

HSBC AMANAH FUNDS

« Société d'Investissement à Capital Variable »

Registered Office: 16, boulevard d'Avranches, L-1160 Luxembourg
Grand Duchy of Luxembourg
R.C.S. Luxembourg B 74.964

Luxembourg, 24 July 2012

Dear Shareholder,

We are writing to inform you of some important changes to **HSBC Amanah Funds – Europe Equity** (the "Fund"), a sub-fund of HSBC Amanah Funds ("HSBC Amanah" or the "Company").

The Board of Directors of HSBC Amanah (the "Board") has decided to close the Fund with effect from the close of business on 28 August 2012 (the "Liquidation Date").

1. Reason for the liquidation

Unfortunately, the assets under management of the Fund have never grown sufficiently and it is unlikely in the opinion of the Board that the Fund would grow in a way that would make it viable over the long term.

The Board therefore considers that liquidation of the Fund is in the best interests of shareholders and has decided to close the Fund on the Liquidation Date.

2. Terms

2.1 Costs

All costs associated with this closure will be covered by the provisions made by the Fund to meet operating, administrative and services expenses. This is with the exception of any potential costs associated with the timely disposal of the Fund's holdings in a way in which the investment adviser of the Fund believes will best protect Shareholders' interests.

2.2 Redemptions and conversions

Until 28 August 2012, 1.00 p.m. Luxembourg time redemption of your shares or conversion of your shares into shares of other sub-funds of the Company will remain possible, free of charge.

2.3 Freeze period and liquidation

Subscriptions and conversions into the Fund will be frozen from 24 July 2012, 1.00 p.m. Luxembourg time, except in the case of existing Shareholders with existing regular savings plans will allow subscriptions until 3 August 2012, 1.00 p.m. Luxembourg time. During this period, the Fund will be disinvested in a way in which the investment adviser of the Fund believes will best protect Shareholders' interests.

Shareholders with investments remaining in the Fund at the Liquidation Date will receive their pro-rata entitlement to the proceeds after the close of the liquidation of the Fund conducted by the Board in accordance with Luxembourg laws and regulations. The liquidation proceeds will be paid on 31 August 2012.

The Board accepts responsibility for the accuracy of the information contained in this letter.

Yours faithfully,

For and on behalf of
the Board of Directors – HSBC Amanah Funds