

HSBC Mutual Funds

Annual Information Form

December 16, 2011

Offering Investor Series, Advisor Series, Premium Series, Manager Series and Institutional Series units of the following Funds:

HSBC Canadian Money Market Fund	HSBC World Selection Diversified Conservative Fund
HSBC U.S. Dollar Money Market Fund	HSBC World Selection Diversified Moderate Conservative Fund
HSBC Mortgage Fund	HSBC World Selection Diversified Balanced Fund
HSBC Canadian Bond Fund	HSBC World Selection Diversified Growth Fund
HSBC Emerging Markets Debt Fund	HSBC World Selection Diversified Aggressive Growth Fund
HSBC Monthly Income Fund	
HSBC U.S. Dollar Monthly Income Fund	
HSBC Canadian Balanced Fund	
HSBC Dividend Income Fund	
HSBC Equity Fund	
HSBC Small Cap Growth Fund	
HSBC Global Equity Fund	
HSBC U.S. Equity Fund	
HSBC European Fund	
HSBC AsiaPacific Fund	
HSBC Chinese Equity Fund	
HSBC Indian Equity Fund	
HSBC Emerging Markets Fund	
HSBC BRIC Equity Fund	

No securities regulatory authority has expressed an opinion about the units described in this Annual Information Form, and it is an offence to claim otherwise. The units offered under the Simplified Prospectus and this Annual Information Form are not registered with the United States Securities and Exchange Commission, and are sold in the United States only in reliance on exemptions from registration.

Table of Contents

Introduction and key terms.....	1
Background of the HSBC Mutual Funds.....	2
Names and details of formation	2
Amendments to declarations of trust.....	3
Changes to investment advisors	4
Changes to manager	5
Changes to fundamental investment objectives	5
Investing in the HSBC Mutual Funds	6
How to buy, switch or sell units of the Funds	6
How we value portfolio securities	10
Information about the HSBC Mortgage Fund.....	13
Investment restrictions	27
Fees and expenses	32
Income tax considerations for investors.....	32
Your rights as an investor in the Funds.....	35
Management of the HSBC Mutual Funds	38
Responsibility for operations	38
Fund governance	49
Conflicts of interest.....	55
Remuneration of directors, officers and trustees.....	67
Material contracts.....	67
Legal and administrative proceedings.....	69
Auditors' Consent	70
Certificates.....	72
HSBC Mutual Funds	74
How to reach us	75

Introduction and key terms

This Annual Information Form contains important information about the HSBC Mutual Funds and is designed to supplement the information presented in the Funds' Simplified Prospectus.

In this document we use the following key terms:

- you and your refer to you the investor
- the *Fund* or *Funds* refers to one or more of the HSBC Mutual Funds offered under the Funds' Simplified Prospectus and this Annual Information Form
- *we, us* and *our* refer to HSBC Global Asset Management (Canada) Limited, the manager, trustee and investment advisor of the Funds
- the *Principal Distributor* refers to HSBC Investment Funds (Canada) Inc., a wholly owned subsidiary of ours that is principally responsible for marketing and distributing units of the Funds
- *dealer* and *dealers* refer to the dealers authorized to sell units of the Funds, including the Principal Distributor
- *HSBC World Selection Diversified Funds*[™] refers to the HSBC World Selection Diversified Conservative Fund, HSBC World Selection Diversified Moderate Conservative Fund, HSBC World Selection Diversified Balanced Fund, HSBC World Selection Diversified Growth Fund and HSBC World Selection Diversified Aggressive Growth Fund

Background of the HSBC Mutual Funds

Names and details of formation

The table below lists the names of the HSBC Mutual Funds and the dates they were established. The Funds were established as open-ended, unit investment trusts under a separate Declaration of Trust governed by the laws of Ontario or British Columbia, as described below. On December 17, 2001, the Declarations of Trust for the Funds then established were consolidated into a single Master Declaration of Trust governed by the laws of British Columbia and all Funds are now governed by this Master Declaration of Trust.

Name	Date Established	Established under laws of*
HSBC Canadian Money Market Fund	December 8, 1988	Ontario
HSBC U.S. Dollar Money Market Fund	December 5, 1997	British Columbia
HSBC Mortgage Fund	October 30, 1992	British Columbia
HSBC Canadian Bond Fund	December 1, 1994	British Columbia
HSBC Emerging Markets Debt Fund	June 27, 2011	British Columbia
HSBC Monthly Income Fund	December 16, 2004	British Columbia
HSBC U.S. Dollar Monthly Income Fund	December 16, 2010	British Columbia
HSBC Canadian Balanced Fund	December 8, 1988	Ontario
HSBC Dividend Income Fund	December 1, 1994	British Columbia
HSBC Equity Fund	December 8, 1988	Ontario
HSBC Small Cap Growth Fund	December 1, 1994	British Columbia
HSBC Global Equity Fund	December 5, 1997	British Columbia
HSBC U.S. Equity Fund	October 12, 1994	Ontario
HSBC European Fund	October 12, 1994	Ontario
HSBC AsiaPacific Fund	November 19, 1993	Ontario
HSBC Chinese Equity Fund	December 16, 2003	British Columbia
HSBC Indian Equity Fund	December 16, 2008	British Columbia
HSBC Emerging Markets Fund	October 12, 1994	Ontario
HSBC BRIC Equity Fund	December 16, 2006	British Columbia
HSBC World Selection Diversified Conservative Fund	December 16, 2004	British Columbia
HSBC World Selection Diversified Moderate Conservative Fund	December 16, 2004	British Columbia
HSBC World Selection Diversified Balanced Fund	December 16, 2004	British Columbia
HSBC World Selection Diversified Growth Fund	December 16, 2004	British Columbia
HSBC World Selection Diversified Aggressive Growth Fund	December 16, 2004	British Columbia

* All Funds are now governed by a Master Declaration of Trust governed by the laws of British Columbia.

We manage the Funds. Our head office is located at 19th Floor, 1066 West Hastings Street, Vancouver, British Columbia, V6E 3X1.

Some of the Funds have changed their names in the past. The table below lists the current names of the Funds, their previous names within 10 years (if applicable), and the date on which the names changed (if applicable).

Current Name	Previous Name (Date Changed)
HSBC World Selection Diversified Conservative Fund	HSBC LifeMap [®] Conservative Portfolio (December 16, 2010)
HSBC World Selection Diversified Moderate Conservative Fund	HSBC LifeMap [®] Moderate Conservative Portfolio (December 16, 2010)
HSBC World Selection Diversified Balanced Fund	HSBC LifeMap [®] Balanced Portfolio (December 16, 2010)
HSBC World Selection Diversified Growth Fund	HSBC LifeMap [®] Growth Portfolio (December 16, 2010)
HSBC World Selection Diversified Aggressive Growth Fund	HSBC LifeMap [®] Aggressive Growth Portfolio (December 16, 2010)

Amendments to declarations of trust

The Declarations of Trust for certain Funds have been amended for various reasons. The table below describes the material changes made to the Declarations of Trust for the Funds during the last 10 years.

Date	Description of Amendment
December 17, 2001	Consolidated Declarations of Trust of the Funds then established into a single Master Declaration of Trust. Introduced a multiple class unit structure, including Class B, Class F and Class O units, and redesignated then outstanding units as Class A units.
December 16, 2002	Renamed Class A, Class B, Class F and Class O units of the Funds then established as Investor Series, Advisor Series, Manager Series and Institutional Series units of the Funds, respectively.
December 16, 2005	Enabled the sale of Advisor Series, Manager Series and Institutional Series units of the HSBC World Selection Diversified Conservative Fund, HSBC World Selection Diversified Moderate Conservative Fund, HSBC World Selection Diversified Balanced Fund, HSBC World Selection Diversified Growth Fund, and HSBC World Selection Diversified Aggressive Growth Fund.
December 16, 2007	Enabled the sale of Premium Series units of the HSBC Canadian Money Market Fund, and HSBC U.S. Dollar Money Market Fund.
April 1, 2008	Enabled the sale of Premium Series units of the HSBC Mortgage Fund, HSBC Canadian Bond Fund, and HSBC Monthly Income Fund.
December 16, 2009	Enabled the sale of Premium Series units of the HSBC Canadian Balanced Fund, HSBC Dividend Income Fund, HSBC Equity Fund, HSBC Small Cap Growth Fund, HSBC Global Equity Fund, HSBC U.S. Equity Fund, HSBC European Fund, HSBC AsiaPacific Fund, HSBC Chinese Equity Fund, HSBC Indian Equity Fund, HSBC Emerging Markets Fund, HSBC BRIC Equity Fund, and HSBC Global Climate Change Fund.

Date	Description of Amendment
December 14, 2010	Amended the circumstances in which the manager of the Funds may be changed without unitholder approval and the notice requirements when a Fund is terminated, in order to bring these provisions in line with applicable securities laws.
December 16, 2010	Reflected the appointment of HSBC Global Asset Management (Canada) Limited as manager and trustee of the Funds. Enabled the sale of Premium Series units of the HSBC World Selection Diversified Funds™.

Changes to investment advisors

The changes to the Funds' investment advisors which have occurred during the last 10 years are outlined in the table below.

Fund name	Date of change	Previous investment advisor	Current investment advisor
HSBC U.S. Equity Fund	December 17, 2001	HSBC Asset Management (Americas) Inc.	HSBC Global Asset Management (Canada) Limited
	May 16, 2005	HSBC Global Asset Management (Canada) Limited	Lotsoff Capital Management
	May 13, 2009	Lotsoff Capital Management	Rainier Investment Management Inc.
	April 27, 2011	Rainier Investment Management Inc.	Los Angeles Capital Management and Equity Research Inc.
HSBC European Fund	December 17, 2001	HSBC Asset Management (Americas) Inc.	HSBC Global Asset Management (Canada) Limited
	January 1, 2002	HSBC Global Asset Management (Canada) Limited	HSBC Global Asset Management (UK) Limited
HSBC AsiaPacific Fund	December 17, 2001	HSBC Asset Management (Americas) Inc.	HSBC Global Asset Management (Canada) Limited
	October 3, 2005	HSBC Global Asset Management (Canada) Limited	HSBC Global Asset Management (Hong Kong) Limited
HSBC Emerging Markets Fund	December 17, 2001	HSBC Asset Management (Americas) Inc.	HSBC Global Asset Management (Canada) Limited
	January 1, 2002	HSBC Global Asset Management (Canada) Limited	HSBC Global Asset Management (UK) Limited
HSBC Small Cap Growth Fund	November 25, 2008	HSBC Global Asset Management (Canada) Limited	Mawer Investment Management Ltd.
HSBC Global Equity Fund	December 15, 2008	Halbis Capital Management (UK) Limited	HSBC Global Asset Management (France)

Fund name	Date of change	Previous investment advisor	Current investment advisor
HSBC Canadian Balanced Fund*	December 15, 2008	Halbis Capital Management (UK) Limited	HSBC Global Asset Management (France)

* HSBC Global Asset Management (France) (formerly SINOPIA Asset Management) has been appointed to provide investment advice in respect of the global equity segment of the HSBC Canadian Balanced Fund.

Changes to manager

On December 14, 2010, responsibility for managing the business and operations of the Funds was transferred from HSBC Investment Funds (Canada) Inc. to a wholly-owned subsidiary of ours, and subsequently on the same date to us.

Changes to fundamental investment objectives

On September 28, 2001, unitholders of the HSBC Global Equity Fund approved an amendment to this Fund's fundamental objective, from the objective of achieving long-term capital growth by investing primarily in other foreign equity mutual funds managed by us and in the HSBC Canadian Money Market Fund, to the objective of achieving long-term capital growth by investing in primarily a diversified portfolio of equity and equity-related securities of publicly traded companies located around the world. The change in the Fund's fundamental investment objective was effective October 12, 2001.

Other than as set out above, there have been no changes to the fundamental investment objective of any of the Funds over the past 10 years.

Investing in the HSBC Mutual Funds

How to buy, switch or sell units of the Funds

General

When you want to buy, switch or sell units of a Fund, the amount you pay or receive for each unit will depend on when you make your request. If you make your request to buy, switch or sell Investor Series, Premium Series or Institutional Series units through the Principal Distributor; or Institutional Series units through us or the Principal Distributor, the following cut-off times apply:

- If you make your request through the Principal Distributor at any branch of HSBC Bank Canada, either in person or by phone through Telefund, by 1 p.m. Pacific Time on a valuation day, your request will be processed using the Fund's unit value on that day.
- If you make your request through the Principal Distributor at any branch of HSBC Bank Canada, either in person or by phone through Telefund, after 1 p.m. Pacific Time on a valuation day, your request will be processed using the Fund's unit value on the next valuation day.
- If you make your request through the Principal Distributor by postal mail, fax, e-mail, internet, or other electronic means (other than phone) that may be accepted by the Principal Distributor from time to time, using an electronic application or transaction form and the Principal Distributor receives it by 12 p.m. Pacific Time on a valuation day, your request will be processed using the Fund's unit value on that day.
- If you make your request through the Principal Distributor by postal mail, fax, e-mail, internet, or other electronic means (other than phone) that may be accepted by the Principal Distributor from time to time, using an electronic application or transaction form and the Principal Distributor receives it after 12 p.m. Pacific Time on a valuation day, your request will be processed using the Fund's unit value on the next valuation day.

If you make your request for Institutional Series units through us by 1 p.m. Pacific Time on a valuation day, your request will be processed using the Fund's unit value on that day. If you make your request for Institutional Series units through us after 1 p.m. Pacific Time on a valuation day, your request will be processed using the Fund's unit value on the next valuation day.

Advisor Series and Manager Series units are bought, switched and sold through dealers other than the Principal Distributor. Please consult your dealer for their cut-off times for processing orders to buy, switch or sell units. See *How we calculate net asset value of the Funds' units* for a description of how units are valued.

There is no fee for buying Investor Series, Premium Series and Institutional Series units of the Funds. Manager Series units are generally only available to investors who have already entered a "fee-for-service" advisory agreement or "wrap" program agreement with their dealer, under which they will pay fees directly to the dealer. Institutional Series units are only available to investors who invest specified minimum sums of money in the Funds and otherwise meet our requirements for holding Institutional

Series units. If you buy Advisor Series units, you may choose one of the following purchase options: (1) sales charge option, (2) redemption charge standard option, or (3) redemption charge low-load option. Your choice of series of units to buy and the purchase option affects the sales charge you, or we, will pay to your dealer and the amount of other compensation paid to your dealer. See *Purchases, switches and redemptions, Fees and expenses and Dealer compensation* in the Simplified Prospectus.

How to buy units of the Funds

If you open an account with the Principal Distributor and you wish to buy Investor Series or Premium Series units of the Funds, you can either submit your request along with payment to the Principal Distributor at any branch of HSBC Bank Canada, call Telefund, the HSBC mutual fund customer service and sales centre, toll-free at 1-800-830-8888, on-line through the HSBC Personal Internet Banking system, or through any other electronic means that may be accepted by the Principal Distributor from time to time. Institutional Series units can only be purchased through us or the Principal Distributor after you have entered into an Institutional Series Account Agreement. The Advisor Series and Manager Series, as well as the Investor Series and Premium Series units, of our Funds are available through other dealers if you open an account with them.

When you first buy Investor Series, Advisor Series or Manager Series units of a Fund an initial investment of at least \$500 is required. Your subsequent investments must be at least \$50, except for investments under regular investment plans or the mutual fund allocation service set up through the Principal Distributor, where the initial and subsequent investments for Investor Series units may be as low as \$25. When you first buy Premium Series units of a Fund you must make an initial investment of at least \$100,000, or another minimum amount as determined by us. Your subsequent investments must be at least \$50, except for investments under regular investment plans or the mutual fund allocation service set up through the Principal Distributor, where subsequent investments for Premium Series units may be as low as \$25. When you buy units of a Fund, we do not issue you a certificate representing those units. However, your dealer will send you a confirmation of your purchase. Your units are not transferable or assignable but may be redeemed by you.

If you pay for your units by cheque and it is returned because of insufficient funds, we will immediately redeem all of the units that you bought with that cheque. We will use the proceeds from the redemption to pay for the units based on the unit value at which you bought them. If the units are worth more than when you bought them, the applicable Fund or Funds will keep the difference. If the units are worth less than when you bought them, the applicable Fund or Funds will absorb the difference. On behalf of the Fund, we have the right to collect the difference plus any costs and interest, from you or your dealer (including the Principal Distributor), who may then collect it from you.

You may have to compensate us or your dealer (including the Principal Distributor) for any losses we suffer if a transaction fails because you do not meet the documentation and delivery requirements for buying units of the Funds.

Switching investments among the Funds

To switch investments among the Funds, we redeem units from the Fund that you are switching out of and use the proceeds to buy units of the Fund you are switching into.

The number of units of any series that are bought and sold will be based on the net asset value per unit of the Fund for that series on the valuation day the request is processed, less any applicable charges.

Following a switch, the value of the units of a Fund you wish to switch from and the value of the units of a Fund you wish to switch into must not be less than \$500 for Investor Series, Advisor Series or Manager Series units, and \$100,000 for Premium Series units.

If you have an account with the Principal Distributor and you wish to switch all or part of your investments from Investor Series or Premium Series units of one Fund to Investor Series or Premium Series units of another Fund, you must either submit your request in writing to the Principal Distributor at any branch of HSBC Bank Canada, call Telefund, the HSBC mutual fund customer service and sales centre, toll-free at 1-800-830-8888, on-line through the HSBC Personal Internet Banking system, or through any other electronic means that may be accepted by the Principal Distributor from time to time. Institutional Series units of our Funds can only be switched through the Principal Distributor. Investor Series and Premium Series, as well as Advisor Series and Manager Series units, of our Funds may also be switched through your dealer if you have an account open with them.

You can only switch between Funds denominated in the same currency. You cannot switch units denominated in Canadian dollars into units denominated in U.S. dollars, and vice versa. If you want to switch to units of a Fund denominated in another currency, you must request the redemption of your current holdings and then upon receipt of the redemption proceeds, request the purchase of the Fund denominated in another currency, paying for them with your redemption proceeds.

Except as noted below, there is no fee for switches among or between Investor Series, Premium Series, Manager Series and Institutional Series units. However you must qualify to purchase Manager Series or Institutional Series units of the Funds before you may switch into them. If you are switching Advisor Series units within the same purchase option, no charges will be payable to us on the switch, except as noted below. Any new units that you switch into, under the redemption charge options, will have the same redemption charge schedule as your old units if the type of redemption charge option is the same. We do not recommend switching Advisor Series units of the Funds for Advisor Series units with a different purchase or redemption charge option, as you may incur additional sales or redemption charges. Your dealer, including the Principal Distributor, may charge you a fee of up to 2% of the value of the units for switching units through them, with the exception of units of the HSBC World Selection Diversified Funds™.

If you switch units excessively, or switch or sell your units within 30 days of the date of your most recent purchase of the units, with the exception of our money market Funds, we may charge a fee on behalf of the Funds of up to 2% of the value of the units you are switching. This fee is retained by the Fund.

How to sell units of the Funds

If you have an account with the Principal Distributor and you want to sell all or part of your Investor Series, Premium Series or Institutional Series units of a Fund, you must submit your request in writing to the Principal Distributor through any branch of HSBC Bank Canada, call Telefund, the HSBC mutual fund customer service and sales centre, toll-free at 1-800-830-8888, on-line through the HSBC Personal Internet Banking system, or through any other electronic means that may be accepted by the Principal

Distributor from time to time. If you have an account with us for Institutional Series units you must submit your request to sell units of a Fund in writing to us.

If your account is not with the Principal Distributor, the Advisor Series and Manager Series units, as well as the Investor Series and Premium Series units of our Funds may only be sold through your dealer. You may be required to pay a redemption charge on your Advisor Series units bought under the redemption charge options, depending on when you sell them. For units of a Fund purchased under the redemption charge standard option, a redemption charge will apply if you redeem your units within six years after purchasing them. For units of a Fund purchased under the redemption charge low-load option, a redemption charge will apply if you redeem your units within two years after purchasing them. Otherwise there is no fee for selling units, unless you sell within 30 days of the date of your most recent purchase of the units, in which case we may charge you a fee of up to 2% of the value of the units you are selling (other than units of the HSBC Canadian Money Market Fund and HSBC U.S. Dollar Money Market Fund).

You can sell the following number of Advisor Series units of a Fund purchased under the redemption charge standard option every year without paying a redemption charge (the “Free Redemption Amount”):

- up to 10% of the number of Advisor Series units of a Fund which you owned as of December 31 of the previous calendar year, plus
- up to 10% of the number of Advisor Series units of a Fund purchased in the current calendar year before the redemption order, less
- any Advisor Series units of the Fund previously redeemed during the current calendar year prior to the date of redemption, less
- any cash distributions you received from the Fund in the current calendar year.

The Free Redemption Amount is not cumulative and any unused amount cannot be carried forward to future years.

The Free Redemption Amount does not apply to the Advisor Series units of a Fund purchased under the redemption charge low-load option.

The money you receive when you sell your units will be based on the net asset value per unit of that series on the valuation day the request is processed and valued. We will send you the proceeds as soon as possible and, in any event, no later than three business days after the valuation day on which your units were sold.

With your approval, a Fund may pay the amount owing to you for units of the Fund redeemed by you, with securities held by the Fund. If we do this, the securities you receive will be equal in value to the money that you would have received on the applicable redemption date.

You may have to compensate us or your dealer for any losses we suffer if a transaction fails because you do not meet the documentation and delivery requirements for selling your units of the Funds.

Under extraordinary circumstances, we reserve the right to suspend the sale of units of a Fund or to delay payment of the proceeds from the sale of any units. These circumstances include:

- when normal trading has been suspended on an exchange on which more than 50% of the value of a Fund's underlying investments is traded, and those securities are not traded on any other exchange that represents a reasonably practical alternative; or
- when we determine that the buying and selling of units is not reasonably practical (with the consent of the applicable securities regulators).

How we calculate net asset value of the Funds' units

The unit value we use to process buy and sell orders for units is based on the net asset value per unit of that series next determined after we receive an order. We or our authorized agents calculate the net asset value of each series of unit of the Funds after 1:00 p.m. Pacific Time each valuation day. A valuation day is any day that the Toronto Stock Exchange is open for business or such other day as we may determine from time to time.

We or our authorized agents calculate a separate net asset value for each series of units. The net asset value per unit of each series is calculated on each valuation day by taking the proportionate share of the net assets of the Fund allocated to the series of units as determined on the previous valuation day, and adding or subtracting, as appropriate, the series' proportionate share of investment income, realized gains (losses) and the change in value of the Fund's investment portfolio since the previous valuation day of the series. From this amount, we or our authorized agents then subtract the series' direct expenses and the series' proportionate share of common expenses of the Fund since the previous valuation day. This amount is then divided by the number of units outstanding of the series of units on that valuation day to produce the daily net asset value per unit of the series. Any requests we receive to buy or sell units on a valuation day are not considered in the calculations for that day.

The HSBC Canadian Money Market and U.S. Dollar Money Market Funds intend to maintain constant unit prices by investing in short-term fixed-income securities and by allocating net investment income on each valuation day.

How we value portfolio securities

The portfolio securities of each Fund are valued after 1:00 p.m. Pacific Time (the "valuation time") on each valuation day by us or our authorized agents. The value of the portfolio securities and other assets of each Fund is determined by applying the following rules:

- Cash on hand or on deposit, bills, notes, accounts receivable, prepaid expenses, cash dividends, and interest declared or accrued and not yet received, are generally valued at their full amount. If it is determined that any of these assets are not worth the full amount, a fair value will be assigned to them.
- Precious metals (certificates or bullion) and other commodities are valued at their fair value, generally based on prevailing market prices as reported on exchanges or other markets.

- Securities listed on a public securities exchange or market are valued at their last sale price reported before the valuation time on that valuation day. If no sale is reported to have taken place before the valuation time on that valuation day, they are valued at the average of the last bid and ask prices reported before that time on that valuation day, or the last bid price or ask price (for long and short securities respectively), or the last published sale price, whichever in our opinion more accurately reflects their fair value.
- Securities that are interlisted or traded on more than one public securities exchange or market are valued at their last sale price or the average of the last bid and ask prices, or the last bid price or the last published sale price, whichever in our opinion more accurately reflects their fair value, as the case may be, reported before the valuation time on the exchange or market which we believe is the principal exchange or market for those securities.
- Unlisted securities of the Funds traded on an over-the-counter market are valued at the last price reported before the valuation time on that valuation day. If no sale is reported to have taken place before the valuation time on that valuation day, they are valued at the average of the last bid and ask prices reported before that time on that valuation day, or the last bid price or the last published price, whichever in our opinion more accurately reflects their fair value.
- Securities and other assets for which market quotations are not readily available are valued at their fair value, as we determine.
- Mutual fund units held by the Funds will be valued based on the end-of-day net asset value per unit of the respective fund on each valuation day.
- Fixed income securities listed on a public securities exchange, except for fixed income securities held by the HSBC Canadian Money Market Fund and the HSBC U.S. Dollar Money Market Fund, will be valued at either their last sale price before the valuation time on that valuation day or, if no sale is reported to have taken place before the valuation time on that valuation day, the average of the last bid and ask price before that time on that valuation day will be used. Fixed income securities held by the HSBC Canadian Money Market Fund and the HSBC U.S. Dollar Money Market Fund are valued at their amortized cost, which due to their remaining short term to maturity, approximates fair value.
- Non-exchange traded fixed income securities of the Funds are valued at their fair value based on prices supplied by established pricing vendors, market participants or pricing models as determined before the valuation time on that valuation day.
- Securities, the resale of which are restricted or limited by means of a representation, undertaking or agreement by the Fund or its predecessor in title, or by law, are valued based upon reported quotations in common use on that valuation day, unless the quoted value, in our opinion, was not reflective of the realizable value of the security. In such circumstances, the security would be valued at our best estimate of the security's realizable value.
- Money market securities are valued at their amortized cost which approximates fair value.

- Long positions in clearing corporation options, options on futures, over-the-counter options, debt-like securities and listed warrants are valued at their fair value, as we determine.
- The premium received on a covered clearing corporation option, option on futures or over-the-counter option written by a Fund is reflected as a deferred credit, so long as the Fund's obligation under the written option remains outstanding. The deferred credit is valued at an amount equal to the current market value of an option which would have the effect of closing the option position. Any difference resulting from revaluation is treated as an unrealized gain or loss on investment and the deferred credit is deducted in calculating the unit price. A Fund's portfolio securities which are the subject of a written clearing corporation option or over-the-counter option continue to be valued at their fair value, as we determine.
- Securities quoted in foreign currencies are translated to Canadian dollars to reflect the rate of exchange existing on that valuation day, with the exception of the HSBC U.S. Dollar Money Market Fund and HSBC U.S. Dollar Monthly Income Fund where securities quoted in foreign currencies are translated to U.S. dollars to reflect the rate of exchange existing on that valuation day.
- Foreign currency derivative contracts are valued at their current market value on that valuation day with any difference resulting from revaluation being treated as an unrealized gain or loss on investment.
- The value of a futures contract, forward contract or swap will be the gain or loss that would be realized if, on the valuation date, the position in the futures contract, forward contract or swap, as the case may be, were to be closed out unless daily limits are in effect, in which case, fair value will be determined based on the current market value of the underlying interest.

If an investment cannot be valued under the foregoing rules or under any other valuation rules required under applicable securities laws, or if any of the foregoing rules are at any time considered by us to be inappropriate under the circumstances, then we will use a valuation which we consider to be fair and reasonable (the "fair value") in the interests of investors in the Fund. This would typically involve reviewing current press releases concerning the security, discussing an appropriate valuation with other portfolio managers, analysts or the Investment Funds Institute of Canada, and consulting other industry sources to set an appropriate fair value. If at any time the fair value rules conflict with the valuation rules required under applicable securities laws, the valuation rules required under applicable securities laws will be followed. In the past three years, we have used fair value rules as follows:

- December 17, 2008 – The TSX and TSX Venture Exchange were halted due to technical issues with data feeds. In accordance with our fair valuation policies, and in conjunction with industry consensus, we adjusted affected Canadian securities using the following process: first, we priced Canadian securities based on the Pure and Alpha Exchanges; second, if not available we priced Canadian securities using inter-listed price; and finally, if not available we priced Canadian securities by applying the movement of S&P 500 for the remaining affected securities.
- November 26, 2009 – The provisions of our fair valuation policy were invoked in response to the closure of the U.S. markets for the U.S. Thanksgiving holiday and an announcement regarding

debt restructuring in Dubai. Following consultation amongst industry members, we instructed RBC Dexia, the Funds' accountant, to fair value all U.S. equities and futures as at November 26, 2009 by taking a broad discount of 2.20% on November 25, 2009 prices based on the S&P Futures indicative value as at market close. Fixed income securities were stale priced using values from November 25, 2009. Due to lack of market direction for these securities, no discount was applied.

Differences from Canadian GAAP

For the purpose of determining the net asset value per unit of the Funds in connection with the purchase and redemption of units, the market value of the assets of each Fund is determined in accordance with the valuation principles described above. However, for the purpose of the financial statements for each Fund, net assets will be calculated in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). For the purpose of calculating net assets for financial reporting purposes, Canadian GAAP requires the fair value of marketable securities to be measured based on the bid price of the security, instead of the close price or last sale price of the security for the day, which is the method typically used by investment funds when calculating the net asset value per unit for the purpose of the purchase and redemption of units. All references in the Funds' Simplified Prospectus and this Annual Information Form to net asset value per unit are references to the net asset value per unit for the purpose of the purchase and redemption of units, which is determined in accordance with the valuation principles described above (and not as determined in accordance with Canadian GAAP for financial reporting purposes).

Information about the HSBC Mortgage Fund

The HSBC Mortgage Fund is subject to National Policy Statement No. 29 of the Canadian Securities Administrators because more than 10% of its portfolio is invested in mortgages. National Policy Statement No. 29 sets out certain investment restrictions and disclosure requirements which apply to any mutual fund that invests more than 10% of its portfolio in mortgages. This disclosure about the HSBC Mortgage Fund (the "Mortgage Fund") and other Funds which invest in mortgages is set out below.

Purchase of mortgages

The Mortgage Fund's fundamental objective is to earn as high a level of income as possible while protecting invested capital by investing primarily in Canadian dollar denominated residential first mortgages on property in Canada and other debt obligations. The investment advisor for the Mortgage Fund may purchase mortgages for the Fund from HSBC Bank Canada, HSBC Mortgage Corporation (Canada) and other recognized Canadian financial institutions. During the year ended December 31, 2010, all mortgages purchased by the Mortgage Fund were purchased from HSBC Bank Canada or HSBC Mortgage Corporation (Canada). We are a wholly-owned subsidiary of HSBC Bank Canada and HSBC Mortgage Corporation (Canada) is a wholly-owned subsidiary of HSBC Bank Canada. Mortgages purchased from HSBC Bank Canada or HSBC Mortgage Corporation (Canada) are purchased on behalf of the Fund in accordance with the terms of a Mortgage Sale and Administration Agreement. Under this Agreement:

- HSBC Bank Canada has agreed to repurchase any mortgage we purchased from it or HSBC Mortgage Corporation (Canada) if the mortgage is in default in respect of the payment of

principal and interest beyond 90 days of the due date, or if the mortgage fails to meet the criteria for a mortgage in which the Mortgage Fund may invest established by National Policy Statement No. 29 or by the Mortgage Fund's internal statement of policies.

- The Mortgage Fund has agreed not to sell any mortgage purchased from HSBC Bank Canada or HSBC Mortgage Corporation (Canada) to any other person without giving HSBC Bank Canada the first right to purchase the mortgage within 30 days of receipt of written notice from the Mortgage Fund of its intention to sell.
- HSBC Bank Canada has agreed to administer the mortgages acquired from it or HSBC Mortgage Corporation (Canada).

Rules for determining the price of acquiring and selling a mortgage

When the Mortgage Fund or any other Fund acquires a mortgage from a mortgage lender that is not associated with us or the Fund, the mortgage is acquired at a principal amount that produces at least the yield prevailing for the sale of comparable mortgages by major mortgage lenders under similar conditions.

When the Mortgage Fund or any other Fund acquires mortgages from a mortgage lender that is associated with us or the Fund, such as HSBC Bank Canada or HSBC Mortgage Corporation (Canada), it can use any of the following three methods for valuing the mortgage upon acquisition:

1. *Lender's rate method* - The mortgage is acquired at a principal amount which produces a yield equal to the interest rate for similar mortgages offered by the lending institution at the time the Fund acquires the mortgage.
2. *Forward commitment rate method* - The mortgage is acquired at a principal amount which produces a yield equal to the interest rate for similar mortgages offered by the lending institution on the date of commitment. The commitment date cannot be more than 120 days before the date the Fund acquires the mortgage.
3. *Modified lender's rate method* - The mortgage is acquired at a principal amount which produces a maximum yield of 0.25% below the interest rate for similar mortgages offered by the lending institution at the time the Fund acquires the mortgage, provided that the lending institution must agree to repurchase the mortgage from the Fund when it benefits the Fund, and we consider that this agreement justifies the difference in the yield.

Each of these valuation methods produces a different mortgage yield:

- The "forward commitment rate method" will result in a higher yield than the "lender's rate method" when interest rates are declining, a lower yield when interest rates are rising and a similar yield when interest rates stay the same.

- The “modified lender’s rate method” will result in a lower yield than the “forward commitment rate method” when interest rates are stable or declining and when interest rates are increasing, the yield could be higher, lower or equivalent, depending on the extent of the increase.

HSBC Bank Canada and HSBC Mortgage Corporation (Canada) are companies related to us. The Mortgage Fund uses the “modified lender’s rate method” when purchasing mortgages from or selling mortgages to HSBC Bank Canada or HSBC Mortgage Corporation (Canada). The price upon purchase by HSBC Bank Canada will be that amount which will produce a yield equal to the interest rate at which HSBC Bank Canada is making commitments to loan on the security of comparable mortgages at the time.

How we determine the net asset value of mortgages held by the Mortgage Fund

We use the following principles to determine the net asset value of mortgages in the Fund’s portfolio:

- For conventional mortgages, we determine a value that produces a yield either: equal to the yield of conventional mortgages sold by major lending institutions, if this is known on the valuation day; or a maximum of 0.25% below the interest rate for comparable mortgages on the valuation day.
- For mortgages guaranteed under the National Housing Act (Canada), we use market value.

Liquidity of the Mortgage Fund

The Mortgage Fund will not invest in mortgages if the liquid assets of the Fund would be reduced to less than the amount shown in the following table:

Net assets of the Fund (market value)	Minimum liquid assets
\$1,000,000 or less	\$100,000
\$1,000,000	\$100,000 + 10% on next \$ 1,000,000
\$2,000,000	\$200,000 + 9% on next \$3,000,000
\$5,000,000	\$470,000 + 8% on next \$5,000,000
\$10,000,000	\$870,000 + 7% on next \$ 10,000,000
\$20,000,000	\$1,570,000 + 6% on next \$ 10,000,000
\$30,000,000 or over	\$2,170,000 + 5% on excess

The term “liquid assets” means:

- cash or deposits with a Canadian chartered bank or a trust company registered under the laws of a Canadian province that can be cashed or sold before maturity;
- debt securities at market value that are issued or guaranteed by the Government of Canada or any Canadian provincial government; and
- money market instruments with a term to maturity of less than one year from the date of issue.

If the total amount required to effect redemptions in the Mortgage Fund at the close of business on any valuation day should exceed the liquid assets held by the Mortgage Fund, HSBC Bank Canada shall, two business days following receipt of written notice from the Mortgage Fund, purchase or find a purchaser for enough of the mortgages held by the Mortgage Fund that would be required to cover the short-fall. The price of mortgages sold will be the amount which produces a yield equal to the interest rate at which HSBC Bank Canada is making commitments to loan on the security of comparable mortgages at the time. HSBC Bank Canada may, instead of purchasing or finding a purchaser for the mortgages, temporarily lend the Mortgage Fund the money to effect the redemptions, but the loan may not exceed 10% of the net asset value of the Mortgage Fund. HSBC Bank Canada shall be entitled to receive from the Mortgage Fund interest on the loan at a rate at least as favourable to the Mortgage Fund as the rates generally charged by HSBC Bank Canada on comparable loans to other persons who are not affiliated with HSBC Bank Canada.

Mortgage Fund portfolio analysis

An analysis of the Mortgage Fund's mortgage portfolio as at December 31, 2010, is as follows:

Mortgages by type of loan

Type	Number of Mortgages	Principal (\$000's)	Market Value (\$000's)
CMHC insured	0	0	0
Conventional uninsured	5,113	1,184,882	1,204,809
Total	5,113	1,184,882	1,204,809

Mortgages by type of property

Type	Number of Mortgages	Principal (\$000's)	Market Value (\$000's)	Amortized Cost (\$000's)
Single family dwelling or condominium	5,113	1,184,882	1,204,809	1,190,533
Multi-unit dwelling up to 8 units	0	0	0	0
Multi-unit dwelling more than 8 units	0	0	0	0
Total	5,113	1,184,882	1,204,809	1,190,533

Mortgages by year of maturity

Year of Maturity	Number of Mortgages	Average Interest Rate	Principal (\$000's)	Market Value (\$000's)
2011	763	4.92%	194,565	196,848
2012	1,724	4.21%	363,763	369,141
2013	1,469	4.48%	304,845	312,141

Year of Maturity	Number of Mortgages	Average Interest Rate	Principal (\$000's)	Market Value (\$000's)
2014	784	4.05%	215,391	218,858
2015	373	4.12%	106,317	107,821
Total	5,113	4.36%	1,184,882	1,204,809

Mortgages by geographic location

Province	Number of Mortgages	Principal (\$000's)	Market Value (\$000's)
British Columbia	2,544	615,872	626,653
Alberta	556	126,611	129,002
Saskatchewan	38	5,409	5,524
Manitoba	10	1,972	2,010
Ontario	1,357	315,534	319,787
Quebec	548	108,903	111,028
New Brunswick	28	4,095	4,192
Newfoundland	14	2,758	2,826
Nova Scotia	18	3,727	3,787
Total	5,113	1,184,882	1,204,809

Mortgages by contractual interest rates

Interest Rates	Number of Mortgages	Principal (\$000's)	Market Value (\$000's)	Amortized Cost (\$000's)
0.10%	1	71	65	65
1.95%	3	780	770	766
2.02%	1	292	292	292
2.05%	1	284	284	284
2.10%	2	503	498	499
2.14%	1	246	246	246
2.15%	1	199	196	197
2.20%	3	1,245	1,246	1,246
2.21%	1	280	280	280
2.22%	1	238	235	233
2.25%	6	2,579	2,578	2,579
2.40%	1	104	102	102
2.50%	11	4,188	4,166	4,171

Interest Rates	Number of Mortgages	Principal (\$000's)	Market Value (\$000's)	Amortized Cost (\$000's)
2.55%	1	198	197	197
2.60%	34	5,151	5,130	5,133
2.65%	1	154	151	151
2.66%	1	112	112	112
2.67%	2	2,548	2,503	2,506
2.70%	2	1,097	1,079	1,078
2.72%	2	228	227	227
2.75%	9	1,835	1,825	1,825
2.77%	2	779	771	772
2.79%	1	357	351	342
2.80%	6	1,351	1,335	1,337
2.81%	2	227	225	226
2.84%	3	635	630	630
2.85%	6	2,088	2,071	2,073
2.86%	2	460	454	454
2.89%	2	449	444	446
2.90%	6	686	684	685
2.91%	1	1,189	1,178	1,181
2.92%	4	712	705	709
2.93%	2	494	489	490
2.95%	352	77,016	76,839	76,572
2.96%	4	827	819	821
2.97%	2	258	256	256
2.99%	1	2,481	2,462	2,471
3.00%	56	16,533	16,398	16,411
3.01%	1	92	91	91
3.03%	1	2,466	2,445	2,453
3.04%	2	275	273	274
3.05%	5	1,376	1,366	1,370
3.07%	2	288	286	287
3.09%	1	385	383	384
3.10%	10	3,018	3,005	2,991
3.11%	3	795	791	793

Interest Rates	Number of Mortgages	Principal (\$000's)	Market Value (\$000's)	Amortized Cost (\$000's)
3.12%	2	443	441	438
3.13%	2	452	451	449
3.15%	70	15,093	15,089	15,008
3.16%	1	99	99	99
3.17%	3	506	504	504
3.18%	3	968	953	954
3.19%	1	320	319	316
3.20%	26	8,173	8,108	8,096
3.21%	2	542	534	534
3.22%	3	789	784	786
3.23%	2	645	644	642
3.24%	2	428	428	429
3.25%	35	10,973	10,955	10,904
3.27%	2	1,062	1,060	1,047
3.28%	2	634	633	625
3.29%	5	2,045	2,043	2,018
3.30%	15	3,049	3,045	3,035
3.31%	1	204	203	200
3.33%	68	13,196	13,250	13,142
3.34%	1	273	274	273
3.35%	26	7,504	7,449	7,424
3.36%	1	174	172	172
3.37%	2	701	694	697
3.38%	2	535	535	536
3.39%	4	1,084	1,081	1,075
3.40%	67	20,153	20,168	19,976
3.42%	3	445	446	442
3.43%	1	304	305	301
3.44%	7	1,020	1,022	1,011
3.45%	9	1,200	1,203	1,194
3.47%	4	790	793	789
3.48%	2	225	226	224
3.49%	31	5,297	5,296	5,280

Interest Rates	Number of Mortgages	Principal (\$000's)	Market Value (\$000's)	Amortized Cost (\$000's)
3.50%	226	51,602	51,814	51,509
3.51%	4	789	792	786
3.52%	3	1,023	1,022	1,017
3.53%	1	125	125	126
3.54%	3	398	398	397
3.55%	55	15,026	15,084	14,986
3.56%	1	99	99	98
3.57%	2	745	744	741
3.58%	6	1,215	1,222	1,213
3.59%	4	1,291	1,290	1,292
3.60%	38	6,674	6,705	6,652
3.61%	4	689	691	687
3.62%	4	828	833	819
3.63%	3	713	717	715
3.64%	1	134	134	134
3.65%	255	64,074	64,336	63,636
3.66%	3	391	394	392
3.67%	6	1,018	1,024	1,014
3.68%	4	719	724	716
3.69%	4	1,262	1,268	1,264
3.70%	32	3,937	3,965	3,924
3.71%	1	137	138	136
3.72%	4	682	686	683
3.73%	3	553	557	555
3.75%	143	38,294	38,577	38,099
3.76%	3	1,026	1,033	1,032
3.77%	4	523	527	527
3.78%	2	517	521	523
3.79%	7	1,495	1,506	1,500
3.80%	80	15,405	15,546	15,426
3.81%	3	1,048	1,056	1,056
3.82%	4	877	883	877
3.83%	3	1,443	1,454	1,463

Interest Rates	Number of Mortgages	Principal (\$000's)	Market Value (\$000's)	Amortized Cost (\$000's)
3.84%	15	4,196	4,228	4,211
3.85%	44	10,671	10,777	10,635
3.86%	2	412	415	417
3.87%	2	379	382	379
3.88%	3	495	500	497
3.89%	50	17,850	18,002	17,982
3.90%	13	2,569	2,598	2,584
3.91%	1	928	936	940
3.92%	5	1,036	1,048	1,041
3.93%	4	1,334	1,349	1,346
3.94%	1	161	163	162
3.95%	109	23,335	23,616	23,452
3.96%	2	291	294	289
3.97%	3	748	757	747
3.98%	3	756	766	770
3.99%	33	8,795	8,906	8,857
4.00%	16	3,238	3,280	3,252
4.01%	1	118	120	117
4.02%	2	530	538	524
4.04%	2	325	330	328
4.05%	18	3,997	4,054	4,036
4.06%	2	435	442	435
4.07%	1	105	106	105
4.08%	6	1,740	1,768	1,751
4.09%	40	11,291	11,500	11,202
4.10%	14	2,650	2,694	2,661
4.11%	1	374	380	372
4.12%	2	416	422	417
4.13%	3	879	895	886
4.14%	3	1,071	1,090	1,071
4.15%	11	1,671	1,698	1,691
4.16%	1	134	136	136
4.17%	3	1,372	1,401	1,355

Interest Rates	Number of Mortgages	Principal (\$000's)	Market Value (\$000's)	Amortized Cost (\$000's)
4.18%	9	2,010	2,049	2,009
4.19%	19	4,593	4,683	4,583
4.20%	28	9,056	9,211	9,103
4.21%	5	638	649	638
4.22%	1	193	197	192
4.23%	5	1,482	1,511	1,486
4.24%	3	2,344	2,393	2,332
4.25%	36	8,277	8,455	8,291
4.26%	3	702	719	704
4.27%	3	867	885	860
4.28%	4	882	899	883
4.29%	20	5,181	5,300	5,182
4.30%	23	4,886	4,998	4,906
4.31%	5	2,236	2,291	2,256
4.32%	4	1,143	1,170	1,143
4.33%	4	1,891	1,939	1,865
4.34%	11	3,769	3,858	3,812
4.35%	30	8,176	8,364	8,218
4.36%	2	166	170	168
4.37%	6	1,285	1,318	1,284
4.38%	6	1,324	1,356	1,324
4.39%	49	13,952	14,324	13,893
4.40%	10	2,944	2,991	2,963
4.41%	2	972	999	965
4.42%	2	338	347	341
4.43%	3	468	481	467
4.44%	8	2,108	2,157	2,119
4.45%	10	2,745	2,805	2,746
4.46%	2	397	407	400
4.47%	6	1,309	1,345	1,310
4.48%	8	2,041	2,099	2,049
4.49%	6	1,499	1,543	1,504
4.50%	34	7,605	7,790	7,681

Interest Rates	Number of Mortgages	Principal (\$000's)	Market Value (\$000's)	Amortized Cost (\$000's)
4.51%	4	650	665	657
4.52%	6	1,503	1,546	1,514
4.53%	3	447	459	452
4.54%	4	917	944	928
4.55%	9	1,934	1,977	1,953
4.56%	3	1,604	1,653	1,622
4.57%	4	920	949	930
4.58%	4	956	987	970
4.59%	18	4,832	4,979	4,879
4.60%	16	3,808	3,883	3,838
4.61%	2	691	714	696
4.62%	2	604	625	607
4.63%	2	399	413	407
4.64%	6	1,344	1,379	1,361
4.65%	16	2,705	2,777	2,734
4.66%	4	875	902	882
4.68%	2	360	373	365
4.69%	28	5,250	5,395	5,309
4.70%	3	1,323	1,341	1,331
4.71%	1	294	305	300
4.72%	2	675	699	685
4.73%	3	564	581	573
4.74%	3	960	990	973
4.75%	61	14,180	14,422	14,280
4.76%	3	898	928	911
4.77%	2	356	367	363
4.79%	36	7,883	8,147	7,992
4.80%	7	1,986	2,033	2,005
4.81%	3	606	629	619
4.82%	3	714	744	724
4.83%	1	233	243	238
4.84%	3	758	783	770
4.85%	19	5,648	5,713	5,688

Interest Rates	Number of Mortgages	Principal (\$000's)	Market Value (\$000's)	Amortized Cost (\$000's)
4.86%	4	1,177	1,214	1,189
4.87%	4	1,323	1,379	1,347
4.88%	3	463	480	470
4.89%	21	4,199	4,276	4,256
4.90%	26	6,686	6,825	6,764
4.91%	2	308	317	313
4.92%	3	431	444	439
4.94%	76	14,358	14,835	14,613
4.95%	95	18,677	19,047	18,889
4.96%	3	961	997	975
4.98%	1	152	155	155
4.99%	352	73,437	76,097	74,800
5.00%	108	25,387	25,738	25,492
5.01%	3	282	292	292
5.02%	1	253	255	254
5.04%	76	15,889	16,322	16,093
5.05%	65	14,065	14,371	14,166
5.06%	1	328	340	320
5.07%	1	230	240	236
5.09%	7	1,176	1,216	1,192
5.10%	143	37,935	38,448	38,062
5.12%	1	167	170	169
5.13%	3	606	624	618
5.14%	18	2,997	3,078	3,046
5.15%	73	15,248	15,697	15,465
5.16%	1	392	403	396
5.18%	1	89	90	89
5.19%	6	839	863	858
5.20%	56	12,307	12,548	12,407
5.21%	3	332	347	342
5.23%	2	445	462	453
5.24%	43	12,388	12,777	12,507
5.25%	123	29,462	30,170	29,689

Interest Rates	Number of Mortgages	Principal (\$000's)	Market Value (\$000's)	Amortized Cost (\$000's)
5.26%	2	360	374	367
5.27%	2	366	382	376
5.29%	17	3,543	3,690	3,614
5.30%	38	9,364	9,557	9,413
5.33%	1	304	319	314
5.34%	13	2,879	3,002	2,931
5.35%	104	23,777	24,619	24,162
5.38%	5	1,310	1,355	1,327
5.39%	11	1,612	1,680	1,654
5.40%	46	10,424	10,751	10,563
5.42%	2	642	671	646
5.44%	31	6,065	6,270	6,159
5.45%	41	8,843	9,114	8,943
5.47%	14	3,176	3,323	3,264
5.48%	1	268	278	274
5.49%	3	901	941	909
5.50%	40	7,547	7,799	7,626
5.53%	1	183	192	190
5.54%	1	56	57	57
5.55%	22	3,079	3,142	3,104
5.56%	2	267	282	276
5.59%	27	4,262	4,448	4,373
5.60%	10	1,661	1,713	1,679
5.62%	4	769	805	780
5.63%	1	227	236	235
5.64%	15	3,336	3,501	3,412
5.65%	14	2,888	2,935	2,895
5.66%	2	642	672	653
5.69%	20	5,889	6,140	6,027
5.70%	11	2,085	2,170	2,107
5.72%	2	292	306	301
5.74%	50	10,268	10,762	10,463
5.75%	10	1,512	1,570	1,538

Interest Rates	Number of Mortgages	Principal (\$000's)	Market Value (\$000's)	Amortized Cost (\$000's)
5.79%	67	12,982	13,556	13,392
5.80%	13	1,622	1,692	1,671
5.84%	41	9,117	9,503	9,309
5.85%	10	1,320	1,379	1,364
5.89%	19	3,808	3,993	3,871
5.90%	7	1,333	1,390	1,361
5.92%	1	110	115	111
5.94%	20	3,314	3,468	3,406
5.95%	2	445	472	451
5.99%	22	3,046	3,205	3,135
6.00%	6	811	850	832
6.04%	6	1,136	1,198	1,158
6.05%	3	469	507	482
6.09%	3	536	560	538
6.12%	1	307	331	315
6.15%	4	1,153	1,207	1,176
6.19%	1	278	297	292
6.20%	1	205	215	206
6.25%	3	343	357	346
6.27%	1	183	192	184
6.29%	1	128	135	129
6.30%	2	291	292	291
6.34%	1	59	61	59
6.39%	2	273	287	275
6.40%	2	459	478	462
6.44%	2	314	330	316
6.45%	4	464	479	468
6.49%	1	137	145	138
6.50%	5	664	707	686
6.53%	1	118	123	120
6.65%	3	694	723	701
6.70%	1	122	124	122
6.74%	1	183	193	184

Interest Rates	Number of Mortgages	Principal (\$000's)	Market Value (\$000's)	Amortized Cost (\$000's)
6.75%	2	241	250	244
6.85%	2	613	659	640
6.89%	1	102	107	103
6.99%	1	100	106	102
7.00%	4	729	770	756
7.05%	2	3,710	4,018	4,055
7.14%	1	87	92	90
7.19%	1	32	33	34
7.25%	1	200	204	201
7.44%	1	110	118	112
7.50%	1	115	122	117
7.89%	1	205	223	212
8.00%	1	123	126	124
	5,113	1,184,882	1,204,809	1,190,533

Investment restrictions

All of the Funds are subject to certain restrictions set out in securities legislation, including National Instrument 81-102 *Mutual Funds* (“NI 81-102”). These restrictions are designed to ensure that the Funds’ underlying investments are adequately diversified, that investors can withdraw their money relatively easily and that the Funds are properly administered. Except as described below, the Funds are managed in accordance with these restrictions.

We have obtained the approval of the Independent Review Committee (“IRC”) of the Funds and standing instructions to permit the Funds to purchase and sell securities, including debt securities that have been issued or fully and unconditionally guaranteed by the Canadian federal and provincial governments (“Government Debt Securities”), as well as any other debt securities (“Corporate Debt Securities”), under circumstances that would otherwise be prohibited by sections 4.1(1) and 4.2 of NI 81-102. As a result of the IRC approval and in accordance with the provision of the standing instructions, each of the Funds may:

1. invest in securities, including Corporate Debt Securities, during the 60 day period immediately following the completion of an offering of such securities which is underwritten by HSBC Bank Canada or any other member of the HSBC Group (collectively, “Related Underwriters”) provided that, among other things, the Fund does not place the order to purchase, on either a principal or agency basis, with the Related Underwriter acting as underwriter. For an investment in Corporate Debt Securities, the Corporate Debt Securities must have an approved credit rating issued by an approved credit rating organization. For investments in any other class of securities of an issuer, the securities must be distributed by a prospectus filed with one or more Canadian securities

regulators and, in some circumstances, must be made on an exchange on which the class of equity securities of the issuer is listed and traded; and

2. purchase and sell securities from or to another mutual fund managed by us or one of our affiliates provided, among other things, that the terms of the purchase are better than the terms quoted by one or more independent arm's length purchasers or sellers.

We must provide particulars of each trade that is made in reliance upon the standing instructions in a report to the IRC which we must provide to the IRC no less than annually.

Similarly, we have received exemptive relief from certain securities regulators to permit us to purchase, on behalf of the Funds, Government Debt Securities and Corporate Debt Securities from one of our related parties who is a principal dealer in such debt securities. In connection with this exemptive relief, we have received standing instructions from the IRC that permit us to make such purchases subject to, among other things, compliance with the conditions of the exemptive relief and a requirement that we provide confirmation of compliance to the IRC no less than annually.

We have also obtained the approval of the IRC and standing instructions to permit the Funds to purchase and hold securities of related parties, which would otherwise be prohibited by securities legislation, provided that the purchase is made on an exchange on which the securities of the related party are listed and traded. We will file with our securities regulator the particulars of each investment made in reliance on this standing instruction no later than when we file our annual financial statements each year. These particulars will also be made available at www.sedar.com.

We have adopted policies and procedures to ensure compliance with the terms and conditions of the standing instructions of the IRC.

We have also received exemptive relief from certain securities regulatory authorities to permit us to purchase and sell, as principal, mortgages from HSBC Bank Canada, HSBC Mortgage Corporation (Canada) and our affiliates on behalf of the HSBC Mortgage Fund.

In addition, we have received exemptive relief from certain securities regulators to permit us to purchase, on a private placement basis, securities of an issuer during the period of the securities' distribution or for the 60 day period following the distribution of securities notwithstanding that we or one our affiliates or associates has acted as underwriter in connection with the offering of the same securities.

Certain derivatives exemptions

A Fund may rely on certain exemptions from NI 81-102 granted to us by securities regulatory authorities to engage in the following derivatives transactions on certain conditions:

1. To enter into interest rate swaps or credit default swaps and, if the transaction is for hedging purposes, currency swaps and forwards, with a remaining term to maturity of greater than 3 years,
2. To the extent that cash cover is required in respect of specified derivatives, to cover specified derivative positions with:

- (a) any bonds, debentures, notes or other evidences of indebtedness that are liquid and have a remaining term to maturity of 365 days or less and an “approved credit rating” as defined in NI 81-102 (“Fixed Income Securities”),
 - (b) floating rate evidences of indebtedness (“FRNs”) which are a “conventional floating rate debt instrument” as defined in NI 81-102 with principal amounts having a market value of approximately par at the time of each change in the rate to be paid and the interest rates are reset no later than every 185 days and
 - (i) if the FRN is issued by the government of Canada or the government of a province or territory of Canada, the principal and interest of the FRN is fully and unconditionally guaranteed by such federal, provincial or territorial government,
 - (ii) if the FRN is issued by the government of the United States of America, the government of one of the states of the United States of America, the government of another sovereign state, or a “permitted supranational agency” as defined in NI 81-102, the principal and interest of the FRN is fully and unconditionally guaranteed by such government or permitted supranational agency and the FRN has an “approved credit rating” as defined in NI 81-102, and
 - (iii) if the FRN is issued by another person or company, the FRN has an “approved credit rating” as defined in NI 81-102, or
 - (c) securities of money market funds,
3. To use as cover when the Fund has a long position in a debt-like security that has a component that is a long position in a forward contract, or in a standardized future or forward contract:
- (a) cash cover, Fixed Income Securities and FRNs (collectively, “Cover”) in an amount that, together with margin on account for the specified derivative and the market value of the specified derivative, is not less than, on a daily mark-to-market basis, the underlying market exposure of the specified derivative,
 - (b) a right or obligation to sell an equivalent quantity of the underlying interest of the future or forward contract, and Cover that together with margin on account for the position, is not less than the amount, if any, by which the price of the future or forward contract exceeds the strike price of the right or obligation to sell the underlying interest, or
 - (c) a combination of the positions referred to in paragraphs (a) and (b) immediately above that is sufficient, without recourse to other assets of the Fund, to enable the Fund to acquire the underlying interest of the future or forward contract.

4. To use as cover, when the Fund has a right to receive payments under a swap:
- (a) Cover, in an amount that, together, with margin on account for the swap and the market value of the swap, is not less than, on a daily mark-to-market basis, the underlying market exposure of the swap,
 - (b) a right or obligation to enter into a swap on an equivalent quantity and with an equivalent term and Cover that, together with margin on account for the position, is not less than the aggregate amount, if any, of the obligations of the Fund under the swap less the obligations of the Fund under such offsetting swap, or
 - (c) a combination of the positions referred to in paragraphs (a) and (b) immediately above that is sufficient, without recourse to other assets of the Fund, to enable the Fund to satisfy its obligations under the swap.

The exemptions described in 3 and 4 above are subject to the condition that the Fund will not (i) purchase a debt-like security that has an option component or an option, or (ii) purchase or write an option to cover any positions under section 2.8(1)(b), (c), (d), (e) and (f) of NI 81-102, if immediately after the purchase or writing of such option, more than 10% of the net assets of the Fund, taken at market value at the time of the transaction, would be in the form of (1) purchased debt-like securities that have an option component or purchased options, in each case, held by the Fund for purposes other than hedging, or (2) options used to cover any positions under section 2.8(1)(b), (c), (d), (e) and (f) of NI 81-102.

Short selling

Pursuant to certain exemptions granted to us by securities regulatory authorities, a Fund may sell securities short and may provide a security interest over Fund assets with a dealer as security in connection with such transactions, subject to certain conditions including:

- (a) no proceeds from any short sale by the Fund will be used by the Fund to purchase long positions in securities other than cash cover;
- (b) the aggregate market value of all securities sold short by the Fund will not exceed 20% of the total net assets of the Fund on a daily marked-to-market basis;
- (c) the aggregate market value of all securities of an issuer that are sold short by the Fund does not exceed 5% of the total net assets of the Fund on a daily marked-to-market basis;
- (d) the Fund will hold cash cover (as defined in NI 81-102) in an amount, including the Fund assets deposited with dealers as security in connection with the short sale, that is at least 150% of the aggregate market value of all securities sold short by the Fund on a daily marked-to-market basis;
- (e) the securities sold short will not be “illiquid assets” as such term is defined in NI 81-102, and will be securities that are either:

- (i) listed and posted for trading on a stock exchange; and
 - (A) the issuer of the security has a market capitalization of not less than \$100 million, or the equivalent thereof, at the time the short sale is effected; or
 - (B) the Fund's portfolio advisor has pre-arranged to borrow the securities for the purpose of such sale; or
 - (ii) bonds, debentures or other evidences of indebtedness of, or guaranteed by, any issuer.
- (f) securities are sold short only for cash and the Fund receives the cash proceeds within normal trading settlement periods for the market in which the short sale is made;
 - (g) except where the dealer holding the Fund's assets as security for any short sale transactions is the Fund's custodian, where the Fund deposits Fund assets in connection with a short sale with a dealer as security, the amount of Fund assets deposited with such dealer does not, when aggregated with the amount of the Fund assets already held by such dealer as security for outstanding short sale transactions of the Fund, exceed 10% of the total net assets of the Fund, taken at market value as at the time of deposit;
 - (h) for short sale transactions in Canada, every dealer that holds Fund assets as security in connection with short sale transactions by the Fund shall be a registered dealer in Canada and a member of a self-regulatory organization that is a participating member of the Canadian Investment Protection Fund;
 - (i) for short sale transactions outside of Canada, every dealer that holds Fund assets as security in connection with a short sale transaction by the Fund shall:
 - (i) be a member of a stock exchange, and, as a result, be subject to a regulatory audit;
 - (ii) have a net worth of excess of the equivalent of \$50 million determined from its most recent audited financial statements that have been made public; and
 - (j) the security interest provided by the Fund over any of its assets that is required to enable the Fund to effect short sale transactions, is made in accordance with industry practice for that type of transaction and relates only to obligations arising under such short sale transactions.

Certain concentration exemptions

We may rely on an exemption from NI 81-102 granted to us by securities regulatory authorities to:

- (a) invest up to 20% of the HSBC Emerging Markets Debt Fund's net assets, taken at market value at the time of purchase, in securities issued or guaranteed as to principal and interest

by any government or agency thereof (other than a government or agency of Canada or a province thereof or of the United States of America, in which investment by all of the Funds is unrestricted) or any permitted supranational agency (as defined in NI 81-102) (the “Permitted Agencies”) provided that the securities have a minimum AA rating by Standard & Poor’s Rating Service, or the equivalent rating by any other rating agency listed in NI 81-102; and

- (b) invest up to 35% of the HSBC Emerging Markets Debt Fund’s net assets, taken at market value at the time of purchase, in securities issued or guaranteed as to principal and interest by any government or agency thereof (other than the government of Canada or a province thereof or of the United States of America, in which investment by all of the Funds is unrestricted) or any Permitted Agency provided that the securities have a minimum AAA rating by Standard & Poor’s Rating Service, or the equivalent rating by any other rating agency listed in NI 81-102.

Fees and expenses

Each of the Funds pays us a management fee plus applicable taxes for acting as manager and trustee. This fee is calculated for each series as a percentage of the Fund series’ daily net asset value. The fee varies for each Fund and series. The fees will be reduced, where required, so that these fees do not duplicate fees payable by mutual funds in which the Funds invest for the same service.

We may effectively reduce the management fees borne by investors who have invested large amounts in the Funds. The availability and amount of the reduction will be negotiated between the investor and us, and will be based on such factors as the total size of investment, our overall relationship with the investor and the total package of services provided to the investor by HSBC Group. To effect the reduction, we reduce the management fee charged to the Fund with respect to particular investors and the Fund pays out a special distribution to those investors (a “management fee distribution”) equal to the amount of the reduction. Management fee distributions are paid to the relevant investors quarterly and are paid, generally, first out of the net investment income and net realized capital gains of the Fund, and thereafter, out of capital. Management fee distributions are reinvested in additional units.

Income tax considerations for investors

The summary below is general in nature and only applies if you are an individual resident in Canada (other than a trust) dealing with the Funds at arm’s length in which your units in the Funds are being held as capital property or through a registered plan. It is based on current provisions of the *Income Tax Act* (Canada) (the “Tax Act”) and the regulations made under the Tax Act (the “Regulations”), proposals to amend the Tax Act and the Regulations publicly announced prior to the date hereof and the current published administrative practices and assessing policies of the Canada Revenue Agency. We encourage you to consult with a qualified tax advisor before investing as each individual’s tax situation is different. This summary assumes that each of the Funds will qualify as a mutual fund trust under the Tax Act effective at all material times. We expect that the Funds will so qualify.

Tax implications to the Funds

The Funds are subject to federal income tax on their net investment income and net taxable capital gains, less the portion paid or payable to investors. Generally each Fund distributes enough net investment income and net realized capital gains to investors each year so that it does not have to pay income tax. In certain circumstances, capital losses realized by the Funds may be suspended and therefore will be unavailable to shelter capital gains. A Fund may be deemed to earn income on investments in certain types of foreign entities.

All of a Fund's deductible expenses, including expenses common to all the series and expenses specific to a particular series (including management fees and other expenses), will be taken into account in determining the income or loss of the Fund as a whole.

Generally, the Funds treat gains and losses from derivatives (other than certain derivatives used for hedging purposes) and from short sales, as ordinary income and losses rather than capital gains and capital losses.

Taxation implications to the non-registered plan unitholders

As a unitholder, you must include in computing your income the amount (computed in Canadian dollars) of the net income and the taxable portion of the net realized capital gains that is paid or payable to you in the year by a Fund (including management fee distributions), whether such amount has been paid in cash or automatically reinvested in additional units. You may subsequently be taxed on undistributed income, realized capital gains, accrued but unrealized capital gains in a Fund at the time units were purchased which have been included in the price of the units, when such income and capital gains are distributed to you. This may occur when you purchase units towards the end of the year in December, when the Funds may make their largest and only distribution for the year. Management fees paid by Institutional Series unitholders with respect to the management of the Funds will not be deductible for tax purposes by those unitholders.

Provided appropriate designations are made by the Funds, the amount, if any, of foreign source income, net taxable capital gains and taxable dividends from taxable Canadian corporations (which may or may not be eligible for the enhanced gross-up and dividend tax credit) earned by the Funds that are allocated to you (including such amounts automatically invested in additional units) will effectively retain their character for tax purposes and be treated as foreign source income, taxable capital gains and taxable dividends (eligible or ineligible for the enhanced gross-up and dividend tax credit earned directly by you). Foreign source income received by the Funds will generally be net of any taxes withheld in the foreign jurisdictions. The foreign taxes so withheld will be included in the determination of the Funds' income. To the extent that the Funds so designate, you will, for the purposes of computing foreign tax credits, be entitled to treat your proportionate share of such taxes withheld as foreign taxes paid directly by you.

If the distributions (including management fee distributions) you receive from your investment in a Fund are more than your share of the net income and net realized capital gains of the Fund, those excess distributions will be a return of capital and will not be taxable but will reduce the adjusted cost base of your units. If the adjusted cost base of your units become less than zero, the negative amount will be deemed to be a capital

gain realized by you from the disposition of the units and the adjusted cost base will be increased by the amount of such gain.

We will provide you with information to assist you in completing your tax return. You will need to keep your own records regarding the cost of your investment in each of the Funds so that you can accurately calculate any gain or loss on units of a Fund you have sold or switched to another Fund.

When you sell or redeem units of a Fund or switch units of one Fund to another Fund, you will realize a capital gain if the proceeds of disposition are more than the aggregate of the adjusted cost base of the units and any costs of disposition. You will realize a capital loss if the proceeds of disposition are less than the aggregate of the adjusted cost base of the units and any costs of disposition. Generally, one-half of a capital gain is included in computing income as a taxable capital gain and one-half of a capital loss is an allowable capital loss that may be used to offset your taxable capital gains, subject to the rules under the Tax Act. Changing units of a series of a Fund into units of a different series of the same Fund will not result in a disposition for tax purposes and will not result in a capital gain or capital loss. Capital gains and Canadian dividends may give rise to liability for alternative minimum tax under the Tax Act.

Capital gains and losses must be computed in Canadian dollars. As a consequence, unitholders of any Fund denominated in U.S. dollars (such as the HSBC U.S. Dollar Money Market Fund and the HSBC U.S. Dollar Monthly Income Fund) may realize capital gains or losses for tax purposes resulting from the change in value of the U.S. dollar versus the Canadian dollar during the period you held the units.

Tax implications to the registered plan unitholders

Units of all the Funds are, or are expected to be effective at all times, qualified investments under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans, registered disability savings plans and tax-free savings accounts (collectively referred to as “registered plans”). Units of the Funds are expected to continue to be qualified investments for registered plans at all material times in the future.

Where the annuitant of a registered retirement savings plan (“RRSP”) or registered retirement income fund (“RRIF”), or the holder of a tax-free savings account (“TFSA”), along with other non-arm’s length persons, holds 10% or more of the value of a Fund, the units held may constitute a prohibited investment under the Tax Act. Annuitants of RRSPs and RRIFs and holders of TFSAs should consult with their own tax advisors as to whether units of the Funds may be prohibited investments in their particular circumstances.

If you hold units of a Fund in a registered plan, you generally will not have to pay income taxes when the registered plan receives income and capital gain distributions from the Fund, if the units are switched from one Fund to another or if the units are sold. Income and capital gain distributions and capital gains and losses realized from switching or selling Fund units are not taxable if they remain inside a registered plan. Generally, you will pay income tax on the full amount of your withdrawals at your marginal tax rate when you withdraw money from the registered plan (however, withdrawals from TFSAs are not subject to tax, and registered education savings plans and registered disability savings plans are subject to special rules).

Your rights as an investor in the Funds

As an investor in the Funds, you have certain rights which are set out in the Master Declaration of Trust for the Funds and in applicable securities laws. Certain of these rights are briefly described below.

All units of the Funds have equal rights and privileges with the exception that each Fund has five series of units with different purchase options and eligibility requirements. Units are not transferable and may not be assigned, but you may redeem units.

Each unit of a series of a Fund entitles the holder:

- to one vote at any meeting of unitholders of the Fund or a meeting of unitholders of that specific series;
- to participate equally with all other units of the series in the regular distribution of net investment income and net realized capital gains of the Fund allocable to the series; and
- if the Fund is being terminated and wound-up, to participate equally with all other units of the series, in the distribution of the series' share of net assets of the Fund that remain after the Fund's liabilities have been paid.

Unitholders of a Fund will be entitled to vote separately as a series if that series is affected by the matter being voted on in a manner materially different from holders of other series of units of the Fund, or if applicable laws otherwise require a separate vote.

Your right to approve certain changes

Under the Master Declaration of Trust for the Funds, your approval is required to:

- change the fundamental investment objectives of a Fund;
- change the manager or trustee of a Fund, unless the new manager or trustee is an "affiliate" of the current manager or trustee within the meaning of applicable securities laws; or
- decrease the frequency of calculating a Fund's net asset value.

Under NI 81-102, your approval is required to:

- change the basis of calculation of a fee or expense that is charged to a Fund or its unitholders in a way that could result in an increase in charges to the Fund or its unitholders;
- introduce a fee or expense that could result in an increase in charges to a Fund or its unitholders;
- change the manager of a Fund, unless the new manager is an affiliate of the current manager;
- change the fundamental investment objectives of a Fund;

- decrease the frequency of calculating a Fund's net asset value;
- reorganize a Fund, or transfer a Fund's assets to another mutual fund, if the Fund ceases to continue after the reorganization or transfer of assets and the transaction results in the unitholders of the Fund becoming unitholders in the other mutual fund; or
- reorganize a Fund, or acquire assets from another mutual fund, if the Fund continues after the reorganization or acquisition of assets, the transaction results in the unitholders of the other mutual fund becoming unitholders in the Fund and the transaction would be a material change to the Fund.

We will hold a meeting of unitholders to seek your approval with respect to any changes of the type described above. Generally, a change will be considered to be approved by unitholders of a Fund if a resolution is passed by a majority of the votes cast at a meeting of unitholders properly held to consider the change.

Other than as described above or as required under applicable laws, we are permitted to change the Master Declaration of Trust for the Funds without obtaining unitholder approval. However, we are required to provide you with at least 60 days' prior written notice before certain changes become effective.

Your right to receive distributions

Distributions to unitholders are generally reinvested in additional units of the same series of a Fund that you hold. Depending on the Fund, we distribute net investment income, if any, either monthly, quarterly or annually in December. We distribute net realized capital gains, if any, annually in December. Distributions from the Funds are paid to you based on the number of units you own on the last business day prior to the date of the distribution, or on the date the net investment income is credited to you in the case of the HSBC Canadian Money Market Fund and the HSBC U.S. Dollar Money Market Fund. Unless you tell us in advance that you want to receive distributions in cash, distributions from each Fund are automatically reinvested in units of the same series of the Fund that you hold. Cash distributions are not available for registered plans, for the HSBC U.S. Dollar Money Market Fund, HSBC U.S. Dollar Monthly Income Fund or for Funds purchased under the U.S. dollar purchase service.

Fund Name	Income Distribution	Capital Gain Distribution
HSBC Canadian Money Market Fund	Monthly	Annually
HSBC U.S. Dollar Money Market Fund	Monthly	Annually
HSBC Mortgage Fund	Monthly	Annually
HSBC Canadian Bond Fund	Monthly	Annually
HSBC Emerging Markets Debt Fund	Monthly	Annually
HSBC Monthly Income Fund	Monthly	Annually
HSBC U.S. Dollar Monthly Income Fund	Monthly	Annually
HSBC Canadian Balanced Fund	Quarterly	Annually
HSBC Dividend Income Fund	Quarterly	Annually

Fund Name	Income Distribution	Capital Gain Distribution
HSBC Equity Fund	Quarterly	Annually
HSBC Small Cap Growth Fund	Annually	Annually
HSBC Global Equity Fund	Annually	Annually
HSBC U.S. Equity Fund	Quarterly	Annually
HSBC European Fund	Annually	Annually
HSBC AsiaPacific Fund	Annually	Annually
HSBC Chinese Equity Fund	Annually	Annually
HSBC Indian Equity Fund	Annually	Annually
HSBC Emerging Markets Fund	Annually	Annually
HSBC BRIC Equity Fund	Annually	Annually
HSBC World Selection Diversified Conservative Fund	Annually	Annually
HSBC World Selection Diversified Moderate Conservative Fund	Annually	Annually
HSBC World Selection Diversified Balanced Fund	Annually	Annually
HSBC World Selection Diversified Growth Fund	Annually	Annually
HSBC World Selection Diversified Aggressive Growth Fund	Annually	Annually

Rights when a Fund is terminated

We may end the operations of a Fund, or series of units of a Fund, by giving you 60 days' advance written notice. On liquidation, you are entitled to participate equally with all other holders of units of the same series as yours in the net assets of that Fund applicable to that series remaining after the Fund pays any outstanding liabilities. If we end the operations of a Fund, or series of units of a Fund, in which you own units, the process for distributing the Fund's assets will be as follows:

- Within 60 days of the Fund's termination date, we will sell all securities owned by the Fund.
- The value of each outstanding unit of the Fund, or series of units of a Fund, will be calculated by dividing the cash proceeds from the disposal of the investment portfolio (less all liabilities) attributable to that series by the number of units of that series outstanding on the termination date.
- On the termination date, you will be entitled to be paid the value of the units you held on that date calculated as above.

Management of the HSBC Mutual Funds

Responsibility for operations

Manager

As the manager, we are responsible for running the overall business of the Funds. In addition to our responsibilities as the primary investment advisor for the Funds, as described below, we are responsible for providing accounting and administration services to the Funds, such as valuation and unitholder recordkeeping services, and promoting sales of the units of the Funds.

The Funds' Master Declaration of Trust allows us, as manager, to assign our rights, duties and obligations under the Master Declaration of Trust. If we assign our rights, duties or obligations as manager of the Funds to someone other than one of our affiliates, we need the approval of unitholders. If there is a change in the control of our ownership structure, we need the approval of the applicable securities regulators.

We can be reached at our head office at 19th Floor, 1066 West Hastings Street, Vancouver, British Columbia, V6E 3X1; toll-free at 1-888-390-3333; or at our website at www.hsbc.ca/hsbcinvestments.

Investment advisors

HSBC Global Asset Management (Canada) Limited as investment advisor

We act as the primary investment advisor for the Funds by establishing their investment policies, providing investment analysis and making investment decisions. As investment advisor, we may hire sub-advisors including certain of our affiliates, to provide investment analysis or recommendations for certain Funds or segments of certain Funds. We continue to manage and oversee their performance.

We and our affiliates use a team approach to making investment decisions. On a regular basis, our Canadian investment team communicates with other HSBC Global Asset Management offices globally to obtain and share global views on capital markets and economic analysis. Our Canadian investment team considers these global views when making its investment decisions related to the asset allocation and portfolio construction of the Funds it manages.

The following is a list of our key portfolio management and investment professionals, along with their titles, how long they have been working with us and their investment experience in the last five years:

Name	Title	Length of service	Investment experience for last five years
James Huggan	Director, Chief Investment Officer, Portfolio Manager, Head of Equities	12 years	Previously Director, Chief Investment Officer, Portfolio Manager, Head of Fixed Income and Chief Compliance Officer, HSBC Global Asset Management (Canada) Limited
Derek Amery	Head of Fixed Income	8 years	Previously Senior Portfolio Manager, Fixed Income, HSBC Global Asset Management (Canada) Limited

Name	Title	Length of service	Investment experience for last five years
Sean Geehan	Portfolio Manager, Fixed Income	8 years	Previously Fixed Income Research Analyst/Trader, HSBC Global Asset Management (Canada) Limited
Selina Chen	Portfolio Manager, Asset Allocation	10 years	Previously Client Relationship Manager, Private Investment Management, HSBC Global Asset Management (Canada) Limited
William McLeod	Senior Portfolio Manager, Canadian Equities	6 years	Previously Equity Research Analyst, HSBC Global Asset Management (Canada) Limited
Colleen Lowe	Equity Trader	27 years	Equity Trader, HSBC Global Asset Management (Canada) Limited
Carol Lum	Equity Research Analyst	15 years	Previously Portfolio Manager, Private Investment Management, HSBC Global Asset Management (Canada) Limited
Richard E. Wong	Fixed Income Research Analyst/Trader	16 years	Previously Equity Trader, HSBC Global Asset Management (Canada) Limited; Senior Performance Analyst, HSBC Global Asset Management (Canada) Limited
Patrick Yung	Equity Research Analyst	3 years	Previously Equity Analyst, Raymond James; Associate, Ernst & Young Corporate Finance
Steven Zicherman	Equity Research Analyst	4 years	Previously Analyst, RBC Technology Ventures; Research Associate, Credit Suisse Group

Sub-advisors

Selection of sub-advisors

As the primary investment advisor for all Funds, we are responsible for providing investment advice and portfolio management services to the Funds. We may hire sub-advisors, including sub-advisors that are affiliated with us, to provide investment advice and portfolio management services to the Funds. Our selection of sub-advisors for a particular Fund or segment thereof, is based primarily on the research conducted and recommendations provided by our Multimanager business unit.

Sub-advisors will be paid by us and not the Funds. Sub-advisors will have the discretion to purchase and sell portfolio securities for the Fund or segment of the Fund they manage. Each sub-advisor will also operate within each Fund's investment objectives, restrictions and policies, and any other constraints we may impose. We will have the discretion to allocate assets between sub-advisors within a given Fund. We will monitor and assess the performance of sub-advisors on an ongoing basis, and we may hire or replace sub-advisors at any time. If you would like a list of current sub-advisors, you can call us at 604-257-1000 or toll free at 1-888-390-3333, or email us at global_asset_management@hsbc.ca.

We may provide investment advice and portfolio management services to a Fund or segment of a Fund, or retain the services of a transition manager, on a transitional basis where there has been a change in sub-advisor, to ensure compliance with applicable laws or regulatory requirements, or where we are the recommended investment advisor. In circumstances where we provide such investment advice and

portfolio management services to a Fund or a segment of a Fund, the individuals listed above will be principally responsible for the investment decisions made on behalf of such Fund.

The following is a list of the current sub-advisors and the individuals that are principally responsible for the investment decisions made on behalf of certain of the Funds:

HSBC Emerging Markets Debt Fund

HSBC Global Asset Management (USA) Inc.

New York City, New York USA

Name	Title	Length of service	Investment experience for last five years
Guillermo Osses	Managing Director, Head of Emerging Markets	8 months	Previously Senior Emerging Market Fixed Income Portfolio Manager, PIMCO

HSBC U.S. Dollar Monthly Income Fund

HSBC Global Asset Management (USA) Inc.

New York City, New York USA

Name	Title	Length of service	Investment experience for last five years
Jerry X. Samet	Portfolio Manager, U.S. Fixed Income	15 years	Portfolio Manager, U.S. Fixed Income, HSBC Global Asset Management (USA) Inc

Federated Investment Counseling Inc.

Pittsburgh, Pennsylvania USA

Name	Title	Length of service	Investment experience for last five years
Walter C. Bean	Senior Vice President, Head of Income Management Team, Senior Portfolio Manager	11 years	Senior Vice President, Head of Income Management Team, Senior Portfolio Manager, Federated Investment Counseling Inc.
Daniel Peris	Vice President, Senior Portfolio Manager	9 years	Vice President, Senior Portfolio Manager, Federated Investment Counseling Inc.

HSBC Canadian Balanced Fund*

HSBC Global Asset Management (France)

(formerly SINOPIA Asset Management)

Paris, France

Name	Title	Length of service	Investment experience for last five years
Jean-François Schmitt	Head of Global Equities	11 years	Chief Executive Officer, SINOPIA Asset Management UK, Head of Global Equities, HSBC Global Asset Management (France)
François Dossou	Senior Vice President, Deputy Head of Equities	13 years	Senior Vice President, Deputy Head of Equities, HSBC Global Asset Management (France), Fund Manager, HSBC Global Asset Management (France)

* HSBC Global Asset Management (France) has been appointed to provide investment advice in respect of the global equity segment of the HSBC Canadian Balanced Fund.

HSBC Small Cap Growth Fund

Mawer Investment Management Ltd.

Calgary, Alberta

Name	Title	Length of service	Investment experience for last five years
Martin Ferguson	Director, Portfolio Manager	15 years	Portfolio Manager, Canadian Equities, Mawer Investment Management
James Hall	Director, Portfolio Manager	14 years	Portfolio Manager, Canadian Equities, Mawer Investment Management

HSBC Global Equity Fund

HSBC Global Asset Management (France)

(formerly SINOPIA Asset Management)

Paris, France

See above for the list of individuals of HSBC Global Asset Management (France) who will be principally responsible for the investment decisions made on behalf of the HSBC Global Equity Fund.

HSBC U.S. Equity Fund

Los Angeles Capital Management and Equity Research Inc.

Los Angeles, California USA

Name	Title	Length of service	Investment experience for last five years
Thomas D. Stevens	Chairman & Principal	36 years	Chairman & Principal, Los Angeles Capital Management and Equity Research Inc.
Hal W. Reynolds	Chief Investment Officer and Principal	30 years	Chief Investment Officer and Principal, Los Angeles Capital Management and Equity Research Inc.
Daniel E. Allen	Director of Global Equities and Principal	28 years	Director of Global Equities, Los Angeles Capital Management and Equity Research Inc.; Senior Managing Director, Wilshire Associates
David R. Borger	Director of Research and Principal	35 years	Director of Research and Principal, Los Angeles Capital Management and Equity Research Inc.

HSBC European Fund

HSBC Global Asset Management (UK) Limited

(formerly Halbis Capital Management (UK) Limited)

London, UK

Name	Title	Length of service	Investment experience for last five years
Angus Parker	Head of European Equities	7 years	Head of European Equities, Halbis Capital Management (UK) Limited
Nicholas Dowell	Fund Manager, European/UK equities	17 years	Fund Manager, European/UK equities, Halbis Capital Management (UK) Limited, Portfolio Manager, UK Equities, Halbis Capital Management (UK) Limited

HSBC Emerging Markets Fund

HSBC Global Asset Management (UK) Limited

(formerly Halbis Capital Management (UK) Limited)

London, UK

Name	Title	Length of service	Investment experience for last five years
Nick Timberlake	Global Head of Emerging Market Equities	6 years	Global Head of Emerging Market Equities, HSBC Global Asset Management (UK) Limited

Name	Title	Length of service	Investment experience for last five years
Stephanie Wu	Senior Portfolio Manager, Asia	4 years	Senior Portfolio manager, Asia, HSBC Global Asset Management (UK) Limited, Portfolio manager, Asian equities; Invesco Asset Management
Omar Negyal	Senior Portfolio Manager, Latin America	2 years	Senior Portfolio Manager, Latin America, HSBC Global Asset Management (UK) Limited; Analyst/Portfolio Manager, Lansdowne Partners
Douglas Helfer	Senior Portfolio Manager, EMEA	5 years	Senior Portfolio Manager, EMEA, HSBC Global Asset Management (UK) Limited, Portfolio Manager, EMEA Investment, F&C Investments
Ed Conroy	Portfolio Manager/ Analyst, EMEA	3 years	Portfolio Manager/Analyst EMEA, HSBC Global Asset Management (UK) Limited; Analyst, HSBC Global Asset Management (UK) Limited; Investment Manager, Aberdeen Asset Management

HSBC Asia Pacific Fund

HSBC Global Asset Management (Hong Kong) Limited
(formerly Halbis Capital Management (Hong Kong) Limited)
Hong Kong SAR

Name	Title	Length of service	Investment experience for last five years
Bill Maldonado	Chief Investment Officer, Asia-Pacific & Strategy Chief Investment Officer, Equities	18 years	Previously Strategy Chief Investment Officer, Equities and Chief Investment Officer, HSBC Global Asset Management (UK) Limited, Head of Alternative Investments, HSBC Global Asset Management (UK) Limited
Husan Pai	Investment Director, Co-Head of Asia Pacific Equities	9 years	Investment Director, Equities, HSBC Global Asset Management (Hong Kong) Limited
Michael Dillon	Investment Director, Co-Head of Asian Equities	6 years	Previously Investment Director, Equities, HSBC Global Asset Management (Hong Kong) Limited, Senior Fund Manager, HSBC Global Asset Management (UK) Limited

HSBC Chinese Equity Fund

HSBC Global Asset Management (Hong Kong) Limited
(formerly Halbis Capital Management (Hong Kong) Limited)
Hong Kong SAR

Name	Title	Length of service	Investment experience for last five years
Bill Maldonado	Chief Investment Officer, Asia-Pacific & Strategy Chief Investment Officer, Equities	18 years	Previously Strategy Chief Investment Officer, Equities and Chief Investment Officer, HSBC Global Asset Management (UK) Limited, Head of Alternative Investments, HSBC Global Asset Management (UK) Limited
Mandy Chan	Investment Director, Equities	2 years	Previously Chief Investment Officer, Greater China equities, ABN AMRO Asset Management Ltd.

HSBC Indian Equity Fund

HSBC Global Asset Management (Singapore) Limited
Singapore

Name	Title	Length of service	Investment experience for last five years
Sanjiv Duggal	Investments Director, Indian Equities	15 years	Investments Director, Indian Equities, HSBC Global Asset Management (Singapore) Limited
Viresh Mehta	Fund Manager, Indian Equities	9 years	Fund Manager, Indian Equities, HSBC Global Asset Management (Singapore) Limited
Nilang Menta	Fund Manager, Indian Equities	7 years	Fund Manager, Indian Equities, HSBC Global Asset Management (Singapore) Limited

HSBC BRIC Equity Fund

HSBC Global Asset Management (France)
(formerly SINOPIA Asset Management)
Paris, France

See above for the list of individuals of HSBC Global Asset Management (France) who will be principally responsible for the investment decisions made on behalf of the HSBC BRIC Equity Fund.

Directors and officers of HSBC Global Asset Management (Canada) Limited

The names, municipalities of residence, offices held and principal occupations of our directors and officers, as well as their previous positions if they have been in their current position for less than five years, are listed below.

Name and municipality of residence	Office held	Principal occupation and prior positions (last five years)
Brian Bealle North Vancouver, BC Canada	Director, Chief Operating Officer	Chief Operating Officer, HSBC Global Asset Management (Canada) Limited; previously Head of Operations, HSBC Global Asset Management (Canada) Limited
Marc Cevey Oakville, ON Canada	Director, Chief Executive Officer, and Ultimate Designated Person	Chief Executive Officer, HSBC Global Asset Management (Canada) Limited and HSBC Investment Funds (Canada) Inc.; previously Managing Director, HSBC Global Asset Management (Canada) Limited and HSBC Investment Funds (Canada) Inc.
Lindsay Gordon Vancouver, BC Canada	Director	Chief Executive Officer, HSBC Bank Canada; previously Chief Operating Officer, HSBC Bank Canada
Deborah Hazell New York, NY USA	Director	Chief Executive Officer, Asset Management North America, HSBC Global Asset Management; previously President and Chief Executive Officer, Fisher Francis Trees and Watts Inc.; Global Head of Client Service and Business Development, Fisher Francis Trees and Watts Inc.; Regional Head of Client Service and Business Development, Americas, Fisher Francis Trees and Watts Inc.
James Huggan Vancouver, BC Canada	Director, Chief Investment Officer, Portfolio Manager, Head of Equities	Director, Chief Investment Officer, and Portfolio Manager, HSBC Global Asset Management (Canada) Limited; previously Director, Chief Investment Officer, Portfolio Manager, Head of Fixed Income and Chief Compliance Officer, HSBC Global Asset Management (Canada) Limited
Margaret Willis Vancouver, BC Canada	Director	Executive Vice President, Retail Banking and Wealth Management, HSBC Bank Canada; previously Divisional Director, Southern Division, HSBC Bank; Executive Vice President & Regional President, HSBC Bank; Senior Vice President & District Executive, HSBC Bank
Liwa Belkziz North Vancouver, BC Canada	Chief Compliance Officer	Chief Compliance Officer, HSBC Global Asset Management (Canada) Limited and HSBC Investment Funds (Canada) Inc.; previously Compliance Manager, Fiera Sceptre Inc; Senior Advisor, Caisse de dépôt et placement du Québec; Senior Consultant, Standard Life Investments Inc.
Paul Kennard Vancouver, BC Canada	Vice President, Head of Business Development	Vice President, Head of Business Development, HSBC Global Asset Management (Canada) Limited; previously Head of Product & Distribution Management, HSBC Global Asset Management (Canada) Limited
Lindi Porter, Burnaby, BC Canada	Corporate Secretary	Senior Legal Counsel, HSBC Bank Canada

Name and municipality of residence	Office held	Principal occupation and prior positions (last five years)
Wayne Wiggins Oakville, ON Canada	Vice President, Private Clients	Vice President, Private Clients, HSBC Global Asset Management (Canada) Limited
Jacques Fleurant Toronto, ON Canada	Chief Financial Officer	Chief Financial Officer, Global Banking and Markets and Wealth Management, HSBC Bank Canada

Brokerage arrangements

Where we have not retained the services of a sub-advisor to provide investment advice and portfolio management services to a Fund, broker selection is the responsibility of our Canadian investment team. Our policies on broker selection are described below. For the Funds where we have retained the services of a sub-advisor, the individual sub-advisors have the discretion to select any brokers which they reasonably expect can obtain the best price (including all transaction costs) and execution for the Funds. Each sub-advisor will consider the factors it deems relevant in assessing the best overall terms available for any transaction, including the breadth of the market of the security, the price of the security, the financial condition and execution capability of the broker or dealer and the reasonableness of the commission. Each sub-advisor will allocate a portion of such transactions to brokers who provide research services or other investment making decision services to the Funds, but only if the sub-advisor believes that such services can be obtained in a manner and to an extent consistent with the sub-advisor's obligation to obtain best net price and execution.

Where we have not retained the services of a sub-advisor for a Fund, broker allocation is determined by our portfolio managers and analysts responsible for making decisions on behalf of the Fund. In such circumstances, we will select brokers primarily based on their execution capabilities. This process does not differ where the dealer or broker is an affiliated entity. We or one of our sub-advisors may direct brokerage business of the Funds to an affiliated entity provided that such transactions are made on terms and conditions comparable to those offered by unrelated brokers or dealers.

All brokers selected by us must be approved by the Risk Management Committee (see the Fund Governance section). The portfolio managers and analysts for the Funds review and assess the benefit of the services provided and the expected future use on an ongoing basis. The Risk Management Committee reviews all brokers annually.

We, or the sub-advisors retained by us, may obtain certain goods and services from brokers, dealers or third parties in connection with the execution of brokerage transactions on behalf of certain of the Funds that are in addition to the order execution services provided by the brokers or dealers. These goods and services may be provided by directly by the brokers or dealers who execute the transactions or third parties, and may include investment decision-making services in the nature of research analysis and reports concerning securities and portfolio strategies and statistical and other similar services. Further information on the goods or services obtained by us or the sub-advisors is set out below under "Use of brokerage commissions".

There are no agreements that give a single investment dealer or broker the exclusive right to buy or sell investments on behalf of the Funds, or that would give one dealer or broker an advantage over another. In

the case of a transition manager, we may grant the transition manager or its affiliates exclusive rights as trading agent to buy or sell portfolio securities in order to effect the transition.

We may receive a wide range of goods and services from brokers and dealers in connection with the execution of brokerage transactions on behalf of the Funds. These goods and services may include: general economic, industry or issuer reports or investment recommendations; subscriptions to specialized financial publications or research data compilations; compilations of securities prices, earnings, dividends and similar data; computerized databases, quotation services; services of economic or other consultants; post-trade matching; electronic communication of allocation instructions and other messages related to the trade among broker-dealers, custodians and institutions; or settlement instruction routing. Research goods and services may be received in the form of written reports, computer generated reports or databases, telephone contacts and in-person meetings with security analysts. Research goods or services may also be generated by third-parties who are not broker-dealers, provided that the goods or services are provided by or through broker-dealers that participate in effecting the transactions.

We make a good faith determination that the Funds receive reasonable benefit for the brokerage commissions paid by taking into account both the value of the goods and services received and the amount of the brokerage commissions paid. In particular, our investment team determine brokerage allocation to brokers by evaluating the brokers' ability to provide best execution of trades and the range of other goods and services made available by the brokers.

Use of brokerage commissions

Since the date of the last Annual Information Form, we received the following order execution and research services from brokers, dealers or third parties in connection with the execution of brokerage transactions on behalf of the Funds: General economic, industry or issuer reports or investment recommendations; subscriptions to specialized financial publications or research data compilations; compilations of securities prices, earnings, dividends and similar data; and computerized databases. For the Funds where we have retained the services of a sub-advisor, the sub-advisors have advised us that, since the date of the last Annual Information Form, they have obtained certain investment decision-making services in the nature of research analysis and reports concerning securities and portfolio strategies and statistical and other similar services from brokers, dealers or third parties in connection with the execution of brokerage transactions on behalf of certain of the Funds. We are advised that remuneration for these services was paid through the direction of certain portfolio transactions to selected execution brokers.

Where brokerage transactions involving client brokerage commissions of the Funds have been or might be directed to a dealer in return for the provision of any good or service by the dealer or a third party other than order execution, the names of such dealers or third parties will be provided upon request by contacting us either by toll-free phone at 1-800-380-8888, or by writing to HSBC Global Asset Management at 19th Floor, 1066 West Hasting Street, Vancouver, BC V6E 3X1.

Distributor

HSBC Investment Funds (Canada) Inc. is the principal distributor of the Funds. They offer units of the Funds to the public on a continuous basis. Their head office is located in Vancouver, British Columbia.

Trustee

We act as trustee of the Funds. Our head office is located in Vancouver, British Columbia.

Custodian

HSBC Bank Canada is custodian for the HSBC World Selection Diversified Funds™. The head office of HSBC Bank Canada is located in Vancouver, British Columbia.

The Northern Trust Company Canada is the custodian for all other Funds. The head office of The Northern Trust Company Canada is located in Toronto, Ontario.

The custodian is responsible for the safekeeping of the Funds' securities and other investments. HSBC Bank Canada and The Northern Trust Company Canada may appoint sub-custodians in each country in which the Funds, for which they are custodian, trade portfolio securities.

The Funds' investments may also be held at The Canadian Depository for Securities Limited, which is located in Toronto, Ontario.

Registrar

We maintain the registers of investors of all the Funds at our principal office located in Vancouver, British Columbia.

Auditor

KPMG LLP, Chartered Accountants, acts as auditor of the Funds, from their office located in Vancouver, British Columbia.

Independent Review Committee

In accordance with National Instrument 81-107 *Independent Review Committee for Investment Funds* ("NI 81-107"), we have established an Independent Review Committee ("IRC") for the Funds. The IRC is responsible for providing recommendations or decisions to us, as the manager of the Funds, on conflict of interest matters that we refer to it. The compensation to and expenses of the IRC are paid by the Funds. For further information, see the section below called *Fund Governance*.

Other service providers

RBC Dexia Investor Services Trust ("RBC Dexia") provides certain accounting services on our behalf in respect of the Funds. These services include calculating the net asset value of the units of the Funds and assisting us with the preparation of financial data contained in unitholder reports. RBC Dexia is paid a fee for its services. This fee is paid either by the Funds or us.

We have retained Institutional Shareholder Services Inc. ("ISS") to provide services in respect of proxy voting by the Funds. See "Fund Governance – Proxy Voting Guidelines". We pay ISS a fee for its services.

Fund governance

Two principle factors have a direct impact on our fund governance structure:

- As the manager of the Funds, we are under a statutory duty to act honestly, in good faith and in the best interests of all of the Funds, and to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the same circumstances.
- As an indirect subsidiary of HSBC Holdings plc, one of the world's largest financial service providers, our compliance with applicable laws and our actions towards our customers can have an impact on not only us, but HSBC Holdings plc and other member companies. We comply with HSBC Global Asset Management's Global Compliance policies and procedures and provide monthly reports to HSBC Holdings plc.

Our Board of Directors is responsible for overseeing our compliance with the above mentioned statutory duty owed to the Funds. We currently have six members on our Board of Directors, three of whom are executives of HSBC Global Asset Management (Canada) Limited. The names of the directors, their municipalities of residence and their employment history for the past five years are set out in the section called *Responsibility for operations*. The Board of Directors meet when needed to discuss HSBC Global Asset Management (Canada) Limited's business including issues related to the Funds.

The Board of Directors delegates principal responsibility for overseeing our compliance with our statutory duty for the Funds to the Investment Committee. The Investment Committee meets at least quarterly and has the following duties:

- reviewing and approving each Fund's Investment Policy and Guidelines, and assessing and approving any suggested amendments;
- on a quarterly basis, assessing the performance of the investment advisors for each Fund;
- at least annually, assessing the investment risk of each Fund;
- at least annually, assessing and approving the actions of certain service providers in relation to the administration of a Fund;
- reviewing and approving recommendations provided by HSBC's Multimanager business unit; and
- ensuring compliance with both regulatory and legal matters relating to the Funds.

The Board of Directors has also established a Risk Management Committee. The mandate of the Risk Management Committee is to (a) oversee the development and maintenance of a risk framework that effectively monitors risk activities of HSBC Global Asset Management (Canada) Limited and HSBC Investment Funds (Canada) Inc.; (b) ensure that our compliance department has adequate risk management systems and procedures to identify, manage and mitigate financial and non-financial risks; and (c) report significant risk issues to the Board of Directors and other relevant parties. The types of

risks to be managed include operational, credit, compliance, reputational, investment and fiduciary. The Risk Management Committee meets on a quarterly basis (or more frequently if needed).

The Investment Committee for the Funds consists of the following members:

Name	Role on the Committee	Principal Occupation	Municipality of Residence
Marc Cevey	Chairperson	Director, Chief Executive Officer, HSBC Global Asset Management (Canada) Limited and HSBC Investment Funds (Canada) Inc.	Oakville, ON Canada
Paul S. Kennard	Member	Vice President, Head of Business Development, HSBC Global Asset Management (Canada) Limited	Vancouver, BC Canada
James Huggan	Member	Director, Chief Investment Officer, Portfolio Manager and Head of Equities, HSBC Global Asset Management (Canada) Limited	Vancouver, BC Canada
Lane Prenevost	Member	Global Head of Wealth & Multimanager Product, HSBC Global Asset Management (Canada) Limited	Mississauga, ON Canada
Craig Ellis	Member	Head of Portfolio Management PIM, HSBC Global Asset Management (Canada) Limited	Georgetown, ON Canada

The Risk Management Committee consists of the following members:

Name	Role on the committee	Title, Organization	Municipality of residence
Brian Bealle	Chair	Director, Chief Operating Officer, HSBC Global Asset Management (Canada) Limited	North Vancouver, BC Canada
Liwa Belkziz	Member	Chief Compliance Officer, HSBC Global Asset Management (Canada) Limited and HSBC Investment Funds (Canada) Inc.	North Vancouver, BC Canada
Marc Cevey	Member	Director, Chief Executive Officer, HSBC Global Asset Management (Canada) Limited and HSBC Investment Funds (Canada) Inc.	Oakville, ON Canada
Paul Dawe	Member	Chief Operating Officer, HSBC Global Asset Management (USA) Inc.	New York, NY USA
Anthony Del Re	Member	Chief Risk Officer, Americas, HSBC Global Asset Management (USA) Inc.	New York, NY USA
James Huggan	Member	Director, Chief Investment Officer and Portfolio Manager and Head of Equities, HSBC Global Asset Management (Canada) Limited	Vancouver, BC Canada
Michael Lee	Member	Head of Risk Management, HSBC Global Asset Management (Canada) Limited	North Vancouver, BC Canada

Name	Role on the committee	Title, Organization	Municipality of residence
Steven Love	Member	Head of Operational Risk, HSBC Global Asset Management Limited	London, United Kingdom
Sophia Tsui	Member	Vice President, Risk Strategy, HSBC Bank Canada	Vancouver, BC Canada

We have many written policies and procedures in place to ensure that we fulfill our statutory duty to the Funds, as well as ensuring that our actions and the actions of sub-advisors retained by us do not tarnish the reputation of HSBC Holdings plc and its member companies. The principal policies relate to the valuation of portfolio securities for the Funds, the use of derivative instruments by the Funds, the allocation of trades on behalf of the Funds and the restrictions imposed on personal trading by officers and others with access to the Funds' trading activities. The restrictions on personal trading comply with the standards for the mutual fund industry set by The Investment Funds Institute of Canada. Compliance monitoring with respect to each of the above policies is carried out on an ongoing basis by our compliance department.

The Funds may hold units of other mutual funds and exchange traded funds. We did not exercise our discretion to vote those units at any time in the past 12 months.

Independent Review Committee

In accordance with NI 81-107, we have established an IRC for the Funds. We will refer to the IRC conflict of interest matters related to the Funds and any other matters that are required to be submitted for decision under NI 81-107. The IRC provides us with its recommendations or decisions on whether our proposed actions in conflict of interest matters achieve a fair and reasonable result for the Funds. The IRC is composed of the following members:

Name	Role	Date Originally Appointed
Stephen J. Wilson	Chairperson	May 1, 2007
Lisa Johnson	Member	May 1, 2007
Don S. Panchuk	Member	May 1, 2007

Each IRC member is "independent" within the meaning of NI 81-107.

The IRC will review and assess annually the adequacy and effectiveness of:

- our policies and procedures relating to conflict of interest matters in respect of the Funds;
- standing instructions it has given us; and
- our compliance with any conditions imposed by it in a decision.

In addition, the IRC will review and assess annually the independence, compensation effectiveness, and contribution of its members. The IRC will provide us with a report of the results of such assessment.

The IRC also prepares an annual report of its activities for unitholders. This report is available on our internet site at www.hsbc.ca/investment-resources, or at your request at no cost, by contacting us at the address set out on the back of this Annual Information Form.

Proxy Voting Guidelines

We are the primary investment advisor of the Funds. In this role, we have a fiduciary duty to vote proxies solely in the best interests of unitholders of the Funds who have delegated such responsibility to us.

We have adopted policies and guidelines (the “Proxy Voting Policy”) with respect to the voting of the Funds’ proxies. Our Proxy Voting Policy sets out the voting procedures to be followed in voting on routine and non-routine matters, and contains guidelines to ensure that when real or perceived conflicts of interest arise between our interests and interests of our clients, those issues are properly addressed and resolved.

We have retained ISS, a leading, independent investment advisory firm with expertise in global proxy voting and corporate governance issues, to provide in-depth research, analysis, and voting recommendations and to also administer the proxy voting process. We have adopted the proxy voting guidelines of HSBC Global Asset Management (UK) Limited and HSBC Global Asset Management (France) Limited for proxies of companies in developed European markets, and ISS’s proxy voting guidelines for proxies of companies in all other countries. We will generally vote the Funds’ proxies in accordance with these guidelines; however, there may be circumstances where we believe that it is in the best interests of the Funds to vote differently than the manner contemplated by the guidelines, as further discussed below. The ultimate decision as to the manner in which the Funds’ proxies will be voted rests with us. We may amend the Proxy Voting Policy or guidelines at any time and without notice to you.

You may request a copy of our Proxy Voting Policy by calling 1-800-830-8888 or by writing to us at 19th Floor, 1066 West Hastings Street, Vancouver, BC V6E 3X1.

Our Investment Committee has appointed a Proxy Voting Committee to administer the Proxy Voting Policy. The Proxy Voting Committee meets at least once a year to review the Proxy Voting Policy and its administration and as otherwise needed to resolve any proxy voting issues that may arise. Pursuant to our Proxy Voting Policy, in those circumstances where the primary investment advisor determines that it may be appropriate to vote contrary to ISS’s recommendations, the Proxy Voting Committee will review the matter and make the final decision regarding how the proxy will be voted. In making its decision, the Proxy Voting Committee may consider information from ISS, internal research staff, the management of the subject company, and shareholder groups. If a conflict of interest is determined to exist, the Proxy Voting Committee will direct that the proxy issue must be voted with ISS’s recommendation.

In the event ISS is unable to make a recommendation on a proxy vote and where no conflict of interest is determined to exist, the Proxy Voting Committee will make the determination on the matter. In circumstances where a conflict of interest is determined to exist, the Proxy Voting Committee will refer the decision to our senior management and, if deemed necessary, an independent consultant or outside counsel to resolve the material conflict of interest and ensure that the proxy is voted in the best interests of the Funds.

With respect to the UK and European equities held in the HSBC European Fund, we have delegated proxy voting responsibility to HSBC Global Asset Management (UK) Limited, the sub-advisor for this Fund.

For those Funds that primarily invest a majority of their assets in non-voting securities of other mutual funds (“Sub-Funds”), Sub-Funds typically do not submit matters to investors for vote, although they are required to do so in the event of certain fundamental changes in respect of their operation or administration. In the event that a Sub-Fund submits a matter to its investors for vote, we will consider the matter on a case-by-case basis and vote any securities of the Sub-Fund held by the Funds in accordance with what we believe is in the best interest of the relevant Funds.

We will not vote the securities of any Sub-Funds, if the Sub-Fund is managed by us or any of our affiliates. We may, at our discretion, arrange for the securities of such Sub-Funds to be voted by the unitholders of the Funds holding the securities of the Sub-Funds.

The Funds’ proxy voting record for the most recent period ended June 30 of each year is available free of charge to any investor of the Funds upon request at any time after August 31 of that year. Investors in the Funds may view the proxy voting record on our website at www.hsbc.ca/investment-resources, or request a copy of the Funds’ proxy voting record at no charge, by calling 1-800-830-8888 or by writing to us at 19th Floor, 1066 West Hastings Street, Vancouver, BC, V6E 3X1.

Derivatives

The investment advisor or appointed sub-advisors of the Funds may invest in or use derivative instruments for hedging or non-hedging purposes, provided that such investment or uses are consistent with the Funds’ investment objectives and investment restrictions, comply with NI 81-102 or are otherwise permitted by Canadian securities regulatory authorities. Derivatives may be used to help reduce the risks associated with certain investments, including currency value fluctuations, stock market risks and interest rate changes. The Funds may also use derivatives, rather than direct investments, to reduce transaction costs, achieve greater liquidity, create effective exposure to international financial markets or increase speed and flexibility in making portfolio changes. Derivatives will not be used to introduce incremental leverage in the portfolio.

The investment advisor and sub-advisors may use derivatives to meet the Funds’ objectives, including, but not limited to, forward contracts for foreign currency hedging, futures contracts to replicate underlying Fund portfolios and covered call options for income purposes. Our senior management is responsible for reviewing policies and procedures governing the use of derivatives. Regular risk management reviews are conducted, and any issues that arise as a result of these reviews are reported to senior management on a quarterly basis, and to the Board of Directors. The monitoring of derivatives is performed independently from the trading functions. We also monitor the credit risk of the counterparties used. Counterparty limits are approved by senior management. Given our current controls, stress testing is not considered necessary. However, if derivative use becomes more extensive we will consider putting more stringent procedures in place.

The Funds’ use of derivative investments is monitored by the Funds’ portfolio managers and us to ensure that they are used in compliance with applicable securities laws, or any exemptions granted therefrom.

If these restrictions are not complied with, the use of the derivatives will be viewed as speculative (which is not permitted) and must be reported to our compliance department. Records of all derivatives in which the Funds have either a direct or indirect interest are maintained, showing:

- the asset on which the derivative is based,
- the number of underlying assets on which the derivative is based,
- the price that the derivative guarantees for the asset and the date it must be used by, and
- if the derivative was bought or sold on an exchange, the name of that exchange.

Securities lending, repurchase and reverse repurchase transactions

The Funds may enter into securities lending transactions, repurchase transactions and reverse repurchase transactions. For details about how the Funds engage in these transactions, please see the heading *How the Funds engage in securities lending transactions, repurchase transactions and reverse repurchase transactions* and the heading *Securities lending, repurchase and reverse repurchase risk* in the Simplified Prospectus for the Funds. The Funds may enter into these transactions only as permitted by the Canadian securities regulatory authorities and are required to provide 60 days' notice to the unitholders prior to commencing these transactions.

Before the Funds enter into securities lending, repurchase or reverse repurchase transactions, we or the investment advisor for the Funds will establish written policies and procedures regarding the objectives and goals for these transactions, and the risk management procedures applicable to the Funds' entering into these transactions. We will also enter into an agreement with the entities that will act as agent for the Funds in administering these transactions to document their obligations and responsibilities. A member of our senior management will be responsible for reviewing and establishing our risk management policies and procedures, and the terms of these agreements. We or the investment advisor for the Funds and the agents will review, at least annually, these risk management policies and procedures to ensure that the securities lending, repurchase and reverse repurchase transactions are being properly managed in conformity with Canadian securities laws and our agreements with each agent.

The risks associated with securities lending, repurchase and reverse repurchase transactions. will be managed in part by requiring that the Funds' agent enter into such transactions with reputable and well-established foreign brokers, dealers and institutions ("counterparties"). The agent will maintain internal controls, procedures and records, including a list of approved counterparties based on generally accepted diversification standards. Each business day, the agent will determine the market value of both the securities loaned by a Fund under a securities lending transaction or sold by a Fund under a repurchase transaction or purchased by a Fund under a reverse repurchase transaction, and if the cash and/or collateral is less than 102% of the market value of the loaned or sold securities, on the next day the counterparty will be required to provide additional cash or collateral to the Fund to cover the shortfall. The agent may also use risk measurement procedures or simulations to test the portfolio under stress conditions.

Short selling policies and risk management

The Funds may engage in short selling as described under “Short selling” on page 30.

We will, prior to engaging in any short sale transactions, put in place written policies and procedures that set out the objectives and goals for short selling and risk management procedures applicable to short selling. Our Investment Committee and/or Risk Management Committee will be responsible for setting and reviewing the policies and procedures relating to short selling by the Funds and such policies and procedures will be reviewed annually. The decision to effect any particular short sale or any trading limits or other controls will be reviewed and monitored as part of our ongoing compliance procedures and risk control measures. Risk measurement procedures or simulations generally are not used to test the portfolios of the Funds under stress conditions.

Conflicts of interest

Principal holders of securities

As of November 23, 2011 the following people or companies directly or indirectly owned more than 10% of the units of any series of any of the Funds issued either in Canadian dollars or under the U.S. dollar purchase service:

Name*	Series	HSBC Mutual Fund	Number of units owned	Percentage of outstanding units owned	How owned
Investor A	Manager	HSBC AsiaPacific Fund	1,508	31.44%	Indirect
Investor B	Institutional	HSBC AsiaPacific Fund	32,913	28.02%	Direct
Investor C	Advisor	HSBC AsiaPacific Fund	4,025	25.81%	Indirect
Investor D	Advisor	HSBC AsiaPacific Fund	2,848	18.26%	Indirect
Investor E	Manager	HSBC AsiaPacific Fund	785	16.36%	Indirect
Investor F	Manager	HSBC AsiaPacific Fund	751	15.65%	Indirect
Investor G	Advisor	HSBC AsiaPacific Fund	1,828	11.72%	Indirect
Investor H	Manager	HSBC AsiaPacific Fund	501	10.45%	Indirect

Name*	Series	HSBC Mutual Fund	Number of units owned	Percentage of outstanding units owned	How owned
Investor I	Premium	HSBC AsiaPacific Fund	24,197	16.99%	Indirect
Investor J	Premium	HSBC AsiaPacific Fund	18,971	13.32%	Direct
Investor K	Premium	HSBC AsiaPacific Fund	17,370	12.20%	Direct
Investor L	Premium	HSBC AsiaPacific Fund	16,867	11.84%	Direct
HSBC World Selection Diversified Growth Fund	Institutional	HSBC BRIC Equity Fund	511,012	26.88%	Direct
HSBC World Selection Diversified Balanced Fund	Institutional	HSBC BRIC Equity Fund	362,699	19.08%	Direct
Investor M	Premium	HSBC BRIC Equity Fund	28,805	13.74%	Indirect
Investor N	Manager	HSBC Canadian Balanced Fund	6,118	100.00%	Indirect
Investor O	Advisor	HSBC Canadian Balanced Fund	18,592	79.15%	Indirect
UA Local 463 Pension Plan Trustee D	Institutional	HSBC Canadian Balanced Fund	3,112,173	60.51%	Direct
The Grocery Group RPP	Institutional	HSBC Canadian Balanced Fund	1,911,869	37.17%	Direct
Investor P	Advisor	HSBC Canadian Balanced Fund	2,408	10.25%	Indirect
HSBC World Selection Diversified Balanced Fund	Institutional	HSBC Canadian Bond Fund	4,559,830	42.12%	Direct
Investor Q	Advisor	HSBC Canadian Bond Fund	7,299	29.12%	Indirect
HSBC World Selection Diversified Growth Fund	Institutional	HSBC Canadian Bond Fund	2,804,587	25.91%	Direct

Name*	Series	HSBC Mutual Fund	Number of units owned	Percentage of outstanding units owned	How owned
Investor R	Advisor	HSBC Canadian Bond Fund	5,566	22.21%	Indirect
HSBC World Selection Diversified Moderate Conservative Fund	Institutional	HSBC Canadian Bond Fund	1,770,528	16.36%	Direct
Investor S	Manager	HSBC Canadian Bond Fund	5,699	14.40%	Indirect
Investor T	Manager	HSBC Canadian Bond Fund	5,477	13.84%	Indirect
HSBC World Selection Diversified Conservative Fund	Institutional	HSBC Canadian Bond Fund	1,410,599	13.03%	Direct
Investor U	Manager	HSBC Canadian Bond Fund	5,111	12.91%	Indirect
Investor V	Manager	HSBC Canadian Bond Fund	4,933	12.46%	Indirect
Investor W	Advisor	HSBC Canadian Bond Fund	2,986	11.91%	Indirect
Investor X	Manager	HSBC Canadian Bond Fund	4,470	11.29%	Indirect
Investor Y	Advisor	HSBC Canadian Bond Fund	2,606	10.40%	Indirect
Investor Z	Manager	HSBC Canadian Money Market Fund	306,843	67.35%	Indirect
Genome British Columbia	Institutional	HSBC Canadian Money Market Fund	3,035,960	48.15%	Direct
Electronic Arts (Canada) Inc	Institutional	HSBC Canadian Money Market Fund	1,012,849	16.06%	Direct
506221 Alberta Ltd.	Institutional	HSBC Canadian Money Market Fund	714,838	11.34%	Direct
Axia Netmedia Corporation	Institutional	HSBC Canadian Money Market Fund	654,638	10.38%	Direct

Name*	Series	HSBC Mutual Fund	Number of units owned	Percentage of outstanding units owned	How owned
Investor AA	Manager	HSBC Canadian Money Market Fund	45,699	10.03%	Indirect
Investor BB	Institutional	HSBC Chinese Equity Fund	58,592	43.00%	Direct
Investor CC	Institutional	HSBC Chinese Equity Fund	25,259	18.54%	Direct
Investor DD	Advisor	HSBC Chinese Equity Fund	82,852	15.23%	Indirect
Investor EE	Advisor	HSBC Chinese Equity Fund	55,940	10.28%	Indirect
Investor FF	Premium	HSBC Chinese Equity Fund	117,783	11.71%	Direct
HSBC World Selection Diversified Balanced Fund	Institutional	HSBC Dividend Income Fund	975,327	45.92%	Direct
Investor GG	Manager	HSBC Dividend Income Fund	6,822	29.78%	Indirect
Investor HH	Manager	HSBC Dividend Income Fund	6,773	29.56%	Indirect
HSBC World Selection Diversified Growth Fund	Institutional	HSBC Dividend Income Fund	467,205	22.00%	Direct
Investor II	Manager	HSBC Dividend Income Fund	4,620	20.17%	Indirect
HSBC World Selection Diversified Moderate Conservative Fund	Institutional	HSBC Dividend Income Fund	362,114	17.05%	Direct
Investor JJ	Advisor	HSBC Dividend Income Fund	6,401	15.39%	Indirect
HSBC World Selection Diversified Conservative Fund	Institutional	HSBC Dividend Income Fund	318,839	15.01%	Direct
Investor KK	Advisor	HSBC Dividend Income Fund	4,465	10.74%	Indirect

Name*	Series	HSBC Mutual Fund	Number of units owned	Percentage of outstanding units owned	How owned
HSBC Global Asset Management (Canada) Limited	Advisor	HSBC Emerging Markets Debt Fund	10	100.00%	Direct
HSBC Global Asset Management (Canada) Limited	Manager	HSBC Emerging Markets Debt Fund	10	100.00%	Direct
HSBC Global Asset Management (Canada) Limited	Premium	HSBC Emerging Markets Debt Fund	10	100.00%	Direct
HSBC Emerging Markets Debt Pooled Fund	Institutional	HSBC Emerging Markets Debt Fund	5,498,271	70.85%	Direct
Investor LL	Investor	HSBC Emerging Markets Debt Fund	5,014	13.10%	Direct
Investor MM	Investor	HSBC Emerging Markets Debt Fund	4,988	13.03%	Direct
Investor NN	Investor	HSBC Emerging Markets Debt Fund	3,967	10.36%	Direct
Investor OO	Manager	HSBC Emerging Markets Fund	6,532	77.07%	Indirect
HSBC Canadian Balanced Fund	Institutional	HSBC Emerging Markets Fund	472,891	34.99%	Direct
HSBC World Selection Diversified Growth Fund	Institutional	HSBC Emerging Markets Fund	341,000	25.23%	Direct
Investor PP	Advisor	HSBC Emerging Markets Fund	1,643	19.93%	Indirect
HSBC World Selection Diversified Balanced Fund	Institutional	HSBC Emerging Markets Fund	265,533	19.65%	Direct
Investor QQ	Advisor	HSBC Emerging Markets Fund	1,446	17.54%	Indirect
Investor RR	Manager	HSBC Emerging Markets Fund	1,368	16.13%	Indirect
Investor SS	Premium	HSBC Emerging Markets Fund	24,353	68.49%	Direct

Name*	Series	HSBC Mutual Fund	Number of units owned	Percentage of outstanding units owned	How owned
Investor TT	Premium	HSBC Emerging Markets Fund	11,182	31.45%	Direct
Investor UU	Manager	HSBC Equity Fund	3,471	52.73%	Indirect
HSBC World Selection Diversified Growth Fund	Institutional	HSBC Equity Fund	1,239,203	48.32%	Direct
Investor VV	Manager	HSBC Equity Fund	3,111	47.27%	Indirect
Investor WW	Advisor	HSBC Equity Fund	1,268	43.89%	Indirect
HSBC World Selection Diversified Balanced Fund	Institutional	HSBC Equity Fund	869,697	33.91%	Direct
Investor XX	Advisor	HSBC Equity Fund	660	22.84%	Indirect
Investor YY	Advisor	HSBC Equity Fund	368	12.74%	Indirect
Investor ZZ	Advisor	HSBC Equity Fund	362	12.52%	Indirect
Investor AAA	Manager	HSBC European Fund	662	100.00%	Indirect
Investor BBB	Advisor	HSBC European Fund	4,336	31.71%	Indirect
Investor CCC	Advisor	HSBC European Fund	2,893	21.16%	Indirect
Investor DDD	Premium	HSBC European Fund	15,367	100.00%	Indirect
Investor EEE	Manager	HSBC Global Equity Fund	1,884	100.00%	Indirect
Canadian Blood Services Insurance Company Ltd.	Institutional	HSBC Global Equity Fund	1,967,898	37.08%	Direct

Name*	Series	HSBC Mutual Fund	Number of units owned	Percentage of outstanding units owned	How owned
HSBC World Selection Diversified Growth Fund	Institutional	HSBC Global Equity Fund	1,543,002	29.07%	Direct
Investor FFF	Advisor	HSBC Global Equity Fund	3,119	24.44%	Indirect
Investor GGG	Advisor	HSBC Global Equity Fund	2,042	16.00%	Indirect
HSBC World Selection Diversified Aggressive Growth Fund	Institutional	HSBC Global Equity Fund	668,214	12.59%	Direct
HSBC World Selection Diversified Balanced Fund	Institutional	HSBC Global Equity Fund	621,490	11.71%	Direct
Investor HHH	Premium	HSBC Global Equity Fund	24,674	100.00%	Direct
Investor III	Manager	HSBC Indian Equity Fund	2,067	25.03%	Indirect
Investor JJJ	Advisor	HSBC Indian Equity Fund	17,595	16.44%	Indirect
Marshall's Tea Machinery Company	Institutional	HSBC Indian Equity Fund	8,004	12.56%	Direct
Investor KKK	Manager	HSBC Indian Equity Fund	1,020	12.35%	Indirect
Investor LLL	Manager	HSBC Indian Equity Fund	1,011	12.24%	Indirect
Investor MMM	Manager	HSBC Indian Equity Fund	944	11.44%	Indirect
Investor NNN	Manager	HSBC Indian Equity Fund	942	11.41%	Indirect
Investor OOO	Manager	HSBC Indian Equity Fund	917	11.11%	Indirect
Litwin Investments Inc	Institutional	HSBC Indian Equity Fund	6,668	10.46%	Direct

Name*	Series	HSBC Mutual Fund	Number of units owned	Percentage of outstanding units owned	How owned
HSBC Global Asset Management (Canada) Limited	Institutional	HSBC Monthly Income Fund	557	58.96%	Direct
Investor PPP	Institutional	HSBC Monthly Income Fund	388	41.04%	Direct
Investor QQQ	Advisor	HSBC Monthly Income Fund	4,027	13.42%	Indirect
Investor RRR	Advisor	HSBC Monthly Income Fund	3,759	12.53%	Indirect
HSBC Mortgage Pooled Fund	Institutional	HSBC Mortgage Fund	21,101,728	21.59%	Direct
HSBC Monthly Income Fund	Institutional	HSBC Mortgage Fund	19,815,585	20.27%	Direct
Investor SSS	Manager	HSBC Small Cap Growth Fund	15,779	62.05%	Indirect
HSBC World Selection Diversified Growth Fund	Institutional	HSBC Small Cap Growth Fund	602,306	39.07%	Direct
HSBC Canadian Balanced Fund	Institutional	HSBC Small Cap Growth Fund	499,236	32.38%	Direct
Investor TTT	Advisor	HSBC Small Cap Growth Fund	5,372	19.55%	Indirect
HSBC World Selection Diversified Balanced Fund	Institutional	HSBC Small Cap Growth Fund	278,057	18.04%	Direct
Investor UUU	Manager	HSBC Small Cap Growth Fund	3,138	12.34%	Indirect
Investor VVV	Manager	HSBC Small Cap Growth Fund	2,945	11.58%	Indirect
HSBC World Selection Diversified Aggressive Growth Fund	Institutional	HSBC Small Cap Growth Fund	162,044	10.51%	Direct
Investor WWW	Premium	HSBC Small Cap Growth Fund	17,821	13.39%	Direct

Name*	Series	HSBC Mutual Fund	Number of units owned	Percentage of outstanding units owned	How owned
Investor XXX	Premium	HSBC Small Cap Growth Fund	13,721	10.31%	Direct
Mummenhoff Investments Ltd.	Institutional	HSBC U.S. Dollar Monthly Income Fund	212,036	56.24%	Direct
Elkview Enterprises Ltd.	Institutional	HSBC U.S. Dollar Monthly Income Fund	80,637	21.39%	Direct
Investor YYY	Institutional	HSBC U.S. Dollar Monthly Income Fund	47,600	12.62%	Direct
Investor ZZZ	Advisor	HSBC US Dollar Money Market Fund	18,128	56.69%	Indirect
Investor AAAA	Institutional	HSBC US Dollar Money Market Fund	394,280	45.85%	Direct
4077946 Canada Inc.	Institutional	HSBC US Dollar Money Market Fund	220,107	25.60%	Direct
Investor BBBB	Manager	HSBC US Dollar Money Market Fund	80,834	16.50%	Indirect
Investor CCCC	Manager	HSBC US Dollar Money Market Fund	80,833	16.50%	Indirect
Investor DDDD	Manager	HSBC US Dollar Money Market Fund	80,212	16.37%	Indirect
Investor EEEE	Advisor	HSBC US Dollar Money Market Fund	4,872	15.24%	Indirect
Investor FFFF	Manager	HSBC US Dollar Money Market Fund	73,618	15.02%	Indirect
Investor GGGG	Institutional	HSBC US Dollar Money Market Fund	106,082	12.34%	Direct
Investor HHHH	Premium	HSBC US Dollar Money Market Fund	738,335	22.08%	Indirect
Investor IIII	Premium	HSBC US Dollar Money Market Fund	662,780	19.82%	Indirect

Name*	Series	HSBC Mutual Fund	Number of units owned	Percentage of outstanding units owned	How owned
Investor JJJJ	Manager	HSBC US Equity Fund	4,090	44.66%	Indirect
Investor KKKK	Manager	HSBC US Equity Fund	2,965	32.38%	Indirect
Investor LLLL	Advisor	HSBC US Equity Fund	4,856	16.28%	Indirect
Investor MMMM	Manager	HSBC US Equity Fund	1,433	15.65%	Indirect
Investor NNNN	Advisor	HSBC US Equity Fund	4,181	14.02%	Indirect
Investor OOOO	Advisor	HSBC US Equity Fund	3,919	13.14%	Indirect
Investor PPPP	Advisor	HSBC US Equity Fund	3,669	12.30%	Indirect
Investor QQQQ	Premium	HSBC US Equity Fund	97,139	46.87%	Direct
Investor RRRR	Premium	HSBC US Equity Fund	30,400	14.67%	Direct
Investor SSSS	Premium	HSBC US Equity Fund	22,830	11.01%	Direct
Investor TTTT	Institutional	HSBC World Selection Diversified Aggressive Growth Fund	1,142	100.00%	Direct
Investor UUUU	Advisor	HSBC World Selection Diversified Aggressive Growth Fund	2,807	39.81%	Indirect
Investor VVVV	Advisor	HSBC World Selection Diversified Aggressive Growth Fund	2,003	28.40%	Indirect
Investor WWWW	Advisor	HSBC World Selection Diversified Aggressive Growth Fund	1,739	24.67%	Indirect
Investor XXXX	Advisor	HSBC World Selection Diversified Balanced Fund	12,144	18.74%	Indirect

Name*	Series	HSBC Mutual Fund	Number of units owned	Percentage of outstanding units owned	How owned
Investor YYYY	Advisor	HSBC World Selection Diversified Balanced Fund	8,969	13.84%	Indirect
Investor ZZZZ	Advisor	HSBC World Selection Diversified Conservative Fund	11,822	48.82%	Indirect
Investor AAAAA	Advisor	HSBC World Selection Diversified Conservative Fund	7,218	29.80%	Indirect
Investor BBBBB	Advisor	HSBC World Selection Diversified Conservative Fund	3,012	12.44%	Indirect
Investor CCCCC	Manager	HSBC World Selection Diversified Growth Fund	255	100.00%	Indirect
Investor DDDDD	Advisor	HSBC World Selection Diversified Growth Fund	19,399	22.95%	Indirect
Investor EEEEE	Advisor	HSBC World Selection Diversified Growth Fund	13,419	15.87%	Indirect
Investor FFFFF	Advisor	HSBC World Selection Diversified Growth Fund	10,531	12.46%	Indirect
Investor GGGGG	Advisor	HSBC World Selection Diversified Growth Fund	10,098	11.95%	Indirect
Investor HHHHH	Advisor	HSBC World Selection Diversified Moderate Conservative Fund	4,435	100.00%	Indirect

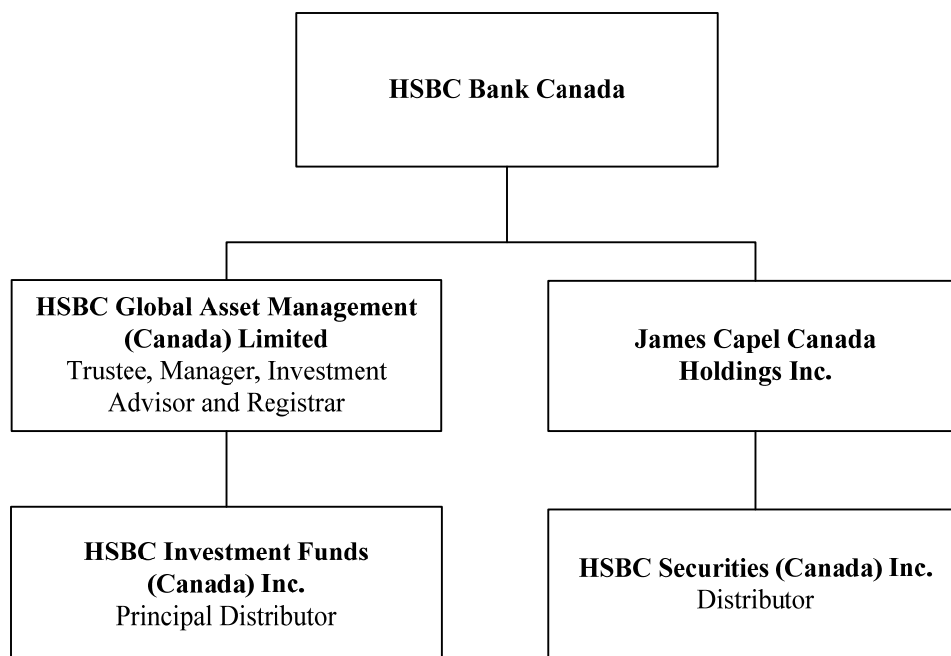
* To protect the privacy of individual investors, we have omitted the name of the beneficial owner(s). This information is available on request by contacting us at the telephone number on the back cover of this Annual Information Form.

As of November 30, 2011, none of the directors or senior officers of HSBC Global Asset Management (Canada) Limited, or HSBC Investment Funds (Canada) Inc., or the members of the IRC, in aggregate, beneficially owned, directly or indirectly, voting or equity securities comprising more than 10% of the outstanding securities of:

1. any of the Funds;
2. HSBC Global Asset Management (Canada) Limited; or
3. of any other company that provides services to the Funds.

Affiliated entities

Certain companies that provide services to the Funds, or to us in relation to the Funds, are our affiliates. The relationships among these companies are described below (all ownership is 100%).



HSBC Global Asset Management (Canada) Limited, HSBC Investment Funds (Canada) Inc., James Capel Canada Holdings Inc. and HSBC Securities (Canada) Inc. are all subsidiaries of HSBC Bank Canada. HSBC Investment Funds (Canada) Inc. is a wholly-owned subsidiary of HSBC Global Asset Management (Canada) Limited. All of these companies are indirect wholly-owned subsidiaries of HSBC Holdings plc.

Certain of our directors and senior officers are also directors or senior officers of our affiliates. The names of these individuals, their office held with us and the offices held with each of our affiliates are listed below:

Name	Office held with us	Office held with our affiliates
Lindsay Gordon	Director	President, Chief Executive Officer and Director, HSBC Bank Canada
Marc Cevey	Director, Chief Executive Officer, Ultimate Designated Person	Chief Executive Officer, Director and Ultimate Designated Person, HSBC Investment Funds (Canada) Inc.; CEO and Director, HSBC Trust Company (Canada); and Director, HSBC Securities (Canada) Inc.
Deborah Hazell	Director	Chief Executive Officer, Asset Management North America, HSBC Global Asset Management

Name	Office held with us	Office held with our affiliates
Margaret Willis	Director	Executive Vice President, Retail Banking and Wealth Management, HSBC Bank Canada; Director, HSBC Investment Funds (Canada) Inc., HSBC Securities (Canada) Inc. and HSBC Trust Company (Canada)
Liwa Belkziz	Chief Compliance Officer	Chief Compliance Officer, HSBC Investment Funds (Canada) Inc.
Jacques Fleurant	Chief Financial Officer	Chief Financial Officer, Global Banking and Markets and Wealth Management, HSBC Bank Canada
Brian Bealle	Director, Chief Operating Officer	Chief Operating Officer, HSBC Investment Funds (Canada) Inc.
Paul Kennard	Vice President, Head of Business Development	Vice President, Head of Business Development, HSBC Investment Funds (Canada) Inc.
Lindi Porter	Corporate Secretary	Corporate Secretary, HSBC Investment Funds (Canada) Inc.

The amount of fees received by our affiliates from the Funds or on behalf of the Funds is contained in the audited financial statements of the Funds. To obtain a copy of the Funds' most recent audited financial statements, please contact us at the address shown on the back cover of this Annual Information Form.

Remuneration of directors, officers and trustees

The management functions of each Fund are carried out by our employees. No management functions are carried out by employees of the Funds. During the period ended December 31, 2010, \$105,000 was paid or payable to members of the IRC of the Funds and the HSBC Pooled Funds. No fees were paid or payable for the services we provide as trustee of the Funds.

Material contracts

The contracts that are material to the Funds are described below:

Contract	Companies involved and date	Description
Master Declaration of Trust	HSBC Global Asset Management (Canada) Limited December 17, 2001, as amended	We consolidated the Declarations of Trust establishing each of the HSBC Mutual Funds as a mutual fund trust into a Master Declaration of Trust. We agree to act as manager and trustee of each of the Funds under the Master Declaration of Trust. We may amend the Master Declaration of Trust from time to time. We may terminate the trust on which a Fund is held by giving to you notice of termination at least 60 days before the date on which the trust is to be terminated. We receive fees for our services as manager and trustee of the Funds as set out in the Simplified Prospectus.

Contract	Companies involved and date	Description
Distribution Agreement	<p>HSBC Global Asset Management (Canada) Limited and HSBC Investment Funds (Canada) Inc.</p> <p>December 14, 2010, as amended</p>	<p>HSBC Investment Funds (Canada) Inc. agrees to act as a distributor of units of the Funds.</p> <p>Either party may terminate this agreement at any time by giving not less than 60 days written notice to the other party or such shorter notice as the other party may accept as sufficient.</p> <p>We pay HSBC Investment Funds (Canada) Inc. a fee for the services provided pursuant to this agreement.</p>
Mortgage Sale Agreement	<p>HSBC Bank Canada and HSBC Global Asset Management (Canada) Limited</p> <p>December 1, 1992, as amended</p>	<p>HSBC Bank Canada and its wholly-owned subsidiary, HSBC Mortgage Corporation (Canada), are empowered to make, hold, buy, sell and administer mortgages. As manager and trustee, we are empowered to invest the assets of the HSBC Mortgage Fund in insured or uninsured mortgages or hypothecs or other such investments. As investment advisor we provide management and counseling related to the selection and purchase of mortgages for the portfolio of the HSBC Mortgage Fund.</p> <p>This agreement shall remain in force as long as any amount is outstanding on any one or more mortgages; it shall terminate automatically (i) at the expiry of a continuous period of twelve months after any and all sold mortgages have been paid in full by the mortgagors thereunder, or (ii) if the parties do not enter into a purchase agreement within 12 months of its execution.</p> <p>We pay a fee to HSBC Bank Canada for administering the mortgages.</p>
Custodian Agreement	<p>HSBC Bank Canada and HSBC Global Asset Management (Canada) Limited</p> <p>November 25, 1994, as amended</p>	<p>HSBC Bank Canada agrees to act as a custodian of the portfolio securities in respect of the HSBC World Selection Diversified Funds[™]. HSBC Bank Canada may appoint a sub-custodian in each of the countries in which the HSBC World Selection Diversified Funds[™] trade securities. Either party may terminate this agreement upon 30 days' written notice. We pay a fee to HSBC Bank Canada a fee for the custodial services provided pursuant to this agreement.</p>
Custodian Agreement	<p>The Northern Trust Company Canada and HSBC Global Asset Management (Canada) Limited</p> <p>August 1, 2006, as amended</p>	<p>The Northern Trust Company Canada agrees to act as custodian of the portfolio securities in respect of all the Funds, other than the HSBC World Selection Diversified Funds[™]. The Northern Trust Company Canada may appoint a sub-custodian or hold portfolio securities of any of the Funds outside Canada.</p> <p>Either party may terminate this agreement by giving written notice not less than 60 days prior to the intended termination date.</p> <p>We pay The Northern Trust Company Canada a fee for the custodial services provided pursuant to this agreement.</p>

You may inspect copies of these contracts at our office at 19th Floor, 1066 West Hastings Street, Vancouver, British Columbia, V6E 3X1 during our normal business hours.

Legal and administrative proceedings

As at the date of this Annual Information Form, we are not aware of any legal proceedings, either pending or on going, which would materially affect any of the Funds.

Auditors' Consent

We have read the simplified prospectus and annual information form dated December 16, 2011 relating to the sale and issue of units of:

HSBC Canadian Money Market Fund	HSBC World Selection Diversified Conservative Fund
HSBC U.S. Dollar Money Market Fund	HSBC World Selection Diversified Moderate Conservative Fund
HSBC Mortgage Fund	HSBC World Selection Diversified Balanced Fund
HSBC Canadian Bond Fund	HSBC World Selection Diversified Growth Fund
HSBC Emerging Markets Debt Fund	HSBC World Selection Diversified Aggressive Growth Fund
HSBC Monthly Income Fund	
HSBC U.S. Dollar Monthly Income Fund	
HSBC Canadian Balanced Fund	
HSBC Dividend Income Fund	
HSBC Equity Fund	
HSBC Small Cap Growth Fund	
HSBC Global Equity Fund	
HSBC U.S. Equity Fund	
HSBC European Fund	
HSBC AsiaPacific Fund	
HSBC Chinese Equity Fund	
HSBC Indian Equity Fund	
HSBC Emerging Markets Fund	
HSBC BRIC Equity Fund	

(collectively, the "Funds")

We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use, through incorporation by reference in the simplified prospectus, of our report dated March 2, 2011 to the unitholders of the Funds (except for the HSBC U.S. Dollar Monthly Income Fund and the HSBC Emerging Markets Debt Fund) on the following financial statements:

Statements of investment portfolio as at December 31, 2010;

Statements of net assets as at December 31, 2010 and 2009;

Statements of operations and changes in net assets for the years ended December 31, 2010 and 2009, and notes, comprising a summary of significant accounting policies and other explanatory information.

We also consent to the use, through incorporation by reference in the above-mentioned simplified prospectus, of our report dated March 25, 2011 to the Manager of the HSBC U.S. Dollar Monthly Income Fund on the following financial statements:

Statement of net assets as at December 31, 2010

Statements of operations and changes in net assets for the year ended December 31, 2010, and notes, comprising a summary of significant accounting policies and other explanatory information.

Further, we consent to the use, through incorporation by reference in the above mentioned simplified prospectus, of our report dated September 26, 2011 on the opening statement of net assets of the HSBC Emerging Markets Debt Fund as at September 26, 2011, and notes, comprising a summary of significant accounting policies and other explanatory information.

(signed) KPMG LLP

Chartered Accountants
Vancouver, Canada
December 16, 2011

Certificates

Certificate of the Funds and the manager of the Funds

December 16, 2011

This Annual Information Form, together with the Simplified Prospectus and the documents incorporated by reference into the Simplified Prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the Simplified Prospectus, as required by the securities legislation of each of the provinces of Canada (except Prince Edward Island) and do not contain any misrepresentations.

HSBC Canadian Money Market Fund	HSBC World Selection Diversified Conservative Fund
HSBC U.S. Dollar Money Market Fund	HSBC World Selection Diversified Moderate Conservative Fund
HSBC Mortgage Fund	HSBC World Selection Diversified Balanced Fund
HSBC Canadian Bond Fund	HSBC World Selection Diversified Growth Fund
HSBC Emerging Markets Debt Fund	HSBC World Selection Diversified Aggressive Growth Fund
HSBC Monthly Income Fund	
HSBC U.S. Dollar Monthly Income Fund	
HSBC Canadian Balanced Fund	
HSBC Dividend Income Fund	
HSBC Equity Fund	
HSBC Small Cap Growth Fund	
HSBC Global Equity Fund	
HSBC U.S. Equity Fund	
HSBC European Fund	
HSBC AsiaPacific Fund	
HSBC Chinese Equity Fund	
HSBC Indian Equity Fund	
HSBC Emerging Markets Fund	
HSBC BRIC Equity Fund	

HSBC Global Asset Management (Canada) Limited, on behalf of the Funds and in its capacity as manager, trustee and promoter of the Funds.

(signed) Marc Cevey

(signed) Jacques Fleurant

Marc Cevey
Chief Executive Officer

Jacques Fleurant
Chief Financial Officer

On behalf of the Board of Directors of HSBC Global Asset Management (Canada) Limited, on behalf of the Funds and in its capacity as manager, trustee and promoter of the Funds.

(signed) Brian Bealle

(signed) James Huggan

Brian Bealle, Director

James Huggan, Director

Certificate of the principal distributor of the Funds

December 16, 2011

To the best of our knowledge, information and belief, this Annual Information Form, the financial statements of each of the Funds for the financial period ended December 31, 2010 and the auditors' report on those financial statements, together with the Simplified Prospectus and the fund facts documents dated December 16, 2011, constitute full, true and plain disclosure of all material facts relating to the securities offered by the Simplified Prospectus and do not contain any misrepresentation.

HSBC Investment Funds (Canada) Inc., in its capacity as principal distributor of the Funds.

(signed) Marc Cevey

Marc Cevey
Chief Executive Officer

HSBC Mutual Funds

Offering Investor Series, Advisor Series, Premium Series, Manager Series and Institutional Series units of the following Funds:

HSBC Canadian Money Market Fund	HSBC World Selection Diversified Conservative Fund
HSBC U.S. Dollar Money Market Fund	HSBC World Selection Diversified Moderate Conservative Fund
HSBC Mortgage Fund	HSBC World Selection Diversified Balanced Fund
HSBC Canadian Bond Fund	HSBC World Selection Diversified Growth Fund
HSBC Emerging Markets Debt Fund	HSBC World Selection Diversified Aggressive Growth Fund
HSBC Monthly Income Fund	
HSBC U.S. Dollar Monthly Income Fund	
HSBC Canadian Balanced Fund	
HSBC Dividend Income Fund	
HSBC Equity Fund	
HSBC Small Cap Growth Fund	
HSBC Global Equity Fund	
HSBC U.S. Equity Fund	
HSBC European Fund	
HSBC AsiaPacific Fund	
HSBC Chinese Equity Fund	
HSBC Indian Equity Fund	
HSBC Emerging Markets Fund	
HSBC BRIC Equity Fund	

Additional information about the Funds is available in the Funds' most recently filed fund facts, the Fund's most recently filed annual financial statements, subsequently filed interim financial statements and annual and semi-annual management reports of fund performance. You can get a copy of the Funds' fund facts, financial statements, including a statement of portfolio transactions, and management reports of fund performance at no cost by calling us toll-free at 1-800-830-8888, or from your dealer. These documents are also available on our website at www.hsbc.ca/investment-resources.

These documents and other information about the Funds, such as information circulars and material contracts, are available at www.sedar.com.

How to reach us

You can reach our head office at:

HSBC Global Asset Management (Canada) Limited
19th Floor - 1066 West Hastings Street
Vancouver, BC V6E 3X1

Tel: 604-257-1000

Toll-free: 1-888-390-3333

Fax: 604-669-2756

Website: www.hsbc.ca/hsbcinvestments

Email: global_asset_management@hsbc.ca