

# HSBC Corporate Money Funds Limited

Annual Report April 2012

# HSBC Corporate Money Funds Limited

## Contents

<b>Canadian Dollar Fund</b>	
Manager's Report	2
<b>Euro Fund</b>	
Manager's Report	3
<b>Sterling Fund</b>	
Manager's Report	4
<b>US Dollar Fund</b>	
Manager's Report	5
Independent Auditors' Report	6
<b>Statements</b>	
Statements of Assets and Liabilities	7
Statements of Net Assets	8
Statements of Operations	10
Statements of Changes in Net Assets	11
Notes to the Financial Statements	13
Management and Administration	26

# HSBC Corporate Money Funds Limited

## Manager's Report

for the year ended April 30, 2012

### Canadian Dollar Fund

#### Market review

The review period began amid disappointing global economic data releases. During this time, peripheral European sovereign debt issues also remained a major concern, and this weighed heavily both on global bourses and on the outlook for global growth. As such, for Canadian bonds, the review period began positively amid lacklustre economic figures. GDP rose 0.3% in the month of August 2011, to be 2.4% on annual terms, with Energy the main contributor to growth. Retail sales were mixed over much of the review period. The Total Consumer Price Index (CPI) was up by 3.2% in the year to September, mainly led by increased prices for gasoline and food. In this environment, the Bank of Canada's core index advanced 2.2% in the 12 months to September, the largest year-on-year gain since December 2008. Data released in the fourth quarter of 2011, showed that Canadian GDP grew 0.9% in the third quarter, mainly due to a rebound in exports after disruption earlier in the year. CPI inflation was 2.9% in November, mainly due to food and transport price increases. In the last quarter of 2011, the yield curve flattened and the 10-year bond yield finished the quarter at 1.94%. Into the first quarter of 2012, although figures showed that Canadian GDP growth had slowed to 0.4% in the last three months of 2011, the sentiment among investors was one of optimism as evidenced by a broad switch into equities. Canadian bond yields rose across the curve, and the 10-year yield ended the quarter at 2.11%. By the end of April, however, amid a return to risk aversion in the light of discouraging global economic data, this yield had fallen slightly. Against this backdrop, the Bank of Canada maintained its overnight rate at 1.0% throughout the period.

#### Portfolio review

The sub-fund maintained an asset mix that has consisted predominantly of fixed-rate banker acceptances and fixed and floating rate bonds with maximum maturity tenors of one year. The primary maturity range during the reporting period was limited to the one to three month range, with some opportunistic extensions in six to twelve month securities within a select group of issuers in order to provide strong liquidity. The sub-fund invests in high-quality global banking, financial, corporate, provincial and Canadian government debt issuers. Canadian government, agency and provincial obligations represented over 25% of the Fund's assets at the end of the reporting period. Credit fundamentals and market liquidity varied over the reporting period, but have shown an improvement in recent months. Most of the weakness has been driven by the European sovereign and banking sector. Canadian issuers continue to show strong credit fundamentals and market liquidity. The sub-fund's Weighted Average Maturity ("WAM") moved in a range of mid 20s to high 40s, based on market conditions. The Manager continues to monitor the market's overall health and to manage the Fund accordingly. Safety and liquidity remain the primary concerns.

HSBC Global Asset Management (Bermuda) Limited

*This Manager's Report contains certain forward-looking statements with respect to the financial markets. These statements should not be considered personal financial advice*

# HSBC Corporate Money Funds Limited

## Manager's Report

for the year ended April 30, 2012

### Euro Fund

#### Market review

The review period began with peripheral European sovereign debt issues remaining a major concern for investors. While this situation was detrimental to global bourses, with equities enduring a woeful summer and early autumn, it helped bolster demand for core bonds. Peripheral eurozone bonds suffered, however, amid credit rating downgrades to Greece, Portugal, Italy and Spain. Attempts in October 2011, by the European Union ("EU"), to solve the eurozone's sovereign debt crisis helped to buoy markets. Meanwhile, the region's GDP grew by only 0.2% in annual terms in the second quarter, reflecting weaker-than-expected growth from Germany. The International Monetary Fund ("IMF") sharply reduced its 2011 and 2012 growth forecasts for the region. As such, 'core' European bond markets strengthened markedly towards the end of the autumn with the benchmark 10-year German bund yield having reached record lows in September. At this time, spreads on Greek bonds over German bunds rose to unprecedented levels as negotiations over the terms of the bail-out continued among the European Commission, the European Central Bank, ("ECB") and the IMF. Amid fears of contagion, spreads on Italian, Spanish, Portuguese, Irish and Belgian bonds also remained at high levels. Indeed, the last quarter of 2011 continued to be dominated by sovereign debt worries. Although a bail-out for Greece had been agreed by the ECB, IMF and the European Commission, the Greek Prime Minister called for a referendum on the bailout package. Italy also faced difficulties, as the spreads on Italian bonds over German bunds reached euro-era highs. As a result, both Greece and Italy saw their Prime Ministers replaced during the last quarter in 2011. The EU summit in December saw the German Chancellor and French President join forces in an attempt to solve the crisis. A new 'fiscal contract' for the eurozone was approved by all countries apart from the UK and Hungary. Against this backdrop, 'core' European bond yields fell over the quarter. Meanwhile, yields on peripheral country bonds reached euro-era highs. After intense negotiations between EU leaders and bankers, a plan was reached for a \$1.4 trillion support package for eurozone debt and an agreement for the private sector to take a 50% voluntary reduction on the value of Greece's debt. On 19 December, the ECB significantly increased liquidity, and more than 500 banks borrowed €489 billion in 3-year loans, relieving stress in government bond debt markets. Nonetheless, 2012 began poorly for bonds in light of an increased appetite for risk. At the end of February, the ECB launched its second Long-Term Refinancing Operation ("LTRO") in an effort to avert a credit crunch. The most recent in a series of EU summits produced some positive developments in the Greek debt crisis. Greece was promised €130 billion in fresh bailout money, providing that the country met a host of prescriptive demands by the European creditor countries and private creditors accepted deeper haircuts on their bonds than previously agreed. The debt swap took place successfully. Meanwhile, it was reported that fourth-quarter eurozone GDP had fallen 0.3%, impacted by weak domestic demand because of financial tensions in the region. As such, 'core' European bonds were flat over the first quarter of 2012, but 'peripheral' European bonds rose strongly as the ECB's LTRO and the successful Greek debt swap eased tension in financial markets. In Italy, for example, 10-year borrowing costs fell to 5.2%, the lowest since August 2011. April 2012 then saw a strong month for core European bonds, with poor economic data prompting a pick-up in demand for perceived safer havens.

#### Portfolio review

Over the review period, the sub-fund's strategy has remained conservative. The Manager's priority continues to be the preservation of security and liquidity. In terms of purchases, the Manager maintained a high degree of A1+ paper and diversified names in certificate of deposits, commercial papers and sovereign issuers. The strategy remained cautious over the period with a particular focus on safety and liquidity. Investments over the period were mainly in the three-month area, whilst keeping a significant amount of liquidity in overnight and one-week maturities. Due to increasing risk in the peripheral countries of the eurozone, the portfolio no longer has any exposure to Italy and Spain. In addition, the Manager reduced selected credit limits from three months to one month. During the period, the Euro Over Night Index Average ("EONIA") was very volatile especially in the wake of each rate change by the ECB. Prior to the rate cut announcement in November 2011, the average EONIA rate stood at 1.02%. After that, EONIA decreased gradually, moving within a range of 0.337% and 1.219%, with an average of 0.464. Since the beginning of 2012, EONIA rates have been very low although they have remained stable and range-bound between 34 and 36 basis points. The sub-fund's Weighted Average Life (WAL) decreased from 30 days at the end of April 2011 to 27 days on 30 April 2012, and averaged 25 days over the reporting period.

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# HSBC Corporate Money Funds Limited

## Manager's Report

for the year ended April 30, 2012

### Sterling Fund

#### Market review

The review period began with weak global economic data and peripheral European sovereign debt issues weighing heavily both on global bourses and on the outlook for global growth. As such, UK bonds performed well, with gilts having a strong summer and autumn amid subdued UK economic figures. Indeed, UK GDP grew by only an annualised 0.5% in the third quarter, reflecting weak consumer spending and poor employment prospects. The IMF reduced its growth forecast for the UK to 1.1% for 2011, and also cut its 2012 forecast to 1.6%. The unemployment rate in the UK rose to 8.1% in October, reaching its highest rate in two years. The Bank of England kept interest rates unchanged at 0.5% and extended its asset purchase programme to £275 billion, although there was a suggestion that the plan might be expanded if poor conditions continued. Meanwhile, gilts were seen as a safe haven from the sovereign debt worries that persisted throughout the period in the peripheral eurozone countries, particularly Greece. In the UK bond market, yields fell across the curve, but most markedly in the two-year to three-year segment. The extension of the quantitative easing programme by £75 billion also lent support to the market towards the end of the year when yields on 10-year gilts fell below 2% for the first time on record, and 2-year gilt yields also reached a record low of 0.29%.

#### Portfolio review

Over the review period, the investment profile of the sub-fund has remained extremely conservative. The Manager's priority continues to be the preservation of capital and to maintain a high degree of liquidity at all times. Internal guidelines on liquidity levels have remained high, and have been raised during the past year in periods of heightened tensions in money markets. During the past year, the Manager has sought to increase diversification in the sub-fund by investing less in UK Treasury Bills ("T-Bills") and by using secured cash transactions ("collateralised repurchase agreements") as an attractive alternative to unsecured cash and T-Bills. The last quarter of 2011 saw renewed tensions within money markets with lending almost coming to a complete halt. This period of extreme tension was only alleviated by the forthright action taken by the ECB through their 3 year funding operations carried out in December 2011 and February 2012, which led to markets assuming a certain degree of normality and relative calm. During this period, the Manager sought to offer investors increased protection by limiting all new investments to one month only. There has been no change to the view on Asset Backed Commercial Paper ("ABCP"). The Manager continues to see this asset class as a useful means of diversification. The credit list remains the same as the previous annual period, with only one new ABCP name added. Once again, the percentage of assets invested in this class has tended to hover around 6% to 7%. During the past year, the WAM on the sub-fund has evolved between 16 and 40 days, with an average of 27 days over the period. This is substantially below market average and reflects the Manager's conservative investment stance. The drop in WAM to just 16 days was at 31 December 2011 when the Manager had been particularly cautious and strove to maintain a high degree of liquidity on the sub-fund to meet end of year outflows.

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# HSBC Corporate Money Funds Limited

## Manager's Report

for the year ended April 30, 2012

### US Dollar Fund

#### Market review

Lacklustre global economic data releases and persistent peripheral European sovereign debt issues characterised the early stages of the review period. The news then focused on the downgrade of the credit rating of US government bonds by rating agency Standard & Poor's and the release of economic signals suggesting growth would be slower than expected. The delay by Congress to raise America's \$14.3 trillion debt ceiling caused considerable uncertainty during July. Confidence deteriorated further by the US Federal Reserve's announcement of 'Operation Twist' in September in an effort to lower yields on longer-dated bonds. Against this backdrop, and in spite of the downgrade, US Treasuries were still considered a 'safe haven', given the sovereign debt worries that persisted throughout the summer and autumn months in peripheral eurozone countries, particularly Greece. This demand for safety continued into the fourth quarter of 2011, as concerns about US growth came back on the agenda after third-quarter GDP growth was revised down. Toward the end of November, the Federal Reserve and five other major central banks announced a coordinated action to ease funding pressures by reducing swap rates and extending swap duration. Against this backdrop, October began weakly, with investors favouring risk assets and selling government bonds. However, as the quarter progressed and the sovereign debt crisis in the eurozone intensified, investors sought the relative safety of Treasuries. Indeed, US Treasuries produced positive returns over the last three months of 2011 as a whole, despite later signs of improvements in US economic data. This robust performance however would not continue. As intimated at the end of 2011, US economic data was generally better than expected during the first three months of 2012. GDP growth for the fourth quarter of 2011 (annualised) was revised upwards to 2.8% despite weaker government spending and low consumer confidence. The Federal Reserve estimated that GDP growth for 2012 would be 2.5% (annualised). Regional manufacturing surveys were a mixed picture, nevertheless, with some showing a decline in new orders. At the beginning of the quarter, the Federal Reserve announced that it expected economic conditions to "warrant exceptionally low levels for the federal funds rate at least through late 2014", extending the horizon from mid-2013 that had been cited in previous statements. The quantitative easing programme was not increased over the quarter. In this environment, US Treasuries fell slightly in the first quarter of 2012, as investors moved into riskier assets. Yields widened sharply towards the end of March, as economic data improved and the probability of a third round of quantitative easing receded. Despite this, yields remained at historically low levels.

#### Portfolio review

The sub-fund has maintained an asset mix that has consisted predominantly of fixed rate commercial paper and certificates of deposits with maximum maturity tenors of one year. The primary maturity range during the reporting period was limited to the one to three month range, with some opportunistic extension in six to twelve month securities within a select group of issuers in order to provide strong liquidity. For the vast majority of the reporting period, concerns surrounding eurozone debt forced the sub-fund to limit holdings in the Banking and Financial sectors to a maturity of no more than three months. Even-shorter maturity limits were placed on eurozone-sensitive exposures, such as French banks. Generally speaking, the sub-fund only added to its WAM through the occasional purchase of longer-dated US Treasury coupons in the 12-month maturity range. The Manager also added a modest position in UK government-guaranteed bank issuance, which, during the course of the period, had rolled into money-market-eligible space. With the insertion of two rounds of LTRO from the ECB, short-term liquidity improved measurably towards the end of the reporting period. The Manager decided to extend maturities on credits in perceived stronger markets, such as Canadian and Australian banks, as well as a select group of northern European and Japanese banks. Much of these extensions were accomplished through floating rate issuance, adding to the sub-fund's Weighted Average Life ("WAL"), while maintaining a stable WAM in the 50-day range.

HSBC Global Asset Management (Bermuda) Limited

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**INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders of  
HSBC Corporate Money Funds Limited (the "Funds")

We have audited the accompanying statements of assets and liabilities of the Funds, including the statements of net assets, as of April 30, 2012, and the related statements of operations and changes in net assets for the year then ended. These financial statements are the responsibility of the Funds' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Funds as of April 30, 2012 and the results of their operations and changes in its net assets for the year then ended in conformity with U.S. generally accepted accounting principles.

Chartered Accountants  
Hamilton, Bermuda  
September 28, 2012

HSBC Corporate Money Funds Limited  
 Statements of Assets and Liabilities  
 as at April 30, 2012

	Canadian Dollar Fund CAD	Euro Fund EUR	Sterling Fund GBP	US Dollar Fund USD
<b>Assets</b>				
Investments, at fair value (notes 11, 12 & 15)	189,128,925	270,036,050	150,000,640	5,755,233,626
Cash (note 3)	-	-	-	639
Interest and dividends receivable	170,741	84,667	85,960	1,578,068
Subscriptions receivable	-	-	-	66,329,970
Accounts receivable and prepaid expenses	3,760	5,319	-	116,031
	189,303,426	270,126,036	150,086,600	5,823,258,334
<b>Liabilities</b>				
Bank Overdraft	-	8,499,580	1,749,289	-
Redemptions payable	3,374,174	4,335,000	1,488,553	352,449
Management and administration fees payable (notes 4, 5 & 14)	161,204	102,540	66,260	1,822,080
Dividends payable (note 13)	3,281	1,123	1,344	9,118
Accounts payable and accrued expenses	30,140	112,340	69,703	390,591
	3,568,799	13,050,583	3,375,149	2,574,238
<b>Net assets</b>	<b>185,734,627</b>	<b>257,075,453</b>	<b>146,711,451</b>	<b>5,820,684,096</b>
<b>Net assets attributable to:</b>				
Class A shares	137,674,961	209,109,820	112,138,337	2,634,349,355
Class B shares	9,763,574	40,625,238	26,038,893	1,867,208,720
Class C shares	-	-	-	1,211,724,122
Class R shares	38,296,092	7,340,395	8,534,221	107,401,899
	185,734,627	257,075,453	146,711,451	5,820,684,096
<b>Share capital (note 10)</b>				
Shares authorized 19,999,880,000 of US\$0.10 each				
<b>Shares outstanding</b>				
Class A shares	137,674,961	209,109,820	112,138,337	2,634,349,355
Class B shares	9,763,574	40,625,238	26,038,893	1,867,208,720
Class C shares	-	-	-	1,211,724,122
Class R shares	2,224,342	456,280	413,716	6,132,916
<b>Net asset value per share</b>				
Class A shares	CAD 1.00	€ 1.00	£1.00	USD 1.00
Class B shares	CAD 1.00	€ 1.00	£1.00	USD 1.00
Class C shares	-	-	-	USD 1.00
Class R shares	CAD 17.22	€ 16.09	£20.63	USD 17.51

The accompanying notes form an integral part of these Financial Statements



HSBC Corporate Money Funds Limited  
 Statements of Net Assets  
 as at April 30, 2012

**Canadian Dollar Fund**

	Holdings in Shares	Purchase Price CAD	Fair Value CAD	% of Net Assets
<b>Money Market Fund</b>				
<b>Ireland</b>				
HSBC Global Liquidity Funds Plc - HSBC Canadian Dollar Liquidity Fund - Class Z (note 12)				
	189,128,925	189,128,925	189,128,925	101.83
Other net liabilities			(3,394,298)	(1.83)
<b>Total net assets</b>			<b>185,734,627</b>	<b>100.00</b>

**Euro Fund**

	Holdings in Shares	Purchase Price EUR	Fair Value EUR	% of Net Assets
<b>Money Market Fund</b>				
<b>Ireland</b>				
HSBC Global Liquidity Funds Plc - HSBC Euro Liquidity Fund - Class Z (note 12)				
	270,036,050	270,036,050	270,036,050	105.04
Other net liabilities			(12,960,597)	(5.04)
<b>Total net assets</b>			<b>257,075,453</b>	<b>100.00</b>

The accompanying notes form an integral part of these Financial Statements

HSBC Corporate Money Funds Limited  
 Statements of Net Assets (Continued)  
 as at April 30, 2012

**Sterling Fund**

	Holdings in Shares	Purchase Price GBP	Fair Value GBP	% of Net Assets
<b>Money Market Fund</b>				
<b>Ireland</b>				
HSBC Global Liquidity Funds Plc - HSBC Sterling Liquidity Fund - Class Z (note 12)	150,000,640	150,000,640	150,000,640	102.24
Other net liabilities			(3,289,189)	(2.24)
<b>Total net assets</b>			<b>146,711,451</b>	<b>100.00</b>

**US Dollar Fund**

	Holdings in Shares	Purchase Price USD	Fair Value USD	% of Net Assets
<b>Money Market Fund</b>				
<b>Ireland</b>				
HSBC Global Liquidity Funds Plc - HSBC US Dollar Liquidity Fund - Class Z (note 12)	5,755,233,626	5,755,233,626	5,755,233,626	98.88
Other net assets			65,450,470	1.12
<b>Total net assets</b>			<b>5,820,684,096</b>	<b>100.00</b>

The accompanying notes form an integral part of these Financial Statements

HSBC Corporate Money Funds Limited  
 Statements of Operations  
 for the year ended April 30, 2012

	Canadian Dollar Fund CAD	Euro Fund EUR	Sterling Fund GBP	US Dollar Fund USD
<b>Income</b>				
Dividend income (note 13)	2,291,224	2,623,359	1,124,068	16,545,715
Interest income (note 3(b))	-	2,890	936	36,740
	<u>2,291,224</u>	<u>2,626,249</u>	<u>1,125,004</u>	<u>16,582,455</u>
<b>Expenses</b>				
Management and administration fees (notes 4, 5 & 14)	793,049	977,188	495,722	13,823,063
Audit fees	5,475	11,866	7,436	233,600
Directors' fees (note 8)	292	847	437	18,030
Other expenses	18,082	42,570	31,431	98,786
	<u>816,898</u>	<u>1,032,471</u>	<u>535,026</u>	<u>14,173,479</u>
Net investment income	<u>1,474,326</u>	<u>1,593,778</u>	<u>589,978</u>	<u>2,408,976</u>
Net increase in net assets resulting from operations	<u>1,474,326</u>	<u>1,593,778</u>	<u>589,978</u>	<u>2,408,976</u>

The accompanying notes form an integral part of these Financial Statements

HSBC Corporate Money Funds Limited  
Statements of Changes in Net Assets  
for the year ended April 30, 2012

Canadian Dollar Fund

	Class A CAD	Class B CAD	Class R CAD	Total
Net assets at start of the year	168,910,854	13,867,388	53,106,154	235,884,396
<b>Net increase in net assets resulting from operations</b>				
Net investment income	1,208,551	63,720	202,055	1,474,326
	1,208,551	63,720	202,055	1,474,326
<b>Subscriptions and redemptions</b>				
Proceeds on issue of shares	42,971,024	3,447,875	13,233,825	59,652,724
Payments on redemption of shares	(75,408,465)	(7,610,951)	(28,245,942)	(111,265,358)
	(32,437,441)	(4,163,076)	(15,012,117)	(51,612,634)
Dividends (note 13)	(1,208,551)	(63,720)	-	(1,272,271)
Proceeds from reinvestment of dividends	1,201,548	59,262	-	1,260,810
Net assets at end of the year	137,674,961	9,763,574	38,296,092	185,734,627

Euro Fund

	Class A EUR	Class B EUR	Class I EUR (note 1)	Class R EUR	Total
Net assets at start of the year	199,613,524	71,640,705	6,665,114	11,175,849	289,095,192
<b>Net increase in net assets resulting from operations</b>					
Net investment income	1,206,714	324,596	34,680	27,788	1,593,778
	1,206,714	324,596	34,680	27,788	1,593,778
<b>Subscriptions and redemptions</b>					
Proceeds on issue of shares	1,074,269,286	12,352,436	300,000	7,000	1,086,928,722
Payments on redemption of shares	(1,065,238,700)	(43,644,415)	(6,996,386)	(3,870,242)	(1,119,749,743)
	9,030,586	(31,291,979)	(6,696,386)	(3,863,242)	(32,821,021)
Dividends (note 13)	(1,206,714)	(324,596)	(34,680)	-	(1,565,990)
Proceeds from reinvestment of dividends	465,710	276,512	31,272	-	773,494
Net assets at end of the year/period	209,109,820	40,625,238	-	7,340,395	257,075,453

The accompanying notes form an integral part of these Financial Statements

HSBC Corporate Money Funds Limited  
Notes to the Financial Statements  
for the year ended April 30, 2012

**Sterling Fund**

	Class A GBP	Class B GBP	Class R GBP	Total
Net assets at start of the year	94,234,365	18,200,204	13,434,085	125,868,654
<b>Net increase in net assets resulting from operations</b>				
Net investment income	495,884	84,642	9,452	589,978
	495,884	84,642	9,452	589,978
<b>Subscriptions and redemptions</b>				
Proceeds on issue of shares	257,948,954	22,432,182	1,635,169	282,016,305
Payments on redemption of shares	(240,320,172)	(14,668,672)	(6,544,485)	(261,533,329)
	17,628,782	7,763,510	(4,909,316)	20,482,976
Dividends (note 13)	(495,884)	(84,642)	-	(580,526)
Proceeds from reinvestment of dividends	275,190	75,179	-	350,369
Net assets at end of the year	112,138,337	26,038,893	8,534,221	146,711,451

**US Dollar Fund**

	Class A USD	Class B USD	Class C USD	Class I USD (note 1)	Class R USD	Total
Net assets at start of the year/period	3,326,279,836	2,343,789,061	1,382,776,940	-	152,566,873	7,205,412,710
<b>Net increase in net assets resulting from operations</b>						
Net investment income	287,881	203,113	1,860,038	45,477	12,467	2,408,976
	287,881	203,113	1,860,038	45,477	12,467	2,408,976
<b>Subscriptions and redemptions</b>						
Proceeds on issue of shares	11,390,987,346	8,247,857,257	3,437,406,000	1,110,570,000	23,863,047	24,210,683,650
Payments on redemption of shares	(12,082,936,854)	(8,724,450,585)	(3,608,971,002)	(1,110,587,666)	(69,040,488)	(25,595,986,595)
	(691,949,508)	(476,593,328)	(171,565,002)	(17,666)	(45,177,441)	(1,385,302,945)
Dividends (note 13)	(287,881)	(203,113)	(1,860,038)	(45,477)	-	(2,396,509)
Proceeds from reinvestment of dividends	19,027	12,987	512,184	17,666	-	561,864
Net assets at end of the year/period	2,634,349,355	1,867,208,720	1,211,724,122	-	107,401,899	5,820,684,096

# HSBC Corporate Money Funds Limited

## Notes to the Financial Statements

for the year ended April 30, 2012

### 1. The Company

HSBC Corporate Money Funds Limited (the "Company") is an open-ended exempted mutual fund company and was incorporated with limited liability and unlimited duration in Bermuda on December 4, 1997 in accordance with the Companies Act, 1981 of Bermuda.

The Company is organized as an umbrella fund with more than one class of shares, one or more of which participate in a separate segregated pool of assets called a Fund. The Company operates Canadian Dollar, Euro, Sterling and US Dollar denominated Funds.

The Company has been classified as a standard Fund in accordance with the Bermuda Investment Funds Act 2006.

The principal objective of the Company is to achieve a high level of current income consistent with the preservation of capital and the maintenance of liquidity by investing in a diversified portfolio of money market instruments.

The Company is managed by HSBC Global Asset Management (Bermuda) Limited (the "Manager"), a wholly-owned subsidiary of HSBC Bank Bermuda Limited (the "Bank"), a member of the HSBC Group.

The assets of each Fund of the Company are held exclusively for the benefit of the holders of the shares of the relevant classes. However, all assets of the Company are subject to the general creditors of the Company, in that the assets of each Fund may be exposed to the liabilities of other Funds within the Company. At April 30, 2012, the Directors were not aware of any such specific existing or contingent liabilities. U.S. Dollar Fund – Class I commenced on May 22, 2011 and was fully redeemed on March 20, 2012. Euro Fund – Class I was fully redeemed on November 29, 2011. The Funds and share classes existing as at April 30, 2012 were as follows (see also Note 10):

	<b>Date of inception</b>
Canadian Dollar Fund - Class A	December 19, 2008
Canadian Dollar Fund - Class B	December 10, 2008
Canadian Dollar Fund - Class R	February 1, 2006
Euro Fund - Class A	July 2, 2001
Euro Fund - Class B	July 2, 2001
Euro Fund - Class R	February 1, 2006
Sterling Fund - Class A	July 2, 2001
Sterling Fund - Class B	July 2, 2001
Sterling Fund - Class R	February 1, 2006
US Dollar Fund - Class A	December 4, 1997
US Dollar Fund - Class B	February 1, 1999
US Dollar Fund - Class C	July 1, 2005
US Dollar Fund - Class R	February 1, 2006
US Treasury Fund - Class A	October 1, 2010
US Treasury Fund - Class B	October 1, 2010
US Treasury Fund - Class C	October 1, 2010
US Treasury Fund - Class I	October 1, 2010

### 2. Significant Accounting Policies

The accompanying financial statements are prepared in conformity with U.S. generally accepted accounting principles ("U.S. GAAP"). The significant accounting and reporting policies adopted by the Company are as follows:

(a) Investment transactions and income

Investment transactions are recorded on the trade date. Realized gains and losses on investment transactions are calculated on an average cost basis. Realized and unrealized gains and losses arising from investment transactions are included in the statements of operations.

Discounts and premiums on debt securities are amortized over the life of the respective securities using the effective interest rate method.

# HSBC Corporate Money Funds Limited

## Notes to the Financial Statements (Continued)

for the year ended April 30, 2012

### 2. Significant Accounting Policies (continued)

(b) Valuation of investments

Investments are valued at fair value. Investments in short term money market securities are valued at amortized cost which approximates fair value. Investments in unit trusts or shares in mutual or money market funds are valued at fair value as determined by their last published prices as of the valuation day.

In accordance with U.S. GAAP, fair value is defined as the price that the Company would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. Accounting guidelines for fair value measurements establishes a framework for measuring fair value using a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Company. Unobservable inputs reflect the Company's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. Each investment is assigned a level based upon the observability of the inputs which are significant to the overall valuation. The three-tier hierarchy of inputs is summarized below:

- Level 1 – observable prices and quoted prices in active markets for identical investments
- Level 2 – other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 – significant unobservable inputs (including the Company's own assumptions in determining the fair value of investments)

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the Level in the fair value hierarchy within which the fair value measurements falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Investments in money market funds are valued based on reported net asset value per share as provided by the administrators of the money market funds. The Company classifies all investments in money market funds as Level 1 within the fair value hierarchy.

(c) Allocation of profits and losses

All investment income, realized and unrealized gains and losses of each Fund is allocated to each class of shares outstanding on a daily basis in proportion to their interest in the net asset value of the Fund.

(d) Interest and rebate income

Interest income is recorded on the accrual basis. Rebate income comprises reductions in management fees payable on investments in certain investee funds and is recognized as income on the accrual basis.

(e) Expenses

The Company bears all operating expenses which are allocated between all Funds in proportion to the respective net asset value of each Fund unless the expense is solely attributable to a specific Fund.

(f) Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

(g) Foreign currency translation

Assets and liabilities denominated in currencies other than the base currency of each Fund are translated into the base currency at the rate prevailing at the date of the financial statements. Transactions during the year in currencies other than the base currency have been translated at the rate of exchange prevailing on the date of the transaction.

(h) Dividend income

Dividend income is recorded on the ex-dividend date and is presented net of withholding tax.

(i) Financial instruments

The fair values of the Company's assets and liabilities which qualify as financial instruments under U.S. GAAP approximate the carrying amounts presented in the statements of net assets either due to their short-term nature or are recorded at fair value (see also note 2(b)).

# HSBC Corporate Money Funds Limited

## Notes to the Financial Statements (Continued)

for the year ended April 30, 2012

### 2. Significant Accounting Policies (continued)

- (j) Mandatory redeemable financial instruments  
Financial instruments, mandatorily redeemable at the option of the holder, are classified as liabilities when a redemption request has been received and the redemption amount has been determined.
- (k) New Accounting Pronouncement  
In May 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2011-04, Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and International Financial Reporting Standards ("IFRSs"), which amends U.S. GAAP to conform it with fair value measurement and disclosure requirements in IFRSs. The amendments are of two types: (i) those that clarify the FASB's intent about the application of existing fair value measurement and disclosure requirements and (ii) those that change a particular principle or requirement for measuring fair value or for disclosing information about fair value measurement.

The amendments that change a particular principle or requirement for measuring fair value or disclosing information about fair value measurements relate to (i) measuring the fair value of the financial instruments that are managed within a portfolio; (ii) application of premium and discount in a fair value measurement; and (iii) additional disclosures about fair value measurements. The amendments are to be applied prospectively and are effective for annual periods beginning after December 15, 2011. The Manager is currently evaluating the impact this accounting standard update will have on the Company's financial statements.

### 3. Bank Overdraft and Sweep Facility

- (a) Bank overdraft  
Under an agreement dated October 16, 2006 and subsequently renewed on June 3, 2011, the Bank made available a US Dollar uncommitted multicurrency overdraft facility to the Company. The maximum amount that may be advanced is the lesser of US\$250,000,000 or 5% of the Net Value of Assets in Custody ("NVAC") of the Company. Under the terms of the agreement all assets of the Company are pledged as security against advances made by the Bank. The amount outstanding is due upon demand and interest is payable monthly at an amount equal to 0.75% above the Bank's base rate. This facility covers overdrafts arising from the sweep facility. Interest is charged as described below. At April 30, 2012 and for the year then ended, EUR8,499,580 and GBP1,749,289 are outstanding under this facility.
- (b) Sweep facility  
Certain corporate customers of the Bank are provided a sweep facility by the Bank to enable an automatic transfer of funds at the end of each business day to or from their current accounts to or from the Company. The sweep transactions result in overnight balances that are reflected as cash or overdraft balances being transferred to the Company. These balances are settled through trading of shares in the Company on the next business day. Interest is earned from or paid to shareholders on these balances at a rate equal to the previous day's daily yield of the Company, so as not to affect the position of the shareholders of the Company who do not utilize the sweep facility. Interest income for the year resulting from sweep transactions for the US Dollar Fund totaled US\$54,367 and interest expense totaled US\$17,627. These amounts have been netted and are included in interest income.

### 4. Manager

Under the amended management agreement dated February 1, 2006, the Manager is entitled to receive a monthly management fee calculated at a rate of 0.30% for Class A Shares, 0.35% for Class B Shares, 0.20% for Class I Shares and 0.65% for Class R Shares per annum of the average daily values of the net assets of each class of shares. Effective October 25, 2010, a monthly management fee for Class C Shares is calculated at a rate of 0.12% per annum. With respect to Class A, B and R, from May 1, 2010 on a temporary basis, the Manager may have voluntarily reduced a proportion of the management fee for certain classes of the US Dollar Fund, Sterling Fund, Euro Fund and Canadian Dollar Fund. The Manager is entitled in its absolute discretion to increase (or decrease) these percentages from time to time up to the maximum management fee permitted under the terms of the agreement of 1% per annum of the average of the daily values of the net assets of each class of shares.



# HSBC Corporate Money Funds Limited

## Notes to the Financial Statements (Continued)

for the year ended April 30, 2012

#### 4. Manager (continued)

As of April 30, 2012, the management fee for Class A, B, C and R Shares of the US Dollar Fund, Sterling Fund, Euro Fund and Canadian Dollar Fund were as follows:

	Canadian Dollar Fund CAD	Euro Fund EUR	Sterling Fund GBP	US Dollar Fund USD
<b>Management Fee</b>				
Class A	0.30%	0.30%	0.30%	0.30%
Class B	0.35%	0.35%	0.35%	0.35%
Class C	-	-	-	0.12%
Class R	0.65%	0.65%	0.65%	0.65%

The fees and expenses payable to the Custodian and Administrator by the Company will proportionately reduce amounts payable by the Company to the Manager (see also note 14).

#### 5. Administrator

Under the amended administration agreement dated February 1, 2006 between the Company and HSBC Securities Services (Bermuda) Limited (the "Administrator"), a wholly-owned subsidiary of the Bank, the Administrator agreed to act as secretary, registrar, and accountant to the Company and to provide administrative services to the Company.

The Administrator is entitled to receive fees from the Company for services provided at such rates as may be agreed from time to time between the Company and the Administrator out of fees payable to the Manager.

The Administrator is also entitled to receive from the Company an amount equal to the out-of-pocket expenses incurred in carrying out its duties.

#### 6. Custodian

Under the amended custodian agreement dated February 1, 2006, HSBC Institutional Trust Services (Bermuda) Limited (the "Custodian") was appointed as Custodian for the Company.

The Custodian is entitled to receive fees from the Company for services provided at such rates as may be agreed from time to time between the Company and the Custodian out of fees payable to the Manager.

The Custodian is also entitled to receive from the Company an amount equal to the out-of-pocket expenses incurred in carrying out its duties.

#### 7. Taxation

At the present time no income, corporation profit, withholding or capital gains taxes are levied in Bermuda and, accordingly, no provision for such taxes has been recorded by the Company. In the event that such taxes are levied, the Company has received an undertaking from the Bermuda Government, under the Exempted Undertaking Tax Protection Act 1966, exempting it from all such taxes until March 31, 2035.

#### 8. Directors' Fees

Each of the Directors is entitled to receive from the Company a fee at such rate as may be set from time to time by the Board of Directors, provided such remuneration shall not exceed an aggregate amount of US\$30,000 per annum without prior consent of the Shareholders in a general meeting. The Directors may also be reimbursed for all travel, hotel and other expenses properly incurred by them in attending meetings of the Company. No such fees will be payable where the Director is employed by the Bank or any of its subsidiaries or affiliates.

For the year ended April 30, 2012, Ms. Julie E. McLean received an annual fee of USD7,500 and Mr. William D. Thomson received an annual fee of USD12,500.

# HSBC Corporate Money Funds Limited

## Notes to the Financial Statements (Continued)

for the year ended April 30, 2012

### 9. Directors' Interests

As at April 30, 2012, Directors held nil shares in each Fund.

### 10. Share Capital

The present authorized share capital of USD2,000,000,000 of the Company is divided into 19,999,880,000 voting participating common shares ("Shares") of USD0.10 par value each and 12,000 non-voting, non-participating founders' shares of USD1.00 par value each. As of April 30, 2012, US Treasury Fund Class A, B, C and I had no shares in issue. The Manager holds all founders' shares, nil paid. The founders' shares are not entitled to vote unless there are no other shares in issue, and are not entitled to any dividends. Participating common shares may be subscribed for and redeemed on a daily basis.

	Canadian Dollar Fund Class A	Canadian Dollar Fund Class B	Canadian Dollar Fund Class R
Shares in issue May 1, 2011	168,910,854	13,867,388	3,097,993
Shares issued during the year	44,172,572	3,507,137	770,700
Shares redeemed during the year	(75,408,465)	(7,610,951)	(1,644,351)
Shares in issue April 30, 2012	137,674,961	9,763,574	2,224,342

	Euro Fund Class A	Euro Fund Class B	Euro Fund Class I (note 1)	Euro Fund Class R
Shares in issue May 1, 2011	199,613,524	71,640,705	6,665,114	696,861
Shares issued during the year/period	1,074,734,996	12,628,948	331,272	436
Shares redeemed during the year/period	(1,065,238,700)	(43,644,415)	(6,996,386)	(241,017)
Shares in issue April 30, 2012	209,109,820	40,625,238	-	456,280

	Sterling Fund Class A	Sterling Fund Class B	Sterling Fund Class R
Shares in issue May 1, 2011	94,234,365	18,200,204	651,803
Shares issued during the year	258,224,144	22,507,361	79,322
Shares redeemed during the year	(240,320,172)	(14,668,672)	(317,409)
Shares in issue April 30, 2012	112,138,337	26,038,893	413,716

	US Dollar Fund Class A	US Dollar Fund Class B	US Dollar Fund Class C	US Dollar Fund Class I (note 1)	US Dollar Fund Class R
Shares in issue May 1, 2011	3,326,279,836	2,343,789,061	1,382,776,940	-	8,712,821
Shares issued during the year/period	11,391,006,373	8,247,870,244	3,437,918,184	1,110,587,666	1,362,723
Shares redeemed during the year/period	(12,082,936,854)	(8,724,450,585)	(3,608,971,002)	(1,110,587,666)	(3,942,628)
Shares in issue April 30, 2012	2,634,349,355	1,867,208,720	1,211,724,122	-	6,132,916

### 11. Cost of Investments

Cost of Investments as at April 30, 2012

Canadian Dollar Fund	CAD	189,128,925
Euro Fund	EUR	270,036,050
Sterling Fund	GBP	150,000,640
US Dollar Fund	USD	5,755,233,626

# HSBC Corporate Money Funds Limited

## Notes to the Financial Statements (Continued)

for the year ended April 30, 2012

### 12. Financial Instruments and Associated Risks

#### Price Risk

Price risk arises primarily from uncertainty around the future prices of financial instruments held by the Company and represents the loss the Company might incur through holding such instruments in the face of price movements. The Manager allocates the Company's portfolio of investments with a view to minimizing the risk associated with particular countries and industry sectors. Each Fund's overall market position is monitored on a daily basis by the Manager.

#### Currency Risk

The investments of each Fund are denominated in the related base currency. Therefore, the funds are not subject to significant currency risk.

#### Interest Rate Risk

The Company is exposed to interest rate risk to the extent that the fair value of the Company's financial instruments may fluctuate with movements in interest rates. The Company manages interest rate risk through investments in short duration debt instruments and floating rate notes. The Company may also use forward contracts for hedging purposes and as independent profit opportunities. The settlement of forward contracts is not expected to have a material effect on the Company's net assets.

#### Liquidity Risk

The Company mainly invests in certain sub-funds of HSBC Global Liquidity Funds PLC ("HSBC GLF") which provides daily redemptions. It may invest in debt securities that are not publicly traded or for which there is no liquid market. The Company is exposed to liquidity risk to the extent that it is unable to realize its positions to meet liabilities and redemptions as they fall due (see also note 10). The Manager manages liquidity risk by maintaining sufficient liquid assets to meet liabilities and redemptions as they fall due.

#### Credit Risk

Financial assets that potentially expose the Company to credit risk consist primarily of cash and cash equivalents, investments, interest and dividends receivable, due from broker, subscriptions receivable and accounts receivable. The extent of the Company's exposure to credit risk in respect of these financial assets approximate the carrying values as recorded in the statements of assets and liabilities. Credit risk is managed by dealing with reputable counterparties.

The Company mainly invests in certain sub-funds of HSBC GLF, which all have AAA Principal Stability Fund Rating from Standard & Poor's.

#### Investments in Other Investment Funds

The investments in other investment funds (the "investee funds") are valued at their fair value. The fair value represents the amount the Company would have received at April 30, 2012 if it had liquidated its investments. The Company has the ability to liquidate its investments periodically depending on the provisions of the respective investee fund's offering documents.

The investee funds in which the Company has invested utilize a variety of financial instruments in their trading strategies including equity and debt securities of both U.S. and foreign issuers, options, futures contracts, forward contracts and swap contracts, which may be denominated in various currencies. Several of these financial instruments contain varying degrees of off-balance sheet risk whereby changes in market values of the securities underlying the financial instruments may be in excess of the amounts recorded on each investee fund's balance sheet. However, due to the nature of the Company's interests in the investee funds, such risks are limited to the Company's capital balance in each investee fund.

As of April 30, 2012, all Funds have investments in certain sub-funds of HSBC GLF, a related party managed by HSBC Global Asset Management (UK) Limited in connection with HSBC Canadian Dollar Liquidity Fund, HSBC Sterling Liquidity Fund and HSBC US Dollar Liquidity Fund, and by HSBC Global Asset Management FLP (France) in connection with HSBC Euro Liquidity Fund. The objective of HSBC GLF is described for each sub-fund as follows:

#### *HSBC Canadian Dollar Liquidity Fund*

The investment objective of the HSBC Canadian Dollar Liquidity Fund is to provide investors with security of capital and daily liquidity together with an investment return which is comparable to normal Canadian Dollar denominated money market interest rates.

# HSBC Corporate Money Funds Limited

## Notes to the Financial Statements (Continued)

for the year ended April 30, 2012

### 12. Financial Instruments and Associated Risks (continued)

#### Investments in Other Investment Funds (continued)

##### HSBC Euro Liquidity Fund

The investment objective of the HSBC Euro Liquidity Fund is to provide investors with security of capital and daily liquidity together with an investment return which is comparable to normal Euro denominated money market interest rates.

##### HSBC Sterling Liquidity Fund

The investment objective of the HSBC Sterling Liquidity Fund is to provide investors with security of capital and daily liquidity together with an investment return which is comparable to normal Sterling denominated money market interest rates.

##### HSBC US Dollar Liquidity Fund

The investment objective of the HSBC US Dollar Liquidity Fund is to provide investors with security of capital and daily liquidity together with an investment return which is comparable to normal US Dollar denominated money market interest rates.

The following table summarizes the pro-rata share of investments of HSBC GLF – HSBC Sterling Liquidity Fund of which the Sterling Fund's pro-rata share is greater than 5% of the Sterling Fund's net assets:

Description	Nominal Value GBP	Value GBP	% of Sterling Fund's Net Assets
JP Morgan Securities 0.39% due 01/05/2012	11,734,107	11,734,107	8.00

The following table summarizes the pro-rata share of investments of HSBC GLF – HSBC Euro Dollar Fund of which the Euro Fund's pro-rata share is greater than 5% of the Euro Fund's net assets:

Description	Nominal Value EUR	Value EUR	% of Euro Fund's Net Assets
Societe Generale Certificates of Deposit	21,476,321	21,476,321	8.35
HSBC France Time Deposits 0.31% due 02/05/2012	19,123,321	19,123,321	7.44
Credit Agricole Certificates of Deposit	18,456,213	18,455,365	7.18
DGZ-DekaBank Commercial Papers	16,442,808	16,442,504	6.40
Belgium Treasury Bill 0.00%	15,100,538	15,095,586	5.87
BNP Paribas Certificates of Deposit	13,087,133	13,087,133	5.09
Royal Bank of Scotland Call Deposits 0.80% due 31/12/2012	13,087,133	13,087,133	5.09

The following table summarizes the pro-rata share of investments of HSBC GLF – HSBC Canadian Dollar Fund of which the Canadian Dollar Fund's pro-rata share is greater than 5% of the Canadian Dollar Fund's net assets:

Description	Nominal Value CAD	Value CAD	% of Canadian Dollar Fund's Net Assets
Canadian Treasury Bill 0.00%	22,953,715	22,865,709	12.31
Barclays Capital Inc. 0.98% due 01/05/2012	16,395,511	16,395,511	8.83

The following table summarizes the pro-rata share of investments of HSBC GLF – HSBC US Dollar Liquidity Fund of which the US Dollar Fund's pro-rata share is greater than 5% of the US Dollar Fund's net assets:

Description	Nominal Value USD	Value USD	% of US Dollar Fund's Net Assets
United States Treasury Note/Bond	604,059,280	606,584,547	10.42

HSBC Corporate Money Funds Limited  
Notes to the Financial Statements (Continued)  
for the year ended April 30, 2012

12. Financial Instruments and Associated Risks (continued)

Investments in Other Investment Funds (continued)

Summarized financial information pertaining to the relevant HSBC GLF sub-fund based on its April 30, 2012 audited financial statements is as follows:

	HSBC Canadian Dollar Liquidity Fund CAD	HSBC Euro Liquidity Fund EUR	HSBC Sterling Liquidity Fund GBP	HSBC US Dollar Liquidity Fund USD
<b>Current assets</b>				
Cash and cash equivalents	54,291	1,095,209	-	103,392,571
Financial assets at fair value				
through profit and loss	408,604,161	9,037,783,953	6,396,381,881	20,624,042,173
Securities sold receivable	-	-	50,000,000	-
Accrued interest income	422,030	846,889	1,221,828	7,196,645
<b>Total assets</b>	<b>409,080,482</b>	<b>9,039,726,051</b>	<b>6,447,603,709</b>	<b>20,734,631,389</b>
<b>Liabilities</b>				
Securities purchased payable	5,006,840	989,902,565	-	244,976,431
Redemptions payable	-	-	2,551,534	-
Bank overdraft	-	-	49,898,481	-
Accrued management fees	30,056	1,267,127	1,015,867	2,379,110
Distributions payable	304,267	1,411,047	2,486,404	2,941,439
<b>Total liabilities</b>	<b>5,341,163</b>	<b>992,580,739</b>	<b>55,952,286</b>	<b>250,296,980</b>
<b>Net assets</b>	<b>403,739,319</b>	<b>8,047,145,312</b>	<b>6,391,651,423</b>	<b>20,484,334,409</b>
<b>Income</b>				
Interest income	4,187,516	83,825,021	44,465,730	60,310,389
<b>Expenses</b>				
Management fees	(345,824)	(16,150,753)	(11,435,418)	(34,337,462)
<b>Net investment income from</b>				
operations before finance costs	3,841,692	67,674,268	33,030,312	25,972,927
<b>Finance costs</b>				
Distribution to holders of				
redeemable participating shares				
Paid	3,532,366	60,766,900	28,447,657	22,462,550
Payable	304,267	1,411,046	2,486,404	2,941,439
	3,836,633	62,177,946	30,934,061	25,403,989
<b>Change in net assets</b>				
attributable to holders of				
redeemable participating shares	5,059	5,496,322	2,096,251	568,938

HSBC Corporate Money Funds Limited  
Notes to the Financial Statements (Continued)  
for the year ended April 30, 2012

12. Financial Instruments and Associated Risks (continued)

Investments in Other Investment Funds (continued)

	HSBC Canadian Dollar Liquidity Fund % of Net Assets	HSBC Euro Liquidity Fund % of Net Assets	HSBC Sterling Liquidity Fund % of Net Assets	HSBC US Dollar Liquidity Fund % of Net Assets
<b>Investment Assets</b>				
<b>Debt Investments</b>				
Call Deposits	-	6.40	4.80	-
Certificates of Deposit	4.03	54.88	35.15	21.33
Commercial Papers	39.85	35.93	31.88	38.86
Corporate Bonds	6.13	0.55	-	-
Floating Rate Notes	10.01	-	-	13.73
Government Bonds	6.57	-	-	10.42
Repurchase Agreements	8.83	-	8.00	-
Time Deposits	10.44	8.87	18.73	15.21
Treasury Bills	17.19	11.34	3.76	-
<b>Total investment assets</b>	<b>103.05</b>	<b>117.97</b>	<b>102.32</b>	<b>99.55</b>

The Company and HSBC GLF are related parties by virtue of investment managers that are under common control.

The Company earned dividend income from the HSBC GLF funds of CAD\$2,291,224 in the Canadian Dollar Fund, US\$16,545,715 in the US Dollar Fund, £1,124,068 in the Sterling Fund and €2,623,359 in the Euro Fund.

Investors should refer to HSBC GLF's audited financial statement and prospectus for more detailed information.

13. Dividends

The Directors' intention is to declare dividends for all classes of shares in all Funds, except Class R shares, on each dealing day. Dividends are paid monthly and are automatically reinvested in the form of additional shares of the same class, unless the shareholder elects for payment in cash. With respect to Class R shares, shareholders do not receive dividends since their share of income or profits are accumulated and reflected in the daily net asset value per share.

The Company has a policy of maintaining a constant net asset value for the following Funds and Share Classes:

Canadian Dollar Fund - Class A, B	CAD 1.00
Euro Fund - Class A, B	€1.00
Sterling Fund - Class A, B	£1.00
US Dollar Fund - Class A, B, C	USD 1.00

HSBC Corporate Money Funds Limited  
Notes to the Financial Statements (Continued)  
for the year ended April 30, 2012

13. Dividends (continued)

The table below reflects the dividends declared during the year and dividends payable as at April 30, 2012.

	Canadian Dollar Fund CAD	Euro Fund EUR	Sterling Fund GBP	US Dollar Fund USD
<b>Dividends Declared</b>				
Class A dividends declared	1,208,551	1,206,714	495,884	287,881
Class B dividends declared	63,720	324,596	84,642	203,113
Class C dividends declared	-	-	-	1,860,038
Class I dividends declared	-	34,680	-	45,477
<b>Total dividends declared</b>	<b>1,272,271</b>	<b>1,565,990</b>	<b>580,526</b>	<b>2,396,509</b>
<b>Dividends Payable</b>				
Class A dividends payable	3,081	1,037	1,122	1,802
Class B dividends payable	200	86	222	512
Class C dividends payable	-	-	-	6,804
Class I dividends payable	-	-	-	-
<b>Total dividends payable</b>	<b>3,281</b>	<b>1,123</b>	<b>1,344</b>	<b>9,118</b>

14. Management and Administration Fees

	Canadian Dollar Fund CAD	Euro Fund EUR	Sterling Fund GBP	US Dollar Fund USD
Class A management and administration fees	462,101	726,471	344,387	6,635,377
Class B management and administration fees	30,319	194,044	78,035	4,949,591
Class C management and administration fees	-	-	-	1,764,161
Class I management and administration fees	-	7,467	-	175,486
Class R management and administration fees	300,629	49,206	73,300	298,448
<b>Total management and administration fees</b>	<b>793,049</b>	<b>977,188</b>	<b>495,722</b>	<b>13,823,063</b>
<b>Management and administration fees payable</b>	<b>161,204</b>	<b>102,540</b>	<b>66,260</b>	<b>1,822,080</b>

15. Fair Value Measurements

The following table summarizes the valuation of the Company's investments by investment type within each Fund by the fair value hierarchy levels (see note 2(b)) as of April 30, 2012:

Level	Canadian Dollar Fund CAD	Euro Fund EUR	Sterling Fund GBP	US Dollar Fund USD
<b>Money Market Fund</b>				
Level 1	189,128,925	270,036,050	150,000,640	5,755,233,626
Level 2	-	-	-	-
Level 3	-	-	-	-
<b>Total</b>	<b>189,128,925</b>	<b>270,036,050</b>	<b>150,000,640</b>	<b>5,755,233,626</b>

The Company's policy is to recognize transfers into and out of various levels of the fair value hierarchy as at the actual date of the event or change in circumstances that caused the transfer. No transfers were made between Levels 1, 2 or 3 during the year ended April 30, 2012.

HSBC Corporate Money Funds Limited  
Notes to the Financial Statements (Continued)  
for the year ended April 30, 2012

16. Schedule of Financial Highlights

**Schedule of Financial Highlights for Canadian Dollar Fund  
for year ended April 30, 2012**

	CAD		
	Class A	Class B	Class R
<b>Selected per share data</b>			
Net asset value at beginning of the year	1.0000	1.0000	17.1421
<b>Income from investment operations</b>			
Net investment income	0.0078	0.0073	0.0747
Less distributions from net investment income	(0.0078)	(0.0073)	-
Net asset value at end of the year	1.0000	1.0000	17.2168
Total return	0.78%	0.73%	0.44%
<b>Ratios to average net assets</b>			
Total expenses	0.31%	0.36%	0.66%
Net investment income	0.78%	0.73%	0.44%
<b>Supplemental data</b>			
Net assets at end of the year	137,674,961	9,763,574	38,296,092

**Schedule of Financial Highlights for Euro Fund  
for the year ended April 30, 2012**

	EUR		
	Class A	Class B	Class R
<b>Selected per share data</b>			
Net asset value at beginning of the year	1.0000	1.0000	16.0375
<b>Income from investment operations</b>			
Net investment income	0.0059	0.0054	0.0500
Less distributions from net investment income	(0.0059)	(0.0054)	-
Net asset value at end of the year	1.0000	1.0000	16.0875
Total return	0.59%	0.54%	0.31%
<b>Ratios to average net assets</b>			
Total expenses	0.32%	0.37%	0.60%
Net investment income	0.50%	0.58%	0.33%
<b>Supplemental data</b>			
Net assets at end of the year	209,109,820	40,625,238	7,340,395



HSBC Corporate Money Funds Limited  
Notes to the Financial Statements (Continued)  
for the year ended April 30, 2012

16. Schedule of Financial Highlights (continued)

**Schedule of Financial Highlights for Sterling Fund  
for the year ended April 30, 2012**

	GBP		
	Class A	Class B	Class R
<b>Selected per share data</b>			
Net asset value at beginning of the year	1.0000	1.0000	20.6106
<b>Income from investment operations</b>			
Net investment income	0.0043	0.0038	0.0176
Less distributions from net investment income	(0.0043)	(0.0038)	-
Net asset value at end of the year	1.0000	1.0000	20.6282
Total return	0.43%	0.38%	0.09%
<b>Ratios to average net assets</b>			
Total expenses	0.33%	0.38%	0.67%
Net investment income	0.43%	0.38%	0.08%
<b>Supplemental data</b>			
Net assets at end of the year	112,138,337	26,038,893	8,534,221

**Schedule of Financial Highlights for US Dollar Fund  
for year ended April 30, 2012**

	USD			
	Class A	Class B	Class C	Class R
<b>Selected per share data</b>				
Net asset value at beginning of the year	1.0000	1.0000	1.0000	17.5106
<b>Income from investment operations</b>				
Net investment income	0.0001	0.0001	0.0013	0.0018
Less distributions from net investment income	(0.0001)	(0.0001)	(0.0013)	-
Net asset value at end of the year	1.0000	1.0000	1.0000	17.5124
Total return	0.01%	0.01%	0.13%	0.01%
<b>Ratios to average net assets</b>				
Total expenses	0.25%	0.25%	0.13%	0.24%
Net investment income	0.01%	0.01%	0.13%	0.01%
<b>Supplemental data</b>				
Net assets at end of the year	2,634,349,355	1,867,208,720	1,211,724,122	107,401,899

An individual shareholder's return may vary from the above, based on the timing of subscriptions and redemptions.

# HSBC Corporate Money Funds Limited

## Notes to the Financial Statements (Continued)

for the year ended April 30, 2012

### **17. Commitments and Contingencies**

In the normal course of operations the Company enters into contracts that contain a variety of representations and warranties which provide general indemnifications. The Company's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Company that have not yet occurred. However, based on experience, the Company expects the risk of loss to be remote.

### **18. Subsequent Events**

Following the announcement on July 5 2012 by the European Central Bank that the three main eurozone interest rates will be lowered, HSBC Global Liquidity Funds plc in which the Company is fully invested has decided that in the interest of existing shareholders, no new subscriptions or switches into its HSBC Euro liquidity Fund will be accepted after the dealing close on the July 10 2012 until further notice. Pursuant to the powers set out in the prospectus of the Company, the Directors have determined that no new subscriptions or switches will be accepted into the Euro Fund until further notice. The Euro Fund's net assets will continue to be calculated during this period.

Effective August 15, 2012 Directors have agreed to amend the fee reductions which are conditional on the gross yield of the investee funds and the net yield of a particular class. This has resulted in a change in the current policy for temporary reduction in annual management fee of the Fund.

# HSBC Corporate Money Funds Limited Management and Administration for the year ended April 30, 2012

## Directors and Officers

William D. Thomson, Director and President  
Retired Executive Vice President  
HSBC Bank Bermuda Limited

Faith Outerbridge, Director and Vice President  
Head of Global Asset Management  
HSBC Bank Bermuda Limited

Wayne P. Chapman, Director  
Head of Private Banking  
HSBC Bank Bermuda Limited

Julie E. McLean, Director  
Director  
Conyers, Dill & Pearman Limited

## Secretary and Registered Office

HSBC Securities Services (Bermuda) Limited  
6 Front Street  
Hamilton HM 11, Bermuda

## Manager

HSBC Global Asset Management (Bermuda) Limited  
6 Front Street  
Hamilton HM 11, Bermuda

## Custodian

HSBC Institutional Trust Services (Bermuda) Limited  
6 Front Street  
Hamilton HM 11, Bermuda

## Banker

HSBC Bank Bermuda Limited  
6 Front Street  
Hamilton HM 11, Bermuda

## Administrator

HSBC Securities Services (Bermuda) Limited  
6 Front Street  
Hamilton HM 11, Bermuda

## Auditors

KPMG  
Crown House  
4 Par-la-Ville Road  
Hamilton HM 08, Bermuda

## Legal Advisers

Conyers Dill & Pearman Limited  
Clarendon House  
2 Church Street  
Hamilton HM 11, Bermuda

## Bermuda Stock Exchange

Listing Sponsor  
Bermuda International Securities Limited  
6 Front Street  
Hamilton HM 11, Bermuda

## Client Services

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## Sales Team

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HCMF\_FS\_2012 October 2012  
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