HSBC

IMPORTANT: This document is important and requires your immediate attention. 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.

Capitalised terms in this notice have the same meaning as in the Explanatory Memorandum unless otherwise specified.

HSBC Investment Funds Trust
(the "Fund")

HSBC Asian Bond Fund
HSBC Asian High Yield Bond Fund
HSBC China Momentum Fund
HSBC China Growth Fund
(each a "Sub-Fund" and collectively, the "Sub-Funds")

20 April 2016

Dear unitholder,

We, as the Manager of the Fund and the Sub-Funds, are writing to inform you of the following changes to the Fund and the Sub-Funds:

A. Change of Names of the Distribution Classes of Units

- *The Change*

The Explanatory Memorandum will be amended to introduce new types of distribution classes of units. As a result, new distribution unit identifiers will be created for existing classes to facilitate the identification of each type of distribution units. Certain existing distribution units will be therefore renamed accordingly. More importantly, the dividend calculation methodologies for the existing distribution units will not change.

Investors should be aware that for class of unit identifiers 1, 2 and 3 the distribution of dividends may be made out of income and/or capital gains and/or capital. Dividends may therefore impact their tax position and accordingly investors are encouraged to seek appropriate tax advice in relation to investment in the different classes of units.

The class of unit identifiers are listed and defined as detailed in the table below. The Manager has discretion to issue any units with the below identifiers from time to time:

	Annual	Quarterly	Monthly
Distribution Units	a "D" follows the sub-fund and Class names	a "Q" follows the sub-fund and Class names	an "M" follows the sub-fund and Class names
Example for Class A	AD	AQ	AM

Class of unit Identifier For illustrative purposes, each of the possible dividend frequencies is shown below on Class A units.	**Calculation Methodology** The usual method for calculating dividends is described below. The Manager may decide, at their discretion, to change or amend any of the calculation methodologies at any time.
Class AD Class AQ Class AM	It is intended that substantially all investment income (net of fees and expenses[1] and net of withholding taxes) attributable to such class of units will be declared as a dividend.

Class AD1 Class AQ1 Class AM1	It is intended that substantially all investment income (gross of fees and expenses[1] and net of withholding taxes) attributable to such class of units will be declared as a dividend. Investors should be aware that fees and expenses[1] will be charged to capital. As a result it may be considered that such classes of units are effectively distributing capital gains, if any, and capital attributable to such units. Distribution of capital represents a withdrawal of part of an investor's original investment and may result in a reduction of the net asset value per unit over time.
Class AD2 Class AQ2 Class AM2	It is intended that the class of units will declare a dividend based upon the estimated annualised yield of the relevant Sub-Fund's underlying portfolio which is attributable to the class of units. The Manager will review the estimated annualised yield at least semi-annually. However, the Manager may decide, at its discretion, to make adjustments to the dividend rate at any time to reflect changes in the estimated annualised yield of the Sub-Fund's portfolio. Investors should be aware that this dividend policy will pay out dividends gross of fees and expenses[1] and may pay out dividends gross of withholding taxes. The estimate of a Sub-Fund's underlying portfolio yield will not necessarily equal the income received by the class of units and may result in distribution of both realised and unrealised capital gains, if any, and capital attributable to such units. Distribution of capital represents a withdrawal of part of an investor's original investment. Such distributions may result in a reduction of the net asset value per unit over time and the net asset value per unit may fluctuate more than other classes of units.
For illustrative purposes, the classes of units below are Euro currency hedged classes: Class AD3H-EUR Class AQ3H-EUR Class AM3H-EUR	This type of class of units will only be offered on Sub-Funds which offer currency hedged classes. Please refer to section headed "General Details of the Fund" of the Explanatory Memorandum for more information. It is intended that the class of units will declare a dividend based upon: (i) the estimated annualised yield of the relevant Sub-Fund's underlying portfolio which is attributable to the class of units and (ii) an estimate of the interest rate carry (which could be positive or negative) and which is based upon the interest rate differential between the Sub-Fund's base currency and the class currency of the class of units. A negative interest rate differential will result in a reduction of the dividend payment and may result in no dividends being paid. The Manager will review the estimated annualised yield at least semi-annually. However, the Manager may decide, at its discretion, to make adjustments to the dividend rate at any time to reflect changes in the estimated annualised yield of the Sub-Fund's portfolio. Investors should be aware that this dividend policy will pay out dividends gross of fees and expenses[1] and may pay out dividends gross of withholding taxes. The estimate of Sub-Fund's underlying portfolio yield will not necessarily equal income received by the class of units and the estimate of the interest rate carry does not represent income received by the class of units. Therefore this may result in distribution of capital gains, if any, and could result in distribution of capital attributable to such units. Distribution of capital represents a withdrawal of part of an investor's original investment. Such distributions may result in a reduction of the net asset value per unit over time and net asset value per unit may fluctuate more than other classes of units. This type of class of units is only intended for investors whose home currency (which is the main currency an investor uses on a day-to-day basis) is the same as the class currency of the class of units.

	These classes of units are available through certain distributors and may only be available to certain investors who meet eligibility criteria as decided by the Manager.

[1] "Fees and expenses" refers to the fees charges described in the section headed "CHARGES AND EXPENSES" of the Explanatory Memorandum.

► *Rationale of the Change*

The creation of new identifiers will enable unitholders to easily identify the distributions units they are invested in and help to distinguish between the dividend calculation methodologies applied to distribution units.

► *List of Sub-Funds and classes of units impacted by the Change*

Sub-Fund Names (in alphabetical order)	ISIN Code	Name of the distribution classes of units	
		Until the Effective Date of Change	From the Effective Date of Change
HSBC Asian Bond Fund	KYG4642D3730	AM-USD	AM2-USD
HSBC Asian Bond Fund	KYG4642D2740	AM-HKD	AM2-HKD
HSBC Asian Bond Fund	KYG4642D3169	AMH-AUD	AM3H-AUD
HSBC Asian Bond Fund	Nil	AMH-CAD	AM3H-CAD
HSBC Asian Bond Fund	KYG4642D3243	AMH-EUR	AM3H-EUR
HSBC Asian Bond Fund	Nil	AMH-GBP	AM3H-GBP
HSBC Asian Bond Fund	KYG4642D3813	ID-USD	ID2-USD
HSBC Asian Bond Fund	Nil	ID-HKD	ID2-HKD
HSBC Asian Bond Fund	KYG4642D1262	ZD-USD	ZD2-USD
HSBC Asian Bond Fund	Nil	ZD-HKD	ZD2-HKD
HSBC Asian High Yield Bond Fund	KYG4642D1916	AM-USD	AM2-USD
HSBC Asian High Yield Bond Fund	KYG4642D2179	AM-HKD	AM2-HKD
HSBC Asian High Yield Bond Fund	KYG4642D3326	AMH-AUD	AM3H-AUD
HSBC Asian High Yield Bond Fund	Nil	AMH-CAD	AM3H-CAD
HSBC Asian High Yield Bond Fund	KYG4642D3409	AMH-EUR	AM3H-EUR
HSBC Asian High Yield Bond Fund	Nil	AMH-GBP	AM3H-GBP
HSBC Asian High Yield Bond Fund	Nil	ID-USD	ID2-USD
HSBC Asian High Yield Bond Fund	Nil	ID-HKD	ID2-HKD
HSBC Asian High Yield Bond Fund	Nil	ID-SGD	ID2-SGD
HSBC Asian High Yield Bond Fund	Nil	ZD-USD	ZD2-USD
HSBC Asian High Yield Bond Fund	Nil	ZD-HKD	ZD2-HKD
HSBC Asian High Yield Bond Fund	Nil	ZD-SGD	ZD2-SGD

Please refer to table below for the feature of different classes.

"A" units available to retail investors

"I" units available to institutional investors and private client investors (in each case as designated by the Manager)

"Z" units available only through the Manager or designated affiliates of the Manager for the investment advisory/management clients of the Manager or of such affiliates of the Manager or such other clients as the Manager may select at its discretion

► *Impact of the Change*

The change will have no impact on the investment objective and risk profile of the Sub-Funds.

► *Effective Date of Change*

The change will become effective from 20 June 2016.

B. Investment in Contingent Convertible Securities

► *The Change*

The Manager has given consideration to the management of the Sub-Funds and has decided to make changes to the investment policy of HSBC Asian Bond Fund and HSBC Asian High Yield Bond Fund aiming at optimising the portfolio management to further clarify the scope of investment universe where these Sub-Funds have the exposure or flexibility to invest in contingent convertible securities (commonly known as "CoCos").

The wording below explaining to what extent these Sub-Funds may invest in contingent convertible securities will be added to the investment policy of the Sub-Funds:

"The Sub-Fund may invest up to X% of its net assets in contingent convertible securities, however this is not expected to exceed Y%."

In a nutshell, CoCos are hybrid capital securities that absorb losses when the capital of the issuer falls below a certain level. They are risky and highly complex investment instruments. Under certain circumstances CoCos can be converted into shares of the issuing company, potentially at a discounted price, or the principal amount invested may be lost on a permanent or temporary basis.

► *Rationale for the Change*

The aim is to enhance the description of the investment policy of HSBC Asian Bond Fund and HSBC Asian High Yield Bond Fund by providing additional information on securities the Sub-Funds may use to achieve its investment objective.

► *Impact of the Change*

The changes will have no impact on the investment objective and risk profile of HSBC Asian Bond Fund and HSBC Asian High Yield Bond Fund as disclosed in the Explanatory Memorandum.

► *Effective Date of Change*

The change will become effective from 20 May 2016.

► *Investment Objective and Policy*

The investment policies of HSBC Asian Bond Fund and HSBC Asian High Yield Bond Fund will therefore be amended to include additional information as follows (the change is highlighted in bold in the updated investment objectives and policies for your ease of reference):

• HSBC Asian Bond Fund

From the Effective Date of Change
Investment Objective: To achieve a reasonably high income whilst maintaining a prudent policy of capital conservation through primarily investing in fixed interest securities within the Asian region. Investment Policy: It will normally invest in a broad spread of quoted bonds. It may also invest in government bonds, other unquoted fixed-interest securities, monetary instruments and may hold cash on deposit pending

reinvestment, if the Manager considers this course of action appropriate to the goal of maximising capital growth. In order to achieve its investment objective, in addition to the above-mentioned investments, the Sub-Fund may also invest in financial derivative instruments such as futures, swaps (including but not limited to total return swaps and credit default swaps), forward currency contracts and in other currency derivatives such as non-delivery forwards for investment purposes or for hedging purposes. The Sub-Fund may invest in financial derivative instruments on an unhedged basis provided that, subject to the provisions set out under the section "Investment Restrictions", the total exposure relating to the use of financial derivative instruments on an unhedged basis shall not exceed 20% of the total net asset value of the Sub-Fund and the mark to market value of swaps entered into on an unhedged basis shall not exceed 10% of the total net asset value of the Sub-Fund. The investment adviser is of a view that the investments in financial derivative instruments will assist the Sub-Fund in achieving its investment objectives. At least 70 per cent of the non-cash assets of the Sub-Fund will be invested in bonds issued in or issued by issuers established in the regions referred to in the Sub-Fund's name, or in bonds denominated in the currency/currencies referred to or relating to the regions referred to in the Sub-Fund's name. **The Sub-Fund may invest up to 10% of its net assets in contingent convertible securities; however such investment is not expected to exceed 5%.**
Until the Effective Date of Change
Investment Objective: To achieve a reasonably high income whilst maintaining a prudent policy of capital conservation through primarily investing in fixed interest securities within the Asian region. Investment Policy: It will normally invest in a broad spread of quoted bonds. It may also invest in government bonds, other unquoted fixed-interest securities, monetary instruments and may hold cash on deposit pending reinvestment, if the Manager considers this course of action appropriate to the goal of maximising capital growth. In order to achieve its investment objective, in addition to the above-mentioned investments, the Sub-Fund may also invest in financial derivative instruments such as futures, swaps (including but not limited to total return swaps and credit default swaps), forward currency contracts and in other currency derivatives such as non-delivery forwards for investment purposes or for hedging purposes. The Sub-Fund may invest in financial derivative instruments on an unhedged basis provided that, subject to the provisions set out under the section "Investment Restrictions", the total exposure relating to the use of financial derivative instruments on an unhedged basis shall not exceed 20% of the total net asset value of the Sub-Fund and the mark to market value of swaps entered into on an unhedged basis shall not exceed 10% of the total net asset value of the Sub-Fund. The investment adviser is of a view that the investments in financial derivative instruments will assist the Sub-Fund in achieving its investment objectives. At least 70 per cent of the non-cash assets of the Sub-Fund will be invested in bonds issued in or issued by issuers established in the regions referred to in the Sub-Fund's name, or in bonds denominated in the currency/currencies referred to or relating to the regions referred to in the Sub-Fund's name.

- HSBC Asian High Yield Bond Fund

From the Effective Date of Change
Investment Objective: The Sub-Fund aims to achieve a higher level of income and capital appreciation through investing primarily in a diversified portfolio of higher yielding fixed income securities including investment grade, non-investment grade and unrated bonds that are primarily denominated in USD, traded or issued by issuers in the Asian markets.

Investment Policy: The Sub-Fund will normally invest in a broad range of fixed income securities and instruments including government bonds, corporate bonds, convertible bonds and monetary instruments. In order to achieve its investment objective, the Sub-Fund will invest in high-yield securities including, but not limited to, investment grade and non-investment grade bonds and other similar securities (rated and unrated). The Sub-Fund may also invest in financial derivative instruments for investment and hedging purposes, subject to the provisions set out under the section "Investment Restrictions". Financial derivative instruments which may be used for investment purposes are futures, options and warrants. The Sub-Fund may also hold cash on deposit pending reinvestment. **The Sub-Fund may invest up to 10% of its net assets in contingent convertible securities; however such investment is not expected to exceed 5%.**
Until the Effective Date of Change
Investment Objective: The Sub-Fund aims to achieve a higher level of income and capital appreciation through investing primarily in a diversified portfolio of higher yielding fixed income securities including investment grade, non-investment grade and unrated bonds that are primarily denominated in USD, traded or issued by issuers in the Asian markets. Investment Policy: The Sub-Fund will normally invest in a broad range of fixed income securities and instruments including government bonds, corporate bonds, convertible bonds and monetary instruments. In order to achieve its investment objective, the Sub-Fund will invest in high-yield securities including, but not limited to, investment grade and non-investment grade bonds and other similar securities (rated and unrated). The Sub-Fund may also invest in financial derivative instruments for investment and hedging purposes, subject to the provisions set out under the section "Investment Restrictions". Financial derivative instruments which may be used for investment purposes are futures, options and warrants. The Sub-Fund may also hold cash on deposit pending reinvestment.

► *Risks associated with Contingent Convertible Securities*

Contingent convertible securities are hybrid capital securities that absorb losses when the capital of the issuer falls below a certain level. Upon the occurrence of a predetermined event (known as a trigger event), contingent convertible securities can be converted into shares of the issuing company, potentially at a discounted price, or the principal amount invested may be lost on a permanent or temporary basis. Contingent convertible securities are risky and highly complex instruments. Coupon payments on contingent convertible securities are discretionary and may at times also be ceased or deferred by the issuer. Trigger events can vary but these could include the capital ratio of the issuing company falling below a certain level, or the share price of the issuer falling to a particular level for a certain period of time.

Contingent convertible securities are also subject to additional risks specific to their structure including:

i. Trigger Level Risk

Trigger levels differ and determine exposure to conversion risk. It might be difficult for the Investment Adviser of a Sub-Fund invested in contingent convertible securities to anticipate the trigger events that would require the debt to convert into equity or the write down to zero of principal investment and/or accrued interest. Trigger events may include: (i) a reduction in the issuing bank's Core Tier 1/Common Equity Tier 1 (CT1/CET1) ratio or other ratios, (ii) a regulatory authority, at any time, making a subjective determination that an institution is "non-viable", i.e. a determination that the issuing bank requires public sector support in order to prevent the issuer from becoming insolvent, bankrupt or otherwise carry on its business and requiring or causing the conversion of the contingent convertible securities into equity or write down, in circumstances that are beyond the control of the issuer or (iii) a national authority deciding to inject capital.

ii. Coupon Cancellation

Coupon payments on some contingent convertible securities are entirely discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time. The discretionary cancellation of payments is not an event of default and there are no possibilities to require re-instatement of coupon payments or payment of any passed missed payments. Coupon payments may also be subject to approval by the issuer's regulator and may be suspended in the event there are insufficient distributable reserves. As a result of uncertainty surrounding coupon payments, contingent convertible securities may be volatile and their price may decline rapidly in the event that coupon payments are suspended.

iii. Capital structure inversion risk

Contrary to the classic capital hierarchy, investors in contingent convertible securities may suffer a loss of capital when equity holders do not, for example when the loss absorption mechanism of a high trigger/ write down of a contingent convertible security is activated. This is contrary to the normal order of the capital structure where equity holders are expected to suffer the first loss.

iv. Call extension risk

Some contingent convertible securities are issued as perpetual instruments and only callable at pre-determined levels upon approval of the competent regulatory authority. It cannot be assumed that these perpetual contingent convertible securities will be called on a call date. Contingent convertible securities are a form of permanent capital. The investor may not receive return of principal as expected on call date or indeed at any date.

v. Conversion risk

Trigger levels differ between specific contingent convertible securities and determine exposure to conversion risk. It might be difficult at times for the Investment Adviser of the relevant Sub-Fund to assess how the contingent convertible securities will behave upon conversion. In case of conversion into equity, the Investment Adviser might be forced to sell these new equity shares since the investment policy of the relevant Sub-Fund may not allow the holding of equity securities. Given the trigger event is likely to be some event depressing the value of the issuer's common equity, this forced sale may result in the Sub-Fund experiencing some loss.

vi. Valuation and write-down risk

Contingent convertible securities often offer attractive yield which may be viewed as a complexity premium. The value of contingent convertible securities may need to be reduced due to a higher risk of overvaluation of such asset class on the relevant eligible markets. Therefore, a Sub-Fund may lose its entire investment or may be required to accept cash or securities with a value less than its original investment.

vii. Market Value fluctuations due to unpredictable factors

The value of contingent convertible securities is unpredictable and will be influenced by many factors including, without limitation (i) creditworthiness of the issuer and/or fluctuations in such issuer's applicable capital ratios; (ii) supply and demand for the contingent convertible securities; (iii) general market conditions and available liquidity and (iv) economic, financial and political events that affect the issuer, its particular market or the financial markets in general.

viii. Liquidity risk

In certain circumstances finding a buyer ready to invest in contingent convertible securities may be difficult and the seller may have to accept a significant discount to the expected value of the bond in order to sell it.

ix. Sector Concentration Risk

Contingent convertible securities are issued by banking and insurance institutions. The performance of a Sub-Fund which invests significantly in contingent convertible securities will depend to a greater extent on the overall condition of the financial services industry than for a Sub-Fund following a more diversified strategy.

x. **Subordinated Instruments**

Contingent convertible securities will, in the majority of circumstances, be issued in the form of subordinated debt instruments in order to provide the appropriate regulatory capital treatment prior to a conversion. Accordingly, in the event of liquidation, dissolution or winding-up of an issuer prior to a conversion having occurred, the rights and claims of the holders of the contingent convertible securities, such as a Sub-Fund, against the issuer in respect of or arising under the terms of the contingent convertible securities shall generally rank junior to the claims of all holders of unsubordinated obligations of the issuer.

xi. **Unknown risk**

The structure of contingent convertible securities is innovative yet untested. In a stressed environment, when the underlying features of these instruments will be put to the test, it is uncertain how they will perform.

C. Reference Performance Benchmarks

► *Enhancement to disclosure*

The Manager has decided to insert a new section headed "Reference Performance Benchmarks" in the Explanatory Memorandum to include the existing reference performance benchmarks of the Sub-Funds listed in the table below.

The reference performance benchmarks are shown for comparison purposes only.

Investors should be aware that the Sub-Funds might not be managed to their reference performance benchmarks and that investment returns may deviate materially from the performance of the specified benchmark. There will have no impact on the investment objective and risk profile of the Sub-Fund as disclosed in the Explanatory Memorandum.

Investors should also be aware that reference performance benchmarks may change over time and that the Explanatory Memorandum will be updated accordingly.

List of Sub-Funds and the Reference Performance Benchmark:

Sub-Fund Name	**Reference Performance Benchmark** The Sub-Funds may offer classes of units denominated in or hedged into currencies other than the base currency of the Sub-Fund. The full names of the Reference Benchmarks may differ from those listed below.
HSBC Asian Bond Fund	Markit iBoxx USD Asia Bond
HSBC Asian High Yield Bond Fund	70% JP Morgan ACI Corporate Non Investment Grade 20% JP Morgan ACI Sovereign Non Investment Grade 10% JP Morgan ACI Quasi Sovereign Non Investment Grade
HSBC China Momentum Fund	MSCI China 10/40 Net
HSBC China Growth Fund	MSCI China Gross

Consequences of Changes set out above

Please note that there will be no changes in the fees payable (such as current and maximum trustee and management fees) by the Fund, the Sub-Funds or unitholders in respect of the changes set out in the above.

The fees and expenses incurred in connection with the changes set out above will be borne by the Sub-Funds.

You do not need to take any action. However, if you wish to switch your units to any other sub-fund within HSBC Investment Funds Trust or redeem your investment free of charge[2] until 19 May 2016, you can do so under the normal dealing terms disclosed in the Explanatory Memorandum.

[2] Please note that some distributors, paying agents, correspondent banks or intermediaries might charge switching and/or transaction fees or expenses at their own discretion.

The revised Explanatory Memorandum and the Product Key Facts Statements containing information of the Fund and the Sub-Funds reflecting the above-mentioned amendments will be available for inspection, free of charge, at the registered office of the Manager. If you have any questions on any of the above matters, 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 directors of the Manager accept responsibility for the accuracy of the information contained in this letter as at the date of the mailing.

The Manager
HSBC Investment Funds (Hong Kong) Limited