Semi-Discretionary Portfolio Management - Product Information Sheet

Information about the Bank

Cornèr Bank Ltd – Via Canova 16, 6900 Lugano, Switzerland – Tel. +41 91 800 51 11 – Fax +41 91 800 53 49 – Internet https://www.corner.ch – SWIFT Code CBLUCH22NRA – As a financial institution with a banking licence, Cornèr Bank Ltd ("Bank") is under the supervision of the Financial Market Supervisory Authority FINMA (Laupenstrasse 27, 3003 Berne, Switzerland – Tel. +41 31 3279100)

Characteristics

Semi-Discretionary Portfolio Management is based on a management mandate conferred by the Client. Under that contract, the Client authorizes the Bank to perform whatever transactions it considers appropriate in the context of a usual portfolio management banking relationship so as to ensure that the assets held in the Client's account will be managed by the Bank in line with the specific investment strategy defined by the Client, in accordance with the Portfolio Management Guidelines issued by the Swiss Bankers Association (SBA). The Bank selects, at its own discretion, the financial instruments and the optimal time of execution.

Under a semi-discretionary management mandate, the Client defines the investment strategy by indicating on the investment profile form the percentage of the assets allocated to the various available investment categories (*building blocks*). The percentages should be indicated in multiples of 5%, amounting to a total of 100%. It is necessary to at least specify a percentage for the "Liquidity" investment category. The Client is not allowed to give any other specific investment instructions.

	Risk/reward indicators	CHF	EUR	USD
Liquidity	1.0	%	%	%
Investment Grade Bonds	3.0	%	%	%
High Yield Bonds	3.5	%	%	%
Global Selection Equity	5.5	%	%	%
AcrossGen Global Equity	6.0	%	%	%
Swiss Equity	5.5	%	n.a	n.a
Italian Equity	5.5	n.a	%	n.a
European Equity	5.5	n.a	%	n.a
US Equity	5.5	n.a	n.a	%
Emerging Country Equity	6.0	%	%	%
Alternative Investments	4.0	%	%	%
Total			**%**	

For such management, the Bank uses investment funds and other indirect financial instruments. The products offered on the market considered for the selection of financial instruments includes instruments of the Bank itself as well as of third parties. Clients who sign a portfolio management mandate are considered qualified investors as defined by the Collective Investment Schemes Act (CISA). The Bank may therefore also invest in funds or other collective investment instruments reserved for qualified investors.

The "AcrossGen Global Equity" is implemented by means of a unique investment fund of Cornèr Banca Ltd, CB-ACCENT LUX – AcrossGen Global Equity Fund. The term "AcrossGen" (Across Generations) refers to family businesses or listed companies that are managed by the second or later generations who hold a substantial percentage of the share capital.

Note: The Client has the option of submitting a written request to not be considered a qualified investor, but in that case it is not possible to sign a semi-discretionary portfolio management mandate, which is only available in a version suitable for non-qualified investors.

Under a semi-discretionary portfolio management mandate, the Bank performs limited management activities, in the sense that it cannot change at its discretion the percentage allocations set by the Client. In any case, the Bank will rebalance the portfolio according to those allocation percentages. Such rebalancing will be performed quarterly in the event of a substantial deviation from the total percentage allocation defined for the "Equities" building blocks, and at the end of the year in any case. All that is described in greater detail in the relevant management mandate and the related investment Profile for Semi-Discretionary Portfolio Management. The Client can use the "Change Profile" form to modify the investment strategy in the course of management.

The Bank will provide advice to define an investment strategy in line with the Bank's investment policy and the Client's risk appetite and capacity. To that purpose, the Bank will draw up a risk profile based on the Client's financial situation, investment objectives, knowledge and experience, and calculate the level of risk of the investment strategy defined by the Client. Moreover, the Client has the option of expressing an interest in investment-related sustainability factors (ESG factors) in the risk profile.

For each risk profile of the Client, there is a maximum risk threshold recommended for the investment strategy. For the investment strategy risk assessment procedures, please see the "Risks" section below.

The table below summarizes the investment objectives and risks of the investment strategies recommended for the various risk profiles of the Client.

Principal risk profile	Recommended investment objective	Maximum risk associated with the recommended investment objective *	
Low	Capital preservation	3.5	Relatively contained asset value fluctuation; **low risk**
Medium-Low	Capital preservation and moderate long-term growth	4.0	Moderate asset value fluctuation and possible limited liquidity and limited transparency of the alternative investments component; **medium-low risk**
Medium	Moderate long-term capital growth	4.5	Fluctuation in the value of the assets and possible limited liquidity and limited transparency of the alternative investments component; **medium risk**
Medium-High	Long-term capital growth	5.5	Considerable asset value fluctuation and possible limited liquidity and limited transparency of the alternative investments component; **medium-high risk**
High	Strong long-term capital growth	7.0	Heavy asset value fluctuation and possible limited liquidity and limited transparency of the alternative investments component; **high risk**

* The level of risk is defined on a scale of 1 to 7, where 1 indicates a low risk of loss and a limited potential return, whilst 7 indicates a much higher risk of loss and a much greater potential return. This scale is similar to the SRRI (Synthetic Risk and Reward Indicators) scale used in the KIIDs (Key Investor Information Documents) or Synthetic Risk Indicator (SRI) scale used in the PRIIPs KID (Packaged Retail and Insurance-based Investment Products Key Information Document) for investment funds.

It should be noted that when using the present solution to select investments, the Bank will take sustainability factors into account even in the portfolios of Clients who have declared themselves neutral on the topic. Unless insufficient data is available, the Bank will adopt a system of assessment of the average sustainability risk of the portfolio. For more on that subject, please see the section “ESG risks” and “ESG Characteristics” below.

Clients may use the Bank’s digital services at any time to look up the asset situation of their own portfolio, including the details of their individual investments.

Risks

Investing in financial instruments may entail various risks. To get an overview of the main risks, the Bank invites you to read the “Risks Involved in Trading Financial Instruments” brochure published by the SBA, which the Client receives together with the mandate and/or is available on the website corner.ch/e/finsa.

Portfolio management, too, entails risks of loss related to factors such as fluctuations in the value of the financial instruments in which the assets are invested, regardless of the selected investment strategy. The risk inherent in the various investment strategies largely depends on the different asset allocations, investment categories and reference currencies of the underlying financial instruments.

Some of the risks related to certain types of financial instruments are illustrated below. Investing in equity investment funds enables higher returns but also entails higher potential risk, e.g. in the case of highly volatile market prices.

Investments in emerging markets, which are generally more volatile than investments in well-established markets and more exposed to liquidity risks at the time of redemption, as well as to counterparty risks, may offer prospects of higher returns but also involve greater risk.

When an investment is made in a foreign currency (other than the reference currency of the Client’s account), the risk of an unfavourable fluctuation in the exchange rate can have a significant impact on the product’s net performance.

Under semi-discretionary management mandates, the risk level of the investment strategy defined by the Client is calculated as a weighted average of the allocation percentages of the risk indicators of the various investment categories, with an adjustment to take currency risk into account if the total allocation percentage for investment categories in a currency other than the portfolio's reference currency exceeds 30%. The risk indicators for the investment categories are allocated on the basis of a simulation of the average of the synthetic risk indicators (SRIs) of the funds potentially used within the investment category. The synthetic risk indicator (SRI) indicates a product’s level of risk relative to other products and expresses the probability that the product will suffer losses due to market fluctuations; it is usually indicated in the key information document or equivalent document (e.g. KID PRIIPs) of an investment fund. The scale of the synthetic risk indicator (SRI) ranges from 1 (low risk) to 7 (high risk).

Withdrawals of assets under management may have a negative impact on the results of the management since the Bank may have to liquidate investments at times when the market is unfavorable.

Financial risks related to sustainability (ESG risks)
“ESG” (Environmental, Social & Governance) refers to environmental factors (e.g., energy and water consumption), social factors (e.g., employer attractiveness, supply chain management) and governance factors (e.g., wage policy. operational management).

"ESG risks" are events or conditions related to environmental issues (e.g., damage and costs of climate-related extreme weather events and changes in consumer habits), social issues (e.g., due to the violation of employment standards and insufficient occupational health or safety protection measures) and governance issues (e.g., due to unequal treatment of shareholders, inadequate risk management, lack of control mechanisms) that can have a negative impact, at a contingent time or in the future, on the company's profitability, costs, reputation and profitability, and on the prices of its financial instruments. ESG risks may affect in various ways the individual classes of investment, geographical areas and economic sectors, as well as individual businesses. Events such as climate change and environmental damage, as well as the need to move towards a (more) sustainable economy, may cause changes in the real economy that lead to new risk factors for investors. In the context of portfolio management, ESG risks and peculiarities can be properly taken into account and/or pursued through diversified ESG approaches (for more information, please see the brochure "Risks Involved in Trading Financial Instruments" published by the SBA).

ESG characteristics

Under the Semi-Discretionary Portfolio Management Mandate, the ESG risks are taken into account in the investment process by means of a synthetic indicator of the ESG risk of the portfolio (average ESG Risk of the portfolio), based on the ESG Risk classification (ESG Risk Rating) of the individual financial instruments; the Bank obtains such ratings from an independent specialized provider. The ESG Risk Rating scale for the individual financial instruments ranges from 0 (minimum ESG Risk) to 100 (maximum ESG Risk). A rating of 30 or more points indicates a high ESG Risk.

The Bank performs quarterly monitoring of the weighted average ESG Risk Rating of the financial instruments in the portfolio (average ESG Risk of the portfolio). If the Bank finds that the average ESG Risk of the portfolio reaches or exceeds a score of 25 points, the Bank will proceed, at its discretion, to makes purchases and sales in such a way as to lower the average ESG Risk of the portfolio to a score below 25. If the independent provider fails to provide any ESG Risk Rating for one or more financial instruments, such instruments will not be taken into account in calculating the average ESG Risk of the portfolio. Moreover, the assessment of the average ESG Risk of the portfolio excludes certain asset categories, such as cash and cash equivalents, foreign exchange products, precious metals, derivatives and structured products (so-called “excluded categories”). To be able to calculate the average ESG Risk of the portfolio, an ESG Risk Rating must be available from the independent provider for at least 65% of the assets invested in the relevant categories (i.e. without considering the excluded categories).

When choosing investment instruments, the Bank also takes into account the availability of an ESG Risk Rating to ensure that it is possible to calculate an average ESG Risk for the portfolios under management. That possibility cannot be assured for portfolios with special investment instructions from the Client.

Financial terms

Minimum Investment
CHF 250,000 or the equivalent

Fees
In return for performing the semi-discretionary management, the Bank charges the Client an “all-Inclusive” quarterly fee covering the fees for management, book-keeping, securities brokerage (including third-party fees) and custody charges. The commission is calculated on the total value of the assets, based on the rates in the Bank’s fee schedule.

Other costs
Any collective investment schemes (investment funds) and structured products that may be involved in the management entail further costs borne by the investor, i.e. management fees and/or subscription and/or exit fees. Under the management agreement, it is possible to acquire institutional classes of funds, which are normally associated with lower costs than the retail classes. Such costs are indicated in the key information documents for the financial instruments provided to the Client by the Bank, subject to availability.

Moreover, the financial investments may be taxable, either at the place of trading or at the place of the Client's domicile. The Bank makes every effort to prevent the Client from choosing investments with adverse tax consequences but is unable to take the Client’s specific tax situation into consideration for purposes of optimization.

Term, Termination of the Agreement
The agreement is entered into for an indefinite period. Notwithstanding the foregoing, either party may terminate the agreement at any time by giving written notice.

Changes
The Bank reserves the right to modify the present document at any time without prior notice.