

HSBC GLOBAL EQUITY INDEX FUND
Managed by HSBC Saudi Arabia Limited
INTERIM CONDENSED FINANCIAL
STATEMENTS (Un-audited)
For the six months period ended 30 June 2016
together with the
Review Report to the Unitholders



KPMG Al Fozan & Partners
Certified Public Accountants
KPMG Tower
Salahudeen Al Ayoubi Road
P. O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia

Telephone +966 11 874 8500
Fax +966 11 874 8600
Internet www.kpmg.com

Licence No. 46/11/323 issued 11/3/1992

REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

To: **The Unitholders**
HSBC Global Equity Index Fund
Riyadh, Kingdom of Saudi Arabia

Scope of Review

We have reviewed the accompanying interim balance sheet of **HSBC Global Equity Index Fund** (the "Fund") managed by HSBC Saudi Arabia Limited (the "Fund Manager") as at 30 June 2016, the related interim statements of income, cash flows and changes in net assets attributable to unitholders for the six-month period then ended and the notes to the interim condensed financial statements from (1) to (11) which form an integral part of these interim condensed financial statements. These interim condensed financial statements are the responsibility of the Fund Manager and have been prepared by them and submitted to us together with all the information and explanations which we required. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

We conducted our review in accordance with the Standard on Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants (SOCPA). A review consists principally of applying analytical procedures to financial data and information and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

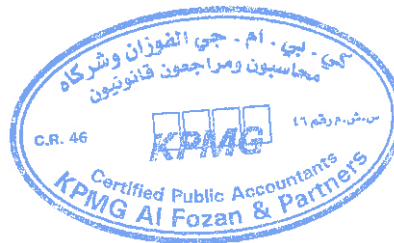
Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying interim condensed financial statements for them to be in conformity with accounting standards generally accepted in the Kingdom of Saudi Arabia.

For KPMG Al Fozan & Partners
Certified Public Accountants

Abdullah Hamad Al Fozan
License No. 348

Date: 7 August 2016
Corresponding to: 4 Dhual-Qa'dah 1437H



HSBC GLOBAL EQUITY INDEX FUND
 Managed by HSBC Saudi Arabia Limited
INTERIM BALANCE SHEET (Un-audited)
 As at 30 June 2016
 (Amounts in US Dollars)

<u>ASSETS</u>	<u>Note</u>	<u>2016</u>	<u>2015</u>
Cash and cash equivalents		15,992	77,386
Held for trading investments	7	16,774,140	16,150,537
Other receivables		52,602	4,482
TOTAL ASSETS		<u>16,842,734</u>	<u>16,232,405</u>
 <u>LIABILITIES</u>			
Other liabilities		4,890	3,884
TOTAL LIABILITIES		<u>4,890</u>	<u>3,884</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>16,837,844</u>	<u>16,228,521</u>
Units in issue (<i>numbers</i>)		<u>900,172</u>	<u>852,041</u>
Net assets attributable to each unit		<u>18.71</u>	<u>19.05</u>

The accompanying notes 1 through 11 form an integral part of these interim condensed financial statements.

HSBC GLOBAL EQUITY INDEX FUND
 Managed by HSBC Saudi Arabia Limited
INTERIM STATEMENT OF INCOME (Un-audited)
 For the six months period ended 30 June 2016
 (Amounts in US Dollars)

	<u>Note</u>	<u>2016</u>	<u>2015</u>
INCOME			
Trading gain, net	8	231,399	359,479
Other income		--	7,591
		<u>231,399</u>	<u>367,070</u>
EXPENSES			
Fund management fee	6	124,213	120,054
Other expenses		18	3,554
		<u>124,231</u>	<u>123,608</u>
NET INCOME FOR THE PERIOD		<u>107,168</u>	<u>243,462</u>

The accompanying notes 1 through 11 form an integral part of these interim condensed financial statements.

HSBC GLOBAL EQUITY INDEX FUND
Managed by HSBC Saudi Arabia Limited
INTERIM STATEMENT OF CASH FLOWS (Un-audited)
For the six months period ended 30 June 2016
(Amounts in US Dollars)

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period	107,168	243,462
Adjustment for:		
Unrealized gain on held for trading investments	(231,554)	(356,220)
	(124,386)	(112,758)
Changes in operating assets and liabilities		
Held for trading investments, net	(369,776)	16,812
Other receivables	(50,069)	(35)
Other liabilities	38	(14,265)
Net cash used in operating activities	(544,193)	(110,246)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of units	564,673	96,493
Payments against redemption of units	(80,335)	(46,763)
Net cash from / (used in) financing activities	484,338	49,730
Net increase in cash and cash equivalents	(59,855)	(60,516)
Cash and cash equivalents at beginning of the period	75,847	137,902
Cash and cash equivalents at end of the period	15,992	77,386

The accompanying notes 1 through 11 form an integral part of these interim condensed financial statements.

HSBC GLOBAL EQUITY INDEX FUND
 Managed by HSBC Saudi Arabia Limited
INTERIM STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
(Un-audited)
 For the six months period ended 30 June 2016
 (Amounts in US Dollars)

	<u>2016</u>	<u>2015</u>
Net assets attributable to unit holders at beginning of the period	16,246,338	15,935,329
Net income for the period	107,168	243,462
Changes from unit transactions		
Proceeds from issuance of units	564,673	96,493
Payments against redemption of units	(80,335)	(46,763)
Net change from unit transactions	484,338	49,730
Net assets attributable to the unit holders at end of the period	16,837,844	16,228,521

UNIT TRANSACTIONS:

	<i>(In numbers)</i>	
Units at beginning of the period	872,613	849,364
Units issued	32,146	5,112
Units redeemed	(4,587)	(2,435)
Net change in units	27,559	2,677
Units at end of the period	900,172	852,041

The accompanying notes 1 through 11 form an integral part of these interim condensed financial statements.

HSBC GLOBAL EQUITY INDEX FUND
Managed by HSBC Saudi Arabia Limited
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Un-audited)
For the six months period ended 30 June 2016

1. THE FUND AND ITS ACTIVITIES

HSBC Global Equity Index Fund (“the Fund”) is an open-ended mutual investment fund created through an agreement between HSBC Saudi Arabia Limited (“the Fund Manager”) and investors (the Unitholders). The Fund has been converted into a feeder fund from 15 May 2014 onwards. The objective of the Fund is to provide appreciation of capital through investments in HSBC Amanah Global Equity Index Fund (“a foreign fund”) of HSBC Amanah Funds SICAV. The foreign fund invests its assets in a diversified portfolio of Shariah compliant equities listed worldwide that constitute the Dow Jones Islamic Market Titans 100 Index.

The Fund is managed by the Fund Manager which also acts as the custodian and the administrator of the Fund. All income is reinvested in the Fund and is reflected in the unit price.

The Fund updated its terms and conditions which were approved by the Capital Market Authority (CMA) on 20 Jumaada al-thaany 1437H (corresponding to 29 March 2016).

The interim results of the Fund may not be an indicator of its annual results of the operations.

2. REGULATING AUTHORITY

The Fund is governed by the Investment Fund Regulations (“the Regulations”) published by CMA on 3 Dhul Hijja 1427H (corresponding to 24 December 2006) detailing requirements for all funds within the Kingdom of Saudi Arabia.

3. SUBSCRIPTION/ REDEMPTION (DEALING DAY & VALUATION DAY)

The Fund is open for subscriptions/ redemptions of units twice weekly on Monday and Wednesday (each being a “Dealing Day”). The value of the Fund’s portfolio is determined twice weekly on Tuesday and Thursday (each being a “Valuation Day”). The net asset value of the Fund for the purpose of purchase or sale of units is determined by dividing the net value of assets (fair value of fund assets *minus* fund liabilities) by the total number of outstanding fund units on the relevant valuation day.

4. BASIS OF PRESENTATION

4.1 Statement of Compliance

These interim condensed financial statements have been presented in accordance with the requirements of accounting standard on interim financial reporting issued by the Saudi Organization of Certified Public Accountants (“the SOCPA”). These interim condensed financial statements do not include all the information presented in annual financial statements; therefore, these interim condensed financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2015.

These interim financial statements were approved by the Fund’s Board of Directors on 7 August 2016 (corresponding to 4 Dhual-Qa’dah 1437H).

4.2 Basis of Measurement

These interim condensed financial statements have been prepared under the historical cost convention, except for the measurement of held for trading investments which are stated at fair value, using accrual basis of accounting and the going concern concept.

4.3 Functional and presentation currency

These interim condensed financial statements are presented in US Dollars (USD) which is the functional currency of the Fund. All financial information presented has been rounded to the nearest USD.

HSBC GLOBAL EQUITY INDEX FUND
 Managed by HSBC Saudi Arabia Limited
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Un-audited)
 For the six months period ended 30 June 2016
 (Amounts in US Dollars)

4. BASIS OF PRESENTATION (CONTINUED)

4.4 Use of estimates and judgments

In the ordinary course of business, the preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

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

5. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES

The significant accounting policies used in the preparation of these interim condensed financial statements are consistent with those used and disclosed in the annual financial statements for the year ended 31 December 2015.

Risk management policies are consistent with those as disclosed in the annual financial statements for the year ended 31 December 2015.

6. MANAGEMENT FEE, CUSTODIAN & FUND ADMINISTRATION FEES AND SUNDRY EXPENSES

The Fund Manager charges to the Fund on each Valuation Day, management fee at a rate of 1.55% per annum (2015: 1.55% per annum) and custody & administration fee at a rate of nil per annum (2015: nil per annum) of the Fund's net assets value. All fees and expenses related to the management of the Fund including but not limited to custody, administration, audit, regulatory fee, index fee, etc, are included in the management fee. The revision in management fee and other charges has been made on the basis of updated terms and conditions of the Fund.

7. HELD FOR TRADING INVESTMENTS

Held for trading investments comprise the following:

	<u>2016</u>	<u>2015</u>
HSBC Global equity index fund (Z class shares) of HSBC Amanah Funds SICAV (<i>an affiliate</i>)	16,774,140	16,150,537
	16,774,140	16,150,537

7.1 As at 30 June 2016, cost of the above held for trading investments amounted to USD 15.71 million (30 June 2015: USD 15.07 million).

8. TRADING GAINS, NET

	<u>2016</u>	<u>2015</u>
Realised (loss) / gain on held for trading investments	(155)	3,259
Unrealised gain on held for trading investments	231,554	356,220
	231,399	359,479

HSBC GLOBAL EQUITY INDEX FUND
 Managed by HSBC Saudi Arabia Limited
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Un-audited)
 For the six months period ended 30 June 2016
 (Amounts in US Dollars)

9. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Fund comprise of HSBC Saudi Arabia Limited (being the Fund Manager, local custodian and the administrator of the Fund, The Saudi British Bank (“SABB”) (being shareholder of the Fund Manager).

In the ordinary course of its activities, the Fund transacts business with related parties. Related party transactions are governed by limits set by the regulations issued by CMA. All the related party transactions are undertaken at mutually agreed prices and approved by the Fund Manager.

Related party transactions for the six months period ended 30 June 2016 and balances arising therefrom are described as under:

Related party	Nature of transactions	Amount of transaction during the period		Closing balance Receivable/ (Payable)	
		2016	2015	2016	2015
HSBC Saudi Arabia Limited (<i>Fund Manager</i>)	Fund management fee	124,213	120,054	(4,890)	(3,446)
	Custody and fund administration fees	--	2,192	--	--
SABB (<i>shareholder</i>)	Cash and cash equivalents	15,992	--	--	77,386

Custody and administration fee was charged at a rate of 0.3% per annum of the Fund's net assets value and was payable to the Fund Manager prior to 17 January 2015 in accordance with the terms and conditions applicable at that time. Subsequent to 17 of January 2015, the custody and administration fee is reduced to nil as per the updated terms and conditions.

Cash and cash equivalents are deposited in a current account maintained with SABB under the name of the Fund Manager (HSBC Saudi Arabia Limited). No interest receivable in this balance.

10. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. Financial instruments comprise of financial assets and financial liabilities.

The Fund's financial assets consist of bank balance, available for sale investments and other receivables; its financial liabilities consist of other liabilities.

Investments are carried at fair values. The fair values of other financial instruments are not materially different from their carrying values.

11. LAST VALUATION DAY

The last valuation day of the period was 30 June 2016 (2015: 30 June 2015).