

HSBC Managed Portfolios Limited

Annual Report June 2012

HSBC Managed Portfolios Limited

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HSBC Managed Portfolios Limited

Manager's Report

for the year ended June 30, 2012

Annual Report Review 2012

Portfolios review

The portfolios experienced a difficult fiscal year led by declines in equity markets as seen in the MSCI AC World index which fell 8.7%. The US was the most resilient among global equity markets providing positive returns above 3% however, other MSCI indices showed the weakness in other regions with Emerging Markets down 16%, Europe and Japan down 16.5% and 6.2%, respectively, in US dollar terms. In addition there was little help from the alternative sector with Hedge Fund of Funds index down 5.3% and commodity indices down over 14%. Bond markets provided some relief however global aggregate indices such as the Barclay Global Aggregate index was only up 2.7%.

- For much of the year we had a positive bias towards US and Emerging Market equities while being negative on Europe. Within bonds we maintained an overweight to investment grade and high yield. Within the alternative sector we moved from an overweight in commodities and hedge fund of funds to an underweight and became more positive on the property sector.

Market review

During the fiscal year global growth slowed while the European debt crisis dominated the financial headlines.

- The US economy has softened with unemployment stalling at 8.2% and consensus growth forecasts have been reduced to a 1.9% to 2.4% range for this year however inflation remains at reasonably low levels making it easier for the Federal Reserve to remain accommodative. In addition the Federal Reserve announced that it would continue its so called "Operation Twist" (purchasing longer term securities and selling short term bonds) to help hold down longer term yields and support the weak recovery.
- Europe continues to struggle with its debt crisis and to coordinate action amongst the nations making up the Euro zone. Germany continues to push for austerity measures while others such as Spain are concerned with being pushed into a deeper recession. Some relief came at the end of June when a European summit produced an agreement for a central supervisor of banks and a method to provide capital without involving government interaction. This provided some relief to investors and although moving slowly, policy makers are at least moving in the right direction.
- Asian markets have suffered from investor concerns with Europe and to some degree lower demand of products from Europe however growth rates remain in the high single digits. In response to slowing growth China cut interest rates for the first time since November 2008 which was a welcome move for the markets. We remain positive on the region and its growth prospects and recently became more positive on Emerging Market bonds.

Outlook

- Our outlook remains cautious as noted last year and we continue to monitor global economic growth which has improved since the 2008 recession but has recently faltered amid the European debt crisis. Despite some pause in growth, corporate earnings have been resilient and believe valuations remain attractive. At the end of the fiscal year we have a slight overweight in equities overall and within bonds we prefer investment grade and high yield. Within the alternative sector we are underweight commodities and alternative hedge funds while being overweight property.

HSBC Global Asset Management (Bermuda) Limited

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



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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders of
HSBC Managed Portfolios Limited (the "Fund")

We have audited the accompanying statements of assets and liabilities of the World Selection – Balanced Portfolio, the World Selection – Cautious Portfolio and the World Selection – Dynamic Portfolio (together constituting "HSBC Managed Portfolios Limited"), including the statements of net assets, as of June 30, 2012 and the related statements of operations and changes in net assets for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HSBC Managed Portfolios Limited as of June 30, 2012 and the results of its operations and changes in its net assets for the year then ended in conformity with U.S. generally accepted accounting principles.

Chartered Accountants
Hamilton, Bermuda
September 28, 2012

HSBC Managed Portfolios Limited
Statements of Assets and Liabilities
as at June 30, 2012

	World Selection - Cautious Portfolio USD	World Selection - Balanced Portfolio USD	World Selection - Dynamic Portfolio USD
Assets			
Investments, at fair value (notes 11, 12 & 16)	117,688,964	113,761,541	46,311,368
Cash and cash equivalents (notes 3 & 16)	5,527,444	1,742,358	208,090
Due from Broker	600,000	1,775,000	100,000
Rebates receivable (note 14)	66,061	75,313	37,927
Dividends receivable	68,717	54,599	13,310
Prepaid expenses	2,673	2,250	-
	123,953,859	117,411,061	46,670,695
Liabilities			
Management and administration fees payable (notes 4, 5 & 15)	446,940	485,157	225,208
Redemptions payable	730,987	53,803	107,900
Dividends payable (note 13)	6,273	-	-
Accounts payable and accrued expenses	31,304	30,798	12,587
	1,215,504	569,758	345,695
Net assets	122,738,355	116,841,303	46,325,000
Net assets attributable to:			
Class AC shares	51,615,591	53,603,618	26,527,327
Class AD shares	2,032,059	3,389,937	-
Class IC shares	67,621,578	56,933,534	15,963,308
Class LC shares	1,469,127	2,914,214	3,834,365
	122,738,355	116,841,303	46,325,000
Shares outstanding (note 10)			
Class AC Shares	363,350	363,666	179,121
Class AD Shares	15,683	23,701	-
Class IC Shares	466,445	379,708	105,960
Class LC Shares	10,342	19,771	25,891
Net asset value per share			
Class AC Shares	USD142.05	USD147.40	USD148.10
Class AD Shares	USD129.57	USD143.03	-
Class IC Shares	USD144.97	USD149.94	USD150.65
Class LC Shares	USD142.05	USD147.40	USD148.10

The accompanying notes form an integral part of these Financial Statements

HSBC Managed Portfolios Limited

Statements of Net Assets

as at June 30, 2012

World Selection - Cautious Portfolio

	Liquidity Period	Holdings in Shares	Purchase Price USD	Fair Value USD	% of Net Assets
Investments in investee funds:					
Alternative					
HSBC Fund of Funds Ltd Alternative Class	Monthly	45,043	7,966,462	8,430,618	6.87
			7,966,462	8,430,618	6.87
Bonds					
Alliance Bernstein Global Bond Portfolio	Daily	1,417,650	13,418,257	13,141,617	10.71
Ashmore Sicav-Ashmore Sicav Emerging Markets Local Currency Bond Fund	Daily	12,171	1,300,000	1,344,668	1.10
BNY Mellon Global Funds plc-BNY Mellon Emerging Markets Debt Local Currency Fund	Daily	1,665,626	1,600,000	1,632,313	1.33
HSBC International Select Fund-MultiAlpha Global Aggregate Bond	Daily	3,548,900	37,160,923	39,037,905	31.81
HSBC International Select Fund-MultiAlpha Global High Yield Bond	Daily	613,037	6,327,169	6,571,759	5.35
Schroder International Selection Fund-Emerging Markets Debt Absolute Return	Daily	33,926	655,415	636,459	0.52
Stone Harbor Investment Fund plc-Stone Harbor Emerging Markets Debt Fund Distributing	Daily	17,867	1,900,000	1,956,282	1.59
Stone Harbor Investment Funds plc-Stone Harbor Emerging Markets Debt Fund	Daily	14,877	2,200,000	2,225,886	1.81
Threadneedle Investment Funds ICVC-European High Yield Bond Fund	Daily	710,393	1,266,888	1,209,655	0.98
Wellington Management Portfolio (Dublin) plc-Opportunistic Emerging Markets Debt Portfolio	Daily	157,787	1,971,082	2,193,245	1.79
			67,799,734	69,949,789	56.99
Commodity					
PIMCO Luxembourg Trust-Commodity Real Return Strategy Fund	Daily	97,050	1,047,532	1,325,706	1.08
Schroder Alternative Solutions Commodity Fund	Daily	24,790	2,916,092	3,191,899	2.60
			3,963,624	4,517,605	3.68
Equities					
East Capital (Lux) Russian Fund	Daily	9,960	750,000	684,844	0.56
HSBC International Select Fund-MultiAlpha Asia Pacific ex-Japan Equity	Daily	172,098	1,974,993	2,004,801	1.63
HSBC International Select Fund-MultiAlpha Europe Equity	Daily	509,135	6,767,956	6,595,896	5.37
HSBC International Select Fund-MultiAlpha Global Emerging Markets Equity	Daily	532,670	5,333,757	5,049,710	4.12
HSBC International Select Fund-MultiAlpha Global Real Estate Equity	Daily	304,578	2,865,791	3,718,898	3.03
HSBC International Select Fund-MultiAlpha Japan Equity	Daily	284,790	2,801,770	2,617,220	2.13
HSBC International Select Fund-MultiAlpha North America Equity	Daily	754,559	6,724,054	7,983,237	6.51
			27,218,321	28,654,606	23.35
Total investments in investee funds			106,948,141	111,552,618	90.89
Investments in securities:					
Equities					
iShares MSCI Emerging Markets Index		32,700	1,408,135	1,281,513	1.05
Partners Group Invest-Listed Private Equity		3,950	300,000	336,142	0.27
PowerShares Listed Private Equity Portfolio		59,500	607,328	525,980	0.43
SPDR S&P 500 ETF Trust		29,300	3,922,220	3,992,711	3.25
			6,237,683	6,136,346	5.00
Total investments in securities			6,237,683	6,136,346	5.00
Total investments			113,185,824	117,688,964	95.89
Other net assets				5,049,391	4.11
Total net assets				122,738,355	100.00

The accompanying notes form an integral part of these Financial Statements

HSBC Managed Portfolios Limited

Statements of Net Assets (Continued)

as at June 30, 2012

World Selection - Balanced Portfolio

	Liquidity Period	Holdings in Shares	Purchase Price USD	Fair Value USD	% of Net Assets
Investments in investee funds:					
Alternative					
HSBC Fund of Funds Ltd Alternative Class	Monthly	31,008	4,681,648	5,803,822	4.97
			4,681,648	5,803,822	4.97
Bonds					
Alliance Bernstein Global Bond Portfolio	Daily	776,422	7,345,641	7,197,429	6.16
Ashmore Sicav-Ashmore Sicav Emerging Markets Local Currency Bond Fund	Daily	10,299	1,100,000	1,137,796	0.97
BNY Mellon Global Funds plc-BNY Mellon Emerging Markets Debt Local Currency Fund	Daily	1,457,422	1,400,000	1,428,274	1.22
HSBC International Select Fund-MultiAlpha Global Aggregate Bond	Daily	1,925,122	20,194,224	21,176,345	18.13
HSBC International Select Fund-MultiAlpha Global High Yield Bond	Daily	526,951	5,438,651	5,648,917	4.83
Schroder International Selection Fund-Emerging Markets Debt Absolute Return	Daily	30,012	579,790	563,021	0.48
Stone Harbor Investment Fund plc-Stone Harbor Emerging Markets Debt Fund Distributing	Daily	15,046	1,600,000	1,647,395	1.41
Stone Harbor Investment Funds plc-Stone Harbor Emerging Markets Debt Fund	Daily	14,877	2,200,000	2,225,886	1.91
Threadneedle Investment Funds ICVC-European High Yield Bond Fund	Daily	598,850	1,068,122	1,019,720	0.87
Wellington Management Portfolio (Dublin) plc-Opportunistic Emerging Markets Debt Portfolio	Daily	152,043	1,895,896	2,113,403	1.81
			42,822,324	44,158,186	37.79
Commodity					
PIMCO Luxembourg Trust-Commodity Real Return Strategy Fund	Daily	30,672	331,663	418,975	0.36
Schroder Alternative Solutions Commodity Fund	Daily	38,035	4,500,000	4,897,431	4.19
			4,831,663	5,316,406	4.55
Equities					
East Capital (Lux) Russian Fund	Daily	17,895	1,450,000	1,230,520	1.06
HSBC International Select Fund-MultiAlpha Asia Pacific ex-Japan Equity	Daily	258,894	3,063,131	3,015,913	2.58
HSBC International Select Fund-MultiAlpha Europe Equity	Daily	923,750	12,507,551	11,967,286	10.24
HSBC International Select Fund-MultiAlpha Global Emerging Markets Equity	Daily	1,031,574	10,233,707	9,779,322	8.37
HSBC International Select Fund-MultiAlpha Global Real Estate Equity	Daily	413,631	4,049,092	5,050,431	4.32
HSBC International Select Fund-MultiAlpha Japan Equity	Daily	464,147	4,522,001	4,265,507	3.65
HSBC International Select Fund-MultiAlpha North America Equity	Daily	1,229,103	11,235,594	13,003,915	11.13
			47,061,076	48,312,894	41.35
Total investments in investee funds			99,396,711	103,591,308	88.66
Investments in securities:					
Equities					
iShares MSCI Emerging Markets Index		61,000	2,620,649	2,390,590	2.05
Partners Group Invest-Listed Private Equity		5,925	450,000	504,213	0.43
PowerShares Listed Private Equity Portfolio		98,500	1,004,708	870,740	0.74
SPDR S&P 500 ETF Trust		47,000	6,291,174	6,404,690	5.48
			10,366,531	10,170,233	8.70
Total investments in securities			10,366,531	10,170,233	8.70
Total investments			109,763,242	113,761,541	97.36
Other net assets				3,079,762	2.64
Total net assets				116,841,303	100.00

The accompanying notes form an integral part of these Financial Statements

HSBC Managed Portfolios Limited

Statements of Net Assets (Continued)

as at June 30, 2012

World Selection - Dynamic Portfolio

	Liquidity Period	Holdings in Shares	Purchase Price USD	Fair Value USD	% of Net Assets
Investments in investee funds:					
Alternative					
HSBC Fund of Funds Ltd Alternative Class	Monthly	8,262	1,338,549	1,546,440	3.34
			1,338,549	1,546,440	3.34
Bonds					
Ashmore Sicav-Ashmore Sicav Emerging Markets Local Currency Bond Fund	Daily	2,809	300,000	310,308	0.67
BNY Mellon Global Funds Plc-BNY Mellon Emerging Markets Debt Local Currency Fund	Daily	364,356	350,000	357,069	0.77
HSBC International Select Fund-MultiAlpha Global Aggregate Bond	Daily	417,940	4,509,418	4,965,127	10.72
HSBC International Select Fund-MultiAlpha Global High Yield Bond	Daily	161,297	1,707,161	1,972,660	4.26
Schroder International Selection Fund-Emerging Markets Debt Absolute Return	Daily	6,524	126,041	122,396	0.26
Stone Harbor Investment Fund plc-Stone Harbor Emerging Markets Debt Fund Distributing	Daily	4,232	450,000	463,330	1.00
Stone Harbor Investment Funds plc-Stone Harbor Emerging Markets Debt Fund	Daily	3,381	500,000	505,883	1.09
Threadneedle Investment Funds ICVC-European High Yield Bond Fund	Daily	261,724	466,816	445,662	0.96
Wellington Management Portfolio (Dublin) plc-Opportunistic Emerging Markets Debt Portfolio	Daily	38,118	484,716	529,835	1.14
			8,894,152	9,672,270	20.87
Commodity					
PIMCO Luxembourg Trust-Commodity Real Return Strategy Fund	Daily	41,590	450,000	568,115	1.23
Schroder Alternative Solutions Commodity Fund	Daily	11,332	1,349,614	1,459,140	3.15
			1,799,614	2,027,255	4.38
Equities					
East Capital (Lux) Russian Fund	Daily	10,555	850,000	725,804	1.57
HSBC International Select Fund-MultiAlpha Asia Pacific ex-Japan Equity	Daily	168,283	2,041,168	1,960,360	4.23
HSBC International Select Fund-MultiAlpha Europe Equity	Daily	546,096	7,481,587	7,074,733	15.27
HSBC International Select Fund-MultiAlpha Global Emerging Markets Equity	Daily	587,743	6,058,364	5,571,801	12.03
HSBC International Select Fund-MultiAlpha Global Real Estate Equity	Daily	186,959	1,775,336	2,307,079	4.98
HSBC International Select Fund-MultiAlpha Japan Equity	Daily	288,364	2,815,577	2,650,069	5.72
HSBC International Select Fund-MultiAlpha North America Equity	Daily	663,912	5,979,981	7,024,186	15.16
			27,002,013	27,314,032	58.96
Total investments in investee funds			39,034,328	40,559,997	87.55
Investments in securities:					
Equities					
iShares MSCI Emerging Markets Index		37,300	1,611,199	1,461,787	3.16
Partners Group Invest-Listed Private Equity		5,267	400,000	448,190	0.97
PowerShares Listed Private Equity Portfolio		61,500	636,144	543,660	1.17
SPDR S&P 500 ETF Trust		24,200	3,246,354	3,297,734	7.12
			5,893,697	5,751,371	12.42
Total investments in securities			5,893,697	5,751,371	12.42
Total investments			44,928,025	46,311,368	99.97
Other net assets				13,632	0.03
Total net assets				46,325,000	100.00

The accompanying notes form an integral part of these Financial Statements

HSBC Managed Portfolios Limited
Statements of Operations
for the year ended June 30, 2012

	World Selection - Cautious Portfolio USD	World Selection - Balanced Portfolio USD	World Selection - Dynamic Portfolio USD
Income			
Dividend income (net of withholding tax of 15,707, 26,426 and 15,423, respectively)	2,176,508	1,425,935	62,293
Rebate income (note 14)	90,172	102,907	52,208
Interest income	896	621	74
	<u>2,267,576</u>	<u>1,529,463</u>	<u>114,575</u>
Expenses			
Management and administration fees (notes 4, 5 & 15)	1,660,776	1,800,900	818,726
Audit fees	22,818	21,385	8,329
Directors' fees (note 8)	4,327	4,028	1,512
Other expenses	18,409	16,556	9,394
	<u>1,706,330</u>	<u>1,842,869</u>	<u>837,961</u>
Net investment income/(loss)	<u>561,246</u>	<u>(313,406)</u>	<u>(723,386)</u>
Net realized gains on sale of investments	1,955,912	2,077,975	651,380
Net change in unrealized loss on investments	(4,297,764)	(7,232,413)	(4,163,820)
	<u>(2,341,852)</u>	<u>(5,154,438)</u>	<u>(3,512,440)</u>
Net decrease in net assets resulting from operations	<u>(1,780,606)</u>	<u>(5,467,844)</u>	<u>(4,235,826)</u>

The accompanying notes form an integral part of these Financial Statements

HSBC Managed Portfolios Limited

Statements of Changes in Net Assets

for the year ended June 30, 2012

World Selection - Cautious Portfolio	Class AC USD	Class AD USD	Class IC USD	Class LC USD	Total
Net assets at start of the year	57,205,901	2,629,012	69,442,662	1,026,223	130,303,798
Net decrease in net assets from operations					
Net investment income	138,974	6,652	412,734	2,886	561,246
Net realized gain on sale of investments	818,932	39,700	1,078,159	19,121	1,955,912
Net change in unrealized loss on investments	(1,970,668)	(80,160)	(2,218,543)	(28,393)	(4,297,764)
	(1,012,762)	(33,808)	(727,650)	(6,386)	(1,780,606)
Subscriptions and redemptions					
Proceeds on issue of shares	4,627,897	224,921	4,857,052	669,185	10,379,055
Payments on redemption of shares	(9,205,445)	(778,806)	(5,950,486)	(219,895)	(16,154,632)
	(4,577,548)	(553,885)	(1,093,434)	449,290	(5,775,577)
Dividends (note 13)	-	(9,260)	-	-	(9,260)
Net assets at end of the year	51,615,591	2,032,059	67,621,578	1,469,127	122,738,355
World Selection - Balanced Portfolio					
	Class AC USD	Class AD USD	Class IC USD	Class LC USD	Total
Net assets at start of the year	57,825,862	3,890,967	57,651,458	1,942,460	121,310,747
Net decrease in net assets from operations					
Net investment loss	(224,893)	(14,835)	(63,000)	(10,678)	(313,406)
Net realized gains on sale of investments	980,267	66,084	987,219	44,405	2,077,975
Net change in unrealized loss on investments	(3,449,993)	(228,434)	(3,432,479)	(121,507)	(7,232,413)
	(2,694,619)	(177,185)	(2,508,260)	(87,780)	(5,467,844)
Subscriptions and redemptions					
Proceeds on issue of shares	5,628,477	73,500	7,263,294	1,473,937	14,439,208
Payments on redemption of shares	(7,156,102)	(397,345)	(5,472,958)	(414,403)	(13,440,808)
	(1,527,625)	(323,845)	1,790,336	1,059,534	998,400
Net assets at end of the year	53,603,618	3,389,937	56,933,534	2,914,214	116,841,303

The accompanying notes form an integral part of these Financial Statements

HSBC Managed Portfolios Limited
Statements of Changes in Net Assets (Continued)
for the year ended June 30, 2012

World Selection - Dynamic Portfolio	Class AC USD	Class IC USD	Class LC USD	Total
Net assets at start of the year	27,775,507	18,176,671	3,262,839	49,215,017
Net decrease in net assets from operations				
Net investment loss	(440,570)	(225,136)	(57,680)	(723,386)
Net realized gains on sale of investments	370,110	232,623	48,647	651,380
Net change in unrealized loss on investments	(2,428,188)	(1,466,313)	(269,319)	(4,163,820)
	(2,498,648)	(1,458,826)	(278,352)	(4,235,826)
Subscriptions and redemptions				
Proceeds on issue of shares	4,456,838	1,499,708	1,582,314	7,538,860
Payments on redemption of shares	(3,206,370)	(2,254,245)	(732,436)	(6,193,051)
	1,250,468	(754,537)	849,878	1,345,809
Net assets at end of the year	26,527,327	15,963,308	3,834,365	46,325,000

The accompanying notes form an integral part of these Financial Statements

HSBC Managed Portfolios Limited

Notes to the Financial Statements

for the year ended June 30, 2012

1. The Fund

The HSBC Managed Portfolios Limited (the "Fund") is an open-ended exempted mutual fund company incorporated with limited liability and unlimited duration in Bermuda on August 23, 2002 in accordance with The Companies Act 1981 of Bermuda.

The Fund has been classified as a standard fund in accordance with the Bermuda Monetary Authority Investment Funds Act 2006, with effect from July 6, 2007.

The investment objective of the Fund is to achieve high total return over time consistent with an emphasis on capital growth and income while attempting to limit risk through investment in a diversified portfolio of mutual funds.

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

The Shares of the Fund are divided into several portfolios ("Portfolios") for which the Fund maintains separate accounts. The assets of each Portfolio of the Fund are held exclusively for the benefit of the holders of the shares of the relevant Portfolio. However, all assets of the Fund are subject to the general creditors of the Fund, in that the assets of each Portfolio may be exposed to the liabilities of other Portfolios within the Fund. At June 30, 2012, the Directors were not aware of any such specific existing or contingent liabilities. The Portfolios and share classes existing as at June 30, 2012 were as follows:

	Date of Inception
World Selection – Cautious Portfolio – Class AC - USD	October 16, 2002
World Selection – Cautious Portfolio – Class AD - USD	October 16, 2002
World Selection – Cautious Portfolio – Class IC - USD	October 16, 2002
World Selection – Cautious Portfolio – Class LC - USD	October 14, 2010
World Selection – Balanced Portfolio – Class AC - USD	October 16, 2002
World Selection – Balanced Portfolio – Class AD - USD	October 16, 2002
World Selection – Balanced Portfolio – Class IC - USD	October 16, 2002
World Selection – Balanced Portfolio – Class LC - USD	October 14, 2010
World Selection – Dynamic Portfolio – Class AC - USD	October 16, 2002
World Selection – Dynamic Portfolio – Class IC - USD	October 16, 2002
World Selection – Dynamic Portfolio – Class LC - USD	October 14, 2010

2. Significant Accounting Policies

The accompanying financial statements are prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"). The significant accounting and reporting policies adopted by the Fund are as follows:

- (a) Investment transactions and income
Investment transactions are recorded on the trade date. Realized gains and losses on investment transactions are calculated on a weighted average cost basis and are included in the statements of operations.

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

- (b) Valuation of investments
In accordance with U.S. GAAP, fair value is defined as the price that the Fund would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date.

HSBC Managed Portfolios Limited

Notes to the Financial Statements (Continued)

for the year ended June 30, 2012

2. Significant Accounting Policies (continued)

(b) Valuation of investments (continued)

Accounting guidelines for fair value measurements establishes a framework for measuring fair value, and a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Fund. Unobservable inputs reflect the Fund's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. Each investment is assigned a level based upon the observability of the inputs which are significant to the overall valuation. The three-tier hierarchy of inputs is summarized below:

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

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

Investments are valued as follows:

- Investments in investee funds are valued based on reported net asset value per share as provided by the administrators of the investee funds. The Fund's ability to redeem its investment with the investee fund on the reporting date at the reported net asset value per share and any redemption restrictions for the investee fund, will determine which level in the fair value hierarchy the investment will fall into. The Fund classifies all short-term investments in investee funds with daily liquidity as Level 1 and with monthly liquidity as Level 2 within the fair value hierarchy.
- Securities that are listed on a national securities exchange are valued at the last reported sale price on the last business day of the year. In the event that a sale does not occur on the last business day of the year, such securities are valued at the "bid" price as reported by the principal securities exchange on which such securities are traded. To the extent that these securities are actively traded and valuation adjustments are not applied, they are categorized in Level 1 of the fair value hierarchy.

(c) Cash and cash equivalents

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

(d) Interest and dividend income

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

(e) Rebate income

Rebate income is calculated based on investments in certain investee funds and is recorded on an accrual basis.

(f) Expenses

The Fund bears all operating expenses which are allocated between all Portfolios in proportion to the respective net asset value of each Portfolio unless the expense is solely attributable to a specific Portfolio upon which it is allocated to that respective Portfolio.

HSBC Managed Portfolios Limited

Notes to the Financial Statements (Continued)

for the year ended June 30, 2012

2. Significant Accounting Policies (continued)

- (g) Use of estimates
The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.
- (h) Foreign currency translation
Assets and liabilities denominated in currencies other than the base currency of each Portfolio are translated into the base currency at the rate prevailing at the date of the financial statements. Transactions during the year in currencies other than the base currency have been translated into the base currency at the rate of exchange prevailing on the date of the transaction. Realized and unrealized gains and losses on translation of investment balances are included in the statements of operations under "net realized gains on sale of investments" and "net change in unrealized loss on investments", respectively. All other realized and unrealized gains and losses are included in the line item to which they relate.
- (i) Mandatory redeemable financial instruments
Financial instruments, mandatorily redeemable at the option of the holder, are classified as liabilities when a redemption request has been received and the redemption amount has been determined.
- (j) Allocation of profits and losses
All investment income and loss, realized and unrealized gains and losses of each Portfolio is allocated to each class of shares outstanding on a daily basis in proportion to their interest in the net asset value of the Portfolio.
- (k) New Accounting Pronouncement
In May 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2011-04, Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and International Financial Reporting Standards ("IFRSs"), which amends U.S. GAAP to conform it with fair value measurement and disclosure requirements in IFRSs. The amendments are of two types: (i) those that clarify the FASB's intent about the application of existing fair value measurement and disclosure requirements and (ii) those that change a particular principle or requirement for measuring fair value or for disclosing information about fair value measurement. The amendments that change a particular principle or requirement for measuring fair value or disclosing information about fair value measurements relate to (i) measuring the fair value of the financial instruments that are managed within a portfolio; (ii) application of premium and discount in a fair value measurement; and (iii) additional disclosures about fair value measurements. The amendments are to be applied prospectively and are effective for annual periods beginning after December 15, 2011. The Manager is currently evaluating the impact this accounting standard update will have on the Company's financial statements.

3. Cash and Cash Equivalents and Bank Overdraft

- (a) Cash and cash equivalents
Cash and fixed deposit balances are held with the Bank. Cash equivalents comprise investments in HSBC Corporate Money Funds Limited.

	World Selection - Cautious Portfolio USD	World Selection - Balanced Portfolio USD	World Selection - Dynamic Portfolio USD
Cash at bank	10,088	30,023	22,340
Money market fund	5,517,356	1,712,335	185,750
	5,527,444	1,742,358	208,090

HSBC Managed Portfolios Limited

Notes to the Financial Statements (Continued)

for the year ended June 30, 2012

3. Cash and Cash Equivalents and Bank Overdraft (continued)

(b) Bank overdraft

Under an agreement dated October 16, 2006 and amended December 17, 2010, the Bank made available an overdraft facility to the Fund. The maximum amount that may be advanced is the lesser of the sum of 10% of the Net Assets in Custody ("NVAC") held in the Bank's custody for each Portfolio or USD6,750,000.

Under the terms of the agreement, all assets of the Fund held in the Bank's custody are pledged as security against advances made by the Bank. The amount outstanding is due upon demand and interest is payable on balances drawn at an amount equal to the Bank's base rate plus 125 basis points. At June 30, 2012, nil is outstanding under this facility.

(c) Foreign exchange transactions facility

Under an agreement dated October 16, 2006 and amended December 9, 2011, the Bank made available a foreign exchange transactions facility to the Fund, up to a maximum of the lesser of USD18,000,000 or 100% of the NAV of each Portfolio. At June 30, 2012, nil is outstanding under this facility. The facility is collateralized by the Fund's assets held in the Bank's custody.

4. Manager

Under an agreement dated August 29, 2002 and amended on October 11, 2006, the Manager is entitled to receive a quarterly fee calculated at a rate outlined below of the average of the weekly value of the net assets of each of the Portfolios during the quarter. If the current fee rate is to be changed, notice must first be given to the Fund and Shareholders. The maximum management fee permitted under the terms of the amended agreement is 2.50% per annum in the case of each Class. The fee rates incurred during the year were as follows:

<u>Portfolio</u>	<u>Class</u>	<u>Rate</u>
World Selection - Cautious	AC	1.95%
World Selection - Cautious	AD	1.95%
World Selection - Cautious	IC	1.60%
World Selection - Cautious	LC	1.95%
World Selection - Balanced	AC	2.15%
World Selection - Balanced	AD	2.15%
World Selection - Balanced	IC	1.85%
World Selection - Balanced	LC	2.15%
World Selection - Dynamic	AC	2.20%
World Selection - Dynamic	IC	1.90%
World Selection - Dynamic	LC	2.20%

The fees and expenses payable to the Custodian and Administrator by the Fund will proportionately reduce amounts payable by the Fund to the Manager (see also note 15). For the year ended June 30, 2012, the Manager invested certain of the Fund's assets in various other HSBC Funds. In respect of investments in other HSBC funds, the Manager waives from the quarterly fee the amount of the management fee of the underlying fund.

5. Administrator

Under an agreement dated August 29, 2002 between the Fund and HSBC Securities Services (Bermuda) Limited (the "Administrator"), a wholly-owned subsidiary of the Bank, the Administrator agreed to act as share registrar, transfer agent, secretary and to provide accounting and administrative services to the Fund. The Administrator is entitled to receive fees from the Fund for services provided as agreed from time to time between the Fund and the Administrator out of fees payable to the Manager.

The Administrator is also entitled to receive from the Fund an amount equal to the out-of-pocket expenses incurred in carrying out its duties.

HSBC Managed Portfolios Limited

Notes to the Financial Statements (Continued)

for the year ended June 30, 2012

6. Custodian

Under an agreement effective October 2, 2006, HSBC Institutional Trust Services (Bermuda) Limited was appointed as Custodian for the Fund. The Custodian is entitled to receive fees from the Fund for services provided at such rates agreed from time to time between the Fund and the Custodian out of fees payable to the Manager. The Custodian fees are charged on a per transaction basis.

The Custodian is also entitled to receive from the Fund an amount equal to the out-of-pocket expenses incurred in carrying out its duties.

7. Taxation

At the present time no income, corporation profit or capital gains taxes are levied in Bermuda and accordingly no provision for such taxes has been recorded by the Fund. In the event that such taxes are levied, the Fund received an undertaking from the Bermuda Government under the Exempted Undertaking Tax Protection Act 1966, exempting it from all such taxes until March 28, 2016.

8. Directors' Fees

Each of the Directors is entitled to receive from the Fund a fee at such rate as may be set from time to time by the Board of Directors, provided such remuneration shall not exceed an aggregate of USD30,000 per annum without prior consent of the shareholders in a general meeting. The Directors may also be reimbursed for all travel, hotel and other expenses properly incurred by them in attending meetings of the Fund. No such fees will be payable where the Director is employed by the Bank or any of its subsidiaries or affiliates.

For the year ended June 30, 2012, Mr. William D. Thomson and Ms. Julie E. McLean each received an annual fee of USD5,000.

9. Directors' Interests

As at June 30, 2012, the Directors held nil shares of each Portfolio.

10. Share Capital

The present authorized share capital of USD100,000 of the Fund is divided into 9,999,900 voting participating shares ("Shares") of USD0.01 par value each and 100 founders' shares of USD0.01 par value each. The Manager holds all of the founders shares, \$nil paid. The founders' shares do not have any voting or other rights and are only entitled to the return of capital paid upon winding up. Participating shares may be subscribed for and redeemed on a weekly basis. Shareholders requesting redemption of shares must give a prior written notice and should be received by the Administrator by 12:00 noon (Bermuda time) on Wednesday of each week and/or such other day or days as the Manager may determine.

	World Selection - Cautious Portfolio Class AC	World Selection - Cautious Portfolio Class AD	World Selection - Cautious Portfolio Class IC	World Selection - Cautious Portfolio Class LC
Shares in issue July 1, 2011	396,525	19,893	473,314	7,113
Shares issued during the year	32,860	1,705	34,105	4,777
Shares redeemed during the year	(66,035)	(5,915)	(40,974)	(1,548)
Shares in issue June 30, 2012	363,350	15,683	466,445	10,342

HSBC Managed Portfolios Limited
Notes to the Financial Statements (Continued)
for the year ended June 30, 2012

10. Share Capital (continued)

	World Selection - Balanced Portfolio Class AC	World Selection - Balanced Portfolio Class AD	World Selection - Balanced Portfolio Class IC	World Selection - Balanced Portfolio Class LC
Shares in issue July 1, 2011	374,710	25,983	368,351	12,587
Shares issued during the year	37,866	495	48,483	10,032
Shares redeemed during the year	(48,910)	(2,777)	(37,126)	(2,848)
Shares in issue June 30, 2012	363,666	23,701	379,708	19,771

	World Selection - Dynamic Portfolio Class AC	World Selection - Dynamic Portfolio Class IC	World Selection - Dynamic Portfolio Class LC
Shares in issue July 1, 2011	172,251	111,143	20,235
Shares issued during the year	28,326	9,709	10,598
Shares redeemed during the year	(21,456)	(14,892)	(4,942)
Shares in issue June 30, 2012	179,121	105,960	25,891

11. Cost of Investments

Cost of Investments as at June 30, 2012	USD
World Selection - Cautious Portfolio	113,185,824
World Selection - Balanced Portfolio	109,763,242
World Selection - Dynamic Portfolio	44,928,025

12. Financial Instruments and Associated Risks

Price Risk

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

Currency Risk

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

Interest Rate Risk

The Fund is exposed to interest rate risk to the extent that the fair value of the Fund's financial instruments may fluctuate with movements in interest rates. The Fund may use forward contracts for hedging purposes and as independent profit opportunities and invest in other investment companies exposed to significant interest rate risk. The Fund's exposure to interest rate risk through its investment in investee funds is limited to its investment in such funds.

HSBC Managed Portfolios Limited

Notes to the Financial Statements (Continued)

for the year ended June 30, 2012

12. Financial Instruments and Associated Risks (continued)

Liquidity Risk

The Fund mainly invests in certain sub-funds of HSBC International Select Fund. The Fund invests in other investment companies that are not publicly traded or for which there is no liquid market. The Fund is exposed to liquidity risk to the extent that it is unable to realize its positions to meet liabilities and redemptions as they fall due in a timely and favorable manner. The liquidity profile of the Fund's investment portfolio as at June 30, 2012 is disclosed in the statements of net assets. The Fund manages liquidity risk by investing mainly in funds with daily redemptions.

Credit Risk

Credit risk is the risk that a counterparty will fail to discharge its obligation or commitment related to a financial instrument it has issued. Financial assets that potentially expose the Fund to credit risk consist primarily of cash and cash equivalents, investments, due from broker, dividends and rebates receivable. The extent of the Fund's exposure to credit risk in respect of these financial assets approximate the carrying values as recorded in the statements of assets and liabilities. Credit risk is managed by dealing with reputable counterparties.

Investments in Other Investment Funds

The investments in other investment funds (the "investee funds") are valued at their fair value. The fair value represents the amount the Fund would have received at June 30, 2012 if it had liquidated its investments. The Fund has the ability to liquidate its investments periodically depending on the provisions of the respective investee funds' offering documents.

Cautious Portfolio – USD, Balanced Portfolio – USD and Dynamic Portfolio – USD had invested 60%, 63% and 72%, respectively, as of June 30, 2012 of their net assets in HSBC International Select Fund, a fund managed by HSBC Investment Funds (Luxembourg) S.A. and administered by RBC Dexia Investor Services Bank S.A. HSBC International Select Fund is an open ended investment company with multiple sub-funds organized under the laws of Luxembourg and offers several portfolios with various investment objectives through investing in global government bonds, corporate bonds and emerging market debt. The Fund and HSBC International Select Fund are related due to having investment managers under common control.

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

The agreements relating to investments in investee funds provide for compensation to the investment managers in the form of management fees generally ranging from 0.04% to 0.25% per annum of net assets.

Complete information about the underlying investments held by the investee funds is not readily available, so it is unknown whether the investee funds hold any single investment whereby the Portfolio's proportionate share exceeds 5% of the Portfolio's net assets as of June 30, 2012.

HSBC Managed Portfolios Limited

Notes to the Financial Statements (Continued)

for the year ended June 30, 2012

13. Dividends

The Directors' intention is to declare semi-annual dividends with respect to the World Selection-Cautious Portfolio and the World Selection-Balanced Portfolio. There were no dividends declared pertaining to World Selection-Dynamic Portfolio. During the year ended June 30, 2012, the Directors of the Fund declared the following dividends:

Dividends Declared		
	World Selection - Cautious Portfolio USD	World Selection - Balanced Portfolio USD
Class AC dividends declared	-	-
Class AD dividends declared	9,260	-
Class IC dividends declared	-	-
Class LC dividends declared	-	-
Total dividends declared	9,260	-
Class AC dividends payable	-	-
Class AD dividends payable	6,273	-
Class IC dividends payable	-	-
Class LC dividends payable	-	-
Total dividends payable	6,273	-

The Directors are empowered to declare and pay dividends on any Class of Shares in the Fund. It is intended that at least 85% of each of the World Selection-Cautious Portfolio's, and the World Selection-Balanced Portfolio's net investment income, in Class AD that is income from dividends, interest or otherwise, less that Portfolio's incurred expenses, will be distributed by way of dividend. Dividends will normally be declared on a semi-annual basis.

14. Rebate Income

Under a sub-distribution agreement dated July 6, 2009 for HSBC International Select Fund, the Manager serves as a sub-distributor of the investee funds. Effective October 2006, the Fund started recording on an accruals basis rebates directly into the Fund. Rebates are earned quarterly and are calculated weekly at a rate ranging from 0.04% to 0.25% of the average of the weekly values of HSBC International Select Fund positions held by each Portfolio.

15. Management and Administration Fees

	World Selection - Cautious Portfolio USD	World Selection - Balanced Portfolio USD	World Selection - Dynamic Portfolio USD
Class AC management and administration fees	803,968	926,428	495,191
Class AD management and administration fees	37,749	62,108	-
Class IC management and administration fees	800,622	769,959	258,745
Class LC management and administration fees	18,437	42,405	64,790
Total management and administration fees	1,660,776	1,800,900	818,726
Management and administration fees payable	446,940	485,157	225,208

HSBC Managed Portfolios Limited

Notes to the Financial Statements (Continued)

for the year ended June 30, 2012

16. Fair Value Measurements

The following table summarizes the valuation of the Fund's investments by investment type within each Portfolio by the fair value hierarchy levels as of June 30, 2012:

World Selection - Cautious Portfolio

	Level 1	Level 2	Level 3	Total
Investments in investee funds, at fair value:				
Alternative	\$ -	\$ 8,430,618	\$ -	\$ 8,430,618
Bonds	69,949,789	-	-	69,949,789
Commodity	4,517,605	-	-	4,517,605
Equities	28,654,606	-	-	28,654,606
Total investments in investee funds, at fair value	103,122,000	8,430,618	-	111,552,618
Investments in securities, at fair value:				
Equities	6,136,346	-	-	6,136,346
Total investments in securities, at fair value	6,136,346	-	-	6,136,346
Cash equivalents	5,517,356	-	-	5,517,356
Total	\$ 114,775,702	\$ 8,430,618	\$ -	\$ 123,206,320

World Selection - Balanced Portfolio

	Level 1	Level 2	Level 3	Total
Investments in investee funds, at fair value:				
Alternative	\$ -	\$ 5,803,822	\$ -	\$ 5,803,822
Bonds	44,158,186	-	-	44,158,186
Commodity	5,316,406	-	-	5,316,406
Equities	48,312,894	-	-	48,312,894
Total investments in investee funds, at fair value	97,787,486	5,803,822	-	103,591,308
Investments in securities, at fair value:				
Equities	10,170,233	-	-	10,170,233
Total investments in securities, at fair value	10,170,233	-	-	10,170,233
Cash equivalents	1,712,335	-	-	1,712,335
Total	\$ 109,670,054	\$ 5,803,822	\$ -	\$ 115,473,876

HSBC Managed Portfolios Limited
Notes to the Financial Statements (Continued)
for the year ended June 30, 2012

16. Fair Value Measurements (continued)

World Selection - Dynamic Portfolio

	Level 1	Level 2	Level 3	Total
Investments in investee funds, at fair value:				
Alternative	\$ -	\$ 1,546,440	\$ -	\$ 1,546,440
Bonds	9,672,270	-	-	9,672,270
Commodity	2,027,255	-	-	2,027,255
Equities	27,314,032	-	-	27,314,032
Total investments in investee funds, at fair value	39,013,557	1,546,440	-	40,559,997
Investments in securities, at fair value:				
Equities	5,751,371	-	-	5,751,371
Total investments in securities, at fair value	5,751,371	-	-	5,751,371
Cash equivalents	185,750	-	-	185,750
Total	\$ 44,950,678	\$ 1,546,440	\$ -	\$ 46,497,118

The Fund's policy is to recognize transfers into and out of various levels of the fair value hierarchy as at the actual date of the event or change in circumstances that caused the transfer. No transfers were made between Levels 1, 2 or 3 of the fair value hierarchy during the year ended June 30, 2012.

At June 30, 2012, the Fund held positions in investee funds which utilized the following investment strategies as disclosed in the statements of net assets:

Alternative – This strategy includes investments in hedge funds that provide diversification by investing in different strategies to reduce risk.

Bonds – This strategy mainly holds long bond positions and the manager may have a geographical focus.

Commodity – This strategy mainly has investments in commodity related instruments.

Equities – This strategy mainly holds long equity positions and the manager may have a geographical or sector specific focus.

HSBC Managed Portfolios Limited
Notes to the Financial Statements (Continued)
for the year ended June 30, 2012

17. Financial Highlights

**Schedule of Financial Highlights for World Selection - Cautious Portfolio
for the year ended June 30, 2012**

	USD			
	Class AC	Class AD	Class IC	Class LC
Selected per share data				
Net asset value at beginning of the year	144.27	132.16	146.72	144.27
Loss from investment operations				
Net investment income	0.36	0.33	0.87	0.36
Net realized gains on sale of investments and change in unrealized loss on investments	(2.58)	(2.37)	(2.62)	(2.58)
Total from investment operations	<u>(2.22)</u>	<u>(2.04)</u>	<u>(1.75)</u>	<u>(2.22)</u>
Dividends declared	-	(0.55)	-	-
Net asset value at end of the year	<u>142.05</u>	<u>129.57</u>	<u>144.97</u>	<u>142.05</u>
Total return excluding dividends declared	(1.54) %	(1.54) %	(1.19) %	(1.54) %
Ratios to average net assets				
Total expenses	1.56 %	1.56 %	1.21 %	1.55 %
Net investment income	0.26 %	0.27 %	0.60 %	0.24 %
Supplemental data				
Net assets at end of the year	51,615,591	2,032,059	67,621,578	1,469,127

**Schedule of Financial Highlights for World Selection - Balanced Portfolio
for the year ended June 30, 2012**

	USD			
	Class AC	Class AD	Class IC	Class LC
Selected per share data				
Net asset value at beginning of the year	154.32	149.75	156.51	154.32
Loss from investment operations				
Net investment loss	(0.60)	(0.59)	(0.17)	(0.60)
Net realized gains on sale of investments and change in unrealized loss on investments	(6.32)	(6.13)	(6.40)	(6.32)
Total from investment operations	<u>(6.92)</u>	<u>(6.72)</u>	<u>(6.57)</u>	<u>(6.92)</u>
Net asset value at end of the year	<u>147.40</u>	<u>143.03</u>	<u>149.94</u>	<u>147.40</u>
Total return	(4.48) %	(4.49) %	(4.20) %	(4.48) %
Ratios to average net assets				
Total expenses	1.74 %	1.75 %	1.44 %	1.74 %
Net investment loss	(0.41) %	(0.41) %	(0.12) %	(0.43) %
Supplemental data				
Net assets at end of the year	53,603,618	3,389,937	56,933,534	2,914,214

HSBC Managed Portfolios Limited
Notes to the Financial Statements (Continued)
for the year ended June 30, 2012

17. Financial Highlights (continued)

Schedule of Financial Highlights for World Selection - Dynamic Portfolio
for the year ended June 30, 2012

	USD		
	Class AC	Class IC	Class LC
Selected per share data			
Net asset value at beginning of the year	161.25	163.54	161.25
Loss from investment operations			
Net investment loss	(2.44)	(2.03)	(2.44)
Net realized gains on sale of investments and change in unrealized loss on investments	(10.71)	(10.86)	(10.71)
Total from investment operations	<u>(13.15)</u>	<u>(12.89)</u>	<u>(13.15)</u>
Net asset value at end of the year	<u>148.10</u>	<u>150.65</u>	<u>148.10</u>
Total return	(8.16) %	(7.88) %	(8.16) %
Ratios to average net assets			
Total expenses	1.88 %	1.59 %	1.88 %
Net investment loss	(1.64) %	(1.34) %	(1.64) %
Supplemental data			
Net assets at end of the year	26,527,327	15,963,308	3,834,365

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

18. Subsequent Events

The Directors have assessed and evaluated all subsequent events arising from the date of statement of assets and liabilities up until September 28, 2012 and has concluded that no additional disclosure is required.

HSBC Managed Portfolios Limited

Management and Administration

for the year ended June 30, 2012

Directors and Officers

William D. Thomson, Director and President
Retired Executive Vice President
HSBC Bank Bermuda Limited

Faith Outerbridge, Director and Vice President
Head of Global Asset Management
HSBC Bank Bermuda Limited

Wayne P. Chapman, Director
Head of Private Banking
HSBC Bank Bermuda Limited

Julie E. McLean, Director
Director
Conyers, Dill & Pearman Limited

Secretary and Registered Office

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

Manager

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

Custodian

HSBC Institutional Trust Services (Bermuda) Limited
6 Front Street
Hamilton HM 11, Bermuda

Banker

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

Administrator

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

Auditors

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

Legal Advisers

Conyers Dill & Pearman Limited
Clarendon House
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Hamilton HM 11, Bermuda

Bermuda Stock Exchange

Listing Sponsor
Bermuda International Securities Limited
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