

▶ HSBC Investments

HSBC Corporate Money Fund

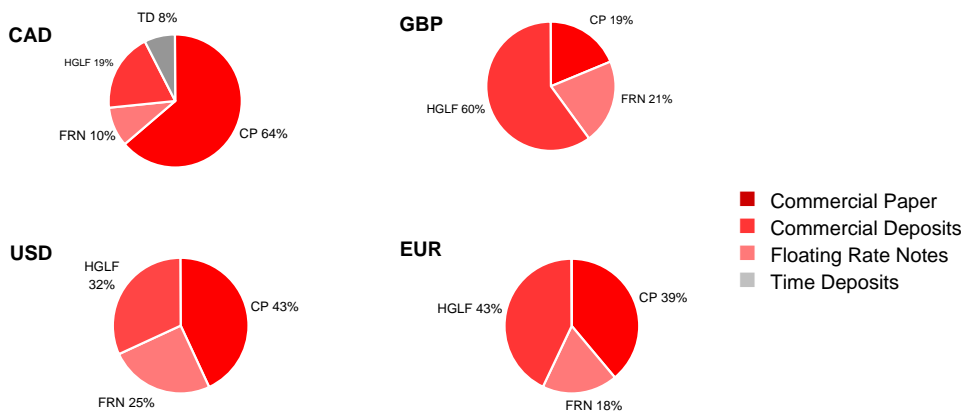
All Currencies - Class R

as at 29 February 2008

Profile

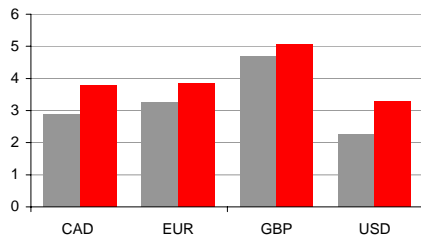
Corporate Money Funds - Class R (formerly HSBC Global Cash Funds) provides separate currency classes accumulating income at short-term rates for each of the respective currencies. The Fund's objective is to provide a competitive return compared with bank deposits in the relevant currency while maintaining similar security of principal, and similar or greater liquidity.

Portfolio Composition †



Performance Data*

30-day fixed deposit rate (%) vs. 30-day average yield



Bank deposit of \$25K or equivalent, source: Bank of Bermuda

■ Deposit Rate
■ HCMF Yield

Canadian Dollar Fund
Euro Fund
Sterling Fund
US Dollar Fund

	Price per share	Fund Size
CAD	16.7237	74.3M
EUR	15.4497	14.9M
GBP	19.8173	15.6M
USD	17.2275	60.9M

Fund Information

Structure

Open-ended money market fund, domiciled in Bermuda (formerly HSBC Global Cash Funds)

Inception date

December 11, 1997 **

Classes of shares

Class C	Stable NAV
Class A	Stable NAV
Class B	Stable NAV
Class R	Accumulating NAV

Rating

Moody's Aaa rated

Total Fund size - including all classes

USD \$11.5 billion

Annual fees

USD, GBP, EUR & CAD 0.65%

Dealing cut-off time

USD daily to 3:00 pm (Bda time)
Other currencies daily to 12:00 noon (Bda time)

Settlement

Same day (USD)
Next day (GBP, EUR & CAD)

Minimum investment (*currency equivalent)

USD, GBP, EUR, CAD USD 1,000 *

Subsequent investment

USD, GBP, EUR, CAD USD 1,000 *

ISIN codes

CAD	BMG4641E1416
EUR	BMG4641E1259
GBP	BMG4641E1176
USD	BMG4641E1093

CUSIP codes

CAD	G4641E141
EUR	G4641E125
GBP	G4641E117
USD	G4641E109

Commentary

USD: The US Commerce Department reported preliminary Q4 GDP of 0.6%, below market expectations of a 0.8% growth rate. A big upward revision to net exports was offset largely by a big downward revision to inventories. The FOMC are due to meet again on March 18th, where the futures market has priced in with 100% certainty that they will cut the funds rate by 50 basis points to 2.50%, while a 75 basis point cut is seen as very likely as well.

- Inflation figures for January came in higher than expected with monthly PPI increasing 0.4% m/m, and 2.3% y/y ex. food and energy. The January CPI data rose slightly y/y to 4.3% from 4.1%, while the core y/y rate increased to 2.5% from 2.4%.
- January Nonfarm payrolls were released in early February falling 17,000, but from an upwardly revised 82,000 in December. The unemployment rate fell from 5.0% to 4.9%.
- During Bernanke's senate testimony this month, he left the door wide open for cuts, reiterating the Fed's position that economic growth is still their main area of concern.

LIBOR remained relatively steady for the month of February, although continued negative economic reports implied the Fed would continue to cut rates over the next few months. We continue to purchase term securities where it is feasible, maintaining our average maturity in the fund in the region of 45 days. Current expectations are for the Fed to cut the target funds rate by another 50-75 basis points at the next meeting on March 18, with a 100% probability of the funds target of 2.00% by the end of June 2008. Given these expectations, the fund continues to perform well against its peer group of AAA rated offshore liquidity funds, consistently beating the peer group average. Although we have brought our WAM more in line with our target of 45 days, we continue to remain conservative with respect to liquidity in the portfolio.

EURO: European inflation remained last month at the highest level since the Euro was introduced in 1999, keeping pressure on the European Central Bank to leave interest rates on hold even as economic growth cools. Consumer-price growth in the euro area was 3.2% in February, matching January's rate. In February the ECB finally dismissed the possibility of a rate hike and moved to a neutral bias, by stressing the "unusually high" uncertainty surrounding the growth outlook and downplaying risks to inflation. Since then, however, things have moved in the opposite direction and the need to control inflation, and inflation expectations, returned to the forefront, helped by evidence that the economy is not collapsing, but rather softening in a manageable manner. Most of the recent ECB rhetoric has been aimed at stressing the importance of the "price stability" mandate, and at sending the message that, even if rate hikes are off the table, the central bank is in no rush to adopt an easing mode.

GBP: The Bank of England moved again on the base rate by lowering it to 5.25%, the second rate cut in the past three months. This move had been largely priced by the market. The Minutes from the MPC meeting showed that the Committee had voted 8-1 in favour of a cut, with one of the more dovish members voting for an immediate 50bps cut. The overall tone of the minutes was soft and it highlighted the Committee's concerns about credit related downside growth risks and this would now appear to be the principle factor driving rates lower. The BoE faces a tough task in the coming months as it will become an increasingly complicated task trying to balance the risks to inflation on the one hand with the downward pressure to growth and GDP that the tightening credit conditions and adverse economic news will have on the other hand.

CAD: Canada's CPI decreased to a rate of 2.2% in January, just below expectations of 2.3%, following a 2.4% in the prior month. This was the lowest rate since August 2007. Canadian GDP slowed to a 0.8% pace in Q4, well below market expectations of 1.2%, following a revised 3.0% pace in Q3. As expected, net exports were again responsible for all of the slowing. The bank of Canada is widely expected to cut rates by 50 basis points to 3.50% at their Mar 4 meeting. Spill over effects from the United States are seen as downside risks to the Canadian economy. Further cuts in April and beyond will not be ruled out, with the US expected to make further cuts in the months to come.

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** Performance Data Source: HSBC Investments (Bermuda) Ltd for HCMF Class R yields for 30-day fixed deposit rates*

*** As the former HSBC Global Cash Funds, EUR Fund launched on 01 January 1999. All other currencies launched on 29 October 1993.*

† Portfolio Data for CAD: Fidelity International

As of June 29th 2007, the Australian & Swiss Franc Funds were closed and the holdings were compulsory redeemed.

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