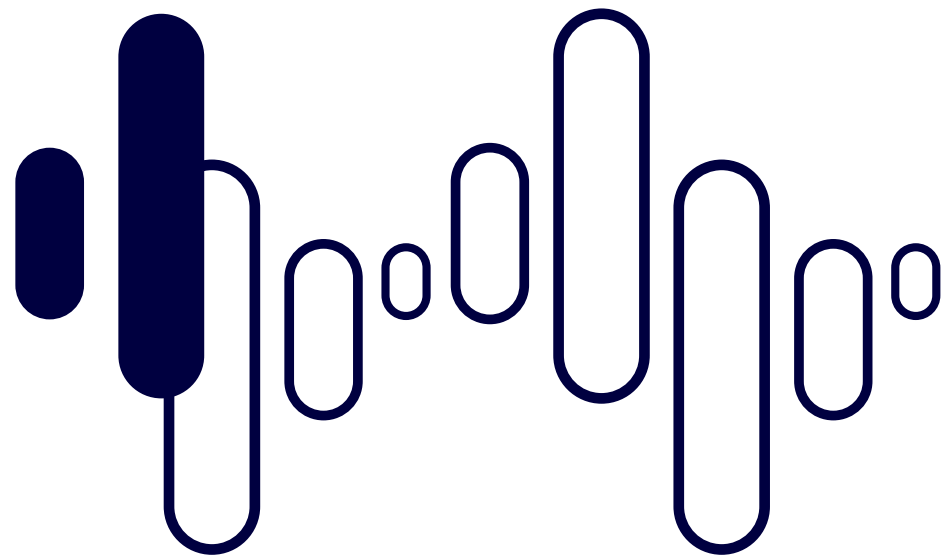


The cost of investing in financial instruments

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1. The cost of investing in financial instruments

This document provides an overview of the different kinds of cost associated with different product types and services. It provides examples of how to calculate costs, what level of costs you may encounter, what these costs cover and how you can use this information when making investment decisions.

You will receive a full and detailed overview of the costs incurred within your portfolio and for your investments on a regular basis, and at least annually. If you have any questions, please feel free to contact your Wealth Partner, who will be able to explain the cost structure to you.

2. Service and Product costs

There are two kinds of cost incurred when you invest in financial instruments:

2.1 Service costs

The costs that we may charge for the investment services provided to you. They include transaction fees, safe custody fees, management and/or advisory fees, details of which can be found in our "Charges and Commissions" document, or have been separately agreed with you. Some service costs are charged by third parties.

Cost categories	One-off costs	On-going costs	Transaction costs	Incidental costs	Ancillary service costs
Definition	All cost and charges paid at the beginning or at the end of the investment service(s).	All on-going costs and charges for the investment service(s) provided to you.	All costs and charges that are related to transactions performed by us when providing an investment service to you.	Performance fee	Service costs that might be applied if an additional service is provided.
Examples of service costs	Account closing fee	Custody fee Advisory fee Portfolio management fee Account maintenance fee	Transaction fee Broker commission Stamp duty Transaction tax	Performance fee	Debit interest

Depending on the kind of private banking service that you select, different fees will be agreed with you.

- **Advisory Service**

In addition to the above, we may also charge an Advisory fee for the personal investment advice provided to you. If you are using the Advisory Service, we monitor the suitability of your portfolio relative to your Investment Risk Profile on an on-going basis.

- **Discretionary Portfolio Management Service**

We charge a Portfolio Management fee for the discretionary management of the portfolio. In certain cases, we may invest in investment funds and a management fee is charged within the investment fund for this. Any inducements received are passed on to you.

- **Execution Service**

We generally charge only transaction fees, safe custody fees and similar, as no advisory or portfolio management service is provided.

2.2 Product costs

Cost and Charges which are inherent to the financial instrument and related to the issuance and management of the financial product. These costs are charged by the manufacturer of the product and are typically included within the unit price of the product. The costs include the management fee, transaction costs for the underlying investments and performance fees, among others.

The table below provides you examples of the cost levels that could be applied.

The costs and charges reported below as examples have been calculated on a best effort basis using data available from product manufacturers, both Nordea Group and external providers. The examples serve information and illustration purposes only and are not a guarantee of fees that may actually be incurred. For your specific pricing information, please refer to your Wealth Partner.

Instrument	One-off charges	On-going costs	Transaction costs	Incidental costs	Total
Definition	Cost and charges paid at the beginning or at the end of the investment to the issuer of the product. Typically this cost is included in the price.	All on-going costs and charges related to the management of the product that are deducted from the value of the financial instrument.	All costs and charges that are incurred as a result of the buy or sell of investments within the product.	Performance fee within the product.	Total expected costs to be incurred during the holding period of the product.
Examples of product costs	Structuring fee	Management fee Administration fee	Transaction fees, Broker commissions, paid by the fund	Performance fee	
Equities	0	0	0	0	0
Bonds	0	0	0	0	0
Investment funds					
Money market	0*	0.6%	0.3%	0	0.9%
Bond	0*	1.1%	0.3%	0	1.4%
Equity	0*	1.6%	0.3%	0	1.9%
Alternatives	0*	1.9%	0.8%	0.2%	2.9%
Fund of funds	0*	2.0%	1.3%	0	3.3%
Structured products	4%	0	0	0	4.0%
Exchange traded derivatives	0	0	0	0	0
FX derivatives - OTC	0	0	0	0	0

* Please note that we typically do not apply one-off charges for investment funds, which may otherwise be up to 5.0%.

The product cost of investment funds are available in the UCITS Key Investor Information Document (UCITS KIID) or the PRIIPS Key Information Document (PRIIPS KID). The product cost of structured products, derivatives (including currency derivatives) and convertible bonds will be available in the PRIIPS KID.

The above costs may appear complex, however focus should be on the return of the investment after costs, and not on the costs themselves; it may be that the more expensive financial instrument actually provides the more attractive return.

When you invest in an equity or bond, you will pay us a transaction fee for executing the order. The broker who actually trades the equity in the market may also charge an additional fee. As you hold the equities/bonds in your portfolio, you pay a safe custody fee for this service, and if you receive Advisory Services, then you will also pay an advisory fee. There are no Product costs for equities and bonds.

When you purchase units in an investment fund, we may charge a fee for executing your order and a safe custody fee for holding the fund in your portfolio. In addition, the fund provider will charge a management fee for the management of the fund and administration costs.

When you invest in a structured product, we may charge a fee for executing your order and a safe custody fee for holding the structured product in your portfolio. In addition, you have one-off product costs embedded in the product price.

3. Inducements

In connection with the distribution of various investment products we may receive payments from the product manufacturer, known as "inducements". The inducements allow us to offer a wide universe of financial instruments within our investment platform, to conduct analysis of the given products and to provide recommendations on these.

This document illustrates the principles behind the calculation methodology and the level of inducements that we may receive. In addition to this disclosure, you will, on an annual basis, receive a summary of the product costs you have paid within the investment products in your portfolio, and the total inducements we have received from this. You may also ask for a detailed breakdown of inducements per instrument.

3.1 Investment funds

When you purchase units in investment funds, the price, or Net Asset Value, quoted will include a management fee, administration fees and other costs charged within the fund. This is described in the UCITS KIID/PRIIPS KID and the Prospectus of the

fund. The fund company may pay us an inducement for distributing their fund. The inducement is taken out of the management fee, and involves no additional cost to you. The inducement is paid to us on an on-going basis, and can typically be up to 65% of the management fee, depending on the fund manager.

Methodology used to calculate the inducement

The inducement from investment funds is typically calculated as a percentage of the management fee that the fund company pays to us for distributing a specific share class. The inducement depends on:

1. The size of investment in the fund i.e. number of units x Net Asset Value ("NAV");
2. The management fee of the fund;
3. The time period of the investment;
4. The agreed inducement level (as % of management fees).

The formula used is:

$$\text{Inducement} = \# \text{ units} * \text{net asset value} * \text{management fee} * \text{holding period} * \text{inducement level}$$

The exact level of inducement paid by the fund company to us will vary slightly from one company to another, as some fund companies base the inducement on the end of quarter holdings, others base it on end of month holding and others make daily accruals. The inducements are paid to us on either a quarterly, semi-annual or annual basis by the fund company.

Example of calculation

You buy 1,000 units in an investment fund managed by Funds ABC for 100,000 EUR (i.e. at a NAV of 100). The fund has an annual management fee of 1.2 per cent, of which we receive an inducement of 65 per cent. You hold the investment for 6 months.

Management fee	$1,000 * 100 * 1.2\% * 6 / 12 \text{ months}$	= EUR 600
of which inducement to us	$EUR 600 * 65\%$	= EUR 390

The management fee is embedded in the daily NAV of the investment fund. The NAV of an investment fund also includes other costs in addition to the management fee, which is disclosed in the UCITS KIID/PRIIPS KID.

3.2 Structured products

When you invest in structured products, the issue price may include a distribution fee, which is paid by the manufacturer to us. This is described in the Key Information Document ("KID") within "One-off costs". The distribution fee covers the costs of production, distribution, licences, stock exchange listing and risk management, amongst others. In addition, the distribution fee gives us the possibility to provide information and to conduct analysis on structured products.

In particular, we receive a distribution fee for structured products issued by Nordea Bank AB ("the Issuer"). The distribution fee from Nordea Bank AB may be up to 4 per cent of the total nominal amount invested. Distribution fees from other product issuers may be different.

Methodology used to calculate the inducement

The distribution fee from structured products is calculated as a percentage of the nominal amount invested. It is included in the issue price and is a one-off payment from the issuer to us.

The formula used is:

$$\text{Distribution fee} = \text{nominal amount} * \text{distribution fee in per cent}$$

Example of calculation

You buy a nominal amount of EUR 100,000 at an issue price of 100 in structured Product "ABC" issued by Nordea Bank AB. The structured product has one-off costs of 4 per cent, which is entirely made up of the distribution fee and is paid to us.

Distribution fee	= EUR 100,000 * 4%	= EUR 4,000
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Appendix – Cost illustrations

Below are examples of the cost structure of the main classes of financial instruments.

In the examples, the Service and Products costs are split according to when the cost is incurred:

- a) At the time of subscription/trade $T^{(Purchase)}$
- b) During the holding period $T^{(Hold)}$
- c) At the time of exit/selling the instrument $T^{(Sell)}$

For the purpose of the illustration for equities, bonds, investment funds and structured products we assume the holding period is 3 years. In year 1 the instrument is purchased, in year 2 the product is held and no transactions occur. At the end of the holding period, in year 3, the instrument either matures or it is sold.

Please note that all the examples below include an Advisory fee, which would NOT apply to clients with Execution or Discretionary Portfolio Management Service Agreements.

The Custody and Advisory fee are calculated quarterly or annually on the basis of assets under management, and are NOT charged per transaction. For simplification purposes of the below examples, we assume that the value of the instruments remains stable during the recommended holding period.

The examples serve information and illustration purposes only and are not a guarantee of fees that may actually be incurred. For your specific pricing information, please refer to your Wealth Partner.

1. Cost disclosure for equity products

You buy 100 shares of the listed company XYZ with a unit price of 100 EUR. Amount invested: 10,000 EUR.

	Cost type	Fee	Rate	Calculation	EUR
$T^{(Purchase)}$	Service	Transaction	1.0%	10,000 * 1.0%	100
	Service	Broker	0.07%	10,000 * 0.07%	7
	Service	Exchange	-	Stamp tax in certain markets	-
$T^{(Hold)}$	Service	Custody	0.4%	10,000 * 0.4%	40
	Service	Advisory	0.5%	10,000 * 0.5%	50
$T^{(Sell)}$	Service	Transaction	1.0%	10,000 * 1.0%	100
	Service	Broker	0.07%	10,000 * 0.07%	7
	Service	Exchange	-	Stamp tax in certain markets	-

	Service Costs		Product Costs		Total	
	Annualized rate	Amount incurred for the period in EUR	Annualized rate	Amount incurred for the period in EUR	Annualized rate	Amount incurred for the period in EUR
Year 1	1.97%	197	0	0	1.97%	197
Year 2	0.9%	90	0	0	0.9%	90
Year 3	1.97%	197	0	0	1.97%	197

2. Cost disclosure for bonds

You buy a nominal of EUR 10,000 at an issue price of 100 in a bond issued by Company XYZ. Amount invested: 10,000 EUR. The bond has a maturity of 3 years. We assume that you hold the investment until maturity in your portfolio. Please note that if you sell the product before maturity, additional transaction costs will be applied.

	Cost type	Fee	Rate	Calculation	EUR
T (Purchase)	Service	Transaction	0.5%	10,000 * 0.5%	50
T (Hold)	Service	Custody	0.2%	10,000 * 0.2%	20
	Service	Advisory	0.5%	10,000 * 0.5%	50

	Service Costs		Product Costs		Total	
	Annualized rate	Amount incurred for the period in EUR	Annualized rate	Amount incurred for the period in EUR	Annualized rate	Amount incurred for the period in EUR
Year 1	1.2%	120	0	0	1.2%	120
Year 2	0.7%	70	0	0	0.7%	70
Year 3	0.7%	70	0	0	0.7%	70

3. Cost disclosure for investment funds

You buy 100 units in an investment fund managed by Funds ABC for 10,000 EUR (i.e. at a NAV of 100). You hold the investment for a period of three years in your portfolio. In the third year you sell the investment fund.

	Cost type	Fee	Rate	Calculation	EUR
T (Purchase)	Service	Transaction	2.0%	10,000 * 2.0%	200
T (Hold)	Service	Custody	0.6%	10,000 * 0.6%	60
	Service	Advisory	0.5%	10,000 * 0.5%	50
	Product	On-going costs and transaction related costs	1.5%	10,000 * 1.5%	150
T (Sell)	Service	Transaction	2.0%	10,000 * 2.0%	200

	Service Costs		Product Costs		Total	
	Annualized rate	Amount incurred for the period in EUR	Annualized rate	Amount incurred for the period in EUR	Annualized rate	Amount incurred for the period in EUR
Year 1	3.1%	310	1.5%	150	4.6%	460
Year 2	1.1%	110	1.5%	150	2.6%	260
Year 3	3.1%	310	1.5%	150	4.6%	460

4. Cost disclosure for structured products

You buy a nominal of EUR 10,000 at an issue price of 100 in structured products ABC issued by Nordea Bank AB. The product has a maturity of 3 years. You hold the investment until maturity. Please note that if you sell the product before maturity, additional trading costs will be applied.

	Cost type	Fee	Rate	Calculation	EUR
T (Purchase)	Service	Transaction	0.5%	10,000 * 0.5%	50
	Product	Structuring	4.0%	10,000 * 4.0%	400
T (Hold)	Service	Custody	0.2%	10,000 * 0.2%	20
	Service	Advisory	0.5%	10,000 * 0.5%	50
T (Sell)	Product	On-going costs	0	0	0

	Service Costs		Product Costs		Total	
	Annualized rate	Amount incurred for the period in EUR	Annualized rate	Amount incurred for the period in EUR	Annualized rate	Amount incurred for the period in EUR
Year 1	1.2%	120	4.0%	400	5.2%	520
Year 2	0.7%	70	0	0	0.7%	70
Year 3	0.7%	70	0	0	0.7%	70

5. Cost disclosure for options

You buy 100 options with a unit cost of 1 EUR (with a multiplication factor of 100, giving a premium of 10,000). The options are kept until the maturity of 3 months. Transaction costs will be charged as a percentage of the premium. Please note that if you sell the product before maturity, similar transaction costs will be applied.

	Cost type	Fee	Rate	Calculation	EUR
T (Purchase)	Service	Transaction	2.0%	10,000 * 2%	200
	Service	Broker	0.4%	10,000 * 0.4%	40
	Service	Exchange	0.75%	10,000 * 0.75%	75
T (Hold)	Service	Custody	0	0	0

	Service Costs		Product Costs		Total	
	Annualized rate	Amount incurred for the period in EUR	Annualized rate	Amount incurred for the period in EUR	Annualized rate	Amount incurred for the period in EUR
Year 1	3.15%	315	0	0	3.15%	315
Year 2	N/A	N/A	N/A	N/A	N/A	N/A
Year 3	N/A	N/A	N/A	N/A	N/A	N/A

6. Cost disclosure for futures

You enter into 10 futures contracts with a unit cost of 1,000 EUR per contract (with a contract size of 100, giving a total exposure of EUR 1,000,000). The futures contracts are kept until maturity of 3 months. Please note that if you sell the product before maturity, similar transaction costs will be applied. The transaction fees will be charged as a percentage of the notional invested.

	Cost type	Fee	Rate	Calculation	EUR
T (Purchase)	Service	Transaction	100 EUR/contract	10 * 100	1,000
	Service	Broker	5 EUR/contract	10 * 5	50
	Service	Exchange	3.5 EUR/contract	10 * 3.5	35
T (Hold)	Service	Custody	0	0	0

	Service Costs		Product Costs		Total	
	Annualized rate	Amount incurred for the period in EUR	Annualized rate	Amount incurred for the period in EUR	Annualized rate	Amount incurred for the period in EUR
Year 1	0.1085%	1,085	0	0	0.1085%	1,085
Year 2	N/A	N/A	N/A	N/A	N/A	N/A
Year 3	N/A	N/A	N/A	N/A	N/A	N/A

7. Cost disclosure for FX forwards (OTC)

You enter into a forward contract to buy EUR 10,000 against USD for value date in 3 months' time. The transaction fees will be charged as a percentage of the notional invested.

	Cost type	Fee	Rate	Calculation	EUR
T (Purchase)	Service	Transaction	0.2%	10,000 * 0.2%	20
T (Hold)	Service	Custody	0	0	0

	Service Costs		Product Costs		Total	
	Annualized rate	Amount incurred for the period in EUR	Annualized rate	Amount incurred for the period in EUR	Annualized rate	Amount incurred for the period in EUR
Year 1	0.2%	20	0	0	0.2%	20
Year 2	N/A	N/A	N/A	N/A	N/A	N/A
Year 3	N/A	N/A	N/A	N/A	N/A	N/A

Please refer to our website for PRIIPS KID of FX Forward products offered by us.

