



16 May 2008

## **HSBC BRIC INVESTMENT LAUNCHED IN AUSTRALIA FIRST PRODUCT IN 100+ SERIES OF STRUCTURED INVESTMENTS**

HSBC Bank Australia has launched the first of its 100+ Series of structured investment products – the HSBC BRIC Investment. The HSBC BRIC Investment is a six year investment product offering exposure to four of the world’s fastest growing economies: Brazil, Russia, India and China.

Linked to the performance of the HSBC BRIC Markets Fund managed by HSBC Investments, the HSBC BRIC Investment is a structured product that gives Australian retail investors exposure to BRIC equity markets, at the same time offering 100% capital protection at maturity and the potential for additional payoff using HSBC’s unique switch event.

The HSBC BRIC Investment will be distributed directly through HSBC Bank and its financial planners as well as independent financial planner groups. The product has been reviewed by Lonsec and given a ‘Recommended’ rating.

Tony Cripps, head of global markets for HSBC in Australia said: “This is strategically important for the HSBC Group because Australia is a net exporter of wealth. Australia's total superannuation market sector is projected to reach \$3.3 trillion by 2017<sup>i</sup> and we expect the demand for international assets to increase significantly.

“HSBC has already announced the establishment of HSBC Alternative Investments in Australia. The HSBC BRIC Investment proposition further supports HSBC’s strategy of making use of the HSBC Group’s global competitive advantage in Australia.

“We’re identifying wealth management areas that HSBC dominates overseas and bringing those HSBC products, systems and expertise to meet Australian demand – giving Australian investors access to international investment opportunities.”

The HSBC Group is a global asset manager with over USD386 billion<sup>ii</sup> in assets under management. HSBC’s expertise in emerging markets in particular is well established, with some US\$93 billion<sup>iii</sup> in assets under management and a global team of over 145 dedicated investment professionals covering 12 emerging markets.

## **HSBC BRIC Investment to launch in Australia/2**

In the BRIC markets alone, HSBC Investments has more than US\$63 billion<sup>iv</sup> in assets. HSBC's country allocation committee is comprised of the world's leading BRIC and emerging markets specialists.

The HSBC BRIC Markets Fund is actively managed, focusing on liquidity and diversification across BRIC countries and sectors, neutralising stock and sector risks. It's experienced returns averaging some 45%<sup>v</sup> per annum since its launch in June 2005 – outperforming the aggregated return for BRIC markets' MSCI Indexes.

Within each BRIC country the fund seeks to track the total return performance of the MSCI US dollar Brazil, MSCI US dollar Russia, MSCI US dollar India and the MSCI US dollar China indices, investing in either all of the securities in the index or a representative sample.

### **The 100+ Series HSBC BRIC Investment**

The 100+ Series HSBC BRIC Investment is linked to a dynamic portfolio with notional exposure to shares in the BRIC Markets Fund, a notional cash asset and notional borrowings. The allocation between these is managed using Constant Proportion Portfolio Insurance technology to maximise portfolio value, while at the same time providing capital protection at maturity.

What distinguishes the HSBC BRIC Investment from other capital protected products in Australia is its unique switch event. In the event that the notional investment approaches close to full cash position, the switch event allows investors to maintain exposure to the BRIC Markets Fund via an Average Option, potentially providing payoff above the capital protection level.

The HSBC BRIC Investment offer period runs from 12 May 2008 until 5 pm on 20 June 2008. The investment starts on 2 July 2008. The minimum investment is \$10,000, in increments of \$5,000 thereafter.

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## **HSBC BRIC Investment to launch in Australia/3**

### **Notes to editors**

#### **Footnotes**

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<sup>i</sup> DEXX&R Market Projections Report 3 March 2008.

<sup>ii</sup> Assets managed by HSBC Investments, Halbis and Sinopia at 31 December 2007.

<sup>iii</sup> Ibid.

<sup>iv</sup> Ibid.

<sup>iv</sup> As at 31 March 2008.

#### **HSBC Bank Australia**

In Australia, the HSBC Group offers an extensive range of financial services through a network of 35 branches and offices. These services include personal and commercial financial services, financial planning, trade finance, treasury and financial markets, payments and cash management and securities custody.

Principal HSBC Group members operating in Australia include HSBC Bank Australia Limited (ABN 48 006 434 162), HSBC Bank plc (ABN 98 067 329 015) and The Hongkong and Shanghai Banking Corporation (ABN 65 117 925 970). HSBC is marketed worldwide as 'the world's local bank'.

#### **HSBC Investments**

HSBC Investments is the global investment solutions business of the HSBC Group. It aims to be an expert in the development and delivery of a broad range of solutions for all clients, drawing on international investment capabilities when appropriate and external managers as required. External investment management is accessed through HSBC's global Multimanager unit. HSBC Investments, HSBC Halbis Partners, Sinopia and HSBC Specialist Investments are parts of Group Investment Businesses. These businesses manage assets over US\$386 billion as at October 2007.

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