



HSBC Optimised Global Agriculture Index

Overview

The HSBC Optimised Global Agriculture Index gives exposure to companies which are engaged in businesses related to crop and cultivation of plants. The focus is on Agriculture Chemicals, Fertilizers and Agriculture derived products.

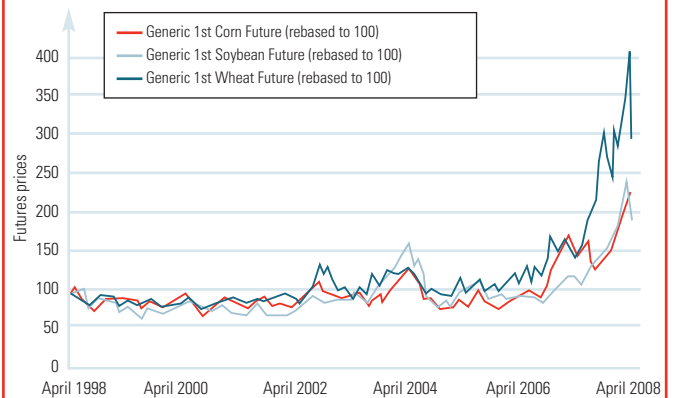
The purpose of this index is to concentrate on that segment which is directly linked to food yield enhancement, crop protection, plant growth, disease resistance. The Index is designed to capture the inputs that are essential to the growth of plants. Irrespective of what happens to final commodity prices, these inputs are for the most part essential ingredients. It is expected that the growth in this segment will increase because the demand for agriculture products is continuing to rise and the global production of biomass in a sustainable basis has to rise because of increasing world populations and rising living standards.

The Index has been designed to act as a benchmark for financial products issued by HSBC Global Markets. In this respect the Index has been optimised to capture the performance of the largest companies from around the world, which are also liquid.

Global Agriculture

- Agriculture business can refer to all aspects of food production, farm machinery, and food processing and so on.
- One finds that companies engaged in the manufacture of farm machinery and equipment are also involved in heavy machinery, construction equipment or in the case of tractors in the manufacture of autos. We have thus excluded farm machinery and equipment suppliers from this index as there can be significant volatility in the demand for these products.
- Large processed food companies such as Nestlé and Unilever are not involved primarily in the production of food, but more so in processing and the sale of final products. Whilst some of the drivers for these companies may be similar, these companies do not qualify for inclusion in this Index.

Commodities Futures Prices



Source: Bloomberg

Drivers of Growth

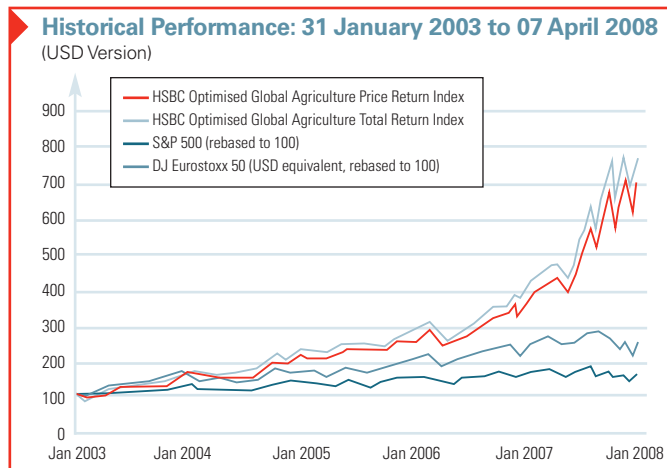
- Increasing populations globally
- Rising living standards
- Growing use of biofuels
- Climate change expected to alter the availability of agricultural land
- Demand for enhanced yield through modified seeds, cultivation of genetically modified plants that are resistant to diseases
- Mounting use of fertiliser

Why Should You Invest?

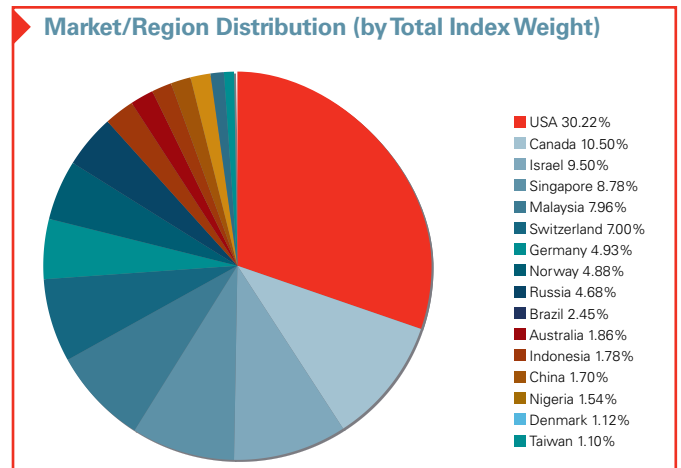
The HSBC Optimised Global Agriculture Index is expected to:

- be a good reference to capture the demand for enhanced yield.
- capture the anticipated medium and long term growth in the agriculture sector.

▶ The HSBC Optimised Global Agriculture Index Markets/Regions & Sectors



Sources: Bloomberg, backtesting by HSBC Quantitative Techniques



As at 08/04/08. Source: HSBC

	Annualised Return	Annualised Volatility
HSBC Optimised Global Agriculture Price Return Index	45.23%	13.63%
HSBC Optimised Global Agriculture Total Return Index	48.05%	13.61%
S&P 500	9.54%	11.42%
DJ Eurostoxx (USD equivalent)	19.18%	15.78%

Calculated by HSBC using data from Bloomberg

▶ HSBC Optimised Global Agriculture Methodology

Universe Definition

- Selection criteria based on market capitalisation and liquidity
- Companies in the Index are selected using the following GICS Sectors:
 - Fertilizer and Agriculture Chemicals (15101030)
 - Agriculture Products (30202010)

Calculation Rules

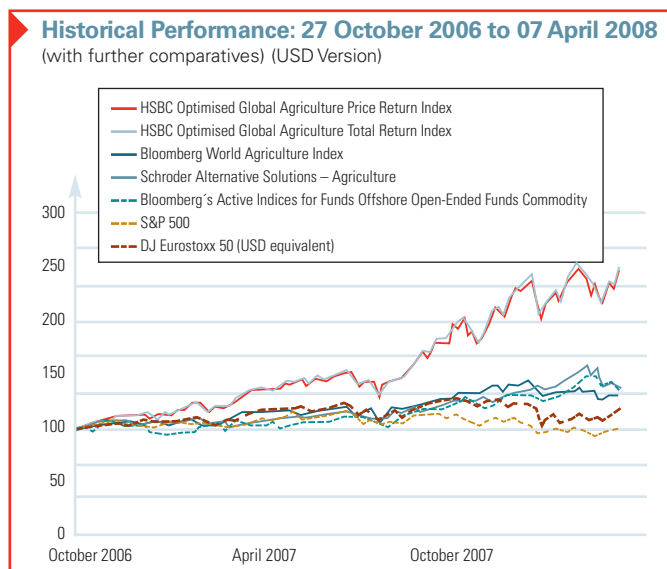
- Semi-annual review

▶ Product Offering on the HSBC Optimised Global Agriculture Index

- Please contact your HSBC Global Markets representative or contact HSBC Global Markets Third Party Structured Products Development on +44 (0)20 7992 6002, email structured.investments@hsbcib.com

▶ HSBC Optimised Indices

- HSBC Optimised Indices have been promoted by HSBC GM to provide reference underlying indices for creating structured products which either track the index performance or provide pay-offs linked to the specified index.
- These indices have been optimised to take into account the unique characteristics of each underlying theme or strategy and the availability of the universe of companies which best captures this.
- The aim of HSBC GM is to provide liquid, transparent, tradable instruments which can act as robust references for a variety of investment products.
- HSBC combines its expertise in indices with its knowledge both of local markets and investment products in its provision of HSBC Optimised Indices.



Sources: Bloomberg, backtesting by HSBC Quantitative Techniques

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