

# Guide to Costs & Charges pre-trade

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## Execution Only and Advisory Services

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### Introducing greater disclosure on costs and charges

The updated Markets in Financial Instruments Directive (known as MiFID II) came into effect on 3rd January 2018. This regulation introduced new obligations for banks like HSBC to give greater clarity on the costs and charges paid by clients for Investment Services and transactions.

There are two types of disclosures:

- ◆ Pre-trade disclosure of aggregated expected costs for proposed investment services and products.
- ◆ Post-trade disclosure of aggregated costs which have been incurred by you for investment services and products. This will be provided to you annually on a personalised basis.

### We are here to guide you

This guide has been created to show what you can expect and how the changes affect you and your portfolio.

If you need further assistance, want to know more about the regulation overall or need to request further reports, please speak to your HSBC Relationship Manager or Investment Counsellor or visit <https://www.hsbcprivatebank.com>

### What you will receive pre-trade

- ◆ For your convenience and to avoid delays in executing instructions, we'll give you a pack of illustrative costs and charges reports for those products (such as equities, bonds and foreign exchange) where the costs are standardised and there are no underlying third party costs to consider.
- ◆ For other products (such as Exchange Traded Funds and Structured Products) where we are required to retrieve and include 3rd party costs, you'll receive an individual illustrative report before you trade.
- ◆ Please note that the layout and format of the reports for all types of products is similar, however minor variations may be noticed to accommodate specific characteristics.

### Costs and Charges Report in more detail

It is broken down into four sections;

#### Section I – Introduction

Explains the types of transaction and assumptions on the illustrations given. The holding period is indicative to show how the costs and charges can vary over time. The net growth rate figure used is for illustrative purposes only and is not a guide for future returns.

## Costs and Charges Report

### AXA World Funds SICAV - Global Inflation Bonds-Shs -A-

The tables below provide information about the aggregated costs and charges that arise when you purchase, hold, then sell an AXA World Funds SICAV - Global Inflation Bonds-Shs -A- through us and the impact of these costs and charges on your investment return. The information relates to the charges arising in connection with the investment and ancillary services provided to you by HSBC Private Bank (UK) Limited and HSBC UK Bank plc<sup>1</sup> and the costs and expenses associated with the product itself.

The information reflects the terms outlined below. For simplicity the return on investment figures assume 5.00% growth (net of product costs) over a 5 year holding period. Your actual costs and charges and their associated impact on investment return may differ depending on the actual invested amount and performance of your investment.

The information below should be read in conjunction with the notes overleaf and our Costs and Charges Guide. Worked examples, showing how we calculate investment services costs and charges, may also be found in our Investment Services Schedule of Charges (including any supplements).

If you would like a more detailed breakdown of the costs and charges provided in these tables, please speak to your Relationship Manager or Investment Counsellor.

<b>ISIN:</b>	LU0266009793	<b>Report date:</b>	2019-05-07
<b>Holding period:</b>	5 years	<b>Report currency<sup>2</sup>:</b>	GBP
<b>Growth (net of product costs)<sup>3</sup>:</b>	5.00%	<b>Invested amount:</b>	£1 000 000

## Section II – Aggregated Costs and Charges over holding period

Highlights all the costs and charges you can expect to pay related to the product, the investment and/or ancillary services provided and any Third Party products payments received. These are totalled and expressed as a cash amount, calculated to include any accrued performance over the holding period, together with the percentage fee that has been applied in the calculation, as agreed with you or obtained from the product manufacturer.

Each category of costs is further sub-divided to show the costs that you may expect to incur in the first year and consecutive years until the end of the presumed investment holding period, taking into consideration any growth. The report presents the cost of purchase plus the costs to hold as well as sell the product (either on an advised or execution only basis depending on the basis of the original transaction). If you transfer assets to us in-specie, you can expect to receive the report disclosing the expected costs of holding the product as well as the costs to sell (i.e. no purchase costs).

Examples of “Product Costs” may include costs of manufacturing the product, costs of distribution of the product, product related transactional costs (i.e. gearing fee), incidental costs, as well as the underlying Third Party management fees and administration expenses where these apply. The “Investment/ancillary services” costs will relate specifically to the fees that you pay HSBC for the delivery of the service being provided, such as the fee for advice or execution or any custody or account fees. If HSBC receives any commissions or distribution payments from the Third Party in respect of your transaction, this information is also disclosed. A more detailed breakdown of these costs is available on request.

### Aggregated Costs and Charges over holding period

	Amount*	Fee Charged (%)**
<b>Service costs<sup>4</sup></b>	<b>£24 999.42</b>	<b>2.20%</b>
First year costs	£7 484.52	0.74%
Years two to five (incl.exit costs)	£17 534.90	1.48%
<b>Product costs<sup>3</sup></b>	<b>£59 977.18</b>	<b>5.30%</b>
First year costs	£10 854.38	1.08%
Years two to five (incl.exit costs)	£49 122.82	4.24%
<b>Third party product payments<sup>5</sup></b>	<b>£0.00</b>	<b>0.00%</b>
First year costs	£0.00	0.00%
Years two to five (incl.exit costs)	£0.00	0.00%
<b>Total Costs and Charges</b>	<b>£84 976.60</b>	<b>7.50%</b>
Average annual costs and charges	£16 995.32	1.50%

\*The amount of fee charged on the initial invested amount including any accrued performance over the holding period

\*\*The applicable fee in % applied to the initial invested amount and any accrued performance over the holding period

First Year Service Costs	Sum of service costs occurred in year one impacted by the growth rate	Transaction Fee (one-off) (Buy) = 0.5% Account Fee (ongoing) = 0.2% Account Fee VAT (ongoing) = 0.04%	Transaction Fee (one-off) = GBP5,000 Account Fee (ongoing) = GBP2,053.77 Account Fee VAT (ongoing) = GBP410.75	GBP7,464.52 / 0.74%
Years two to five Service Costs	Sum of ongoing service costs occurred in years two and five impacted by the growth rate	Account Fee (ongoing) = 0.2%x4 Account Fee VAT (ongoing) = 0.04%x4 Transaction Fee (one-off) (Sell) = 0.5%	Account Fee (ongoing) = GBP9,294.57 Account Fee VAT (ongoing) = GBP1,858.92 Transaction Fee (one-off) (Sell) = GBP6,381.41	GBP17,534.90 / 1.46%
First Year Manufacturer Product Costs	Sum of ongoing product costs occurred in year one impacted by the growth rate	Ongoing Costs = 0.85% Transaction Costs (ongoing) = 0.2091% Incidental Costs (ongoing) = 0.00%	Ongoing Costs = GBP8,711.36 Transaction Costs = GBP2,143.00 Incidental Costs = GBP0,00	GBP10,854.36 / 1.05%
Years two to five Manufacturer Product Costs	Sum of ongoing product costs occurred in year two and five impacted by the growth rate	Ongoing Costs = 0.85%x4 Transaction Costs (ongoing) = 0.2091%x4 Incidental Costs (ongoing) = 0.00%	Ongoing Costs = GBP39,424.41 Transaction Costs = GBP9,698.41 Incidental Costs = GBP0,00	GBP49,122.82 / 4.25%
<b>Total Costs and Charges (from year one to year five)</b>				<b>GBP84,976.60 / 7.50%</b>

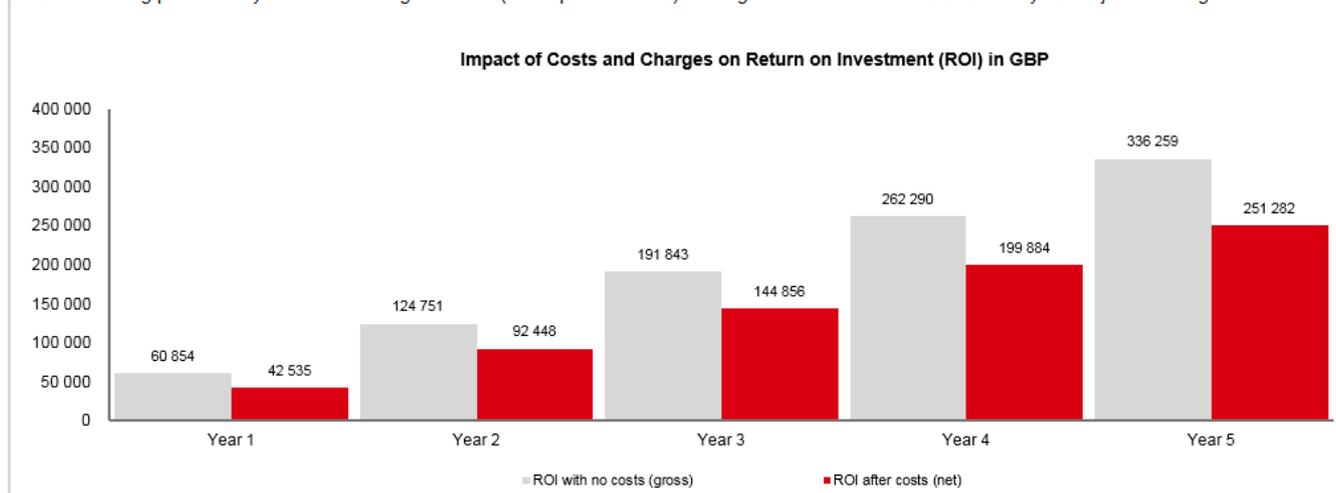
### Section III – Cumulative Effect of Costs and Charges on Your Return

Shows the cumulative effect of the costs and charges on the net return of the investment over the illustrative holding period as well as the total costs during the period. Separately, you will also see the total of any spikes or fluctuations in costs and charges that you can expect over the holding period that are considered as one-off costs, such as the transaction costs associated with the entry and subsequent exit of the product.

The difference between gross return of the investment (with no costs) and the net return of the investment (after costs) shows the total value of the costs and charges over the holding period. This is calculated based on the initial invested amount plus any accrued growth over the holding period.

#### Cumulative Effect of Costs and Charges on Your Return

The total costs and charges that you pay will have an impact on the investment return of your product. The total costs and charges take into account product costs, service costs and third party product payments received. The amounts shown here are the cumulative costs of the product and investment services for an assumed holding period of 5 years with 5.00% growth rate (net of product costs). The figures shown are estimates and may be subject to change.



Anticipated spikes or fluctuations in costs and charges (as the result of entry and exit costs)<sup>6</sup>: **£11,381.41**

## Section IV – Notes

Helps explain the basis on which the costs and charges illustration has been created and the assumptions made that you should be aware of to support your understanding of the costs and charges shown.

### Notes

1. The relevant investment and /or ancillary services are Execution Only, which is provided by HSBC Private Bank (UK) Limited, and settlement, execution and safeguarding and administration services which are provided by HSBC UK Bank plc.

2. Report currency reflects the currency of the investment. The above table assumes the transaction will be settled from and to an account denominated in the report currency so no FX charges will apply. In the event settlement is funded from an alternative currency the settlement funds will be converted into or from the report currency at HSBC's prevailing spot selling rate of exchange for GBP100 000.00 against the other currency at the relevant time. Where your investment is not in EUR/GBP/USD/CHF this report will be prepared in the base currency of your account

3. The product costs and charges reported in this report have been calculated using data sourced from product manufacturers including both HSBC and external providers and may include ongoing fees, management fees, distribution fees and internal transaction costs. The net return includes all costs whilst the gross return shows the return without any costs incurred. The illustrated product growth (net of product costs) used to calculate the return includes third party manufacturer costs but not our service costs and performance fees are not applied. The performance rate is for illustration purposes only.

4. When you purchase an investment through our Execution Only service, hold it in custody with HSBC UK Bank plc and subsequently, on an execution only basis, instruct us to sell it, the relevant charges for the investment services provided are the Execution Only Fee and Account Fee. The Execution Only Fee is charged when you transact and the Account Fee is an ongoing charge which is payable quarterly in arrears.

The Account Fee is calculated on the assumption that the investment will be held for 5 years and its average daily value will grow at 5.00% per annum (net of product costs).

Please note minimum Execution Only Fees and Account Fees may apply depending on the size of the transaction and the overall value of your assets held in custody. If your account holds assets in addition to the proposed investment, depending on the total value of your account, the actual Account Fee may differ from that used in this costs and charges illustration. For information about minimum charges please see our Investment Services Schedule of Charges.

Where an investment and/or ancillary service charge is subject to VAT this is reflected in the figures given in the tables. Please refer to the Investment Services Schedule of Charges for more information about which charges are subject to VAT. You may not have to pay VAT if you are resident outside the EU.

The above figures assume that the transaction has not been funded by an HSBC credit facility so no interest or other credit charges are payable which would constitute Ancillary Service Charges.

Details of the arrangements for payment of our costs and charges are contained in our Investment Services Terms and Conditions.

5. Where not inconsistent with any applicable law or regulation, we may, from time to time, receive certain minor non-monetary benefits from 3rd parties in connection with the services we provide to clients. Examples of these minor non-monetary benefits include participation in conferences, seminars or other training events and hospitality of a reasonable de minimis value. Further details can be provided on request.

6. Anticipated spikes and fluctuations refers to any one off costs that are incurred when entering or exiting a product, this will include both HSBC advice on request charge and any entry or exit charge levied by the product manager.

## Additional View (upon request)

An itemised breakdown with a detailed view on single costs items. The total and sub-totals in amount and percentage terms will equal the total values in the aggregated table.

### Itemised breakdown of Costs and Charges over holding period

	Fee Category	Amount*	Fee Charged (%)**
<b>Service costs<sup>4</sup></b>			
Execution Only Fee - Buy	One-off	£5 000.00	0.50%
Execution Only Fee - Sell	One-off	£8 381.41	0.50%
Account Fee	Ongoing	£11 348.34	1.00%
Account Fee VAT	Ongoing	£2 269.67	0.20%
<b>Product costs<sup>3</sup></b>			
Entry Charge	One-off	£0.00	0.00%
Exit Charge	One-off	£0.00	0.00%
Ongoing Cost	Ongoing	£48 135.78	4.25%
Transaction Cost	Transactional	£11 841.40	1.05%
Incidental Cost	Incidental	£0.00	0.00%
<b>Third party product payments<sup>6</sup></b>			
		£0.00	0.00%
<b>Total Costs and Charges</b>		<b>£84 976.60</b>	<b>7.50%</b>
<b>Average annual costs and charges</b>		<b>£16 995.32</b>	<b>1.50%</b>

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