

keyfacts[®]

Key Features of the Selected Investment Funds (SIF) Plan and Selected Investment Funds Individual Savings Account (ISA)

This is an important document.
You need to read this before you invest in the SIF Plan and/or SIF Individual Savings Account.

February 2012

Key Features of the SIF Plan and SIF ISA

What is the purpose of this document?

To provide you with important information to help you decide whether our SIF Plan and/or SIF ISA is right for you. In this document each SIF Plan and/or SIF ISA is referred to as an 'Account' for simplicity.

The Financial Services Authority is the independent financial services regulator. It requires us, HSBC Trust Company (UK) Limited, to give you this important information to help you to decide whether our HSBC SIF Plan and SIF ISA is right for you. You should read this document along with the Product Information, Fund Insert, Effect of Charges Insert, Key Investor Information Document* (once available) and Terms and Conditions carefully so that you understand what you are buying, and then keep it safe for future reference.

*The Key Investor Information Document ("KIID") is provided for your information by the fund management company administering the fund. HSBC Trust Company (UK) Limited is not responsible for the reliability or accuracy of the data provided by third parties.

How to contact us

If you have any questions or need to contact us at any time, you can phone or write to us.



Call us on 08456 076 180

(textphone for top-ups, switches and withdrawals 108 456 088 877, textphone for general enquiries 08457 660 391).

Lines are open from 8am - 6pm (some options 9am - 5pm) Monday to Friday (excluding public holidays). To help us continually improve our services and in the interests of security, we may monitor and/or record your communications with us.

Write to us at: HSBC Trust Company (UK) Limited, Frobisher House, Nelson Gate, Commercial Road, Southampton SO15 9DF

If you write to us, we may need to contact you about your investment. Please provide a contact number to avoid delays in processing.

Throughout this document you will see this symbol  when you can telephone us, or  when you can write to us. Please refer back to these numbers and this address.

Its aims

- ▶ To enable you to invest in a range of investment funds from a range of different companies.
- ▶ To allow you to invest in one or more funds in a tax efficient way through the SIF ISA.
- ▶ The specific aims of each fund and the dates when income will be paid or reinvested are explained in the Fund Insert.

Your commitment

- ▶ You should view this as a medium to long term investment, and should plan to keep it for at least five years.
- ▶ You must invest a lump sum of at least £1,000 or regular savings of at least £50 per month into each fund you choose.
- ▶ You should regularly review the fund(s) you have chosen. In particular, if you invest using regular savings please keep in mind that the future outlook of the funds you are investing in could change, making them less attractive for ongoing savings.
- ▶ If you invest in an ISA but do not subscribe to it during one complete tax year, you will need to complete a new Application Form before you can subscribe again.

Risk factors

- ▶ Your investment is not guaranteed. The value of your investment, and any income from it, may fall as well as rise, and you may not get back the amount you invested.
- ▶ Past performance is not a reliable indicator of future returns.
- ▶ Both equities and all fixed interest securities are at risk if the company issuing them becomes insolvent. If this happens the funds may not recover the whole investment relating to this company and this will affect the return that the individual investors receive.
- ▶ If you cancel your investment within the cancellation period, you may get back less than the amount you originally invested if the market has fallen in that time.
- ▶ The favourable tax treatment of ISAs may not be maintained in the future if UK tax law and HM Revenue & Customs practice change.
- ▶ Further risks relating to specific events or actions are described in the relevant sections of this document and the Product Information.
- ▶ Also, additional risks that apply to some of the available funds in the SIF Plan and SIF ISA are shown in the Fund Insert.

Questions and answers

What is the SIF Plan and SIF ISA?

- ▶ The SIF Plan and SIF ISA are Accounts in the investors name in which you can hold investment funds from HSBC and from other selected investment companies.

Who is the SIF Plan and SIF ISA suitable for?

- ▶ The SIF Plan and SIF ISA may be suitable for customers:
 - with a lump sum or regular monthly amounts to invest
 - who expect to keep their investment for five years or more
 - who are looking to grow their investment, generate a regular income or achieve a combination of both
 - who are aged 18 and over
 - who are either UK or non-UK residents.

Please note that the SIF Plan and SIF ISA is not available to non-UK residents in some countries. In addition, ISAs are only available to non-UK residents in limited circumstances. If you wish to apply and you are a non-UK resident please telephone us for further information before applying. Please see page 3 of the Product Information for further details.

- ▶ The SIF Plan may also be suitable for Limited Companies, Trusts and Limited Liability Partnerships:
 - collectively, these customers will be classified as non-personal investors and throughout this and any supporting document information specifically for these investors will be signposted under separate headings.
- ▶ All other eligible customers, including sole traders, will be classified as personal investors in this document. All of the information in this document and any supporting documents applies to these individuals with the exception of the information headed for 'non-personal investors'.

This is a general outline of who SIF Plans or SIF ISAs may be suitable for. It is not investment advice and if you have any doubts as to the suitability of this type of investment for your needs you should consult a Financial Planning Manager at your local HSBC bank branch.

What is an ISA?

- ▶ An ISA is a tax efficient way of saving or investing as all income and capital gains arising within an ISA are exempt from any personal liability to UK income tax and capital gains tax.
- ▶ There are two types of ISA:
 - stocks and shares
 - cash.
- ▶ The SIF ISA is a stocks and shares ISA.
- ▶ A payment by you into an ISA in any tax year is called a subscription. You can only subscribe to one of each type of ISA per tax year.

- ▶ For further details on how much you can subscribe to an ISA, please see page 3 of the Product Information.
- ▶ Non-personal investors are not eligible to invest in an ISA.

Which funds can I hold in my SIF Account?

- ▶ A selection of funds from the following companies*¹ is available:
 - Fidelity Investment Services Limited
 - Henderson Investment Funds Limited
 - HSBC Global Asset Management (UK) Limited
 - Invesco Fund Managers Limited
 - JPMorgan Funds Limited
 - Schroder Unit Trusts Limited.

*¹From time to time we may offer funds from other investment companies.

- ▶ The funds available are shown in the Fund Insert.
- ▶ Non-personal investors may only invest in SIF funds paying a dividend distribution. The type of distribution paid by each fund is shown in the Fund Insert.

How can I invest?

- ▶ To make your initial investment please send us a completed SIF application form.
- ▶ For initial lump sum investments you can send us a cheque or subscribe by transferring money from your HSBC or First Direct bank account.
- ▶ You can make regular savings by direct debit.
- ▶ Direct debits will be collected on the 10th of each month or the next Business Day after.
- ▶ For details of how shares are purchased for your Accounts refer to page 4 of the Product Information. In addition, our Best Execution Policy is in Annex 1 of the Terms and Conditions.
- ▶ Before you invest in any fund you should read the Key Investor Information Document (once available).

What is a Key Investor Information Document ("KIID")?

- ▶ The KIID is a two page pre-sale document produced for each fund containing concise descriptions of key fund information. The information in the KIID is prescribed by the Financial Services Authority rules and is intended to assist customers in making an informed investment decision.
- ▶ By 1 July 2012, fund providers must produce a KIID for their funds and make them available to customers before they invest. This requirement will apply to the vast majority of funds for sale across Europe.

- ▶ As soon as a fund provider starts to produce a KIID for its funds we will ensure that you can obtain a copy from us.
- ▶ You should make sure you have received and read the latest version of the KIID (once available) for your chosen fund before making a final decision to invest and the KIID should be read in conjunction with the SIF Fund Insert, Effect of Charges Insert, Key Features Document, Product Information and Terms and Conditions.
- ▶ The KIIDs are provided for your information by the fund provider administering the fund. HSBC Trust Company (UK) Limited is not responsible for the reliability or accuracy of the data provided by third parties.

How do I get a KIID for the fund I want to invest in?

- ▶ You can obtain a copy of a KIID for the fund you wish to invest in by calling us ☎

Will my SIF application be delayed if I haven't seen a KIID for the fund(s) I want to invest in?

- ▶ If you are investing without advice you may not have seen a copy of the latest version of the KIID (once available) for the fund(s) you wish to invest in before you submit your application. Until 1 July 2012 your application will be accepted as normal and not delayed. We will send you a copy of the KIID in the post after the application has been processed.
- ▶ From 1 July 2012, if you are investing without advice, we are required to ensure that you have received the latest version of the KIID for your chosen fund(s) **before** accepting your application. This will have the following implications:
 - If you apply using the telephone (top-ups and switches only), you will be asked if you have received the latest version of the KIID for your chosen fund(s) and if not, provided with a copy before your application is accepted.
 - If you apply in writing using an application form you will be asked to declare that you have received, and read, the latest version of the KIID for your chosen fund(s). Your application will only be accepted if you have signed the declaration.
 - If you apply in writing without using an application form you must confirm in writing that you have received the KIID for your chosen fund(s). If not, we will have to provide you with a KIID before we can accept your application, which will delay when your investment is made.
 - If you have not received a KIID document, we will send this to you, via post, and will require confirmation of receipt before we accept your application. This will, therefore, delay your application.
 - If you apply for SIF through an HSBC adviser you will always be provided with a KIID (once available) for your chosen fund(s) before your application is submitted and therefore your application will be processed as normal.

How does the KIID differ to the existing SIF literature such as the Fund Insert?

- ▶ The information in the KIID is based on investing directly with the fund provider. As you are investing through HSBC Trust Company (UK) Limited rather than directly with the fund provider you should be aware that certain information in the KIID will differ to what is in the Selected Investment Funds literature. For example, the initial charge may be lower, the risk profiles may be presented in a different way and the contact details will be for the fund management company instead of HSBC Trust Company (UK) Limited.

What are the charges?

- ▶ The main charges are:
 - initial charge taken by us before buying your shares
 - Annual Management Charge taken within each fund and reflected in the price of the Shares.
- ▶ There will also be other expenses that apply to each fund.
- ▶ The Fund Insert shows what the charges are and the Effect of Charges Insert shows how the charges affect your investment.
- ▶ In certain circumstances some transactions may incur additional costs which will be applied to your Account.
- ▶ From the Annual Management Charge we will receive a payment from the company providing each fund. This payment will be shared with HSBC Bank plc.
- ▶ For further information on charges and expenses, please see page 9 of the Product Information.

Can I make additional investments?

- ▶ Yes. You can make additional investments to your Account in the following way:
 - Lump sum investments**
 - the minimum additional investment is £500 per fund for lump sums.
 - Personal Investors**
 - call us ☎ to transfer money from your HSBC or First Direct bank account or invest using your debit card.
 - write to us ✉ with your instructions and a cheque.
 - Non-personal investors**
 - you must write to us ✉ with your instructions and cheque.
 - Regular Savings**
 - the minimum increase is £10 per fund per month for regular savings
 - call us ☎ to ask for your direct debit to be increased
- ▶ You should quote your Account number and tell us which fund(s) you want to add money to.
- ▶ From 1 July 2012 your application to make additional investments may be delayed if we cannot confirm that you have received the latest version of the KIID* for your chosen fund(s).

Please note we must be able to verify your identity in order to accept a subscription over the telephone. ☎

You can make additional investments to your SIF ISA without completing a new application form provided you have subscribed to your SIF ISA during the current or previous tax year.

You can only make additional investments to your SIF ISA if you remain eligible to do so. Please see 'Who is the SIF Plan and SIF ISA suitable for?' and 'What is an ISA?' for further information on eligibility.

Can I switch my investment from a SIF Plan to a SIF ISA?

▶ Yes, at any time you can switch money from your SIF Plan to a SIF ISA. You may only complete the switch if you remain eligible to subscribe to an ISA and your subscription will be subject to the ISA annual allowances.

▶ Your investment will be switched as cash and is usually out of the market for up to three Business Days and during this time the market may move up or down, resulting in potential loss of growth and/or income.

▶ From 1 July 2012 your application to switch funds may be delayed if we cannot confirm that you have received the latest version of the KIID* for your chosen fund(s)

*The KIIDs are provided for your information by the fund management company administering the fund. HSBC Trust Company (UK) Limited is not responsible for the reliability or accuracy of the data provided by third parties.

▶ Alternatively, you can choose to have a Feeder Option. If you choose the Feeder Option you will not be out of the market when the switch to a SIF ISA occurs.

Personal Investors

– To switch your investment from a SIF plan to a SIF ISA, you can call us ☎ or write to us ✉ giving us your instructions.

Non-personal Investors

– You cannot switch your investment from a SIF plan to a SIF ISA.

What is a Feeder Option?

▶ A feature that will automatically switch the maximum ISA subscription from your SIF Plan to a SIF ISA.

▶ The minimum initial investment if you wish to select a Feeder Option is £11,200. With effect from 6 April 2012 the minimum initial investment will increase to £12,280.

▶ For further details on our Feeder Option, please see page 6 of the Product Information.

Can I transfer my ISA from another ISA manager?

▶ We accept transfers of existing stocks and shares ISAs and cash ISAs.

▶ We accept all transfers from other ISA managers in cash. Your existing ISA manager may make a charge for the transfer.

▶ Your investment is usually out of the market for up to 30 Business Days and during this time the market may move up or down, resulting in potential loss of growth and/or income.

If you wish to transfer an ISA to us please complete a SIF stocks and shares ISA transfer form and send it to us. ✉

For further details on transfers, please see page 5 of the Product Information and page 6 of the Terms and Conditions.

Can I change my mind about my investment?

▶ You have 30 days in which to cancel your investment.

▶ We will send you a reminder of your right to cancel once we have accepted your application to save regularly or when we have purchased the shares for a lump sum investment including lump sums that accompany a regular savings application.

▶ If you wish to cancel, you need to write to us with your instructions. ✉

▶ If you cancel a lump sum investment and the value of the shares has fallen in this period, you may receive back less than your original investment. This does not apply to regular monthly investments.

▶ If you cancel within the 30 day period, you will not pay any charges.

▶ If you transfer your ISA into SIF from another ISA manager and subsequently cancel you should be aware that we will sell any shares and hold the proceeds in your account awaiting further instructions from you. You can transfer your investment to another stocks and shares ISA, either with HSBC or another ISA manager. Please note that you cannot transfer your investment to a cash ISA. Alternatively, you can have the proceeds paid to you. In either case the amount transferred or paid to you may be less than you originally transferred into the SIF ISA.

▶ If you don't cancel your investment the risks and charges detailed in this document and the Fund Insert will apply and you will be subject to all the Terms and Conditions for the SIF Plan and/or SIF ISA.

▶ If you invest in a SIF ISA and do not cancel within the 30 day period, but then decide to withdraw all of your money you may not be able to subscribe to another ISA in the same tax year, and you will lose the tax benefits of the ISA.

Once I have invested what will I receive from you?

▶ Once we have set up your account we will write to you and provide confirmation of your investment.

▶ We will also send you statements within five weeks of 5 April and 5 October each year.

▶ For further details on what you will receive when you invest please see page 4 of the Product Information.

How can I find out how much my investment is worth?

▶ You can calculate the value of your investment by going on line and visiting the website www.investmentuk.org and click on 'Daily Fund Prices' to find the relevant share price. To look up a price and calculate the value of your investment, you will need to know the name of your fund, the type of shares and how many shares you hold.

▶ Alternatively, you can call us ☎ to obtain a current valuation

of your investment. Personal investors can also obtain a current valuation by visiting our Personal Internet Banking service (providing you are registered for this service).

For further information on calculating how much your investment is worth, please see page 5 of the Product Information.

Can I take an income?

- ▶ For lump sum investments you can choose to have income paid out to you from most of the available funds.
- ▶ If you wish to have income paid out you must provide us with your bank account details. Otherwise income will be automatically reinvested.
- ▶ Income will normally be reinvested for regular savings.
- ▶ Generally, if you choose to have income reinvested we will purchase accumulation shares for you, where available, and if you want income paid out we will purchase income shares.
- ▶ For further information on which funds offer income shares and can pay out an income to you, please see the Fund Insert.
- ▶ For further information on how frequently income can be paid to you and the dates income can be paid to you, please see page 7 of the Product Information.

Do I have to pay tax on my investment?

- ▶ Any distributions made from the funds are paid after the funds have paid Corporation Tax, where a liability exists.

Personal Investors

- ▶ If you invest in a SIF Plan you may be liable to pay UK Income Tax and/or UK Capital Gains Tax. This will depend on your own personal circumstances.
- ▶ Please see page 8 of the Product Information for further details of circumstances where tax may become payable or refundable to you.
- ▶ If you invest in a SIF ISA all returns are exempt from any personal liability to UK Income Tax and UK Capital Gains Tax.
- ▶ If you are a non-UK resident, returns from a SIF Plan and/or SIF ISA may be liable to tax in the country of your residence.

Non-personal investors

- ▶ Non-personal investors will not pay UK Income Tax or UK Capital Gains Tax but they may pay Corporation Tax.
- ▶ Please see page 9 of the Product Information for further information.

Can I change my selection of funds?

- ▶ You can switch between funds within each account at any time without payment of an initial charge. For further information regarding the initial charge please see page 9 of the Product Information.
- ▶ From 1 July 2012 your application may be delayed if we

cannot confirm that you have received the latest version of the KIID* for your chosen fund(s)

*The KIIDs are provided for your information by the fund management company administering the fund. HSBC Trust Company (UK) Limited is not responsible for the reliability or accuracy of the data provided by third parties.

- ▶ We will write to you to tell you how many shares have been sold and purchased, and the price used in each case, once the switch is completed.
- ▶ For further information on switching funds, please see page 6 of the Product Information.

Personal Investors

- ▶ To switch funds you can call us ☎, or you can write to us giving us your instructions. ✉

Non-personal investors

- ▶ You must write to us ✉ giving your instructions.

Can I withdraw my money?

- ▶ You can withdraw all or part of your investment at any time. The minimum withdrawal is £100.
- ▶ If you close your Account completely we will normally sell the shares. The proceeds and any cash held within your Account will normally be paid to you within seven Business Days.
- ▶ If you make a partial withdrawal, for each Account, the minimum amount left in any fund must be £1,000 unless you are a regular saver. If you are a regular saver you can sell all of your Shares and keep your Account open if you maintain your monthly savings.
- ▶ We may close your Account if you don't maintain the minimum amount, or if you stop your regular savings and the value of the relevant Account is below the minimum amount.

Personal investors

- ▶ To make a withdrawal call us ☎ or write to us ✉ quoting your Account number.

Non-personal investors

- ▶ To Make a withdrawal, write to us ✉ quoting your Account number.
- ▶ For further information on taking money out, please see page 4 of the Product Information.

Can I transfer to another ISA Manager?

- ▶ You can transfer all or part of your SIF ISA to a stocks and shares ISA with another ISA manager at any time by telling us in writing. ✉ The new ISA manager must agree to the transfer.
- ▶ Further details on transferring to another ISA manager can be found on page 5 of the Product Information.

Further information

Account Manager of the SIF Plan and SIF ISA:
 HSBC Trust Company (UK) Limited
 Frobisher House
 Nelson Gate
 Commercial Road
 Southampton
 SO15 9DF
 Registered Office: 8 Canada Square, London E14 5HQ.

HSBC Trust Company (UK) Limited is authorised and regulated by the Financial Services Authority and is entered on the Financial Services Authority register as number 119297. You can check this on the Financial Services Authority register www.fsa.gov.uk/register/home.do. Its main business is the provision of trustee services and administering investments.

Information about the investment companies that manage the funds we offer can be found in the Fund Insert.



Conflicts of interest

We have a strict policy on how we manage any conflict of interest which may arise between your interests and that of other customers, ourselves or other members of the HSBC Group. Annex 2 of the SIF Plan and SIF ISA Terms and Conditions covers this policy in more detail.

You must read the Key Investor Information Document* (where applicable), Key Features Document, including the Fund Insert and Effect of Charges Insert, Product Information and Terms and Conditions carefully before you invest in the Selected Investment Funds

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Prospectuses and further information on Funds

Copies of prospectuses, simplified prospectuses and Key Investor Information Documents (where applicable), together with the latest reports and accounts and any other information about any of the available funds can be obtained at any time. Write to us  or call us  to receive a copy. A charge of £10 may be made for each copy of the report and accounts requested.

If you wish to vote and/or attend meetings of shareholders, please let us know in writing.

A charge may be made for these services. Further details are contained in the Terms and Conditions.

Law

This investment and any proceedings, as well as our dealings with you are governed by the law of England and Wales. All communication during the course of this investment will be in the English language.

How to complain

If you are unhappy in any way with our products and services then please let us know. On receipt of your complaint, we will send you a copy of our leaflet 'Listening to your comments' which explains how we will handle your complaint. A written copy of our complaint procedures is available on request.

If we cannot resolve your complaint in the first instance, you can refer it to:

Financial Ombudsman Service
 South Quay Plaza
 183 Marsh Wall
 London
 E14 9SR

Telephone: 0800 0234567 (free for landlines)
 or 0300 1239123 (free for mobiles)

Email: complaint.info@financial-ombudsman.org.uk

The Financial Ombudsman Service will generally review complaints from retail customers. However, their criteria for reviewing complaints may mean that even if you have been categorised by a provider of products and services as a retail client they may not regard you as an eligible complainant

Complaining to the ombudsman will not affect your legal rights.

Compensation

HSBC Trust Company (UK) Limited is a member of the Financial Services Compensation Scheme (FSCS). You may be eligible to compensation from the scheme if you have a valid claim against us in respect of investment business and we cannot meet our obligations. Most types of investment business are covered up to a maximum limit of £50,000 per person. The types of claims that may be considered and further details of the scheme are available from the FSCS, through their website www.fscs.org.uk or by calling them on 020 7892 7300 or 0800 678 1100.



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hsbc.co.uk

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