

This publication provides an introduction to asset management mandates for private clients. This information is intended to help the Client understand the characteristics, benefits and risks of the asset management mandates, the respective asset classes and the financial instruments used.

Financial Services Disclosure

Asset management mandate

Definition of an asset management mandate

An asset management mandate is an agreement under which the Client (the Principal) delegates the management of his/her/its portfolio to PKB (the Bank) as portfolio manager. Investment decisions are at the sole discretion of the Bank and in accordance with the mandate issued by the Client. This service may only be provided to the Client after signing a written asset management mandate agreement that clearly indicates the choice of the investment strategy (investment profile) and any investment instructions.

Once the Client has delegated the management of his/her assets, investment decisions are taken by the Bank and the Client does not participate actively in the management of the portfolio. However, the Client may redefine the investment strategy by changing the investment profile at any time during the term of the discretionary mandate.

The PKB Discretionary Mandate

The Bank offers its clients the PKB Asset Management Mandate, which invests primarily in bonds, shares, funds and certificates. In order to meet the Client's needs in terms of risk appetite and time horizon, the Bank provides the Client with four investment profiles:

- Income
- Defensive
- Balanced
- Equity

When signing the asset management mandate, the Client may select the option "Investments mainly in investment funds and ETFs (Exchange Traded Funds)".

The mandate may be accessed for small amounts by selecting this option, while for large assets there is the option of accessing the "Premium" mandate, for which the investment strategy is customized to the Client's needs.

In addition, the Bank offers its clients the Flexible Mandate, which invests primarily in bonds, shares, funds and certificates.

If the Bank agrees, exceptionally, to act in accordance with specific investment instructions from the Principal, such instructions shall be executed under the sole responsibility of the Principal. The execution of the instructions issued by the Principal shall not imply the revocation of the asset management mandate.

The Bank shall provide the Principal with an annual report on its management.

Main risks of the management mandate

An asset management mandate, being a service that consists of investments in financial instruments, involves risks. Whatever the risk profile chosen, there is no guarantee of return on investments.

When signing an asset management mandate, a number of risks must be taken into account, such as those described below. For further information, please refer to the brochure entitled "Risks Involved in Trading Financial Instruments" published by the Swiss Bankers Association (SBA), along with this notice, on the Bank's website: www.pkb.ch/en/legal/legal-notice-and-documents

Market risks

Financial markets are volatile and difficult to predict. The value of the portfolio is partly dependent on unpredictable variables such as price fluctuations or investment decisions, which lead to gains and, in some cases, losses. Interest rates, exchange rates and the economic situation are other uncontrollable variables that depend on macroeconomic indicators. In addition, past performance is not a guarantee of future returns.

Liquidity risks

Liquidity risk refers to the risk that an investor will be unable to sell his/her portfolio position at any time at reasonable prices. If certain financial instruments cannot be sold or are only sold with difficulty or only at a significantly reduced price, the market is deemed to be illiquid.

Issuer risks

For most investments there is a risk that the issuer of the financial instrument will become insolvent. This eventuality is precisely defined as issuer risk. It is therefore important to know who issues the financial instrument in question and who has to fulfil its obligations. These aspects are of central importance in order to properly assess an issuer's creditworthiness as well as its specific risk (issuer risk). For debt instruments, such as bonds, this contingency is defined as credit risk, since the debtor or the beneficiary of the credit normally assumes the position of the issuer.

Currency risk

Asset management mandates may partially invest in financial instruments denominated in a currency other than the investor's reference currency. This can lead to fluctuations in value that could affect the overall returns of the portfolio.