assets Fund

Fund Performance

During the period under review, the unit price of the Accumulator shares in the Maltese Assets Fund decreased by 5.06 percent from €604.28 as at 31 March 2017 to €573.71 as at 31 March 2018.

During this period, the Fund proposed the following dividends to the holders of the Income shares –

- €2.83 per share (net annualised yield of 2.30 percent) for the quarter ended on 30 June 2017
- €0.05 per share (net annualised yield of 0.04 percent) for the quarter ended on 30 September 2017

The Fund's performance was hindered by the performance of specific stocks in the domestic market, mainly Bank of Valletta plc and HSBC Bank Malta plc, as these are among the fund's largest holdings. Medserv plc and RS2 Software plc also continued to weigh on the performance of the Fund. However, the foreign equity market exposure in the fund and the positive performance registered by the fixed-income allocation cushioned the negative performance registered by the securities in the local equity market.

Fund Outlook

Going forward, the domestic equity market is expected to continue to benefit from the strong economic growth and recovery in the Euro area. However, tight valuations and a rising interest rate scenario may cause some volatility in the market. The MAF will continue to benefit from diversification both in the local and foreign market and also across different asset classes in the local market. The multi-asset class feature of this fund allows the Fund Manager to switch from one asset class to the other and change the mix between local and foreign equities adapting to the opportunities and any changes in the market environment

Equity Growth Fund

Fund Performance

The unit price of the "A" and "B" shares in the Equity Growth Fund fell by 4.04 percent from €289.99 as at 31 March 2017 to €278.26 as at 31 March 2018.

HSBC Malta Funds SICAV p.l.c.

Manager's Report (continued)

For the year ended 31 March 2018

The performance of the Fund mainly benefitted from the positive performance of the foreign equity market mainly US equities and Emerging Market equities. However, the Fund's performance was hindered by the performance of specific stocks in the domestic market, mainly IHI and shares in the banking sector and the depreciation of the US dollar. During the period under review, the Fund continued to lock in profits in the local equity market and increased exposure in the foreign market by rotating into equities where valuations remained attractive, mainly emerging markets.

Fund Outlook

Going forward, global economic growth remains solid, driving global equity markets to deliver positive returns over the long term. Overall, support from still-loose monetary policy and fiscal policy (if needed) will, in the medium and longer term, likely outweigh any headwinds from more modest Chinese growth, monetary policy normalisation in Developed Market economies and political uncertainty in many regions. However, episodic volatility may be triggered by concerns surrounding global trade protectionism, and/or a potentially more rapid than expected Federal Reserve, European Central Bank or Bank of Japan normalisation of policy, coupled with political risks.

HSBC Property Investment Fund

Fund Performance

The unit price of Accumulator shares in the HSBC Property Investment Fund increased by 0.28 percent from €201.77 as at 27 March 2017 to €201.21 as at 31 March 2018.

During the period under review, the Fund proposed the following dividends to the holders of the Income shares –

- €1.02 per share (net annualised yield of 1.19 percent) for the six-month period end on 30 September 2017
- €0.75 per share (net annualised yield of 0.85 percent) for the six-month period end on 31 March 2018

During the period, the Fund Manager reduced the exposure to the domestic equity property market and diversified the holding to other properties around the world mainly in Asia. The Fund Manager continues to reduce risk emanating from currency by hedging currency exposures. In fact, the hedging of the sterling during the period under review helped the performance of the Fund.

Fund Outlook

As the HSBC Property Investment Fund is no longer available for sale through the Distributor, the Fund is expected to observe a gradual decrease of the number shares in issue and consequently an increase of its overall Total Expense Ratio. Within this scenario the Manager, in consultation with the Fund Board, capped the Total Expense Ratio of the Fund to 2% and will be evaluating the appropriate options for the Fund's future prospects.

In the meantime, the Fund Manager will continue to manage the Fund by investing in the property market in line with the investment objectives. In continental Europe, the durability of the economic cycle is expected to drive continued improvement in property fundamentals. In the UK, apart from the retail sector, real estate leasing is generally robust. Meanwhile, Trump's tax reform may prolong the economic cycle, but will ultimately be inflationary, hastening the speed of interest rate normalisation and therefore slowing real estate performance in the US. Finally, fuelled by the stable expansion of China, property fundamentals are generally improving. Inflation is sufficiently low across the region to keep the interest rate environment stable.

Further information can be found in Note 6, 12 and 14 to these Financial Statements.

Investment Managers
31 March 2018

HSBC Malta Funds SICAV p.l.c.

Comparative table

	Malta Bond Fund	International Bond Fund *		Equity Growth Fund**	HSBC Property Investment Fund	Malta Government Bond Fund***	Maltese Assets Fund****
	EUR	EUR	GBP	EUR	EUR	EUR	EUR
Net Asset Value as at:							
31 March 2018	147,579,813	52,122,466	-	22,164,139	5,112,692	126,915,569	44,173,411
31 March 2017	157,592,963	54,501,320	-	23,700,039	5,823,252	139,247,752	48,632,934
31 March 2016	160,997,139	51,919,154	-	23,429,688	6,103,997	-	-
Net Asset Value per unit (using mid-market prices) as at: (Accumulator Class / Income Class)							
31 March 2018	637.27 / 424.29	427.44 / 284.83	374.60 / 249.68	278.26	201.21 / 172.37	493.43 / 344.34	573.71 / 468.77
31 March 2017	630.57 / 427.58	440.77 / 299.68	374.37 / 254.22	289.99	201.77 / 175.00	490.34 / 346.88	604.28 / 496.23
31 March 2016	627.96 / 435.07	427.89 / 297.60	339.16 / 235.67	264.18	199.52 / 173.89	-	-
	Units	Units	Units	Units	Units	Units	Units
Number of units in circulation:							
31 March 2018	239,235	124,079	-	78,732	25,570	265,768	77,029
31 March 2017	258,066	125,945	-	81,727	29,256	293,083	80,611
31 March 2016	264,316	123,540	-	88,690	30,974	-	-

As at the financial reporting date, the accumulator factor on the Malta Bond Fund, International Bond Fund, HSBC Property Investment Fund, Malta Government Bond Fund and Maltese Assets Fund stood at 1.501804 (2017: 1.474704), 1.500305 (2017: 1.470688), 1.108893 (2017: 1.153621), 1.432823 (2017: 1.413569) and 1.225388 (2017: 1.217736) respectively.

* In accordance with the Prospectus, where a Fund has one or more Currencies of Expression apart from the Base Currency, the Net Asset Value per unit for that Fund shall, after the calculation thereof be made in the Base Currency, and also converted into and expressed in the applicable Currency of Expression at the appropriate commercial rates of exchange applicable on the relevant Dealing Day. In view of this, the highest and lowest quoted prices for the sterling variant are stated having regard to exchange movements.

** The Equity Growth Fund has an accumulator class of shares only (Class A and Class B).

*** The Net Asset Value of the Malta Government Bond Fund as at 30 April 2016 before being transferred to HSBC Malta Funds SICAV p.l.c. was €147,569,282. The Net Asset Value per unit of the Accumulator Class (using mid-market prices) as at 30 April 2016 was €491.64. The Net Asset Value per unit of the Income Class (using mid-market prices) as at 30 April 2016 was €352.72. The number of units in circulation as at 30 April 2016 were 309,216.

**** The Net Asset Value of the Maltese Assets Fund as at 30 April 2016 before being transferred to HSBC Malta Funds SICAV p.l.c. was €51,964,039. The Net Asset Value per unit of the Accumulator Class (using mid-market prices) as at 30 April 2016 was €619.89. The Net Asset Value per unit of the Income Class (using mid-market prices) as at 30 April 2016 was €509.49. The number of units in circulation as at 30 April 2016 were 84,021.

HSBC Malta Funds SICAV p.l.c.

Comparative table (continued)

	Malta Bond Fund	International Bond Fund		Equity Growth Fund	HSBC Property Investment Fund	Malta Government Bond Fund	Maltese Assets Fund
ACCUMULATOR SHARES	EUR	EUR	GBP	EUR	EUR	EUR	EUR
Price movement from 1 April 2017 (first Dealing Day of year) to 30 March 2018 ¹ (last Dealing Day of year):							
<u>Malta Bond Fund</u>							
- Highest quoted price (on 18 December 2017)	639.95	-	-	-	-	-	-
- Lowest quoted price (on 12 July 2017)	629.74	-	-	-	-	-	-
<u>International Bond Fund</u>							
Highest quoted price in:							
- GBP (on 30 August 2017)	-	-	401.44	-	-	-	-
- EUR (on 18 April 2017)	-	443.34	-	-	-	-	-
Lowest quoted price in:							
- GBP (on 21 April 2017)	-	-	370.07	-	-	-	-
- EUR (on 16 February 2018)	-	423.60	-	-	-	-	-
<u>Equity Growth Fund</u>							
- Highest quoted price (on 24 January 2018)	-	-	-	297.88	-	-	-
- Lowest quoted price (on 26 March 2018)	-	-	-	277.57	-	-	-
<u>HSBC Property Investment Fund</u>							
- Highest quoted price (on 19 December 2017 and 30 January 2018)	-	-	-	-	203.36	-	-
- Lowest quoted price (on 29 August 2017)	-	-	-	-	199.24	-	-
<u>Malta Government Bond Fund</u>							
- Highest quoted price (on 12 December 2017)	-	-	-	-	-	497.90	-
- Lowest quoted price (on 23 February 2018)	-	-	-	-	-	487.73	-
<u>Maltese Assets Fund</u>							
- Highest quoted price (on 3 April 2017)	-	-	-	-	-	-	604.28
- Lowest quoted price (on 23 February 2018 and 9 March 2018)	-	-	-	-	-	-	574.68

¹ 31st March is not a dealing date.

HSBC Malta Funds SICAV p.l.c.

Comparative table (continued)

	Malta Bond Fund	International Bond Fund		HSBC Property Investment Fund	Malta Government Bond Fund	Maltese Assets Fund
INCOME SHARES	EUR	EUR	GBP	EUR	EUR	EUR
Price movement from 1 April 2017 (first Dealing Day of year) to 30 March 2018 ¹ (last Dealing Day of year):						
<u>Malta Bond Fund</u>						
- Highest quoted price (on 27 June 2017)	431.80	-	-	-	-	-
- Lowest quoted price (on 16 February 2018)	423.39	-	-	-	-	-
<u>International Bond Fund</u>						
Highest quoted price in:						
- GBP (on 30 August 2017)	-	-	271.18	-	-	-
- EUR (on 18 April 2017)	-	301.43	-	-	-	-
Lowest quoted price in:						
- GBP (on 22 March 2018)	-	-	248.67	-	-	-
- EUR (on 16 February 2018)	-	283.64	-	-	-	-
<u>HSBC Property Investment Fund</u>						
- Highest quoted price (on 11 April 2017)	-	-	-	175.56	-	-
- Lowest quoted price (on 29 August 2017)	-	-	-	172.74	-	-
<u>Malta Government Bond Fund</u>						
- Highest quoted price (on 27 June 2017)	-	-	-	-	351.31	-
- Lowest quoted price (on 23 February 2018)	-	-	-	-	341.46	-
<u>Maltese Assets Fund</u>						
- Highest quoted price (on 3 April 2017)	-	-	-	-	-	496.23
- Lowest quoted price (on 23 February 2018 and 9 March 2018)	-	-	-	-	-	468.98

HSBC Malta Funds SICAV p.l.c.

Comparative table (continued)

	Malta Bond Fund	International Bond Fund		Equity Growth Fund	HSBC Property Investment Fund	Malta Government Bond Fund	Maltese Assets Fund
ACCUMULATOR SHARES	EUR	EUR	GBP	EUR	EUR	EUR	EUR
Price movement from 1 April 2016 (first Dealing Day of year) to 30 March 2017 ¹ (last Dealing Day of year):							
<u>Malta Bond Fund</u>							
- Highest quoted price (on 25 October 2016)	641.83	-	-	-	-	-	-
- Lowest quoted price (on 28 April 2016)	625.77	-	-	-	-	-	-
<u>International Bond Fund</u>							
Highest quoted price in:							
- GBP (on 12 October 2016)	-	-	403.52	-	-	-	-
- EUR (on 24 October 2016)	-	445.70	-	-	-	-	-
Lowest quoted price in:							
- GBP (on 26 May 2016)	-	-	328.41	-	-	-	-
- EUR (on 3 May 2016)	-	427.42	-	-	-	-	-
<u>Equity Growth Fund</u>							
- Highest quoted price (on 11 August 2016)	-	-	-	292.23	-	-	-
- Lowest quoted price (on 7 April 2016)	-	-	-	257.67	-	-	-
<u>HSBC Property Investment Fund</u>							
- Highest quoted price (on 28 February 2017)	-	-	-	-	202.91	-	-
- Lowest quoted price (on 8 November 2016)	-	-	-	-	196.06	-	-
<u>Malta Government Bond Fund</u>							
- Highest quoted price (on 25 October 2016)	-	-	-	-	-	508.86	-
- Lowest quoted price (on 20 March 2017)	-	-	-	-	-	484.65	-
<u>Maltese Assets Fund</u>							
- Highest quoted price (on 3 May 2016)	-	-	-	-	-	-	621.63
- Lowest quoted price (on 9 September 2016)	-	-	-	-	-	-	580.99

HSBC Malta Funds SICAV p.l.c.

Comparative table (continued)

	Malta Bond Fund	International Bond Fund		HSBC Property Investment Fund	Malta Government Bond Fund	Maltese Assets Fund
INCOME SHARES	EUR	EUR	GBP	EUR	EUR	EUR
Price movement from 1 April 2016 (first Dealing Day of year) to 30 March 2017 ¹ (last Dealing Day of year):						
<u>Malta Bond Fund</u>						
- Highest quoted price (on 29 September 2016)	440.99	-	-	-	-	-
- Lowest quoted price (on 20 March 2017)	426.67	-	-	-	-	-
<u>International Bond Fund</u>						
Highest quoted price in:						
- GBP (on 12 October 2016)	-	-	277.09	-	-	-
- EUR (on 31 August 2016)	-	307.52	-	-	-	-
Lowest quoted price in:						
- GBP (26 May 2016)	-	-	228.19	-	-	-
- EUR (on 3 May 2016)	-	297.28	-	-	-	-
<u>HSBC Property Investment Fund</u>						
- Highest quoted price (on 19 July 2016)	-	-	-	176.43	-	-
- Lowest quoted price (on 8 November 2016)	-	-	-	169.99	-	-
<u>Malta Government Bond Fund</u>						
- Highest quoted price (on 25 October 2016)	-	-	-	-	363.72	-
- Lowest quoted price (on 20 March 2017)	-	-	-	-	344.20	-
<u>Maltese Assets Fund</u>						
- Highest quoted price (on 3 May 2016)	-	-	-	-	-	511.44
- Lowest quoted price (on 9 September 2016)	-	-	-	-	-	477.98

HSBC Malta Funds SICAV p.l.c.

Report of the Directors

For the year ended 31 March 2018

The Directors present their twenty first annual report and the financial statements of HSBC Malta Funds SICAV p.l.c. ('the Company') for the year ended 31 March 2018.

Principal activities

The Company is a collective investment scheme established as a multi-fund investment company with variable share capital (SICAV) under the laws of Malta. It aims to provide investors with a choice of Funds having diverse investment objectives and investing in a range of assets. The objectives of each sub-fund are further described in the Manager's Report.

Business review and future developments

As at 31 March 2018, the Net Asset Value of the Company stood at EUR398,068,090, a decrease of EUR31,430,170 or 7.3% over the previous year.

A review of the business of the Company during the current year and an indication of likely future developments are given in the Manager's report on pages 3 to 11.

The Directors note that the Company's Distributor has ceased to promote the HSBC Property Investment Fund and as a result the Fund is experiencing a gradual decrease of the number of shares in issue. Hence, in its endeavour to retain the Fund as an attractive investment proposal, the Manager has agreed to subsidise the costs of the Fund to ensure that the Total Expense Ratio of the fund will not exceed 2% of the net assets value.

On 5 December 2016, the two funds of HSBC No-Load Funds SICAV p.l.c. ("HSBC No-Load"), namely Malta Government Bond Fund and Maltese Assets Fund, were transferred to HSBC Malta Funds SICAV p.l.c. Upon transfer, HSBC No-Load's assets and liabilities were assigned to HSBC Malta Funds SICAV p.l.c. after going through liquidation proceedings. The net asset value of the two sub-funds transferred from HSBC No-Load to HSBC Malta Funds SICAV p.l.c as at 5 December 2016 amounted to €194,132,467, comprising €146,411,515 emanating from the Malta Government Bond Fund and €47,720,952 emanating from the Maltese Assets Fund.

The individual performance of the sub-funds is further described in the Manager's Report on pages 3 to 11. The individual financial risk management objectives, policies and exposures of the sub-funds are further described in the Notes to the Financial Statements.

HSBC Malta Funds SICAV p.l.c.

Report of the Directors (continued)

For the year ended 31 March 2018

Results and dividends

The Company sustained a net decrease in unit holders' funds of EUR2,582,274 as can be found in the statement of comprehensive income on page 32.

For the year ended 31 March 2018, the Company declared the following dividends (net of administration fee) on its income share classes:

	Ex-dividend date	Rate per share	Dividend paid	Dividend payable
Malta Bond Fund	01-Jul-17	1.923	47,610	
	01-Oct-17	1.877	45,299	
	01-Jan-18	1.831	43,264	
	01-Apr-18	1.633		37,331
International Bond Fund	01-Jul-17	1.429	9,742	
	01-Oct-17	1.358	9,176	
	01-Jan-18	1.215	9,127	
	01-Apr-18	1.226		7,810
HSBC Property Investment Fund	01-Oct-17	1.022	2,952	
	01-Apr-18	0.751		2,118
Malta Government Bond Fund	01-July-17	1.149	35,071	
	01-Oct-17	1.140	34,126	
	01-Jan-18	1.032	30,656	
	01-Apr-18	0.977		27,619
Malta Assets Fund	01-Jul-17	2.826	2,070	

Directors

The Directors who served in office during the current financial year are listed on page 1.


Auditors

PricewaterhouseCoopers have indicated their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the Annual General Meeting.

Standard licence conditions and regulatory sanctions

In accordance with SLC2.15 of Appendix II of the Investment Services Rules for Collective Investment Schemes licence holders are required to include breaches of standard licence conditions applicable under the Investment Services Act in the Annual Report. Accordingly, any breaches are disclosed in the Report of the Depositary, and no administrative penalties or regulatory sanctions have been imposed.

Approved by the Board on 30 July 2018.


Steven Tedesco
Chairman


Michael Spiteri
Director


Richard Bernard
Director

HSBC Malta Funds SICAV p.l.c.

Rapport tad-Diretturi

Ghas-sena li ntemmet fil-31 ta' Marzu 2018

Id-Diretturi jipprezentaw il-wiehed u ghoxrin rapport annwali u l-kontijiet finanzjarji tal-HSBC Malta Funds SICAV p.l.c. ('il-Kumpanija') ghas-sena li ghalqet fil-31 ta' Marzu 2018.

Attivitajiet principali

Il-Kumpanija hija skema ta' investiment kollettiv stabbilita bhala Kumpanija ta' investiment b'diversi fondi b'kapital varjabbli taht il-ligijiet ta' Malta. L-ghan tal-Kumpanija huwa li ttiprovdi lill-investituri ghażla ta' fondi b'oggettivi ta' investiment differenti u li jinvestu f'firxa ta' assi. L-ghanijiet ta' kull sotto-fond huma deskritti f'aktar dettall fil-*Manager's Report*.

Analizi tan-negozju u żviluppi prospettivi għall-futur

Fil-31 ta' Marzu 2018, il-Valur Nett tal-Kumpanija kien ta' EUR398,068,090, nuqqas ta' EUR31,430,170 jew ta' 7.3% meta mqabbel mas-sena ta' qabel.

L-analizi tan-negozju tal-Kumpanija waqt is-sena finanzjarja u indikazzjoni ta' żviluppi prospettivi għall-futur huma espressi fir-rapport tal-Manager f'pagani 3 sa 11.

Id-Diretturi innutaw li d-distributur tal-Kumpanija waqaf milli jippromwovi *HSBC Property Investment Fund* u bhala riżultat il-Fond qed jesperjenza tnaqqis gradwali tan-numru ta' ishma. Għalhekk, fl-isforz tiegħu li jżomm il-Fond bhala investiment attraenti, il-*Manager* iddeċieda li jissussidja l-ispejjeż tal-Fond biex jiżgura li l-Proporzjon tal-Ispejjeż Totali tal-fond ma jaqbiżx it-2% tal-valur nett tal-assi.

Fil-hamsa ta' Dicembru 2016, iż-żewġ fondi ta' HSBC No-Load Funds SICAV p.l.c. ("HSBC No-Load"), Malta Government Bond Fund u Maltese Assets Fund, kienu trasferiti f'HSBC Malta Funds SICAV p.l.c. Mat-trasferiment, l-assi u d-dejn ta' HSBC No-Load ġew trasferiti lil HSBC Malta Funds SICAV p.l.c. wara li din ġiet likwidata. Il-valur nett tal-assi taż-żewġ sottofondi trasferiti minn HSBC No-Load lil HSBC Malta Funds SICAV plc fil-hamsa ta' Dicembru 2016 ammonta għal €194,132,467, li jinkludu €146,411,515 li ġejjin mill-*Malta Government Bond Fund* u €47,720,952 li ġejjin mill-*Maltese Assets Fund*.

Il-prestazzjoni individwali tas-sotto-fondi hi deskritta f'aktar dettall fil-*Manager's Report* minn pagina 3 sa 11. L-oggettivi individwali tal-immaniġjar tar-riskju finanzjarju, politika u espożizzjonijiet tas-sotto-fondi huma deskritti iktar fin-*Notes to the Financial Statements*.

HSBC Malta Funds SICAV p.l.c.

Rapport tad-Diretturi (komplet)

Għas-sena li ntemmet fil-31 ta' Marzu 2018

Riżultati u dividendi

Il-Kumpanija kelliha nuqqass nett mill-attività ta' EUR2,582,274. L-*statement of comprehensive income* jinsab f'pagna 32.

Għas-sena li għalqet fil-31 ta' Marzu 2018, il-Kumpanija habbret dawn id-dividendi (netti min-netqa amministrattiva) għall-ishma tagħha li jgħassmu d-dhul:

	Data Ex-dividend	Rata għal kull schem	Dividend li tħallas	Dividend li se jithallas
Malta Bond Fund	01-Lul-17	1.923	47,610	
	01-Ott-17	1.877	45,299	
	01-Jan-18	1.831	43,264	
	01-Apr-18	1.633		37,331
International Bond Fund	01-Lul-17	1.429	9,742	
	01-Ott-17	1.358	9,176	
	01-Jan-18	1.215	9,127	
	01-Apr-18	1.226		7,810
HSBC Property Investment Fund	01-Ott-17	1.022	2,952	
	01-Apr-18	0.751		2,118
Malta Government Bond Fund	01-Lul-17	1.149	35,071	
	01-Ott-17	1.140	34,126	
	01-Jan-18	1.032	30,656	
	01-Apr-18	0.977		27,619
Malta Assets Fund	01-Lul-17	2.826	2,070	

Diretturi

Id-Diretturi li servew matul din is-sena finanzjarja jidhru f'pagna 1.

Awditur

PricewaterhouseCoopers indikaw ir-rieda tagħhom li jergghu jigu mahtura bhala awdituri tal-Kumpanija u risoluzzjoni biex jergghu jinhatri bhala awdituri se tigi proposta fil-Laqqha Generali Annwali.

Kundizzjonijiet tal-liċenzja standard ("SLC") applikabbli taht l-Att dwar Servizzi ta' Investiment

SLC2.15 go Appendix II tal-Att dwar Servizzi ta' Investiment għal Skemi ta' Investiment Kollektiv licenzjati jirrikjedi li ksur tal-*standard licence conditions* jigu rrapurtati fir-Rapport Annwali. Għaldaqstant, kull ksur gie żvelat fir-*Report of the Depositary*, u ma kien hemm l-ebda ksur li kien sugġett għal penali amministrattiva jew sanzjoni regolatorja.

Approvat mill-Bord nhar il-30 ta' Lulju 2018.

Steven Tedesco
Chairman

Wayne Spiteri
Director

Richard Bernard
Director

HSBC Malta Funds SICAV p.l.c.

Directors' Responsibility for the Financial Statements

The Maltese Companies Act, 1995 (Chapter 386, Laws of Malta) (the "Act") requires the Directors of HSBC Malta Funds SICAV p.l.c. (the "Company") to prepare financial statements for each financial year which give a true and fair view of the financial position of the Company as at the end of the financial year and of the profit or loss of the Company for that year in accordance with the requirements of International Financial Reporting Standards as adopted by the EU.


The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Company and to enable them to ensure that the financial statements have been properly prepared in accordance with the provisions of the Act.

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.


The Directors are responsible to ensure that the Company establishes and maintains internal controls to provide reasonable assurance with regard to reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations.

The Directors are responsible to establish a control environment and maintain policies and procedures to assist in achieving the objective of ensuring, as far as possible, the orderly and efficient conduct of the Company's business. This responsibility includes establishing and maintaining controls pertaining to the Company's objective of preparing financial statements as required by the Act and managing risks that may give rise to material misstatements in those financial statements. In determining which controls to implement to prevent and detect fraud, the Directors consider the risks that the financial statements may be materially misstated as a result of fraud.

The financial statements of HSBC Malta Funds SICAV p.l.c. for the year ended 31 March 2018 are included in the Annual Report 2018, which is published in hard-copy printed form and may be made available on the Company's website. The directors are responsible for the maintenance and integrity of the Annual Report on the website in view of their responsibility for the controls over, and the security of, the website. Access to information published on the company's website is available in other countries and jurisdictions, where legislation governing the preparation and dissemination of financial statements may differ from requirements or practice in Malta.



Steven Tedesco
Chairman



Wayne Spiteri
Director



Richard Bernard
Director

HSBC Malta Funds SICAV p.l.c.

Report of the Custodian

10th July 2018

Custodian's report

As Custodian to Equity Growth Fund, HSBC Property Investment Fund, International Bond Fund, Malta Bond Fund, Malta Government Bond Fund and Maltese Assets Fund ("the sub-funds"), being sub-funds of the HSBC MALTA FUNDS SICAV PLC ("the Scheme"), we hereby confirm having enquired into the conduct of the Scheme in relation to the above mentioned sub-funds for the period 1st April 2017 until 31st March 2018 and confirm that during this period:

- I. The Sub-Funds were managed in accordance with the limitations imposed on the investment and borrowing powers of the respective sub-fund by its constitutional documents and by the Malta Financial Services Authority;
- II. And in accordance with the provision of the constitutional documents and the License Conditions.



Mr. Paul Mifsud
Managing Director
o.b.o.

Sparkasse Bank Malta p.l.c.

05th July 2018



Ms. Anna Mironova
Manager Securities & Custody

Independent auditor's report

To the Shareholders of HSBC Malta Funds SICAV p.l.c.

Report on the audit of the financial statements

Our opinion

In our opinion:

- HSBC Malta Funds SICAV p.l.c.'s financial statements give a true and fair view of the company's financial position as at 31 March 2018, and of the company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU; and
- The financial statements have been prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386).

Our opinion is consistent with our additional report to the directors.

What we have audited

HSBC Malta Funds SICAV p.l.c.'s financial statements, set out on pages 30 to 118, comprise:

- the statement of financial position as at 31 March 2018;
- the statement of comprehensive income for the year then ended;
- the statements of changes in net assets for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent auditor's report - continued

To the Shareholders of HSBC Malta Funds SICAV p.l.c.

Independence

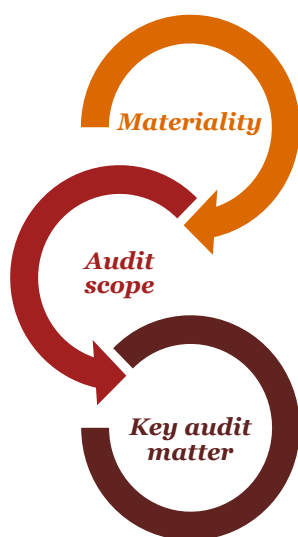
We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) that are relevant to our audit of the financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the Company are in accordance with the applicable law and regulations in Malta and that we have not provided non-audit services that are prohibited under Article 18A of the Accountancy Profession Act (Cap. 281).

The non-audit services that we have provided to the Company, in the period from 1 April 2017 to 31 March 2018, are disclosed in note 9.6 to the financial statements.

Our audit approach

Overview



Overall materiality: 1% of net asset value ("NAV") for each of the company's sub-funds.

- The company is an open-ended collective investment scheme organised as a multi-fund limited liability investment company with variable share capital and with six segregated sub-funds, each constituting a patrimony separate from each other. It engages HSBC Global Asset Management (Malta) Limited (the "Manager") to manage certain duties and responsibilities with regards to the day-to-day management of the Company.
 - The Company's accounting is delegated to the Administrator, Deutsche International Corporate Services (Ireland) Limited, who maintains its own accounting records and controls and reports to the Manager and the Directors.
 - We tailored the scope of our audit taking into account the types of investments held by the sub-funds, the involvement of the third parties referred to above, the accounting processes and controls and the industry in which the company operates.
-
- Valuation and existence of financial assets at fair value through profit or loss
-

Independent auditor's report - continued

To the Shareholders of HSBC Malta Funds SICAV p.l.c.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud. The risks of material misstatement that had the greatest effect on our audit, including the allocation of resources and effort, are identified in the table below as key audit matters.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

<i>Overall materiality and how we determined it</i>	1% of NAV for each of the sub-funds of the company.
<i>Rationale for the materiality benchmark applied</i>	We have applied this benchmark as we consider it to be one of the principal considerations for principal users in assessing the financial performance of the company and the sub-funds. We also believe this provides an appropriate and consistent year-on-year basis for our audit.

We agreed with the directors that we would report to them misstatements identified during our audit above 0.1% of each of the sub-funds' NAV as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Independent auditor's report - continued

To the Shareholders of HSBC Malta Funds SICAV p.l.c.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
<p><i>Valuation and existence of financial assets at fair value through profit or loss</i></p> <p>The financial assets at fair value through profit or loss as described in Note 10 are held in the name of each respective sub-fund. The valuation of these assets is the key driver of the Company's net asset value and investment return.</p> <p>We focused on this area as incorrect valuation and existence of assets held by the Company could have a significant impact on portfolio valuation and, therefore, the return generated for shareholders.</p>	<p>We tested the valuation of the investments by agreeing the prices used in their valuation to independent pricing sources.</p> <p>We agreed the exchange rates used to translate the year end valuation of non-Euro denominated investments to external sources. We recalculated the value of investments in foreign currencies to verify the accuracy of the corresponding Euro balances.</p> <p>We agreed all investment holdings to independent third party confirmations.</p> <p>In addition, we evaluated the adequacy of the disclosures made in Notes 10 and 14 of the financial statements.</p> <p>The results of our procedures did not identify any material misstatements.</p>

Independent auditor's report - continued

To the Shareholders of HSBC Malta Funds SICAV p.l.c.

How we tailored our audit scope

As at 31 March 2018, the Company had six segregated sub-funds, each constituting a patrimony separate from each other. We looked at each sub-fund at an individual level.

In establishing the overall approach to our audit, we assessed the risk of material misstatement at a sub-fund level, taking into account the nature, likelihood and potential magnitude of any misstatement. As part of our risk assessment, we considered the nature of the investments, the involvement of the Manager and Administrator, the accounting processes and controls in place, and the industry in which the Company operates. Following this assessment, we applied professional judgement to determine the extent of testing required over each balance in the financial statements.

Other information

The directors are responsible for the other information. The other information comprises the directors, officers and other information section, manager's report, comparative table, report of the directors, directors' responsibility for the financial statements and general information section (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information, including the directors' report.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the directors' report, we also considered whether the directors' report includes the disclosures required by Article 177 of the Maltese Companies Act (Cap.386).

Based on the work we have performed, in our opinion:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with the Maltese Companies Act (Cap. 386).

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the directors' report and other information that we obtained prior to the date of this auditor's report. We have nothing to report in this regard.

Independent auditor's report - continued

To the Shareholders of HSBC Malta Funds SICAV p.l.c.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs as adopted by the EU and the requirements of the Maltese Companies Act (Cap. 386), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



Independent auditor's report - continued

To the Shareholders of HSBC Malta Funds SICAV p.l.c.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Other matters on which we are required to report by exception

We also have responsibilities under the Maltese Companies Act (Cap. 386 to report to you if, in our opinion:

- Adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by us.
- The financial statements are not in agreement with the accounting records and returns.
- We have not received all the information and explanations we require for our audit.
- Certain disclosures of directors' remuneration specified by law are not made in the financial statements, giving the required particulars in our report.

We have nothing to report to you in respect of these responsibilities.

Appointment

We were first appointed as auditors of the Company on 26 September 2014. Our appointment has been renewed annually by shareholder resolution representing a total period of uninterrupted engagement appointment of 4 years.

PricewaterhouseCoopers

78, Mill Street
Qormi
Malta

Lucienne Pace Ross
Partner

30 July 2018

HSBC Malta Funds SICAV p.l.c.

Statement of Financial Position

As at 31 March 2018

		Combined	Malta Bond Fund	International Bond Fund	Equity Growth Fund	HSBC Property Investment Fund	Malta Government Bond Fund	Maltese Assets Fund
	Note	2018 EUR	2018 EUR	2018 EUR	2018 EUR	2018 EUR	2018 EUR	2018 EUR
Assets								
Financial assets at fair value through profit or loss	10	366,713,104	136,821,013	45,397,074	21,058,463	3,897,145	116,916,961	42,622,448
Accrued interest		3,201,988	1,616,926	626,409	-	-	824,809	133,844
Dividends receivable		301,909	-	-	37,622	4,651	-	259,636
Other assets	5	337,656	49,265	25,879	9,466	8,703	21,168	223,175
Bank balances	4.7	30,272,160	10,276,729	6,980,719	1,122,525	1,242,985	9,516,619	1,132,583
Total assets		400,826,817	148,763,933	53,030,081	22,228,076	5,153,484	127,279,557	44,371,686
Liabilities								
Financial liabilities at fair value through profit or loss	10	15,250	-	-	-	15,250	-	-
Payables and accrued expenses		2,743,477	1,184,120	907,615	63,937	25,542	363,988	198,275
Total liabilities excluding net assets attributable to unit holders		2,758,727	1,184,120	907,615	63,937	40,792	363,988	198,275
Net assets attributable to unit holders		398,068,090	147,579,813	52,122,466	22,164,139	5,112,692	126,915,569	44,173,411

The notes on pages 42 to 118 are an integral part of these financial statements.

The financial statements set out on pages 30 to 118 were approved by the Board on 30 July 2018


Steven Tedesco
Chairman


Wayne Spiteri
Director


Richard Bernard
Director

HSBC Malta Funds SICAV p.l.c.

Statement of Financial Position

As at 31 March 2017

		Combined	Malta Bond Fund	International Bond Fund	Equity Growth Fund	HSBC Property Investment Fund	Malta Government Bond Fund	Maltese Assets Fund
	Note	2017 EUR	2017 EUR	2017 EUR	2017 EUR	2017 EUR	2017 EUR	2017 EUR
Assets								
Financial assets at fair value through profit or loss	10	388,768,649	140,883,501	48,353,960	21,881,222	4,890,300	127,344,170	45,415,496
Accrued interest		3,229,529	1,571,649	594,480	-	-	957,089	106,311
Dividends receivable		243,504	-	-	29,024	-	-	214,480
Other assets	5	21,192	11,940	1,608	5,122	2,522	-	-
Bank balances	4,7	38,005,285	15,415,747	5,625,378	1,824,499	977,201	11,154,423	3,008,037
Total assets		430,268,159	157,882,837	54,575,426	23,739,867	5,870,023	139,455,682	48,744,324
Liabilities								
Financial liabilities at fair value through profit or loss		35,265	-	-	-	35,265	-	-
Payables and accrued expenses		734,634	289,874	74,106	39,828	11,506	207,930	111,390
Total liabilities excluding net assets attributable to unit holders		769,899	289,874	74,106	39,828	46,771	207,930	111,390
Net assets attributable to unit holders		429,498,260	157,592,963	54,501,320	23,700,039	5,823,252	139,247,752	48,632,934

The notes on pages 42 to 118 are an integral part of these financial statements.

HSBC Malta Funds SICAV p.l.c.

Statement of Comprehensive Income

For the year ended 31 March 2018

		Combined	Malta Bond Fund	International Bond Fund	Equity Growth Fund	HSBC Property Investment Fund	Malta Government Bond Fund	Maltese Assets Fund
	Note	2018 EUR	2018 EUR	2018 EUR	2018 EUR	2018 EUR	2018 EUR	2018 EUR
Income								
Bank interest income		17,718	8,274	3,368	-	-	5,277	799
Dividends income		1,247,480	-	-	413,241	131,767	-	702,472
Net realised losses on financial instruments at fair value through profit or loss		(7,056,133)	(1,257,241)	(2,776,649)	(887,723)	309,397	(208,455)	(2,235,462)
Net unrealised gains/(losses) on financial instruments at fair value through profit or loss		10,584,073	5,247,963	2,006,035	299,913	(323,279)	3,207,101	146,340
Foreign exchange differences on cash and cash equivalents		(916,918)	(182,311)	(331,859)	(97,511)	(3,666)	(234,984)	(66,587)
Other income		63,406	40,949	-	12,772	9,685	-	-
Net investment income		3,939,626	3,857,634	(1,099,105)	(259,308)	123,904	2,768,939	(1,452,438)
Expenses								
Management fees	9	3,338,486	1,205,001	305,215	230,147	49,141	1,055,656	493,326
Administration fees	9	590,666	170,907	98,975	48,864	23,033	149,912	98,975
Custodian/ depositary fees	9							
		333,159	123,846	33,539	18,879	4,830	105,400	46,665
Audit fees	9	28,325	10,501	3,709	1,577	364	9,031	3,143
Investment account fees	9	532,689	193,843	71,580	29,306	7,163	172,116	58,681
Directors' fees		23,999	7,968	2,570	1,150	310	8,917	3,084
Other charges		301,887	107,708	37,449	20,083	8,384	89,742	38,521
Total expenses		5,149,211	1,819,774	553,037	350,006	93,225	1,590,774	742,395
Net (loss)/profit from operations before finance costs		(1,209,585)	2,037,860	(1,652,142)	(609,314)	30,679	1,178,165	(2,194,833)
Finance costs								
Distributions to unitholders	11	370,098	187,092	38,673	-	2,952	139,311	2,070
Total finance costs		370,098	187,092	38,673	-	2,952	139,311	2,070
(Loss)/Profit before tax		(1,579,683)	1,850,768	(1,690,815)	(609,314)	27,727	1,038,854	(2,196,903)
Withholding tax		(1,002,591)	(430,363)	(151)	(60,446)	(367)	(352,313)	(158,951)
Net (decrease)/increase in net assets attributable to unitholders		(2,582,274)	1,420,405	(1,690,966)	(669,760)	27,360	686,541	(2,355,854)

The notes on pages 42 to 118 are an integral part of these financial statements.

HSBC Malta Funds SICAV p.l.c.

Statement of Comprehensive Income

For the year ended 31 March 2017

		Combined 2017	Malta Bond Fund 2017	International Bond Fund 2017	Equity Growth Fund 2017	HSBC Property Investment Fund 2017	Malta Government Bond Fund For the period from 5 December 2016 to 31 March 2017 EUR	Maltese Assets Fund For the period from 5 December 2016 to 31 March 2017 EUR
	Note	EUR	EUR	EUR	EUR	EUR		
Income								
Bank interest income		10,526	3,639	1,971	3,139	-	924	853
Dividends income		897,792	-	-	457,627	133,331	-	306,834
Net realised gains/(losses) on financial instruments at fair value through profit or loss		12,423,135	7,026,293	1,987,439	1,857,106	(68,552)	1,342,051	278,798
Net unrealised (losses)/gains on financial instruments at fair value through profit or loss		(4,692,703)	(4,265,955)	61,808	277,327	99,905	(1,883,392)	1,017,604
Foreign exchange differences on cash and cash equivalents		184,574	69,834	84,249	66,813	(5,270)	(14,154)	(16,898)
Other income		91,349	61,762	-	18,450	11,137	-	-
Net investment income		8,914,673	2,895,573	2,135,467	2,680,462	170,551	(554,571)	1,587,191
Expenses								
Management fees	9	2,252,437	1,128,937	308,932	236,381	51,870	359,986	166,331
Administration fees	9	434,574	177,187	100,008	49,993	24,005	51,120	32,261
Custodian/ depositary fees	9	272,459	122,491	33,504	39,390	13,960	46,897	16,217
Audit fees	9	27,500	16,464	5,307	2,379	641	2,013	696
Investment account fees	9	377,036	196,629	70,473	26,721	7,343	56,359	19,511
Directors' fees		15,844	7,968	2,570	1,150	309	2,858	989
Other charges		180,874	76,041	38,142	27,527	6,721	22,305	10,138
Total expenses		3,560,724	1,725,717	558,936	383,541	104,849	541,538	246,143
Net profit/ (loss) from operations before finance costs		5,353,949	1,169,856	1,576,531	2,296,921	65,702	(1,096,109)	1,341,048
Finance costs								
Bank interest expense		108	108	-	-	-	-	-
Distributions to unitholders	11	364,472	241,331	49,532	-	2,660	70,949	-
Total finance costs		364,580	241,439	49,532	-	2,660	70,949	-
Profit/ (Loss) before tax		4,989,369	928,417	1,526,999	2,296,921	63,042	(1,167,058)	1,341,048
Withholding tax		(746,997)	(492,990)	-	(56,497)	(325)	(126,094)	(71,091)
Net increase/ (decrease) in net assets attributable to unitholders		4,242,372	435,427	1,526,999	2,240,424	62,717	(1,293,152)	1,269,957

The notes on pages 42 to 118 are an integral part of these financial statements.

HSBC Malta Funds SICAV p.l.c.

Statement of Changes in Net Assets – Malta Bond Fund

For the year ended 31 March 2018

	Total EUR	Accumulator Share Class EUR	Income Share Class EUR	Income Account EUR
Net assets as at 1 April 2016	160,997,139	149,753,403	11,179,756	63,980
Unit transactions				
Amounts received on creations	6,210,489	5,867,092	343,397	-
Amounts paid on redemptions	(10,050,092)	(9,474,245)	(575,847)	-
Total transactions with holders of redeemable units	(3,839,603)	(3,607,153)	(232,450)	-
Net equalisation	-	724	2,277	(3,001)
Net increase/ (decrease) in net assets attributable to unitholders	435,427	627,509	(185,180)	(6,902)
	435,427	628,233	(182,903)	(9,903)
Net assets as at 31 March 2017	157,592,963	146,774,483	10,764,403	54,077
Net assets as at 1 April 2017	157,592,963	146,774,483	10,764,403	54,077
Unit transactions				
Amounts received on creations	1,903,130	1,824,525	78,605	-
Amounts paid on redemptions	(13,336,685)	(12,211,258)	(1,125,427)	-
Total transactions with holders of redeemable units	(11,433,555)	(10,386,733)	(1,046,822)	-
Net equalisation	-	121	4,293	(4,414)
Net increase/ (decrease) in net assets attributable to unitholders	1,420,405	1,498,335	(68,456)	(9,474)
	1,420,405	1,498,456	(64,163)	(13,888)
Net assets as at 31 March 2018	147,579,813	137,886,206	9,639,418	40,189

The notes on pages 42 to 118 are an integral part of these financial statements.

HSBC Malta Funds SICAV p.l.c.

Statement of Changes in Net Assets – International Bond Fund

For the year ended 31 March 2018

	Total EUR	Accumulator Share Class EUR	Income Share Class EUR	Income Account EUR
Net assets as at 1 April 2016	51,919,154	49,761,604	2,144,599	12,951
Unit transactions				
Amounts received on creations	3,671,500	3,613,514	57,986	-
Amounts paid on redemptions	(2,616,333)	(2,540,051)	(76,282)	-
Total transactions with holders of redeemable units	1,055,167	1,073,463	(18,296)	-
Net equalisation	-	(258)	456	(198)
Net increase/(decrease) in net assets attributable to unitholders	1,526,999	1,511,276	17,111	(1,388)
	1,526,999	1,511,018	17,567	(1,586)
Net assets as at 31 March 2017	54,501,320	52,346,085	2,143,870	11,365
Net assets as at 1 April 2017	54,501,320	52,346,085	2,143,870	11,365
Unit transactions				
Amounts received on creations	2,099,031	2,075,929	23,102	-
Amounts paid on redemptions	(2,786,919)	(2,522,219)	(264,700)	-
Total transactions with holders of redeemable units	(687,888)	(446,290)	(241,598)	-
Net equalisation	-	(2,875)	3,127	(252)
Net increase/(decrease) in net assets attributable to unitholders	(1,690,966)	(1,588,119)	(100,238)	(2,609)
	(1,690,966)	(1,590,994)	(97,111)	(2,861)
Net assets as at 31 March 2018	52,122,466	50,308,801	1,805,161	8,504

The notes on pages 42 to 118 are an integral part of these financial statements.

HSBC Malta Funds SICAV p.l.c.

Statement of Changes in Net Assets – Equity Growth Fund

For the year ended 31 March 2018

	Total EUR	Class A EUR	Class B EUR
Net assets as at 1 April 2016	23,429,688	13,142,426	10,287,262
Unit transactions			
Amounts received on creations	847,187	847,187	-
Amounts paid on redemptions	(2,817,260)	(2,817,260)	-
Total transactions with holders of redeemable units	(1,970,073)	(1,970,073)	-
Net decrease in net assets attributable to unitholders	2,240,424	890,652	1,349,772
Net assets as at 31 March 2017	23,700,039	12,063,005	11,637,034
Net assets as at 1 April 2017	23,700,039	12,063,005	11,637,034
Unit transactions			
Amounts received on creations	604,316	604,316	-
Amounts paid on redemptions	(1,470,456)	(1,470,456)	-
Total transactions with holders of redeemable units	(866,140)	(866,140)	-
Net increase in net assets attributable to unitholders	(669,760)	(621,512)	(48,248)
Net assets as at 31 March 2018	22,164,139	10,575,353	11,588,786

The notes on pages 42 to 118 are an integral part of these financial statements.

HSBC Malta Funds SICAV p.l.c.

Statement of Changes in Net Assets – HSBC Property Investment Fund

For the year ended 31 March 2018

	Total	Accumulator	Income	Income
	EUR	Share Class	Share Class	Account
		EUR	EUR	EUR
Net assets as at 1 April 2016	6,103,997	5,586,743	513,770	3,484
Unit transactions				
Amounts received on creations	42,988	41,499	1,489	-
Amounts paid on redemptions	(386,450)	(386,450)	-	-
Total transactions with holders of redeemable units	(343,462)	(344,951)	1,489	-
Net equalisation	-	(534)	742	(208)
Net increase/ (decrease) in net assets attributable to unitholders	62,717	60,118	5,136	(2,537)
	62,717	59,584	5,878	(2,745)
Net assets as at 31 March 2017	5,823,252	5,301,376	521,137	739
Net assets as at 1 April 2017	5,823,252	5,301,376	521,137	739
Unit transactions				
Amounts received on creations	35,156	34,557	599	-
Amounts paid on redemptions	(773,076)	(743,993)	(29,083)	-
Total transactions with holders of redeemable units	(737,920)	(709,436)	(28,484)	
Net equalisation	-	(366)	820	(454)
Net increase/ (decrease) in net assets attributable to unitholders	27,360	6,934	18,549	1,877
	27,360	6,568	19,369	1,423
Net assets as at 31 March 2018	5,112,692	4,598,508	512,022	2,162

The notes on pages 42 to 118 are an integral part of these financial statements

HSBC Malta Funds SICAV p.l.c.

Statement of Changes in Net Assets – Malta Government Bond Fund

For the year ended 31 March 2018

	Note	Total EUR	Accumulator Share Class EUR	Income Share Class EUR	Income Account EUR
Net assets as at 1 April 2016		-	-	-	-
Unit transactions					
Amounts received by way of transfer	1	146,411,515	135,210,672	11,200,843	-
Amounts received on creations		518,716	494,541	24,175	-
Amounts paid on redemptions		(6,389,327)	(6,124,638)	(264,689)	-
Total transactions with holders of redeemable units		140,540,904	129,580,575	10,960,329	-
Net equalisation		-	(1,197)	2,238	(1,041)
Net (decrease)/increase in net assets attributable to unitholders		(1,293,152)	(1,127,639)	(208,959)	43,446
		(1,293,152)	(1,128,836)	(206,721)	42,405
Net assets as at 31 March 2017		139,247,752	128,451,739	10,753,608	42,405
Net assets as at 1 April 2017		139,247,752	128,451,739	10,753,608	42,405
Unit transactions					
Amounts received on creations		605,179	595,739	9,440	-
Amounts paid on redemptions		(13,623,903)	(12,621,129)	(1,002,774)	-
Total transactions with holders of redeemable units		(13,018,724)	(12,025,390)	(993,334)	-
Net equalisation		-	(1,346)	4,319	(2,973)
Net (decrease)/increase in net assets attributable to unitholders		686,541	764,167	(68,519)	(9,107)
		686,541	762,821	(64,200)	(12,080)
Net assets as at 31 March 2018		126,915,569	117,189,170	9,696,074	30,325

The notes on pages 42 to 118 are an integral part of these financial statements

HSBC Malta Funds SICAV p.l.c.

Statement of Changes in Net Assets – Maltese Assets Fund

For the year ended 31 March 2018

	Note	Total EUR	Accumulator Share Class EUR	Income Share Class EUR	Income Account EUR
Net assets as at 1 April 2016		-	-	-	-
Unit transactions					
Amounts received by way of transfer	1	47,720,952	47,208,971	511,981	-
Amounts received on creations		541,693	541,693	-	-
Amounts paid on redemptions		(899,668)	(736,475)	(163,193)	-
Total transactions with holders of redeemable units		47,362,977	47,014,189	348,788	-
Net increase in net assets attributable to unitholders		1,269,957	1,255,343	14,614	-
		1,269,957	1,255,343	14,614	-
Net assets as at 31 March 2017		48,632,934	48,269,532	363,402	-
Net assets as at 1 April 2017		48,632,934	48,269,532	363,402	-
Unit transactions					
Amounts received on creations		522,056	521,785	271	-
Amounts paid on redemptions		(2,625,725)	(2,613,392)	(12,333)	-
Total transactions with holders of redeemable units		(2,103,669)	(2,091,607)	(12,062)	-
Net equalisation		-	(2,734)	2,755	(21)
Net (decrease)/increase in net assets attributable to unitholders		(2,355,854)	(2,333,197)	(22,678)	21
		(2,355,854)	(2,335,931)	(19,923)	-
Net assets as at 31 March 2018		44,173,411	43,841,994	331,417	-

The notes on pages 42 to 118 are an integral part of these financial statements.

HSBC Malta Funds SICAV p.l.c.

Statement of Cash Flows

For the year ended 31 March 2018

		Combined	Malta Bond Fund	International Bond Fund	Equity Growth Fund	HSBC Property Investment Fund	Malta Government Bond Fund	Maltese Assets Fund
	Note	2018 EUR	2018 EUR	2018 EUR	2018 EUR	2018 EUR	2018 EUR	2018 EUR
Cash flows generated from operating activities								
Interest and other income received		11,568,243	4,963,373	1,559,466	413,072	130,620	3,720,747	780,965
Payments to service providers		(3,140,361)	(925,527)	280,471	(325,895)	(79,185)	(1,434,717)	(655,508)
Tax paid		(1,002,591)	(430,363)	(151)	(60,446)	(367)	(352,313)	(158,951)
Net proceeds on disposal of financial assets at fair value through profit or loss		14,976,496	3,056,457	573,975	234,946	959,254	9,821,498	330,366
Net cash flows generated from operating activities		<u>22,401,787</u>	<u>6,663,940</u>	<u>2,413,761</u>	<u>261,677</u>	<u>1,010,322</u>	<u>11,755,215</u>	<u>296,872</u>
Cash flows generated/(used in) from financing activities								
Proceeds from creation of units		5,768,868	1,903,130	2,099,031	604,316	35,156	605,179	522,056
Amounts paid on redemption of units		(34,616,764)	(13,336,685)	(2,786,919)	(1,470,456)	(773,076)	(13,623,903)	(2,625,725)
Distribution of dividend		(370,098)	(187,092)	(38,673)	-	(2,952)	(139,311)	(2,070)
Net cash flows used in from financing activities		<u>(29,217,994)</u>	<u>(11,620,647)</u>	<u>(726,561)</u>	<u>(866,140)</u>	<u>(740,872)</u>	<u>(13,158,035)</u>	<u>(2,105,739)</u>
Net (decrease)/increase in cash and cash equivalents		<u>(6,816,207)</u>	<u>(4,956,707)</u>	<u>1,687,200</u>	<u>(604,463)</u>	<u>269,450</u>	<u>(1,402,820)</u>	<u>(1,808,867)</u>
Cash and cash equivalents at beginning of year		38,005,285	15,415,747	5,625,378	1,824,499	977,201	11,154,423	3,008,037
Exchange losses on cash and cash equivalents		(916,918)	(182,311)	(331,859)	(97,511)	(3,666)	(234,984)	(66,587)
Cash and cash equivalents at end of year	7	<u><u>30,272,160</u></u>	<u><u>10,276,729</u></u>	<u><u>6,980,719</u></u>	<u><u>1,122,525</u></u>	<u><u>1,242,985</u></u>	<u><u>9,516,619</u></u>	<u><u>1,132,583</u></u>

Non-cash transaction

There were no non-cash transactions during the year.

The notes on pages 42 to 118 are an integral part of these financial statements.

HSBC Malta Funds SICAV p.l.c.

Statement of Cash Flows

For the year ended 31 March 2017

		Combined	Malta Bond Fund	International Bond Fund	Equity Growth Fund	HSBC Property Investment Fund	Malta Government Bond Fund	Maltese Assets Fund
		2017	2017	2017	2017	2017	For the period from 5 December 2016 to 31 March 2017	For the period from 5 December 2016 to 31 March 2017
	Note	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Cash flows generated from operating activities								
Interest and other income received		9,284,622	6,216,454	1,808,171	465,299	147,209	531,491	115,998
Interest paid		(108)	(108)	-	-	-	-	-
Payments to service providers		(3,435,446)	(1,862,509)	(587,173)	(401,495)	(115,908)	(333,608)	(134,753)
Tax paid		(746,997)	(492,990)	-	(56,497)	(325)	(126,094)	(71,091)
Net proceeds/(payments) on disposal/acquisition of financial assets at fair value through profit or loss		31,705,109	9,395,954	(1,110,357)	2,166,874	741,534	17,038,348	3,472,756
Net cash flows generated from operating activities		36,807,180	13,256,801	110,641	2,174,181	772,510	17,110,137	3,382,910
Cash flows (used in)/ generated from financing activities								
Proceeds from creation of units		12,062,400	6,277,881	3,822,584	858,538	42,988	518,716	541,693
Amounts paid on redemption of units		(23,159,130)	(10,050,092)	(2,616,333)	(2,817,260)	(386,450)	(6,389,327)	(899,668)
Distribution of dividend		(364,472)	(241,331)	(49,532)	-	(2,660)	(70,949)	-
Net cash flows (used in)/generated from financing activities		(11,461,202)	(4,013,542)	1,156,719	(1,958,722)	(346,122)	(5,941,560)	(357,975)
Net increase in cash and cash equivalents		25,345,978	9,243,259	1,267,360	215,459	426,388	11,168,577	3,024,935
Cash and cash equivalents at beginning of year		12,474,733	6,102,654	4,273,769	1,542,227	556,083	-	-
Exchange gains/(losses) on cash and cash equivalents		184,574	69,834	84,249	66,813	(5,270)	(14,154)	(16,898)
Cash and cash equivalents at end of year	7	38,005,285	15,415,747	5,625,378	1,824,499	977,201	11,154,423	3,008,037

The principal non-cash transaction relates to the initial issue of redeemable shares amounting to EUR194,132,467. As consideration for the transfer, the Company received financial assets valued at the equivalent amount of share issued.

The notes on pages 42 to 118 are an integral part of these financial statements.

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

For the year ended 31 March 2018

1 Reporting entity

HSBC Malta Funds SICAV p.l.c. ('the Company') is a company registered and domiciled in Malta.

As at 31 March 2018, the Company comprised of six sub-funds, namely Malta Bond Fund, International Bond Fund, Equity Growth Fund, HSBC Property Investment Fund, Malta Government Bond Fund and Maltese Assets Fund.

The Company maintains a separate account for each Fund, to which the proceeds are credited, and against which expenses are charged. Upon redemption, unitholders are entitled only to their proportion of the net assets held in the account relating to the Fund in which their participating units are designated. Separate statements of financial position, statements of changes in net assets attributable to unitholders, statements of comprehensive income and statements of cash flow have accordingly been prepared for each Fund. All references to net assets throughout this document refer to net assets attributable to unitholders of the respective Fund.

The statement of financial position presents assets and liabilities in increasing order of liquidity. Financial assets at fair value through profit or loss are intended to be held for an indefinite period of time and may be sold in response to needs for liquidity or in accordance to the Investment Manager's recommendations. All other assets and liabilities are expected to be realised within one year.

On 5 December 2016, the two funds of HSBC No-Load, namely Malta Government Bond Fund and Maltese Assets Fund, were transferred to HSBC Malta Funds SICAV p.l.c. Upon transfer, HSBC No-Load's assets and liabilities were assigned to HSBC Malta Funds SICAV p.l.c. after going through liquidation proceedings. Accordingly, the comparative information of Malta Government Bond Fund and Maltese Assets Fund have been prepared from the period 5 December 2016 to 31 March 2017.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared and presented in accordance with International Financial Reporting Standards as adopted by the EU. All references in these financial statements to IAS, IFRS or SIC/IFRIC interpretations refer to those adopted by the EU.

They have also been drawn up in accordance with the provisions of the Maltese Companies Act, 1995 (Chapter 386, Laws of Malta).

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except that financial instruments at fair value through profit or loss, which includes derivative financial instruments, are measured at fair value.

2.3 Functional and presentation currency

The financial statements are presented in Euro, which is the functional currency of the individual funds.

The combined financial statements have also been prepared in Euro.

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

For the year ended 31 March 2018

2 Basis of preparation (continued)

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires the Directors to make judgements, estimates and assumptions that affect both the application of policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In the opinion of the Directors, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1 (revised).

2.5 Changes in accounting policies

There were no changes in accounting policies during the year which had an impact on the Company's financial statements.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Foreign currency

Transactions in foreign currencies are translated to the functional currency at the spot exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the reporting date to the functional currency at the spot exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the spot exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in the statement of comprehensive income as net foreign exchange gain/loss, except for those arising on financial instruments at fair value through profit or loss, which are recognised as a component of net gain/loss from financial instruments at fair value through profit or loss.

3.2 Financial assets and liabilities

3.2.1 Recognition

The Company recognises financial assets on the date it commits to purchase the assets, using trade date accounting.

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

For the year ended 31 March 2018

3 Significant accounting policies (continued)

3.2 Financial assets and liabilities (continued)

3.2.1 Recognition (continued)

Financial liabilities are recognised when the entity becomes party to the contractual provisions of the instrument.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company has a legally enforceable right to set off the recognised amounts and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.2.2 Classification

The Company has classified financial assets and financial liabilities into the following categories:

- Financial instruments held for trading

These include forward contracts. All derivatives in a net receivable position (positive fair value) are reported as financial assets held for trading. All derivatives in a net payable position (negative fair value) are reported as financial liabilities held for trading.

- Financial instruments designated at fair value through profit or loss upon initial recognition

The Company has designated financial assets at fair value through profit or loss as these assets are managed, evaluated and reported internally on a fair value basis. Note 14 sets out the amount of financial assets that have been designated at fair value through profit or loss.

- Loans and receivables

These include cash and cash equivalents, settlements and other receivables.

Financial liabilities that are not *at fair value through profit or loss* include settlements, redemptions, accruals and other payables.

3.2.3 Measurement

Financial assets and liabilities are measured initially at fair value (transaction price). Transaction costs on *financial assets and financial liabilities at fair value through profit or loss* are expensed immediately.

Subsequent to initial recognition, all instruments classified at *fair value through profit or loss* are measured at fair value with changes in their fair value recognised in profit or loss.

Financial assets classified as *loans and receivables* are carried at amortised cost using the effective interest method, less impairment losses, if any.

Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

For the year ended 31 March 2018

3 Significant accounting policies (continued)

3.2 Financial assets and liabilities (continued)

3.2.3 *Measurement (continued)*

Financial liabilities, other than those at *fair value through profit or loss*, are measured at amortised cost using the effective interest rate method. Financial liabilities arising from the puttable feature of units issued by the Company are carried at the amount representing the unit holder's right to a residual interest in the Company's net assets.

When applying the effective interest method, the annual amortisation of any discount or premium is aggregated with other investment income receivable over the term of the instrument, if any, so that the revenue recognised in each period represents a constant yield on the investment.

3.2.4 *Fair value measurement principles*

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or liability measured at fair value has a bid price and ask price, IFRS 13 Fair Value Measurement requires valuation to be based on a price within the bid-ask spread that is most representative of fair value and allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurement within a bid-ask spread.

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

For the year ended 31 March 2018

3 Significant accounting policies (continued)

3.2 Financial assets and liabilities (continued)

3.2.4 Fair value measurement principles (continued)

Unquoted investments are valued at initial cost restated to fair value as determined by the Directors, acting on the advice of the Manager or such other person commissioned and appointed from time to time for that purpose by the Directors. The fair value is estimated using valuation techniques, including the use of recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow techniques, option pricing models or any other valuation techniques that provide a reliable estimate of prices obtained in actual market transactions.

The fair value of derivatives that are not exchange-traded is estimated at the amount that the Company would receive, or pay, to terminate the contract at the financial reporting date, taking into account current market conditions, volatility, appropriate yield curve and the current creditworthiness of the counterparties. The fair value of a forward contract is determined as the net present value of estimated future cash flows, discounted at appropriate market rates on the valuation date.

3.2.5 Collective Investment Schemes

The Scheme's investments in other funds are subject to terms and conditions of the respective Investment Fund's offering documentation. The investments in open-ended Investment Funds are valued based on the latest available redemption price of such units for each Investment Fund, as determined by the Investment Funds' administrators. The Scheme's Trustee reviews the details of the reported information obtained from the Investment Funds and considers:

- The liquidity of the Investment Fund or its underlying investments;
- The value date of the net asset value provided;
- Any restrictions on redemptions; and
- The basis of accounting and, in instances where the basis of accounting is other than fair value, fair valuation information provided by the Investment Fund's advisors.

If necessary, the Scheme makes adjustments to the net asset value of various Investment Funds to obtain the best estimate of fair value. Net fair value changes on financial assets at fair value through profit or loss in the statement of changes in net assets available to participants for benefits include the change in fair value of each of the Investment Funds.

Investments in closed-ended Investment Funds are valued by reference to the unitholders' capital attributable to the relevant sub-fund as determined by the Investment Fund's administrator. The unitholders in these closed-ended funds are not entitled to have any of their holding redeemed prior to the termination period. As a result, the carrying values of the Investment Funds may not be indicative of the values ultimately realised on redemption. In addition, the Scheme may be materially affected by the actions of other investors who have invested in the Investment Funds in which the Scheme is invested.

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

For the year ended 31 March 2018

3 Significant accounting policies (continued)

3.2 Financial assets and liabilities (continued)

3.2.5 *Collective Investment Schemes (continued)*

All of the Investment Funds in the investment portfolio are managed by investment providers who are compensated by the respective Investment Fund's for their services. Such compensation generally consists of an asset-based fee and a performance-based incentive fee. Such compensation is reflected in the valuation of the Scheme's investment in each of the Investment Funds.

3.2.6 *Identification and measurement of impairment*

The carrying amount of financial assets that are stated at amortised cost are reviewed at each financial reporting date to determine whether there is any indication or objective evidence of impairment, as appropriate. If any such indication or objective evidence exists, the recoverable amount of the asset is estimated.

Objective evidence that financial assets are impaired includes:

- significant financial difficulty of the issuer (or counterparty);
- default or delinquency by a borrower, such as a breach of contract;
- indications that a borrower will enter bankruptcy;
- the disappearance of an active market for that financial asset; or
- observable data relating to a group of assets such as adverse changes in the payment status of borrowers in the group, or economic conditions that correlate with defaults in the group.

If any such indication exists, an impairment loss is recognised in profit or loss as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rates.

If, in a subsequent period, the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the reduction in value can be linked objectively to an event occurring after the write-down, this is reversed through profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

For the year ended 31 March 2018

3 Significant accounting policies (continued)

3.2.7 Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flow from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control of the financial asset. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Company is recognised as a separate asset or liability in the statement of financial position.

Upon derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised), and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

The Company enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets or a portion of them are not derecognised. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.

The Company uses the weighted average method to determine realised gains and losses on derecognition.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

3.3 Cash and cash equivalents

Cash comprises current deposits with banks with original maturities of less than three months. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

3.4 Interest income

Interest income is recognised in profit or loss as it accrues using the effective interest method.

3.5 Dividend income

Dividend income relating to exchange-traded funds and equities is recognised in profit or loss on the ex-dividend date.

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

For the year ended 31 March 2018

3 Significant accounting policies (continued)

3.6 Expenses

All expenses, including management fees and custodian fees, are recognised in profit or loss on an accruals basis.

3.7 Redeemable units

The Company classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

The Company issues redeemable units which are redeemable at the holder's option. Such units are classified as financial liabilities. Redeemable units can be put back to the Funds at any time for cash equal to a proportionate share of the Funds' net asset value attributable to the share class.

The redeemable units are carried at the redemption amount that is payable at the reporting date if the holder exercises the right to put the unit back to the Funds.

Redeemable units are issued and redeemed at the holder's option at prices based on the Funds' net asset value per unit at the time of issue or redemption. The Funds' net asset value per unit is calculated by dividing the net assets attributable to the holders of each redeemable unit with the total number of outstanding redeemable units. In accordance with the provisions of the Funds' regulations, investment positions are valued based on the last traded mid-market price for the purpose of determining the net asset value per unit for subscriptions and redemptions.

3.8 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.9 Dividend distributions

Dividends payable on income shares are recognised in profit or loss as finance costs.

The amount available for distribution by the relevant Funds includes:

- a) the net increase in unitholders' funds excluding gains/losses on financial instruments and dividends payable; and
- b) the net income equalisation on units that are issued and redeemed during the period.

Such amounts available for distribution are transferred to the Income Account within the Statement of changes in net assets. The amount resolved to be distributed will in turn be transferred to the Distribution Account. Any undistributed income will be reflected in the net asset value per unit of the Funds.

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

For the year ended 31 March 2018

3 Significant accounting policies (continued)

3.10 Equalisation

The purchase price of any units in the Funds generally contains an element representing the accrued income earned by the units since the start of the current dividend period.

This means that when investors buy units, part of the consideration represents payment of net income. The corresponding portion of the purchase price (the equalisation payment) will be notionally credited by the relative Fund to an equalisation account.

3.11 New standards and interpretations not yet adopted by the Company

3.11.1 *Standards and amendments to existing standards effective 1 April 2017*

Amendments to IAS 7 *Statement of Cash Flows* became effective for annual periods beginning on or after 1 January 2017. These amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Adoption of these amendments did not have a material impact on the Company's financial statements.

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 April 2017 that have a material impact on the financial statements of the Company.

3.11.2 *New standards, amendments and interpretations effective after 1 April 2017 and have not been early adopted*

IFRS 9 'Financial Instruments' addresses the classification, measurement and derecognition of financial assets and liabilities. It replaces the multiple classification and measurement models in IAS 39 and is effective for reporting periods beginning on or after 1 January 2018.

Classification and measurement of debt assets will be driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if the objective of the business model is to hold the financial asset for the collection of the contractual cash flows and the contractual cash flows under the instrument solely represent payments of principal and interest (SPPI). A debt instrument is measured at fair value through other comprehensive income if the objective of the business model is to hold the financial asset both to collect contractual cash flows from SPPI and to sell. All other debt instruments must be recognised at fair value through profit or loss. An entity may however, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

For the year ended 31 March 2018

3 Significant accounting policies (continued)

3.11.2 *New standards, amendments and interpretations effective after 1 April 2017 and have not been early adopted (continued)*

Derivative and equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading, an irrevocable option is taken to measure at fair value through other comprehensive income. IFRS 9 also introduces a new expected credit loss (ECL) impairment model.

On adoption of IFRS 9 the Funds' investment portfolio will continue to be classified as fair value through profit or loss. Other financial assets which are held for collection will continue to be measured at amortised cost with no material impact expected from application of the new impairment model. As a result, the adoption of IFRS 9 is not expected to have a material impact on the Fund's financial statements.

In addition to the above, a number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2017, and have not been applied in preparing these financial statements.

4 Bank balances and bank facilities

4.1 Malta Bond Fund

Bank balances as at 31 March 2018 comprise call and term deposits with credit institutions, none of which exceed 10% of the net assets of the Fund.

The Fund had a stand-by overdraft facility of a maximum of EUR10,000,000 with overdraft interest chargeable at the rate of 2% per annum over 3 month Euribor reset quarterly in advance or 3% per annum over 12 month Euribor reset annually in advance. The overdraft facility expired on 6 December 2017. During this period, until expiration, the Fund did not avail itself of this facility. These facilities were secured by a floating charge on the Fund's total investments.

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

For the year ended 31 March 2018

4 Bank balances and bank facilities (continued)

4.2 International Bond Fund

Bank balances as at 31 March 2018 comprise call and term deposits with credit institutions, the amount of which exceed 10% of the net assets of the Fund, and were held with the following institutions.

	31 March 2018		31 March 2017	
	EUR	% of net assets	EUR	% of net assets
FIMBank plc	455,892	0.87	845,623	1.55
HSBC Bank Malta plc	6,529,381	12.53	4,784,496	8.78
Sparkasse Bank Malta plc	(4,554)	(0.01)	(4,741)	(0.01)
	-----	-----	-----	-----
	6,980,719	13.39	5,625,378	10.32
	=====	=====	=====	=====

The Fund had a stand-by overdraft facility of a maximum of EUR5,000,000, with overdraft interest chargeable at the rate of 2% per annum over 3 month Euribor reset quarterly in advance or 3% per annum over 12 month Euribor reset annually in advance. The overdraft facility expired on 6 December 2017. During this period, until expiration, the Fund did not avail itself of this facility. These facilities were secured by a floating charge on the Fund's total investments.

4.3 Equity Growth Fund

Bank balances as at 31 March 2018 comprise call deposits with credit institutions, the amount of which does not exceed 10% of the net assets of the Fund.

The Fund had a stand-by overdraft facility of a maximum of EUR1,000,000 with overdraft interest chargeable at the rate of 2% per annum over 3 month Euribor reset quarterly in advance or 3% per annum over 12 month Euribor reset annually in advance. The overdraft facility expired on 6 December 2017. During this period, until expiration, the Fund did not avail itself of this facility. These facilities were secured by a floating charge on the Fund's total investments.

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

For the year ended 31 March 2018

4 Bank balances and bank facilities (continued)

4.4 HSBC Property Investment Fund

Bank balances as at 31 March 2018 comprise call deposits, the amount of which exceed 10% of the net assets of the Fund, and were held with the following credit institution.

	31 March 2018		31 March 2017	
	EUR	% of net assets	EUR	% of net assets
HSBC Bank Malta plc	1,243,457	24.32	977,710	16.79
Sparkasse Bank Malta plc	(472)	(0.01)	(509)	(0.01)
	-----	-----	-----	-----
	1,242,985	24.31	977,201	16.78
	=====	=====	=====	=====

The Fund had a stand-by overdraft facility of a maximum of EUR500,000 with overdraft interest chargeable at the rate of 2% per annum over 3 month Euribor reset quarterly in advance or 3% per annum over 12 month Euribor reset annually in advance. The overdraft facility expired on 6 December 2017. During this period, until expiration, the Fund did not avail itself of this facility. These facilities were secured by a floating charge on the Fund's total investments.

4.5 Malta Government Bond Fund

Bank balances as at 31 March 2018 comprise call deposits and term deposits with credit institutions, none of which exceed 10% of the net assets of the Fund.

The Fund had a stand-by overdraft facility of a maximum of EUR10,000,000 with overdraft interest chargeable at the rate of 2% per annum over 3 month Euribor reset quarterly in advance or 3% per annum over 12 month Euribor reset annually in advance. The overdraft facility expired on 6 December 2017. During this period, until expiration, the Fund did not avail itself of this facility. These facilities were secured by a floating charge on the Fund's total investments.

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

For the year ended 31 March 2018

4 Bank balances and bank facilities (continued)

4.6 Maltese Assets Fund

Bank balances as at 31 March 2018 comprise call deposits and term deposits with credit institutions, none of which exceed 10% of the net assets of the Fund.

The Fund had a stand-by overdraft facility of a maximum of EUR1,000,000 with overdraft interest chargeable at the rate of 2% per annum over 3 month Euribor reset quarterly in advance or 3% per annum over 12 month Euribor reset annually in advance. The overdraft facility expired on 6 December 2017. During this period, until expiration, the Fund did not avail itself of this facility. These facilities were secured by a floating charge on the Fund's total investments.

5 Other assets

Other assets represent amounts receivable from creation of shares and management fee rebates.

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

For the year ended 31 March 2018

6 Share capital

(a) The number of shares in issue to unitholders at the end of the year is analysed below:

31 March 2018	Combined	Malta Bond Fund	International Bond Fund	Equity Growth Fund	HSBC Property Investment Fund	Malta Government Bond Fund	Maltese Assets Fund
	No.	No.	No.	No.	No.	No.	No.
Authorised	100,000,000						
	=====						
Issued	810,413	239,235	124,079	78,732	25,570	265,768	77,029
	=====	=====	=====	=====	=====	=====	=====
31 March 2017	Combined	Malta Bond Fund	International Bond Fund	Equity Growth Fund	HSBC Property Investment Fund	Malta Government Bond Fund	Maltese Assets Fund
Authorised	100,000,000						
	=====						
Issued	868,688	258,066	125,945	81,727	29,256	293,083	80,611
	=====	=====	=====	=====	=====	=====	=====

HSBC Property Investment Fund is no longer available for sale through the Distributor.

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

For the year ended 31 March 2018

6 Share capital (continued)

Analysed as follows:

	Combined	Malta Bond Fund	International Bond Fund	Equity Growth Fund	HSBC Property Investment Fund	Malta Government Bond Fund	Maltese Assets Fund
	2018 No.	2018 No.	2018 No.	2018 No.	2018 No.	2018 No.	2018 No.
<i>Accumulator Share Class</i>							
At beginning of the year	801,359	232,765	118,755	81,727	26,272	261,961	79,879
Creation of units	12,032	2,880	4,776	2,103	172	1,211	891
Redemption of units	(63,965)	(19,256)	(5,819)	(5,098)	(3,695)	(25,649)	(4,448)
	-----	-----	-----	-----	-----	-----	-----
At end of the year	749,427	216,389	117,712	78,732	22,749	237,523	76,322
	=====	=====	=====	=====	=====	=====	=====

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

For the year ended 31 March 2018

6 Share capital (continued)

Analysed as follows:

	Combined	Malta Bond Fund	International Bond Fund	Equity Growth Fund	HSBC Property Investment Fund	Malta Government Bond Fund	Maltese Assets Fund
	2018 No.	2018 No.	2018 No.	2018 No.	2018 No.	2018 No.	2018 No.
<i>Income Share Class</i>							
At beginning of the year	67,329	25,301	7,190	-	2,984	31,122	732
Creation of units	293	184	78	-	3	27	1
Redemption of units	(6,636)	(2,639)	(901)	-	(166)	(2,904)	(26)
	-----	-----	-----	-----	-----	-----	-----
At end of the year	60,986	22,846	6,367	-	2,821	28,245	707
	=====	=====	=====	=====	=====	=====	=====
Total units at end of year	810,413	239,235	124,079	78,732	25,570	265,768	77,029
	=====	=====	=====	=====	=====	=====	=====

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

For the year ended 31 March 2018

6 Share capital (continued)

Analysed as follows:

	Combined	Malta Bond Fund	International Bond Fund	Equity Growth Fund	HSBC Property Investment Fund	Malta Government Bond Fund	Maltese Assets Fund
	2017 No.	2017 No.	2017 No.	2017 No.	2017 No.	2017 No.	2017 No.
<i>Accumulator Share Class</i>							
At beginning of the year	471,453	238,473	116,291	88,690	27,999	-	-
Units transferred	353,672	-	-	-	-	273,468	80,204
Creation of units	22,734	9,269	8,237	3,129	208	1,002	889
Redemption of units	(46,500)	(14,977)	(5,773)	(10,092)	(1,935)	(12,509)	(1,214)
At end of the year	801,359	232,765	118,755	81,727	26,272	261,961	79,879

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

For the year ended 31 March 2018

6 Share capital (continued)

	Combined	Malta Bond Fund	International Bond Fund	Equity Growth Fund	HSBC Property Investment Fund	Malta Government Bond Fund	Maltese Assets Fund
	2017 No.	2017 No.	2017 No.	2017 No.	2017 No.	2017 No.	2017 No.
<i>Income Share Class</i>							
At beginning of the year	36,067	25,843	7,249	-	2,975	-	-
Units transferred	32,877	-	-	-	-	31,818	1,059
Creation of units	1,058	789	192	-	9	68	-
Redemption of units	(2,673)	(1,331)	(251)	-	-	(764)	(327)
	-----	-----	-----	-----	-----	-----	-----
At end of the year	67,329	25,301	7,190	-	2,984	31,122	732
	=====	=====	=====	=====	=====	=====	=====
Total units at end of year	868,688	258,066	125,945	81,727	29,256	293,083	80,611
	=====	=====	=====	=====	=====	=====	=====

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

For the year ended 31 March 2018

6 Share capital (continued)

In terms of the Maltese Companies Act, 1995, the authorised share capital of the Company has not been assigned any nominal value, and the paid-up share capital of the Company shall at all times be equal to the Net Asset Value of the Funds as determined in accordance with the Articles of Association.

(b) The net assets at the end of the year are analysed as follows:

	Combined	Malta Bond Fund	International Bond Fund	Equity Growth Fund	HSBC Property Investment Fund	Malta Government Bond Fund	Maltese Assets Fund
	2018 EUR	2018 EUR	2018 EUR	2018 EUR	2018 EUR	2018 EUR	2018 EUR
Accumulator shares	376,016,861	137,886,206	50,308,801	22,164,139	4,626,551	117,189,170	43,841,994
Income shares	22,051,229	9,693,607	1,813,665	-	486,141	9,726,399	331,417
	-----	-----	-----	-----	-----	-----	-----
Net assets	398,068,090	147,579,813	52,122,466	22,164,139	5,112,692	126,915,569	44,173,411
	=====	=====	=====	=====	=====	=====	=====
	Combined	Malta Bond Fund	International Bond Fund	Equity Growth Fund	HSBC Property Investment Fund	Malta Government Bond Fund	Maltese Assets Fund
	2017 EUR	2017 EUR	2017 EUR	2017 EUR	2017 EUR	2017 EUR	2017 EUR
Accumulator shares	404,843,254	146,774,483	52,346,085	23,700,039	5,301,376	128,451,739	48,269,532
Income shares	24,655,006	10,818,480	2,155,235	-	521,876	10,796,013	363,402
	-----	-----	-----	-----	-----	-----	-----
Net assets	429,498,260	157,592,963	54,501,320	23,700,039	5,823,252	139,247,752	48,632,934
	=====	=====	=====	=====	=====	=====	=====

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

For the year ended 31 March 2018

6 Share capital (continued)

- (c) The net assets of the Income Shares represent the sum of the Income Share Class and the balance on the Income Account set out in the statement of changes in net assets.
- (d) Units may be issued and redeemed at prices based on the Funds' Net Asset Value as determined in accordance with the Articles of Association and the Prospectus.
- (e) The net assets at the beginning of the year, together with amounts received on creation of units and amounts paid on redemption of units during the year, are disclosed in the statement of changes in net assets.
- (f) Each unitholder is entitled to one vote in respect of each unit held.
- (g) The units subscribed by the promoters of the Company at the time of establishment of the Company are, for administrative purposes, referred to as 'Founder Shares'. The Founder Shares constitute the minimum number of ordinary shares that a company is required to maintain in terms of the Act. These founder shares amount to €1,167 and are divided into 501 Shares which are fully paid up and subscribed as follows: HSBC Global Asset Management (Malta) Limited has subscribed to 500 Shares on its own account and HSBC Life Assurance (Malta) Limited has subscribed to 1 Share on its own account.

Another 5 shares with no nominal value are referred to as the 'Institutional Shares'. The Institutional Shares are fully paid up and subscribed by HSBC Global Asset Management (Malta) Limited. The holders of the Institutional Shares have the right to appoint one director of the Company by means of a written instrument. The holders of the Institutional Shares have such right until such time as HSBC Global Asset Management (Malta) Limited holds Institutional Shares and continues to act as Manager to any of the Funds of the Company. It also has the right to remove from office any Director appointed by it.

The founder and institutional shares do not form part of the net asset value of the Company and are thus disclosed in the financial statements by way of this note only. In the opinion of the directors this disclosure reflects the nature of the Company's business as an investment company.

- (h) At 31 March 2018, one of the directors held 73,274 accumulator units in the Fund. At 31 March 2017, two of the directors held 77,274 accumulator units in the Fund.

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

For the year ended 31 March 2018

7 Cash and cash equivalents

7.1 Balances of cash and cash equivalents as shown in the statement of cash flows, the statement of financial position and the portfolio of net assets are analysed below:

		Combined	Malta Bond Fund	International Bond Fund	Equity Growth Fund	HSBC Property Investment Fund	Malta Government Bond Fund	Maltese Assets Fund
	Note	2018	2018	2018	2018	2018	2018	2018
		EUR	EUR	EUR	EUR	EUR	EUR	EUR
Bank balances		30,307,266	10,289,693	6,985,273	1,124,502	1,243,457	9,527,828	1,136,513
Overdrawn bank balances	7.2	(35,106)	(12,964)	(4,554)	(1,977)	(472)	(11,209)	(3,930)
Cash and cash equivalents		30,272,160	10,276,729	6,980,719	1,122,525	1,242,985	9,516,619	1,132,583
		=====	=====	=====	=====	=====	=====	=====
		Combined	Malta	International	Equity	HSBC Property	Malta Government	Maltese Assets
		2017	Bond Fund	Bond Fund	Growth Fund	Investment Fund	Bond Fund	Fund
		EUR	2017	2017	2017	2017	2017	2017
		EUR	EUR	EUR	EUR	EUR	EUR	EUR
Bank balances		38,042,675	15,429,420	5,630,119	1,826,592	977,710	11,166,610	3,012,224
Bank overdrafts		(37,390)	(13,673)	(4,741)	(2,093)	(509)	(12,187)	(4,187)
Cash and cash equivalents		38,005,285	15,415,747	5,625,378	1,824,499	977,201	11,154,423	3,008,037
		=====	=====	=====	=====	=====	=====	=====

7.2 Bank overdrafts as at the reporting date result from pending settlement proceeds.

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

For the year ended 31 March 2017

8 Taxation

The Funds

The Maltese tax regime for collective investment schemes is based on the classification of funds into 'prescribed' and 'non-prescribed' funds in terms of the conditions set out in the Collective Investment Schemes (Investment Income) Regulations, 2001 (as amended).

In general, a 'prescribed fund' is defined as a resident fund, which has declared that the value of its assets situated in Malta amount to at least 85% of the value of the total assets of the fund. A 'non-prescribed' fund is a fund which does not qualify a 'prescribed-fund'.

The Malta Bond Fund, the Malta Government Bond Fund and the Maltese Assets Fund which are classified as prescribed funds for Maltese income tax purposes, are subject to a final withholding tax of 15% on Maltese bank interest and 10% on other investment income (as defined in the Maltese Income Tax Act) received by the fund. The Funds are exempt from Maltese income tax on other income and gains except in respect of income and gains from immovable property situated in Malta (if any).

On the basis that the International Bond Fund, the Equity Growth Fund and the HSBC Property Investment Fund are classified as non-prescribed funds for Maltese income tax purposes, these Funds should not be subject to any Maltese income tax on their income or gains other than on any income from immovable property situated in Malta (if any). Capital gains, dividends, interests and any other income from foreign securities held by the Funds may be subject to tax imposed by the country of origin concerned and such taxes cannot be recovered by the Funds or by the investors under Maltese domestic tax law.

The investors

Maltese tax legislation currently provides that capital gains realised by investors of the Malta Bond Fund, the Malta Government Bond Fund and the Maltese Assets Fund are exempt from tax in Malta for as long as the Fund remains listed on the Malta Stock Exchange and remains classified as a prescribed fund.

Capital gains realised on any redemption, liquidation or cancellation of units by Maltese resident investors of the International Bond Fund, the Equity Growth Fund and the HSBC Property Investment Fund may be subject to a 15% final withholding tax which would be deducted at source by the Funds. Alternatively, investors may opt to receive any capital gains without deduction of tax in which case they would be obliged to declare the gains in their personal income tax return and would be subject to Maltese income tax at their normal rates of tax.

Any gains or profits derived on any transfer of units in the Funds by investors who are not resident in Malta should not be chargeable to Maltese income tax, subject to the satisfaction of certain statutory conditions.

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

For the year ended 31 March 2018

8 Taxation (continued)

Tax treatment of dividend distributions

The distribution by way of dividends of (a) profits which were subject to a final withholding tax at 10% or 15% at Fund level and (b) dividends received by the Funds out of the final tax account, the immovable property account, the Maltese taxed account or the foreign income account of other Maltese companies do not attract any further tax in the hands of the investors. The investor could be entitled to claim a credit of the Maltese tax incurred by the Funds, except where the dividend distribution was paid out of the final tax account.

The distribution of other profits (including foreign sourced profits) may attract a 15% withholding tax mainly in the case where the unitholder is a Maltese resident unitholder other than a company. The investor may claim a credit of such tax withheld. The distribution of such other profits to non-Maltese resident unitholders and Maltese resident companies is not subject to withholding tax.

9 Fees

9.1 Management fees

An agreement between the Company and HSBC Global Asset Management (Malta) Limited dated 2 May 2002 was amended and restated with a new agreement dated 21 July 2014 to set out the terms upon which the Manager accepts to act as AIFM in respect of the Company and the Funds.

During the year under review, the Manager received EUR3,338,486 (2017: EUR2,252,437) as management fees. Management fees amounting to EUR298,217 (2017: EUR321,644) were due to the Manager at 31 March 2018.

9.2 Administration fees

The Company and the Manager appointed Deutsche International Corporate Services (Ireland) Limited as Administrator from 12 February 2014. The Company and the Manager have agreed to the delegation of certain administration functions of the Company and the Funds including acting as Registrar, to Deutsche International Corporate Services (Ireland) Limited.

An amended and re-stated Administration Agreement dated 21 July 2014 was entered into between Deutsche International Corporate Services (Ireland) Limited as Fund Administrator, the Company and the Manager for the purposes of appointing the Administrator to provide administration, register and transfer agency services to the Company and to reflect the responsibility of the Manager under Alternative Investment Fund Managers Directive (AIFMD) and Alternative Investment Fund Managers Regulations (AIFMR) in ensuring the proper valuation of the assets and the calculation of the Company's net asset value.

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

For the year ended 31 March 2018

9 Fees (continued)

9.2 Administration fees (continued)

During the year under review, the Administrator received EUR590,666 (2017: EUR434,574) as administration fees. Administration fees amounting to EUR189,923 (2017: EUR50,990) were due to the Administrator at 31 March 2018.

9.3 Secretarial fees

Ganado Services Limited charges a fee of EUR2,000 (excluding VAT) per annum for 16 hours of work for acting as Company Secretary to the Company. Additional hours are charged on a time spent basis.

9.4 Depositary and custodianship fees

HSBC Bank Malta p.l.c. acted as Custodian to the Company under an agreement dated 2 May 2002, which replaced the previous Custodianship Agreement dated 28 September 1998 and which was terminated on 20 July 2014.

On 21 July 2014, the Company and the Manager entered into an agreement with Deutsche Bank (Malta) Limited, under the terms of which the latter was appointed as the Depositary of the Company and its Sub-Funds in accordance with the requirements of the AIFMD and which was terminated on 28 April 2016.

On 29 April 2016, the Company and the manager entered into an agreement with Deutsche Bank AG (Dublin), under the terms of which the latter was appointed as the Depositary and Custodian of the Company and its Sub-Funds in accordance with the requirements of the AIFMD. This agreement was terminated on 1 December 2016.

On 2 December 2016, the Company and the manager entered into an agreement with Sparkasse Bank Malta p.l.c. under the terms of which the latter was appointed as the Depositary and Custodian of the Company with effect from 5 December 2016.

During the year under review, the Depositary and Custodian received EUR333,159 (2017: EUR272,459). Custodian fees amounting to EUR6,394 (2017: EUR7,322) and Depositary fees amounting to EUR12,874 (2017: EUR17,162) were due to the Custodian and Depositary at 31 March 2018.

9.5 Fees charged by the Service Provider

An agreement dated 31 July 2013 was entered into between the Company, the Manager and HSBC Bank Malta p.l.c. In terms of this agreement HSBC Bank Malta p.l.c. was appointed as a Service Provider in respect of the maintenance of the Investment Account System through which all persons purchase and hold units in the Company. This agreement was terminated on 20 July 2014 and superseded by a new agreement entered into on 21 July 2014.

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

For the year ended 31 March 2018

9 Fees (continued)

9.5 Fees charged by the Service Provider (continued)

During the year under review, HSBC Bank Malta p.l.c. received an aggregate investment account fee of EUR532,689 (2017: EUR377,036). Investment account fees amounting to EUR49,958 (2017: EUR68,069) were due to HSBC Bank Malta p.l.c. at 31 March 2018.

9.6 Audit fees

Fees charged by the auditor for services rendered during the financial year ended 31 March 2018 relate to the following:

	2018	2017
	EUR	EUR
Annual statutory audit	28,325	27,500
Tax advisory services	2,975	2,975
	-----	-----
	31,300	30,475
	=====	=====

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

As at 31 March 2018

10 Portfolio of net assets

Malta Bond Fund

	Denominated in	Fair value EUR	Percentage of total net assets %
<i>Sovereign/Supranational Bonds</i>			
1.40% Malta Government Bond 11/11/2023	EUR	3,293,212	2.23%
1.50% Malta Government Bond 15/06/2027	EUR	1,566,150	1.06%
1.50% Malta Government Bond 11/07/2022	EUR	2,120,800	1.44%
2.00% Malta Government Bond 26/09/2020	EUR	2,788,212	1.89%
2.30% Malta Government Bond 24/07/2029	EUR	2,962,440	2.01%
2.50% Malta Government Bond 17/11/2036	EUR	2,917,643	1.98%
3.00% Malta Government Bond 11/06/2040	EUR	2,824,110	1.91%
3.00% Malta Government Bond 22/09/2019	EUR	3,670,132	2.49%
3.20% Malta Government Bond 31/07/2019	EUR	1,673,300	1.13%
3.30% Malta Government Bond 12/11/2024	EUR	2,314,416	1.57%
4.10% Malta Government Bond 18/10/2034	EUR	2,491,807	1.69%
4.30% Malta Government Bond 15/05/2022	EUR	3,220,070	2.18%
4.30% Malta Government Bond 01/08/2033	EUR	1,426,355	0.97%
4.45% Malta Government Bond 03/09/2032	EUR	3,029,954	2.05%
4.50% Malta Government Bond 25/10/2028	EUR	9,288,918	6.29%
4.65% Malta Government Bond 22/07/2032	EUR	1,024,848	0.69%
4.80% Malta Government Bond 11/09/2028	EUR	1,324,276	0.90%
5.00% Malta Government Bond 08/08/2021	EUR	655,334	0.44%
5.10% Malta Government Bond 16/08/2022	EUR	37,006	0.03%
5.20% Malta Government Bond 16/09/2031	EUR	4,131,127	2.80%
5.25% Malta Government Bond 23/06/2030	EUR	5,833,421	3.95%
5.50% Malta Government Bond 06/07/2023	EUR	3,000,944	2.03%
0.63% Malta Government Bond 25/09/2018	EUR	953,183	0.65%
0.08% Malta Government Bond 27/11/2019	EUR	500,925	0.34%
		<u>63,048,585</u>	<u>42.72%</u>

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

As at 31 March 2018

10 Portfolio of net assets (continued)

<i>Malta Bond Fund (continued)</i>	Denominated in	Fair value	Percentage of total net assets
		EUR	%
<i>Sovereign/Supranational Bonds (continued)</i>			
1.75% US Treasury Note/ Bond 15/05/2023	USD	78,055	0.05%
Total Sovereign/Supranational Bonds		63,126,640	42.77%
<i>Corporate Bonds</i>			
5.10% 6pm Holdings PLC 31/07/2025	EUR	1,014,403	0.69%
6.38% ABN AMRO Bank NV 27/04/2021	EUR	588,270	0.40%
2.38% Airbus Group Finance BV 02/04/2024	EUR	438,280	0.30%
6.00% AX Investments PLC 06/03/2024	EUR	1,372,612	0.93%
3.50% Banco Bilbao Vizcaya Argentaria SA 10/02/2027	EUR	1,112,270	0.75%
3.50% Bank of Valletta PLC 08/08/2030	EUR	5,680,000	3.85%
4.25% Bank of Valletta PLC 17/05/2019	EUR	374,221	0.25%
4.800% Bank of Valletta PLC 15/03/2020	EUR	2,915,457	1.98%
4.80% Bank of Valletta PLC 27/08/2018	EUR	5,279,300	3.58%
5.35% Bank of Valletta PLC 15/06/2019	EUR	1,051,419	0.71%
2.38% British American Tobacco Holdings 19/01/2023	EUR	428,924	0.29%
3.88% Carrefour SA 25/04/2021	EUR	609,224	0.41%
5.00% CEZ AS 19/10/2021	EUR	582,038	0.39%
4.25% Corinthia Finance PLC 12/04/2026	EUR	1,799,369	1.22%
2.63% Credit Agricole SA 17/03/2027	EUR	633,714	0.43%
4.00% Eden Finance PLC 28/04/2027	EUR	1,497,240	1.01%
1.38% Enel Finance International NV 01/06/2026	EUR	248,642	0.17%
4.90% Gasan Finance Co Ltd 30/11/2021	EUR	1,403,155	0.95%
1.75% Glencore Finance Europe SA 17/03/2025	EUR	1,013,880	0.69%
0.29% Goldman Sachs Group Inc/The 26/09/2023	EUR	997,495	0.68%
4.50% Grand Harbour Marina PLC 23/08/2027	EUR	533,724	0.36%
5.00% Hal Mann Vella Group PLC 06/11/2024	EUR	486,371	0.33%

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

As at 31 March 2018

10 Portfolio of net assets (continued)

<i>Malta Bond Fund (continued)</i>	Denominated in	Fair value	Percentage of total net assets
		EUR	%
<i>Corporate Bonds (continued)</i>			
4.50% Hili Properties PLC 16/10/2025	EUR	1,084,663	0.73%
5.90% HSBC Bank Malta PLC 07/10/2018	EUR	3,109,195	2.11%
4.00% International Hotel Investments PLC 29/07/2026	EUR	2,632,023	1.78%
4.00% International Hotel Investments PLC 20/12/2026	EUR	289,649	0.20%
5.75% International Hotel Investments PLC 13/05/2025	EUR	2,463,994	1.67%
5.80% International Hotel Investments PLC 14/11/2023	EUR	182,767	0.12%
5.80% International Hotel Investments PLC 21/12/2021	EUR	240,959	0.16%
6.00% Island Hotels Group Holdings PLC 15/05/2024	EUR	240,800	0.16%
4.50% Izola Bank PLC 30/06/2025	EUR	630,000	0.43%
2.75% JPMORGAN CHASE & CO 01/02/2023	EUR	440,094	0.30%
5.30% Mariner Finance PLC 03/07/2024	EUR	1,666,215	1.13%
5.50% Mediterranean Invest. Holding PLC 31/07/2020	EUR	528,632	0.36%
4.50% Medserv PLC 05/02/2026	EUR	1,966,408	1.33%
6.00% Medserv PLC 30/09/2023	EUR	1,902,415	1.29%
4.00% Midi PLC 26/07/2026	EUR	383,861	0.26%
2.50% Petroleos Mexicanos 21/08/2021	EUR	498,134	0.34%
2.75% Petroleos Mexicanos 21/04/2027	EUR	1,166,875	0.79%
4.88% Petroleos Mexicanos 21/02/2028	EUR	612,576	0.42%
5.75% OP Corporate Bank plc 28/02/2022	EUR	1,120,682	0.76%
3.75% Premier Capital PLC 23/11/2026	EUR	2,780,172	1.88%
5.10% PTL Holdings PLC 04/12/2024	EUR	840,620	0.57%
2.50% Santander Issuances SAU 18/03/2025	EUR	418,424	0.28%
2.25% Scentre Management Ltd 16/07/2024	EUR	429,996	0.29%
3.50% Simonds Farsons Cisk 13/09/2027	EUR	1,495,144	1.01%
1.88% Societe Des Autoroutes Paris-Rhin-Rhone 15/01/2025	EUR	961,718	0.65%
2.500% Statkraft AS 28/11/2022	EUR	218,867	0.15%
3.13% Talanx AG 13/02/2023	EUR	565,703	0.38%
2.24% Telefonica Emisiones SAU 27/05/2022	EUR	429,332	0.29%
3.13% Telekom Finanzmanagement GmbH 03/12/2021	EUR	662,124	0.45%
3.50% Telia Co AB 05/09/2033	EUR	484,404	0.33%

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

As at 31 March 2018

10 Portfolio of net assets (continued)

<i>Malta Bond Fund (continued)</i>	Denominated in	Fair value	Percentage of total net assets
		EUR	%
<i>Corporate Bonds (continued)</i>			
5.00% Tumas Investments PLC 31/07/2024	EUR	1,688,421	1.14%
5.30% United Finance PLC 06/11/2023	EUR	373,732	0.25%
2.38% Urenco Finance NV 02/12/2024	EUR	692,334	0.47%
3.75% International Hotel Investments PLC 30/11/2027	EUR	933,261	0.63%
5.00% Mediterranean Invest. Holding PLC 06/07/2022	EUR	576,291	0.39%
3.90% Plaza Centres PLC 22/09/2026	EUR	250,000	0.17%
4.35% SD Finance PLC 25/04/2027	EUR	3,360,132	2.28%
3.75% Tumas Investments PLC 10/07/2027	EUR	415,886	0.28%
		<u>68,796,510</u>	<u>46.63%</u>
5.10% Australia & New Zealand Banking Group Ltd 13/01/2020	USD	252,865	0.17%
5.65% Bank of America Corp 01/05/2018	USD	326,021	0.22%
4.50% Citigroup Inc 14/01/2022	USD	632,947	0.43%
5.00% Fidelity National Info. Services Inc 15/10/2025	USD	90,345	0.06%
2.75% Heineken NV 01/04/2023	USD	297,426	0.20%
4.25% JPMORGAN CHASE & CO 15/10/2020	USD	773,470	0.52%
4.30% Kinder Morgan Inc/DE 01/06/2025	USD	531,995	0.36%
5.75% Medserv PLC 05/02/2026	USD	741,813	0.50%
6.75% Southern Copper Corp 16/04/2040	USD	502,313	0.34%
		<u>4,149,195</u>	<u>2.80%</u>
7.500% European Investment Bank 13/04/2022	Brazilian Real	<u>497,104</u>	<u>0.34%</u>

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

As at 31 March 2018

10 Portfolio of net assets (continued)

Malta Bond Fund (continued)

	Denominated in	Fair value	Percentage of total net assets
		EUR	%
<i>Corporate Bonds (continued)</i>			
6.50% Glencore Finance Europe SA 27/02/2019	GBP	119,027	0.08%
4.00% Rio Tinto Finance P.L.C. 11/12/2029	GBP	132,538	0.09%
		<u>251,565</u>	<u>0.17%</u>
Total Corporate Bonds		<u>73,694,373</u>	<u>49.94%</u>
Portfolio of investments		136,821,013	92.71%
Bank balances		10,276,729	6.96%
Other net assets		482,071	0.33%
Net assets		<u>147,579,813</u>	<u>100.00%</u>

The portfolio of investments comprises financial instruments designated at fair value through profit and loss.

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

As at 31 March 2018

10 Portfolio of net assets (continued)

International Bond Fund

	Denominated in	Fair value EUR	Percentage of total net assets %
<i>Sovereign/Supranational bonds</i>			
3.38% ASFiNAG-AG 22/09/2025	EUR	302,643	0.58%
2.60% Belgium Government Bond 22/06/2024	EUR	344,520	0.66%
3.00% Belgium Government Bond 22/06/2034	EUR	191,198	0.37%
4.40% Spain Government Bond 31/10/2023	EUR	1,594,597	3.06%
5.850% Spain Government Bond 31/01/2022	EUR	675,898	1.30%
4.00% Caisse d'Amort. de la Dette Sociale 15/12/2025	EUR	827,626	1.59%
0.68% Italy Certif. di Credito del Tesoro/ CCTS-eu 15/04/2025	EUR	1,026,324	1.97%
6.00% Croatian Bank for Reconstruction & Development 08/05/2020	EUR	1,647,360	3.16%
1.25% French Republic Government Bond OAT 25/05/2036	EUR	442,596	0.85%
2.50% French Republic Government Bond OAT 25/05/2030	EUR	772,103	1.48%
2.40% Ireland Government Bond 15/05/2030	EUR	635,003	1.22%
1.50% Malta Government Bond 15/06/2027	EUR	522,050	1.00%
4.10% Malta Government Bond 18/10/2034	EUR	528,407	1.01%
4.30% Malta Government Bond 15/05/2022	EUR	293,300	0.56%
4.60% Malta Government Bond 25/04/2020	EUR	288,190	0.55%
5.20% Malta Government Bond 16/09/2031	EUR	500,500	0.96%
5.25% Malta Government Bond 23/06/2030	EUR	355,575	0.68%
5.50% Malta Government Bond 06/07/2023	EUR	127,220	0.24%
2.88% Portugal Obrigações do Tesouro OT 15/10/2025	EUR	336,990	0.65%
2.40% Austria Government Bond 23/05/2034	EUR	419,563	0.80%
2.88% Republic of Latvia 30/04/2024	EUR	460,340	0.88%
2.13% Lithuania Gov. International Bond 29/10/2026	EUR	554,545	1.06%
3.00% Poland Gov. International Bond 15/01/2024	EUR	227,321	0.44%
5.25% Poland Gov. International Bond 20/01/2025	EUR	387,797	0.74%
1.50% Slovenia Government Bond 25/03/2035	EUR	199,696	0.38%
		<u>13,661,362</u>	<u>26.19%</u>

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

As at 31 March 2018

10 Portfolio of net assets (continued)

International Bond Fund (continued)

	Denominated in	Fair value EUR	Percentage of total net assets %
<i>Sovereign/Supranational bonds (continued)</i>			
4.880% Indonesia Gov. International Bond 05/05/2021	USD	382,302	0.73%
3.880% Republic of Korea 11/09/2023	USD	168,371	0.32%
7.350% Peruvian Gov. International Bond 21/07/2025	USD	253,252	0.49%
7.000% Turkey Gov. International Bond 05/06/2020	USD	562,121	1.08%
7.500% Turkey Gov. International Bond 07/11/2019	USD	172,554	0.33%
5.250% Qatar Gov. International Bond 20/01/2020	USD	547,909	1.05%
1.750% United States Treasury Note/Bond 15/05/2023	USD	312,221	0.60%
		<u>2,398,730</u>	<u>4.60%</u>
Total Sovereign/Supranational bonds		<u>16,060,092</u>	<u>30.81%</u>
<i>Corporate Bonds</i>			
6.38% ABN AMRO Bank NV 27/04/2021	EUR	352,962	0.68%
3.50% Allianz Finance II BV 14/02/2022	EUR	225,304	0.43%
4.38% BALL CORP 15/12/2023	EUR	283,058	0.54%
3.50% Banco Bilbao Vizcaya Argentaria SA 10/02/2027	EUR	333,681	0.64%
4.80% Bank of Valletta PLC 27/08/2018	EUR	200,000	0.38%
2.00% BARCLAYS PLC 07/02/2028	EUR	446,400	0.86%
4.88% British American Tobacco Holdings 24/02/2021	EUR	339,189	0.65%
3.88% Bank Nederlandse Gemeenten NV 26/05/2023	EUR	356,909	0.68%
3.88% Carrefour SA 25/04/2021	EUR	609,224	1.17%
3.58% Casino Guichard Perrachon SA 07/02/2025	EUR	604,518	1.16%
5.00% CEZ AS 19/10/2021	EUR	698,446	1.34%
1.75% CNH Industrial Finance Europe SA 12/09/2025	EUR	454,761	0.87%
1.88% Coca-Cola Europ. Partners US LLC 18/03/2030	EUR	771,165	1.48%
2.63% Credit Agricole SA 17/03/2027	EUR	686,524	1.32%
4.00% Crown European Holdings SA 15/07/2022	EUR	434,932	0.83%
5.000% Deutsche Bank AG 24/06/2020	EUR	325,080	0.62%

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

As at 31 March 2018

10 Portfolio of net assets (continued)

International Bond Fund (continued)

	Denominated in	Fair value	Percentage of total net assets
		EUR	%
<i>Corporate Bonds (continued)</i>			
1.13% DNB Bank ASA 01/03/2023	EUR	257,571	0.49%
4.50% Dufry Finance SCA 01/08/2023	EUR	209,458	0.40%
4.00% Electricite de France SA 12/11/2025	EUR	240,999	0.46%
1.38% Enel Finance International NV 01/06/2026	EUR	248,642	0.48%
2.50% Ferrovial Emisiones SA 15/07/2024	EUR	217,557	0.42%
3.75% Fiat Chrysler Automobiles NV 29/03/2024	EUR	218,409	0.42%
5.25% FMC Finance VII SA 15/02/2021	EUR	285,718	0.55%
5.25% FMC Finance VIII SA 31/07/2019	EUR	267,324	0.51%
3.00% Fresenius Finance BV 01/02/2021	EUR	484,700	0.93%
1.75% Glencore Finance Europe SA 17/03/2025	EUR	608,328	1.17%
0.29% Goldman Sachs Group Inc/The 26/09/2023	EUR	498,748	0.96%
5.90% HSBC Bank Malta PLC 07/10/2018	EUR	66,035	0.13%
3.75% Hutchison Whampoa Europe Finance 13 Ltd 31/12/3250	EUR	501,543	0.96%
2.88% Iberdrola International BV 11/11/2020	EUR	536,620	1.03%
6.00% Medserv PLC 30/09/2023	EUR	342,744	0.66%
3.50% Origin Energy Finance Ltd 04/10/2021	EUR	359,900	0.69%
2.50% Petroleos Mexicanos 21/08/2021	EUR	373,601	0.72%
2.75% Petroleos Mexicanos 21/04/2027	EUR	210,038	0.40%
3.63% Phoenix PIB Dutch Finance BV 30/07/2021	EUR	109,737	0.21%
5.75% OP Corporate Bank plc 28/02/2022	EUR	599,295	1.15%
1.25% RCI Banque SA 08/06/2022	EUR	411,782	0.79%
2.50% Santander Issuances SAU 18/03/2025	EUR	523,030	1.00%
4.00% Sappi Papier Holding GmbH 01/04/2023	EUR	260,394	0.50%
1.88% Societe Des Autoroutes Paris-Rhin-Rhone 15/01/2025	EUR	641,145	1.23%
2.93% Telefonica Emisiones SAU 17/10/2029	EUR	331,632	0.64%
3.13% Telekom Finanzmanagement GmbH 03/12/2021	EUR	331,062	0.64%
3.50% Telia Co AB 05/09/2033	EUR	484,404	0.93%
1.88% Teva Pharm. Finance Netherlands II BV 31/03/2027	EUR	514,026	0.99%

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

As at 31 March 2018

10 Portfolio of net assets (continued)

International Bond Fund (continued)

	Denominated in	Fair value	Percentage of total net assets
		EUR	%
<i>Corporate Bonds (continued)</i>			
6.25% Thomas Cook Group PLC 15/06/2022	EUR	430,310	0.83%
2.38% Urenco Finance NV 02/12/2024	EUR	436,116	0.84%
2.50% Urenco Finance NV 15/02/2021	EUR	319,952	0.61%
5.13% Veolia Environnement SA 24/05/2022	EUR	239,606	0.46%
3.75% Wendel SA 21/01/2021	EUR	758,270	1.45%
		<u>19,440,849</u>	<u>37.30%</u>
3.80% Actavis Funding SCS 15/03/2025	USD	427,769	0.82%
3.70% Anheuser-Busch InBev Finance Inc 01/02/2024	USD	226,622	0.43%
5.00% Australia & New Zealand Banking Group Ltd 13/0	USD	337,154	0.65%
4.00% Bank of America Corp 01/04/2024	USD	179,984	0.35%
5.65% Bank of America Corp 01/05/2018	USD	505,332	0.97%
3.42% Bank of America Corp 20/12/2028	USD	149,975	0.29%
4.38% BARCLAYS PLC 12/01/2026	USD	286,497	0.55%
3.25% BP Capital Markets PLC 06/05/2022	USD	325,386	0.62%
7.75% Cemex SAB de CV 16/04/2026	USD	498,013	0.96%
4.50% Citigroup Inc 14/01/2022	USD	590,750	1.13%
5.70% Comcast Corp 01/07/2019	USD	168,357	0.32%
4.38% Corp Andina de Fomento 15/06/2022	USD	435,310	0.84%
5.50% Development Bank of the Philippines 25/03/2021	USD	346,308	0.66%
5.00% Fidelity National Info. Services Inc 15/10/2025	USD	131,174	0.25%
5.75% Goldman Sachs Group Inc/The 24/01/2022	USD	396,333	0.76%
2.75% Heineken NV 01/04/2023	USD	437,018	0.84%
4.13% HSBC Bank PLC 12/08/2020	USD	498,548	0.96%
6.50% HSBC HOLDINGS PLC 15/09/2037	USD	102,086	0.20%
7.75% JBS Investments GmbH 28/10/2020	USD	294,500	0.57%
4.250% JPMORGAN CHASE & CO 15/10/2020	USD	501,710	0.96%
4.30% Kinder Morgan Inc/DE 01/06/2025	USD	695,685	1.33%
3.00% Korea Development Bank/The 14/09/2022	USD	199,758	0.38%

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

As at 31 March 2018

10 Portfolio of net assets (continued)

International Bond Fund (continued)

	Denominated in	Fair value	Percentage of total net assets
		EUR	%
<i>Corporate Bonds (continued)</i>			
3.88% Morgan Stanley 29/04/2024	USD	410,060	0.79%
6.88% Reynolds Group Issuer 15/02/2021	USD	71,488	0.14%
4.880% Samvardhana Motherson Automotive Systems Group BV 16/12/2021	USD	164,424	0.32%
6.75% Southern Copper Corp 16/04/2040	USD	502,313	0.96%
		<u>8,882,554</u>	<u>17.06%</u>
7.500% European Investment Bank 13/04/2022	Brazilian Real	<u>497,104</u>	<u>0.95%</u>
5.38% GKN HOLDINGS PLC 19/09/2022	GBP	125,775	0.24%
7.13% Heathrow Funding Ltd 14/02/2024	GBP	210,942	0.40%
5.00% United Utilities Water Ltd 28/02/2035	GBP	179,758	0.34%
		<u>516,475</u>	<u>0.98%</u>
Total Corporate Bonds		<u>29,336,982</u>	<u>56.29%</u>
Portfolio of investments		45,397,074	87.10%
Bank balances		6,980,719	13.39%
Net current liabilities		(255,327)	(0.49%)
Net assets		<u>52,122,466</u>	<u>100.00%</u>

The portfolio of investments comprises financial instruments designated at fair value through profit and loss.

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

As at 31 March 2018

10 Portfolio of net assets (continued)

Equity Growth Fund

	Denominated in	Fair value EUR	Percentage of total net assets %
<i>Equity</i>			
Bank of Valletta PLC	EUR	642,264	2.90%
Citadel Insurance Ltd	EUR	49,810	0.22%
GO PLC	EUR	638,914	2.88%
Grand Harbour Marina PLC	EUR	151,865	0.69%
HSBC Bank Malta PLC	EUR	538,704	2.43%
International Hotel Investments PLC	EUR	442,046	1.99%
iShares STOXX Europe 600 Banks DE	EUR	209,427	0.94%
Malta International Airport PLC	EUR	689,590	3.11%
Malta Properties Co PLC	EUR	193,443	0.87%
MaltaPost PLC	EUR	116,808	0.53%
Medserv PLC	EUR	197,376	0.89%
Midi PLC	EUR	335,826	1.52%
PG PLC	EUR	243,473	1.10%
Plaza Centres PLC	EUR	41,875	0.19%
RS2 Software PLC	EUR	722,532	3.26%
Simonds Farsons Cisk PLC	EUR	148,243	0.67%
Tigne Mall PLC	EUR	53,144	0.24%
Trident Estates PLC	EUR	40,510	0.18%
		<u>5,455,850</u>	<u>24.61%</u>
APPLE INC	USD	536,407	2.42%
		<u>536,407</u>	<u>2.42%</u>
Total Equity		<u>5,992,257</u>	<u>27.03%</u>
<i>Exchange Traded Funds</i>			
iShares FTSE MIB UCITS ETF	EUR	282,723	1.28%
iShares STOXX Europe 600 UCITS ETF	EUR	615,174	2.78%
Lyxor ETF DAX	EUR	364,411	1.64%
		<u>1,262,308</u>	<u>5.70%</u>

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

As at 31 March 2018

10 Portfolio of net assets (continued)

Equity Growth Fund (continued)

	Denominated in	Fair value EUR	Percentage of total net assets %
<i>Exchange Traded Funds (continued)</i>			
Consumer Discretionary Select Sector SPDR Fund	USD	967,993	4.37%
Consumer Staples Select Sector SPDR Fund	USD	621,864	2.81%
Energy Select Sector SPDR Fund	USD	505,503	2.28%
Financial Select Sector SPDR Fund	USD	643,391	2.90%
Industrial Select Sector SPDR Fund	USD	949,253	4.28%
iShares China Large-Cap ETF	USD	382,170	1.72%
iShares Europe ETF	USD	587,338	2.65%
iShares Global Consumer Staples ETF	USD	438,178	1.98%
iShares Latin America 40 ETF	USD	262,604	1.18%
iShares MSCI Australia ETF	USD	209,307	0.94%
iShares MSCI Emerging Markets ETF	USD	247,252	1.12%
iShares MSCI Frontier 100 ETF	USD	285,679	1.29%
iShares MSCI Germany ETF	USD	391,376	1.77%
iShares MSCI India ETF	USD	452,075	2.04%
iShares MSCI Japan ETF	USD	990,917	4.47%
iShares MSCI Pacific ex Japan ETF	USD	339,974	1.53%
iShares MSCI Spain Capped ETF	USD	251,045	1.13%
iShares MSCI Sweden Capped ETF	USD	179,124	0.81%
iShares US Pharmaceuticals ETF	USD	203,379	0.92%
iShares US Telecommunications ETF	USD	330,627	1.49%
Powershares QQQ Trust Series 1	USD	660,858	2.98%
Real Estate Select Sector SPDR Fund	USD	100,876	0.46%
SPDR Dow Jones Industrial Average ETF Trust	USD	393,380	1.77%
SPDR S&P Transportation ETF	USD	457,888	2.07%
Technology Select Sector SPDR Fund	USD	752,136	3.39%
Vanguard S&P 500 ETF	USD	555,847	2.51%
		<hr/> 12,160,032	<hr/> 54.86%
iShares Core FTSE 100 UCITS ETF	GBP	212,024	0.96%
		<hr/> 212,024	<hr/> 0.96%

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

As at 31 March 2018

10 Portfolio of net assets (continued)

Equity Growth Fund (continued)

	Denominated in	Fair value EUR	Percentage of total net assets %
Total Exchange Traded Funds		13,634,366	61.52%
<i>Collective Investment Schemes</i>			
HSBC Global Investment Funds - Euroland Equity	EUR	402,425	1.82%
HSBC Global Investment Funds Turkey Equity	EUR	359,716	1.62%
		762,141	3.44%
HSBC Global Investment Funds - UK Equity	GBP	669,699	3.02%
		669,699	3.02%
Total Collective Investment Schemes		1,431,840	6.46%
Portfolio of investments		21,058,463	95.01%
Bank balances		1,122,525	5.07%
Net current liabilities		(16,849)	(0.08%)
Net assets		22,164,139	100.00%

The portfolio of investments comprises financial instruments designated at fair value through profit and loss.

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

As at 31 March 2018

10 Portfolio of net assets (continued)

HSBC Property Investment Fund

	Denominated in	Fair value	Percentage of total net assets
		EUR	%
<i>Equity</i>			
Grand Harbour Marina p.l.c.	EUR	72,004	1.41%
Midi p.l.c.	EUR	79,234	1.55%
Total Equity		151,238	2.96%
<i>Exchange Traded Funds</i>			
Vanguard REIT Index Fund	USD	49,087	0.96%
Total Exchange Traded Funds		49,087	0.96%
<i>Collective Investment Schemes</i>			
M&G European Property Fund	EUR	602,318	11.78%
		602,318	11.78%
BlackRock UK Property Fund	GBP	1,399,023	27.36%
HSBC Open Global Property Fund Class C	GBP	1,695,479	33.17%
		3,094,502	60.53%
Total Collective Investment Schemes		3,696,820	72.31%
<i>Forward Contracts</i>			
<i>Forward exchange contract GBP/EUR</i>			
HSBC Bank Malta p.l.c. 22 September 2017		2,138,917	41.84%
Notional amount: GBP 1,900,000	GBP	(2,154,167)	(42.14%)
Total Forward Contracts		(15,250)	(0.30%)

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

As at 31 March 2018

10 Portfolio of net assets (continued)

HSBC Property Investment Fund (continued)

	Denominated in	Fair value	Percentage of total net assets
		EUR	%
Portfolio of investments and derivative financial instruments (net)		3,881,895	75.93%
Bank balances		1,242,985	24.31%
Net current liabilities		(12,188)	(0.24%)
Net assets		<u>5,112,692</u>	<u>100.00%</u>

The portfolio of investments and derivative financial instruments includes EUR3,897,145 financial assets designated at fair value through profit and loss and EUR15,250 financial liabilities which were held for trading.

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

As at 31 March 2018

10 Portfolio of net assets (continued)

Malta Government Bond Fund

	Denominated in	Fair value EUR	Percentage of total net assets %
<i>Sovereign/Supranational Bonds</i>			
1.00% Belgium Government Bond 22/06/2031	EUR	626,344	0.49%
2.75% Spain Government Bond 31/10/2024	EUR	2,288,957	1.80%
4.40% Spain Government Bond 31/10/2023	EUR	245,323	0.19%
5.85% Spain Government Bond 31/01/2022	EUR	245,781	0.19%
4.00% Caisse d'Amortissement de la Dette Sociale 15/12/2025	EUR	700,299	0.55%
0.68% Italy Certif. di Credito del Tesoro/ CCTS-eu 15/04/2025	EUR	1,026,324	0.81%
2.40% Ireland Government Bond 15/05/2030	EUR	230,910	0.18%
1.40% Malta Government Bond 11/11/2023	EUR	4,750,628	3.74%
1.50% Malta Government Bond 15/06/2027	EUR	1,566,150	1.23%
1.50% Malta Government Bond 11/07/2022	EUR	2,969,120	2.34%
2.00% Malta Government Bond 26/09/2020	EUR	5,230,518	4.12%
2.30% Malta Government Bond 24/07/2029	EUR	4,937,400	3.89%
2.50% Malta Government Bond 17/11/2036	EUR	3,586,760	2.83%
3.00% Malta Government Bond 11/06/2040	EUR	4,579,160	3.61%
3.00% Malta Government Bond 22/09/2019	EUR	3,322,092	2.62%
3.30% Malta Government Bond 12/11/2024	EUR	2,576,604	2.03%
4.10% Malta Government Bond 18/10/2034	EUR	3,036,216	2.39%
4.30% Malta Government Bond 15/05/2022	EUR	8,108,114	6.39%
4.30% Malta Government Bond 01/08/2033	EUR	631,841	0.50%
4.45% Malta Government Bond 03/09/2032	EUR	5,451,852	4.30%
4.50% Malta Government Bond 25/10/2028	EUR	10,817,167	8.52%
4.65% Malta Government Bond 22/07/2032	EUR	429,775	0.34%
4.80% Malta Government Bond 11/09/2028	EUR	2,219,864	1.75%
5.00% Malta Government Bond 08/08/2021	EUR	5,671,172	4.47%
5.10% Malta Government Bond 16/08/2022	EUR	2,107,130	1.66%
5.10% Malta Government Bond 01/10/2029	EUR	1,936,255	1.53%
5.20% Malta Government Bond 16/09/2031	EUR	9,825,816	7.74%
5.25% Malta Government Bond 23/06/2030	EUR	8,977,273	7.07%
5.50% Malta Government Bond 06/07/2023	EUR	6,772,034	5.34%
0.63% Malta Government Bond 25/09/2018	EUR	3,511,725	2.77%

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

As at 31 March 2018

10 Portfolio of net assets (continued)

Malta Government Bond Fund (continued)

	Denominated in	Fair value EUR	Percentage of total net assets %
<i>Sovereign/Supranational Bonds (continued)</i>			
0.08% Malta Government Bond 27/11/2019	EUR	450,833	0.36%
2.88% Republic of Latvia 30/04/2024	EUR	322,238	0.25%
2.13% Lithuania Gov. International Bond 29/10/2026	EUR	565,636	0.45%
5.25% Poland Gov. International Bond 20/01/2025	EUR	827,299	0.65%
2.75% Romanian Gov. International Bond 29/10/2025	EUR	1,628,565	1.28%
2.13% Stockholms Lans Landsting 12/09/2022	EUR	270,235	0.21%
1.38% Mexico Gov. International Bond 15/01/2025	EUR	1,479,097	1.17%
		113,922,507	89.76%
6.38% Poland Government Bond 15/07/2019	USD	497,839	0.39%
1.75% United States Treasury Note/Bond 15/05/2023	USD	78,055	0.06%
		575,894	0.45%
Total Sovereign/Supranational Bonds		114,498,401	90.21%
<i>Corporate Bonds</i>			
4.50% European Investment Bank 15/10/2025	EUR	1,239,954	0.98%
7.500% European Investment Bank 13/04/2022	Brazilian Real	497,104	0.39%
4.38% Corp Andina de Fomento 15/06/2022	USD	681,502	0.54%
Total Corporate Bonds		2,418,560	1.91%

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

As at 31 March 2018

10 Portfolio of net assets (continued)

Malta Government Bond Fund (continued)

	Denominated in	Fair value	Percentage of total net assets
		EUR	%
Portfolio of investments		116,916,961	92.12%
Bank balances		9,516,619	7.50%
Net current assets		481,989	0.38%
Net assets		<u>126,915,569</u>	<u>100.00%</u>

The portfolio of investments comprises financial instruments designated at fair value through profit and loss.

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

As at 31 March 2018

10 Portfolio of net assets (continued)

Maltese Assets Fund

	Denominated in	Fair value EUR	Percentage of total net assets %
<i>Sovereign/Supranational Bonds</i>			
2.20% Malta Government Bond 24/11/2035	EUR	276,851	0.63%
2.30% Malta Government Bond 24/07/2029	EUR	164,580	0.37%
2.50% Malta Government Bond 17/11/2036	EUR	457,926	1.04%
3.00% Malta Government Bond 11/06/2040	EUR	43,206	0.10%
4.10% Malta Government Bond 18/10/2034	EUR	552,342	1.25%
4.30% Malta Government Bond 15/05/2022	EUR	117,320	0.27%
4.45% Malta Government Bond 03/09/2032	EUR	670,700	1.52%
4.50% Malta Government Bond 25/10/2028	EUR	132,110	0.30%
5.00% Malta Government Bond 08/08/2021	EUR	232,980	0.53%
5.10% Malta Government Bond 16/08/2022	EUR	389,984	0.87%
5.20% Malta Government Bond 16/09/2031	EUR	286,000	0.64%
5.50% Malta Government Bond 06/07/2023	EUR	445,270	1.01%
		3,769,269	8.53%
Total Sovereign/Supranational Bonds		3,769,269	8.53%
<i>Corporate Bonds</i>			
5.10% 6pm Holdings PLC 31/07/2025	EUR	378,100	0.86%
6.00% AX Investments PLC 06/03/2024	EUR	117,991	0.27%
3.50% Bank of Valletta PLC 08/08/2030	EUR	570,000	1.29%
4.80% Bank of Valletta PLC 15/03/2020	EUR	192,199	0.44%
4.80% Bank of Valletta PLC 27/08/2018	EUR	377,300	0.85%
5.35% Bank of Valletta PLC 15/06/2019	EUR	173,247	0.39%
4.25% Corinthia Finance PLC 12/04/2026	EUR	191,648	0.43%
4.00% Eden Finance PLC 28/04/2027	EUR	129,969	0.29%
4.90% Gasan Finance Co Ltd 30/11/2021	EUR	59,988	0.14%
4.50% Grand Harbour Marina PLC 23/08/2027	EUR	52,388	0.12%
5.00% Hal Mann Vella Group PLC 06/11/2024	EUR	138,121	0.31%
4.50% Hili Properties PLC 16/10/2025	EUR	217,376	0.49%
4.00% International Hotel Investments PLC 29/07/2026	EUR	256,506	0.58%
5.75% International Hotel Investments PLC 13/05/2025	EUR	431,936	0.98%

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

As at 31 March 2018

10 Portfolio of net assets (continued)

Maltese Assets Fund (continued)

	Denominated in	Fair value EUR	Percentage of total net assets %
<i>Corporate Bonds (continued)</i>			
4.50% Izola Bank PLC 30/06/2025	EUR	157,500	0.36%
5.30% Mariner Finance PLC 03/07/2024	EUR	25,018	0.06%
5.50% Mediterranean Invest. Holding PLC 31/07/2020	EUR	136,032	0.31%
4.50% Medserv PLC 05/02/2026	EUR	521,538	1.18%
6.00% Medserv PLC 30/09/2023	EUR	194,060	0.44%
4.00% Midi PLC 26/07/2026	EUR	93,803	0.21%
3.75% Premier Capital PLC 23/11/2026	EUR	279,099	0.63%
3.50% Simonds Farsons 13/09/2027	EUR	64,362	0.15%
5.00% Tumas Investments PLC 31/07/2024	EUR	251,612	0.57%
3.75% Virtu Finance p.l.c. 30/11/2027	EUR	28,421	0.06%
4.35% SD Finance PLC 25/04/2027	EUR	422,401	0.96%
3.75% Tumas Investments PLC 10/07/2027	EUR	156,112	0.35%
		5,616,728	12.72%
5.750% Medserv PLC 05/02/2026	USD	86,718	0.20%
Total Corporate Bonds		5,703,446	12.92%
<i>Equity Investments</i>			
Bank of Valletta p.l.c.	EUR	4,150,278	9.40%
Citadel Insurance Ltd Private Equity	EUR	449,150	1.02%
GO p.l.c.	EUR	3,308,979	7.49%
Grand Harbour Marina p.l.c.	EUR	685,909	1.55%
HSBC Bank Malta p.l.c.	EUR	3,666,514	8.30%
International Hotel Investments p.l.c.	EUR	2,632,311	5.96%
Malita Investments p.l.c.	EUR	601,818	1.36%
Malta International Airport p.l.c.	EUR	1,443,786	3.27%
Malta Properties Company p.l.c.	EUR	558,009	1.26%
MaltaPost p.l.c.	EUR	1,065,625	2.41%

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

As at 31 March 2018

10 Portfolio of net assets (continued)

Maltese Assets Fund (continued)

	Denominated in	Fair value EUR	Percentage of total net assets %
<i>Equity Investments (continued)</i>			
Medserv p.l.c.	EUR	904,754	2.05%
Midi p.l.c.	EUR	1,822,025	4.12%
PG p.l.c.	EUR	1,075,161	2.43%
Plaza Centres p.l.c.	EUR	240,817	0.55%
RS2 Software p.l.c.	EUR	3,325,670	7.53%
Simonds Farsons Cisk p.l.c.	EUR	407,677	0.92%
Tigne Mall p.l.c.	EUR	2,021,987	4.58%
Trident Estates p.l.c.	EUR	111,409	0.25%
		28,471,879	64.45%
FIMBank p.l.c.	USD	961,400	2.18%
Total Equity		29,433,279	66.63%
<i>Exchange Traded Funds</i>			
iShares STOXX Europe 600 DE	EUR	249,066	0.56%
iShares FTSE MIB	EUR	358,852	0.81%
Lyxor DAX (DR) UCITS ETF	EUR	256,010	0.58%
		863,928	1.95%
Consumer Staples Select Sector SPDR Fund	USD	427,869	0.97%
Energy Select Sector SPDR Fund	USD	391,926	0.89%
iShares Core S&P 500 UCITS ETF	USD	412,959	0.93%
iShares Latin America 40 ETF	USD	128,248	0.29%
iShares MSCI All Country Asia ex Japan ETF	USD	289,938	0.66%
iShares MSCI Japan ETF	USD	332,082	0.75%
Technology Select Sector SPDR Fund	USD	869,505	1.97%
		2,852,527	6.46%
Total Investments in Exchange Traded Funds		3,716,455	8.41%

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

As at 31 March 2018

10 Portfolio of net assets (continued)

Maltese Assets Fund (continued)

	Denominated in	Fair value	Percentage of total net assets
		EUR	%
Portfolio of investments		42,622,448	96.49%
Bank balances		1,132,583	2.54%
Net current assets		418,380	0.97%
Net assets		<u>44,173,411</u>	<u>100.00%</u>

The portfolio of investments comprises financial instruments designated at fair value through profit and loss.

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

For the year ended 31 March 2018

10 Portfolio of net assets (continued)

10.1 Further disclosures on portfolio of investments

Summary of material changes in the composition of the portfolio of investments:

Malta Bond Fund

The composition of the portfolio of investments shown on pages 67 to 71 in comparison with the portfolio of investments as at 31 March 2017 is analysed below:

Percentage of net assets:

	2018	2017
	%	%
Sovereign/Supranational Bonds	42.77	44.92
Corporate Bonds	49.94	44.48
	-----	-----
	92.71	89.40
	=====	=====

International Bond Fund

The composition of the portfolio of investments shown on pages 72 to 76 in comparison with the portfolio of investments as at 31 March 2017 is analysed below:

Percentage of net assets:

	2018	2017
	%	%
Sovereign/Supranational Bonds	30.81	30.30
Corporate Bonds	56.29	58.42
	-----	-----
	87.10	88.72
	=====	=====

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

For the year ended 31 March 2018

10 Portfolio of net assets (continued)

10.1 Further disclosures on portfolio of investments (continued)

Summary of material changes in the composition of the portfolio of investments (continued):

Equity Growth Fund

The composition of the portfolio of investments shown on pages 77 to 79 in comparison with the portfolio of investments as at 31 March 2017 is analysed below:

Percentage of net assets:

	2018	2017
	%	%
Equity Investments	27.03	24.44
Exchange Traded Funds	61.52	62.00
Collective Investment Schemes	6.46	5.89
	-----	-----
	95.01	92.33
	=====	=====

HSBC Property Investment Fund

The composition of the portfolio of investments shown on pages 80 to 81 in comparison with the portfolio of investments as at 31 March 2017 is analysed below:

Percentage of net assets:

	2018	2017
	%	%
Equity Investments	2.96	3.44
Exchange Traded Funds	0.96	1.07
Collective Investment Schemes	72.31	79.47
Forward Contracts	(0.30)	(0.61)
	-----	-----
	75.93	83.37
	=====	=====

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

For the year ended 31 March 2018

10 Portfolio of net assets (continued)

10.1 Further disclosures on portfolio of investments (continued)

Malta Government Bond Fund

The composition of the portfolio of investments shown on pages 82 to 84 in comparison with the portfolio of investments as at 31 March 2017 is analysed below:

Percentage of net assets:

	2018	2016
	%	%
Sovereign/Supranational Bonds	90.21	89.72
Corporate Bonds	1.91	1.73
	-----	-----
	92.12	91.45
	=====	=====

Maltese Assets Fund

The composition of the portfolio of investments shown on pages 85 to 88 in comparison with the portfolio of investments as at 31 March 2017 is analysed below:

Percentage of net assets:

	2018	2017
	%	%
Sovereign/Supranational Bonds	8.53	7.73
Corporate Bonds	12.92	10.49
Equity Investments	66.63	68.73
Exchange Traded Funds	8.41	6.44
	-----	-----
	96.49	93.39
	=====	=====

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

For the year ended 31 March 2018

11 Dividend distributions

During the year, the dividends declared and paid out of the Income Share Class of the Malta Bond Fund, International Bond Fund, HSBC Property Investment Fund, Malta Government Bond Fund and Maltese Assets Fund were as follows:

	Ex-dividend date	Rate per share	Dividend paid	Dividend payable
Malta Bond Fund	30-Jun-17	1.923	47,610	
	30-Sep-17	1.877	45,299	
	31-Dec-17	1.831	43,264	
	03-Apr-18	1.633		37,331
International Bond Fund	30-Jun-17	1.429	9,742	
	30-Sep-17	1.358	9,176	
	31-Dec-17	1.368	9,127	
	03-Apr-18	1.226		7,810
HSBC Property Investment Fund	30-Sep-17	1.022	2,952	
	03-Apr-18	0.751		2,118
Malta Government Bond Fund	30-Jun-17	1.149	35,071	
	30-Sep-17	1.140	34,126	
	31-Dec-17	1.032	30,656	
	03-Apr-18	0.977		27,619
Malta Assets Fund	30-Jun-17	2.826	2,070	
	Ex-dividend date	Rate per share	Dividend paid	Dividend payable
Malta Bond Fund	30-Jun-16	2.232	57,784	
	30-Sep-16	2.412	62,663	
	31-Dec-17	2.210	57,112	
	04-Apr-17	2.012		50,919
International Bond Fund	30-Jun-16	1.654	12,055	
	30-Sep-16	1.647	11,778	
	31-Dec-17	1.690	12,102	
	04-Apr-17	1.477		10,628
HSBC Property Investment Fund	30-Sep-16	0.875	2,609	
Malta Government Bond Fund	31-Dec-17	0.803	25,559	
	04-Apr-17	1.267		39,458

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

For the year ended 31 March 2018

11 Dividend distributions (continued)

Distributions to unitholders are presented net of dividend administration fees in the note above and gross of dividend administration fees in the Statement of Comprehensive Income.

Subsequent to year end, the Directors proposed to distribute a further final dividend amounting to EUR40,188 (2017: EUR54,077) to the Income Share Class of the Malta Bond Fund, EUR8,499 (2017: EUR11,365) to the Income Share Class of the International Bond Fund, EUR2,162 (2017: nil) to the Income Share Class of the HSBC Property Investment Fund, and EUR30,325 (2017: 42,405) to the Income Share Class of Malta Government Bond Fund. These amounts have been transferred to the Distribution Account in accordance with the Investments Services Rules.

Following deduction of dividend administration fee, the net dividend payable to the Income Share Class of the Malta Bond Fund, the International Bond Fund, the HSBC Property Investment Fund, and the Malta Government Bond Fund, amounted to EUR37,331 (2017: EUR50,919), EUR7,810 (2017: EUR10,628), EUR2,118 (2017: nil), and EUR27,619 (2017: EUR39,458).

The dividend administration fee charged on the Malta Bond Fund, the International Bond Fund, the HSBC Property Investment Fund, the Malta Government Bond Fund and the Malta Assets Fund for the financial year ended 31 March 2018 amounted to 0.0061% (2017: 0.0082%), 0.0041% (2017: 0.0054%), 0.0017% (2017: 0.0009%), 0.0066% (2017: 0.0043%), and 0.0004% (2017: nil) of the closing Net Asset Value, respectively.

12 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

(a) Management fee

Under the terms of an agreement dated 31 January 1997, as subsequently superseded by an agreement dated 2 May 2002, the Company appointed HSBC Global Asset Management (Malta) Limited, a subsidiary of HSBC Bank Malta p.l.c., as Manager. The latter agreement was amended and restated with a new agreement dated 21 July 2014 to set out the terms upon which the Manager accepts to act as AIFM in respect of the Company and the Funds. Fees paid to the Manager and any outstanding balances at the reporting date have been disclosed in note 9.

HSBC Global Asset Management (Malta) Limited also holds founder shares as disclosed in note 6 to these financial statements.

The Manager capped the Total Expense Ratio of the HSBC Property Investment Fund to 2%.

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

For the year ended 31 March 2018

12 Related party transactions (continued)

(b) Investment Account fee

During the year under review, HSBC Bank Malta p.l.c. received an aggregate investment account fee of EUR532,689 (2017: EUR377,036). Investment account fees amounting to EUR49,958 were due to the HSBC Bank Malta p.l.c. at 31 March 2018 (2017: EUR68,069).

As a service provider to the Funds, HSBC Bank Malta p.l.c. also received an aggregate dividend administration fee for the year amounting to EUR19,732 (2017: EUR21,805).

(c) Director's fees

No transactions were entered into with key management personnel other than the payment of the Directors emoluments of EUR23,999 (2017: EUR15,844).

(d) Other related party fees

HSBC Bank p.l.c. received EUR71 (2017: EUR9,384) as fees for stockbroking services rendered to the Funds during the year under review.

(e) Unitholding of related parties

As at reporting date, parties related to the Manager held 49,863 units (2017: 52,058 units) in the Malta Bond Fund – Accumulator Shares, 47,141 units (2017: 43,481 units) in the International Bond Fund – Accumulator Shares, 6,719 units (2017: 6,719 units) in the Equity Growth Fund Class A, 35,175 units (2017: 33,756 units) in the Equity Growth Fund Class B, 4,567 units (2017: 6,101 units) in the HSBC Property Investment Fund – Accumulator Shares and 17,307 units (2017: 17,455) in the Maltese Assets Fund – Accumulator Shares.

As at the reporting date, the Directors held 41 units (2017: 45 units) in the Malta Government Bond Fund – Accumulator Shares and 32 units (2017: 32 units) in the Malta Bond Fund – Accumulator Shares.

As at 31 March 2018, all units in the Malta Bond Fund, International Bond Fund, Equity Growth Fund, HSBC Property Investment Fund, Malta Government Bond Fund and Maltese Assets Fund were held under nominee by HSBC Bank Malta p.l.c.

(f) Investments in HSBC securities

Investments held by the Funds in securities, bonds and collective investment schemes issued by HSBC group as at the reporting date amounted to EUR11,108,400 (2017: EUR10,818,992) by the Funds.

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

For the year ended 31 March 2018

13 Fair value of financial assets and financial liabilities

At 31 March 2018 and 2017 the carrying amount of financial assets and financial liabilities carried at amortised cost approximated their fair value due to the short-term maturities of these assets and liabilities.

The fair value of listed investments is based on quoted prices in an active market at the reporting date.

14 Financial instruments and associated risks

14.1 Overview

The Funds are exposed to the following risks from financial instruments:

- market risk
- credit risk
- liquidity risk

This note presents information about the Funds' exposure to each of the above risks, the Funds' objectives, policies and processes for measuring and managing risk, and the Funds' management of capital.

14.2 Risk management framework

The Funds' underlying investment portfolios comprise quoted and unquoted equity investments, quoted and unquoted debt investments, derivatives, and investments in other quoted funds that are intended to be held for an indefinite period of time.

Asset allocation is determined by the Funds' Investment Manager who manages the distribution of the assets in line with the investment strategy of the relative Funds at the prevailing market circumstances.

The nature and extent of the financial instruments outstanding at the financial reporting date and the risk management policies employed by the Funds are discussed below.

14.3 Market Risk

Market risk embodies the potential for both losses and gains, and includes currency risk, interest rate risk and other price risk.

Each Fund's relative strategy on the management of investment risk is driven by the Fund's investment objective, each of which is clearly outlined in the SICAV's prospectus. The Funds' market exposures within their relative Investment Restrictions is monitored on a daily basis by the Investment Manager. The Fund's overall market exposures are also monitored on a quarterly basis by the Board of Directors.

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

For the year ended 31 March 2018

14 Financial instruments and associated risks (continued)

14.3 Market Risk (continued)

Details of the nature of the Funds' investment portfolio as at the financial reporting date are disclosed in note 10 on pages 67 to 91. Details of the nature and terms of derivative financial instruments outstanding as at the financial reporting date are disclosed on page 80.

14.4 Currency Risk

The Funds may invest in financial instruments and enter into transactions denominated in currencies other than the respective functional currency. Consequently, the Funds are exposed to risks that the exchange rate of the functional currencies relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Funds' assets denominated in currencies other than the functional currency.

The Funds' currency risk is managed on a daily basis by the Investment Manager in accordance with policies and procedures in place.

As at the reporting date the Funds had the following open currency exposures:

	31 March 2018	31 March 2017
Currency	% of Net Assets	% of Net Assets
<i>Malta Bond Fund</i>		
US Dollars	4.2%	3.8%
Pounds Sterling	0.3%	0.3%
Brazilian Real	0.3%	-
<i>International Bond Fund</i>		
US Dollars	27.9%	29.7%
Pounds Sterling	1.3%	1.7%
Brazilian Real	1.0 %	-
<i>Equity Growth Fund</i>		
US Dollars	58.2%	60.8%
Pounds Sterling	4.3%	5.1%
<i>HSBC Property Investment Fund</i>		
US Dollar	1.6%	1.4%
Pounds Sterling	19.9%	21.7%

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

For the year ended 31 March 2018

14 Financial instruments and associated risks (continued)

14.4 Currency Risk (continued)

	31 March 2018	31 March 2017
Currency	% of Net Assets	% of Net Assets
<i>Malta Government Bond Fund</i>		
US Dollars	2.1%	2.2%
Pounds Sterling	0.4%	0.4%
Brazilian Real	0.4%	-
<i>Maltese Assets Fund</i>		
US Dollar	8.9%	10.6%
Pounds Sterling	-	0.8%

Sensitivity Analysis

As at 31 March 2018, had the functional currency of each Fund strengthened by 5% in relation to the other currencies with all other variables held constant, net assets attributable to holders of redeemable units would have decreased by the amounts shown below:

	31 March 2018	31 March 2017
	Euro	Euro
<i>Malta Bond Fund</i>		
US Dollar	307,000	341,000
Pounds Sterling	24,000	25,000
Brazilian Real	25,000	-
<i>International Bond Fund</i>		
US Dollars	728,000	810,000
Pounds Sterling	35,000	47,000
Brazilian Real	25,000	-
<i>Equity Growth Fund</i>		
US Dollars	645,000	719,900
Pounds Sterling	47,100	60,900

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

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14 Financial instruments and associated risks (continued)

14.4 Currency Risk (continued)

Sensitivity Analysis (continued)

	31 March 2018	31 March 2017
	Euro	Euro
<i>HSBC Property Investment Fund</i>		
US Dollar	4,200	4,200
Pounds Sterling	50,800	63,300
<i>Malta Government Bond Fund</i>		
US Dollar	136,000	155,000
Pounds Sterling	24,000	25,000
Brazilian Real	25,000	-
<i>Maltese Assets Fund</i>		
US Dollar	196,000	257,000
Pounds Sterling	-	18,000

A 5% weakening of the functional currency against these currencies with all other variables held constant would have resulted in an equal but opposite effect.

14.5 Interest Rate Risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of markets interest rates on the fair value of financial assets and liabilities and future cash flow. The Fund holds fixed interest securities that expose the Fund to fair value interest rate risk. The Fund also holds a limited amount of euro-denominated floating rate debt, cash and cash equivalents that expose the Fund to cash flow interest rate risk.

Malta Bond Fund, International Bond Fund and Malta Government Bond Fund

The majority of the Funds' financial assets are interest-bearing and as a result, the respective Funds are subject to a reasonable exposure to fair value interest rate risk arising from fluctuations in the prevailing levels of market interest rates.

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

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14 Financial instruments and associated risks (continued)

14.5 Interest Rate Risk (continued)

Exposure to interest rate risk

Maltese Assets Fund

Although the majority of the Fund's portfolio is invested in equities, the Fund holds a reasonable exposure in interest-bearing assets, and as a result, the Fund is also subject to a fair value interest rate risk arising from fluctuations in the prevailing levels of market interest rates.

The carrying amount of interest bearing financial assets represents the maximum interest rate exposure. The maximum exposure to interest rate risk at the reporting date was as follows:

Malta Bond Fund

	2018		2017	
	% of net assets	Euro	% of net assets	Euro
Debt securities	92.71	136,821,013	89.40	140,883,501
Fixed deposits	0.96	1,418,524	0.53	845,463
Non-interest bearing assets	7.13	10,524,396	10.25	16,153,873
	-----	-----	-----	-----
	100.80	148,763,933	100.18	157,882,837
	=====	=====	=====	=====

International Bond Fund

	2018		2017	
	% of net assets	Euro	% of net assets	Euro
Debt securities	87.10	45,397,074	88.72	48,353,960
Fixed deposits	0.87	455,892	1.55	845,623
Non-interest bearing assets	13.77	7,177,115	9.87	5,375,843
	-----	-----	-----	-----
	101.74	53,030,081	100.14	54,575,426
	=====	=====	=====	=====

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

For the year ended 31 March 2018

14 Financial instruments and associated risks (continued)

14.5 Interest Rate Risk (continued)

Exposure to interest rate risk (continued)

Malta Government Bond Fund

	2018		2017	
	% of net assets	Euro	% of net assets	Euro
Debt securities	92.12	116,916,961	91.45	127,344,170
Fixed deposits	1.02	1,300,000	0.54	751,522
Non-interest bearing assets	7.14	9,062,596	8.16	11,359,990
	-----	-----	-----	-----
	100.28	127,279,557	100.15	139,455,682
	=====	=====	=====	=====

Maltese Assets Fund

	2018		2017	
	% of net assets	Euro	% of net assets	Euro
Debt securities	21.45	9,472,714	18.22	8,861,361
Fixed deposits	-	-	0.97	469,701
Non-interest bearing assets	79.00	34,898,972	81.04	39,413,262
	-----	-----	-----	-----
	100.45	44,371,686	100.23	48,744,324
	=====	=====	=====	=====

Sensitivity Analysis

The Funds' interest rate risk is managed on a daily basis by the Investment Manager in accordance with policies and procedures in place. The Funds' overall interest rate risk is monitored on a quarterly basis by the Board of Directors.

The table following sets out the impact on the relative net assets of each Fund as at 31 March 2018 in the event that worldwide yield curves experience a parallel 25 basis points / 50 basis points shift upwards or downwards.

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

For the year ended 31 March 2018

14 Financial instruments and associated risks (continued)

14.5 Interest Rate Risk (continued)

Sensitivity Analysis (continued)

Yield Curve Shift

<i>Malta Bond Fund</i>	31 March 2018	31 March 2017
	Euro	Euro
+25bps	(2,231,000)	(2,344,000)
-25bps	2,231,000	2,344,000
+50bps	(4,462,000)	(4,688,000)
-50bps	4,462,000	4,688,000
<i>International Bond Fund</i>		
+25bps	(622,000)	(717,000)
-25bps	622,000	717,000
+50bps	(1,244,000)	(1,434,000)
-50bps	1,244,000	1,434,000
<i>Malta Government Bond Fund</i>		
+25bps	(2,152,000)	(2,353,000)
-25bps	2,152,000	2,353,000
+50bps	(4,303,000)	(4,706,000)
-50bps	4,303,000	4,706,000
<i>Maltese Assets Fund</i>		
+25bps	(177,000)	(178,000)
-25bps	177,000	178,000
+50bps	(354,000)	(356,000)
-50bps	354,000	356,000

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

For the year ended 31 March 2018

14 Financial instruments and associated risks (continued)

14.5 Interest Rate Risk (continued)

Sensitivity Analysis (continued)

Equity Growth Fund and HSBC Property Investment Fund

The majority of the Funds' financial assets are non-interest bearing and as a result, the Funds are not subject to any major exposure to fair value interest rate risk arising from fluctuations in the prevailing levels of market interest rates.

14.6 Other Price Risk

Other price risk is the risk that the value of the underlying assets will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk). These can arise from factors specific to an individual investment or its issuer (idiosyncratic risk), or from factors affecting total market sentiment (systemic risk).

Idiosyncratic price risk is managed through the construction of a diversified portfolio of instruments traded on various markets. Systemic risk cannot be eliminated by diversification and investors in the respective Funds are subject to the Funds' relative systemic market risk.

As the majority of the Funds' financial instruments are carried at fair value with fair value changes recognised in the Statement of comprehensive income, all changes in market conditions will directly affect the Funds' financial statements.

Exposure to other price risk

The carrying amount of the following financial assets and liabilities represents the maximum other price exposure. The maximum exposure to other price risk at the reporting date was as follows:

Equity Growth Fund

	2018		2017	
	% of net assets	Euro	% of net assets	Euro
Equity	27.03	5,992,257	24.44	5,792,864
Exchange Traded Funds	61.52	13,634,366	62.00	14,693,244
Collective Investment Schemes	6.46	1,431,840	5.89	1,395,114
	-----	-----	-----	-----
	95.01	21,058,463	92.33	21,881,222
	=====	=====	=====	=====

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

For the year ended 31 March 2018

14 Financial instruments and associated risks (continued)

14.6 Other Price Risk (continued)

Exposure to other price risk (continued)

HSBC Property Investment Fund

	2018		2017	
	% of net assets	Euro	% of net assets	Euro
Equity	2.96	151,238	3.44	200,589
Exchange Traded Funds	0.96	49,087	1.07	62,020
Collective Investment Schemes	72.31	3,696,820	79.47	4,627,691
Derivative financial (liabilities)	(0.30)	(15,250)	(0.61)	(35,265)
	-----	-----	-----	-----
	75.93	3,881,895	83.37	4,855,035
	=====	=====	=====	=====

Maltese Assets Fund

	2018		2017	
	% of net assets	Euro	% of net assets	Euro
Equity	66.63	29,433,279	68.73	33,424,401
Exchange Traded Funds	8.41	3,716,455	6.44	3,129,734
	-----	-----	-----	-----
	75.04	33,149,734	75.17	36,554,135
	=====	=====	=====	=====

Sensitivity to other price risk

The sensitivity for equity and exchange traded funds price risk illustrates how changes in the fair value of such investments will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the investments' strategy, or factors affecting all similar underlying investments traded in the market. A general increase in the prices of equities and exchange traded funds of 10%, with all other variables held constant, would have increased the net assets attributable to the holders of redeemable units of the Equity Growth Fund by approximately EUR1,963,000 (2017: EUR2,049,000), of the HSBC Property Investment Fund by approximately EUR20,000 (2017: EUR26,000) and of the Maltese Assets Fund by approximately EUR3,315,000 (2017: EUR3,655,000). A 10% general decrease on prices of equities and exchange traded funds, with all other variables held constant will result in an equal but opposite effect.

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

For the year ended 31 March 2018

14 Financial instruments and associated risks (continued)

14.6 Other Price Risk (continued)

Sensitivity to other price risk (continued)

The Equity Growth Fund is also indirectly exposed to other price risk through the securities held by the respective underlying collective investment schemes which as at year end amounted to EUR1,431,840 (2017: EUR1,395,114). The HSBC Property Investment Fund is also exposed to an undetermined level of market risk arising from movements in the prices of properties held by the underlying collective investment schemes which as at year end amount to EUR3,696,820 (2016: EUR4,627,691).

14.7 Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the respective Fund.

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

For the year ended 31 March 2018

14 Financial instruments and associated risks (continued)

14.7 Credit Risk (continued)

Exposure to credit risk

The carrying amount of the following financial assets represents the maximum credit exposure at the reporting date:

31 March 2018

		Combined	Malta Bond Fund	International Bond Fund	Equity Growth Fund	HSBC Property Investment Fund	Malta Government Bond Fund	Maltese Assets Fund
	Note	Euro	Euro	Euro	Euro	Euro	Euro	Euro
Debt securities	10	308,607,762	136,821,013	45,397,074	-	-	116,916,961	9,472,714
Fixed deposits	7	3,174,416	1,418,524	455,892	-	-	1,300,000	-
Accrued interest		3,201,988	1,616,926	626,409	-	-	824,809	133,844
Dividends receivable		301,909	-	-	37,622	4,651	-	259,636
Bank balances	7	27,132,850	8,871,169	6,529,381	1,124,502	1,243,457	8,227,828	1,136,513
Other assets		2,501	-	-	1,640	861	-	-
		-----	-----	-----	-----	-----	-----	-----
		342,421,426	148,727,632	53,008,756	1,163,764	1,248,969	127,269,598	11,002,707
		=====	=====	=====	=====	=====	=====	=====

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

For the year ended 31 March 2018

14 Financial instruments and associated risks (continued)

14.7 Credit Risk (continued)

Exposure to credit risk (continued)

31 March 2017

		Combined	Malta Bond Fund	International Bond Fund	Equity Growth Fund	HSBC Property Investment Fund	Malta Government Bond Fund	Maltese Assets Fund
	Note	Euro	Euro	Euro	Euro	Euro	Euro	Euro
Debt securities	10	325,442,992	140,883,501	48,353,960	-	-	127,344,170	8,861,361
Fixed deposits	7	2,912,309	845,463	845,623	-	-	751,522	469,701
Accrued interest		3,229,529	1,571,649	594,480	-	-	957,089	106,311
Dividends receivable		243,504	-	-	29,024	-	-	214,480
Bank balances	7	35,130,367	14,583,957	4,784,496	1,826,592	977,710	10,415,088	2,542,523
Other assets		5,934	-	-	3,512	2,422	-	-
		=====	=====	=====	=====	=====	=====	=====
		366,964,635	157,884,570	54,578,559	1,859,128	980,132	139,467,869	12,194,376
		=====	=====	=====	=====	=====	=====	=====

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

For the year ended 31 March 2018

14 Financial instruments and associated risks (continued)

14.7 Credit Risk (continued)

Malta Bond Fund

The investment objective of the Fund is to achieve long term capital growth, primarily through investment in predominantly Maltese debt securities.

Local Malta Government Stocks as at 31 March 2018 constituted 42.98% (including accrued interest) (2017: 45.15%) of the fund's total net assets. No Malta Government Stock is rated by either S&P, Moody's or Fitch. However, the Government of Malta carries an A- rating by S&P and an A3 rating by Moody's.

As at 31 March 2018, 38.13% (including accrued interest) of the net assets (2017: 31.08%) was invested in the local corporate bond market. Here again, none of the local corporate bonds are rated by any of the major credit rating companies. However, the Investment Manager undertakes a rigorous risk assessment on each issuer to internally establish the risk reward profile of all major local corporate bonds.

Only up to 15% of the total assets of the fund may be invested in non-Maltese issuers. As at 31 March 2018, investment in these assets amounted to 13.43% (including accrued interest) of the total assets (2017: 14.00%).

The credit quality of the non-Maltese issuers' portfolio as at 31 March 2018 is summarised below:

Credit Rating	31 March 2018	31 March 2017
	% Exposure	% Exposure
AAA (credit rating of AAA ranges from AAA- to AAA+)	0.4	0.1
AA (credit rating of AA ranges from AA- to AA+)	0.2	0.5
A (credit rating of A ranges from A- to A+)	4.4	4.6
BBB (credit rating of BBB ranges from BBB- to BBB+)	8.4	8.8

International Bond Fund

The investment objective of the Fund is to achieve long term capital growth, primarily through investment in international debt securities. Up to 30% of the Fund's total assets may consist of non-investment grade debt securities, rated between B and BB as determined by S&P or an equivalent rating as determined by an equivalent rating agency.

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

For the year ended 31 March 2018

14 Financial instruments and associated risks (continued)

14.7 Credit Risk (continued)

International Bond Fund (continued)

The credit quality of the non-Maltese issuers' portfolio as at 31 March 2018 is summarised below:

Credit Rating	31 March 2018	31 March 2017
	% Exposure	% Exposure
AAA (credit rating of AAA ranges from AAA- to AAA+)	1.7	1.4
AA (credit rating of AA ranges from AA- to AA+)	11.7	15.2
A (credit rating of A ranges from A- to A+)	18.0	14.1
BBB (credit rating of BBB ranges from BBB- to BBB+)	36.4	41.1
BB (credit rating of BB ranges from BB- to BB+)	12.7	11.4
B (credit rating of B ranges from B- to B+)	1.6	0.7

The Fund's credit risk exposure is managed on a daily basis by the Investment Manager in accordance with policies and procedures in place.

Malta Government Bond Fund

The investment objective of the Fund is to achieve long term capital growth, primarily through investment in a diversified portfolio of interest earning securities.

Local Malta Government Stocks as at 31 March 2018 constituted 82% (including accrued interest) (2017: 81.98%) of the fund's total net assets. No Malta Government Stock is rated by either S&P, Moody's or Fitch. However, the Government of Malta carries an A- rating by S&P and an A3 rating by Moody's.

Only up to 15% of the total assets of the fund may be invested in non-Maltese issuers. As at 31 March 2018, investment in these assets amounted to 10.71% (including accrued interest) of the total assets (2017: 10.08%).

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

For the year ended 31 March 2018

14 Financial instruments and associated risks (continued)

14.7 Credit Risk (continued)

Malta Government Bond Fund (continued)

The credit quality of the non-Maltese issuers' portfolio as at 31 March 2017 is summarised below:

Credit Rating	31 March 2018	31 March 2017
	% Exposure	% Exposure
AAA (credit rating of AAA ranges from AAA- to AAA+)	1.5	1.2
AA (credit rating of AA ranges from AA- to AA+)	1.8	2.6
A (credit rating of A ranges from A- to A+)	3.1	0.8
BBB (credit rating of BBB ranges from BBB- to BBB+)	4.3	5.4

Maltese Assets Fund

The investment objective of the fund is to achieve long term capital growth, through the investment in a diversified portfolio of equity holdings and of interest-earning holdings.

Local Malta Government Stocks as at 31 March 2018 constituted 8.57% (including accrued interest) (2017: 7.77%) of the Fund's net assets. No Malta Government Stock is rated by either S&P, Moody's or Fitch. However, the Government of Malta carries an A- rating by S&P and an A3 rating by Moody's.

As at 31 March 2018, 13.14% (including accrued interest) (2017: 10.64%) of the portfolio was invested in the local corporate bond market. Here again none of the local corporate bonds is actually rated by any of the major credit rating companies. However, the Investment Manager undertakes a rigorous risk assessment on each issuer to internally establish the risk reward profile of all major local corporate bonds.

Only up to 15% of the total assets of the fund may be invested in non-Maltese issuers. As at 31 March 2018, 8.4% of total assets (2017: 6.42%) were invested in non-Maltese issuers. None of these assets were subject to credit risk.

The Fund's credit risk exposure is managed on a daily basis by the Investment Manager in accordance with policies and procedures in place.

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

For the year ended 31 March 2018

14 Financial instruments and associated risks (continued)

14.7 Credit Risk (continued)

Equity Growth Fund and HSBC Property Investment Fund

The investment objectives of these Funds do not oblige the respective Fund to take any major credit exposures.

Details regarding secured bank facilities are disclosed in note 4.

14.7.1 Offsetting financial assets and financial liabilities

Derivative financial instruments are presented net on the Statement of Financial Position when an enforceable master netting agreement is in place that provides the Company, in the event of counterparty default, the right to liquidate collateral and the right to offset a counterparty's rights and obligations.

HSBC Property Investment Fund

31 March 2018						
Description	Gross amounts of recognised assets/(liabilities)	Gross amounts offset in the Statement of Financial Position	Net amounts presented in the Statement of Financial Position	Gross amounts not offset in the Statement of Financial Position		Net Amount
				Financial Instruments	Cash collateral received/pledged	
Liabilities						
Derivative financial instruments	(15,250)	-	(15,250)	-	-	(15,250)

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

For the year ended 31 March 2018

14 Financial instruments and associated risks (continued)

14.7 Credit Risk (continued)

14.7.1 Offsetting financial assets and financial liabilities (continued)

HSBC Property Investment Fund (continued)

31 March 2017					
Description	Gross amounts of recognised assets/(liabilities)	Gross amounts offset in the Statement of Financial Position	Net amounts presented in the Statement of Financial Position	Gross amounts not offset in the Statement of Financial Position	Net Amount
				Financial Instruments	Cash collateral received/pledged
Assets					
Derivative financial instruments	(35,265)	-	(35,265)	-	-
					(35,265)

14.8 Settlement Risk

Settlement risk is the risk of loss due to failure of a counterparty to honour its obligations to deliver cash, securities or other assets as contractually agreed. Risk relating to unsettled transactions is considered small due to the short settlement period involved and the high credit quality of the brokers used. The Investment Manager monitors the financial positions of the brokers used to further mitigate this risk.

Substantially all of the assets of the Funds are held by Sparkasse Bank Malta p.l.c., as Depositary. Bankruptcy or insolvency of the Depositary may cause the Funds' rights with respect to securities held by the Depositary to be delayed or limited.

14.9 Liquidity Risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Malta Bond Fund

The Fund's constitution provides for the daily creation and cancellation of units and these are therefore exposed to the liquidity risk of meeting unitholders' redemptions at any time.

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

For the year ended 31 March 2018

14 Financial instruments and associated risks (continued)

14.9 Liquidity Risk (continued)

Malta Bond Fund (continued)

The major part of this Fund's underlying securities mainly comprises securities that are listed on the Malta Stock Exchange, making 80.19% (2017: 76.23%) of net assets, which may not be readily realisable due to the limitations arising from the size and illiquidity of the Maltese capital market.

6.96% (2017: 9.78%) of net assets are held in bank deposits.

International Bond Fund

The Fund's constitution provides for the daily creation and cancellation of units and these are therefore exposed to the liquidity risk of meeting unitholders' redemptions at any time.

The major part of this Fund's underlying securities are considered to be readily realisable since they are listed on major European and US Stock Exchanges.

13.39% (2017: 10.32%) of net assets are held in bank deposits.

Equity Growth Fund

The Fund's constitution provides for the daily creation and cancellation of units and these are therefore exposed to the liquidity risk of meeting unitholders' redemptions at any time.

The major part of this Fund's underlying securities are considered to be readily realisable since they are listed on major European and US Stock Exchanges.

The fund has an investment comprising of an unlisted security, making 0.22% (2017: 0.23%) of net assets which is not considered to be readily realisable. The Fund's portfolio of underlying securities also comprises securities that are listed on the Malta Stock Exchange, making 23.45% of net assets (2017: 21.43%) which may not be readily realisable due to the limitations arising from the size and illiquidity of the Maltese capital market.

5.07% of net assets (2017: 7.70%) are held in bank deposits.

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

For the year ended 31 March 2018

14 Financial instruments and associated risks (continued)

14.9 Liquidity Risk (continued)

HSBC Property Investment Fund

This Fund's constitution provides for the fortnightly creation and cancellation of units and it is therefore also exposed to the liquidity risk of meeting unitholders' redemptions at any time.

The major part of this Fund's underlying securities mainly comprises investments in other collective investment schemes, making 72.31% of net assets (2017: 74.74%), managed by highly reputable financial houses. The Fund invests in Property Related Assets which are exposed directly to immovable property and/or investments in immovable property. Investments in property are relatively illiquid compared with other financial instruments and are significantly more difficult to realise.

Although investors are permitted to make redemption requests on each Dealing Day, there is no guarantee that the Fund will be able to meet such redemption requests as the investments of the funds and entities in which the Fund will be investing are illiquid by nature and the Fund may not be able to redeem or sell its investments to facilitate redemptions. Furthermore, the Manager or the Directors may in their absolute discretion limit or defer the total amount of redemptions effected on any Dealing Day in accordance with the parameters set out in the Articles of Association of the Company. The Company may also, in specific circumstances as described under Appendix I of the Fund supplement, suspend the determination of the Net Asset Value.

24.32% of net assets (2017: 16.78%) are held in bank deposits.

The Fund is allowed to borrow up to 100% of its net asset value for liquidity purposes. Such borrowing would require the Fund to enter into a credit facility agreement whereby the Fund would pledge its assets by way of financial collateral in favour of the creditor Bank providing such facility.

Malta Government Bond Fund

The Fund's constitution provides for the daily creation and cancellation of units and these are therefore exposed to the liquidity risk of meeting unitholders' redemptions at any time.

The major part of this Fund's underlying securities mainly comprises securities that are listed on the Malta Stock Exchange, making 81.52% of net assets (2017: 81.98%), which may not be readily realisable due to the limitations arising from the size and illiquidity of the Maltese capital market. As at 30 April 2016, preceding the transfer of the Fund from HSBC No-Load Funds SICAV p.l.c. to HSBC Malta Funds SICAV p.l.c., the listed securities on the Malta Stock Exchange amounted to 83.12% of net assets.

7.51% of net assets (2017: 8.01%) are held in bank deposits. As at 30 April 2016, preceding the transfer of the Fund from HSBC No-Load Funds SICAV p.l.c. to HSBC Malta Funds SICAV p.l.c., 6.96% of net assets were held in bank deposits.

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

For the year ended 31 March 2018

14 Financial instruments and associated risks (continued)

14.9 Liquidity Risk (continued)

Maltese Assets Fund

The Fund's constitution provides for the daily creation and cancellation of units and these are therefore exposed to the liquidity risk of meeting unitholders' redemptions at any time.

The fund has an investment comprising of an unlisted security, making 1.02% of net assets (2017: 0.99%) which is not considered to be readily realisable. The Fund's portfolio of underlying securities also comprises securities that are listed on the Malta Stock Exchange, making 87.31% of net assets (2017: 86.14%) which may not be readily realisable due to the limitations arising from the size and illiquidity of the Maltese capital market. As at 30 April 2016, preceding the transfer of the Fund from HSBC No-Load Funds SICAV p.l.c. to HSBC Malta Funds SICAV p.l.c., the investment in an unlisted security was equal to 0.75% of net assets and the listed securities on the Malta Stock Exchange amounted to 90.48% of net assets.

2.54% of net assets (2017: 6.19%) are held in bank deposits. As at 30 April 2016, preceding the transfer of the Fund from HSBC No-Load Funds SICAV p.l.c. to HSBC Malta Funds SICAV p.l.c., 3.39% of net assets were held in bank deposits.

All funds

The Funds' liquidity risk is managed on a regular basis by the Investment Manager in accordance with policies and procedures in place. The Funds' overall liquidity risks are monitored on a quarterly basis by the Board of Directors.

All Funds, with the exception of HSBC Property Investment Fund, are allowed to borrow up to 10% of their respective Net Asset Value which may be used to finance settlement mismatches. Such borrowing would require the relevant Fund to enter into a credit facility agreement whereby the Fund would pledge its assets by way of financial collateral in favour of the creditor Bank providing such facility.

The Prospectus and Articles of Association contain special provisions which allow the Manager to limit the total number of units which may be repurchased on any Dealing Day to 5% of the outstanding units in any Fund. In such an event the Manager will reduce all valid repurchase requests pro rata to the said 5% of the units and shall repurchase the excess of the units on the next Dealing Day, subject to the Manager's same power of deferral until the original repurchase requests have been fully satisfied.

14.10 Fair values of financial instruments

The Fund measures its financial assets and financial liabilities at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

For the year ended 31 March 2018

14 Financial instruments and associated risks (continued)

14.10 Fair values of financial instruments (continued)

The fair value of an asset is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. It allows an entity to use mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurements within a bid-ask spread.

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1 - Quoted market prices (unadjusted) in an active market for an identical instrument.
- Level 2 - Valuation techniques based on observable inputs, other than quoted prices included within Level 1, that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3 - Valuation techniques using significant unobservable inputs. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The following table analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position. All fair value measurements below are recurring.

Malta Bond Fund

	Level 1	Level 2	Level 3	Total
31 March 2018				
Financial assets designated at fair value through profit or loss	136,821,013	-	-	136,821,013
	136,821,013	-	-	136,821,013
31 March 2017				
Financial assets designated at fair value through profit or loss	140,883,501	-	-	140,883,501
	140,883,501	-	-	140,883,501

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

For the year ended 31 March 2018

14 Financial instruments and associated risks (continued)

14.10 Fair values of financial instruments (continued)

International Bond Fund

	Level 1	Level 2	Level 3	Total
31 March 2018				
Financial assets designated at fair value through profit or loss	45,397,074	-	-	45,397,074
	45,397,074	-	-	45,397,074
31 March 2017				
Financial assets designated at fair value through profit or loss	48,353,960	-	-	48,353,960
	48,353,960	-	-	48,353,960

Equity Growth Fund

	Level 1	Level 2	Level 3	Total
31 March 2018				
Financial assets designated at fair value through profit or loss	21,008,653	-	49,810	21,058,463
	21,008,653	-	49,810	21,058,463
31 March 2017				
Financial assets designated at fair value through profit or loss	21,827,890	-	53,332	21,881,222
	21,827,890	-	53,332	21,881,222

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

For the year ended 31 March 2018

14 Financial instruments and associated risks (continued)

14.10 Fair values of financial instruments (continued)

HSBC Property Investment Fund

	Level 1	Level 2	Level 3	Total
31 March 2018				
Financial assets designated at fair value through profit or loss	1,895,803	2,001,342	-	3,897,145
Derivative financial liability	-	(15,250)	-	(15,250)
	1,895,803	1,986,092	-	3,881,895
31 March 2017				
Financial assets designated at fair value through profit or loss	2,083,314	2,806,986	-	4,890,300
Derivative financial liability	-	(35,265)	-	(35,265)
	2,083,314	2,771,721	-	4,855,035

Malta Government Bond Fund

	Level 1	Level 2	Level 3	Total
31 March 2018				
Financial assets designated at fair value through profit or loss	116,916,961	-	-	116,916,961
	116,916,961	-	-	116,916,961
31 March 2017				
Financial assets designated at fair value through profit or loss	127,344,170	-	-	127,344,170
	127,344,170	-	-	127,344,170

HSBC Malta Funds SICAV p.l.c.

Notes to the financial statements

For the year ended 31 March 2018

14 Financial instruments and associated risks (continued)

14.10 Fair values of financial instruments (continued)

Maltese Assets Fund

	Level 1	Level 2	Level 3	Total
31 March 2018				
Financial assets designated at fair value through profit or loss	42,173,298	-	449,150	42,622,448
	42,173,298	-	449,150	42,622,448
31 March 2017				
Financial assets designated at fair value through profit or loss	44,934,588	-	480,908	45,415,496
	44,934,588	-	480,908	45,415,496

Financial assets measured at Level 3

During the year, financial assets at fair value through profit or loss in the Equity Growth Fund portfolio and the Maltese Assets Fund Portfolio, with a carrying amount of EUR49,810 (2017: EUR 53,332) and EUR449,150 (2017: EUR480,908) respectively, were classified as having Level 3 inputs. Due to lack of observable market inputs, the fair value of the assets was determined by reference to the average of the Net Asset Value of the Company, the Net Asset Value of the Company plus a premium for goodwill, and earnings before interest, taxes, depreciation and amortisation multiples, based on the audited financial statements of the issuer of the asset.

15 Events subsequent to the reporting date

There were no material significant events affecting the Company subsequent to the reporting period.

HSBC Malta Funds SICAV p.l.c.

General Information

1 Authorisation

HSBC Malta Funds SICAV p.l.c. is a collective investment scheme organised as a multi fund investment company with variable share capital. The Company was registered on 24 January 1997 under the Companies Act. Chapter 386 of the Laws of Malta, and is licensed and regulated by the Malta Financial Services Authority as a collective investment scheme in virtue of the Investment Services Act. Chapter 370 of the Laws of Malta.

The class of shares constituting the Malta Bond Fund, the Malta Government Bond Fund and the Maltese Assets Fund are listed on the Malta Stock Exchange.

2 Management fees and other expenses

(a) Management fees

As from 21 July 2014, the Manager was entitled to a management fee of 0.685% per annum from the Malta Bond Fund, 0.570% per annum for the International Bond Fund, 1.000% per annum from the Equity Growth Fund and 0.875% per annum from the HSBC Property Investment Fund, based on the Net Asset Value of each respective Fund on each Dealing Day, payable monthly in arrears.

For the period between 5th December 2016 and 6th February 2017, the Manager was entitled to a management fee of 0.685% for the Malta Bond Fund. With effect from the 7th February 2017, the Manager was entitled to a management fee of 0.785% per annum for the Malta Bond Fund; As from 5th December 2016, the Manager was entitled to a management fee of 0.570% per annum for the International Bond Fund; 1.000% per annum for the Equity Growth Fund; 0.785% per annum for the Malta Government Bond Fund, 1.060% per annum for the Maltese Assets Fund and 0.875% per annum from the HSBC Property Investment Fund, based on the Net Asset Value of each respective Fund on each Dealing Day, payable monthly in arrears.

(b) Administration fees

As of the 21 July 2014, the Administrator Fees (charged by Deutsche International Corporate Services (Ireland) Ltd.) were as follows:

Malta Bond Fund - range between 0.10% and 0.12% of Net Assets* depending on the amount of Net Assets subject to a minimum of €8,334 per month.

International Bond Fund - range between 0.10% and 0.12% of Net Assets* depending on the amount of Net Assets subject to a minimum of €8,334 per month.

HSBC Malta Funds SICAV p.l.c.

General Information

2 Management fees and other expenses (continued)

(b) Administration fees (continued)

Equity Growth Fund - range between 0.10% and 0.12% of Net Assets* depending on the amount of Net Assets subject to a minimum of €4,166 per month.

HSBC Property Investment Fund - range between 0.10% and 0.12% of Net Assets* depending on the amount of Net Assets subject to a minimum of €2,000 per month.

As of the 5 December 2016, the Administrator Fees (charged by Deutsche International Corporate Services (Ireland) Ltd.) for the Malta Government Bond Fund and the Maltese Assets Fund were as follows:

Malta Government Bond Fund - range between 0.10% and 0.12% of Net Assets* depending on the amount of Net Assets subject to a minimum of €8,334 per month.

Maltese Assets Fund - range between 0.10% and 0.12% of Net Assets* depending on the amount of Net Assets subject to a minimum of €8,334 per month.

* Net Assets refer to the aggregate Net Asset Value of all the Funds managed by HSBC Global Asset Management (Malta) Limited and which are party to an agreement with Deutsche International Corporate Services (Ireland) Limited as their Administrator.

(c) Registrar fees

No charges are levied by the Administrator for acting as Registrar to the Company.

(d) Secretarial fees

Ganado Services Limited charges a fee of EUR2,000 (excluding VAT) per annum for 16 hours of work for acting as Company Secretary to the Company. Additional hours are charged on a time spent basis.

(e) Depositary fees

In terms of the Depositary Agreement between the Company and the Depositary, the Depositary receives a depositary services fee. The fee for depositary services is of 0.035% per annum of total net assets** depending on the amount of total net assets.

The above depositary services fees are subject to a minimum fee of:

- EUR5,000 per month, for the Malta Bond Fund excluding out-of-pocket expenses;
- EUR5,000 per month, for the Equity Growth Fund excluding out-of-pocket expenses;
- EUR5,000 per month, for the International Bond Fund excluding out-of-pocket expenses;
- EUR5,000 per month, for the Malta Government Bond Fund excluding out-of-pocket expenses;
- EUR5,000 per month, for the Maltese Assets Fund excluding out-of-pocket expenses;

No minimum fee is applicable for the HSBC Property Investment Fund.

HSBC Malta Funds SICAV p.l.c.

General Information

2 Management fees and other expenses (continued)

(e) Depositary fees (continued)

These fees are applied pro-rata to each Sub-Fund in relation to the relative Total Net Assets.

** Total Net Assets refer to the aggregate total net assets of all the Funds managed by HSBC Global Asset Management (Malta) Limited and which are party to a depositary agreement with Sparkasse Bank Malta p.l.c. as their depositary (together, the "Funds").

HSBC Bank plc as sub-custodian of the Depositary charges Custody fees as follows:

Maltese Market	0.04% per annum
Foreign Markets	Ranging from 0.0015% to 0.04% depending on the relevant Foreign Market

HSBC Bank plc as sub-custodian of the depositary also charges for other out-of-pocket and third party expenses relating to:

- transaction fees (ranging from EUR4.00 to EUR40.00 per transaction);
- coupons, dividends and corporate actions;
- other value-added services;
- disbursement fees; and
- communication services fees.

(f) Fees charged by the Service Provider

The Service Provider charges the following investment account fees:

Malta Bond Fund - 0.125% per annum charged to the Fund on the value of shares held in the investment account of each investor, with a minimum of €11.65 and a maximum of €116.47.

International Bond Fund - 0.125% per annum charged to the Fund on the value of shares held in the investment account of each investor, with a minimum of €23.29 and a maximum of €116.47, or appropriate equivalent amount expressed in the Currency of Expression.

Equity Growth Fund and HSBC Property Investment Fund - 0.125% per annum charged to the Fund on the Net Asset Value.

Malta Government Bond Fund – 0.125% per annum charged to the Fund on the value of shares held in the investment account of each investor, with a minimum of €23.29 and a maximum of €116.47.

Maltese Assets Fund – 0.125% per annum charged to the Fund on the value of shares held in the investment account of each investor, with a minimum of €23.29 and a maximum of €116.47.

HSBC Malta Funds SICAV p.l.c.

General Information

2 Management fees and other expenses (continued)

(g) Dividend Administration fee

The Service Provider charges €4.66 per investor eligible to receive the dividend on every dividend distribution. This fee is directly chargeable to that part of the relevant Fund's income attributable to the class of shares in respect of which the dividend has been paid. The fee is not chargeable if a dividend is not declared.

(h) Transaction fee

In the normal course and in relation to the Malta Government Bond Fund and the Maltese Assets Fund, the Service Provider charges €23.29 on all repurchase transactions (including an exchange of shares from one Fund to another) in excess of 3 per calendar year. The Service Provider reserves the right, at its discretion and on giving notice to a particular Investor, to increase the charge up to no more than €1164.69 per transaction on any further transaction effected by the Investor in the same calendar year.

(i) Fee for exchange of shares within the same fund

In the case of investors who had opted for a Sterling Currency of Expression, the Service Provider charges a fee of €11.65 or GBP 9 per Investor on any exchange of shares between an accumulating and income distributing class within the same Fund.

(j) Other fees

The Company engaged KPMG Malta to prepare its annual and interim financial statements. The Company pays KPMG Malta the following fees relating to the preparation of financial statements (annual and interim):

- First SICAV Sub-Fund – maximum total amount: EUR5,000
- Per Sub-Fund thereafter – maximum total amount: EUR3,500

The Funds are subject to other out-of-pocket expenses relating to:

- cost of banking charges;
- postage and printing costs;
- communication services fees; and
- other expenses involved in the course of the KPMG's duties.

(k) General

All fees may be increased with the agreement of the Company, and the members shall be notified accordingly. Further details on any aspect of the above or further details on other specific charges applicable to any of the Funds will be made available to you upon request and in accordance with applicable regulations.

HSBC Malta Funds SICAV p.l.c.

General Information

2 Management fees and other expenses (continued)

(l) Management Agreement

HSBC Global Asset Management (Malta) Limited was appointed by the Company to provide investment management services and administrative services to the Company and its Funds by virtue of an agreement dated 31 January 1997. This agreement was amended and restated by an agreement dated 2 May 2002 (the 'Management Agreement'). Subsequently an Addendum dated 7 October 2005 and Addendum dated 14 November 2006 to the Management Agreement were entered into between the Manager and the Company in relation to the Equity Growth Fund and the HSBC Property Investment Fund respectively.

The agreement between the Company and HSBC Global Asset Management (Malta) Limited dated 2 May 2002 was amended and restated with a new agreement dated 21 July 2014 to set out the terms upon which the Manager accepts to act as AIFM in respect of the Company and the Funds.

An addendum to the Discretionary Investment Management Agreement was entered between the Company and HSBC Global Asset Management (Malta) Limited on 5th December 2016. By virtue of this Addendum the two new sub-funds called Malta Government Bond Fund and Maltese Assets Fund established by the Company were included under the Investment Management Agreement.

A copy of the Management Agreement is available for inspection at the registered office of the Company and the registered office of the Manager.

(m) Administration Agreement

With effect from 1 October 2007 the Company and the Manager appointed HSBC Securities Services (Malta) Ltd as the Administrator to provide administrative services including acting as Registrar. This agreement was terminated on 11 February 2014.

The Company and the Manager appointed Deutsche International Corporate Services (Ireland) Limited as Administrator from 12 February 2014. The Company and the Manager have agreed to the delegation of certain administration functions of the Company and the Funds including acting as Registrar, to Deutsche International Corporate Services (Ireland) Limited.

An amended and re-stated Administration Agreement dated 21 July 2014 was entered into between Deutsche International Corporate Services (Ireland) Limited as Fund Administrator, the Company and the Manager for the purposes of appointing the Administrator to provide administration, registrar and transfer agency services to the Company and to reflect the responsibility of the Manager under AIFMD and AIFMR in ensuring the proper valuation of the assets and the calculation of the Company's net asset value.

A Supplemental Agreement to the Fund Administration Agreement was entered into on 8 May 2015 to remove the obligation of the Administrator to prepare the Company's interim and annual financial statements.

HSBC Malta Funds SICAV p.l.c.

General Information

2 Management fees and other expenses (continued)

(m) Administration Agreement (continued)

By virtue of a Supplemental Agreement to the Fund Administration Agreement applicable from 5th December 2016 the two new sub-funds called Malta Government Bond Fund and Maltese Assets Fund established by the Company were included under Fund Administration Agreement.

A copy of the Administration Agreement is available for inspection at the registered office of the Company and the registered office of the Administrator.

(n) Service Provider Agreement

An agreement dated 31 July 2013 was entered into between the Company, the Manager and HSBC Bank Malta p.l.c. In terms of this agreement HSBC Bank Malta p.l.c. was appointed as a Service Provider in respect of the maintenance of the Investment Account System through which all persons purchase and hold units in the Company. This agreement was terminated on 20 July 2014.

A new agreement dated 21 July 2014 was entered into between the Company and HSBC Bank Malta p.l.c. In terms of this agreement HSBC Bank Malta p.l.c. was appointed as a Service Provider in respect of the maintenance of the Investment Account System through which all persons purchase and hold units in the Company.

An addendum to the Service Provider Agreement was entered between the Company and HSBC Bank Malta p.l.c. on 28th November 2016. By virtue of this Addendum the two new sub-funds called Malta Government Bond Fund and Maltese Assets Fund established by the Company were included under the Service Provider Agreement.

A copy of the Service Provider Agreement is available for inspection at the registered office of the Company and the Service Provider.

(o) Depositary Agreement

By an agreement dated 28 September 1998, between the Company and HSBC Bank Malta p.l.c., HSBC Bank Malta p.l.c. was appointed to act as custodian of and to safe keep the assets of the Company with effect from the 1 October 1998, and as subsequently amended. This agreement was terminated with effect from 20 July 2014.

On 21 July 2014, the Company and the Manager entered into an agreement with Deutsche Bank (Malta), under the terms of which the latter was appointed as the depositary of the Company and its Sub-Funds in accordance with the requirements of the AIFMD. This agreement was terminated with effect from 28 April 2016.

On 29 April 2016, the Company and the Manager entered into an agreement with Deutsche Bank AG (Dublin), under the terms of which the latter was appointed as the Depositary and Custodian of the Company and its sub-funds, in accordance with requirements of the AIFMD. This agreement was termination on 1 December 2016.

On 2nd December 2016, the Company and the Manager entered into an agreement with Sparkasse Bank Malta p.l.c., under the terms of which the latter was, with effect from 5th December 2016, appointed as the depositary of the Company and its Sub-Funds in accordance with the requirements of the AIFMD.

HSBC Malta Funds SICAV p.l.c.

General Information

3 Risk warning

Past performance is not necessarily a guide to future performance. The value of investments and the currency in which these are denominated may go down as well as up and investors may not always get back their initial investment, investments in collective investment schemes should be regarded as a medium to long term investment.

This Annual Report does not constitute an offer of units in the Funds. The opinions expressed are given in good faith and should not be construed as investment and/or tax advice.

4 Prospectus

The Company issued a Prospectus dated 5th December 2016. This Prospectus refers to the two new sub-funds called Malta Government Bond Fund and Maltese Assets Fund established by the Company and also refers to the appointment of a new depositary by the Company.

On 6th July 2017, a Supplemental Statement to the Prospectus dated 5th December 2016 was issued and lodged at the Registry of Companies. This Supplemental Statement reflected the change in the composition of the Board of Directors of the Company and the Manager and also updated the 'Conflicts of Interest' Section in the Prospectus.

Copies of the latest Prospectus are available free of charge from the Manager and all HSBC Bank Malta p.l.c. branches. Persons wishing to invest in the Funds should do so on the basis of the full information contained in the Prospectus. A copy of the Interim Report and Financial Statements can be obtained by calling 2380 2380 or by logging on <https://www.hsbc.com.mt/1/2/mt/en/personal/investing-and-planning/investments/local-funds/funds-financial-reports>.

5 Remuneration Policy Disclosure Requirements

During the application process, the Company was granted a derogation from the MFSA from the requirements of Article 13 of the AIFMD and Appendix 12 of the Rules.

The Remuneration policy on fixed pay (base salary and fixed allowances) is determined by the Bank's Collective Agreement Salary bank increases (split by rating and grade). The variable pay (discretionary performance bonus) is established via a structured process as part of the performance management system and depends on individual contribution together with Bank/Company performance. The bonus pot and policy is agreed by the Bank's local and Group Remuneration Committee (REMCO) and approved by HSBC Bank Malta's Board of Directors.

Pay and performance are directly linked to the individual's achievement against set objectives which are both financial and behavioural in nature. Objectives are agreed by the employee and Management beforehand.

HSBC Malta Funds SICAV p.l.c.

General Information

5 Remuneration Policy Disclosure Requirements (continued)

HSBC Global Asset Management (Malta) Limited had an average staff complement of 13 employees. One of these employees occupies an Executive and Senior Management position as per HSBC Group definition of Senior Management. In 2017, the total fixed remuneration, including wages, salaries, allowances and share based payments, amounted to €42,210 (2016: €48,000). Variable remuneration, based on performance, was paid in cash. The total Directors' emoluments incurred by the Company during the year were €97,799 (2016:€88,681).

There are a number of non-cash benefits provided to all HSBC Bank Malta employees which also apply to HSBC Global Asset Management (Malta) Limited employees such as subsidised Bank products, fee free products, nursing services, subsidised medical health insurance, periodical medical check-ups and death in service benefit.

There were no outstanding amounts of deferred remuneration and none was awarded in 2017.

There were no new sign-on and severance payments made in 2017 and none were awarded during the year.

The AIFM's income is dependent upon funds under management, and therefore the profit available for distribution under the Policy is dependent upon the performance of the funds.

The remuneration disclosed above relates to the year ended 31 December 2017.

Information regarding the remuneration attributable to HSBC Malta Fund SICAV p.l.c. is not available and therefore not disclosed.

6 Further Information

You can obtain further information on the HSBC Malta Funds SICAV p.l.c. by contacting any HSBC Bank Malta p.l.c. branch and seeking the assistance of qualified staff who are authorised to give investment advice on the Funds.

Alternatively, call customer service on 2380 2380.