

HSBC Global Asset Management (USA) Inc.

# HSBC Funds

## Semi-Annual Report

April 30, 2017

<b>MONEY MARKET FUNDS</b>	<b>Class A</b>	<b>Class B</b>	<b>Class C</b>	<b>Class D</b>	<b>Class E</b>	<b>Class I</b>	<b>Intermediary Class</b>	<b>Intermediary Service Class</b>	<b>Class Y</b>
HSBC U.S. Government Money Market Fund	FTRXX	HUBXX	HUMXX	HGDXX	HGEXX	HGIXX	HGGXX	HGFXX	RGYXX
HSBC U.S. Treasury Money Market Fund	HWAXX	—	HUCXX	HTDXX	HTEXX	HBIXX	HTGXX	HTFXX	HTYXX



# HSBC Family of Funds

Semi-Annual Report - April 30, 2017

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**Bloomberg Barclays U.S. Aggregate Bond Index** is an index generally representative of investment-grade, USD-denominated, fixed-rate debt issues, taxable bond market, including Treasuries, government-related and corporate securities, asset-backed, mortgage-backed and commercial mortgage-backed securities, with maturities of at least one year.

**Gross Domestic Product (“GDP”)** is the value of goods and services produced in a given country in a given year.

**Lipper U.S. Government Money Market Funds Average** is an equally weighted average of mutual funds that invest principally in financial instruments issued or guaranteed by the U.S. government, its agencies, or its instrumentalities, with dollar-weighted average maturities of less than 90 days. These funds intend to keep a constant net asset value.

**Lipper U.S. Treasury Money Market Funds Average** is an equally weighted average of mutual funds that invest principally in U.S. Treasury obligations with dollar-weighted average maturities of less than 90 days. These funds intend to keep a constant net asset value.

**London Interbank Offered Rate (LIBOR)** is a daily reference rate based on the interest rates at which banks borrow unsecured funds from other banks in the London wholesale money market.

**MSCI Europe Australasia and Far East (“MSCI EAFE”) Index** is an equity index which captures the large- and mid-cap representation across developed markets countries: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the UK (excluding the US and Canada).

**MSCI Emerging Markets (“MSCI EM”) Index** is an index that captures the large- and mid-cap representation across 24 emerging markets countries: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Pakistan, Peru, Philippines, Poland, Qatar, Russia, South Africa, Taiwan, Thailand, Turkey and United Arab Emirates.

**The Russell 2000® Index** is an unmanaged index that measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000® Index is a subset of the Russell 3000® Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

**Standard & Poor’s 500 (“S&P 500”) Index** is an index that is widely regarded as a gauge of the U.S. equities market. This index includes 500 leading companies in leading industries of the U.S. economy. The S&P 500 Index focuses on the large-cap segment of the market, with approximately 80% coverage of U.S. equities.

*Lipper is an independent mutual fund performance monitor whose results are based on total return and do not reflect a sales charge.*

*Securities indices are unmanaged and assume reinvestment of all distributions and interest payments and do not take in account brokerage fees or expenses. Securities in the Funds do not match those in the indices and performance of the Funds will differ. Investors cannot invest directly in an index.*

## HSBC Global Asset Management (USA) Inc.

### Global Economic Review

Improving economic fundamentals in many economies spurred robust global economic growth over the six-month period between November 1, 2016, and April 30, 2017. Equities in developed markets rose during each month of the period as strong corporate profits, supportive monetary policy, tightening labor markets and other positive economic data buoyed investor sentiment.

Shortly after the start of the six-month period, the surprise election of Donald J. Trump as president of the United States jolted global markets and sent equities into a soaring rally. The election's outcome created optimism among many investors that the new president would follow through on campaign promises to pursue tax reform, reduce regulations, streamline fossil fuel energy production and implement other policies considered business-friendly. However, the prospect of a new era of protectionist trade policies and political unpredictability appeared to present significant challenges for certain industries and economies.

U.S. economic growth weakened during the period, dragged down most notably by a slowdown in consumer spending early in 2017. Many other economic indicators were quite impressive, however. Consumer confidence hit a 16-year high in March 2017, home prices rose to levels last seen well before the 2008 housing crisis, business confidence ticked upwards and manufacturing activity moved higher.

U.S. gross domestic product (GDP<sup>1</sup>) grew at a rate of 2.1% in the fourth quarter of 2016. A preliminary estimate puts GDP growth at 0.7% for the first quarter of 2017.

The U.S. labor market tightened during the period. Some economists concluded that the U.S. had reached full employment, meaning that nearly all individuals able and willing to work were employed. The unemployment rate dropped to a 10-year low of 4.4% during the last month of the period. Wages trended higher, though the rate of wage growth remains sluggish.

The global economy appeared to be in the midst of a cyclical expansion during the six-month period, as many major economies experienced increasing growth and improving credit conditions. Government borrowing costs remained low, debt ratios were more stable than in recent years and budget deficits in many nations returned to pre-crisis levels.

The eurozone experienced an acceleration of economic activity, showing resilience in the wake of the intense uncertainty caused by the U.K.'s Brexit vote. This strength was supported by a tightening labor market, robust consumption and an uptick in manufacturing activity caused by a weaker euro and a recovery in regional fixed investment. The eurozone economy also benefited from improving credit conditions and easing fiscal austerity by many governments. At its April meeting, European Central Bank (ECB) President Draghi noted that the recovery was "increasingly solid." The longer-term consequences of Brexit, however, and the wave of rising populism in the region's politics, continued to cast a shadow of uncertainty across Europe and the U.K.

The Bank of Japan continued its loose monetary policy and ongoing fiscal stimulus efforts with mixed results. Economic growth gained momentum, supported by a pickup in exports. The fundamentals of the Japanese economy, including personal consumption, remained relatively weak. On the upside, the labor market showed signs of improvement.

China's economy reaccelerated during the period following multiple years of slowing growth. The Chinese industrial sector was boosted by improving exports and strong activity in the property sector. Strong economic growth in China remains highly dependent on steady growth of credit. For that reason, the People's Bank of China (PBoC) took the step during the period to allow interbank rates to increase, aiming to contain leverage risks and offset downward pressure on the yuan as U.S. Federal Reserve Board (the Fed) tightens policy.

Increasing economic growth in China improved the outlook for many emerging-markets economies and helped drive commodity production and industrial and trade activity. Emerging economies that are heavily reliant on trade with China were the prime beneficiaries.

Another major theme impacting the global economy during the six-month period was the prospect that a rising tide of nationalist populism might bring a wave of trade protectionism. President Donald Trump quickly withdrew the U.S. from the Trans-Pacific Partnership trade deal upon taking office, but he was less quick to act on other campaign promises with the potential to shake up global trade, including renegotiating the terms of NAFTA, constructing a wall along the southern border with Mexico and imposing tariffs on "currency manipulators." The Trump administration's delays in these areas supported improving economic outlook for some economies reliant on trade with the U.S.

The Fed twice raised its federal funds rate during the six-month period, motivated in large part by rising inflation. The first increase, an expected move, occurred in December when the Fed raised the target range to 0.50% to 0.75%. The second increase occurred in March, which was somewhat less anticipated, set the target range at 0.75% to 1.00%.

### Market Review

U.S. equities posted strong gains over the six-month period. Stocks rallied for more than a month following the presidential election on November 9, 2016 and then trended upward for the remainder of the period.

The S&P 500 Index<sup>1</sup> of large company stocks advanced 13.32% for the six months through April 2017. The Russell 2000<sup>®</sup> Index<sup>1</sup> of small company stocks soared 18.37%.

U.S. stocks generally outperformed international markets during the period. Emerging markets stocks lagged behind their developed markets counterparts, reversing a trend of recent years. Emerging markets equities sold off significantly in the immediate aftermath of the U.S. election due in large part to concerns about increased U.S. trade protectionism and a stronger U.S. dollar. These concerns receded somewhat later in the period, supporting modest emerging gains that offset some earlier losses. The MSCI Emerging Markets Index<sup>1</sup>, which fell 7% in four days following the election, ended the period up 9.03%. The MSCI EAFE Index<sup>1</sup> of developed market international stocks gained 11.73% for the period.

The Bloomberg Barclays U.S. Aggregate Bond Index<sup>1</sup>, which tracks the broad investment-grade fixed income market, retreated 0.67% for the six months through April 2017. Credit spreads compressed substantially over the past 12 months as investors grew more aware of the risk of tighter U.S. monetary policy. Lower-quality credit outperformed higher-quality assets more sensitive to interest rate movements. Treasury yields rose significantly.

<sup>1</sup> For additional information, please refer to the Glossary of Terms.

## HSBC U.S. Government Money Market Fund

(Class A Shares, Class B Shares, Class C Shares, Class D Shares, Class E Shares, Class I Shares, Intermediary Class, Intermediary Service Class and Class Y Shares)

by John Chioldi  
Senior Portfolio Manager

Moody's and Standard & Poor's have assigned an "Aaa-mf" and "AAAm" rating to the HSBC U.S. Government Money Market Fund.<sup>1</sup>

### Investment Concerns

You could lose money by investing in the Fund. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. An investment in the Fund is not a deposit of HSBC Bank USA, N.A. and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Fund's sponsor has no legal obligation to provide financial support to the Fund, and you should not expect that the sponsor will provide financial support to the Fund at any time.

For a complete description of these and other risks associated with investment in a mutual fund, please refer to the Fund's prospectus.

### Portfolio Performance

Yields on U.S. government money market securities rose during the period ended April 30, 2017, as the Federal Reserve Board (the Fed) decided to raise short-term interest rates in December 2016 and March 2017.

In December 2016, the Fed increased its federal funds rate to a target range of 0.50% to 0.75% — a move that was widely anticipated. The Fed moved the target up a quarter point again in March 2017 to a range of 0.75% to 1.0%. The main driver of these rate hikes was the increase

in inflation, which approached the Fed's 2% target as measured by core personal consumption expenditures. The March increase was the first of possibly three such hikes in 2017, according to Fed signaling; however, as always, Fed moves are data dependent. Weak economic growth in Europe, along with increasing tensions in the Middle East and North Korea, may dampen expectations as the year progresses.

Treasury yields had priced in the first rate hike in December, but had not fully priced in the second hike in March until a week or two before the Fed's March meeting. The Fund was therefore able to benefit from a conviction that the Fed would raise rates again in March by keeping maturities short.<sup>†</sup>

This period was marked by the migration of over \$1 trillion in prime-fund assets into government-fund assets. This shift was driven by the implementation of the Securities and Exchange Commission's money market reform in October 2016, which drove institutional investors to seek the relative security of U.S. government money market funds. In anticipation of this massive asset migration and the subsequent elevation of Libor<sup>7</sup> levels, the Fund bought floating rate notes pegged to Libor, which rose during the period, thus providing higher yields to the Fund.<sup>†</sup>

<sup>†</sup> Portfolio composition is subject to change.

Fund Performance	Inception Date	Six Months*	1 Year	Average Annual Total Return (%)			Yield (%) <sup>2</sup>		Expense Ratio (%) <sup>3</sup>	
				5 Year	10 Year	Since Inception	7-Day Average	Gross	Net	
<b>As of April 30, 2017</b>										
Class A	5/3/90	0.03	0.03	0.02	0.47	2.55	0.20	0.69	0.69	
Class B <sup>4</sup>	9/11/98	0.01	-3.99	0.02	0.42	1.43	0.01	1.29	1.29	
Class C <sup>5</sup>	11/20/06	—	—	—	—	—	—	1.29	1.29	
Class D	4/1/99	0.07	0.08	0.03	0.50	1.60	0.35	0.54	0.54	
Class E	7/12/16	0.13	—	—	—	0.24	0.36	0.29	0.29	
Class I <sup>6</sup>	12/24/03	0.24	0.38	0.11	0.63	0.99	0.71	0.19	0.19	
Intermediary Class	7/12/16	0.21	—	—	—	0.32	0.65	0.34	0.34	
Intermediary Service Class	7/12/16	0.20	—	—	—	0.30	0.63	0.39	0.39	
Class Y	7/1/96	0.19	0.27	0.07	0.58	2.18	0.60	0.29	0.29	
Lipper U.S. Government Money Market Funds Average <sup>7</sup>	—	0.05	0.07	0.02	0.52	2.61 <sup>8</sup>	N/A	N/A	N/A	

**Past performance does not guarantee future results. The performance data quoted represents past performance and current returns may be lower or higher. Total return figures include change in share price, reinvestment of dividends and capital gains and do not reflect taxes that a shareholder would pay on Fund distributions or on the redemption of Fund shares. Investment return and principal value will fluctuate so that an investor's shares, when redeemed may be worth more or less than the original cost. To obtain performance information current to the most recent month end, please call 1-800-782-8183.**

The performance above reflects any fee waivers that have been in effect during the applicable periods, as well as any expense reimbursements that have periodically been made. Absent such waivers and reimbursements, returns would have been lower.

Certain returns shown include monies received by the Fund in respect of a one-time payment in respect of a class action settlement and a one-time reimbursement from HSBC Global Asset Management (USA) Inc. related to past marketing arrangements. As a result, the Fund's total returns for those periods were higher than they would have been had the Fund not received the payments.

\* Aggregate total return.

1 The "Aaa-mf" and "AAAm" money market fund rating is historical and reflects Moody's and Standard & Poor's opinion as to the quality of the Fund's investments, liquidity management, and operations and trading support. Periodic reviews are conducted to ensure a secure operations environment. Moody's and Standard & Poor's ratings represent an opinion only, not a recommendation to buy or sell. Obligations rated A-1+, A-1 or P-1 are rated in the highest short-term rating category by Standard & Poor's (A-1+ or A-1) or Moody's Investor Service (P-1). The obligor's capacity to meet its financial commitments on these obligations is regarded to be "extremely strong" (A-1+), "strong" (A-1) or "superior" (P-1).

2 The seven-day yield quotation more closely reflects the current earnings of the money market fund than the total return quotation. The seven-day yield reflects voluntary fee waivers/expense reimbursements. Without the voluntary fee waivers/expense reimbursements, the yields would have been 0.15%, -0.45%, 0.30%, 0.55%, 0.65%, 0.50%, 0.45% and 0.55% for Class A Shares, Class B Shares, Class D Shares, Class E Shares, Class I Shares, Intermediary Class, Intermediary Service Class and Class Y Shares, respectively.

3 Reflects the expense ratio as reported in the prospectus dated February 28, 2017. Additional information pertaining to the April 30, 2017 expense ratios can be found in the financial highlights.

4 Reflects the applicable contingent deferred sales charge, maximum of 4.00%, for returns presented.

5 Reflects the applicable contingent deferred sales charge, maximum of 1.00%, for returns presented. Class C Shares were operational during a portion of the periods presented. Amounts reflect performance for the period of time the Class had operations, which was 346, 362 and 351 days during the years ended October 31, 2006, 2009 and 2010, respectively. The Class was not operational during the entire fiscal years ended October 31, 2007, 2008, 2011, 2012, 2013, 2014, 2015 and 2016 and the six months ended April 30, 2017. No returns are presented for the one-year, five-year and 10-year periods with non-continuous operations.

6 Class I Shares were operational during a portion of the periods presented. Amounts reflect performance for the period of time the Class had operations, which was 10, 89, 136 and 357 days during the years ended October 31, 2004, 2005, 2006 and 2007, respectively. The Class was operational during the entire years ended October 31, 2008 through 2016 and the six months ended April 30, 2017. No returns are presented for the 10-year period with non-continuous operations.

7 For additional information, please refer to the Glossary of Terms.

8 Return for the period April 30, 1990 to April 30, 2017.

# HSBC U.S. Treasury Money Market Fund

(Class A Shares, Class C Shares, Class D Shares, Class E Shares, Class I Shares, Intermediary Class, Intermediary Service Class and Class Y Shares)

by John Chioldi  
Senior Portfolio Manager

Moody's and Standard & Poor's have assigned an "Aaa-mf" and "AAAm" rating to the HSBC U.S. Treasury Money Market Fund.<sup>1</sup>

## Investment Concerns

You could lose money by investing in the Fund. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. An investment in the Fund is not a deposit of HSBC Bank USA, N.A. and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Fund's sponsor has no legal obligation to provide financial support to the Fund, and you should not expect that the sponsor will provide financial support to the Fund at any time.

For a complete description of these and other risks associated with investment in a mutual fund, please refer to the Fund's prospectus.

## Portfolio Performance

The Federal Reserve Board (the Fed) raised the target range for its federal funds rate (a short-term interest rate that significantly influences Treasury bill yields) in December 2016 and March 2017. As a result, Treasury bill yields increased during the reporting period ended April 30, 2017.

The Fed has signaled two more interest rate hikes this year, but these are not certain as the U.S. economy faces pressures from outside its

borders, including a slow-growing Europe and increased tensions in North Korea and the Middle East.

Demand for Treasuries from institutional investors typically increases at the end of the year when the government restricts supply, and that dynamic played out at the close of 2016. This tension typically depresses yields on Treasury bills. However, the Fed's December rate hike caused yields to spike and the Fund benefited from this by maintaining a shorter-than-usual weighted average maturity during this period.<sup>†</sup>

The second half of the period was marked by concerns over an extension of the debt ceiling. Because there was no debt ceiling resolution over this period, the U.S. Treasury reduced bill issuance and yields suffered as demand exceeded supply. Nonetheless, the Fund benefited from its exposure to floating rate bonds, which performed well immediately after the Fed raised the target range in mid-March.<sup>†</sup>

<sup>†</sup> Portfolio composition is subject to change.

Fund Performance	Inception Date	Average Annual Total Return (%)				Yield (%) <sup>2</sup>		Expense Ratio (%) <sup>3</sup>	
		Six Months*	1 Year	5 Year	10 Year	Since Inception	7-Day Average	Gross	Net
As of April 30, 2017									
Class A <sup>4</sup>	5/24/01	—	—	—	—	1.08	—	0.70	0.70
Class C <sup>5</sup>	12/24/03	—	—	—	—	0.04	—	1.30	1.30
Class D	5/14/01	0.05	0.05	0.01	0.37	0.96	0.30	0.55	0.55
Class E	7/12/16	0.18	—	—	—	0.30	0.36	0.30	0.30
Class I <sup>6</sup>	12/30/03	0.22	0.30	0.07	0.46	1.09	0.66	0.20	0.20
Intermediary Class	7/12/16	0.18	—	—	—	0.30	0.36	0.35	0.35
Intermediary Service Class	7/12/16	0.19	—	—	—	0.28	0.60	0.40	0.40
Class Y	5/11/01	0.16	0.19	0.04	0.42	1.09	0.55	0.30	0.30
Lipper U.S. Treasury Money Market Funds Average <sup>7</sup>	—	0.05	0.07	0.02	0.39	1.01 <sup>8</sup>	N/A	N/A	N/A

**Past performance does not guarantee future results. The performance data quoted represents past performance and current returns may be lower or higher. Total return figures include change in share price, reinvestment of dividends and capital gains and do not reflect taxes that a shareholder would pay on Fund distributions or on the redemption of Fund shares. Investment return and principal value will fluctuate so that an investor's shares, when redeemed may be worth more or less than the original cost. To obtain performance information current to the most recent month end, please call 1-800-782-8183.**

The performance above reflects any fee waivers that have been in effect during the applicable periods, as well as any expense reimbursements that have periodically been made. Absent such waivers and reimbursements, returns would have been lower.

Certain returns shown include monies received by the Fund in respect of a one-time payment in respect of a class action settlement and a one-time reimbursement from HSBC Global Asset Management (USA) Inc. related to past marketing arrangements. As a result, the Fund's total returns for those periods were higher than they would have been had the Fund not received the payments.

\* Aggregate total return.

1 The "Aaa-mf" and "AAAm" money market fund rating is historical and reflects Moody's and Standard & Poor's opinion as to the quality of the Fund's investments, liquidity management, and operations and trading support. Periodic reviews are conducted to ensure a secure operations environment. Moody's and Standard & Poor's ratings represent an opinion only, not a recommendation to buy or sell. Obligations rated A-1+, A-1 or P-1 are rated in the highest short-term rating category by Standard & Poor's (A-1+ or A-1) or Moody's Investor Service (P-1). The obligor's capacity to meet its financial commitments on these obligations is regarded to be "extremely strong" (A-1+), "strong" (A-1) or "superior" (P-1).

2 The seven-day yield quotation more closely reflects the current earnings of the money market fund than the total return quotation. The seven-day yield reflects voluntary fee waivers/expense reimbursements. Without the voluntary fee waivers/expense reimbursements, the yields would have been 0.25%, 0.60%, 0.45%, 0.40% and 0.50% for Class D Shares, Class E Shares, Class I Shares, Intermediary Class, Intermediary Service Class and Class Y Shares, respectively.

3 Reflects the expense ratio as reported in the prospectus dated February 28, 2017. Additional information pertaining to the April 30, 2017 expense ratios can be found in the financial highlights.

4 Class A Shares were operational during a portion of the periods presented. Amounts reflect performance for the period of time the Class had operations, which was 201 days during the year ended October 31, 2014. The Class was operational during the entire years ended October 31, 2001 through 2013. The Class was not operational during the entire years ended October 31, 2015 and 2016 and the entire six months ended April 30, 2017. No returns are presented for the one-year, five-year and 10-year periods with non-continuous operations.

5 Reflects the applicable contingent deferred sales charge, maximum of 1.00%, for returns presented. Class C Shares were operational during a portion of the periods presented. Amounts reflect performance for the period of time the Class had operations, which was 26 and 351 days during the years ended October 31, 2008 and 2010, respectively. The Class was operational during the entire years ended October 31, 2005, 2006, 2007 and 2009. The Class was not operational during the entire years ended October 31, 2011 through 2015 and 2016 and the six months ended April 30, 2017. No returns are presented for the one-year, five-year and 10-year periods with non-continuous operations.

6 Class I Shares were operational during a portion of the periods presented. Amounts reflect performance for the period of time the Class had operations, which was 13 and 280 days during the years ended October 31, 2004 and 2005, respectively. The Class was operational during the entire years ended October 31, 2006 through 2016 and the six months ended April 30, 2017.

7 For additional information, please refer to the Glossary of Terms.

8 Return for the period April 30, 2001 to April 30, 2017.

## Portfolio Reviews

### Portfolio Composition\*

April 30, 2017 (Unaudited)

#### HSBC U.S. Government Money Market Fund

<b>Investment Allocation</b>	<b>Percentage of Investments at Value (%)</b>
U.S. Government and Government Agency Obligations	45.6
Repurchase Agreements	43.0
U.S. Treasury Obligations	11.4
<b>Total</b>	<b>100.0</b>

#### HSBC U.S. Treasury Money Market Fund

<b>Investment Allocation</b>	<b>Percentage of Investments at Value (%)</b>
U.S. Treasury Obligations	100.0
<b>Total</b>	<b>100.0</b>

\* Portfolio composition is subject to change.

# HSBC U.S. GOVERNMENT MONEY MARKET FUND

Schedule of Portfolio Investments— as of April 30, 2017 (Unaudited)

## U.S. Government and Government Agency Obligations – 45.0%

	Principal Amount (\$)	Amortized Cost (\$)
<b>Federal Farm Credit Bank – 5.3%</b>		
0.58%, 6/27/17 (a) . . . . .	10,000,000	9,990,658
0.94%, 4/25/19 (b) . . . . .	100,000,000	100,000,000
0.96%, 11/1/18 (b) . . . . .	50,000,000	49,996,214
0.96%, 10/25/17 (b) . . . . .	100,000,000	100,000,000
0.97%, 4/20/18 (b) . . . . .	50,000,000	49,997,411
0.97%, 4/16/18 (b) . . . . .	84,000,000	83,995,898
1.00%, 10/3/18 (b) . . . . .	175,000,000	175,000,000
1.10%, 12/22/17 (b) . . . . .	66,000,000	65,995,701
		<u>634,975,882</u>
<b>Federal Home Loan Bank – 36.3%</b>		
0.58%, 5/30/17 . . . . .	50,000,000	49,998,991
0.66%, 8/7/17 (b) . . . . .	100,000,000	99,994,556
0.67%, 5/10/17 (a) . . . . .	115,000,000	114,978,725
0.67%, 5/31/17 (a) . . . . .	100,000,000	99,942,500
0.69%, 5/15/17 (a) . . . . .	71,790,000	71,769,340
0.73%, 7/17/17 (b) . . . . .	150,000,000	150,000,000
0.74%, 6/2/17 (a) . . . . .	96,700,000	96,634,457
0.75%, 5/24/17 (a) . . . . .	60,000,000	59,969,908
0.76%, 6/16/17 (a) . . . . .	284,000,000	283,716,946
0.77%, 6/7/17 (a) . . . . .	125,000,000	124,898,610
0.77%, 6/14/17 (a) . . . . .	116,000,000	115,887,996
0.78%, 11/1/17 (b) . . . . .	175,000,000	175,000,000
0.78%, 6/23/17 (a) . . . . .	100,000,000	99,883,694
0.81%, 10/23/17 (b) . . . . .	234,400,000	234,400,000
0.81%, 2/9/18 (b) . . . . .	75,000,000	74,998,023
0.82%, 2/13/18 (b) . . . . .	100,000,000	100,000,000
0.82%, 8/22/17 (b) . . . . .	16,000,000	16,003,334
0.82%, 1/19/18 (b) . . . . .	100,000,000	100,000,000
0.83%, 4/25/18 (b) . . . . .	100,000,000	100,000,000
0.83%, 4/27/18 (b) . . . . .	85,000,000	85,000,000
0.83%, 5/11/18 (b) . . . . .	130,000,000	130,000,000
0.84%, 6/16/17 (b) . . . . .	100,000,000	100,001,346
0.84%, 9/7/17 (b) . . . . .	190,000,000	190,007,241
0.85%, 11/8/17 (b) . . . . .	175,000,000	175,040,315
0.86%, 1/19/18 (b) . . . . .	150,000,000	150,000,000
0.87%, 8/30/17 (a) . . . . .	49,325,000	49,180,765
0.90%, 5/25/17 (b) . . . . .	200,000,000	199,999,738
0.92%, 3/21/18 (b) . . . . .	100,000,000	100,000,000
0.92%, 8/23/17 (b) . . . . .	200,000,000	200,000,000
0.95%, 11/2/17 (b) . . . . .	50,000,000	49,989,290
0.97%, 9/12/17 (b) . . . . .	100,000,000	100,001,579
0.98%, 8/21/17 (b) . . . . .	100,000,000	100,000,000
1.02%, 5/17/18 (b) . . . . .	100,000,000	100,000,000
1.02%, 9/5/17 (b) . . . . .	23,070,000	23,076,636
1.03%, 5/25/18 (b) . . . . .	75,000,000	75,000,000
1.08%, 10/10/17 (b) . . . . .	100,000,000	100,000,000
1.09%, 10/27/17 (b) . . . . .	8,000,000	8,000,087
1.09%, 10/27/17 (b) . . . . .	8,000,000	8,000,087
1.11%, 1/8/18 (b) . . . . .	100,000,000	100,000,000
1.13%, 9/29/17 (b) . . . . .	100,000,000	100,024,128
		<u>4,311,398,292</u>

## U.S. Government and Government Agency Obligations, continued

	Principal Amount (\$)	Amortized Cost (\$)
<b>Federal Home Loan Mortgage Corp. – 0.8%</b>		
0.75%, 7/14/17 . . . . .	20,900,000	20,905,673
0.82%, 8/8/17 (a) . . . . .	75,000,000	74,828,813
		<u>95,734,486</u>
<b>Federal National Mortgage Association – 2.6%</b>		
0.66%, 6/1/17 (a) . . . . .	55,500,000	55,467,502
0.99%, 10/5/17 (b) . . . . .	100,000,000	99,995,634
1.00%, 8/16/17 (b) . . . . .	150,000,000	149,988,172
		<u>305,451,308</u>
<b>TOTAL U.S. GOVERNMENT AND GOVERNMENT AGENCY OBLIGATIONS (Cost \$5,347,559,968) . . . . .</b>		
		<b>5,347,559,968</b>
<b>U.S. Treasury Obligations – 11.3%</b>		
<b>U.S. Treasury Bills – 6.6%</b>		
0.68%, 8/3/17 (a) . . . . .	100,000,000	99,835,239
0.87%, 9/21/17 (a) . . . . .	425,000,000	423,520,447
0.90%, 9/14/17 (a) . . . . .	150,000,000	149,487,167
0.91%, 10/5/17 (a) . . . . .	100,000,000	99,600,958
		<u>772,443,811</u>
<b>U.S. Treasury Notes – 4.7%</b>		
0.63%, 5/31/17 . . . . .	50,000,000	50,003,587
0.63%, 9/30/17 . . . . .	275,000,000	274,675,367
0.75%, 6/30/17 . . . . .	50,000,000	50,012,609
1.00%, 9/15/17 . . . . .	50,000,000	50,022,805
1.88%, 9/30/17 . . . . .	50,000,000	50,196,417
4.75%, 8/15/17 . . . . .	90,000,000	91,071,300
		<u>565,982,085</u>
<b>TOTAL U.S. TREASURY OBLIGATIONS (Cost \$1,338,425,896) . . . . .</b>		
		<b>1,338,425,896</b>
<b>Repurchase Agreements – 42.5%</b>		
BNP Paribas, 0.82%, 5/1/17, Purchased on 4/28/17, with maturity value of \$1,200,082,000, collateralized by U.S. Treasury Obligations, 0.00%-6.88%, 10/31/17-2/15/47, fair value \$1,224,000,000 . . . . .	1,200,000,000	1,200,000,000
BNP Paribas, 0.84%, 5/1/17, Purchased on 4/28/17, with maturity value of \$100,007,000, collateralized by various U.S. Government and Government Agency Obligations, 0.00% - 7.00%, 10/31/18-2/20/47, fair value \$102,000,000 . . . . .	100,000,000	100,000,000

# HSBC U.S. GOVERNMENT MONEY MARKET FUND

## Schedule of Portfolio Investments—as of April 30, 2017 (Unaudited) (continued)

### Repurchase Agreements, continued

	Principal Amount (\$)	Amortized Cost (\$)
Citigroup Global Markets, 0.82%, 5/1/17, Purchased on 4/28/17, with maturity value of \$100,006,833, collateralized by various U.S. Government and Government Agency Obligations, 0.77%-6.25%, 3/09/18-3/01/47, fair value \$102,000,001 . . . . .	100,000,000	100,000,000
Credit Agricole CIB NY, 0.79%, 5/1/17, Purchased on 4/28/17, with maturity value of \$500,032,917, collateralized by U.S. Treasury Obligations, 1.50%, 8/15/26, fair value \$510,000,068 . . . . .	500,000,000	500,000,000
Credit Agricole CIB NY, 0.77%, 5/1/17, Purchased on 4/24/17, with maturity value of \$250,037,431, collateralized by U.S. Treasury Obligations, 1.13%-1.75%, 12/31/20-5/15/22, fair value \$255,000,073 . . . . .	250,000,000	250,000,000
Credit Agricole CIB NY, 0.77%, 5/3/17, Purchased on 4/26/17, with maturity value of \$300,044,917, collateralized by various U.S. Government and Government Agency Obligations, 0.00%-1.75%, 7/26/17-9/30/22, fair value \$306,000,056 . . . . .	300,000,000	300,000,000
Goldman Sachs & Co., 0.78%, 5/3/17, Purchased on 4/26/17, with maturity value of \$150,022,750, collateralized by various U.S. Government and Government Agency Obligations, 2.08%-7.00%, 2/01/20-5/01/47, fair value \$153,000,000 . . . . .	150,000,000	150,000,000
Goldman Sachs & Co., 0.79%, 5/1/17, Purchased on 4/28/17, with maturity value of \$500,032,917, collateralized by U.S. Government and Government Agency Obligations, 3.00%-4.50%, 9/01/29-10/01/45, fair value \$510,000,000 . . . . .	500,000,000	500,000,000

### Repurchase Agreements, continued

	Principal Amount (\$)	Amortized Cost (\$)
Merrill Lynch Pierce Fenner & Smith, Inc., 0.79%, 5/1/17, Purchased on 4/28/17, with maturity value of \$150,009,875, collateralized by U.S. Treasury Obligations, 3.75%, 11/15/43, fair value \$153,000,007 . . . . .	150,000,000	150,000,000
Royal Bank of Canada, 0.79%, 5/1/17, Purchased on 4/28/17, with maturity value of \$250,016,458, collateralized by U.S. Treasury Obligations, 0.00%-2.25%, 8/15/18-11/15/26, fair value \$255,000,044 . . . . .	250,000,000	250,000,000
RBS Securities, Inc., 0.78%, 5/1/17, Purchased on 4/28/17, with maturity value of \$400,026,000, collateralized by U.S. Treasury Obligations, 0.49%-5.25%, 5/31/17-11/15/28, fair value \$408,003,952 . . . . .	400,000,000	400,000,000
Societe' Generale, 0.84%, 5/1/17, Purchased on 4/28/17, with maturity value of \$400,028,000, collateralized by various U.S. Government and Government Agency Obligations, 0.00%- 6.75%, 10/12/17-9/15/57, fair value \$408,000,001 . . . . .	400,000,000	400,000,000
Societe' Generale, 0.82%, 5/1/17, Purchased on 4/28/17, with maturity value of \$250,017,083, collateralized by U.S. Treasury Obligations, 0.00%-4.50%, 8/17/17-04/20/46, fair value \$255,000,000 . . . . .	250,000,000	250,000,000
Societe' Generale, 0.78%, 5/2/17, Purchased on 4/25/17, with maturity value of \$300,045,500, collateralized by various U.S. Government and Government Agency Obligations, 0.00%- 4.00%, 7/31/18-6/15/56, fair value \$306,000,025 . . . . .	300,000,000	300,000,000

# HSBC U.S. GOVERNMENT MONEY MARKET FUND

Schedule of Portfolio Investments— as of April 30, 2017 (Unaudited) (continued)

## Repurchase Agreements, continued

	Principal Amount (\$)	Amortized Cost (\$)
Toronto Dominion Bank NY, 0.80%, 5/1/17, Purchased on 4/28/17, with maturity value of \$200,013,333, collateralized by U.S. Treasury Obligations, 0.00%-4.38%, 5/04/17-8/15/45, fair value \$204,000,049. . . . .	200,000,000	200,000,000
<b>TOTAL REPURCHASE AGREEMENTS (Cost \$5,050,000,000). . . . .</b>		<b>5,050,000,000</b>
<b>TOTAL INVESTMENT SECURITIES (Cost \$11,735,985,864) – 98.8% . . .</b>		<b>11,735,985,864</b>
<b>Other Assets (Liabilities) – 1.2% . . . . .</b>		<b>145,086,095</b>
<b>NET ASSETS – 100% . . . . .</b>		<b>\$11,881,071,959</b>

- (a) Discount note. Rate presented represents the effective yield at time of purchase.
- (b) Variable rate security. The rate presented represents the rate in effect on April 30, 2017. These securities are deemed to have a maturity remaining until the next adjustment of the interest rate or the longer of the demand period or time to the next readjustment.

# HSBC U.S. TREASURY MONEY MARKET FUND

## Schedule of Portfolio Investments—as of April 30, 2017 (Unaudited)

### U.S. Treasury Obligations – 92.6%

	Principal Amount (\$)	Amortized Cost (\$)
<b>U.S. Treasury Bills – 47.7%</b>		
0.52%, 5/25/17 (a) . . . . .	41,000,000	40,985,240
0.59%, 5/11/17 (a) . . . . .	265,000,000	264,952,223
0.67%, 6/1/17 (a) . . . . .	117,300,000	117,229,702
0.68%, 5/18/17 (a) . . . . .	25,000,000	24,991,500
0.68%, 8/3/17 (a) . . . . .	50,000,000	49,910,178
0.69%, 6/8/17 (a) . . . . .	175,000,000	174,868,980
0.77%, 6/15/17 (a) . . . . .	13,500,000	13,486,711
0.80%, 7/27/17 (a) . . . . .	50,000,000	49,901,824
0.81%, 7/20/17 (a) . . . . .	100,000,000	99,817,778
0.87%, 9/21/17 (a) . . . . .	25,000,000	24,913,058
0.91%, 10/5/17 (a) . . . . .	25,000,000	24,900,240
		<u>885,957,434</u>
<b>U.S. Treasury Notes – 44.9%</b>		
0.63%, 7/31/17 . . . . .	25,000,000	24,995,289
0.63%, 9/30/17 . . . . .	25,000,000	24,972,751
0.75%, 6/30/17 . . . . .	25,000,000	25,007,726
0.90%, 7/31/17 (b) . . . . .	270,000,000	270,043,911
0.99%, 10/31/17 (b) . . . . .	225,000,000	225,161,056
1.00%, 9/15/17 . . . . .	40,000,000	40,014,727
1.01%, 4/30/18 (b) . . . . .	85,000,000	85,084,475
1.09%, 1/31/18 (b) . . . . .	50,000,000	50,065,063
1.88%, 8/31/17 . . . . .	25,000,000	25,101,628
1.88%, 10/31/17 . . . . .	60,000,000	60,301,551
		<u>830,748,177</u>
<b>TOTAL U.S. TREASURY OBLIGATIONS</b>		
<b>(Cost \$1,716,705,611) . . . . .</b>		<u>1,716,705,611</u>
<b>TOTAL INVESTMENT SECURITIES</b>		
<b>(Cost \$1,716,705,611) – 92.6% . . . . .</b>		<b>1,716,705,611</b>
<b>Other Assets</b>		
<b>(Liabilities) – 7.4% . . . . .</b>		<u>137,761,560</u>
<b>NET ASSETS – 100% . . . . .</b>		<u><b>\$1,854,467,171</b></u>

(a) Discount note. Rate presented represents the effective yield at time of purchase.

(b) Variable rate security. The rate presented represents the rate in effect on April 30, 2017. These securities are deemed to have a maturity remaining until the next adjustment of the interest rate or the longer of the demand period or time to the next readjustment.

# HSBC FAMILY OF FUNDS

Statements of Assets and Liabilities – as of April 30, 2017 (Unaudited)

	HSBC U.S. Government Money Market Fund	HSBC U.S. Treasury Money Market Fund
<b>Assets:</b>		
Investments, at amortized cost	\$ 6,685,985,864	\$ 1,716,705,611
Repurchase agreements, at cost	5,050,000,000	—
<b>Total Investments</b>	11,735,985,864	1,716,705,611
Cash	—	633,584
Interest receivable	5,441,250	2,679,382
Receivable for investments sold	300,000,000	260,000,000
Prepaid expenses and other assets	126,035	24,010
<b>Total Assets</b>	<u>12,041,553,149</u>	<u>1,980,042,587</u>
<b>Liabilities:</b>		
Dividends payable	2,747,754	160,521
Payable to custodian	130,953,622	—
Payable for investments purchased	24,980,215	124,977,910
Accrued expenses and other liabilities:		
Investment Management	773,243	193,104
Administration	389,119	63,888
Shareholder Servicing	348,224	49,152
Accounting	3,265	5,233
Custodian fees	54,566	18,898
Transfer Agent	7,333	3,229
Trustee	2,045	6,375
Distribution fees	28	—
Other	221,776	97,106
<b>Total Liabilities</b>	<u>160,481,190</u>	<u>125,575,416</u>
<b>Net Assets</b>	<u>\$ 11,881,071,959</u>	<u>\$ 1,854,467,171</u>
<b>Composition of Net Assets:</b>		
Capital	11,880,952,066	1,854,475,614
Accumulated net investment income/(distributions in excess of net investment income)	6,629	4,419
Accumulated net realized gains/(losses) from investments	113,264	(12,862)
<b>Net Assets</b>	<u>\$ 11,881,071,959</u>	<u>\$ 1,854,467,171</u>
<b>Net Assets:</b>		
Class A Shares	\$ 1,729,818	\$ —
Class B Shares	48,778	—
Class D Shares	1,607,159,006	193,069,035
Class E Shares	2,005	1,003
Class I Shares	7,666,486,952	664,091,139
Intermediary Class Shares	251,414,584	1,003
Intermediary Service Class Shares	65,034,143	24,042,943
Class Y Shares	2,289,196,673	973,262,048
	<u>\$ 11,881,071,959</u>	<u>\$ 1,854,467,171</u>

# HSBC FAMILY OF FUNDS

Statements of Assets and Liabilities – as of April 30, 2017 (Unaudited) (continued)

	HSBC U.S. Government Money Market Fund	HSBC U.S. Treasury Money Market Fund
<b>Shares Outstanding:</b>		
(\$0.001 par value, unlimited number of shares authorized):		
Class A Shares	1,729,785	—
Class B Shares	48,764	—
Class D Shares	1,606,956,305	193,068,962
Class E Shares	2,005	1,003
Class I Shares	7,666,573,028	664,132,024
Intermediary Class Shares	251,414,826	1,003
Intermediary Service Class Shares	65,034,482	24,043,069
Class Y Shares	2,289,203,230	973,234,522
<b>Net Asset Value, Offering Price and Redemption Price per share:</b>		
Class A Shares	\$ 1.00	\$ —
Class B Shares (a)	\$ 1.00	\$ —
Class D Shares	\$ 1.00	\$ 1.00
Class E Shares	\$ 1.00	\$ 1.00
Class I Shares	\$ 1.00	\$ 1.00
Intermediary Class Shares	\$ 1.00	\$ 1.00
Intermediary Service Class Shares	\$ 1.00	\$ 1.00
Class Y Shares	\$ 1.00	\$ 1.00

(a) Redemption price per share varies by length of time shares are held.

# HSBC FAMILY OF FUNDS

Statements of Operations – For the period ended April 30, 2017 (Unaudited)

	U.S. Government Money Market Fund	U.S. Treasury Money Market Fund
<b>Investment Income:</b>		
Interest	\$32,422,545	\$5,093,185
<b>Total Investment Income</b>	<u>32,422,545</u>	<u>5,093,185</u>
<b>Expenses:</b>		
Investment Management	5,332,352	855,900
Operational Support:		
Class A Shares	813	—
Class B Shares	24	—
Class D Shares	921,063	130,698
Intermediary Class Shares	21,324	—
Intermediary Service Class Shares	12,736	9,199
Class Y Shares	1,418,327	403,760
Administration:		
Class A Shares	318	—
Class B Shares	9	—
Class D Shares	360,111	51,120
Class I Shares	1,154,485	121,869
Intermediary Class Shares	8,270	—
Intermediary Service Class Shares	4,968	3,593
Class Y Shares	554,797	157,569
Distribution:		
Class B Shares	181	—
Shareholder Servicing:		
Class A Shares	3,254	—
Class B Shares	59	—
Class D Shares	2,302,681	326,749
Class E Shares	2	—
Intermediary Class Shares	10,663	—
Intermediary Service Class Shares	12,736	9,199
Accounting	39,249	36,050
Compliance Services	128,333	19,591
Custodian	292,076	42,451
Printing	271,014	37,702
Professional	735,165	132,756
Transfer Agent	81,012	30,920
Trustee	323,307	51,177
Registration fees	99,907	85,202
Other	486,639	94,920
Total expenses before fee and expense reductions	14,575,875	2,600,425
Fees voluntarily reduced/reimbursed by Investment Adviser	(2,816,042)	(424,878)
Fees voluntarily reduced by Administrator	(295,699)	(31,224)
Fees voluntarily reduced by Distributor	(153)	—
Fees voluntarily reduced by Shareholder Servicing Agent	(201,036)	(38,333)
Fees voluntarily reduced by Sub-Administrator	(2,992)	(1,576)
Custody earnings credits	(127,128)	(13,310)
<b>Net Expenses</b>	<u>11,132,825</u>	<u>2,091,104</u>
<b>Net Investment Income</b>	<u>21,289,720</u>	<u>3,002,081</u>
<b>Realized/Unrealized Gains/(Losses) from Investments:</b>		
Net realized gains/(losses) from investment securities	117,130	(12,862)
Net realized/unrealized gains (losses) on investments	117,130	(12,862)
<b>Change in Net Assets Resulting from Operations</b>	<u>\$21,406,850</u>	<u>\$2,989,219</u>

Amounts designated as “-” are \$0.00 or have been rounded to \$0.00.

# HSBC FAMILY OF FUNDS

## Statements of Changes in Net Assets

	HSBC U.S. Government Money Market Fund		HSBC U.S. Treasury Money Market Fund	
	Six Months Ended April 30, 2017 (unaudited)	Year Ended October 31, 2016	Six Months Ended April 30, 2017 (unaudited)	Year Ended October 31, 2016
<b>Investment Activities:</b>				
<b>Operations:</b>				
Net investment income	\$ 21,289,720	\$ 7,180,525	\$ 3,002,081	\$ 829,895
Net realized gains/(losses) from investments	117,130	106,704	(12,862)	15,357
<b>Change in net assets resulting from operations</b>	<u>21,406,850</u>	<u>7,287,229</u>	<u>2,989,219</u>	<u>845,252</u>
<b>Distributions:</b>				
<b>Net investment income:</b>				
Class A Shares	(396)	(167)	—	—
Class B Shares	(3)	(7)	—	—
Class D Shares	(1,225,570)	(157,507)	(116,619)	(16)
Class E Shares	(3)	(1)	(2)	(1)
Class I Shares	(14,834,043)	(3,240,578)	(1,438,544)	(517,995)
Intermediary Class Shares	(126,375)	(429)	(2)	(1)
Intermediary Service Class Shares	(59,961)	(1,568)	(35,192)	(1,541)
Class Y Shares	(5,036,740)	(3,780,275)	(1,407,303)	(310,662)
<b>Net realized gains:</b>				
Class A Shares	(16)	—	—	—
Class B Shares	(1)	—	—	—
Class D Shares	(19,534)	(1,011)	(2,175)	(2,318)
Class I Shares	(54,230)	(1,073)	(5,252)	(3,554)
Intermediary Class Shares	(127)	—	—	—
Intermediary Service Class Shares	(319)	—	(139)	—
Class Y Shares	(36,343)	(4,002)	(5,686)	(8,118)
<b>Change in net assets from distributions:</b>	<u>(21,393,661)</u>	<u>(7,186,618)</u>	<u>(3,010,914)</u>	<u>(844,206)</u>
<b>Change in net assets resulting from capital transactions</b>	<u>1,336,440,945</u>	<u>4,286,595,666</u>	<u>578,072,777</u>	<u>(151,452,006)</u>
<b>Change in net assets</b>	<u>1,336,454,134</u>	<u>4,286,696,277</u>	<u>578,051,082</u>	<u>(151,450,960)</u>
<b>Net Assets:</b>				
Beginning of period	10,544,617,825	6,257,921,548	1,276,416,089	1,427,867,049
End of period	<u>\$ 11,881,071,959</u>	<u>\$ 10,544,617,825</u>	<u>\$ 1,854,467,171</u>	<u>\$ 1,276,416,089</u>
Accumulated net investment income/(distributions in excess of net investment income)	<u>\$ 6,629</u>	<u>\$ —</u>	<u>\$ 4,419</u>	<u>\$ —</u>

# HSBC FAMILY OF FUNDS

## Statements of Changes in Net Assets (continued)

	HSBC U.S. Government Money Market Fund		HSBC U.S. Treasury Money Market Fund	
	Six Months Ended April 30, 2017 (unaudited)	Year Ended October 31, 2016	Six Months Ended April 30, 2017 (unaudited)	Year Ended October 31, 2016
<b>CAPITAL TRANSACTIONS*:</b>				
<b>Class A Shares</b>				
Proceeds from shares issued	\$ 357,992	\$ 1,205,234	\$ —	\$ —
Proceeds from merger	—	340,856	—	—
Dividends reinvested	412	167	—	—
Value of shares redeemed	(348,704)	(755,634)	—	—
<b>Class A Shares capital transactions</b>	<u>9,700</u>	<u>790,623</u>	<u>—</u>	<u>—</u>
<b>Class B Shares</b>				
Dividends reinvested	3	7	—	—
<b>Class B Shares capital transactions</b>	<u>3</u>	<u>7</u>	<u>—</u>	<u>—</u>
<b>Class C Shares</b>				
Proceeds from merger	—	—	—	—
<b>Class C Shares capital transactions</b>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Class D Shares</b>				
Proceeds from shares issued	\$ 1,782,201,239	\$ 3,682,762,518	\$ 1,135,821,712	\$ 900,175,290
Proceeds from merger	—	1,668,424	—	—
Dividends reinvested	790,953	46,636	72,199	1,271
Value of shares redeemed	(2,125,048,137)	(2,623,349,427)	(1,156,863,744)	(966,167,073)
<b>Class D Shares capital transactions</b>	<u>(342,055,945)</u>	<u>1,061,128,151</u>	<u>(20,969,833)</u>	<u>(65,990,512)</u>
<b>Class E Shares</b>				
Proceeds from shares issued	—	1,000	—	1,000
Proceeds from merger	—	1,001	—	—
Dividends reinvested	3	1	2	1
<b>Class E Shares capital transactions</b>	<u>3</u>	<u>2,002</u>	<u>2</u>	<u>1,001</u>
<b>Class I Shares</b>				
Proceeds from shares issued	51,078,109,600	16,374,346,788	3,928,385,764	3,707,312,527
Proceeds from merger	—	516,688,873	—	—
Dividends reinvested	6,510,786	1,765,424	549,100	135,888
Value of shares redeemed	(48,105,346,362)	(13,794,885,625)	(3,611,232,896)	(3,745,412,945)
<b>Class I Shares capital transactions</b>	<u>2,979,274,024</u>	<u>3,097,915,460</u>	<u>317,701,968</u>	<u>(37,964,530)</u>
<b>Intermediary Class Shares</b>				
Proceeds from shares issued	281,780,010	10,119,999	10	1,000
Proceeds from merger	—	1,001	—	—
Dividends reinvested	13,397	429	2	1
Value of shares redeemed	(40,500,010)	—	(10)	—
<b>Intermediary Class Shares capital transactions</b>	<u>241,293,397</u>	<u>10,121,429</u>	<u>2</u>	<u>1,001</u>
<b>Intermediary Service Class Shares</b>				
Proceeds from shares issued	573,694,725	5,001,000	12,000,010	18,706,393
Proceeds from merger	—	1,001	—	—
Dividends reinvested	51,629	1,567	35,135	1,541
Value of shares redeemed	(513,715,441)	—	(6,100,010)	(600,000)
<b>Intermediary Service Class Shares capital transactions</b>	<u>60,030,913</u>	<u>5,003,568</u>	<u>5,935,135</u>	<u>18,107,934</u>
<b>Class Y Shares</b>				
Proceeds from shares issued	8,752,890,996	25,082,584,192	1,073,066,797	1,130,575,987
Proceeds from merger	—	3,036,134	—	—
Dividends reinvested	4,965,022	3,515,422	1,412,954	317,857
Value of shares redeemed	(10,359,967,168)	(24,977,501,322)	(799,074,248)	(1,196,500,744)
<b>Class Y Shares capital transactions</b>	<u>(1,602,111,150)</u>	<u>111,634,426</u>	<u>275,405,503</u>	<u>(65,606,900)</u>
<b>Change in net assets resulting from capital transactions</b>	<u>\$ 1,336,440,945</u>	<u>\$ 4,286,595,666</u>	<u>\$ 578,072,777</u>	<u>\$ (151,452,006)</u>

\* Share transactions are at net asset value of \$1.00 per share.

See notes to financial statements.

# HSBC U.S. GOVERNMENT MONEY MARKET FUND

## Financial Highlights

Selected data for a share outstanding throughout the periods indicated.

	Investment Activities					Distributions		Ratios/Supplementary Data					
	Net Asset Value, Beginning of Period	Net Investment Income	Net Realized and Unrealized Gains (Losses) from Investments	Total from Investment Activities	Net Investment Income	Net Realized Gains from Investment Transactions	Total Distributions	Net Asset Value, End of Period	Total Return(a)	Net Assets at End of Period (000's)	Ratio of Net Expenses to Average Net Assets(b)	Ratio of Net Investment Income to Average Net Assets(b)	Ratio of Net Expenses to Average Net Assets (Excluding Fee Reductions)(b)
<b>CLASS A SHARES</b>													
Six Months Ended													
April 30, 2017 (unaudited)	\$1.00	\$—	\$—	\$—	\$—	\$—	\$—	\$1.00	0.03%	\$ 1,730	0.55%	0.05%	0.69%
Year Ended October 31, 2016	1.00	—	—	—	—	—	—	1.00	0.02%	1,720	0.34%	0.02%	0.69%
Year Ended October 31, 2015	1.00	—	—	—	—	—	—	1.00	0.03%	929	0.08%	0.03%	0.69%
Year Ended October 31, 2014	1.00	—	—	—	—	—	—	1.00	0.02%	154	0.07%	0.02%	0.69%
Year Ended October 31, 2013	1.00	—	—	—	—	—	—	1.00	0.01%	428	0.17%	0.01%	0.68%
Year Ended October 31, 2012	1.00	—	—	—	—	—	—	1.00	0.01%	238	0.14%	0.01%	0.69%
<b>CLASS B SHARES</b>													
Six Months Ended													
April 30, 2017 (unaudited)	\$1.00	—	—	—	—	—	—	\$1.00	0.01%	\$ 49	0.59%	0.01%	1.27%
Year Ended October 31, 2016	1.00	—	—	—	—	—	—	1.00	0.01%	49	0.33%	0.01%	1.13%
Year Ended October 31, 2015	1.00	—	—	—	—	—	—	1.00	0.03%	49	0.07%	0.03%	1.27%
Year Ended October 31, 2014	1.00	—	—	—	—	—	—	1.00	0.02%	49	0.07%	0.02%	1.28%
Year Ended October 31, 2013	1.00	—	—	—	—	—	—	1.00	0.01%	49	0.14%	0.01%	1.28%
Year Ended October 31, 2012	1.00	—	—	—	—	—	—	1.00	0.01%	76	0.16%	0.01%	1.29%
<b>CLASS D SHARES</b>													
Six Months Ended													
April 30, 2017 (unaudited)	\$1.00	—	—	—	—	—	—	\$1.00	0.07%	\$ 1,607,159	0.46%	0.13%	0.54%
Year Ended October 31, 2016	1.00	—	—	—	—	—	—	1.00	0.02%	1,949,225	0.34%	0.02%	0.54%
Year Ended October 31, 2015	1.00	—	—	—	—	—	—	1.00	0.03%	888,084	0.07%	0.03%	0.53%
Year Ended October 31, 2014	1.00	—	—	—	—	—	—	1.00	0.02%	727,290	0.06%	0.02%	0.54%
Year Ended October 31, 2013	1.00	—	—	—	—	—	—	1.00	0.01%	670,893	0.13%	0.01%	0.53%
Year Ended October 31, 2012	1.00	—	—	—	—	—	—	1.00	0.01%	614,499	0.16%	0.01%	0.54%
<b>CLASS E SHARES</b>													
Six Months Ended													
April 30, 2017 (unaudited)	\$1.00	—	—	—	—	—	—	\$1.00	0.13%	\$ 2	0.32%	0.27%	0.46%
July 12, 2016(c) through													
October 31, 2016	1.00	—	—	—	—	—	—	1.00	0.11%	2	0.06%	0.32%	0.31%

# HSBC U.S. GOVERNMENT MONEY MARKET FUND

## Financial Highlights (continued)

	Investment Activities				Distributions		Ratios/Supplementary Data					
	Net Asset Value, Beginning of Period	Net Investment Income	Net Realized and Unrealized Gains (Losses) from Investments	Total from Investment Activities	Net Investment Income	Net Realized Gains from Investment Transactions	Total Distributions	Net Asset Value, End of Period	Net Assets at End of Period (000's)	Ratio of Net Expenses to Average Net Assets (b)	Ratio of Net Investment Income to Average Net Assets (b)	Ratio of Net Expenses to Average Net Assets (Excluding Fee Reductions) (b)
<b>CLASS I SHARES</b>												
Six Months Ended												
April 30, 2017 (unaudited)	\$1.00	\$—	\$—	\$—	\$—	\$—	\$—	\$1.00	\$7,666,487	0.12%	0.50%	0.18%
Year Ended October 31, 2016	1.00	—	—	—	—	—	—	1.00	4,687,197	0.14%	0.23%	0.19%
Year Ended October 31, 2015	1.00	—	—	—	—	—	—	1.00	1,589,264	0.07%	0.03%	0.18%
Year Ended October 31, 2014	1.00	—	—	—	—	—	—	1.00	1,411,088	0.06%	0.02%	0.19%
Year Ended October 31, 2013	1.00	—	—	—	—	—	—	1.00	1,156,894	0.13%	0.02%	0.18%
Year Ended October 31, 2012	1.00	—	—	—	—	—	—	1.00	1,873,166	0.16%	0.01%	0.19%
<b>INTERMEDIARY CLASS SHARES</b>												
Six Months Ended												
April 30, 2017 (unaudited)	\$1.00	—	—	—	—	—	—	\$1.00	\$ 251,415	0.18%	0.59%	0.33%
July 12, 2016(c) through												
October 31, 2016	1.00	—	—	—	—	—	—	1.00	10,121	0.18%	0.26%	0.37%
<b>INTERMEDIARY SERVICE CLASS SHARES</b>												
Six Months Ended												
April 30, 2017 (unaudited)	\$1.00	—	—	—	—	—	—	\$1.00	\$ 65,034	0.19%	0.47%	0.39%
July 12, 2016(c) through												
October 31, 2016	1.00	—	—	—	—	—	—	1.00	5,003	0.18%	0.22%	0.42%
<b>CLASS Y SHARES</b>												
Six Months Ended												
April 30, 2017 (unaudited)	\$1.00	—	—	—	—	—	—	\$1.00	\$2,289,197	0.23%	0.36%	0.29%
Year Ended October 31, 2016	1.00	—	—	—	—	—	—	1.00	3,891,299	0.23%	0.11%	0.28%
Year Ended October 31, 2015	1.00	—	—	—	—	—	—	1.00	3,779,595	0.07%	0.03%	0.28%
Year Ended October 31, 2014	1.00	—	—	—	—	—	—	1.00	3,458,399	0.06%	0.02%	0.29%
Year Ended October 31, 2013	1.00	—	—	—	—	—	—	1.00	2,404,867	0.13%	0.01%	0.28%
Year Ended October 31, 2012	1.00	—	—	—	—	—	—	1.00	2,505,448	0.17%	0.01%	0.29%

Amounts designated as “—” are \$0.00 or have been rounded to \$0.00.

(a) Not annualized for periods less than one year. Total return calculations do not include any sales or redemption charges.

(b) Annualized for periods less than one year.

(c) Commencement of operations on July 12, 2016.

# HSBC U.S. TREASURY MONEY MARKET FUND

## Financial Highlights

Selected data for a share outstanding throughout the periods indicated.

	Investment Activities					Distributions			Ratios/Supplementary Data				
	Net Asset Value, Beginning of Period	Net Investment Income	Net Unrealized and Gains (Losses) from Investments	Total from Investment Activities	Net Investment Income	Net Realized Gains from Investment Transactions	Total Distributions	Net Asset Value, End of Period	Total Return(a)	Net Assets at End of Period (000's)	Ratio of Net Expenses to Average Net Assets(b)	Ratio of Net Investment Income to Average Net Assets(b)	Ratio of Expenses to Average Net Assets (Excluding Fee Reductions)(b)
<b>CLASS A SHARES</b>													
Year Ended													
October 31, 2014(c)	\$1.00	\$—	\$—	\$—	\$—	\$—	\$—	\$1.00	—%	\$	—	—%	—%
Year Ended October 31, 2013	1.00	—	—	—	—	—	—	1.00	—%	5	5	0.10%	0.69%
Year Ended October 31, 2012	1.00	—	—	—	—	—	—	1.00	—%	5	5	0.05%	0.70%
<b>CLASS D SHARES</b>													
Six Months Ended													
April 30, 2017 (unaudited)	\$1.00	—	—	—	—	—	—	\$1.00	0.05%	\$ 193,069	0.09%	0.48%	0.55%
Year Ended October 31, 2016	1.00	—	—	—	—	—	—	1.00	0.00%	214,041	—%	0.28%	0.55%
Year Ended October 31, 2015	1.00	—	—	—	—	—	—	1.00	—%	280,032	—%	0.06%	0.54%
Year Ended October 31, 2014	1.00	—	—	—	—	—	—	1.00	0.01%	638,939	—%	0.06%	0.54%
Year Ended October 31, 2013	1.00	—	—	—	—	—	—	1.00	—%	517,845	—%	0.09%	0.53%
Year Ended October 31, 2012	1.00	—	—	—	—	—	—	1.00	—%	662,063	—%	0.08%	0.54%
<b>CLASS E SHARES</b>													
Six Months Ended													
April 30, 2017 (unaudited)	\$1.00	—	—	—	—	—	—	\$1.00	0.18%	\$ 1	1	0.22%	0.30%
July 12, 2016(d) through October 31, 2016	1.00	—	—	—	—	—	—	1.00	0.11%	1	1	—%	0.33%
<b>CLASS I SHARES</b>													
Six Months Ended													
April 30, 2017 (unaudited)	\$1.00	—	—	—	—	—	—	\$1.00	0.22%	\$ 664,091	0.46%	0.14%	0.20%
Year Ended October 31, 2016	1.00	—	—	—	—	—	—	1.00	0.13%	346,399	0.13%	0.16%	0.20%
Year Ended October 31, 2015	1.00	—	—	—	—	—	—	1.00	—%	384,363	—%	0.05%	0.19%
Year Ended October 31, 2014	1.00	—	—	—	—	—	—	1.00	0.01%	263,714	0.01%	0.06%	0.19%
Year Ended October 31, 2013	1.00	—	—	—	—	—	—	1.00	—%	1,086,181	—%	0.09%	0.18%
Year Ended October 31, 2012	1.00	—	—	—	—	—	—	1.00	—%	555,287	—%	0.08%	0.19%
<b>INTERMEDIARY CLASS SHARES</b>													
Six Months Ended													
April 30, 2017 (unaudited)	\$1.00	—	—	—	—	—	—	\$1.00	0.18%	\$ 1	1	0.22%	0.35%
July 12, 2016(d) through October 31, 2016	1.00	—	—	—	—	—	—	1.00	0.11%	1	1	—%	0.38%

# HSBC U.S. TREASURY MONEY MARKET FUND

## Financial Highlights (continued)

	Investment Activities				Distributions		Ratios/Supplementary Data						
	Net Asset Value, Beginning of Period	Net Investment Income	Net Realized Gains (Losses) from Investments	Total from Investment Activities	Net Investment Income	Net Realized Gains from Investment Transactions	Total Distributions	Net Asset Value End of Period	Total Return(a)	Net Assets at End of Period (000's)	Ratio of Net Expenses to Average Net Assets(b)	Ratio of Net Investment Income to Average Net Assets (b)	Ratio of Expenses to Average Net Assets (Excluding Fee Reductions)(b)
<b>INTERMEDIARY SERVICE</b>													
<b>CLASS SHARES</b>													
Six Months Ended													
April 30, 2017 (unaudited)	\$1.00	—	—	—	—	—	—	\$1.00	0.19%	\$ 24,043	0.20%	0.38%	0.40%
July 12, 2016(d) through October 31, 2016	1.00	—	—	—	—	—	—	1.00	0.10%	18,108	0.20%	0.14%	0.48%
<b>CLASS Y SHARES</b>													
Six Months Ended													
April 30, 2017 (unaudited)	\$1.00	—	—	—	—	—	—	\$1.00	0.16%	\$ 973,262	0.25%	0.35%	0.30%
Year Ended October 31, 2016	1.00	—	—	—	—	—	—	1.00	0.04%	697,866	0.25%	0.04%	0.30%
Year Ended October 31, 2015	1.00	—	—	—	—	—	—	1.00	—%	763,473	0.06%	—%	0.29%
Year Ended October 31, 2014	1.00	—	—	—	—	—	—	1.00	0.01%	956,312	0.06%	0.01%	0.29%
Year Ended October 31, 2013	1.00	—	—	—	—	—	—	1.00	—%	968,290	0.09%	—%	0.28%
Year Ended October 31, 2012	1.00	—	—	—	—	—	—	1.00	—%	1,156,631	0.09%	—%	0.29%

Amounts designated as “-” are \$0.00 or have been rounded to \$0.00.

(a) Not annualized for periods less than one year. Total return calculations do not include any sales or redemption charges.

(b) Annualized for periods less than one year.

(c) Class A Shares were operational during a portion of the year only. Amounts reflect performance for a period of time the class had operations, which was 201 days during the period.

The net asset value reflected represents the last day the class had operations.

(d) Commencement of operations on July 12, 2016.

### 1. Organization:

The HSBC Funds (the “Trust”), a Delaware statutory trust organized on March 2, 2016, is registered under the Investment Company Act of 1940, as amended (the “Act”), as an open-end management investment company. Effective June 24, 2016, the Funds (as defined below), which were series of HSBC Funds, a Massachusetts business trust, reorganized with and into corresponding series of the Trust (each, a “Reorganization”). Upon completion of each Reorganization, the respective share classes of each Fund assumed the performance, financial and other historical information of those of the corresponding predecessor series. As of April 30, 2017, the Trust is composed of 18 separate operational funds, each a series of the HSBC Family of Funds. The accompanying financial statements are presented for the following two funds (individually a “Fund”, collectively the “Funds”) of the Trust:

<u>Fund</u>	<u>Short Name</u>
HSBC U.S. Government Money Market Fund	U.S. Government Money Market Fund
HSBC U.S. Treasury Money Market Fund	U.S. Treasury Money Market Fund

Both of the Funds are diversified funds. Financial statements for all other funds of the Trust are published separately.

Both of the Funds are money market funds and seek to maintain a stable net asset value of \$1.00 per share, although it is possible to lose money by investing in the Funds. The Funds are authorized to issue an unlimited number of shares of beneficial interest with a par value of \$0.001 per share. The U.S. Government Money Market Fund has nine classes of shares: Class A Shares, Class B Shares, Class C Shares, Class D Shares, Class E Shares, Class I Shares, Intermediary Class Shares, Intermediary Service Class Shares and Class Y Shares. The U.S. Treasury Money Market Fund has eight classes of shares: Class A Shares, Class C Shares, Class D Shares, Class E Shares, Class I Shares, Intermediary Class Shares, Intermediary Service Class Shares and Class Y Shares. The Class B Shares of the U.S. Government Money Market Fund are offered without any front-end sales charge but will be subject to a contingent deferred sales charge (“CDSC”) ranging from a maximum of 4.00% if redeemed less than one year after purchase to 0.00% if redeemed more than four years after purchase. Class C Shares of the Funds are offered without any front-end sales charge but will be subject to a maximum CDSC of 1.00% if redeemed less than one year after purchase. No sales charges are assessed with respect to Class A, Class D, Class E, Class I, Intermediary Class, Intermediary Service Class or Class Y Shares of the Funds. Each class of shares in each Fund has identical rights and privileges, except with respect to arrangements pertaining to shareholder servicing and/or distribution, class-related expenses, voting rights on matters affecting a single class of shares, and exchange privileges. Class B Shares may no longer be purchased or acquired by any new or existing Class B shareholder, except through dividend and/or capital gains reinvestment.

Under the Trust’s organizational documents, the Trust’s officers and Trustees are indemnified against certain liabilities arising out of the performance of their duties to the Funds. In addition, in the normal course of business, the Trust may enter into contracts with its service providers, which also provide for indemnifications by the Funds. The Funds’ maximum exposure under these arrangements is unknown as this would involve any future claims that may be made against the Funds. However, based on experience, the Trust expects the risk of loss to be remote.

The Funds are investment companies and follow accounting and reporting guidance under Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 946, “Financial Services-Investment Companies.”

### 2. Significant Accounting Policies:

The following is a summary of the significant accounting policies followed by the Funds in the preparation of their financial statements. The policies are in conformity with generally accepted accounting principles in the United States of America (“GAAP”). The preparation of financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.

**Securities Valuation:**

Investments of the Funds are valued using the amortized cost method pursuant to Rule 2a-7 under the Act, which approximates fair value. Fair value is defined as 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. The valuation techniques used to determine fair value are further described in Note 3 below.

**Investment Transactions and Related Income:**

Investment transactions are accounted for no later than one business day after trade date. However, for financial reporting purposes, investment transactions are accounted for on trade date. Investment gains and losses are calculated on the identified cost basis. Interest income is recognized on the accrual basis and includes, where applicable, the amortization or accretion of premium or discount. Dividend income is recorded on the ex-dividend date.

**Restricted Securities:**

The Funds may invest in restricted securities. A restricted security is a security which has been purchased through a private offering and cannot be resold to the general public without prior registration under the Securities Act of 1933 (the “1933 Act”) or pursuant to the resale limitations provided by Rule 144 under the 1933 Act, or another exemption from the registration requirements of the 1933 Act. Certain restricted securities may be resold in transactions exempt from registration, normally to qualified institutional buyers, and may be deemed liquid by the Investment Adviser (as defined in Note 4) based on procedures established by the Board of Trustees (the “Board”). Therefore, not all restricted securities are considered illiquid. To the extent that a Fund purchases securities that are restricted as to resale or for which current market quotations are not available, such securities will be valued based upon all relevant factors as outlined in SEC Financial Reporting Release No. 1. Disposal of restricted securities may involve time consuming negotiations and expense. Prompt sale at the current valuation may be difficult and could adversely affect the net assets of the Funds. At April 30, 2017, there were no restricted securities held by the Funds.

**Repurchase Agreements:**

The U.S. Government Money Market Fund may enter into repurchase agreements with an entity which is a member of the Federal Reserve System or which is a “primary dealer” (as designated by the Federal Reserve Bank of New York) in U.S. government obligations. The U.S. Treasury Money Market Fund may temporarily invest in repurchase agreements collateralized by U.S. Treasury Obligations. The repurchase price generally equals the price paid by a Fund plus interest negotiated on the basis of current short-term rates, which may be more or less than the rate on the underlying portfolio securities. The seller, under a repurchase agreement, is required to maintain the collateral held pursuant to the agreement, with a fair value equal to or greater than the repurchase price (including accrued interest). Securities subject to repurchase agreements are held by the Funds’ custodian or another qualified custodian or in the Federal Reserve/Treasury book-entry system. Master Repurchase Agreements (“MRA”) permit the Fund, under certain circumstances, including an event of default (such as bankruptcy or insolvency), to offset receivables under the MRA with collateral posted by the counterparty and create one net payment due to or from the Fund. However, bankruptcy or insolvency laws of a particular jurisdiction may impose restrictions on or prohibitions against such a right of offset in the event of the MRA counterparty’s bankruptcy or insolvency. Pursuant to terms of the MRA, the Fund receives securities as collateral with a market value in excess of the repurchase price to be received by the Fund upon the maturity of the transaction. Upon bankruptcy or insolvency of the MRA counterparty, the Fund would recognize a liability with respect to such excess collateral to reflect the Fund’s obligation under bankruptcy law to return the excess to the counterparty. There is potential for loss to a Fund in the event the Fund is delayed or prevented from exercising its rights to dispose of the collateral securities, including the risk of a possible decline in the fair value of the underlying securities during the period while the Fund seeks to assert its rights.

**Cash:**

Cash is held in deposit accounts at the Funds' Custodian and is a significant portion of the net assets, which may exceed the amount insured by the Federal Deposit Insurance Corporation ("FDIC"). To the extent that such balances exceed FDIC insurance limits, the Funds are subject to the creditworthiness of the custodian bank.

**Allocations:**

Expenses directly attributable to a Fund are charged to that Fund. Expenses not directly attributable to a Fund are allocated proportionately among the applicable series within the Trust in relation to the net assets of each fund or on another reasonable basis. Class specific expenses are charged directly to the class incurring the expense. In addition, income, expenses (other than class specific expenses), and unrealized and realized gains and losses are allocated to each class based on relative net assets on a daily basis.

**Distributions to Shareholders:**

Dividends to shareholders from net investment income, if any, are declared daily and paid monthly from each Fund. Distributions from net realized gains, if any, are declared and paid at least annually by the Funds. Additional distributions are also made to the Funds' shareholders to the extent necessary to avoid the federal excise tax on certain undistributed income and net realized gains of regulated investment companies.

**Federal Income Taxes:**

Each Fund is a separate taxable entity for federal income tax purposes. Each Fund has qualified and intends to continue to qualify each year as a "regulated investment company" under Subchapter M of the Internal Revenue Code, as amended, and to distribute substantially all of its taxable net investment income and net realized gains, if any, to its shareholders. Accordingly, no provision for federal income or excise tax is required.

Management of the Funds has reviewed tax positions taken in tax years that remain subject to examination by all major tax jurisdictions, including federal (i.e., the last four tax year ends and the interim tax period since then, as applicable). Management believes that there is no tax liability resulting from unrecognized tax benefits related to uncertain tax positions taken. Management's conclusions may be subject to future review based on changes in, or interpretation of, accounting standards or tax laws and regulations.

**Recent Accounting Pronouncements:**

In October 2016, the Securities and Exchange Commission (SEC) released its Final Rules on Investment Company Reporting Modernization (the "Rules"). The Rules which introduce two new regulatory reporting forms for investment companies – Form N-PORT and Form N-CEN – also contain amendments to Regulation S-X which require standardized, enhanced disclosures about derivatives in investment company financial statements, as well as other amendments. The amendments are effective for filings made with the SEC after August 1, 2017. Management is currently evaluating the impact of the amendments on the Funds' financial statements. The adoption will have no effect on the Funds' net assets or results of operations.

**3. Investment Valuation Summary**

The valuation techniques employed by the Funds, as described below, maximize the use of observable inputs and minimize the use of unobservable inputs in determining fair value. The Funds' investments are classified within the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement. The inputs used for valuing the Funds' investments are summarized in the three broad levels listed below:

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

Changes in valuation techniques may result in transfers in or out of an assigned level within the disclosure hierarchy. The Trust’s policy is to disclose transfers between fair value hierarchy levels based on valuations at the end of the reporting period. There were no transfers between levels as of April 30, 2017, from the valuation input levels used on October 31, 2016. The inputs or methodology used for valuing investments are not necessarily an indication of the risk associated with investing in those investments.

Investments of the Funds are valued using the amortized cost method pursuant to Rule 2a-7 under the Act, which approximates fair value, and are typically categorized as Level 2 in the fair value hierarchy. The amortized cost method involves valuing an instrument at its cost initially and thereafter assuming a constant amortization to maturity of any discounts or premium, regardless of the impact of fluctuating interest rates on the market value of the instrument. The amortized cost method that may result in periods during which value, as determined by amortized cost, is higher or lower than the price a Fund holding the instrument would receive if it sold the instrument. The fair value of securities in the Funds can be expected to vary with changes in prevailing interest rates.

Investments in other money market funds are priced at net asset value as reported by such companies and are typically categorized as Level 1 in the fair value hierarchy.

Repurchase agreements are valued at original cost and are typically categorized as Level 2 in the fair value hierarchy.

For the period ended April 30, 2017, there were no Level 3 investments for which significant unobservable inputs were used to determine fair value. As of April 30, 2017, all investments were categorized as Level 2 in the fair value hierarchy. The breakdown of investment categorization is disclosed in the Schedule of Portfolio Investments for each Fund.

**4. Related Party Transactions and Other Agreements and Plans:**

**Investment Management:**

HSBC Global Asset Management (USA) Inc. (“HSBC” or the “Investment Adviser”), a wholly owned subsidiary of HSBC Bank USA, N.A., a national bank organized under the laws of the United States, acts as Investment Adviser to the Funds. As Investment Adviser, HSBC manages the investments of the Funds and continuously reviews, supervises and administers the Funds’ investments pursuant to an Investment Advisory Contract. For its services as Investment Adviser, HSBC receives a fee from each Fund, accrued daily and paid monthly, based on the average daily net assets of each respective Fund, at an annual rate of 0.10%.

HSBC also provides operational support services to the Funds pursuant to an Operational Support Services Agreement. For its services in this capacity, HSBC is entitled to receive a fee, accrued daily and paid monthly, based on the average daily net assets of Class A Shares, Class B Shares, Class C Shares, Class D Shares, Intermediary Class Shares, Intermediary Service Class Shares and Class Y Shares, at an annual rate of 0.10%.

The Bank of New York Mellon (the “Servicer”) provides recordkeeping, reporting and processing services to the Class I Shares of the Funds. The Servicer is paid by the Investment Adviser and not by the Funds, for these services.

**Administration:**

HSBC also serves the Funds as Administrator. Under the terms of the Administration Agreement, HSBC receives from the Funds (as well as other funds in the Trust combined) a fee, accrued daily and paid monthly, at an annual rate of:

<u>Based on Average Daily Net Assets of</u>	<u>Fee Rate(%)</u>
Up to \$10 billion . . . . .	0.0400
In excess of \$10 billion but not exceeding \$20 billion . . . . .	0.0350
In excess of \$20 billion but not exceeding \$50 billion . . . . .	0.0265
In excess of \$50 billion . . . . .	0.0245

The fee rates and breakpoints are determined on the basis of the aggregate average daily net assets of the Trust. For the period ended April 30, 2017, the effective annualized rate was 0.04%, prior to any fee waivers or expense reimbursements, based on the average daily net assets of the Trust. The total administration fee paid to HSBC is allocated to each series based upon its proportionate share of the aggregate net assets of the Trust, subject to certain allocations in cases where one fund invests some or all of its assets in another fund.

Pursuant to a Sub-Administration Agreement with HSBC, Citi Fund Services Ohio, Inc. ("Citi"), a wholly-owned subsidiary of Citigroup, Inc., serves as the Trust's Sub-Administrator, subject to the general supervision by the Trust's Board of Trustees (the "Board") and HSBC. For these services, Citi is entitled to a fee, payable by HSBC, at an annual rate equivalent to the fee rates set forth above subject to certain reductions associated with services provided to new funds, minus 0.02% which is retained by HSBC.

Under a Compliance Services Agreement between the Trust and Citi (the "CCO Agreement"), Citi makes an employee available to serve as the Trust's Chief Compliance Officer (the "CCO"). Under the CCO Agreement, Citi also provides infrastructure and support in implementing the written policies and procedures comprising the Trust's compliance program, including support services to the CCO. For the services provided under the CCO Agreement, the Trust paid Citi \$156,417 for the period ended April 30, 2017, plus reimbursement of certain out-of-pocket expenses. Expenses incurred by each Fund are reflected on the Statements of Operations as "Compliance Services." Citi pays the salary and other compensation earned by individuals performing these services, as employees of Citi.

**Distribution Arrangements:**

Foreside Distribution Services, L.P. ("Foreside"), a wholly-owned subsidiary of Foreside Financial Group LLC, serves the Trust as Distributor (the "Distributor"). The Trust has adopted a non-compensatory Distribution Plan and Agreement (the "Distribution Plan") pursuant to Rule 12b-1 of the Act. The Distribution Plan provides for reimbursement of expenses incurred by the Distributor related to distribution and marketing, at a rate not to exceed 0.25%, 1.00%, 1.00% and 0.25% of the average daily net assets of Class A Shares (currently not being charged), Class B Shares (currently charging 0.75%), Class C Shares (currently charging 0.75%) and Class D Shares (currently not being charged) of the Funds, respectively. For the period ended April 30, 2017, Foreside, as Distributor, also received \$3,897 in commissions from sales of the Trust, of which \$3 were reallocated to HSBC-affiliated brokers and dealers.

Expenses reduced during the period ended April 30, 2017 are reflected on the Statements of Operations as Fees voluntarily reduced by Distributor.

**Shareholder Servicing:**

The Trust has adopted a Shareholder Services Plan, which provides for payments to shareholder servicing agents (which primarily consists of HSBC and its affiliates) for providing various shareholder services. As disclosed in the Statements of Operations, for the current fiscal period certain amounts of the Shareholder Servicing Fees have been waived by those shareholder servicing agents, including HSBC and its affiliates. For performing these services, the shareholder servicing agents receive a fee that is computed daily and paid monthly up to 0.60%, 0.25%, 0.25%, 0.25%, 0.10%, 0.05% and 0.10% of the average daily net assets of Class A Shares (currently charging 0.40%), Class B Shares (for the U.S. Government Money Market Fund), Class C Shares, Class D Shares, Class E Shares, Intermediary Class Shares and Intermediary Service Class Shares, respectively. The aggregate fees paid to the Distributor pursuant to the Distribution Plan and to shareholder servicing agents pursuant to the Shareholder Services Plan may not exceed in the aggregate 0.60%, 1.00%, 1.00%, 0.25%, 0.10%, 0.05% and 0.10% annually of each Fund's average daily net assets of Class A Shares, Class B Shares, Class C Shares, Class D Shares, Class E Shares, Intermediary Class Shares and Intermediary Service Class Shares, respectively. Expenses reduced during the period ended April 30, 2017 are reflected on the Statements of Operations as "Fees voluntarily reduced by Shareholder Servicing Agent."

The Trust has entered into shareholder services contracts with affiliated and unaffiliated financial intermediaries who provide shareholder services and other related services to their clients or customers who invest in the Funds under which the Funds will pay all or a portion of such fees earned to financial intermediaries for performing such services.

**Fund Accounting and Transfer Agency:**

Citi provides fund accounting services for each Fund. As fund accountant, Citi receives an annual fee per Fund and share class, subject to certain minimums and reimbursements of certain expenses. Citi receives additional fees paid by the Trust for regulatory administration services and money market fund reporting services. Boston Financial Data Services, Inc. (“BFDS”) provides transfer agent services for each Fund. As transfer agent, BFDS receives a fee based on the number of funds and shareholder accounts, subject to certain minimums, and reimbursement of certain expenses.

**Independent Trustees:**

The Trust pays an annual retainer to each Independent Trustee, plus additional annual retainers to each Committee Chair and the Chairman of the Board. The Independent Trustees also receive a fee for each regular, special in-person, and telephonic meeting of the Board of Trustees attended. The aggregate amount of the fees and expenses of the Independent Trustees are allocated amongst all the funds in the Trust and are presented in the Statements of Operations.

**Fee Reductions:**

The Investment Adviser has agreed to contractually limit through March 1, 2018 the total annual expenses, exclusive of interest, taxes, brokerage commissions and extraordinary expenses, of certain classes of the Funds. Each affected Fund Class has its own expense limitations based on the average daily net assets for any full fiscal year as follows:

<u>Fund</u>	<u>Class</u>	<u>Contractual Expense Limitations(%)</u>
U.S. Government Money Market Fund . . . . .	E	0.25
U.S. Government Money Market Fund . . . . .	I	0.20
U.S. Treasury Money Market Fund . . . . .	E	0.25
U.S. Treasury Money Market Fund . . . . .	I	0.20

Any amounts contractually waived or reimbursed by the Investment Adviser will be subject to repayment by the respective Fund to the Investment Adviser within three years to the extent that the repayment will not cause the Fund’s operating expenses to exceed the contractual expense limit that was in effect at the time of such waiver or reimbursement. At April 30, 2017, there were no remaining contractual reimbursements that are subject to repayment by the Funds in subsequent years.

The Administrator and Citi may voluntarily waive/reimburse fees to help support the expense limits of the Funds. In addition, HSBC, in its role as Investment Adviser and Administrator, may waive/reimburse additional fees at its discretion. Any voluntary fee waivers/reimbursements are not subject to recoupment in subsequent fiscal periods. Voluntary waivers/reimbursements may be stopped at any time. Amounts waived/reimbursed by the Investment Adviser, Administrator and Citi as Sub-Administrator are reported separately on the Statements of Operations, as applicable.

During the period ended April 30, 2017, the following amounts of expenses were waived:

<u>Fund</u>	<u>Class A (\$)</u>	<u>Class B (\$)</u>	<u>Class C (\$)</u>	<u>Class D (\$)</u>	<u>Class E (\$)</u>	<u>Class I (\$)</u>	<u>Class Y (\$)</u>	<u>Intermediary Class (\$)</u>	<u>Intermediary Service Class (\$)</u>
U.S. Government Money Market Fund . . . . .	1,105	165	—	664,764	1	1,841,881	751,276	31,776	24,954
U.S. Treasury Money Market Fund . . . . .	—	—	—	97,314	—	182,263	197,964	—	18,470

# HSBC FAMILY OF FUNDS

## Notes to Financial Statements— as of April 30, 2017 (Unaudited) (continued)

The Funds have entered into an arrangement with their custodian whereby credits realized as a result of uninvested cash balances are used to reduce a portion of the Funds' custodian expenses. Expenses reduced during the period ended April 30, 2017 are reflected on the Statements of Operations as "Custody earnings credits," as applicable.

### Overdraft Facility:

The Funds have entered into an arrangement with their custodian whereby an uncommitted, unsecured overdraft facility is made available to meet unanticipated end-of-day liquidity needs of the Funds which cannot be fulfilled by trading activities. The interest rate on overdraft amounts is calculated at an annual rate of 0.50% plus the Federal Funds Rate. The overdraft facility is limited to \$500,000,000 and \$50,000,000 for the U.S. Government Money Market Fund and the U.S. Treasury Money Market Fund, respectively.

### 5. Federal Income Tax Information:

At April 30, 2017, the cost basis of securities for federal income tax purposes, gross unrealized appreciation, gross unrealized depreciation and net unrealized appreciation/depreciation were as follows:

	<u>Tax Cost (\$)</u>	<u>Tax Unrealized Appreciation (\$)</u>	<u>Tax Unrealized Depreciation (\$)</u>	<u>Net Unrealized Appreciation/ Depreciation (\$)*</u>
U.S. Government Money Market Fund . . . . .	11,735,989,730	—	(3,866)	(3,866)
U.S Treasury Money Market Fund . . . . .	1,716,705,611	—	—	—

\* The differences between book-basis unrealized appreciation (depreciation) is attributable primarily to tax deferral of losses on wash sales.

The tax character of dividends paid by the Funds as of the tax year ended October 31, 2016, was as follows:

	<u>Dividends paid from</u>				
	<u>Ordinary Income (\$)</u>	<u>Net Long Term Capital Gains (\$)</u>	<u>Total Taxable Dividends (\$)</u>	<u>Tax Exempt Distributions (\$)</u>	<u>Total Dividends Paid (\$)<sup>(1)</sup></u>
U.S. Government Money Market Fund . . . . .	6,777,535	5,589	6,783,124	—	6,783,124
U.S. Treasury Money Market Fund . . . . .	800,318	—	800,318	—	800,318

(1) Total dividends paid may differ from the amount reported in the Statement of Changes in Net Assets because dividends are recognized when actually paid for tax purposes.

As of the tax year ended October 31, 2016, the components of accumulated earnings/(deficit) on a tax basis for the Funds were as follows:

	<u>Undistributed Ordinary Income (\$)</u>	<u>Undistributed Tax Exempt Income (\$)</u>	<u>Undistributed Long Term Capital Gains (\$)</u>	<u>Accumulated Earnings (\$)</u>	<u>Dividends Payable (\$)</u>	<u>Accumulated Capital and Other Losses (\$)</u>	<u>Unrealized Appreciation/ Depreciation (\$)</u>	<u>Total Accumulated Earnings/ Deficit (\$)</u>
U.S. Government Money Market Fund . . . . .	552,674	—	—	552,674	(442,104)	—	(3,866)	106,704
U.S. Treasury Money Market Fund . . . . .	57,140	—	—	57,140	(43,888)	—	—	13,252

Capital loss carryforwards ("CLCFs") subject to expiration are applied as short-term capital loss regardless of whether the originating capital loss was short-term or long-term. CLCFs that are not subject to expiration must be utilized before those that are subject to expiration. The Board does not intend to authorize a distribution of any realized gain for the Funds until any applicable CLCF has been offset or expires. As of the tax year ended October 31, 2016, the Funds had no CLCFs.

Under current law, capital losses and specified ordinary losses realized after October 31 and non-specified ordinary losses incurred after December 31 (ordinary losses collectively known as “late year ordinary loss”) may be deferred and treated as occurring on the first business day of the following fiscal year. As of the tax year ended October 31, 2016, the Funds had no deferred losses.

The amount and character of net investment income and net realized gains distributed are determined in accordance with federal income tax regulations, which may differ from GAAP. These “book/tax” differences are either considered temporary or permanent in nature. To the extent these differences are permanent in nature (e.g., reclassification of market discounts, certain gain/loss, paydowns, and distributions), such amounts are reclassified within the composition of net assets based on their federal tax-basis treatment; temporary differences (e.g., wash losses and post-October loss deferrals) do not require reclassification. To the extent distributions to shareholders from net investment income and net realized gains exceed net investment income and net realized gains for tax purposes, they are reported as distributions of capital.

**6. Significant Shareholders:**

Shareholders, including other funds, individuals, and accounts, as well as the Fund’s investment manager(s) and/or investment personnel, may from time to time own (beneficially or of record) a significant percentage of the Fund’s Shares and can be considered to “control” the Fund when that ownership exceeds 25% of the Fund’s assets (and which may differ from control as determined in accordance with accounting principles generally accepted in the United States of America).

The following list includes the Funds which had individual shareholder accounts with ownership of voting securities greater than 10% of the total outstanding voting securities but less than 25% and/or accounts with ownership of voting securities greater than 25% of the total outstanding voting securities. Significant transactions by these shareholder accounts may negatively impact the Funds’ performance.

Fund	Number of shareholders with ownership of voting securities of the Fund greater than 10% and less than 25% of the total Fund’s outstanding voting securities	Number of shareholders with ownership of voting securities of the Fund greater than 25% of the total Fund’s outstanding voting securities
U.S. Government Money Market Fund . . . . .	2	—
U.S. Treasury Money Market Fund . . . . .	1	1

**7. Business Combinations:**

On October 7, 2016, the U.S. Government Money Market Fund acquired all of the assets and assumed all of the liabilities of the HSBC Prime Money Market Fund (“Prime Money Market Fund”), an open-end investment company, pursuant to a plan of reorganization approved by the Board on September 7, 2016. The purpose of the transaction was to combine two funds with substantially similar investment policies and strategies. The acquisition was accomplished by a tax-free exchange of 521,737,290 shares of the U.S. Government Money Market Fund, valued at \$521,737,290, for all of the assets and the assumption of the liabilities (net assets of \$521,737,290) of the Prime Money Market Fund on October 7, 2016. The investment portfolio of the Prime Money Market Fund, with an amortized cost of \$430,000,000, which approximates the fair value at October 7, 2016, was the principal asset acquired by the U.S. Government Money Market Fund. For financial reporting purposes, assets received and shares issued by the U.S. Government Money Market Fund were recorded at amortized cost which approximates fair value; and the amortized cost basis of the investments received from the Prime Money Market Fund was carried forward to align ongoing reporting of the U.S. Government Money Market Fund. Immediately prior to the merger, the net assets of the U.S. Government Money Market Fund were \$8,728,801,871.

**8. Subsequent Events:**

On February 3, 2017, Lovell Minnick Partners announced that it had signed a definitive agreement to acquire a majority interest in Foreside Financial Group, LLC, the indirect parent of Foreside. On May 31, 2017, Foreside announced that its acquisition by Lovell Minnick Partners was completed. The services provided by Foreside, and the fees charged for such services, are not expected to change as a result of the acquisition.

Management has evaluated subsequent events through the date these financial statements were issued. Based on the evaluation, no adjustments or additional disclosures were required to the financial statements as of April 30, 2017.

### Investment Adviser Contract Approval<sup>1</sup>

Section 15(c) of the Investment Company Act of 1940, as amended (the "1940 Act"), generally requires that a majority of the trustees of a mutual fund who are not "interested persons" of the fund or the investment adviser, as defined in the 1940 Act (the "Independent Trustees"), review and approve the investment advisory agreement at an in person meeting for an initial period of up to two years and thereafter on an annual basis. A summary of the material factors considered by the Independent Trustees and the Board of Trustees (the "Board") of HSBC Funds (the "Trust") in connection with approving investment advisory and sub-advisory agreements for the series of the Trust (each, a "Fund") and the conclusions the Independent Trustees and Board made as a result of those considerations are set forth below.

### Annual Continuation of Advisory and Sub-Advisory Agreements

The Independent Trustees met separately on October 21, 2016 (in person), and the Board met on December 15, 2016 (in person) (each, a "Meeting," and together, the "Meetings") to consider, among other matters, the approval of the continuation of the: (i) Investment Advisory Contract and related Supplements ("Advisory Contracts") between the Trust and the Adviser and (ii) Sub-Advisory Agreements ("Sub-Advisory Contracts" and, together with the Advisory Contracts, the "Agreements") between the Adviser and each investment sub-adviser ("Sub-Adviser") on behalf of one or more of the Funds.

Prior to the meetings, the Independent Trustees requested, received and reviewed information to help them evaluate the terms of the Agreements. This information included, among other things, information about: (i) the services that the Adviser and Sub-Advisers provide; (ii) the personnel who provide such services; (iii) investment performance, including comparative data provided by Strategic Insight; (iv) trading practices of the Adviser and Sub-Advisers; (v) fees received or to be received by the Adviser and Sub-Advisers, including comparison with the advisory fees paid by other similar funds based on materials provided by Strategic Insight; (vi) total expense ratios, including in comparison with the total expense ratios of other similar funds provided by Strategic Insight; (vii) the profitability of the Adviser and certain of the Sub-Advisers; (viii) compliance-related matters pertaining to the Adviser and Sub-Advisers; (ix) regulatory developments, including rulemaking initiatives of the U.S. Securities and Exchange Commission ("SEC"); and (x) other information regarding the nature, extent and quality of services provided by the Adviser and the Sub-Advisers under their respective Agreements.

The Independent Trustees were separately advised by independent counsel throughout the process, and met with independent counsel in periodic executive and private sessions at which no representatives of management were present, including during the October 21, 2016 meeting. Prior to voting to continue the Agreements, the Independent Trustees also received a memorandum from their independent counsel discussing the legal standards for their consideration of the proposed continuation of the Agreements.

The Board, including the Independent Trustees, considered and reviewed, among other things: (i) the information provided in advance of the meetings; (ii) the Funds' investment advisory arrangements and expense limitation agreements with the Adviser; (iii) the Trust's arrangements with the unaffiliated sub-adviser to the Trust, Westfield Capital Management Company, LP ("Westfield"); (iv) the Trust's arrangements with the affiliated sub-advisers to the Trust, HSBC Global Asset Management (UK) Limited, HSBC Global Asset Management (France) Limited and HSBC Global Asset Management (Hong Kong) Limited; (v) the fees paid to the Adviser pursuant to the Trust's agreements with the Adviser for the provision of various non-advisory services, including the Administration Agreement, Support Services Agreement and Operational Support Services Agreement and the terms and purpose of these agreements and comparative information about services and fees of other peer funds; (vi) regulatory considerations; (vii) the Adviser's Multimanager function and the level of oversight services provided to the HSBC Opportunity Portfolio; (viii) the Adviser's advisory services with respect to the Funds that are money market funds ("Money Market Funds"); (ix) the Adviser's profitability and direct and indirect expenses; and (x) additional information provided by the Adviser at the request of the Board, following the October 21, 2016 Board meeting.

<sup>1</sup> The HSBC Euro High Yield Bond Fund (USD Hedged) recently commenced operations and, therefore, the Agreement with respect to this Fund was not up for renewal.

In addition, the Board took into consideration its overall experience with the Adviser and the Sub-Advisers, and its experience with them during the prior year, as well as information contained in the various written and oral reports provided to the Board, including but not limited to quarterly performance reports prepared by management containing reviews of investment results and periodic presentations from portfolio managers, product managers and other senior employees of the Adviser and certain of the Sub-Advisers. As a result of this process, at the in-person meeting held on December 15, 2016, the Board unanimously agreed to approve the continuation of the Agreements with respect to each Fund. The Board reviewed materials and made their respective determinations based on a Fund-by-Fund basis.

*Nature, Extent, and Quality of Services Provided by Adviser and Sub-Advisers.* The Board, including the Independent Trustees, examined the nature, quality and extent of the investment advisory services provided (or to be provided) by the Adviser to the Funds, as well as the quality and experience of the Adviser's personnel.

The Board, including the Independent Trustees, also considered: (i) the long-term relationship between the Adviser and the Funds; (ii) the Adviser's reputation and financial condition; (iii) the assets of the HSBC Family of Funds; (iv) the Adviser's ongoing commitment to implement rulemaking initiatives of the SEC, including the SEC's new liquidity risk management and data modernization rules and rule amendments; (iv) the business strategy of the Adviser and its parent company and their financial and other resources that are committed to the Funds' business; and (v) the capabilities and performance of the Adviser's portfolio management teams and other personnel.

With respect to the Money Market Funds, the Board also considered the additional yield support, in the form of additional expense reductions, provided by the Adviser and its affiliates to maintain a competitive yield for the Money Market Funds, and noted the impact of these subsidies and waivers had on the profitability of the Adviser. In addition, the Board considered the Adviser's performance in fulfilling its responsibilities for overseeing its own and the Sub-Advisers' compliance with the Funds' compliance policies and procedures and investment objectives.

The Board, including the Independent Trustees, also examined the nature, quality and extent of the services that the Sub-Advisers provide (or will provide) to their respective Funds. In this regard, the Board considered the investment performance, as described below, and the portfolio risk characteristics achieved by the Sub-Advisers and the Sub-Advisers' portfolio management teams, their experience, and the quality of their compliance programs, among other factors.

Based on these considerations, the Board, including the Independent Trustees, concluded that the nature, quality and extent of the services provided by the Adviser and Sub-Advisers supported continuance of the Agreements.

*Investment Performance of the Funds, Adviser and Sub-Advisers.* The Board, including the Independent Trustees, considered the investment performance of each Fund (except the HSBC Economic Scale Index Emerging Markets Equity Fund, which had not commenced investment operations at the time of the Meetings) over various periods of time, as compared to one another as well as to comparable peer funds, one or more benchmark indices and other accounts managed by the Adviser and Sub-Advisers.

In the context of the Aggressive Strategy Fund, Balanced Strategy Fund, Moderate Strategy Fund, Conservative Strategy Fund and Income Strategy Fund (the "World Selection Funds"), the Board considered the relationship between the targeted risk, or volatility, levels of the Funds and their performance, as well as the difficulties in identifying an appropriate peer group against which to compare these Funds in light of their targeted risk levels.

In the context of the HSBC Opportunity Portfolio, the Board discussed Fund expenses, including the sub-advisory fees paid to Westfield, and recent performance and volatility information.

In the context of the HSBC Emerging Markets Debt Fund, HSBC Emerging Markets Local Debt Fund, HSBC Frontier Markets Fund, HSBC Total Return Fund, HSBC Asia ex-Japan Smaller Companies Equity Fund, HSBC Global Equity Volatility Focused Fund, HSBC Global High Yield Bond Fund, and HSBC Global High Income Bond Fund, the Board evaluated each Fund's performance against the comparative data provided by Strategic Insight. The Independent Trustees also considered the Adviser's commentary on this comparative data.

## Investment Adviser Contract Approval (Unaudited) (continued)

The Board also considered each Fund's current expense ratios compared to its peers, and the current asset size of each Fund.

For the Money Market Funds, the Board considered the additional yield support that the Adviser had provided in order for the Money Market Funds to maintain positive yield and performance, and that the returns of the Funds were similar to their competitors.

The Board, including the Independent Trustees, considered the Adviser's commitment to continue to evaluate and undertake actions to help generate competitive investment performance. The Board, including the Independent Trustees, concluded that under the circumstances, the investment performance of each Fund was such that each Agreement should continue.

*Costs of Services and Profits Realized by the Adviser and Sub-Advisers.* The Board, including the Independent Trustees, considered the costs of the services provided by the Adviser and Sub-Advisers and the expense ratios of the Funds more generally. The Board considered the Adviser's profitability and costs, including, but not limited to, an analysis provided by the Adviser of its estimated profitability attributable to its relationship with the Funds. The Board also considered the contractual advisory fees under the Advisory Contracts and compared those fees to the fees of similar funds, which had been compiled and provided by Strategic Insight. The Board determined that, although some competitors had lower fees than the Funds, in general, the Fund's advisory fees were reasonable in light of the nature and quality of services provided, noting the resources, expertise and experience provided to the Funds by the Adviser and Sub-Advisers.

The Board also considered information comparing the advisory fees under the Advisory Contracts with those of other accounts managed by the Adviser.

The Board further considered the costs of the services provided by the Sub-Advisers, as available; the relative portions of the total advisory fees paid to the Sub-Advisers and retained by the Adviser in its capacity as the Funds' investment adviser; and the services provided by the Adviser and Sub-Advisers. In the context of the HSBC Opportunity Portfolio, the Board considered the sub-advisory fee structures, and any applicable breakpoints. In addition, the Board discussed the distinction between the services provided by the Adviser to HSBC Funds with sub-advisers pursuant to the Advisory Contracts and the services provided by the sub-advisers pursuant to the Sub-Advisory Contracts. The Board also considered information on profitability where provided by the Sub-Advisers.

The Board, including the Independent Trustees, concluded that the advisory fees payable to the Adviser and the Funds' Sub-Advisers were reasonable in light of the factors set forth above.

*Other Relevant Considerations.* The Board, including the Independent Trustees, also considered the extent to which the Adviser and Sub-Advisers had achieved economies of scale, whether the Funds' expense structure permits economies of scale to be shared with the Funds' shareholders and, if so, the extent to which the Funds' shareholders may benefit from these economies of scale. The Board also noted the contractual caps on certain Fund expenses provided by the Adviser with respect to many of the Funds in order to reduce or control the overall operating expenses of those Funds and noted the Adviser's entrepreneurial commitment to the Funds. In addition, the Board considered certain information provided by the Adviser and Sub-Advisers with respect to the benefits they may derive from their relationships with the Funds, including the fact that certain Sub-Advisers have "soft dollar" arrangements with respect to Fund brokerage and therefore may have access to research and other permissible services.

In approving the renewal of the Agreements, the Board, including the Independent Trustees, did not identify any single factor as controlling, and generally attributed different weights to various factors for the various Funds. The Board evaluated all information available to them on a Fund-by-Fund basis, and their decisions were made separately with respect to each Fund. In light of the above considerations and such other factors and information it considered relevant, the Board by a unanimous vote of those present in person at the meeting (including a separate unanimous vote of the Independent Trustees present in person at the meeting) approved the continuation of each Agreement.

**Table of Shareholder Expenses— as of April 30, 2017 (Unaudited)**

As a shareholder of the Funds, you incur two types of costs: (1) transaction costs, including sales charges (loads) on purchases, redemption fees and exchange fees; and (2) ongoing costs, including management fees, distribution fees and other Fund expenses. These examples are intended to help you understand your ongoing costs (in dollars) of investing in the Funds and to compare the cost with the ongoing costs of investing in other mutual funds.

These examples are based on an investment of \$1,000 invested at the beginning of the period and held for the entire period from November 1, 2016 through April 30, 2017.

**Actual Example**

The table below provides information about actual account values and actual expenses. You may use the information below, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the table under the heading entitled “Expenses Paid During Period” to estimate the expenses you paid on your account during this period.

		<b>Beginning Account Value 11/1/16</b>	<b>Ending Account Value 4/30/17</b>	<b>Expenses Paid During Period*</b> 11/1/16 - 4/30/17	<b>Annualized Expense Ratio During Period</b> 11/1/16 - 4/30/17
U.S. Government Money					
Market Fund . . . . .	Class A Shares	\$1,000.00	\$1,000.30	\$2.73	0.55%
	Class B Shares	1,000.00	1,000.10	2.93	0.59%
	Class D Shares	1,000.00	1,000.70	2.28	0.46%
	Class E Shares	1,000.00	1,001.30	1.59	0.32%
	Class I Shares	1,000.00	1,002.40	0.60	0.12%
	Intermediary Class Shares	1,000.00	1,002.10	0.89	0.18%
	Intermediary Service				
	Class Shares	1,000.00	1,002.00	0.94	0.19%
	Class Y Shares	1,000.00	1,001.90	1.14	0.23%
U.S. Treasury Money					
Market Fund . . . . .	Class D Shares	1,000.00	1,000.50	2.38	0.48%
	Class E Shares	1,000.00	1,001.80	1.09	0.22%
	Class I Shares	1,000.00	1,002.20	0.70	0.14%
	Intermediary Class Shares	1,000.00	1,001.80	1.09	0.22%
	Intermediary Service				
	Class Shares	1,000.00	1,001.90	0.99	0.20%
	Class Y Shares	1,000.00	1,001.60	1.24	0.25%

\* Expenses are equal to the average account value over the period, multiplied by the Fund’s annualized expense ratio, multiplied by 181/365 (to reflect the one half year period).

# HSBC FAMILY OF FUNDS

## Table of Shareholder Expenses—as of April 30, 2017 (Unaudited) (continued)

### Hypothetical Example for Comparison Purposes

The table below provides information about hypothetical account values and hypothetical expenses based on each Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as sales charges (loads), redemption fees, or exchange fees. Therefore, the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

		Beginning Account Value 11/1/16	Ending Account Value 4/30/17	Expenses Paid During Period* 11/1/16 - 4/30/17	Annualized Expense Ratio During Period 11/1/16 - 4/30/17
U.S. Government Money					
Market Fund . . . . .	Class A Shares	\$1,000.00	\$1,022.07	\$2.76	0.55%
	Class B Shares	1,000.00	1,021.87	2.96	0.59%
	Class D Shares	1,000.00	1,022.51	2.31	0.46%
	Class E Shares	1,000.00	1,023.21	1.61	0.32%
	Class I Shares	1,000.00	1,024.20	0.60	0.12%
	Intermediary Class Shares	1,000.00	1,023.90	0.90	0.18%
	Intermediary Service				
	Class Shares	1,000.00	1,023.85	0.95	0.19%
	Class Y Shares	1,000.00	1,023.65	1.15	0.23%
U.S. Treasury Money					
Market Fund . . . . .	Class D Shares	1,000.00	1,022.41	2.41	0.48%
	Class E Shares	1,000.00	1,023.70	1.10	0.22%
	Class I Shares	1,000.00	1,024.10	0.70	0.14%
	Intermediary Class Shares	1,000.00	1,023.70	1.10	0.22%
	Intermediary Service				
	Class Shares	1,000.00	1,023.80	1.00	0.20%
	Class Y Shares	1,000.00	1,023.55	1.25	0.25%

\* Expenses are equal to the average account value over the period, multiplied by the Fund's annualized expense ratio, multiplied by 181/365 (to reflect the one half year period).

**Other Information (Unaudited):**

Information regarding how the Funds voted proxies relating to portfolio securities during the most recent 12-month period ended June 30th is available (i) without charge, upon request, by calling 1-800-525-5757 for HSBC Bank USA and HSBC Brokerage (USA) Inc. clients and 1-800-782-8183 for all other shareholders; (ii) on the Funds' website at [www.investorfunds.us.hsbc.com](http://www.investorfunds.us.hsbc.com); and (iii) on the Security and Exchange Commission's ("Commission") website at <http://www.sec.gov>.

The Funds file their complete schedules of portfolio holdings with the Commission for the first and third quarters of each fiscal year on Form N-Q. The Funds' Forms N-Q are available on the Commission's website at <http://www.sec.gov>. The Funds' Forms N-Q may be reviewed and copied at the Commission's Public Reference Room in Washington, D.C. and information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330. The Funds' Schedules of Investments will be available no later than 60 days after each period end, without charge, on the Funds' website at [www.investorfunds.us.hsbc.com](http://www.investorfunds.us.hsbc.com).

Each Fund discloses on its website at [www.investorfunds.us.hsbc.com](http://www.investorfunds.us.hsbc.com), within five business days after the end of each month, a complete schedule of portfolio holdings and information regarding the weighted average maturity of the Fund. In addition, each Fund files with the Commission on Form N-MFP, within five business days after the end of each month, more detailed portfolio holdings information. The Funds' Forms N-MFP are available on the Commission's website at <http://www.sec.gov> and the Funds' website also contains a link to these filings. An investment in a Fund is not a deposit of HSBC Bank USA, National Association, and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

**HSBC FAMILY OF FUNDS:****INVESTMENT ADVISER AND ADMINISTRATOR**

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