KEY INFORMATION DOCUMENT
REGARDING THE FEDERAL ACT ON FINANCIAL SERVICES (FINSA)

Content

1 Introduction

This key information document provides basic information on the Federal Act on Financial Services (FinSA), which entered into force in Switzerland on 1 January 2020 and is applicable, after a transition period, from 1 January 2022. FinSA aims to strengthen investor protection by establishing rules of organization and conduct that apply to all financial services providers. This document describes the business of Banca del Ceresio SA (the Bank) and the measures it has taken to comply with the new legislation.

For additional information, please contact your relationship manager, who will be happy to assist you accordingly.

This key information document is intended solely for the Bank's Clients. Its purpose is purely informational, and does not constitute a promotion of the Bank or its financial services. The information contained may be updated from time to time. The latest version of this key information document is available at the Bank's premises and online at www.ceresioinvestors.com).

2 Banca del Ceresio SA

Banca del Ceresio SA is a Swiss bank based in Lugano, registered as a limited company in the Canton Ticino Business Register.

It operates as both a bank and a representative pursuant to the Collective Investment Schemes Act, under licences granted by the Swiss Financial Market Supervisory Authority (FINMA), Laupenstrasse 27, CH-3003 Berne (telephone +41 31 327 91 00), by which it is supervised. The banking licence also allows it to provide portfolio management, investment advisory, and financial instrument trading and custody services.

The Bank is a member of the Swiss Bankers Association and of "esisuisse", which insures Clients' deposits at Swiss banks up to the amount of CHF 100,000 per Client and institution (so-called "preferential deposits"). Under the "esisuisse" deposit insurance system, any Clients of a bank which becomes insolvent will receive their preferential deposits within seven working days, regardless of the bank's liquid asset situation. For additional information on deposit insurance, visit www.esisuisse.ch. Unlike preferential deposits protected by the deposit insurance system, the financial instruments held by the Bank in the name and on behalf of Clients are segregated from the Bank's own funds and are therefore unaffected by any insolvency proceedings against the Bank (Article 37d of the Federal Banking Act [BA]).

Detailed information:

Name:	Banca del Ceresio SA
Address:	Via della Posta 7, CH-6900 Lugano
Telephone:	+41 91 923 84 22
E-mail:	info@ceresioinvestors.com
Website:	www.ceresioinvestors.com
IDI code:	CHE-102.245.636
BIC code:	BACECH22
LEI code:	2138008R2E4S7263EI48

3 Client classification

3.1 According to the Financial Services Act

3.1.1 In general

FinSA requires the Bank to assign all Clients to one of the following segments:

- Retail Clients.
- Professional Clients.
- Institutional Clients.

The classification determines the level of protection the Client is afforded when contracting financial services, in particular the extent of information and documentation the Bank must provide and the rules of conduct (e.g. appropriateness and suitability) it has to follow when providing such services.

Clients are assigned to one of the segments considering all of their current and future business relationships and all the financial services they may receive from the Bank.

3.1.2 RETAIL CLIENT STATUS

The status of 'Retail Client' ensures the maximum level of protection when it comes to financial services. This means that:

- Before performing a service or a transaction the Bank must provide complete information on the associated risks and costs, for example through the "key information document" specific to the financial instrument.
- The Bank must assess appropriateness and suitability to take due account of the Client's characteristics in relation to the financial services offered and/or provided.
- The Bank must document the services contracted with Clients and the information collected on them and give Clients access to certain information.
- The Bank must account for the financial services contracted and provided, in particular the portfolio composition, current value, and performance over time of the Client's portfolio.
- The range of financial instruments available to Clients may be limited, in consideration of their knowledge and experience.

In principle, the Bank classifies its Clients as Retail, unless they have expressly stated to the Bank in writing that they wish to be treated as Professional Clients in accordance with FinSA.

Retail Clients may be either individuals or legal entities/associations that do business with the Bank.

3.1.3 PROFESSIONAL CLIENT STATUS

'Professional Clients' are considered to be sophisticated investors who may be advised about a wider range of financial instruments than Retail Clients and who therefore enjoy a lower level of protection.

The Bank assumes that Professional Clients:

- Have the knowledge and experience with financial instruments needed to make investment decisions.
- Are able to assess whether investment risks are appropriate and financially sustainable for him.

Professional Clients may forgo receiving FinSA-mandated information and documentation from the Bank.

Clients classified as Professional will be duly informed of their status by the Bank.

Clients are classified as Professional if they meet specific legal criteria.

The following legal entities are classified as Professional Clients by law:

- Social security and pension institutions with professional treasury operations.
- Companies with professional treasury operations.
- Large companies that meet two or more of the following criteria:
  - balance sheet total of CHF 20 million;
  - turnover of CHF 40 million;
  - equity of CHF 2 million.
- Private investment structures with professional treasury operations created for high-net-worth Retail Clients.

3.1.4 INSTITUTIONAL CLIENT STATUS

'Institutional Clients' are considered to be highly sophisticated investors who do not need any protection when it comes to financial services. Therefore, the FinSA rules of conduct (information, documentation, appropriateness and suitability) do not apply to the Bank's dealings with Institutional Clients.

Clients are classified as Institutional if they meet specific legal requirements.

The following legal entities are automatically classified as Institutional Clients:

- Financial intermediaries as defined by the Federal Banking Act (BA), the Financial Institutions Act (FinIA), and the Collective Investment Schemes Act (CISA).
- Insurance companies as defined by the Insurance Supervision Act.
- Foreign financial intermediaries and insurance companies subject to prudential supervision equivalent to that in Switzerland.
- Central banks.
- National and supranational public entities with professional treasury operations.

3.1.5 Change of status (opting out/opting in)

Under certain conditions, Clients can request a different status which will apply to all current and future business relationship and all financial services they may receive from the Bank. Partial changes of status are not allowed.

Retail Clients may declare by means of a special form stating their wish to be treated as Professional Clients (opting-out) if they meet at least one of the following conditions:

- on the basis of training, education and professional experience or on the basis of comparable experience in the financial sector, they possess the necessary knowledge to understand investment-related risks have at their disposal assets of at least CHF 500,000;
- they have at their disposal assets of at least CHF 2 million, excluding direct real estate investments, social security claims, and occupational pension assets.

Clients who switch to Professional status forgo the greater protections afforded to Retail Clients. Nevertheless, the Client shall be entitled to request at any time to be reclassified as a Retail Client.

A Professional Client may make a written request to the Bank to be treated as a Retail Client (opting-in). By switching to Retail status, the Client will benefit from the highest level of protection afforded by FinSA.

The following legal entities can declare that they wish to be treated as Institutional Clients (opting-out):

- Social security and pension institutions with professional treasury operations.
- Companies with professional treasury operations.

Institutional Clients may only opt to be treated as Professional Clients (not as Retail).

3.2 According to the Collective Investment Schemes Act

Qualified investors within the meaning of the Collective Investment Schemes Act (CISA) are entitled to invest in Swiss and foreign collective investment schemes (also called investment funds), regardless of whether they are admitted for public offering in Switzerland; collective investment schemes reserved by law for qualified investors also fall within this category.

According to CISA, the following are treated as qualified investors:

- Retail Clients as defined by FinSA who have a durable mandate with the Bank for portfolio management or investment advisory services.
- Professional Clients as defined by FinSA.
- Institutional Clients as defined by FinSA.

However, the Collective Investment Schemes Ordinance (CISO) allows Retail Clients to opt out of qualified investor status by submitting a written statement to that effect.

Collective investment schemes reserved to qualified investors may involve higher risks in terms of asset diversification, type of investments permitted, or supervisory requirements.

4 Financial services offered

The Bank offers the following financial services.

4.1 Portfolio management

Under portfolio management mandates, Clients authorize the Bank to manage their assets and make investment decisions on their behalf.

The Bank draws up a risk profile and coordinates an investment strategy with each Client. It makes sure the investment strategy is appropriate with respect to the Client's financial situation and objectives.

The Bank regularly monitors the Client's portfolio and verifies that the financial investments are consistent with the agreed investment strategy and with its investment policy.

The portfolio management mandate entails the following risks, borne personally and directly by the Client, which may lead to financial losses:

- **Strategy-related risks**. Various risks may arise, depending on the agreed investment strategy. The risks associated with the investment strategy are stated in the portfolio management mandate.
- **Market and counterparty risks**. The investments made by the Bank may lose value and all or part of the amount invested may fail to be recovered. Market and counterparty risks may vary depending on the financial instrument and the economic and geopolitical context.
- **Risks related to lack of information**. The information gathered in the Client's risk profile is necessary to ensure that the Bank's portfolio management is suitable for the Client. Inaccurate, incomplete, and/or out-of-date information can affect how the portfolio is managed; in particular, it can generate excessively high investment risk with respect to the Client's actual risk capacity or make investment decisions appropriate to the Client impossible.

4.2 Investment advisory

Under investment advisory mandates, Clients request personalized investment advice from the Bank regarding the assets held in deposits and custody accounts.

The Bank draws up a risk profile for, and coordinates an investment strategy with, each Client. It makes sure the investment strategy is suitable with respect to the Client's financial situation and objectives.

The Bank ensures that the transactions it recommends are appropriate with respect to the Client's knowledge and experience with financial instruments, and suitable in terms of the agreed investment strategy.

The Client decides independently whether to follow the Bank's investment recommendations. The Bank will not execute any transaction unless the Client instructs it so to do.

The investment advisory mandate entails the following risks, borne personally and directly by the Client, which may lead to financial losses:

- **Strategy-related risks**. Various risks may arise, depending on the agreed investment strategy. The risks associated with the investment strategy are stated in the investment advisory mandate.
- **Market and counterparty risks**. The investments made by the Client may lose value and all or part of the amount invested may fail to be recovered. Market and counterparty risks may vary depending on the financial instrument and the economic and geopolitical context.
- **Risks related to lack of information**. The information gathered in the risk profile is necessary to ensure that the Bank's investment recommendations are suitable for the Client. Inaccurate, incomplete, and/or out-of-date information can affect the advisory service; in particular, it can generate too high an investment risk with respect to the Client's actual risk capacity or make it impossible to give the Client suitable investment advice.
- **Risks associated with the transmission of orders**. The Bank's recommendations may become abruptly inapplicable as a result of market events; as such, they are valid only at the moment when, or for the period in which, they are given. Prices and market valuations are based on standard sources of financial information; they are indicative and may change at any time. The delayed transmission of a stock

market order following the Bank's recommendation may lead to execution risks, particularly as a result of sudden changes in market conditions.

- **Risks associated with the composition of the portfolio**. The Bank periodically monitors the Client's portfolio and verifies that the financial investments are consistent with the agreed investment strategy. Ultimately, however, the Client makes investment decisions independently and is therefore solely responsible for the composition of the portfolio. Poor portfolio structuring and/or diversification may lead to financial losses.

4.3 ORDER EXECUTION

The order execution service consists of the reception and execution, including the transmission to third-party intermediaries for execution, of orders to buy and sell financial instruments.

With this service, Clients or their authorized representatives:

- Decide independently which investments to carry out.
- Determine their own portfolio composition.
- Monitor investments and portfolios on their own.

As such, the Bank provides no advice or support in these areas. Its sole function is to ensure that Clients obtain the best possible execution in terms of financial advantage, timing, and quality.

With regard to this service, the Bank does not draw up a risk profile or coordinate an investment strategy with the Client. Therefore, in this instance it will not ensure that the Client's stock market orders are appropriate with respect to the Client's knowledge and experience with financial instruments and investment objectives. This also applies if a third party (for example, an external portfolio manager) acts on the Client's behalf under an administrative power of attorney or if the Client makes trades independently using an account for which the Bank has an investment advisory or portfolio management mandate. **Please note that the Bank will not remind the Client of this fact each time upon receipt of each individual order.**

Order execution entails the following risks, borne personally and directly by the Client, which may lead to financial losses:

- **Market and counterparty risks**. The investments made by the Client may lose value and all or part of the amount invested may fail to be recovered. Market and counterparty risks may vary depending on the financial instrument and the economic and geopolitical context.
- **Risks related to lack of knowledge and experience**. Given that the Client acts independently with no support from the Bank, the Client needs specialized knowledge of financial instruments and time to stay appraised of the financial markets. Otherwise, the risk may arise that the Client invests in an inappropriate financial instrument. The total or partial lack of financial knowledge may also lead the Client to make investments that do not suit their financial situation and/or investment objectives. This can lead to financial losses.
- **Execution risks**. In certain market conditions it will be difficult or even impossible for the Bank to execute orders at a predefined price or to close certain positions. Even a stop-loss order will not necessarily limit the Client's risk of loss, since under certain market conditions such an order might fail to be executed. Losses arising from such market situations will be borne in full by the Client.
- **Risks related to the failure to monitor the portfolio**. Since the Bank does not monitor the Client's portfolio, the Client is solely responsible for structuring and monitoring the portfolio and its individual investments. The complete or partial failure to structure, diversify, and/or monitor the portfolio may lead to financial losses.

4.4 GRANTING OF LOANS FOR FINANCIAL INSTRUMENT TRADING

Under certain conditions, the Bank may grant Lombard loans to Clients for the purpose of trading in financial instruments. These loans require the signature of a lending agreement and a pledge and transfer agreement on the securities account that guarantees the loan.

When a portfolio is financed wholly or partially by a Lombard loan, special consideration must be given to the following risks, borne personally and directly by the Client, which may lead to financial losses:

- **Leverage risks**. The use of a Lombard loan to finance investments changes the portfolio's risk/return characteristics. Because of the leverage effect from use of the loan, there are greater opportunities for gain but also greater risks of loss. Specifically, in extreme market situations, the Client may suffer the total loss of invested capital while still being required to pay back the loan plus interest.
- **Risks associated with the loss of value of the pledge**. If the value of the pledge covering the loan falls below a certain limit, the Bank may require the Client to provide additional guarantees immediately (margin call) or to pay back all or part of the loan. If these requests are not complied with, the Bank can immediately realize the pledge. This may occur at an unfavourable time for the Client, entailing loss and liquidity risks.
- **Risks related to exchange rates**. If the portfolio's base currency is different from the currency in which the loan is contracted, exchange rate fluctuations may entail additional risk of financial loss.

The Client should also be aware that receiving a Lombard loan may create a conflict with other financial services provided by the Bank. In particular, the Lombard loan may adversely affect the performance of the management or advisory mandate.

5 Assessment of appropriateness and suitability

5.1 Assessment of appropriateness

In respect to the appropriateness assessment, the Bank verifies that an investment recommendation is appropriate with respect to the Client's knowledge and experience in the field of financial instruments.

5.2 Assessment of suitability

With regard to the suitability assessment, the Bank verifies that investment advice or transactions executed within the framework of portfolio management suit the Client's personal and financial circumstances, investment objectives, and tolerance and risk appetite.

5.3 Obligations of the Bank

In the execution of investment advisory mandates agreed with private Clients, the Bank verifies its recommendations are both appropriate and suitable. If the Client is classified as Professional, the Bank does not verify the appropriateness and only partially verifies the suitability of its recommendations, on the assumption that Professional Clients have the necessary knowledge and experience and are financially able to bear the investment risks associated with the financial service.

In the execution of asset management mandates, the Bank performs a suitability assessment only – a complete check for Retail Clients and a partial check for Professional Clients – merely to verify that the financial service provided is suitable for achieving the investment objectives.

Within the scope of the order execution service, the Bank never verifies either the appropriateness or the suitability of a transaction, regardless of the Client's status. **Please note that the Bank will not remind the Client of this fact upon receipt of each individual order**.

For Clients acting through an authorized person, such as an attorney-in-fact, the Bank considers that person's knowledge and experience for the purposes of assessing appropriateness.

In order to carry out the appropriateness and adequacy checks, it is essential that the Client provide the Bank with all information requested in a true and thorough manner and notify the Bank immediately of any changes in this regard. Such information is gathered in the document entitled the 'Risk Profile'.

6 Information on risks associated with financial instrument trading

Investments in financial instruments entail both opportunities and risks for the Client. Therefore, it is essential that the Client understand the risks associated with different financial instruments.

The Bank will thoroughly inform the Client of the characteristics and risks of financial instruments through the provision of the Swiss Bankers Association brochure "Risks Involved in Trading Financial Instruments". This brochure can also be downloaded from the Bank's website at www.ceresioinvestors.com.

In addition, at the time of purchase of certain financial instruments such as investment funds, the Bank will provide the Client with a key information document if it is recommending the financial instrument to the Client; otherwise, if the purchase is at the Client's sole initiative, the Bank will provide the document only if it is readily available. A Professional Client may forgo receiving key information documentation in general.

The key information document contains simplified information on the characteristics, risks, and costs of the product and makes it possible to compare different financial instruments. If the Client is assisted by an external portfolio manager or another financial intermediary, only that party has the duty to provide information to the Client.

Clients may ask their advisors any time for further information on the risks of trading financial instruments.

7 Information on best execution

The Bank has an order transmission and execution policy that describes the measures it has taken to obtain the best possible result in terms of financial benefit, timing, and quality ("best execution") in the context of the order execution service.

The Bank will thoroughly inform the Client about its best execution policy through the provision of a specific key information document. The key information document can also be downloaded from the Bank's website at www.ceresioinvestors.com.

8 Information on conflicts of interest

8.1 In general

The Bank puts Client's interests first by providing them with high-quality services and working with competence and professional integrity. However, in the course of business, conflicts of interest may arise when there are conflicting commercial interests.

In order to prevent a conflict from harming the interests of Clients, the Bank has taken measures to identify, prevent, and manage conflicts of interest, particularly those that might arise in the provision of financial services.

If these measures do not eliminate the risk of harming the Client's interests, or if this is possible only with a disproportionate effort, the Bank will notify the Client so the Client can make an informed decision about the services provided or the transactions requested. This can be accomplished via personal calls, in contracts, in brochures, in the information provided on financial instruments, or through the Bank's website (www.ceresioinvestors.com).

8.2 Commissions received

The Bank thoroughly informs its Clients about the commissions it receives in Article 35 of its General Terms and Conditions.

9 Information on costs

The interest, fees, and other sources of compensation received by the Bank for its financial services are stated in the price list available to the Client. These costs may vary according to the size of the portfolio or specific investment requirements and can be adapted to the Client's needs.

10 Ombudsman

The Client is entitled to contact the Swiss Banking Ombudsman, a mediation body of which the Bank is a member, to settle any disputes with the Bank. The Swiss Banking Ombudsman is a neutral, free-of-charge information and mediation centre. It deals with concrete complaints by Clients against banks based in Switzerland.

The procedure is described on the Ombudsman's website: it is a voluntary, non-judicial process that promotes dialogue between the parties. The mediator proposes a non-binding settlement which the parties can decide whether to accept or reject.

The Ombudsman has a duty of discretion and only acts with the Client's agreement.

Detailed information:

Name:	Swiss Banking Ombudsman
Address:	Bahnhofplatz 9, CH-8021 Zurich
Telephone:	+41 21 311 29 83 / +41 43 266 14 14 14
Website:	www.bankingombudsman.ch