

HSBC Family of Funds

January 1, 2016

Dear Shareholders,

The following information, regarding your investment in the HSBC Funds, may be useful in completing your 2015 income tax returns. The HSBC World Selection Funds' earned income from investments in U.S. Government Securities will be distributed as soon as information is made available from certain underlying funds and will be mailed separately.

Income from U.S. Government Obligations

During the **calendar** year, the following HSBC Funds invested in securities issued by the United States government or other federal agencies (collectively, "U.S. Government Securities"). Under federal law, the interest on these securities is exempt from state taxation. Certain states also exempt from state income tax the dividend income a mutual fund shareholder receives that is derived from the fund's investment in these U.S. Government Securities. The table below provides the percentages of calendar year 2015 income derived from such securities. For informational purposes, the table also shows the percentages of income derived from certain other types of securities.

	HSBC Prime Money Market Fund	HSBC U.S. Government Money Market Fund	HSBC U.S. Treasury Money Market Fund
U.S. Treasury Obligations	1.23%	8.49%	100.00%
Federal Agency Securities (FFCB, FHLB, SLMA)	0.00%	35.61%	0.00%
Puerto Rico / Guam	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total U.S. Government Securities	<u>1.23%</u>	<u>44.10%</u>	<u>100.00%</u>
	HSBC Total Return Fund	HSBC Emerging Markets Debt Fund	HSBC Global High Income Bond Fund
U.S. Treasury Obligations	1.07%	1.55%	0.12%
Federal Agency Securities (FFCB, FHLB, SLMA)	0.00%	0.00%	0.03%
Puerto Rico / Guam	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total U.S. Government Securities	<u>1.07%</u>	<u>1.55%</u>	<u>0.15%</u>

For the **calendar** year ended December 31, 2015, the following HSBC Funds did not earn income from investments in U.S. Government Securities:

- HSBC Asia ex-Japan Smaller Companies Equity Fund
- HSBC Emerging Markets Local Debt Fund
- HSBC Frontier Markets Fund
- HSBC Global Equity Volatility Focused Fund
- HSBC Global High Yield Bond Fund
- HSBC Growth Fund
- HSBC Opportunity Fund
- HSBC RMB Fixed Income Fund

For New York and New Jersey residents, the portion of the funds' dividends derived from U.S. Treasury obligations, Federal Farm Credit Bank (FFCB), Federal Home Loan Bank (FHLB) and Student Loan Marketing Association (SLMA) may be treated as state and local tax exempt. For New York residents, please be advised that New York has an additional requirement that 50% of the assets at the end of each fiscal quarter must be in U.S. Government obligations in order for such income to be treated as state and local tax exempt.

Only HSBC U.S. Treasury Money Market Fund met this requirement for each **fiscal** quarter ended January 31, 2015, April 30, 2015, July 31, 2015 and fiscal year ended October 31, 2015. Please consult your personal tax advisor for further information.

Exempt Income and Asset Allocation

There was no tax-exempt income earned by the HSBC Prime Money Market Fund for the year ended December 31, 2015.

The preceding information is provided for your convenience in preparing your tax returns. Due to the complexity and diversity of state requirements, it is not possible for us to give you guidance concerning what must be reported and on what forms; therefore, we recommend that you contact your local taxing authorities or a tax advisor about your state's requirements.

HSBC Global Asset Management is the marketing name for the asset management businesses of HSBC Holdings Plc. HSBC Global Asset Management (USA) Inc. serves as the investment adviser to the HSBC Funds. Foreside Distribution Services, L.P., member FINRA, is the distributor of the HSBC Funds and is not affiliated with the Adviser.

If you have any questions, please call your Financial Advisor or Relationship Manager. If your account is direct with the HSBC Funds and you have any questions, please call 1-800-782-8183.

Investing involves risk, including the possible loss of principal. Fixed income investments are subject to credit and interest rate risks. For complete risk considerations for each fund, please refer to the fund's prospectus.

An investment in the money market funds is not insured or guaranteed by the FDIC or any other government agency. Although the funds will attempt to maintain a stable NAV of \$1.00 per share, you may lose money investing in money market funds.

INVESTMENT PRODUCTS:

<ul style="list-style-type: none"> • ARE NOT A BANK DEPOSIT OR OBLIGATION OF THE BANK OR ANY OF ITS AFFILIATES 	<ul style="list-style-type: none"> • ARE NOT FDIC INSURED 	<ul style="list-style-type: none"> • ARE NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY 	<ul style="list-style-type: none"> • ARE NOT GUARANTEED BY THE BANK OR ANY OF ITS AFFILIATES 	<ul style="list-style-type: none"> • MAY LOSE VALUE
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ALL DECISIONS REGARDING THE TAX IMPLICATIONS OF YOUR INVESTMENT(S) SHOULD BE MADE IN CONNECTION WITH YOUR INDEPENDENT TAX ADVISOR.