

HSBC Global Asset Management (USA) Inc.

HSBC Funds

Semi-Annual Report

April 30, 2017

EQUITY FUNDS

HSBC Opportunity Fund

Class A	Class B	Class C	Class I
HSOAX	HOPBX	HOPCX	RESCX

HSBC Family of Funds

Semi-Annual Report - April 30, 2017

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Bloomberg Barclays U.S. Aggregate Bond Index is an index that is 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 Mid-Cap Growth Funds Average is an equally weighted average of mutual funds that, by portfolio practice, invest at least 75% of their equity assets in companies with market capitalizations (on a three-year weighted basis) below Lipper's U.S. Diversified Equity large-cap floor. Mid-cap growth funds typically have an above-average price-to-earnings ratio, price-to-book ratio, and three-year sales-per-share growth value, compared to the S&P MidCap 400 Index.

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.

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).

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.

Russell 2500® Growth Index is an index that measures the performance of the small- to mid-cap growth segment of the U.S. equity universe. It includes those Russell 2500 companies with higher price-to-book ratios and higher forecasted growth values.

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 (GDP¹) 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 Index¹ of large company stocks advanced 13.32% for the six months through April 2017. The Russell 2000[®] Index¹ 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 Index¹, which fell 7% in four days following the election, ended the period up 9.03%. The MSCI EAFE Index¹ of developed market international stocks gained 11.73% for the period.

The Bloomberg Barclays U.S. Aggregate Bond Index¹, 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.

¹ For additional information, please refer to the Glossary of Terms.

HSBC Opportunity Fund

(Class A Shares, Class B Shares, Class C Shares and Class I Shares)

by William A. Muggia, Committee Lead/Portfolio Manager

Ethan J. Myers, CFA, Portfolio Manager

John M. Montgomery, Portfolio Manager

Hamlen Thompson, Portfolio Manager

Bruce N. Jacobs, CFA, Portfolio Manager

Westfield Capital Management Company, L.P.

The HSBC Opportunity Fund (the "Fund") seeks long-term growth of capital by investing, under normal market conditions, primarily in equity securities of small- and mid-cap companies. Small- and mid-cap companies generally are defined as those that have market capitalizations within the range of market capitalizations represented in the Russell 2500[®] Growth Index¹. The Fund may also invest in equity securities of larger, more established companies and may invest up to 20% of its assets in securities of foreign companies. The Fund employs a two-tier structure, commonly referred to as a "master-feeder" structure, in which the Fund invests all of its investable assets in the HSBC Opportunity Portfolio (the "Portfolio"). The Portfolio employs Westfield Capital Management Company, L.P. as its subadviser.

Investment Concerns

Equity securities (stocks) are more volatile and carry more risk than other forms of investments, including investments in high-grade fixed income securities.

Small- to mid-capitalization funds typically carry additional risks since smaller companies generally have a higher risk of failure, and historically, their stocks have experienced a greater degree of market volatility than stocks on average.

The growth investment style may fall out of favor in the marketplace and result in significant declines in the value of the Portfolio's securities. Securities of companies considered to be growth investments may have rapid price swings in the event of earnings disappointments or during periods of market, political, regulatory and economic uncertainty.

International investing involves increased risk and volatility. An investment in international funds entails the special risks of international investing, including currency exchange fluctuation, government regulations and intervention, and the potential for political and economic instability.

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

Market Commentary

For the six-month period ended April 30, 2017, the Class I Shares of the HSBC Opportunity Fund produced a 18.76% total return, and the Class A Shares of the Fund produced a 18.56% total return (without sales charge). The Russell 2500[®] Growth Index¹, the Fund's primary performance benchmark, and the Lipper Mid-Cap Growth Funds Average¹ returned 17.04% and 14.70%, respectively.

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.

Portfolio Performance

Domestic stocks rose sharply in the six-month period under review, propelling most equity indices into record territory. The rally began following the U.S. presidential election in November, with investors flocking to domestic cyclical stocks. Smaller capitalization companies typically led their larger-cap counterparts. The rally continued into 2017, supported by positive economic data in the U.S. and signs of improvements in the European and emerging markets economies.

Cyclical and financial stocks began to retreat in the first weeks of 2017 as the "Trump trade" faded and investors sought out higher quality, larger-cap, growth-oriented companies, primarily within the information technology and health care sectors. Markets recovered slightly in February, although not enough to keep defensive sectors, such as consumer staples, real estate, and utilities, which are prized by investors for their bond-like characteristics, from underperforming for the period. The energy sector was the only segment to finish the period in negative territory.

The Fund outperformed its primary benchmark during the period. The health care sector was the largest contributor to relative performance, particularly biotechnology and pharmaceutical holdings. The sector benefited from signs the new administration would ease the regulatory environment, improving sentiment around drug pricing, and anticipation of an increase in mergers and acquisition activity. Strong stock selection in information technology also enhanced relative results, as did an underweight allocation to the real estate sector, which struggled from the start of the period due to concerns about rising interest rates.[†]

The consumer discretionary sector, particularly within the Fund's restaurants and distributors holdings, detracted from relative results. The Fund's materials holdings dragged on relative results as well, primarily due to holdings within the chemicals and container and packaging industries.[†]

[†] Portfolio composition is subject to change.

¹ For additional information, please refer to the Glossary of Terms.

HSBC Opportunity Fund

Fund Performance	Inception Date	Six Months*	Average Annual Total Return (%)			Expense Ratio (%) ⁵	
			1 Year	5 Year	10 Year	Gross	Net
As of April 30, 2017							
HSBC Opportunity Fund Class A ¹	9/23/96	12.66	13.53	9.37	8.07	2.11	1.65
HSBC Opportunity Fund Class B ²	1/6/98	14.17	14.69	9.67	8.14	2.86	2.40
HSBC Opportunity Fund Class C ³	11/4/98	17.07	17.57	9.67	8.23	2.86	2.40
HSBC Opportunity Fund Class I [†]	9/3/96	18.76	20.03	11.06	9.08	1.03	1.03
Russell 2500 [®] Growth Index ⁴	—	17.04	20.72	12.75	8.33	N/A	N/A
Lipper Mid-Cap Growth Funds Average ⁴	—	14.70	17.36	10.93	7.01	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 the 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. Currently, contractual fee waivers are in effect for the Fund through March 1, 2018 for Class A Shares, Class B Shares and Class C Shares.

Certain returns shown include monies received by the Portfolio, in which the Fund invests, in respect of one-time class action settlements and a one-time reimbursement from HSBC Global Asset Management (USA) Inc. (the "Adviser") to the Fund 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 Portfolio and the Fund not received the payments.

* Aggregate total return.

† The Class I Shares are issued by a separate series of the HSBC Funds.

1 Reflects the maximum sales charge of 5.00%.

2 Reflects the applicable contingent deferred sales charge, maximum of 4.00%.

3 Reflects the applicable contingent deferred sales charge, maximum of 1.00%.

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

5 Reflects the expense ratios as reported in the prospectus dated February 28, 2017. The Adviser has entered into a contractual expense limitation agreement with the Fund under which it will limit total expenses of the Fund (excluding interest, taxes, brokerage commissions, extraordinary expenses and estimated indirect expenses attributable to the Fund's investments in investment companies other than the Portfolio) to an annual rate of 1.65%, 2.40%, and 2.40% for Class A Shares, Class B Shares, and Class C Shares, respectively. The expense limitation shall be in effect until March 1, 2018. Additional information pertaining to the April 30, 2017 expense ratios can be found in the financial highlights.

The Fund's performance is measured against the Russell 2500[®] Growth Index, an unmanaged index that measures the performance of the small- to mid-cap growth segment of the U.S. equity universe. It includes those Russell 2500 companies with higher price-to-book ratios and higher forecasted growth values. The performance for the index does not reflect the deduction of expenses associated with a mutual fund, such as investment management and fund accounting fees. The Fund's performance reflects the deduction of fees for these value-added services. Investors cannot invest directly in an index.

HSBC FAMILY OF FUNDS

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

	Opportunity Fund	Opportunity Fund (Class I)
Assets:		
Investments in Affiliated Portfolio	\$10,117,494	\$125,455,676
Receivable for capital shares issued	7,995	46,879
Receivable from Investment Adviser	13,397	5,979
Prepaid expenses	14,727	17,806
Total Assets	<u>10,153,613</u>	<u>125,526,340</u>
Liabilities:		
Payable for capital shares redeemed	8,684	32,892
Accrued expenses and other payables:		
Administration	156	2,033
Distribution fees	354	—
Shareholder Servicing	2,796	—
Accounting	1,543	733
Professional	9,860	8,992
Printing	219	9,749
Transfer Agent	9,575	6,150
Trustee	—	11
Other	280	1,320
Total Liabilities	<u>33,467</u>	<u>61,880</u>
Net Assets	<u>\$10,120,146</u>	<u>\$125,464,460</u>
Composition of Net Assets:		
Capital	\$ 8,339,479	\$ 98,327,720
Accumulated net investment income/(loss)	(112,519)	(449,585)
Accumulated net realized gains/(losses) from investments	651,348	10,484,186
Net unrealized appreciation/(depreciation) on investments	1,241,838	17,102,139
Net Assets	<u>\$10,120,146</u>	<u>\$125,464,460</u>
Net Assets:		
Class A Shares	\$ 9,578,881	\$ —
Class B Shares	67,229	—
Class C Shares	474,036	—
Class I Shares	—	125,464,460
Total	<u>\$10,120,146</u>	<u>\$125,464,460</u>
Shares Outstanding:		
(\$0.001 par value, unlimited number of shares authorized):		
Class A Shares	927,492	—
Class B Shares	10,375	—
Class C Shares	69,704	—
Class I Shares	—	8,887,625
Net Asset Value, Offering Price and Redemption Price per share:		
Class A Shares	<u>\$ 10.33</u>	<u>\$ —</u>
Class B Shares(a)	<u>\$ 6.48</u>	<u>\$ —</u>
Class C Shares(a)	<u>\$ 6.80</u>	<u>\$ —</u>
Class I Shares	<u>\$ —</u>	<u>\$ 14.12</u>
Maximum Sales Charge:		
Class A Shares	5.00%	—%
Maximum Offering Price per share (Net Asset Value / (100%-maximum sales charge))		
Class A Shares	<u>\$ 10.87</u>	<u>\$ —</u>

(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)

	Opportunity Fund	Opportunity Fund (Class I)
Investment Income:		
Investment Income from Affiliated Portfolio	\$ 45,876	\$ 644,091
Expenses from Affiliated Portfolio	(44,902)	(627,493)
Total Investment Income	<u>974</u>	<u>16,598</u>
Expenses:		
Administration:		
Class A Shares	914	—
Class B Shares	6	—
Class C Shares	46	—
Class I Shares	—	13,525
Distribution:		
Class B Shares	245	—
Class C Shares	1,757	—
Shareholder Servicing:		
Class A Shares	11,228	—
Class B Shares	82	—
Class C Shares	586	—
Accounting	9,408	4,458
Administrative Services	3,455	12,069
Compliance Services	66	931
Printing	2,793	31,193
Professional	5,891	13,838
Transfer Agent	46,748	45,579
Trustee	145	2,190
Registration fees	9,996	13,565
Other	935	5,749
Total expenses before fee and expense reductions	94,301	143,097
Fees voluntarily reduced/reimbursed by Investment Adviser	(4,951)	—
Fees contractually reduced/reimbursed by Investment Adviser	(54,888)	(8,490)
Fees voluntarily reduced by Sub-Administrator	(627)	(628)
Net Expenses	<u>33,835</u>	<u>133,979</u>
Net Investment Income/(Loss)	<u>(32,861)</u>	<u>(117,381)</u>
Realized/Unrealized Gains/(Losses) from Investments:		
Net realized gains/(losses) from investments from Affiliated Portfolio	848,974	12,394,649
Change in unrealized appreciation/depreciation on investments from Affiliated Portfolio	869,714	11,523,375
Net realized/unrealized gains/(losses) on investments from Affiliated Portfolio	<u>1,718,688</u>	<u>23,918,024</u>
Change in Net Assets Resulting from Operations	<u>\$1,685,827</u>	<u>\$ 23,800,643</u>

HSBC FAMILY OF FUNDS

Statements of Changes in Net Assets

	Opportunity Fund		Opportunity Fund (Class I)	
	Six Months Ended April 30, 2017 (unaudited)	For the year ended October 31, 2016	Six Months Ended April 30, 2017 (unaudited)	For the year ended October 31, 2016
Investment Activities:				
Operations:				
Net investment income/(loss)	\$ (32,861)	\$ (96,199)	\$ (117,381)	\$ (305,239)
Net realized gains/(losses) from investments	848,974	1,215,936	12,394,649	13,908,190
Change in unrealized appreciation/depreciation on investments	869,714	(1,855,077)	11,523,375	(20,296,364)
Change in net assets resulting from operations	<u>1,685,827</u>	<u>(735,340)</u>	<u>23,800,643</u>	<u>(6,693,413)</u>
Distributions:				
Net realized gains:				
Class A Shares	(1,128,826)	—	—	—
Class B Shares	(12,613)	—	—	—
Class C Shares	(79,223)	—	—	—
Class I Shares	—	—	(14,495,106)	—
Change in net assets resulting from distributions	<u>(1,220,662)</u>	<u>—</u>	<u>(14,495,106)</u>	<u>—</u>
Change in net assets resulting from capital transactions	<u>(170,215)</u>	<u>(7,035,888)</u>	<u>(24,902,215)</u>	<u>(72,091,064)</u>
Change in net assets	<u>294,950</u>	<u>(7,771,228)</u>	<u>(15,596,678)</u>	<u>(78,784,477)</u>
Net Assets:				
Beginning of period	9,825,196	17,596,424	141,061,138	219,845,615
End of period	<u>\$ 10,120,146</u>	<u>\$ 9,825,196</u>	<u>\$ 125,464,460</u>	<u>\$ 141,061,138</u>
Accumulated net investment income (loss)	<u>\$ (112,519)</u>	<u>\$ (79,658)</u>	<u>\$ (449,585)</u>	<u>\$ (332,204)</u>

HSBC FAMILY OF FUNDS

Statements of Changes in Net Assets (continued)

	Opportunity Fund		Opportunity Fund (Class I)	
	Six Months Ended April 30, 2017 (unaudited)	For the year ended October 31, 2016	Six Months Ended April 30, 2017 (unaudited)	For the year ended October 31, 2016
CAPITAL TRANSACTIONS:				
Class A Shares:				
Proceeds from shares issued	\$ 240,102	\$ 2,138,113	\$ —	\$ —
Dividends reinvested	1,096,861	—	—	—
Value of shares redeemed	(1,499,846)	(8,758,224)	—	—
Class A Shares capital transactions	<u>(162,883)</u>	<u>(6,620,111)</u>	<u>—</u>	<u>—</u>
Class B Shares:				
Proceeds from shares issued	7,643	—	—	—
Dividends reinvested	12,613	—	—	—
Value of shares redeemed	(26,383)	(95,023)	—	—
Class B Shares capital transactions	<u>(6,127)</u>	<u>(95,023)</u>	<u>—</u>	<u>—</u>
Class C Shares:				
Proceeds from shares issued	9,094	200	—	—
Dividends reinvested	79,223	—	—	—
Value of shares redeemed	(89,522)	(320,954)	—	—
Class C Shares capital transactions	<u>(1,205)</u>	<u>(320,754)</u>	<u>—</u>	<u>—</u>
Class I Shares:				
Proceeds from shares issued	—	—	5,439,183	46,455,601
Dividends reinvested	—	—	14,367,761	—
Value of shares redeemed	—	—	(44,709,159)	(118,546,665)
Class I Shares capital transactions	<u>—</u>	<u>—</u>	<u>(24,902,215)</u>	<u>(72,091,064)</u>
Change in net assets resulting from capital transactions	<u>\$ (170,215)</u>	<u>\$ (7,035,888)</u>	<u>\$ (24,902,215)</u>	<u>\$ (72,091,064)</u>
SHARE TRANSACTIONS:				
Class A Shares:				
Issued	23,865	226,608	—	—
Reinvested	118,451	—	—	—
Redeemed	(147,535)	(899,384)	—	—
Change in Class A Shares	<u>(5,219)</u>	<u>(672,776)</u>	<u>—</u>	<u>—</u>
Class B Shares:				
Issued	1,201	—	—	—
Reinvested	2,167	—	—	—
Redeemed	(4,090)	(14,246)	—	—
Change in Class B Shares	<u>(722)</u>	<u>(14,246)</u>	<u>—</u>	<u>—</u>
Class C Shares:				
Issued	1,382	29	—	—
Reinvested	12,966	—	—	—
Redeemed	(12,604)	(44,801)	—	—
Change in Class C Shares	<u>1,744</u>	<u>(44,772)</u>	<u>—</u>	<u>—</u>
Class I Shares:				
Issued	—	—	406,522	3,513,118
Reinvested	—	—	1,137,590	—
Redeemed	—	—	(3,285,426)	(8,909,863)
Change in Class I Shares	<u>—</u>	<u>—</u>	<u>(1,741,314)</u>	<u>(5,396,745)</u>

HSBC OPPORTUNITY 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 (Loss)(a)	Net Realized and Unrealized Gains/(Losses) from Investments	Total from Investment Activities	Net Investment Income	Net Realized Gains from Investment Transactions	Net Asset Value, End of Period	Total Return(b)	Net Assets at End of Period (000's)	Ratio of Net Expenses to Average Net Assets (c)	Ratio of Net Investment Income/(Loss) to Average Net Assets (c)	Ratio of Expenses to Average Net Assets (Excluding Fee Reductions) (c)	Portfolio Turnover (b),(d)
Class A Shares													
Six Months Ended													
April 30, 2017 (unaudited)	\$ 9.94	\$(0.03)	\$ 1.72	\$ 1.69	\$—	\$(1.30)	\$10.33	18.56%	\$ 9,579	1.55%	(0.62)%	2.77%	43%
Year Ended October 31, 2016	10.34	(0.07)	(0.33)	(0.40)	—	—	9.94	(3.87)%	9,276	1.55%	(0.66)%	2.11%	96%
Year Ended October 31, 2015	12.83	(0.10)	(0.07)	(0.17)	—	(2.32)	10.34	(2.21)%	16,593	1.55%	(0.86)%	1.84%	63%
Year Ended October 31, 2014	12.78	(0.13)	1.53	1.40	—	(1.35)	12.83	11.57%	16,110	1.55%	(1.04)%	1.86%	66%
Year Ended October 31, 2013	10.13	(0.06)	3.34	3.28	—	(0.63)	12.78	34.02%(e)	14,259	1.55%	(0.49)%	2.01%	70%
Year Ended October 31, 2012	10.63	(0.05)	1.11	1.06	—	(1.56)	10.13	12.08%(e)	10,204	1.55%	(0.51)%	2.20%	59%
Class B Shares													
Six Months Ended													
April 30, 2017 (unaudited)	6.72	(0.04)	1.10	1.06	—	(1.30)	6.48	18.03%	67	2.30%	(1.35)%	3.52%	43%
Year Ended October 31, 2016	7.04	(0.09)	(0.23)	(0.32)	—	—	6.72	(4.55)%	75	2.30%	(1.41)%	2.86%	96%
Year Ended October 31, 2015	9.51	(0.13)	(0.02)	(0.15)	—	(2.32)	7.04	(2.90)%	178	2.30%	(1.61)%	2.60%	63%
Year Ended October 31, 2014	9.87	(0.16)	1.15	0.99	—	(1.35)	9.51	10.74%	334	2.30%	(1.74)%	2.60%	66%
Year Ended October 31, 2013	8.01	(0.11)	2.60	2.49	—	(0.63)	9.87	33.10%(e)	480	2.30%	(1.24)%	2.77%	70%
Year Ended October 31, 2012	8.80	(0.10)	0.87	0.77	—	(1.56)	8.01	11.15%(e)	499	2.30%	(1.25)%	2.99%	59%
Class C Shares													
Six Months Ended													
April 30, 2017 (unaudited)	6.99	(0.05)	1.16	1.11	—	(1.30)	6.80	18.04%	474	2.30%	(1.38)%	3.53%	43%
Year Ended October 31, 2016	7.32	(0.10)	(0.23)	(0.33)	—	—	6.99	(4.51)%	475	2.30%	(1.41)%	2.88%	96%
Year Ended October 31, 2015	9.80	(0.13)	(0.03)	(0.16)	—	(2.32)	7.32	(2.93)%	825	2.30%	(1.61)%	2.62%	63%
Year Ended October 31, 2014	10.14	(0.17)	1.18	1.01	—	(1.35)	9.80	10.64%	822	2.30%	(1.77)%	2.61%	66%
Year Ended October 31, 2013	8.21	(0.11)	2.67	2.56	—	(0.63)	10.14	33.15%(e)	711	2.30%	(1.21)%	2.76%	70%
Year Ended October 31, 2012	8.98	(0.10)	0.89	0.79	—	(1.56)	8.21	11.14%(e)	545	2.30%	(1.19)%	3.03%	59%

* The per share amounts and percentages reflect income and expenses assuming inclusion of the Fund's proportionate share of the income and expenses of the HSBC Opportunity Portfolio. Amounts designated as "—" are \$0.00 or have been rounded to \$0.00.

(a) Calculated based on average shares outstanding.

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

(c) Annualized for periods less than one year.

(d) Portfolio turnover rate is calculated on the basis of the respective Portfolio in which the Fund invests all of its investable assets. Portfolio turnover is calculated on the basis of the Fund as a whole without distinguishing between the classes of shares issued.

(e) The Portfolio, in which the Fund invests, received monies related to certain nonrecurring litigation settlements. The corresponding impact to the total return was 0.10% and 0.13% for the years ended October 31, 2012 and 2013, respectively.

HSBC OPPORTUNITY FUND (CLASS I)

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 (Loss)(a)	Net Realized and Unrealized Gains/(Losses) from Investments	Total from Investment Activities	Net Investment Income	Net Realized Gains from Investment Transactions	Net Asset Value, End of Period	Total Return(b)	Net Assets at End of Period (000's)	Ratio of Net Expenses to Average Net Assets (c)	Ratio of Net Investment Income/(Loss) to Average Net Assets (c)	Ratio of Expenses to Average Net Assets (Excluding Fee Reductions) (c)	Portfolio Turnover (b),(d)
Class I Shares													
Six Months Ended April 30, 2017 (unaudited)	\$ 13.27	\$(0.01)	\$ 2.33	\$ 2.32	\$ —	\$(1.47)	\$14.12	18.76%	\$125,464	1.10%	(0.17)%	1.11%	43%
Year Ended October 31, 2016	13.72	(0.02)	(0.43)	(0.45)	—	—	13.27	(3.28)%	141,061	1.03%	(0.15)%	1.03%	96%
Year Ended October 31, 2015	17.47	(0.05)	(0.08)	(0.13)	—	(3.62)	13.72	(1.69)%	219,846	0.99%	(0.30)%	0.99%	63%
Year Ended October 31, 2014	17.27	(0.08)	2.07	1.99	(0.04)	(1.75)	17.47	12.16%	205,237	1.00%	(0.49)%	1.00%	66%
Year Ended October 31, 2013	13.40	0.01	4.47	4.48	—	(0.61)	17.27	34.70%(e)	208,321	0.99%	0.07%	0.99%	70%
Year Ended October 31, 2012	14.02	(0.01)	1.46	1.45	—	(2.07)	13.40	12.50%(e)	135,098	1.08%	(0.01)%	1.08%	59%

* The per share amounts and percentages reflect income and expenses assuming inclusion of the Fund's proportionate share of the income and expenses of the HSBC Opportunity Portfolio.

(a) Calculated based on average shares outstanding.

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

(c) Annualized for periods less than one year.

(d) Portfolio turnover rate is calculated on the basis of the respective Portfolio in which the Fund invests all of its investable assets. Portfolio turnover is calculated on the basis of the Fund as a whole without distinguishing between the classes of shares issued.

(e) The Portfolio, in which the Fund invests, received monies related to certain nonrecurring litigation settlements. The corresponding impact to the total return was 0.10% and 0.13% for the years ended October 31, 2012 and 2013, respectively.

HSBC FAMILY OF FUNDS

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

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 Opportunity Fund	Opportunity Fund
HSBC Opportunity Fund (Class I)	Opportunity Fund (Class I)

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

Each Fund utilizes a master-feeder fund structure and seeks to achieve its investment objectives by investing all of its investable assets in the HSBC Opportunity Portfolio (the “Portfolio”), which is a diversified series of the Trust. The Portfolio operates as a master fund in a master-feeder arrangement and also may receive investments from certain fund of funds. The Funds’ proportionate ownership of the Portfolio as of April 30, 2017 was as follows:

<u>Fund</u>	<u>Proportionate Ownership Interest on April 30, 2017 (%)</u>
Opportunity Fund	7.5
Opportunity Fund (Class I)	92.5

The financial statements of the Portfolio, including the Schedules of Portfolio Investments, are included elsewhere in this report. The financial statements of the Portfolio should be read in conjunction with the financial statements of 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 Opportunity Fund offers three classes of shares: Class A Shares, Class B Shares, and Class C Shares. The Opportunity Fund (Class I) offers one class of shares: Class I Shares. Class A Shares of the Opportunity Fund have a maximum sales charge of 5.00% as a percentage of the original purchase price. Class B Shares of the Opportunity 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 Opportunity Fund 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 I Shares of the Opportunity Fund. Each class of shares in the Funds 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 the exchange privilege of each class of shares. Class B Shares of the Opportunity Fund 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 enters into contracts with 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 that 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:

The Funds record their investments at 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:

The Funds record investments to the Portfolio on a trade date basis. The Funds record daily their proportionate share of income, expenses, changes in unrealized appreciation and depreciation and realized gains and losses derived from the Portfolio. In addition, the Funds accrue their own expenses daily as incurred.

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 and distributed semiannually in the case of the Funds.

The Funds’ net realized gains, if any, are distributed to shareholders at least annually. 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 capital 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 for the Funds, although shareholders may be taxed on distributions they receive.

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.

The Funds record their investments in the Portfolio at fair value, which represents their proportionate ownership of the value of the Portfolios’ net assets. These investments are typically categorized as Level 2 in the fair value hierarchy. The underlying securities of the Portfolio are recorded at fair value, as discussed more fully in the Notes to Financial Statements of the Portfolio included elsewhere in this report.

As of April 30, 2017, all investments were categorized as Level 2 in the fair value hierarchy.

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 Portfolio. As Investment Adviser, HSBC manages the investments of the Portfolio and continuously reviews, supervises, and administers the Portfolios’ investments. The Funds are not directly charged any investment management fees.

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. For assets invested in the Portfolio by the Funds, the Portfolio pays half of the administration fee and the Funds pay half, for a combination of the total fee rate as set forth above.

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%, and 1.00% 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%) of the Opportunity Fund, 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.

Shareholder Servicing:

The Trust has adopted a Shareholder Services Plan, which provides for payments to shareholder servicing agents for providing various shareholder services. For performing these services, the shareholder servicing agents receive a fee that is computed daily and paid monthly up to 0.25% of the average daily net assets of Class A Shares, Class B Shares, and Class C Shares of the Opportunity Fund. The fees paid to the Distributor pursuant to the Distribution Plan and to shareholder servicing agents pursuant to the Shareholder Services Plan will not exceed in the aggregate 0.50% of the average daily net assets of Class A Shares, and 1.00% of the average daily net assets of Class B Shares and Class C Shares.

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, reductions associated with services provided to new funds and reimbursement of certain expenses. Citi receives additional fees paid by the Trust for regulatory administration 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.

Other:

The Funds pay fees to certain intermediaries or financial institutions for record keeping, sub-accounting services, transfer agency and other administrative services as reflected on the Statements of Operations as “Administrative Services.”

Fee Reductions:

The Investment Adviser has agreed to contractually limit through March 1, 2018 the total annual expenses, exclusive of interest, taxes, brokerage commissions, extraordinary expenses, and indirect expenses attributable to the Fund’s investments in investment companies, of the Funds. Each 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>
Opportunity Fund	A	1.65
Opportunity Fund	B	2.40
Opportunity Fund	C	2.40
Opportunity Fund (Class I)	I	1.10

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. During the period ended April 30, 2017, the Investment Adviser did not recapture any of its prior contractual waivers or reimbursements. As of April 30, 2017, the repayments that may potentially be made by the Funds are as follows:

<u>Fund</u>	<u>2020(\$)</u>	<u>2019(\$)</u>	<u>2018(\$)</u>	<u>2017(\$)</u>	<u>Total(\$)</u>
Opportunity Fund	54,888	62,736	34,993	34,544	187,161
Opportunity Fund (Class I)	8,490	—	—	—	8,490

* The year listed above the amounts is the fiscal year ending in which the amounts will no longer be able to be recouped.

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.

5. Investment Transactions:

Contributions to and withdrawals from the Portfolio for the period ended April 30, 2017 totaled:

<u>Fund</u>	<u>Contributions(\$)</u>	<u>Withdrawals(\$)</u>
Opportunity Fund	147,388	1,576,588
Opportunity Fund (Class I)	2,013,901	41,893,814

6. Federal Income Tax Information:

There were no dividends paid by the Funds during the tax year ended October 31, 2016.

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:

	Undistributed Ordinary Income (\$)	Undistributed Tax Exempt Income (\$)	Undistributed Long Term Capital Gains (\$)	Accumulated Earnings (\$)	Dividends Payable (\$)	Accumulated Capital and Other Losses (\$)	Unrealized Appreciation/ (Depreciation) (\$) ⁽¹⁾	Total Accumulated Earnings/ (Deficit) (\$)
Opportunity Fund	—	—	1,220,661	1,220,661	—	(79,658)	174,499	1,315,502
Opportunity Fund (Advisor)	—	—	14,495,104	14,495,104	—	(332,204)	3,668,303	17,831,203

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 following Funds had deferred losses, which will be treated as arising on the first day of the fiscal year ending October 31, 2017.

	Late Year Ordinary Losses (\$)
Opportunity Fund	79,658
Opportunity Fund (Advisor)	332,204

The amount and character of net investment income and net realized gains distributions 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, and certain distributions), such amounts are reclassified within the composition of net assets; temporary differences (e.g., wash losses and post-October loss deferrals) do not require reclassification. The Funds may utilize equalization accounting for tax purposes and designate earnings and profits, including net realized gains distributed to shareholders on redemption of shares, as a part of the dividends paid deduction for income tax purposes. 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.

7. 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
Opportunity Fund	—	1
Opportunity Fund (Class I)	3	—

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.

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 /or shareholder servicing fees and other Fund expenses (including expenses allocated from the Portfolios). These examples are intended to help you understand your ongoing costs (in dollars) of investing in the Funds and to compare these 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.

		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
Opportunity Fund	Class A Shares	\$1,000.00	\$1,185.60	\$ 8.40	1.55%
	Class B Shares	1,000.00	1,180.30	12.43	2.30%
	Class C Shares	1,000.00	1,180.40	12.43	2.30%
Opportunity Fund (Class I)	Class I Shares	1,000.00	1,187.60	5.97	1.10%

* 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
Opportunity Fund	Class A Shares	\$1,000.00	\$1,017.11	\$ 7.75	1.55%
	Class B Shares	1,000.00	1,013.39	11.48	2.30%
	Class C Shares	1,000.00	1,013.39	11.48	2.30%
Opportunity Fund (Class I)	Class I Shares	1,000.00	1,019.34	5.51	1.10%

* 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).

Portfolio Composition*
April 30, 2017 (Unaudited)

HSBC Opportunity Portfolio

Investment Allocation	Percentage of Investments at Value (%)
Software	6.6
Pharmaceuticals	6.0
Hotels, Restaurants & Leisure	5.7
Health Care Equipment & Supplies	5.3
Building Products	5.2
Machinery	5.0
Media	5.0
Investment Companies	4.7
Biotechnology	4.6
Chemicals	3.7
Equity Real Estate Investment Trusts	3.6
Professional Services	3.4
IT Services	3.3
Road & Rail	3.0
Capital Markets	3.0
Containers & Packaging	3.0
Aerospace & Defense	2.5
Food Products	2.3
Diversified Consumer Services	2.1
Life Sciences Tools & Services	2.1
Semiconductors & Semiconductor Equipment	1.9
Trading Companies & Distributors	1.8
Internet Software & Services	1.8
Construction Materials	1.8
Health Care Providers & Services	1.7
Insurance	1.5
Oil, Gas & Consumable Fuels	1.3
Banks	1.3
Diversified Telecommunication Services	1.3
Thriffs & Mortgage Finance	1.2
Auto Components	1.2
Textiles, Apparel & Luxury Goods	1.1
Communications Equipment	0.8
Electronic Equipment, Instruments & Components	0.5
Airlines	0.4
Household Durables	0.3
Total	100.0

* Portfolio composition is subject to change.

HSBC OPPORTUNITY PORTFOLIO

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

Common Stocks – 95.8%

	Shares	Value (\$)
Aerospace & Defense – 2.5%		
KLX, Inc. (a)	31,460	1,488,058
TransDigm Group, Inc.	7,724	1,905,743
		<u>3,393,801</u>
Airlines – 0.4%		
Allegiant Travel Co.	4,157	604,428
Auto Components – 1.2%		
Dana, Inc.	83,290	1,617,492
Banks – 1.3%		
First Republic Bank	19,710	1,822,387
Biotechnology – 4.6%		
Accelaron Pharma, Inc. (a)	49,130	1,622,273
Alkermes plc (a)	21,740	1,266,355
Bioverativ, Inc. (a)	16,110	947,429
Neurocrine Biosciences, Inc. (a)	36,640	1,956,576
Seattle Genetics, Inc. (a)	6,540	446,682
		<u>6,239,315</u>
Building Products – 5.2%		
A.O. Smith Corp.	38,620	2,080,846
Builders FirstSource, Inc. (a)	164,740	2,637,487
Lennox International, Inc.	14,285	2,362,596
		<u>7,080,929</u>
Capital Markets – 3.0%		
MSCI, Inc.	17,330	1,738,546
Raymond James Financial, Inc.	31,070	2,315,336
		<u>4,053,882</u>
Chemicals – 3.8%		
Axalta Coating Systems Ltd. (a)	92,420	2,899,216
W.R. Grace & Co.	31,620	2,204,546
		<u>5,103,762</u>
Communications Equipment – 0.8%		
Lumentum Holdings, Inc. (a)	24,400	1,043,100
Construction Materials – 1.8%		
Summit Materials, Inc., Class A (a)	93,147	2,390,152
Containers & Packaging – 3.0%		
Avery Dennison Corp.	25,270	2,102,717
Sealed Air Corp.	43,800	1,928,076
		<u>4,030,793</u>
Diversified Consumer Services – 2.2%		
Nord Anglia Education, Inc. (a)	44,980	1,448,356
Sotheby's Holdings, Inc., Class A (a)	31,200	1,477,632
		<u>2,925,988</u>
Diversified Telecommunication Services – 1.3%		
Zayo Group Holdings, Inc. (a)	50,680	1,777,348
Electronic Equipment, Instruments & Components – 0.5%		
IPG Photonics Corp. (a)	5,490	693,497

Common Stocks, continued

	Shares	Value (\$)
Equity Real Estate Investment Trusts – 3.7%		
Cyrusone, Inc.	39,320	2,148,445
STAG Industrial, Inc.	40,070	1,056,245
Sun Communities, Inc.	20,970	1,753,302
		<u>4,957,992</u>
Food Products – 2.3%		
Hain Celestial Group, Inc. (a)	30,720	1,136,333
Pinnacle Foods, Inc.	34,320	1,995,708
		<u>3,132,041</u>
Health Care Equipment & Supplies – 5.3%		
DexCom, Inc. (a)	26,810	2,090,108
STERIS plc	43,270	3,193,326
Wright Medical Group NV (a)	63,818	1,939,429
		<u>7,222,863</u>
Health Care Providers & Services – 1.7%		
Quest Diagnostics, Inc.	21,680	2,287,457
Hotels, Restaurants & Leisure – 5.7%		
Dunkin' Brands Group, Inc.	34,050	1,902,033
Six Flags Entertainment Corp.	47,090	2,948,304
Vail Resorts, Inc.	14,720	2,909,555
		<u>7,759,892</u>
Household Durables – 0.3%		
Topbuild Corp. (a)	7,270	372,151
Insurance – 1.5%		
Arthur J. Gallagher & Co.	35,445	1,978,185
Internet Software & Services – 1.8%		
Costar Group, Inc. (a)	9,944	2,395,410
IT Services – 3.3%		
Gartner, Inc. (a)	15,540	1,772,959
Total System Services, Inc.	48,180	2,761,195
		<u>4,534,154</u>
Life Sciences Tools & Services – 2.1%		
Mettler-Toledo International, Inc. (a)	5,630	2,890,555
Machinery – 5.0%		
Crane Co.	28,960	2,314,194
Flowserve Corp.	41,260	2,098,896
Middleby Corp. (a)	17,705	2,410,181
		<u>6,823,271</u>
Media – 5.1%		
Lions Gate Entertainment, Class B (a)	66,150	1,577,678
Live Nation Entertainment, Inc. (a)	41,690	1,340,750
Nexstar Media Group, Inc., Class A	28,040	1,934,760
Scripps Networks Interactive	26,110	1,950,940
		<u>6,804,128</u>
Oil, Gas & Consumable Fuels – 1.4%		
Tesoro Corp.	23,000	1,833,330

HSBC OPPORTUNITY PORTFOLIO

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

Common Stocks, continued

	Shares	Value (\$)
Pharmaceuticals – 6.1%		
Jazz Pharmaceuticals plc (a)	19,818	3,156,610
Nektar Therapeutics (a)	100,060	1,898,138
Pacira Pharmaceuticals, Inc. (a)	35,650	1,730,808
The Medicines Co. (a)	28,310	1,396,249
		<u>8,181,805</u>
Professional Services – 3.3%		
IHS Markit Ltd. (a)	47,808	2,074,867
Transunion (a)	62,490	2,501,475
		<u>4,576,342</u>
Road & Rail – 3.0%		
J.B. Hunt Transportation Services, Inc.	22,755	2,040,213
Old Dominion Freight Line, Inc.	22,950	2,031,534
		<u>4,071,747</u>
Semiconductors & Semiconductor Equipment – 1.9%		
Microsemi Corp. (a)	28,920	1,357,505
On Semiconductor Corp. (a)	89,730	1,272,371
		<u>2,629,876</u>
Software – 6.7%		
Cyberark Software Ltd. (a)	31,690	1,676,718
Fortinet, Inc. (a)	37,310	1,455,090
Ptc, Inc. (a)	50,480	2,728,443
RealPage, Inc. (a)	39,890	1,477,925
Splunk, Inc. (a)	28,570	1,837,337
		<u>9,175,513</u>
Textiles, Apparel & Luxury Goods – 1.0%		
Kate Spade & Co. (a)	49,540	861,996
Lululemon Athletica, Inc. (a)	11,630	604,760
		<u>1,466,756</u>
Thrifts & Mortgage Finance – 1.2%		
Essent Group Ltd. (a)	44,500	1,646,945
Trading Companies & Distributors – 1.8%		
HD Supply Holdings, Inc. (a)	59,460	2,396,238
TOTAL COMMON STOCKS (COST \$111,558,635)		<u>129,913,525</u>
Investment Company – 4.7%		
Northern Institutional Government Select Portfolio, Institutional Shares, 0.56% (b)	6,402,972	6,402,972
TOTAL INVESTMENT COMPANY (Cost \$6,402,972)		<u>6,402,972</u>
TOTAL INVESTMENT SECURITIES (Cost \$117,961,607) – 100.5%		136,316,497
Other Assets (Liabilities) – (0.5)%		<u>(743,327)</u>
NET ASSETS – 100%		<u>\$135,573,170</u>

(a) Represents non-income producing security.

(b) The rate represents the annualized one-day yield that was in effect on April 30, 2017.

HSBC FAMILY OF FUNDS

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

	HSBC Opportunity Portfolio
Assets:	
Investment securities, at value	\$136,316,497
Dividends receivable	34,875
Receivable for investments sold	2,972,028
Prepaid expenses	96
Total Assets	<u>139,323,496</u>
Liabilities:	
Payable for investments purchased	3,625,609
Accrued expenses and other liabilities:	
Investment Management	28,717
Sub-Advisory	63,176
Administration	2,196
Accounting	3,381
Custodian	10,120
Professional	14,927
Trustee	754
Other	1,446
Total Liabilities	<u>\$ 3,750,326</u>
Net Assets Applicable to investors' beneficial interest	<u>\$135,573,170</u>
Total Investments, at cost	<u>\$117,961,607</u>

HSBC FAMILY OF FUNDS

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

	Opportunity Portfolio
Investment Income:	
Dividends	\$ 689,967
Total Investment Income	<u>689,967</u>
Expenses:	
Investment Management Fees	185,484
Sub-Advisory Fees	408,065
Administration	14,499
Accounting	20,726
Compliance Services	994
Custodian	16,562
Printing	1,560
Professional	17,399
Trustee	1,987
Other	5,119
Total Expenses	<u>672,395</u>
Net Investment Income/(Loss)	<u>\$ 17,572</u>
Net Realized/Unrealized Gains/(Losses) from Investments:	
Net realized gains/(losses) from investment securities	13,243,623
Change in unrealized appreciation/depreciation on investments	<u>12,393,089</u>
Net realized/unrealized gains/(losses) on investments	<u>25,636,712</u>
Change in Net Assets Resulting from Operations	<u>\$25,654,284</u>

HSBC FAMILY OF FUNDS

Statements of Changes in Net Assets

	Opportunity Portfolio	
	Six Months Ended April 30, 2017 (Unaudited)	For the year ended October 31, 2016
Investment Activities:		
Operations:		
Net investment income/(loss)	\$ 17,572	\$ (23,250)
Net realized gains/(losses) from investments	13,243,623	15,124,128
Change in unrealized appreciation/depreciation on investments	12,393,089	(22,151,444)
Change in net assets resulting from operations	<u>25,654,284</u>	<u>(7,050,566)</u>
Proceeds from contributions	2,161,289	36,125,614
Value of withdrawals	<u>(43,470,402)</u>	<u>(115,441,791)</u>
Charge in net assets resulting from transactions in investors' beneficial interest	<u>(41,309,113)</u>	<u>(79,316,177)</u>
Change in net assets	<u>(15,654,829)</u>	<u>(86,366,743)</u>
Net Assets:		
Beginning of period	151,227,999	237,594,742
End of period	<u>\$135,573,170</u>	<u>\$ 151,227,999</u>

HSBC FAMILY OF FUNDS

Financial Highlights

	Ratios/Supplementary Data					
	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/(Loss) to Average Net Assets(b)	Ratio of Expenses to Average Net Assets (Excluding Fee Reductions)(b)	Portfolio Turnover(a)
OPPORTUNITY PORTFOLIO						
Six Months Ended April 30, 2017 (unaudited)	18.84%	\$ 135,573	0.91%	0.02%	0.91%	43%
Year Ended October 31, 2016	(3.14)%	151,228	0.89%	(0.01)%	0.89%	96%
Year Ended October 31, 2015	(1.57)%	237,595	0.88%	(0.19)%	0.88%	63%
Year Ended October 31, 2014	12.26%	222,581	0.88%	(0.37)%	0.88%	66%
Year Ended October 31, 2013	34.84%	227,069	0.89%	0.17%	0.89%	70%
Year Ended October 31, 2012	12.71%	150,059	0.91%	0.15%	0.91%	59%

(a) Not annualized for periods less than one year.

(b) Annualized for periods less than one year.

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 Portfolio (as defined below), which was a series of the Portfolio Trust, a New York trust under the laws of the State of New York, reorganized with and into a corresponding series of the Trust (the “Reorganization”). The series of the Trust into which the Portfolio reorganized had no assets, liabilities, or operations prior to the Reorganization. Upon completion of the Reorganization, the Portfolio assumed the performance, financial and other historical information of its 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 HSBC Opportunity Portfolio (the “Portfolio”):

The Portfolio operates as a master fund in master-feeder arrangements, in which other feeder funds invest all or part of their investable assets in the Portfolio. The Declaration of Trust permits the Board of Trustees (the “Board”) to issue an unlimited number of beneficial interests in the Portfolio.

The Portfolio is a diversified series of the Trust. Financial statements for all other funds of the Trust are published separately.

The following represents each feeder fund’s proportionate ownership interest in the Portfolio:

<u>Feeder Fund</u>	<u>Proportionate Ownership Interest on April 30, 2017(%)</u>
Opportunity Fund	7.5
Opportunity Fund (Class I)	92.5

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 Portfolio. 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 Portfolio. The Portfolio’s maximum exposure under these arrangements is unknown as this would involve any future claims that may be made against the Portfolio. However, based on experience, the Trust expects the risk of loss to be remote.

The Portfolio is an investment company and follows 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 Portfolio in the preparation of its financial statements. The policies are in conformity with generally accepted accounting principles (“GAAP”) in the United States of America. 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:

The Portfolio records its investments at 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.

The Portfolio makes an allocation of its investment income, expenses and realized gains and losses from securities transactions to its investors in proportion to their investment in the Portfolio on the date of such accrual or gain/loss.

Expense Allocations:

Expenses directly attributable to the Portfolio are charged to the Portfolio. Expenses not directly attributable to the Portfolio are allocated proportionately among the Portfolio and applicable funds within the Trust in relation to the net assets or on another reasonable basis.

Federal Income Taxes:

The Portfolio is treated as a partnership for U.S. federal income tax purposes. Accordingly, the Portfolio passes through all of its net investment income and gains and losses to its feeder funds, and is therefore not subject to U.S. federal income tax. As such, investors in the Portfolio are allocated for tax purposes their respective share of the Portfolio's ordinary income and realized gains or losses. It is intended that the Portfolio will be managed in such a way that an investor will be able to satisfy the requirements of the Internal Revenue Code, as amended, applicable to regulated investment companies.

Management of the Portfolio 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 Portfolio, as described below, maximize the use of observable inputs and minimize the use of unobservable inputs in determining fair value. The Portfolio's 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 Portfolio's 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.

Exchange traded domestic equity securities are valued at the last sales price on a national securities exchange (except the NASDAQ Stock Market), or in the absence of recorded sales, at the readily available closing bid price on such exchanges. Securities traded on the NASDAQ Stock Market are valued at the NASDAQ Official Closing Price on the date of valuation. Domestic equity securities that are not traded on an exchange are valued at the quoted bid price in the over-the-counter market. These securities are typically categorized as Level 1 in the fair value hierarchy.

Shares of exchange traded and closed-end registered investment companies are valued in the same manner as other equity securities and are typically categorized as Level 1 in the fair value hierarchy. Mutual funds are valued at their net asset values ("NAVs"), as reported by such companies and are typically categorized as Level 1 in the fair value hierarchy.

Securities or other assets for which market quotations are not readily available, or are deemed unreliable due to a significant event or otherwise, are valued pursuant to procedures adopted by the Trust's Board ("Procedures"). Depending on the source and relative significance of valuation inputs, these instruments may be classified as Level 2 or Level 3 in the fair value hierarchy. Examples of potentially significant events that could affect the value of an individual security and thus require pricing under the Procedures include corporate actions by the issuer, announcements by the issuer relating to its earnings or products, regulatory news, natural disasters, and litigation. Examples of potentially significant events that could affect multiple securities held by the Portfolio include governmental actions, natural disasters, and armed conflicts. Fair value pricing may require subjective determinations about the value of a security. While the Trust's policy is intended to result in a calculation of the Portfolio's NAV that fairly reflects security values as of the time of pricing, the Trust cannot ensure that fair values determined would accurately reflect the price that the Portfolio could obtain for a security if it were to dispose of that security as of the time of pricing. The prices used by the Portfolio may differ from the value that would be realized if the securities were sold and the differences could be material to the financial statements.

As of April 30, 2017, all investments were categorized as Level 1 in the fair value hierarchy. The breakdown of investment categorization is disclosed in the Schedule of Portfolio Investments.

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 Portfolio. As Investment Adviser, HSBC manages the investments of the Portfolio and continuously reviews, supervises, and administers the Portfolio's investments. Westfield Capital Management Company, L.P. ("Westfield") serves as subadviser for the Portfolio and is paid for its services directly by the Portfolio.

For their services, the Investment Adviser and Westfield receive in aggregate, a fee, accrued daily and paid monthly, at an annual rate of 0.80% of the Portfolio's average daily net assets. Currently, the Investment Adviser's contractual fee is 0.25% and Westfield's contractual fee is 0.55%.

Administration:

HSBC also serves the Portfolio as Administrator. Under the terms of the Administration Agreement, HSBC receives from the Portfolio (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, however, the assets of the funds of the HSBC Funds that invest in the Portfolio are not double-counted. 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. For assets invested in the Portfolio by the HSBC Funds, the Portfolio pays half of the administration fee and the feeder funds pay half of the administration fee, for a combination of the total fee rate set forth above.

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 the Portfolio 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.

Fund Accounting:

Citi provides fund accounting services for the Portfolio. For its services to the Portfolio, Citi receives an annual fee per portfolio, including reimbursement of certain expenses that, is accrued daily and paid monthly. Citi receives additional fees paid by the Trust for regulatory administration services.

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.

Other:

The Portfolio may purchase securities from an underwriting syndicate in which the principal underwriter or members of the syndicate are affiliated with the Adviser. For the period ended April 30, 2017, the Portfolio did not purchase any such securities.

The Adviser and its affiliates may have lending, banking, brokerage, underwriting, or other business relationships with the issuers of the securities in which the Portfolio invests.

HSBC FAMILY OF FUNDS

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

5. Investment Transactions:

Cost of purchases and proceeds from sales of securities (excluding securities maturing less than one year from acquisition) for the period ended April 30, 2017 were as follows:

	<u>Purchases(\$)</u>	<u>Sales(\$)</u>
Opportunity Portfolio	69,437,583	108,518,190

6. 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>
Opportunity Portfolio	119,631,112	19,608,514	(2,923,129)	16,685,385

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

7. Subsequent Events:

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 Approval¹

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.

¹ 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.

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.

HSBC FAMILY OF FUNDS

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

As a shareholder of the Portfolios, you incur ongoing costs, including management fees and other Fund expenses.

These examples are intended to help you understand your ongoing costs (in dollars) of investing in the Portfolios and to compare these costs 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.

	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
Opportunity Portfolio	\$1,000.00	\$1,188.40	\$4.94	0.91%

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

Hypothetical Example for Comparison Purposes

The table below provides information about hypothetical account values and hypothetical expenses based on each Portfolio’s actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Portfolio’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
Opportunity Portfolio	\$1,000.00	\$1,020.28	\$4.56	0.91%

* Expenses are equal to the average account value over the period, multiplied by the Portfolio’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; 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.

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:

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