



Holborn Assets

COST AND CHARGES POLICY

JANUARY 2021



Cost and Charges Policy

This document provides Holborn Assets Wealth Management (CY) Ltd policy for the Provisions of Information provided to Clients or potential Clients (Retail, Professional and Eligible Counterparties) in relation to costs and charges. The Policy is meant for use by Holborn, Clients and relevant Regulators.

Holborn Holborn Assets Wealth Management (CY) Ltd is regulated by the Cyprus Securities and Exchange Commission (CySEC), License No.: 394/20.

Holborn is required to establish, implement and maintain effective and transparent procedures to ensure that appropriate information is provided in good time to clients or potential clients, that all communications are fair, clear and not misleading.

The Cost and Charges Policy shall provide clear, accurate and up-to-date information regarding Holborn processes. This policy has been approved by the Board of Directors of the Company and will be reviewed on at least an annual basis.

Holborn shall ensure that all information they address to or disseminate in such a way that it is likely to be received by their clients or potential clients, to ensure compliance with its obligations when providing information to clients on the cost and charges associated with the services and instruments offered.

There are two mandatory Costs and Charges disclosure requirements applicable to Holborn covered by MiFID II;

- Ex-Ante disclosure of aggregated expected costs for proposed investment services and financial instruments to be provided in good time before a client makes an investment decision under the following situations:
 - Where the investment firm recommends or markets financial instrument to clients or
 - Where the investment firm providing any Investment, Services is required to provide a UCITS KIID or PRIIPS KID to clients in relation to the financial instrument.

Where the investment firm does not recommend or market or provide a KID/KIID they must disclose to the client all costs and charges related to the service provided.

When calculating costs and charges on an Ex-Ante basis, Holborn shall base these on costs which have actually been incurred as a proxy for the expected costs and charges. Where actual costs are not available, Holborn shall make reasonable estimations of these costs.

- Ex-Post disclosure of aggregated costs which have actually been incurred for investment services and financial instruments, must be provided to each client annually on a personalised basis in the following situations:
 - Where Holborn recommends or markets financial instrument to clients or
 - Where Holborn provides any Investment Services they shall provide to clients a UCITS KIID or a PRIIPS KID in relation to the financial instrument(s) and

If Holborn have or have had an ongoing relationship with client during the year;

- In both Ex-Ante and Ex-Post disclose cases, costs shall be aggregated and expressed as a monetary amount and a percentage.
- Third party payments received are to be shown separately if applicable.
- Where any part of the total costs and charges is to be paid in or represents an amount of foreign currency, investment firms shall provide an indication of the currency involved and the applicable currency conversion rates and costs.

A limited waiver under certain circumstances is available for Professional Clients and Eligible Counterparties (except when the services of investment or portfolio management are provided, or when the financial instrument concerned embeds a derivative).

Information on costs and associated charges (Article 24(4) of Directive 2014/65/EU)

Holborn shall provide its client and potential clients with information on costs and associated charges that includes such of the following elements as are relevant:

- Appropriate information shall be provided in good time to clients or potential clients with regards to Holborn and its services, the financial instruments and proposed investment strategies, execution venues and all costs and related charges.
- The information on all costs and associated charges must include information relating to both investment and ancillary services, including the cost of advice where relevant, the cost of the financial instrument recommended or marketed to the client and how the client will pay for it, also encompassing any third-party payments.
- All cost and charges including costs and charges in connection with the investment service and the financial instrument, which are not caused by the occurrence of the underlying market risk, shall be aggregated to allow the client to understand the overall cost as well as the cumulative effect on return on the investment, and where the client so requests, an itemized breakdown shall be provided.
- Where applicable, such information shall be provided to the client on a regular basis, at least annually, during the life of the investment.
- Holborn shall ensure that the information is provided in a comprehensible form in a manner that clients or potential clients are reasonably able to understand the nature and risks of the investment service and the specific type of financial instrument that is being offered and, consequently, to take investment decision on an informed basis.
- Where an investment service is offered as part of a financial product which is already subject to other provision of the European Union Law relating to Credit Institutions and consumer credits with respect to information requirements, that service shall not be additionally subject to these obligations.

Investment advice on an independent basis

- Holborn shall not accept and retain fees, commissions or any monetary or non-monetary benefits paid or provided by any third party or a person acting on behalf of a third party in relation to the provision of the service to the clients.

- Minor non-monetary benefits that are capable of enhancing the quality of the service provided to a client and are of a scale and nature that they could not be judged to impart compliance with Holborn's duty to act in the best interest of the client must be clearly disclosed and demonstrated as such.

Portfolio Management

- When providing portfolio management, a regulated firm shall not accept and retain fees, commission or any monetary or non-monetary benefits paid or provided by any third party or a person acting on behalf of a third party in relation to the provisions of the service to the clients.
- Minor non-monetary benefits that are capable of enhancing the quality of the service provided to a client and are of a scale and nature that they could not be judged to impart compliance with Holborn's duty to act in the best interest of the client must be clearly disclosed and demonstrated as such.

Investment Firms are regarded as not fulfilling their obligations under Article 23 Directive 2014-65-EU or Article 24 paragraph 1 where they pay or are paid any fee or commission, or provide or are provided with any non-monetary benefit in connection with the provision of an investment service or ancillary service, to or by any party except the client or a person on behalf of the client, other than where the payment or benefit is designed to enhance the quality of the relevant service to the client, and does not impair compliance with the company's duty to act honestly, fairly and professionally in accordance with the best interest of its clients.

Packaged Services

- Where an investment service is offered together with another service or product as part of a package or as a condition for the same agreement or package, Holborn shall inform the client whether it is possible to buy the different components separately and shall provide for a separate evidence of the costs and charges of each component.

Aggregate Cost and Charges

Holborn shall aggregate the following;

- (a) all costs and associated charges charged by Holborn or other parties where the client has been directed to such other parties, for the investment service(s) and/or ancillary services provided to the client; and
- (b) all costs and associated charges associated with the manufacturing and managing of the financial instruments. For the purpose of point (a), third party payments received by investment firms in connection with the investment service provided to the client shall be itemized separately and the aggregated costs and charges shall be totaled and expressed both as a cash amount and as a percentage.
 - Where any part of the total costs and charges is to be paid in or represents an amount of foreign currency, Holborn shall provide an indication of the currency involved and the applicable currency conversion rates and costs. Holborn shall also inform the client about the arrangements for payment or other performance.
 - In relation to the disclosure of product costs and charges that are not included in the UCITD KIID, Holborn shall obtain the relevant information.

Holborn shall provide in good time a full ex-ante disclosure of information about the aggregated cost and charges related to the financial instrument and to the investment or ancillary services provided shall apply to Holborn in the following situations:

- (a) where Holborn recommends or markets financial instruments to clients; or
- (b) where Holborn provides, or is required to provide to clients a UCIT KIID or PRIIPs KID in relation to the relevant financial instruments, in accordance with relevant Union legislation.

- Where Holborn do not recommend, or market a financial instrument to the client or are not obliged to provide the client with a KID/KIID in accordance with relevant Union legislation shall inform the client about all costs and charges relating to the investment and/or ancillary service provided.
- Where calculating cost and charges on an ex-ante basis, Holborn must use actually incurred costs as a proxy for the expected costs and charges. Where actual costs are not available, the Holborn shall make reasonable estimations of these costs. Holborn shall review ex-ante assumptions based on the ex-post experience and shall make adjustment to these assumptions, where necessary.
- Holborn shall provide annual ex-post information about all costs and charges related to both the financial instruments and investment and ancillary services where they recommended or marketed financial instruments or where they have provided the client with the KID/KIID in relation to the financial instruments and they have or have had an ongoing relationship with the client during the year. Such information shall be based on costs incurred and shall be provided on a personal basis.
- Holborn shall provide their clients with an illustration showing the cumulative effect of costs on return when providing investment services. Such an illustration shall be provided both on an ex-ante and ex-post basis.

The illustration shall meet with the following requirements:

- (a) the illustration shows the effect of the overall costs and charges on the return of the investment;
- (b) the illustration shows any anticipated spikes or fluctuations in the costs; and
- (c) the illustration is accompanied by a description of the illustration.

The information provided must meet with regulatory and legal requirements. The information shall be aggregated to allow the client to understand the overall cost, as well as the cumulative effect on return of the investment, and where the client request an itemized breakdown shall be provided.

Information on cost and charges shall be provided on a regular basis at least annually, during the life of the investment.

Investment Service Costs

All costs and associated charges for the investment service(s) and/or ancillary services provided to clients should form part of the amount disclosed. Cost items should be aggregated a per first column in Table 1 Annex II of the MiFID II Delegated Regulation, which is set out below.

This table refers to both Ex-Ante and Ex-Post disclosures.

Table 1

Cost of items to be disclosed	Description	Examples
One-off charges related to the provision of investment service	All costs & charges paid to the investment firm at the beginning or at the end of the provided investment service(s).	Deposit fees, Termination fees Switching costs (costs that can be incurred by investors by switching from one investment firm to another investment firm)
On-going charges related to the provision of an investment service	All on-going costs and charges paid to investment firms for their services provided to the client.	Management fees, advisory fees, Custodian fees.
All costs related to transactions initiated in the course of the provision of an investment service	All costs and charges that are related to transactions performed by the investment firm or other parties.	Broker commissions (costs that are charged by investment firms for the execution of orders), entry- and exit charges paid to the fund manager, platform fees, mark ups (embedded in the transaction price), stamp duty, transactions tax Foreign exchange costs.
Any charges that are related to ancillary services	Any costs and charges that are related to ancillary services that are not included in the costs mentioned above.	Research costs Custody costs
Incidental costs		Performance fees.

Investment Product Costs

All costs and associated charges related to the financial instrument that should part of the amount to be disclosed. Cost items should be aggregated as per the first column in Table 2 Annex II of the MiFID II Delegated Regulation, which are set out below.

This table refers to both Ex-Ante and Ex-Post disclosures.

Table 2

Cost of items to be disclosed	Description	Examples
One-off charges	All costs and charges (included in the price or in addition to the price of the financial instrument) paid to product suppliers at the beginning or at the end of the investment in the financial instrument.	Front-loaded management Structuring fee (fees charged by manufacturers of structured investment products for structuring the products. They may cover a broader range of services provided by the manufacturer) Distribution fee.

On-going charges	All on-going costs and charges related to the management of the financial product that are deducted from the value of the financial instrument during the investment in the financial instrument.	Management fees, service costs, swap fees, Securities lending costs and taxes, financing costs.
All costs related to transactions	All costs and charges that incurred as a result of the acquisition and disposal of investments	Broker commissions, Entry and exit charges paid by the fund, mark ups embedded in the transaction price, Stamp duty, Transactions tax Foreign exchange costs
Ancillary Cost	Other costs relating to ancillary services not mentioned above	
Incidental costs		Performance fees

It should be noted that certain cost items appear in both table but are not duplicated since they respectively refer to costs of the product and cost of the service. Example of these include:

- Management fees in Table 1 – this refers to management fees charges by an investment firm providing the service of portfolio management to its clients while in Table 2 it refers to management fees charges by an investment fund manager to its investor.
- Broker commission in Table 1 – this refers to commission incurred by the investment firm when trading on behalf of its clients while in Table 2 it refers to commission paid by investment funds when trading on behalf of the fund.

Charges Summary

It is a mandatory requirement to show the aggregated totals of Product, Service and any third-party payments received. These figures must be shown as both a percentage amount, and currency/monetary figure

The ESMA Investor Protection Q&A Q13 offered additional guidance on the charges summary.

Question 13 [Last update: 6 June 2017]

When providing information of costs and charges to clients, on which basis should costs be aggregated? What is the level of aggregation that firms need to apply?

Answer 13

“In accordance with article 24(4) MiFID II and article 50(2) of the MiFID II Delegated Regulation, firms shall aggregate costs and charges in connection with the investment service and costs and charges associated with the financial instruments. Third party payments received by investment firms in connection with the investment service provided to a client shall be itemised separately. The aggregated costs and charges shall be totalled and expressed both as a cash amount and as a percentage. The following example shows the cost figures that are to be disclosed”

Investment service and/or ancillary services	\$1,500	1.5%
Third party payment received by the investment firm	\$500	0.5%
Financial instruments	\$1,500	1.5%
Total cost and charges	\$3,500	3.6%

Third-Party Payments

“Third Party payments received by investment firms or other parties in connection with the investment service provided to a client shall be itemised separately and the aggregated costs and charges shall be totalled and expressed both as a cash amount and as a percentage”

- This typically relates to retrocession or commission payments received by the investment firm. An Ex-Ante template produced by a distributor is more likely to have items within this category than a product manufacturer as the product manufacturer pays retrocession, whilst the product distributor receives retrocession.
- An Ex-Ante disclosure would contain generic cost percentages to be added to the illustration. Care must be taken not to double-count any costs in both the third-party Cost category as well as the Product Cost bucket.

For example: A client that has been charged 0.20% AMC, and 0.05% of this is routinely given back to the intermediary as a retrocession (i.e. a 3rd party cost). The Ex-Post disclosure should reduce the cost to 0.05% notes as a third-party payment

Ex-Ante Costs and Charges Disclosure (before the event)

Introduction

This section describes the steps that Holborn will take to comply with MiFID II Ex-Ante Costs and Charges requirements for Funds—in terms of content, production, high level calculation and layout. The high-level requirements for disclosure are detailed in MiFID II Directive Section 2, Article 24(4), and supplemented by MiFID II Delegated Regulation Article 50.

Timing of the Ex-Ante Document

The relevant information must be provided to the client in good time before the provision of services. Providing the client with an opportunity to compare costs between different products (including service costs) in order to make an informed decision.

For clients who self-select (Execution Only) the client will typically invest via:

- The telephone
- A Postal Application Form
- Face to Face meeting

All of these methods shall include the provision of Ex-Ante information to the client, meeting with regulatory obligations.

- The product costs should be stated on the Key Information Document issued by the Manufacturer. Any additional costs in selling and/or promoting the product direct to clients must also be captured within the Ex-Ante document
- The Ex-Ante document displayed to the end clients must include the product costs from the manufacturer and any additional service costs added by different service provider in the chain.

Itemisation of Charge Categories

There are pre-defined categories for the Itemisation of the product and the service costs as the tables above illustrated. The details must be readily available if requested by the client.

In ESMA Investor Protection Q&A 13 they state:

“In addition, the investment firm shall provide an itemised breakdown at the request of the client. ESMA would expect that an investment firm take reasonable steps to minimise the effort for the client to submit such requests. When disclosing costs and charges in an online environment for instance, a best practice would be to enable the client to access such information through the use of hyperlinks. ESMA also considers it a best practice when an investment firm actively informs its clients on their right of submitting such a request when providing the aggregated information.

When an itemized breakdown is requested by the client, an investment firm should provide such breakdown (in a consistent way such that cost items may be aggregated) at least at the level of the cost items that are depicted in the tables included in Annex II MiFID II Delegated Regulation”

An example of: Fund Manufacturer Ex-Ante Execution Only template – Funds:

Disclaimer: this data / these figures are not representative of any specific product and are solely for illustration purposes

MIFID Costs & Charges Information

This document provides you with costs and charges information about this fund. It is not marketing material. The information is required by law and you are advised to read it so you can make an informed decision about whether to invest.

Fund Company ABC

• share-class of DEF Portfolio Fund

• Fund of ZZZ Fund IB ICVC

ISIN: G60085888X88

Charges Summary

Cost Category	% of Investment	£1,000 Lump Sum	£20,000 Lump Sum	Regular Savings Plan £100/month
		Costs	Costs	Costs
Product Costs	2.17%	£21.7	£434	£34
3 rd party payments received	-	-	-	-
Service Costs	-	-	-	-
Total	2.17%	£21.7	£434	£34

These are the annualised costs based on 3 indicative initial investment amounts of £1,000, £20,000 and a regular savings plan of £100/month

Itemisation of Charge Categories

Product Costs	One-Off Costs	-	-	-	-	Costs you pay when entering or exiting your investments
	Ongoing Costs	1.42%	£14	£284	£9	Costs that we take each year for managing your investments
	Transaction Costs	0.75%	£8	£150	£5	Costs incurred by us buying and selling underlying investments
	Incidental Costs	-	-	-	-	The impact of the performance fee
Service Costs	One-Off Costs	-	-	-	-	Costs you pay when entering or exiting your investments
	Ongoing Costs	-	-	-	-	Costs that we take each year for managing your investments
	Transaction Costs	-	-	-	-	Costs incurred by us buying and selling underlying investments
	Ancillary Costs	-	-	-	-	Costs related to ancillary services not included above
	Incidental Costs	-	-	-	-	The impact of the performance fee

The person selling you or advising you about this product may charge you other costs. If so, this person will provide you with information about these costs, and show you the impact that all costs will have on your investment over time.

The Cumulative Effect of Costs on Return

The total charges deducted for each fund will have an impact on the investment return you might get. Whilst performance can't be guaranteed, we can give you examples of how the charges will affect what you might get back.

£1,000 lump sum invested in this fund for 1 year with a net growth rate of 3%	
What you might get back if there were no charges at all	£1,053
What you might get back after charges	£1,030

Without fees the performance you could have achieved would be 5.25%, after fees the performance achieved is 3%. This equates to a reduction in profit of £23.

Part of the total costs and charges may represent an amount in foreign currency. The following indicative currency translation rates have been used for the purpose of this report: 1.23 USD @ 1.25 USD to GBP, 800.2143 @ 1.12 EUR to GBP.

Execution Only Template

For an execution-only relationship, where a client may be investing via a web portal, and no prior engagement/ discussion with the client has been undertaken, very little may be known about the size of the potential trade, or any other investment decisions which may affect the charges applicable. Different illustrations should be utilized to help bring out these differences and make it as easy as possible for the client to understand the relevant charges applicable to their own potential investment. Illustrations can include graphs, numbers or purely text.

The Ex-Ante template must be sufficient for the potential investor to understand the impact of ALL costs and charges on any potential investment.

The breakdown per Annex 2 of the MiFID II Delegated Regulation up-front rather than upon request should be provided to the client as illustrated in Table 1 and Table 2 above.

Q14 of the ESMA Investor Protection Q&A

“In line with the recital 78 of the MiFID Delegated Regulation, investment firms should disclose the cost associated with the products and the services the client intends to subscribe to. In the case of potential clients, adapting the information may only be possible when the potential client has engaged with the investment firm. Until then, investment firms could disclose generic ex-ante information on costs and charges using other means, such as disclosing cost and charges for several examples of investor types, providing online access to interactive cost calculation tools or providing cost tables that include multiple investment scenarios”

The period of time which the templates look forward is not prescribed in the regulatory text, but EL should provide illustrations that factor in any charges that might occur during the lifecycle of the investment.

Ex-Post Fund - Manufacturer and Distributor Disclosures

Purpose

The purpose of this section is to describe the steps Holborn can take in complying with the Ex-Post Costs and Charges requirements for clients with whom they maintain an ongoing relationship throughout the year. The high-level requirements for disclosure are detailed in the MiFID II Directive Section 2, Article 24(4)(C), and supplemented by the MiFID II Delegated Regulation Article 50

Who receives and creates the Ex-Post data

Fund Manufacturers (Management Companies and AIFMs) need to calculate the cost of their funds at a share class level according to the methodologies. Holborn will liaise with the Fund Manufacturers to obtain such costs and charges data (via the European MiFID Template “EMT”) which will assist them to create personalised ex-post disclosures for their clients.

ESMA Investor Protection Q&A's

Q “How does the investment firm obtain access to the relevant data for the financial instrument...?”

A “...The investment firm would be expected to liaise with the manufacturer of these instruments to obtain the relevant data, if the data has not already been made publicly available.”

Ex-Post Reporting Disclosures for Distributors

It is a mandatory requirement to show the aggregated totals of the Product, Service and any third-party payment received. These figures must be shown as a percentage and monetary amount. Holborn shall at least provide clients with the information as demonstrated in Table 1 and Table 2 above.

Holborn will use the Manufacturers product costs from the European MiFID Template (EMT) together with the information received from any other relevant party. It is the responsibility of the Manufacturer to provide the generic product costs and the Distributor to combine the service level costs where applicable to provide a personalised summary.

Example of Ex-Post Manufacturer – Manufacturers may use this is service commercial requests from direct clients to provide personalised statement of cost and charges.

MiFID II – Annual Ex-Post Cost and Charges Statement – This document provides you with the costs and charges of your investment in this asset. It is not marketing material. The information is to help you understand the cost and charges incurred over the reporting period.			
Client Name Account Number: Currency \$ USD			
Global Equity Portfolio Charges Summary 01 January 2018 -31 st December 2018			

Charges Summary 1st January 2018 - 31st December 2018			
Charge	Amount (ccy)	% of Investment	
Investment services and/or ancillary services	-	0.00%	
Third party payments received by the investment firm	-	0.00%	
Investment product costs	50,766	2.24%	
Total costs and charges	50,766	2.24%	

Mandatory - Aggregated cost and charges over the period prorated to the investment.

Itemised breakdown of cost and charges				
Charge Type	Financial Instruments		Total Costs and Charges	
	Amount	%	Amount	%
One-off charges	12,500	0.55%	12,500	0.55%
Ongoing charges	26,240	1.16%	26,240	1.16%
Transaction costs	8,282	0.36%	8,282	0.36%
Incidental costs	3,744	0.16%	3,744	0.16%
Total costs and charges	50,766	2.24%	50,766	2.24%

Optional - Itemised cost and charges over the year prorated to the investment balance.

Cumulative effect of cost & charges on return	
	Percentage (%)
Return before the deduction of cost and charges (gross)	14.65%
Return after the deduction of cost and charges (net)	12.14%
Cumulative effect of cost and charges on return	2.51%

Mandatory - Calculated as the difference between the net and gross of fees return

The total charges deducted for each fund has an impact on your investment return throughout the course of the year.
 Whilst performance can't be guaranteed, the illustration show you the effect charges have when comparing the return before and after fees.

Description of charges	
Charge Type	Description
One-off charges	The one off charges include the entry and exit charges.
Ongoing charges	The ongoing charges are the charges for running the portfolio. These charges include but are not limited to the investment management fee, valuation fees, legal fees.
Transaction costs	The transaction costs are the costs incurred for purchasing and selling securities within the portfolio. Costs include brokerage commissions, stamp duty and spreads.
Incidental costs	The incidental costs include performance fees paid if certain performance levels are achieved (over and above any levels set out in the investment objective) within a set time period.

Past performance is not indicative of future results. Returns may increase or decrease as a result of currency fluctuations. Performance data is shown net of fees with income reinvested. The value of an investment and any income derived from it can go down as well as up and investors may not get back their original amount invested.

Ex-Post Distributer Template

This is an example of Ex-Post cost and charges disclosed template for a Distributor. The Distributor will received the product costs from product manufacturers to which they would add their own service costs to provide the end investor with a personalised statement.

MiFID II – Annual Ex-Post Cost and Charges Statement – This document provides you with the costs and charges of your investment in this asset. It is not marketing material. The information is to help you understand the cost and charges incurred over the reporting period.	
Client Name Account Number Currency \$ USD	
Global Equity Portfolio Charges Summary 01 January 2018 -31 st December 2018	

Charges Summary

1st January 2018 - 31st December 2018

Charge	Amount (€cy)	% of Investment
Investment services and/or ancillary services	868	0.36%
Third party payments received by the investment firm	-	0.00%
Investment product costs	5,385	2.24%
Total costs and charges	6,253	2.60%

Mandatory - Aggregated cost and charges over the period provided to the investment.

Itemised breakdown of cost and charges

Charge Type	Investment Services		Financial Instruments		Total Costs and Charges	
	Amount	%	Amount	%	Amount	%
One-off charges	26	0.01%	1,250	0.52%	1,276	0.53%
Ongoing charges	481	0.20%	2,835	1.18%	3,317	1.38%
Transaction costs	-	0.00%	895	0.37%	895	0.37%
Ancillary services	120	0.05%	n/a	n/a	n/a	0.05%
Incidental costs	241	0.10%	405	0.17%	645	0.27%
Total costs and charges	868	0.36%	5,385	2.24%	6,253	2.60%

Optional - Itemised cost and charges over the year provided to the investment balance.

Cumulative effect of cost & charges on return

	Percentage (%)
Return before the deduction of cost and charges (gross)	10.99%
Return after the deduction of cost and charges (net)	8.18%
Cumulative effect of cost and charges on return	2.81%

Mandatory - Calculated as the difference between the net and gross of fees return

The total charges deducted for each fund has an impact on your investment return throughout the course of the year.

Whilst performance can't be guaranteed, the illustration show you the effect charges have when comparing the return before and after fees.

Description of service charges

Charge Type	Description
One-off charges	The one off charges include fees such as initial advice fees and termination fees
Ongoing charges	The ongoing charges include ongoing advice fees and portfolio administration fees
Transaction costs	The transaction costs include fx transaction costs and platform fees
Ancillary services	The ancillary services includes research and custodian fees.
Incidental costs	The incidental costs include performance fees.

Description of financial instrument costs

Charge Type	Description
One-off charges	The one off charges include the entry and exit charges.
Ongoing charges	The ongoing charges are the charges for running the portfolio. These charges include but are not limited to the investment management fee, valuation fees, audit fees, legal fees.
Transaction costs	The transaction costs are the costs incurred for purchasing and selling securities within the portfolio. Costs include brokerage commissions, stamp duty and spreads.
Ancillary services	The ancillary services includes investment management research fees.
Incidental costs	The incidental costs include performance fees paid if certain performance levels are achieved (over and above any levels set out in the investment objective) within a set time period.

Past performance is not indicative of future results. Returns may increase or decrease as a result of currency fluctuations. Performance data is shown net of fees with income reinvested. The value of an investment and any income derived from it can go down as well as up and investors may not get back their original amount invested.

What Holborn do in the case of non-EEA assets who are not obligated to provide MiFID compliant data

Not all managers may be bound by MiFID II such as US or Asian Fund Managers. In this situation, Holborn shall seek to obtain granular cost from all MiFID and non-MiFID fund manufacturers.

Where Holborn only receive an all-in cost such as Total Expense Ratio (TER), Holborn will confirm with the third-party manager whether this figure includes transaction costs and adheres to the methodology prescribed by MiFID II. If the figure excludes transaction costs Holborn on shall request these are provided separately. Holborn shall assess "materiality"

Look-through materiality – to the extent that a look though is required for costs and charges information under MiFID II, it may be appropriate to read across the proposed guidance from CP16/30 COBS 19.8.8 G(2) in relation to materiality.

“A firm, when seeking information about transaction costs or administration charges, should consider the materiality of that information to the calculation of costs and charges overall for each arrangement, in particular the degree to which it is necessary to look through to transactions in underlying investment vehicles in order to arrive at a fair assessment of the costs or charges of each arrangement.”

In doing so however, Holborn should be able to explain and evidence how they have assessed materiality and the basis on which (if applicable) a conclusion has been reached that costs and charges information was not material. Holborn should consider where such an assessment has been made and it has been concluded that such costs and charges were not material to the particular situation that this should be included in the cost and charges disclosures in order to enable the investor to obtain more detailed information.

Such an assessment for a Fund of Funds/Fund of Hedge Funds portfolio could be based on the size of the position within that portfolio, where for a holding that has a weight of less than 0.4% of the NAV, the average costs and charges of the remaining positions is be used as an approximation. The sum of these non-material positions should not in aggregate exceed 2% of the NAV.

Question 11 of the ESMA Investor Protection Q&A supports this guidance what an investment firm should do when they are unable to obtain the relevant data from the manufacturer.

“When the investment firm is not able to obtain the relevant data from the manufacturer, the investment firm should first assess whether it can provide its clients with adequate information on the total costs and charges of the financial instrument and the investment service. ESMA would expect investment firms to base these calculations on the methodology prescribed in the PRIIPs RTS18. It is essential that the investment firm has assured itself that it can make a reasonable and sufficiently accurate estimate of the total costs of the financial instrument. If this is the case, an investment firm may use this estimate to calculate the ex-ante and ex-post figures on costs and charges.”



HOLBORN

