

Unit Trusts Monthly Investment Plan

Important Risk Warning:

- Unit Trusts are investment products and some may involve derivatives. The investment decision is yours but you should not invest in the Unit Trusts unless the intermediary who sells it to you has explained to you that the product is suitable for you having regard to your financial situation, investment experience and investment objectives.
- Unit Trusts are NOT equivalent to time deposits.
- In the worst case scenario, the value of the unit trusts may be worth substantially less than the original amount you have invested.

Additional risks are disclosed in the section of "Risk disclosure" below. Please refer to it for details.

HSBC's Unit Trust Monthly Investment Plan (UTMIP) is suited to investors seeking to build an investment portfolio through regular monthly contributions. This investment plan is structured to be both flexible and convenient for those with different needs and financial status. You can choose from a wide range of funds with various asset classes managed by different fund houses, and to define a target number of months or target market value to be accumulated for your UTMIP that fits your investment objective.

How the Unit Trust Monthly Investment Plan works

UTMIP allows you to invest your savings on a regular basis. With UTMIP, your financial goals can be achieved without having to set aside a big portion of your savings upfront. By sticking to a regular savings and investment programme, you'd invest the same amount each month no matter what the unit price is. As all markets have peaks and troughs, you'll acquire units at different prices. You may then benefit from Dollar Cost Averaging. Here's how UTMIP works in both a bearish and a bullish market:

Bearish market

| Month | Monthly Investment amount (HK\$) | Net Asset Value (HK\$) | Total Units Bought |
|----------|----------------------------------|------------------------|--------------------|
| January | 1,000 | 1 | 1,000.00 |
| February | 1,000 | 0.97 | 1,030.93 |
| March | 1,000 | 0.86 | 1,162.79 |
| April | 1,000 | 0.7 | 1,428.57 |
| May | 1,000 | 0.65 | 1,538.46 |
| June | 1,000 | 0.55 | 1,818.18 |
| Total | 6,000 | | 7,978.93 |

Average Market Price (HK\$):

= sum of unit prices / no. of instalments
= $\$(1+0.97+0.86+0.7+0.65+0.55)/6$

\$ 0.79

Average Unit Cost (HK\$)

Average unit cost = total investments / total no. of units purchased
= $\$(6,000/7,978.93)$

\$ 0.75

Remarks:

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The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution before investing in this product. **You should not invest in this product based on this document alone.** If you are in any doubt, you should obtain independent professional advice.

Bullish market

| Month | Monthly Investment amount (HK\$) | Net Asset Value (HK\$) | Total Units Bought |
|----------|----------------------------------|------------------------|--------------------|
| January | 1,000 | 1 | 1,000.00 |
| February | 1,000 | 1.12 | 892.86 |
| March | 1,000 | 1.23 | 813.01 |
| April | 1,000 | 1.34 | 746.27 |
| May | 1,000 | 1.48 | 675.68 |
| June | 1,000 | 1.55 | 645.16 |
| Total | 6,000 | | 4,772.98 |

Average Market Price (HK\$):

= sum of unit prices / no. of instalments
= $\$(1+1.12+1.23+1.34+1.48+1.55)/6$

\$ 1.29

Average Unit Cost (HK\$)

Average unit cost = total investments / total no. of units purchased
= $\$(6,000/4,772.98)$

\$ 1.26

Your monthly contributions will purchase more units when the market goes down, and fewer units when the market goes up. Dollar Cost Averaging enables you to buy units lower than the market average price in a bearish or a bullish market. In the long run, you can average out the cost of the shares by buying both in the low and the high market and you needn't worry about the market ups and downs in the short term.

Assumptions & Notes

- The above figures are for illustrative purposes only and are not indicative of actual performance
- Month-end prices are used for the calculation
- Investment amount shown in the above illustration is **net of fees**.
- Dividend re-invested amount is not calculated
- Foreign exchange fluctuation is not included.

Getting started

Step 1: Define your savings objectives

Your choice of funds and the timing of your investment will vary considerably according to what you intend to do with your savings, e.g., go on holiday, contribute to your children's education, or retirement.

Step 2: Decide how much you can afford to invest each month to meet your objectives

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Step 3: Define the desirable timeframe or amount to be accumulated for your investment

To assist you to keep track of your investment plan, we provide you the flexibility to preset:

- either the **target number of months** you will invest in the plan. You can make use of this service to define your contribution period according to your budget or to spread your intended sum of investment over a period of time, which saves you the hassle in timing the market;
- or the **target market value† to be accumulated** from the plan which allows you to set aside an investment plan in meeting a particular goal.

You can also opt to automatically terminate the plan or receive a SMS notification as a reminder (while the plan will continue) upon reaching the target.

†Calculation of 'target market value':

- DOES NOT INCLUDE unit trusts accumulated from unit trusts lump sum subscription; and
- INCLUDES unit trusts accumulated from (excluding any redeemed and switch-out unit trusts):
 - i. regular monthly contribution to the Plan;
 - ii. previous Plan(s) related to the same unit trusts

To determine whether you have reached the target market value you have specified under the Plan in any month, we will calculate the market value of the unit trusts you have accumulated under the Plan daily after the relevant unit trusts have been allocated. If no monthly investment contribution is made in that month for any reason, we will calculate the market value of the unit trusts you have accumulated under the Plan after the Debit Date.

The monitoring frequency is **daily** after including the units allocated to your account on the unit allocation date of that relevant month.

Step 4: Consider your appetite for risk

We have developed a Risk Profiling Questionnaire to help you find out as well as to identify the types of funds that fall within your risk tolerance level.

Step 5: Decide which fund type is appropriate to your investment needs

Here are some general observations to help you choose the appropriate fund(s) for your UTMIP:

- Equity funds produce greater potential investment returns than bond funds. However, equity funds are normally more volatile than bond funds
- Regional equity funds can be less risky than single-market equity funds. Their volatility is also lower.
- Bond funds can be suited to those who want steady income from their investments.

Step 6: Choose the appropriate unit trusts for your UTMIP

| Details of the Unit Trust Monthly Investment Plan | |
|---|--|
| Minimum monthly contribution* | HK\$1,000 per fund |
| Direct debit date | You may choose any Day in a month as Debit Date (through a cash account maintained with HSBC)^ |

^ If the direct debit date is not a business day, the monthly contribution will be debited on the next business day. Also if, in a particular month, the date you choose does not exist, the Debit Date for that month will automatically fall on the first business day of the following month. In those circumstances you may have your account debited twice in the same month.

- **Payment is easy** – monthly contributions can be settled automatically through your cash account maintained with HSBC.
- **Flexible investment plan** – you may instruct to
 - Increase/decrease the contribution, redirect fund allocations, redeem your units, amend your target number of months to be invested (if any), or amend your target market value to be accumulated (if any) for an UTMIP.
- **Charges and discounts** – you will enjoy preferential
 - Initial charge as low as 2%. For more details, please refer to the Unit Trust Services Charge.

Set up/ Amend/ Terminate Unit Trusts Monthly Investment Plan

- To set up a UTMIP, simply visit any HSBC branch or go to **HSBC Internet Banking****
- You can decrease your monthly investment contribution under the Plan or terminate the Plan through Phonebanking Service. You may also increase or decrease your monthly investment contribution under the Plan or terminate the Plan through **HSBC Internet Banking**.
- The instruction must be received by HSBC at least one (1) business day before the Debit Date in order for the amendment or termination to take effect on that Debit Date

For more information:

- Go to our web site at www.hsbc.com.hk
- Call our investment product information hotline on 2233 3733
- Visit any HSBC branch

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Unit Trusts services charge¹

| Service | Rate | |
|--|---|-----------------|
| Subscription / Redemption / Management / Other fees | Please refer to the respective prospectus of the fund | |
| Unit Trust Monthly Investment Plan Preferential Initial Charge | Bonds 2% | Non-Bonds 3% |
| Switching fee ² | Up to 1% of switching amount | |
| Investment Order Confirmation eAlerts | Free of charge | |
| Transfer-out ³ | Administration fee of HK\$100 per fund transferred | |

**The services provided through HSBC Internet Banking involve no solicitation of the sale or recommendation of, or advice on, any product from us. All transactions that you enter into through HSBC Internet Banking are conducted on an execution-only basis and based on your own judgment. We do not have any duty to assess or ensure suitability of the product or the transaction that you enter into. If you wish to receive solicitation or recommendation from us, you should contact us and, where relevant, go through our suitability assessment before transacting.

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1. The Unit Trust services charge are applicable to HSBC Premier, HSBC Advance, SmartVantage customers and general unit trusts account customers with account number ended with "383".
2. Switching is only allowed between two funds of the same fund house. Please refer to the respective prospectus of the fund for details of the fees and charges.
3. Please note that only Transfer-in/out across same name accounts will be all owed. Please visit any HSBC branch should you wish to place transfer instruction.

Risk disclosure:

- Investment involves risks. Past performance is no guide to future performance of the funds.
- The value of investments and the income from them can fluctuate and is not guaranteed. Investor may not get back the amount they invest.
- Funds which are invested in certain markets and companies (e.g. emerging, commodity markets and smaller companies, etc.) may also involve a higher degree of risk and are usually more sensitive to price movements.
- Investment returns not denominated in your home currency are exposed to exchange rate fluctuations. Rates of exchange may cause the value of investments to go up or down.
- Please refer to the offering documents of the respective funds for details, including risk factors.
- This document has not been reviewed by the Securities and Futures Commission.

Note:

- If you have any feedback or complaint about any aspect of the service you have received, please contact our Hong Kong branches, call (852) 2233 3033 for HSBC Jade customers, (852) 2233 3322 for HSBC Premier customers, (852) 2748 8333 for HSBC Advance customers or (852) 2233 3000 for Other Personal Banking customers, or write to the Customer Relations Department at P.O. Box No. 71169 Kowloon Central Post Office, or send an email to feedback@hsbc.com.hk. We will respond to a complaint within a reasonable period of time normally not exceeding 30 days in general circumstances. If you are not satisfied with the outcome of your complaint, you have the right to refer the matter to the Enforcement Department of Hong Kong Monetary Authority at 55th Floor Two International Finance Centre, 8 Finance Street, Central, Hong Kong.
- For monetary disputes arising between the Bank and you out of the selling process or processing of the related transaction, you have the right to refer the matter to the Financial Dispute Resolution Centre at Unit 3701-4, 37/F, Sunlight Tower, 248 Queen's Road East, W an Chai, Hong Kong. The Bank will enter into a Financial Dispute Resolution Scheme process with you; however any dispute over the contractual terms of the product should be resolved between the fund house and you directly.

Unit Trusts Offering Documents:

Make sure you receive and read all of the following Unit Trusts offering documents:

- Product Factsheet & Key Facts Statement
- Prospectus/Explanatory Memorandum
- Annual Report
- Interim Report
- Quarterly Report (if applicable)

If you are in any doubt about any of the contents of the offering documents, you should take independent professional advice.