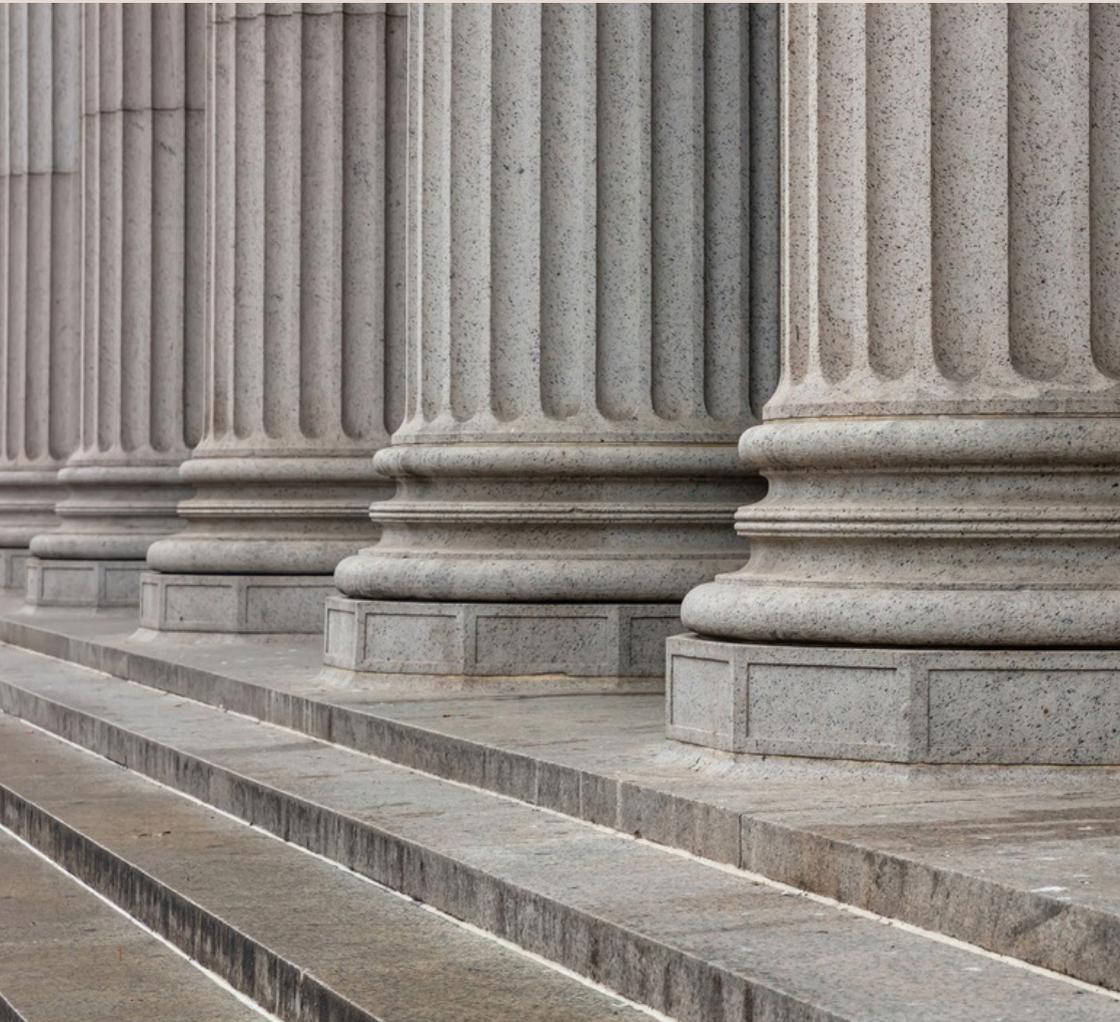




MAERKI BAUMANN & CO. AG

PRIVATBANK

Information for clients on the Financial Services Act (“FinSA”)



Introduction

This information brochure contains key information on the Financial Services Act (hereinafter referred to as “FinSA”) and the corresponding ordinance (Financial Services Ordinance, hereinafter referred to as “FinSO”). Both pieces of legislation came into effect on 1 January 2020 and must be implemented in full no later than 31 December 2021. They are specifically aimed at strengthening protection for clients/investors and at creating a level playing field for Swiss financial service providers – for example through more extensive mandatory procedures for financial service providers such as the duty to provide information and documentation.

Maerki Baumann is hereby complying with its duty to provide general information and providing its clients with an overview of the key points required under FinSA/FinSO, specifically:

- the supervisory status of Maerki Baumann
- suitability and appropriateness
- client segmentation
- mandatory procedures regarding best execution
- conflicts of interest
- remuneration
- general risks and
- handling of complaints

Maerki Baumann’s advisors will be pleased to provide clients with more in-depth information on an individual basis.

This brochure is for supervisory information purposes only. It does not constitute marketing material and nor does it contain a solicitation or an offer for a financial service or a recommendation to buy or sell financial instruments.

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General information on Maerki Baumann

Maerki Baumann is an independent, family-owned Swiss private bank that was founded in 1932. The owners, management and employees pursue long-term goals and relationships. Maerki Baumann fosters a relaxed corporate culture that is founded on trust. As a family-owned private bank, it attaches the utmost importance to independence and security.

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Supervisory status

Maerki Baumann is subject to and regulated by the Swiss Financial Market Supervisory Authority FINMA.

Swiss Financial Market Supervisory
Authority FINMA
Laupenstrasse 27, CH-3003 Bern
Phone +41 31 327 91 00
Fax +41 31 327 91 01
www.finma.ch

Maerki Baumann is licensed by FINMA as a bank and securities firm and is therefore able to provide the corresponding banking services. In 2018, BaFin (German Federal Financial Supervisory Authority) additionally granted Maerki Baumann simplified authorisation to operate in Germany.

Areas of activity

Maerki Baumann's main areas of activity are:

- Investment advisory services for private and institutional clients
- Asset management for private and institutional clients
- Servicing for external asset managers
- Indirect real estate investments for institutional clients
- Lending to private clients
- Crypto services for private and corporate clients

The services offered by Maerki Baumann, extending from investment advice to asset management, are fully geared to satisfying its clients' needs. Corporate governance and investment activities are based on the guiding philosophy of "Security over return". This is reflected in the bank's solid capital base. Maerki Baumann's range of products and services may not be fully available in all domiciles due to regulatory or other factors, as it is subject to the legislation in force in such places.

Suitability check

Under the applicable regulations, Maerki Baumann is required to clarify whether its products and financial instruments are suitable for clients in the case of asset management and investment advisory services. Hereby, the focus is on the client's prior knowledge and experience in relation to securities transactions. The client must understand the complexity, risk and cost of the investment services offered as well as the recommended financial instruments. Furthermore, in terms of their financial circumstances the client must be in a position to bear the risks involved in investment services and financial instruments. This is ultimately dependent on the client's individual risk tolerance.

Maerki Baumann is not required to conduct an appropriateness and suitability check for clients that do not use an investment advisory or asset management service (execution-only clients). No further, specific reference to this fact is made when executing the corresponding client instructions.



Maerki Baumann client segmentation and mandatory procedures

Under FinSA, clients of financial service providers are assigned to one of the following three segments – each of which is subject to different client protection and corresponding mandatory procedures on the part of Maerki Baumann:

- Private clients (“retail” clients)
- Professional clients
- Institutional clients

Private clients

Maerki Baumann categorises all clients as private clients unless it is clearly evident that they are a professional or institutional client within the meaning of FinSA. Thereby, Maerki Baumann pursues the principle that private clients should be afforded the greatest possible degree of protection. Private clients must be fully informed about product risks **before** a financial service is provided or a transaction executed. In addition, they may normally only invest in financial instruments that are explicitly aimed at private clients.

Professional clients

If a client has the required knowledge and experience as well as demonstrates the ability to bear financial losses on the basis of their financial circumstances, they may be deemed a professional client and accordingly may be afforded a lower degree of investor protection. This means that certain mandatory obligations in relation to the provision of financial services under FinSA do not apply to Maerki Baumann. In addition, professional clients have a wider investment universe at their disposal due to the fact that they are also permitted to invest in financial instruments that are intended solely for professional clients and not authorised for distribution

to private clients.

The following are classified as professional clients under the legal provisions (not an exhaustive list):

- Financial intermediaries as defined in the Banking Act (BankA), the Financial Institutions Act (FinIA) and the Collective Investment Schemes Act (CISA)
- Public entities with professional treasury operations
- Occupational pension schemes with professional treasury operations and other occupational pension institutions providing professional treasury operations
- Large companies

Clients that have granted Maerki Baumann or an external asset manager regulated in Switzerland an asset management mandate and/or have sufficient financial resources can declare to Maerki Baumann in writing that they wish to be treated as a professional client (“opting out”, further information on page 8).

Institutional clients

Only certain legal entities are deemed institutional clients under FinSA. Examples include:

- Banks
- Insurance companies as defined in the Insurance Supervision Act
- Foreign institutions subject to prudential oversight
- Central banks
- National and supranational public entities with professional treasury operations. A public entity is deemed to have professional treasury operations if it entrusts,

on a permanent basis, the management of its funds to a professionally qualified person with experience in the financial sector.

Possibility of opting out for private clients¹

High-net-worth private clients have the option of opting out and declaring that they wish to be treated as professional clients. Clients themselves must fulfil at least **one** of the following prerequisites:

- On the basis of training, education and professional experience, or on the basis of comparable experience in the financial sector, or if they have granted an asset management mandate to Maerki Baumann or another external asset manager regulated in Switzerland, the client possesses the necessary knowledge to understand the risks associated with the investments. In addition, they have assets of at least CHF 500,000. In the case of joint accounts, at least one account holder must possess the necessary knowledge and experience.
- The client has total assets of at least CHF 2 million.

The client must submit their opting-out declaration using the bank form supplied by Maerki Baumann for this specific purpose. In all cases, an opting-out declaration relates to the overall business relationship between Maerki Baumann and the client and not merely to individual portfolios or services, or categories of financial product used.

Implementation of opting-out – that is, changing the client's original segmentation – involves a corresponding change to the envisaged level of protection applicable to the client.

If a client wishes to be assigned to a different client segment, they are asked to contact their Maerki Baumann client advisor; the latter will be able to provide them with more detailed information on the procedures and effects of a change in classification.

In the case of joint accounts, it should be noted that all account holders must submit their opting-out declaration on a joint basis.

If Maerki Baumann becomes aware that the client no longer meets the conditions applicable to the client segment to which they are assigned, it is required to make an adjustment on its own initiative. Maerki Baumann will immediately notify the client. Similarly, the client is required to notify Maerki Baumann immediately if they no longer meet one of the conditions.

Possibility of opting in

Professional clients that have chosen to opt out are entitled to opt in again at any time in order to be treated as a private client and enjoy maximum client protection under FinSA; clients who wish to do so must submit their opting-in declaration using the bank form supplied by Maerki Baumann for this specific purpose.

¹ Professional clients may also opt out and declare that they wish to be treated as institutional clients, provided they meet the necessary prerequisites.

Institutional clients likewise have the right to opt in.

An opting-in declaration does **not** result in the termination of transactions that are already in the process of execution. Following receipt of the declaration, Maerki Baumann is authorised to return, exchange or sell all financial instruments that may only be held by professional or institutional clients prior to opting in. Maerki Baumann reserves the right to terminate agreements for financial services or to no longer provide financial services in future if such financial services can only be offered to clients in the client segment **prior to** opting in.

Note: Collective investment schemes for qualified investors

Reference to qualified investors pursuant to the Federal Act on Collective Investment Schemes (“CISA”):

Institutional, professional and private clients that have concluded an asset management or investment advisory agreement with Maerki Baumann or an independent asset manager are referred to as qualified investors.

They may invest in collective investment schemes that are subject to simplified authorisation and approval procedures and are exempt from certain investor protection provisions. Examples: Duty to give investors the right to redeem their investment at any time, or the duty to ensure compliance with regulations on risk diversification.

Mandatory procedures and client protection for the different client segments

Under the applicable FinSA regulations, Maerki Baumann is required to adhere to various mandatory procedures in relation to the provision of financial services. These include the following in particular:

- Prior to the use of a financial service or conclusion of an agreement, Maerki Baumann provides the client with the required information on which to base their decision (duty to provide information). This would specifically include:
 1. Information on the financial service (its nature, essential features and functionalities) as well as the fundamental rights and obligations which arise from it for clients
 2. In the case of personally recommended financial services, information on:
 - the associated risk and costs
 - the business affiliations with third parties in connection with the financial service offered
 - the market offer taken into account when selecting the financial instruments and whether it comprises only its own or also other financial instruments
- In the case of an investment advisory and asset management service, Maerki Baumann checks whether it is appropriate and suitable for the client (appropriateness and suitability check)
- Documentation and (on request) disclosure of the service provided (documentation and rendering of account)
- Explanation of the financial instruments through provision of a key information document, where such a document needs to be produced (transparency and care in client orders)

The client segment determines which mandatory procedures apply. The following is an overview:

Private clients

- Duty to provide information
- Appropriateness and suitability check
- Documentation and rendering of account
- Transparency and care in client orders

Professional clients

- Appropriateness and suitability check
- Transparency and care in client orders

Only if not waived by professional client:

- Duty to provide information
- Documentation and rendering of account

Professional clients can explicitly waive MBC's duty to provide information, document and render account. With regard to the appropriateness and suitability check, Maerki Baumann assumes that professional clients have the necessary expertise and experience and in financial terms are able to bear the investment risks associated with the financial service.

Institutional clients

None of the codes of conduct set out in FinSA apply in the case of institutional clients. For institutional clients, therefore, there is no duty to provide information, document or render account; nor are there any duties with regard to transparency and care in client orders as well as conducting an appropriateness and suitability review.

In particular, Maerki Baumann is not required to ensure that the best possible outcome is achieved in terms of cost, timing and quality when executing its clients' orders.



Best execution



Maerki Baumann is required to guarantee best execution of client orders. The current execution principles, as well as information on the top five trading/execution venues, are posted on the Maerki Baumann website.

Maerki Baumann investment universe

Maerki Baumann's product line-up currently comprises:

- Equities
- Bonds
- Foreign currencies
- Units in collective investment schemes (actively and passively managed investment funds and ETFs)
- Commodities
- Structured products
- Derivatives
- Digital assets
- Other financial instruments

The same investment universe is used for investment advisory business as for asset management.

In-house products are considered only in the event of gaps in the market. This ensures Maerki Baumann is able to operate without any conflicts of interest.

Conflicts of interest

Maerki Baumann puts the interests of its clients, owners and employees at the heart of everything it does. For that reason, Maerki Baumann continuously seeks to avoid conflicts of interest. In view of the wide array of high-quality financial services provided by Maerki Baumann to a large variety of clients on a daily basis, it is not always possible to fully prevent conflicts of interest. However, Maerki Baumann has instituted measures designed to ensure that conflicts of interest are dealt with transparently and efficiently.

Potential conflicts of interest

A conflict of interest exists when contradictory interests need to be addressed. For example, the interests of various Maerki Baumann clients may be at odds with one another, or the interests of clients may clash with those of Maerki Baumann and its employees. Conflicts of interest can also arise as a result of personal relationships between employees of Maerki Baumann and third parties, or for other reasons.

Measures to avoid conflicts of interest

Maerki Baumann provides its services on a professional, suitably qualified basis.

For instance, Maerki Baumann continuously seeks to eliminate the potential for conflicts of interest. Maerki Baumann has taken a range of measures to enable it to identify and/or avoid potential conflicts of interest between the client and Maerki Baumann, its employees or other clients in advance, and therefore comply with the regulatory requirements:

First and foremost, Maerki Baumann has issued an internal bank directive on conflicts of interest; all employees are required to comply with the directive and their compliance is monitored. Furthermore, Maerki Baumann has taken additional measures including the following (not an exhaustive list):

- Organisational measures to protect the interests of clients
- Directive on market behaviour and employee transactions

Dealing with conflicts of interest

Maerki Baumann adheres to the following principles when dealing with conflicts of interest:

- Early identification of potential conflicts of interest and determining measures to avoid them
- Minimisation of client risks and maximum avoidance of financial disadvantages for clients if it is not possible to prevent a conflict of interest
- If a conflict of interest is unavoidable and the interests of clients cannot be guaranteed despite all possible measures, Maerki Baumann notifies clients accordingly (disclosure).

- Rules on accepting and disclosing gifts, etc.
- Directive on rules and disclosure regarding external mandates, secondary occupations, etc., of employees
- Monitoring of compliance with applicable directives
- Policy of adequate remuneration that does not create negative incentives

More in-depth information is available on the Maerki Baumann website.

Information on costs

One-off and ongoing fees and costs may be incurred by Maerki Baumann and by third parties in the course of providing financial services. Costs and fees can either be charged directly to the client's account or deducted from the return on a financial instrument.

Maerki Baumann sends the client a list of the latest pricing at the time of opening a safe-keeping account or in connection with any changes. In addition, Maerki Baumann

provides the client with advance notification of the fees and costs charged. Fees and costs are stated on an approximate basis or within bandwidths if precise figures cannot be determined in advance or if calculating them would involve disproportionate time and effort. If this is not possible in advance either, the client will be notified accordingly and an account of the costs provided subsequently.



Remuneration (retrocessions)

Retrocessions are cash or non-cash benefits that Maerki Baumann may receive from third parties in connection with (the distribution of) financial products.

In its asset management mandates, Maerki Baumann exclusively uses financial products that do not involve the payment of retrocessions by third parties. By way of exception, such retrocessions may be received from third parties on an isolated basis in connection with the provision of investment advisory services and execution-only business.

Any retrocessions received from third parties serve to recompense Maerki Baumann for the services it has provided in respect of such third parties. They are agreed/owed independently of business relationships with clients. They may involve distribution services in connection with investment instruments used by Maerki Baumann to improve the quality of service provided to all its clients. In addition, they compensate Maerki Baumann for general distribution expenses

as well as for other services in respect of product providers. Maerki Baumann notifies clients of the nature and scope of the compensation it receives in connection with the agreed financial service in the relevant contractual agreements. **Through these contractual agreements, clients explicitly accept that Maerki Baumann can accept and retain such compensation.**

Risks involved in trading financial instruments



Investment in financial instruments offers opportunities for clients, as investors, but also entails risks. It is therefore essential that clients understand the risks involved in financial instruments. With that in mind, they are given a copy of the Swiss Bankers Association brochure “Risks Involved in Trading Financial Instruments” as well as Maerki Baumann’s more in-depth risk disclosures on the investments.

Product information



In addition to the various risk disclosures containing more in-depth information on the different financial products, specific product information is available for many financial instruments (e.g. key information documents), where available from the creator of the financial product. Clients can obtain this from their Maerki Baumann client advisor at any time, or it can be made available to clients in another suitable form.

Handling of complaints

Maerki Baumann attaches major importance to fully satisfying its clients' needs and expectations. In the unlikely event of it failing to do so, clients can raise their objections directly by sending a written complaint to their Maerki Baumann client advisor, stating their name, client number and the basis of their complaint. Maerki Baumann endeavours to address its clients' concerns as quickly as possible and to provide a satisfactory response or find an amicable solution.

If it fails to do so, clients have the option of contacting the Swiss Banking Ombudsman. The latter is the relevant ombudsman for Maerki Baumann and acts as a neutral information and mediation body that does not charge a fee for its services. **As a rule, the Banking Ombudsman only intervenes in the event of a client complaint to Maerki Baumann and a response setting out its position from the latter.**

Contact details:

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Bahnhofplatz 9, P.O. Box
CH-8021 Zurich
Phone +41 43 266 14 14
(German and English)
Fax +41 21 311 29 83
(French and Italian)
www.bankingombudsman.ch

Important legal information

This information brochure is intended solely for Maerki Baumann clients. It contains statements and information from sources that Maerki Baumann considers reliable. Although Maerki Baumann has made every effort to ensure that the information in this publication was correct at the time it was compiled, Maerki Baumann can offer no undertaking or guarantee, either expressly or implicitly, regarding the correctness, reliability or completeness of the said information and opinions, as the details of the information may have changed since it was published.

Maerki Baumann's General Terms and Conditions, as well as any agreements concluded between the client and Maerki Baumann shall apply.

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