HSBC REAL ECONOMY GREEN INVESTMENT OPPORTUNITY GEM BOND FUND

(*Société en Commandite Spéciale*)

ANNUAL REPORT AND INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2021

R.C.S. Luxembourg B 235.529
16, Boulevard d'Avranches
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Grand Duchy of Luxembourg

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General Information

Managers of the General Partner	Michael Boehm Jean de Courrèges Christopher Knowles Miriam Muller Maria Cecilia Lazzari (resigned as of 1 March 2021)
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General Partner	HSBC REGIO Fund General Partner S.à.r.l. 16, Boulevard d'Avranches L-1160 Luxembourg Grand Duchy of Luxembourg
Alternative Investment Fund Manager, Global Distributor and AML/CFT compliance officer	HSBC Investment Funds (Luxembourg) S.A. 16, Boulevard d'Avranches L-1160 Luxembourg Grand Duchy of Luxembourg
Administration Agent, Depositary Bank, Paying Agent, Corporate and Domiciliary Agent, Registrar and Transfer Agent	HSBC Continental Europe, Luxembourg 16, Boulevard d'Avranches L-1160 Luxembourg Grand Duchy of Luxembourg HSBC France, Luxembourg Branch 16, Boulevard d'Avranches L-1160 Luxembourg Grand Duchy of Luxembourg (until 30 November 2020)
Portfolio Manager	HSBC Global Asset Management (UK) Limited 8 Canada Square London, E14 5HQ United Kingdom
Independent Auditor	Ernst & Young S.A. 35 E Avenue John F. Kennedy L-1855 Luxembourg Grand Duchy of Luxembourg
Legal Advisers	as to English law: Herbert Smith Freehills LLP Exchange House Primrose Street London, EC2A 2EG United Kingdom as to Luxembourg Law: Arendt & Medernach S.A. 41A, Avenue JF Kennedy L-2082 Luxembourg Grand Duchy of Luxembourg
Tax Advisor	KPMG LLP 15 Canada Square London, E14 5GL United Kingdom

General Information (continued)

Representative in Switzerland	HSBC Global Asset Management (Switzerland) Ltd Gartenstrasse 26 P.O.Box CH- 8002 Zurich Switzerland
Paying Agent in Switzerland	HSBC Private Bank (Suisse) S.A. Quai des Bergues 9-17 P.O. Box 2888 CH-1211 Geneva 1 Switzerland

Report of the Managers of the General Partner

Market Review

It has been a volatile last 12 months for the EM credit markets. Investors have been trying to assess ongoing COVID-19 related updates and central banks' policy headlines.

Late in 2020, EM Credit posted strong returns in the quarter driven by improved risk sentiment given the expected roll-out of COVID-19 vaccines, which decreases global uncertainty and improved the recovery of EM economies. We were beginning to see upticks in economic data, particularly in PMIs. The positive backdrop translated into higher yielding credits outperforming given the more favourable backdrop for pro-cyclical credits, which benefited the most from the economic recovery.

In the first quarter of 2021, EM credit assets saw negative returns mainly due to the ongoing rise in UST yields, COVID-19 dynamics, and idiosyncratic risks in large EM countries.

The ongoing rise in US Treasury yields, and particularly, real yields were causes for investors to be nervous. This combined with a stronger US Dollar has put pressure in EM credit as an asset class. During the quarter, the 10yr UST yield moved from 0.91% to 1.74%, which increased concerns of a repeat of the "taper-tantrum" episode, when EM assets prices declined sharply.

COVID-19 related risks led to new lockdown measures particularly in Latin America. Additionally, as vaccines slowly rolled out in some of the large EM countries, there was a risk for a growth slowdown. As the vaccination programs were accelerating in parts of the developed world, there was increasing concern of a potential growth gap between EM and DM.

In the EM world, there were some idiosyncratic risks in large countries as Brazil and Turkey. In this country, President Erdogan ousted the central bank governor after only four months, causing risk reassessment in the country. The sovereign 5 year CDS repriced from 302bps to 472bps to factor in the new political risks in the country.

During Q2, the asset class saw positive returns in every month during the quarter mainly due to a strong global economic backdrop and ongoing higher commodity prices. US Treasuries moved lower during the quarter with the 10yr rate moving from 1.74% to 1.47% by quarter end. In a way, Q2 could be seen as a reversal from the start of the year. The Fed had been consistent with a dovish tone and rate hiking narrative until the FOMC meeting in mid-June, when the Fed conveyed a more hawkish announcement than expected. However, longer-dated US Treasury bonds saw their yields moved down until quarter end, in addition to a stabilization in commodity prices.

In EM credit, during the quarter there were three clear areas of concern: the coronavirus and the vaccine distribution, large idiosyncratic issues and election risk. We witnessed COVID-19 concerns in Latin America and India early in the quarter as well as a recent resurgent of COVID-19 cases in EM Asia due to the Delta variant that complicated the growth outlook. The main idiosyncratic risks were coming from Asia credit in the asset management and real estate industries. The developing stories of Huarong Asset Management and Evergrande Group, two companies with highly leveraged balance sheets having a hard time restoring investor confidence, were impacting valuations in the sectors and having contagion effects. Lastly, political risk mainly through election noise in Peru and Chile. There was also a surprise downgrade of Colombia by S&P from BBB- to BB+. The political cycle for the Andean region was turning towards the left.

Following a strong second quarter, EMD assets posted negative returns in the third quarter as volatility within fixed income markets rose significantly. Mixed data reports and mixed messaging from the Fed brought upon higher Treasury yields and a stronger US dollar. EM credit spreads widened as the markets started to focus on continuous headlines coming from China and its effects on the real estate sector and overall local economy.

Throughout the quarter, the delta variant put its mark on the global economy, with a slowdown in positive data prints, and inflation number overshooting expectation in some countries. Within EM, political risks continued to unfold, with also violent protest in South Africa. In addition, we saw the takeover of Afghanistan by the Taliban, and the withdrawal of the US troops. The main idiosyncratic risk in EM credit continues in the Chinese real estate industry. The ongoing saga of real estate giant Evergrande weighed on investor sentiment, in addition to concerns of an economic slowdown and policy headwinds in that country.

Report of the Managers of the General Partner (continued)

Portfolio Review

During last quarter of 2020, the fund returned 4.49% mainly driven by select credit exposures and allocations. During the quarter, we proactively reduced exposure to the most defensive and non-cyclical credits in the fund that benefited directly or indirectly from the pandemic. We reduced exposure to telecoms and increased exposure to real estate globally. From a geographical perspective, we reduced exposure to the Middle East and Hong Kong and increased exposure to Brazil and Mainland China. We maintained a high credit quality and minimized exposure to weak stories, specifically in the lower credit spectrum of HY. We continued to hold exposure in high conviction stories with credit resilience and competitive advantage profiles.

The significant allocation to Latin America was a driver for the fund. Within the region, Mexico, Brazil and Colombia were among the best performing countries. In Asia, India was the best performing country for the fund in the region. From an industry perspective, the exposure to financials and real estate were the largest contributors to positive performance. Other sectors with major positive impact were pulp and paper, utilities and telecommunications. In terms of detractors, some of the exposure to China detracted from performance as headline risks in the technology and real estate sectors in the country led to an overall corporate contagion.

As mentioned, the beginning of the year saw a difficult investment environment. The funds' return for Q1 was -1.39%, mainly driven by idiosyncratic risks in the real estate sector in China and political risk in Turkey and Brazil. We continued to reduce exposure to the most defensive and non-cyclical credits in the fund that were properly priced. We reduced exposure to the health care, consumer staples and telecoms industries and increased exposure to real estate and utilities (Green bonds). From a geographical perspective, we reduced exposure to Peru, Chile and Mexico in Latin America and increased exposure to Turkey, India and China. We shifted exposure from investment grade to high yield, mainly by increasing BB exposure by 2.6% and maintained a high credit quality exposure with resilient credits.

In Latin America, Colombia was among the best performing countries and Brazil the worst performer, mainly affected by political risk. In Asia, Indonesia was the best performing country for the fund in the region, while China was the worst. From an industry perspective, the exposure to health care was the largest contributors to positive performance. In terms of detractors, some of the exposure to China detracted from performance as headline risks in the real estate sectors in the country led to an overall corporate contagion and our exposures underperformed the rest of the fund during the quarter.

In Q2, the fund had positive performance consistent with the overall EM credit markets strong returns. The return for the quarter was 1.43% mainly driven by strong performance in Brazil, India, Mexico and Turkey. From an industry exposure we reduced exposure to Financials by 2.85% mainly within Asia and Latin America. In the credit quality spectrum, we reduced BBB risk and increased BB rated credit risk. Within country exposure we further reduced Colombia and Peru credits as the political risks in both countries was quickly moving in the wrong direction. Peru elected a radical leftist candidate for president.

In Asia, a clear divergence of performance where India was the best performer and China the worst. The underperformance in China was mainly driven by the ongoing saga in two large issuers: Huarong and Evergrande. From an industry perspective, there were no negative contributors to the fund performance with industrial and materials having the largest positive contribution. At the security level, our exposures to BTG and Simpar within Brazil as well as Siseti and Turk Telecom in Turkey were top performers during the quarter.

In terms of detractors, our exposure to China Cinda and China Aoyuan were the largest two main subtractions of performance. The concerns in China credit were still developing during the quarter and we decided to reduce our exposure in the country.

In Q3, the fund return was -0.15% mainly driven by weak performance coming from China that overshadowed the performance from Chile and India. From an industry exposure we reduced exposure to Financials by 3.5% mainly within Asia via exiting of the Power Finance position in the fund. In the credit quality spectrum, we reduced BBB risk and increased BB rated credit risk. From a country perspective, we reduced India by 2.6% and increased Chile and Mexico by 90bps and 70bps respectively. We also closed our Peru CDS hedge as the political risks in the country seem better priced after the new elected president changed his cabinet to be less radical.

In Latin America, Chile was the best performing country meanwhile Brazil was the worst performing mainly due to political risks and concerns that the current administration would incur in populist measures in their effort to improve re-election chances. In Asia, the underperformance in China is mainly driven by the ongoing saga in the real estate sector which is going through a deleveraging process which started with policy adjustments last year.

Report of the Managers of the General Partner (continued)

From an industry perspective, the largest contributors to positive performance were the utility and telecom sector. At the security level, our exposures to Majid Al Futtaim, Funo, China Cinda and Kallpa helped with top performance during the quarter. The concerns in China credit were still developing during the quarter and we continued to monitor how policy changes affected valuation and investor sentiment.

Looking ahead, the most central upside scenario is a strong recovery in developed markets, increasing global demand and exporting inflation to emerging markets. In terms of the potential downside, continued interest rate volatility and rising real yields could result in outflows. The vaccine rollout in many emerging markets had been slow, but have since picked up speed. As a result, we emphasize our focus on relative value and strong risk reward within Green and overall labeled bonds from both a credit and ESG perspective.

The Green bond exposure in the fund reached 34% by end September 2021. The trend of issuance in Green bonds and overall labelled bonds continued at a healthy pace. Most of the issuance of Green and labelled bonds are still coming from the Asia region, with China representing almost 40% and India approximately 20% of all labelled bonds. The largest sector representation was the Chinese real estate sector. Some of the issuance was opportunistic as a way to be able to access the debt markets to alleviate refinancing risks. We keep evaluating most of the structures coming to market both in Green and Sustainable Linked bonds overall.

EU Sustainable Finance Disclosure Regulation (SFDR): a statement that the Fund's product qualifies as sustainable investment product as per Art 9 SFDR

The Fund is an innovative investment solution which seeks to blend public and private capital to enable investors to align their financial objectives with real economy impact and further the aims and objectives of the Paris Agreement and the UN Sustainable Development Goals (SDGs). The Fund targets positive environmental impacts by investing in eligible green bonds using a robust investment process, including HSBC Asset Management's Green Impact Investment Guidelines which is a clear framework for identifying eligible activities for the use of proceeds. The Fund also has the ambition to stimulate further issuance of eligible green bonds and further develop the sustainable bond market.

The Green Impact Investment Guidelines require (amongst other things) a use of proceeds aligned with at least one of the following UN SDGs: 6 (Clean Water and Sanitation), 7 (Affordable and Clean Energy), 11 (Sustainable Cities and Communities), 12 (Responsible Consumption and Production), 13 (Climate Action), 14 (Life Below Water) and 15 (Life on Land). The guidelines also contain requirements relating to ensuring alignment with the ICMA Green Bond Principles and assessing that investee companies meet internationally recognised environmental, social and governance standards.

The Fund has the target of 100% of NAV to be invested in eligible green bonds by the end of the Investment Period (seven years from the Initial Funding Date). The Fund's AUM at the end of September 2021 was $571.5M. The Fund has invested in 21 Green bonds which represent 33% of the size of the Fund with a market value of $191.7M. The use of proceeds from the green bond funds align mainly with the six UN SDGs highlighted above in order to achieve the objective of targeting positive environmental impact within Emerging Markets' real economy.

The largest allocation within the Fund is to Affordable and Clean Energy (SDG 7) which represents 56% within the Fund's green bond exposure or $109M mainly in renewable energy investments and projects in India, Indonesia, Peru, Chile and Guatemala. The second largest exposure within the green bond allocation is to Life on Land (SDG 15) with 16% or $31M mainly in investments and projects related to sustainable forestry and environmentally sustainable management of living natural resources and land use in Brazil and Chile. The third largest impact is on SDG 11 of Sustainable Cities and Communities with 12%. SDG 12, Responsible Consumption and Production represents 8% of the green bond allocation. SDG 6, Clean Water and Sanitation is 4% and SDG 13 Climate Action is approximately 2% of the green allocation.

Though constant communication, feedback and engagement with market participants, prospective issuers and corporate issuers we seek to encourage and improve the green transition via issuance of strong guidelines and standards in the developing green bond market in the different Emerging Markets regions. Our engagement is ongoing before, during and after green bonds tap the primary markets.

Managers of the General Partner

20 January 2022

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Independent auditor's report

To the Limited Partners of
HSBC Real Economy Green Investment Opportunity GEM Bond Fund SCSp
16, Boulevard d'Avranches
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Grand Duchy of Luxembourg

Opinion

We have audited the financial statements of HSBC Real Economy Green Investment Opportunity GEM Bond Fund SCSp (the "Fund"), which comprise the statement of financial position as at 30 September 2021 and the statement of comprehensive income, the statement of changes in net assets attributable to redeemable unitholders and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 September 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (the "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 are further described in the "responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements" section of our report. We are also 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 financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Managers of the General Partner of the Fund are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our report of the "réviseur d'entreprises agréé" thereon.

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

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In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. 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 this fact. We have nothing to report in this regard.

Responsibilities of the Board of Managers of the General Partner of the Fund for the financial statements

The Board of Managers of the General Partner of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS as adopted by the European Union, and for such internal control as the Board of Managers of the General Partner of the Fund determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Managers of the General Partner of the Fund 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 Managers of the General Partner of the Fund 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 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 a report of the "réviseur d'entreprises agréé" 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 financial statements.

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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Managers of the General Partner of the Fund.

- Conclude on the appropriateness of the Board of Managers of the General Partner of the Fund's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Ernst & Young
Société anonyme
Cabinet de révision agréé

Nicolas Bannier

Luxembourg, 28 January 2022

Statement of Financial Position
as at 30 September 2021

	Notes	30 September 2021 USD	30 September 2020 USD
Assets			
Financial assets at fair value through profit or loss			
Investment in the Subsidiary	2,4,5,6	534,871,350	490,932,400
Derivative financial instruments	2,4,5,10	-	663,450
Interest receivable	7	32,241,323	7,818,772
Other Interest receivable	7	150	331
Other receivables	2.3i,6	2,605,417	-
Cash and cash equivalents	2.3g	1,816,297	1,808,945
Total assets		**571,534,537**	**501,223,898**
Liabilities			
Financial liabilities at fair value through profit or loss			
Derivative financial instruments	2,4,5,10	1,866,209	-
Trade and other payables	7	2,614,318	1,997,556
Total liabilities (excluding net assets attributable to redeemable unitholders)		4,480,527	1,997,556
Net assets attributable to redeemable unitholders	9	567,054,010	499,226,342
Total liabilities		**571,534,537**	**501,223,898**

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

Statement of Comprehensive Income
for the year ended 30 September 2021

	Notes	For the year ended 30 September 2021 USD	For the period from 13 June 2019 (date of incorporation) to 30 September 2020 USD
Income			
Net realised and unrealised gain/(loss) on financial assets and liabilities at fair value through profit or loss	11	(15,440,050)	18,957,891
Net realised gain/(loss) on foreign currency		(194,956)	(36)
Interest income	2.3h	24,422,551	7,818,772
Other income	2.3i,6	3,675,847	-
Other interest income	2.3h	2,406	5,422
Total income		**12,465,798**	**26,782,049**
Expenses			
Formation expenses	8	-	1,250,000
Management fees	8	1,632,660	509,361
Operating expenses	8	816,330	254,681
Other interest expense	8	5,760	2,241
Other expenses	8	34,593	18,514
Total expenses		**2,489,343**	**2,034,797**
Net gain for the year/period attributable to redeemable unitholders		**9,976,455**	**24,747,252**

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

Statement of Changes in net assets attributable to redeemable unitholders

for the year ended 30 September 2021

	Notes	General Partner USD	Limited Partner USD	Total USD
Net assets attributable to redeemable unitholders at 30 September 2020		-	**499,226,342**	**499,226,342**
Issue of redeemable units	9	-	144,079,333	144,079,333
Repurchase of redeemable units	9	-	(86,228,120)	(86,228,120)
Net increase in net assets attributable to redeemable unitholders from transaction in units		**-**	**557,077,555**	**557,077,555**
Net gain for the year attributable to redeemable unitholders		-	9,976,455	9,976,455
Net assets attributable to redeemable unitholders at 30 September 2021		**-**	**567,054,010**	**567,054,010**
Net assets attributable to redeemable unitholders at 13 June 2019 (date of incorporation)		**-**	**-**	**-**
Issue of redeemable units	9	-	474,479,090	474,479,090
Net increase in net assets attributable to redeemable unitholders from transaction in units		**-**	**474,479,090**	**474,479,090**
Net gain for the period attributable to redeemable unitholders		-	24,747,252	24,747,252
Net assets attributable to redeemable unitholders at 30 September 2020		**-**	**499,226,342**	**499,226,342**

		Net assets attributable to redeemable unitholders per Classes of units as at 30 September 2021		Net assets attributable to redeemable unitholders per Classes of units as at 30 September 2020
USD Unhedged Units	USD	243,975,536	USD	318,074,627
USD Hedged Units	USD	80,964,435	USD	77,959,467
EUR Hedged Units	EUR	209,025,329	EUR	88,039,911

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

Statement of Cash Flows
for the year ended 30 September 2021

	Notes	For the year ended 30 September 2021 USD	For the period from 13 June 2019 (date of incorporation) to 30 September 2020 USD
Cash flows from operating activities			
Net gain for the year/period attributable to redeemable unitholders		9,976,455	24,747,252
Adjustments for:			
Interest income	2.3h	(24,422,551)	(7,818,772)
Other interest income	2.3h	(2,406)	(5,422)
Net (gain)/loss on foreign currency on cash and cash equivalent	2.3e	194,956	36
Increase in financial assets at fair value through profit or loss	2a	(41,409,291)	(491,595,850)
Increase in trade and other receivables	7	(2,605,417)	-
Increase in trade and other payables	7	616,762	1,997,556
Interest received	2.3h	2,587	5,091
Net cash flows used in operating activities		**(57,648,905)**	**(472,670,109)**
Cash flows from financing activity			
Proceeds from issuance of redeemable units	9	144,079,333	474,479,090
Payments on repurchase of redeemable units	9	(86,228,120)	-
Net cash flows from financing activity by the Limited Partners		**57,851,213**	**474,479,090**
Net increase/ (decrease) in cash and cash equivalents		202,308	1,808,981
Cash and cash equivalents at beginning of the year/period	2.3g	1,808,945	-
Net gain/(loss) on foreign currency on cash and cash equivalent		(194,956)	(36)
Cash and cash equivalents at end of the year/period		**1,816,297**	**1,808,945**

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

Statistical Information – Statement of Changes in Units
for the year ended 30 September 2021

	Units outstanding at beginning of the year/period	Units Issued	Units redeemed	Units outstanding at end of the year/period
For the year ended 30 September 2021				
USD Unhedged Units	3,060,000	-	(800,000)	2,260,000
USD Hedged Units	750,000	-	-	750,000
EUR Hedged Units	850,000	1,111,602	-	1,961,602
For the period from 13 June 2019 (date of incorporation) to 30 September 2020				
USD Unhedged Units	-	3,060,000	-	3,060,000
USD Hedged Units	-	750,000	-	750,000
EUR Hedged Units	-	850,000	-	850,000

Statistical information – Net asset value per unit

	Net asset value per unit as at 30 September 2021	Net asset value per unit as at 30 September 2020
USD Unhedged Units	USD 107.95	USD 103.95
USD Hedged Units	USD 107.95	USD 103.95
EUR Hedged Units	EUR 106.56	EUR 103.57

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1. General information

HSBC Real Economy Green Investment Opportunity GEM Bond Fund SCSp (the "Fund") was incorporated under the laws of the Grand Duchy of Luxembourg as a *société en commandite spéciale* (special limited partnership) on 13 June 2019. The Fund qualifies as an alternative investment fund under the Luxembourg law of 12 July 2013 on alternative investment fund managers (as amended). The Fund's registered office is at 16, Boulevard d'Avranches, L-1160 Luxembourg, Grand Duchy of Luxembourg. The Fund will terminate on the fifteen anniversary from the initial funding date, 27 May 2020, subject to: (i) the General Partner's decision to extend the Fund's term up to two consecutive additional one year periods; or (ii) the General Partner's may elect to extend the run-off period for such period as determine with the approval of 50% of the Limited Partners by commitments, if the Fund holds an investment with a maturity date which falls after the termination date, and in each case acting in consultation with the AIFM and Advisory Committee.

The objective of the Fund is to enable investors to align their financial objectives with real economy impact and further the aims and objectives of the Paris Agreement (December 2015) and the United Nations Sustainable Development Goals (September 2015), which seek to address climate change and other sustainability outcomes. The Fund aims to provide attractive risk adjusted returns by investing in a diversified portfolio primarily comprised of eligible green bonds and other bonds, principally issued by corporate issuers, on a buy-and-maintain basis.

The Fund will make all of its investments through a special purpose vehicle, HSBC REGIO Fund Holdings S.à r.l. (the "Subsidiary"), for the purpose of tax structuring and efficient administration.

The General Partner has appointed HSBC Investment Funds (Luxembourg) S.A. (the "AIFM"), a Luxembourg public limited company *(société anonyme*) which is governed by the laws of the Grand Duchy of Luxembourg and which is regulated by the CSSF, to act as an alternative investment fund manager for the Fund in accordance with the Law of 12 July 2013 on alternative investment fund managers (AIFM Law).

These financial statements refer to the 12 month period starting 1 October 2020 and ending 30 September 2021, while prior year financial statements (current year's comparatives), include a 16 month reporting period starting from 13 June 2019 (date of incorporation) and ending 30 September 2020.

These financial statements were authorised for issue in accordance with a resolution of the Board of Managers of the General Partner (the "Board of Managers") on 20 January 2022.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by International Accounting Standards Board ("IASB") as adopted by the European Union ("EU"). These financial statements relate solely to the Fund as an individual entity. The financial statements have been prepared on a historical-cost basis, except for financial assets and financial liabilities held at fair value through profit or loss and net assets attributable to redeemable unitholders that have been measured at fair value.

The financial statements are presented in United States dollars ("USD"), which is the functional currency of the Fund, and all values are rounded to the nearest dollar, unless otherwise indicated.

The Board of Managers believes that the going concern basis of preparation of the financial statements is appropriate. Certain comparatives have been reclassified to be consistent with current year presentation.

2.2 Basis of consolidation

Where the Fund has control over an investee, it is classified as a subsidiary. In accordance with IFRS 10 an investor controls an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Fund controls its special purpose vehicle, HSBC REGIO Fund Holdings S.à r.l., through a holding of 100% of its shares.

2.2 Basis of consolidation (continued)

In accordance with the exception under IFRS 10, the Fund being an investment entity, does not consolidate subsidiaries in the financial statements unless the subsidiary is not itself an investment entity and its main purpose and activities are providing services that relate to the Fund's investment activities. The Fund has no consolidated subsidiaries. The Fund measures unconsolidated subsidiaries (including loans to subsidiaries) at Fair value through profit or loss.

2.3 Summary of significant accounting policies

(a) Financial instruments

i. Classification

In accordance with IFRS 9, the Fund classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

In applying that classification, a financial asset or financial liability is considered to be held for trading if:

a. It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term, or
b. On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking, or
c. It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

Financial assets and liabilities measured at amortised cost

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial liabilities, other than those measured at fair value through profit or loss are measured at amortised cost.

The Fund's assets and liabilities measured at amortised cost are short-term non-financing receivables, cash and cash equivalents (excluding money market fund) and short-term payables.

Financial assets and liabilities measured at fair value through profit or loss

A financial asset is measured at fair value through profit or loss if:

- its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest ("SPPI") on the principal amount outstanding, or
- it is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell, or
- at initial recognition, it is irrevocably designated as measured at fair value through profit or loss when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different base.

A financial liability is measured at fair value through profit or loss if it meets the definition of held for trading or if it is designated at fair value through profit or loss at initial recognition.

The Fund also includes its redeemable units in this category and the Fund's accounting policy regarding the redeemable participating units is described in Note 2.3 (f) below.

The Fund's assets and liabilities measured at fair value through profit or loss are:

- Investment in the Subsidiary: in accordance with the investment entity's exception under IFRS 10, the Fund does not consolidate its Subsidiary in the financial statements, but measures its unconsolidated Subsidiary (including loan to the Subsidiary) at fair value through profit or loss. The details on the exemption assessment are presented in note 3.
- Derivative contracts in an asset or a liability position.
- Redeemable units: the Fund's accounting policy regarding the redeemable participating units is described in Note 2.3 (f) below.

2.3 Summary of significant accounting policies (continued)

(a) Financial instruments (continued)

ii. Recognition

The Fund recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument. Regular purchases or sales of financial assets are recognised on the trade date, i.e., the date that the Fund commits to purchase or sell the asset.

iii. Measurement

Financial assets and financial liabilities at fair value through profit or loss are recorded in the statement of financial position at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income.

Financial assets and liabilities (other than those classified as at fair value through profit or loss) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

After initial recognition, the Fund measures financial instruments that are classified as at fair value through profit or loss at fair value. Gains and losses arising from changes in the fair value of those financial instruments are recorded in 'net realised and unrealised gain/(loss) on financial assets and liabilities at fair value through profit or loss' in the statement of comprehensive income. Interest and dividends earned or paid on these instruments are recorded separately in interest income or expense and dividend income or expense in the statement of comprehensive income.

iv. Derecognition

A financial asset is derecognised when the rights to receive cash flows from the asset have expired, or the Fund has transferred its rights to receive cash flows from the asset. It also applies when the Fund has retained the rights to receive the cash flows but assumes an obligation to pay those to a third party with no obligation to pay amounts other than those collected, no rights to sell or pledge the asset and the obligation to remit the cash flows to the third party without material delay.

Derecognition applies when the Fund has transferred substantially all of the risks and rewards of ownership of the asset, or when the control of the asset has been transferred, with any rights and obligations created or retained in the transfer recognised separately as assets or liabilities.

Financial liabilities are derecognised when the Fund has transferred its right to receive cash flows from an asset (or has entered into a pass- through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Fund's continuing involvement in the asset. In that case, the Fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Fund has retained.

(b) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. Certain derivative financial instruments are subject to enforceable master netting arrangements, such as International Swaps and Derivatives Association ("ISDA") master netting agreements, or similar agreements that cover similar financial instruments. Under ISDA master agreements netting is enforceable in the event of early termination or default.

(c) Fair value measurement

The Fund measures its investments in subsidiary, as well as its investments in financial instruments, such as derivatives, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is based on the below assumptions:

- the transaction takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability.
- the fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

2.3 Summary of significant accounting policies (continued)

(c) Fair value measurement (continued)

- a fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Investments quoted, listed or dealt in on a market are valued at the close of day price on the relevant valuation day. For financial instruments not traded in an active market, the fair value is determined using prices obtained from one or more data providers as described in the valuation policy or using valuation techniques such comparable bond valuation approach and discounted cash flow.

The Administrator may, with the approval of the AIFM, adjust the valuation of any particular asset or class of assets, or permit some other method of valuation to be used in relation to any particular asset or class of assets, if the Administrator considers that such adjustment is required to reflect more fairly the value thereof. There have been no adjustments to valuation as of 30 September 2021.

(d) Impairment

IFRS 9 provides for a simplified impairment approach for trade receivables, contracts assets and lease receivables that do not contain a significant financing component and measured at amortised cost. Under this approach, a loss allowance is recognised based on the lifetime Expected Credit Loss (“ECL”) of the asset. Measurement should reflect an unbiased and probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Fund holds only accrued income and other short-term receivables with no financing component and which have maturities of less than 12 months at amortised cost therefore, the Fund will recognise a loss allowance where applicable based on lifetime ECL.

(e) Foreign currency translations

i Functional and presentational currency

The functional currency is the currency of the primary economic environment in which the Fund operates and that most faithfully represents the economic effect of transactions, events and conditions. The performance of the Fund is measured and reported in US dollars (“USD”) and its liquidity is managed in USD. Expenses, transactions and investments are denominated and paid mostly in US dollars. Consequently, the management has concluded that USD is its functional and presentation currency of the Fund.

ii Translations and balances

Transactions in foreign currency are translated at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to USD at the foreign currency closing exchange rate ruling at the reporting date.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the statement of comprehensive income within ‘Net realised gain/(loss) on foreign currency’.

Foreign currency transaction gains and losses on financial instruments classified as at fair value through profit and loss are included in the statement of comprehensive income as part of the ‘Net realised and unrealised gain/(loss) on financial assets and liabilities at fair value through profit or loss’.

The main exchange rate applicable to the Fund is:

	30 September 2021	**30 September 2020**
USD/ EUR	0.8630	0.8531

(f) Redeemable participating units

Redeemable units are redeemable at the unitholder’s option and are classified as financial liabilities as they do not meet the conditions to be classified as equity. Redeemable units are measured at the redemption amount.

2.3 Summary of significant accounting policies (continued)

(f) Redeemable participating units (continued)

Distributions to unitholders are recognised in the statement of comprehensive income as finance costs. The Fund's net asset value per unit is calculated by dividing the net assets attributable to the holders of each class of redeemable participating units, as determined in accordance with the Fund's Private Placement Memorandum, by the total number of outstanding redeemable participating units for each respective class at period end.

The Fund continuously assesses the classification of its units as equity or liabilities. During the year ended 30 September 2021, the Fund has reclassified the units from equity to financial liabilities in accordance with IAS 32 conditions and measured them at fair value at the date of reclassification. The reclassification has not resulted in any differences from the previous carrying amount recognised in equity. As a result, the comparatives have been reclassified to be consistent with current year presentation. If the units subsequently have all the features and meet the conditions to be classified as equity, the Fund will reclassify them as equity instruments and measure them at the carrying amount of the liabilities at the date of the reclassification.

(g) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, cash deposits at call with banks and bank overdrafts that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, with original maturities of three months or less. These include investment in money market fund as well. Money market fund has been reclassified to cash and cash equivalents from previous year to be consistent with the current year presentation.

(h) Interest income

Interest income is made up of interest income received from the investment in the Subsidiary. Interest income is recognised in the statement of comprehensive income on an accrual basis. Other interest income include interest income received from the money market fund.

(i) Equalisation

On 30 December 2020 the Fund concluded an equalisation agreement with the Subsidiary, whereby the Subsidiary pays to the Fund the net currency exchange gains and transaction gains in respect of an equalisation period. Likewise, the Fund pays to the Subsidiary the net currency exchange losses and transactions losses in respect of an equalisation period.

The equalisation period is meant as (i) with respect to the first equalisation period, the period beginning on the effective date, 1 October 2020, and ending at the last day of the current calendar quarter, (ii) in the case of each subsequent equalisation period, from the first day of such equalization period to the last day of the current calendar quarter, and (iii) in the case of the last equalisation period, the first day of the relevant equalisation period preceding the termination date to and including the termination date.

Payments obligation are effective on the relevant equalisation date and may not be required by any parties prior to the relevant equalisation date. Payment obligations may be satisfied by payments in cash, by the Fund or the Subsidiary, as applicable, issuing receivables to the other party under such terms as agreed from time to time between them, or by other form of payment acceptable to the party entitled to receive same.

An amendment to the equalisation agreement was signed on 14 May 2021 to change the effective date from 30 December 2020 to 1 October 2020.

Equalisation is also considered on subscriptions of additional Limited Partners into the Fund. Each additional Limited Partner shall be required to contribute the full amount of its capital on the first funding date following its admission to the Fund in consideration for the issuance by the Fund of units at an issue price per unit before deducting any hedging costs associated with the EUR Hedged Units or USD Hedged Units but after making such other adjustments as the General partner reasonably considers appropriate to ensure (i) that each Limited Partner bears tis pro rata share of any cost associated with the establishment of, and its admission to the Fund (such as Establishment Expenses, bid/offer spread, taxes, fees, charges and commissions) and (ii) to provide for the spread or difference between the price at which any asset was valued for the purpose of calculating the issue price of a class, and the estimated or actual price at which such asset may be purchased.

2.3 Summary of significant accounting policies (continued)

(i) Equalisation (continued)

Equalisation credit receivable/(payable) is disclosed under 'Other receivables/(Trade and other payables)' in the statement of financial position. Equalisation income/(expense) is included under the caption 'Other income /(expenses)' in the statement of comprehensive income.

(j) Formation expenses

Formation expenses include expenses in connection with the preparation and filing of organisational and legal documents, compliance reviews and registration and legal fees. These formation expenses are fully expensed when incurred.

(k) Forward Foreign Exchange Contracts

Forward foreign exchange contracts shall be valued by reference to the prevailing market maker quotations, namely, the price as at the valuation date at which a new forward foreign exchange contract of the same size and maturity could be undertaken, or, if unavailable, at the settlement price provided by the counterparty. The settlement price shall be valued at least monthly by the counterparty and shall be verified at least quarterly by a party who is independent from the counterparty. The values of the forward foreign currency exchange contracts are adjusted quarterly based on the applicable exchange rate of the underlying currency. Changes in the value of these contracts are recorded as unrealised gain or loss until the contract settlement date. When the forward foreign exchange contract is closed, a realised gain or loss occurs, equal to the difference between the value at the time the contract was opened and the value at the time it was closed. The Fund does not designate any derivatives as hedges for hedge accounting purposes.

(l) Net gain or loss on financial assets and liabilities at fair value through profit or loss

Realised and unrealised gains or losses on financial assets and liabilities measured at fair value through profit or loss are disclosed in the statement of comprehensive income under the caption “Net realised and unrealised gain/loss on financial assets and liabilities at fair value through profit or loss”.

(m) Taxation

The Fund is a *société en commandite spéciale* and as such, it should not be subject to Luxembourg taxes and should not be treated as a separate taxable entity for this purpose subject to the upcoming reversed hybrid rules under ATAD II.

2.4 New and amended standards and interpretations

Standards and interpretations in issue, adopted during the financial year
There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 October 2020 that have had a material impact on the Fund.

Standards and interpretations in issue, not yet adopted
The below accounting standards and interpretations have been issued and effective for annual periods beginning on or after 1 October 2021 but are not expected to have an impact on the accounting policies, financial position or performance of the Fund as at end of the reporting year:
- Amendments to IAS 1 - Classification of liabilities as current or non-current (effective 1 January 2023).
- Amendment to IAS 1 - Disclosure of Accounting policies (effective 1 January 2023).
- Amendment to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark reform (effective 1 January 2021).
- Amendments to IAS 8 - Definition of Accounting Estimates (effective 1 January 2023).

3. Significant accounting judgements, estimates and assumptions

The preparation of the Fund’s financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts recognised in the financial statements. Actual amounts may differ from these estimates. The relevance of estimates and assumptions is reviewed on an ongoing basis.

3. Significant accounting judgements, estimates and assumptions (continued)

i. Judgements

In the process of applying the Fund's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Assessment as investment entity

In accordance with the exception under IFRS 10, the Fund being an investment entity, does not consolidate subsidiaries in the financial statements unless the subsidiary is not itself an investment entity and its main purpose and activities are providing services that relate to the Fund's investment activities. The Fund has no consolidated subsidiaries. The Fund measures unconsolidated subsidiaries (including loans to subsidiaries) at Fair value through profit or loss.

An investment entity shall have the following characteristics:

- The entity obtains funds from one or more investors for the purpose of providing those investors with investment management services;

The entity commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

- The entity measures and evaluates the performance of substantially all of its investments on a fair value basis

The Subsidiary invests the funds obtained from the Partnership in multiple investments and provides the Partnership with the returns from investment income. In addition, the Subsidiary's investments are measured at fair value. Considering all of the above characteristics, the Board of Managers has concluded that the Fund meets the definition of an investment entity.

ii. Estimates and assumptions

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Taxes

The Fund is a *société en commandite spéciale* and as such, it should not be subject to Luxembourg taxes and should not be treated as a separate taxable entity for this purpose subject to the upcoming reversed hybrid rules under ATAD II. Tax regulations are subject to interpretations and regulatory amendments and as such, actual income may differ from the estimates and result in adjustments of tax expenses.

Functional currency

The US dollar is the currency in which the Fund measures its performance and reports its results. The Funds investments are denominated in USD, the investors' subscriptions and redemptions are received and paid in Euro and US dollars, the expenses are paid mostly in US dollars. The Board of Managers considers the USD the currency that most faithfully represents the economic effect of the transactions, events and conditions and as such is defined as the functional currency of the Fund.

Fair value of financial assets and liabilities

The investment in the Subsidiary is carried at fair value, which is based on the last available net asset value of the Subsidiary. The Board of Managers reviews the Subsidiary information at each reporting period and considers whether adjustments to the net asset value is necessary to obtain the best estimate of fair value. As at 30 September 2021, no adjustments were deemed necessary and the net asset value of the Subsidiary was considered the best approximation of fair value. Further disclosures in relation to the fair value are provided in Note 5.

Notes to the Financial Statements (continued)
for the year ended 30 September 2021

4. Financial assets and financial liabilities at fair value through profit or loss

The following table summarises the Fund's investments carried at fair value through profit or loss.

Financial assets at fair value through profit or loss	**30 September 2021 USD**	**30 September 2020 USD**
Investment in the Subsidiary:		
- Loan to the Subsidiary	528,681,300	477,872,800
- Shares in the Subsidiary	15,000	15,000
- Unrealised gain on financial assets at fair value through profit or loss	6,175,050	13,044,600
Derivative financial instruments	-	663,450
Total financial assets at fair value through profit or loss	**534,871,350**	**491,595,850**

Financial liabilities at fair value through profit or loss	**30 September 2021 USD**	**30 September 2020 USD**
Derivative financial instruments	1,866,209	-
Total financial liabilities at fair value through profit or loss	**1,866,209**	**-**

5. Fair value hierarchy

The table below provides an analysis of financial instruments that are measured at fair value, classified within the fair value hierarchy from level 1-3 based on the degree to which the input used is observable:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Assessing the significance of a particular input requires judgement, considering factors specific to the asset or liability.

	Level 1 USD	**Level 2 USD**	**Level 3 USD**
Financial assets			
Investment in the Subsidiary	-	534,871,350	-
Total	**-**	**534,871,350**	-
Financial liabilities			
Derivative financial instruments:			
Forward foreign exchange contract	-	1,866,209	-
Total	**-**	**1,866,209**	**-**

Investment in the Subsidiary has been reclassified to Level 2, as all the assets of the Subsidiary are valued using observable inputs. For details, please refer to page 25.

5. Fair value hierarchy (continued)

Financial instruments that were measured at fair value and classified within the fair value hierarchy from level 1-3 as at 30 September 2020 were as follows:

	Level 1 USD	**Level 2 USD**	**Level 3 USD**
Financial assets			
Investment in the Subsidiary	-	490,932,400*	-
Derivative financial instruments:			
Forward foreign exchange contract	-	663,450	-
Total	**-**	**491,595,850**	**-**

* These have been reclassified to Level 2 as all the underlying assets are valued using observable inputs. For details, please refer to page 25.

Valuation methods

The AIFM acts as internal valuer with the support of an independent external appraiser. Unlisted securities shall be valued independently of the AIFM's valuation function. All valuations provided by the external appraiser to the AIFM's valuation function are reviewed and challenged by the AIFM's valuation function. During the year, the Fund has not required the services of an independent external appraiser.

The value of any investments quoted, listed or dealt in on a market shall be calculated by reference to the close of the day market price as at the relevant valuation date.

For non-quoted securities, and securities not traded or dealt in on any stock exchange or other regulated market for which the last available prices are not available or if the quoted prices are not representative of the fair market value, the value shall be calculated with care and in good faith by the AIFM on the basis of foreseeable sales prices.

The value of any exchange traded futures contracts, share price index futures contracts, options and other exchange traded derivatives shall be the settlement price as determined by the market in question as at the point of valuation.

Debt investments, including loans, may be valued at market quotation where available or, where not available, may be valued based on a valuation methodology determined by the AIFM (as adjusted for amortisation of premium or accrual of discount, if any, on a constant basis) plus accrued interests, revalued for any applicable movements in exchanges rates, unless such debt investment is deemed fully or partially impaired and is therefore written down to its recoverable amount. The AIFM will regularly assess the method of calculating any impairment provision to ensure that such provisions are appropriately valued.

The Administrator may, with the approval of the AIFM, adjust the valuation of any particular asset or class of assets, or permit some other method of valuation to be used in relation to any particular asset or class of assets, if the Administrator considers that such adjustment is required to reflect more fairly the value thereof. There have been no adjustments to valuation as of 30 September 2021. The valuation methodology used will be selected based on the facts and circumstances of each individual asset and/or liability.

Changes in assumptions about these factors could affect the reported fair value of items in the statement of financial position and the level where the items are disclosed in the fair value hierarchy.

Derivative financial instruments

The value of any over-the-counter traded derivative contracts shall be calculated at least monthly by the counterparty to such contracts. The valuation will be approved or verified at least quarterly by a party independent of the counterparty. Alternatively, the value of any over-the-counter derivative instruments may be provided by an independent pricing vendor or the Administrator.

5. Fair value hierarchy (continued)

Where this alternative valuation is used, the Administrator must follow international best practice and adhere to specific principles on such valuations established by bodies such as International Organisation of Securities Commissions and Alternative Investment Management Association. Where the valuation is provided by an independent pricing vendor the vendor must be a competent person appointed by the Administrator.

Over-the-counter derivatives include forward foreign exchange contracts. For these financial instruments, significant inputs into models are market observable and are included within Level 2.

Investment in the Subsidiary

The investment in the Subsidiary carried at fair value is measured based on the last available net asset value of the Subsidiary. Adjustments to the net asset value are assessed and may be processed as necessary where the management considers that the net asset value is not an appropriate reflection of the fair value. There have been no adjustments to valuation as of 30 September 2021.

Other financial assets and liabilities

For all other financial assets and liabilities, including trade and other receivables, cash and cash equivalents, the redeemable participating units and trade and other payables the carrying value is an approximation of fair value.

Quantitative and qualitative information related to investment in Subsidiary

The financial statements of the Subsidiary have been prepared and presented on going concern basis in accordance with Luxembourg legal and regulatory requirements on historical basis, except for other investments held at fair value. The investments of the Subsidiary are valued on fair value basis.

The following table presents a reconciliation of all movements in Level 3 instruments:

		Investment in the Subsidiary	
		30 September 2021 USD	**30 September 2020 USD**
Balance at start of the year		490,932,400	-
Loan to the Subsidiary disbursed	(Note 6)	-	479,105,800
Loan to the Subsidiary reimbursed	(Note 6)	-	(1,233,000)
Shares in the Subsidiary		-	15,000
Net unrealised gain/(loss) on financial assets and liabilities at fair value through profit or loss	(Note 11)	-	13,044,600
Transfers out of Level 3		(490,932,400)	-
Balance at end of the year		**-**	**490,932,400**

The following table provides further information about the Subsidiary's own direct investments as at 30 September 2021:

Investment type	**Level**	**Market value USD**	**NAV (%) of the Fund**
Investment in money market fund	Level 1	15,573,667	3%
Fixed income securities	Level 1	547,710,751	97%

5. Fair value hierarchy (continued)

Quantitative and qualitative information related to investment in Subsidiary (continued)

The following table provides further information about the Subsidiary's own direct investments as at 30 September 2020:

Investment type	Level	Market value USD	NAV (%) of the Fund
Investment in money market fund	Level 1	4,618,185	1%
Fixed income securities	Level 1	484,923,427	97%
Derivative financial instruments	Level 2	2,608,500	1%

6. Investment in the Subsidiary

The Fund makes all of its investments through HSBC REGIO Fund Holdings S.à r.l (the "Subsidiary"), a special purpose vehicle incorporated in Luxembourg. The Fund holds 100% of ownership and voting rights of the Subsidiary and meets the definition of an investment entity as per the International Financial Reporting Standard "IFRS 10". Consequently, the Subsidiary is recognised as an investment at fair value through profit or loss rather than consolidated in the accounts of the Fund.

Profit Participation Loan agreement

The investment in the Subsidiary is materialised into a Profit Participation Loan agreed between the Fund (the "Lender") and the Subsidiary (the "Borrower") of an original aggregate principal amount of up to USD 473,650,000. This amount may be increased from time to time by the Lender in its discretion and may consist in one or multiple advances. During the year, the principal amount has been increased by USD 130,668,500 and USD 79,860,000 were reimbursed by the Subsidiary. Interests on the loan are accrued quarterly and are computed as the sum of a fixed and a variable component with the below characteristics:

- Variable interest is the positive aggregate of directly or indirectly realised income on investments and ancillary assets, including interest, capital gains and repayment of nominal amounts but excluding forex gains on investments and ancillary assets, on the profit participating loan, on Luxembourg income and net wealth taxes in connection with investments and ancillary assets (i) minus expenses in relation to investments and ancillary assets, including interest and other costs, fixed interest (excluding variable interest in relation to the profit participating loan and Luxembourg income and net wealth taxes), general expenses but excluding forex losses on investments and ancillary assets and on the profit participating loan, and (ii) minus an arm's length remuneration for the borrower (as determined on the basis of a transfer pricing study prepared by an Independent advisor).
- Fixed interest is set at 0.5% per annum of the principal amount of the loan (provided that the principal amount shall include any compounded interest in accordance the Profit Participating Loan agreement).

The loan took effect on the 26 May 2020 and the termination date will be (i) the twentieth (20^{th}) anniversary date of the Effective Date or such earlier or later date as may be agreed between the Borrower and the Lender, in writing, or (ii) following an event of default, at any time.

The interest income on the loan is recorded under the caption "Interest income" in the statement of comprehensive income and the loan balance, amounting to USD 528,681,300 is included in the statement of financial position under the heading "Investment in the Subsidiary". The Profit Participating loan is unsecured and based on an open ended arrangement with the wholly owned subsidiary.

Equalisation agreement

On 30 December 2020 the Fund concluded an equalisation agreement with the Subsidiary, whereby the Subsidiary pays to the Fund the net currency exchange gains and transaction gains in respect of an equalisation period. Likewise the Fund pays to the Subsidiary the net currency exchange losses and transactions losses in respect of an equalisation period.

6. Investment in the Subsidiary (continued)

The equalisation period is meant as (i) with respect to the first equalization period, the period beginning on the effective date, 1 October 2020, and ending at the last day of the current calendar quarter, (ii) in the case of each subsequent equalization period, from the first day of such equalization period to the last day of the current calendar quarter, and (iii) in the case of the last equalisation period, the first day of the relevant equalization period preceding the termination date to and including the termination date.

Payments obligation are effective on the relevant equalisation date and may not be required by any parties prior to the relevant equalisation date. Payment obligations may be satisfied by payments in cash, by the Fund or the Subsidiary, as applicable, issuing receivables to the other party under such terms as agreed from time to time between them, or by other form of payment acceptable to the Party entitled to receive same.

An amendment to the Equalisation agreement was signed on 14 May 2021 to change the Effective date from 30 December 2020 to 1 October 2020.

Equalisation credit receivable is disclosed under Other receivables in the statement of financial position. Equalisation income is included under the caption Other income in the statement of comprehensive income. There is no equalisation payable or expense to report as at year end.

7. Trade and other receivables/payables

Accrued expenses and income are detailed in the below table:

	30 September 2021 USD	30 September 2020 USD
Interest receivable	32,241,323	7,818,772
Equalisation credit receivable	2,605,417	-
Other interest receivable	150	331
Trade and other receivables	**34,846,890**	**7,819,103**
Formation expenses payable	1,250,000	1,250,000
Management fees payable	864,141	459,361
Operating fees payable	432,071	254,681
Other fees payable	53,106	18,514
Trade payable	15,000	15,000
Trade and other payables	**2,614,318**	**1,997,556**

8. Fees and expenses

Management fees

The General Partner is entitled to an annual management fee, calculated monthly and payable quarterly in arrear, in an amount equal to:

- during the Investment Period, 0.30% per annum of NAV as at the end of the relevant month (before deducting any hedging costs associated with the EUR Hedged Units or the USD Hedged Units); and
- during the Run-Off Period, 0.20% per annum of NAV as at the end of the relevant month (before deducting any hedging costs associated with the EUR Hedged Units or the USD Hedged Units).

The General Partner management fees for the year ended 30 September 2021 amounted to USD 1,632,660 (30 September 2020: USD 509,361) and the fees outstanding at year end were USD 864,141 (30 September 2020: USD 459,361).

8 Fees and expenses (continued)

AIFM, Global Distributor & AML/CFT compliance officer and Portfolio manager fees and Portfolio manager fees

The AIFM is entitled to fees for the performance of its duties and obligations, which are paid by the General Partner out of the management fees, and without further charge to the Fund. The AIFM has been entrusted with portfolio and risk management functions, and certain other tasks assigned to it by the General Partner, for the Fund and has delegated portfolio management functions to the Portfolio manager of the Fund.

The AIFM covers in addition the Global Distribution function and has concluded a distribution agreement in three various jurisdictions. The fees are calculated as a percentage of 1 bps per annum based on the capital commitment with no monthly minimum and 10 bps of assets under distributions for each distributor.

The AIFM has agreed to provide the Fund with the services of a AML/CFT compliance officer, as an independent service provider, to monitor, control and verify compliance of the Fund with its AML /CFT framework and assist the Board in the implementation of procedures and policy in relation to the fight against money laundering and combating the financing of terrorism. No additional fees are charged for the function of AML/CFT compliance officer.

The AIFM, Global Distributor and AML/CFT compliance officer fees during the reporting year amounted to USD 54,280 (30 September 2020: USD 16,978) from which USD 41,462 were outstanding (30 September 2020: USD 16,978). The total distributors fees amounted to USD 515,665 (30 September 2020: USD 161,298) from which USD 393,883 were outstanding (30 September 2020: USD 161,298).

The Portfolio manager fees during the reporting year amounted to USD 1,058,470 (30 September 2020: USD 331,085). from which USD 808,495 were outstanding (30 September 2020: USD 331,085).

The General Partner has under accrued Management fees of AIFM, Global Distributor & AML/CFT compliance officer fees, distributor fees and the Portfolio manager fees amounting to USD 4,245.

As of 30 September 2021, the fund has paid USD 379,699 (30 September 2020 : USD 50,000) to General Partner, which has not been paid by General Partner to the AIFM, distributors and the Portfolio manager at the year end.

Audit fees

Audit fees is paid out of Operating expenses for services that include: (i) audit of the capital accounts on an annual basis; (ii) confirmation, on an annual basis, that the allocations and distributions related to the Partnership have been made correctly and in accordance with the Fund’s documents; (iii) confirmation in writing, on an annual basis, that the calculations required to determine the management fee payable to the General Partner have been made correctly and in accordance with the Fund’s documents.

Administration fees

Administration fees is paid out of Operating expenses by the General Partner for services that include: (i) services as registrar and transfer agent for the Fund; (ii) fund accounting and valuation services; (iii) certain administration and middle office services (including asset valuation calculation, capital calls and distribution management, cash management, payment of fund invoices); (iv) investor services and reporting; (v) corporate and domiciliary services; and (vi) paying agency services.

Accounting and valuation fees are charged progressively based on the net asset value of each sub-fund as of each valuation day as follows:

Daily valuations	
Assets under administration (USD)	Basis point charge
On the first 1bn	3.75 bps
Assets over 1bn	3.50 bps
Monthly valuations	
Assets under administration (USD)	Basis point charge
On the first 1bn	2.75 bps
Assets over 1bn	2.50 bps

8 Fees and expenses (continued)

The accounting and valuation fees are subject to a monthly minimum fee per sub-fund of USD 6,000.
Additional fees may be charged for ad-hoc NAVs, separate portfolio pool or separate redemption side-pocket as described in the Fund's fee schedule.

The Transfer agent fees are calculated on a unit basis, per transaction (USD 75), per distribution event (USD 2,750) and per cash payments (USD 40). In addition the Transfer agent receives a fee for account maintenance and account set-up as described in the Fund's fee schedule.

Financial statements preparation are subject to an annual fee of USD 17,250 for the Fund and its Subsidiary.

Corporate secretarial services and domiciliation for the Fund are subject to time and charges with a minimum of USD 25,000 for the Fund and General Partner and USD 12,500 for the Subsidiary.

The Administration fees during the reporting year amounted to USD 246,332 (30 September 2020: USD 78,215). There were USD 130,380 outstanding as at year end (30 September 2020: USD 78,215).

Depositary fees

Depositary fees is paid out of Operating expenses by the General Partner for services including safekeeping of the Fund's assets, cash flows monitoring, oversight functions and such other services as agreed between the Fund, the AIFM and the Depositary or provided for by applicable laws and regulations.

A rate of 1bps applies for supervisory services with a monthly minimum fee of USD 4,000. Investment restriction monitoring services are charged USD 9,800 per fund per annum and USD 5,600 per fund per annum are charged for cash flow monitoring services.

A global sub-custody fee is payable for safekeeping and transactions in line with the rate card described in the Fund's fee schedule.

Depositary fee incurred during the reporting year amounted to USD 80,303 (30 September 2020: USD 25,400). There were USD 42,503 outstanding as at year end (30 September 2020: USD 25,400).

Other operational expenses

The Fund pays the General Partner a fixed amount in respect of certain operational expenses calculated monthly based on the net asset value as at the relevant month (before deducting any hedging costs associated with the EUR Hedged Units or the USD Hedged Units) and payable quarterly in arrear, as follows:

NAV as at the end of relevant quarter	Amount payable
USD 750 million or below	0.15% per annum
More than 750 million but no more than USD 1.5 billion	0.12% per annum
More than USD 1.5 billion	0.10% per annum

The other operational fees incurred during the reporting year amounted to USD 489,695 (30 September 2020: USD 151,066). There were USD 259,188 outstanding as at year end (30 September 2020: USD 151,066).

Formation expenses

The Fund bears the expenses incurred by the Fund, the General Partner or the AIFM, or any of their affiliates, in connection with the organisation and establishment of the Fund. However, to the extent the Establishment Expenses (excluding VAT) exceed USD 1.25 million as at the Final Closing Date, the General Partner and its affiliates will bear such excess among them, without further recourse to the Fund (provided that if the Fund is wound up before the Final Closing Date, the Establishment Expenses will be borne by the General Partner and its affiliates in full).

Formation expenses incurred during the reporting year amounted to USD Nil. (30 September 2020: USD 1,250,000). There were USD 1,250,000 outstanding at year end.

8 Fees and expenses (continued)

Other expenses and other interest expenses

Other expenses include hedge fees. Other interest expenses are related to cash and are disclosed in the Statement of comprehensive Income.

9. Net assets attributable to redeemable unitholders

Under the limited partnership agreement, each limited partner who has been admitted into the Fund by the General Partner, has committed to contribute a certain amount due in full on a funding date, which are included in net assets attributable to redeemable unitholders.

The Limited Partners' contributions are converted into a number of units as per their respective subscription agreements terms. The classes of units available to the limited partners are USD Unhedged Units, USD Hedged Units and EUR Hedged units, priced at USD 100 and EUR 100.

The contributions are invested by the portfolio manager and in accordance with the investment guidelines described in the private placement memorandum into eligible green bonds and other bonds. Following the investment period, the Fund will seek to distribute interest income, repayment of principal and net proceeds arising from the maturity of investments, subject to the discretion of the General Partner to retain any cash to provide for unexpected costs and liabilities of the Partnership or to prevent the Partnership's potential insolvency.

No Limited Partner may require the redemption of its units save in the circumstances set out in the Partnership agreement.

The General Partner has full power and authority to do all things and discharge all duties or requirements of or imposed on a general partner by the law, on behalf of the Fund and so as to bind the Fund. The Limited Partners take no part in the operation or the management of the Fund, or vote on matters relating to the Fund, other than as provided in the Law or as set out in the limited partnership agreement. They however have access at all reasonable times to the books and accounts of the Fund.

Capital management

As a result of the ability to issue and redeem the units, the net assets attributable to redeemable unitholders of the Fund may vary depending on the redemptions and contributions to the Fund. The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue and redemption of the units beyond those included in the Fund's Private Placement Memorandum.

The Fund's objective when managing net assets is to invest the contributions in investments meeting the description, risk exposure and expected return indicated in its private placement memorandum and to achieve consistent return while safeguarding net assets attributable to redeemable unitholders.

The details of the contributions and units are presented in the Statement of Changes in net assets attributable to redeemable unitholders and the Statement of Changes in units respectively.

10. Forward foreign exchange contracts

As at 30 September 2021, the Fund had entered into forward foreign exchange contract, for the purpose of units hedging, which obliges the Fund to deliver currencies at specified dates against EUR Hedged Units. The Fund held the following open forward foreign exchange contracts:

Counterparty	Currency bought	Bought amount	Currency sold	Sold amount	Maturity date	Unrealised gain/(loss) USD
HSBC Continental Europe, Luxembourg	EUR	206,079,643	USD	(240,692,985)	29 October 2021	(1,866,209)
Total unrealised loss						**(1,866,209)**

10. Forward foreign exchange contracts (continued)

The Fund had the following forward foreign exchange contract as at 30 September 2020:

Counterparty	Currency bought	Bought amount	Currency sold	Sold amount	Maturity date	Unrealised gain/(loss) USD
HSBC France, Luxembourg Branch	EUR	88,083,604	USD	(102,649,725)	30 October 2020	663,450
Total unrealised gain						**663,450**

11. Net realised and unrealised gain/(loss) on financial assets and liabilities at fair value through profit or loss

	30 September 2021 USD	30 September 2020 USD
Unrealised gains/(losses) on investment in the Subsidiary	(6,869,550)	13,044,600
Unrealised gains/(losses) on forward foreign exchange contracts	(2,529,660)	663,450
Realised gains on forward foreign exchange contracts	20,774,191	8,120,740
Realised losses on forward foreign exchange contracts	(26,815,031)	(2,870,899)
Total net realised and unrealised gain/(losses) on financial asset liabilities at fair value through profit or loss	**(15,440,050)**	**18,957,891**

12. Financial risk management objectives and policies

The Fund invests via its Subsidiary principally into fixed income securities, namely eligible green bonds and other bonds. Fixed income securities are subject to interest rate risk as the values of debt securities are likely to fall in period of rising interest rate. The default risk is higher for long maturities debt securities. Fixed income securities are also subject to default risk from the issuer who may not make timely payment of interests and principal. The default risk is higher for lower quality, high yielding debt securities. Investments in Investment Grade debt securities may be downgraded to sub-investment grade and make the securities less tradable. Investments in sub-investment Grade or unrated fixed-income securities carry a higher credit risk, liquidity risk and market risk. The Fund may invest in subordinated loan that rank junior to other debt instruments with a risk that the debt issuer may not be able to satisfy part or all of its obligations in the event of default. The Fund may invest in illiquid Investments, which may limit the Fund's ability to realise and return redemption proceeds in a timely manner. The Fund may invest in private debt instruments, which may be difficult to value or realised.

Investment in unsecured debt instruments implies that the Fund will have no recourse to any assets of the issuer in event of default. Emerging market risk and green bond risk are other types of risks associated with the investment strategy of the Fund as described in the Private Placement Memorandum.

The Fund’s AIFM is responsible for identifying and controlling risks. The Board of Managers supervises the AIFM and is ultimately responsible for the overall risk management of the Fund.

Monitoring and controlling risks is primarily set up to be performed based on limits established by the Board of managers. These limits reflect the business strategy including the risk that the Fund is willing to accept and the market environment of the Fund. In addition, the Fund monitors and measures the overall risk in relation to the aggregate risk exposure across all risks type and activities.

The Fund has investment guidelines that set out its overall business strategies, its tolerance for risk and its general risk management philosophy.

The Fund is subject to market and other risk factors through its Subsidiary including, but not limited to the following:

12. Financial risk management objectives and policies (continued)

12.1 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 interest rates, foreign exchange rates and equity prices. The maximum risk resulting from financial instruments equals their fair value.

(a) Interest Rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in the prevailing market interest rates.

The Fund has indirect exposure to interest rate risk through the assets and liabilities indirectly held through the Subsidiary. The Fund's financial assets at fair value through profit or loss include interest bearing debt instruments at fixed and floating rate.

The majority of these instruments are fixed coupon rate instruments and as such are not subject to cash flow interest rate risk. These instruments are subject to fair value interest rate risk in so far as fluctuations in prevailing level of market interest rates directly influences the market price of the instruments.

The table below shows the proportions of fixed and floating rate indirect investments as at 30 September 2021:

	% Floating by number of investments	**% Fixed by number of investments**	**No. Floating**	**No. Fixed**	**% Floating by Fair Value**	**% Fixed by Fair Value**	**Average Maturity**
HSBC REGIO Fund Holding S.à r.l.	-	98.59%	-	70	-	97.24%	Greater than 5 Years

The table below shows the proportions of fixed and floating rate indirect investments as at 30 September 2020:

	% Floating by number of investments	**% Fixed by number of investments**	**No. Floating**	**No. Fixed**	**% Floating by Fair Value**	**% Fixed by Fair Value**	**Average Maturity**
HSBC REGIO Fund Holding S.à r.l.	1.54%	96.92%	1	63	1.11%	97.95%	Greater than 5 Years

Interest rate sensitivity analysis

Fair value risk: an increase/decrease in the interest rate at the reporting date by +8/-6 basis point would result in a variation of the fair value of financial assets at fair value through profit or loss of USD 438,169/ (USD 329,626) (30 September 2020: +100/-90; USD 4,794,000/(USD 4,315,000)) .
Cash flow risk: an increase/decrease in the interest rate at the reporting date by +8/-6 basis point would result in a variation the cash flow resulting from the interest income on floating rate instruments of Nil (30 September 2020: +100/-90; USD 66/(USD 59)).

The interest rate variation is calculated assuming fluctuations in the USD/LIBOR interest rate.

(b) Currency risk

Currency risk is the risk that the value or future cash flow of a financial instrument will fluctuate due to changes in foreign exchange rates. The Fund may have indirect exposure to foreign currency risk through the assets held in the Portfolio of Investments of the Subsidiary. The Fund may indirectly hold financial assets and financial liabilities that are denominated in currencies other than the USD. Consequently, the value of the Fund's assets may be impacted by fluctuations in currency rates.

12. Financial risk management objectives and policies (continued)

12.1 Market risk (continued)

(b) Currency risk (continued)

As at 30 September 2021, the below exposure to currency risk was identified at the Fund and the Subsidiary level:

	30 September 2021	30 September 2020
Fund's exposure to EUR	Expressed in USD	Expressed in USD
Forwards contracts	240,692,985	102,649,725
Subsidiary's exposure to EUR	Expressed in USD	Expressed in USD
Fixed income securities held by the Subsidiary	9,235,149	-
Total	**249,928,134**	**102,649,725**

Currency risk sensitivity analysis

An increase/decrease in the USD/EUR currency exchange rate at the reporting date by +/- 3% would result in an estimated movement in value as follows:

Fund's exposure to EUR	Change in currency rate	Movement in value expressed in 000' USD
Forwards contracts	+/- 3%	+/- 7,221
Subsidiary's exposure to EUR		
Fixed income securities held by the Subsidiary	+/- 3%	+/- 277

An increase/decrease in the USD/EUR currency exchange rate as at 30 September 2020 by +/- 5% would result in an estimated movement in value as follows:

Fund's exposure to EUR	Change in currency rate	Movement in value expressed in 000' USD
Forwards contracts	+/-5%	+/- 5,132
Subsidiary's exposure to EUR		
Fixed income securities held by the Subsidiary	+/-5%	-

Additional currency risk may arise from the Fund's units classes. Class EUR Hedged units is denominated in a currency other than the functional currency of the Fund and is therefore exposed to currency fluctuations. It is the investment manager's intention to hedge the currency exposure of Euro unitholders to the Fund's base currency.

The Class EUR Hedged units exposure to fluctuations in USD exchange rate at 30 September 2021 is as follows:

	Net assets USD	**Forward contracts USD**	**Net Exposure USD**
Class EUR Hedged Units	242,114,039	(240,692,985)	1,421,053

12. Financial risk management objectives and policies (continued)

12.2 Market risk (continued)

Currency risk sensitivity analysis (continued)

The Class EUR Hedged units exposure to fluctuations in USD exchange rate at 30 September 2020 is as follows:

	Net assets USD	Forward contracts USD	Net Exposure USD
Class EUR Hedged Units	103,192,248	(102,649,725)	542,523

(c) Equity price risk

Equity price risk is the risk that value of the instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. The equity price risk exposure may arise from the Subsidiary's investments in equity securities.

As at 30 September 2021, no equity price risk was identified as there were no investments in equities.

12.2 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient liquidity to meet its obligations or can only do so on terms that are materially disadvantageous. Liquidity risk exposure may arise from redemptions or payment due to counterparties. The Fund manages its liquidity risk with the use of redemption notices and redemption pools as defined in the partnership agreement, payment of redemptions in kind, or in such other manner as the general partner may agree with any limited partner.

The liquidity of the Fund's financial instruments as at 30 September 2021 is detailed below:

	Less than 1 month USD	1-12 months USD	More than 1 year USD	Total USD
Investment in the Subsidiary	-	-	534,871,350	534,871,350
Trade and other receivables	-	34,846,890	-	34,846,890
Cash and cash equivalents	1,816,297	-	-	1,816,297
Total assets	**1,816,297**	**34,846,890**	**534,871,350**	**571,534,537**
Trade and other payables	-	(2,614,318)	-	(2,614,318)
Net assets attributable to redeemable unitholders	-	-	(567,054,010)	(567,054,010)
Total liabilities	**-**	**(2,614,318)**	**(567,054,010)**	**(569,668,328)**

Gross settled derivatives

	Less than 1 month USD	1-12 months USD	More than 1 year USD	Total USD
Derivative financial instruments	-	238,826,776	-	238,826,776
Total assets (gross settled derivatives)	-	**238,826,776**	-	**238,826,776**
Derivative financial instruments	-	(240,692,985)	-	(240,692,985)
Total liabilities (gross settled derivatives)	-	**(240,692,985)**	-	**(240,692,985)**
Net derivatives amount	**-**	**(1,866,209)**	**-**	**(1,866,209)**
Net liquidity	**1,816,297**	**30,366,363**	**(32,182,660)**	**-**

12. Financial risk management objectives and policies (continued)

12.2 Liquidity risk (continued)

The liquidity of the Fund's financial instruments as at 30 September 2020 is detailed below:

	Less than 1 month USD	1-12 months USD	More than 1 year USD	Total USD
Investment in the Subsidiary	-	-	490,932,400	490,932,400
Trade and other receivables	-	7,819,103	-	7,819,103
Cash and cash equivalents	1,808,945	-	-	1,808,945
Total assets	**1,808,945**	**7,819,103**	**490,932,400**	**500,560,448**
Trade and other payables	-	(1,997,556)	-	(1,997,556)
Net assets attributable to redeemable unitholders	**-**	**-**	(499,226,342)	**(499,226,342)**
Total liabilities	**-**	**(1,997,556)**	**(499,226,342)**	**(501,223,898)**

Gross settled derivatives

	Less than 1 month USD	1-12 months USD	More than 1 year USD	Total USD
Derivative financial instruments	-	103,313,175	-	103,313,175
Total assets (gross settled derivatives)	-	**103,313,175**	-	**103,313,175**
Derivative financial instruments	-	(102,649,725)	-	(102,649,725)
Total liabilities (gross settled derivatives)	-	**(102,649,725)**	-	**(102,649,725)**
Net derivatives amount	-	**663,450**	-	**663,450**
Net liquidity	**1,808,945**	**6,484,997**	**(8,293,942)**	**-**

The liquidity of the Subsidiary's financial instruments as at 30 September 2021 is as below:

	Less than 1 month USD	1-12 months USD	More than 1 year USD	Total USD
Investment in fixed income securities and money market fund	15,573,667	-	547,710,751	563,284,418
Trade and other receivables	1,852	5,360,414	-	5,362,266
Cash and cash equivalents	1,261,459	-	-	1,261,459
Total assets	**16,836,978**	**5,360,414**	**547,710,751**	**569,908,143**
Loan payable	-	-	(528,681,300)	(528,681,300)
Trade and other payables	(8,372)	(35,028,452)	-	(35,036,824)
Total liabilities	**(8,372)**	**(35,028,452)**	**(528,681,300)**	**(563,718,124)**
Net liquidity	**16,828,606**	**(29,668,038)**	**19,029,451**	**6,190,019**

12. Financial risk management objectives and policies (continued)

12.2 Liquidity risk (continued)

The liquidity of the Subsidiary's financial instruments as at 30 September 2020 is as below:

	Less than 1 month USD	1-12 months USD	More than 1 year USD	Total USD
Investment in fixed income securities and money market fund	1,805,089	-	487,736,523	489,541,612
Derivative financial instruments	-	2,608,500	-	2,608,500
Trade and other receivables	974,383	5,407,914	-	6,382,297
Cash and cash equivalents	251,151	-	-	251,151
Total assets	**3,030,623**	**8,016,414**	**487,736,523**	**498,783,560**
Loan payable	-	-	(477,872,800)	(477,872,800)
Trade and other payables	-	(7,851,121)	-	(7,851,121)
Total liabilities	**-**	**(7,851,121)**	**(477,872,800)**	**(485,723,921)**
Net liquidity	**3,030,623**	**165,293**	**9,863,723**	**13,059,639**

12.3 Credit risk

The Fund is subject to credit risk which is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment it has entered into. The Fund's indirect investments in debt securities increases the exposure to credit risk as these are subject to the risk that issuers may not make payments on such securities. An issuer suffering an adverse change in its financial condition could lower the credit quality of a security, leading to greater price volatility of the security and impacting the security's liquidity which becomes more difficult to realise. The Fund mitigates this risk by carefully selecting its investments, diversifying and monitoring the credit quality of the securities.

Financial assets subject to IFRS 9's impairment requirements

The Fund's financial assets subject to impairment requirements are cash and cash equivalents (excluding money market fund) and short-term receivables. As at 30 September 2021, the Fund holds cash and cash equivalents (excluding money market fund) for an amount of USD 5,622 (30 September 2020: USD 3,856). These are held with HSBC Continental Europe, Luxembourg Branch rated AA-/A1/A+ as per Fitch/Moody's /S&P's.

Financial assets not subject to IFRS 9's impairment requirements

The Fund's financial assets measured at fair value are not subject to impairment requirements as per IFRS 9. This category includes investments in Subsidiary, derivative assets and money market fund. The money market fund is classified as cash and cash equivalents and rated Aaa/AAA as per Moody's/S&P's.

Under the simplified approach a loss allowance is recognised on the lifetime ECL on short-term receivables with no financing component and cash and cash equivalent. No allowance were deemed necessary and processed on the financial assets of the Fund as at 30 September 2021 (30 September 2020: Nil).

12. Financial risk management objectives and policies (continued)

12.3 Credit risk ratings (continued)

The credit ratings associated with the fixed income securities of the Subsidiary is shown below according to the BB Composite rating:

BB Composite*	Market Value of Bonds in USD 30 September 2021	Market Value of Bonds in USD 30 September 2020
A	-	11,995,262
A-	23,328,980	23,067,671
A+	9,229,789	13,013,800
AA-	7,039,512	20,810,655
B	22,419,814	19,605,751
B+	25,869,468	7,457,125
BB	52,752,817	57,689,317
BB-	137,320,660	107,830,893
BB+	84,628,084	11,838,750
BBB	37,126,366	27,801,238
BBB-	140,123,431	162,530,057
BBB+	7,871,830	21,282,908
Total	**547,710,751**	**484,923,427**

*BB composite rating includes a minor number of securities for which only one pricing source is available.

13. Related party disclosures

The related parties relationships, transactions and balances that have been identified for the Fund at year end are detailed below:

Board of Managers of the General Partner
The Board of managers of the General Partner is composed of four managers in total, two of which are non-executive directors and two directors are HSBC group employees.

Managers of the General Partner who are not employees of the HSBC Group receive a fee of EUR 25,000 per annum per manager. The Managers' fees for the year amounted to USD 30,040. Nil amount was outstanding at year end. The fees are expensed and paid out of the General Partner management fees. The below table summarise the fees paid to related parties and the amounts outstanding as at 30 September 2021:

		Expenses	*Outstanding*	
General Partner Management fees	USD	1,632,660	864,141	(Note 8)
AIFM, Global distributor and AML/CFT officer's fees	USD	54,820	41,462	(Note 8)
Distributors' fees	USD	515,665	393,883	(Note 8)
Portfolio Manager's fees	USD	1,058,470	808,495	(Note 8)
Administrator's fees	USD	246,332	130,380	(Note 8)
Depositary's fees	USD	80,303	42,503	(Note 8)

13. Related party disclosures (continued)

Subsidiary
The name, transactions and balances in relation to the participation of the Fund into the Subsidiary are presented in the below table and relate to the profit participating loan agreement and the equalisation agreement (collectively "agreements"), concluded with the Subsidiary:

Agreements with HSBC REGIO Fund Holding S.à r.l		**30 September 2021 USD**
Loan to the Subsidiary	(Note 6)	528,681,300
Interest income from the Subsidiary	(Note 6)	24,422,551
Equalisation credit income from the Subsidiary	(Note 6,7)	2,605,417

Overdraft facility agreement
The Subsidiary has concluded an uncommitted multi-currency overdraft facility agreement with HSBC Bank plc, a member of the HSBC Group. The amount made available to the Subsidiary is equal to the lesser of: (i) USD 75,000,000 and (ii) 10% of NVAC from time to time. NVAC is meant as the value of the eligible assets less the aggregate amount of the borrower outstanding indebtedness (including, but not limited, to the borrowings under the agreement) and other liabilities, in each case, in the base currency as determined by the bank from time to time. During the year there were no amount withdrawn by the Subsidiary from the overdraft facility.

Account pledge agreement
The Subsidiary entered into an account pledge agreement with the bank, HSBC Bank Plc and the custodian, HSBC Continental Europe, Luxembourg in connection with the multi-currency overdraft facility agreement whereby all claims against the Subsidiary are secured by a pledge over the securities and financial instruments of the Subsidiary. There were no claims to report during the year.

Security deed in relation to custody cash accounts
The Subsidiary has concluded a security deed in relation to custody cash accounts whereby the custodian, HSBC Continental Europe, Luxembourg will secure the payment of unpaid debt with the bank, HSBC Bank Plc. There were no transactions to report during the year.

14. Significant Events

On the 22 October 2020, the Luxembourg Stock Exchange approved the listing of HSBC Real Economy Green Investment Opportunity GEM Bond Fund.

Effective 1 December 2020, HSBC France, Luxembourg Branch, acting as Administration Agent, Depositary Bank, Paying Agent, Corporate and Domiciliary Agent, Registrar and Transfer Agent for the Fund, has transferred its activities to HSBC Continental Europe, Luxembourg. There were no changes in the fees rates, contracts or agreements subsequent to the transfer.

On the 20 October 2020, the Board of managers resolved to delegate authority to any one manager to approve the redemption by transfer of units of one investor. On 20 January 2021, the redemption of the Limited Partner was paid in full for an amount of USD 62,193,389.

On the 30 December 2020 the Fund entered into an equalisation agreement with the Subsidiary. An amendment to the Equalisation agreement was subsequently processed and signed on the 14 May 2021.

During the year, a fifth amended and restated Limited Partnership Agreement was issued and executed on 29 January 2021. On 14 May 2021, an amended Profit Participation Loan agreement was signed by the management of the Fund and of the Subsidiary.

On 14 May 2021 the Subsidiary concluded an uncommitted multi-currency overdraft facility agreement with the custodian, HSBC Continental Europe, Luxembourg (formerly HSBC France, Luxembourg Branch), and the bank, HSBC Bank Plc.

14. Significant Events (continued)

On the same date the Subsidiary concluded a security deed in relation to custody cash accounts with the custodian, HSBC Continental Europe, Luxembourg and the bank, HSBC Bank Plc.

On 14 May 2021 the Subsidiary also entered into an Account pledge agreement with the bank, HSBC Bank Plc and the custodian, HSBC Continental Europe, Luxembourg.

The coronavirus disease (abbreviated as "COVID-19") continues to impact global markets in several ways, including: (i) adding ongoing uncertainty to global markets as there is currently no clarity as to how long the COVID-19 pandemic will continue (ii) impeding regular business operations across many different businesses, including manufacturers and service providers; and (iii) slowing down or stopping international, national, and local travel. All of these factors and more regarding COVID-19's impact on global markets are likely to continue to materially adversely affect the Fund's performance, given the extent that the Fund and its Subsidiary make investments in certain businesses or industries suffering downturns or impediments caused or exacerbated by COVID-19.

The financial impact of the outbreak to date, cannot be estimated reliably. The Board continues to monitor the situation and receives regular updates from the Management Company. As at 30 September 2021, to our knowledge, the impact of COVID-19 has not affected the Investment Managers' ability to execute the investment strategy of the sub-funds, nor has there been interruption to key service providers engaged by the Company.

15. Subsequent Events

There were no payments made or received in relation to the long outstanding payable amounts and interests receivable from the Subsidiary after year end.

With effect on and from 18 October 2021, the Custodian processed to the migration of the Fund and the Subsidiary's bank accounts from HSBC Bank Plc (London) to HSBC Continental Europe (Paris).

16. Further disclosures

In accordance with the Securities Financing Transaction Regulation ("SFTR"), the Fund is responsible for disclosing Securities Financing Transactions ("SFTs") including repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions and margin lending transactions. The Fund did not engage in any of the SFTs here listed during the reporting year.

Sustainability Metrics Annual Impact Reporting (Unaudited)

The Limited partnership agreement provides for the disclosure in the annual accounts of the Fund of a sustainability metrics annual impact reporting including quantitative figures for the Eligible green bonds.

The HSBC REGIO GEM Bond Fund (the “Fund”) identifies available public information and organizes to reflect the aggregated impact of the Fund. This process does not involve filling information gaps and is based only on publicly available information, such as annual impact reports of issuers, dedicated newsletters and official websites of green bond issuers, if available. We identify available reported indicators from each green bond in the Fund active portfolio. Examples of annual impact indicators reported by issuers include the renewable energy generated (GWh/y), energy saved (GWh/y), and water saved (m3/y). In addition, we track the distribution of green bonds in the Fund’s portfolio by sector and geography, according to the issuer’s main location reported information. We also track how the proceeds of each green bond are used by location and sector to enrich the impact reporting. We keep the data collected into the database that is regularly updated.

Avoided Greenhouse Gas (“GHG”) emissions is one of the key indicators for reporting the impact of the Fund’s investments. Specifically, we collect the latest GHG avoidance data reported by green bond issuers. Then we attribute the aggregated GHG avoidance to the Fund’s investment. In the case that some recent investments in green bond issuances do not have impact data published by the issuers when preparing the Fund’s impact report, we do not input any data in the database.

The figures at the year end in relation to eligible green bonds are reflected in the following table and are based on draft data. The impact report is still in finalisation process as at year end:

30 September 2021

	Total amount raised in USD	**Total number of issuers**	**Total CO2 savings for the year**	**CO2 savings Number of bonds**
Eligible Green Bonds	191,687,572	21	1,214,417 tCO2	8

30 September 2020

	Total amount raised in USD	**Total number of issuers**	**Total CO2 savings for the year**	**CO2 savings Number of bonds**
Eligible Green Bonds	128,600,000	14	1,305,042 tCO2e	5

Disclosures under the Alternative Investment Fund Managers Directive (Unaudited)

Risk Management

The AIFM has established a risk management policy and a risk management procedure which describe the process to identify measure, manage, control and report the risks that may be material for the AIFs under management. The policies and procedures contain all the requirements mentioned in Article 40 of the EU Commission Delegated Regulation 231/2013, specifically:

- the arrangements, procedures and techniques the AIFM has in place to measure and manage risks to which the funds are exposed, including liquidity risk management;
- the stress tests and scenario analyses the AIFM conducts on a periodic basis taking into account risks arising from exceptional markets conditions that might adversely impact the funds; and
- the implementation of the risks profiles of the funds and the monitoring of their compliance with the limits set.

The exceptions are reported to the senior management of the AIFM on a frequent basis, through local management committees. Significant exceptions are reported to the Board of Managers of the General Partner.

No active investment restriction or guideline breaches nor significant risk warnings were reported during the year.

Liquidity

The AIFM employs an appropriate liquidity management system and has adopted procedures which enable it to monitor the liquidity risk of the fund and to ensure that the liquidity profile of the investments of the fund complies with its underlying obligations and that the fund will be in a position to satisfy redemptions in accordance with the provisions of the partnership agreement. Liquidity management mechanisms include the use of redemption notices and redemption pools as defined in the partnership agreement, payment of redemptions in kind, or in such other manner as the general partner may agree with any limited partner. There was no material change to be reported during the year.

Leverage

PPM leverage limit: As measured using the gross method, the maximum level of leverage which the AIFM is entitled to employ on behalf of the Fund will not exceed 250% of NAV and as measured using the commitment method, will not exceed 150% of NAV. During the year, there was no change in the maximum level of leverage. As of 30 September 2021, the utilised leverage was 139.5% under gross method and 100.65% under commitment method. During the reporting year, no leverage limit breach was observed.

Remuneration Policy

HSBC Investment Funds (Luxembourg) S.A. (“HIFL”) has implemented a remuneration policy pursuant to the European Directive 2011/61/EU on Alternative Investment Fund managers (“AIFMD”) and the European Commission Delegated Regulation supplementing the AIFMD and implemented into Luxembourg Law of 12 July of 2013 (the “AIFM Regulations”).

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 Fund nor impair compliance with HIFL’s duty to act in the best interest of the Fund.

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

The total amount of remuneration paid by HIFL to the identified staff* of the AIFM during the reporting year ending 30 September 2021 is as follows:

Fixed remuneration: USD 3,024,457.36
Variable remuneration: USD 481,291.81
Number of beneficiaries: 21

Disclosures under the Alternative Investment Fund Managers Directive (Unaudited)

Remuneration Policy (continued)

of which, the disclosure of the fixed and variable remuneration of senior management within HIFL is:

Fixed remuneration: USD 1,666,056.61
Variable remuneration: USD 342,128.71
Number of beneficiaries: 7

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.

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

HSBC Investment Funds (Luxembourg) S.A.

20 January 2022