

HSBC ISLAMIC FUNDS

**Audited Annual Report for the year
ended 31 December 2025**

**Société d'Investissement à Capital Variable
(SICAV), Luxembourg**

Table of Contents

Board of Directors	3
HSBC Global Shariah Supervisory Committee	4
Management and Administration	5
Shareholder Information	6
Directors' Report	7
Investment Adviser's Report	9
Annual Shariah Compliance Report	14
Audit Report	15
Statement of Net Assets	19
Statement of Operations and Changes in Net Assets	20
Key Figures	21
Portfolio of Investments and Other Net Assets	22
HSBC Islamic Global Equity Index Fund	22
Notes to the Financial Statements	24
Additional Disclosure (Unaudited Information)	33
Appendix I - Information for Swiss Investors	33
Appendix II - Taxation of the Company	34
Appendix III - UK SORP Disclosure	36
Appendix IV - Fund Holiday Calendar	38
Appendix V - Risk Management	39
Appendix VI - Sustainable Finance Disclosure Regulation ("SFDR")	40

Statement of changes in the investment portfolio

A list, specifying for each sub-fund total purchases and sales transacted during the year under review, may be obtained, upon request, at the registered office of the Company.

Disclaimer

No subscription can be received on the basis of financial reports only. Subscriptions are only valid if made on the basis of the current relevant Key Information Document and the current Prospectus accompanied by the latest annual and the most recent semi-annual report, if published thereafter. The current Prospectus, the Articles of Incorporation, together with both the interim and audited annual reports are available free of charge upon request from the Management Company.

Board of Directors

- ▶ **Anthony Jeffs, Director, Fund Boards**
HSBC Global Asset Management Limited,
Resident in the United Kingdom of Great Britain and Northern Ireland
- ▶ **Benjamin Lam, Independent Director** (Appointed effective 5 March 2025)
Resident in Luxembourg, Grand Duchy of Luxembourg
- ▶ **Benoit Papillard, Global Head Shared Services, Chief Operating Officer France** (Appointed effective 22 August 2025)
HSBC Global Asset Management (France)
Resident in the French Republic
- ▶ **Carine Feipel, Independent Director**
Resident in Luxembourg, Grand Duchy of Luxembourg
- ▶ **Dr. Michael Boehm, Chief Operating Officer** (Resigned 22 August 2025)
Head of Global Fund Services, Alternatives
HSBC Global Asset Management Germany,
Resident in the Federal Republic of Germany
- ▶ **Eimear Cowhey, Independent Director** (Resigned effective 5 March 2025)
Resident in Republic of Ireland
- ▶ **Matteo Pardi, Head of Wholesale Continental Europe, Partnerships and HIFL**
HSBC Global Asset Management (France) Italian Branch,
Resident in the Republic of Italy
- ▶ **Timothy Palmer, Independent Director**
Resident in the United Kingdom of Great Britain and Northern Ireland



HSBC Global Shariah Supervisory Committee

The Management Company has entered into a Performance Level Agreement with HSBC Bank Middle East Limited under which the latter agrees to appoint the members of the HSBC Global Shariah Supervisory Committee ("the Shariah Committee"). The members of the Shariah Committee are:

- ▶ Dr. Nizam Yaquby - resident in Bahrain
- ▶ Dr. Mohamed Ali Elgari - resident in Saudi Arabia
- ▶ Dr. Aznan Hassan - resident in Malaysia

Management and Administration

Registered Office

4, rue Peternelchen,
L-2370 Howald,
Grand Duchy of Luxembourg

Management Company

HSBC Investment Funds (Luxembourg) S.A.
18, boulevard de Kockelscheuer,
L-1821 Luxembourg,
Grand Duchy of Luxembourg

Administration Agent, Depositary Bank, Central Paying Agent, Registrar and Transfer Agent

HSBC Continental Europe, Luxembourg
18, boulevard de Kockelscheuer,
L-1821 Luxembourg,
Grand Duchy of Luxembourg

Corporate and Domiciliary Agent

ONE Corporate
4, rue Peternelchen, Cubus C3,
L-2370 Howald,
Grand Duchy of Luxembourg

Paying Agent in Switzerland

HSBC Private Bank (Suisse) S.A.
Quai des Bergues 9-17, Case Postale 2888,
CH-1211 Geneva 1,
Switzerland

Investment Adviser

HSBC Global Asset Management (UK) Limited
8 Canada Square,
London, E14 5HQ,
United Kingdom

Auditor

PricewaterhouseCoopers Assurance, Société
coopérative
2, rue Gerhard Mercator, B.P. 1443,
L-1014 Luxembourg,
Grand Duchy of Luxembourg

Distributors and Representatives

Global Distributor

HSBC Investment Funds (Luxembourg) S.A.
18, Boulevard de Kockelscheuer,
L-1821 Luxembourg,
Grand Duchy of Luxembourg

Continental Europe Distributor

HSBC Global Asset Management (France)
Immeuble "coeur Défense" – Tour A,
110 Esplanade du Général de Gaulle - La Défense 4,
75419 Paris Cedex 08,
France

Distributor and Representative for the United Kingdom

HSBC Global Asset Management (UK) Limited
8 Canada Square,
London E14 5HQ,
United Kingdom

Representative for Switzerland

HSBC Global Asset Management (Switzerland) Limited
Gartenstrasse 26,
CH-8002 Zurich,
Switzerland

Shareholder Information

Automatic Exchange of Information

The OECD has developed a common reporting standard ("CRS") to achieve a comprehensive and multilateral automatic exchange of information AEOI on a global basis. On 9 December 2014, Council Directive 2014/107/EU amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation (the "Euro-CRS Directive") was adopted in order to implement the CRS among the Member States.

The Euro-CRS Directive was implemented into Luxembourg law by the law of 18 December 2015 on the automatic exchange of financial account information in the field of taxation ("CRS Law").

The CRS Law requires Luxembourg financial institutions to identify financial assets holders and establish if they are tax resident in countries with which Luxembourg has a tax information sharing agreement. Accordingly, the Company may require its investors to provide information in relation to the identity and tax residence of financial account holders (including certain entities and their controlling persons) in order to ascertain their CRS status. Responding to CRS-related questions is mandatory. The personal data obtained will be used for the purpose of the CRS Law or such other purposes indicated by the Company in the section entitled "Privacy of Personal Information" of the Prospectus of the Company in compliance with Luxembourg data protection law. Information regarding a shareholder and his/her/its account will be reported to the Luxembourg tax authorities (Administration des Contributions Directes), which will thereafter automatically transfer this information to the competent foreign tax authorities on a yearly basis, if such account is deemed a CRS reportable account under the CRS Law.

In addition, Luxembourg signed the OECD's multilateral competent authority agreement ("Multilateral Agreement") to exchange information automatically under the CRS. The Multilateral Agreement aims to implement the CRS among non-Member States; it requires agreements on a country-by-country basis.

The Company reserves the right to refuse any application for Shares if the information provided does not satisfy the requirements under the CRS Law.

The foregoing is only a summary based on the current interpretation thereof and does not purport to be complete in all respects. It does not constitute investment or tax advice and Investors and prospective investors should therefore seek advice from their financial or tax adviser on the full implications for themselves.

On 25 May 2018, the EU Council adopted a directive (2018/822 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation) that imposes a reporting obligation on parties involved in transactions that may be associated with aggressive tax planning ("DAC6"). DAC6 has been implemented in Luxembourg by the law of 25 March 2020 (the "DAC6 Law"). More specifically, the reporting obligation will apply to cross-border arrangements that, among others, meet one or more "hallmarks" provided for in the DAC6 Law that is coupled in certain cases, with the main benefit test (the "Reportable Arrangements"). In the case of a Reportable Arrangement, the information that must be reported includes among others the name of all relevant taxpayers and intermediaries as well as an outline of the Reportable Arrangement, the value of the Reportable Arrangement and identification of any member states likely to be concerned by the Reportable Arrangement. The reporting obligation in principle rests with the persons that design, market or organize the Reportable Arrangement or provide assistance or advice in relation thereto (the so-called "intermediaries"). However, in certain cases, the taxpayer itself can be subject to the reporting obligation.

The information reported will be automatically exchanged between the tax authorities of all Member States. In light of the broad scope of the DAC6 Law, transactions carried out by the Company may fall within the scope of the DAC6 Law and thus be reportable.

Name of the sub-fund	Tax status for redemptions	Tax status for distributions	Method used to determine the status	Period of validity of the status
HSBC Islamic Global Equity Index Fund	Out of Scope	Out of Scope	Investment Policy	1 January 2025 31 December 2025

Directors' Report

The Board of Directors presents the Audited Annual Report for HSBC Islamic Funds (the "Company") for the year ended 31 December 2025.

The Company

The Company is an investment company with variable capital, incorporated under the laws of the Grand Duchy of Luxembourg and is organized as an "umbrella" with a number of sub-funds, each of which has its own investment policy and restrictions. At present, the Company has issued shares in 1 sub-fund. During the financial year, the total net assets of the Company increased from USD 2,096,272,012 to USD 2,818,284,798 at year end.

The Company qualifies as an Undertaking for Collective Investments in Transferable Securities under the amended Directive 2009/65/EC of 13 July 2009 and may therefore be offered for sale in European Union Member States, subject to registration in countries other than the Grand Duchy of Luxembourg. In addition, applications to register the Company and its sub-funds may be made in non-European Union countries, subject to compliance with local laws and regulations. The Company and its sub-fund are currently registered for offer and distribution in the Grand Duchy of Luxembourg and in the following jurisdictions: Bahrain, France, Jersey, Qatar, Singapore, Sweden, Switzerland, the United Kingdom and the United Arab Emirates.

Responsibility of the Directors

The responsibility of the Directors of the Company is governed exclusively by Luxembourg law. With respect to these financial statements, the duties of the Directors are governed by general corporate law and the law of 19 December 2002 on the register of commerce and companies and the accounting and annual accounts of undertakings and by the law of 17 December 2010 relating to undertakings for collective investments, as amended (the "2010 Law"). Since 1 July 2011, the Company is governed by Part I of the 2010 Law implementing the Directive 2009/65/EC into Luxembourg law.

Cash Management

In accordance with the Shariah Compliance Advisory Agreement the Investment Manager endeavours to avoid overdrafts. In exceptional circumstances overdrafts may occur, however no interest expense is charged to the Fund in that case.

Remuneration Policy

HSBC Investment Funds (Luxembourg) S.A. ("HIFL") has implemented a remuneration policy pursuant to Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014 amending Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) as regards to depositary functions, remuneration policies and sanctions (the "UCITS V Directive"), which was transposed into Luxembourg law on 1 June 2016 by way of the Luxembourg law of 10 May 2016.

The remuneration policy, which has been approved by HIFL's board of directors, includes measures to avoid conflicts of interest and seeks to promote sound and effective risk management and that neither encourage risk taking which is inconsistent with the risk profile and articles of incorporation of the Company nor impair compliance with HIFL's duty to act in the best interest of the Company.

The remuneration policy, which describes how remuneration and benefits are determined, is available at www.assetmanagement.hsbc.com/about-us/our-governance, or on request from HIFL.

Total amount of remuneration paid by HIFL to all staff and paid by the investment adviser to their identified staff* during the 12 months period ending 31 December 2025 is as follows:

Number of beneficiaries: 22 for the period January 2025 to December 2025

Fixed remuneration EUR 2,341,154.71

Variable remuneration EUR 363,974.95

Directors' Report

Remuneration Policy (continued)

of which, the disclosure of the fixed and variable remuneration of senior management within HIFL and of identified staff* of the investment adviser is:

Number of beneficiaries: 6 for the period January 2025 to December 2025

Fixed remuneration EUR 982,776.69

Variable remuneration EUR 183,356.38

* identified staff are defined as members of staff whose actions have a material impact on the risk profile of the Company.

The above amounts of remuneration include the staff of HIFL and the staff of HSBC Global Asset Management (UK) Limited involved in the investment management of HSBC Islamic Funds.

The annual review of the remuneration policy, including a review of the existing remuneration structure as well as implementation of the regulatory requirements and compliance with them, was completed during the year and no irregularities were identified. Furthermore, there were no material changes made to the remuneration policy in the past financial year.

Impact of Global Conflicts

The value of investments may be affected by uncertainties such as international, political, economic and diplomatic developments (including sanctions, social instability, civil conflicts and war) or changes in government policies. Each of these factors could impact the value of investments in these markets, and they may be subject to greater volatility.

Corporate Governance Statement

The Board of Directors confirms its adoption of the ALFI (Association of the Luxembourg Fund Industry) Code of Conduct for Luxembourg Investment Funds (the "Code") and confirms its adherence to the principles of the Code at all times during the year.

Annual General Meeting

The next Annual General Meeting of the Company will be held on 30 June 2026.

Investment Adviser's Report

Performance Review

Date	Currency	Net Return (ID Class)	Gross Return	Index Performance
Jan-25	USD	2.51%	2.55%	2.61%
Feb-25	USD	-2.77%	-2.73%	-2.72%
Mar-25	USD	-6.93%	-6.89%	-6.90%
Apr-25	USD	-0.24%	-0.20%	-0.20%
May-25	USD	6.93%	6.97%	6.99%
Jun-25	USD	5.34%	5.39%	5.39%
Jul-25	USD	2.53%	2.57%	2.58%
Aug-25	USD	2.01%	2.05%	2.03%
Sep-25	USD	5.36%	5.40%	5.33%
Oct-25	USD	4.84%	4.88%	5.02%
Nov-25	USD	-0.08%	-0.04%	-0.04%
Dec-25	USD	0.83%	0.87%	0.88%

Over the reporting period the fund tracked its index closely, fully in line with the investment objectives. From a sector standpoint, the largest contributor to the total returns by far was the Technology sector, followed by Consumer Discretionary, Health Care and Telecommunications, while no sectors detracted. US equities were the largest contributor to the return over the period given their prominence in the Index, followed by South Korean equities. Meanwhile, Denmark, Ireland and Italy detracted slightly.

Global equities

Calendar year 2025 proved to be a very strong one for global equity markets, with nearly all regions achieving double-digit returns. The asset class was supported by falling interest rates across many major economies, positive earnings growth, investor enthusiasm for artificial intelligence (AI) and relief that US President Donald Trump's tariff threats ultimately led to trade deals being signed with the major economic blocs. Many markets – including the S&P 500, Stoxx Europe 600, Nikkei 225 and FTSE 100 – set new all-time highs during the year.

Emerging markets (EM) heavily outperformed developed markets (DM). The best returns by far came in Korea, which soared on significant corporate and governance reform, recovering economic growth and very strong share-price rises in the technology sector. Taiwan was also supported by its technology stocks and interest in AI. Mainland China produced positive returns but underperformed the wider EM benchmark due to trade issues with the US and headwinds in the domestic economy, which remained sluggish. In developed markets, Europe and the UK strongly outperformed the US. Japan also performed strongly in local-currency and US dollar terms, but less well in sterling.

Markets were quite volatile at times during the year, not least in early April as Trump unleashed wide-ranging trade tariffs against US trading partners. The sell-off was nevertheless short-lived, after Trump suspended the worst of his tariffs for a 90-day grace period, allowing trade negotiations to take place, and markets staged a recovery that effectively lasted for the rest of the year.

Interest rates continued to tumble across most major economies as inflationary pressures eased. The European Central Bank (ECB) cut rates four times in the first six months of the year, although it left rates unchanged thereafter. The Bank of England (BoE) lowered its rates four times during the whole year. The US Federal Reserve (Fed) left rates unchanged until September. However, the weakening labour market and dwindling inflationary pressures drove it to cut rates three times in the final few months of the year. In contrast, the Bank of Japan (BoJ) continued to tighten its monetary policy and lifted its benchmark rate to 0.50% in January, before raising it again in December to a 30-year high of 0.75%.

Investment Adviser's Report

Global equities (continued)

The global economic outlook was mixed. US GDP fell by 0.5% on an annualised basis in the first quarter of the year – the first fall in quarterly GDP for three years – although it recovered in the next two quarters, rising by 4.4% in the third quarter. While the UK and eurozone economies grew solidly in the first quarter, economic expansion waned over the remainder of the year. Mainland China grew ahead of expectations in the first quarter, but slipped during the following quarters. Japan managed decent growth in the first two quarters of the year, before contracting in the third. Conversely, India's economy recovered well and grew by more than 8% in the third quarter.

US equities

US equities produced positive returns during 2025 but underperformed the global market average. The asset class was mainly driven by hopes of falling interest rates, positive corporate earnings announcements and, at least initially, by President Donald Trump's promise of tax cuts and deregulation. The major local equity indices – the S&P 500, the Dow Jones and the Nasdaq Composite – frequently hit new all-time highs during the year. They were led by the 'Magnificent Seven' – a group including Microsoft, Nvidia and Alphabet. Technology stocks soared on strong earnings and interest in AI. However, these stocks sold off heavily in early 2025 as the unveiling of mainland China's low-cost AI model DeepSeek called into question the high valuations of AI-related stocks such as Nvidia. Nevertheless, they later recovered, with Nvidia's shares, in particular, soaring – it became both the first \$4 trillion market-cap stock (in July) and the first \$5 trillion market-cap stock (in October).

Market performance weakened in March and April as Trump introduced trade tariffs. The levies initially targeted Mexico, Canada and mainland China, but were later expanded to include the whole world. These tariffs were published on so-called "Liberation Day" in early April, leading to a short, sharp sell-off. However, stock prices recovered from mid-April and into May as Trump softened his stance on tariffs and embarked on trade negotiations, which ultimately led to trade deals with the EU, Japan and mainland China.

The Fed was initially cautious about easing monetary policy too quickly and left rates unchanged during the first eight months of 2025. The central bank cautioned that it would need to carefully consider the likely negative effects of tariffs on both growth and inflation, and in so doing drew belligerent and personal comments from Trump, who wanted rates to be cut. However, by September, the Fed had grown circumspect about the risks of inflation and become more concerned about the economic outlook, leading it to cut rates that month. Rates were cut again in October and December, taking the Fed funds rate down to a range of 3.50%-3.75%. Headline inflation slowed in the first few months of the year but picked up during the summer to hit 3.0% in September, the same level as January, before retreating to 2.7% by November.

After a long period of relatively robust growth, the US economy began to show signs of a slowdown in the early part of 2025. It fell by 0.5% in the first quarter of 2025 – the first decline in GDP for three years – as US firms stockpiled goods ahead of Trump's tariffs coming into effect. However, it recovered to grow by 3.8% in the second quarter of the year and by 4.4% in the third. Nevertheless, job creation, retail sales, factory orders and consumer sentiment indices all increasingly indicated a slowing economy, with many fearful that Trump's trade tariffs could tip the economy into recession, although by the end of the period these fears had eased somewhat.

European ex UK equities

European ex UK equities produced strong returns over the year, particularly in US dollars as the euro strengthened, and significantly outperformed other global DM. The region benefited from lower inflation, falling interest rates and positive corporate earnings growth. During the first quarter, and under pressure from the US, several European nations agreed to ramp up their spending on defence, which boosted the share prices of a wide range of industrials companies. Germany passed an amendment to its constitution, allowing it to borrow significant amounts to fund investment in arms and infrastructure. The Europe-wide Stoxx Europe 600 Index frequently established new all-time highs during the period, as did several individual markets, including Germany's Dax Index and Italy's Borsa di Milano. However, European shares suffered a marked downturn in early April as the US administration announced its tariffs, which turned out to be particularly punitive for the EU and the region's car manufacturers. European equities soon recovered, however, as the full weight of the tariffs was delayed to allow trade talks to take place, which eventually led to a trade agreement between the US and the eurozone.

Investment Adviser's Report

European ex UK equities (continued)

Spain was the strongest performer among Europe ex UK markets. Ireland, Italy and Finland also produced strong returns and outperformed the wider benchmark. In contrast, returns in France were subdued. This was partly due to marked political instability in the country as the parliamentary government collapsed and efforts to unify a divided parliament proved very difficult, with prime ministers coming and going in quick succession.

Annual headline inflation continued to ease. In the eurozone, the figure fell from 2.5% in January to 2.1% in November, just above the ECB's target of 2%. Meanwhile, core inflation moved from 2.7% to 2.4% over the same period. This allowed the ECB to continue to cut its benchmark and deposit rates further, which it did four times during the first six months of the year. However, the central bank left rates unchanged in the second half of the year as it considered the risks between inflation and economic growth to be well balanced.

Economic growth eased from a quarterly pace of 0.6% in the first quarter of 2025 to 0.3% by the third quarter of the year, although this was slightly ahead of forecasts. However, overall economic trends remained fragile. Various consumer confidence and business sentiment indices remained lacklustre for much of the period. The manufacturing sector, however, did recover a little and the eurozone manufacturing purchasing managers' index (PMI) rose above the 50.0 level (that separates economic expansion from contraction) in August for the first time in several years, before declining gently towards the end of the year. The labour market remained relatively robust. The eurozone unemployment rate stayed fairly stable, with the figure starting and ending the period at 6.3%.

UK equities

UK equities produced strong returns over the year and materially outperformed other global DM. They benefited from lower inflation, falling interest rates, positive corporate earnings growth, and easing trade tensions in the second half of the year. The bellwether FTSE 100 and FTSE All-Share indices frequently hit new all-time highs during the period. The market had suffered a downturn in early April, alongside nearly all other global markets, as Donald Trump announced a wide range of higher-than-expected tariffs against the US's major trading partners. Share prices soon recovered, however, as the full weight of the tariffs was delayed, allowing trade talks to take place. The UK also benefited from being one of the first nations to announce a trade deal with the US and secure a relatively lower average levy of 10%. UK equities were favoured by global investors for their relatively low valuations, as many investors looked for alternatives to US equities and other markets that had performed well.

Annual inflation remained high relative to other G7 nations: it rose from 3.0% in January to 3.8% in the three months from July to September, which was the highest rate since January 2024, as services and energy prices reaccelerated. However, it eased a little to 3.4% in December. Core inflation declined from 3.7% to 3.2% over the same period. Despite more persistent inflation in the UK, the BoE cut its benchmark rate four times during the year, the latest coming in December.

Investors worried about the outlook for the UK economy, particularly about the impact of tax hikes on companies and employees following a material hike in National Insurance contributions by the Labour government. Despite this, the UK posted better-than-expected quarterly growth of 0.7% in the first quarter, although the figure appeared to be inflated by businesses ramping up shipments ahead of the implementation of US tariffs. The economy proceeded to turn down in the second quarter, growing by 0.2% and then by just 0.1% in the third quarter.

There were some signs of recovery, however. The manufacturing PMI remained in contractionary territory through much of the period, but rose above 50.0 in the final two months of the year. The services PMI was quite healthy and stayed above 50.0 in every month of the period bar April. Meanwhile, unemployment crept up to a more than four-year high of 5.1% in the three months to November, the highest level for over four years, as companies retrenched and vacancies began to dry up.

Investment Adviser's Report

Japanese equities

The Japanese market made strong returns in local-currency and US dollar terms, but more moderate returns in sterling terms due to the weakness in the yen against the pound over the period. The local bellwether indices, the Nikkei 225 and Topix, surged to new all-time highs, with the Nikkei breaching 50,000 for the first time in its history, encouraged by positive corporate earnings momentum and a generally improving economic outlook. The election of Sanae Takaichi as prime minister in the late autumn drove share prices higher as investor sentiment towards her pro-reform and pro-growth policy stance was positive. The yen was volatile. While it fell against sterling, it was largely unchanged against the US dollar.

The Japanese market lurched downwards in early April, along with other global markets, as it became clear that Trump was determined to implement tariffs against the US's major trading partners. However, stock prices recovered as Trump instigated a 90-day suspension on the levies which ultimately led to the signing of a trade deal between the US and Japan.

The BoJ raised rates in both January and December, taking its benchmark interest rate from 0.25% to 0.75, a 30-year high. BoJ Governor Kazuo Ueda suggested that growing wage pressures in the economy, emanating mainly from the highest spring wage settlements in decades in 2025, would likely force the central bank to continue to tighten.

Annual consumer inflation drifted lower over the period, from its two-year high of 4.0% in January 2025 to end at 2.9% in November, albeit still above the central bank's target rate of 2%. Meanwhile, core inflation (excluding fresh food prices) accelerated from 3.2% in January to 3.7% in May, its highest level since January 2023, before ending the period at 3.0% in November.

GDP expanded at an annualised pace of 0.3% in the first quarter of 2025, before accelerating to 2.1% in the second. However, after five consecutive quarters of growth, it contracted by 2.6% in the third quarter of the year. The manufacturing sector showed some signs of recovery, and in June the manufacturing PMI indicated economic expansion for the first time in a year, although it eased back below 50.0 in the following months.

On the political front, the LDP-Komeito coalition lost its majority in both the Lower and Upper House of parliament. This led to the resignation of prime minister Shigeru Ishiba in September, which paved the way for the election of Japan's first female prime minister, Sanae Takaichi.

Asia ex Japan equities

Asia ex Japan equities produced very positive returns over the period and enjoyed one of their best ever years, with the MSCI Asia ex Japan Index rising by about 24% in sterling terms and over 30% in both local-currency and US dollar terms. The asset class was driven by falling inflation, hopes of lower interest rates, a weaker US dollar and a recovery in earnings and economic growth. Like other markets, however, Asia ex Japan equities gave back some of their performance in the first few months of 2025, falling markedly in early April, as Trump's stance on trade tariffs became clear. However, they collectively recovered through the remainder of the year.

Within the region and among the larger markets, Korea was the strongest performer by far as the Bank of Korea cut interest rates, economic growth recovered and the country embraced corporate reforms. Taiwan was also notably strong, driven largely by its technology industry, especially AI-related stocks, as well as decent economic growth. Mainland China also rallied, although its rise was close to that of the index. Its market was supported by stimulus measures from the government to help support the economy, as well as positive sentiment about the prospects for AI. Nevertheless, concerns remained about the domestic economy, deflation and especially the state of the country's property sector. Singapore benefited from waning inflation and recovering economic growth, and its local index hit a new all-time high. In contrast, India's market fell in sterling terms and rose only modestly in local-currency terms: investor interest tended to be more concentrated in Northern Asian technology stocks, and the US ramped up tariffs on the country as a penalty for continuing to import Russian oil, leading to strong selling pressures, especially from foreign investors.

Headline inflation rates generally eased. In mainland China, annual consumer inflation turned negative in February and remained there throughout much of the rest of the year, largely due to weakness in food prices, although by December it had recovered to 0.8%. In India, annual inflation fell markedly as food prices softened, falling to 0.25% in October, the lowest level on record, before recovering slightly in November.

Investment Adviser's Report

Asia ex Japan equities (continued)

Some of the region's major central banks reduced interest rates over the period. The People's Bank of China reduced its key loan prime rates once during the period, as well as reducing its bank reserve requirements. The Reserve Bank of India cut rates four times, the latest coming in December, as inflation eased. The Bank of Korea also cut rates on two occasions in the first half of 2025.

Economic data was mixed. Mainland China achieved its official government target of 5% growth in 2025, but annual GDP slowed quarter by quarter through the year from 5.4% in the first quarter of 2025 to 4.5% in the final quarter. While export growth was strong, particularly in the Asian region, the domestic economy was quite subdued due to deflationary pressures and the weak state of the country's property market. Conversely, India's economy recovered well and grew by more than 8% in the third quarter, while Taiwan also enjoyed annual growth of over 8% in the third quarter of 2025.

Emerging market equities

EM produced strong returns over the year and significantly outperformed DM. They were buoyed by falling inflation and generally lower interest rates, as well as a recovery in earnings and economic growth. Like other markets, however, they gave back some of their performance in early April as US President Donald Trump's stance on trade tariffs became clear, leading to a sudden sell-off. However, the asset class quickly recovered once Trump had delayed the implementation of his tariffs so that negotiations could take place, which ultimately led to the signing of trade deals.

Latin American equities performed very strongly and outperformed Asian markets in aggregate. Colombia was the strongest market, while Brazil, Mexico, Peru and Chile all posted positive returns. Eastern European countries, such as the Czech Republic, Hungary and Poland, also rose strongly. Within Asia, Korea was the strongest performer as the Bank of Korea cut interest rates, economic growth recovered and the country embraced corporate reforms after a period of immense political turmoil. Taiwan was also notably strong, driven largely by its technology industry, especially AI-related stocks, as well as decent economic growth. Mainland China rallied, although its rise was close to that of the index. Its market was supported by stimulus measures from the government to help support the economy, as well as positive sentiment about the prospects for AI and mainland China's low-cost AI model, DeepSeek. Nevertheless, concerns remained about the domestic economy, deflation and especially the state of the country's property sector. In contrast, returns in India were negative in sterling terms despite recovering economic growth and falling interest rates. Investors were concerned when Trump doubled the tariffs on the country as punishment for its purchasing of Russian oil.

Headline inflation rates generally eased. In mainland China, annual consumer inflation turned negative in February and remained there throughout much of the rest of the year, largely due to weakness in food prices, although by December it had recovered to 0.8%. In India, annual inflation fell markedly as food prices softened, sliding to 0.25% in October, the lowest level on record, before recovering slightly in November. Inflation initially picked up in Brazil, with annual inflation rising to a more than two-year high of 5.53% in April, before easing to 4.26% in December.

Mainland China reduced its key loan prime rates in May, as well as lowering its bank reserve requirements. The Reserve Bank of India cut rates four times, with the latest coming in December, as inflation eased. In contrast, Brazil's central bank raised rates four times during the period, which took its Selic rate to 15.0% as it battled stubbornly high inflation in the early months of the year. However, it left rates unchanged from June.

Economic data was mixed. Mainland China's annualised growth rate remained above 5% in the first and second quarters of 2025 but fell to 4.8% in the third quarter, below the government's 5% target for the year. India's economy recovered after a slowdown in the latter half of 2024 and grew by over 8% in the third quarter. Korea's economy also recovered after a poor 2024 and weak first quarter of 2025, while Brazil's economy slowed after a strong first quarter.



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

Praise be to Allah the Cherisher and Sustainer of the worlds.
Blessings and salutations be to his Prophet Mohammed, his family and all his companions.

Annual Shariah Compliance Report

Based on our review of the investments of HSBC Islamic Global Equity Index Fund (a sub fund of the HSBC ISLAMIC FUNDS) relying on the information provided to us by the representatives of HSBC ISLAMIC FUNDS, it is our resolution that the investment and transactions of the current sub-fund during the financial year ended 31 December 2025 were in compliance with the Islamic investment guidelines as interpreted and issued by HSBC Global Asset Management Shariah Committee

Almighty Allah knows the best.

.....

Dr Mohamed Elgari

.....

Dr Aznan Hasan

.....

Sheikh Nizam Yaquby

Members of the HSBC Global Shariah Supervisory Committee Limited

Date: April 22, 2026



Audit report

To the Shareholders of
HSBC ISLAMIC FUNDS

Our opinion

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of HSBC ISLAMIC FUNDS (the “Fund”) as at 31 December 2025, and of the results of its operations and changes in its net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

What we have audited

The Fund’s annual accounts comprise:

- the statement of net assets as at 31 December 2025;
- the statement of operations and changes in net assets for the year then ended;
- the Portfolio of Investments and Other Net Assets as at 31 December 2025; and
- the notes to the annual accounts, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the “Commission de Surveillance du Secteur Financier” (CSSF). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the “Responsibilities of the “Réviseur d’entreprises agréé” for the audit of the annual accounts” section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

PricewaterhouseCoopers Assurance, Société coopérative,
2 rue Gerhard Mercator, L-2182 Luxembourg
T : +352 494848 1, F : +352 494848 2900, www.pwc.lu

We are independent of the Fund in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts. We have fulfilled our other ethical responsibilities under those ethical requirements.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the annual report but does not include the annual accounts and our audit report thereon.

Our opinion on the annual accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounts, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of the annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Directors 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 the Board of Directors either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the “Réviseur d’entreprises agréé” for the audit of the annual accounts

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit 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 the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF 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 annual accounts.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the annual accounts, 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 Fund’s internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;
- conclude on the appropriateness of the Board of 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 Fund’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the annual accounts 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 audit report. However, future events or conditions may cause the Fund to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.

Luxembourg, 29 April 2026

PricewaterhouseCoopers Assurance, Société coopérative

Represented by

Signed by:

A handwritten signature in black ink that reads 'Christelle Crépin'. The signature is written in a cursive style.

5485B807A1864A3...

Christelle Crépin

Statement of Net Assets

As at 31 December 2025

HSBC Islamic Global Equity Index Fund		
	Notes	USD
Assets		
Investment in Securities at Cost		1,808,715,751
Unrealised Appreciation/(Depreciation)		994,951,131
Investments in Securities at Market Value	2.b	2,803,666,882
Cash at Bank		10,838,150
Receivable on Unsettled Spot Foreign Currency Transactions		7,178
Receivable from Shareholders		6,242,864
Dividend Receivable, Net		1,016,422
Other Assets		328,534
Total Assets		2,822,100,030
Liabilities		
Payable to Shareholders		(1,801,834)
Other Liabilities	4	(2,013,398)
Total Liabilities		(3,815,232)
Total Net Assets		2,818,284,798
Two Years Asset Summary		
31 December 2024		2,096,272,012
31 December 2023		1,285,750,260

The accompanying notes form an integral part of these financial statements.

Statement of Operations and Changes in Net Assets

For the year ended 31 December 2025

HSBC Islamic Global Equity Index Fund		
	Notes	USD
Net Assets at the Beginning of the Year		2,096,272,012
Income		
Investment Income, net	2.c	20,298,284
Other Income		401,123
Total Income		20,699,407
Expenses		
Management Fees	4	(10,578,508)
Operating, Administrative and Servicing Fees	4, 7.b	(3,880,464)
Total Expenses		(14,458,972)
Net Investment Income/(Loss)		6,240,435
Realised Gains/(Losses) on:		
- Investments in Securities	2.e	109,837,800
- Foreign Exchange Transactions		(15,274)
Realised Gains/(Losses) for the Year		109,822,526
Change in Unrealised Appreciation/(Depreciation) on:		
- Investments in Securities		372,862,894
Change in Total Net Assets as a Result of Operations		488,925,855
Proceeds on Issue of Shares		757,686,628
Payments on Redemption of Shares		(524,193,210)
Dividends Paid	7	(406,487)
Net Assets at the End of the Year		2,818,284,798

The accompanying notes form an integral part of these financial statements.

Key Figures

As at 31 December 2025

Sub-fund and Class	Class Currency	Launch Date	Effective rate Management fees (%)	Effective rate Operating fees (%)	Outstanding shares as of 31 December 2025	NAV per share as of 31 December 2025	NAV per share as of 31 December 2024	NAV per share as of 31 December 2023
HSBC Islamic Global Equity Index Fund								
AC (USD)	USD	05/09/2013	0.750	0.189	8,270,386.699	36.15	29.93	23.84
AC (EUR)	EUR	13/01/2022	0.750	0.182	2,054,468.468	14.96	14.07	10.45
AC (SGD)	SGD	16/06/2023	0.750	0.202	7,326,656.873	15.57	13.69	10.52
AD (USD)	USD	05/09/2013	0.750	0.177	2,809,294.793	33.54	27.77	22.14
BD (GBP)	GBP	24/04/2020	0.375	0.250	1,028,266.591	23.77	21.17	16.54
BD (USD)	USD	09/03/2021	0.375	0.164	992,342.074	19.33	16.00	12.74
BC (GBP)	GBP	23/10/2020	0.375	0.250	9,150,256.819	20.18	17.92	13.95
BC (USD)	USD	27/04/2021	0.375	0.179	5,659,645.660	17.78	14.66	11.64
IC (USD)	USD	31/03/2017	0.375	0.118	25,730,677.324	36.14	29.79	23.62
IC (EUR)	EUR	03/11/2022	0.375	0.200	468.241	17.93	16.80	12.43
EC (USD)	USD	09/04/2021	1.530	0.210	2,347,966.676	17.15	14.31	11.49
IC (GBP)	GBP	01/03/2021	0.375	0.122	27,293,812.580	20.08	17.81	13.85
ID (USD)	USD	29/02/2016	0.375	0.117	1,907,510.103	38.29	31.69	25.24
WD (USD)	USD	05/09/2013	-	-	45,163.651	36.63	30.32	24.12
YC (GBP)	GBP	17/09/2014	-	0.300	2,408,605.224	12.03	-	-
YD (USD)	USD	25/01/2018	-	0.300	737,008.938	21.17	17.52	13.89
ZC (USD)	USD	14/05/2014	-	0.119	1,366,696.224	44.35	36.42	28.77
ZD (USD)*	USD	12/12/2025	-	0.200	1,000.000	10.02	-	-

*Share Class ZD (USD) launched on 12/12/2025.

S and W Shares incur no charges. All the fees and charges allocated to such Share Classes will be paid directly by members or affiliated entities of the HSBC Group.

Y Shares incur no annual management charge.

Z Shares incur no annual management charge.

Portfolio of Investments and Other Net Assets

As at 31 December 2025

HSBC Islamic Global Equity Index Fund
Statement of investments as at 31 December 2025
(Expressed in USD)

Description	Quantity	Currency	Market value	% net assets	Description	Quantity	Currency	Market value	% net assets
Investments					FERRARI N.V	8,586	EUR	3,217,545	0.11
Transferable Securities Admitted to an Official Stock Exchange Listing								27,129,774	0.96
Shares					South Korea				
Australia					SAMSUNG ELECTRONICS	353,829	KRW	29,449,930	1.04
BHP BILLITON	480,285	AUD	14,513,854	0.51	SK HYNIX	49,706	KRW	22,462,675	0.80
BHP BILLITON	11,547	GBP	354,110	0.01				51,912,605	1.84
CSL	46,981	AUD	5,427,716	0.19	Spain				
WESFARMERS	109,913	AUD	6,012,558	0.21	INDUSTRIA DE DISEÑO TEXTIL	78,853	EUR	5,249,764	0.19
			26,308,238	0.92				5,249,764	0.19
China					Sweden				
ALIBABA GROUP HOLDING	1,079,900	HKD	20,052,500	0.71	ATLAS COPCO	106,180	SEK	1,720,655	0.06
BYD "H"	403,100	HKD	5,055,682	0.18	ATLAS COPCO "A"	176,976	SEK	3,196,083	0.11
JD.COM	186,500	HKD	2,722,520	0.10				4,916,738	0.17
MEITUAN DIANPING	535,712	HKD	7,180,139	0.25	Switzerland				
XIAOMI	1,669,600	HKD	8,444,709	0.30	ABB "R"	108,860	CHF	8,150,565	0.29
			43,455,570	1.54	CIE FINANCIERE RICHEMONT "A"	37,781	CHF	8,218,245	0.29
Denmark					LONZA GROUP	4,936	CHF	3,356,193	0.12
NOVO NORDISK	223,952	DKK	11,468,850	0.41	NESTLE "R"	181,076	CHF	18,026,328	0.64
			11,468,850	0.41	NOVARTIS	133,613	CHF	18,514,425	0.66
France					ROCHE HOLDING	49,376	CHF	20,488,278	0.73
AIR LIQUIDE	40,655	EUR	7,678,304	0.27	ROCHE HOLDING "B"	1,887	CHF	799,700	0.03
ESSILOR INTERNATIONAL	20,506	EUR	6,529,521	0.23				77,553,734	2.76
HERMES INTERNATIONAL	2,448	EUR	6,108,133	0.22	Taiwan				
L'OREAL	16,147	EUR	6,967,075	0.25	MEDIATEK	155,224	TWD	7,026,397	0.25
SANOFI	75,914	EUR	7,408,865	0.26	TAIWAN SEMICONDUCTOR MANUFACTURING	538,337	TWD	26,084,547	0.93
SCHNEIDER ELTE	38,028	EUR	10,550,552	0.37				33,110,944	1.18
			45,242,450	1.60	United Kingdom				
Germany					UNILEVER	153,170	GBP	10,021,875	0.36
SAP	71,661	EUR	17,556,102	0.62				10,021,875	0.36
SIEMENS ENERGY	50,835	EUR	7,196,827	0.26	United States				
			24,752,929	0.88	ABBOTT LABORATORIES	133,409	USD	16,780,184	0.60
Great Britain					ABBVIE	135,597	USD	31,152,055	1.11
ASTRAZENECA	108,983	GBP	20,191,011	0.72	ADOBE SYSTEMS	31,909	USD	11,248,242	0.40
COMPASS GROUP	119,294	GBP	3,809,461	0.14	ADVANCED MICRO DEVICES	124,906	USD	26,897,258	0.95
GSK	285,273	GBP	7,036,019	0.25	ALPHABET	318,729	USD	100,256,207	3.56
REED ELSEVIER	128,218	GBP	5,264,026	0.19	ALPHABET "A"	398,749	USD	125,147,374	4.44
RIO TINTO (GB0007188757)	74,927	GBP	6,083,648	0.22	AMAZON.COM	746,357	USD	173,550,393	6.15
			42,384,165	1.52	APPLE	824,973	USD	225,283,627	7.98
India					APPLIED MATERIALS	61,120	USD	15,889,366	0.56
BHARTI AIRTEL	281,612	INR	6,585,596	0.23	BOOKING HOLDINGS	2,467	USD	13,388,779	0.48
INFOSYS	183,303	INR	3,310,391	0.12	BOSTON SCIENTIFIC	113,736	USD	10,919,793	0.39
RELIANCE INDUSTRIES	352,589	INR	6,046,430	0.21	BROADCOM CORP	362,309	USD	126,753,804	4.50
			15,942,417	0.56	CHEVRON	145,584	USD	22,173,899	0.79
Ireland					CISCO SYSTEMS	302,340	USD	23,404,139	0.83
ACCENTURE CORP	47,409	USD	12,800,430	0.45	COCA-COLA (US1912161007)	297,025	USD	20,812,542	0.74
MEDTRONIC	98,405	USD	9,511,827	0.34	CONOCOPHILLIPS	94,807	USD	8,921,339	0.32
NEW LINDE	35,825	USD	15,345,997	0.54	DANAHER	47,937	USD	11,057,628	0.39
			37,658,254	1.33	EATON	29,799	USD	9,561,307	0.34
Japan					ELI LILLY	60,927	USD	65,785,928	2.33
ADVANTEST CORP	74,100	JPY	9,306,640	0.33	EXXON MOBIL	323,549	USD	39,146,194	1.39
DAIICHI SANKYO	183,354	JPY	3,926,627	0.14	GE VERNOVA	20,816	USD	13,371,066	0.49
FAST RETAILING	20,255	JPY	7,377,233	0.26	GILEAD SCIENCES	95,187	USD	11,725,135	0.42
HITACHI	443,600	JPY	13,909,407	0.49	HOME DEPOT	76,368	USD	26,450,057	0.94
HOYA	33,210	JPY	5,031,368	0.18	INTUITIVE SURGICAL	27,117	USD	15,528,008	0.55
KEYENCE	19,269	JPY	6,986,068	0.25	JOHNSON & JOHNSON	184,846	USD	38,246,486	1.36
RECRUIT HOLDINGS	151,393	JPY	8,567,332	0.30	LOWES	43,028	USD	10,463,549	0.37
SHIN-ETSU CHEMICAL	192,200	JPY	5,990,921	0.21	MASTERCARD	62,909	USD	36,324,915	1.29
TOKYO ELECTRON	45,663	JPY	10,024,333	0.36	MERCK & CO	190,425	USD	20,196,476	0.72
			71,119,929	2.52	META PLATFORMS	167,092	USD	111,274,917	3.95
Netherlands					MICRON TECHNOLOGY	86,118	USD	25,200,710	0.89
ASML HOLDING	22,143	EUR	23,912,229	0.85	MICROSOFT	480,579	USD	234,272,651	8.30
					NVIDIA	1,251,420	USD	234,691,308	8.32
					ORACLE (US68389X1054)	129,044	USD	25,448,767	0.90
					PEPSICO	104,905	USD	15,123,105	0.54
					PROCTER AND GAMBLE	179,279	USD	25,825,140	0.92
					QUALCOMM	82,169	USD	14,268,647	0.51
					S&P GLOBAL	23,639	USD	12,474,064	0.44
					SALESFORCE	73,039	USD	19,422,531	0.69
					SERVICENOW	79,592	USD	12,275,474	0.44
					TESLA MOTORS	215,584	USD	97,967,837	3.48

The accompanying notes form an integral part of these financial statements.

Portfolio of Investments and Other Net Assets (continued)

As at 31 December 2025

HSBC Islamic Global Equity Index Fund (continued)
Statement of investments as at 31 December 2025
(Expressed in USD)

Description	Quantity	Currency	Market value	% net assets
TEXAS INSTRUMENTS	69,711	USD	12,228,704	0.43
THERMO FISHER SCIENTIFIC	28,825	USD	16,817,946	0.60
TJX	85,387	USD	13,264,870	0.47
UBER TECHNOLOGIES	159,415	USD	13,091,160	0.46
UNION PACIFIC	45,508	USD	10,606,094	0.38
UNITEDHEALTH GP	69,498	USD	23,084,456	0.82
VISA "A"	129,478	USD	45,786,010	1.62
WALMART	336,430	USD	37,656,610	1.34
			2,251,576,751	79.89
Shares Total			2,779,804,987	98.63
Total Transferable Securities Admitted to an Official Stock Exchange Listing			2,779,804,987	98.63
Transferable Securities Traded on Another Regulated Market				
Depository Receipts				
China				
ALIBABA GROUP HOLDING	29,998	USD	4,420,505	0.16
JD COM	47,106	USD	1,352,413	0.05
PINDUODUO	75,612	USD	8,606,914	0.31
			14,379,832	0.52
India				
INFOSYS	158,656	USD	2,862,154	0.10
RELIANCE INDUSTRIES	75,660	USD	5,190,276	0.18
			8,052,430	0.28
South Korea				
SK HYNIX	3,158	EUR	1,429,633	0.05
			1,429,633	0.05
Depository Receipts Total			23,861,895	0.85
Total Transferable Securities Traded on Another Regulated Market			23,861,895	0.85
Total Investments			2,803,666,882	99.48
Other Net Assets			14,617,916	0.52
Total Net Assets			2,818,284,798	100.00

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

As at 31 December 2025

1. Basis of presentation

HSBC ISLAMIC FUNDS (the "Company") is incorporated under the laws of the Grand Duchy of Luxembourg as an investment company with variable capital (Société d'Investissement à Capital Variable). The capital comprises various Shares of different classes (the "Share Classes" or "Classes of Shares") within different compartments each relating to a separate portfolio (a "sub-fund") consisting of securities, cash and other sundry assets and liabilities.

The accompanying financial statements present the assets and liabilities of the only sub-fund of the Company which therefore represents the Company as a whole. The financial statements of the Company are expressed in the currency designated in the Company's prospectus for the sub-fund and the financial statements of the Company are expressed in United States dollars (USD). The Company's financial statements have been prepared in accordance with the format prescribed by the Luxembourg law for Luxembourg investment companies.

The Company qualifies as an undertaking for collective investment in transferable securities under Part I of the Luxembourg law of 17 December 2010 on undertakings for collective investment, as amended (the "2010 Law") and is authorised by the Commission de Surveillance du Secteur Financier.

In the Company's prospectus and in the reports, the short name of the sub-fund is used. The complete name of the sub-fund is "HSBC Islamic Funds" plus the short name of the sub-fund.

The share classes available to investors are listed and described in the current Prospectus of the Company.

The last official NAV released was on 30 December 2025.

2. Accounting policies

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the Company's financial statements.

a. Accounting convention

The financial statements are prepared in accordance with Luxembourg legal and regulatory requirements relating to investment funds.

b. Assets and portfolio securities valuation

Investments are included in the Statement of Net Assets at their market value at 30 December 2025. The market values are based on closing mid-market prices on leading markets.

c. Income and expenses

Dividends are accounted for on an ex-dividend basis.

Notes to the Financial Statements (continued)

As at 31 December 2025

2. Accounting policies (continued)

d. Foreign exchange

The table shows the value of one US dollar against various currencies (as at the given dates).

The cost of investments, income and expenses in currencies other than the Company's relevant reporting currency have been recorded at the rate of exchange ruling at the time of the transaction. The market value of the investments and other assets and liabilities in currencies other than the relevant reporting currency has been converted at the rates of exchange ruling at 31 December 2025:

	31 December 2025	31 December 2024
AUD	1.4924	1.6151
CHF	0.7910	0.9063
DKK	6.3512	7.2016
EUR	0.8504	0.9657
GBP	0.7422	0.7985
HKD	7.7819	7.7680
INR	89.7913	85.6138
JPY	156.3350	157.1600
KRW	1440.5500	1,472.1500
SEK	9.1947	11.0493
SGD	1.2849	1.3642
TWD	31.3700	32.7845

e. Realised profit/(loss) on sale of investments

Realised profit/(loss) on sale of investments is the difference between the historical average cost of the investment and the sale proceeds

f. Forward Foreign Exchange Contracts

The Company may use Shariah compliant Forward Foreign Exchange Contracts for hedging purposes. As at 31 December 2025, there were no open Forward Foreign Exchange contract entered into.

Notes to the Financial Statements (continued)

As at 31 December 2025

3. Share capital

The Company currently offers the following Classes of Shares:

Class	Description	Minimum Initial Investment	Minimum Holding (in US Dollar or equivalent amount in a major currency)
Class A	A Shares are available to all investors.	USD	5,000
Class B	B Shares are available to: <ul style="list-style-type: none"> ▶ Sub-distributors who are prohibited from accepting and retaining inducements from third parties under applicable laws and regulations or court rulings; or ▶ Sub-distributors who have a separate fee arrangement with their clients in relation to the provision of investment services and activities (for example, in the European Union, services and activities performed under MiFID II) and who have opted not to accept and retain inducements from third parties. 	USD	5,000
Class E	E Shares are available in certain countries, subject to the relevant regulatory approval, through certain distributors selected by the Global Distributor. E Shares will incur annual management fees of 0.30% plus 1.23% of the Net Asset Value of Class E Shares, which will be paid to selected distributors.	USD	5,000
Class I	I Shares are only available for investors qualifying as Institutional Investors.	USD	1,000,000
Class R	R Shares are available in certain countries, subject to the relevant regulatory approval, through distributors selected by the Global Distributor on application to the Company. R Shares will incur annual management fees of 0.375% plus 1% of the net asset value of Class R Shares, which will be paid to the selected distributors.	USD	5,000
Class S	S Shares are available through certain distributors selected by the Global Distributor provided that the investors qualify as Institutional Investors. S Shares will incur no charges. All the fees and charges allocated to such class of Shares will be paid directly by members or affiliated entities of the HSBC Group.	USD	500,000
Class W	W Shares are available through certain distributors selected by the Global Distributor provided that the investors qualify as Institutional Investors. W Shares will incur no charges. All the fees and charges allocated to such class of Shares will be paid directly by members or affiliated entities of the HSBC Group.	USD	100,000
Class Y	Y Shares are available to certain distributors selected by the Global Distributor provided that the investors qualify as Institutional Investors.	USD	Minimum Initial Investment 100,000,000* Minimum Holding 100,000*
Class Z	Z Shares are available to investors having entered into a discretionary management agreement with an HSBC Group entity and to investors subscribing via distributors selected by the Global Distributor provided that such investors qualify as Institutional Investors.	USD	1,000,000

*Class Y: the Minimum Initial Investment and Minimum Holding Amount can be waived or reduced at the discretion of the Board of Directors.

The Board of Directors has resolved to issue Distribution and Capital-Accumulation Shares as different classes of the sub-funds. Capital-Accumulation Shares of the Company are identifiable by a "C" following the sub-fund and Share Class names and do not pay any dividends.

Distribution Shares of the Company are identifiable by a "D" following the sub-fund and Share Class names.

The Company has applied for UK reporting fund status for certain distributing Share Classes from the accounting period commencing on 1 April 2010. Prior to this, the Company had applied UK distributor status for such distributing Share Classes.

Notes to the Financial Statements (continued)

As at 31 December 2025

3. Share capital (continued)

Details of which Share Classes have UK reporting fund status can be found on the HM Revenue & Customs' website at www.hmrc.gov.uk.

At the date of this report the exact location of this report is <https://www.gov.uk/government/publications/offshore-funds-list-of-reporting-funds>.

4. Charges and expenses

a. Allocation of Charges and Expenses

The sub-fund or each Class of Shares is charged with all costs or expenses attributable to it. Costs and expenses not attributable to the sub-fund or Class of Shares are allocated between the Class of Shares on an equitable basis. Charges and expenses shall be charged first against investment income. The costs and expenses incurred in connection with the formation and registration of the Company as a UCITS in Luxembourg and elsewhere and the offer of Shares, all legal and printing costs and other preliminary expenses were borne by the subfunds out of their assets on a pro rata accrual basis and amortised against capital over five years when incurred. As at 31 December 2025, all such formation expenses have been fully amortized.

b. Management fee

The Company pays to the Management Company a management fee per annum on the basis of the net asset value of the sub-funds, calculated daily and payable monthly in arrears at the rate disclosed in the Company's prospectus. The fee covers all management, advisory and distribution services provided to the sub-fund by the Management Company, the Investment Adviser and the distributors. The Management Company is responsible for discharging, out of such fee, the fees of the Investment Adviser and the distributors and other recognised intermediaries or such other person as the Management Company may determine at its discretion.

The effective management fee payable to the Management Company out of the net asset value of the relevant category of shares issued in the sub-fund is presented in the Key Figures section of the report. The maximum management fees payable to the Management Company are presented in the latest prospectus of the Company.

c. Directors' fees, expenses and interests

A Director may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is interested, provided that he has disclosed to the other Directors, prior to the conclusion of any such transaction or arrangement, the nature and extent of any interest of his therein. Subject to approval of the Board, a Director may vote in respect of any contract or arrangement or any proposal whatsoever in which he has an interest, having first disclosed such interest. He shall not be disqualified by his office from contracting with the Company. If a Director declares his interest in any contract which the Company is considering entering into, he may be counted in the quorum of any meeting to consider the contract and may vote on any resolution to enter into such contract, provided that the decision to be taken by the Board of Directors relates to the current operations entered into under normal conditions.

The Company pays an annual fee to each of the Independent Directors amounting to EUR 15,000. This amount is paid by the Management Company through the operating, administrative and servicing expenses paid by the Company. The amount of Operating, Administrative and Servicing Expenses is accrued with every net asset value calculation and paid quarterly in arrears. For the year-end as at 31 December 2025, a total of EUR 45,000 has been charged as Independent Directors' fees.

Notes to the Financial Statements (continued)

As at 31 December 2025

4. Charges and expenses (continued)

d. Operating, Administrative and Servicing Expenses / Operating Currency Hedged Share Class Fees

Specific provisions for Y Shares - Operating, Administrative and Servicing Expenses

Y Shares incur operating, administrative and servicing expenses fixed at 0.30% of the net asset value per annum. This fee is paid quarterly in arrears. The excess of such expenses above such annual rate will be borne directly by the Management Company or its affiliates, and equally the Management Company or its affiliates may retain any surplus.

The Company pays to the Management Company a fee of 0.01% p.a. on the net asset value of the sub-funds payable monthly.

The Company pays to HSBC Bank Middle East Limited a fee for its services rendered with respect to the appointment of the Shariah Committee. The fee is payable at the end of each calendar quarter. It currently amounts to USD 2,500 and is subject to annual review. The Company also pays reasonable related out-of-pocket expenses of the Shariah Committee.

The Company pays to the Depository Bank a fee which is payable quarterly in arrears. In addition the Depository Bank is entitled to be reimbursed by the Company for its reasonable out-of-pocket expenses and disbursements and the fees and expenses of its correspondent banks.

The Company pays to the Administration Agent and the Registrar and Transfer Agent a fee which has been agreed between the parties based on different services and transactions provided. This fee is payable quarterly.

The Company also pays other expenses incurred in its operation including the fees of its auditors and legal advisers, the cost of printing and distributing the annual and half-yearly reports, the prospectus, the Key Investor Information Documents, the costs and expenses incurred in connection with the formation and registration of the Company in various jurisdictions, and fees and expenses involved in registering and maintaining the registration of the Shares of the Company (the "Shares"), with any governmental agency or stock exchange, the cost of publication of prices, fees of the Board of Directors and reasonable out-of-pocket expenses incurred by them and its other operating expenses such as accounting and pricing costs and other recurring or non-recurring expenses.

5. Transaction expenses and extraordinary expenses

The transaction expenses linked to security dealing have been written off against the realised gain/(loss) on the sale of investments.

The sub-fund bears the costs and expenses of buying and selling portfolio securities and financial instruments, brokerage fees and commissions, taxes payable, and other transaction related expenses. These transaction fees are accounted for on a cash basis and are paid when incurred or invoiced from the net assets of the sub-fund to which they are attributable. Transaction fees are allocated across each sub-fund's Share Classes.

The Company bears any extraordinary expenses including, without limitation, litigation expenses and the full amount of any tax, levy, duty or similar charge and any unforeseen charges imposed on the Company or its assets.

The Company incurred transaction costs relating to purchase or sale of transferable securities, money market instruments, or other eligible assets:

HSBC Islamic Global Equity Index Fund: USD 110,330.

6. Taxation of the Company

The Company is not subject to taxation in Luxembourg on its income, profits or gains.

The Company is not subject to net wealth tax in Luxembourg.

Notes to the Financial Statements (continued)

As at 31 December 2025

6. Taxation of the Company (continued)

No stamp duty, capital duty or other tax will be payable in Luxembourg upon the issue of the Shares of the Company.

The sub-funds are, nevertheless, in principle, subject to a subscription tax (taxe d'abonnement) levied at the rate of 0.05% per annum based on their Net Asset Value at the end of the relevant quarter, calculated and paid quarterly.

A reduced subscription tax rate of 0.01% per annum is however applicable to any sub-fund authorised as money market funds in accordance with Regulation (EU) 2017/1131 of the European Parliament and of the Council of 14 June 2017 on money market funds, hereinafter "Regulation (EU) 2017/1131", without prejudice to Article 175, letter b) of the 2010 Law. A reduced subscription tax rate of 0.01% per annum is also applicable to any sub-fund or Share classes provided that their shares are only held by one or more Institutional Investors.

The subscription tax are disclosed within the Statement of Operations and Changes in Net Assets under the Operating, Administration and Servicing Fees.

A subscription tax exemption applies to:

- The portion of any sub-fund's assets (prorata) invested in a Luxembourg investment fund or any of its sub-funds to the extent it is subject to the subscription tax;
- Any sub-fund (i) whose securities are only held by Institutional Investor(s), (ii) that are authorised as short-term money market funds in accordance with Regulation (EU) 2017/1131 and (iii) that have obtained the highest possible rating from a recognised rating agency. If several Share classes are in issue in the relevant sub-fund meeting (ii) and (iii) above, only those Share classes meeting (i) above will benefit from this exemption;
- Any sub-fund, whose securities are reserved for (i) institutions for occupational retirement pension or similar investment vehicles, set up on one or more employers' initiative for the benefit of their employees and (ii) companies of one or more employers investing funds they hold, to provide retirement benefits to their employees and (iii) savers in the context of a pan-European personal pension product established under Regulation (EU) 2019/1238 of the European Parliament and of the Council of 20 June 2019 on a pan-European personal pension product (PEPP);
- Any sub-fund, whose main objective is the investment in microfinance institutions; and
- Any sub-fund, (i) whose securities are listed or traded on a stock exchange and (ii) whose exclusive object is to replicate the performance of one or more indices. If several Share classes are in issue in the relevant sub-fund meeting (ii) above, only those Share classes meeting (i) above will benefit from this exemption.

The Company is considered as a taxable person for value added tax ("VAT") purposes without any input VAT deduction right. A VAT exemption applies in Luxembourg for services qualifying as fund management services. Other services supplied to the Company from abroad could require it to self-assess for VAT.

Withholding tax

Dividend income received by the Company may be subject to non-recoverable withholding tax or assessed tax in the countries in which the Company's assets are invested. The Company may further be subject to tax on the realised or unrealised capital appreciation of its assets in the countries of origin. The Company may benefit from double tax treaties entered into by Luxembourg, which may provide for exemption from withholding tax or reduction of withholding tax rate.

Distributions made by the Company as well as liquidation proceeds and capital gains derived therefrom are not subject to withholding tax or VAT in Luxembourg.

Notes to the Financial Statements (continued)

As at 31 December 2025

7. Dividends and dividend purification

a. Dividends

The following dividends were declared, out of the profits of the Company for the year ended 31 December 2025, for the Classes of Shares listed below:

Sub-Fund	Dividend per share (in class currency)
HSBC Islamic Global Equity Index Fund -Class AD (USD)	-
HSBC Islamic Global Equity Index Fund -Class BD (GBP)	0.061604
HSBC Islamic Global Equity Index Fund -Class BD (USD)	0.057638
HSBC Islamic Global Equity Index Fund -Class ID (USD)	0.125875
HSBC Islamic Global Equity Index Fund -Class WD (USD)	0.263135
HSBC Islamic Global Equity Index Fund -Class YD (USD)	0.103007

b. Dividend Purification

The Shariah Committee has issued guidelines to quantify the annual amount of income of the Company that should be donated to charity, being derived from companies eligible for investment pursuant to the investment objective, policy and restrictions set out in the Prospectus for each sub-fund, but that are engaged in an activity or activities of a marginal nature which is or are proscribed by the Shariah Committee and which is not or are not screened out by the investment restrictions. Such amount will be calculated on an annual basis, based on the purification ratios, expressed as a percentage of each company's dividend. The purification ratios will be provided by the relevant index provider for each sub fund, for all companies in which the sub-funds have invested. For companies, whose purification ratios are not provided by the index provider, purification ratios will be calculated based on the financial information of these companies received from the Investment Advisers. Such income will be disbursed as a charitable donation to one or more worthy causes approved by the Shariah Committee.

An invoice for a total amount of USD 424,215 for purification fees was charged to HSBC Islamic Global Equity Index Fund for the year 2025.

8. Other Income

Other income mainly consists of dilution levy (refer to Note 10).

9. List of movements in the investment portfolio

The detailed list of movements in the investment portfolio can be obtained free of charge upon request at the registered office of the Company.

10. Anti-Dilution Mechanisms

There are two Anti-Dilution Mechanisms available to each Sub-Fund, a Swing Pricing Adjustment and an Anti-Dilution Levy, both mechanisms aim to protect shareholders in a Sub-Fund.

Notes to the Financial Statements (continued)

As at 31 December 2025

10. Anti-Dilution Mechanisms (continued)

When investors buy or sell Shares in a Sub-Fund, the Investment Adviser may need to buy or sell the underlying investments within the Sub-Fund. Without an Anti-Dilution Mechanism to take account of these transactions, all Shareholders in the Sub-Fund would pay the associated costs of buying and selling these underlying investments. These transaction costs can include, but are not limited to, bid-offer spreads, brokerage and taxes on transactions.

Until Anti-Dilution Mechanism's threshold rate is triggered, no Anti-Dilution Levy or Pricing Adjustment is applied and the transaction costs will be borne by the Sub-Fund. This will result in a dilution (reduction in the Net Asset Value per Share) to existing Shareholders. Investors should note that sub-distributors may levy the sales charge (if any) on an investor's full subscription and may not take into account the application of an Anti-Dilution Levy. For the avoidance of doubt, it is clarified that fees other than the sales charge will continue to be calculated on the basis of the unadjusted Net Asset Value for Pricing Adjustment.

There is an adjustment of the Net Asset Value per Share only when a Pricing Adjustment is applied. When Anti-Dilution Levy is applied, in the case of net capital inflows, the Anti-Dilution Levy will be deducted from each subscription amount and accordingly reduce the number of Shares received by an investor or, in the case of net capital outflows, will be deducted from each redemption amount and accordingly reduce the redemption proceeds received by an investor.

The amount of the Anti-Dilution Levy be up to a maximum of 2% and may be reduced or waived at the discretion of the Board of Directors.

In the case of Pricing Adjustment, the adjustment will not exceed 2%. However, it may be significantly higher during exceptional market conditions such as periods of high volatility, reduced asset liquidity and market stress.

Detail of each Mechanism are specified in the latest Fund's Prospectus.

Details of which Anti-Dilution Mechanism is applicable on the Sub-Fund can be obtained from the Management Company. Should the Company decide to change the Anti-Dilution Mechanism in operation for the sub-fund (i.e. from a Pricing Adjustment to Anti-Dilution Levy or vice versa), prior approval will be sought from relevant regulators (where required) and affected investors will receive at least one month's prior written notification.

The described Anti-Dilution Mechanisms have been applied during the year under review, no swing applied as of 31 December 2025 as reported in the below table:

HSBC Islamic Global Equity Index Fund Price per share		Un-swing NAV price per Share	Swung NAV
AC (USD)	AA	36.15	36.15
AC (EUR)	EA	14.96	14.96
AC (SGD)	RA	15.57	15.57
AD (USD)	AB	33.54	33.54
BD (GBP)	IH	23.77	23.77
BD (USD)	DD	19.33	19.33
BC (GBP)	IG	20.18	20.18
BC (USD)	DC	17.78	17.78
IC (USD)	AY	36.14	36.14
IC (EUR)	EQ	17.93	17.93
EC (USD)	AQ	17.15	17.15
IC (GBP)	HQ	20.08	20.08
ID (USD)	AZ	38.29	38.29
WD (USD)	BZ	36.63	36.63
YC (GBP)	JM	12.03	12.03
YD (USD)	CN	21.17	21.17
ZC (USD)	CO	44.35	44.35
ZD (USD)	CX	10.02	10.02

Notes to the Financial Statements (continued)

As at 31 December 2025

11. Sustainable Finance Disclosure Regulation ("SFDR")

Information on environmental and/or social characteristics and/or sustainable investments are available under the section Appendix VI - Sustainable Finance Disclosure Regulation ("SFDR") of the annual report.

12. Significant Events

The recent announcements of tariffs by the US government has caused significant market disruptions across financial markets and the economy. The Company and its Investment Adviser continue to monitor these developments.

Mrs Eimear Cowhey resigned effective 5 March 2025 and Mr Benjamin Lam was appointed (by co-optation of the Board) with effect 5 March 2025.

Dr. Michael Boehm resigned effective 22 August 2025 and Mr Benoit Papillard was appointed (by co-optation of the Board) with effect 22 August 2025.

13. Subsequent Events

There is no subsequent event affecting the Company after the financial year.

14. Disclosure requirements for Index-tracking UCITS: HSBC Islamic Global Equity Index Fund

The HSBC Islamic Global Equity Index Fund is the sole index tracking sub-fund existing at the date of this report.

The annualised tracking error for the year ended 31 December 2025 is 0.0821%.

The annualised tracking errors are internally calculated by HSBC Global Asset Management (UK) Limited, based upon investment accounting performance returns using close of market prices, gross of fees, based on monthly data points. For example, 12 monthly points for 1 year, 36 monthly points for 3 years and 60 monthly points for 5 years.

The anticipated level of tracking error between the HSBC Islamic Global Equity Index Fund and the index "Dow Jones Islamic Market Titans 100 index", in normal market conditions is 0.20%. The HSBC Islamic Global Equity Index Fund is in line with anticipated tracking error.

Additional Disclosure (Unaudited Information)

Appendix I - Information for Swiss Investors

Information concerning the Swiss Investors

Publication of Performance for sub-funds distributed in Switzerland is required as per the AMAS (Asset Management Association Switzerland)[#] guidelines on the calculation and publication of performance data of collective investment schemes.

The Total Expense Ratio ("TER") has been computed by the Administrator as required per the Swiss Funds & Asset Management Association "AMAS" guidelines on the calculation and disclosure of the TER of collective investment schemes. The actual expenses incurred during the year are annualised and calculated as a percentage of the average Assets Under Management of the share class for the year.

Synthetic TER is applicable for a sub-fund that invests at least 10% of its net assets as a fund of funds in other collective investment schemes (target funds) which publish a TER within the meaning of the present guidelines. A composite (synthetic) TER of the fund of funds is to be calculated by the administrator, as of the closing date of the financial year or the end of the first half of the financial year.

Sub-fund and Class	Total Expense Ratio (in %)	Calendar Year Performance		
		2025 (in %)	2024 (in %)	2023 (in %)
HSBC Islamic Global Equity Index Fund				
AC (USD)	0.95	20.78	25.55	33.61
AC (EUR)	0.94	6.37	34.63	28.28
AC (SGD)	0.97	13.72	30.11	5.24
AD (USD)	0.94	20.79	25.56	33.66
BD (GBP)	0.64	12.61	28.45	26.54
BD (USD)	0.55	21.25	26.07	34.14
BC (GBP)	0.64	12.61	28.45	26.53
BC (USD)	0.57	21.24	26.01	34.06
IC (USD)	0.50	21.31	26.13	34.20
IC (EUR)	0.59	6.73	35.12	28.81
EC (USD)	1.75	19.82	24.52	32.52
IC (GBP)	0.51	12.75	28.60	26.66
ID (USD)	0.50	21.31	26.12	34.20
WD (USD)	0.01	21.90	26.76	34.90
YC (GBP)	0.31	20.31	-	-
YD (USD)	0.31	21.54	26.38	38.94
ZC (USD)	0.13	21.77	26.60	34.71
ZD (USD)*	0.21	0.23	-	-

*The share class is launched during 2025 and hence the performance for 2025 does not represent a full 12 month period.

Information concerning the distribution of shares of HSBC Islamic Funds in or from Switzerland.

Legal Representative of the Company in Switzerland: HSBC Global Asset Management (Switzerland) Limited, Gartenstrasse 26, P.O. Box, CH-8002 Zurich. The Prospectus, Key Investor Information Document (KID), Articles and annual and semi-annual reports of the Company may be obtained free of charge upon request from the Legal Representative in Switzerland. A breakdown of all transactions carried out on behalf of each sub-fund of the Company for the year under review can be obtained, free of charge, from the Legal Representative in Switzerland.

Additional Disclosure (Unaudited Information) (continued)

Appendix II - Taxation of the Company

The following summary is based on the Company's understanding of the law and practice currently in force in the in other jurisdictions and is subject to changes therein.

United Kingdom

It is the intention of the Board of Directors to conduct the affairs of the Company so that it does not become resident in the United Kingdom.

On the basis that the Company is not resident in the United Kingdom for tax purposes it should not be subject to United Kingdom corporation tax on its income and capital gains.

It is the intention of the Company that the assets held by the sub-funds will generally be held for investment purposes and not for the purposes of trading.

The table below shows reporting income for the previous financial year ended 31 December 2024, as per Chapter 7 of the UK Offshore Funds (Tax) regulations 2009. The information should be used by UK tax payers for the purposes of completing their UK tax returns.

Sub-Fund	Share Class / Series	ISIN Code	Currency of the following amounts	Per class excess reportable income over distributions in respect of the reporting year	Fund distribution date	Does the fund remain a reporting fund at the date this report is made available?	Distribution per class in respect of the reporting year	Date of distribution*
HSBC Islamic Global Equity Index Fund	Class AC (USD)	LU0466842654	USD	0.0120	30 June 2025	Yes	0.0000	N/A
HSBC Islamic Global Equity Index Fund	Class AC (EUR)	LU0806931092	EUR	0.0022	30 June 2025	Yes	0.0000	N/A
HSBC Islamic Global Equity Index Fund	Class AD (USD)	LU0110459103	USD	0.0141	30 June 2025	Yes	0.0278	Friday, 28 February 2025
HSBC Islamic Global Equity Index Fund	Class IC (USD)	LU1569385302	USD	0.1275	30 June 2025	Yes	0.0000	N/A
HSBC Islamic Global Equity Index Fund	Class ID (USD)	LU1313573898	USD	0.0000	30 June 2025	Yes	0.1239	Friday, 28 February 2025
HSBC Islamic Global Equity Index Fund	Class WD (USD)	LU0187035489	USD	0.0084	30 June 2025	Yes	0.2284	Friday, 28 February 2025
HSBC Islamic Global Equity Index Fund	Class YD (USD)	LU1063824095	USD	0.0067	30 June 2025	No	0.0348	Friday, 28 February 2025
HSBC Islamic Global Equity Index Fund	Class ZC (USD)	LU0466843462	USD	0.2823	30 June 2025	Yes	0.0000	N/A
HSBC Islamic Global Equity Index Fund	Class BC (GBP)	LU2092165666	GBP	0.0602	30 June 2025	Yes	0.0000	N/A
HSBC Islamic Global Equity Index Fund	Class BD (GBP)	LU2092166128	GBP	0.0062	30 June 2025	Yes	0.0666	Friday, 28 February 2025
HSBC Islamic Global Equity Index Fund	Class EC (USD)	LU2288915254	USD	0.0000	30 June 2025	Yes	0.0000	N/A
HSBC Islamic Global Equity Index Fund	Class BD (USD)	LU2233257695	USD	0.0108	30 June 2025	Yes	0.0574	Friday, 28 February 2025
HSBC Islamic Global Equity Index Fund	Class BC (USD)	LU2233258073	USD	0.0540	30 June 2025	Yes	0.0000	N/A

Additional Disclosure (Unaudited Information) (continued)

Appendix II - Taxation of the Company (continued)

Sub-Fund	Share Class / Series	ISIN Code	Currency of the following amounts	Per class excess reportable income over distributions in respect of the reporting year	Fund distribution date	Does the fund remain a reporting fund at the date this report is made available?	Distribution per class in respect of the reporting year	Date of distribution*
HSBC Islamic Global Equity Index Fund	Class IC (GBP)	LU2092164776	GBP	0.0736	30 June 2025	Yes	0.0000	N/A
HSBC Islamic Global Equity Index Fund	Class IC (EUR)	LU2373168785	EUR	0.0528	30 June 2025	Yes	0.0000	N/A

As at the date of this report, the above-mentioned sub-fund remains reporting fund.

* The date upon which a declared dividend was scheduled to be paid.

Additional Disclosure (Unaudited Information) (continued)

Appendix III - UK SORP Disclosure

Investment Risk

Information in relation to certain investment risks are disclosed for selected sub-fund as follows:

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as market prices, foreign exchange rates and investment income rates. It comprises of three major types of risks i.e. currency risk, investment income rate risk and other price risk.

As it is invested in equities, the Fund is exposed to the risk that the equity markets decline. This risk is monitored in absolute terms by the equity exposure and relative to the benchmark by the calculation of the ex-ante tracking-error.

The Sharia committee has expressly declared the use of financial derivatives instruments as inappropriate for the sub-fund, unless otherwise approved by the committee.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.

Investing in assets denominated in a currency other than that of the investor's own currency perspective exposes the value of the investment to exchange rate fluctuations. The Fund does not enter into any FX hedging transactions in order to manage its exposure to foreign exchange movements.

The table below summarises the sub-fund's exposure to currency risks.

Sub-fund	Currency	Net currency exposure in sub-fund currency
HSBC Islamic Global Equity Index Fund	Other	492,842,812

Interest rate risk

Investment income rate risk is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market investment income rates.

HSBC Islamic Global Equity Index Fund aims to track the performance of the Dow Jones Islamic Market Titans 100 Index, through investment in a diversified portfolio of securities as defined by the relevant index. The sub-fund does not invest in fixed income securities; hence the Fund's portfolio is not exposed to interest rate risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

HSBC Islamic Global Equity Index Fund aims to track the performance of a world index, i.e. Dow Jones Islamic Market Titans 100 Index, through investment in a diversified portfolio of securities as defined by the relevant index, which meets Islamic investment principles as interpreted and laid down by the Shariah Committee and provided to the Board of Directors. The sub-fund does not invest in fixed income securities, thus the Fund is not exposed to credit risk.

Credit ratings

All amounts due from brokers and cash are held by parties with a credit rating of AA-/Aa or higher.

Additional Disclosure (Unaudited Information) (continued)

Appendix III - UK SORP Disclosure (continued)

Market risk (continued)

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Other price risk arises principally in relation to the sub-fund's return seeking portfolio which includes shares and depositary receipts.

The sub-fund manages this exposure to other price risk by constructing a diverse portfolio of investments across various markets.

At the year end, the sub-fund's exposure to investments subject to other price risk was:

HSBC Islamic Global Equity Index	USD
Direct	
Shares	2,779,804,986
Depositary Receipts	23,861,896

Fair Value Hierarchy

Fair value is the amount for which an asset could be exchanged, a liability settled, or an equity instrument granted could be exchanged, between knowledgeable, willing parties in an arm's length transaction.

The fair value of financial instruments has been determined using the following fair value hierarchy:

Category (a) The quoted price for an identical asset in an active market.

Category (b) When quoted prices are unavailable, the price of a recent transaction for an identical asset adjusted if necessary.

Category (c) Where a quoted price is not available and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is determined by using a valuation technique which uses:

C (i) observable market data; or

C (ii) non-observable data.

All the investments of HSBC ISLAMIC FUNDS detailed in the "Portfolio of Investments and Other Net Assets" are classified as "Transferable Securities admitted to an official stock exchange listing" and "Transferable Securities admitted to another official stock exchange Listing", hence are classified under category (a).

Additional Disclosure (Unaudited Information) (continued)

Appendix IV - Fund Holiday Calendar

HSBC Islamic Global Equity Index Fund had no net asset value (the "NAV") calculated on the following days. Any requests for subscriptions or redemptions of shares received on these dates will be held over to the next Dealing Day:

- ▶ all Saturdays and Sundays

In addition, the sub-fund had no NAV calculated on the following days:

Holiday	Closed Market
01/01/2025	Luxembourg, UK, US
09/01/2025	US
20/01/2025	US
17/02/2025	US
18/04/2025	Luxembourg, UK, US
21/04/2025	Luxembourg, UK
01/05/2025	Luxembourg
05/05/2025	UK
09/05/2025	Luxembourg
26/05/2025	UK, US
29/05/2025	Luxembourg
09/06/2025	Luxembourg
19/06/2025	US
23/06/2025	Luxembourg
04/07/2025	US
15/08/2025	Luxembourg
25/08/2025	UK
01/09/2025	US
27/11/2025	US
24/12/2025	UK
25/12/2025	Luxembourg, UK, US
26/12/2025	Luxembourg, UK
31/12/2025	UK

Additional Disclosure (Unaudited Information) (continued)

Appendix V - Risk Management

Commitment Approach

There are currently no derivative positions in the sub-fund, however, if approved by the Shariah Committee, the sub-funds may, to a limited extent, enter into simple positions in financial derivative instruments transactions for investment purposes other than hedging techniques and efficient portfolio management, in particular to gain exposure on financial markets when the relevant sub-fund Investment Adviser believes that it is more efficient to purchase financial derivative instruments than the corresponding physical securities. The sub-fund will use the commitment approach.

The commitment approach is generally calculated by converting the derivative contract into the equivalent position in the underlying asset embedded in that derivative, based on the market value of the underlying. Purchased and sold financial derivative instruments may be netted in accordance to the CESR's guidelines 10/788 in order to reduce global exposure. Beyond these netting rules and after application of hedging rules, it is not allowed to have a negative commitment on a financial derivative instrument to reduce overall exposure and as such, risk-exposure numbers will always be positive or zero.

Additional Disclosure (Unaudited Information) (continued)

Appendix VI - Sustainable Finance Disclosure Regulation ("SFDR")

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

