

Asset Management

**French mutual fund (FCP)
HSBC EURO GVT BOND FUND**

Annual Report as at 30 December 2022



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Information concerning investments and management

Management company

HSBC Global Asset Management (France)

Depositary and Custodian

CACEIS Bank

Appointed accounting manager

CACEIS Fund Administration

Statutory Auditor

PricewaterhouseCoopers Audit

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Activity report

Macroeconomic overview

In the first quarter of 2022 (Q1), the conflict between Russian and Ukraine led Western countries to impose sanctions on Russia progressively: freezing of Russian assets and transactions with the central bank, public enterprises and individuals, exclusion of Russian banks from the SWIFT payment system, as well as US and UK embargoes on Russian oil. Faced with these sanctions and the Russian response (ban on exports of agricultural goods, obligation to pay in roubles), the European Union (EU) economy was weakened by its heavy dependence on Russian energy: around 40% for its gas and coal imports and 35% for oil. However, this dependence was higher or lower depending on the country: for example, Russian gas imports accounted for nearly 50% of domestic consumption in Germany and Italy and even more than 70% in Austria and 90% in Finland. Russia is also a major player in global exports of agricultural (wood, fertiliser) and metallurgical (palladium, nickel, platinum) commodities. These events, along with fears of an escalation of sanctions, increased freight costs in the region. They have also exacerbated tensions in supply chains, already strained by a new pandemic wave and lockdowns in China. Against this background, commodity prices continued to rise in Q1 (CRB index + 10% q/q), and inflation reached 1980s levels: 7.9% in the United States, 7.5% in the eurozone, and 8.2% in the United Kingdom. Inflation also jumped in Eastern Europe (Poland 10.9%) and Latin America (Brazil 11.3%) but remained moderate in Asia (4.1% in South Korea and only 0.9% in China). In addition to the transmission channels linked to trade, the banking sector, or the business climate, rising commodity prices will lead to a negative shock on household purchasing power and consumption, an increase in savings, and a drop in investment. The economic and financial repercussions were particularly severe for Russia: soaring inflation (16.7% in March), depreciation of the rouble (-11% q/q), and an expected recession to -9.7% in 2022. Since last December, economies exposed to Russia have seen a sharp deterioration in their GDP forecasts for 2022¹, with an estimated growth shock of -2.0% in Germany (from 4.2% to 2.4%) and -1.4% in Italy (GDP revised down from 4.5% to 3.1%), compared with an estimated shock of -0.6% for the United States (GDP expected to be +3.3%). The Russia-Ukraine conflict significantly increased the risks of stagflation for the global economy, complicating central bank policies, torn between the urgency of price stability and the risks of recession in the medium term. In the face of record inflation and the risk of unanchoring of inflation expectations and wage-price spirals, the US Federal Reserve (Fed) was determined to speed up its cycle of rate hikes (+250 bp in total by 2023). The Fed is all the more concerned about its objective of price stability given that the labour market is very dynamic: unemployment rate at 3.6% and wage increases of +5.6% y/y. In contrast, the Bank of England opted for a more cautious approach (after three rate hikes since last December). The European Central Bank (ECB) accelerated its monetary normalisation with a reduction in its asset purchases in Q2. However, for the remainder of the year, the ECB was much more cautious than the Fed due to uncertainties about the magnitude of the energy shock and the fiscal responses of governments. Lastly, especially in the eurozone, the employment dynamic (unemployment rate at 6.8%, its lowest level since 2002) did not yet lead to wage pressures (negotiated wages up by 1.6% y/y in Q4).

Central bankers in emerging economies had limited latitude due to risks of currency depreciation. For example, key rates were raised in Q1 by +275 bp in Poland and by +150 bp in Brazil and Chile. In China, the resurgence of the pandemic and uncertainties related to the real estate sector have continued to weigh on domestic demand and GDP growth in 2022 (forecast at 5.0% in 2022, compared with 8.0% in 2021), which led the central bank down the path of monetary easing.

¹ Bloomberg consensus as at 31/03/2022 compared with 31 December 2021

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In the second quarter of 2022 (Q2), inflation continued to pick up speed with upward pressure spreading across all sectors of the economy, especially in food and services. Inflation reached the high levels of the 1980s in most developed countries: 8.6% in the United States, 8.7% in Germany, 6.5% in France, 10.0% in Spain, and 9.1% in the United Kingdom. In emerging markets, Eastern Europe was particularly hit hard by Russian supply difficulties, leading to record levels of inflation, above 15% in Poland, the Czech Republic, and Hungary. Only a few Asian countries managed to contain inflation at around 2.5% (China, Japan, and Malaysia). The “zero COVID” policy in China imposed drastic sanitary restrictions, which prolonged disruptions on production lines. The Russia-Ukraine conflict continues to fuel major uncertainty over the supply of commodities and high price volatility. Russia is one of the leading producers of oil, gas, metals, and fertilisers and, with Ukraine, wheat and corn. A new round of sanctions against Russia increased payment exclusions, freezes on Russian assets, and import restrictions (including an EU coal embargo). The European Union (EU) implemented an industrial strategy for energy and economic security to put an end to its dependence on Russia with the aim of diversifying sources of supplies and developing new production capacities. Lastly, in most developed countries, the second quarter was marked by the reopening of services related to leisure and tourism. The post-pandemic recovery of services combined with industrial development strategies put the labour market under pressure, causing severe labour shortages and wage pressures. Unemployment rates fell to very low levels in the US (3.6% from March to June) and even dropped to record lows in the eurozone (6.6%) and the UK (3.7%). Overall, consensus inflation forecasts² continued to rise, reaching around 7.5% for 2022 in the US and the eurozone (compared with forecasts close to 5% in March), and are expected to be close to 3.5% for 2023. Faced with the risk of long-term high inflation, central bankers and especially the US Federal Reserve (Fed) were more determined to raise interest rates rapidly, even if it meant holding back growth. In the US, the end of the pandemic crisis was particularly rapid, with solid demand driven by very expansionary monetary and fiscal policies. The Fed therefore anticipated significant monetary tightening potentially leading to a recession in order to anchor inflation expectations and avoid a wage-price spiral. Meanwhile, in Europe and emerging markets, the Russia-Ukraine conflict triggered a supply shock, while household consumption failed to return to 2019 levels. The escalation of this conflict heightened the risk of a complete halt to Russian gas supplies, and rationing could be implemented after the summer, notably in Germany and Italy. Restrictive policies to control inflation could further depress consumer demand, especially for the poorest consumers, already suffering from high energy and food prices. Economic scenarios continued to point to a gradual reduction of supply/demand imbalances, which would favour a moderation of inflation in the medium term. However, more structurally, the intensification of the Russia-Ukraine conflict also increased the risk of fragmentation of the global economy into geopolitical blocs that adhere to different technological standards, reserve currencies, and payment systems. This prospect, in addition to the investments needed to combat climate change, would entail significant adjustment costs, but would also probably result in higher long-term inflation than what has been seen over the past 20 years. Given these factors, forecasts continued to deteriorate in the second quarter, with risks of recession or stagflation, resulting in complex economic and monetary policy trade-offs.

Third quarter (Q3) 2022 was marked by persistent inflation and tighter monetary policies. Higher food and energy prices spread across all business sectors. Inflation reached 9.1% in the United States and the United Kingdom. In the eurozone, inflation accelerated to 10.0% with differences between 23.7% in Estonia and 6.6% in France due to the various measures taken by governments in response to the surge in prices. In Eastern Europe, inflationary pressures remained stronger (Poland 17%), compared with Mexico and Brazil (8.7%), and in Asia (South Korea 5.6% and China 2.5%). The post-COVID demand catch-up, particularly in services, and the strength of private investment led to tensions on the labour markets, unemployment rates at historical lows (US 3.5%; eurozone 6.6%), and wage increases. Especially following the pandemic crisis, participation in the labour market in the United States and the number of hours worked in Europe did not return to pre-

² Bloomberg consensus as at 30/06/2022

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COVID levels, contributing to a reduction in production capacity. Soaring energy costs risk reducing potential GDP with a deterioration in competitiveness, which could lead to relocations outside Europe. In the United States, budget support stimulated consumption and pushed US GDP above its potential, thus fuelling inflationary pressures. According to the central banks, the rebalancing of the economy requires a drop in demand, which means rapid monetary tightening. The Bank of England's scenario foresees a recession lasting several quarters to bring inflation back to around 2% by the end of 2024. According to the forecasts of the US Federal Reserve (Fed) and the European Central Bank (ECB), it would be possible to control inflation without causing a recession. With the rapid rise in key rates, the peak could be reached soon, but inflation would take time before moving closer to the 2% target. The ECB expects average inflation in 2024 to be 2.3% in the eurozone; the consensus of economists³ forecasts 5.2% in 2023 and 2.1% in 2024. According to the Fed's projections, the inflation target of 2% will not be reached until 2025 in the United States. The central bankers of emerging countries also raised their key rates sharply, faced with the risks of currency depreciation against the US dollar. Ultimately, monetary tightening and higher energy prices will lead to a slowdown in the global economy. The consensus of economists thus revised the growth forecasts for 2023 downwards to 0.7% in the United States, 0.2% in the eurozone, and -0.2% in the United Kingdom. Emerging countries also saw their growth decline with forecasts for 2023 of 5% in China, 1.2% in Mexico, and 1.3% in Poland. Due to an energy mix dependent on Russian supplies, the contraction in GDP is expected to be more significant in Germany (-0.4% in 2023) compared with Italy (0.2%) and France (0.5%). The budget support announced in September could partially cushion the shock, particularly if the priority is to improve supply (via incentives for energy efficiency and the energy transition), rather than on demand (via cuts in petrol taxes at the pump or a price cap). The steering of monetary and fiscal policies is therefore crucial to cushioning the negative effects of the energy crisis.

In fourth quarter (Q4) 2022, in the face of the energy shock, the global economy held up better than expected in the short term. In Europe, governments took action, extending their budgetary support (tax cuts, transfers to households, or caps on gas and electricity prices). The countries of the European Union (EU) have committed certain agreements on the energy policy to be implemented with, among other things, requirements on reducing consumption (to avoid power outages), filling gas storage to more than 90% capacity, and introducing a price cap. The drop in gas prices is also the result of favourable weather conditions and massive imports of liquefied gas, particularly from the United States. Thus, the scenario of a severe recession in Europe was avoided, which would have inevitably weighed on the global economy. Despite this short-term resilience, the outlook for 2023 has deteriorated: the recession, which is more or less moderate depending on the region, is expected to continue or, at best, be followed by a weak recovery. The consensus GDP forecast for 2023⁴ is +0.3% in the United States, -0.1% in the eurozone, and -0.9% in the United Kingdom. In China, economic activity deteriorated because of the zero-COVID policy, but the reopening announced in December should enable a rapid recovery in 2023, despite the increase in contamination the short term (GDP growth estimated at 4.8% in 2023 versus 3.0% in 2022). Overall, the economic outlook for 2023 has deteriorated in the wake of the necessary budget cuts and uncertainty over monetary and trade policies. With record public debt⁵ (estimated in 2022 at 122% of GDP in the United States and 93% in the eurozone), governments will have to reduce and target their fiscal support. Tensions could emerge in Europe due to different budgetary margins (debt-to-GDP ratios of 71% in Germany and 147% in Italy). In the United States, the Inflation Reduction Act (including USD 391bn for the energy transition) will benefit US companies, and trading partners China, Europe, Japan, and South Korea differ on the policies to be implemented. For the EU, the measures adopted in Q4 focused on a tougher carbon market and the introduction of a border carbon tax. This environment risks pushing up production costs structurally, resulting in more persistent inflation than initially estimated: a "cost-push" effect that would structurally weigh on demand and economic growth. In the short term, the energy shock led to an acceleration of inflation in most

³ Bloomberg consensus as at 30/09/2022

⁴ Bloomberg consensus as at 31/12/2022

⁵ IMF estimates, December 2022

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countries, in the eurozone (from 9.1% in August to 10.1% in November), but also in Japan and the United Kingdom. However, the trend reversed in the United States (8.3% in August to 7.1% in November), but also in China and in most emerging economies. Inflation remains too high though (4.0% expected in 2023 in the United States, 6.0% in the eurozone, and 7.2% in the United Kingdom) and is not expected to decline quickly enough. Against this backdrop, central banks have largely continued to tighten their monetary policies to avoid an increase in inflation expectations, which themselves risk maintaining inflationary pressures over the long term via price-wage spirals.

Financial overview

In the first quarter of 2022 (Q1), the Russia-Ukraine conflict, sanctions against Russia, and monetary tightening by central banks led to severe turbulence in global markets, with corrections on both bond markets (Bloomberg index -6.0% q/q) and stock markets (MSCI* World -4.6% q/q). At first, soaring energy prices led to a strong risk aversion: the global equity market index (MSCI*) fell by -12% between 31 December and 8 March before later rebounding. Given Russia's prominent position in global commodity exports, oil prices surged (Brent +33% q/q to USD 107.9/barrel) with a peak at USD 139.1 during the trading session on 7 March (following the announcements of embargoes by the US and the UK). Price volatility was fuelled by uncertainties related to demand (rising COVID-19 cases and lockdown in China), but also related to supply, depending on potential alternatives to Russian supplies (negotiations around production quotas in Gulf countries and release of strategic reserves). Natural gas prices in Europe hit all-time highs, driving up electricity prices, which in turn impacted metal and food prices (CRB indexes +17% q/q and +22% q/q respectively in Q1). The surge in commodity prices drove inflation expectations up in Q1, with 10-year breakeven inflation rates jumping by +23 bp to 2.83% in the US and by +83 bp to 2.64% in Germany. The equity markets (MSCI indexes*) of commodity-producing countries performed fairly well in Q1, particularly Brazil (+16% q/q), Mexico (+5.9% q/q), South Africa (+10.3% q/q), Canada (+3.8% q/q), the UK (+4.8% q/q), and Norway (8.7% q/q), compared with those of importing countries and regions: eurozone -9.1% q/q, Eastern Europe -8.2%, and China -13.9% q/q (further affected by the pandemic wave). Overall, global equity markets lost -4.6% q/q (MSCI World*), with underperformance in the US (MSCI US* -5.2% q/q, driven down by growth stocks, technology, and consumption) and emerging markets (-6.1% q/q), compared with developed markets (-4.5% q/q). On the currency front, investors favoured currencies of commodity-exporting countries, with variations against the US dollar (q/q) of +17% for the Brazilian real, +3% for the Mexican peso, and +9% for the South African rand. The US dollar (USD) continued to appreciate against its partner currencies (DXY⁷ +2.8% q/q) due to the Fed's expected monetary tightening and a favourable interest rate spread, while the usual safe havens lost against the US dollar (-5.4% q/q for the yen and -1.1% q/q for the Swiss franc).

On the bond side, central bankers' calls for tightening monetary policies and bullish inflation surprises led markets to integrate more than 200 bp of Fed rate hikes at the end of 2022 and around 50 bp for the ECB. In this context, 10-year sovereign yields fluctuated between 1.73% and 2.47% in the US and rebounded from -0.12% and 0.64% in Germany, ending March at 2.34% and 0.55% respectively. Movements in pressure on 10-year yields did not spare any markets, with +78 bp to 0.98% in France and +87 bp to 2.04% in Italy and 1.44% in Spain. Credit markets also struggled in Q1, especially in Europe, with spreads widening sharply at first, then narrowing slightly starting mid-March, and the riskiest bonds underperforming.

In the second quarter of 2022 (Q2), financial markets remained extremely volatile with a sharp drop in bond and equity markets (MSCI* World -13.5% q/q), including a slight outperformance by emerging markets (MSCI* EM -8.0% q/q) versus developed countries (MSCI* DM -14.2% q/q). The Russia-Ukraine crisis, as well as the risks of recession, exacerbated the volatility of energy prices, which ended June up +6% q/q for Brent oil +6% at USD 115/barrel and +14% q/q for European gas at EUR 143/MWh. Worsening growth prospects, accelerating inflation, and monetary tightening led

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to a strong risk aversion, which benefited the US dollar (DXY index⁶+6.5% q/q). Central bankers sped up monetary normalisation around the world, except in China, Japan, and Russia. The US Federal Reserve (Fed) did not hold back, with a 75 bp increase in its rates (a first since 1994) to 1.50%–1.75%, and the prospect of reaching restrictive levels for the US economy between 3.50% and 4% by 2023. The acceleration of monetary tightening became more widespread globally, particularly in the UK, Switzerland, Norway, and Sweden. In emerging markets, key rates reached between 6% and 7% (Hungary, Poland, and Czech Republic) and even 9% in Chile and more than 13% in Brazil. The European Central Bank (ECB) took the step of stopping its net asset purchase programme at the end of June. The ECB also announced its intention to start the cycle of policy rate hikes in July (+25 bp), with an even greater hike in September if the inflation outlook does not improve. Stronger expectations of interest rate hikes led to a surge in sovereign bond yields and a widening of credit spreads. In the US, treasury yields increased by 68 bp to 3.0% after peaking at near 3.50% in mid-June. Eurozone bond markets were particularly affected by the prospect of forced monetary normalisation as well as the uncertainties related to the ECB's anti-crisis plan to manage the region's interest rate dislocations. The ECB is pursuing a single monetary policy for 19 countries that do not have a common fiscal policy and have public debt between 60% of GDP (Netherlands and Ireland) and 150% (Italy) and even 200% in Greece. Without fiscal solidarity, the ECB's ongoing monetary normalisation crystallised the risks to the credibility of governments to reduce their debt. For example, between German and Italian bonds, the 10-year yield spread reached a recent high of close to 250 bp in Q2. Contrary to investors' expectations, the ECB did not specify the details of its anti-crisis plan in its June communication, resulting in high market volatility that required an emergency meeting. The meeting concluded with a commitment to a detailed plan to be presented in July.

⁶ The DXY USD index is a measure of the value of the US dollar against six currencies: the euro, the Swiss franc, the Japanese yen, the Canadian dollar, the pound sterling, and the Swedish krona

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In total, the 10-year Italian bond yield reached 4.16% before falling back to 3.26% at the end of June (+123 bp in Q2). The 10-year yield on the German Bund rose +79 bp in Q2 to 1.33% at the end of June after reaching a high since 2013 of 1.77%.

In third quarter (Q3) 2022, the financial markets continued to slide, interspersed with periods of rebound. In the end, however, concerns dominated amid risks of Russian gas shortages, accelerating inflation, and widespread monetary tightening. Between risks of recession and risks of energy shortages, commodity prices remained highly volatile: Brent oil prices (-23% q/q in Q3) fluctuated between USD 84 and USD 113, and the European gas price (+14% q/q in Q3) varied between EUR 147/MWh and EUR 311/MWh. Global stock markets (MSCI* World index) fell -4.7% quarter on quarter (q/q), with emerging countries (MSCI EM* -8% q/q) underperforming developed countries (MSCI DM* -4.3% q/q). The US Federal Reserve's (Fed) rapid monetary tightening and the slowdown in the technology sector weighed on the US stock market (MSCI* -4.7% q/q in Q3). In Europe, the risk of bankruptcies following the surge in energy bills and the sharp rise in interest rates led to a drop in the Euro Stoxx 600 index (-4.8% q/q). The UK and Japanese stock markets held up better, with declines of -2.9% q/q and -1.5% q/q in Q3, respectively. Performance on emerging markets was scattered. Asian stock markets (MSCI* indexes) were particularly weak, particularly China (-21% q/q) due to difficulties in the property sector and health restrictions, as well as South Korea and Taiwan. Conversely, some emerging markets jumped, such as India (+10% q/q), Brazil (+12.4% q/q) and Turkey (+29.2% q/q). These markets offer an alternative to Asia due to attractive development prospects in terms of costs and production capacity. Bond markets were adversely affected by the sharp rise in expectations of monetary tightening, after a start to the quarter that was driven by expectations of a "pivot" or reversal due to recession risks. In Q3, however, the Fed continued to raise its fed funds rate to 3.0% and 3.25%, with two hikes of 75 bp. In the United States, the yield on 10-year sovereign bonds rose +82 bp to 3.83%. At the meeting of central bankers in Jackson Hole at the end of August, the Fed chairman called for the mistakes of the past not to be repeated: during the oil shock of the 1970s, the Fed's premature monetary easing led to runaway inflation that was difficult to control afterwards. On the currency side, favourable interest rate differentials in the United States continued to push the US dollar upwards (DXY index ⁶ +7% q/q), despite the generalised actions of central bankers. The European Central Bank (ECB) raised its key rates twice in Q3: +50 bp in July and +75 bp in September. In this environment, sovereign bond yields jumped, with a more significant movement on the short end of the yield curve. Ten-year yields rose +77 bp to 2.11% for the German Bund, +80 bp to 2.72% for the French OAT, and especially +125 bp to 4.51% for the Italian BTP and +123 bp to 4.83% for its Greek equivalent. With the end of the negative interest rate policy in place since 2014, the ECB introduced an anti-fragmentation tool, the TPI (Transmission Protection Instrument), which aims to prevent a tightening of financial conditions for reasons not justified by fundamentals. On the fixed-income credit markets, technical factors dominated with a sharp drop in issues of securities in high-yield segments, which contributed to their outperformance of investment-grade segments. Investment-grade bonds were also adversely affected by the normalisation of central bankers' balance sheets, notably the end of the ECB's net purchases from 1 July.

In fourth quarter (Q4) 2022, the drop in gas prices to their lowest levels since the Russian-Ukrainian crisis led to renewed optimism in the markets. The stock market indexes (MSCI* World index +7.6% quarter on quarter) rebounded but did not erase the losses over the year (MSCI* World index -15.6% year on year). In 2022, the US stock markets (MSCI US -19.5% y/y) and the Chinese stock markets (MSCI China -20.6% y/y) underperformed the other regions due to falls in cyclical sectors and technology stocks. In contrast, the stock market indexes (MSCI) of the United Kingdom (+7.2% y/y), Brazil (+8.6% y/y), and India (+3% y/y) managed to increase in 2022, partly due to political developments. In a context of falling energy prices, credit markets followed equity markets, but the rebound in Q4 did not erase the year-on-year declines. The high-yield bond segments in the United States and Europe outperformed the investment-grade segments because of lower issuance volumes compared with 2021. Central banks in emerging and developed countries continued their monetary normalisation cycle. The main surprises came from the European Central Bank (ECB) and

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the Bank of Japan (BoJ). Meanwhile, the US Federal Reserve (Fed) announced its guidance on rate-hike expectations (Fed Funds rate at the end of 2023 at 5.125%) in line with market expectations. In the United States, the 10-year bond yield rose slightly (+5 bp to 3.87%), compared with those observed in Europe and Japan: +46 bp to 2.57% for the German 10-year Bund, followed by French bonds (+40 bp to 3.12%), Italian bonds (+20 bp to 4.72%) and Japan bonds (+18 bp to 0.42%). The ECB had to catch up with the Fed. After raising its deposit rate (+75 bp in October and +50 bp in December to 2%), the ECB opened the door to further increases in 2023. The ECB also announced a Quantitative Tightening, with a reduction rate of €15bn per month for its regular Asset Purchase Programme starting in March. In Japan, the central bank modified its policy of controlling the yield curve, increasing the range of fluctuations in 10-year yields between -0.5% and +0.5% (versus -0.25%/+0.25% since March 2021). As a result, in Q4, the yen and the euro gained 10% q/q against the US dollar, but also the Swiss franc (+7% q/q) in the wake of the monetary tightening by the Swiss National Bank.

*MSCI equity market indexes expressed in local currencies
Source: Bloomberg data as at 31/12/2022

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Management policy

Eurozone government bond yields rose very sharply in 2022, with the German 10-year yield increasing from -0.18% to +2.55% and spreads between countries and Germany widening. The increase in yields is mainly due to strong economic activity and significantly higher inflation, leading central banks around the world to reduce their support and raise their key rates. The European Central Bank thus increased its deposit rate sharply in the second half of the year from -0.50% to 2%. The rise in long-term rates followed a volatile path with, in particular, short-term declines in the first quarter during the risk aversion associated with the invasion of Ukraine by Russia and in July with a lower number of issues and a market that focused more on the risk of recession. Over the year, spreads between eurozone countries and Germany widened as markets anticipated less support from the ECB in its purchase programmes, which was negative for carry strategies.

Allocation

We remained underweight on Germany in order to favour bonds with relatively higher yields, such as supranational debt.

We were overweighted in core countries (Austria, Finland) compared with semi-core countries (France, Belgium). The contribution was negative.

On average, we underweighted Italy, which contributed positively to relative performance.

Lastly, our allocation to supranational securities contributed positively to relative performance.

Duration

We were structurally underweight in duration against the index. Our underweighting averaged -0.45 and ranged from -0.8 to 0. Tactically, we reduced our underweighting in February, July, and November. Our strategic and tactical positioning contributed to the positive relative performance.

On the curve, we favoured underweighting on the longer segments (10 years) during the first four months of the year. In Q3, the short ends (2 years). These bets contributed positively to the positive relative performance.

Outlook

2023 is expected to be a year where sovereign yields reach their highest levels before stabilising. Although inflation is falling with the stabilisation of commodity prices, there is a risk that core inflation will persist at high levels because of second-round risks, in particular rising wages and risks associated with deteriorating government budgets, which are increasing with support measures for households and businesses.

Performance

At the close of the fiscal year, the Fund's performance was -17.53% for the BC and BD units (coupons reinvested), -17.60% for the HC and HD units (coupons reinvested), and -17.28% for the ZC unit. The SC and SD units (coupons reinvested) are inactive.

For the sake of comparison, the Fund's benchmark decreased by -18.51%.

Past performance is not an indicator of the Fund's future performance.

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Information on distributed income eligible for the 40% tax allowance

In accordance with the provisions of Article 41 sexdecies H Annex III of the French General Tax Code, income from distributing unit classes is subject to a 40% tax allowance.

Information on Environmental, Social, and Governance (ESG) criteria

In accordance with Article L.533-22-1 of the French Monetary and Financial Code, the policy on considering environmental, social, and governance quality (ESG) criteria in the investment strategy is available on the management company's website at www.assetmanagement.hsbc.fr.

Non-consideration of criteria for environmentally sustainable economic activities under Regulation (EU) 2020/852

The Fund does not promote environmental or social characteristics within the meaning of Article 8 of Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector ("SFDR") or does not have a sustainable investment objective within the meaning of Article 9 of this EU regulation.

In this context, the underlying investments of the Fund do not take into account the European Union criteria for environmentally sustainable economic activities within the meaning of Regulation (EU) 2020/852 of 18 June 2020 on the establishment of a framework to promote sustainable investment and amending Regulation (EU) 2019/2088 ("Taxonomy Regulation").

Incidents affecting the Fund during the fiscal year or forthcoming

➤ 11 February 2022

Annual update of 2021 performance in the KIIDs.

➤ 6 May 2022

Update of the prospectus with a warning regarding the ban on Russian or Belarusian nationals from subscribing for units of the Fund, which includes any natural person residing in Russia or Belarus or any legal person, entity, or body established in Russia or Belarus except for nationals of a Member State of the European Union (EU) and natural persons holding a temporary or permanent residence permit in a Member State of the European Union (EU).

On that occasion, the new address of CACEIS Bank and CACEIS Fund Administration was added to the prospectus, with effect from 1 June 2022.

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➤ 30 December 2022

The prospectus was brought into line with EU Sustainable Finance Disclosure Regulation with the addition of an explanatory text on how the main adverse environmental, social, or governance impacts of the Fund's investments are taken into account.

➤ 1 January 2023

The Fund's KIIDs (Key Investor Information Documents) were replaced by the KIDs (Key Information Documents) pursuant to Regulation (EU) No 1286/2014 of 26 November 2014 ("PRIIPs Regulation").

Reappointment of the Principal Statutory Auditor

The term of office of the Fund's Statutory Auditor expired on 31 December 2022.

By decision of the management company, PricewaterhouseCoopers Audit was reappointed for a period of six fiscal years until 31 December 2028.

Remuneration information

In accordance with the applicable regulations, HSBC Global Asset Management (France) has chosen to disclose the information relating to the remuneration of its personnel for all the AIFs and UCITS under French law that it manages.

The remuneration paid by HSBC Global Asset Management (France) consists of fixed remuneration and may, if economic conditions permit, include a variable component in the form of a discretionary bonus. The variable remuneration is not linked to the performance of the vehicles managed, nor is there any incentivisation on the basis of capital gains.

HSBC Global Asset Management (France) applies the HSBC Group's remuneration policy.

This Group policy incorporates a large number of the principles set out in the AIFM regulations as well as the UCITS regulations.

From 2014 onwards, HSBC Global Asset Management (France) has made adjustments to this remuneration policy in order to comply with specific rules in the AIFM regulation and then the UCITS regulation concerning the management of funds compliant with these respective regulations.

In particular, HSBC Global Asset Management (France) has introduced a mechanism for indexation of financial instruments on the basis of an index indexed to a representative basket of all UCIs for which HSBC Global Asset Management (France) is the management company with the exception of employee shareholding mutual funds (FCPE) for all employees who are entitled to deferred remuneration under the AIFM regulation and the UCITS regulations.

The HSBC Global Asset Management (France) remuneration policy has no impact on the risk profile of AIFs and UCITSs.

FCP HSBC EURO GVT BOND FUND

The full HSBC Global Asset Management (France) remuneration policy is available on its website at the following address: www.assetmanagement.hsbc.fr.

Breakdown of the company's fixed and variable remuneration for fiscal year 2022

The beneficiaries of remuneration for fiscal year 2022 represent 319 people on average over the year with 309 people at the end of 2022. As at the end of December 2022, 38 people were identified as "Risk Takers", as defined in the remuneration policy of HSBC Global Asset Management (France), whose time is spread across all managed portfolios.

The details of the remuneration of staff who have an impact on the risk profile pertain to:

- Members of the executive committee,
- Heads of the management and trading divisions,
- Heads of sales, products, and marketing,
- Heads of control functions and support functions.

HSBC GLOBAL ASSET MANAGEMENT (France)	2022				
	Fixed remuneration paid in 2022	Variable remuneration paid in March 2022 (for 2021 performance) + Deferred variable remuneration vested in 2022	of which non-deferred variable remuneration	of which deferred variable remuneration (*)	total €
All AMFR members of staff (incl. seconded in and branches, excl. seconded out)	27,757,197	12,094,274	10,411,411	1,682,863	39,851,471
Of which staff having an impact on the AIF risk profile (46 persons)**	7,151,069	5,173,687	3,620,707	1,552,981	12,324,756
Of which senior management (15 persons)**	2,435,729	1,521,288	972,472	548,815	3,957,017

(*) Includes deferred shares fully vested in 2022 and the indexed deferred cash amount paid in 2022.

(**) Takes into account seconded or assigned people prorated for their time of presence in the company.

Variable remuneration does not include any payments received by employees under profit-sharing agreements or incentive schemes in 2022.

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Information relating to efficient portfolio management techniques and derivatives used by the Fund, pursuant to AMF position No. 2013-06

Efficient portfolio management techniques

As of the close of the fiscal year, the Fund did not use efficient portfolio management techniques.

Derivatives

As of the close of the fiscal year, the Fund did not use derivatives.

Aggregate exposure

The commitment method is used to calculate the aggregate exposure on financial futures.

Main movements in the portfolio during the period

Securities	Movements ("Accounting currency")	
	Acquisitions	Disposals
BUNDESREPUBLIK DEUTSCHLAND 0.25% 15-02-29	119,679,577.63	137,000,930.68
GERMANY 6.25%94-24	54,533,293.21	83,078,982.23
AUSTRIA GOVERNMENT BOND 0.0% 20-02-31	67,314,396.00	63,692,376.00
FRANCE GOVERNMENT BOND OAT 0.75% 25-05-28	53,517,581.67	40,571,516.05
BUNDESREPUBLIK DEUTSCHLAND 0.5% 15-08-27	48,111,949.33	43,231,011.09
BUNDESREPUBLIK DEUTSCHLAND 0.0% 15-02-31	36,798,052.00	35,964,141.00
ITALY BUONI POLIENNALI DEL TESORO 0.0% 15-12-24	35,275,548.00	34,540,719.00
GERMANY 0.5% 15-04-30 IND	34,053,274.75	31,595,817.07
SPAIN 1.6% 30-04-25	31,521,246.37	33,573,271.37
ITALY BUONI POLIENNALI DEL TESORO 0.25% 15-03-28	29,147,151.23	31,663,715.47

Transparency of securities financing transactions and the reuse of financial instruments - SFTR - in the accounting currency of the UCI (EUR)

The UCI did not carry out any transactions covered by the SFTR regulation during the fiscal year.

FCP HSBC EURO GVT BOND FUND

Regulatory information

Risk monitoring report

General observation:

Over the period under review, the risk assessment and monitoring procedures established to manage the fund did not identify any (significant) anomaly regarding its exposure to market risk, credit risk, counterparty risk, or liquidity risk.

In addition, no anomalies having a significant impact in terms of valuation risks were identified over that period.

	Significant anomalies identified relating to the closure of the Fund	Observations
1	Market Risk	None
2	Credit Risk	None
3	Counterparty Risk	None
4	Liquidity Risk	None
5	Valuation Risk	None

Financial intermediary selection and assessment procedure

The management company selects brokers or counterparties according to a procedure that complies with the regulations applicable to it. As part of this selection, the management company fulfils its best execution obligation at all times.

The objective selection criteria used by the management company specifically include the quality of order executions, the rates applied, and the financial soundness of each broker or counterparty.

The counterparties, investment companies, and service providers of HSBC Global Asset Management (France) are selected according to a specific evaluation process intended to ensure that quality service is provided to the company. This is a key element in the general decision-making process that incorporates the impact of the service quality of the broker across all our departments: Management, Financial and Credit Analysis, Trading and Middle Office, and Legal.

Counterparty selection can involve an entity linked to the HSBC Group or the Fund's depository.

The "Best Execution and Best Selection Policy" is detailed on the management company's website at www.assetmanagement.hsbc.fr.

FCP HSBC EURO GVT BOND FUND

Report on brokerage fees

In accordance with Article 321-122 of the General Regulations of the AMF, and if the terms of this article are met, the report on brokerage fees for the previous fiscal year is available on the management company's website: <https://www.assetmanagement.hsbc.fr>.

Exercise of voting rights

The management company's voting policy, as well as the report on the conditions in which the voting rights were exercised, may be consulted on the management company's website: www.assetmanagement.hsbc.fr.

Use of financial instruments managed by the management company or a related company

The table of financial instruments managed by the management company or a related company can be found in the notes to the Fund's annual financial statements.

Conflict of interest policy

Because of its global reach and the wide range of financial services offered, HSBC Group, or its affiliated companies (referred to below as HSBC), could have interests that differ from time to time from those of its clients or that conflict with its duties toward its clients. There may be conflicts between the interests of HSBC, its affiliated companies, or its employees, on the one hand, and the interests of its clients, on the other hand, or even conflicts between the clients themselves.

HSBC has defined procedures to identify and manage such conflicts, notably organisational and administrative arrangements intended to protect clients' interests. This policy is based on a simple principle: persons taking part in various activities posing a conflict of interest are required to execute these activities independently of each other.

Where applicable, HSBC implements measures to restrict the transmission of information to certain employees in order to protect clients' interests and to prevent any undue access to information concerning clients.

HSBC may also act on its own account and have a client as counterparty or even "match" the orders of its clients. Procedures are in place to protect clients' interests in this scenario.

In some cases, HSBC's procedures and controls may not be sufficient to ensure that a potential conflict will not damage a client's interests. In these circumstances, HSBC informs the client of the potential conflict of interest in order to obtain the client's express consent to continue the activity. In any event, HSBC may refuse to intervene in circumstances where there would ultimately be a residual risk of harming a client's interests.

FCP HSBC EURO GVT BOND FUND

Statutory auditor's certification on the annual financial statements



**STATUTORY AUDITORS' REPORT
ON THE ANNUAL FINANCIAL STATEMENTS
Period ended 30 December 2022**

HSBC EURO GVT BOND FUND
UCITS ESTABLISHED IN THE FORM OF A FRENCH MUTUAL FUND (FCP)
Governed by the French monetary and financial code

Management company
HSBC GLOBAL ASSET MANAGEMENT (FRANCE)
Immeuble Coeur Défense - Tour A
110 Esplanade du Général de Gaulle
92400 La Défense 4 - Courbevoie

Opinion

In accordance with the assignment entrusted to us by the management company, we audited the annual financial statements of HSBC EURO GVT BOND FUND, a UCITS established in the form of a mutual fund, for the fiscal year ended on 30 December 2022, as attached to this report.

We certify that, in accordance with French accounting rules and principles, the annual financial statements are consistent and accurate and present a true and fair view of the results of the operations for the past accounting period and of the financial situation and assets and liabilities of the UCITS established in the form of a mutual fund as of the end of said period.

Basis of our audit opinion

Audit standards

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. Our responsibilities according to these standards are described in the section "Statutory auditor's responsibilities for the audit of the annual financial statements" of this report.

Independence

We conducted our audit in accordance with the rules of independence provided for in the French Commercial Code and in the professional code of ethics for statutory auditors over the period from 01/01/2022 to the issue date of our report.

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T: +33 (0) 1 56 57 58 59, F: +33 (0) 1 56 57 58 60, www.pwc.fr*

Accounting firm registered with the Order of Chartered Accountants of the Paris – Ile de France region. Auditing firm, member of the regional body of statutory auditors of Versailles. A simplified joint-stock company (*société par actions simplifiée*) with a capital of €2,510,460. Registered office: 63, rue de Villiers 92200 Neuilly-sur-Seine. Nanterre trade and companies register: 672 006 483. VAT No. FR 76 672 006 483. SIRET No. 672 006 483 00362. APE Code 6920 Z. Offices: Bordeaux, Grenoble, Lille, Lyon, Marseille, Metz, Nantes, Nice, Paris, Poitiers, Rennes, Rouen, Strasbourg, Toulouse.



HSBC EURO GVT BOND FUND

Justification of Assessments – Key Audit Matters

Pursuant to Articles L.823-9 and R.823-7 of the French Commercial Code governing the basis of our opinion, we bring to your attention that the assessments that, according to our professional judgement, were the most significant for the audit of the annual financial statements for the year pertained to the accounting principles applied and the reasonable nature of significant accounting estimates made and the presentation of the financial statements as a whole.

These assessments contributed to the audit of the annual financial statements, taken as a whole, and to the formation of our opinion expressed above. We do not provide a separate opinion on these matters.

Specific verifications

We also performed the specific verifications required by the applicable laws and regulations in accordance with the professional standards required by the applicable laws and regulations.

We have no comments to make as to the fairness and consistency with the annual financial statements of the information given in the management report prepared by the management company.

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HSBC EURO GVT BOND FUND

Management company's responsibilities for the annual financial statements

The management company is responsible for preparing annual financial statements presenting a true and fair view in accordance with French accounting rules and principles and implementing the internal controls that it deems necessary for the preparation of annual financial statements free of any material misstatements, whether due to fraud or error.

In preparing the financial statements, the management company is responsible for assessing the fund'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 it is expected to liquidate the fund or to cease operations.

The annual financial statements were prepared by the management company.

Statutory auditor's responsibilities for the audit of the annual financial statements

Audit objective and approach

It is our responsibility to prepare a report on the annual financial statements. Our goal is to obtain reasonable assurance that the annual financial statements taken as a whole do not contain any material misstatements. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with the professional standards 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 made on the basis of these financial statements.

As stated in Article L.823-10-1 of the French Commercial Code, our assignment to certify the financial statements does not guarantee the viability or quality of the management of the fund.

As part of an audit conducted in accordance with professional standards applicable in France, we exercise professional judgement throughout the audit. In addition, we:

- 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;

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HSBC EURO GVT BOND FUND

- 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 entity's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by the management company, as well as the overall presentation of the financial statements;
- Conclude on the appropriateness of the management company's 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 fund's ability to continue as a going concern. 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. If we conclude that a material uncertainty exists, we are required to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- Evaluate the overall presentation of the financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Neuilly-sur-Seine, date of electronic signature

Document authenticated by electronic signature
The Statutory Auditor
PricewaterhouseCoopers Audit
Amaury Couplez

2023.04.05 15:24:51 +0200
[signature]

FCP HSBC EURO GVT BOND FUND

Annual Financial Statements

FCP HSBC EURO GVT BOND FUND

Balance Sheet – Assets

Balance Sheet – Assets as at 30/12/2022

Portfolio: 109018 HSBC EURO GVT BOND FUND

	30/12/2022	30/12/2021
NET FIXED ASSETS		
DEPOSITS		
FINANCIAL INSTRUMENTS	361,335,901.09	427,878,077.06
Equities and equivalent securities		
Traded on a regulated or equivalent market		
Not traded on a regulated or equivalent market		
Bonds and equivalent securities	358,760,521.09	426,316,277.06
Traded on a regulated or equivalent market	358,760,521.09	426,316,277.06
Not traded on a regulated or equivalent market		
Debt instruments		
Traded on a regulated or equivalent market		
Negotiable debt instruments		
Other debt instruments		
Not traded on a regulated or equivalent market		
Undertakings for collective investment		
UCITS and retail alternative investment funds intended for non-professional investors and equivalents in other countries		
Other funds for retail investors and equivalents in other EU Member States		
Professional general investment funds and equivalents in other EU member states and listed securitisation funds		
Other professional investment funds and equivalent in other EU Member States and non-listed securitisation funds		
Other non-European vehicles		
Repos and reverse repos		
Receivables under repurchase agreements		
Receivables representing lent securities		
Borrowed securities		
Securities delivered under repurchase agreements		
Other temporary transactions		
Financial futures	2,575,380.00	1,561,800.00
Transactions on a regulated or equivalent market	2,575,380.00	1,561,800.00
Other transactions		
Other financial instruments		
RECEIVABLES	867,681.70	8,567,666.87
Forward foreign currency transactions		
Other	867,681.70	8,567,666.87
FINANCIAL ACCOUNTS	19,761,770.34	21,018,376.35
Cash and cash equivalents	19,761,770.34	21,018,376.35
TOTAL ASSETS	381,965,353.13	457,464,120.28

FCP HSBC EURO GVT BOND FUND

Balance Sheet – Liabilities & Equity

Balance Sheet – Liabilities & Equity as at 30/12/2022

Portfolio: 109018 HSBC EURO GVT BOND FUND

	30/12/2022	30/12/2021
EQUITY		
Capital	419,136,688.51	428,098,384.11
Prior net gains and losses not distributed (a)		
Retained earnings (a)	22.65	104.44
Net gains and losses for the period (a,b)	-43,873,860.61	16,411,978.82
Result for the fiscal year (a, b)	3,961,266.19	2,769,636.90
TOTAL EQUITY *	379,224,116.74	447,280,104.27
<i>* Amount representing net assets</i>		
FINANCIAL INSTRUMENTS	2,575,380.00	1,561,800.00
Disposals of financial instruments		
Repos and reverse repos		
Payables under repurchase agreements		
Payables representing borrowed securities		
Other temporary transactions		
Financial futures	2,575,380.00	1,561,800.00
Transactions on a regulated or equivalent market	2,575,380.00	1,561,800.00
Other transactions		
PAYABLES	165,856.39	8,622,216.01
Forward foreign currency transactions		
Other	165,856.39	8,622,216.01
FINANCIAL ACCOUNTS		
Current bank facilities		
Loans		
TOTAL LIABILITIES	381,965,353.13	457,464,120.28

(a) Including accruals

(b) Minus interim payments for the fiscal year

FCP HSBC EURO GVT BOND FUND

Off-balance sheet commitments

Off-balance-sheet commitments as at 30/12/2022

Portfolio: 109018 HSBC EURO GVT BOND FUND

	30/12/2022	30/12/2021
HEDGING TRANSACTIONS		
Commitments on regulated or equivalent markets		
Futures contracts		
XEUR FGBS SCH 0322		1,904,510.00
EURO SCHATZ 0323	40,902,960.00	
XEUR FBTP BTP 0322		23,668,610.00
XEUR FBTP BTP 0323	7,624,400.00	
XEUR FOAT EUR 0322		22,025,250.00
XEUR FOAT EUR 0323	6,746,900.00	
EURO BOBL 0322		1,332,400.00
EURO BOBL 0323	26,391,000.00	
FGBL BUND 10A 0322		39,415,100.00
FGBL BUND 10A 0323	24,193,260.00	
XEUR FGBX BUX 0322		20,053,780.00
XEUR FGBX BUX 0323	1,487,640.00	
Commitments on over-the-counter markets		
Other commitments		
OTHER TRANSACTIONS		
Commitments on regulated or equivalent markets		
Commitments on over-the-counter markets		
Other commitments		

FCP HSBC EURO GVT BOND FUND

Income Statement

Income Statement as at 30/12/2022

Portfolio: 109018 HSBC EURO GVT BOND FUND

	30/12/2022	30/12/2021
Income from financial transactions		
Income from deposits and financial accounts	19,628.35	1,107.39
Income from equities and equivalent securities		
Income from bonds and equivalent securities	5,492,997.55	4,623,961.44
Income from debt instruments		
Income from repos and reverse repos		
Income from financial futures		
Other financial income		
TOTAL (1)	5,512,625.90	4,625,068.83
Expenses on financial transactions		
Expenses from repos and reverse repos		
Expenses from financial futures		
Expenses from financial debts	86,205.57	102,527.22
Other financial expenses		
TOTAL (2)	86,205.57	102,527.22
RESULT FROM FINANCIAL TRANSACTIONS (1 - 2)	5,426,420.33	4,522,541.61
Other income (3)		
Management fees and amortisation allowance (4)	1,542,882.52	1,705,811.19
NET INCOME FOR THE PERIOD (L. 214-17-1) (1 - 2 + 3 - 4)	3,883,537.81	2,816,730.42
Accrued income for the fiscal year (5)	77,728.38	-47,093.52
Interim dividends paid during the fiscal year (6)		
RESULT (1 - 2 + 3 - 4 + 5 - 6)	3,961,266.19	2,769,636.90

FCP HSBC EURO GVT BOND FUND

Notes

FCP HSBC EURO GVT BOND FUND

1. Accounting policies

The annual financial statements are presented in the form prescribed by ANC regulation 2014-01, as amended.

General accounting principles are applied:

- true and fair view, comparability, going concern;
- accuracy, reliability;
- prudence;
- consistency of accounting methods from one period to the next.

Revenues from fixed-income securities are recognised on the basis of interest actually received.

Securities bought and sold are recognised excluding costs.

The euro is the reference currency for the portfolio's accounting.

The duration of the reporting period is 12 months.

Asset valuation rules

Financial instruments are recognised according to the historical cost method and are entered in the balance sheet at their present value, which is determined by the last-known market value or, if no market exists, by any external means or through the use of financial models.

Differences between the present values used when calculating the net asset value and the historical costs of the securities upon their entry into the portfolio are recorded in "Valuation differentials" accounts.

Securities that are not in the portfolio's currency are recognised in accordance with the principle set forth below then converted into the portfolio's currency according to the exchange rates in effect on the day of the valuation.

Deposits:

Deposits with a residual maturity of 3 months or less are valued according to the straight-line method.

Equities, bonds, and other securities traded on a regulated or equivalent market:

For the calculation of the net asset value, equities and other securities traded on a regulated or equivalent market are valued on the basis of the day's last market price.

Bonds and equivalent securities are valued at the closing price supplied by various financial services providers. Interest accrued on bonds and equivalent securities is calculated up to the net asset value date.

Equities, bonds, and other securities not traded on a regulated or equivalent market:

Securities not traded on a regulated market are valued under the responsibility of the management company using methods based on the asset value and the yield, taking into consideration the prices used in recent significant transactions.

FCP HSBC EURO GVT BOND FUND

Negotiable debt instruments:

Negotiable debt instruments and equivalent securities for which transaction amounts are not significant are valued on an actuarial basis according to a reference rate defined below, plus any differential representative of the issuer's intrinsic characteristics:

- Negotiable debt instruments with a maturity of 1 year or less: Interbank rate offered in euros (Euribor);
- Negotiable debt instruments with a maturity of more than 1 year: Yield on normalised annual interest Treasury bonds (BTAN) or fungible Treasury bonds (OAT) with similar maturity for the longest durations.

Negotiable debt instruments with a residual maturity of 3 months or less may be valued according to the straight-line method.

Treasury bonds are valued at the market rate communicated daily by Banque de France or treasury bond specialists.

UCIs held:

UCI units or shares are valued at the last known net asset value.

Repos and reverse repos:

Securities borrowed under repurchase agreements are recorded in assets under "receivables under repurchase agreements" for the amount specified in the contract plus accrued interest receivable.

Securities delivered under repurchase agreements are recorded in the long portfolio for their present value. The payable under repurchase agreements is recorded in the short portfolio at the value set in the contract plus accrued interest payable.

Lent securities are measured at their present value and recorded in assets in "receivables representing lent securities" at the present value plus accrued interest receivable.

Borrowed securities are recorded in assets under "borrowed securities" for the amount specified in the contract and in liabilities under "payables representing borrowed securities" for the amount specified in the contract plus accrued interest payable.

Financial futures:

Financial futures traded on a regulated or equivalent market:

Financial futures traded on regulated markets are valued at the day's settlement price.

Financial futures not traded on a regulated or equivalent market:

Swaps:

Interest rate and/or currency swaps are valued at their market value based on the price calculated by discounting future interest flows at the market interest and/or exchange rates. This price is adjusted to take into account the issuer's creditworthiness risk.

Index swaps are valued on an actuarial basis according to a reference rate provided by the counterparty.

FCP HSBC EURO GVT BOND FUND

Other swaps are valued at their market value or at a value estimated according to the methods established by the management company.

Off-balance-sheet commitments:

Futures appear in off-balance-sheet commitments for their market value at the price used in the portfolio.

Options are converted into the underlying equivalent.

Commitments on swaps are shown at their nominal value or, in the absence of a nominal value, for an equivalent amount.

Management fees

Management fees and running costs cover all costs related to the UCI: financial, administrative and accounting management, custodianship, distribution, audit fees, etc.

These fees are charged to the income statement of the UCI.

Management fees do not include transaction fees. For more information on the costs actually billed to the UCI, please see the prospectus.

They are recognised on a pro rata basis each time the net asset value is calculated.

The aggregate of these fees complies with the maximum fee rate as a percentage of the net assets given in the prospectus or the rules of the fund:

FR0013313939 - HSBC EURO GVT BOND FUND BD unit: Maximum fee rate of 0.30% including tax

FR0013216173 - HSBC EURO GVT BOND FUND SD unit: Maximum fee rate of 0.25% including tax.

FR0000971301 - HSBC EURO GVT BOND FUND HD unit: Maximum fee rate of 0.40% including tax

FR0013270436 - HSBC EURO GVT BOND FUND BC unit: Maximum fee rate of 0.30% including tax

FR0013216199 - HSBC EURO GVT BOND FUND SC unit: Maximum fee rate of 0.25% including tax.

FR0013216165 - HSBC EURO GVT BOND FUND ZC unit: Maximum fee rate of 0.00% including tax.

FR0000971293 - HSBC EURO GVT BOND FUND HC unit: Maximum fee rate of 0.40% including tax.

External management fees are a maximum of 0.20% including taxes for the HC, HD, SC, SD, ZC, BC, and BD units.

Swing pricing

The management company has implemented a swing pricing mechanism to adjust the Fund's net asset value once a trigger threshold is reached in order to protect the interests of the Fund's unitholders.

Under this mechanism, investors bear the portfolio adjustment costs — including transaction fees, bid/offer spreads and taxes or fees applicable to the UCI — related to investments or disinvestments when there are significant numbers of subscriptions and redemptions.

When the net balance of investor subscription and redemption orders exceeds a predefined threshold, called the “trigger threshold”, the NAV is adjusted.

FCP HSBC EURO GVT BOND FUND

The NAV is adjusted up or down if the balance of subscriptions/redemptions is respectively positive or negative, so as to take into account the readjustment costs attributable to the net subscription and/or redemption orders.

The trigger threshold is expressed as a percentage of the Fund's net assets.

The parameters for the trigger threshold and the NAV adjustment factor are determined by the management company and periodically reviewed.

The adjusted ("swung") NAV is the Fund's only NAV and is therefore the only NAV published and communicated to unitholders.

By applying swing pricing with a trigger threshold, it is possible that the UCI's volatility will not come from only the volatility of the financial instruments in the portfolio.

In accordance with the regulatory provisions, the management company does not communicate the trigger thresholds and ensures that internal communication channels are restricted so as to safeguard the confidential nature of the information.

Appropriation of distributable amounts

Definition of distributable amounts

Distributable amounts consist of the following:

Result:

Net income for the fiscal year is equal to the amount of interest, arrears, premiums and bonuses, dividends, directors' fees, and any other income related to the securities comprising the portfolio, plus the income from any amounts temporarily available, less management fees and borrowing costs.

Retained earnings are added to net income, and the balance of accrued income is added or subtracted as appropriate.

Capital gains and losses:

Capital gains realised, net of costs, minus realised losses, net of costs, recognised during the fiscal year, plus net gains of the same type recognised in previous fiscal years that were not distributed or accumulated, plus or minus the balance of accrued gains.

Appropriation of distributable amounts:

<i>Unit(s)</i>	<i>Appropriation of net income</i>	<i>Appropriation of realised net capital gains or losses</i>
HSBC EURO GVT BOND FUND BC unit	Accumulation	Accumulation
HSBC EURO GVT BOND FUND BD unit	Distribution	Accumulation and/or Distribution by decision of the management company
HSBC EURO GVT BOND FUND HC unit	Accumulation	Accumulation
HSBC EURO GVT BOND FUND HD unit	Distribution	Accumulation and/or Distribution by decision of the management company
HSBC EURO GVT BOND FUND ZC unit	Accumulation	Accumulation

FCP HSBC EURO GVT BOND FUND

2. Change in Net Assets

Change in net assets as at 30/12/2022

Portfolio: 109018 HSBC EURO GVT BOND FUND

	30/12/2022	30/12/2021
BEGINNING NET ASSETS	447,280,104.27	602,774,811.40
Subscriptions (including subscription fees paid into the UCI)	126,959,023.20	79,888,094.97
Redemptions (after deducting redemption fees paid into the UCI)	-115,764,555.93	-215,842,066.69
Capital gains realised on deposits and financial instruments	3,566,680.98	24,127,657.07
Capital losses realised on deposits and financial instruments	-52,344,760.54	-4,932,897.09
Capital gains realised on financial futures	19,549,160.00	3,740,975.00
Capital losses realised on financial futures	-14,173,145.00	-4,933,035.00
Transaction fees	-41,953.79	-11,068.05
Foreign exchange gains/losses		
Changes in the valuation differential of deposits and financial instruments	-40,022,858.71	-40,625,410.40
<i>Valuation differential period N</i>	-38,973,941.80	1,048,916.91
<i>Valuation differential period N-1</i>	-1,048,916.91	-41,674,327.31
Changes in the valuation differential of financial futures	575,325.00	560,195.00
<i>Valuation differential period N</i>	1,319,160.00	743,835.00
<i>Valuation differential period N-1</i>	-743,835.00	-183,640.00
Prior-year distribution on net gains and losses		
Prior-year distribution on earnings	-242,440.55	-283,882.36
Net income for the period before accruals	3,883,537.81	2,816,730.42
Current-year interim distribution(s) on net gains and losses		
Current-year interim distribution(s) on earnings		
Other items		
ENDING NET ASSETS	379,224,116.74	447,280,104.27

FCP HSBC EURO GVT BOND FUND

3. Additional information

3.1. BREAKDOWN OF FINANCIAL INSTRUMENTS BY LEGAL OR ECONOMIC NATURE

	Amount	%
ASSETS		
BONDS AND EQUIVALENT SECURITIES		
Fixed-rate bonds traded on a regulated or equivalent market	354,442,765.15	93.46
Other bonds (index-linked, equity securities)	4,317,755.94	1.14
TOTAL BONDS AND EQUIVALENT SECURITIES	358,760,521.09	94.60
DEBT INSTRUMENTS		
TOTAL DEBT INSTRUMENTS		
LIABILITIES & EQUITY		
DISPOSALS OF FINANCIAL INSTRUMENTS		
TOTAL DISPOSALS OF FINANCIAL INSTRUMENTS		
OFF-BALANCE SHEET COMMITMENTS		
HEDGING TRANSACTIONS		
Rate	107,346,160.00	28.31
TOTAL HEDGING TRANSACTIONS	107,346,160.00	28.31
OTHER TRANSACTIONS		
TOTAL OTHER TRANSACTIONS		

3.2. BREAKDOWN OF ASSETS, LIABILITIES, AND OFF-BALANCE-SHEET ITEMS BY RATE TYPE

	Fixed rate	%	Variable rate	%	Adjustable rate	%	Other	%
ASSETS								
Deposits								
Bonds and equivalent securities	354,442,765.15	93.47					4,317,755.94	1.14
Debt instruments								
Repos and reverse repos								
Financial accounts							19,761,770.34	5.21
LIABILITIES & EQUITY								
Repos and reverse repos								
Financial accounts								
OFF-BALANCE SHEET COMMITMENTS								
Hedging transactions	107,346,160.00	28.31						
Other transactions								

FCP HSBC EURO GVT BOND FUND

3.3. BREAKDOWN OF ASSETS, LIABILITIES, AND OFF-BALANCE SHEET COMMITMENTS BY RESIDUAL MATURITY(*)

	< 3 months	%]3 months - 1 year]	%]1 - 3 years]	%]3 - 5 years]	%	> 5 years	%
ASSETS										
Deposits										
Bonds and equivalent securities	25,021,293.51	6.60			31,037,255.64	8.18	51,321,181.25	13.53	251,380,790.69	66.29
Debt instruments										
Repos and reverse repos										
Financial accounts	19,761,770.34	5.21								
LIABILITIES & EQUITY										
Repos and reverse repos										
Financial accounts										
OFF-BALANCE SHEET COMMITMENTS										
Hedging transactions					40,902,960.00	10.79	26,391,000.00	6.96	40,052,200.00	10.56
Other transactions										

(*) Forward-rate positions are presented according to the maturity of the underlying assets.

3.4. BREAKDOWN OF ASSETS, LIABILITIES, AND OFF-BALANCE SHEET COMMITMENTS BY LISTING CURRENCY OR VALUATION CURRENCY (EXCLUDING EURO)

	Currency 1		Currency 2		Currency 3		Currency N OTHER(S)	
	Amount	%	Amount	%	Amount	%	Amount	%
ASSETS								
Deposits								
Equities and equivalent securities								
Bonds and equivalent securities								
Debt instruments								
UCI								
Repos and reverse repos								
Receivables								
Financial accounts								
LIABILITIES & EQUITY								
Disposals of financial instruments								
Repos and reverse repos								
Payables								
Financial accounts								
OFF-BALANCE SHEET COMMITMENTS								
Hedging transactions								
Other transactions								

FCP HSBC EURO GVT BOND FUND

3.5. RECEIVABLES AND PAYABLES: BREAKDOWN BY TYPE

	Debit/credit type	30/12/2022
RECEIVABLES		
	Cash security deposits	867,681.70
TOTAL RECEIVABLES		867,681.70
PAYABLES		
	Fixed management fees	165,856.39
TOTAL PAYABLES		165,856.39
TOTAL PAYABLES AND RECEIVABLES		701,825.31

3.6. EQUITY

3.6.1. Number of securities issued or redeemed

	Units	Amount
HSBC EURO GVT BOND FUND BC unit		
Units subscribed during the fiscal year	47,490.099	44,355,835.59
Units redeemed during the fiscal year	-13,905.193	-13,523,504.93
Net balance of subscriptions/redemptions	33,584.906	30,832,330.66
Number of units outstanding at year-end	82,719.859	
HSBC EURO GVT BOND FUND BD unit		
Units subscribed during the fiscal year	103.803	94,511.33
Units redeemed during the fiscal year	-976.651	-955,340.88
Net balance of subscriptions/redemptions	-872.848	-860,829.55
Number of units outstanding at year-end	997.531	
HSBC EURO GVT BOND FUND HC unit		
Units subscribed during the fiscal year	17,730.23200	58,494,033.44
Units redeemed during the fiscal year	-21,791.96700	-70,711,340.91
Net balance of subscriptions/redemptions	-4,061.73500	-12,217,307.47
Number of units outstanding at year-end	79,880.50800	
HSBC EURO GVT BOND FUND HD unit		
Units subscribed during the fiscal year	0.27100	469.21
Units redeemed during the fiscal year	-29.20500	-49,178.61
Net balance of subscriptions/redemptions	-28.93400	-48,709.40
Number of units outstanding at year-end	21,126.20500	

FCP HSBC EURO GVT BOND FUND

	Units	Amount
HSBC EURO GVT BOND FUND SC unit		
Units subscribed during the fiscal year		
Units redeemed during the fiscal year	-12,292.455	-11,838,627.99
Net balance of subscriptions/redemptions	-12,292.455	-11,838,627.99
Number of units outstanding at year-end		
HSBC EURO GVT BOND FUND ZC unit		
Units subscribed during the fiscal year	24,144.852	24,014,173.63
Units redeemed during the fiscal year	-18,979.661	-18,686,562.61
Net balance of subscriptions/redemptions	5,165.191	5,327,611.02
Number of units outstanding at year-end	37,255.950	

3.6.2. Subscription and/or redemption fees

	Amount
HSBC EURO GVT BOND FUND BC unit	
Total fees earned	
Subscription fees earned	
Redemption fees earned	
HSBC EURO GVT BOND FUND BD unit	
Total fees earned	
Subscription fees earned	
Redemption fees earned	
HSBC EURO GVT BOND FUND HC unit	
Total fees earned	
Subscription fees earned	
Redemption fees earned	
HSBC EURO GVT BOND FUND HD unit	
Total fees earned	
Subscription fees earned	
Redemption fees earned	
HSBC EURO GVT BOND FUND SC unit	
Total fees earned	
Subscription fees earned	
Redemption fees earned	
HSBC EURO GVT BOND FUND ZC unit	
Total fees earned	
Subscription fees earned	
Redemption fees earned	

FCP HSBC EURO GVT BOND FUND

3.7. MANAGEMENT FEES

	30/12/2022
HSBC EURO GVT BOND FUND BC unit Guarantee commissions Fixed management fees Percentage of fixed management fees Retrocession of management fees	 183,746.55 0.33
HSBC EURO GVT BOND FUND BD unit Guarantee commissions Fixed management fees Percentage of fixed management fees Retrocession of management fees	 4,049.32 0.33
HSBC EURO GVT BOND FUND HC unit Guarantee commissions Fixed management fees Percentage of fixed management fees Retrocession of management fees	 1,169,865.19 0.42
HSBC EURO GVT BOND FUND HD unit Guarantee commissions Fixed management fees Percentage of fixed management fees Retrocession of management fees	 154,592.83 0.42
HSBC EURO GVT BOND FUND SC unit Guarantee commissions Fixed management fees Percentage of fixed management fees Retrocession of management fees	 19,231.07 0.28
HSBC EURO GVT BOND FUND ZC unit Guarantee commissions Fixed management fees Percentage of fixed management fees Retrocession of management fees	 11,397.56 0.03

3.8. COMMITMENTS RECEIVED AND GIVEN

3.8.1. Guarantees received by the UCI:

None.

3.8.2. Other commitments received and/or given:

None.

FCP HSBC EURO GVT BOND FUND

3.9. OTHER INFORMATION

3.9.1. Present value of borrowed financial instruments

	30/12/2022
Securities under a repurchase agreement Borrowed securities	

3.9.2. Present value of financial instruments constituting security deposits

	30/12/2022
Financial instruments given as collateral and maintained in their original line item Financial instruments received as collateral and not recorded on the balance sheet	

3.9.3. Financial instruments held, issued, and/or managed by the Group

	ISIN code	Name	30/12/2022
Equities			
Bonds			
Negotiable debt instruments			
UCI			
Financial futures			
Total group securities			

FCP HSBC EURO GVT BOND FUND

3.10. APPROPRIATION OF DISTRIBUTABLE AMOUNTS

Appropriation of the share of distributable amounts related to earnings

	30/12/2022	30/12/2021
Amounts remaining to be appropriated		
Retained earnings	22.65	104.44
Result	3,961,266.19	2,769,636.90
Total	3,961,288.84	2,769,741.34

	30/12/2022	30/12/2021
HSBC EURO GVT BOND FUND BC unit		
Appropriation		
Distribution		
Retained earnings for the period		
Accumulation	798,394.60	351,656.51
Total	798,394.60	351,656.51

	30/12/2022	30/12/2021
HSBC EURO GVT BOND FUND BD unit		
Appropriation		
Distribution	9,396.74	13,111.36
Retained earnings for the period	6.10	16.91
Accumulation		
Total	9,402.84	13,128.27
Information on units with distribution rights		
Number of units	997.531	1,870.379
Distribution per unit	9.42	7.01
Tax credit		
Tax credit attached to the distribution of the result		

	30/12/2022	30/12/2021
HSBC EURO GVT BOND FUND HC unit		
Appropriation		
Distribution		
Retained earnings for the period		
Accumulation	2,342,215.01	1,732,738.22
Total	2,342,215.01	1,732,738.22

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	30/12/2022	30/12/2021
HSBC EURO GVT BOND FUND HD unit		
Appropriation		
Distribution	329,991.32	233,764.29
Retained earnings for the period	130.31	8.63
Accumulation		
Total	330,121.63	233,772.92
Information on units with distribution rights		
Number of units	21,126.20500	21,155.13900
Distribution per unit	15.62	11.05
Tax credit		
Tax credit attached to the distribution of the result		

	30/12/2022	30/12/2021
HSBC EURO GVT BOND FUND SC unit		
Appropriation		
Distribution		
Retained earnings for the period		
Accumulation		95,322.58
Total		95,322.58

	30/12/2022	30/12/2021
HSBC EURO GVT BOND FUND ZC unit		
Appropriation		
Distribution		
Retained earnings for the period		
Accumulation	481,154.76	343,122.84
Total	481,154.76	343,122.84

FCP HSBC EURO GVT BOND FUND

Appropriation of the share of distributable amounts relating to net gains and losses

	30/12/2022	30/12/2021
Amounts remaining to be appropriated		
Past net gains and losses not distributed		
Net gains and losses for the period	-43,873,860.61	16,411,978.82
Interim payments on net gains and losses for the period		
Total	-43,873,860.61	16,411,978.82

	30/12/2022	30/12/2021
HSBC EURO GVT BOND FUND BC unit		
Appropriation		
Distribution		
Net gains and losses not distributed		
Accumulation	-8,513,379.65	1,943,934.44
Total	-8,513,379.65	1,943,934.44

	30/12/2022	30/12/2021
HSBC EURO GVT BOND FUND BD unit		
Appropriation		
Distribution		
Net gains and losses not distributed		
Accumulation	-99,773.19	72,670.98
Total	-99,773.19	72,670.98

	30/12/2022	30/12/2021
HSBC EURO GVT BOND FUND HC unit		
Appropriation		
Distribution		
Net gains and losses not distributed		
Accumulation	-27,461,127.34	11,105,108.25
Total	-27,461,127.34	11,105,108.25

FCP HSBC EURO GVT BOND FUND

	30/12/2022	30/12/2021
HSBC EURO GVT BOND FUND HD unit		
Appropriation		
Distribution		
Net gains and losses not distributed		
Accumulation	-3,858,141.72	1,500,330.10
Total	-3,858,141.72	1,500,330.10

	30/12/2022	30/12/2021
HSBC EURO GVT BOND FUND SC unit		
Appropriation		
Distribution		
Net gains and losses not distributed		
Accumulation		489,537.83
Total		489,537.83

	30/12/2022	30/12/2021
HSBC EURO GVT BOND FUND ZC unit		
Appropriation		
Distribution		
Net gains and losses not distributed		
Accumulation	-3,941,438.71	1,300,397.22
Total	-3,941,438.71	1,300,397.22

FCP HSBC EURO GVT BOND FUND

3.11. RESULTS AND OTHER CHARACTERISTIC FEATURES OF THE ENTITY DURING THE LAST FIVE FISCAL YEARS

	31/12/2018	31/12/2019	31/12/2020	30/12/2021	30/12/2022
Total net assets in EUR	520,162,790.20	544,719,903.09	602,774,811.40	447,280,104.27	379,224,116.74
HSBC EURO GVT BOND FUND BC EUR unit					
Net assets	59,505,595.82	49,313,266.21	60,147,018.40	53,014,253.38	73,605,307.84
Number of securities	58,935.344	45,950.448	53,583.425	49,134.953	82,719.859
Net asset value per unit	1,009.67	1,073.18	1,122.49	1,078.95	889.81
Accumulation per unit on net gains/losses	6.59	13.18	36.45	39.56	-102.91
Accumulation per unit on the result	9.54	7.17	7.85	7.15	9.65
HSBC EURO GVT BOND FUND BD EUR unit					
Net assets	6,571,753.68	3,997,648.26	3,254,528.81	1,973,072.05	861,676.92
Number of securities	6,502.343	3,757.187	2,944.200	1,870.379	997.531
Net asset value per unit	1,010.67	1,064.00	1,105.40	1,054.90	863.80
Accumulation per unit on net gains/losses	4.01	13.15	35.90	38.85	-100.02
Distribution per unit on the result	9.82	7.13	7.75	7.01	9.42
Tax credit per unit					
HSBC EURO GVT BOND FUND HC EUR unit					
Net assets	270,412,544.34	275,300,430.79	303,434,189.30	302,667,736.31	237,319,129.14
Number of securities	79,929.05400	76,627.30800	80,818.94400	83,942.24300	79,880.50800
Net asset value per unit	3,383.15	3,592.71	3,754.49	3,605.66	2,970.92
Accumulation per unit on net gains/losses	22.53	44.15	121.97	132.29	-343.77
Accumulation per unit on the result	28.51	20.84	22.99	20.64	29.32

FCP HSBC EURO GVT BOND FUND

3.11. RESULTS AND OTHER CHARACTERISTIC FEATURES OF THE ENTITY DURING THE LAST FIVE FISCAL YEARS

	31/12/2018	31/12/2019	31/12/2020	30/12/2021	30/12/2022
HSBC EURO GVT BOND FUND HD EUR unit					
Net assets	39,341,713.52	41,256,101.02	42,804,363.53	40,732,346.38	33,310,512.20
Number of securities	21,335.13600	21,244.27700	21,215.66800	21,155.13900	21,126.20500
Net asset value per unit	1,843.98	1,941.98	2,017.58	1,925.41	1,576.73
Accumulation per unit on net gains/losses	12.38	23.99	65.54	70.92	-182.62
Distribution per unit on the result	15.56	11.28	12.38	11.05	15.62
Tax credit per unit					
HSBC EURO GVT BOND FUND SC EUR unit					
Net assets	92,429,816.54	124,385,474.02	147,122,047.87	13,355,057.48	
Number of securities	91,048.141	115,217.772	130,227.435	12,292.455	
Net asset value per unit	1,015.17	1,079.56	1,129.73	1,086.44	
Accumulation per unit on net gains/losses	6.75	13.25	36.68	39.82	
Accumulation per unit on the result	9.96	7.75	8.45	7.75	
HSBC EURO GVT BOND FUND ZC EUR unit					
Net assets	51,901,366.30	50,466,982.79	46,012,663.49	35,537,638.67	34,127,490.64
Number of securities	50,534.793	46,091.847	40,058.433	32,090.759	37,255.950
Net asset value per unit	1,027.04	1,094.92	1,148.63	1,107.41	916.02
Accumulation per unit on net gains/losses	6.82	13.42	37.27	40.52	-105.79
Accumulation per unit on the result	12.63	10.54	11.38	10.69	12.91

FCP HSBC EURO GVT BOND FUND

3.12. DETAILED INVENTORY OF FINANCIAL INSTRUMENTS

Name of security	Currency	Qty No. or nominal	Present value	% Net Assets
Bonds and equivalent securities				
Bonds and equivalent securities traded on a regulated or equivalent market				
GERMANY				
GERMANY 0.5% 15/02/2025	EUR	4,600,000	4,426,745.41	1.16
GERMANY 0.5% 15-04-30 IND	EUR	1,750,000	2,167,592.52	0.58
GERMANY 4.75% 07/40	EUR	2,620,000	3,441,199.88	0.91
BUNDESREPUBLIK DEUTSCHLAND 0.0% 15-02-31	EUR	800,000	653,660.00	0.18
BUNDESREPUBLIK DEUTSCHLAND 0.0% 15-08-50	EUR	9,159,000	4,682,813.52	1.23
BUNDESREPUBLIK DEUTSCHLAND 0.25% 15-02-29	EUR	20,650,000	18,087,344.90	4.77
BUNDESREPUBLIK DEUTSCHLAND 0.5% 15-08-27	EUR	4,710,000	4,309,327.40	1.13
DBR 0 08/15/30	EUR	20,200,000	16,739,033.00	4.41
DBR 2 1/2 08/15/46	EUR	2,250,000	2,253,594.45	0.60
GERMANY 4% 04-01-37	EUR	1,400,000	1,677,368.58	0.44
KFW 0.01% 05-05-27 EMTN	EUR	9,400,000	8,254,107.81	2.17
KREDITANSTALT FUER WIEDERAUFBAU KFW 0.125% 09-01-32	EUR	3,000,000	2,294,392.81	0.61
TOTAL GERMANY			68,987,180.28	18.19
AUSTRIA				
AUST GOVE BON 1.5% 20-02-47	EUR	3,540,000	2,759,880.99	0.73
AUST GOVE BON 2.4% 23-05-34	EUR	6,500,000	6,127,774.38	1.62
AUSTRIA GOVERNMENT BOND 0.0% 20-02-31	EUR	5,300,000	4,128,249.50	1.09
AUSTRIA GOVERNMENT BOND 0.7% 20-04-71	EUR	350,000	151,064.53	0.04
AUSTRIA GOVERNMENT BOND 0.5% 20-04-27	EUR	2,600,000	2,363,814.04	0.62
RAGB 0 3/4 02/20/28	EUR	1,900,000	1,719,222.03	0.46
RAGB 0 3/4 03/20/51	EUR	1,700,000	972,244.21	0.25
TOTAL AUSTRIA			18,222,249.68	4.81
BELGIUM				
BELGIQUE 4.25% 03/41	EUR	1,000,000	1,135,609.18	0.30
BELGIUM GOVERNMENT BOND 0.0% 22-10-27	EUR	100,000	87,220.50	0.03
BELGIUM GOVERNMENT BOND 0.0% 22-10-31	EUR	1,200,000	913,896.00	0.24
BELGIUM GOVERNMENT BOND 0.65% 22-06-71	EUR	500,000	214,566.30	0.05
BELGIUM GOVERNMENT BOND 0.8% 22-06-27	EUR	6,900,000	6,340,023.41	1.67
BELGIUM GOVERNMENT BOND 1.7% 22-06-50	EUR	1,560,000	1,097,057.82	0.29
EUROPEAN UNION 0.0% 04-07-2029	EUR	1,700,000	1,397,689.00	0.37
EUROPEAN UNION 0.25% 22-04-2036	EUR	3,400,000	2,309,359.64	0.61
EUROPEAN UNION 1.0% 06-07-32	EUR	2,910,000	2,413,790.39	0.63
TOTAL BELGIUM			15,909,212.24	4.19
SPAIN				
SPAIN 1.6% 30-04-25	EUR	18,500,000	18,163,600.31	4.79
SPAIN 1.95% 30-07-30	EUR	16,600,000	15,182,819.34	4.00
SPAIN 4.2%170105-310137	EUR	2,000,000	2,162,586.16	0.57
SECRETARA GENERAL DEL TESORO 1.2% 31-10-40	EUR	2,500,000	1,637,697.77	0.43

FCP HSBC EURO GVT BOND FUND

3.12. DETAILED INVENTORY OF FINANCIAL INSTRUMENTS

Name of security	Currency	Qty No. or nominal	Present value	% Net Assets
SPAI GOVE BON 2.9% 31-10-46	EUR	8,420,000	7,220,696.72	1.91
SPAIN GOVERNMENT BOND 1.4% 30-04-28	EUR	10,610,000	9,784,195.36	2.58
SPAIN GOVERNMENT BOND 1.9% 31-10-52	EUR	1,420,000	905,962.14	0.24
TOTAL SPAIN			55,057,557.80	14.52
FINLAND				
FINLAND GOVERNMENT BOND 0.5% 15-09-28	EUR	9,300,000	8,141,795.20	2.15
FINLAND GOVERNMENT BOND 0.125% 15-04-52	EUR	3,450,000	1,605,442.61	0.42
FINLAND GOVERNMENT BOND 0.5% 15-09-29	EUR	1,400,000	1,193,145.59	0.31
FINLAND GOVERNMENT BOND 1.5% 15-09-32	EUR	4,900,000	4,267,388.18	1.13
FINL GOVE BON 0.5% 15-04-26	EUR	3,000,000	2,804,183.22	0.74
TOTAL FINLAND			18,011,954.80	4.75
FRANCE				
FRANCE 0.5% 25-05-25	EUR	4,800,000	4,560,263.01	1.20
FRANCE GOVERNMENT BOND OAT 0.0% 25-02-26	EUR	12,500,000	11,453,125.00	3.02
FRANCE GOVERNMENT BOND OAT 0.5% 25-05-29	EUR	6,750,000	5,836,858.61	1.54
FRANCE GOVERNMENT BOND OAT 0.5% 25-05-40	EUR	10,000,000	6,306,747.95	1.66
FRANCE GOVERNMENT BOND OAT 0.75% 25-05-28	EUR	21,158,000	19,034,523.70	5.02
FRANCE GOVERNMENT BOND OAT 0.75% 25-05-52	EUR	14,520,000	7,718,863.82	2.04
FRANCE GOVERNMENT BOND OAT 0.0% 25-03-24	EUR	2,500,000	2,415,575.00	0.64
FRANCE GOVERNMENT BOND OAT 0.7% 25-07-30	EUR	1,740,000	2,123,399.28	0.56
FRAN GOVE BON 1.25% 25-05-36	EUR	5,800,000	4,552,344.52	1.20
TOTAL FRANCE			64,001,700.89	16.88
IRELAND				
IRELAND GOVERNMENT BOND 1.3% 15-05-33	EUR	3,350,000	2,838,383.41	0.75
IRELAND GOVERNMENT BOND 1.35% 18-03-31	EUR	3,500,000	3,145,705.55	0.83
IRELAND 3.40% 03/24	EUR	1,330,000	1,377,104.41	0.36
TOTAL IRELAND			7,361,193.37	1.94
ITALY				
ITAL BUON POL 0.95% 15-03-23	EUR	25,000,000	25,021,293.51	6.60
ITAL BUON POL 1.6% 01-06-26	EUR	9,840,000	9,206,260.21	2.43
ITAL BUON POL 2.25% 01-09-36	EUR	8,600,000	6,542,683.77	1.73
ITALY 2.55% 15/09/2041	EUR	20,000	26,764.14	
ITALY BUONI POLIENNALI DEL TESORO 0.0% 01-04-26	EUR	3,100,000	2,751,203.50	0.72
ITALY BUONI POLIENNALI DEL TESORO 0.0% 15-12-24	EUR	100,000	93,967.50	0.03
ITALY BUONI POLIENNALI DEL TESORO 0.25% 15-03-28	EUR	4,100,000	3,382,539.64	0.89
ITALY BUONI POLIENNALI DEL TESORO 0.95% 01-06-32	EUR	8,001,000	5,838,059.78	1.54
ITALY BUONI POLIENNALI DEL TESORO 1.5% 30-04-45	EUR	4,970,000	2,780,508.10	0.73
ITALY BUONI POLIENNALI DEL TESORO 1.7% 01-09-51	EUR	4,205,000	2,308,306.17	0.61
ITALY BUONI POLIENNALI DEL TESORO 1.8% 01-03-41	EUR	3,630,000	2,346,525.46	0.62
ITALY BUONI POLIENNALI DEL TESORO 2.0% 01-02-28	EUR	15,000,000	13,806,508.70	3.64
ITALY BUONI POLIENNALI DEL TESORO 2.45% 01-09-33	EUR	8,730,000	7,139,064.58	1.88
TOTAL ITALY			81,243,685.06	21.42

FCP HSBC EURO GVT BOND FUND

3.12. DETAILED INVENTORY OF FINANCIAL INSTRUMENTS

Name of security	Currency	Qty No. or nominal	Present value	% Net Assets
LUXEMBOURG				
BANQUE EUROPEAN D'INVESTISSEMENT 0.0% 14-01-31	EUR	2,304,000	1,798,272.00	0.47
BANQUE EUROPEAN D'INVESTISSEMENT 0.05% 13-10-34	EUR	5,000,000	3,448,011.64	0.91
BANQUE EUROPEAN D INVESTISSEMENT 0.25% 20-01-32	EUR	6,995,000	5,433,137.24	1.43
EUROPEAN FINL STABILITY FACIL 0.0% 20-01-31	EUR	3,000,000	2,342,235.00	0.62
EUROPEAN FINL STABILITY FACIL 1.7% 13-02-2043	EUR	200,000	158,318.08	0.04
EUROPEAN INVESTMENT BANK 3% 14/10/2033	EUR	3,095,000	3,050,656.49	0.81
TOTAL LUXEMBOURG			16,230,630.45	4.28
NETHERLANDS				
NETHERLANDS GOVERNMENT 0.0% 15-01-27	EUR	1,000,000	896,865.00	0.23
NETHERLANDS GOVERNMENT 0.5% 15-01-40	EUR	400,000	275,042.25	0.08
NETHERLANDS GOVERNMENT 0.5% 15-07-32	EUR	5,400,000	4,351,920.29	1.14
NETHERLANDS GOVERNMENT 0.75% 15-07-27	EUR	3,100,000	2,855,051.16	0.75
NETH GOVE 3.75% 15-01-42	EUR	4,450,000	5,158,427.20	1.36
NETHERLANDS 2.50% 15/01/2033	EUR	200,000	197,850.62	0.06
TOTAL NETHERLANDS			13,735,156.52	3.62
TOTAL Bonds and equivalent securities traded on a regulated or equivalent market			358,760,521.09	94.60
TOTAL Bonds and equivalent securities			358,760,521.09	94.60
Financial futures				
Futures, forwards, and swaps				
Futures, forwards, and swaps on regulated or equivalent markets				
EURO BOBL 0323	EUR	-228	755,130.00	0.20
EURO SCHATZ 0323	EUR	388	-453,960.00	-0.12
FGBL BUND 10A 0323	EUR	-182	1,516,650.00	0.40
XEUR FBTP BTP 0323	EUR	70	-383,520.00	-0.10
XEUR FGBX BUX 0323	EUR	-11	303,600.00	0.08
XEUR FOAT EUR 0323	EUR	53	-418,740.00	-0.11
TOTAL Futures, forward, and swaps on a regulated market			1,319,160.00	0.35
TOTAL Futures, forwards, and swaps			1,319,160.00	0.35
TOTAL Financial futures			1,319,160.00	0.35
Margin call				
CACEIS MARGIN CALL	EUR	-1,319,160	-1,319,160.00	-0.35
TOTAL Margin call			-1,319,160.00	-0.35
Receivables			867,681.70	0.23
Payables			-165,856.39	-0.04
Financial accounts			19,761,770.34	5.21
Net assets			379,224,116.74	100.00
HSBC EURO GVT BOND FUND HD unit				
HSBC EURO GVT BOND FUND HD unit	EUR	21,126.20500	1,576.73	
HSBC EURO GVT BOND FUND BD unit	EUR	997.531	863.80	
HSBC EURO GVT BOND FUND ZC unit	EUR	37,255.950	916.02	
HSBC EURO GVT BOND FUND HC unit	EUR	79,880.50800	2,970.92	
HSBC EURO GVT BOND FUND BC unit	EUR	82,719.859	889.81	

FCP HSBC EURO GVT BOND FUND

ADDITIONAL INFORMATION ABOUT THE TAX REGIME APPLICABLE TO THE COUPON

Breakdown of the coupon: HSBC EURO GVT BOND FUND BD unit

	OVERALL NET	CURRENCY	NET PER UNIT	CURRENCY
Income subject to a mandatory, non-final withholding tax	9,396.74	EUR	9.42	EUR
Shares with tax allowance rights and subject to a mandatory, non-final withholding tax				
Other income with no tax allowance rights and subject to a mandatory, non-final withholding tax				
Non-declarable, non-taxable income				
Distributed amounts on capital gains and losses				
TOTAL	9,396.74	EUR	9.42	EUR

Breakdown of the coupon: HSBC EURO GVT BOND FUND HD unit

	OVERALL NET	CURRENCY	NET PER UNIT	CURRENCY
Income subject to a mandatory, non-final withholding tax	329,991.32	EUR	15.62	EUR
Shares with tax allowance rights and subject to a mandatory, non-final withholding tax				
Other income with no tax allowance rights and subject to a mandatory, non-final withholding tax				
Non-declarable, non-taxable income				
Distributed amounts on capital gains and losses				
TOTAL	329,991.32	EUR	15.62	EUR