

## HSBC Capital Protected Plan and Capital Protected ISA



For details of how your capital is protected, please refer to Page 2 of the Key Features Document.

**HSBC** 

Global Asset Management



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**This brochure is intended to give an overview of the product. You should also read the Key Features Document, Simplified Prospectus and the Terms and Conditions. Please read these documents carefully and keep them in a safe place for future reference.**

## Growth potential with capital protection

Stockmarkets investments can be risky, and if you are a cautious investor, you may not like the risks of seeing your hard earned savings fall in value. That's why HSBC has developed its Capital Protected Plan and Capital Protected ISA.

The Capital Protected Plan and Capital Protected ISA are investments with capital protection, linked to a stockmarket index. They are designed to:

- ▶ Enable you to benefit from the potential capital growth of a leading stockmarket index or indices e.g FTSE 100 Index
- ▶ Provide a protected minimum amount, which is the 'Capital Protected Amount' at the end of the period known as the Capital Protected Period.
- ▶ Be available for investors with a minimum of £3,000 to invest.
- ▶ Enable you to invest in a tax efficient manner through an ISA.
- ▶ If you invest directly into the Capital Protected Plan (outside of an ISA), any growth on your investment will be treated as a capital gain for tax purposes when you sell some or all of your Shares. Depending on your individual circumstances, you could use your Capital Gains Tax Annual Exempt Amount (AEA) to reduce or remove any tax liability.

The index may not grow over the Capital Protected Period, in which case your investment will not grow and its value may be reduced by inflation.

Further information about Capital Gains Tax and Income Tax can be found in the Simplified Prospectus of the HSBC Capital Protected Funds and the Key Features Document.

**This is a limited offer – please see the enclosed Key Features Document for deadlines for applications.**

**Your Capital Protected Amount is not guaranteed at any time. In order for your shares to be worth at least this amount at the end of the Capital Protected Period the Fund is dependent upon HSBC Bank plc meeting its obligations. To protect you if it is not able to do this, cash and other secure investments will be deposited with an independent custodian. If HSBC Bank plc fails then these deposits will be used to pay the investors in the Fund. They will cover 90% of the Fund's liabilities.**

## What are the Capital Protected Plan and Capital Protected ISA?

When you invest, you buy shares in one of the HSBC Capital Protected Funds (“the Funds”) which are sub-funds of the HSBC Specialist Investment Funds, a UK authorised Open Ended Investment Company.

The Capital Protected Plan and Capital Protected ISA are designed to provide capital growth and a protected minimum amount. You can invest tax efficiently by utilising your ISA allowance and Capital Gains Tax (AEA) whilst protecting your capital.

**To receive the benefits of the Capital Protected Plan and Capital Protected ISA it must be held until the end of the Capital Protected Period as detailed in the Key Features Document. Please see the next section. ‘How will my Capital Protected Plan and Capital Protected ISA work?’**

‘Capital Protected Period’ means the period during which the capital invested in the relevant Capital Protected Fund is protected (more information about the Capital Protected Period can be found in the next section ‘How will my Capital Protected Plan and Capital Protected ISA work?’).

If you sell some or all of your shares during the Capital Protected Period you may get back significantly less than you invested.

The Capital Protected Plan and Capital Protected ISA allow you to participate in any growth of the relevant stockmarket index. Your capital will be protected as long as you retain your investment until the end of the Capital Protected Period giving you more protection than investing directly in stocks and shares.

We offer you the chance to invest in any of the following ways:

- ▶ A current Tax Year subscription to a Stocks and Shares ISA into a Capital Protected ISA, allowing Income Tax and Capital Gains Tax efficiency.
- ▶ Transferring your previous and/or current year’s ISA from HSBC or another ISA manager.
- ▶ Investing an unlimited amount outside of an ISA, in a Plan.

**This information is based on our understanding and interpretation of current UK tax law and HM Revenue & Customs practice at the time of printing. Both law and practice may change.**

**You should remember that the tax law applicable depends on your own situation and residency status. If you are in any doubt on this you should seek professional advice.**

## How will my Capital Protected Plan and Capital Protected ISA work?

### The Capital Protected Fund follows an investment cycle:

#### The Limited Issue Period

Investments can only be made in to a Capital Protected Fund during a Limited Issue Period. Throughout this period the Fund holds cash deposits and money market instruments, which may include collective investment schemes.

#### The Capital Protected Period

At the start of the Capital Protected Period your Capital Protected Amount is calculated, this amount includes your original investment, without any deduction for an initial charge (please see the Charges and Expenses section of the Key Features Document), and will include any movement in the value of your shares during the Limited Issue Period.

The Fund now invests in derivatives in order to achieve the aim of providing capital growth linked to an index or indices and a protected minimum amount at the end of the Capital Protected Period. A derivative is a financial arrangement the value of which is based on the performance of other underlying assets e.g an index.

The starting level of each index is taken and will later be used to calculate any growth. The starting level may be the average\* of a number of readings of the index.

We will write to you one month before the end of the Capital Protected Period with your options which may include:

- ▶ returning to you the value of the Shares
- ▶ transferring your Capital Protected ISA to another ISA manager or
- ▶ offering you the opportunity for your investment to continue in the Fund for another Capital Protected Period.

#### End of Capital Protected Period

At the end of the Capital Protected Period the Capital Protected Fund that you have invested in reverts to holding cash deposits and money market instruments. The closing level of the index is taken, which may be the average of a number of readings of each index and the growth, if any, in each index is calculated\*. The growth will then be reflected in the price of the shares. Following this, the investment cycle may commence again with another Limited Issue Period.

\* Please see 'How is the return on the Fund calculated?' in the Questions and Answers section in the Key Features Document.

**Limited Issue Period**



**Capital Protected Period**



**End of Capital Protected Period**

Each Fund will be on sale for a limited amount of time. The exact dates and specific terms of what is being offered in each issue can be found in the Key Features Document. The Fund invests in cash deposits and money market instruments.

The Fund assets switch to derivatives with the aim of meeting the Fund's objectives.

The aim of the Fund is that at the end of the Capital Protected Period the value of your shares will be at least equal to your Capital Protected Amount and will have grown in line with the growth of the relevant index (please see the Key Features Document for full details).

From this point, the Fund will invest again in cash deposits and money market instruments.

## How do I know if the Fund could be right for me?

- ▶ I know I won't need access to my money during the Capital Protected Period
- ▶ I want the potential for capital growth and do not need regular income
- ▶ If my circumstances changed, and I did need access to my money, I understand that I may incur a loss
- ▶ I want exposure to the stockmarket without directly investing in stocks and shares
- ▶ I want to get back at least what I put in and I have a minimum of £3,000 to invest

## How do I know if the Fund is wrong for me?

- ▶ I may need to access my money before the end of the Capital Protected Period
- ▶ I can't risk getting back less than my original investment if I have to sell before the end of the Capital Protected Period
- ▶ I want to invest directly in stocks and shares
- ▶ I am willing to put my money in a higher risk product to receive potentially higher returns
- ▶ I want to receive income from dividends
- ▶ I can't afford to invest a single payment and would rather invest regularly

## Next steps

Before making an investment, we would remind you to make sure you read the Key Features Document, the Simplified Prospectus, and the Terms and Conditions. They contain vital details on this investment together with the risks and the charges that will apply. A copy of the full HSBC Specialist Investment Funds prospectus is available, free of charge, on request.

## How you can invest

You can invest in the Capital Protected Plan and Capital Protected ISA by speaking to your Independent Financial Adviser.

## Importance of financial advice

This brochure does not constitute investment advice and if you have any doubts about the suitability of this investment, you should contact your Independent Financial Adviser. You may be liable to pay for financial advice. Your Financial Adviser will be able to provide you with details. An investment into the Capital Protected Plan and Capital Protected ISA is an important long-term investment decision that requires careful consideration. Your Financial Adviser will help you make a decision based on your individual circumstances and investment objectives.

**For further details:**

Investors please contact your Professional Adviser or our Investor Services Team on 0800 289 505 or [investor.services@hsbc.com](mailto:investor.services@hsbc.com)\*

HSBC Independent Financial Advisers please contact our Adviser Services Team on 08456 076 146 or [adviser.services@hsbc.com](mailto:adviser.services@hsbc.com)\*

Professional Advisers please contact our Adviser Services Team on 0800 121 4661 or [adviser.services@hsbc.com](mailto:adviser.services@hsbc.com)\*

\* To help us continually improve our service and in the interests of security we may monitor and/or record your communications with us.

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