

HSBC Specialist Funds Limited

Annual Report June 2026

HSBC Specialist Funds Limited

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The accompanying report of KPMG Audit Limited ("KPMG") is for the sole and exclusive use of the Company. No person, other than the Company, is authorized to rely upon the report of KPMG unless KPMG expressly so authorizes. Further, the report of KPMG is as of October 27, 2026, and KPMG has carried out no procedures of any nature subsequent to that date which in any way extends that date.

Manager's Report

for the year ended June 30, 2026

Short Duration Fixed Income Fund

Market Review

Over the past year, markets were shaped by geopolitics, sticky inflation and shifting rate expectations, with sentiment alternating between constructive risk-taking and periodic risk-off moves. Credit was generally resilient, supported by earnings, carry and favorable technicals, though returns were uneven as rates volatility and occasional spread widening weighed at times. US monetary policy remained a key driver: the Fed cut rates twice in Q4 2025, held at 3.75% in Q1 2026, and by Q2 markets were increasingly pricing a "higher for longer" backdrop as inflation stayed firm. Geopolitical developments, especially in the Middle East, contributed to oil-price volatility and kept energy-related inflation pressures in focus, while broader political and fiscal headlines added to cross-asset swings. After a risk-off patch late in Q1, sentiment stabilised in Q2 amid resilient US activity and ongoing AI-related optimism, though investors became more selective on concerns about the scale and sustainability of infrastructure spend.

The US treasury curve was volatile, ending the period flatter. The 2, 5, 10 and 30 year saw yields move by +0.45%, +0.43%, +0.24% and +0.18% respectively to finish June at 4.17%, 4.23%, 4.47% and 4.95%.

Performance and positioning

Performance during the period was positive on a gross basis in absolute terms and the fund outperformed its benchmark. Relative outperformance was primarily driven by the portfolio's overweight exposure to credit, which benefited from a material tightening in credit spreads. In addition, the portfolio's underweight exposure to off-benchmark ABS contributed positively to relative returns.

The portfolio remains positioned overweight in corporate bonds relative to US Treasuries and maintains an allocation to high-quality ABS. The portfolio's average credit quality is in-line with the benchmark, with an average rating of approximately AA/AA-. Rating positioning reflects an overweight to AAA- and A-rated securities and an underweight to AA-rated securities. The portfolio is overweight duration versus the benchmark, with overweights concentrated in the 1–3 year and 3–5 year maturity buckets and an underweight position in the 0–1 year bucket. From a country/issuer perspective, the portfolio continues to maintain regional diversification, including allocations to non-US issuers to access additional spread opportunities.

Outlook

Looking through the short-term volatility caused by headlines regarding the Iran conflict, underlying credit fundamentals remain broadly stable. This is supported by resilient corporate earnings, and global credit yields that are still attractive by historical standards—helping to sustain investor demand. At the same time, credit spreads remain near their tights of the year. As market sentiment around the Iran situation has generally improved, we're returning to our medium-term view that any inflationary impact should ease as energy prices fall—while continuing to stay alert to the risk of renewed escalation. We're also keeping a close eye on company updates for signs of margin pressure, whether from higher input costs, tariffs, or softer demand in sectors outside those benefiting from AI-related growth. Our central expectation remains a "soft landing" over the next 12 months. In line with this, we continue to favor longer-duration exposure in portfolios and remain positive on credit overall. We're also rotating away from bonds that look fully valued and into opportunities where we see greater potential upside.

HSBC Global Asset Management (Bermuda) Limited – July, 2026

This Manager's Report contains certain forward-looking statements with respect to the financial markets. These statements should not be considered personal financial advice.

**KPMG Audit Limited**

Crown House
4 Par-la-Ville Road
Hamilton
HM 08
Bermuda

Telephone +1 441 295 5063
Fax +1 441 295 9132
Internet www.kpmg.bm

INDEPENDENT AUDITOR'S REPORT**To the Board of Directors of HSBC Specialist Funds Limited****Opinion**

We have audited the financial statements of HSBC Specialist Funds Limited (comprised of Short Duration Fixed Income Fund and Alternative Fund) (the "Company"), which comprise the statements of assets and liabilities including the statements of net assets as of June 30, 2026 and the related statements of operations and changes in net assets for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2026 and the results of its operations for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for opinion

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

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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



In performing an audit in accordance with GAAS, we:

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

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

Other information

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

KPMG Audit Limited

Chartered Professional Accountants
Hamilton, Bermuda
October 27, 2026

HSBC Specialist Funds Limited

Statements of Assets and Liabilities

as at June 30, 2026

	Short Duration Fixed Income Fund USD	Alternative Fund USD
Assets		
Investments at fair value (notes 11, 12, 13 & 16)	84,822,063	41,829,828
Cash and cash equivalents (notes 3 & 16)	128,730	153,466
Interest and dividends receivable	762,912	-
Due from shareholders	-	18,498
Unsettled sales	349,269	-
Prepaid expenses	27,484	6,053
	86,090,458	42,007,845
Liabilities		
Bank overdraft	349,269	-
Due to shareholders	-	4,178
Management fee payable (notes 4 & 15)	24,132	36,806
Dividends payable (note 14)	153,616	-
Accounts payable and accrued expenses	23,508	10,880
	550,525	51,864
Net assets	85,539,933	41,955,981
Net assets attributable to:		
Class AC Shares	23,630,492	38,370,927
Class AD Shares	17,154,877	-
Class CC Shares	44,754,564	-
Class LC Shares	-	3,585,054
Shares outstanding (note 10)		
Class AC Shares	185,319	88,191
Class AD Shares	169,440	-
Class CC Shares	354,835	-
Class LC Shares	-	8,240
Net asset value per share		
Class AC Shares	127.51	435.09
Class AD Shares	101.24	-
Class CC Shares	126.13	-
Class LC Shares	-	435.09

Barry Harbison

Director

The accompanying notes form an integral part of these Financial Statements

Faith Outerbridge

Director

HSBC Specialist Funds Limited

Schedule of Investments

as at June 30, 2026

Short Duration Fixed Income Fund

	Nominal Value	Amortized Cost USD	Fair Value USD	% of Net Assets
Investments at Fair Value				
Fixed Income Notes				
Australia				
Australia New Zealand Banking 3.919% 08/12/2028	609,000	609,000	602,428	0.70
Australia New Zealand Banking 4.362% 18/06/2028	500,000	500,000	499,747	0.58
Commonwealth Bank of Australia 4.011% 30/04/2029	1,000,000	1,000,000	991,761	1.16
Commonwealth Bank of Australia 4.355% 27/03/2029	1,000,000	1,000,000	998,056	1.17
Commonwealth Bank of Australia 4.423% 14/03/2028	1,000,000	1,000,000	1,001,422	1.17
Macquarie Bank Ltd 5.272% 02/07/2027	500,000	500,000	504,517	0.59
National Australia Bank Ltd 4.308% 13/06/2028	500,000	500,000	499,301	0.58
National Australia Bank Ltd 4.434% 04/06/2029	755,000	755,000	754,350	0.88
National Australia Bank Ltd 5.134% 28/11/2028	500,000	510,009	509,057	0.60
Westpac Banking Corp NY 4.15% 11/05/2028	700,000	699,564	698,089	0.82
	<u>7,064,000</u>	<u>7,073,573</u>	<u>7,058,728</u>	<u>8.25</u>
Canada				
Bank of Nova Scotia 4.299% 20/03/2028	1,000,000	1,000,364	999,931	1.17
CDP Financial Inc 4.875% 05/06/2029	1,250,000	1,289,347	1,270,997	1.49
Export Development Canada 4.125% 13/02/2029	2,000,000	2,022,712	1,997,884	2.33
Federation des Caisses Desjardin 4.55% 23/08/2027	500,000	501,156	500,922	0.59
Federation des Caisses Desjardin 5.147% 27/11/2028	450,000	450,000	458,305	0.53
Royal Bank of Canada 4.51% VRN 18/10/2027	750,000	750,000	750,166	0.88
	<u>5,950,000</u>	<u>6,013,579</u>	<u>5,978,205</u>	<u>6.99</u>
Finland				
Nordea Bank Abp 4.375% 17/03/2028	385,000	384,883	385,308	0.45
Nordea Bank Abp 4.4% 21/05/2029	1,000,000	998,800	996,752	1.17
	<u>1,385,000</u>	<u>1,383,683</u>	<u>1,382,060</u>	<u>1.62</u>
France				
Banque Federative du Credit Mut 4.753% 13/07/2027	500,000	502,576	501,832	0.59
Banque Federative du Credit Mut 5.088% 23/01/2027	205,000	205,000	205,858	0.24

The accompanying notes form an integral part of these Financial Statements

HSBC Specialist Funds Limited

Schedule of Investments (Continued)

as at June 30, 2026

Short Duration Fixed Income Fund (continued)

	Nominal Value	Amortized Cost USD	Fair Value USD	% of Net Assets
Investments at Fair Value (continued)				
Fixed Income Notes (continued)				
France (continued)				
BPCE SA 5.203% 18/01/2027	500,000	500,000	502,319	0.59
Sanofi 3.8% 03/11/2028	1,500,000	1,499,871	1,481,128	1.73
	2,705,000	2,707,447	2,691,137	3.15
Japan				
Mizuho Bank Ltd 4.395% 16/04/2029	517,000	517,000	515,640	0.60
Mizuho Financial Group Inc 3.17% 11/09/2027	250,000	245,771	246,326	0.29
Sumitomo Mitsui Trust Bank Ltd 3.95% 05/03/2029	465,000	464,686	457,898	0.54
Sumitomo Mitsui Trust Bank Ltd 4.95% 15/09/2027	250,000	250,703	251,465	0.29
	1,482,000	1,478,160	1,471,329	1.72
Netherlands				
BNG Bank NV 3.875% 29/04/2031	1,000,000	995,121	983,233	1.15
BNG Bank NV 4.25% 25/01/2029	3,000,000	3,038,447	3,003,729	3.51
Cooperatieve Rabobank UANY 3.957% 17/10/2028	500,000	500,000	495,030	0.58
Cooperatieve Rabobank UANY 4.322% 01/04/2029	750,000	750,000	748,601	0.88
Cooperatieve Rabobank UANY 4.883% 21/01/2028	500,000	500,000	504,210	0.59
Siemens Funding BV 4.35% 26/05/2028	300,000	299,979	300,109	0.35
	6,050,000	6,083,547	6,034,912	7.06
New Zealand				
ANZ New Zealand Intl Ltd London 4% 22/01/2029	200,000	200,000	197,344	0.23
Westpac New Zealand Ltd 4.127% 29/01/2029	500,000	500,291	494,379	0.58
	700,000	700,291	691,723	0.81
Norway				
Equinor ASA 4.25% 02/06/2028	750,000	749,692	748,683	0.87
	750,000	749,692	748,683	0.87
Saudi Arabia				
Saudi Arabian Oil Co 4% 02/02/2029	345,000	342,830	339,178	0.40
	345,000	342,830	339,178	0.40

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HSBC Specialist Funds Limited

Schedule of Investments (Continued)

as at June 30, 2026

Short Duration Fixed Income Fund (continued)

	Nominal Value	Amortized Cost USD	Fair Value USD	% of Net Assets
Investments at Fair Value (continued)				
Fixed Income Notes (continued)				
South Korea				
Kookmin Bank 4.375% 08/05/2028	500,000	499,204	499,082	0.58
	500,000	499,204	499,082	0.58
Supranational				
African Development Bank 3.5% 18/09/2029	1,500,000	1,493,005	1,468,326	1.72
Asian Development Bank 3.625% 28/08/2029	1,250,000	1,244,247	1,229,683	1.44
Asian Development Bank 4.125% 30/05/2030	250,000	251,412	249,135	0.29
Asian Infrastructure Investment 4.5% 16/01/2030	500,000	508,869	504,878	0.59
Council Of Europe Development BA 4.5% 15/01/2030	1,000,000	1,027,349	1,008,990	1.18
European Bank for Reconstruction 4.125% 25/01/2029	2,000,000	2,022,920	1,998,100	2.34
International Bank for Reconstruction 4.125% 20/03/2030	1,000,000	1,015,786	998,105	1.17
Nordic Investment Bank 3.75% 09/05/2030	1,000,000	1,003,251	983,500	1.15
	8,500,000	8,566,839	8,440,717	9.88
Sweden				
Skandinaviska Enskilda Banken A 4.375% 02/06/2028	506,000	505,118	505,381	0.59
Svenska Handelsbanken AB 4.375% 11/06/2029	1,184,000	1,180,386	1,178,764	1.38
	1,690,000	1,685,504	1,684,145	1.97
Switzerland				
UBS AG London 5.65% 11/09/2028	500,000	506,724	511,863	0.60
UBS AG Stamford CT 4.302% VRN 16/03/2029	636,000	636,000	633,481	0.74
	1,136,000	1,142,724	1,145,344	1.34
United Kingdom				
Nationwide Building Society 4.85% 27/07/2027	250,000	251,800	251,056	0.29
NatWest Markets PLC 4.654% 27/03/2029	676,000	676,000	675,155	0.79
NatWest Markets PLC 4.789% 21/03/2028	370,000	370,000	371,703	0.43
NatWest Markets PLC 5.416% 17/05/2027	500,000	500,000	504,795	0.59
Rio Tinto Finance USA PLC 4.5% 14/03/2028	833,000	831,917	834,511	0.98
Santander UK PLC 4.496% 12/12/2027	1,440,000	1,440,000	1,444,489	1.69
	4,069,000	4,069,717	4,081,709	4.77

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HSBC Specialist Funds Limited

Schedule of Investments (Continued)

as at June 30, 2026

Short Duration Fixed Income Fund (continued)

	Nominal Value	Amortized Cost USD	Fair Value USD	% of Net Assets
Investments at Fair Value (continued)				
Fixed Income Notes (continued)				
United States of America				
Abbott Laboratories 3.7% 09/03/2029	1,500,000	1,498,220	1,471,008	1.72
Alphabet Inc 3.7% 15/02/2029	250,000	249,194	245,867	0.29
Alphabet Inc 3.875% 15/11/2028	625,000	624,556	619,127	0.72
Amazoncom Inc 3.9% 20/11/2028	500,000	499,895	494,465	0.58
Amazoncom Inc 4% 13/03/2029	750,000	749,889	741,249	0.87
Astrazeneca Finance LLC 4.875% 03/03/2028	500,000	504,571	504,194	0.59
Athene Global Funding 4.86% 27/08/2026	250,000	250,000	250,178	0.29
Athene Global Funding 4.95% 07/01/2027	250,000	250,000	250,372	0.29
Athene Global Funding 5.133 % 01/06/2029	413,000	413,000	413,885	0.48
Athene Global Funding 5.516% 25/03/2027	250,000	250,000	251,461	0.29
Bank of New York Mellon Corp 4.441% VRN 09/06/2028	500,000	500,000	500,153	0.58
BMW Vehicle Owner Trust 2025-A 4.56% 25/09/2029	800,000	799,945	802,186	0.94
Caterpillar Financial Services Co 4.3% 15/05/2029	1,173,000	1,170,976	1,168,853	1.37
Chevron USA Inc 4.05% 13/08/2028	412,000	411,961	410,065	0.48
Citibank Credit Card Issuance 4.3% 21/06/2030	1,500,000	1,499,645	1,498,291	1.75
Depository Trust CoThe 4.3% 27/03/2029	281,000	280,682	279,782	0.33
Duke Energy Progress LLC 3.45% 15/03/2029	250,000	243,905	243,517	0.28
Eli Lilly Co 4% 15/10/2028	1,000,000	999,647	993,268	1.16
Eli Lilly Co 4.15% 20/05/2029	1,000,000	999,394	994,455	1.16
Equitable America Global Funding 4.65% 09/06/2028	370,000	369,909	369,330	0.43
Ford Credit Auto Owner Trust 20 4.45% 15/10/2029	500,000	499,962	500,899	0.59
Ford Credit Auto Owner Trust 20 4.61% 15/08/2029	500,000	499,988	501,640	0.59
GM Financial Consumer Automobile 4.62% 17/12/2029	560,000	559,969	561,587	0.66
Honda Auto Receivables 2025-1 4.57% 21/09/2029	1,200,000	1,199,974	1,203,675	1.41
Honda Auto Receivables 2025-3 O 4.04% 21/02/2030	500,000	499,992	498,018	0.58
John Deere Capital Corp 3.9% 09/03/2029	500,000	499,372	493,678	0.58
MassMutual Global Funding II 4% 22/01/2029	218,000	217,759	214,863	0.25
Mastercard Inc 4.425% 08/06/2029	800,000	799,830	799,112	0.93
Mercedes-Benz Auto Receivables 4.78% 17/12/2029	500,000	499,921	502,342	0.59
Mercedes-Benz Auto Receivables 5.21% 16/08/2027	1,000,000	4,378	4,380	0.01
Merck Co Inc 4.3% 22/05/2028	542,000	541,774	541,782	0.63
Met Tower Global Funding 4% 14/01/2029	385,000	384,570	379,731	0.44
Metropolitan Life Global Funding 4.15% 25/08/2028	350,000	349,964	347,346	0.41
Metropolitan Life Global Funding 4.25% 13/04/2028	562,000	561,957	559,796	0.65

The accompanying notes form an integral part of these Financial Statements

HSBC Specialist Funds Limited

Schedule of Investments (Continued)

as at June 30, 2026

Short Duration Fixed Income Fund (continued)

	Nominal Value	Amortized Cost USD	Fair Value USD	% of Net Asset
Investments at Fair Value (continued)				
Fixed Income Notes (continued)				
United States of America (continued)				
Morgan Stanley Private Bank 4.204% VRN 17/11/2028	500,000	500,000	497,375	0.58
Morgan Stanley Private Bank 4.466% VRN 06/07/2028	750,000	750,000	749,093	0.88
National Securities Clearing Corp 4.35% 09/06/2028	536,000	535,659	535,647	0.63
National Securities Clearing Corp 4.7% 20/05/2030	500,000	499,729	502,336	0.59
Navient Private Education Refi 1.06% 15/10/2069	1,000,000	309,302	280,883	0.33
Navient Private Education Refi 2.23% 15/07/2070	1,500,000	765,646	700,290	0.82
Navient Private Education Refi LN 1.11% 18/02/2070	1,000,000	428,043	378,268	0.44
New York Life Global Funding 4.05% 02/02/2029	1,000,000	999,944	987,128	1.15
New York Life Global Funding 4.2 % 20/04/2029	357,000	356,522	353,961	0.41
New York Life Global Funding 4.4% 25/04/2028	357,000	356,825	356,609	0.42
Nissan Auto Receivables 2024-B 4.34% 15/03/2029	500,000	455,586	455,964	0.53
Novartis Capital Corp 3.9% 05/11/2028	652,000	651,860	645,397	0.75
Novartis Capital Corp 4.1% 16/03/2029	850,000	849,210	843,329	0.98
Principal Life Global Funding II 4.6% 19/08/2027	348,000	347,875	348,856	0.41
Principal Life Global Funding II 4.65% 18/05/2029	635,000	634,480	633,319	0.74
Public Service Co of Colorado 4.15% 13/03/2029	500,000	495,029	495,081	0.58
Roche Holdings Inc 4.79% 08/03/2029	250,000	252,279	252,185	0.29
SMB Private Education Loan Trust 1.31% 17/07/2051	1,835,000	422,938	400,066	0.47
State Street Corp 4.536% 28/02/2028	2,000,000	2,000,000	2,007,485	2.35
Toyota Auto Receivables 2022-D 5.3% 15/09/2027	1,000,000	107,350	107,555	0.13
Toyota Auto Receivables 2025-A 4.64% 15/08/2029	1,000,000	999,968	1,003,500	1.17
Toyota Auto Receivables 2025-C 4.11% 15/03/2030	500,000	499,956	498,728	0.58
Toyota Auto Receivables 2026-B 4.13% 16/12/2030	475,000	474,902	472,542	0.55
Toyota Motor Credit Corp 4.05% 05/09/2028	625,000	624,402	620,629	0.72
Toyota Motor Credit Corp 4.05% 13/03/2029	250,000	247,267	247,162	0.29
USAA Capital Corp 4.375% 01/06/2028	847,000	845,923	845,062	0.99
Visa Inc 3.8% 12/02/2029	1,072,000	1,070,882	1,058,799	1.24
Volkswagen Auto Loan Enhanced 4.63% 20/07/2029	1,000,000	999,933	1,003,583	1.17
Walmart Inc 4% 30/04/2029	1,000,000	999,236	992,161	1.16
World Omni Auto Receivables Trust 4.37% 16/06/2031	1,200,000	1,199,830	1,198,497	1.40
	44,730,000	39,365,375	39,082,045	45.67
Total Fixed Income Notes	87,056,000	81,862,165	81,328,997	95.08

The accompanying notes form an integral part of these Financial Statements

HSBC Specialist Funds Limited

Schedule of Investments (Continued)

as at June 30, 2026

Short Duration Fixed Income Fund (continued)

	Nominal Value	Amortized Cost USD	Fair Value USD	% of Net Assets
Investments at Fair Value (continued)				
Floating Rate Notes				
Japan				
Sumitomo Mitsui Trust Bank Ltd FRN 05/03/2029	200,000	200,000	200,796	0.23
	200,000	200,000	200,796	0.23
South Korea				
Korea Housing Finance Corp FRN 15/01/2029	500,000	500,242	499,875	0.58
	500,000	500,242	499,875	0.58
Switzerland				
UBS AG Stamford CT FRN 16/03/2029	500,000	500,000	502,109	0.59
	500,000	500,000	502,109	0.59
United States of America				
Abbott Laboratories FRN 09/03/2029	500,000	500,000	500,291	0.58
Athene Global Funding FRN 25/03/2027	145,000	145,000	145,506	0.17
Athene Global Funding FRN 27/08/2026	250,000	250,000	250,263	0.29
Bank of New York Mellon Corp The FRN 09/06/2028	244,000	244,000	244,385	0.29
John Deere Capital Corp FRN 09/03/2029	323,000	323,000	323,339	0.38
Morgan Stanley Private Bank NA FRN 06/07/2028	476,000	476,000	476,816	0.56
	1,938,000	1,938,000	1,940,600	2.27
Total Floating Rate Notes	3,138,000	3,138,242	3,143,380	3.67

The accompanying notes form an integral part of these Financial Statements

HSBC Specialist Funds Limited

Schedule of Investments (Continued)

as at June 30, 2026

Short Duration Fixed Income Fund (continued)

	Nominal Value	Amortized Cost USD	Fair Value USD	% of Net Assets
Investments at Fair Value (continued)				
Treasury Notes				
United States of America				
United States Treasury Note/Bond 4.125 % 15/06/2029	350,000	350,014	349,686	0.41
	350,000	350,014	349,686	0.41
Total Treasury Notes	350,000	350,014	349,686	0.41
Total investments at Fair Value	90,544,000	85,350,421	84,822,063	99.16
Other net assets			717,870	0.84
Net Assets			85,539,933	100.00

The accompanying notes form an integral part of these Financial Statements

HSBC Specialist Funds Limited

Schedule of Investments (Continued)

as at June 30, 2026

Alternative Fund	Liquidity	Holdings	Cost	Fair	% of
	Period	In Shares	Price USD	Value USD	Net Assets
Investments at Fair Value					
Investment in investee fund:					
Guernsey					
Multi-Strategy					
HSBC Portfolio Selection Fund*	Monthly	109,568	21,703,261	41,829,828	99.70
Total investments at fair value			21,703,261	41,829,828	99.70
Other net assets				126,153	0.30
Net Assets				41,955,981	100.00

* Limits on Redemptions

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

The accompanying notes form an integral part of these Financial Statements

HSBC Specialist Funds Limited

Statements of Operations

for the year ended June 30, 2026

	Short Duration Fixed Income Fund USD	Alternative Fund USD
Income		
Interest income	3,950,890	-
Other income	1,824	-
	3,952,714	-
Expenses		
Management fees (notes 4 & 15)	304,901	393,302
Audit fees	26,641	11,452
Directors' fees (note 8)	10,578	3,829
Other expenses	68,439	10,481
	410,559	419,064
Net investment income/(loss)	3,542,155	(419,064)
Net realized gains on sale of investments	384,365	457,157
Net change in unrealized (loss)/gain on investments	(1,033,005)	5,785,162
	(648,640)	6,242,319
Net increase in net assets resulting from operations	2,893,515	5,823,255

The accompanying notes form an integral part of these Financial Statements

HSBC Specialist Funds Limited

Statements of Changes in Net Assets

for the year ended June 30, 2026

	Class AC USD	Class AD USD	Class CC USD	Total
Short Duration Fixed Income Fund				
Net assets at start of the year	34,343,759	18,249,936	43,380,714	95,974,409
Net increase in net assets resulting from operations				
Net investment income	1,151,748	669,446	1,720,961	3,542,155
Net realized gains on sale of investments	131,083	73,989	179,293	384,365
Net change in unrealized (loss)/gain on investments	(301,352)	(205,249)	(526,404)	(1,033,005)
	981,479	538,186	1,373,850	2,893,515
Subscriptions and redemptions				
Proceeds on issue of shares	3,264,447	-	-	3,264,447
Payments on redemption of shares	(14,959,193)	(1,000,000)	-	(15,959,193)
	(11,694,746)	(1,000,000)	-	(12,694,746)
Dividends (note 14)	-	(633,245)	-	(633,245)
Net assets at end of the year	23,630,492	17,154,877	44,754,564	85,539,933
Alternative Fund				
		Class AC USD	Class LC USD	Total
Net assets at start of the year		33,638,829	3,060,559	36,699,388
Net increase in net assets resulting from operations				
Net investment loss		(383,741)	(35,323)	(419,064)
Net realized gains on sale of investments		418,557	38,600	457,157
Net change in unrealized gains on investments		5,296,627	488,535	5,785,162
		5,331,443	491,812	5,823,255
Subscriptions and redemptions				
Proceeds on issue of shares		1,706,684	75,100	1,781,784
Payments on redemption of shares		(2,306,029)	(42,417)	(2,348,446)
		(599,345)	32,683	(566,662)
Net assets at end of the year		38,370,927	3,585,054	41,955,981

The accompanying notes form an integral part of these Financial Statements

HSBC Specialist Funds Limited

Notes to the Financial Statements

for the year ended June 30, 2026

1. The Company

HSBC Specialist Funds Limited (the "Company") is an open-ended exempted mutual fund company incorporated with limited liability and unlimited duration in Bermuda on September 5, 2001 in accordance with the Companies Act 1981 of Bermuda.

The Company is managed by HSBC Global Asset Management (Bermuda) Limited (the "Manager"), a wholly-owned subsidiary of HSBC Bank Bermuda Limited (the "Bank"), a member of the HSBC Group.

The Company consists of two Funds namely Short Duration Fixed Income Fund and the Alternative Fund (the "Funds"). The shares of the Company are divided into several classes (the "Classes"), one or more of which will be related to a Fund within the Company for which the Company maintains separate accounts. The assets of each Class of the Company are held exclusively for the benefit of the holders of the shares of the relevant Class. However, all assets of the Company are subject to the general creditors of the Company, in that the assets of each Class may be exposed to the liabilities of other Classes within the Company. At June 30, 2026, the Directors were not aware of any such specific existing or contingent liabilities.

The principal objective of the Short Duration Fixed Income Fund is to maximize income while attempting to minimize the risk of capital deterioration.

The objective of the Alternative Fund is to provide a total return from selected investments in a number of hedge funds, which utilize and trade a range of different strategies and markets worldwide.

The following Funds and share classes existing as at June 30, 2026 (see also Note 10):

	Date of Inception
Short Duration Fixed Income Fund - Class AC – USD	March 8, 2010
Short Duration Fixed Income Fund - Class AD – USD	March 31, 2011
Short Duration Fixed Income Fund - Class CC - USD	February 28, 2014
Alternative Fund - Class AC – USD	March 31, 2015
Alternative Fund - Class LC – USD	March 31, 2015

2. Significant Accounting Policies

Basis of preparation

The accompanying financial statements are prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"). The Company meets the typical characteristics of an investment company and is therefore applying the accounting and reporting guidance under Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") Topic 946, *Financial Services – Investment Companies*.

The significant accounting and reporting policies adopted by the Company are as follows:

(a) Investment transactions and income

Investment transactions are recorded on the trade date. Realized gains and losses on investment transactions are calculated on a first in first out basis for the Short Duration Fixed Income Fund and on a weighted average cost basis for the Alternative Fund. Realized and unrealized gains and losses arising from investment transactions are included in the statements of operations.

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

HSBC Specialist Funds Limited

Notes to the Financial Statements (Continued)

for the year ended June 30, 2026

2. Significant Accounting Policies (continued)

(b) Valuation of investments

In accordance with US GAAP, fair value is defined as the price that the Company would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. Accounting guidelines for fair value measurement establishes a framework for measuring fair value, using a three-level hierarchy for fair value measurement. For non-public entities, the amendments involve the elimination of certain disclosure requirements of ASC 820. These include transfers between Level 1 and Level 2 of the fair value hierarchy, the Company policy for the timing of transfers between levels, the valuation processes for Level 3 fair value measurements, and the changes in unrealized gains and losses for the period included in earnings for recurring Level 3 fair value measurements held at the end of the reporting period and the roll forward of Level 3 fair value measurements. The three-tier hierarchy of inputs is summarized below:

- Level 1 – observable prices and quoted prices in active markets for identical investments that the Company is able to access
- Level 2 – other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 – significant unobservable inputs (including the Company's own assumptions in determining the fair value of investments)

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Investments in securities are valued as follows:

- The fair value of debt instruments is estimated using various techniques, which may consider recently executed transactions in securities of the issuer or comparable issuers, market price quotations (where observable), bond spreads, fundamental data relating to the issuer, and credit default swap spreads adjusted for any basis difference between cash and derivatives instruments. While most debt instruments are categorized in Level 2 of the fair value hierarchy, in instances where lower relative weight is placed on transaction prices, quotations, or similar observable inputs, they are categorized in Level 3 of the fair value hierarchy. There are no such investments categorized as Level 3 in current year as all debt securities are classified as Level 2. Cash equivalents held at year-end have been recognized in Level 1 of the fair value hierarchy.
- Commercial paper is estimated using amortized cost, which approximates fair value. To the extent the inputs are observable and timely, the values would be categorized in Level 2 of the fair value hierarchy. There were no commercial paper investments held as at June 30, 2026.
- Investments in other investment funds are valued based on reported net asset value per share as of the valuation date as provided by the administrators of the underlying investment funds. Investee funds measured using net asset value as a practical expedient are not categorized within the fair value hierarchy.

(c) Cash and cash equivalents and bank overdrafts

Cash and cash equivalents include cash balances, money market funds, and short-term fixed deposits with maturity dates of less than 30 days from the date of purchase.

(d) Interest and dividend income

Interest income is recorded on the accrual basis. Dividend income is recorded on the ex-dividend date net of withholding tax.

The net effect of bond coupon interest and amortization and accretion of premiums and discounts using the effective interest method could be positive or negative and is disclosed as part of interest income in the statements of operations.

(e) Expenses

Each Fund bears its operating expenses which are allocated between all Classes in proportion to the respective net asset value of each Class unless the expense is solely attributable to a specific Class upon which it is allocated to the respective Class.

HSBC Specialist Funds Limited

Notes to the Financial Statements (Continued)

for the year ended June 30, 2026

2. Significant Accounting Policies (continued)

(f) Use of estimates

Preparing financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions in determining the reported amounts of assets and liabilities, including the fair value of investments, and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

(g) Foreign currency translation

Assets and liabilities denominated in currencies other than the base currency of each Class are translated into the base currency at the rate of exchange prevailing at the date of the financial statements. Transactions during the year in currencies other than the base currency have been translated at the rate of exchange prevailing on the date of the transaction. Realized and unrealized gains and losses on translation of investment balances are included in the Statement of Operations under "Net realized losses on sale of investments" and "Net change in unrealized (loss)/gain on investments", respectively. All other realized and unrealized gains and losses arising from foreign currency translation are included in the line item to which they relate.

(h) Redemption payable

In accordance with FASB ASC Topic 480, Distinguishing Liabilities from Equity, financial instruments mandatorily redeemable at the option of the holder are classified as liabilities when a redemption request has been received and the redemption amount has been determined. Redemptions are recognized as liabilities when the amount requested in the redemption notices becomes fixed, which generally occurs on the last day of the year covered by the financial statements. As a result, redemptions paid after the end of the year, based on the NAV of the Company at year-end, are included in redemptions payable at June 30, 2026. Redemption notices received for which the dollar amount is not fixed remain in net assets until the net asset values used to determine the redemption and share amounts are determined. As at June 30, 2026 redemptions paid after the end of the year, based on the NAV of the Company at year-end, are included as 'due to shareholders' in the Statement of Assets and Liabilities.

(i) Allocation of profits and losses

All investment income, realized and unrealized gains and losses are allocated to each Class of shares outstanding on a daily basis for the Short Duration Fixed Income Fund and on a monthly basis for the Alternative Fund in proportion to their respective interest in the net asset value of the respective Fund.

(j) New accounting pronouncements

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

HSBC Specialist Funds Limited

Notes to the Financial Statements (Continued)

for the year ended June 30, 2026

3. Cash and Cash Equivalents

Cash balances and bank overdraft facility are held with HSBC Bank Bermuda Limited (the "Bank"). Cash equivalents comprise investments in HSBC Corporate Money Funds Limited.

	Short Duration Fixed Income Fund USD	Alternative Fund USD
Cash at bank	-	153,466
Bank overdraft	(350,605)	-
Money market fund	128,730	-
	(221,875)	153,466

4. Manager

Under an agreement dated January 17, 2002, September 12, 2016, April 23, 2018 and March 13, 2026, HSBC Global Asset Management (Bermuda) Limited agreed to act as Manager of the Company and to be responsible for the day-to-day management. The Manager is entitled to receive from the Short Duration Fixed Income Fund, out of the assets attributable to the Short Duration Fixed Income Fund, a monthly management fee calculated at a rate of up to 1% per annum of the average net asset value of the Short Duration Fixed Income Fund on each valuation day and to be reimbursed for its out-of-pocket expenses. The management fee is calculated daily and paid on the last business day of the month.

The Manager is entitled to receive from the Alternative Fund, out of the assets attributable to the Alternative Fund, a monthly management fee calculated at a rate of up to 2.5% per annum of the average net asset value of the Alternative Fund on each valuation day and to be reimbursed for its out-of-pocket expenses. The management fee is calculated monthly and paid as at the last valuation day in each calendar quarter.

For the year ended June 30, 2026, the Manager has invested certain of the Company's assets in various other HSBC Funds. The Manager received additional management fees on the assets directly from those funds in accordance with the respective management agreements.

The fee rates incurred during the year were as follows:

Fund	Class	Rate
Short Duration Fixed Income	AC	0.40%
Short Duration Fixed Income	AD	0.40%
Short Duration Fixed Income	CC	0.25%
Alternative	AC	1.00%
Alternative	LC	1.00%

The Manager, out of the management fees paid to it for its services provided pursuant to this agreement, shall be responsible for the payment of fees and/or expenses of the Custodian and Administrator of the Company.

5. Administrator

Under an agreement dated November 8, 2017, and as amended January 31, 2020 and March 13, 2026, between the Company and HSBC Securities Services (Bermuda) Limited (the "Administrator"), a wholly-owned subsidiary of the Bank, the Administrator agreed to act as share registrar and transfer agent, to provide Foreign Accountant Tax Compliance Act (FATCA) assistance services, accounting and administrative services to the Company. The Administrator shall be paid by the Company, or the Company shall procure that the Manager as its delegate, shall pay, by way of remuneration for its services pursuant to this agreement fees at such rates as may be agreed from time to time between the Company and the Administrator out of the fees payable to the Manager by the Company.

The Administrator is also entitled to receive from the Company or the Company shall procure that the Manager as its delegate shall pay an amount equal to the out-of-pocket expenses incurred in carrying out its duties.

HSBC Specialist Funds Limited

Notes to the Financial Statements (Continued)

for the year ended June 30, 2026

6. Custodian

Under an agreement dated January 4, 2021, HSBC Continental Europe (the "Custodian") was appointed Custodian for the Company. The Custodian shall be paid by the Company, or the Company shall procure that the Manager as its delegate, shall pay, by way of remuneration for its services pursuant to this agreement fees at such rates as may be agreed from time to time between the Company and the Custodian out of the fees payable to the Manager by the Company.

The Custodian is also entitled to receive from the Company or the Company shall procure that the Manager as its delegate shall pay an amount equal to the out-of-pocket expenses incurred in carrying out its duties.

7. Taxation

On December 27, 2023, Bermuda enacted the Corporate Income Tax Act 2023 "CIT Act" which provides for the taxation of in-scope entities in respect of tax years beginning on or after January 1, 2026. In-scope entities under the CIT Act are the Bermuda constituent entities of multinational enterprises that have revenue in excess of EUR 750 million for at least two of the last four fiscal years. The Company is an investment fund. It is managed by a member of MNE but it is not a constituent entity of an in-scope MNE Group and it is not a consolidated member. The Company is therefore not subject to Bermuda corporate income tax.

FASB ASC Topic 740 "Income Taxes" ("ASC 740") provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. ASC 740 requires the evaluation of tax positions taken or expected to be taken to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be derecognized and recorded as a tax expense in the current year. The Investment Manager has determined that the Company has no uncertain tax positions as of June 30, 2026 that have a material effect on the results of operations or financial position of the Company.

Effective January 1, 2025, Bermuda enacted a 15% Corporate Income Tax ("CIT") applicable to entities that are part of a Multinational Enterprise Group with consolidated annual revenues of €750 million or more. Management has evaluated the impact of the CIT Act and determined that the Fund does not fall within its scope. Consequently, the CIT Act does not impact the statutory tax assurance granted to the Fund through March 31, 2035.

8. Directors' Fees

Each of the Directors is entitled to receive from the Company a fee at such a rate as may be set from time to time by the Board of Directors, provided such remuneration shall not exceed an aggregate amount of USD 30,000 per annum without prior consent of the shareholders in a general meeting.

The Directors may also be reimbursed for all travel, hotel and other expenses properly incurred by them in attending meetings of the Company. No such fees will be payable where the Director is employed by the Bank or any of its subsidiaries or affiliates.

For the year ended June 30, 2026, Mr. William Cooper received a Director's fee at an annual rate of USD 6,000 and Ms. Robin Masters received a Director's fee at an annual rate of USD 6,000.

There were no other transactions between the funds and the directors during the year. Furthermore, no amounts were payable to or receivable from the directors by the funds as at the reporting date.

HSBC Specialist Funds Limited

Notes to the Financial Statements (Continued)

for the year ended June 30, 2026

9. Related Parties and Directors' Interests

As at June 30, 2026, Directors held the following shares in the Alternative Fund:

Director	Number of Shares
Faith Outerbridge (HBBM Pension)	427

HSBC Continental Europe, Custodian to the Company, is a related party, by virtue of it being a wholly owned subsidiary of HSBC Holdings plc. Refer to note 6 for fees paid to the Custodian.

HSBC Global Asset Management (Bermuda) Limited, which is the Investment Manager, a related party to the Company, held 1 share each of Class AD and CC in the Short Duration Fixed Income Fund.

HSBC Portfolio Selection Fund is a related party fund managed by HSBC Management (Guernsey) Limited and advised by HSBC Alternative Investments Limited. Please refer to note 13.

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

HSBC Specialist Funds Limited

Notes to the Financial Statements (Continued)

for the year ended June 30, 2026

10. Share Capital

The present authorized share capital of USD100,000 of the Company is divided into 9,999,900 voting participating shares ("Shares") of USD 0.01 par value each and 100 non-voting, non-participating founders' shares of USD 0.01 par value each. The Manager holds all founders' shares, \$nil paid. The founders' shares are not entitled to vote unless there are no other shares in issue, and are not entitled to any dividends. Participating shares may be subscribed for and redeemed on a daily basis for the Short Duration Fixed Income Fund and on a monthly basis for the Alternative Fund. The minimum initial subscription for Class AC and Class AD Shares in the Short Duration Fixed Income Fund is USD 100,000 and for Class CC Shares it is USD 10,000,000. The minimum initial subscription for Class AC Shares in the Alternative Fund is USD 10,000.

	Short Duration Fixed Income Fund		
	Class AC	Class AD	Class CC
Shares in issue July 1, 2025	277,446	179,202	354,835
Shares issued during the year	26,010	-	-
Shares redeemed during the year	(118,137)	(9,762)	-
Shares in issue June 30, 2026	185,319	169,440	354,835

	Alternative Fund	
	Class AC	Class LC
Shares in issue July 1, 2025	89,613	8,153
Shares issued during the year	4,232	187
Shares redeemed during the year	(5,654)	(100)
Shares in issue June 30, 2026	88,191	8,240

11. Cost of Investments

Cost of investments as at June 30, 2026	USD
Short Duration Fixed Income Fund*	85,350,421
Alternative Fund*	21,703,261
	107,053,682

*refer to the Schedule of Investments for the list of investments held by Fund.

12. Financial Instruments and Associated Risks

Price Risk

Price risk arises primarily from uncertainty around the future prices of financial instruments held by the Company and represents the loss the Company might incur through holding such instruments in the face of price movements. The Manager allocates the Company's portfolio of investments with a view to minimizing the risk associated with particular countries and industry sectors.

Currency Risk

Currency risk is the risk that future changes in exchange rates will make financial instruments held by the Company less valuable. Substantially all the investments of each Fund are denominated in USD thus minimizing currency risk.

Interest Rate Risk

The Company is exposed to interest rate risk to the extent that the fair value of the Company's financial instruments may fluctuate with movements in interest rates. The Short Duration Fixed Income Fund manages interest rate risk by investing in short duration debt instruments and floating rate notes. The Company may also use forward contracts for hedging purposes and as independent profit opportunities and invest in other

HSBC Specialist Funds Limited

Notes to the Financial Statements (Continued)

for the year ended June 30, 2026

12. Financial Instruments and Associated Risks (continued)

Interest Rate Risk (continued)

investment companies exposed to significant interest rate risk. The Alternative Fund's exposure to interest rate risk through its investment in investee funds is limited to its investment in such funds.

Liquidity Risk

The Company is exposed to liquidity risk to the extent that it is unable to realize its positions to meet liabilities and redemptions as they fall due in a timely and favorable manner. The Short Duration Fixed Income Fund manages liquidity risk by investing mainly in debt securities that can be sold daily. The Alternative Fund invests in other investee funds that are not publicly traded or for which there is no liquid market. The Alternative Fund manages liquidity risk by investing in investee funds that have similar redemption periods as is required by the Alternative Fund itself.

Credit Risk

Credit risk is the risk that a counterparty will fail to discharge its obligation or commitment related to financial instruments it has issued. Financial assets that potentially expose the Company to credit risk consist primarily of Cash and cash equivalents, Investments, Unsettled sales and Interest receivable. The extent of the Company's exposure to credit risk in respect of these financial assets approximates the carrying values as recorded in the statements of assets and liabilities. Credit risk is managed by dealing with reputable counterparties.

HSBC Specialist Funds Limited

Notes to the Financial Statements (Continued)

for the year ended June 30, 2026

13. Investments in Other Investment Funds

The investments in other investment funds (the "investee funds") are valued at their fair value. The fair value represents the amount the Alternative Fund would have received at June 30, 2026, if it had liquidated its investments.

The investment funds in which the Alternative Fund has invested utilize a variety of financial instruments in their trading strategies including equity and debt securities of both U.S. and foreign issuers, options, futures, forward, and swap contracts. Several of these financial instruments contain varying degrees of off-balance sheet risk whereby changes in market values of the securities underlying the financial instruments may be in excess of the amounts recorded on each investee funds balance sheet. However, due to the nature of the Company's interests in the investee funds, such risks are limited to the Alternative Fund's investment in each investee fund.

As of June 30, 2026, the Alternative Class has an investment in HSBC GH Sub-Fund of the HSBC Portfolio Selection Fund, a related party fund managed by HSBC Management (Guernsey) Limited and advised by HSBC Alternative Investments Limited, representing 99.70% of its net assets. The objective of the investee fund is to provide a total return from selective investment in a number of hedge funds, which utilize and trade in a range of different strategies and markets worldwide.

The following table summarizes the proportionate share of investments of HSBC GH Sub-Fund of which the proportionate share is greater than 5% of the Alternative Fund's net assets. The below information is based on the position and holding in the underlying funds as at April 30, 2026 (year end for the HSBC GH Sub-Fund) compared to Alternative Fund's net assets as at June 30, 2026:

Description	Investment Strategy	Value USD	% of Alternative Fund's Net Assets
D.E. Shaw Oculus International Fund	Multi-Strategy	4,203,938	10.02%
Citadel Kensington Global Strategies Fund Limited	Multi-Strategy	2,424,154	5.78%
Two Sigma Spectrum Cayman Fund Limited	Multi-Strategy	2,312,079	5.51%
MW Eureka Fund Plc	Equity Long/Short	2,226,583	5.31%
Point72 Capital International Limited	Multi-Strategy	2,213,003	5.27%
Elliot International Limited	Event Driven	2,160,304	5.15%

HSBC Specialist Funds Limited

Notes to the Financial Statements (Continued)

for the year ended June 30, 2026

13. Investments in Other Investment Funds (continued)

Summarized financial information pertaining to the relevant HSBC GH Sub-Fund based on its April 30, 2026 audited financial statements is as follows:

	As at 30 April 2026 USD'000
Current assets	
Cash and cash equivalents	58,723
Portfolio of investments	2,223,305
Debtors	43,344
Total assets	2,325,372
Liabilities	
Creditors: amounts falling due within one year	(84,388)
Total liabilities	(84,388)
Net assets	2,240,984
Income	
Net capital gains	339,222
Revenue	1851
Interest expense	(887)
Operating expense	(25,701)
Net investment (expense) from operations	(26,588)
Change in net assets attributable to holders of redeemable participating units from investment activities	314,485

The Company and HSBC GH Sub-Fund are related parties by virtue of having managers that are under common control. Investors should refer to HSBC GH Sub-Fund's audited financial statements and prospectus for more detailed information.

14. Dividends

The declaration of dividends is at the discretion of the Directors. It is the present intention of the Directors of the Company to declare quarterly dividends with respect to Class AD shares of the Short Duration Fixed Income Fund, the amount of which may fluctuate depending on market conditions. It is the policy of the Directors to distribute the net income from the underlying investments of the Class AD shares of the Short Duration Fixed Income Fund. It is the intention of the Directors of the Company not to make distributions of net income to holders of the Class AC and Class CC shares of the Short Duration Fixed Income Fund and holders of the Class AC shares of the Alternative Fund.

The table below reflects the dividends declared and paid during the year and dividends payable as at June 30, 2026.

Short Duration Fixed Income Fund	USD
Dividends declared - Class AD - USD	(633,245)
Dividends payable - Class AD - USD	(153,616)

HSBC Specialist Funds Limited

Notes to the Financial Statements (Continued)

for the year ended June 30, 2026

15. Management Fees

	Short Duration Fixed Income Fund USD	Alternative Fund USD
Class AC management fee	122,798	360,151
Class AD management fee	71,518	-
Class CC management fee	110,585	-
Class LC management fee	-	33,151
Total management fee	304,901	393,302
Management fee payable	24,132	36,806

16. Fair Value Measurements

The following table summarizes the valuation of the Company's investments by investment type by the fair value hierarchy levels as of June 30, 2026 with respect to the Short Duration Fixed Income Fund:

	Level 1	Level 2	Level 3	Total
Assets				
Investments, at fair value:				
Fixed Income Notes	\$ -	\$ 81,328,997	\$ -	\$ 81,328,997
Floating Rate Notes	-	3,143,380	-	3,143,380
Treasury Notes	-	349,686	-	349,686
Total investments, at fair value	-	84,822,063	-	84,822,063
Cash equivalents	128,730	-	-	128,730
Total	\$ 128,730	\$ 84,822,063	\$ -	\$ 84,950,793

In accordance with FASB ASC Sub-topic 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient are not required to be classified within the fair value hierarchy. As of June 30, 2026 the Alternative Fund's investments comprised solely of investments in other investment companies. Therefore, the investments are valued using the net asset value per share (or its equivalent) as practical expedient, resulting in Alternative Fund's Investments at fair value being equal to USD 41,829,828. Cash equivalents which comprise of a money market fund are classified as level 1.

The Company's policy is to recognize transfers into and out of various levels of the fair value hierarchy as at the actual date of the event or change in circumstances that caused the transfer. No transfers were made during the year ended June 30, 2026.

HSBC Specialist Funds Limited

Notes to the Financial Statements (Continued)

for the year ended June 30, 2026

17. Financial Highlights

Schedule of Financial Highlights for Short Duration Fixed Income Fund for the year ended June 30, 2026

	USD		
	Class AC	Class AD	Class CC
Selected per share data			
Net asset value at beginning of the year	\$ 123.79	\$ 101.84	\$ 122.26
Income from investment operations			
Net investment income	\$ 4.71	\$ 3.84	\$ 4.85
Net realized gain on sale of investments and net change in unrealized loss on investments	<u>\$ (0.99)</u>	<u>\$ (0.80)</u>	<u>\$ (0.98)</u>
Total from investment operations	<u>\$ 3.72</u>	<u>\$ 3.04</u>	<u>\$ 3.87</u>
Dividends declared	\$ -	\$ (3.64)	\$ -
Net asset value at end of the year	<u>\$ 127.51</u>	<u>\$ 101.24</u>	<u>\$ 126.13</u>
Total return, excluding dividends declared	3.01%	2.99%	3.17%
Ratios to average net assets			
Total expenses	0.51%	0.51%	0.36%
Net investment income	3.74%	3.74%	3.89%

Schedule of Financial Highlights for Alternative Fund for the year ended June 30, 2026

	USD	
	Class AC	Class LC
Selected per share data		
Net asset value at beginning of the year	\$ 375.38	\$ 375.38
Income from investment operations		
Net investment loss	\$(4.29)	\$(4.29)
Net realized gains on sale of investments and net change in unrealized gains on investments	<u>\$ 64.00</u>	<u>\$ 64.00</u>
Total from investment operations	<u>\$ 59.71</u>	<u>\$ 59.71</u>
Net asset value at end of the year	<u>\$ 435.09</u>	<u>\$ 435.09</u>
Total return	15.91%	15.91%
Ratios to average net assets		
Total expenses	1.08%	1.08%
Net investment loss	(1.08)%	(1.08)%

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

HSBC Specialist Funds Limited

Notes to the Financial Statements (Continued)

for the year ended June 30, 2026

18. Commitments and Contingencies

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

19. Subsequent Events

Subsequent to June 30, 2026, Short Duration Fixed Income Fund had subscriptions of USD 24,500 and redemptions of USD 3,212,111.

Subsequent to June 30, 2026, Alternative Fund had subscriptions of USD 375,391 and redemptions of USD 157,309.

Management have assessed and evaluated all subsequent events arising from the date of the statements of assets and liabilities up until October 27, 2026 and have concluded that no additional disclosures are required.

HSBC Specialist Funds Limited Management and Administration

for the year ended June 30, 2026

Directors and Officers

Barry Harbison, President
Head of Liquidity Investment Specialists, Americas
HSBC Global Asset Management (USA) Inc.
USA

Robin Masters, Non-Executive Director

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

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

William Cooper, Non-Executive Director

Secretary and Registered Office

Conyers Corporate Services (Bermuda) Limited
Richmond House
12 Par-la-Ville Road
Hamilton HM 08, Bermuda

Manager

HSBC Global Asset Management (Bermuda) Limited
37 Front Street
Hamilton HM 11, Bermuda

Custodian

HSBC Continental Europe
1 Grand Canal Square
Dublin 02 P820, Ireland

Banker

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

Administrator and Registrar

HSBC Securities Services (Bermuda) Limited
37 Front Street
Hamilton HM 11, Bermuda

Independent Auditor

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

Legal Advisers

Conyers Dill & Pearman Limited
Richmond House
12 Par-la-Ville Road
Hamilton HM 08, Bermuda

Bermuda Stock Exchange Listing Sponsor

Cohort Limited
The Penthouse
5 Reid Street
Hamilton HM 11, Bermuda

Client Services

Telephone: (441) 299 6900
Facsimile: (441) 299 6061
Email: ifs.investor.services@us.hsbc.com

Sales Team

Telephone: (441) 299 6644
Facsimile: (441) 299 6554
Email: asset.management@hsbc.bm

www.hsbc.bm

HSBC Bank Bermuda Limited
37 Front Street
Hamilton HM 11
Bermuda

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