

HSBC European Growth Fund

HSBC Specialist Investment Funds OEIC

Fund profile

The fund's investment objective is to provide long term capital growth by investing in continental Europe.

Top 10 holdings

1. Roche Holding AG Part. Cert.	5.09%
2. Nestle S.A.	4.91%
3. Telefonica S.A.	4.57%
4. Vallourec S.A.	3.48%
5. Novo Nordisk A/S B	3.45%
6. Allianz SE	3.41%
7. Gaz de France	3.34%
8. Neste Oil Oyj	3.09%
9. Royal KPN N.V.	3.02%
10. AXA S.A.	2.98%
Total	37.34%

Portfolio composition by Industry

1. Financials	20.59%
2. Industrials	15.40%
3. Oil and Gas	12.43%
4. Utilities	10.08%
5. Telecommunications	9.35%
6. Consumer Goods	8.91%
7. Health Care	8.54%
8. Basic Materials	5.58%
9. Technology	4.04%
10. Cash and Other	5.08%
Total	100.00%

Adviser's commentary

Review

European equities fell sharply in June with falls across all sectors. Investor sentiment was affected by concerns about weak economic growth and higher inflation. The more cyclical sectors, such as consumer goods, fell the most. Oil & gas and basic materials also fell.

Strategy

The Fund fell by less than the market over the month. The Fund's stocks outperformed in seven of the ten sectors with industrials and financials the strongest. The Fund is relatively defensively positioned with underweights in consumer stocks and banks.

Outlook

The corporate environment is challenging especially in the consumer and banking sectors. While the valuations of European equity markets are below long-term averages, the outlook for earnings is uncertain. Markets are likely to remain volatile while the level of economic uncertainty is high.

Fund details

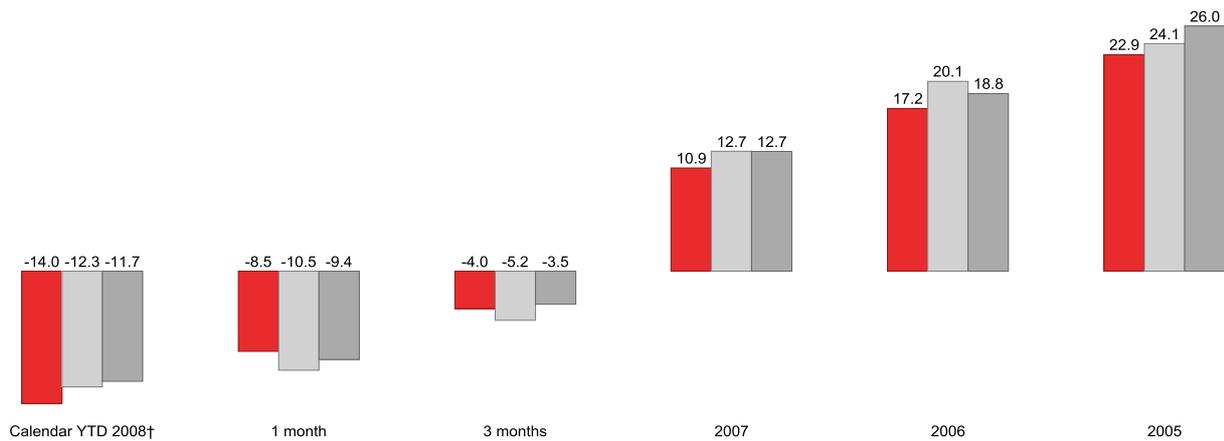
Fund Manager	Simon Sharp	Historic Yield [^]	0.11%
Date appointed	3 May 2005	Ex dividend date	16 September
Launch date	28 February 1986	Distribution date	15 November
Launch price (£)	0.50	Available as an ISA?	Yes
Fund size (£m)	310.43	Minimum initial investment (£)	1,000
Total number of holdings	43	Minimum additional investment (£)	500
Annual charge	1.50%	Regular savings scheme	From £50 per month
Initial charge	4.00%	Dealing & valuation	Daily at 12:00 (UK time)
Switching charge	Nil		

[^] The yield at 30 June 2008. The level of yield is not guaranteed and may rise or fall in the future. The Historic Yield reflects distributions declared over the past twelve months as a percentage of the mid-market unit price, as at the date shown. It does not include any preliminary charge and investors may be subject to tax on their distributions.

Performance (% change)

	30/06/07 - 30/06/08	30/06/06 - 30/06/07	30/06/05 - 30/06/06	30/06/04 - 30/06/05	30/06/03 - 30/06/04
HSBC European Growth Fund	-11.4%	19.8%	22.3%	15.0%	17.2%

■ Fund ■ FTSE World Europe Ex UK ■ Morningstar sector average



Rolling time period

	1 month	3 months	6 months	1 year	3 years	5 years
HSBC European Growth Fund	-8.5	-4.0	-14.0	-11.4	29.8	75.0
FTSE World Europe Ex UK	-10.5	-5.2	-12.3	-8.9	42.3	101.1
Morningstar sector average *	-9.4	-3.5	-11.7	-9.9	39.9	95.0
Fund Rank	24/102	52/102	84/101	57/97	70/86	67/79
Quartile Rank ††	1	3	4	3	4	4

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

Source: Morningstar Workstation, bid-bid net income reinvested. Performance information is up to 30 June 2008. *Morningstar Sector used (IMA) Europe Excluding UK. †YTD means year to date.

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Disclaimer

Unless otherwise stated, all information is up to 30 June 2008 and has been provided by FundsLibrary.

As with any stockmarket investment, the price of shares in the fund and the income from them, can go down as well as up and may fall below the amount originally invested. Where overseas securities are held, this may also happen as a result of a change in exchange rates. Any forecast, projection or target where provided is indicative only and is not guaranteed in any way. HSBC Global Asset Management (UK) Limited accepts no liability for any failure to meet such forecast, projection or target.

There are additional risks associated with investment in derivatives. Please note derivative instruments may involve a high degree of financial risk. These risks include the risk that a small movement in the price of an underlying security or benchmark may result in disproportionately large movement; unfavourable or favourable in the price of the derivative instrument; the risk of default by counterparty; and the risk that transactions may not be liquid.

Past performance is not an indication of future performance. †† Please note quartile rank is a term widely used in financial services to denote performance of a fund within its sector. For example a ranking of 1 denotes a fund in the top 25% of its peer group sector, with a ranking of 4 denoting a fund in the bottom quarter of its peer group sector.

The Authorised Corporate Director and Investment Manager is HSBC Global Asset Management (UK) Limited, who provides information to professional advisers and their clients on the investment products and services of members of the HSBC Group. This fund converted from a Unit Trust to an OEIC on 27 October 2000. The underlying investment will continue in the new OEIC form.

All applications are made on the basis of the current HSBC Investment Funds prospectus, simplified prospectus and most recent annual and semi annual report, which can be obtained upon request free of charge from HSBC Global Asset Management (UK) Limited, 8, Canada Square, Canary Wharf, London, E14 5HQ, UK, or the local distributors. Investors and potential investors should read and note the risk warnings in the prospectus.

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^ To help improve our service and in the interest of security we may record and / or monitor your telephone calls with us.