

HSBC Index Tracker Investment Funds

Annual Short Report

15 May 2013

Important Notes

This Annual Report covers the period 16 May 2012 to 15 May 2013.

Investments in stocks and shares can go down as well as up and investors may not get back the amount they originally invested. This can affect the price of shares within open-ended investment companies and the income from them.

Past performance should not be seen as a reliable indication of future returns.

Your holding in an open-ended investment company must be regarded as a medium to long-term investment; this means for at least five years.

Where overseas securities are held the prices and income may also be affected by changes in currency exchange rates. It is possible that the value of an investment may fall below its original level.

Investments in emerging markets are by their nature higher risk and potentially more volatile than those inherent in some established markets. These risks include the possibility of failed or delayed settlement, registration and custody of securities and the level of investor protection offered.

Where a fund holds gilts or other fixed interest securities, the value of the underlying assets is strongly affected by interest rate fluctuations and by changes in the credit ratings of the underlying issuer of the assets. There is a risk that both the relative yield and the capital value of these may be reduced if interest rates go up.

Please note any reference to "Fund" or "Funds" means a sub fund of the Company.

Contact Details

Company

HSBC Index Tracker Investment Funds - Registered in England with Company Number IC000075

Registered Office

8 Canada Square, London E14 5HQ

Authorised Corporate Director (ACD) and Head Office

HSBC Global Asset Management (UK) Limited, 78 St James's Street, London SW1A 1EJ

HSBC Global Asset Management (UK) Limited is authorised and regulated by the Financial Conduct Authority and is a member of the Investment Management Association.

Registrar

(delegated to HSBC Bank plc)

HSBC Global Asset Management (UK) Limited, Frobisher House, Nelson Gate, Commercial Road, Southampton, SO15 9DF

Telephone

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†Lines are open Monday to Friday from 9am to 5pm, excluding public holidays.

*Lines are open Monday to Friday from 8am to 6pm, excluding public holidays.

Administrator (Postal address)

PO Box 6189, Coventry, CV3 9HS

Auditor

KPMG Audit Plc, Saltire Court, 20 Castle Terrace, Edinburgh EH1 2EG

Depository

State Street Trustees Limited, 525 Ferry Road, Edinburgh EH5 2AW

Authorised and regulated by the Financial Conduct Authority (FCA).

Website

www.assetmanagement.hsbc.com/uk

There are risks involved in investing in HSBC Index Tracker Investment Fund. Please refer to the Prospectus, Key Investor Information Document (KIID) and Supplementary Information Document (SID) for further details.

The information in this report is based on our understanding of current law and HM Revenue and Customs practice as at 15 May 2013.

Both law and practice may of course change.

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Changes to the Scheme

Directors (Management and Administration)

The Director information has been amended to reflect the following:-

Appointed as a Director of Global Asset Management (UK) Limited

S. Chandrasekharan - 20 September 2012

A.S. Clark - 3 December 2012

J. Ellerby - 3 December 2012

Resigned as a Director of HSBC Global Asset Management (UK) Limited

S.T. Brown - 3 December 2012

Ongoing Charges Figure (OCF)

With effect from 1 July 2012 the OCF replaced the Total Expense Ratio (TER). It has been calculated using guidelines issued by the Committee of European Securities Regulators with the aim of ensuring a harmonised approach to the OCF by all UCITS. The OCF is based on the financial year's expenses and may vary from year to year. It excludes the costs of buying and selling assets from the Fund (unless these assets are shares of other funds).

HSBC European Index Fund - Change to Investment Objective and Investment Policy

With effect from 1 March 2013, the Investment Objective and Investment Policy of the European Index Fund changed to make reference to a revised benchmark index. The benchmark has changed from the FTSE World Europe excluding UK Index to the FTSE Developed Europe excluding UK Index following approval from Shareholders at an Extraordinary General Meeting on 14 February 2013. The risk profile of the Fund remains unchanged.

FTSE 100 Index

Investment Objective

To provide long-term capital growth by matching the return of the FTSE 100 index.

Investment Policy

To invest in companies that make up the FTSE 100 index.

Investment Strategy

The current strategy is to use full replication by holding all the constituents of the index and equitising accrued dividends and managing daily flows through equity index futures.

Risk Profile

The Fund has little exposure to credit or cash flow risk. There are no borrowings or unlisted securities of a material nature and so there is little exposure to liquidity risk. The main risks it faces from its financial instruments are market price and foreign currency. The Manager reviews policies for managing these risks in order to follow and achieve the Investment Objective and Policy as summarised above.

Portfolio Activity

During the year, additions to the FTSE 100 index included: Babcock International Group, easyJet, London Stock Exchange Group, Melrose, Pennon Group, TUI Travel, William Hill and Wood Group (John).

Meanwhile, exclusions included: Ashmore Group, ICAP, International Power, Intu Properties Real Estate Investment Trust, Kazakhmys, Man Group and Pennon Group.

Distribution

Date paid/ payable	Distribution rate - Retail Income shares	Distribution rate - Retail Accumulation shares
15.7.13	1.845700p	2.866541p
15.7.12	1.844017p	2.767648p

Fund Prices

Share class	Net asset value per share as at 15.5.13	Net asset value per share as at 15.5.12
Retail Income	111.1p	91.06p
Retail Accumulation	172.9p	136.3p

Fund Facts

XD date: 16 May, 16 November

Distribution payment date: 15 July, 15 January

Ongoing Charges Figure (OCF)

As at 15.5.13 - 0.27%

As at 15.5.12 - 0.27%*

The OCFs shown above are calculated on the Retail Accumulation share class.

*Total expense ratio as at 15 May 2012.

Performance Record

Percentage Change

6 months

19.49

1 year

26.85

3 years

37.88

5 years

26.57

10 years

120.17

Please note that the above figures refer to the past and that past performance is not a reliable indication of future returns.

Performance is cumulative over the period indicated to 15 May 2013.

(Source: Morningstar Direct, GBP, UK net of tax, for the Retail Accumulation share class. Returns based on the NAV, which is a single price.)

Portfolio Information

Major Holdings

The Fund's five largest holdings, or holdings above 5%, at the end of this year and the previous year are shown below.

Holding	% of Fund value as at 15.5.13
+ HSBC (London listed)	7.95
Vodafone Group	5.52
BP	5.10
GlaxoSmithKline	4.85
Royal Dutch Shell A	4.77

+ related party

Holding	% of Fund value as at 15.5.12
+ HSBC (London listed)	6.97
Vodafone Group	5.96
BP	5.30
Royal Dutch Shell A	5.12
GlaxoSmithKline	5.08

+ related party

Investment Allocation

	15.5.13 %	15.5.12 %
Financials	20.24	17.51
Oil & Gas	16.58	18.52
Consumer Goods	15.41	15.73
Consumer Services	8.78	8.39
Basic Materials	8.48	11.32
Healthcare	8.31	8.61
Industrials	7.37	6.39
Telecommunications	6.93	7.09
Utilities	4.35	4.68
Technology	1.10	0.70
Futures	0.12	(0.04)
Net other assets	2.33	1.10

FTSE All-Share Index

Investment Objective

To provide long-term capital growth by matching the return of the FTSE All-Share index.

Investment Policy

To invest in companies that make up the FTSE All-Share index.

Investment Strategy

The current strategy is to use full replication of the FTSE 350 ex Investment Trusts index and stratified sampling of the remaining constituents of the FTSE All-Share index. The Fund equitises accrued dividends and manages flows through equity index futures and exchange traded funds (ETFs).

Risk Profile

The Fund has little exposure to credit or cash flow risk. There are no borrowings or unlisted securities of a material nature and so there is little exposure to liquidity risk. The main risks it faces from its financial instruments are market price and foreign currency. The Manager reviews policies for managing these risks in order to follow and achieve the Investment Objective and Policy as summarised above.

Portfolio Activity

During the year, additions to the FTSE All-Share index included: Aberdeen New Thai Investment Trust, Alent, Bank of Georgia, BH Macro, Bacit, Dialight, Direct Line Insurance Group, Hansteen, ICG-Longbow Senior Secured UK Property Debt Investments, International Public Partnership, Johnston Press, NCC Group, NMC Health, Perform Group, Playtech, RusPetro, Starwood European Real Estate Finance, Ted Baker, Telecom Plus, United Drug and Vesuvius.

Meanwhile, exclusions included: Allied Gold Mining, Babcock & Brown, Cable & Wireless Worldwide, Crystalox Solar, Daily Mail & General Trust, International Power, Kewill, Logica, Melrose Resources, Invista European Real Estate Trust, McBride Non Cum Redemption Pref, Misys, Oxford Biomedica, Psion, R.E.A., UK Coal, Umeco, WSP Group and Yell Group.

Distribution

Date paid/ payable	Distribution rate - Retail Income shares	Distribution rate - Retail Accumulation shares
15.7.13	4.843934p	6.823766p
15.7.12	4.626651p	6.275986p

Fund Prices

Share class	Net asset value per share as at 15.5.13	Net asset value per share as at 15.5.12
Retail Income	304.2p	245.8p
Retail Accumulation	428.3p	333.8p

Fund Facts

XD date: 16 May, 16 November

Distribution payment date: 15 July, 15 January

Ongoing Charges Figure (OCF)

As at 15.5.13 - 0.27%

As at 15.5.12 - 0.27%*

The OCFs shown above are calculated on the Retail Accumulation share class.

*Total expense ratio as at 15 May 2012.

Performance Record

Percentage Change

6 months

20.31

1 year

28.31

3 years

39.78

5 years

30.58

10 years

141.16

Please note that the above figures refer to the past and that past performance is not a reliable indication of future returns.

Performance is cumulative over the period indicated to 15 May 2013.

(Source: Morningstar Direct, GBP, UK net of tax, for the Retail Accumulation share class. Returns based on the NAV, which is a single price.)

Portfolio Information

Major Holdings

The Fund's five largest holdings, or holdings above 5%, at the end of this year and the previous year are shown below.

Holding	% of Fund value as at 15.5.13
+ HSBC (London listed)	6.56
Vodafone Group	4.55
BP	4.21
GlaxoSmithKline	4.00
Royal Dutch Shell A	3.93

+ related party

Holding	% of Fund value as at 15.5.12
+ HSBC (London listed)	5.63
Vodafone Group	4.81
BP	4.28
Royal Dutch Shell A	4.14
GlaxoSmithKline	4.10

+ related party

Investment Allocation

	15.5.13 %	15.5.12 %
Financials	23.32	19.31
Oil & Gas	14.48	15.99
Consumer Goods	13.75	13.44
Basic Materials	7.65	9.98
Consumer Services	9.39	9.02
Industrials	9.06	8.18
Healthcare	7.11	7.19
Telecommunications	6.03	6.03
Utilities	3.82	4.05
Technology	1.64	1.34
Other investments	0.16	0.37
Net other assets	3.59	5.10

FTSE 250 Index

Investment Objective

To provide long-term capital growth by matching the return of the FTSE 250 index.

Investment Policy

To invest in companies that make up the FTSE 250 index.

Investment Strategy

The current strategy is to use near full replication by holding all of the constituents of the index except the three non-sterling denominated investment trusts (replaced by additional shares in the sterling units) and equitising accrued dividends through equity index futures. Exchange traded funds (ETFs) are held to manage daily flows.

Risk Profile

The Fund has little exposure to credit or cash flow risk. There are no borrowings or unlisted securities of a material nature and so there is little exposure to liquidity risk. The main risks it faces from its financial instruments are market price and foreign currency. The Manager reviews policies for managing these risks in order to follow and achieve the Investment Objective and Policy as summarised above.

Portfolio Activity

During the year, additions to the FTSE 250 index included: 888 Holdings, Alent, Anite, Ashmore Group, Bank of Georgia, Dechra Pharmaceuticals, Dialight, Direct Line Insurance Group, Dixons Retail, Enterprise Inns, Fisher (James) & Sons, ICAP, IP2IPO Group, Intu Properties Real Estate Investment Trust, Kazakhmys, Keller, Man Group, Menzies (John), NMC Health, Pace, Pennon Group, Playtech, Raven Russia, St. Mowden Properties, Schroder Asia Pacific Investment Trust, Ted Baker, Thomas Cook Group, Unite Group, United Drug, Utilico Emerging Markets, Vesuvius, Workspace Group and Worldwide Healthcare Trust.

Meanwhile, exclusions included: Anglo Pacific Group, Aquarius Platinum, Avocet Mining, Babcock International Group, British Assets Trust, Cable & Wireless Worldwide, Cape, Daily Mail & General Trust, DSG International, Easyjet, Exillon Energy, Gem Diamonds, JD Sports Fashion, JPMorgan Asian Investment Trust, JPMorgan Russian Securities, Kesa Electricals, Lamprell, Logica, London Stock Exchange Group, Melrose, Misys, Northgate, Pennon Group, Raven Russia, Rusperto, Shanks Group, Stobart Group, Talvivaara Mining, TUI Travel, William Hill and Wood Group (John).

Distribution

Date paid/ payable	Distribution rate - Retail Income shares	Distribution rate - Retail Accumulation shares
15.7.13	3.315646p	4.250787p
15.7.12	2.831416p	3.529162p

Fund Prices

Share class	Net asset value per share as at 15.5.13	Net asset value per share as at 15.5.12
Retail Income	134.9p	101.2p
Retail Accumulation	172.9p	126.2p

Fund Facts

XD date: 16 May

Distribution payment date: 15 July

Ongoing Charges Figure (OCF)

As at 15.5.13 - 0.28%

As at 15.5.12 - 0.27%*

The OCFs shown above are calculated on the Retail Accumulation share class.

*Total expense ratio as at 15 May 2012.

Performance Record

Percentage Change

6 months

24.84

1 year

37.00

3 years

52.33

5 years

57.04

10 years

267.01

Please note that the above figures refer to the past and that past performance is not a reliable indication of future returns.

Performance is cumulative over the period indicated to 15 May 2013.

(Source: Morningstar Direct, GBP, UK net of tax, for the Retail Accumulation share class. Returns based on the NAV, which is a single price.)

Portfolio Information

Major Holdings

The Fund's five largest holdings, or holdings above 5%, at the end of this year and the previous year are shown below.

Holding	% of Fund value as at 15.5.13
iShares FTSE 250	2.69
Travis Perkins	1.26
3i Group	1.22
Persimmon	1.20
Mondi	1.17

Holding	% of Fund value as at 15.5.12
Babcock International Group	1.40
Wood Group (John)	1.23
Pennon Group	1.18
Cobham	1.06
Travis Perkins	1.04

Investment Allocation

	15.5.13 %	15.5.12 %
Financials	38.57	32.15
Industrials	20.03	22.03
Consumer Services	14.29	16.04
Consumer Goods	7.06	4.85
Technology	4.95	5.29
Basic Materials	4.33	6.30
Oil & Gas	4.31	6.40
Telecommunications	2.27	2.51
Utilities	1.69	2.11
Healthcare	1.64	1.50
Futures	0.03	(0.07)
Net other assets	0.83	0.89

European Index

Investment Objective

To provide long-term capital growth by matching the return of the FTSE Developed Europe excluding UK index.

Investment Policy

To invest in companies that make up the FTSE Developed Europe excluding UK index.

Investment Strategy

The current strategy aims for the Fund to hold 100% of the index constituents of the index. The Fund equitises accrued dividends through equity index futures. Equity Index Futures and Exchange traded funds (ETFs) can also held to manage daily flows.

Risk Profile

The Fund has little exposure to credit or cash flow risk. There are no borrowings or unlisted securities of a material nature and so there is little exposure to liquidity risk. The main risks it faces from its financial instruments are market price and foreign currency. The Manager reviews policies for managing these risks in order to follow and achieve the Investment Objective and Policy as summarised above.

Portfolio Activity

Key purchases during the year included: iShares MSCI Europe ex-UK, Nestlé, Roche Holding, Novartis, Banco Santander SA, Sanofi, Total SA, BASF, Bayer and Anheuser-Busch InBev.

Sales during the year comprised: iShares MSCI Europe ex-UK, LVMH, Nestlé, Sanofi, Axa, Novo Nordisk, L'Oreal, GDF Suez, Novartis, Pernod-Ricard.

Distribution

Date paid/ payable	Distribution rate - Retail Income shares	Distribution rate - Retail Accumulation shares
15.7.13	11.953441p	14.683268p
15.7.12	12.160245p	14.426754p

Fund Prices

Share class	Net asset value per share as at 15.5.13	Net asset value per share as at 15.5.12
Retail Income	453.0p	337.0p
Retail Accumulation	557.3p	399.7p

Fund Facts

XD date: 16 May

Distribution payment date: 15 July

Ongoing Charges Figure (OCF)

As at 15.5.13 - 0.36%

As at 15.5.12 - 0.32%*

The OCFs above are calculated on the Retail Accumulation share class.

*Total expense ratio as at 15 May 2012.

Performance Record

Percentage Change

6 months

24.65

1 year

39.43

3 years

27.18

5 years

8.93

10 years

135.45

Please note that the above figures refer to the past and that past performance is not a reliable indication of future returns.

Performance is cumulative over the period indicated to 15 May 2013.

(Source: Morningstar Direct, GBP, UK net of tax, for the Retail Accumulation share class. Returns based on the NAV, which is a single price.)

Portfolio Information

Major Holdings

The Fund's five largest holdings, or holdings above 5%, at the end of this year and the previous year are shown below.

Holding	% of Fund value as at 15.5.13
Nestlé (registered)	4.37
Roche participating	3.48
Novartis (registered)	3.40
Sanofi	2.39
Total SA	1.96

Holding	% of Fund value as at 15.5.12
Nestlé (registered)	4.54
Novartis (registered)	3.05
Roche participating	2.60
Total SA	2.20
Sanofi	2.04

Investment Allocation

	15.5.13 %	15.5.12 %
Switzerland	21.47	19.16
France	20.47	20.81
Germany	19.54	18.20
Sweden	7.33	6.82
Netherlands	6.62	5.88
Spain	6.59	6.03
Italy	4.91	4.97
Denmark	2.80	3.00
Belgium	2.63	2.30
Finland	1.79	1.72
Norway	1.52	1.95
Ireland	0.49	1.51
Futures	0.04	(0.37)
Other	2.04	2.60
Net other assets	1.76	5.42

American Index

Investment Objective

To provide long-term capital growth by matching the return of the Standard & Poor's 500 index.

Investment Policy

To invest in companies that make up the Standard & Poor's 500 index.

Investment Strategy

The current strategy is to use full replication by holding all the constituents of the index and equitising accrued dividends and managing flows through equity index futures.

Risk Profile

The Fund has little exposure to credit or cash flow risk. There are no borrowings or unlisted securities of a material nature and so there is little exposure to liquidity risk. The main risks it faces from its financial instruments are market price and foreign currency. The Manager reviews policies for managing these risks in order to follow and achieve the Investment Objective and Policy as summarised above.

Portfolio Activity

During the year, additions to the S&P 500 index included: Apple, Exxon Mobil, Microsoft, General Electric, Johnson & Johnson, Google, Chevron Corp, Procter & Gamble, International Business Machines and Berkshire Hathaway B.

Meanwhile, exclusions included: Coca Cola, United Parcel Services B, Hillshire Brands, International Business Machines, Wells Fargo & Co, Yahoo, Boeing, United Technologies, 3M and Goldman Sachs Group.

Distribution

Date paid/ payable	Distribution rate - Retail Income shares	Distribution rate - Retail Accumulation shares
15.7.13	3.339763p	3.623385p
15.7.12	2.617584p	2.798816p

Fund Prices

Share class	Net asset value per share as at 15.5.13	Net asset value per share as at 15.5.12
Retail Income	240.7p	184.5p
Retail Accumulation	261.2p	197.4p

Fund Facts

XD date: 16 May

Distribution payment date: 15 July

Ongoing Charges Figure (OCF)

As at 15.5.13 - 0.28%

As at 15.5.12 - 0.28%*

The OCF shown above are calculated on the Retail Accumulation share classes.

*Total expense ratio as at 15 May 2012.

Performance Record

Percentage Change

6 months

27.91

1 year

32.32

3 years

43.20

5 years

60.84

10 years

103.74

Please note that the above figures refer to the past and that past performance is not a reliable indication of future returns.

Performance is cumulative over the period indicated to 15 May 2013.

(Source: Morningstar Direct, GBP, UK net of tax, for the Retail Accumulation share class. Returns based on the NAV, which is a single price.)

Portfolio Information

Major Holdings

The Fund's five largest holdings, or holdings above 5%, at the end of this year and the previous year are shown below.

Holding	% of Fund value as at 15.5.13
Exxon Mobil	2.73
Apple	2.69
Microsoft	1.70
Johnson & Johnson	1.64
Google	1.63

Holding	% of Fund value as at 15.5.12
Apple	4.12
Exxon Mobil	3.08
International Business Machines	1.84
Microsoft	1.80
Chevron	1.59

Investment Allocation

	15.5.13 %	15.5.12 %
Financials	17.28	14.79
Technology	14.89	17.04
Consumer Services	13.12	12.04
Healthcare	12.01	10.61
Industrials	11.14	11.18
Consumer Goods	11.05	10.85
Oil & Gas	10.18	10.11
Utilities	3.50	3.68
Telecommunications	2.92	2.95
Basic Materials	2.73	2.76
Futures	0.03	(0.15)
Warrants	0.01	-
Net other assets	1.14	4.14

Japan Index

Investment Objective

To provide long-term capital growth by matching the return of the FTSE Japan index.

Investment Policy

To invest in companies that make up the FTSE Japan index.

Investment Strategy

The current strategy is to use full replication for 96% of the index with stratified sampling of the remaining index constituents. The Fund equitises accrued dividends through equity index futures. Daily flows are also managed through holdings in exchange traded funds (ETFs).

Risk Profile

The Fund has little exposure to credit or cash flow risk. There are no borrowings or unlisted securities of a material nature and so there is little exposure to liquidity risk. The main risks it faces from its financial instruments are market price and foreign currency. The Manager reviews policies for managing these risks in order to follow and achieve the Investment Objective and Policy as summarised above.

Portfolio Activity

Key purchases during the year included: HSBC MSCI Japan ETF, iShares MSCI Japan, Toyota Motor, Honda Motor, Mitsubishi UFJ Financial Group, Takeda Pharmaceutical, Sumitomo Mitsui Financial, Canon, Mizuho Financial Group and Softbank.

Sales during the year comprised: HSBC MSCI Japan ETF, iShares MSCI Japan, Canon, Mitsubishi UFJ Financial Group, Sumitomo Mitsui Financial, NTT Docomo Inc, KDDI, Mizuho Financial Group, Toyota Motor and Kyocera.

Distribution

Date paid/ payable	Distribution rate - Retail Income shares	Distribution rate - Retail Accumulation shares
15.7.13	0.992090p	1.087887p
15.7.12	1.048297p	1.130925p

Fund Prices

Share class	Net asset value per share as at 15.5.13	Net asset value per share as at 15.5.12
Retail Income	72.01p	52.15p
Retail Accumulation	78.97p	56.04p

Fund Facts

XD date: 16 May

Distribution payment date: 15 July

Ongoing Charges Figure (OCF)

As at 15.5.13 - 0.34%

As at 15.5.12 - 0.29%*

The OCFs shown above are calculated on the Retail Accumulation share class.

*Total expense ratio as at 15 May 2012.

Performance Record

Percentage Change

6 months

41.93

1 year

40.92

3 years

20.69

5 years

22.87

10 years

104.43

Please note that the above figures refer to the past and that past performance is not a reliable indication of future returns.

Performance is cumulative over the period indicated to 15 May 2013.

(Source: Morningstar Direct, GBP, UK net of tax, for the Retail Accumulation share class. Returns based on the NAV, which is a single price.)

Portfolio Information

Major Holdings

The Fund's five largest holdings, or holdings above 5%, at the end of this year and the previous year are shown below.

Holding	% of Fund value as at 15.5.13
Toyota Motor	5.54
Mitsubishi UFJ Financial Group	3.36
Honda Motor	2.43
Sumitomo Mitsui Financial Group	2.14
Softbank	1.80

Holding	% of Fund value as at 15.5.12
Toyota Motor	4.38
Mitsubishi UFJ Financial Group	2.89
Canon	2.65
Honda Motor	2.11
Sumitomo Mitsui Financial Group	1.94

Investment Allocation

	15.5.13 %	15.5.12 %
Consumer Goods	23.87	21.89
Financials	20.09	16.90
Industrials	20.02	20.39
Consumer Services	9.66	9.30
Basic Materials	6.52	6.84
Healthcare	6.27	5.62
Technology	4.50	5.86
Telecommunications	4.17	4.40
Utilities	2.79	3.03
Oil & Gas	1.07	1.56
Futures	0.02	(0.48)
Net other assets	1.02	4.69

Pacific Index

Investment Objective

To provide long-term capital growth by matching the return of the FTSE World Asia Pacific Excluding Japan index.

Investment Policy

To invest in companies that make up the FTSE World Asia Pacific Excluding Japan index.

Investment Strategy

The current strategy is to use a close to full replication by holding 93% of the constituents of the index with stratified sampling for the remaining 7%. The Fund equitises accrued dividends through equity index futures and manages daily flows through exchange traded funds (ETFs) holdings.

Risk Profile

The Fund has little exposure to credit or cash flow risk. There are no borrowings or unlisted securities of a material nature and so there is little exposure to liquidity risk. The main risks it faces from its financial instruments are market price and foreign currency. The Manager reviews policies for managing these risks in order to follow and achieve the Investment Objective and Policy as summarised above.

Portfolio Activity

Key purchases during the year included: iShares MSCI AC Far East ex-Japan, BHP Billiton, Commonwealth Bank of Australia, Westpac Banking, Samsung Electronics, Australia & NZ Banking Group, National Australia Bank, Taiwan Semiconductor Manufacturing, AIA Group and Woolworths.

Sales during the year comprised: iShares MSCI AC Far East ex-Japan, Samsung Electronics, Tencent Holdings, Belle International Holdings, Fraser & Neave, Hengan International Group, Public Bank, Hutchison Whampoa, ENN Energy Holdings and Malayan Banking.

Distribution

Date paid/ payable	Distribution rate - Retail Income shares	Distribution rate - Retail Accumulation shares
15.7.13	5.224313p	6.466813p
15.7.12	5.347495p	6.423455p

Fund Prices

Share class	Net asset value per share as at 15.5.13	Net asset value per share as at 15.5.12
Retail Income	221.8p	181.8p
Retail Accumulation	274.5p	218.3p

Fund Facts

XD date: 16 May

Distribution payment date: 15 July

Ongoing Charges Figure (OCF)

As at 15.5.13 - 0.43%

As at 15.5.12 - 0.37%*

The OCFs shown above are calculated on the Retail Accumulation share class.

*Total expense ratio as at 15 May 2012.

Performance Record

Percentage Change

6 months

16.96

1 year

25.74

3 years

28.09

5 years

42.89

10 years

277.16

Please note that the above figures refer to the past and that past performance is not a reliable indication of future returns.

Performance is cumulative over the period indicated to 15 May 2013.

(Source: Morningstar Direct, GBP, UK net of tax, for the Retail Accumulation share class. Returns based on the NAV, which is a single price.)

Portfolio Information

Major Holdings

The Fund's five largest holdings, or holdings above 5%, at the end of this year and the previous year are shown below.

Holding	% of Fund value as at 15.5.13
Samsung Electronics	4.47
Commonwealth Bank of Australia	3.65
BHP Billiton	3.41
Westpac Banking	3.04
Taiwan Semiconductor Manufacturing	2.90

Holding	% of Fund value as at 15.5.12
Samsung Electronics	5.45
BHP Billiton	3.55
iShares MSCI AC Far East ex-Japan	3.37
Commonwealth Bank of Australia	2.71
Taiwan Semiconductor Manufacturing	2.45

Investment Allocation

	15.5.13 %	15.5.12 %
Australia	34.84	29.75
South Korea	17.30	20.48
Taiwan	13.37	13.73
Hong Kong	12.41	12.76
Singapore	6.53	6.17
Malaysia	5.18	5.24
Thailand	3.55	2.69
Cayman Islands	1.63	2.67
Bermuda	1.24	1.38
Other	1.39	4.28
Net other assets	2.56	0.85

UK Gilt Index

Investment Objective

To provide income from an underlying portfolio of gilts that matches the return of the FTSE British Government All Stocks Total Return index before tax and charges are deducted.

Investment Policy

To invest in gilts that make up the FTSE British Government All Stocks Total Return index.

Investment Strategy

The current strategy aims for the Fund to hold the gilts that make up the chosen benchmark in the same weightings.

Risk Profile

The Fund has little exposure to credit or cash flow risk. There are no borrowings or unlisted securities of a material nature and so there is little exposure to liquidity risk. The main risk it faces from its financial instruments is market price. The Manager reviews policies for managing these risks in order to follow and achieve the Investment Objective and Policy as summarised above.

Portfolio Activity

During the year, additions to the index included: Treasury 1.75% 7/9/2022, Treasury 3.25% 22/1/2044 and UK Treasury Gilt 1.25% 22/7/2018.

Meanwhile, exclusions included: Treasury 5.25% 7/6/2012 and Treasury 4.5% 7/3/2013.

Distribution

Date paid/ payable	Distribution rate - Retail Income shares	Distribution rate - Retail Accumulation shares
15.7.13	0.690734p	0.750372p
15.7.12	0.741225p	0.779857p
15.4.13	0.770000p	0.780000p
15.4.12	0.760000p	0.800000p

Fund Prices

Share class	Net asset value per share as at 15.5.13	Net asset value per share as at 15.5.12
Retail Income	108.2p	109.2p
Retail Accumulation	117.9p	116.2p

Fund Facts

XD dates: 16 May, 16 August, 16 November, 16 February

Distribution payment dates: 15 July, 15 October, 15 January, 15 April

Ongoing Charges Figure (OCF)

As at 15.5.13 - 0.27%

As at 15.5.12 - 0.26%*

The OCFs shown above are calculated on the Retail Accumulation share class.

*Total expense ratio as at 15 May 2012.

Performance Record

Percentage Change

6 months

(0.92)

1 year

1.46

Since launch*

17.90

*The Fund was launched on 7.6.10 at 100p.

Figures in brackets denote negative figures.

Please note that the above figures refer to the past and that past performance is not a reliable indication of future returns.

Performance is cumulative over the period indicated to 15 May 2013.

(Source: Morningstar Direct, GBP, UK net of tax, for the Retail Accumulation share class. Returns based on the NAV, which is a single price.)

Portfolio Information

Major Holdings

The Fund's five largest holdings, or holdings above 5%, at the end of this year and the previous year are shown below.

Holding	% of Fund value as at 15.5.13
Treasury 5% 7/3/2025	4.03
Treasury 5% 7/9/2014	3.92
Treasury 4% 7/3/2022	3.77
Treasury 4.5% 7/3/2019	3.77
Treasury 4.75% 7/9/2015	3.57

Holding	% of Fund value as at 15.5.12
Treasury 5% 7/9/2014	3.87
Treasury 4% 7/3/2022	3.81
Treasury 4% 7/9/2016	3.64
Treasury 4.75% 7/3/2020	3.60
Treasury 5% 7/3/2025	3.46

Investment Allocation

	15.5.13	15.5.12
	%	%
Government Bonds	99.54	99.18
Net other assets	0.46	0.82

Corporate Shareholders

A corporate shareholder will receive the distribution shown below on their annual consolidated tax voucher as follows:

Fund	Date payable/paid	Share class	Investment income	
			Franked	Unfranked
UK Gilt Index	15.7.13	Retail Income	0.00%	100.00%
	15.7.13	Retail Accumulation	0.00%	100.00%
	15.7.13	Institutional Income	0.00%	100.00%
	15.7.13	Income C	0.00%	100.00%
	15.7.13	Accumulation C	0.00%	100.00%
	15.4.13	Retail Income	0.00%	100.00%
	15.4.13	Retail Accumulation	0.00%	100.00%
	15.4.13	Institutional Income	0.00%	100.00%
	15.4.13	Income C	0.00%	100.00%
	15.4.13	Accumulation C	0.00%	100.00%

All other Funds in this OEIC have a 100% franked distribution shown on their annual consolidated tax voucher.

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Risk and Reward Profile

Fund	Rating*
FTSE 100 Index	6
FTSE All-Share Index	6
FTSE 250 Index	6
European Index	6
American Index	6
Japan Index	6
Pacific Index	6†
UK Gilt Index	4

Lower risk **Higher risk**

←—————→

Typically lower rewards Typically higher rewards

1	2	3	4	5	6	7
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†The previous risk rating for this Fund was 7, up until February 2013.

*More About this Rating

The rating is based on price volatility over the last five years, and is an indicator of absolute risk. Historical data may not be a reliable indication for the future. The rating is not guaranteed to remain unchanged and the categorisation may shift over time. The lowest rating does not mean a risk-free investment.

For further information on the specific risks applicable to each Fund please visit www.assetmanagement.hsbc.com/uk.

General Information

Published Prices

The prices of shares are updated daily on the following websites:

www.assetmanagement.hsbc.com/uk and www.investinginfunds.org/ways-to-buy-and-sell-funds.html.

Alternatively you can call our Investments Helpline on 0845 745 6123*(Textphone 0845 766 0391).

*To help us continually improve our service, and in the interests of security, we may monitor and/or record your communications with us. Lines are open Monday to Friday from 8am to 6pm, excluding public holidays.

Report and Accounts

Copies of the Annual and Interim Long Form Report and Accounts are available on request to the Administrator.

Directors

The Authorised Corporate Director (ACD) is HSBC Global Asset Management (UK) Limited which is the sole director.

HSBC Global Asset Management (UK) Limited is authorised and regulated by the Financial Conduct Authority.

HSBC Global Asset Management (UK) Limited - Directors

S.T. Brown (resigned 3 December 2012)

S. Chandrasekharan (appointed 20 September 2012)

C.S. Cheetham

A.S. Clark (appointed 3 December 2012)

A.C. Corfield

J. Ellerby (appointed 3 December 2012)

E.R. Stokes

Quick Reference Guide to HSBC Index Tracker Investment Funds

Name of OEIC Fund	FTSE 100 Index	FTSE All-Share Index	FTSE 250 Index	European Index	American Index	Japan Index	Pacific Index	UK Gilt Index
Number of distributions per year	2	2	1	1	1	1	1	4
Distribution dates	15 Jul 15 Jan	15 Jul 15 Jan	15 Jul	15 Jul	15 Jul	15 Jul	15 Jul	15 Jul 15 Oct 15 Jan 15 Apr
Lump sum minimum investment level	£1,000	£1,000	£1,000	£1,000	£1,000	£1,000	£1,000	£1,000
Regular saver minimum investment level	£50	£50	£50	£50	£50	£50	£50	£50
Authorised Corporate Director charge % †	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Available as an ISA	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
In ISA can income be paid	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Income shares available	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Accumulation shares available	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Historic research of files*	£25 per hour including VAT - all Funds							
Duplicate tax voucher*	£25 per voucher including VAT - all Funds							
Duplicate tax vouchers* (more than one)	£25 per voucher including VAT - all Funds							
European Savings Directive in scope for distributions/redemptions	No/No	No/No	No/No	No/No	No/No	No/No	No/No	Yes/Yes

* Charges for additional services. The ACD reserves the right to apply these charges and amend them subject to the annual rate of the Retail Price Index.

† The above information relates only to the retail share classes. Other share classes may differ.

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