



Unit Trust preferential initial charge for the lump sum open-end funds subscription (the “Preferential Unit Trusts Subscription Offer”)

Promotional Terms and Conditions

1. The promotional period commences on 1 December 2022 and ends on 31 March 2023, both dates inclusive (“the Promotional Period”). The Preferential Unit Trusts Subscription Offer is applicable to the selected HSBC customers trading with personal sole HSBC Investment Services Account, HSBC Unit Trust Account or HSBC Investment Financing Account except FundMax Account (“Eligible Investment Account for Preferential Unit Trusts Subscription Offer”).
2. The Preferential Unit Trusts Subscription Offer is only applicable to the lump-sum subscription order of open-end funds made by the selected customers for Preferential Unit Trusts Subscription Offer through HSBC Mobile Banking, HSBC Personal Internet Banking or at any branch of the Bank via the Eligible Investment Account for Preferential Unit Trusts Subscription Offer except HSBC Phone Banking. Preferential initial charge of 0.95% (for HSBC Jade) or 1% (for HSBC Premier) or 1.38% (for HSBC ONE) is applied to the initial charge for the lump-sum subscription(s) of open-end funds made within the Promotional Period[^].
3. The Preferential Unit Trusts Subscription Offer is not applicable to subscriptions made under the Unit Trust Monthly Investment Plan and FundMax Account.
4. All other fees/charges applicable to the relevant fund (including switching fees, redemption fees, management fees and other fees) will continue to apply.
5. The Bank may at its discretion alter any part of the Preferential Unit Trusts Subscription Offer and any prevailing open-end funds preferential initial charge offer from time to time.
6. The Bank reserves the right to amend any of these terms and conditions at any time and the Preferential Unit Trusts Subscription Offer may be suspended, withdrawn and/or terminated by the Bank at its discretion without prior notice.
7. No person other than the customer and the Bank will have any right under the Contracts (Rights of Third Parties) Ordinance to enforce or enjoy the benefit of any of the provisions of these terms and conditions.
8. In case of any dispute arising out of this promotion, the decision of the Bank shall be final and conclusive.
9. In case of discrepancies or inconsistencies between the English and the Chinese versions of these terms and conditions, the English version shall apply and prevail.
10. The terms and conditions of this promotion are subject to prevailing regulatory requirements.

11. These terms and conditions are governed by and shall be construed in accordance with the laws of the Hong Kong Special Administrative Region.

^customer status (HSBC Jade/Premier/ONE) as of 25 Nov 2022 determines the preferential initial charge rate

Important Risk Warning

1. 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.
2. Unit Trusts are NOT equivalent to time deposits.
3. Investors should not only base on this marketing material alone to make investment decisions.
4. Investment involves risk. Past performance is no guide to the future performance. For details of the investment products, their related fees and charges and risk factors, please refer to the individual product materials.
5. In the worst case scenario with Investment Financing, it could expose you to significant losses; you may incur losses in excess of your own initial funds and your investments, and you may be required to repay the Investment Loans in full.

Risk Disclosure – Unit Trusts

1. In the worst case scenario, the value of the funds may be worth substantially less than the original amount you invested (and in an extreme case could be worth nothing).
2. 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.
3. Credit Risk/Interest Rate Risk – a fund that invests in fixed income securities may fall in value if interest rates change, and is subject to the credit risk that issuers may not make payments on such securities. Price of the fund may have a high volatility due to investment in financial derivative instruments and may involve a greater degree of risk than in the case with conventional securities.
4. Counterparty Risk – a fund will be exposed to credit risk on the counterparties with which it trades in relation to financial derivative instrument contracts that are not traded on a recognised exchange. Such instruments are not afforded the same protections as may apply to participants trading financial derivative instruments on organised exchanges, such as the performance guarantee of an exchange clearing house. A fund will be subject to the possibility of insolvency, bankruptcy or default of a counter party with which a fund trades such instruments, which could result in substantial loss to a fund.

Risk Disclosure – Investment Financing (if applicable)

1. General risk of Unit Trusts trading
The prices of Unit Trusts vary, sometimes dramatically. The price of a security may move up or down, and may become valueless. It is as likely that you will incur losses rather than making profit when buying or selling Unit Trusts.
2. Risks associated with margin requirements

You must provide us with initial cash amount before subscribing for your investment. The required amount of initial cash is determined by us and can be varied by us from time to time, in our absolute discretion. Any cash and Unit Trusts deposited with us will be charged, pledged and/or assigned to us. If the Portfolio Margin Ratio for your investment exceeds a certain level (e.g. because of a decrease of value of your investment), we may request you to provide additional cash on short notice or sell Unit Trusts to repay all or part of the Investment Loan ("margin call"). The amount of additional cash that we may request you to provide us may be substantial and exceed the amount of initial cash deposited with us. While any Investment Loan provided by us to you remains outstanding, you may be restricted from selling or otherwise dealing with any cash or investments deposited with us.

If you do not act promptly upon receiving of a margin call notice and do not take the required actions (such as selling Unit Trusts and/or repaying the Investment Loans) within the prescribed time, we may have various rights, including the right to sell part or all of your investments, as well as to exercise set-off in relation to any cash that you have deposited with us in connection with your investments ("forced sale"), even in adverse market conditions. You will bear all losses and may remain liable to repay us any resulting deficit in your account (including interests) and any other amounts due from you to us.

Financing your investment with an Investment Loan could expose you to significant losses. As a result of adverse market movements, you may incur losses in excess of your own initial funds and your investments, and you may be required to repay the Investment Loans in full.

We may have the right to sell, at our absolute discretion, part or all of any of your investments and/or appropriate and/or dispose of part or all of the cash or other assets deposited with us and take any other legal action, without notice or demand. For example, we may have such right when due to adverse market conditions the market value of your investments drops significantly and/or your investments cease to be eligible for Investment Financing and/or we need to cover any shortfall and/or reduce your potential exposure to unacceptable risks or heavy losses and/or where you have not complied with your obligations in relation to Investment Financing.

3. Risk of using leverage

The high degree of leverage in connection with Investment Financing transactions can lead to large losses (e.g. in the event we have to force sell your investment) as well as gains. The higher your leverage is, the bigger your losses can be in adverse market conditions.

4. Interest rate risk

Interest rate fluctuations may have an adverse impact on the value of your investments. In addition, where the interest rates by reference to which interests on your Investment Loan are calculated fluctuate, this may adversely affect the return on your investments. In particular, the cost of borrowing may be equal to or exceed the actual return on your investments.

5. Liquidity risk

Investing in certain products may present liquidity risk as under certain market conditions you may have difficulties to sell your investments. In the event we have to force sell your investments, the price at which such sale is concluded may also be affected where there is no or little liquidity in the market for your investments and/or collateral.

6. Commissions, Fees and Charges

You should familiarize yourself with commissions, fees and charges for which you will be liable under Investment Financing transactions as they may affect your net profit (if any) or increase your loss.

This document does not constitute an offer for the purchase or sale of any investment products. You should carefully consider whether any investment products or services mentioned herein are appropriate for you in view of your investment experience, objectives, financial resources and circumstances. The contents of this document have not been reviewed by the Securities and Futures Commission.

Issued by The Hongkong and Shanghai Banking Corporation Limited