

## Information on the Financial Services Act (FIDLEG)

### 1. Introduction

GAM Investment Management (Switzerland) AG (hereinafter "GIMS") acts in the interest of its clients, follows regulatory developments and complies with the regulations on investor protection resulting thereof.

This includes the Federal Financial Services Act (hereinafter "FIDLEG"), which entered into force on 1 January 2020, and which provisions GIMS fully complies with after the elapse of the respective transition period.

This client information brochure provided by GIMS to its clients describes the main principles of FIDLEG and provides essential information on the implementation measures taken by GIMS in this regard.

The client information brochure is provided to clients for informational and regulatory purposes only and thus, should not be considered as marketing material. Furthermore, it does not constitute an invitation or offer to provide a financial service nor a recommendation to buy or sell a financial instrument.

If you have any questions or require further information, please do not hesitate to contact your client advisor.

### 2. Purpose of FIDLEG

In principle, FIDLEG pursues similar objectives as the European Financial Markets Directive MiFID II, and thus aims to ensure enhanced investor protection. In addition, FIDLEG imposes similar requirements to financial services providers thereby creating a regulatory level playing field and thus contributes to strengthening the reputation and competitiveness of Switzerland's position as a financial centre.

### 3. General information about GIMS

GIMS is a Swiss fund management company supervised and licensed by the Swiss Financial Market Supervisory Authority (FINMA) with its registered office at Hardstrasse 201 in 8005 Zurich. Its shares are wholly owned by GAM (Switzerland) Holding AG, which in turn is wholly owned by GAM Holding AG, a company listed on the Swiss Stock Exchange.

In addition to the fund business (consisting of the offering of units of collective investment schemes as well as their management and administration), GIMS is engaged in other activities, such as the provision of administrative services for collective investment schemes, the representation of foreign collective investment schemes as well as the provision of asset management and investment advice regarding collective as well as individual assets for institutional, professional and private investors.

Detailed information on GAM Holding AG and the GAM Group, such as the range of services and products offered, can be found on the website [www.gam.com](http://www.gam.com).

### 4. Information on financial services

FIDLEG applies when GIMS provides any of the following financial services to its clients:

#### **Portfolio management**

GIMS offers its clients portfolio management mandates tailored to their needs. Under such an asset management mandate, GIMS undertakes the investment decision for the client, having determined in advance the client's

knowledge and experience as well as the client's financial situation and investment objectives, according to the client's classification.

### **Investment advice (taking into account the entire portfolio / transaction-based)**

GIMS advises the client on transactions with financial instruments by taking into account the client's entire portfolio. Under such an investment advice mandate, the client retains the ultimate investment decision on the financial instrument(s) recommended as well as the responsibility for the respective investment. GIMS, depending on the client's classification, ensures that the recommended transaction corresponds to the client's financial situation, his knowledge and experience as well as the investment strategy agreed with the client.

GIMS may also advise the client only with regard to individual transactions with financial instruments, without taking into account the client's entire portfolio. Within such a transaction-based investment advice, the client retains the final decision as well as the responsibility for the respective investment. GIMS, based on the client's classification, ensures that the recommended transaction is appropriate for the client.

### **Acceptance and transmission of orders for financial instruments ("execution only")**

This service includes all financial services restricted to the acceptance or transmission of orders initiated by the client in his name and on his behalf, without any prior recommendation from GIMS. GIMS does not verify the clients' knowledge and experience, nor their financial situation and investment objectives. If the Client places an order in the future, the non-performance of the appropriateness and suitability assessment within the meaning of Art. 13 paragraph 2 FinSA will not be reiterated.

## **5. Client classification**

The rules of conduct that GIMS must comply with under FinSA differ according to the client category. Retail clients benefit from the highest level of investor protection.

In order to define the level of investor protection, GIMS classifies its clients into one of the three client categories presented in the table below:

Client category	Definition
Retail clients	Clients who are neither professional nor institutional clients.
Professional clients	<ul style="list-style-type: none"><li>Occupational pension scheme with professional treasury operations and other occupational pension institution providing professional treasury operations</li><li>companies with professional treasury operations</li><li>large companies, i.e. companies that exceed two of the following parameters: (a) balance sheet total of CHF 20 million; (b) turnover of CHF 40 million; (c) equity of CHF 2 million</li><li>private investment structures with professional treasury operations created for high-net-work individuals</li><li>public entities with professional treasury operations</li></ul>
Institutional clients	<ul style="list-style-type: none"><li>Swiss financial intermediaries as defined in Banking Act of November 8, 1934 (BankA), Financial Institutions Act of June 15, 2018 (FINIG) and the Collective Investment Schemes Act of June 23, 2006 (CISA)</li><li>insurance or reinsurance companies according to the ISA</li><li>central banks</li><li>national or supranational public entities with professional treasury operations</li></ul>

Clients might request to change the client classification proposed by GIMS and their respective investor protection level at any time as long as the necessary legal requirements are met; in order to ensure legal certainty such a request must be made in writing by means of the opting-out form provided to the client by GIMS (Opting-Out) or by means of a personally signed letter to the client advisor (Opting-In).

Changes that can be requested with regard to the initial client classification are for instance:

- a high-net-worth retail client can declare that he/she wishes to be considered as a professional client and thus to benefit from a lower level of protection (Opting-Out), if at least one of the following two legal requirements is met:
  - the client has the necessary knowledge based on training, education, and professional experience, or on the basis of comparable experience in the financial sector, to understand the risks associated with the investments and has eligible assets of at least CHF 500 000; or
  - the client has eligible assets of at least CHF 2 million.
- a professional client can declare that he/she wishes to be considered as an institutional client and therefore to benefit from a lower level of protection (Opting-Out).
- an institutional client declares that he wishes to be considered as a professional client and thus benefit from a higher level of protection (Opting-In).

In the context of an opting-out to become a professional client, direct investments in real estate and claims from social insurance schemes as well as occupational pension assets do not qualify as eligible financial investments.

Clients who have opted out to institutional clients or professional clients may be reclassified as professional clients or retail clients (Opting-In) at any time by means of a personally signed letter to the client advisor and with effect from the date specified in the confirmation received from GIMS.

The assignment to a specific client category (client classification) has mainly the following effects:

	<b>Private</b>	<b>Professional</b>	<b>Institutional</b>
GIMS will perform an appropriateness test (knowledge and experience) within the scope of the investment advice without considering the client's portfolio.	Yes	No	No
GIMS has a regulatory duty to take into account the investment objectives of the client within the scope of portfolio-related investment advice as well as asset management.	Yes	Yes	No
GIMS will consider the client's financial situation and knowledge and experience in the context of portfolio-related investment advice as well as asset management.	Yes	No	No
GIMS will document the client's needs as well as the reasons for the recommendations it makes during the investment advisory process.	Yes	Yes	No
GIMS will provide the client with a key information document (KID) as part of the investment advisory process when the client purchases certain financial instruments for which a KID must be published.	Yes	No	No
GIMS has a regulatory duty of best execution when processing the client's securities orders.	Yes	Yes	No

Under the revised Collective Investment Schemes Act, the offering of certain collective investment schemes is restricted to qualified investors.

Professional clients as well as retail clients who have entered into a permanent discretionary or investment advice relationship with a Swiss financial intermediary licensed by FINMA (or a foreign financial intermediary subject to equivalent prudential supervision) are by law considered as qualified investors. This allows these clients to invest in collective investment schemes that are offered to qualified investors only.

Clients who have not been classified by GIMS as professional clients and who have not entered into any of the afore-mentioned permanent discretionary or investment advice relationships may nevertheless have access to collective investment schemes reserved for qualified investors by means of an Opting-Out to professional clients.

## 6. Suitability and Appropriateness Assessment

When providing portfolio management services as well as investment advice (taking into account the client's entire portfolio), GIMS carries out a suitability check and will seek information from the client for this purpose. In the case of investment advice for individual transactions (transaction-based advice), GIMS carries out an appropriateness test.

### **Suitability Assessment:**

This assessment aims to determine whether the selected investment strategy and asset allocation or the individual product is suitable for the client in view of his needs and financial circumstances (risk capacity and risk tolerance).

For this purpose, GIMS inquires with retail clients about their financial circumstances and investment objectives as well as their knowledge and experience with regard to the financial service offered. With regard to professional and institutional clients, this suitability assessment is less extensive or is not carried out at all (see also the overview table on the impact of investor protection based on the client classification). Subsequently, one or more investment strategies are defined together with the retail client, taking into account his knowledge and experience as well as his personal investment objectives and financial circumstances. This assessment serves as basis for the portfolio management mandate or an investment advisory mandate. If the client does not yet have sufficient knowledge and experience with respect to certain financial services or financial instruments, GIMS will educate the client accordingly.

If GIMS comes to the conclusion that a financial instrument is not suitable for the client, it will inform the client accordingly. If the information received by GIMS from the client is insufficient for assessing the suitability of a financial instrument, GIMS will inform the client correspondingly before providing the respective service, namely the execution of a transaction. In such a case, the client shall bear the sole responsibility for the transaction.

### **Appropriateness Assessment:**

In this context, GIMS clarifies the extent to which the retail client is aware of the offered financial product or the selected investment strategy and asset allocation as well as the associated risks (risk understanding). For this purpose, GIMS verifies knowledge and experience of the retail client respectively of the person placing the order for the transaction. This might be the account holder himself, a joint account holder, a representative, or an authorized signatory holder for a company. With regard to professional and institutional clients, this appropriateness assessment is less extensive or is not carried out at all (see also the overview table on the impact of investor protection based on the client classification). The client's knowledge and experience are used to assess whether the financial instruments are appropriate for the client. A financial instrument is appropriate if the client understands how it works and the consequences of purchasing it. If the client does not yet have sufficient knowledge and experience with respect to certain financial services or financial instruments, GIMS will educate the client accordingly.

If GIMS comes to the conclusion that a financial instrument is not appropriate for the client, it will inform the client accordingly. If the information received by GIMS from the client is insufficient for assessing the suitability of a financial instrument, GIMS will inform the client correspondingly before providing the respective service, namely the execution of a transaction. In such a case, the client shall bear the sole responsibility for the transaction.

The appropriateness and suitability assessment depend both on the client classification as well as the financial service rendered to the client. Accordingly, they do not apply with regard to institutional clients or execution-only transactions (e.g. orders for subscription and redemption of funds). With regard to professional clients, GIMS assumes in accordance with FinSA that they have the required level of knowledge and experience and can financially bear the investment risks associated with the financial service.

For both suitability and appropriateness assessment, GIMS is permitted to rely on information received from its clients. Therefore, clients are strongly encouraged to immediately report any changes in the information provided to GIMS regarding their personal circumstances.

## 7. Execution of client orders

GIMS shall ensure to obtain the best possible result for clients in respect to price/cost and speed when executing transactions on their behalf ("Best Execution"). With regard to price/cost, GIMS takes into account not only the price for the respective financial instrument but also the costs associated with the execution of the order as well as any third-party compensation.

In order to determine the relative importance of the above-mentioned factors, GIMS also considers the specific Characteristics of the order and/or the client, whereby for most clients the factors price and cost are of decisive importance.

Best execution principles are set forth in one or more internal directives regarding best execution and broker selection.

## 8. Costs and fees

GIMS charges fees for the provision of its financial services. These fees are based on the type and scope of the financial service in question and are agreed in detail in the respective contract with the client (e.g. a fixed percentage on the assets under management) and disclosed transparently therein.

In addition, for financial instruments for which a prospectus is available, information on costs is disclosed in the respective prospectus (reference is made to the website of the respective issuer). Cost information on financial instruments is also disclosed in the BIB, where available.

Information on costs and fees incurred in connection with the provision of financial services by third parties (independently of the financial service provided by GIMS) and which are charged directly to the clients by said parties (e.g. management and other fees in connection with custody account management) may be obtained by the client directly from the respective third party.

In the context of an asset management mandate, clients will receive in addition to the afore-mentioned ex-ante information on costs and fees (or on the respective bandwidths), a detailed ex-post overview of the costs and fees actually incurred; such overview will be made available to the customer on a periodic basis.

Clients are welcome to contact their client advisor for detailed information.

## 9. Organizational measures

### 9.1 Conflicts of interest

GIMS endeavors to properly identify and avoid situations that may represent a conflict between the interests of GIMS (or its employees) and the interests of its clients. However, such conflicts of interest can always occur if business interests are contrary to one another.

A conflict of interest may occur in the following situations, in which GIMS:

- obtains in breach of good faith a financial advantage or avoids a financial loss at the expense of its clients;
- has an interest in the outcome of a financial service provided to its clients that is contrary to that of said clients;
- has a financial or other incentive to favour the interests of a client or group of clients over the interests of another client or group of clients; or
- receives in breach of good faith an inducement in the form of a financial or non-financial benefit from a third party in relation to a financial service provided to its client.

The afore-mentioned conflicts of interest may arise in connection with execution-only transactions, (portfolio related) investment advice as well as asset management.

In addition, the universe of investment funds provided by GIMS to its clients is not restricted to products of external fund providers, but includes also in-house investment funds; accordingly, conflicts of interest may (potentially) arise here as well. In cases where the properties of the in-house investment funds are compatible to those of the external third party providers, GIMS may preferentially fall back on its own products and recommend or select them for the clients accordingly. Furthermore, certain intragroup fund management companies have delegated the management of the assets of some of their funds to GIMS in return for a

corresponding management fee.

In order to identify conflicts of interest and to prevent them from having a detrimental effect on the client, GIMS and/or the GAM Group have issued appropriate directives (e.g. a general directive on the avoidance of conflicts of interest as well as directives for specific areas such as employee account transactions or external mandates) and monitors compliance with them, for example with appropriate monitoring programs.

In cases, where the measures implemented by GIMS cannot prevent disadvantages for its clients (or only with a disproportionate amount of effort), GIMS discloses said conflict to the client in an appropriate manner.

## **9.2 Economic ties or connections with third parties**

GIMS is part of a financial services group (GAM Holding AG and its subsidiaries). In addition, GIMS cooperates with banks and other financial service providers, whereby the afore-mentioned parties act usually as mere custodians of securities, settlers, etc. However, such economic ties may lead to a conflict of interest in connection with the provision of a financial service. If this is the case, GIMS informs its clients accordingly.

## **9.3 Third party compensation**

In connection with the provision of some services, GIMS may receive under certain circumstances (and to the extent permitted by law) compensation from GAM Group companies or other third parties. For example, in connection with the distribution of investment funds, GIMS receives compensation from fund providers for granting access to GIMS' distribution network as well as for the related administrative expenses incurred by GIMS.

Such compensation is based in each case on a service provided by GIMS and is retained by GIMS accordingly.

## **10. Risks involved in trading with financial instruments**

Investing in financial instruments entails financial risks which can vary substantially depending on the financial Instrument involved. GIMS informs its clients about these risks in the respective financial services agreement or in the corresponding brochure, factsheets, etc. In addition, clients are provided by the client advisor with the brochure "Risks in Trading with Financial Instruments" (published by the Swiss Bankers Association), which provides a generic overview about financial services as well as financial instruments and explains in detail the risks associated with such financial services/instruments. Alternatively, the brochure can be found on the website [www.gam.com](http://www.gam.com).

For most financial instruments, product fact sheets, such as the so-called key information document (KID), are available in addition to the above-mentioned brochure on the risks involved in trading financial instruments. GIMS provides its retail clients with such a key information document when personally recommending financial instruments (if such a document is to be prepared for the recommended financial instrument). Instead of a key information document, GIMS may also provide documents in accordance with foreign law, provided that these are equivalent to the key information document (e.g. PRIIP-KID).

## **11. Ombudsman' office**

In the event of any feedback or complaints, GIMS recommends that clients contact their client advisor directly, who will endeavor to deal with the matter in a satisfactory manner.

If, exceptionally, a client should not be satisfied with the way in which his concern has been dealt with, FIDLEG provides for mediation via an ombudsman's office to resolve disputes between clients and financial service providers. For this purpose, GIMS has joined an ombudsman's office recognized by the Federal Department of Finance (FDF).

The ombudsman's office is a neutral and cost-effective information and mediation office.

GIMS is affiliated with the following ombudsman office:

Ombudsstelle für Finanzdienstleister (OFD)  
Bleicherweg 10  
8002 Zürich  
[www.ofdl.ch](http://www.ofdl.ch)