



IMPORTANT: If you are in any doubt about the contents of this letter, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

To unitholders of HSBC Investment Funds Trust (the "Fund")

- **HSBC China Momentum Fund**
- **HSBC MultiAlpha China Fund (the "Sub-Funds")**

26 July 2013

Dear unitholder,

Tax provisions for PRC tax

We, as the Manager of the Sub-Funds, would like to inform you of certain changes to the Sub-Funds.

The Sub-Funds obtain exposure to China A-shares through access products such as equity linked instruments. As there are risks and uncertainties associated with China's tax rules and practice, potential PRC tax liabilities may arise from such exposure through China A-shares access products.

Schedule 1 to the Trust Deed constituting the Fund provides that, in calculating the net asset value: (i) the liabilities attributable to each Sub-Fund include the amount of tax on capital gains accrued attributable to the Sub-Fund up to the end of the last financial year remaining unpaid; and (ii) there shall be taken into account such sum (if any) as in the estimate of the Manager will fall to be paid or reclaimed for the account of such Sub-Fund in respect of taxation related to income and transactions down to the date as at which the relevant valuation is made.

Currently, the Sub-Funds have provided a 10% provision on the potential tax with respect to the realised gains from their exposure to China A-shares.

The Manager has determined that the Sub-Funds will also make a 10% provision for unrealised gains from their exposure to China A-shares with effect from 26 July 2013 (the "Effective Date").

A 10% provision will be made with respect to the realised and unrealised gains from their exposure to China A-shares as from the Effective Date. After such change, the Manager believes that the latest tax provision level of the Sub-Funds can more closely reflect the latest market value and performance of the relevant securities on an on-going basis. This change is considered by the Manager (after consultation with the Auditors) to be in the best interest of the Sub-Funds and the unitholders and would not prejudice interests of the unitholders. Further, the Trustees have been notified and they have no objection to the change in tax provision calculation method.

As from the Effective Date, and on each subsequent valuation day, the revised tax provision will be reflected in the relevant Sub-Fund's net asset value.

Please note that such tax provisions may be more than or less than the Sub-Funds' actual tax liabilities. In the event that the Manager is satisfied that part of the tax provisions are not required, such provisions will be released back into the relevant Sub-Fund. Any tax provision, if made, will be reflected in the net asset value of the relevant Sub-Fund at the time of debit or release of such provision and thus will only impact on units which remain in the relevant Sub-Fund at the time of debit or release of such provision. Units which are redeemed prior to the time of debit of such provision will not be affected by reason of any insufficiency of the tax provision. Likewise, such units will not benefit from any release of excess tax provisions.

Investors may be advantaged or disadvantaged depending upon the final outcome of how such gains will be taxed and when they subscribed and/or redeemed the units of the relevant Sub-Fund. Investors should note that no unitholders who have redeemed their units in the Sub-Funds before the release of any excess tax provision shall be entitled to claim in whatsoever form any part of the tax provision or withholding amounts released to the Sub-Funds, which amount will be reflected in the value of units in the Sub-Funds.

The offering documents have been updated to reflect the changes set out above. Save as described above, there is no change in the operation, investment strategy and policy of the Sub-Funds.

Enquiries

Copies of the offering documents containing information of the Sub-Funds will be updated to reflect the above-mentioned changes. If you have any questions, please direct them to your financial adviser or usual HSBC contact or alternatively you should contact the Manager at Level 22, HSBC Main Building, 1 Queen's Road Central, Hong Kong (telephone number: (852) 2284 1229).

The Manager accepts full responsibility for the accuracy of the information contained in this letter as at the date of its issuance.

The Manager
HSBC Investment Funds (Hong Kong) Limited