

FAQ (WPF-i)

What is Wealth Portfolio Financing-i?

Wealth Portfolio Financing (WPF-i) is a fully secured overdraft facility offers by HSBC Amanah Malaysia Berhad (“HSBC Amanah”) to HSBC Premier clientele. By collateralizing on their existing portfolio investments / term deposit-i with HSBC Amanah, client may choose to drawdown the proceeds from WPF-i for reinvestment in HSBC Amanah’s existing investment product suite.

What is the meaning of “eligible assets”?

Eligible Assets are assets which you can charge, pledge, and assign to HSBC Amanah as security for the financing, for example: MYR/foreign currency Term Deposit-i, Bond/Sukuk and Unit Trust.

Which currency is available for drawdown?

Financing currency is available in AUD, CHF, EUR, GBP, JPY, SGD, USD.

Can Advance Ratio change from time to time?

Yes, it may change from time to time in view of the macroeconomic factors and is subject to HSBC Amanah’s internal credit policy.

How do I pay the financing?

You can pay your facility through:

- Cash or cheque deposit via our cash/ cheque deposit machine, ATM or at your nearest branch.
- Fund transfer via online banking

There is no minimum monthly payment, and you can decide when and how much to pay back. We will work out the daily profit charges and the profit will be charged based on the currency you drawdown, which will be debited into your financing account on a monthly basis. You must ensure that the account’s outstanding balance is within your facility limit or effective facility limit, whichever is lower.

What happens if I can't pay the financing back?

Keep in mind that if the Advance Ratio of your secured assets goes down, your outstanding balance could go over your Effective Facility Limit. If that happens, we'll help work with you and reassess your options.

You can do this by:

- providing additional funds to reduce the outstanding facility or
- pledging additional secured assets to increase the Effective Facility Limit on your facility.
- selling some or all of your eligible assets and use the proceeds for payment

If you're unable to make any of these adjustments, we may need to sell some or all the secured assets in your Wealth Portfolio Investment account.




Can I cancel the financing?

Yes, to cancel your facility, you'll need to complete the Wealth Portfolio Financing-i Customer Request Form. Please make sure there are enough funds in your account to settle any outstanding balances before we cancel the financing.

How the Wealth Portfolio Financing-i works?

Capital Gains

Assuming you have USD 400,000 invested into a unit trust, which pays a dividend of 3.5% per annum, and achieves a capital gain of 4%. Assuming the invested unit trust has an Advance Ratio of 70%, a credit facility of USD 280,000 is secured against the unit trust investment pledged (at a profit rate of 3% per annum).

Without WPF-i		With WPF-i			
 USD 400,000		Pledged for WPF-i	 USD 280,000	Reinvested into Unit Trust/Sukuk	 USD 680,000
Unit Trust Investment		Credit Facility		Total Unit Trust Investment	
Dividend at 3.5% USD 14,000	Capital Gain at 4% USD 16,000	Profit at 3% - USD 8,400		Dividend at 3.5% USD 23,800	Capital Gain at 4% USD 27,200
Total Return = USD 30,000		Total Return = USD 51,000 – USD 8,400 = USD 42,600			

This illustration is not drawn to scale and is only for illustrative purposes. USD is adopted as the drawdown currency for the above illustration.

The above illustration is assuming that the credit facility remained constant over the financing tenure, and capital gain/ loss is realized upon the redemption of unit trust invested.

Capital Losses

However, there are downside risks to Wealth Portfolio Financing-i. In market downturns, losses could be magnified. Here are some scenarios:

Scenario 1

Annual dividend of 3.5%; capital loss of 4%;
profit rate remains unchanged at 3% p.a.

Scenario 2

Annual dividend of 3.5%; capital loss of 4%;
profit rate increases to 4% p.a.

Without WPF-i		
Scenario 1		
Dividend	Capital Gains/Losses	Total Returns/Losses
USD 14,000 +3.5% of USD 400,000	- USD 16,000 -4% of USD 400,000	- USD 2,000
Scenario 2		
Dividend	Capital Gains/Losses	Total Returns/Losses
USD 14,000 +3.5% of USD 400,000	- USD 16,000 -4% of USD 400,000	- USD 2,000

With WPF-i			
Scenario 1			
Dividend	Capital Gains/Losses	Profit Cost	Total Returns/Losses
USD 23,800 +3.5% of USD 680,000	- USD 27,200 -4% of USD 680,000	- USD 8,400 -3% of USD 280,000	- USD 11,800
Scenario 2			
Dividend	Capital Gains/Losses	Profit Cost	Total Returns/Losses
USD 23,800 +3.5% of USD 680,000	- USD 27,200 -4% of USD 680,000	- USD 11,200 -4% of USD 280,000	- USD 14,600

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