

Guide to Costs & Charges Pre-Trade

Execution Only and Advisory Services



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.privatebanking.hsbc.com>.

What you will receive pre-trade

- ◆ For all in-scope products (Equities, Bonds, Foreign Exchange, Exchange Traded Funds, Mutual Funds, Alternatives, Structured Products) you'll receive an individual illustrative report listing all expected costs and charges 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. For a product with maturity, it is assumed that the investment will be held till the maturity date. The net growth rate figure used is for illustrative purposes only and is not a guide for future returns.

Costs and Charges Report



R CAP BP US PE SHS -D USD- CAPITALISATION

Prism Advisory

The tables below provide information about the aggregated costs and charges that arise when you invest in, hold and subsequently sell (or when product matures) R CAP BP US PE SHS -D USD- CAPITALISATION on the proposed terms below. The information relates to the charges arising in connection with the investment and ancillary services provided by HSBC Private Bank (Luxembourg) S.A. and the costs and expenses related to the product itself. The information reflects the terms outlined below.

For simplicity, the return on investment figures assume 7.6% growth rate (net of product costs) over a 5 years holding period. Your actual costs and charges and their associated impact on investment return may differ depending on the actual performance of your investment.

The information below should be read in conjunction with the notes overleaf.

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

Report Date:	08 Sep 2023	Client ID:	[REDACTED]
Report Currency:	CHF	Portfolio ID:	[REDACTED]
ISIN/Product Currency:	LU0226953718/USD	Order Number:	[REDACTED]
Investment Currency:	USD	Invested Amount in USD:	373,120.00
Performance (p.a.):	7.60%	Invested Amount in CHF:	329,287.73
		Holding Period:	5 years

Section II – Aggregated Costs and Charges

Highlights all the costs and charges you can expect to pay related to the product over the holding period, 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).

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, as well as external brokerage costs and market taxes.

If HSBC receives any commissions or distribution payments from the Third Party in respect of your transaction, this information is also disclosed.

The ‘Amount’ column shows fees charged on the invested amount including any accrued performance over the holding period. The ‘% of Investment’ expresses these fees as % of the initial invested amount.

Aggregated Costs and Charges		
	Amount (CHF)	% of Investment
Service costs (Investment and/or ancillary services)	913.75	0.28%
First year costs	438.81	0.13%
Subsequent Years	474.94	0.14%
Product costs	38,998.22	11.84%
First year costs	6,700.74	2.03%
Subsequent Years	32,297.48	9.81%
Third party product payments	-14,858.92	-4.51%
Retained by the Bank	0.00	0.00%
Reimbursed to You	-14,858.92	-4.51%
Total costs and charges	25,053.05	7.61%
Average annual costs and charges	5,010.61	1.52%

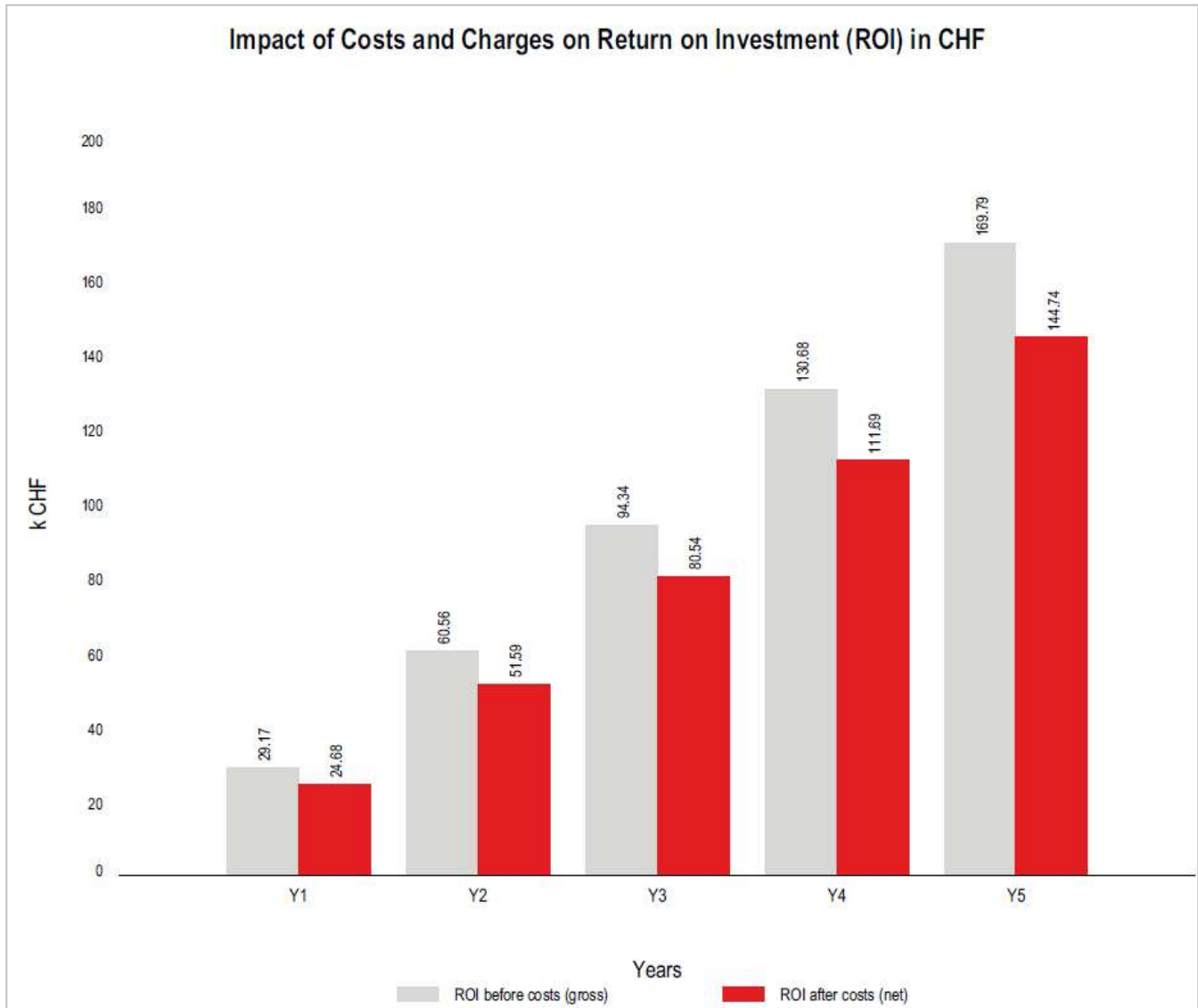
First Year Service Costs	Sum of service costs occurred in year one impacted by the growth rate	Transaction Fee Buy (transactional) = 0.1% Maintenance Fee (ongoing) = 0.005%	Transaction Fee Buy = CHF329.29 Maintenance Fee = CHF18.82	CHF348.11 / 0.11%
Years two to five Service Costs	Sum of ongoing service costs occurred in years two and five impacted by the growth rate	Maintenance Fee (ongoing) = 0.005%x4 Transaction Fee Sell (transactional) = 0.1%	Maintenance Fee = CHF90.71 Transaction Fee Sell = CHF474.94	CHF565.65 / 0.17%
First Year Manufacturer Product Costs (incl. 3 rd Party Product Payments)	Sum of ongoing product costs occurred in year one impacted by the growth rate	Ongoing Costs (ongoing) = 1.71% Transaction Costs (ongoing) = 0.2511% Incidental Costs (ongoing) = 0.00% 3rd Party Product Payments Reimbursed to Client (ongoing) = 0.75%	Ongoing Costs = CHF5,842.77 Transaction Costs = CHF857.97 Incidental Costs = CHF0.00 3rd Party Product Payments Reimbursed to Client = - CHF2,553.08	CHF4,147.65 / 1.26%
Years two to five Manufacturer Product Costs (incl. 3 rd Party Product Payments)	Sum of ongoing product costs occurred in year two and five impacted by the growth rate	Ongoing Costs (ongoing) = 1.71%x4 Transaction Costs (ongoing) = 0.2511%x4 Incidental Costs (ongoing) = 0.00% 3rd Party Product Payments Reimbursed to Client (ongoing) = 0.75%x4	Ongoing Costs = CHF28,162.10 Transaction Costs = CHF4,135.38 Incidental Costs = CHF0.00 3rd Party Product Payments Reimbursed to Client = - CHF12,305.84	CHF19,991.65 / 6.07%
Total Costs and Charges (from year one to year five)				CHF25,053.05 / 7.61%

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 costs paid to the investment firm or product suppliers when entering or exiting the investment.

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.

Performance (p.a.)	CHF
Value of investment if there were no costs and charges incurred:	499,077.28
Return on investment if there were no costs and charges incurred:	51.56%
Value of investment if costs and charges are incurred:	474,024.23
Return on investment if costs and charges are incurred:	43.95%
Anticipated spikes or fluctuations in costs and charges:	0.00
Total costs and charges incurred over the anticipated holding period:	25,053.05



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

The relevant investment and /or ancillary services are provided by HSBC Private Bank (Luxembourg) S.A.. Settlement, execution and safeguarding and administration services are also provided by HSBC Private Bank (Luxembourg) S.A. ("the Bank").

If you require further clarification on costs and charges disclosed in this statement, please contact your Relationship Manager or Investment Counsellor.

Costs and charges disclosed in the Report are categorized into service costs and product costs. Service costs are the costs that the Bank may charge for the investment services provided to you, in addition to the product price. Product costs are inherent to the financial instrument and related to the issuance and management of the financial product.

Disclosed costs and charges are categorized into:

- One-off costs – all costs and charges paid at the beginning or at the end of the investment (e.g. early redemption fee, account closing fee, switching costs)
- Ongoing costs – all costs related to the ongoing management of the investment (e.g. management, advisory, custody fees)
- Transaction costs - all costs related to the transaction performed when providing the investment service (e.g. broker commissions, stamp duty, market taxes, foreign exchange costs, mark-ups embedded in transactional price)
- Ancillary services costs – any costs that are related to the ancillary services that are not included in the costs mentioned above (e.g. research fee)
- Incidental costs – Performance fee and other incidental costs

Costs and charges reflected in the Report are expressed in the reference currency of the Portfolio. Some of these costs and charges may have been incurred in a currency which is different to the Portfolio reference currency. As a result, such costs and charges were converted into the Portfolio reference currency at the Bank's prevailing exchange spot rate at the time of the Report generation.

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.

Actual transactional fees will be known at the execution of the order and will depend on market conditions, including volatility. For the purpose of this Report, we have taken a conservative approach and used the maximum applicable fee from our Tariffs for Private Banking services. The actual transactional fee might be lower depending on your arrangement with the Bank.

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 Itemised Break-down of cost and charges in this document for more information about which charges are subject to VAT. You may not have to pay VAT if you are resident outside the EU.

To the extent permitted by law, the Bank may, from time to time, receive certain minor non-monetary benefits from third parties in connection with the services it provides 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.

If the transaction has been funded by an HSBC credit facility, any interest or credit charges that would constitute an Ancillary Service Charge are captured under the ancillary service costs in this Report. Please refer to your relevant Account statements for details of such charges.

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

The Bank may, from time to time, receive third party product payments in connection with the distribution of various investment products, also known as "inducements". Where inconsistent with applicable law or regulation, these payments will be fully reimbursed to you on a semestrial basis.

Anticipated spikes and fluctuations refer to any one off costs that are incurred when entering or exiting a product, this will include both HSBC one off costs and any entry or exit charge levied by the product manufacturer.

Please kindly note that performance and illustrations contained in this document are based on assumptions performed by the Bank. Therefore, the exact cost and charges paid will be disclosed separately in the yearly ex-post cost and charges report.

For Forex, Interest Rate Swaps and Futures which are products used for hedging rather than for investment purposes, the Bank is unable to identify an appropriate performance rate, therefore it is assumed at 0% for the purpose of this Report.

Section V – Itemised Break-down of Costs and Charges

Provides 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 Break-down of Costs and Charges				
	Initial Year		Subsequent Years	
	Amount (CHF)	% of Investment	Amount (CHF)	% of Investment
One-off costs	0.00	0.00%	0.00	0.00%
Ongoing costs	3,399.22	1.03%	15,856.26	4.82%
Transaction costs	1,187.25	0.36%	4,610.32	1.40%
Ancillary costs	0.00	0.00%	0.00	0.00%
Incidental costs	0.00	0.00%	0.00	0.00%
Total costs and charges	4,586.47	1.39%	20,466.59	6.22%

	Fee	Amount (CHF)	% of Investment
Service costs		913.75	0.28%
Transaction - Buy	Transactional	329.29	0.10%
Transaction - Sell	Transactional	474.94	0.14%
Custody Fee (incl. VAT)	Ongoing	0.00	0.00%
Advisory Fee (incl. VAT)	Ongoing	0.00	0.00%
Maintenance Fee	Ongoing	109.53	0.03%
Market taxes / Stamp duties on acquisition	Transactional	0.00	0.00%
Broker/Clearing house commission - Buy	Transactional	0.00	0.00%
Market taxes / Stamp duties at disposal	Transactional	0.00	0.00%
Broker/Clearing house commission - Sell	Transactional	0.00	0.00%
Interest on Lombard loan	Ancillary costs	0.00	0.00%
Product costs		38,998.22	11.84%
Entry Charge	One-off	0.00	0.00%
Exit Charge	One-off	0.00	0.00%
Ongoing costs	Ongoing	34,004.87	10.33%
Transaction costs	Transactional	4,993.35	1.52%
Incidental costs	Incidental	0.00	0.00%
Third party product payments		-14,858.92	-4.51%
Total costs and charges		25,053.05	7.61%
Average annual costs and charges		5,010.61	1.52%

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