

FINANCIAL SERVICES ACT (FINSA)

INFORMATION FOR CLIENTS OF COLOMBO WEALTH SA

Introductory remarks

The new Swiss Financial Services Act (FinSA) entered into force on January 1st, 2020. The aims of the new Swiss FinSA include strengthening investor protection and establishing comparable standards for financial service providers. The protection of the Swiss financial centre is also one of the aims pursued by this new act.

FinSA obliges financial services providers to give to clients detailed information on various aspects of their services provision. The purpose of this document is providing clients (hereinafter “Client” or “Clients”) with an overview of COLOMBO WEALTH SA (hereinafter “COLOMBO”) and its activities in connection with the provision of financial services.

The following information does not cover all aspects related to the provision of financial services by COLOMBO. Where necessary, this document therefore refers to other documents which the Client receives or can obtain from COLOMBO.

Information on COLOMBO

COLOMBO offers services in the field of asset management for private and collective investments, investment advice and ancillary investment services. COLOMBO has its registered office at Via Clemente Maraini 39, 6902 Lugano and has 2 Swiss branches located in 8002 Zurich, Stockerstrasse 42, and in 1207 Geneva, Avenue de Frontenex, 6 (4th floor). COLOMBO is registered as a stock corporation in the Swiss Commercial Register.

As an asset manager of collective investment schemes, COLOMBO is authorized and regulated by the Swiss Financial Market Supervisory Authority (FINMA, Laupenstrasse 27 in 3003 Bern).

COLOMBO contacts

The Client can communicate with COLOMBO in Italian, English, German or French. COLOMBO can be reached as follow:

COLOMBO WEALTH SA
Att. of the Chief Executive Officer
Via Clemente Maraini 39
6902 Lugano

Tel. +41 91 986 11 00
Fax: +41 91 986 11 10
info@colombo.swiss

Further details on the communication between the Client and COLOMBO are regulated individually by contract.

Terms and conditions of business

The rights and obligations between COLOMBO and the Client in connection with the provision of

financial services shall be governed by the specific service agreement. This information for Clients serves as supplementary information.

Clients' classification

COLOMBO is obliged to classify the Client as retail client, professional client or institutional client. The scope of the individual duties of conduct varies depending on the Client segment. New clients are informed about their classification and existing Clients are only informed about a change of their existing classification.

Retail client

A retail client is considered to be a Client who cannot be clearly assigned to the professional client or eligible counterparty category. By being classified as a retail client, the Client enjoys the highest level of protection.

Professional client

Professional clients are considered:

- Public corporations with professional treasury;
- Pension funds and institutions which, according to their purpose, serve the purpose of occupational pension provision, with professional treasury;
- Companies with professional treasury;
- Large companies;
- Private investment structures with professional treasury for wealthy retail clients.

A professional client has a lower level of protection than a retail client. In particular, COLOMBO may assume for a professional client that the acting persons have sufficient experience, knowledge and expertise to make decisions and to adequately assess the associated risks and that the risks associated with the investment decisions are financially bearable for the Client.

In addition, professional clients may waive the application by COLOMBO of the rules of conduct pursuant to Art. 8, 9, 15 and 16 FinSA (information, documentation and rendering of account obligations) vis-à-vis them.

Institutional client

According to the law, institutional clients are only:

- Regulated legal entities such as financial intermediaries under the Banking Act (BA), the Financial Institutions Act (FinIA) and the Collective Investment Schemes Act (CISA), insurance undertakings under the Insurance Supervision Act (ISA);
- Foreign clients subject to equivalent prudential supervision;
- Central banks; and
- National and supranational public corporations with professional treasury operations.

They benefit from the lowest level of protection. The rules of conduct pursuant to Art. 7 to 19 FinSA per se do not apply to this client segment.

Reclassification

Clients have the following options for changing their client segment:

- Retail clients may at any time request in writing to COLOMBO a change of client classification to (*elective*) professional client (opt-out) if they meet at least one of the following criteria:

- The Client has the knowledge necessary to understand the risks of the investments, based on personal training and professional experience or comparable experience in the financial sector, and has assets of at least CHF 500,000;
- The Client has assets of at least CHF 2 million.
- Pension institutions and institutions with professional treasury which, according to their purpose, serve the purpose of occupational pension provision and companies with professional treasury may declare that they wish to be regarded as institutional clients instead of professional clients;
- Professional clients have the option of requesting a reclassification as retail clients;
- Institutional clients may declare that they wish to be considered professional clients.

Such a change also entails a change in the level of protection applicable to the Client.

Your classification

You can sign a Discretionary or Non-discretionary mandate with COLOMBO. You are consequently classified as qualified investor within the meaning of CISA for the purposes of these services and may acquire funds for qualified investors with advice or within the scope of the asset management mandate.

Although CISA and FinSA classification are not equivalent, the criteria that allowed you to obtain the CISA qualified investors classification could now lead you to a classification in the segment “professional client” according to FinSA. Provided you meet the necessary requirements (see previous section), you can request at any time to COLOMBO such a classification (opt-out). In order to do so, please contact your relationship manager.

All declarations with regard to the change of client segment must always be made in writing.

In case such a changing request of client segment fails, your classification according to FinSA remains that of **retail clients**.

As a general rule, you are obliged to inform COLOMBO of any changes that might affect your classification. If COLOMBO realises that you no longer meet the conditions of the client segment you are classified, COLOMBO is obliged to take action itself and adjust your classification. In this case COLOMBO will inform you immediately.

Asset management services

The asset management services of COLOMBO are provided to Client’s account as specified in the asset management agreement signed by the Client. The asset management services are classified as follows:

Discretionary

The Discretionary service is aimed at Clients, who wish to entrust COLOMBO with the discretionary management of their assets within the framework of COLOMBO policy and individually defined and written criteria (investment strategy). The investment strategy considers the knowledge and experience of the Client as well as the investment objectives and financial circumstances of the Client. With an asset management agreement, COLOMBO is authorised to make investments as in its discretion.

Non-discretionary

The Non-discretionary service is aimed at Clients, who wish to receive personal recommendations with regard to transactions in financial instruments. In contrast to the Discretionary service, the respective investment decision is always made by the Client himself. With a Non-discretionary agreement, the decision-making power and thus ultimately the investment responsibility lies solely with the Client.

Deposits with investment advice may differ greatly in their orientation and structure from those with asset management. The law distinguishes between investment advice for individual transactions where the entire portfolio is not considered (transaction-based investment advice) and investment advice considering the Client portfolio (portfolio-based investment advice).

COLOMBO does not offer transaction-based investment advices to its clientele.

Execution-only

Transactions with financial instruments that are not based on an investment decision or investment recommendation and that are carried out exclusively at the request of the Client are treated as execution-only transactions. For such transactions, it is neither performed a suitability nor an appropriateness test (see below).

Risks involved in trading financial instruments

Transactions with financial instruments are associated with opportunities and risks. These can be very different depending on the financial instrument. In particular, the following risks must be mentioned:

- Price change risk / risk of declining securities prices;
- Credit risk (default risk or insolvency risk) of the issuer;
- Interest rate and exchange rate risk;
- Liquidity risk or risk of suspension of sale / redemption (lack of tradability);
- Total loss risk.

Investments in financial instruments with higher potential returns are also associated with greater risks than investments in financial instruments with lower potential returns. The price of financial instruments is subject to fluctuations on the financial market over which COLOMBO has no influence. Past income (i.e. interest, dividends) and capital gains are not indicators of future income or capital gains. Further information can be found in the brochure “Risks involved in Trading Financial Instruments” published by the Swiss Bankers Association (current version available at the following link: https://www.swissbanking.org/library/richtlinien/risiken-im-handel-mit-finanzinstrumenten/?set_language=en; a copy will be sent by post on request).

Definition of suitability and appropriateness test

In offering the asset management services COLOMBO is obliged to comply with the suitability and appropriateness requirements and to perform the related tests.

The suitability and appropriateness tests performed by COLOMBO are based on the information provided by the Client and COLOMBO assumes its accuracy. If the Client does not provide the requested information and data or only provides it insufficiently, COLOMBO is not able to provide the services to the Client in an appropriate manner.

Suitability test

In connection with the Discretionary or Non-discretionary service, COLOMBO must obtain various information from the Client. This includes – as far as relevant – information on:

- The Client’s knowledge and experience in relation to the agreed financial service;
- The Client’s investment objectives, including:
Information on the time horizon and purpose of the investment, the Client’s risk willingness and any investment restrictions;
- The financial circumstances of the Client:
Information on the nature and amount of the Client’s regular income, assets and current and future financial obligations.

Based on this information, COLOMBO draws up a risk profile with the Client and agrees an investment strategy for the Client.

Appropriateness test

In the case of transaction-based investment advice, the financial services provider must only check whether the provided investment recommendations are appropriate for the Client and must obtain information on the Client's knowledge and experience in the investment business. Nevertheless, as mentioned above, COLOMBO does not offer transactions-based investment advices to its clientele.

Presumption for Professional clients

If a Client is classified as a professional client, COLOMBO assumes that the Client has the necessary knowledge and experience and that the financial risks associated with the investment decisions or recommendations are bearable for the Client.

Proxy Relationships and Joint Accounts

In case of legal persons or when a power of attorney is given, COLOMBO focuses on the person acting vis-à-vis COLOMBO in assessing the knowledge and experience. If the authorised person is only collectively authorised to sign, all persons concerned must have the necessary knowledge and experience. When assessing financial circumstances and investment objectives, COLOMBO always focuses on the account holder. In the case of an account with two or more account holders, COLOMBO always focuses on the person with the weakest financial circumstances or the lowest risk capacity.

Market offer taken into account when selecting financial instruments

The investment universe considered when making investment recommendations or investment decisions by COLOMBO is determined by external research and analysis from various independent external sources and/or from different financial intermediaries. The synthesis of this research and these analyses help the Investment Committee and the Advisory Team in their investment choices.

The investment universe of COLOMBO includes Equities, Bonds, Funds, ETFs and Structured products. Funds and Structured products managed by COLOMBO or for which COLOMBO is portfolio advisor are also considered in the investment universe.

Ultimately when selecting financial instruments, COLOMBO generally considers either third-party or own financial instruments.

Products information

In addition to the product opening documents (product opening application, special conditions, etc.), which contain important information on the products, product-specific risks and costs, COLOMBO provides the Clients with information documents on the financial instruments (i.e. basic information sheet, prospectus, annual report), provided that the issuers of the financial instruments have prepared such documents and COLOMBO is legally obliged to issue them or the Clients ask for them.

Costs of the asset management services and compensations from third parties

COLOMBO is going to inform the Client through its contract documents about the costs (such as brokerage commissions, transactions fees, qualified custodian fees and other related costs and expenses) associated with the offered asset management services. The contract documents are also going to provide information about the compensations, remunerations, or other cash or non-cash benefits, which COLOMBO, from time to time, may accept directly or indirectly from third parties in connection to the investment advice it provides to its Clients.

Conflicts of interest

COLOMBO strives to protect the interests of its Clients. Nevertheless, conflicts of interest cannot always be completely ruled out. COLOMBO takes appropriate organisational precautions to avoid such conflicts of interest or to rule out the possibility of Clients being disadvantaged by conflicts of interest. If discrimination against Clients cannot be excluded, this will be disclosed.

Best execution

COLOMBO aims to achieve the best possible result in terms of price, timing, and quality in executing investment orders on behalf of the Clients. However, the Client understands that COLOMBO has no influence on the selection of the trading venues since the execution of the investment orders is entrusted to the Client's custodian bank. Moreover, the Client understands that COLOMBO may not be always able to obtain the best prices and best execution, especially in cases where Client's choice of qualified custodians differs from those chosen by COLOMBO and a majority of other Clients. In principle, COLOMBO aims to only collaborate with custodian banks that have appropriate best execution policies in place.

Information on the ombudsman

If COLOMBO fails to meet your expectation at any time, please contact your relationship manager. Together we will find a way to resolve the issue.

Nevertheless, if we are unable to find an amicable solution, disputes between the Client and COLOMBO shall be settled as far as possible in an unbureaucratic, fair, quick, neutral, confidential and for the Client inexpensive mediation procedure with a recognised ombudsman.

To this regard, please be informed that COLOMBO is affiliate with the following ombudsman office:

OFS Ombud Finance Switzerland
10 rue du Conseil-Général,
1205 Geneva, Switzerland
Phone number: +41 22 808 04 51
contact@ombudfinance.ch.