



BANQUE  
ERIC STURDZA

OUR INVESTMENT SERVICES

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## INTRODUCTION

In January 2020, the Federal Law on Financial Services ("FinSA") came into effect, protecting and providing improved clarity for clients investing in financial products, through greater information and transparency relating to what services are provided to clients, what clients can invest in and how to do so. A core part of FinSA legislation relates to providing the best investment solutions for clients through having a deep understanding of the client's financial situation as well as their investment objectives, emotional risk tolerance, and their knowledge and experience in financial services and products. Through this in-depth understanding of the client's circumstances, financial advisors are able to recommend investment services and financial products tailored to the client's specific needs. From 2024, for some of the services it offers, the Bank has had to establish how its clients want Environmental, Social and Governance ('ESG') criteria to be taken into consideration when selecting investments

Investing in the financial markets and products can be complex. There are risks in any investment, which can vary depending on the type of investment made and the returns on investment.

The purpose of this document is to advise you of FinSA, and how the legislation provides effective protection, through how we assess your personal risk appetite and to give you a better understanding of the products and services that Banque Eric Sturza SA (the "Bank") has to offer you.

## INFORMATION ON SERVICES

FinSA governs a range of financial services; we include information on the following four investment services which are described in fuller detail in the following table.

- ❖ Discretionary Portfolio Management Mandate
- ❖ Portfolio Advisory Mandate
- ❖ Transactional Investment Advisory Mandate
- ❖ Custody Mandate and Execution

## INVESTMENT SERVICES

### Discretionary Portfolio Management Mandate

What service does the bank provide?

The assets held in a Discretionary Managed account are invested by the Bank on your behalf in a portfolio of financial instruments. A Discretionary Management Agreement will be signed between you and the Bank setting out the terms of how the portfolio will be managed and the investment strategy.

Who is responsible for investment decisions?

Before investing your assets in a Discretionary Portfolio, you and the Bank agree on an investment strategy that best suits your profile in relation to risk, time horizon and liquidity needs. Once an investment strategy is agreed upon, the Bank will manage the portfolio in accordance with the agreed strategy and in line with the asset allocation and financial instruments directed by the Banks Investment Committee. It should further be noted that, in order to protect your interests the Bank has the right, but not obligation, to take whatever strategic investment decisions it feels would best protecting your interests.

All individual investment decisions are taken by the Bank.

How do we ensure the suitability of the investment portfolio?

The Bank is required to ensure that our clients understand the discretionary management services, the Bank's responsibilities and risks. We do this via a questionnaire. We will also review the suitability of the discretionary portfolio being recommended, taking into consideration your risk tolerance; financial circumstances, assets and present and future liquidity needs. During our portfolio reviews with you, we will check that the objectives of this portfolio and the strategy chosen is still relevant to your needs and that there are no changes in your circumstances which may require further discussion as to the suitability of the existing investment strategy.

## Portfolio Advisory Mandate

What service does the bank provide?

**This service is offered to clients with a minimum of CHF 1,5 million** to invest in Portfolio Advisory. In line with your stated Knowledge and Experience of financial instruments and an agreed objective of the portfolio, the Bank advises you on how the portfolio should be invested. Asset allocation advice takes into consideration your global risk profile and overall wealth. In all cases, the decision to buy, sell, or hold any financial instrument will be taken solely by you. The bank will provide you with periodic performance reports and reviews.

Who is responsible for investment decisions?

Before investing your assets in a Portfolio Advisory Mandate, you and the Bank agree on an asset allocation that best suits your needs in relation to risk, time horizon and liquidity. In line with this allocation, the bank will provide you with investment recommendations suitable to your agreed investment profile. These recommendations can either be at your request, or at our own initiative, where we believe that a potential investment may be appropriate; subject to the local regulatory constraints relating to the cross-border provision of financial services.

The Bank will provide you with periodic performance reports and will review whether the investment strategy remains suitable to your requirements. In all cases, the decision to buy, sell, or hold any financial instrument will be taken solely by you.

How do we ensure the suitability of the investment portfolio?

The Bank is required to ensure that our clients understand Portfolio Advisory, the Bank's responsibilities and risks. We do this via a questionnaire which reviews both;

- 1) the suitability of the portfolio being recommended, taking into consideration your risk tolerance, financial circumstances, assets and present and future liquidity needs.
- 2) your Knowledge and Experience of different financial instruments.

Should you have limited, or if we are unable to assess your level knowledge or experience of a financial instrument, we will provide you with relevant information explaining its characteristics and the related risks to help inform your decision. We will advise you of this before providing this service, or executing a transaction initiated by you.

Furthermore, if we have indications that a given financial instrument is not appropriate for you, we will advise you not to proceed with the transaction. However, in such case, you always have the right to instruct us to execute the trade at your own risk.

The Bank will provide you with periodic performance reports: We will review with you whether the investment strategy remains suitable to your requirements and that there are no changes in your circumstances which may require further discussion as to the suitability of the existing investment strategy.

## Transactional Investment Advisory Mandate

The Bank will provide, either at your request, or through contact initiated by the Bank, advice in relation to specific financial instruments, subject to the local regulatory constraints relating to the cross border provision of financial services.

In accordance with the Transactional Investment Advisory Mandate, the Bank will provide you with investment recommendation, which either you have requested, or on occasions at our own initiative, where we believe that a potential investment may be appropriate. We will not be actively monitoring the performance of this account, nor will we give advice on running the account with a specific portfolio strategy. In all cases, the decision to buy, sell, or hold any financial instrument will be taken solely by you. We will not actively monitor the performance of your portfolio, you will be responsible for the performance and monitoring of your portfolio, but can request our advice and opinion at any time.

The Bank is required to ensure that our Client's have the appropriate level of knowledge and experience of financial instruments. We do this via a questionnaire to assess your understanding of the different asset classes. Should there be financial instruments that you have limited knowledge of, we will provide you with information relating to the product, its characteristics and the related risks, to help inform your decision. If we are unable to assess the level of knowledge and experience that you may have in a particular financial product we will advise you of this before providing this service, or executing a transaction initiated by you. Furthermore, if we have indications that a given financial instrument is not appropriate for you, we will advise you not to proceed with the transaction. However, in such case, you always have the right to instruct us to execute the trade at your own risk.

## Custody Mandate and Execution

The Bank provides clearing, settlement and custody for all financial transactions that you have instructed the Bank to buy, or sell for your account.

You remain responsible for all of the decisions relating to the assets held within the Custody Mandate Account and for monitoring your portfolio. Under the FinSA legislation the Bank is prohibited from giving any advice pertaining to investment opportunities, or recommendations for Custody Mandate Accounts. The Bank also has neither the obligation to obtain information on your investment strategy, nor on your knowledge and experience of financial instruments. The Bank is permitted, upon your request, to provide you with available information on financial products

The Bank will not perform any pre-trade checks as to whether any given transaction is, or not, suitable or appropriate for you. It is therefore strongly recommended that Custody Mandate accounts are only suitable for you if you have the appropriate level of knowledge and experience in financial markets and that you only trade in financial instruments for which you have the required knowledge to understand the specificities, opportunities and risks associated with them.

## CLIENT CLASSIFICATION

The FinSA legislation requires all clients to be classified under one of the following categories:

- Private Client
- Professional Client
- Institutional Client

The classification determines how and what information is provided to you relating to financial products, and is not intended to restrict access to appropriate financial products.

In general, all the Bank's clients will be classified as Private Clients, unless you elect to sign an opting out to be classified as a Professional Client. Should you wish to do this, please discuss this with your banker who will explain the eligibility criteria and the potential lower level of protection.

For example, it will be assumed that, as a Professional client, you agree to have access to all financial instruments, have a higher level of knowledge and require less information on investments, which could imply a lower level of investor protection.

Clients who, elect, or who are by definition automatically classified as Professional or Institutional Clients, can opt out and be re-classified as a Professional Client, or Private Client.

## INVESTMENT PROFILE: KNOWLEDGE & EXPERIENCE, FINANCIAL AND EMOTIONAL RISK TOLERANCE

The Bank strives to deliver the right solution tailored to your needs, which may evolve over time. The strength of our relationship with you and our deep understanding of your situation is how we best serve your needs.

As previously mentioned, we are required to hold an up-to-date and accurate record of your personal situation and depending on the investment services that you require, knowledge of financial instruments.

We have therefore created an Investment Questionnaire which we will go through with you, this includes a review of your emotional tolerance to risk.

The Questionnaire is in four parts:

- Selecting which Financial Service(s) you would like the Bank to provide you with,
- Your financial and emotional risk tolerance which is required in order to provide you with the most suitable Discretionary Managed Portfolio, or Advisory Portfolio.
- Knowledge and Experience of financial instruments which is relevant for the provision of Portfolio Advisory and Investment Advisory and,
- ESG criteria to be applied to your Discretionary Managed Portfolio, or Portfolio Advisory Portfolio.

The objective of the Questionnaire is to enable the Bank to provide you with the most appropriate investment services suited to your needs.

In determining your financial and emotional risk tolerance, there are two key elements to assessing your notional risk profile:

- Your appetite and tolerance to risk, derived primarily from your financial situation, and
- The amount of fluctuation in the value of investments acceptable to you over a period of time, known as volatility, or draw down. This fluctuation may have a significant impact, at least in the short term, on the value of your portfolio.

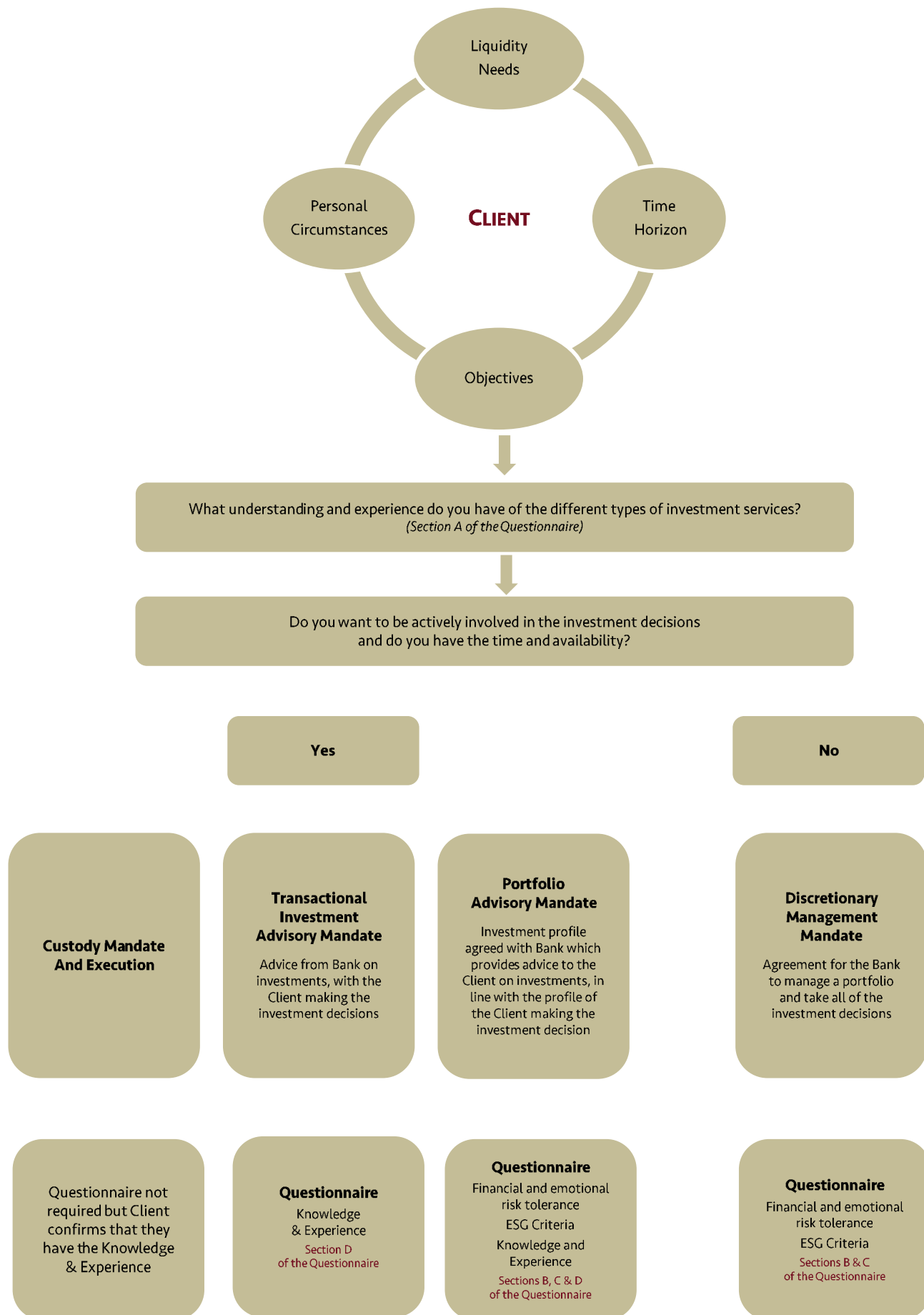
You should also be aware of the following factors:

- Investments in financial markets always expose the investor to volatility in the value of assets. In principle, over the long term, the higher the risk profile, the higher the volatility, but the greater the expected return on capital invested.
- If you have a long time horizon to realising your investment objectives and fewer constraints on liquidity generation (meaning that the portfolio is not required to provide income for day to day expenses, or periodic distributions), it would be more appropriate for you to invest in a portfolio for the longer term with a higher risk profile. Thereby giving you the potential to generate higher returns. Conversely, if you have short to medium term liquidity needs a more suitable investment profile would be one with lower volatility and also potentially lower returns.

You should also be aware that, the performance of an investment portfolio and their underlying investments will be influenced by the market conditions and the economic cycle (i.e. interest rates). It is therefore not possible to predict the future expected investment returns of a portfolio and past performance is not a guarantee of future performance.

In conclusion, the more that a portfolio is composed of riskier assets, such as equities the higher the expected long term returns, but also the higher the volatility in the valuation of the underlying assets.

## CHOICE OF SERVICES



## ESG CRITERIA FOR DISCRETIONARY AND ADVISORY INVESTMENT PORTFOLIOS

ESG criteria refer to the consideration of environmental, social and governance issues in the selection of investments. This criteria covers all the additional financial implications that can impact a company, as well as actions taken by the company to address these challenges. ESG criteria can have a significant impact on a company's reputation and financial situation. ESG risks affect companies of all sizes, and can be decisive for their financial success.

<b>Environmental</b>	Acknowledgement of the challenges of climate change, actions taken to reduce greenhouse gas emissions, combat deforestation, activities linked to maintaining biodiversity, and to combat pollution, preserve natural resources, particularly water, reduce waste production, etc.
<b>Social</b>	Taking into account labour relations within the company, respect for employment law and human rights, including supply and distribution chains, actions to promote health and safety, etc.
<b>Governance</b>	Taking into account the composition, operation and remuneration of the Board of Directors and the Executive Board, succession planning, diversity and inclusion, equal pay for men and women, etc..

On the basis of these criteria, companies are awarded an ESG rating by a specialist rating agency, enabling investors to assess the ESG performance of an investment and the related risks that may arise. Each rating agency uses a different rating methodology, with the aim of indicating the extent to which a company is, or could be, exposed to one or more significant ESG risk(s), and the extent to which these risks are taken into account and managed.

Clients may choose how you would like ESG criteria to be taken into consideration in the selection of financial products proposed to you. It is important to note that taking ESG criteria into account may restrict the universe of eligible financial products and therefore limit the selection of securities that may be recommended to clients.

We offer four levels of ESG criteria which can be applied to client portfolios:

1. Not explicitly interested in applying ESG as an investment criteria;
2. Limited importance of ESG as an investment criteria;
3. Moderate importance of ESG as an investment criteria;
4. High importance of ESG as an investment criteria.