

# Annual Report

October 31, 2006

## HSBC Investor Family of Funds

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**HSBC Investor California Tax-Free Money Market Fund**

**HSBC Investor Money Market Fund**

**HSBC Investor New York Tax-Free Money Market Fund**

**HSBC Investor Tax-Free Money Market Fund**

**HSBC Investor U.S. Government Money Market Fund**

**HSBC Investor U.S. Treasury Money Market Fund**





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### Dear Fellow Shareholders:

In the world of investing, one of the keys to success is finding experienced professionals who are dedicated to the interests of shareholders. To achieve positive results, HSBC Investor Funds embrace the “multi-manager” process for each of their equity funds. These equity funds engage HSBC Investments as advisor to help select sub-advisors who have expertise in specific asset classes of the investment universe. The fixed income and money market funds are managed by HSBC Investments.

The Board monitors the results of HSBC Investments and each of the sub-advisors in a variety of ways. The board reviews the investment results of each fund at their quarterly meetings. Importantly, at most quarterly meetings, selected sub-advisors are invited to discuss their investing philosophy, their decision-making process and, of course, their performance. The Board is especially interested in how these sub-advisors monitor their own internal systems and how they communicate with HSBC Investments. The sub-advisors must also establish a code of ethics that complies with SEC regulations.

This “hands-on” approach enables the Board to ask probing questions and to hold the Advisor and sub-advisors accountable. The Advisor and sub-advisors appreciate the opportunity to make their case about how they perform for the shareholders. If performance clearly lags over a period of time, the sub-advisors are put on notice; and, if they do not improve, they are replaced.

The mutual fund business is sometimes thought of as impersonal and market-driven. While, certainly, the fast pace of investing requires well-thought out and well-managed systems, it is important to understand that people manage money for people.

In recognizing their responsibility to shareholders, the HSBC Investor Funds believe in open and personal communication.

We encourage you to be part of this communication process. Please feel free to contact us with your observations and concerns. We appreciate the confidence you have shown by investing in the funds, and we want to make sure that your confidence is warranted.

Sincerely,

A handwritten signature in black ink that reads "Larry M. Robbins". The signature is written in a cursive, flowing style.

Larry M. Robbins, Chairman, HSBC Investor Funds

# HSBC Investments (USA) Inc.

### U.S. Economic Review

Economic growth moderated during the 12-month period between November 1, 2005 and October 31, 2006, as a slowing housing market and higher interest rates and energy prices combined to restrain the economy.

The aftereffects of hurricanes Katrina, Wilma and Rita slowed economic growth during the final months of 2005. The economy rebounded powerfully during the first calendar quarter of 2006, however. Gross domestic product grew by an annualized rate of 5.8% between January and March, due to strong corporate spending and a warm winter, which boosted housing construction.

Economic growth subsequently cooled. The once-booming housing market fell sharply, removing what had been the economy's primary source of strength during recent years. High energy costs also weighed on the economy. Oil prices, which hovered around \$10 a barrel as recently as 1999, climbed past \$70 a barrel in the spring as strong global demand and concerns about supply disruptions fueled speculation.

Signs emerged during spring that the high cost of oil and other commodities had begun to push up inflation. The increase in inflation came despite a two-year campaign by the Federal Reserve to forestall rapid price escalation by raising short-term interest rates. All told, the Fed increased its target Federal Funds rate 17 times between June, 2004 and June, 2006, bringing the rate from 1.00% to 5.25%. The persistence of inflationary pressures led to concerns that the Fed, under the guidance of new chairman Ben Bernanke, might raise interest rates far enough to choke off economic growth.

More-benign economic and inflationary data emerged during summer, however. Energy prices receded, due to strong levels of oil and gas supplies. The price of a barrel of crude oil fell from more than \$78 in July to less than \$60 in early fall. Meanwhile the weakening housing market contributed to slower economic growth, productivity remained solid and wage growth stagnated. Those developments removed much of the inflationary pressure on the economy, allowing the Federal Reserve to leave interest rates unchanged at its meetings in August, September and October. The U.S. economy grew at an annualized rate of 1.6% during the third calendar quarter of 2006.

### Market Review

Stocks posted strong returns for the 12 months through October. The S&P 500 gained 16.33%, while the Russell 2000 Index of small-company stocks gained 19.98% and the MSCI EAFE Index of foreign stocks gained 28.04%.

The corporate sector was very healthy during this fiscal year. Corporations enjoyed strong balance sheets, including large cash holdings, and generated powerful profit and cash-flow growth. Many companies used their strong positions to engage in shareholder-friendly activities such as mergers and acquisitions, share repurchases and dividend increases.

Market leadership showed signs of shifting during this period. Relatively volatile shares of small caps and foreign stocks had led the bull market that began in 2002, while energy and materials stocks soared in recent years on the strength of rising commodity prices. The dominance of those sections of the market continued during the first half of this period.

Stocks experienced a correction between May and July, however, and the former market leaders fell the farthest. Shares of large, high-quality firms held up relatively well during the downturn, and continued to lead the market during the summer. Technology stocks, which had suffered generally poor returns since 2000, generated strong gains between July and October, as investors anticipating a slow-growing economy sought shares of firms that appeared poised to generate good earnings growth.

Shares of smaller, weaker firms rallied again late in the period, due largely to investor optimism about the prospects for an interest-rate cut early in 2007. Lower gasoline prices also gave a boost to consumer-oriented stocks late in the fiscal year, by freeing up consumers' income for discretionary spending.

The S&P 500 hit its highest level in five and a half years in late September, and the Dow Jones Industrial Average in October passed 12,000 for the first time in its history. The stock market following the run-up between July and October appeared fully valued, potentially providing room for growth over the coming months but leaving little buffer to shield investors in case of negative developments in earnings, economic growth or interest rates

# HSBC Investor California Tax-Free Money Market Fund

(D Shares and Y Shares)

by Robert Lee

Fixed Income Portfolio Manager

## Investment Concerns

*An investment in the Fund is neither guaranteed nor insured by the FDIC or any other government agency. Although the Fund strives to maintain the value of your investment at \$1.00 per share, it is possible to lose money by investing in this Fund. The Fund's income may be subject to the federal alternative minimum tax and to certain state and local taxes. Regional funds may be subject to additional risk, since companies they invest in are located in one geographical location.*

The general theme in 2006 for the municipal market this year was the continuing improvement in financial conditions for most state and local governments. A combination of more prudent fiscal policies and stronger than expected revenue collection strengthened balance sheets across the states, with most expecting to close the fiscal year with surpluses. The Nelson A. Rockefeller Institute of Government reported a 4.2% increase in total tax collections for 34 states for the quarter ending September 2006, with the strongest growth coming from the Rocky Mountain, Southwest and Southeast regions. However, states still face budget challenges with rising Medicaid and pension costs, as well as security spending needs. With state and local government finances on firmer footing and less needs for operational funds, most issuers pared back on their annual note issuance.

California's new debt issuance will now cost the state less, as both Standard and Poor's and Moody's<sup>3</sup> raised the state's rating up one level to A+ and A1 back in May, citing improving finances since 2003 and stronger revenue growth. Tax revenue collection for California was up 5.5% for the quarter ending September, with the strongest growth in Personal Income Taxes at 10.2%. The new credit rating saved the state 8 to 10 basis points (0.08% to 0.10%) when the state issued \$1.5 billion in Revenue Anticipation Notes in September.

Taking a cue from the Federal Reserve, short-term municipal yields followed Fed Funds higher. The BMA index of weekly reset variable rate demand notes began with 2.61% in November 2005, hit a 5 year high at 3.97% in June 2006 and ended at 3.56% by the end of October. One year notes were less volatile, starting at 3% in November, with a high of 3.72% in July, and ending at 3.50% in October. With yield pickup buying notes over VRDNs limited, from flat to 15 basis points (0.15%), tax-free money market funds found little incentive to extend weighted average maturities.

With the Federal Reserve on hold, and the prospect of the next action being a Fed Funds cut, the Fund extended the weighted average maturity from 12 days in the beginning of November 2005 to 25 days at the end of October 2006. We believe the next move by the Fed will be an ease, but the market may be pricing in an ease too early. Our strategy going forward is to patiently wait for opportunities to extend weighted average maturity.\*

Looking ahead to 2007, a U.S. Supreme Court ruling on the constitutionality of Kentucky's taxation of out-of-state municipal bond interest, while exempting its own bonds, will have a broad effect on the market. An unfavorable ruling would create a precedent for other states to follow and eliminate distinctions between national and specialty states, leading to a more homogeneous market.\*

\*Portfolio composition is subject to change.

## Fund Performance

As of October 31, 2006	Average Annual Total Return (%)				Yield <sup>2</sup>
	Inception Date	1 Year	3 Year	Since Inception	7-Day Average
Class D Shares	6/17/02	2.73	1.65	1.35	2.86%
Class Y Shares	7/18/02	2.98	1.90	1.62	3.11%
Lipper California Tax-Exempt Money Market Funds Average <sup>1</sup>	—	2.73	1.62	N/A	N/A

**Past performance does not guarantee future results. The performance data quoted represents past performance and current returns may be lower or higher. Total return figures include change in share price, reinvestment of dividends and capital gains and do not reflect taxes that a shareholder would pay on fund distributions or on the redemption of fund shares. The investment return and principal value will fluctuate so that an investor's shares, when redeemed may be worth more or less than the original cost. To obtain performance information current to the most recent month end, please call 1-800-782-8183.**

<sup>1</sup>The Lipper California Tax-Exempt Money Market Funds Average is an average of mutual funds that invests in high quality municipal obligations with dollar-weighted average maturities of less than 90 days. The mutual funds intend to keep constant net asset value which is exempt from taxation in California, with dollar-weighted average maturities of five to ten years. Lipper is an independent mutual fund performance monitor whose results are based on total return. Securities indexes assume reinvestment of all distributions and interest payments and do not take in account brokerage fees or expenses. Securities in the Fund do not match those in the indexes and performance of the Fund will differ. Investors cannot invest directly in an index, although they can invest in the underlying funds or securities.

<sup>2</sup>The 7-day yield quotation more closely reflects the current earnings of the Fund than the total return quotation.

<sup>3</sup>Moody's or Standard & Poor's Ratings represent an opinion only, not a recommendation to buy or sell.

# HSBC Investor Money Market Fund

(Class A Shares, B Shares, C Shares, D Shares, I Shares and Y Shares)

by Thomas Riordan

Senior Fixed Income Portfolio Manager

Moody's has assigned an "Aaa" rating to the HSBC Investor Money Market Fund.<sup>1</sup>

## Investment Concerns

*An investment in the fund is not insured or guaranteed by the FDIC or any other government agency. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the fund.*

During the third quarter of 2006 there has been a dramatic change in the outlook for the U.S. economy. After increasing the target federal funds rate from a low on 1.00% in June 2004 to its current level of 5.25%, the economy as measured by GDP<sup>2</sup> has slowed from an unsustainably high growth rate of 5.6% in the 1st quarter to its current rate of 2.2%. There remain several conflicting issues facing the economy. The housing market has slowed significantly with both new and existing sales data falling well below prior years levels. Inflation, however, remains above Federal Reserve Chairman Bernanke's comfort range of 1 to 2%.

While core PPI<sup>2</sup> measured on a year to year basis has moderated as oil prices have fallen, CPI<sup>2</sup> remains stubbornly above 2%. On a year over year basis core CPI has increased from 2.3% in April to 2.9% in September. Although many market participants expect those pressures to recede as the economy slows, Federal Reserve members continue to express concern over the level of inflation. The Federal Open Market Committee ("FOMC") decided not to raise the federal funds rate at both the August and September FOMC meetings in order to assess the effect of previous rate hikes. Their patience has been rewarded as the economy has cooled. It remains to be seen whether the slowing economy will bring about the desired effect of lower inflation.

The housing market has changed from a source of strength to a drag on the overall U.S. economy. Recent indicators of the health of the housing market have all been negative. New and existing home sales have

been declining for much of the year and the NAHB Housing Market Confidence Index has dropped to its lowest level in years. It remains uncertain whether this weakness will in turn cause the U.S. consumer to reduce their spending. Should that happen the Fed would likely reduce the target federal funds rate in an attempt to restart the economy.

Trading activity the past year has adjusted to the changes in the economy and resulting changes in expectations of future activity from the Federal Reserve Bank. As it became clear that the tightening cycle was approaching the end, we lengthened the average maturity of the portfolio in order to capture higher yields. We achieved this by purchasing securities in the 3 to 6 month period and adding to our holdings of floating rate notes indexed to 3 month Libor<sup>3</sup>.\*

As we approach the end of 2006, the short term markets are adjusting to the slowing economy and the possibility of a cut in the target federal funds rate. Market participants are concerned that the dramatic slowdown in the housing market may drag the broader economy into a recession. They also believe that the slowing economy to help ease the inflationary pressures and allow the Fed to lower the federal funds rate. The FOMC has expressed the contrary opinion, that the damage to the economy will be limited and that their primary concern remains stubbornly high inflation. Our longer average maturity allows us to enhance yield over the federal funds rate while maintaining the flexibility to alter strategy should either the economy regain momentum or inflation not decline as expected.\*

\*Portfolio composition is subject to change.

## Fund Performance

As of October 31, 2006	Inception Date	Average Annual Total Return (%)			Yield <sup>4</sup>
		1 Year	5 Year	Since Inception	7-Day Average
Class A Shares	11/13/98	4.24	1.82	2.94	4.69%
Class B Shares**	4/4/01	-0.39	1.26	1.42	4.09%
Class C Shares***	3/23/01	2.61	1.31	1.45	4.09%
Class D Shares	4/1/99	4.39	1.98	3.01	4.84%
Class I Shares	1/9/02	4.79	—	2.35	5.23%
Class Y Shares	11/12/98	4.65	2.23	3.34	5.09%
Lipper Money Market Funds Average <sup>5</sup>	—	3.99	1.64	N/A	N/A

\*\* Reflects the applicable contingent deferred sales charge, maximum of 4.00%.

\*\*\* Reflects the applicable contingent deferred sales charge, maximum of 1.00%.

**Past performance does not guarantee future results. The performance data quoted represents past performance and current returns may be lower or higher. Total return figures include change in share price, reinvestment of dividends and capital gains and do not reflect taxes that a shareholder would pay on fund distributions or on the redemption of fund shares. The investment return and principal value will fluctuate so that an investor's shares, when redeemed may be worth more or less than the original cost. To obtain performance information current to the most recent month end, please call 1-800-782-8183.**

<sup>1</sup>The "Aaa" money market fund rating is historical and reflects the superior quality of the Fund's investments, sound liquidity management, and strong operations and trading support. Periodic reviews are conducted to ensure a secure operations environment. Moody's rating represents an opinion only, not a recommendation to buy or sell.

<sup>2</sup>The Consumer Price Index ("CPI") is a measure of price changes in consumer goods and services such as gasoline, food, and automobiles. Sometimes referred to as "headline inflation." Producer Price Index ("PPI") is a family of indexes that measures the average change over time in selling prices received by domestic producers of goods and services. PPIs measure price change from the perspective of the seller. The Gross Domestic Product ("GDP") is the measure of the market value of the goods and services produced by labor and property in the United States.

<sup>3</sup>The London Inter-Bank Offer Rate (LIBOR) is the interest rate that the largest international banks charge each other for loans.

<sup>4</sup>The 7-day yield quotation more closely reflects the current earnings of the Fund than the total return quotation.

<sup>5</sup>The Lipper Money Market Funds Average is an average of managed funds that invest in high-quality financial instruments rated in the top two grades, with dollar-weighted average maturities of less than 90 days. Lipper is an independent mutual fund performance monitor whose results are based on total return. Investors cannot invest directly in an index, although they can invest in the underlying funds or securities.

# HSBC Investor New York Tax-Free Money Market Fund

(Class A Shares, B Shares, C Shares, D Shares and Y Shares)

by Robert Lee

Fixed Income Portfolio Manager

## Investment Concerns

*An investment in the fund is not insured or guaranteed by the FDIC or any other government agency. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the fund. The Fund's income may be subject to the federal alternative minimum tax and to certain state and local taxes. Regional funds may be subject to additional risk, since companies they invest in are located in one geographical location.*

The general theme in 2006 for the municipal market this year was the continuing improvement in financial conditions for most state and local governments. A combination of more prudent fiscal policies and stronger than expected revenue collection strengthened balance sheets across the states, with most expecting to close the fiscal year with surpluses. The Nelson A. Rockefeller Institute of Government reported a 4.2% increase in total tax collections for 34 states for the quarter ending September 2006, with the strongest growth coming from the Rocky Mountain, Southwest and Southeast regions. However, states still face budget challenges with rising Medicaid and pension costs, as well as security spending needs. With state and local government finances on firmer footing and less needs for operational funds, most issuers pared back on their annual note issuance.

Thanks to Wall Street profits, finances for both New York City and New York State are in good shape, with the city recording a record \$6.1 billion surplus and the state a \$1.1 billion surplus for the end of their fiscal years. The state's strongest tax revenue growth came from Corporate Income Taxes at 14.9% for September quarter end. Standard & Poor's<sup>3</sup> upgraded the city's general obligations to its highest ever credit rating of AA- from A+ in May. The higher credit rating saved the city 3 to 5 basis points (0.03% to 0.05%) off yields for 1 year issuance.

Taking a cue from the Federal Reserve, short-term municipal yields followed Fed Funds higher. The BMA index of weekly reset variable rate demand notes began with 2.61% in November 2005, hit a 5 year high at 3.97% in June 2006 and ended at 3.56% by the end of October. One year notes were less volatile, starting at 3% in November, with a high of 3.72% in July, and ending at 3.50% in October. With yield pickup buying notes over VRDNs limited, from flat to 15 basis points (0.15%), tax-free money market funds found little incentive to extend weighted average maturities.

With the Federal Reserve on hold, and the prospect of the next action being a Fed Funds cut, the Fund extended the weighted average maturity from 13 days in the beginning of November 2005 to 21 days at the end of October 2006. We believe the next move by the Fed will be an ease, but the market may be pricing in an ease too early. Our strategy going forward is to patiently wait for opportunities to extend WAM.\*

Looking ahead to 2007, a U.S. Supreme Court ruling on the constitutionality of Kentucky's taxation of out-of-state municipal bond interest, while exempting its own bonds, will have a broad effect on the market. An unfavorable ruling would create a precedent for other states to follow and eliminate distinctions between national and specialty states, leading to a more homogeneous market.\*

\*Portfolio composition is subject to change.

Fund Performance	Inception Date	Average Annual Total Return (%)				Yield <sup>2</sup>	
		1 Year	5 Year	10 Year	Since Inception	7-Day Average	
As of October 31, 2006							
Class A Shares	11/17/94	2.63	1.15	1.98	2.18	2.83%	
Class B Shares**	4/29/98	-1.99	0.69	—	0.66	2.23%	
Class C Shares***	3/19/01	—	—	—	0.24	—	
Class D Shares	4/1/99	2.78	1.30	—	1.85	2.98%	
Class Y Shares	7/1/96	3.04	1.56	2.34	2.37	3.23%	
Lipper New York Tax-Exempt Money Market Funds Average <sup>1</sup>	—	2.76	1.26	2.09	N/A	N/A	

\*\* Reflects the applicable contingent deferred sales charge, maximum of 4.00%.

\*\*\* Reflects the applicable contingent deferred sales charge, maximum of 1.00%. Class C Shares were operational during a portion of the periods presented. Amounts reflect performance for the period of the time the class had operations, which was 81 days during the year ended October 31, 2004 and the years ended October 31, 2003, 2002, and 2001 (since inception).

**Past performance does not guarantee future results. The performance data quoted represents past performance and current returns may be lower or higher. Total return figures include change in share price, reinvestment of dividends and capital gains and do not reflect taxes that a shareholder would pay on fund distributions or on the redemption of fund shares. The investment return and principal value will fluctuate so that an investor's shares, when redeemed may be worth more or less than the original cost. To obtain performance information current to the most recent month end, please call 1-800-782-8183.**

<sup>1</sup>The Lipper New York Tax-Exempt Money Market Funds Average is an average of managed funds that invest in municipal obligations of New York with dollar-weighted average maturities of less than 90 days. Lipper is an independent mutual fund performance monitor whose results are based on total return. Securities indexes assume reinvestment of all distributions and interest payments and do not take in account brokerage fees or expenses. Securities in the Fund do not match those in the indexes and performance of the Fund will differ. Investors cannot invest directly in an index, although they can invest in the underlying funds or securities.

<sup>2</sup>The 7-day yield quotation more closely reflects the current earnings of the Fund than the total return quotation.

<sup>3</sup>Moody's or Standard & Poor's Ratings represent an opinion only, not a recommendation to buy or sell.

# HSBC Investor Tax-Free Money Market Fund

(Class A Shares, D Shares, I Shares and Y Shares)

by Robert Lee

Fixed Income Portfolio Manager

## Investment Concerns

*An investment in the fund is not insured or guaranteed by the FDIC or any other government agency. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the fund. The Fund's income may be subject to the federal alternative minimum tax and to certain state and local taxes. Regional funds may be subject to additional risk, since companies they invest in are located in one geographical location.*

The general theme in 2006 for the municipal market this year was the continuing improvement in financial conditions for most state and local governments. A combination of more prudent fiscal policy and stronger than expected revenue collection strengthened balance sheets across the states, with most expecting to close the fiscal year with a surplus. The Rockefeller Institute of Government reported a 4.2% increase in total tax collections for 34 states for the quarter ending September 2006, with the strongest growth coming from the Rocky Mountain, Southwest and Southeast regions. With state and local government finances on firmer footing and less needs for operational funds, most issuers pared back on their annual note issuance.

One state that issued significantly less notes was Texas, which issued \$4.6 billion Tax and Revenue Anticipation notes in August, compared to \$6.2 billion the previous year. Stronger balance sheets for several issuers resulted in credit rating upgrades. For the third quarter 2006, Fitch's upgrades to downgrades of credits were 6 to 1. It is the sixth time in eight quarters where upgrades exceeded downgrades at the rating agency. The more upgrades names include New York City, up to AA- by Standard & Poor's in May, and California State, raised to A+ and A1 by S&P and Moody's in May. Louisiana also received good news with both Moody's

and Standard & Poor's<sup>3</sup> raising the state's outlook to stable in June and August, citing a stabilization of finances after getting devastated by Hurricanes Katrina and Rita last year.

Taking a cue from the Federal Reserve, short-term municipal yields followed Fed Funds higher. The BMA index of weekly reset variable rate demand notes began with 2.61% in November 2005, hit a 5 year high at 3.97% in June 2006 and ended at 3.56% by the end of October. One year notes were less volatile, starting at 3% in November, with a high of 3.72% in July, and ending at 3.50% in October. With yield pickup buying notes over VRDNs limited, from flat to 15 basis points (0.15%), tax-free money market funds found little incentive to extend weighted average maturities.

With the Federal Reserve on hold, and the prospect of the next action being a Fed Funds cut, the Fund extended the weighted average maturity from 11 days in the beginning of November 2005 to 28 days at the end of October 2006. We believe the next move by the Fed will be an ease, but the market may be pricing in an ease too early. Our strategy going forward is to patiently wait for opportunities to extend weighted average maturity.\*

Looking ahead to 2007, a U.S. Supreme Court ruling on the constitutionality of Kentucky's taxation of out-of-state municipal bond interest, while exempting its own bonds, will have a broad effect on the market. An unfavorable ruling would create a precedent for other states to follow and eliminate distinctions between national and specialty states, leading to a more homogeneous market.\*

\*Portfolio composition is subject to change.

Fund Performance	Average Annual Total Return (%)			Yield <sup>2</sup>
	Inception Date	1 Year	Since Inception	7-Day Average
<b>As of October 31, 2006</b>				
Class A Shares**	8/27/04	—	0.56	2.89%
Class D Shares	8/24/04	2.77	2.10	2.89%
Class I Shares***	6/25/04	—	0.12	—
Class Y Shares	6/8/04	3.02	2.24	3.14%
Lipper Tax-Exempt Money Market Funds Average <sup>1</sup>	—	2.65	N/A	N/A

\*\*Class A Shares were operational during a portion of the periods presented. Amounts reflect performance for the period of the time the class had operations, which was 5 days during the year ended October 31, 2004, and 78 days during the year ended October 31, 2006.

\*\*\* Class I Shares were operational during a portion of the periods presented. Amounts reflect performance for the period of the time the class had operations, which was 0, 27 and 40 days during the year ended October 31, 2006, 2005 and 2004, respectively.

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<sup>1</sup>The Lipper Tax-Exempt Money Market Funds Average is an average of managed mutual funds that invest in high quality municipal obligations with dollar-weighted average maturities of less than 90 days. Intended to keep constant net asset value. Lipper is an independent mutual fund performance monitor whose results are based on total return. Securities indexes assume reinvestment of all distributions and interest payments and do not take in account brokerage fees or expenses. Securities in the Fund do not match those in the indexes and performance of the Fund will differ. Investors cannot invest directly in an index, although they can invest in the underlying funds or securities.

<sup>2</sup>The 7-day yield quotation more closely reflects the current earnings of the Fund than the total return quotation.

<sup>3</sup>Moody's or Standard & Poor's Ratings represent an opinion only, not a recommendation to buy or sell.

# HSBC Investor U.S. Government Money Market Fund

(Class A Shares, B Shares, D Shares, I Shares and Y Shares)

by Thomas Riordan

Senior Fixed Income Portfolio Manager

## Investment Concerns

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During the third quarter of 2006 there has been a dramatic change in the outlook for the U.S. economy. After increasing the target federal funds rate from a low on 1.00% in June 2004 to its current level of 5.25%, the economy as measured by GDP<sup>3</sup> has slowed from an unsustainably high growth rate of 5.6% in the 1st quarter to its current rate of 2.2%. There remain several conflicting issues facing the economy. The housing market has slowed significantly with both new and existing sales data falling well below prior years levels. Inflation, however, remains above Federal Reserve Chairman Bernanke's comfort range of 1 to 2%.

While core PPI<sup>3</sup> measured on a year to year basis has moderated as oil prices have fallen, CPI<sup>3</sup> remains stubbornly above 2%. On a year over year basis core CPI has increased from 2.3% in April to 2.9% in September. Although many market participants expect those pressures to recede as the economy slows, Federal Reserve members continue to express concern over the level of inflation. The Federal Open Market Committee ("FOMC") decided not to raise the federal funds rate at both the August and September FOMC meetings in order to assess the effect of previous rate hikes. Their patience has been rewarded as the economy has cooled. It remains to be seen whether the slowing economy will bring about the desired effect of lower inflation.

The housing market has changed from a source of strength to a drag on the overall U.S. economy. Recent indicators of the health of the housing

market have all been negative. New and existing home sales have been declining for much of the year and the NAHB Housing Market Confidence Index has dropped to its lowest level in years. It remains uncertain whether this weakness will in turn cause the U.S. consumer to reduce their spending. Should that happen the Fed would likely reduce the target federal funds rate in an attempt to restart the economy.

Trading activity the past year has adjusted to the changes in the economy and resulting changes in expectations of future activity from the Federal Reserve Bank. As it became clear that the tightening cycle was approaching the end, we lengthened the average maturity of the portfolio in order to capture higher yields. We achieved this by purchasing agency securities 6 to 12 month period and adding to our holdings of floating rate notes indexed to 3 month Libor<sup>4</sup>.\*

As we approach the end of 2006, the short term markets are adjusting to the slowing economy and the possibility of a cut in the target federal funds rate. Market participants are concerned that the dramatic slowdown in the housing market may drag the broader economy into a recession. They also believe that the slowing economy to help ease the inflationary pressures and allow the Fed to lower the federal funds rate. The FOMC has expressed the contrary opinion, that the damage to the economy will be limited and that their primary concern remains stubbornly high inflation. Our longer average maturity allows us to enhance yield over the federal funds rate while maintaining the flexibility to alter strategy should either the economy regain momentum or inflation not decline as expected.\*

\*Portfolio composition is subject to change.

Fund Performance		Average Annual Total Return (%)				Yield <sup>2</sup>
As of October 31, 2006	Inception Date	1 Year	5 Year	10 Year	Since Inception	7-Day Average
Class A Shares	5/3/90	4.16	1.70	3.20	3.77	4.62%
Class B Shares**	9/11/98	0.29	1.42	—	2.43	4.89%
Class D Shares	4/1/99	4.32	1.85	—	2.85	4.77%
Class I Shares***	12/24/03	—	—	—	2.54	—
Class Y Shares	7/1/96	4.58	2.11	3.57	3.62	5.02%
Lipper U.S. Government Money Market Funds Average <sup>1</sup>	—	4.04	1.67	3.28	N/A	N/A

\*\* Reflects the applicable contingent deferred sales charge, maximum of 4.00%.

\*\*\*Class I Shares were operational during a portion of the periods presented. Amounts reflect performance for the period of the time the class had operations, which was 136 days, 89 days and 10 days during the year ended October 31, 2006, 2005 and 2004, respectively.

**Past performance does not guarantee future results. The performance data quoted represents past performance and current returns may be lower or higher. Total return figures include change in share price, reinvestment of dividends and capital gains and do not reflect taxes that a shareholder would pay on fund distributions or on the redemption of fund shares. The investment return and principal value will fluctuate so that an investor's shares, when redeemed may be worth more or less than the original cost. To obtain performance information current to the most recent month end, please call 1-800-782-8183.**

<sup>1</sup>The Lipper U.S. Government Money Market Funds Average is an average of managed funds that invest principally in financial instruments issued or guaranteed by the U.S. government, its agencies, or its instrumentalities with dollar-weighted average maturities of less than 90 days. Lipper is an independent mutual fund performance monitor whose results are based on total return. Securities indexes assume reinvestment of all distributions and interest payments and do not take in account brokerage fees or expenses. Securities in the Fund do not match those in the indexes and performance of the Fund will differ. Investors cannot invest directly in an index, although they can invest in the underlying funds or securities.

<sup>2</sup>The 7-day yield quotation more closely reflects the current earnings of the Fund than the total return quotation.

<sup>3</sup>The Consumer Price Index ("CPI") is a measure of price changes in consumer goods and services such as gasoline, food, and automobiles. Sometimes referred to as "headline inflation." Producer Price Index ("PPI") is a family of indexes that measures the average change over time in selling prices received by domestic producers of goods and services. PPIs measure price change from the perspective of the seller. The Gross Domestic Product ("GDP") is the measure of the market value of the goods and services produced by labor and property in the United States.

<sup>4</sup>The London Inter-Bank Offer Rate (LIBOR) is the interest rate that the largest international banks charge each other for loans.

# HSBC Investor U.S. Treasury Money Market Fund

(Class A Shares, B Shares, D Shares, I Shares and Y Shares)

*Standard & Poor's has assigned an "AAA" rating to the HSBC Investor U.S. Treasury Money Market Fund.<sup>3</sup>*

by Ruth Medina

Senior Fixed Income Portfolio Manager

## Investment Concerns

*An investment in the fund is not insured or guaranteed by the FDIC or any other government agency. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the fund. The Fund's income may be subject to the federal alternative minimum tax and to certain state and local taxes.*

During the third quarter of 2006 there has been a dramatic change in the outlook for the U.S. economy. After increasing the target federal funds rate from a low on 1.00% in June 2004 to its current level of 5.25%, the economy as measured by GDP<sup>4</sup> has slowed from an unsustainably high growth rate of 5.6% in the 1st quarter to its current rate of 2.2%. There remain several conflicting issues facing the economy. The housing market has slowed significantly with both new and existing sales data falling well below prior years levels. Inflation, however, remains above Federal Reserve Chairman Bernanke's comfort range of 1 to 2%.

While core PPI<sup>4</sup> measured on a year to year basis has moderated as oil prices have fallen, CPI<sup>4</sup> remains stubbornly above 2%. On a year over year basis core CPI has increased from 2.3% in April to 2.9% in September. Although many market participants expect those pressures to recede as the economy slows, Federal Reserve members continue to express concern over the level of inflation. The Federal Open Market Committee ("FOMC") decided not to raise the federal funds rate at both the August and September FOMC meetings in order to assess the effect of previous rate hikes. Their patience has been rewarded as the economy has cooled. It remains to be seen whether the slowing economy will bring about the desired effect of lower inflation.

The housing market has changed from a source of strength to a drag on the overall U.S. economy. Recent indicators of the health of the housing market have all been negative. New and existing home sales have been declining for much of the year and the NAHB Housing Market Confidence Index has dropped to its lowest level in years. It remains uncertain whether this weakness will in turn cause the U.S. consumer to reduce their spending. Should that happen the Federal Reserve would likely reduce the target federal funds rate in an attempt to restart the economy.

Trading activity the past year has adjusted to the changes in the economy and resulting changes in expectations of future activity from the Federal Reserve Bank. As it became clear that the tightening cycle was approaching the end, we lengthened the average maturity of the portfolio in order to capture higher yields. We achieved this by laddering in U.S. treasury bills and notes with maturities from one week to three months.\*

As we approach the end of 2006, the short term markets are adjusting to the slowing economy and the possibility of a cut in the target federal funds rate. Market participants are concerned that the dramatic slowdown in the housing market may drag the broader economy into a recession. They also believe that the slowing economy to help ease the inflationary pressures and allow the Fed to lower the federal funds rate. The FOMC has expressed the contrary opinion, that the damage to the economy will be limited and that their primary concern remains stubbornly high inflation. Our longer average maturity allows us to enhance yield over the federal funds rate while maintaining the flexibility to alter strategy should either the economy regain momentum or inflation not decline as expected.\*

\*Portfolio composition is subject to change.

## Fund Performance

As of October 31, 2006	Average Annual Total Return (%)				Yield <sup>2</sup>
	Inception Date	1 Year	5 Year	Since Inception	7-Day Average
Class A Shares	5/24/01	3.74	1.47	1.55	4.15%
Class B Shares**	8/13/04	-0.88	—	1.11	3.55%
Class D Shares	5/14/01	3.90	1.62	1.71	4.30%
Class I Shares***	12/30/03	4.37	—	2.25	4.68%
Class Y Shares	5/11/01	4.16	1.87	1.97	4.55%
Lipper U.S. Treasury Money Market Funds Average <sup>1</sup>	—	3.92	1.61	N/A	N/A

\*\* Reflects the applicable contingent deferred sales charge, maximum of 4.00%.

\*\*\* Class I Shares were operational during a portion of the periods presented. Amounts reflect performance for the period of the time the class had operations, which was 280 and 13 days during the year ended October 31, 2005 and 2004, respectively.

**Past performance does not guarantee future results. The performance data quoted represents past performance and current returns may be lower or higher. Total return figures include change in share price, reinvestment of dividends and capital gains and do not reflect taxes that a shareholder would pay on fund distributions or on the redemption of fund shares. The investment return and principal value will fluctuate so that an investor's shares, when redeemed may be worth more or less than the original cost. To obtain performance information current to the most recent month end, please call 1-800-782-8183.**

<sup>1</sup>The Lipper U.S. Treasury Money Market Funds Average is an average of managed funds that invest principally in U.S. Treasury obligations with dollar-weighted average maturities of less than 90 days. Lipper is an independent mutual fund performance monitor whose results are based on total return. Securities indexes assume reinvestment of all distributions and interest payments and do not take in account brokerage fees or expenses. Securities in the Fund do not match those in the indexes and performance of the Fund will differ. Investors cannot invest directly in an index, although they can invest in the underlying funds or securities.

<sup>2</sup>The 7-day yield quotation more closely reflects the current earnings of the Fund than the total return quotation.

<sup>3</sup>The "AAA" money market fund rating is historical and reflects the superior quality of the Fund's investments, sound liquidity management, and strong operations and trading support. Periodic reviews are conducted to ensure a secure operations environment. Standard & Poor's rating represent an opinion only, not a recommendation to buy or sell.

<sup>4</sup>The Consumer Price Index ("CPI") is a measure of price changes in consumer goods and services such as gasoline, food, and automobiles. Sometimes referred to as "headline inflation." Producer Price Index ("PPI") is a family of indexes that measures the average change over time in selling prices received by domestic producers of goods and services. PPIs measure price change from the perspective of the seller. The Gross Domestic Product ("GDP") is the measure of the market value of the goods and services produced by labor and property in the United States.

**Portfolio Composition\***  
 October 31, 2006  
 (Unaudited)

**HSBC Investor California Tax-Free Money Market Fund**

Investment Allocation	Percentage of Investments at Value
Variable Rate Notes	72.7%
Commercial Paper	22.3%
Municipal Bonds	4.2%
Cash Equivalents	0.8%
Total	100.0%

**HSBC Investor Money Market Fund**

Investment Allocation	Percentage of Investments at Value
Corporate Bonds	33.5%
Commercial Paper	27.2%
Certificates of Deposit	23.5%
Time Deposits	11.4%
Bank Notes	4.4%
Total	100.0%

**HSBC Investor N.Y. Tax-Free Money Market Fund**

Investment Allocation	Percentage of Investments at Value
Variable Rate Notes	81.2%
Municipal Bonds	13.5%
Commercial Paper	3.7%
Cash Equivalents	1.6%
Total	100.0%

**HSBC Investor Tax-Free Money Market Fund**

Investment Allocation	Percentage of Investments at Value
Variable Rate Notes	75.2%
Commercial Paper	9.9%
Municipal Bonds	12.5%
Cash Equivalents	2.4%
Total	100.0%

**HSBC Investor U.S. Government Money Market Fund**

Investment Allocation	Percentage of Investments at Value
U.S. Government Agencies	63.8%
Repurchase Agreements	36.2%
Total	100.0%

**HSBC Investor U.S. Treasury Money Market Fund**

Investment Allocation	Percentage of Investments at Value
U.S. Treasury Bills	66.6%
U.S. Treasury Notes	33.4%
Total	100.0%

\*Portfolio composition is subject to change.

# HSBC INVESTOR CALIFORNIA TAX-FREE MONEY MARKET FUND

## Schedule of Portfolio Investments—October 31, 2006

### Variable Rate Demand Notes\* – 72.4%

	Principal Amount(\$)	Value(\$)
<b>California – 72.4%</b>		
Alameda Contra Costa Schools Financing Authority Revenue, 3.48%, 7/1/18, (LOC Bank of Nova Scotia) . . . . .	1,500,000	1,500,000
Alameda County Industrial Development Authority Revenue, 3.50%, 10/1/25, AMT, (LOC Wells Fargo Bank N.A.) . . .	2,630,000	2,630,000
California Health Facilities Financing Authority Revenue, 3.40%, 7/1/35, (LOC Bank of America N.A.) . . . . .	1,400,000	1,400,000
California Housing Finance Agency, 3.61%, 2/1/32, AMT, (FSA Insured) . . .	1,440,000	1,440,000
California Housing Finance Agency, 3.61%, 2/1/33, AMT, (MBIA Insured, SPA Lloyds) . . . . .	2,500,000	2,500,000
California Infrastructure & Economic Development Bank Revenue, 3.46%, 4/1/08, (Credit Support MBIA, SPA Bank of America, SPA JP Morgan Chase Bank) . . . . .	2,000,000	2,000,000
California Infrastructure & Economic Development Bank Revenue, 3.47%, 6/1/34, (MBIA Insured, SPA JP Morgan Chase Bank) . . . . .	1,000,000	1,000,000
California State Department of Water Resources Power Supply Revenue, 3.45%, 5/1/11, (LOC Lloyds TSB Bank PLC) . . . . .	1,150,000	1,150,000
California State Department of Water Resources Power Supply Revenue, 3.46%, 5/1/11, (LOC Bank of Nova Scotia) . . . . .	2,000,000	2,000,000
California State Department of Water Resources Power Supply Revenue, 3.45%, 5/1/16, (LOC FSA, SPA Morgan Stanley Bank) . . . . .	1,000,000	1,000,000
California State Department of Water Resources Power Supply Revenue, 3.45%, 5/1/22, (LOC Bank of New York) . . . . .	2,075,000	2,075,000
California State Department of Water Resources Power Supply Revenue, 3.45%, 5/1/22, (LOC J.P. Morgan Chase Bank, California State Teacher's Retirement) . . . . .	3,200,000	3,200,000
California State Department of Water Resources Power Supply Revenue, 3.46%, 5/1/22, (SPA Westdeutsche Landesbank, AMBAC Insured) . . . . .	2,410,000	2,410,000
California State Department of Water Resources Power Supply Revenue, Series B-4, 3.45%, 5/1/22, (LOC Bayerische Landesbank) . . . . .	4,400,000	4,400,000
California State Department of Water Resources Power Supply Revenue, Series B-5, 3.50%, 5/1/22, (LOC Bayerische Landesbank, Westdeutsche Landesbank) . . . . .	5,000,000	5,000,000
California State Economic Recovery, 3.45%, 7/1/23, (LOC BNP Paribas) . . .	1,315,000	1,315,000
California State GO, 3.50%, 5/1/34, (LOC Citibank N.A., California State Teacher's Retirement) . . . . .	3,655,000	3,655,000
California State GO, Series A, 3.38%, 5/1/40, (LOC Fortis Bank) . . . . .	3,500,000	3,500,000

### Variable Rate Demand Notes\*, continued

	Principal Amount(\$)	Value(\$)
California State GO, Series B, 3.40%, 5/1/40, (LOC Depfa Bank PLC) . . . . .	3,000,000	3,000,000
California Statewide Communities Development Authority Revenue, 3.42%, 10/1/32, (LOC Allied Irish Bank PLC) . . . . .	4,000,000	4,000,000
California Statewide Communities Development Authority Revenue, 3.40%, 12/1/36, (LOC Bank of New York) . . . . .	5,000,000	5,000,000
Corona-Norco Unified School District Certificate of Participation, 3.41%, 11/1/30, (LOC FSA, SPA Dexia Credit Local) . . . . .	1,000,000	1,000,000
Grant Joint Union High School District Certificate of Participation, 3.41%, 12/1/38, (LOC FSA, SPA Dexia Credit Local) . . . . .	3,000,000	3,000,000
Irvine California Improvement Bond Act 1915, 3.48%, 9/2/30, (LOC KBC Bank NV) . . . . .	1,200,000	1,200,000
Los Angeles County California Pension Obligation, 3.38%, 6/30/07, (LOC AMBAC, SPA Bank of Nova Scotia) . .	2,600,000	2,600,000
Los Angeles County Housing Authority for Multi-Family Housing Revenue, Canyon Country Villas Project, 3.42%, 12/1/07, (FHLMC Insured) . . . . .	4,000,000	4,000,000
Modesto California Multi-Family Housing Revenue, 3.45%, 5/15/31, (FNMA Insured) . . . . .	1,470,000	1,470,000
Norwalk La Mirada Unified School District Certificate of Participation, 3.41%, 4/1/33, (LOC FSA, SPA Dexia Credit Local) . . . . .	4,000,000	4,000,000
Perris California Unified High School District Certificate of Participation, 3.41%, 9/1/18, (FSA Insured, SPA Dexia Credit Local) . . . . .	1,670,000	1,670,000
Rancho Water District Financing Authority Revenue, 3.38%, 8/1/29, (LOC FGIC) . . . . .	2,800,000	2,800,000
Sacramento County Special Facilities Airport Revenue, 3.50%, 11/1/28, AMT, (LOC Bank of America NT & SA) . . . . .	1,000,000	1,000,000
San Francisco City & County Housing Authority Revenue, 3.53%, 9/1/49, AMT, (LOC Citibank N.A.) . . . . .	2,000,000	2,000,000
San Jose California Multi-Family Housing Authority Revenue, 3.46%, 4/15/36, AMT, (LOC Bank of America NA) . . . . .	1,700,000	1,700,000
San Mateo County Multi-Family Housing Authority Revenue, 3.53%, 7/1/17, AMT, (LOC Wells Fargo & Co.) . . . . .	1,200,000	1,200,000
Santa Clara County-El Camino California Hospital District Hospital Facilities Authority Revenue, ACES-Lease-Valley Medical Center Project, Series A, 3.25%, 8/1/15, (LOC State Street B&T Co.) . . . . .	5,600,000	5,600,000
South Bay Regional Public Communications Authority Revenue, 3.55%, 1/1/31, (LOC Allied Irish Bank plc) . . . . .	965,000	965,000

# HSBC INVESTOR CALIFORNIA TAX-FREE MONEY MARKET FUND

## Schedule of Portfolio Investments—October 31, 2006 (continued)

### Variable Rate Demand Notes\*, continued

	<u>Principal Amount(\$)</u>	<u>Value(\$)</u>
South Bay Regional Public Communications Authority Revenue, 3.55%, 1/1/31, (LOC Allied Irish Bank PLC) .....	1,415,000	1,415,000
Southern California Public Power Authority Revenue, 3.39%, 7/1/09, (SPA Morgan Guaranty Trust, AMBAC Insured) .....	1,200,000	1,200,000
Vernon Natural Gas Financing Agency Authority Revenue, 3.39%, 8/1/21, (LOC MBIA, SPA Citibank N.A.) .....	3,000,000	3,000,000
		93,995,000
<b>TOTAL VARIABLE RATE DEMAND NOTES* (Cost \$93,995,000) .....</b>		<b>93,995,000</b>

### Tax-Free Notes And Commercial Paper – 26.4%

California – 23.3%		
California Pollution Control Financing Authority Revenue, 3.50%, 12/1/23, AMT, (LOC FGIC) .....	2,000,000	1,999,927
California State, 3.45%, 11/7/06, (LOC Bank of Nova Scotia, Societe Generale, Lloyds TSB Bank) .....	5,000,000	5,000,000
California State, 3.47%, 12/6/06, (LOC Bank of Nova Scotia, Societe Generale, Lloyds TSB Bank) .....	3,500,000	3,500,000
California State Infrastructure & Economic Development Bank Revenue, 4.00%, 9/1/07, (LOC AMBAC) .....	1,450,000	1,457,631
Port of Oakland, 3.46%, 12/4/06, AMT, (LOC BNP Paribas, Lloyds TSB Bank) ...	5,000,000	5,000,000
Riverside County Transportation Commission, 3.50%, 1/9/07, (LOC Bank of America) .....	3,301,000	3,301,000
San Diego Regional Airport Authority, 3.48%, 12/6/06, (LOC BNP Paribas) ...	6,000,000	6,000,000
Turlock Irrigation District Walnut Energy Center Project, Series B, 3.52%, 11/9/06, (LOC State Street) .....	4,000,000	4,000,000
		30,258,558
Puerto Rico – 3.1%		
Puerto Rico Electric Power Authority Revenue, 7.00%, 7/1/07, (LOC MBIA)	3,880,000	3,970,654
<b>TOTAL TAX-FREE NOTES AND COMMERCIAL PAPER (COST \$34,229,212) .....</b>		<b>34,229,212</b>

### Investment Companies – 0.8%

	<u>Shares</u>	<u>Value(\$)</u>
<b>Investment Companies – 0.8%</b>		
Blackrock Provident California Institutional Shares, 3.28% (a) .....	1,029,456	1,029,456
Federated California Municipal Cash Trust Institutional Shares, 3.27% (a) .....	611	611
<b>TOTAL INVESTMENT COMPANIES (COST \$1,030,067) .....</b>		<b>1,030,067</b>
<b>TOTAL INVESTMENTS (COST \$129,254,279) — 99.6% .....</b>		<b>129,254,279</b>

Percentages indicated are based on net assets of \$129,799,801.

\* Variable rate security. The interest rates on these securities are adjusted periodically to reflect then-current short-term interest rates. The rate presented represents the rate in effect on October 31, 2006. The maturity dates presented reflect the final maturity dates. However, some of these securities may contain put or demand features that allow the fund to require the issuer to repurchase the security from the fund within various time periods, including daily, weekly, monthly, or semi-annually.

(a) Variable rate security. The rates presented represent the annualized one day yield that was in effect on October 31, 2006.

AMBAC—American Municipal Bond Assurance Corp.  
AMT —Interest on security is subject to Federal Alternative Minimum Tax  
FGIC —Federal Guaranty Insurance Corp.  
FHLMC —Federal Home Loan Mortgage Corp.  
FNMA —Federal National Mortgage Association  
FSA —Financial Security Assurance  
GO —General Obligation  
LOC —Letter of Credit  
MBIA —Municipal Bond Insurance Association  
PLC —Public Limited Co.  
SPA —Standby Purchase Agreement

# HSBC INVESTOR MONEY MARKET FUND

## Schedule of Portfolio Investments—October 31, 2006

### Corporate Obligations – 33.3%

	Principal Amount(\$)	Value(\$)
<b>Asset Backed – 18.8%</b>		
Harrier Finance Funding LLC, 5.32%, 11/15/06, * (a) .....	50,000,000	49,999,808
Harrier Finance Funding LLC, 5.32%, 12/15/06, * (a) .....	50,000,000	49,998,791
Harrier Finance Funding LLC, 5.28%, 5/25/07, * (a) .....	25,000,000	24,998,046
Harrier Finance Funding LLC, 5.32%, 8/24/07, * (a) .....	100,000,000	99,991,875
K2 (USA) LLC, 5.315%, 5/25/07, * (a) ..	100,000,000	99,994,348
K2 (USA) LLC, 5.32%, 6/25/07, * (a) ..	50,000,000	49,996,776
K2 (USA) LLC, 5.33%, 9/28/07, * (a) ..	50,000,000	49,996,952
Sigma Finance, Inc., 5.32%, 11/22/06, * (a) .....	75,000,000	74,999,572
Sigma Finance, Inc., 5.315%, 3/22/07, * (a) .....	100,000,000	99,995,240
Sigma Finance, Inc., 5.32%, 6/21/07, * (a) .....	50,000,000	49,995,220
Stanfield Victoria LLC, 5.32%, 12/4/06, * (a) .....	50,000,000	49,998,655
Stanfield Victoria LLC, 5.31%, 2/26/07, * (a) .....	75,000,000	74,995,218
Stanfield Victoria LLC, 5.325%, 7/12/07, * (a) .....	50,000,000	49,996,525
Whistlejacket Capital LLC, 5.33%, 10/19/07, * (a) .....	60,000,000	59,994,207
White Pine Finance LLC, 5.34%, 12/12/06, * (a) .....	140,000,000	139,998,597
		<u>1,024,949,830</u>
<b>Banking – 6.6%</b>		
American Express Bank, 5.32%, 12/18/06, * .....	29,500,000	29,500,549
Citigroup, Inc., 5.33%, 6/4/07, * .....	111,235,000	111,302,630
Rabobank Nederland NV, N.Y., 5.27%, 12/14/07, * (a) .....	140,000,000	140,000,001
Wells Fargo & Co., 5.45%, 3/23/07, * ..	75,000,000	75,035,596
		<u>355,838,776</u>
<b>Brokerage Services – 5.1%</b>		
Goldman Sachs Group LP, 5.40%, 7/30/07, * (b) .....	100,000,000	100,000,000
Merrill Lynch & Co., 5.285%, 5/14/07, * ..	25,000,000	24,997,082
Merrill Lynch & Co., 5.38%, 2/3/09, * ..	150,000,000	150,000,000
		<u>274,997,082</u>
<b>Finance – 2.8%</b>		
Links Finance LLC, 5.32%, 6/7/07, * (a) ..	50,000,000	49,997,754
Links Finance LLC, 5.285%, 9/17/07, * (a) .....	100,000,000	99,991,291
		<u>149,989,045</u>
<b>TOTAL CORPORATE OBLIGATIONS (COST \$1,805,774,733) .....</b>		<b><u>1,805,774,733</u></b>

### Commercial Paper And Notes – 27.1%

<b>Banking – 15.2%</b>		
Anz National International Ltd., 5.39%, 3/28/07, (c) .....	150,000,000	146,814,999
Bank of America Corp., 5.38%, 12/6/06, (c) .....	15,450,000	15,371,141
Bank of America Corp., 5.57%, 12/20/06, (c) .....	100,000,000	99,269,492
Depfa Bank PLC, 5.40%, 12/1/06, (a)(c)	100,000,000	99,562,082

### Commercial Paper And Notes – continued

	Principal Amount(\$)	Value(\$)
<b>Banking, continued</b>		
Depfa Bank PLC, 5.39%, 1/18/07, (a)(c)	25,000,000	24,715,896
Depfa Bank PLC, 5.48%, 2/13/07, (a)(c)	100,000,000	98,486,223
HBOS Treasury Services PLC, 5.45%, 11/9/06, (c) .....	75,000,000	74,911,667
HBOS Treasury Services PLC, 5.41%, 12/6/06, (c) .....	25,000,000	24,872,153
HBOS Treasury Services PLC, 5.38%, 1/26/07, (c) .....	99,000,000	97,760,741
Westpac Banking Corp., 5.40%, 11/17/06, (a)(c) .....	50,000,000	49,883,111
Westpac Banking Corp., 5.38%, 1/17/07, (a)(c) .....	100,000,000	98,879,222
		<u>830,526,727</u>
<b>Brokerage Services – 3.7%</b>		
Bear Stearns Co., Inc., 5.43%, 12/15/06, (c) .....	100,000,000	99,354,667
Bear Stearns Co., Inc., 5.39%, 1/11/07, (c) .....	50,000,000	49,483,278
Bear Stearns Co., Inc., 5.40%, 2/16/07, (c) .....	50,000,000	49,221,278
		<u>198,059,223</u>
<b>Diversified – 4.1%</b>		
General Electric Capital Corp., 5.42%, 2/27/07, (c) .....	125,000,000	122,865,347
General Electric Capital Corp., 5.45%, 3/14/07, (c) .....	100,000,000	98,067,806
		<u>220,933,153</u>
<b>Finance – 4.1%</b>		
Barclays U.S. Funding LLC, 5.42%, 11/27/06, (c) .....	150,000,000	149,429,083
Barclays U.S. Funding LLC, 5.38%, 3/5/07, (c) .....	75,000,000	73,660,542
		<u>223,089,625</u>
<b>TOTAL COMMERCIAL PAPER AND NOTES (COST \$1,472,608,728) .....</b>		<b><u>1,472,608,728</u></b>

### Certificates of Deposit – 23.4%

<b>Banking – 23.4%</b>		
BNP Paribas, N.Y., 5.075%, 12/13/06 .....	100,000,000	99,953,885
BNP Paribas, N.Y., 5.26%, 3/6/07, * .....	50,000,000	49,995,307
Calyon, N.Y., 5.075%, 12/13/06 .....	100,000,000	99,952,740
Citibank NA, 5.345%, 11/27/06 .....	50,000,000	50,000,000
Citibank NA, 5.305%, 1/8/07 .....	58,000,000	58,000,000
Credit Suisse, N.Y., 5.35%, 3/21/07 .....	150,000,000	150,002,840
Fortis Bank, N.Y., 5.33%, 4/23/07 .....	150,000,000	150,000,000
Norinchukin Bank, N.Y., 5.33%, 11/13/06	75,000,000	75,000,000
Norinchukin Bank, N.Y., 5.46%, 12/4/06 .....	100,000,000	100,000,000
Norinchukin Bank, N.Y., 5.32%, 12/19/06	60,000,000	59,999,938
Svenska Handelsbanken, N.Y., 5.43%, 11/1/06 .....	175,000,000	175,000,000
Svenska Handelsbanken, N.Y., 5.27%, 10/4/07, * .....	50,000,000	49,990,823
Wells Fargo Bank NA, 5.30%, 12/18/06, * .....	150,000,000	149,999,176
<b>TOTAL CERTIFICATES OF DEPOSIT (COST \$1,267,894,709) .....</b>		<b><u>1,267,894,709</u></b>

# HSBC INVESTOR MONEY MARKET FUND

## Schedule of Portfolio Investments—October 31, 2006 (continued)

### Time Deposit – 11.4%

	<u>Principal Amount(\$)</u>	<u>Value(\$)</u>
<b>Banking – 11.4%</b>		
Keybank NA, 5.31%, 11/1/06 . . . . .	223,356,000	223,356,000
Societe Generale Paris, 5.33%, 11/1/06 . . . . .	170,000,000	170,000,000
State Street Bank, 5.31%, 11/1/06 . . . . .	225,000,000	225,000,000
<b>TOTAL TIME DEPOSIT</b> (COST \$618,356,000) . . . . .		<u><b>618,356,000</b></u>

### Bank Notes – 4.4%

<b>Banking – 4.4%</b>		
Bank of America, 5.315%, 2/23/07, * . . . .	50,000,000	50,000,000
Bank of America, 5.355%, 2/23/07, * . . . .	75,000,000	75,000,000
Bank One NA Illinois, 5.42%, 1/12/07, * . . . .	40,000,000	40,007,182
Westpac Banking Corp., 5.29%, 2/16/11, (a) * . . . . .	75,000,000	75,000,000
<b>TOTAL BANK NOTES</b> (COST \$240,007,182) . . . . .		<u><b>240,007,182</b></u>
<b>TOTAL INVESTMENTS</b> (COST \$5,404,641,352) – 99.6% . . . . .		<u><u><b>5,404,641,352</b></u></u>

Percentages indicated are based on net assets of \$5,424,242,018.

(a) Security exempt from registration under Rule 144a of the Securities Act of 1933. This security may be resold in transactions exempt from registration, normally to qualified institutional buyers. This security has been deemed liquid by the Investment Adviser based on procedures approved by the Board of Trustees.

(b) Rule 144a, section 4(2) or other security which is restricted as to resale to institutional investors. The Investment Adviser, using Board approved procedures, has deemed these securities to be illiquid. Represents 1.8% of net assets.

(c) Discount note. Rate presented represents the effective yield at time of purchase.

\* Variable rate security. The interest rates on these securities are adjusted periodically to reflect then-current short-term interest rates. The rate presented represents the rate in effect on October 31, 2006. The maturity dates presented reflect the final maturity dates. However, some of these securities may contain put or demand features that allow the fund to require the issuer to repurchase the security from the fund within various time periods, including daily, weekly, monthly, or semi-annually.

# HSBC INVESTOR NEW YORK TAX-FREE MONEY MARKET FUND

## Schedule of Portfolio Investments—October 31, 2006

### Variable Rate Demand Notes\* – 81.0%

	Principal Amount(\$)	Value(\$)
<b>New York – 81.0%</b>		
Albany IDA, 3.62%, 5/1/27, (LOC KeyBank) .....	1,770,000	1,770,000
Babylon IDA, 3.51%, 1/1/19, (SPA JP Morgan Chase Bank, FSA Insured) ..	2,200,000	2,200,000
Franklin County IDA, 3.52%, 5/1/19, (LOC Fleet National Bank) .....	1,150,000	1,150,000
Great Neck North Water Authority, 3.54%, 1/1/20, (FGIC Insured, SPA State Street B&T Co.) .....	400,000	400,000
Jay Street Development Corp., 3.52%, 5/1/21, (LOC Depfa Bank PLC) .....	4,700,000	4,700,000
Jay Street Development Corp., 3.52%, 5/1/22, (LOC Fleet National Bank) .....	7,300,000	7,300,000
Jay Street Development Corp., 3.52%, 5/1/22, (LOC Depfa Bank PLC) .....	5,200,000	5,200,000
Long Island Power Authority, 3.50%, 12/1/29, (SPA Dexia Credit, FSA Insured) .....	10,000,000	10,000,000
Long Island Power Authority, 3.54%, 12/1/29, (SPA Dexia Credit, FSA Insured) .....	3,880,000	3,880,000
Long Island Power Authority, 3.52%, 5/1/33, (LOC Westdeutsche Landesbank) .....	5,000,000	5,000,000
Long Island Power Authority, 3.62%, 5/1/33, (LOC Westdeutsche Landesbank) .....	6,600,000	6,600,000
Metropolitan Transportation Authority Series D1, 3.54%, 11/1/34, (AMBAC Insured, SPA Wachovia Bank) .....	5,000,000	5,000,000
Metropolitan Transportation Authority Series D2, 3.54%, 11/1/34, (AMBAC Insured, SPA Wachovia Bank) .....	17,500,000	17,500,000
Metropolitan Transportation Authority Series E1, 3.56%, 11/1/35, (LOC Fortis Bank) .....	25,000,000	25,000,000
Metropolitan Transportation Authority Series E2, 3.54%, 11/1/35, (LOC Fortis Bank) .....	20,640,000	20,640,000
Monroe County IDA, 3.57%, 4/1/35, (LOC JP Morgan Chase Bank) .....	4,050,000	4,050,000
Monroe County IDA, 3.54%, 6/1/36, (LOC JP Morgan Chase Bank) .....	4,000,000	4,000,000
Nassau County Interim Finance Authority, 3.49%, 11/15/22, (SPA BNP Paribas, FSA Insured) .....	2,220,000	2,220,000
New York City Capital Resources Corp., 3.52%, 1/1/26, (LOC Bank of America N.A.) .....	6,200,000	6,200,000
New York City Dormitory Authority, 3.53%, 2/15/21, (LOC FSA, SPA Dexia) .....	10,920,000	10,920,000
New York City GO, 3.56%, 2/15/16, (LOC Westdeutsche Landesbank) .....	6,900,000	6,900,000
New York City GO, 3.52%, 8/1/18, (LOC Bayerische Helaba) .....	500,000	500,000
New York City GO, 3.52%, 8/1/19, (LOC Bayerische Helaba) .....	500,000	500,000
New York City GO, 3.50%, 8/1/20, (LOC BNP Paribas) .....	25,000,000	25,000,000

### Variable Rate Demand Notes\*, continued

	Principal Amount(\$)	Value(\$)
New York City GO, 3.51%, 8/1/20, (LOC Bank of New York) .....	11,500,000	11,500,000
New York City GO, 3.60%, 8/1/22, (LOC State Street B&T Co.) .....	3,000,000	3,000,000
New York City GO, 3.55%, 8/1/23, (LOC Westdeutsche Landesbank) .....	2,900,000	2,900,000
New York City GO, 3.51%, 3/1/34, (LOC Bank of New York) .....	23,000,000	23,000,000
New York City GO, 3.55%, 3/1/34, (LOC KBC Bank) .....	4,800,000	4,800,000
New York City GO, 3.57%, 9/1/35, (LOC Royal Bank of Scotland) .....	15,000,000	15,000,000
New York City GO, 3.57%, 4/1/36, (LOC Bank of New York) .....	20,000,000	20,000,000
New York City GO, 3.61%, 4/1/36, (LOC Bank of America N.A.) .....	3,360,000	3,360,000
New York City Housing Development Corp., 3.52%, 11/15/19, (FNMA Insured) .....	7,260,000	7,260,000
New York City Housing Development Corp., 3.57%, 6/15/32, (FNMA Insured) .....	1,520,000	1,520,000
New York City Housing Development Corp., 3.51%, 12/1/34, (LOC Citibank N.A.) .....	5,000,000	5,000,000
New York City Housing Development Corp., 3.57%, 1/1/37, AMT, (LOC Citibank N.A.) .....	7,400,000	7,400,000
New York City Housing Development Corp., 3.57%, 2/1/38, AMT, (LOC Citibank N.A.) .....	6,200,000	6,200,000
New York City Housing Development Corp., 3.57%, 5/15/39, AMT, (LOC KeyBank N.A.) .....	11,200,000	11,200,000
New York City Housing Development Corp., 3.57%, 6/1/39, AMT, (LOC Citibank N.A.) .....	12,250,000	12,250,000
New York City IDA, 3.58%, 12/30/21, (LOC Allied Irish Bank PLC) .....	1,600,000	1,600,000
New York City IDA, 3.58%, 9/30/31, (LOC Allied Irish Bank PLC) .....	1,450,000	1,450,000
New York City IDA, 3.62%, 4/1/32, (LOC Allied Irish Bank PLC) .....	3,000,000	3,000,000
New York City IDA, 3.57%, 11/1/32, (LOC Wachovia Bank) .....	7,500,000	7,500,000
New York City IDA, 3.58%, 12/1/34, (LOC Allied Irish Bank PLC) .....	6,400,000	6,400,000
New York City IDA, 3.58%, 12/1/34, (LOC Allied Irish Bank PLC) .....	3,150,000	3,150,000
New York City IDA, 3.57%, 6/1/36, (LOC Wachovia Bank N.A.) .....	5,000,000	5,000,000
New York City IDA Civic Facility Revenue, Mercy College Project Series A, 3.62%, 7/1/30, (LOC KeyBank N.A.) .....	1,555,000	1,555,000
New York City Municipal Water Finance Authority, 3.55%, 6/15/18, (SPA Depfa Bank) .....	3,700,000	3,700,000
New York City Municipal Water Finance Authority, 3.55%, 6/15/24, (LOC FGIC) .....	6,600,000	6,600,000

# HSBC INVESTOR NEW YORK TAX-FREE MONEY MARKET FUND

## Schedule of Portfolio Investments—October 31, 2006 (continued)

Variable Rate Demand Notes*, continued		
	Principal Amount(\$)	Value(\$)
New York City Municipal Water Finance Authority, 3.58%, 6/15/33, (SPA Dexia Credit Local) . . . . .	17,500,000	17,500,000
New York City Transitional Finance Authority, 3.57%, 11/15/27, (SPA Bank of Nova Scotia) . . . . .	6,000,000	6,000,000
New York City Transitional Finance Authority, 3.64%, 5/1/28, (SPA Bayerische Landesbank) . . . . .	18,055,000	18,055,000
New York City Water & Sewer Authority, 3.58%, 6/15/35, (SPA Bayerische Landesbank) . . . . .	19,020,000	19,020,000
New York City Water Finance Authority, 3.61%, 6/15/18, (SPA Depfa Bank PLC) . . . . .	4,265,000	4,265,000
New York City Water Finance Authority, 3.61%, 6/15/33, (SPA Dexia Credit Local) . . . . .	10,850,000	10,850,000
New York City Water Finance Authority Revenue, 3.62%, 6/15/23, (LOC FGIC) . . . . .	7,000,000	7,000,000
New York Housing Development Corp., 3.58%, 6/1/37, AMT, LOC Citibank N.A.) . . . . .	8,500,000	8,500,000
New York State Dormitory Authority, 3.54%, 2/15/21, (FSA Insured, SPA Dexia Credit) . . . . .	6,000,000	6,000,000
New York State Dormitory Authority, 3.59%, 7/1/25, (LOC Fleet National Bank) . . . . .	3,100,000	3,100,000
New York State Dormitory Authority, 3.62%, 7/1/25, (SPA JP Morgan Chase Bank) . . . . .	430,000	430,000
New York State Dormitory Authority, 3.54%, 2/15/31, (Credit Support MBIA, SPA JP Morgan Chase Bank) . . . . .	12,600,000	12,600,000
New York State Energy Research & Development Authority, 3.50%, 10/1/14, (LOC FGIC, Liquidity Facility National Australia Bank) . . . . .	3,400,000	3,400,000
New York State Energy Research & Development Authority, 3.57%, 11/1/39, AMT, (LOC Citibank N.A.) . . . . .	3,200,000	3,200,000
New York State Energy Research & Development Authority, 3.60%, 11/1/39, AMT, (LOC Citibank N.A.) . . . . .	1,000,000	1,000,000
New York State Housing Finance Agency, 3.57%, 5/1/29, AMT, (FNMA Insured) . . . . .	3,000,000	3,000,000
New York State Housing Finance Agency, 3.57%, 11/15/29, AMT, (FNMA Insured) . . . . .	4,500,000	4,500,000
New York State Housing Finance Agency, 3.60%, 5/15/31, AMT, (FNMA Insured) . . . . .	1,700,000	1,700,000
New York State Housing Finance Agency, 3.56%, 3/15/33, (FGIC Insured, SPA Dexia) . . . . .	6,000,000	6,000,000
New York State Housing Finance Agency, 3.57%, 5/15/33, AMT, (FNMA Insured) . . . . .	8,000,000	8,000,000
New York State Housing Finance Agency, 3.61%, 5/15/33, AMT, (FNMA Insured) . . . . .	1,100,000	1,100,000
New York State Housing Finance Agency, 3.56%, 5/15/34, (FNMA Insured) . . . . .	15,000,000	15,000,000

Variable Rate Demand Notes*, continued		
	Principal Amount(\$)	Value(\$)
New York State Housing Finance Agency, 3.59%, 5/15/34, AMT, (FNMA Insured) . . . . .	2,000,000	2,000,000
New York State Housing Finance Agency, 3.57%, 5/15/35, AMT, (FNMA Insured) . . . . .	14,770,000	14,770,000
New York State Local Government Assistance Corp., 3.50%, 4/1/25, (LOC Bank of Nova Scotia) . . . . .	15,000,000	15,000,000
New York State Local Government Assistance Corp., 3.50%, 4/1/25, (LOC Landesbank Hessen) . . . . .	11,735,000	11,735,000
New York State Mortgage Agency Revenue, 3.55%, 4/1/37, AMT, (SPA Dexia Credit Local) . . . . .	11,000,000	11,000,000
New York State Mortgage Agency Revenue, 3.63%, 10/1/37, AMT, (SPA Dexia Credit Local) . . . . .	4,000,000	4,000,000
New York State Triborough Bridge & Tunnel Authority, 3.52%, 1/1/32, (AMBAC Insured, SPA Bayerische Landesbank) . . . . .	14,920,000	14,920,000
Newburgh IDA, 3.62%, 10/1/30, (LOC KeyBank) . . . . .	3,500,000	3,500,000
Niagara Falls, New York Bridge Commission, 3.51%, 10/1/19, (SPA Credit Local De France, FGIC Insured) . . . . .	3,600,000	3,600,000
Oneida County IDA, 3.58%, 6/1/31, (LOC Bank of America N.A.) . . . . .	1,540,000	1,540,000
Orange County IDA Civic Facility, 3.62%, 7/1/32, (LOC KeyBank N.A.) . . . . .	4,000,000	4,000,000
St. Lawrence County IDA Civic Facility, 3.65%, 12/1/31, (LOC KeyBank N.A.) . . . . .	4,000,000	4,000,000
Suffolk County IDA Civic Facility, 3.52%, 11/1/14, (LOC Bank of America N.A.) . . . . .	10,540,000	10,540,000
Suffolk County Water Authority, 3.56%, 1/1/08, (SPA Bank of Nova Scotia) . . . . .	1,500,000	1,500,000
Suffolk County Water Authority, 3.56%, 12/1/09, (SPA Bank of Nova Scotia) . . . . .	1,200,000	1,200,000
Westchester County IDA, 3.58%, 12/1/32, (LOC Allied Irish Bank PLC) . . . . .	6,205,000	6,205,000
Westchester County IDA Civic Facility Revenue, Mercy College Project Series B, 3.62%, 7/1/30, (LOC KeyBank N.A.) . . . . .	2,805,000	2,805,000
<b>TOTAL VARIABLE RATE DEMAND NOTES* (COST \$623,510,000) . . . . .</b>		<b>623,510,000</b>

### Tax-Free Notes And Commercial Paper – 17.1%

New York – 17.1%		
Long Island Power Authority, 3.49%, 12/6/06, (LOC JP Morgan Chase Bank) . . . . .	22,100,000	22,100,000
Nassau County Sewer & Storm Water Finance Authority, 3.58%, 1/5/07, (LOC Bank of America) . . . . .	20,950,000	20,950,000
New York State, 3.49%, 12/6/06, (LOC Morgan Guaranty, Bayerische Landesbank, Landesbank Hessen) . . . . .	16,000,000	16,000,000
New York State, 3.51%, 2/13/07, (LOC Bayerische Landesbank, Helaba) . . . . .	16,150,000	16,150,000

# HSBC INVESTOR NEW YORK TAX-FREE MONEY MARKET FUND

## Schedule of Portfolio Investments—October 31, 2006 (continued)

### Tax-Free Notes And Commercial Paper, continued

	Principal Amount(\$)	Value(\$)
New York State Metropolitan Transit Authority, 3.48%, 12/7/06, (LOC ABN AMRO) .....	8,000,000	8,000,000
New York State Power Authority, 3.49%, 11/1/06, (Credit Agreement JP Morgan Chase Bank, Scotia Bank, Bayerische Landesbank, Wachovia Bank, Dexia Credit, Bank of New York).....	20,000,000	20,000,000
Poughkeepsie City GO, 4.25%, 9/13/07 . . . .	10,709,000	10,782,429
Syracuse New York GO, Series C, 4.25%, 6/29/07, (LOC Bank of America N.A., Credit Support State Aid Withholding) . .	8,800,000	8,841,792
Syracuse New York GO, Series D, 4.25%, 7/10/07, (LOC Bank of America N.A.) . .	8,600,000	8,642,658
<b>TOTAL TAX-FREE NOTES AND COMMERCIAL PAPER (COST \$131,466,879) .....</b>		<b>131,466,879</b>

### Investment Companies – 1.6%

	Shares	Value(\$)
<b>Investment Companies – 1.6%</b>		
BlackRock Liquidity New York Money Fund Portfolio Institutional Shares, 3.37% (a).....	12,305,741	12,305,741
Dreyfus New York Municipal Cash Management Fund Institutional Shares, 3.41% (a).....	91	91

### Investment Companies\*, continued

	Value(\$)
<b>TOTAL INVESTMENT COMPANIES (COST \$12,305,832) .....</b>	<b>12,305,832</b>
<b>TOTAL INVESTMENTS (COST \$767,282,711) – 99.7% .....</b>	<b>767,282,711</b>

Percentages indicated are based on net assets of \$769,395,466.

\* Variable rate security. The interest rates on these securities are adjusted periodically to reflect then-current short-term interest rates. The rate presented represents the rate in effect on October 31, 2006. The maturity dates presented reflect the final maturity dates. However, some of these securities may contain put or demand features that allow the fund to require the issuer to repurchase the security from the fund within various time periods, including daily, weekly, monthly, or semi-annually.

(a) Variable rate security. The rates presented represent the annualized one day yield that was in effect on October 31, 2006.

AMT —Interest on security is subject to Federal Alternative Minimum Tax  
 AMBAC—American Municipal Bond Assurance Corp.  
 FGIC —Financial Guaranty Insurance Corporation  
 FNMA —Federal National Mortgage Association  
 FSA —Federal Security Assurance  
 GO —General Obligation  
 IDA —Industrial Development Agency  
 LOC —Letter of Credit  
 MBIA —Municipal Bond Insurance Association  
 PLC —Public Limited Co.  
 SPA —Standby Purchase Agreement

# HSBC INVESTOR TAX-FREE MONEY MARKET FUND

## Schedule of Portfolio Investments—October 31, 2006

### Variable Rate Demand Notes\* – (75.0%)

	Principal Amount(\$)	Value(\$)
<b>Alabama – (3.3%)</b>		
Jefferson County Alabama Sewer Revenue, 3.60%, 2/1/42, (Credit Support FGIC, SPA JP Morgan Chase) .....	2,000,000	2,000,000
<b>Alaska – (2.1%)</b>		
Alaska State Housing Finance Corp., 3.56%, 12/1/24, (Credit Support FSA, SPA Dexia Credit Local) .....	1,300,000	1,300,000
<b>Colorado – (2.5%)</b>		
Denver Colorado City & County Airport Revenue, 3.60%, 11/15/25, AMT, (LOC Societe Generale) .....	1,500,000	1,500,000
<b>Connecticut – (2.0%)</b>		
Connecticut State Special Tax Obligation Revenue, 3.58%, 2/1/22, (Credit Support AMBAC, SPA WestDeutsche Landesbank AG) .....	1,200,000	1,200,000
<b>Florida – (11.4%)</b>		
Broward County Housing Finance Authority Revenue, 3.60%, 6/15/37, AMT, (Credit Support FNMA) .....	300,000	300,000
Dade County Florida Industrial Development Authority Revenue, 3.62%, 1/1/16, (LOC Societe Generale) .....	1,800,000	1,800,000
Florida Housing Finance Corp., 3.61%, 1/15/38, AMT, (LOC Bank of America N.A.) .....	1,265,000	1,265,000
Jea Florida District Energy System Revenue, 3.55%, 10/1/34, (LOC State Street B&T Co.) .....	1,600,000	1,600,000
Manatee County Housing Finance Authority Revenue, 3.62%, 1/15/37, AMT, (LOC Bank of America N.A.) .....	150,000	150,000
Tampa Florida Occupational License Tax, 3.55%, 10/1/27, (Credit Support FGIC) ...	1,230,000	1,230,000
Volusia County Florida Housing Finance Authority Multifamily Revenue, 3.56%, 10/15/32, (LOC FNMA) .....	600,000	600,000
		6,945,000
<b>Georgia – (5.2%)</b>		
Atlanta Georgia Water & Wastewater Revenue, 3.59%, 11/1/41, (Credit Support FSA, SPA Dexia Credit Local) .....	300,000	300,000
Georgia Municipal Electric Authority, 3.55%, 1/1/20, (Credit Support MBIA, LOC Bayerische Landesbank, Landesbank Hessen, Westdeutsche Landesbank) .....	1,000,000	1,000,000
Georgia Municipal Gas Authority, 3.63%, 11/1/07, (Credit Support GO of Authority, LOC Wachovia Bank N.A., Bayerische Landesbank, Morgan Guaranty Trust, Bank of America N.A.) .....	975,000	975,000
Hall County Gainesville Hospital Authority, 3.55%, 5/15/29, (Credit Support MBIA, SPA Citibank N.A.) .....	900,000	900,000
		3,175,000
<b>Illinois – (4.9%)</b>		
Chicago Illinois O'Hare International Airport Supply Facilities Revenue, 3.64%, 5/1/18, AMT, (LOC Societe Generale) .....	800,000	800,000
Illinois Finance Authority Revenue, 3.63%, 3/1/36, (LOC J.P. Morgan Chase Bank) ..	1,300,000	1,300,000
Lisle Illinois Multifamily Revenue, 3.58%, 9/15/26, (Credit Support FNMA) .....	900,000	900,000
		3,000,000

### Variable Rate Demand Notes\*, continued

	Principal Amount(\$)	Value(\$)
<b>Indiana – (3.6%)</b>		
Health Facility Financing Authority, 3.60%, 11/1/20, (LOC National City Bank) .....	335,000	335,000
Indiana Municipal Power Agency Power Supply System Revenue, 3.57%, 1/1/18, (LOC Dexia Credit) .....	1,850,000	1,850,000
		2,185,000
<b>Kentucky – (6.1%)</b>		
Carroll County Kentucky Solid Waste Disposal Revenue, 3.63%, 5/1/31, AMT, (LOC Bank of America N.A.) .....	1,500,000	1,500,000
Ohio County Kentucky Pollution Control Revenue, 3.63%, 6/1/13, (Credit Support AMBAC, SPA Dexia Credit) .....	2,200,000	2,200,000
		3,700,000
<b>Missouri – (1.6%)</b>		
Missouri State Health & Educational Facilities Authority Revenue, Series C-4, 3.56%, 6/1/33, (Credit Support FSA, SPA Citibank N.A.) .....	1,000,000	1,000,000
<b>Montana – (3.1%)</b>		
Billings Montana Industrial Development Revenue, 3.57%, 12/1/14, (LOC Toronto Dominion Bank) .....	1,900,000	1,900,000
<b>New Mexico – (0.8%)</b>		
Farmington New Mexico Hospital Revenue, 3.59%, 6/1/28, (LOC Bank of Nova Scotia) .....	500,000	500,000
<b>New York – (5.7%)</b>		
New York City Transitional Finance Authority, 3.62%, 11/1/22, (Liquidity Facility Landesbank Hessen) .....	200,000	200,000
New York GO, 3.48%, 9/1/35, (LOC Royal Bank of Scotland) .....	1,500,000	1,500,000
New York State Dormitory Authority, 3.62%, 7/1/25, (SPA JP Morgan Chase Bank) .....	1,800,000	1,800,000
		3,500,000
<b>North Carolina – (2.0%)</b>		
New Hanover County Hospital Revenue, 3.56%, 10/1/23, (Credit Support FSA, SPA Wachovia Bank N.A.) .....	1,200,000	1,200,000
<b>Ohio – (1.8%)</b>		
Westlake Ohio Health Care Facility, 3.58%, 12/1/35, (LOC National City Bank) .....	1,100,000	1,100,000
<b>Oklahoma – (4.3%)</b>		
Tulsa Oklahoma Airports Improvement Travel Special Facilities Revenue, 3.62%, 8/1/18, AMT, (LOC Landesbank Hessen)	1,600,000	1,600,000
Tulsa Oklahoma Industrial Authority Revenue, 3.58%, 10/1/26, (Credit Support MBIA, SPA Dexia Credit Local) .....	1,000,000	1,000,000
		2,600,000
<b>Oregon – (1.6%)</b>		
Oregon State Health Housing Educational & Cultural Facilities Authority, 3.59%, 3/1/33, (LOC KeyBank N.A.) .....	1,000,000	1,000,000
<b>Pennsylvania – (4.4%)</b>		
Emmaus Pennsylvania General Authority Revenue, Subseries E-20, 3.62%, 3/1/24, (LOC Depfa Bank plc) .....	500,000	500,000

See notes to financial statements.

# HSBC INVESTOR TAX-FREE MONEY MARKET FUND

## Schedule of Portfolio Investments—October 31, 2006 (continued)

### Variable Rate Demand Notes\*, continued

	Principal Amount(\$)	Value(\$)
Emmaus Pennsylvania General Authority Revenue, Subseries G-19, 3.62%, 3/1/24, (LOC Depfa Bank plc) .....	560,000	560,000
Philadelphia Pennsylvania Hospitals & Higher Education Facilities Revenue, Temple University Health, Series A, 3.61%, 7/1/27, (LOC Wachovia Bank N.A.) .....	800,000	800,000
Philadelphia Pennsylvania Hospitals & Higher Education Facilities Revenue, Temple University Health, Series B, 3.58%, 7/1/21, (LOC PNC Bank N.A.) ...	800,000	800,000
		<u>2,660,000</u>
<b>Tennessee – (3.2%)</b>		
Metropolitan Government Nashville & Davidson County Industrial Development, 3.56%, 2/15/34, (Credit Support FNMA) ..	800,000	800,000
Sevier County Tennessee Public Building Authority, 3.65%, 6/1/33, (Credit Support AMBAC, SPA Depfa Bank plc) .....	1,170,000	1,170,000
		<u>1,970,000</u>
<b>Texas – (3.1%)</b>		
Tom Green County Texas Health Facilities Development Corp., 3.56%, 12/1/15, (LOC Morgan Guaranty) .....	1,900,000	1,900,000
<b>Utah – (2.3%)</b>		
Intermountain Power Agency Supply Revenue, 3.58%, 7/1/23, (Credit Support FGIC, SPA Citibank N.A.) .....	1,400,000	1,400,000
<b>TOTAL VARIABLE RATE DEMAND NOTES (COST \$45,735,000) .....</b>		<b><u>45,735,000</u></b>

### Tax-Free Notes And Commercial Paper – 22.3%

<b>Florida – (4.0%)</b>		
Florida Local Government Finance Commission, 3.55%, 11/3/06, (LOC First Union National Bank) .....	1,500,000	1,499,999
Pinellas County Educational Facilities Authority, 3.55%, 11/6/06, (LOC First Union National Bank) .....	1,000,000	1,000,000
		<u>2,499,999</u>
<b>Georgia – (3.3%)</b>		
Burke County Pollution Control, 3.53%, 12/28/06, (LOC Rabobank) .....	1,000,000	1,000,000
Metropolitan Atlanta Rapid Transit Authority, 3.50%, 11/8/06, (LOC Dexia Credit Local) .....	1,000,000	1,000,000
		<u>2,000,000</u>
<b>Illinois – (1.7%)</b>		
Cook County Community College District 508, 8.75%, 1/1/07, (LOC FGIC) .....	1,000,000	1,008,496
<b>Michigan – (3.3%)</b>		
Michigan Municipal Bond Authority Revenue, 4.50%, 8/20/07, (LOC Bank of Nova Scotia) .....	2,000,000	2,015,870

### Tax-Free Notes And Commercial Paper, continued

	Principal Amount(\$)	Value(\$)
<b>Missouri – (1.7%)</b>		
Kansas City Missouri Passenger Facilities Charge Revenue, 5.00%, 4/1/07, AMT, (Credit Support AMBAC) .....	1,000,000	1,005,654
<b>New Jersey – (2.5%)</b>		
New Jersey Economic Development Authority Market Transition Facility Revenue, 6.00%, 7/1/07, (Credit Support MBIA) .....	1,500,000	1,524,042
<b>North Carolina – (3.3%)</b>		
North Carolina Municipal Power Agency, 7.25%, 1/1/07, (Credit Support MBIA) ...	2,000,000	2,012,167
<b>Texas – (2.5%)</b>		
Austin Texas (City Of), 3.52%, 11/7/06, (LOC J.P. Morgan Chase Bank, Bayerische Landesbank, State Street B&T Co.) .....	1,500,000	1,500,000
<b>TOTAL TAX-FREE NOTES AND COMMERCIAL PAPER (COST \$13,566,228) .....</b>		<b><u>13,566,228</u></b>

### Investment Companies – 2.4%

	Shares	Value(\$)
BlackRock Liquidity Funds MuniFund Portfolio Institutional Shares, 3.39% (a) ..	975,568	975,568
Federated Tax-Free Obligations Fund Institutional Shares, 3.40% (a) .....	475,726	475,726
<b>TOTAL INVESTMENT COMPANIES (COST \$1,451,294) .....</b>		<b><u>1,451,294</u></b>
<b>TOTAL INVESTMENTS (COST \$60,752,522) — 99.7% .....</b>		<b><u>60,752,522</u></b>

Percentages indicated are based on net assets of \$60,926,471.

\* Variable rate security. The interest rates on these securities are adjusted periodically to reflect then-current short-term interest rates. The rate presented represents the rate in effect on October 31, 2006. The maturity dates presented reflect the final maturity dates. However, some of these securities may contain put or demand features that allow the fund to require the issuer to repurchase the security from the fund within various time periods, including daily, weekly, monthly, or semi-annually.

(a) Variable rate security. The rates presented represent the annualized one day yield that was in effect on October 31, 2006.

AMBAC —American Municipal Bond Assurance Corp.  
AMT —Interest on security is subject to Federal Alternative  
Minimum Tax  
FGIC —Financial Guaranty Insurance Corp.  
FNMA —Federal National Mortgage Association  
FSA —Federal Security Assurance  
GO —General Obligation  
LOC —Letter of Credit  
MBIA —Municipal Bond Insurance Association  
SPA —Standby Purchase Agreement

# HSBC INVESTOR U.S. GOVERNMENT MONEY MARKET FUND

## Schedule of Portfolio Investments—October 31, 2006

### U.S. Government and Government Agency Obligations – 63.6%

	Principal Amount(\$)	Value(\$)
<b>Federal Farm Credit Bank – 20.4%</b>		
5.25%, 1/22/07, * .....	150,000,000	149,995,088
5.25%, 2/12/07, * .....	20,000,000	20,001,714
5.25%, 2/12/07, * .....	100,000,000	99,995,833
5.23%, 5/23/07, * .....	50,000,000	49,994,531
5.23%, 11/14/07, * .....	50,000,000	49,991,928
5.17%, 4/1/08, * .....	150,000,000	149,943,121
5.23%, 5/27/08, * .....	50,000,000	49,987,947
		<u>569,910,162</u>
<b>Federal Home Loan Bank – 37.8%</b>		
4.875%, 2/15/07 .....	22,245,000	22,214,179
5.375%, 2/15/07 .....	18,595,000	18,595,248
5.31%, 2/28/07, (a) .....	44,928,000	44,169,104
5.23%, 4/4/07, * .....	188,700,000	188,670,452
5.24%, 5/2/07, * .....	100,000,000	99,997,337
5.305%, 8/10/07, * .....	75,000,000	74,977,651
4.75%, 8/17/07 .....	58,405,000	58,166,675
5.25%, 8/21/07 .....	50,000,000	49,999,560
5.40%, 10/26/07, Callable 12/29/06 @ 100 .....	50,000,000	50,000,000
5.21%, 1/17/08, * .....	300,000,000	299,846,166
5.23%, 3/19/08, * .....	100,000,000	99,946,476
5.37%, 10/24/08, * .....	50,000,000	49,969,137
		<u>1,056,551,985</u>
<b>Federal Home Loan Mortgage Corp. – 3.6%</b>		
5.31%, 11/7/06, (a) .....	75,000,000	74,935,375
2.375%, 2/15/07 .....	26,359,000	26,137,575
		<u>101,072,950</u>
<b>Federal National Mortgage Association – 1.8%</b>		
5.305%, 11/1/06, (a) .....	50,000,000	50,000,000
		<u>50,000,000</u>
<b>TOTAL U.S. GOVERNMENT AND GOVERNMENT AGENCY OBLIGATIONS (COST \$1,777,535,097) .....</b>		<b><u>1,777,535,097</u></b>

### Repurchase Agreements – 36.1%

	Principal Amount(\$)	Value(\$)
Goldman Sachs, 5.28%, purchased on 10/31/06, due 11/1/06 with a maturity value of \$350,051,333 (Collateralized fully by various U.S. Government Obligations) .....	350,000,000	350,000,000
Lehman Brothers, 5.23%, purchased on 10/31/06, due 11/1/06 with a maturity value of \$100,014,528 (Collateralized fully by various U.S. Government Obligations) .....	100,000,000	100,000,000
Morgan Stanley Dean Witter, 5.27%, purchased on 10/31/06, due 11/1/06 with a maturity value of \$350,051,236 (Collateralized fully by various U.S. Government Obligations) .....	350,000,000	350,000,000
Morgan Stanley Dean Witter, 5.33%, purchased on 10/31/06, due 11/1/06 with a maturity value of \$208,425,854 (Collateralized fully by various U.S. Government Obligations) .....	208,395,000	208,395,000
<b>TOTAL REPURCHASE AGREEMENTS (COST \$1,008,395,000) .....</b>		<b><u>1,008,395,000</u></b>
<b>TOTAL INVESTMENTS (COST \$2,785,930,097) – 99.7% .....</b>		<b><u>2,785,930,097</u></b>

Percentages indicated are based on net assets of \$2,794,683,141.

(a) Discount note. Rate presented represents the effective yield at time of purchase.

\* Variable rate security. The interest rates on these securities are adjusted periodically to reflect then-current short-term interest rates. The rate presented represents the rate in effect on October 31, 2006. The maturity dates presented reflect the final maturity dates. However, some of these securities may contain put or demand features that allow the fund to require the issuer to repurchase the security from the fund within various time periods, including daily, weekly, monthly, or semi-annually.

# HSBC INVESTOR U.S. TREASURY MONEY MARKET FUND

## Schedule of Portfolio Investments—October 31, 2006

### U.S. Treasury Bills \* – 67.2%

	Principal Amount(\$)	Value(\$)
4.76%, 11/2/06 .....	8,995,000	8,993,831
4.67%, 11/9/06 .....	36,195,000	36,158,120
4.72%, 11/16/06 .....	29,885,000	29,827,483
4.91%, 11/24/06 .....	73,225,000	73,000,198
4.93%, 11/30/06 .....	28,274,000	28,164,871
4.89%, 12/7/06 .....	23,000,000	22,890,227
4.97%, 12/14/06 .....	20,020,000	19,905,980
4.92%, 12/21/06 .....	48,000,000	47,680,320
4.88%, 12/28/06 .....	15,900,000	15,780,368
<b>TOTAL U.S. TREASURY BILLS</b> (COST \$282,401,398) .....		<b>282,401,398</b>

### U.S. Treasury Notes \* – 33.8%

4.96%, 11/15/06 .....	50,000,000	49,956,130
5.01%, 11/15/06 .....	22,000,000	21,987,524
4.96%, 11/30/06 .....	70,000,000	69,885,930
<b>TOTAL U.S. TREASURY NOTES</b> (COST \$141,829,584) .....		<b>141,829,584</b>
<b>TOTAL INVESTMENTS</b> (COST \$424,230,982) – 101.0% .....		<b>424,230,982</b>

Percentages indicated are based on net assets of \$420,012,525.

\* Discount note. Rate presented represents the effective yield at time of purchase.

# HSBC INVESTOR FAMILY OF FUNDS

Statements of Assets and Liabilities—October 31, 2006

	California Tax-Free Money Market Fund	Money Market Fund	New York Tax-Free Money Market Fund
<b>Assets:</b>			
Investments, at amortized cost	\$ 129,254,279	\$5,404,641,352	\$767,282,711
<b>Total Investments</b>	<u>129,254,279</u>	<u>5,404,641,352</u>	<u>767,282,711</u>
Cash	1	557	—
Interest and dividends receivable	634,872	27,400,538	2,730,171
Receivable for capital shares issued	—	—	1
Receivable from Investment Adviser	16,433	43,358	—
Receivable from Administrator	—	178,957	—
Prepaid expenses and other assets	3,303	204,328	22,976
<b>Total Assets</b>	<u>129,908,888</u>	<u>5,432,469,090</u>	<u>770,035,859</u>
<b>Liabilities:</b>			
Dividends payable	42,155	6,080,184	315,276
Accrued expenses and other liabilities:			
Investment management	21,911	708,843	90,860
Administration	8,361	381,119	48,649
Distribution	—	158,136	61
Shareholder servicing	18,848	624,406	113,767
Accounting	44	72	319
Compliance service	—	—	23
Transfer Agent	5,673	11,671	6,550
Trustee	345	15,189	2,426
Other	11,750	456,696	62,462
<b>Total Liabilities</b>	<u>109,087</u>	<u>8,436,316</u>	<u>640,393</u>
<b>Net Assets</b>	<u>\$ 129,799,801</u>	<u>\$5,424,032,774</u>	<u>\$769,395,466</u>
<b>Composition of Net Assets:</b>			
Capital	\$ 129,799,825	\$5,424,272,910	\$769,412,021
Accumulated net investment income (loss)	—	(163,770)	—
Accumulated net realized gains (losses) from investment transactions	(24)	(76,366)	(16,555)
<b>Net Assets</b>	<u>\$ 129,799,801</u>	<u>\$5,424,032,774</u>	<u>\$769,395,466</u>
<b>Net Assets:</b>			
Class A Shares	—	415,513,561	153,522,865
Class B Shares	—	108,813	55,296
Class C Shares	—	268,070,997	1
Class D Shares	86,686,188	2,098,412,663	352,630,499
Class I Shares	—	2,111,146,997	—
Class Y Shares	43,113,613	530,779,743	263,186,805
	<u>\$ 129,799,801</u>	<u>\$5,424,032,774</u>	<u>\$769,395,466</u>
<b>Shares Outstanding</b> (\$0.001 par value; unlimited number of shares authorized):			
Class A Shares	—	415,528,580	153,536,202
Class B Shares	—	108,816	55,260
Class C Shares	—	268,082,213	1
Class D Shares	86,687,707	2,098,484,554	352,627,256
Class I Shares	—	2,111,278,660	—
Class Y Shares	43,113,738	530,804,740	263,193,382
<b>Net Asset Value, Offering Price and Redemption Price per share:</b>			
Class A Shares	\$ —	\$ 1.00	\$ 1.00
Class B Shares *	\$ —	\$ 1.00	\$ 1.00
Class C Shares *	\$ —	\$ 1.00	\$ 1.00
Class D Shares	\$ 1.00	\$ 1.00	\$ 1.00
Class I Shares	\$ —	\$ 1.00	\$ —
Class Y Shares	\$ 1.00	\$ 1.00	\$ 1.00

\* Redemption price per share varies by length of time shares are held.

# HSBC INVESTOR FAMILY OF FUNDS

Statements of Assets and Liabilities—October 31, 2006 (continued)

	Tax-Free Money Market Fund	U.S. Government Money Market Fund	U.S. Treasury Money Market Fund
<b>Assets:</b>			
Investments, at amortized cost	\$ 60,752,522	\$1,777,535,097	\$424,230,982
Repurchase agreements, at cost	—	1,008,395,000	—
<b>Total Investments</b>	<u>60,752,522</u>	<u>2,785,930,097</u>	<u>424,230,982</u>
Cash	1	614	602
Interest and dividends receivable	336,998	10,178,205	1,808,814
Receivable for Investment Adviser	—	22,410	3,819
Receivable from Administrator	—	79,492	80,134
Prepaid expenses and other assets	7,687	59,394	13,012
<b>Total Assets</b>	<u>61,097,208</u>	<u>2,796,270,212</u>	<u>426,137,363</u>
<b>Liabilities:</b>			
Dividends payable	146,017	291,529	914,775
Payable for investments purchased	—	—	4,980,225
Accrued expenses and other liabilities:			
Investment management	857	447,028	75,397
Administration	4,090	168,649	32,559
Distribution	—	4	30
Shareholder servicing	9,913	590,927	93,867
Accounting	121	—	22
Transfer Agent	5,024	8,811	7,555
Trustee	151	4,898	1,190
Other	4,564	165,011	38,512
<b>Total Liabilities</b>	<u>170,737</u>	<u>1,676,857</u>	<u>6,144,132</u>
<b>Net Assets</b>	<u>\$ 60,926,471</u>	<u>\$2,794,593,355</u>	<u>\$419,993,231</u>
<b>Composition of Net Assets:</b>			
Capital	\$ 60,954,357	\$2,794,650,542	\$420,206,106
Accumulated net investment income (loss)	(27,886)	(56,035)	17,091
Accumulated net realized gains (losses) from investment transactions	—	(1,152)	(229,966)
<b>Net Assets</b>	<u>\$ 60,926,471</u>	<u>\$2,794,593,355</u>	<u>\$419,993,231</u>
<b>Net Assets:</b>			
Class A Shares	634	1,287,045,094	\$ 67,860,894
Class B Shares	—	599	39,872
Class C Shares	—	—	10
Class D Shares	48,501,521	967,456,304	302,637,230
Class I Shares	—	23,002,467	6,521,455
Class Y Shares	12,424,316	517,088,891	42,933,770
	<u>\$ 60,926,471</u>	<u>\$2,794,593,355</u>	<u>\$419,993,231</u>
<b>Shares Outstanding</b> (\$0.001 par value; unlimited number of shares authorized):			
Class A Shares	633	1,287,016,956	67,911,858
Class B Shares	—	599	39,890
Class C Shares	—	—	10
Class D Shares	48,518,425	967,527,412	302,757,455
Class I Shares	—	23,004,110	6,533,599
Class Y Shares	12,434,931	517,101,822	42,975,162
<b>Net Asset Value, Offering Price and Redemption Price per share:</b>			
Class A Shares	\$ 1.00	\$ 1.00	\$ 1.00
Class B Shares *	\$ —	\$ 1.00	\$ 1.00
Class C Shares *	\$ —	\$ —	\$ 1.00
Class D Shares	\$ 1.00	\$ 1.00	\$ 1.00
Class I Shares	\$ —	\$ 1.00	\$ 1.00
Class Y Shares	\$ 1.00	\$ 1.00	\$ 1.00

\* Redemption price per share varies by length of time shares are held.

# HSBC INVESTOR FAMILY OF FUNDS

Statements of Operations—For the year ended October 31, 2006

	California Tax-Free Money Market Fund	Money Market Fund	New York Tax-Free Money Market Fund
<b>Investment Income:</b>			
Interest	\$4,161,385	\$222,258,594	\$21,102,435
Dividends	96,363	—	608,866
<b>Total Investment Income</b>	<u>4,257,748</u>	<u>222,258,594</u>	<u>21,711,301</u>
<b>Expenses:</b>			
Investment management:			
Advisory Services	131,412	4,525,985	655,742
Operational Support—Class A Shares	—	331,675	65,313
Operational Support—Class B Shares	—	99	58
Operational Support—Class C Shares	—	210,054	—
Operational Support—Class D Shares	97,709	1,697,010	128,157
Operational Support—Class Y Shares	33,702	456,288	134,342
Administration Fee	98,454	3,391,038	491,245
Distribution:			
Class B Shares	—	746	869
Class C Shares	—	1,575,413	—
Shareholder Servicing:			
Class A Shares	—	1,326,713	522,504
Class B Shares	—	249	290
Class C Shares	—	525,138	—
Class D Shares	244,269	4,242,555	640,785
Accounting	70,316	72,840	69,727
Compliance service	3,747	124,778	18,107
Custodian	42,853	387,300	97,490
Interest	6,013	—	11,896
Transfer Agent	70,001	150,875	71,524
Trustee	7,896	241,922	33,432
Other	52,184	1,435,132	204,248
Total expenses before fee reductions	858,556	20,695,810	3,145,729
Fees reduced by Investment Adviser	(197,116)	(209,244)	—
Fees reduced by Administrator	—	(823,383)	—
<b>Net Expenses</b>	<u>661,440</u>	<u>19,663,183</u>	<u>3,145,729</u>
<b>Net Investment Income</b>	<u>3,596,308</u>	<u>202,595,411</u>	<u>18,565,572</u>
<b>Net realized gains (losses) from investment transactions</b>	<u>(24)</u>	<u>(3,997)</u>	<u>—</u>
<b>Change In Net Assets Resulting From Operations</b>	<u>\$3,596,284</u>	<u>\$202,591,414</u>	<u>\$18,565,572</u>

# HSBC INVESTOR FAMILY OF FUNDS

Statements of Operations—For the year ended October 31, 2006 (continued)

	Tax-Free Money Market Fund	U.S. Government Money Market Fund	U.S. Treasury Money Market Fund
<b>Investment Income:</b>			
Interest	\$1,324,447	\$96,587,477	\$19,924,488
Dividends	51,494	—	—
<b>Total Investment Income</b>	<u>1,375,941</u>	<u>96,587,477</u>	<u>19,924,488</u>
<b>Expenses:</b>			
Investment management:			
Advisory Services	40,943	1,997,475	448,754
Operational Support—Class A Shares	—	866,154	74,370
Operational Support—Class B Shares	—	—	40
Operational Support—Class D Shares	21,486	599,412	298,858
Operational Support—Class Y Shares	19,458	520,244	53,662
Administration Fee	30,667	1,496,365	336,253
Distribution:			
Class B Shares	—	4	294
Shareholder Servicing:			
Class A Shares	1	3,464,647	297,481
Class B Shares	—	—	98
Class D Shares	53,714	1,498,542	747,153
Accounting	72,953	71,881	71,950
Compliance service	1,095	52,852	12,587
Custodian	16,999	201,345	82,643
Interest	1,826	—	3,045
Transfer Agent	71,636	104,579	78,848
Trustee	2,258	104,948	22,468
Other	30,841	619,250	167,604
Total expenses before fee reductions	363,877	11,597,698	2,696,108
Fees reduced by Investment Adviser	(81,889)	(89,786)	(19,294)
Fees reduced by Administrator	—	(169,282)	(114,039)
Fees reduced by Accounting	(17,748)	—	—
Fees reduced by Transfer Agent	(48,000)	—	—
<b>Net Expenses</b>	<u>216,240</u>	<u>11,338,630</u>	<u>2,562,775</u>
<b>Net Investment Income</b>	<u>1,159,701</u>	<u>85,248,847</u>	<u>17,361,713</u>
<b>Net realized gains (losses) from investment transactions</b>	<u>—</u>	<u>1,297</u>	<u>(39,646)</u>
<b>Change In Net Assets Resulting From Operations</b>	<u>\$1,159,701</u>	<u>\$85,250,144</u>	<u>\$17,322,067</u>

# HSBC INVESTOR FAMILY OF FUNDS

## Statements of Changes in Net Assets

All capital share transactions have been processed at a net asset value of \$1.00 per share.

	California Tax-Free Money Market Fund		Money Market Fund	
	For the year ended October 31, 2006	For the year ended October 31, 2005	For the year ended October 31, 2006	For the year ended October 31, 2005
<b>Investment Activities:</b>				
<b>Operations:</b>				
Net investment income	\$ 3,596,308	\$ 2,984,700	\$ 202,595,411	\$ 94,347,323
Net realized gains (losses) from investment transactions	(24)	42	(3,997)	(12,537)
<b>Change in net assets resulting from operations</b>	<u>3,596,284</u>	<u>2,984,742</u>	<u>202,591,414</u>	<u>94,334,786</u>
<b>Dividends:</b>				
<b>Net investment income:</b>				
Class A Shares	—	—	(13,927,762)	(5,434,279)
Class B Shares	—	—	(3,581)	(1,685)
Class C Shares	—	—	(7,538,337)	(2,669,409)
Class D Shares	(2,603,016)	(2,504,645)	(74,266,630)	(23,893,298)
Class I Shares	—	—	(86,061,967)	(49,101,556)
Class Y Shares	(993,334)	(480,055)	(20,956,084)	(13,265,249)
<b>Change in net assets from shareholder dividends</b>	<u>(3,596,350)</u>	<u>(2,984,700)</u>	<u>(202,754,361)</u>	<u>(94,365,476)</u>
<b>Change in net assets from capital share transactions</b>	<u>(46,570,549)</u>	<u>52,097,559</u>	<u>1,736,093,902</u>	<u>(1,087,826,799)</u>
<b>Change in net assets</b>	<u>(46,570,615)</u>	<u>52,097,601</u>	<u>1,735,930,955</u>	<u>(1,087,857,489)</u>
<b>Net Assets:</b>				
Beginning of period	<u>176,370,416</u>	<u>124,272,815</u>	<u>3,688,101,819</u>	<u>4,775,959,308</u>
End of period	<u>\$129,799,801</u>	<u>\$176,370,416</u>	<u>\$5,424,032,774</u>	<u>\$3,688,101,819</u>
Accumulated net investment income (loss)	<u>\$ —</u>	<u>\$ 42</u>	<u>\$ (163,770)</u>	<u>\$ (4,819)</u>

# HSBC INVESTOR FAMILY OF FUNDS

## Statements of Changes in Net Assets (continued)

All capital share transactions have been processed at a net asset value of \$1.00 per share.

	California Tax-Free Money Market Fund		Money Market Fund	
	For the year ended October 31, 2006	For the year ended October 31, 2005	For the year ended October 31, 2006	For the year ended October 31, 2005
<b>CAPITAL TRANSACTIONS:</b>				
<b>Class A Shares:</b>				
Issued	\$ —	\$ 1	\$ 883,823,452	\$ 599,210,953
Reinvested	—	—	9,649,618	4,773,018
Redeemed	—	(1)	(721,723,532)	(661,593,445)
<b>Change in Class A Shares</b>	<b>—</b>	<b>—</b>	<b>171,749,538</b>	<b>(57,609,474)</b>
<b>Class B Shares:</b>				
Issued	—	—	34,871	4,546
Reinvested	—	—	2,873	1,201
Redeemed	—	—	(17,101)	(112,520)
<b>Change in Class B Shares</b>	<b>—</b>	<b>—</b>	<b>20,643</b>	<b>(106,773)</b>
<b>Class C Shares:</b>				
Issued	—	—	1,000,173,197	834,770,954
Reinvested	—	—	7,936,354	2,336,199
Redeemed	—	—	(935,278,456)	(812,311,483)
<b>Change in Class C Shares</b>	<b>—</b>	<b>—</b>	<b>72,831,095</b>	<b>24,795,670</b>
<b>Class D Shares:</b>				
Issued	183,544,556	375,750,569	6,167,669,863	3,725,458,190
Reinvested	2,730,423	2,385,230	66,472,085	20,232,798
Redeemed	(232,237,652)	(367,746,779)	(5,487,371,537)	(3,407,414,994)
<b>Change in Class D Shares</b>	<b>(45,962,673)</b>	<b>10,389,020</b>	<b>746,770,411</b>	<b>338,275,994</b>
<b>Class I Shares:</b>				
Issued	—	—	13,614,741,991	12,203,550,011
Reinvested	—	—	37,389,323	20,694,327
Redeemed	—	—	(13,017,626,898)	(13,525,178,933)
<b>Change in Class I Shares</b>	<b>—</b>	<b>—</b>	<b>634,504,416</b>	<b>(1,300,934,595)</b>
<b>Class Y Shares:</b>				
Issued	259,574,305	230,888,857	1,829,110,436	1,898,280,343
Reinvested	894,824	323,005	18,094,697	10,987,271
Redeemed	(261,077,005)	(189,503,323)	(1,736,987,334)	(2,001,515,235)
<b>Change in Class Y Shares</b>	<b>(607,876)</b>	<b>41,708,539</b>	<b>110,217,799</b>	<b>(92,247,621)</b>
<b>Change in net assets from capital share transactions</b>	<b>\$ (46,570,549)</b>	<b>\$ 52,097,559</b>	<b>\$ 1,736,093,902</b>	<b>\$(1,087,826,799)</b>

# HSBC INVESTOR FAMILY OF FUNDS

## Statements of Changes in Net Assets (continued)

All capital share transactions have been processed at a net asset value of \$1.00 per share.

	New York Tax-Free Money Market Fund		Tax-Free Money Market Fund	
	For the year ended October 31, 2006	For the year ended October 31, 2005	For the year ended October 31, 2006	For the year ended October 31, 2005
<b>Investment Activities:</b>				
<b>Operations:</b>				
Net investment income	\$ 18,565,572	\$ 7,698,374	\$ 1,159,701	\$ 440,164
Net realized gains from investment transactions	—	2,330	—	252
<b>Change in net assets resulting from operations</b>	<u>18,565,572</u>	<u>7,700,704</u>	<u>1,159,701</u>	<u>440,416</u>
<b>Dividends:</b>				
<b>Net investment income:</b>				
Class A Shares	(3,408,887)	(2,227,152)	(4)	—
Class B Shares	(2,178)	(4,012)	—	—
Class D Shares	(7,115,660)	(2,739,496)	(609,317)	(59,701)
Class I Shares	—	—	—	(103)
Class Y Shares	(8,042,717)	(2,732,077)	(578,400)	(380,482)
<b>Change in net assets from shareholder dividends</b>	<u>(18,569,442)</u>	<u>(7,702,737)</u>	<u>(1,187,721)</u>	<u>(440,286)</u>
<b>Change in net assets from capital share transactions</b>	<u>170,732,675</u>	<u>110,915,824</u>	<u>22,493,577</u>	<u>19,668,680</u>
<b>Change in net assets</b>	<u>170,728,805</u>	<u>110,913,791</u>	<u>22,465,557</u>	<u>19,668,810</u>
<b>Net Assets:</b>				
Beginning of period	<u>598,666,661</u>	<u>487,752,870</u>	<u>38,460,914</u>	<u>18,792,104</u>
End of period	<u>769,395,466</u>	<u>598,666,661</u>	<u>60,926,471</u>	<u>38,460,914</u>
Accumulated net investment income (loss)	<u>\$ —</u>	<u>\$ 3,870</u>	<u>\$ (27,886)</u>	<u>\$ 134</u>

# HSBC INVESTOR FAMILY OF FUNDS

## Statements of Changes in Net Assets (continued)

All capital share transactions have been processed at a net asset value of \$1.00 per share.

	New York Tax-Free Money Market Fund		Tax-Free Money Market Fund	
	For the year ended October 31, 2006	For the year ended October 31, 2005	For the year ended October 31, 2006	For the year ended October 31, 2005
<b>Capital Transactions:</b>				
<b>Class A Shares:</b>				
Issued	\$ 341,141,059	\$ 241,683,191	\$ 2,471	\$ 1
Reinvested	3,407,595	2,087,663	4	—
Redeemed	(319,243,194)	(333,211,762)	(1,842)	(1)
<b>Change in Class A Shares</b>	<u>25,305,460</u>	<u>(89,440,908)</u>	<u>633</u>	<u>—</u>
<b>Class B Shares:</b>				
Issued	21,500	—	—	—
Reinvested	2,373	3,763	—	—
Redeemed	(196,101)	(459,388)	—	—
<b>Change in Class B Shares</b>	<u>(172,228)</u>	<u>(455,625)</u>	<u>—</u>	<u>—</u>
<b>Class D Shares:</b>				
Issued	1,145,048,468	570,502,162	79,032,559	25,678,425
Reinvested	6,769,712	2,391,221	54,026	30,700
Redeemed	(988,724,397)	(554,509,269)	(42,460,279)	(17,064,983)
<b>Change in Class D Shares</b>	<u>163,093,783</u>	<u>18,384,114</u>	<u>36,626,306</u>	<u>8,644,142</u>
<b>Class I Shares:</b>				
Issued	—	—	—	1,377,484
Reinvested	—	—	—	40
Redeemed	—	—	—	(1,377,524)
<b>Change in Class I Shares</b>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Class Y Shares:</b>				
Issued	947,344,437	1,186,030,962	80,692,819	117,177,013
Reinvested	5,835,726	1,623,457	43,576	283,223
Redeemed	(970,674,503)	(1,005,226,176)	(94,869,757)	(106,435,698)
<b>Change in Class Y Shares</b>	<u>(17,494,340)</u>	<u>182,428,243</u>	<u>(14,133,362)</u>	<u>11,024,538</u>
<b>Change in net assets from capital share transactions</b>	<u>\$ 170,732,675</u>	<u>\$ 110,915,824</u>	<u>\$ 22,493,577</u>	<u>\$ 19,668,680</u>

# HSBC INVESTOR FAMILY OF FUNDS

## Statements of Changes in Net Assets (continued)

All capital share transactions have been processed at a net asset value of \$1.00 per share.

	U.S. Government Money Market Fund		U.S. Treasury Money Market Fund	
	For the year ended October 31, 2006	For the year ended October 31, 2005	For the year ended October 31, 2006	For the year ended October 31, 2005
<b>Investment Activities:</b>				
<b>Operations:</b>				
Net investment income	\$ 85,248,847	\$ 36,126,546	\$ 17,361,713	\$ 10,078,526
Net realized gains (losses) from investment transactions	1,297	(2,449)	(39,646)	(182,651)
<b>Change in net assets resulting from operations</b>	<u>85,250,144</u>	<u>36,124,097</u>	<u>17,322,067</u>	<u>9,895,875</u>
<b>Dividends:</b>				
<b>Net investment income:</b>				
Class A Shares	(35,741,201)	(15,823,455)	(2,784,123)	(1,654,962)
Class B Shares	(25)	(109)	(1,206)	(491)
Class D Shares	(25,601,392)	(11,163,048)	(11,479,978)	(5,563,166)
Class I Shares	(593,568)	(436,641)	(910,757)	(958,934)
Class Y Shares	(23,368,696)	(8,705,464)	(2,179,233)	(1,890,298)
<b>Change in net assets from shareholder dividends</b>	<u>(85,304,882)</u>	<u>(36,128,717)</u>	<u>(17,355,297)</u>	<u>(10,067,851)</u>
<b>Change in net assets from capital share transactions</b>	<u>1,077,245,942</u>	<u>222,451,028</u>	<u>(8,121,144)</u>	<u>(38,937,820)</u>
<b>Change in net assets</b>	<u>1,077,191,204</u>	<u>222,446,408</u>	<u>(8,154,374)</u>	<u>(39,109,796)</u>
<b>Net Assets:</b>				
Beginning of period	<u>1,717,402,151</u>	<u>1,494,955,743</u>	<u>428,147,605</u>	<u>467,257,401</u>
End of period	<u>\$2,794,593,355</u>	<u>\$1,717,402,151</u>	<u>\$419,993,231</u>	<u>\$428,147,605</u>
Accumulated net investment income (loss)	<u>\$ (56,035)</u>	<u>\$ —</u>	<u>\$ 17,091</u>	<u>\$ 10,675</u>

# HSBC INVESTOR FAMILY OF FUNDS

## Statements of Changes in Net Assets (continued)

All capital share transactions have been processed at a net asset value of \$1.00 per share.

	U.S. Government Money Market Fund		U.S. Treasury Money Market Fund	
	For the year ended October 31, 2006	For the year ended October 31, 2005	For the year ended October 31, 2006	For the year ended October 31, 2005
<b>Capital Transactions:</b>				
<b>Class A Shares:</b>				
Issued	\$ 3,214,551,769	\$2,267,776,623	\$ 228,538,755	\$ 475,886,714
Reinvested	37,532,743	14,510,636	2,904,184	1,557,345
Redeemed	(2,690,484,422)	(2,196,912,176)	(219,885,565)	(506,977,454)
<b>Change in Class A Shares</b>	<u>561,600,090</u>	<u>85,375,083</u>	<u>11,557,374</u>	<u>(29,533,395)</u>
<b>Class B Shares:</b>				
Reinvested	26	52	1,268	440
Redeemed	—	(16,467)	(10)	—
<b>Change in Class B Shares</b>	<u>26</u>	<u>(16,415)</u>	<u>1,258</u>	<u>440</u>
<b>Class D Shares:</b>				
Issued	1,950,413,264	1,600,114,152	638,219,414	1,058,010,846
Reinvested	24,828,573	9,924,411	3,422,969	1,681,669
Redeemed	(1,533,704,397)	(1,601,601,195)	(632,471,676)	(974,751,285)
<b>Change in Class D Shares</b>	<u>441,537,440</u>	<u>8,437,368</u>	<u>9,170,707</u>	<u>84,941,230</u>
<b>Class I Shares:</b>				
Issued	426,000,000	421,620,785	26,244,364	291,647,060
Reinvested	593,568	307,833	988,450	835,178
Redeemed	(403,589,458)	(421,928,618)	(51,215,615)	(261,965,839)
<b>Change in Class I Shares</b>	<u>23,004,110</u>	<u>—</u>	<u>(23,982,801)</u>	<u>30,516,399</u>
<b>Class Y Shares:</b>				
Issued	908,450,127	1,015,296,528	211,557,079	314,001,232
Reinvested	23,162,322	6,885,390	2,030,618	1,164,753
Redeemed	(880,508,173)	(893,526,926)	(218,455,379)	(440,028,479)
<b>Change in Class Y Shares</b>	<u>51,104,276</u>	<u>128,654,992</u>	<u>(4,867,682)</u>	<u>(124,862,494)</u>
<b>Change in net assets from capital share transactions</b>	<u>\$ 1,077,245,942</u>	<u>\$ 222,451,028</u>	<u>\$ (8,121,144)</u>	<u>\$ (38,937,820)</u>

# HSBC INVESTOR CALIFORNIA TAX-FREE MONEY MARKET FUND

## Financial Highlights

Selected data for a share outstanding throughout the periods indicated.

	Investment Activities			Dividends		Net Asset Value, End of Period	Total Return(a)	Ratios/Supplementary Data		
	Net Asset Value, Beginning of Period	Net Investment Income	Total from Investment Activities	Net Investment Income	Total Dividends			Net Assets at End of Period (000's)	Ratio of Expenses to Average Net Assets(b)	Ratio of Net Investment Income to Average Net Assets(d)
<b>CLASS D SHARES</b>										
Period ended October 31, 2002 (d)	\$1.00	0.00*	0.00*	(0.00)*	(0.00)*	\$1.00	0.37%	0.40%	0.99%	0.71%
Year ended October 31, 2003	1.00	0.01	0.01	(0.01)	(0.01)	1.00	0.59%	0.51%	0.60%	0.71%
Year ended October 31, 2004	1.00	0.01	0.01	(0.01)	(0.01)	1.00	0.58%	0.52%	0.59%	0.71%
Year ended October 31, 2005	1.00	0.02	0.02	(0.02)	(0.02)	1.00	1.64%(e)	0.50%(e)	1.64%(e)	0.65%
Year ended October 31, 2006	1.00	0.03	0.03	(0.03)	(0.03)	1.00	2.73%	0.57%	2.66%	0.72%
<b>CLASS Y SHARES</b>										
Period ended October 31, 2002 (d)	\$1.00	0.00*	0.00*	(0.00)*	(0.00)*	\$1.00	0.39%	0.09%	1.37%	0.45%
Year ended October 31, 2003	1.00	0.01	0.01	(0.01)	(0.01)	1.00	0.84%	0.27%	0.78%	0.47%
Year ended October 31, 2004	1.00	0.01	0.01	(0.01)	(0.01)	1.00	0.83%	0.27%	0.82%	0.46%
Year ended October 31, 2005	1.00	0.02	0.02	(0.02)	(0.02)	1.00	1.89%(e)	0.25%(e)	2.04%(e)	0.40%
Year ended October 31, 2006	1.00	0.03	0.03	(0.03)	(0.03)	1.00	2.98%	0.31%	2.95%	0.46%

\* Less than \$0.005 per share.

(a) Not annualized for periods less than one year. Total returns do not include redemption charges.

(b) Annualized for periods less than one year.

(c) During the period, certain fees were reduced. If such fee reductions had not occurred, the ratio would have been as indicated.

(d) Class D Shares commenced operations on June 17, 2002.

(e) Class Y Shares commenced operations on July 18, 2002.

(f) During the year ended October 31, 2005, HSBC reimbursed certain amounts to the Fund related to violation of certain investment policies and limitations. There was no rounded impact to the net expense ratio, net income ratio or total return for Class D Shares and Class Y Shares.

See notes to financial statements.

# HSBC INVESTOR MONEY MARKET FUND

## Financial Highlights

Selected data for a share outstanding throughout the periods indicated.

	Investment Activities				Dividends		Ratios/Supplementary Data					
	Net Asset Value, Beginning of Period	Net Investment Income	Total from Investment Activities	Net Investment Income	Total Dividends	Net Asset Value, End of Period	Total Return(a)	Net Assets at End of Period (000's)	Ratio of Expenses to Average Net Assets(b)	Ratio of Investment Income to Average Net Assets(b)	Ratio of Expenses to Average Net Assets(b)(c)	
<b>CLASS A SHARES</b>												
Year ended October 31, 2002	\$1.00	0.01	0.01	(0.01)	(0.01)	\$1.00	1.49%	\$ 390,920	0.72%	1.49%	0.72%	
Year ended October 31, 2003	1.00	0.01	0.01	(0.01)	(0.01)	1.00	0.70%	326,320	0.71%	0.71%	0.71%	
Year ended October 31, 2004	1.00	0.01	0.01	(0.01)	(0.01)	1.00	0.57%	301,384	0.72%	0.56%	0.72%	
Year ended October 31, 2005	1.00	0.02	0.02	(0.02)	(0.02)	1.00	2.17%	243,772	0.73%	2.10%	0.73%	
Year ended October 31, 2006	1.00	0.04	0.04	(0.04)	(0.04)	1.00	4.24%	415,514	0.72%	4.20%	0.73%	
<b>CLASS B SHARES</b>												
Year ended October 31, 2002	\$1.00	0.01	0.01	(0.01)	(0.01)	\$1.00	0.64%	\$ 331	1.32%	0.74%	1.32%	
Year ended October 31, 2003	1.00	0.00*	0.00*	(0.00)*	(0.00)*	1.00	0.29%	299	1.12%	0.29%	1.31%	
Year ended October 31, 2004	1.00	0.00*	0.00*	(0.00)*	(0.00)*	1.00	0.23%	195	1.04%	0.23%	1.32%	
Year ended October 31, 2005	1.00	0.02	0.02	(0.02)	(0.02)	1.00	1.56%	88	1.33%	1.40%	1.33%	
Year ended October 31, 2006	1.00	0.04	0.04	(0.04)	(0.04)	1.00	3.61%	109	1.32%	3.60%	1.33%	
<b>CLASS C SHARES</b>												
Year ended October 31, 2002	\$1.00	0.01	0.01	(0.01)	(0.01)	\$1.00	0.88%	\$ 200,929	1.32%	0.86%	1.32%	
Year ended October 31, 2003	1.00	0.00*	0.00*	(0.00)*	(0.00)*	1.00	0.30%	153,124	1.10%	0.30%	1.31%	
Year ended October 31, 2004	1.00	0.00*	0.00*	(0.00)*	(0.00)*	1.00	0.23%	170,451	1.05%	0.23%	1.32%	
Year ended October 31, 2005	1.00	0.02	0.02	(0.02)	(0.02)	1.00	1.56%	195,246	1.33%	1.54%	1.33%	
Year ended October 31, 2006	1.00	0.04	0.04	(0.04)	(0.04)	1.00	3.61%	268,071	1.32%	3.59%	1.33%	
<b>CLASS D SHARES</b>												
Year ended October 31, 2002	\$1.00	0.02	0.02	(0.02)	(0.02)	\$1.00	1.64%	\$ 807,638	0.57%	1.64%	0.57%	
Year ended October 31, 2003	1.00	0.01	0.01	(0.01)	(0.01)	1.00	0.85%	825,998	0.56%	0.84%	0.56%	
Year ended October 31, 2004	1.00	0.01	0.01	(0.01)	(0.01)	1.00	0.72%	1,013,427	0.57%	0.72%	0.57%	
Year ended October 31, 2005	1.00	0.02	0.02	(0.02)	(0.02)	1.00	2.32%	1,351,695	0.58%	2.36%	0.58%	
Year ended October 31, 2006	1.00	0.04	0.04	(0.04)	(0.04)	1.00	4.39%	2,098,413	0.57%	4.38%	0.58%	
<b>CLASS I SHARES</b>												
Period ended October 31, 2002 (d)	\$1.00	0.02	0.02	(0.02)	(0.02)	\$1.00	1.54%	\$2,200,424	0.20%	1.86%	0.21%	
Year ended October 31, 2003	1.00	0.01	0.01	(0.01)	(0.01)	1.00	1.22%	3,116,473	0.20%	1.19%	0.21%	
Year ended October 31, 2004	1.00	0.01	0.01	(0.01)	(0.01)	1.00	1.09%	2,777,675	0.20%	1.07%	0.22%	
Year ended October 31, 2005	1.00	0.03	0.03	(0.03)	(0.03)	1.00	2.71%	1,476,725	0.20%	2.55%	0.23%	
Year ended October 31, 2006	1.00	0.05	0.05	(0.05)	(0.05)	1.00	4.79%	2,111,147	0.19%	4.70%	0.22%	
<b>CLASS Y SHARES</b>												
Year ended October 31, 2002	\$1.00	0.02	0.02	(0.02)	(0.02)	\$1.00	1.89%	\$ 699,936	0.32%	1.88%	0.32%	
Year ended October 31, 2003	1.00	0.01	0.01	(0.01)	(0.01)	1.00	1.10%	688,510	0.31%	1.10%	0.31%	
Year ended October 31, 2004	1.00	0.01	0.01	(0.01)	(0.01)	1.00	0.97%	512,827	0.32%	0.95%	0.32%	
Year ended October 31, 2005	1.00	0.03	0.03	(0.03)	(0.03)	1.00	2.58%	420,576	0.33%	2.49%	0.33%	
Year ended October 31, 2006	1.00	0.05	0.05	(0.05)	(0.05)	1.00	4.65%	530,780	0.32%	4.59%	0.33%	

\* Less than \$0.005 per share.

(a) Not annualized for periods less than one year. Total returns do not include redemption charges.

(b) Annualized for periods less than one year.

(c) During the period, certain fees were reduced. If such fee reductions had not occurred, the ratio would have been as indicated.

(d) Class I Shares commenced operations on January 9, 2002.

See notes to financial statements.

# HSBC INVESTOR NEW YORK TAX-FREE MONEY MARKET FUND

## Financial Highlights

Selected data for a share outstanding throughout the periods indicated.

	Investment Activities				Dividends		Net Asset Value, End of Period	Total Return(a)	Ratios/Supplementary Data			
	Net Asset Value, Beginning of Period	Net Investment Income	Total from Investment Activities	Net Investment Income	Total Dividends	Net Assets at End of Period (000's)			Ratio of Average Net Expenses to Assets(b)	Ratio of Net Investment Income to Average Net Assets(b)	Ratio of Expenses to Average Net Assets(b)(c)	
<b>CLASS A SHARES</b>												
Year ended October 31, 2002	\$1.00	0.01	0.01	(0.01)	(0.01)	\$1.00	0.82%	\$146,759	0.70%	0.82%	0.70%	
Year ended October 31, 2003	1.00	0.00*	0.00*	(0.00)*	(0.00)*	1.00	0.46%	150,169	0.70%	0.46%	0.70%	
Year ended October 31, 2004	1.00	0.00*	0.00*	(0.00)*	(0.00)*	1.00	0.40%	217,659	0.70%	0.42%	0.70%	
Year ended October 31, 2005	1.00	0.01	0.01	(0.01)	(0.01)	1.00	1.46%(d)	128,218	0.70%(d)	1.38%(d)	0.71%	
Year ended October 31, 2006	1.00	0.03	0.03	(0.03)	(0.03)	1.00	2.63%	153,523	0.70%	2.61%	0.70%	
<b>CLASS B SHARES</b>												
Year ended October 31, 2002	\$1.00	0.00*	0.00*	(0.00)*	(0.00)*	\$1.00	0.06%	\$	1.28%	0.19%	1.28%	
Year ended October 31, 2003	1.00	0.00*	0.00*	(0.00)*	(0.00)*	1.00	0.27%	17	0.89%	0.27%	1.28%	
Year ended October 31, 2004	1.00	0.00*	0.00*	(0.00)*	(0.00)*	1.00	0.26%	683	0.96%	0.26%	1.31%	
Year ended October 31, 2005	1.00	0.01	0.01	(0.01)	(0.01)	1.00	0.85%(d)	228	1.29%(d)	0.77%(d)	1.31%	
Year ended October 31, 2006	1.00	0.02	0.02	(0.02)	(0.02)	1.00	2.01%	55	1.30%	1.88%	1.30%	
<b>CLASS C SHARES</b>												
Year ended October 31, 2002	\$1.00	0.00*	0.00*	(0.00)*	(0.00)*	\$1.00	0.14%	\$	1.16%	0.36%	1.33%	
Year ended October 31, 2003	1.00	0.00*	0.00*	(0.00)*	(0.00)*	1.00	0.06%	24	0.71%	0.26%	1.30%	
Year ended October 31, 2004 (e)	1.00	0.00*	0.00*	(0.00)*	(0.00)*	1.00	0.06%	0**	0.78%	0.26%	1.29%	
Year ended October 31, 2005 (f)	1.00	—	—	—	—	1.00	—	0**	—	—	—	
Year ended October 31, 2006 (f)	1.00	—	—	—	—	1.00	—	0**	—	—	—	
<b>CLASS D SHARES</b>												
Year ended October 31, 2002	\$1.00	0.01	0.01	(0.01)	(0.01)	\$1.00	0.97%	\$226,280	0.55%	0.97%	0.55%	
Year ended October 31, 2003	1.00	0.01	0.01	(0.01)	(0.01)	1.00	0.61%	201,277	0.55%	0.61%	0.55%	
Year ended October 31, 2004	1.00	0.01	0.01	(0.01)	(0.01)	1.00	0.56%	171,151	0.55%	0.54%	0.55%	
Year ended October 31, 2005	1.00	0.02	0.02	(0.02)	(0.02)	1.00	1.61%(d)	189,538	0.55%(d)	1.61%(d)	0.56%	
Year ended October 31, 2006	1.00	0.03	0.03	(0.03)	(0.03)	1.00	2.78%	352,630	0.55%	2.78%	0.55%	
<b>CLASS Y SHARES</b>												
Year ended October 31, 2002	\$1.00	0.01	0.01	(0.01)	(0.01)	\$1.00	1.22%	\$107,422	0.30%	1.21%	0.30%	
Year ended October 31, 2003	1.00	0.01	0.01	(0.01)	(0.01)	1.00	0.86%	167,776	0.30%	0.86%	0.30%	
Year ended October 31, 2004	1.00	0.01	0.01	(0.01)	(0.01)	1.00	0.81%	98,260	0.30%	0.79%	0.30%	
Year ended October 31, 2005	1.00	0.02	0.02	(0.02)	(0.02)	1.00	1.86%(d)	280,683	0.30%(d)	1.89%(d)	0.31%	
Year ended October 31, 2006	1.00	0.03	0.03	(0.03)	(0.03)	1.00	3.04%	263,187	0.30%	2.99%	0.30%	

\* Less than \$0.005 per share.

\*\* Less than \$500.

(a) Not annualized for periods less than one year. Total returns do not include redemption charges.

(b) Annualized for periods less than one year.

(c) During the period, certain fees were reduced. If such fee reductions had not occurred, the ratio would have been as indicated.

(d) During the year ended October 31, 2005, HSBC reimbursed certain amounts to the Fund related to violation of certain investment policies and limitations. The corresponding impact to the net expense ratio, net income ratio and total return were 0.01%, 0.01% and 0.01% for Class A Shares, Class B Shares, Class D Shares and Class Y Shares, respectively.

(e) Class C Shares were operational during a portion of the year only. Amounts reflect performance for the period of time the class had operations, which was 81 days during the period.

(f) During the period, Class C Shares had no operations. Net assets at the end of the period represent seed money.

See notes to financial statements.

# HSBC INVESTOR TAX-FREE MONEY MARKET FUND

## Financial Highlights

Selected data for a share outstanding throughout the periods indicated.

	Investment Activities			Dividends		Net Asset Value, End of Period	Total Return(a)	Net Assets at End of Period (000's)	Ratios/Supplementary Data			
	Net Asset Value, Beginning of Period	Net Investment Income	Total from Investment Activities	Net Investment Income	Total Dividends				Ratio of Average Net Expenses to Assets(b)	Ratio of Net Investment Income to Average Net Assets(b)	Ratio of Expenses to Average Net Assets(b)(c)	
<b>CLASS A SHARES</b>												
Period ended October 31, 2004 (d)	\$1.00	0.00*	0.00*	(0.00)*	(0.00)*	\$1.00	0.00%	\$	0**	0.44%	0.51%	2.12%
Year ended October 31, 2005 (e)	1.00	—	—	—	—	1.00	—	—	0**	—	—	—
Year ended October 31, 2006 (f)	1.00	0.01	0.01	(0.01)	(0.01)	1.00	0.56%	—	1	1.06%	3.35%	1.49%
<b>CLASS D SHARES</b>												
Period ended October 31, 2004 (g)	\$1.00	0.00*	0.00*	(0.00)*	(0.00)*	\$1.00	0.23%	\$ 3,248	—	0.27%	1.34%	1.50%
Year ended October 31, 2005	1.00	0.02	0.02	(0.02)	(0.02)	1.00	1.60%	11,892	—	0.57%	1.71%	1.11%
Year ended October 31, 2006	1.00	0.03	0.03	(0.03)	(0.03)	1.00	2.77%	48,502	—	0.66%	2.76%	0.99%
<b>CLASS I SHARES</b>												
Period ended October 31, 2004 (d)	\$1.00	0.00*	0.00*	(0.00)*	(0.00)*	\$1.00	0.12%	\$	0**	0.00%	1.07%	1.80%
Year ended October 31, 2005 (h)	1.00	0.00*	0.00*	(0.00)*	(0.00)*	1.00	0.15%	—	0**	0.33%	2.11%	0.74%
Year ended October 31, 2006 (i)	1.00	—	—	—	—	1.00	—	—	—	—	—	—
<b>CLASS Y SHARES</b>												
Period ended October 31, 2004 (g)	\$1.00	0.00*	0.00*	(0.00)*	(0.00)*	\$1.00	0.50%	\$15,544	—	0.03%	1.27%	1.48%
Year ended October 31, 2005	1.00	0.02	0.02	(0.02)	(0.02)	1.00	1.86%	26,569	—	0.31%	1.86%	0.87%
Year ended October 31, 2006	1.00	0.03	0.03	(0.03)	(0.03)	1.00	3.02%	12,424	—	0.39%	2.92%	0.77%

\* Less than \$0.005 per share.

\*\* Less than \$500.

(a) Not annualized for periods less than one year. Total returns do not include redemption charges.

(b) Annualized for periods less than one year.

(c) During the period, certain fees were reduced. If such fee reductions had not occurred, the ratio would have been as indicated.

(d) Class A Shares commenced operations on August 27, 2004 and was operational during a portion of the year only. Amounts reflect performance for the period of time the class had operations, which was 5 days during the period. Class I Shares commenced operations on June 25, 2004 and were operational during a portion of the year only. Amounts reflect performance for the period of time the class had operations, which was 40 days during the period.

(e) During the period, Class A shares had no operations, Net Assets at the end of the year represent seed money.

(f) Class A was operational during a portion of the year only. Amounts reflect performance for the period of the time the class had operations, which was 78 days during the period.

(g) Class D Shares commenced operations on August 24, 2004. Class Y commenced operations on June 7, 2004.

(h) Class I Shares were operational during a portion of the year only. Amounts reflect performance for the period of the time the class had operations, which was 27 days during the period.

(i) During the period, Class I shares had no operations.

See notes to financial statements.

# HSBC INVESTOR U.S. GOVERNMENT MONEY MARKET FUND

## Financial Highlights

Selected data for a share outstanding throughout the periods indicated.

	Investment Activities			Dividends		Net Asset Value, End of Period	Total Return(a)	Ratios/Supplementary Data		
	Net Asset Value, Beginning of Period	Net Investment Income	Total from Investment Activities	Net Investment Income	Total Dividends			Net Assets at End of Period (000's)	Ratio of Expenses to Average Net Assets(b)	Ratio of Net Investment Income to Average Net Assets(b)
<b>CLASS A SHARES</b>										
Year ended October 31, 2002	\$1.00	0.01	0.01	(0.01)	(0.01)	\$1.00	1.23%	0.72%	1.23%	0.72%
Year ended October 31, 2003	1.00	0.01	0.01	(0.01)	(0.01)	1.00	0.53%	0.72%	0.54%	0.72%
Year ended October 31, 2004	1.00	0.01	0.01	(0.01)	(0.01)	1.00	0.53%	0.73%	0.53%	0.73%
Year ended October 31, 2005	1.00	0.02	0.02	(0.02)	(0.02)	1.00	2.09%	0.73%	2.08%	0.74%
Year ended October 31, 2006	1.00	0.04	0.04	(0.04)	(0.04)	1.00	4.16%	0.72%	4.13%	0.73%
<b>CLASS B SHARES</b>										
Year ended October 31, 2002	\$1.00	0.01	0.01	(0.01)	(0.01)	\$1.00	0.62%	1.32%	0.74%	1.32%
Year ended October 31, 2003	1.00	0.00*	0.00*	(0.00)*	(0.00)*	1.00	0.26%	0.98%	0.26%	1.34%
Year ended October 31, 2004	1.00	0.00*	0.00*	(0.00)*	(0.00)*	1.00	0.28%	0.98%	0.28%	1.34%
Year ended October 31, 2005	1.00	0.02	0.02	(0.02)	(0.02)	1.00	1.72%	1.32%	1.10%	1.32%
Year ended October 31, 2006	1.00	0.04	0.04	(0.04)	(0.04)	1.00	4.29%	1.31%	3.95%	1.32%
<b>CLASS D SHARES</b>										
Year ended October 31, 2002	\$1.00	0.01	0.01	(0.01)	(0.01)	\$1.00	1.38%	0.57%	1.39%	0.57%
Year ended October 31, 2003	1.00	0.01	0.01	(0.01)	(0.01)	1.00	0.68%	0.57%	0.66%	0.57%
Year ended October 31, 2004	1.00	0.01	0.01	(0.01)	(0.01)	1.00	0.68%	0.58%	0.67%	0.58%
Year ended October 31, 2005	1.00	0.02	0.02	(0.02)	(0.02)	1.00	2.24%	0.58%	2.21%	0.59%
Year ended October 31, 2006	1.00	0.04	0.04	(0.04)	(0.04)	1.00	4.32%	0.57%	4.27%	0.58%
<b>CLASS I SHARES</b>										
Period ended October 31, 2004 (d)	\$1.00	0.00*	0.00*	(0.00)*	(0.00)*	\$1.00	0.01%	0.20%	0.93%	0.21%
Year ended October 31, 2005 (e)	1.00	0.01	0.01	(0.01)	(0.01)	1.00	0.73%	0.20%	3.08%	0.24%
Year ended October 31, 2006 (f)	1.00	0.02	0.02	(0.02)	(0.02)	1.00	1.80%	0.17%	5.08%	0.23%
<b>CLASS Y SHARES</b>										
Year ended October 31, 2002	\$1.00	0.02	0.02	(0.02)	(0.02)	\$1.00	1.63%	0.32%	1.62%	0.32%
Year ended October 31, 2003	1.00	0.01	0.01	(0.01)	(0.01)	1.00	0.94%	0.32%	0.93%	0.32%
Year ended October 31, 2004	1.00	0.01	0.01	(0.01)	(0.01)	1.00	0.93%	0.32%	0.91%	0.32%
Year ended October 31, 2005	1.00	0.02	0.02	(0.02)	(0.02)	1.00	2.50%	0.34%	2.49%	0.34%
Year ended October 31, 2006	1.00	0.04	0.04	(0.04)	(0.04)	1.00	4.58%	0.32%	4.49%	0.33%

\* Less than \$0.005 per share.

\*\* Less than \$500.

(a) Not annualized for periods less than one year. Total returns do not include redemption charges.

(b) Annualized for periods less than one year.

(c) During the period, certain fees were reduced. If such fee reductions had not occurred, the ratio would have been as indicated.

(d) Class I commenced operations on December 24, 2003 and was operational during a portion of the year only. Amounts reflect performance for the period of time the class had operations, which was 10 days during the period.

(e) Class I Shares were operational during a portion of the year only. Amounts reflect performance for the period of time the class had operations, which was 89 days during the period.

(f) Class I shares were operational during a portion of the year only. Amounts reflect performance for the period of time the class had operations, which was 136 days during the period.

See notes to financial statements.

# HSBC INVESTOR U.S. TREASURY MONEY MARKET FUND

## Financial Highlights

Selected data for a share outstanding throughout the periods indicated.

	Investment Activities			Dividends		Net Asset Value, End of Period	Total Return(a)	Ratios/Supplementary Data		
	Net Asset Value, Beginning of Period	Net Investment Income	Total from Investment Activities	Net Investment Income	Total Dividends			Net Assets at End of Period (000's)	Ratio of Expenses to Average Net Assets(b)	Ratio of Net Investment Income to Average Net Assets(b)
<b>CLASS A SHARES</b>										
Year ended October 31, 2002	\$1.00	0.01	0.01	(0.01)	(0.01)	\$1.00	1.00%	0.80%	0.83%	0.81%
Year ended October 31, 2003	1.00	0.00*	0.00*	(0.00)*	(0.00)*	1.00	0.35%	0.77%	0.38%	0.80%
Year ended October 31, 2004	1.00	0.00*	0.00*	(0.00)*	(0.00)*	1.00	0.39%	0.71%	0.39%	0.76%
Year ended October 31, 2005	1.00	0.02	0.02	(0.02)	(0.02)	1.00	1.89%	0.76%	1.84%	0.76%
Year ended October 31, 2006	1.00	0.04	0.04	(0.04)	(0.04)	1.00	3.74%	0.74%	3.75%	0.77%
<b>CLASS B SHARES</b>										
Period ended October 31, 2004 (d)	\$1.00	0.00*	0.00*	(0.00)*	(0.00)*	\$1.00	0.04%	1.31%	0.18%	1.35%
Year ended October 31, 2005	1.00	0.01	0.01	(0.01)	(0.01)	1.00	1.29%	1.36%	1.28%	1.36%
Year ended October 31, 2006	1.00	0.03	0.03	(0.03)	(0.03)	1.00	3.12%	1.35%	3.09%	1.38%
<b>CLASS D SHARES</b>										
Year ended October 31, 2002	\$1.00	0.01	0.01	(0.01)	(0.01)	\$1.00	1.15%	0.65%	1.09%	0.71%
Year ended October 31, 2003	1.00	0.00*	0.00*	(0.00)*	(0.00)*	1.00	0.50%	0.62%	0.46%	0.66%
Year ended October 31, 2004	1.00	0.01	0.01	(0.01)	(0.01)	1.00	0.54%	0.56%	0.54%	0.60%
Year ended October 31, 2005	1.00	0.02	0.02	(0.02)	(0.02)	1.00	2.04%	0.62%	2.08%	0.62%
Year ended October 31, 2006	1.00	0.04	0.04	(0.04)	(0.04)	1.00	3.90%	0.60%	3.85%	0.62%
<b>CLASS I SHARES</b>										
Period ended October 31, 2004 (e)	\$1.00	0.00*	0.00*	(0.00)*	(0.00)*	\$1.00	0.02%	0.17%	0.77%	0.23%
Year ended October 31, 2005 (f)	1.00	0.02	0.02	(0.02)	(0.02)	1.00	2.02%	0.20%	2.62%	0.26%
Year ended October 31, 2006	1.00	0.04	0.04	(0.04)	(0.04)	1.00	4.37%	0.19%	4.12%	0.27%
<b>CLASS Y SHARES</b>										
Year ended October 31, 2002	\$1.00	0.01	0.01	(0.01)	(0.01)	\$1.00	1.41%	0.40%	1.38%	0.51%
Year ended October 31, 2003	1.00	0.01	0.01	(0.01)	(0.01)	1.00	0.75%	0.36%	0.78%	0.39%
Year ended October 31, 2004	1.00	0.01	0.01	(0.01)	(0.01)	1.00	0.79%	0.31%	0.82%	0.35%
Year ended October 31, 2005	1.00	0.02	0.02	(0.02)	(0.02)	1.00	2.30%	0.36%	2.13%	0.36%
Year ended October 31, 2006	1.00	0.04	0.04	(0.04)	(0.04)	1.00	4.16%	0.35%	4.07%	0.37%

\* Less than \$0.005 per share.

\*\* Less than \$500.

(a) Total returns do not include redemption charges.

(b) Not annualized for periods less than one year. Total returns do not include redemption charges.

(c) Annualized for periods less than one year.

(d) During the period, certain fees were reduced. If such fee reductions had not occurred, the ratio would have been as indicated.

(e) Class B Shares commenced operations on August 13, 2004.

(f) Class I Shares commenced operations on December 30, 2003 and were operational during a portion of the year only. Amounts reflect performance for the period of time the class had operations, which was 13 days during the period.

(g) Class I Shares were operational during a portion of the year only. Amounts reflect performance for the period of time the class had operations, which was 280 days during the period.

See notes to financial statements.

## 1. Organization:

HSBC Investor Funds (the “Trust”), a Massachusetts business trust organized on April 22, 1987, is registered under the Investment Company Act of 1940, as amended (the “Act”), as an open-end management investment company. As of October 31, 2006, the Trust is comprised of 24 separate funds, each a diversified series of the HSBC Investor Family of Funds. The accompanying financial notes are presented for the following 6 funds (individually a “Fund,” collectively the “Funds”):

<u>Fund</u>	<u>Short Name</u>
HSBC Investor California Tax-Free Money Market Fund	California Tax-Free Money Market Fund
HSBC Investor Money Market Fund	Money Market Fund
HSBC Investor New York Tax-Free Money Market Fund	N.Y. Tax-Free Money Market Fund
HSBC Investor Tax-Free Money Market Fund	Tax-Free Money Market Fund
HSBC Investor U.S. Government Money Market Fund	U.S. Government Money Market Fund
HSBC Investor U.S. Treasury Money Market Fund	U.S Treasury Money Market Fund

Financial statements for all other Funds of HSBC Investor Family of Funds are published separately.

The Funds are authorized to issue an unlimited number of shares of beneficial interest with a par value of \$0.001 per share. The Funds are authorized to issue five classes of shares: Class A Shares, Class B Shares, Class C Shares, Class D Shares, and Class Y Shares. In addition, the Money Market Fund, Tax-Free Money Market Fund, U.S. Government Money Market Fund and U.S. Treasury Money Market Fund are authorized to issue Class I Shares. The Class B Shares of the Funds are offered without any front-end sales charge but will be subject to a contingent deferred sales charge (“CDSC”) ranging from a maximum of 4.00% if redeemed less than one year after purchase to 0.00% if redeemed more than four years after purchase. Class C Shares of the Funds are offered without any front-end sales charge but will be subject to a maximum CDSC of 1.00% if redeemed less than one year after purchase. No sales charges are assessed with respect to Class A, Class D, Class I or Class Y Shares of the Funds. Each class of shares in each Fund has identical rights and privileges, except with respect to arrangements pertaining to shareholder servicing and/or distribution, class-related expenses, voting rights on matters affecting a single class of shares, and exchange privileges.

Under the Trust’s organizational documents, the Funds’ officers and trustees are indemnified against certain liabilities arising out of the performance of their duties to the Funds. In addition, in the normal course of business, the Funds enter into contracts with service providers, which also provide for indemnifications by the Funds. The Funds’ maximum exposure under these arrangements is unknown as this would involve any future claims that may be made against the Funds. However, based on experience, the Funds expect that risk of loss to be remote.

## 2. Significant Accounting Policies:

The following is a summary of the significant accounting policies followed by the Funds in the preparation of their financial statements. The policies are in conformity with accounting principles generally accepted in the United States of America (“GAAP”). The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses for the period. Actual results could differ from those estimates.

### Securities Valuation:

Investments of the Funds are valued at amortized cost, which approximates fair value, except for investments in other money market funds, which are priced at net asset value as reported by such companies. Under the amortized cost method, premium or discount, if any, is amortized or accreted, respectively, on a constant (straight-line) basis to the maturity of the security.

# HSBC INVESTOR FAMILY OF FUNDS

## Notes to Financial Statements—October 31, 2006 (continued)

### Security Transactions and Related Income:

During the period, security transactions are accounted for no later than one business day following trade date. For financial reporting purposes, however, changes in holdings are accounted for on trade date on the last business day of the reporting period. Securities gains and losses are calculated on the identified cost basis. Interest income is recognized on the accrual basis and includes, where applicable, the amortization or accretion of premium or discount. Dividend income is recorded on the ex-dividend date.

### Restricted and Illiquid Securities:

A restricted security is a security which has been purchased through a private offering and cannot be resold to the general public without prior registration under the Securities Act of 1933 (the “1933 Act”) or pursuant to the resale limitations provided by Rule 144 under the 1933 Act, or an exemption from the registration requirements of the 1933 Act. Certain restricted securities may be resold in transactions exempt from registration, normally to qualified institutional buyers, and may be deemed liquid by the investment adviser based on procedures established by the Board of Trustees. Therefore, not all restricted securities are considered illiquid.

At October 31, 2006 the HSBC Money Market Fund held restricted securities that were illiquid, representing 1.8% of net assets, as follows:

<u>Security</u>	<u>Acquisition Date</u>	<u>Acquisition Cost</u>	<u>Principal Amount(\$)</u>	<u>Value(\$)</u>
<b>Money Market Fund</b>				
Goldman Sachs Group LP, 5.40%, 7/30/07	7/27/2006	100,000,000	100,000,000	100,000,000

### Securities Loans:

To generate additional income, the California Tax-Free Money Market Fund, Money Market Fund, N.Y. Tax-Free Money Market Fund, and U.S. Government Money Market Fund may lend up to 33 1/3% of their respective assets pursuant to agreements requiring that the loan be continuously secured by any combination of cash, U.S. Government or U.S. Government agency securities, equal at all times to at least 100% of the fair value of the loaned securities. HSBC Bank USA (“HSBC Bank”), an affiliate of the Investment Adviser (defined below), acted as the securities lending agent for this activity through March 30, 2006. The Funds receive payments from borrowers equivalent to the dividends and interest that would have been earned on securities loaned while simultaneously seeking to earn income on the investment of collateral. Collateral is marked to market daily and adjusted if needed, to provide the required level of collateral. There may be risks of delay in recovery of the securities or even loss of rights in the collateral should the borrower of the securities fail financially. However, loans will be made only to borrowers, such as broker-dealers, banks or institutional borrowers of securities, deemed by HSBC Bank to be of good standing and creditworthy under guidelines established by the Board of Trustees and when, in the judgment of HSBC Bank, the consideration which can be earned currently from such securities loans justifies the attendant risks. Loans are subject to termination by the Funds or the borrower at any time and are, therefore, not considered to be illiquid investments. At October 31, 2006 the Funds had no securities on loan.

### Repurchase Agreements:

The Funds (except U.S. Treasury Money Market Fund) may enter into repurchase agreements with an entity which is a member of the Federal Reserve System or which is a “primary dealer” (as designated by the Federal Reserve Bank of New York) in U.S. Government obligations. The repurchase price generally equals the price paid by a Fund plus interest negotiated on the basis of current short-term rates, which may be more or less than the rate on the underlying portfolio securities. The seller, under a repurchase agreement, is required to maintain the collateral held pursuant to the agreement, with a fair value equal to or greater than the repurchase price (including accrued interest). Collateral subject to repurchase agreements is held by the Funds’ custodian or another qualified custodian or in the Federal Reserve/Treasury book-entry system. In the event of counterparty default, the Fund has the right to use the collateral to offset losses incurred. There is potential for loss to the Fund in the event the Fund is delayed or prevented from

# HSBC INVESTOR FAMILY OF FUNDS

## Notes to Financial Statements—October 31, 2006 (continued)

exercising its rights to dispose of the collateral securities, including the risk of a possible decline in the fair value of the underlying securities during the period while the Fund seeks to assert its rights.

### Line of Credit:

The Funds may borrow up to \$50 million under the terms of a short-term, demand note agreement with HSBC Bank. The purpose of the agreement is to meet temporary or emergency cash needs, including redemption requests that might otherwise require the untimely disposition of securities.

During the year ended October 31, 2006, the details of the borrowings were as follows (based on actual number of days in which the respective Fund borrowed monies):

<u>Fund</u>	<u>Average Amount Outstanding</u>	<u>Average Interest Rate</u>
California Tax-Free Money Market Fund .....	\$1,654,913	5.02%
New York Tax-Free Money Market Fund .....	8,476,040	4.65%
Tax-Free Money Market Fund .....	307,978	5.03%
U.S. Treasury Money Market Fund .....	2,973,000	5.83%

### Allocations:

Expenses directly attributable to a Fund are charged to that Fund. Expenses not directly attributable to a Fund are allocated proportionately among various or all series within the HSBC Investor Family of Funds in relation to net assets or on another reasonable basis. Expenses specific to a class are charged to that class. In addition, income, expenses (other than class specific), and realized gains and losses are allocated to each class based on relative net assets on a daily basis.

### Dividends to Shareholders:

Dividends from net investment income are declared daily and paid monthly from each Fund. Dividends from net realized gains, if any, are declared and paid at least annually by the Funds. Additional distributions are also made to the Funds' shareholders to the extent necessary to avoid the federal excise tax on certain undistributed income and net realized gains of regulated investment companies.

The character of net investment income and net realized gains distributed are determined in accordance with federal income tax regulations, which may differ from GAAP. These "book/tax" differences are either considered temporary or permanent in nature. To the extent these differences are permanent in nature (e.g., reclassification of market discounts, certain gain/loss, paydowns, and certain distributions), such amounts are reclassified within the components of net assets; temporary differences (e.g., wash losses and post-october loss deferrals) do not require reclassification.

### Federal Income Taxes:

Each Fund is a separate taxable entity for federal income tax purposes. Each Fund has qualified and intends to continue to qualify as a "regulated investment company" under Subchapter M of the Internal Revenue Code, as amended, and to distribute substantially all of its taxable income and net realized gains, if any, to its shareholders. Accordingly, no provision for federal income or excise tax is required.

### New Accounting Pronouncements:

In September 2006 the Financial Accounting Standards Board (FASB) issued Statement on Financial Accounting Standards (SFAS) No. 157, "Fair Value Measurements." This standard establishes a single authoritative definition of fair value, sets out a framework for measuring fair value and requires additional disclosures about fair value measurements. SFAS No. 157 applies to fair value measurements already required or permitted by existing standards. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. The changes to current GAAP from the application of this Statement relate to

# HSBC INVESTOR FAMILY OF FUNDS

## Notes to Financial Statements—October 31, 2006 (continued)

the definition of fair value, the methods used to measure fair value, and the expanded disclosures about fair value measurements. As of October 31, 2006, the Funds do not believe the adoption of SFAS No. 157 will impact the financial statement amounts, however, additional disclosures may be required about the inputs used to develop the measurements and the effect of certain of the measurements on changes in net assets for the period.

On July 13, 2006, the FASB released FASB Interpretation No. 48 “Accounting for Uncertainty in Income Taxes” (FIN 48). FIN 48 provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. FIN 48 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Funds’ tax return to determine whether the tax positions are “more-likely-than-not” of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax benefit or expense in the year of determination. Adoption of FIN 48 is required for fiscal years beginning after December 15, 2006 and is to be applied to all open tax years as of the effective date. Management is in the process of completing their analysis on whether the adoption of FIN 48 will have an impact to the financial statements upon adoption.

### 3. Related Party Transactions:

#### Investment Management:

HSBC Investments (USA) Inc. (“HSBC” or the “Investment Adviser”), a wholly owned subsidiary of HSBC Bank USA, a New York State chartered bank, acts as Investment Adviser to the Funds. As Investment Adviser, HSBC manages the investments of the Funds and continuously reviews, supervises and administers the Funds’ investments pursuant to an Investment Advisory Agreement. For its services, HSBC receives a fee, accrued daily and paid monthly, based on the average daily net assets, at an annual rate of:

<u>Fund</u>	<u>Fee Rate</u>
California Tax-Free Money Market Fund .....	0.10%
Money Market Fund .....	0.10%
N.Y. Tax-Free Money Market Fund .....	0.10%
Tax-Free Money Market Fund .....	0.10%
U.S. Government Money Market Fund .....	0.10%
U.S. Treasury Money Market Fund .....	0.10%

HSBC also provides operational support services to the Funds pursuant to an Operational Support Services Agreement. For its services, HSBC receives a fee, accrued daily and paid monthly, based on the average daily net assets of Class A Shares, Class B Shares, Class C Shares, Class D Shares and Class Y Shares, at an annual rate of:

<u>Fund</u>	<u>Fee Rate</u>
California Tax-Free Money Market Fund .....	0.10%
Money Market Fund .....	0.10%
N.Y. Tax-Free Money Market Fund .....	0.05%
Tax-Free Money Market Fund .....	0.10%
U.S. Government Money Market Fund .....	0.10%
U.S. Treasury Money Market Fund .....	0.10%

#### Administration:

HSBC serves the Funds as Administrator. Under the terms of the administration agreement, HSBC receives from the Funds a fee, accrued daily and paid monthly, at an annual rate of:

<u>Based on Average Daily Net Assets</u>	<u>Fee Rate</u>
Up to \$8 billion .....	0.075%
In excess of \$8 billion but not exceeding \$9.25 billion .....	0.070%
In excess of \$9.25 billion but not exceeding \$12 billion .....	0.050%
In excess of \$12 billion .....	0.030%

# HSBC INVESTOR FAMILY OF FUNDS

## Notes to Financial Statements—October 31, 2006 (continued)

The fee breakpoints are determined on the basis of the aggregate average daily net assets of the HSBC Investor Family of Funds. The fee is allocated to each of the HSBC Investor Family of Funds based upon its pro-rata share of net assets for each class.

The administration fees accrued for each class by fund, of which 50% of such fees are deemed to be class specific since June 1, 2006 (100% was deemed class specific prior to that date), are as follows:

	California Tax-Free Money Market Fund	Money Market Fund	New York Tax-Free Money Market Fund	Tax-Free Money Market Fund	U.S. Government Money Market Fund	U.S. Treasury Money Market Fund
Class A.....	\$ —	\$ 248,500	\$ 97,858	\$ 1	\$ 648,848	\$ 55,729
Class B.....	—	76	87	—	—	29
Class C.....	—	157,373	—	—	—	—
Class D.....	73,209	1,271,364	192,000	16,086	448,956	223,913
Class I.....	—	1,371,858	—	—	8,732	16,358
Class Y.....	25,245	341,867	201,300	14,581	389,829	40,224
Total.....	<u>\$98,454</u>	<u>\$3,391,038</u>	<u>\$491,245</u>	<u>\$30,668</u>	<u>\$1,496,365</u>	<u>\$336,253</u>

Pursuant to a Sub-Administration Agreement with HSBC, BISYS Fund Services Ohio, Inc. (“BISYS Ohio”), a wholly-owned subsidiary of The BISYS Group, Inc, serves as the Trust’s sub-administrator subject to the general supervision of the Funds’ Board of Trustees and HSBC. For these services, BISYS Ohio is entitled to a fee, payable by HSBC, at an annual rate equivalent to the fee rates set forth above, minus 0.02% (2 basis points) which is retained by HSBC. During the year ended October 31, 2006, BISYS Ohio reduced its sub-administration fees with HSBC by \$401,346, of which HSBC reduced its administrative fees for certain funds by the same amount.

Under a Compliance Services Agreement between the Funds’ and BISYS Ohio (the “CCO Agreement”), BISYS Ohio makes an employee available to serve as the Funds’ Chief Compliance Officer (the “CCO”). Under the CCO Agreement, BISYS Ohio also provides infrastructure and support in implementing the written policies and procedures comprising the Funds’ compliance program, including support services to the CCO. For the services provided under the CCO Agreement, the HSBC Investor Family of Funds paid BISYS Ohio \$240,000 for the year ended October 31, 2006, plus reimbursement of certain expenses. Expenses incurred by each fund are reflected on the Statements of Operations as “Compliance service”. BISYS Ohio pays the salary and other compensation earned by any such individuals as employees of BISYS Ohio.

### Distribution Plan:

BISYS Fund Services Limited Partnership (“BISYS”), a wholly-owned subsidiary of BISYS Fund Services, Inc., serves the Trust as Distributor (the “Distributor”). The Trust has adopted a non-compensatory Distribution Plan and Agreement (the “Plan”) pursuant to Rule 12b-1 of the Act. The Plan provides for reimbursement of expenses incurred by the Distributor related to distribution and marketing, at a rate not to exceed 0.25%, 1.00%, 1.00% and 0.25% of the average daily net assets of Class A Shares (currently not being charged), Class B Shares (currently charging 0.75%), Class C Shares (currently charging 0.75%) and Class D Shares (currently not being charged) of the Funds, respectively. BISYS, as Distributor, also received \$1,248,150, \$797,394 and \$18,602 in commissions from sales of HSBC Investor Family of Funds, for Class A Shares, Class B Shares and Class C Shares, respectively of which \$1,247,785, \$797,194 and \$18,602, was reallocated to affiliated brokers and dealers, for Class A Shares, Class B Shares and Class C Shares, respectively.

### Shareholder Servicing:

The Trust has adopted an Administrative Services Plan which provides for payments to shareholder servicing agents (which currently consist of HSBC and its affiliates) for providing various shareholder services. For performing these services, the shareholder servicing agents receive a fee that is computed daily and paid monthly up to 0.60%, 0.25%, 0.25% and 0.25% of the average daily net assets of Class A Shares (currently charging 0.40%), Class B Shares, Class C Shares and Class D Shares of the Funds, respectively. The fees paid to the Distributor pursuant to the

# HSBC INVESTOR FAMILY OF FUNDS

## Notes to Financial Statements—October 31, 2006 (continued)

Distribution Plan and to shareholder servicing agents pursuant to the Administrative Services Plan may not exceed, in the aggregate, 0.85%, 1.00%, 1.00% and 0.50% annually of each Fund's average daily net assets of Class A Shares, Class B Shares, Class C Shares and Class D Shares, respectively.

### Fund Accounting, Transfer Agent, Custodian and Trustee:

BISYS Ohio provides fund accounting and transfer agency services for each Fund. In addition, HSBC serves as custodian for the Funds. As transfer agent for the Funds, BISYS receives a fee based on the number of Funds and shareholder accounts, subject to certain minimums and reimbursement of certain expenses. As fund accountant for the Funds, BISYS receives an annual fee per Fund and share class, subject to certain minimums and reimbursement of certain expenses. As custodian for the Funds, HSBC Bank receives a fee based on average daily net assets, number of transactions, and reimbursements of certain expenses. Compensation paid to HSBC for services to the Funds as custodian is presented in the Statement of Operations as "Custodian" fees.

Effective May 18, 2006 each of the six non-interested Trustees are compensated with a \$35,000 annual Board retainer, as well as a \$3,000 annual retainer for each Committee of the Board. Each non-interested Trustee also receives a \$5,000 and \$3,000 meeting fee for each regular in-person Board meeting and Committee meeting, respectively. Furthermore, each non-interested Trustee receives compensation for attending special meetings and/or functioning as a Committee Chairperson or Lead Trustee. In addition, the non-interested Trustees are reimbursed for certain expenses incurred in connection with their Board membership.

Prior to May 18, 2006 each of the six non-interested Trustees were compensated with a \$24,000 annual Board retainer, as well as a \$1,000 annual retainer for each Committee of the Board. Each non-interested Trustee also received a \$4,000 and \$2,000 meeting fee for each regular in-person Board meeting and Committee meeting, respectively.

### Fee Reductions:

The Investment Adviser has agreed to contractually limit through March 1, 2007 the annual total expenses, exclusive of interest, taxes, brokerage commissions, interest, and extraordinary expenses, of the California Tax-Free Money Market Fund, Money Market Fund, U.S. Government Money Market Fund and U.S. Treasury Money Market Fund. Each Fund Class has its own expense limitations based on the average daily net assets for any full fiscal year as follows:

<u>Fund</u>	<u>Class</u>	<u>Expense Limitations</u>
California Tax-Free Money Market Fund.....	A	0.80%*
California Tax-Free Money Market Fund.....	B	1.40%*
California Tax-Free Money Market Fund.....	C	1.40%*
California Tax-Free Money Market Fund.....	D	0.65%
California Tax-Free Money Market Fund.....	Y	0.40%
Money Market Fund.....	I	0.20%
U.S. Government Money Market Fund.....	I	0.20%
U.S. Treasury Money Market Fund.....	I	0.20%

\* These classes have not commenced operations as of October 31, 2006.

The Administrator and BISYS Ohio may voluntarily waive/reimburse fees to help support the expense limits of the Funds. In addition, the Administrator and Investment Adviser may waive/reimburse additional fees at their discretion. Amounts waived/reimbursed by the Investment Adviser, Administrator and BISYS Ohio are reported separately on the Statements of Operations. All contractual and any voluntary fee waivers/reimbursements are not subject to recoupment in subsequent fiscal periods. Voluntary waivers/reimbursements may be stopped at any time.

### Other:

For its services as securities lending agent, HSBC Bank (see note 2—Security Loans), received a fee equal to 0.06% of the average dollar value of the loans outstanding from the Funds. Income from securities lending, net of

# HSBC INVESTOR FAMILY OF FUNDS

## Notes to Financial Statements—October 31, 2006 (continued)

related expenses, is recorded as earned income by the Funds. The Funds did not lend any securities and therefore, HSBC Bank did not collect any fees for securities lending activities for the year ended October 31, 2006.

#### 4. Concentration of Credit Risk:

The California Tax-Free Money Market Fund and N.Y. Tax-Free Money Market Fund invest primarily in debt obligations issued by the State of California and the State of New York, respectively, and their respective political subdivisions, agencies and public authorities. The Funds are more susceptible to economic and political factors adversely affecting issuers of California and New York municipal securities than are municipal money market funds that are not concentrated in these issuers to the same extent.

#### 5. Legal and Regulatory Matters:

On September 26, 2006 BISYS Fund Services, Inc. (“BISYS”), an affiliate of BISYS Fund Services Ohio, Inc. which provides various services to the Funds as described in footnote 3, reached a settlement with the Securities and Exchange Commission (“SEC”) regarding the SEC’s investigation related to BISYS’ past payment of certain marketing and other expenses with respect to certain of its mutual fund clients. Although BISYS has reached a settlement with the SEC, the Funds’ management is not aware that any determination has been made as to how the BISYS settlement monies will be distributed. The SEC’s examination of BISYS’ mutual fund clients and their advisers, including HSBC, has not been completed. While the Funds’ management is currently unable to determine the impact, if any, of such matters on the Funds or the Funds’ financial statements, management does not anticipate a material, adverse impact to the Funds or the Funds’ financial statements.

#### 6. Federal Income Tax Information:

At October 31, 2006, the cost, gross unrealized appreciation and gross unrealized depreciation on securities, for federal income tax purposes, were as follows:

<u>Fund</u>	<u>Tax Cost</u>	<u>Tax Unrealized Appreciation</u>	<u>Tax Unrealized (Depreciation)</u>	<u>Net Unrealized Appreciation (Depreciation)</u>
California Tax-Free Money Market Fund .....	\$ 129,254,279	\$ —	\$ —	\$ —
Money Market Fund .....	5,404,641,352	—	—	—
N.Y. Tax-Free Money Market Fund .....	767,282,711	—	—	—
Tax-Free Money Market Fund .....	60,752,522	—	—	—
U.S. Government Money Market Fund .....	2,785,930,097	—	—	—
U.S. Treasury Money Market Fund .....	424,230,982	—	—	—

The tax character of dividends paid by the Funds during the year ended October 31, 2006 were as follows:

<u>Fund</u>	<u>Dividends paid from</u>		<u>Total Taxable Dividends</u>	<u>Tax Exempt Distributions</u>	<u>Total Dividends Paid(1)</u>
	<u>Ordinary Income</u>	<u>Net Long Term Capital Gains</u>			
California Tax-Free Money Market Fund .....	\$ 23,840	\$ —	\$ 23,840	\$ 3,569,507	\$ 3,593,347
Money Market Fund .....	191,855,875	—	191,855,875	—	191,855,875
N.Y. Tax-Free Money Market Fund .....	119,642	—	119,642	17,403,672	17,523,314
Tax-Free Money Market Fund .....	9,779	—	9,779	1,094,748	1,104,527
U.S. Government Money Market Fund .....	79,042,053	—	79,042,053	—	79,042,053
U.S. Treasury Money Market Fund .....	16,698,217	—	16,698,217	—	16,698,217

# HSBC INVESTOR FAMILY OF FUNDS

## Notes to Financial Statements—October 31, 2006 (continued)

The tax character of dividends paid by the Funds during the year ended October 31, 2005 were as follows:

Fund	Dividends paid from		Total Taxable Dividends	Tax Exempt Distributions	Total Dividends Paid(1)
	Ordinary Income	Net Long Term Capital Gains			
California Tax-Free Money Market Fund .....	\$ 19,424	—	\$ 19,424	2,758,068	\$ 2,777,492
Money Market Fund .....	89,443,640	—	89,443,640	—	89,443,640
N.Y. Tax-Free Money Market Fund .....	47,237	—	47,237	7,308,570	7,355,807
Tax-Free Money Market Fund .....	1,748	—	1,748	389,443	391,191
U.S. Government Money Market Fund .....	33,320,130	—	33,320,130	—	33,320,130
U.S. Treasury Money Market Fund .....	9,523,637	—	9,523,637	—	9,523,637

As of October 31, 2006, the components of accumulated earnings/(deficit) on a tax basis for the Funds were as follows:

Fund	Undistributed Ordinary Income	Undistributed Tax-Exempt Income	Accumulated Earnings	Dividends Payable(2)	Accumulated Capital and Other Losses	Unrealized Appreciation/(Depreciation)(3)	Total Accumulated Earnings/(Deficit)
California Tax-Free Money Market Fund ..	\$ —	\$ 320,636	\$ 320,636	\$ (320,636)	\$ (24)	\$ —	\$ (24)
Money Market Fund .....	21,310,623	—	21,310,623	(21,474,393)	(76,366)	—	(240,136)
N.Y. Tax-Free Money Market Fund .....	—	1,825,951	1,825,951	(1,825,951)	(16,555)	—	(16,555)
Tax-Free Money Market Fund .....	—	130,059	130,059	(157,945)	—	—	(27,886)
U.S. Government Money Market Fund ....	10,547,767	—	10,547,767	(10,603,802)	(1,152)	—	(57,187)
U.S. Treasury Money Market Fund .....	1,650,096	—	1,650,096	(1,633,005)	(229,966)	—	(212,875)

# HSBC INVESTOR FAMILY OF FUNDS

## Notes to Financial Statements—October 31, 2006 (continued)

As of October 31, 2006, the following Funds have net capital loss carryforwards, which are available to offset future realized gains, if any, to the extent provided by the Treasury regulations. To the extent that these carryforwards are used to offset future capital gains, it is probable that the gains that are offset will not be distributed to shareholders.

<u>Fund</u>	<u>Amount</u>	<u>Expires</u>
California Tax-Free Money Market Fund .....	\$ 24	2014
Money Market Fund .....	59,832	2012
	12,537	2013
	3,997	2014
N.Y. Tax-Free Money Market Fund .....	16,555	2010
U.S. Government Money Market Fund .....	1,152	2013
U.S. Treasury Money Market Fund.....	6,302	2012
	182,764	2013
	40,900	2014

- (1) Total dividends paid may differ from the amount reported in the Statement of Changes in Net Assets because dividends are recognized when actually paid for tax purposes.
- (2) Dividends payable may differ from the amount reported in the Statements of Assets and Liabilities because dividends reinvested on October 31, 2006 are booked as capital for financial reporting purposes but are reflected as a payable for tax purposes.
- (3) The differences between book-basis and tax-basis unrealized appreciation/depreciation are attributable primarily to: tax deferral of losses on wash sales, the realization for tax purposes of unrealized gains/losses on certain derivative instruments, the difference between book and tax amortization methods for premium and market discount, the realization for tax purposes of unrealized gains/losses on investments in passive foreign investment companies, and the return of capital adjustments from real estate investment trusts.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Trustees of  
HSBC Investor Funds:

We have audited the accompanying statements of assets and liabilities of HSBC Investor California Tax-Free Money Market Fund, HSBC Investor Money Market Fund, HSBC Investor New York Tax-Free Money Market Fund, HSBC Investor Tax-Free Money Market Fund, HSBC Investor U.S. Government Money Market Fund and HSBC Investor U.S. Treasury Money Market Fund (the Funds), including the schedules of portfolio investments, as of October 31, 2006, and the related statements of operations for the year then ended, the statements of changes in net assets for each period in the two-year period then ended and the financial highlights for each period in the five-year period then ended. These financial statements and financial highlights are the responsibility of the Funds' management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of October 31, 2006, by correspondence with the custodians and brokers; or other appropriate auditing procedures. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of the Funds as of October 31, 2006, and the results of their operations for the year then ended, the changes in their net assets for each period in the two-year period then ended, and the financial highlights for each period in the five-year period then ended, in conformity with U.S. generally accepted accounting principles.

KPMG LLP

Columbus, Ohio  
December 22, 2006

# HSBC INVESTOR FAMILY OF FUNDS

## Other Federal Income Tax Information—October 31, 2006 (Unaudited)

The following funds designated income dividends as exempt-interest dividends during the year ended October 31, 2006:

<u>Fund</u>	<u>Amount</u>
California Tax-Free Money Market Fund.....	\$3,569,507
N.Y. Tax-Free Money Market Fund.....	17,403,672
Tax-Free Money Market Fund.....	1,094,748

# HSBC INVESTOR FAMILY OF FUNDS

## Table of Shareholder Expenses (Unaudited)—October 31, 2006 (continued)

As a shareholder of the HSBC Investor Funds, you incur ongoing costs, including management fees; distribution and shareholder servicing fees; and other fund expenses. These examples are intended to help you understand your ongoing costs (in dollars) of investing in the HSBC Investor Funds and to compare these costs with the ongoing costs of investing in other mutual funds.

These examples are based on an investment of \$1,000 invested at the beginning of the period and held for the entire period from May 1, 2006 through October 31, 2006.

### Actual Expenses

The table below provides information about actual account values and actual expenses. You may use the information below, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the table under the heading entitled “Expenses Paid During Period” to estimate the expenses you paid on your account during this period.

		<u>Beginning Account Value 5/1/06</u>	<u>Ending Account Value 10/31/06</u>	<u>Expense Paid During Period* 5/1/06 - 10/31/06</u>	<u>Annualized Expense Ratio During Period 5/1/06 - 10/31/06</u>
California Tax-Free Money Market Fund	Class D	\$1,000.00	\$1,014.70	\$2.89	0.57%
	Class Y	1,000.00	1,016.00	1.63	0.32%
Money Market Fund	Class A	1,000.00	1,023.20	3.57	0.70%
	Class B	1,000.00	1,020.20	6.62	1.30%
	Class C	1,000.00	1,020.20	6.62	1.30%
	Class D	1,000.00	1,024.00	2.81	0.55%
	Class I	1,000.00	1,026.00	0.87	0.17%
	Class Y	1,000.00	1,025.30	1.53	0.30%
N.Y. Tax-Free Money Market Fund	Class A	1,000.00	1,014.30	3.60	0.71%
	Class B	1,000.00	1,011.20	6.64	1.31%
	Class D	1,000.00	1,015.00	2.84	0.56%
	Class Y	1,000.00	1,016.30	1.58	0.31%
Tax-Free Money Market Fund	Class A**	1,000.00	1,005.60	2.26	1.14%
	Class D	1,000.00	1,015.20	3.40	0.67%
	Class Y	1,000.00	1,016.50	2.03	0.40%
U.S. Government Money Market Fund	Class A	1,000.00	1,022.80	3.57	0.70%
	Class B	1,000.00	1,023.40	5.87	1.15%
	Class D	1,000.00	1,023.60	2.81	0.55%
	Class I **	1,000.00	1,018.00	0.60	0.16%
	Class Y	1,000.00	1,024.90	1.53	0.30%
U.S. Treasury Money Market Fund	Class A	1,000.00	1,020.60	3.62	0.71%
	Class B	1,000.00	1,017.50	6.66	1.31%
	Class D	1,000.00	1,021.40	2.85	0.56%
	Class I	1,000.00	1,023.50	0.87	0.17%
	Class Y	1,000.00	1,022.60	1.58	0.31%

\* Expenses are equal to the average account value times the Fund's annualized expense ratio multiplied by the number of days in the most recent fiscal half-year divided by the number of days in the fiscal year.

\*\* Information shown reflects values using the expense ratios and rates of return for the 72 days of operations during the period for Tax-Free Money Market Fund Class A and 136 days of operations during the period for the U.S. Government Money Market Fund Class I.

# HSBC INVESTOR FAMILY OF FUNDS

## Table of Shareholder Expenses (Unaudited)—October 31, 2006

### Hypothetical Example for Comparison Purposes

The table below provides information about hypothetical account values and hypothetical expenses based on each HSBC Investor Funds's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as sales charges (loads), redemption fees, or exchange fees. Therefore, the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

		<u>Beginning Account Value 5/1/06</u>	<u>Ending Account Value 10/31/06</u>	<u>Expense Paid During Period* 5/1/06 - 10/31/06</u>	<u>Annualized Expense Ratio During Period 5/1/06 - 10/31/06</u>
California Tax-Free Money Market Fund	Class D	\$1,000.00	\$1,022.33	\$2.91	0.57%
	Class Y	1,000.00	1,023.59	1.63	0.32%
Money Market Fund	Class A	1,000.00	1,021.68	3.57	0.70%
	Class B	1,000.00	1,018.65	6.61	1.30%
	Class C	1,000.00	1,018.65	6.61	1.30%
	Class D	1,000.00	1,022.43	2.80	0.55%
	Class I	1,000.00	1,024.35	0.87	0.17%
	Class Y	1,000.00	1,023.69	1.53	0.30%
N.Y. Tax-Free Money Market Fund	Class A	1,000.00	1,021.63	3.62	0.71%
	Class B	1,000.00	1,018.60	6.67	1.31%
	Class D	1,000.00	1,022.38	2.85	0.56%
	Class Y	1,000.00	1,023.64	1.58	0.31%
Tax-Free Money Market Fund	Class A**	1,000.00	1,019.46	5.80	1.14%
	Class D	1,000.00	1,021.83	3.41	0.67%
	Class Y	1,000.00	1,023.19	2.04	0.40%
U.S. Government Money Market Fund	Class A	1,000.00	1,021.68	3.57	0.70%
	Class B	1,000.00	1,019.41	5.85	1.15%
	Class D	1,000.00	1,022.43	2.80	0.55%
	Class I **	1,000.00	1,024.40	0.82	0.16%
	Class Y	1,000.00	1,023.69	1.53	0.30%
U.S. Treasury Money Market Fund	Class A	1,000.00	1,021.63	3.62	0.71%
	Class B	1,000.00	1,018.60	6.67	1.31%
	Class D	1,000.00	1,022.38	2.85	0.56%
	Class I	1,000.00	1,024.35	0.87	0.17%
	Class Y	1,000.00	1,023.64	1.58	0.31%

\* Expenses are equal to the average account value times the Fund's annualized expense ratio multiplied by the number of days in the most recent fiscal half-year divided by the number of days in the fiscal year.

\*\* Information shown reflects values using the expense ratios for the 72 days of operations during the period for Tax-Free Money Market Fund Class A and 136 days of operations during the period for the U.S. Government Money Market Fund Class I and has been annualized to reflect values for the period May 1, 2006 to October 31, 2006.

# HSBC INVESTOR FAMILY OF FUNDS

## Board of Trustees (Unaudited) (continued)

The following table contains information regarding HSBC Investor Family of Funds Board of Trustees. Asterisks indicate those Trustees who are “interested persons,” as defined in the Investment Company Act of 1940, as amended, of the Funds. The Funds’ Statement of Additional Information includes additional information about the Trustees and is available by calling (888) 525-5757.

Name, Address and Age	Position Held with the Funds	Term of Office and Length of Time Served with the Funds	Principal Occupations(s) During Past 5 Years	Number of Portfolios in the Fund Complex Overseen by Trustee	Other Directorships Held by Trustee
Frederick C. Chen P.O. Box 182845 Columbus, Ohio 43218 Age: 79	Emeritus Trustee	Indefinite; Trustee from 1990 to June 2005; 16 years	Management Consultant, since 1988	38	None
Larry M. Robbins P.O. Box 182845 Columbus, Ohio 43218 Age: 68	Trustee	Indefinite; 19 years	Director, Center for Teaching and Learning, University of Pennsylvania	38	None
Alan S. Parsow P.O. Box 182845 Columbus, Ohio 43218 Age: 56	Trustee	Indefinite; 19 years	General Partner of Elkhorn Partners, L.P., since 1989	38	None
Michael Seely P.O. Box 182845 Columbus, Ohio 43218 Age: 61	Trustee	Indefinite; 19 years	Private Investor; Finance Chair of the Vermont Republican Party; President of Investor Access Corporation, 1981-2004	38	None
Thomas Robards P.O. Box 182845 Columbus, Ohio 43218 Age: 60	Trustee	Indefinite; 2 years	Private Investor; Chief Financial Officer, American Museum of Natural History (2003 to 2004); Chief Financial Officer, Datek Online Holding Corp. (2000 to 2002); Executive member of Board of Directors, Executive Vice President and Chief Financial Officer, Republic New York Corporation (1976 to 1999)	38	Financial Federal Corporation and Overseas Shipholding Group
Richard Brealey P.O. Box 182845 38 Columbus, Ohio 43218 Age: 70	Trustee	Indefinite; 2 years	Emeritus Professor, London School of Business (2002 to present); Deputy Chairman, Balancing and Settlement Code Panel (September 2000 to present)	38	None
Stephen J. Baker* P.O. Box 182845 Columbus, Ohio 43218 Age: 50	Trustee	Indefinite; 3 years	Chief Executive Officer, HSBC Investments (USA), Inc. (2003 to present); Chief Executive Officer, HSBC Asset Management (Canada) Limited (1998 to 2003)	38	None

# HSBC INVESTOR FAMILY OF FUNDS

## Board of Trustees (Unaudited)

The names of the Officers, their addresses, ages, position(s) held with each Trust, and principal occupation(s) during the past five years are described in the table below. Unless otherwise indicated, the address for each Officer is 3435 Stelzer Road, Columbus, Ohio 43219-3035.

Name, Address and Age	Position(s) Held with the Funds	Term of Office and Length of Time Served with the Funds	Principal Occupations(s) During Past 5 Years
Richard A. Fabietti 3435 Stelzer Road Columbus, Ohio 43219 Age: 48	President	Indefinite; March 2004-Present	Senior Vice President, Head of Product Management, HSBC Investments (USA) Inc., 1998-Present
Elba Vasquez 452 Fifth Avenue New York, NY 10018 Age: 45	Vice President	Indefinite; 2006-Present	Vice President of Product Administration, HSBC Investments (USA) Inc. (2005 to present); Vice President of Client Services, BISYS Fund Services, Inc. (1996 to 2005)
Marc Schuman 90 Park Avenue 10th Floor New York, NY 10016 Age: 46	Secretary	Indefinite; 2005-Present	Senior Counsel of BISYS Fund Services, Inc., 2005-Present; Senior Corporate Counsel of The BISYS Group, Inc. 2001-2005; Of Counsel to Morgan, Lewis & Bockius LLP (law firm) 2000-2001.
Michael Lawlor 100 Summer Street Suite 1500 Boston, MA 02110 Age: 37	Assistant Secretary	Indefinite; March 2005-Present	Assistant Counsel of BISYS Fund Services, Inc. 2005-Present; Associate Counsel of IXIS Advisors Group 2003-2005; Staff Counsel Loomis, Sayles & Company, L.P. 2000-2003; Legal Product Manager, Scudder Kemper Investments 1999-2000.
Troy Sheets* 3435 Stelzer Road Columbus, Ohio 43219 Age: 35	Treasurer	Indefinite; 2004-Present	Employee of BISYS Fund Services, Inc., 2002-Present; Senior Manager, KPMG LLP, 1993-2002
Frederick J. Schmidt* 90 Park Avenue 10th Floor New York, NY 10016 Age: 47	Chief Compliance Officer	Expires 2006; 2004-Present	Senior Vice President and Chief Compliance Officer, CCO Services of BISYS Fund Services, 2004-Present; President, FJS Associates, 2002-2004; Vice President, Credit Agricole Asset Mangement, U.S., 1987-2002

\* Messrs. Sheets and Schmidt also are officers of certain other investment companies of which BISYS or an affiliate is the administrator.

A description of the policies and procedures that the Funds use to determine how to vote proxies relating to the portfolio securities is available without charge, upon request, by calling 1-800-525-5757 for HSBC Bank USA and HSBC Brokerage (USA) Inc. clients and 1-800-782-8183 for all other shareholders or on the Fund's website at [www.investorfunds.us.hsbc.com](http://www.investorfunds.us.hsbc.com) and the Securities and Exchange Commission's website at <http://www.sec.gov>. A copy of the Fund's voting record for the most recent 12 month period ending June 30 is available at the Security and Exchange Commission's website at <http://www.sec.gov>.

Schedules of Portfolio Investments for fiscal quarters ending January 31 and July 31 will be available no later than 60 days after each period end, without charge, on the Fund's website at [www.investorfunds.us.hsbc.com](http://www.investorfunds.us.hsbc.com) and on the Securities and Exchange Commission's website at <http://www.sec.gov>.

An investment in a Fund is not a deposit of HSBC Bank USA, National Association, and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

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**HSBC INVESTOR FAMILY OF FUNDS:**

INVESTMENT ADVISER AND ADMINISTRATOR

HSBC Investments (USA) Inc.  
452 Fifth Avenue  
New York, NY 10018

SHAREHOLDER SERVICING AGENTS

**For HSBC Bank USA, N.A. and  
HSBC Securities (USA) Inc. Clients:**

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**For All Other Shareholders:**

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Washington, D.C. 20006

The HSBC Investor Family of Funds are distributed by BISYS Fund Services. This document must be preceded or accompanied by a current prospectus for the HSBC Investor Funds, which you should read carefully before you invest or send money.

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