

# Key Features of the SIF Plan and SIF ISA

This is an important document.

You need to read this before  
you invest in the SIF Plan and/or  
SIF Individual Savings Account.

1 July 2018

# Key Features of the SIF Plan and SIF ISA

## What is the purpose of this document?

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

The Financial Conduct Authority is a 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 other important documents listed below so that you understand what you are buying, and then keep it safe for future reference. This document only outlines the key features so it is important that you also read the SIF Terms and Conditions, the Fund Information Document and the Costs and Charges Disclosure Document. You should also read any applicable Key Investor Information Document (KIID) provided by the fund provider before investing in a fund. Before we can accept an instruction from you, you will need to confirm that you have received the latest version of the Costs and Charges Disclosure Document and Key Investor Information Document. You can view, download and print a copy of the relevant Costs and Charges Disclosure Document and KIID by visiting [www.hsbc.co.uk/costs-and-charges](http://www.hsbc.co.uk/costs-and-charges). Alternatively we can provide these documents either electronically or by post.

## 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: 03457 456 123** (textphone **03457 660 391**). Lines are open from 8am to 6pm Monday to Friday (excluding public holidays in England). To help us continually improve our services and in the interests of security, we may monitor and/or record your communications with us. Any calls that may or do lead to a transaction will be recorded. We will keep these records for seven years. You can ask for a copy at any time during those seven years.

**Write to us at:**  
**HSBC Trust Company (UK) Limited**  
**PO Box 6189**  
**Coventry**  
**CV3 9HS**

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

**Please refer back to these numbers and this address where we say that you can telephone or write to us throughout this document.**

## Selected Investment Funds

### 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 accumulated are explained in the Fund Information Document.

### Your investment

- ◆ 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 cash lump sum of at least £1,000 per fund or shares with a value of at least £1,000 or regular payments 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 payments 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.

An Account Fee applies to all investments held in your Accounts as described in "What are the charges?"

## Risk factors

### General risks

- ◆ 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.
- ◆ The favourable tax treatment of ISAs may not be maintained in the future if UK tax law changes.
- ◆ Where shares are sold to pay for the Account Fee within a SIF Plan you may have to pay UK Capital Gains Tax if your taxable gains from all sources in the relevant tax year exceeds your annual exemption limit.

- ◆ Charges taken from the capital of a fund may have the effect of limiting capital growth or eroding capital if there is insufficient growth. If charges are taken from the income of a fund, and there is insufficient income to meet such charges, any deficit will be taken from the capital of the fund.
- ◆ Further risks relating to specific events or actions are described in the relevant sections of this document.

## Fund specific risks

- ◆ There are additional risks that can apply to funds, or for funds that invest in other collective investment schemes additional risks can apply to underlying funds.
- ◆ Certain funds invest in equities and/or fixed interest securities. Both equities and fixed interest securities are at risk if the company issuing them becomes insolvent. If this happens the fund may not recover the whole investment relating to this company and this will affect the return that the individual investors receive.
- ◆ Currency movements between sterling and the currencies of other countries could have an impact on your investment return from funds that invest outside the UK.
- ◆ For funds that invest predominantly in one specialist sector, country or geographic area, any decline in that sector or the economy of that country or area may significantly affect the prices and value of the shares held by a fund.
- ◆ Markets in some countries are described as 'emerging markets'. Some of these may involve higher risks than where investment is within a more established market. These risks include the possibility of failed or delayed settlement, the registration and custody of securities and the level of investor protection offered.
- ◆ Some of the 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 and there is a risk of default by a counterparty.

Further information relating to the risks associated with a particular fund can be found in the relevant KIID and the Prospectus for that fund.

# Questions and answers

## What are the SIF Plan and SIF ISA?

The SIF Plan and SIF ISA are Accounts in your name in which you can hold shares or units of funds in Open Ended Investment Companies (OEICs) and unit trusts from a range of investment companies.

- ◆ In the case of personal investors, up to two investors can invest in the SIF Plan, whereas only one investor can invest in the SIF ISA.
- ◆ If you invest directly through [www.hsbc.co.uk](http://www.hsbc.co.uk) you are limited to investing in no more than one of four HSBC World Selection Portfolios per application. Further details on the ways you can invest can be found under "How can I apply for a SIF Plan and SIF ISA?"

## Who may the SIF Plan and SIF ISA be suitable for?

The SIF Plan and SIF ISA may be suitable for customers:

- ◆ with a lump sum or regular monthly amounts to invest.
- ◆ who wish to re-register their existing clean shares (see "What is re-registering your shares?").
- ◆ 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.
- ◆ We will categorise you as a retail customer and treat you as such in all our dealings with you in respect of this investment. If you invest without advice we are not required to assess the suitability of this product for you. This means that the protection offered by the Financial Conduct Authority's rules on assessing suitability will not apply to this transaction.
- ◆ 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 adviser.

## Who can apply for and hold a SIF Plan and SIF ISA?

You can apply for an Account if you are aged 18 or over.

If you wish to apply for an Account and you are not UK resident, please telephone us for further information before applying. If you are not UK resident:

- ◆ Whether you can apply for a SIF Plan may depend on your country of residence.
- ◆ You can only subscribe to a SIF ISA if you are resident in the UK or if you are performing duties as a UK Crown employee working overseas or you are married to, or in civil partnership with, a person who performs such duties. You may be able to transfer your existing stocks and shares or cash ISA to us from another ISA manager, however, this will depend on your country of residence.

- ◆ You are required to let us know if you change your country of residency. Depending on your new country of residence, your Account may be subject to restrictions and in some cases your Account may be closed.

## How can I apply for a SIF Plan and/or a SIF ISA?

You can invest in a SIF Plan or SIF ISA in the following ways:

- ◆ Through an HSBC Premier Relationship Manager ("PRM")
  - You can apply for a SIF Plan and/or a SIF ISA through an HSBC Premier Relationship Manager if you're an HSBC or first direct customer. HSBC Premier Financial Advice is offered by HSBC UK Bank plc and is available to UK residents who have £50,000 or more in savings and investments and who are at least 18 years old at the time of the initial consultation. You will also need an HSBC or first direct current or savings account. A separate charge will apply to any advice you receive from HSBC UK Bank plc.
- ◆ Direct through [www.hsbc.co.uk](http://www.hsbc.co.uk)
  - You can apply for a SIF ISA through the [hsbc.co.uk](http://hsbc.co.uk) website if you're an HSBC customer.
  - You can apply to invest in a SIF ISA on [hsbc.co.uk](http://hsbc.co.uk) into one of four World Selection Portfolios – Balanced, Cautious, Dynamic and Income.
  - Certain features available within SIF won't be available to you if you apply for a SIF ISA through [hsbc.co.uk](http://hsbc.co.uk) – you will only be able to invest into, or switch between, one of the above World Selection Portfolios each tax year; you won't be able to apply for a SIF Plan; income can only be paid out if you invest in the World Selection – Income Portfolio; and you won't be able to select an income payment frequency for the World Selection – Income Portfolio on your application. However, you will be able to change the income frequency once your SIF ISA has been opened.

## What is an OEIC or Unit Trust?

OEICs and Unit Trusts are both types of collective investment schemes.

- ◆ These investments are bought with a 'pool' of money received from a large number of investors.
- ◆ Holdings in OEICs are divided into shares and unit trusts are divided into units. In this document we refer to them both as 'shares'.

## 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 four different types of ISA:

- cash ISAs;
  - stocks and shares ISAs;
  - Innovative Finance ISAs; and
  - Lifetime ISAs.
- ◆ 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.
  - ◆ Because of their tax advantages ISAs are subject to annual subscription limits. The overall ISA subscription limit is £20,000 for the 2018/19 tax year.
  - ◆ You can subscribe to any combination of permitted ISAs in the same tax year, subject to the subscription limits and eligibility requirements for each type of ISA, but you cannot exceed the overall maximum ISA allowance of £20,000 for the 2018/19 tax year.
  - ◆ The SIF ISA is not a flexible ISA under the ISA Regulations, which means that amounts subscribed and then withdrawn cannot be reinvested without counting towards the annual subscription limit in the same tax year.

Please note that each year all ISA providers are required to report details of ISA subscriptions made by their customers to HM Revenue & Customs (HMRC) so that HMRC can check that individuals do not exceed the limits.

#### Direct Debits for 2018/19 ISA subscriptions

The 2018/19 ISA allowance is £20,000. This amount cannot be divided equally into 12 monthly Direct Debit payments (in whole pounds). It may be helpful to note that if you are intending to fully subscribe to your ISA, your Direct Debit amount will be automatically adjusted on your final payment to prevent oversubscriptions.

For example, if you request a Direct Debit of £1,667 per month, then providing you have not made any further subscriptions to this ISA, the 12th ISA payment will be automatically adjusted to £1,663 (11 payments of £1,667 and 1 payment of £1,663 equals £20,000).

**Please note:** it is still your responsibility to monitor your overall ISA subscriptions. The automated Direct Debit adjustment within SIF will not take into account subscriptions to other ISAs.

If we are made aware of any invalid subscriptions to your ISA, we will remove them and place the investments and/or cash relating to them into a SIF Plan.

If the invalid subscriptions were invested into an ISA which you opened directly through **hsbc.co.uk** after 11 December 2014, the SIF Plan we open will be subject to the same restrictions as the SIF ISA. For details of these restrictions refer to "How can I apply for a SIF Plan and/or a SIF ISA?"

#### Which funds can I hold in my SIF Account?

The funds and share classes available will depend on the way you opened your SIF Account:

- ◆ Through an HSBC Premier Relationship Manager (PRM)
  - Our specialist asset management teams have researched fund markets and provided a selection of approved funds for use with our advised customers. The research process considers reputational risk and resource of the provider, along with assessing the individual fund's risk/return profile, consistency of fund characteristics and the way the fund is managed. These funds are monitored and reviewed regularly to ensure that they continue to meet our portfolio management requirements. However, once you have invested through an HSBC PRM you can subsequently make an additional investment or switch into any of the funds available on the SIF platform, either with or without advice.
- ◆ Direct through **www.hsbc.co.uk**
  - World Selection – Balanced Portfolio
  - World Selection – Cautious Portfolio
  - World Selection – Dynamic Portfolio
  - World Selection – Income Portfolio.

Once you have invested through **hsbc.co.uk** you can subsequently make an additional investment into your chosen fund or switch between any of the above HSBC World Selection Portfolios by contacting us.

#### How can I invest?

You can invest into your Account in the following ways:

- ◆ Cash (lump sum or regular payment)
  - If you apply through an HSBC PRM they will complete the application form with you and send it to us on your behalf.
  - If you apply direct (through **hsbc.co.uk**) – you can complete an online application form.

For lump sum investments you can invest by transferring money from your HSBC or first direct bank account.

You can make regular payments by Direct Debit. Direct Debits will be collected on the 10th of each month or, where that is not a Business Day, the next Business Day after.

- ◆ Re-registering existing shares

If your existing investments are not held within an ISA, you will need to complete a SIF Plan Transfer Form to re-register shares into a SIF Plan.

If your existing investments are held within an ISA you will need to complete a SIF ISA Transfer Form to re-register shares into a SIF ISA.

If you are investing with advice through an HSBC PRM, your adviser will send us the application form on your behalf.

If you are investing directly you can obtain the application forms by contacting us. Please note that if you have invested through **hsbc.co.uk** after 11 December 2014, you will only be able to re-register shares into your ISA if they are already held in one of the following World Selection Portfolios – Balanced, Cautious, Dynamic and Income.

Any new cash investment you make (including additional investments, increases to regular payments and switching between funds and/or share classes either within the same Account or between Accounts) or instruction to convert between share classes will be placed into the relevant clean share class for your chosen fund(s).

Further details regarding clean share classes can be found under “What are legacy and clean share classes?” and “What are the Charges?”

For details of how shares are purchased for your Accounts refer to Clause 9 (Buying and Selling Shares) of the Terms and Conditions.

Before you invest in any fund and share class you will need to confirm you have read the relevant Costs and Charges Disclosure Document and KIID for that fund and share class. You can view, download and print copies of these documents by visiting **www.hsbc.co.uk/costs-and-charges**. Alternatively we can provide these documents either electronically or by post.

### What are legacy and clean share classes?

Legacy and clean share classes are share classes which have different charging structures:

- ◆ **Legacy share classes** – These are share classes that include both the fund provider’s charge for managing the fund and the amount the fund provider pays to us for administration and introducing the business to them within their Ongoing Charge. SIF doesn’t offer any legacy share classes within its fund range.
- ◆ **Clean share classes** – These are share classes which only include the fund provider’s charge for managing the fund within their Ongoing Charge. You will pay us separately for our services through an Account Fee and you will also pay separately for any advice you receive.

Please see “What are the charges?” for more information. All investments you make into any fund available within SIF will be into clean share classes.

### What is re-registering your shares?

- ◆ Re-registering your shares means transferring existing shares that you hold in your sole name either with an investment company, a plan manager or an ISA manager to us without selling them first.
- ◆ As your shares are not sold, they are not subject to any potential loss of growth and/or income resulting from being out of the market or any potential liability to UK Capital Gains Tax.
- ◆ You can use re-registered shares as part of a new investment, additional investment or ISA transfer from another ISA manager. You can also use re-registered shares as part of a transfer to another investment company or ISA manager.
- ◆ You cannot re-register shares into a SIF ISA that are not currently held in an ISA.
- ◆ You can only re-register your shares with us where the fund and share class are available in your selected SIF Account. If the fund and share classes are not available we may agree with your existing plan manager or ISA manager that your shares can be converted into a suitable class that is available.
- ◆ You cannot re-register legacy share class holdings in any available fund into a SIF Plan or SIF ISA.

### Can I re-register shares out of my Account to another plan manager?

- ◆ Yes. We can re-register shares in your Account with another plan manager providing that manager agrees to the transfer.
- ◆ To re-register shares in your Account with another plan manager you should contact your new plan manager.
- ◆ If you re-register part of your Account with another plan manager you must retain at least the minimum investment limits within your Account as described in “Your Investment” on page 2 otherwise your Account may be closed.
- ◆ It will normally take up to 25 calendar days to re-register your shares with another plan manager. There may be occasions where the transfer will take longer to complete due to circumstances beyond our control.

### What are the charges?

- ◆ The main charges are:

#### Account Fee

- ◆ The Account Fee is for services we provide in connection with your Account, for example, buying and selling shares, sending you statements, switching funds between accounts and all other relevant services.

- ◆ The Account Fee is 0.25% per annum. It is calculated using the average daily value of shares held in clean share classes within your Account.
- ◆ In the usual course of business, the Account Fee is payable quarterly in arrears and is deducted from money held as Client Money on your behalf (excluding cash pending investment or Income or Interest awaiting payment to you).
- ◆ Where there is insufficient cash held as Client Money to pay the Account Fee, we will sell enough shares held in clean share classes to pay the outstanding amount. The proceeds from the sale of shares will be held as Client Money and the outstanding Account Fee will then be taken by us. Any amount left over once the outstanding Account Fee has been taken will be retained as Client Money and may be used to pay subsequent Account Fees.

The example below shows how the Account Fee is calculated and deducted from your Account. The example assumes the following:

- you have £0.25 in available cash held as Client Money within your Account.
- the charging period is 90 days.
- the share price of fund A is £1.50 and fund B is £7.35 on the day that shares are sold.
- the value of fund A is £10,100 and fund B is £20,200 on the day that shares are sold. Shares are sold in proportion to the value of fund A and fund B on the day they are sold.

#### How the Account Fee is calculated

You have two funds to which an Account Fee can be applied.

During the charging period the average daily value of each fund is £10,000 for fund A and £20,000 for fund B.

The Account Fee is:

$$£10,000 + £20,000 = £30,000 \times 0.25\% / 365 \text{ days} \times 90 \text{ days} = £18.49$$

#### How the Account Fee is taken

• Account Fee owed	£18.49
• Take any available cash	£0.25
• Outstanding amount	£18.24
• Sell 4.06 shares of Fund A (4.06 x £1.50)	£6.09
• Sell 1.66 shares of Fund B (1.66 x £7.35)	£12.20
• Receive cash proceeds from sale of shares (£6.09 + £12.20)	£18.29
• Pay outstanding amount	£18.24
• Residual cash held as Client Money (£18.29 - £18.24)	£0.05

We may pass all or part of the Account Fee received by us on to another company in the HSBC Group for services they provide to us for managing and operating your Account.

#### Ongoing Charge

- ◆ The Ongoing Charge is a percentage of the value of each fund and is reflected in the price of the shares.
- ◆ The Ongoing Charge is made up of the Annual Management Charge (AMC), which is payable to the investment company for managing the fund and Other Expenses which cover the costs that must be met to ensure the fund is appropriately governed and administered (including services such as depositary and audit fees).
- ◆ Details of the Ongoing Charge for each fund and share class are shown in the KIID. You will not see this charge shown on a statement as it is reflected in the price of the shares rather than being taken from each individual's investment.
- ◆ The Costs and Charges Disclosure Document includes all costs and associated charges which can include one-off charges, ongoing charges and transaction costs from the provision of the investment service. Transaction costs are incurred from purchasing and selling investments within SIF and include Trading Fees, Stamp Duty Reserve Tax or Panel on Takeovers and Mergers (PTM) levy (where applicable).

#### Dilution levy, Dilution adjustment and Stamp Duty Reserve Tax

- ◆ For single-priced OEIC and unit trust funds when there is a large purchase or sale, the price of the shares may not reflect the actual price a fund has to pay or receive in order to purchase or sell the underlying assets. This effect is known as 'dilution'.
- ◆ Investment companies, with the exception of those that manage dual-priced funds, may charge a dilution levy or make a dilution adjustment. This is to protect existing holders of shares from circumstances which would adversely affect the value of the fund. It is not possible to accurately predict whether dilution will occur at any particular time. Neither we nor the fund provider will benefit from applying a dilution levy or making a dilution adjustment as it serves only to protect the continuing investors in the funds.
- ◆ On certain dealings in shares, Stamp Duty Reserve Tax (SDRT) may be payable.
- ◆ More information on dilution levy, dilution adjustment and SDRT is contained in the Prospectus for the available funds.
- ◆ The Costs and Charges Disclosure Document shows what the charges are.

### How do the charges and expenses affect my investment?

- ◆ The Costs and Charges Disclosure Document shows how the charges and expenses affect your investment.
- ◆ Unless indicated otherwise, any costs related to the Service are exclusive of any applicable VAT, stamp duty, stamp duty reserve tax, other taxes and levies relevant to orders you place.
- ◆ Each year around the anniversary of the date on which you opened your account we will send you a Costs and Charges Statement which sets out the actual charges that have been made together with an illustration of the cumulative effect of those charges on your Fund investments.

### Can I make additional investments?

- ◆ Yes. You can make additional investments to your Account either as cash or by re-registering shares. All additional investments (lump sum investments, regular payments and shares re-registered in to your Account) will be placed into clean share classes as explained under "How can I invest?"
- ◆ You can only make additional investments to your SIF ISA without completing a new application form if you have subscribed to your SIF ISA during the current or previous tax year.
- ◆ You can only make additional amendments to your SIF ISA if you remain eligible to do so. Please see "Who may the SIF Plan and SIF ISA be suitable for?" and "What is an ISA?" for further information on eligibility. Details of the minimum limits and how you can instruct us are shown below:

#### Cash lump sum investments

- ◆ The minimum additional investment is £500 per fund for lump sums.
- ◆ Call us to transfer money from your HSBC or first direct bank account or invest using your debit card.

#### Regular payments

- ◆ The minimum increase is £10 per fund per month for regular payments.
- ◆ 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.

#### Re-registration of shares

- ◆ The minimum additional investment is shares with a current value of at least £500 per fund.
- ◆ You should complete a SIF Plan Transfer Form for investments into a SIF Plan or a SIF ISA Transfer Form for investments into a SIF ISA. Copies of these application forms are available by visiting our website [hsbc.co.uk](https://www.hsbc.co.uk) or by calling us.

- ◆ For further information on re-registration, please see the earlier section "What is re-registering your shares?"

If you invested directly through [hsbc.co.uk](https://www.hsbc.co.uk) after 11 December 2014, you will only be able to make additional investments into the following World Selection Portfolios – Balanced, Cautious, Dynamic and Income.

### Can I change my selection of funds?

- ◆ You can switch between funds and/or share classes (where the Manager does not allow conversions between share classes) within each Account at any time. Your investment will be switched by selling shares in your chosen fund(s) and share class(es) and using the cash proceeds to buy shares in the new fund(s) and share class(es).
- ◆ If you invested directly through [hsbc.co.uk](https://www.hsbc.co.uk) after 11 December 2014, you will only be able to switch between the following World Selection Portfolios – Balanced, Cautious, Dynamic and Income.
- ◆ If you are switching between funds which have the same settlement period your investment will normally be out of the market for up to two Business Days and during this time the market may move up or down, resulting in potential loss of growth and/or Income.
- ◆ If you are switching between funds where the settlement period for the fund you are switching into is shorter than the settlement period for the fund you are switching out of, your investment could be out of the market for up to four Business Days and during this time the market may move up or down, resulting in potential loss of growth and/or Income.
- ◆ If you have chosen to have income paid out then switching between fund(s) and/or share classes may impact your income payment (see "Can I take an income?").
- ◆ 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.
- ◆ Switching between funds and/or share classes in the SIF Plan will mean that any gains made on the sale of shares will need to be considered when calculating any liability to UK Capital Gains Tax.
- ◆ If you are making regular payments you can choose to switch your existing holdings, your future investments or both.
- ◆ If you ask us to switch between share classes and the Manager will allow a conversion, then we will convert your holdings instead. Where you haven't specified how you want your holdings to be moved between share classes we will always try to convert first and only switch where a conversion is not possible.
- ◆ For further information on switching funds, please see Clause 15 (Switching) of the Terms and Conditions. Details of the settlement period for each fund are shown in the Fund Information Document.



- ◆ To switch funds you can call us, or you can write to us giving us your instructions. You will also need to confirm that you have read the most recent Costs and Charges Disclosure Document and KIID before we can process your request. You can view, download and print a copy of the relevant Costs and Charges Disclosure Document and KIID by visiting [www.hsbc.co.uk/costs-and-charges](http://www.hsbc.co.uk/costs-and-charges) Alternatively we can provide these documents either electronically or by post.
- ◆ There may be times when we need to switch or convert your Shares without instructions from you, for example, if the Manager tells us about changes being made to the Fund. This is explained in clauses 14 (Conversion) and 15 (Switching) of the Terms and Conditions.

### What is the difference between a conversion and a switch?

- ◆ Conversion means exchanging all or part of your shares in one class of shares for another class of shares in the same fund without selling them first. For example, converting shares held in an income share class into an accumulation share class.
- ◆ As your shares are not sold when converted they are not subject to any potential loss of growth and/or income resulting from being out of the market. If your shares are converted within a SIF Plan the conversion is not a disposal for capital gains tax purposes. Such a disposal will not arise until the new shares are disposed of, e.g. when they are sold.
- ◆ Switching means that your existing shares held in the income share class are sold and the cash proceeds used to buy shares in the accumulation share class.
- ◆ Switching between share classes means that your investment can be 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.
- ◆ If the switch takes place within a SIF Plan you may incur a Capital Gains Tax liability if your gains in the tax year, from all sources, exceed the annual exemption amount and any available relief for losses.

### How does conversion affect my regular savings?

- ◆ If you are a regular saver and we receive an instruction to change your monthly payments we will require a separate instruction either in writing or by calling us to convert your existing holdings.
- ◆ If you are a regular saver and we receive an instruction to convert your existing holdings any future monthly payments will automatically be invested into the share class you have converted to.

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

- ◆ Yes, at any time you can switch your investment 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.
- ◆ If you have chosen to have income paid out then switching fund(s) and/or share classes may impact your income payment (see "Can I take an income?").
- ◆ You can switch between different fund(s) and/or share classes when switching your investment from a SIF Plan to a SIF ISA.
- ◆ Your investment will be switched by selling shares in the chosen fund(s) and share class(es) in your SIF Plan and using the cash proceeds to buy shares in the new fund(s) and clean share class(es) in your SIF ISA. This means that your investment is usually out of the market for up to five Business Days and during this time the market may move up or down, resulting in potential loss of growth and/or income. You may also incur a capital gains tax liability if your gains in the year, from all sources, exceed your annual exemption.
- ◆ If you are looking to make the most of your ISA allowance by switching your investment from your SIF Plan to your SIF ISA near to the end of the tax year, we will need to receive your instructions no later than 10 Business Days before 5 April.
- ◆ Alternatively, you can choose to have a Feeder Option. For further information on the Feeder Option please see "What is a Feeder Option?"
- ◆ For further information on switching funds, please see Clause 15 (Switching) of the Terms and Conditions. Details of the settlement period for each fund is shown in the Fund Information Document.
- ◆ To switch your investment from a SIF Plan to a SIF ISA, you can write to us giving us your instructions. If you are switching between different funds or share classes when switching your investment from a SIF Plan to a SIF ISA, you will also need to confirm that you have read the most recent Costs and Charges Disclosure Document and KIID before we can process your request. You can view, download and print a copy of the relevant Costs and Charges Disclosure Document and KIID by visiting [www.hsbc.co.uk/costs-and-charges](http://www.hsbc.co.uk/costs-and-charges) Alternatively we can provide these documents either electronically or by post.

### What is a Feeder Option?

- ◆ A feature that will automatically switch up to the maximum ISA subscription from your SIF Plan to a SIF ISA shortly after the start of each tax year.

- ◆ You may only choose one of the following HSBC Global Asset Management (UK) Limited funds as your Feeder Fund, from the list below, but you may also hold other funds within your SIF Plan.
- ◆ World Selection Portfolios – Adventurous, Balanced, Cautious, Conservative, Dynamic and Income; Global Strategy Portfolios – Balanced, Cautious and Dynamic; and Open Global Distribution Fund.
- ◆ If you choose the Feeder Option but also want to make regular payments to any fund, then your regular payments will be invested in to a separate SIF Plan.
- ◆ You can switch money to your Feeder Fund from a separate Account or fund (see “Can I change my selection of funds?” and “Can I switch my investment from a SIF Plan to a SIF ISA?”).
- ◆ When the whole amount in the Feeder Fund has been switched to a SIF ISA, no further automatic switches will take place. If you would like automatic switches to be made in future you will need to invest further money into your Feeder Fund or instruct us to allocate an alternative fund as the Feeder Fund.
- ◆ The Feeder Fund cannot be in a SIF Plan held in joint names.
- ◆ The Feeder Option is not available if you invested directly through **hsbc.co.uk** after 11 December 2014.

### Can I transfer my ISA from another ISA manager?

- ◆ We accept transfers of existing stocks and shares ISAs and cash ISAs. We do not accept transfers from innovative finance ISAs or Lifetime ISAs. You should complete a SIF ISA Transfer Form (available by contacting us) and send it to us. If you wish to make a subscription to your ISA following the transfer, you will also need to complete a new SIF Application Form unless you have already subscribed to a SIF ISA in the current tax year or previous tax year.
- ◆ If you invested directly through **hsbc.co.uk** after 11 December 2014, you will only be able to transfer your existing ISA(s) into the following World Selection Portfolios – Balanced, Cautious, Dynamic and Income.
- ◆ We accept transfers from other ISA managers either as cash or by re-registering shares. Your existing ISA manager may make a charge for the transfer. When an ISA is transferred in this way, the amount transferred is not a subscription and therefore does not count towards the subscription limits explained in the section “How much can I subscribe to an ISA?”.
- ◆ If you transfer your current tax year’s cash ISA subscriptions to the SIF ISA they will be treated as if those cash ISA subscriptions had never existed. Instead the transferred subscriptions will be treated as if you had invested that money directly into the SIF stocks and shares ISA.

- ◆ Shares can be re-registered as part of ISA transfers from other ISA managers provided the same fund(s) and clean share class(es) are offered within SIF. If we receive an instruction to re-register shares in a fund and/or share class which is not offered within SIF, then we will instruct the existing ISA manager to sell those shares and accept the transfer as cash.
- ◆ It will normally take a maximum of 30 days to complete the transfer of your ISA into the Selected Investment Funds ISA, irrespective of whether the transfer is in cash, or includes re-registered shares. During this time your investment may be out of the market, which may move up or down resulting in potential loss of growth and/or income.

### Can I transfer my SIF ISA to another ISA manager?

- ◆ You can transfer all or part of your SIF ISA to another stocks and shares, cash, innovative finance, or Lifetime ISA with another ISA manager at any time by telling us in writing. The new ISA manager must agree to the transfer. You can transfer cash and/or transfer the investments without selling them, where permitted by the new ISA manager.
- ◆ However, please note that if you transfer to a Lifetime ISA from an ISA that is not a Lifetime ISA, the amount transferred does still count towards the Lifetime ISA ‘current year payment limit’. The current year payment limit is £4,000 for the 2018/19 tax year.
- ◆ If you transfer part of your SIF ISA to another ISA manager any amount remaining in your SIF ISA must meet the minimum investment limits stated in “Your Investment” on page 2.
- ◆ For further details on transfers please see Clause 23 (ISA Transfers In) and Clause 24 (ISA Transfers Out) in the Terms and Conditions.

### Can I change my mind about my investment?

- ◆ If you are making a cash lump sum investment or re-registering shares you hold with another plan manager or ISA manager (including cash lump sums and re-registered shares that accompany a regular payments application) we will send you a reminder of your right to cancel once the shares have been purchased or re-registered.
- ◆ If you are making regular payments we will send you a reminder of your right to cancel once we have accepted your application.
- ◆ You have 30 days from receipt of the reminder of your right to cancel in which to cancel your investment.
- ◆ If you wish to cancel, you need to write to us with your instructions.

- ◆ If you don't cancel your investment the risks detailed in this document and the charges detailed in the Costs and Charges Disclosure Document will apply and you will be subject to all the Terms and Conditions for the SIF Plan and/or SIF ISA.
- ◆ If you cancel an investment within the 30 day period you will not pay any Account Fee applicable to that investment.
- ◆ 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.
- ◆ If you cancel an investment in a SIF ISA and we have to return the cash proceeds to you or re-register shares into your own name, you will lose the tax benefits relating to holding your investment in an ISA.

#### **Cancelling an investment where shares were purchased**

- ◆ If you cancel an investment in an Account where shares were purchased by you we will sell all of the shares relating to that investment and return the cash proceeds to you.
- ◆ If you cancel an investment where you have transferred your ISA into SIF from another ISA manager and purchased shares, we will sell those shares and hold the cash proceeds as Client Money in your Account awaiting further instructions from you. You can transfer your investment to another stocks and shares, cash, innovative finance or Lifetime ISA either with HSBC or another ISA manager. Alternatively, you can have the cash proceeds paid to you. If we do not receive any instructions from you within 30 days of receiving your cancellation instruction then we may return the cash proceeds to you. This will result in you losing the benefits of holding those cash proceeds in an ISA.
- ◆ The amount you receive may be less than you originally invested if the value of those shares has fallen. This does not apply to regular monthly payments.

#### **Cancelling an investment where shares were re-registered**

- ◆ If you cancel an investment where shares were re-registered into your Account we will retain those shares in your Account and wait for further instructions from you. If we do not receive any instructions from you within 30 days of receiving your cancellation instruction then we may re-register those shares into your own name. If we cannot re-register those shares into your own name we will sell the shares and return the cash proceeds to you. If this is within a SIF Plan this may be a disposal for capital gains tax purposes. If this is within a SIF ISA, this will result in you losing the benefits of holding those cash proceeds within an ISA.
- ◆ The value of those shares may be more or less than their value at the time they were transferred into your Account.

#### **Once I have invested what will I receive from you?**

- ◆ We will write to you and provide confirmation of your investment.
- ◆ We will also send you statements within five weeks of 5 January, 5 April, 5 July and 5 October each year.
- ◆ You will also receive an annual Costs and Charges Disclosure Document around the anniversary of your investment. This will provide you with information about how much your investment has cost over a year and will include:
  - Service Costs – which include any advice fees, Account Fee and transaction costs associated with your investment; and
  - Product Costs – which include charges relating to management costs and the Ongoing Charges Figure.
  - We will also provide you with information if third party payments have been received in respect of your fund/Account.
- ◆ For further details on what you will receive when you invest please see Clause 9 ("Buying and Selling Shares") of the Terms and Conditions.

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

- ◆ You can calculate the value of your investment by going online and visiting the website **www.fundlistings.com**. To look up a price and calculate the value of your investment, you will need to know the name of your fund, the share class 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 HSBC UK Online Banking service (providing you are registered for this service).
- ◆ Further information on calculating the value of your shares in a specific fund is available in the Prospectus for that fund.

#### **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 apply direct through **hsbc.co.uk** after 11 December 2014, you can only choose to have income paid out if you have invested in the World Selection – Income Portfolio.
- ◆ Income will normally be reinvested for regular payments.
- ◆ If you invest in an accumulation share class all income generated by the fund will be held within the fund and will serve to increase the value of the fund, which will be reflected in the share price. If you choose to have income paid out we will purchase income shares. Income will be paid out to you depending on the income frequency of the fund and when you want it paid out to you.

- ◆ Where available you may be able to choose to have your income reinvested. Where you have chosen to have income reinvested, we will use the income in your Account to purchase further shares in the fund(s). The income will be used to purchase shares in the same class of shares and the same fund from which it was generated.
- ◆ If you re-register income shares into your Account then income will be paid out. If you re-register accumulation shares into your Account then income will be accumulated.
- ◆ If you have chosen to have income paid out and decide to switch fund(s) and/or share class(es) (see “Can I switch my investment from a SIF Plan to a SIF ISA?” and “Can I change my selection of Funds?”) your income payment may be affected. If you switch fund(s) and/or share class(es) and your investment is out of the market on the date at which entitlement to receive income for a specific period is determined (typically the day before the ‘Ex-dividend date’) you will not receive an income payment for that period. The share price at which shares were sold in the chosen fund(s) and share class(es) will include the income still to be distributed. This means more shares will be bought in the fund(s) and share class(es) you are switching in to and therefore the value of your investment will increase by the amount of income that was not paid out. Details of the ex-dividend dates for funds and share classes are shown in the relevant prospectus.
- ◆ If you want income paid out then you can choose the frequency of the payments. These can be immediately, quarterly, six-monthly or annually. The table below shows the dates that income will be paid to you depending on the frequency you choose:

<b>Income frequency</b>	<b>When will income be paid to you</b>
Immediately	Within four Business Days of it being paid into your Account
Quarterly*	15 January, 15 April, 15 July, 15 October
Six-monthly*	15 April and 15 October
Annually	15 October

\*The fund(s) you choose may distribute income less frequently. Please see the Fund Information Document for distribution dates.

The date you receive your first income payment will depend upon the income frequency you choose and when you make your investment.

If you invest into the HSBC World Selection – Income Portfolio directly through [hsbc.co.uk](https://www.hsbc.co.uk) after 11 December 2014, income will be paid out to you immediately (ie, within four Business Days of it being paid into your Account). You can contact us once your Account has been opened and request to have income paid out bi-annually or annually.

- ◆ If you invest in a fund which pays out a monthly income (an income frequency of ‘immediately’ applies to such funds) you must invest at least one month before the next distribution date, as shown in the Fund Information Document, to qualify for a payment on that date.
- ◆ For all other funds which pay an income you must invest at least two months before the next distribution date to qualify for a payment on that date.
- ◆ For further information on which funds offer income shares and can pay out an income to you, please see the Fund Information Document.

### **How much income will be paid out or reinvested/accumulated?**

- ◆ Your income will vary.
- ◆ The amount you receive or that is reinvested/accumulated depends upon the dividends, interest and other income received from the underlying investments of the fund.

### **Do I have to pay tax on my investment?**

- ◆ This information is intended as general guidance only. The taxation information below is based on our understanding and interpretation of current UK tax law which may change.
- ◆ Your tax liability will depend on your own individual circumstances, including the country in which you live. If you are unsure about the tax consequences of your investment, you should seek appropriate professional advice.
- ◆ The Fund Information Document shows whether funds pay interest or dividend distributions.
- ◆ 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.
- ◆ 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 not a UK resident, returns from a SIF Plan and/or SIF ISA may be liable to tax in the country of your residence.

### **UK Income Tax – SIF Plan**

- ◆ Interest distributions shall be paid gross and may contribute towards your annual Personal Savings Allowance where appropriate. Any interest distributions in a tax year in excess of your annual Personal Savings Allowance may be subject to tax according to your personal circumstances and it shall be your responsibility to account to HMRC for any tax liabilities arising on interest distributions you receive.

- ◆ Dividend income shall be paid gross and may contribute towards your annual Dividend Allowance where appropriate. Any dividend income in a tax year in excess of your annual Dividend Allowance may be subject to tax according to your personal circumstances and it shall be your responsibility to account to HMRC for any tax liabilities arising on dividend income you receive.

#### **UK Income Tax – SIF ISA**

- ◆ Where a distribution is received within an ISA you will have no UK Income Tax to pay.
- ◆ Interest distributions will be paid gross of UK Income Tax.

#### **UK Capital Gains Tax – SIF Plan**

- ◆ You may have to pay UK Capital Gains Tax if your total taxable gains from all sources (less allowable losses) in the relevant tax year exceeds your annual exemption limit.
- ◆ This also applies if you are selling shares to switch into another fund, share class of the same fund, ISA or if shares are sold to pay for the Account Fee. This includes shares sold in the Feeder Fund where the Feeder Option has been chosen.

#### **UK Capital Gains Tax – SIF ISA**

- ◆ You will not have to pay UK Capital Gains Tax on any gains you make from an ISA.

#### **How can I obtain further information?**

- ◆ We may provide you with information including documentation via our website [www.hsbc.co.uk](http://www.hsbc.co.uk) as permitted by the FCA rules and where you have agreed to this. We will let you know the website address electronically, when we put information up on the website where such information will be available and updated from time to time. We may in particular provide the following to you via a website:

- our terms in relation to trading;
- a general description of the nature and risks of financial instruments;
- our published fee tariffs, Costs and Charges Disclosure Document, Costs and Charges Disclosure Statements and other information on our costs and charges;
- details of our Best Execution policies; and
- Key Information Documents (KIDs) and Key Investor Information Documents (KIIDs) (as required).

#### **Can I withdraw my money?**

- ◆ You can withdraw all or part of your investment at any time. The minimum withdrawal per fund is £100 or shares with a current value of at least £100.

- ◆ If you make a withdrawal we can sell the shares and pay you the cash proceeds within seven Business Days of the date we place the sale instruction with the investment company. Alternatively we can re-register the shares to you or another plan manager, normally within 30 days of the date we receive the withdrawal instruction from you.
- ◆ If you make a partial withdrawal, for each Account, the minimum amount left in any fund must be £1,000 unless you are making regular payments. If you are making regular payments you can sell all of your shares or re-register them to you or another plan manager and keep your Account open if you continue to make monthly payments.
- ◆ We may close your Account if you don't maintain the minimum amount, or if you stop your regular payments and the value of the relevant Account is below the minimum amount.
- ◆ If you make a cash withdrawal which requires us to sell shares from more than one fund, you may receive the cash proceeds as separate payments. This is because some funds have different settlement periods meaning that we may receive the cash proceeds from the investment company at different times. We will always pay the cash proceeds to you as soon as we receive them from the investment company. Further information about the settlement period for each fund can be found in the Fund Information Document.
- ◆ To make a withdrawal call us or write to us quoting your Account number.

#### **Can I open a SIF Plan on behalf of someone aged under 18?**

- ◆ Yes. A SIF Plan cannot be opened by anyone aged under 18 years, but an application can be made by an adult and the Account designated in a name of your choice. This designation can be a maximum of 20 characters and is usually the child's name or initials.
- ◆ If you designate a SIF Plan on behalf of another person, this will normally constitute a bare trust. However, your SIF Plan will not be managed any differently as a result of this.
- ◆ We will not arrange for the payment of tax or reclaim any tax on behalf of the beneficiary and we will not automatically transfer the investment to the beneficiary at the appropriate time. You will need to instruct us directly on the transfer.
- ◆ If you want a trust other than a bare trust, you should seek appropriate professional advice with a view to preparing a written trust document.
- ◆ If you are in any doubt about your tax circumstances as trustee, you should seek professional advice.

# Further information

## Account Manager of the SIF Plan and SIF ISA

**HSBC Trust Company (UK) Limited**  
**PO Box 6189**  
**Coventry**  
**CV3 9HS**

Registered Office: 8 Canada Square, London E14 5HQ.

HSBC Trust Company (UK) Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority and is entered on the Financial Services Register as number 119297. You can check this on the Financial Services Register at **www.fca.org.uk** Our 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 Information Document.

## 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.

## Prospectuses and further information on funds

Copies of Prospectuses and Key Investor Information Documents, 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.

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

## Law

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

## 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:

**The Financial Ombudsman Service**  
**Exchange Tower**  
**London**  
**E14 9SR**

Telephone: **0800 0234 567** or **0300 1239123**

Email: **complaint.info@financial-ombudsman.org.uk**  
**www.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 covered by 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 by the FSCS and eligible investors can claim up to the current FSCS limit for investments. For further information about the compensation provided by the FSCS (including the amounts covered and eligibility to claim) please refer to the FSCS website **www.FSCS.org.uk** or call the FSCS on **0207 741 4100**. Please note only compensation related queries should be directed to the FSCS.

**hsbc.co.uk**

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