

keyfacts[®]

Selected Investment Funds (SIF) Fund Insert

This document forms an integral part of the Key Features Document and should be read alongside the Key Features Document, Effect of Charges Insert and the Product Information.

February 2012



What is Selected Investment Funds?

Our Selected Investment Funds represent some of the most respected and trusted names in the investment industry. Fidelity, Henderson, Invesco Perpetual, JPMorgan, Schroders and, of course, HSBC Global Asset Management.

We've taken the pain out of choosing and our choice has been made on the basis of their professionalism, their expertise and their potential to perform.

At this point in time First Direct has chosen not to offer Funds for sale from Fidelity Investment Services Limited and Henderson Investment Funds Limited.

HSBC Trust Company (UK) Limited is the Account Manager for the Selected Investment Funds Plan and the Selected Investment Funds ISA.

The Financial Services Authority is the independent financial services regulator. It requires us, HSBC Trust Company (UK) Limited, to give you this important information.

Risk ratings explained

To help you select the Funds which suit the level of risk you are prepared to take, we have rated each of our Funds under one of the following three risk ratings

Cautious

Funds in this category tend to be income funds. They will predominantly invest in fixed interest securities, however there may be some exposure to equities. Although the capital value of your investment can move up and down, it is normally less volatile than that experienced from funds investing solely in equities.

Balanced

In this category, Funds tend to invest in equities as the means of meeting their objective to provide capital growth. However, some Funds will invest in a mixture of equities and fixed interest securities so as to reduce the overall risk and to provide some income. Growth Funds, although fully exposed to risks of the stockmarket will, however, look to control the risk through the careful management of a diverse portfolio of shares.

Adventurous

In order to improve the opportunity for growth, you can invest in Funds that focus on particular overseas markets or on segments of the market (eg, smaller companies). Although these Funds still invest in equities they are often considered more risky because they may be exposed to the additional risk of currency movements and the portfolios may be less diversified as they focus on a narrower range of investments.

As with any investment where the underlying investments are stocks and shares, the price of shares and the income from them can go down as well as up and may fall below the amount originally invested. This may also happen as a result of changes in the rate of exchange where overseas securities are held.

Important Note - Key Investor Information Document

By 1 July 2012, all fund providers must provide a Key Investor Information Document ("KIID") for their funds and make them available to customers before they invest.

The KIID is a two page pre-sale document produced for each fund containing concise descriptions of key fund information. The information provided in the KIID is prescribed by the Financial Services Authority rules and is intended to assist customers in making an informed investment decision. You should always 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 Fund Insert, Effect of Charges Insert, Key Features Document, Product Information and Terms and Conditions.

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

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 companies.

Risk Factors

The following risks apply to specific Funds only. Please refer to the comparison tables in this document that indicate the specific risks that apply to each Fund. For risks that apply to all Funds please refer to the Key Features Document.

Specific Risks

1	The performance of bonds, gilts and other fixed interest securities tends to be less unstable than that of shares of companies (equities). However there is a risk that both the relative yield and the capital value of these may be reduced if interest rates go up.
2	Some Funds invest in the highest yielding fixed income securities. These types of financial instrument can be exposed to a higher level of liquidity risk which may mean the Fund has to sell holdings at unfavourable prices. This may affect the level of income you receive and/or the capital value of your investment.
3	Markets in some countries are described as 'emerging markets'. Some of these may involve a higher risk than where investment is within a more established market. These risks include the possibility of failed or delayed settlement, registration and custody of securities and the level of investor protection offered. Emerging markets are generally, but not exclusively, those that are not within the United States, Canada, Switzerland and members of the European Economic Area, Japan, Australia and New Zealand.
4	You should be aware of currency movements between sterling and the currencies of other countries. This could have an impact on your investment return from funds that invest outside the UK.
5	Where Funds hold investments in smaller companies, it should be noted that by their nature these companies are generally new to the market and their shares may therefore be subject to significant price movements. They may also be difficult for the fund manager to buy and sell.
6	Funds that invest in a small number of underlying holdings should not expect the same level of diversity of investment that is generally expected from a fund investing in a larger number of underlying holdings. This means that each holding within the Fund may have a more significant effect on its performance.
7	Investments in commodities may be subject to greater instability than investments in traditional investment types. They may be affected by disease, climatic changes and international economic and political developments, which may cause individual commodity prices to rise or fall sharply.
8	Some of the Funds or, in some cases, the underlying funds may hold derivative financial instruments in pursuit of their objectives and these may involve a high degree of financial risk. There is a risk that a small movement in the price of the underlying security, or benchmark, may result in a disproportionately large movement (favourable or unfavourable) in the price of the derivative instrument; the risk of default by a counterparty and the risk that transactions may not be liquid.
9	Some Funds are sub-funds of an Open Ended Investment Company (OEIC). If the assets of these sub-funds are not sufficient to meet their liabilities, the Authorised Corporate Director may reallocate assets, liabilities, expenses, costs and charges between the sub-funds in a manner which would be fair to the investors of the OEIC.
10	Where funds hold investments in property and land it should be noted that the long-term nature of the investment and the income generated tend to make this type of investment less unstable than equities, although it can be difficult to buy and/or sell quickly. In addition, the value of property is generally a matter of valuer's opinion rather than fact.
11	<p>Risk Factors applicable to the underlying investments of HSBC Open Global Distribution Fund, HSBC World Selection Balanced Portfolio, HSBC World Selection Cautious Portfolio and HSBC World Selection Dynamic Portfolio only.</p> <p>Hedge Funds often engage in borrowing money to increase returns and other speculative investment practices that may increase the risk of investment loss. They can be difficult to sell, are not required to provide periodic pricing or valuation information to investors, may involve complex tax structures and delays in distributing important information. Alternative investments are often not subject to the same regulatory requirements as, say, funds and often charge high fees that may potentially offset trading profits when they occur.</p> <p>Some of the underlying funds will hold alternative investments. These may not necessarily price daily and there is a risk that the underlying holdings cannot be sold in a timely manner at a reasonable price.</p> <p>Private equity are generally illiquid, long-term investments that do not display the liquidity or transparency characteristics often found in other investments (eg.. listed securities). It can take a longer time for money to be invested as well as a longer time for investments to produce returns after initial losses.</p>
12	Some Funds may invest in unregulated Collective Investment Schemes, which involves a higher degree of risk as they are not regulated by the FSA.
13	Where a new Fund is launched there is a risk that if the assumed size of the Fund is not achieved, the proportion of charges and expenses allocated to the investment may be higher and the value of the investment consequently reduced.
14	If a fund is a specialist, county-specific or geographical region fund, the investment carries greater risk than a fund diversified across more countries

Fund specific risks

When assessing what risks are applicable to the HSBC Global Asset Management (UK) Limited, Invesco Perpetual, JPMorgan Funds Limited and Schroder Unit Trusts Limited, we source information about these Funds from published material such as brochures and simplified prospectuses as well as content from the websites.

Some of the Funds available within SIF invest primarily in other collective investment schemes. These Funds are the HSBC Open Global Distribution Fund, HSBC World Selection Balanced Portfolio, HSBC World Selection Cautious Portfolio and HSBC World Selection Dynamic Portfolio ('HSBC OpenFunds'). These funds have several differences compared to the alternative Funds available within your SIF Account:

- ▶ The OpenFunds invest primarily in other Funds.
- ▶ The total annual expenses for HSBC OpenFunds including the Annual Management Charge (AMC) and other expenses, are usually higher than for individual Funds. This is because all the underlying Funds incur their own fees and expenses. We have negotiated rebates on the underlying funds AMCs which, when received, are paid into these funds to reduce the impact of these extra costs.
- ▶ The HSBC OpenFunds provide many of the benefits of having a diversified portfolio of individual Funds within a single fund such as reducing exposure to investment risk. However, increased diversification may impact overall fund performance.
- ▶ There is no guarantee that the HSBC OpenFunds will deliver better performance than an individual fund or a portfolio of individual funds.

Risk ratings, investment objectives and policies to achieve the objectives:

All the Funds listed below are open-ended investment companies (OEICs).

HSBC Open Global Distribution Fund +

Risk rating 'Cautious'

To provide a high level of income by investing in a broad range of asset classes, across global markets.

The Fund will invest primarily in collective investment schemes that in turn invest in fixed income securities, higher yielding equities, property, commodities and derivatives.

HSBC World Selection Balanced Portfolio +

Risk rating 'Balanced'

To provide capital growth through balanced investment in a broad range of asset classes across global markets.

The Fund will invest primarily in collective investment schemes that in turn invest in fixed income securities, equities, property, commodities and derivatives.

HSBC World Selection Cautious Portfolio +

Risk rating 'Cautious'

To provide capital growth through cautious investment in a broad range of asset classes across global markets.

The Fund will invest primarily in collective investment schemes that in turn invest in fixed income securities, equities, property, commodities and derivatives. Typically the Fund will have a bias towards asset classes that focus on fixed interest or absolute return strategies.

HSBC World Selection Dynamic Portfolio +

Risk rating 'Balanced'

To provide capital growth through dynamic investment in a broad range of asset classes across global markets.

The Fund will invest primarily in collective investment schemes that in turn invest in fixed income securities, equities, property, commodities and derivatives. Typically the Fund will have a bias towards asset classes that focus on equity investment strategies.

+ These Funds invest in underlying funds which, in turn, invest in a wide range of different asset types such as property, commodities, equities and fixed income securities. Although each asset type has specific risks attributable to them, exposure to those risks is reduced because of the broad selection of investment within these funds.

Invesco Perpetual Income Fund

Risk rating 'Balanced'

To achieve a reasonable level of income, together with capital growth.

The Fund intends to invest primarily in companies listed in the UK, with the balance invested internationally.

JPM Emerging Markets Fund

Risk rating 'Adventurous'

To provide long term capital growth by investing primarily in equity and equity-linked securities of emerging markets companies. Other instruments as permitted in the stated investment and borrowing powers of the Company including, but not limited to, fixed interest securities, cash and cash equivalents may be held on an ancillary basis, as appropriate.

JPM Global Equity Income Fund

Risk rating 'Adventurous'

To provide a portfolio designed to achieve high and rising income by investing globally, primarily in equities, in any economic sector whilst participating in long term capital growth.

JPM Natural Resources Fund

Risk rating 'Adventurous'

To invest, primarily in the shares of, companies throughout the world engaged in the production and marketing of commodities.

The Fund aims to provide capital growth over the long term.

Schroder Global Property Securities Fund

Risk Rating 'Adventurous'

To provide a total return primarily through investment in real estate investment trusts, equity and debt securities of other types of property companies worldwide.

A comparison of features and charges:

	Share types available	Distribution dates	Distribution type (Interest / Dividend)	Initial charge* ¹	Annual Management Charge (AMC)* ²	Other expenses* ³	Where AMC is taken from	Specific Risk(s) applicable to the fund* ⁴
HSBC Open Global Distribution Fund	Income and Accumulation	15 Sep, 15 Dec, 15 Mar, 15 Jun	Dividend	1.00%	1.25%	0.54%	Capital	1, 2, 3, 4, 5, 7, 8, 9, 10, 11, 12
HSBC World Selection Balanced Portfolio	Income and Accumulation	15 Jun, 15 Dec	Dividend	1.00%	1.25%	0.80%	Income	1, 3, 4, 5, 7, 8, 9, 10, 11, 12, 13
HSBC World Selection Cautious Portfolio	Income and Accumulation	15 Jun, 15 Dec	Dividend	1.00%	1.25%	0.61%	Income	1, 3, 4, 5, 7, 8, 9, 10, 11, 12, 13
HSBC World Selection Dynamic Portfolio	Income and Accumulation	15 Jun, 15 Dec	Dividend	1.00%	1.25%	0.90%	Income	1, 3, 4, 5, 7, 8, 9, 10, 11, 12, 13
Invesco Perpetual Income Fund	Income and Accumulation	31 May, 30 Nov	Dividend	1.00%	1.50%	0.18%	Capital	4, 9
JPM Emerging Markets Fund	Income and Accumulation	30 Apr	Dividend	1.00%	1.50%	0.18%	Income	1, 3, 4, 9
JPM Global Equity Income Fund	Income and Accumulation	30 Apr, 31 Jul, 31 Oct, 31 Jan	Dividend	1.00%	1.50%	0.18%	Capital	3, 4, 9
JPM Natural Resources Fund	Income and Accumulation	30 Apr	Dividend	1.00%	1.50%	0.18%	Income	3, 4, 5, 7, 9
Schroder Global Property Securities Fund	Income and Accumulation	20 Nov	Dividend	1.00%	1.50%	0.18%	Income	4, 5, 6, 8, 10

*¹ Please note the reduced initial charge quoted here only applies to Funds bought online. Our full initial charge of 4% will apply if you seek or have sought advice from one of our financial advisers.

*² HSBC Trust Company (UK) Limited will receive a percentage of the AMC from the fund providers. This does not affect the charges paid by you. The current percentages received from each company are shown in the table below:

HSBC Global Asset Management (UK) Limited	80.0%
Invesco Fund Managers Limited	60.0%
JPMorgan Funds Limited	66.6%
Schroder Unit Trusts Limited	66.0%

*³ The other expenses will be taken from either income or capital as appropriate. Further information can be found in the simplified prospectuses or the prospectuses for the Funds. These documents are available on request.

*⁴ Please refer to the Risk Factors on page 3 for details of the Specific Risks for each Fund. It is important that you have read these risks before you invest.

Valuation Point:

All of the Funds are valued at 12.00 noon, each business day.

Authorised Corporate Director

<p>HSBC Open Global Distribution Fund HSBC World Selection Balanced Portfolio HSBC World Selection Cautious Portfolio HSBC World Selection Dynamic Portfolio</p>	<p>HSBC Global Asset Management (UK) Limited, 78 St James Street, London SW1A 1EJ. HSBC Global Asset Management (UK) Limited is authorised and regulated by the Financial Services Authority and is entered on the Financial Services Authority register as number 122335.</p>
<p>Invesco Perpetual Income Fund</p>	<p>Invesco Fund Managers Limited, 30 Finsbury Square, London EC2A 1AG. Invesco Fund Managers Limited is authorised and regulated by the Financial Services Authority and is entered on the Financial Services Authority register as number 119298.</p>
<p>JPM Emerging Markets Fund JPM Global Equity Income Fund JPM Natural Resources Fund</p>	<p>JPMorgan Funds Limited, 3 Lochside View, Edinburgh Park, Edinburgh EH12 9DH. JPMorgan Funds Limited is authorised and regulated by the Financial Services Authority and is entered on the Financial Services Authority register as number 119346.</p>
<p>Schroder Global Property Securities Fund</p>	<p>Schroder Unit Trusts Limited, 31 Gresham Street, London EC2V 7QA. Schroder Unit Trusts Limited is authorised and regulated by the Financial Services Authority and is entered on the Financial Services Authority register as number 197288.</p>

Depository

HSBC Open Global Distribution Fund HSBC World Selection Balanced Portfolio HSBC World Selection Cautious Portfolio HSBC World Selection Dynamic Portfolio	<p>State Street Trustees Limited, 525 Ferry Road, Edinburgh EH5 2AW. State Street Trustees Limited is authorised and regulated by the Financial Services Authority and is entered on the Financial Services Authority register as number 186237.</p>
Invesco Perpetual Income Fund	<p>Citicorp Trustee Company Limited, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB. Citicorp Trustee Company Limited is authorised and regulated by the Financial Services Authority and is entered on the Financial Services Authority register as number 122206.</p>
JPM Emerging Markets Fund JPM Global Equity Income Fund JPM Natural Resources Fund	<p>The Royal Bank of Scotland plc, 36 St. Andrew Square, Edinburgh EH2 2YB. The Royal Bank of Scotland plc is authorised and regulated by the Financial Services Authority and is entered on the Financial Services Authority register as number 121882.</p>
Schroder Global Property Securities Fund	<p>J.P. Morgan Trustee and Depository Company Limited, 125 London Wall, London EC2Y 5AJ. J.P. Morgan Trustee and Depository Company Limited is authorised and regulated by the Financial Services. Authority and is entered on the Financial Services Authority register as number 122358.</p>

Custodian:

HSBC Open Global Distribution Fund HSBC World Selection Balanced Portfolio HSBC World Selection Cautious Portfolio HSBC World Selection Dynamic Portfolio	<p>HSBC Bank plc, Institutional Fund Services Europe, 8 Canada Square, London E14 5HQ. HSBC Bank plc is authorised and regulated by the Financial Services Authority and is entered on the Financial Services Authority register as number 114216.</p>
Invesco Perpetual Income Fund	<p>Citibank, NA., 33 Canada Square, Canary Wharf, London E14 5LB. Citibank, NA. is authorised and regulated by the Financial Services Authority and is entered on the Financial Services Authority register as number 124704.</p>
JPM Emerging Markets Fund JPM Global Equity Income Fund JPM Natural Resources Fund	<p>JPMorgan Chase Bank, 125 London Wall, London EC2Y 5AJ. JPMorgan Chase Bank is authorised and regulated by the Financial Services Authority and is entered on the Financial Services Authority register as number 124491.</p>
Schroder Global Property Securities Fund	<p>JPMorgan Chase Bank, 125 London Wall, London EC2Y 5AJ. JPMorgan Chase Bank is authorised and regulated by the Financial Services Authority and is entered on the Financial Services Authority register as number 124491.</p>

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