

Investment Trusts And ETFs: Examples of charges.

Investment Trusts

How will charges affect my investment?

Any charges you pay will reduce the value of your investment. The table below shows how charges would affect an investment of £10,000 if it didn't change in value at all, or it grew by 2%, 5% or 8% over the course of three years (these are just example growth rates provided by our regulator, the Financial Conduct Authority). This example assumes the investment is sold at the end of the third year and charges include dealing commission for this trade.

The value of any investment can go down as well as up and you could get back less than you originally invested.

Amount invested	£10,000				
Example growth rate per year	Value of investment after 3 years: before charges	Impact of charges on return	Value of investment after 3 years: after charges	Total growth after 3 years: before charges	Total growth after 3 years: after charges
0%	£10,000.00	-£432.49	£9,567.51	0.00%	-4.33%
2%	£10,612.08	-£457.43	£10,154.65	6.12%	1.55%
5%	£11,576.25	-£496.69	£11,079.56	15.76%	10.80%
8%	£12,597.12	-£522.97	£12,074.15	25.97%	20.74%

Examples of costs and charges

When you invest in an Investment Trust or ETF, you'll pay some charges to us, and some charges to the provider of the investment.

The example on the following page shows how much you'd pay in charges if you invested £10,000 in an Investment Trust with our Stocks and Shares ISA and it grew by 5% each year. This is an example rate of growth and isn't a prediction or guarantee. We've split this into how much you'd pay in your first year, what you'd pay in the second year you kept the investment, and what you'd pay if you sold the investment at the end of the third year. Actual charges are different for each Investment Trust and are usually a percentage of your investment, so will vary depending on how much your investment is worth - we've used average percentages of 0.45% for management fees and 0.65% for ongoing charges in the example overleaf.

When you first invest – set up charges and first year

Amount invested	£10,000	
Our charges		
Dealing commission	£12.50	
Account administration charge	£12.50	
Other trading charges		
Stamp Duty	£49.94	0.5%
Investment Trust charges		
Initial charge	£0.00	0.00%
Management fees	£45.27	0.45%
Ongoing charges	£65.40	0.65%
Performance fees	£0.00	0.00%
Plus growth – 5% assumed	£10,493.53	
Less total charges	£185.61	
Investment after charges	£10,307.92	

The second year you have the investment (we've assumed it's grown by 5%)

Our charges		
Account administration charge	£12.50	
Investment Trust charges		
Management fees	£46.96	0.45%
Ongoing charges	£67.84	0.65%
Performance fees	£0.00	0.00%
Plus growth – 5% assumed	£10,819.87	
Less total charges	£127.30	
Investment after charges	£10,692.57	

The year you sell your investment (we've assumed it's grown another 5%)

Our charges		
Dealing commission	£12.50	
Account administration charge	£12.50	
Investment Trust charges		
Management fees	£48.72	0.45%
Ongoing charges	£70.37	0.65%
Performance fees	£0.00	0.00%
Exit charges	£0.00	0.00%
Plus growth – 5% assumed	£11,233.64	
Less total charges	£144.09	
Investment after charges	£11,079.55	

That means that if you held the investment for 3 years, your charges would total **£457.00**.

ETFs

How will charges affect my investment?

Any charges you pay will reduce the value of your investment. The table below shows how charges would affect an investment of £10,000 if it didn't change in value at all, or it grew by 2%, 5% or 8% over the course of three years (these are just example growth rates provided by our regulator, the Financial Conduct Authority). This example assumes the investment is sold at the end of the third year and charges include dealing commission for this trade.

The value of any investment can go down as well as up and you could get back less than you originally invested.

Amount invested	£10,000				
Example growth rate per year	Value of investment after 3 years: before charges	Impact of charges on return	Value of investment after 3 years: after charges	Total growth after 3 years: before charges	Total growth after 3 years: after charges
0%	£10,000.00	-£268.82	£9,731.18	0.00%	-2.69%
2%	£10,612.08	-£275.06	£10,328.34	6.12%	3.28%
5%	£11,576.25	-£284.65	£11,269.04	15.76%	12.69%
8%	£12,597.12	-£294.53	£12,265.11	25.97%	22.65%

Example of charges for ETFs

Exchange-traded funds have different charges to Investment Trusts, and the example on the next page shows how much you might pay in charges if you invested £10,000 in an ETF using a Stocks and Shares ISA. ETFs usually have two charges; an ongoing charge and a transaction cost, and we've used average figures of 0.20% and 0.50%. The example is based on holding the investment for 3 years, and it growing in value by 5% each year. This is an example growth rate only and isn't a prediction or guarantee.

When you first invest – set up charges and first year

Amount invested	£10,000	
Our charges		
Dealing commission	£12.50	
Account administration charge	£12.50	
ETF charges		
Transaction costs	£50.76	0.50%
Ongoing charges	£20.30	0.20%
Plus growth – 5% assumed	£10,497.01	
Less total charges	£96.06	
Investment after charges	£10,400.95	

The second year you have the investment (we've assumed it's grown by 5%)

Our charges		
Account administration charge	£12.50	
ETF charges		
Transaction costs	£52.86	0.50%
Ongoing charges	£21.15	0.20%
Plus growth – 5% assumed	£10,918.55	
Less total charges	£86.51	
Investment after charges	£10,832.04	

The year you sell your investment (we've assumed it's grown another 5%)

Our charges		
Dealing commission	£12.50	
Account administration charge	£12.50	
ETF charges		
Transaction costs	£55.06	0.50%
Ongoing charges	£22.02	0.20%
Plus growth – 5% assumed	£11,371.12	
Less total charges	£102.08	
Investment after charges	£11,269.04	

That means that if you held the investment for 3 years, your charges would total **£284.65**.

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