

HSBC Funds

January 8, 2020

Dear Shareholders,

The following information, regarding your investment in the HSBC Funds, may be useful in completing your 2019 income tax returns.

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 2019 income derived from such securities. The table also shows the percentages of income derived from certain other types of securities.

	<u>HSBC U.S. Government Money Market Fund</u>	<u>HSBC U.S. Treasury Money Market Fund</u>	<u>HSBC High Yield Fund</u>
U.S. Treasury Obligations	4.45%	100.00%	0.05%
Federal Agency Securities (FFCB, FHLB, SLMA)	43.09%	0.00%	0.00%
Puerto Rico / Guam	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total U.S. Government Securities	<u>47.54%</u>	<u>100.00%</u>	<u>0.05%</u>

	<u>HSBC Emerging Markets Debt Fund</u>	<u>HSBC Strategic Income Fund</u>
U.S. Treasury Obligations	0.01%	2.10%
Federal Agency Securities (FFCB, FHLB, SLMA)	0.00%	0.00%
Puerto Rico / Guam	<u>0.00%</u>	<u>0.00%</u>
Total U.S. Government Securities	<u>0.01%</u>	<u>2.10%</u>

For the calendar year ended December 31, 2019, the following HSBC Funds did not earn income from investments in U.S. Government Securities:

- HSBC Frontier Markets Fund
- HSBC Opportunity Fund
- HSBC Asia ex-Japan Smaller Companies Equity 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.

The HSBC U.S. Treasury Money Market Fund met the New York requirement for each fiscal quarter. Please consult your personal tax advisor for further information.

Dividends from Tax Exempt Income

None of the Funds earned any income that is exempt from federal income taxes for the year ended December 31, 2019.

The preceding information is provided for your convenience in preparing your tax returns. Due to the complexity and diversity of tax requirements, the Funds do not provide guidance concerning tax matters; therefore, we recommend that you contact your tax advisor about federal and your state’s tax requirements.

Investing involves risks including the possible loss of principal. Please refer each fund’s prospectus for complete risk considerations. *An investment in a money market fund is neither insured nor guaranteed by the FDIC or any other government agency. Although a government money market fund strives to maintain the value of your investment at \$1.00 per share, it is possible to lose money by investing in the Fund.*

This material must be preceded or accompanied by a current prospectus. Investors should consider the investment objectives, risks, charges, and expenses of the investment company carefully before investing. The prospectus contains this and other important information about the investment company. To obtain more information, visit <https://investorfunds.us.hsbc.com>. For clients of HSBC Securities (USA) Inc., please call 1-888-525-5757. For other institutional investors and prospective investors, please call the Funds directly at 1-877-244-2424. Retail investors please call 800-782-8183. Investors should read the prospectus carefully before investing or sending money.

HSBC Global Asset Management is the marketing name for the asset management businesses of HSBC Group. HSBC Global Asset Management (USA) Inc. is an investment adviser registered with the US Securities and Exchange Commission. 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. HSBC Securities (USA) Inc., member NYSE, FINRA and SIPC, is a sub-distributor of the HSBC Funds. Affiliates of HSBC Global Asset Management (USA) Inc. receive fees for providing various services to the funds.

US persons (both entities and individuals) are subject to US taxation on their worldwide income and may be subject to tax and other filing obligations with respect to their US and non-US accounts. The [Foreign Account Tax Compliance Act \(FATCA\)](#) is a US law designed to prevent the use of non-US accounts or non-US entities to avoid US taxation of income and assets. To meet this objective, FATCA imposes on US and non-US entities certain documentation, due diligence, withholding and reporting requirements with respect to accounts and certain payments. Investors should consult their independent tax advisors about tax implications prior to investing.

INVESTMENT PRODUCTS:

• ARE NOT A BANK DEPOSIT OR OBLIGATION OF THE BANK OR ANY OF ITS AFFILIATES	• ARE NOT FDIC INSURED	• ARE NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY	• ARE NOT GUARANTEED BY THE BANK OR ANY OF ITS AFFILIATES	• 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.