

keyfacts[®]

Key Features of the HSBC Child Trust Fund ("HSBC CTF")

This is an important document.

You need to read this before you
invest in the HSBC CTF.

6 April 2019

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Key Features of the HSBC CTF

The purpose of this document is to provide you with important information to help you decide whether our HSBC CTF is right for you.

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 CTF is right for you. You should read this document carefully along with the Key Investor Information Document for the HSBC UK Growth & Income Fund – CTF Accumulation share class (“KIID”)*, in which the HSBC CTF invests, and the Terms and Conditions, so that you understand what you are buying, and then keep it safe for future reference.

* The KIID is provided for your information by HSBC Global Asset Management (UK) Limited, the Authorised Corporate Director (“ACD”) of the Fund. HSBC Global Asset Management (UK) Limited is responsible for the reliability and accuracy of the KIID.

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 **0345 606 6241** (textphone **0345 766 0391**).

Lines are open 8am to 6pm Monday to Friday (excluding public holidays). To help us continually improve our services and in the interests of security, we may monitor and/or record your communications with us. All calls relating to purchases of Shares will be recorded. We will keep records of these calls for seven years. You may ask for a copy of these records at any time.

Write to us at:

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

Please refer back to these contact details.

Its aims

- ◆ To help you save for your child’s future through the Government’s Child Trust Fund scheme.
- ◆ To provide a tax-free lump sum for your child when they reach the age of 18, by investing in the HSBC UK Growth & Income Fund – CTF Accumulation share class (the “Fund”).
- ◆ To help teach children about savings and investments.

Your investment

- ◆ You are the Registered Contact and make all the decisions regarding the HSBC CTF until the child reaches age 16.
- ◆ Although you don’t have to make additional payments to your child’s HSBC CTF, it could help build up the fund if you do contribute in addition to the Government payments. There is no minimum amount for payments into your child’s HSBC CTF. **The maximum amount you can pay into a Child Trust Fund is currently £4,368 per Birthday Year.**
- ◆ **All payments to the HSBC CTF by yourself or anyone else are gifts to the Child and cannot be returned, except as permitted by the Child Trust Fund Regulations. Further details can be found in “Withdrawals from the Child Trust Fund” in the HSBC Child Trust Fund Terms and Conditions.**
- ◆ The value of the HSBC CTF will mature when the Child reaches the age of 18. Please see the question “What happens to the HSBC CTF on the Child’s 18th Birthday?” on page 6 of this document for further information as to the options available to the Child at this time.

Risk Factors

- ◆ The HSBC CTF invests in a fund which invests in stocks and shares. This means the value of the investment and any income from it can go down as well as up and may fall below the amount put in.
- ◆ The total amount payable when the Child reaches the age of 18 will depend on investment performance.
- ◆ The favourable tax treatment of CTFs may not continue in the future, for example when there is a change in Government.
- ◆ In addition, risks that apply to the Fund can be found in the KIID and relevant Prospectus.

Question and answers

What is a CTF?

- ◆ The CTF is a Government scheme which aims to provide children with a long term savings account to access at age 18 and to help them to understand the benefits of saving and investing.
- ◆ Eligible children born on or between 1 September 2002 and 2 January 2011 are entitled to a CTF.
- ◆ Children born before 1 September 2002 and on or after 3 January 2011 are not eligible for a CTF. However, they are eligible for a Junior ISA. HSBC doesn't currently offer a Junior ISA.
- ◆ There are two types of CTF: Stakeholder, and non-Stakeholder. The HSBC CTF is a Stakeholder CTF and invests in the HSBC UK Growth & Income Fund – CTF Accumulation Share Class (the "Fund"). A Stakeholder CTF needs to follow certain rules defined by the Government, for example:
 - Stakeholder CTF must invest in the shares from a range of different types of companies.
 - A CTF manager cannot ask parents (or friends and family) to pay more than £10 at a time or charge more than 1.50% of the value of the CTF each year.
- ◆ Although Stakeholder CTFs have to meet these requirements it doesn't mean they are more suitable for you than any other type of CTF or that they are recommended by the Government or guaranteed in any way. You may not be able to invest in the type of investments you would like. If you want a cash deposit or to invest only in the shares of one company, a Stakeholder CTF would not be suitable for you.
- ◆ A non-Stakeholder CTF may allow you to invest in any type of investment. However, it is possible that the charges may be higher than 1.50% per year or the minimum investment level may be higher than £10.

Please note that following changes to the regulations governing the provision of CTFs which came into effect from 6 April 2017, we no longer offer a "lifestyling" process for the HSBC CTF.

Who can open an HSBC CTF?

- ◆ Anyone aged 16 years or over who has 'parental responsibility' for an eligible Child can open an HSBC CTF by transferring an existing CTF to us from another provider. This will normally be one of the Child's parents but it could be a step parent or a guardian, for example. The person who opens the HSBC CTF is known as a "Registered Contact".
- ◆ We can only accept instructions about the HSBC CTF from the Registered Contact. If the Registered Contact needs to be changed please download and print an Application for a Change of Registered Contact Form from our website www.hsbc.co.uk/investments/products-and-services/child-trust-fund.

- ◆ We will categorise you, the Registered Contact, as a retail customer and treat you as such in all our dealings with you in respect of this investment. This means you will get the highest level of protection available within the rules and guidance set out by the Financial Conduct Authority.
- ◆ When the Child turns 16, the Child has the right to choose to become the Registered Contact in your place. At that time the Child will need to apply to become the Registered Contact and may do so without your consent. Where the Child does not choose to become Registered Contact, you may remain as Registered Contact until the Child turns 18.

Who is the HSBC CTF suitable for?

- ◆ A typical investor in our product is a Registered Contact who is looking to provide a tax-free lump sum for their Child by investing in a wide ranging portfolio of shares.
- ◆ This product is offered without advice and, as such, 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.

How can I open an HSBC CTF?

- ◆ You can apply to transfer a CTF from another provider to us. If you wish to transfer a CTF to us, please download and print a Child Trust Fund Transfer Application Form from our website www.hsbc.co.uk/investments/products-and-services/child-trust-fund.
- ◆ From 1 July 2012, we are required to ensure that you have received the latest version of the KIID before accepting your application. On your application form you will be asked to declare that you have received, and read, the latest version of the KIID. Your application will only be accepted if you have signed the declaration.

Can I change my mind about the HSBC CTF?

- ◆ Yes, once we accept your application to transfer an existing CTF to us you have 14 days, from the date we accept your application, in which to cancel. You should do this by writing to us. We will not ask your existing provider to transfer your CTF to us until the cancellation period has expired.
- ◆ If you cancel your HSBC CTF within the 14 day cancellation period we will return any money paid by yourself or friends and family as a cheque payable to the Child. If you choose not to exercise your right to cancel, you will be subject to all investment risks and charges as detailed in this document.

- ◆ We will not ask your existing provider to transfer your CTF to us until the cancellation period has expired.
- ◆ If you do not cancel within the 14 day cancellation period but change your mind later, you can only terminate your HSBC CTF by transferring it to another CTF provider. There will be no charge for this.

When will my CTF be opened?

- ◆ If you haven't cancelled after 14 days from the date we accept your application, we will open the HSBC CTF.
- ◆ The first investment into the Fund will be made once we have received the proceeds of your CTF from your existing provider. This may be a few weeks after the HSBC CTF is opened. After this, where there is money available in the Cash Account, investments will normally be made within two Business Days.
- ◆ We will write to you to confirm receipt of your transfer request and when your account will be opened. We will also write to confirm when we have received the proceeds from your existing provider and how many shares have been purchased.

Who can make payments into the HSBC CTF?

- ◆ Anyone can add money to the HSBC CTF at any time by sending it to us or by going into their local branch. We accept payments by cheque (payable to the Child and quote the HSBC CTF account details on the back of the cheque), Standing Order, Direct Credit and Direct Debit. You can obtain a Direct Debit Form from us by visiting our website or by calling us.
- ◆ We are unable to accept a Standing Order by way of the Faster Payments Service for the HSBC CTF.
- ◆ If other people want to make payments into your Child's HSBC CTF you will need to give them the account details that we will send to you once we have opened the HSBC CTF.
- ◆ We do not accept cash payments.
- ◆ Before you make any payments into the HSBC CTF you should make sure you read the KIID.

What is a KIID?

- ◆ The KIID is a two page pre-sale document produced for each fund containing clear descriptions of key fund information. The information in the KIID is prescribed by the Financial Conduct Authority rules and is intended to assist customers in making an informed investment decision.
- ◆ By 1 July 2012, fund providers must produce a KIID for their funds and make them available to customers before they invest. This requirement will apply to the vast majority of funds for sale across Europe.

- ◆ You should make sure you have received and read the latest version of the KIID before making a final decision to invest and the KIID should be read in conjunction with the HSBC CTF Key Features Document and Terms and Conditions.
- ◆ The KIID is provided for your information by HSBC Global Asset Management (UK) Limited. HSBC Global Asset Management (UK) Limited is responsible for the reliability and accuracy of the KIID.

How do I get a KIID for the HSBC UK Growth & Income Fund – CTF Accumulation share class?

- ◆ You can obtain a copy of the most recent version of the KIID at any time by calling us. The most recent version of the KIID will always be available on our website, www.hsbc.co.uk/investments/products-and-services/child-trust-fund, if you are happy to obtain it online.
- ◆ As the Registered Contact, you should ensure that you read the latest KIID before investing in the HSBC CTF. The KIID will be updated on an annual basis no later than 35 days after 31 December. If you are making, or are aware that a third party is making, an additional investment into your HSBC CTF and you have not received the most recent version of the KIID, you should obtain and read a copy of the most recent version of the KIID so that you can make an informed investment decision.

How much can be paid into a CTF?

The most that can be added to a CTF in a Birthday Year is currently £4,368 per Birthday Year. A Birthday Year starts on the Child's birthday and ends on the day before his or her next birthday each year.

What happens to this money?

- ◆ The HSBC CTF makes the most of all the money given to the Child by using three accounts – the Cash Account, the Investment Account and the Overflow Account.

The Cash Account – all the CTF payments up to the annual limit for each Birthday Year, from whatever source, are paid into this account.

- ◆ The Investment Account – once the payments have cleared in the Cash Account, the cash will be moved into the Investment Account to buy shares in the Fund – this will normally take place within two Business Days after the payments have cleared.

- ◆ The Overflow Account – any payments we receive over the annual limit in each Birthday Year will automatically be paid into this account and held as cash. On the Child's next birthday, the cash from the Overflow Account is paid into the Cash Account and treated like any other payment.
- ◆ Interest on money in the Cash Account and the Overflow Account is accrued daily and paid annually, normally the day before the Child's next birthday, into the appropriate account. Interest is paid at a rate of 1% below the Bank of England base rate. If the Bank of England base rate is 1% or lower, interest will not be accrued.

All payments into the HSBC CTF (which includes the Overflow Account) by yourself or anyone else are gifts to the Child and cannot be returned, except as permitted by the Child Trust Fund Regulations. Further details can be found in "Withdrawals from the Child Trust Fund" in the HSBC Child Trust Fund Terms and Conditions.

What will I receive from you?

- ◆ Once we have accepted your application, we will write to you confirming when we will open your HSBC CTF.
- ◆ We will write to you again once the first investments have been purchased for your Child's HSBC CTF. No share certificates will be issued but we will provide you with annual statements, approximately one month before the Child's birthday, showing any additional payments invested over the last year and the current value of the HSBC CTF.

Can I transfer my HSBC CTF to another provider?

- ◆ Yes. CTFs can be transferred from one provider to another.
- ◆ If you wish to transfer the HSBC CTF to another CTF provider, you should obtain a transfer application form from them. Once we receive instructions from your new provider we will sell any shares in the Investment Account and transfer the proceeds, along with any money in the Cash Account and the Overflow Account, to the new provider.
- ◆ You can only transfer any money in the Overflow Account if the new provider specifically agrees to this, otherwise we will send you a cheque made payable to the Child for the amount of money held in the Overflow Account.
- ◆ When CTFs are transferred, the investment can be out of the market for up to 30 days. This means that there will be no potential for capital growth during that period.

How can I find out how much the HSBC CTF is worth?

- ◆ We will send you a statement approximately 30 days before the Child's birthday each year which will show the value of the HSBC CTF.

- ◆ Share prices can be found on [assetmanagement.hsbc.co.uk/en/individual-investor](https://www.assetmanagement.hsbc.co.uk/en/individual-investor), and by clicking on Fund Centre. Select "UK Growth & Income Fund" and then "CTF Acc" to change the share class. You can calculate the value of your HSBC CTF by multiplying the number of shares held in the HSBC CTF by the Fund share price.
- ◆ You can also call us for an up-to-date valuation of the HSBC CTF.

How will charges and expenses affect the HSBC CTF?

- ◆ A charge will be made within the Fund. This is called an Ongoing Charge and is 1.15% per year.
- ◆ As the charge is taken from the Fund, the effect of this is seen in the share price. There are no other charges.
- ◆ Other charges may be applicable. Where this is the case we will let you know about them. We will provide you separately with information about charges and breakdowns of the costs of your investments and the services we provide for you in a Costs and Charges Disclosure Document.

Will tax be paid on the HSBC CTF?

- ◆ During the course of the investment, no UK Income Tax or Capital Gains Tax in respect of the HSBC CTF* will be paid by you or the Child.
- ◆ At maturity, the Child will not pay any UK Income Tax or Capital Gains Tax in respect of the HSBC CTF. Any cash in the Overflow Account will be treated in accordance with the Child's tax status at that time.

*Interest paid on the money in the Overflow Account will be paid gross.

What happens to the HSBC CTF on the Child's 18th birthday?

- ◆ On the Child's 18th birthday the HSBC CTF will mature and the Child can have the proceeds paid out to them or transferred to a bank account of their choice. Alternatively, the proceeds can be rolled over into an Individual Savings Account (ISA) in their name.
- ◆ For further details on maturity, please see "Maturity of the Child Trust Fund" in the HSBC CTF Terms and Conditions.

Further information

CTF Provider

The HSBC CTF is provided by HSBC Trust Company (UK) Limited. Its main business is the provision of trustee services and administering investments. Address: **PO Box 6189, Coventry CV3 9HS**. Registered Office: **8 Canada Square, London, E14 5HQ**, United Kingdom. HSBC Trust Company (UK) Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Our firm reference number is 119297. You can check this on the Financial Services Register by visiting the Financial Conduct Authority website fca.org.uk or by contacting the Financial Conduct Authority on **0800 111 6768**.

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 1239 123**.

Email: complaint.info@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 customer 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). The FSCS can pay compensation to the Child if we cannot meet our financial obligations.

Cash Account and Overflow Account

These accounts are held with HSBC Bank plc which is covered by the FSCS. The FSCS can pay compensation to depositors if a bank is unable to meet its financial obligations. Most depositors are covered by the scheme.

An eligible depositor is entitled to claim up to the current FSCS limit for deposits. The FSCS deposit limit relates to the combined amount in all the Child's accounts with HSBC and first direct including their share of any joint account, and not to each separate account.

Investment Account

The investment in the Investment Account is held within a fund. If HSBC became insolvent these fund investments would still be held by an independent depository for the benefit of the Child. However, if at the time of the insolvency you had a claim against us in respect of the Child's Investment Account, you may be eligible to claim from the FSCS. Most types of investment business are covered by the FSCS and eligible investors can claim up to the current FSCS limit for investments. The current FSCS limit relates to the combined amount in all the Child's accounts with HSBC Trust Company (UK) Limited that hold investments, including any share of any joint account, and not to each separate account.

For further information about the compensation provided by the FSCS (including the amounts covered and eligibility to claim) please refer to the FSCS website fscs.org.uk or call the FSCS on **0207 741 4100**. Please note only compensation related queries should be directed to the FSCS.

Voting

You are entitled to vote and/or attend Shareholder meetings of the Fund.

If you wish to vote and/or attend any shareholder meetings you will need to send a written request to us.

Law

This contract and any proceedings, as well as our dealings with you up until you enter into a contract, will be governed by the law of England and Wales. The contract and all communications with you during the course of the contract will be in English.

Accessibility

To find out more about our accessible services please visit www.hsbc.co.uk/accessibility or ask at any of our branches.

If you'd like this in another format such as large print, Braille or audio, please contact us.

A textphone service is also available for customers with hearing and/or speech impairments.

If you use your own textphone you can call us on **03457 125 563** (+44 207 088 2077 from overseas).

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