

Information concerning the investment business of Sparkasse Schwyz AG

This text applies analogously to female persons and to a plurality of persons.

Ladies and gentlemen

This information brochure provides you with information about Sparkasse Schwyz AG (hereafter «Bank»), our customer segmentation, the financial services we offer and the associated risks, how we handle conflicts of interest and how to initiate a mediation procedure with the Office of the Ombudsman. The information in this brochure may be amended from time to time. The most recent version of this brochure is available in our branch offices and on our website at [www.sparkasse.ch/fidleg].

Information on the costs and fees for the financial services offered is contained in our fee schedule, as amended from time to time; this may be requested from us at any time. The fee schedule as amended from time to time is also available online at [www.sparkasse.ch/fidleg].

Information on the risks generally associated with the financial instruments can be found in the attached brochure «Risks Involved in Trading Financial Instruments» published by the Swiss Bankers Association. The brochure is available in our branch offices and can be downloaded online at [www.sparkasse.ch/fidleg].

This brochure meets the disclosure obligations pursuant to the Federal Act on Financial Services (FinSA) and aims to give you an overview of the Bank's investment business. If you would like further information our customer advisors will be happy to discuss your questions personally with you.

Yours sincerely,

Sparkasse Schwyz AG

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1. Information concerning the Bank

1.1 Name and address

Name	Sparkasse Schwyz AG
Address	Herrengasse 23
Post code, town/city	6430 Schwyz
Telephone	041 819 02 50
Email	anlagen@sparkasse.ch
Website	www.sparkasse.ch
BIC	6633
Swift	RBABCH22633
LEI	529900MHMTR8ADX7DQ44

Comm. Reg. No.	CHE-108.954.464
VAT No.	CHE-108.954.464

1.2 Area of activity

The Bank is a regional bank with its registered office in Schwyz and branch offices in Brunnen, Goldau, Küssnacht am Rigi, Stans and Engelberg. It offers services related to payments, savings, pensions, financing, investing etc.

1.3 Regulatory status and responsible authority

The Bank holds a licence pursuant to Article 3 of the Swiss Federal Law on Banks and Savings Banks which was granted to it by the competent supervisory authority, the Swiss Financial Market Supervisory Authority FINMA, Laupenstrasse 27, 3003 Bern.

2. Customer segmentation

The Bank classifies all its customers as private customers. In doing so, the Bank follows the principle of providing the customer with the highest possible level of protection.

3. Information concerning the financial services offered by the Bank

3.1 Execution Only

3.1.1 Type, characteristics and mode of operation of the financial service

All financial services which relate to simply executing or transmitting customer orders without the Bank providing any kind of advice or management are considered to be Execution Only. The Bank buys or sells financial instruments on behalf of and for the account of its customer. With Execution Only, orders are initiated exclusively by the customer. The Bank does not check the extent to which the transaction in question corresponds to the knowledge and experience (appropriateness) and the financial circumstances and investment objectives of the customer (suitability). In connection with the future issue of orders by the customer the fact that no appropriateness and suitability test is conducted shall not be reiterated by the Bank.

3.1.2 Rights and obligations

With Execution Only, the customer is entitled to issue orders to buy or sell financial instruments in the market offering that is being taken into account. The Bank is under an obligation to execute issued orders with the same care as it customarily applies in its own affairs.

The Bank informs the customer immediately of all material circumstances which might adversely affect the correct processing of the order. In addition, the Bank informs the customer on a regular basis of the composition, valuation and performance of the Execution Only Portfolio and of the costs associated with the executed orders.

3.1.3 Risks

With Execution Only, the following risks arise which are in the area of responsibility of the customer and are consequently borne by the customer:

- **Asset preservation risk** or the risk that the financial instruments in the customer custody account will lose value: This risk, which may vary depending on the financial instrument, is borne in full by the customer. In respect of the risks of the individual financial instruments, reference is made to the brochure entitled "Risks Involved in Trading Financial Instruments" published by the Swiss Bankers Association.
- **Information risk on the part of the customer** or the risk that the customer has too little information to be able to make a sound investment decision: With Execution Only, the customer makes investment decisions without any involvement by the Bank. He accordingly needs specialist knowledge to understand the financial instruments as well as time to be able to deal with the financial markets. If the customer does not have the necessary knowledge and experience he runs the risk of investing in a financial instrument that is inappropriate for him. A lack of financial knowledge or deficient financial knowledge might also result in the customer making investment decisions which are not in line with his financial circumstances and/or investment objectives.
- **Risk regarding the timing in issuing an order** or the risk that the customer chooses a bad time to issue the order, resulting in price losses.
- **Risk of lack of monitoring** or the risk that the customer fails to monitor or inadequately monitors his Execution Only portfolio: At no time does the Bank have a duty to monitor, warn or disclose information. Various risks, such as cluster risks, may arise due to inadequate monitoring by the customer.

In addition, with Execution Only, risks arise which are in the Bank's area of responsibility and for which the Bank is liable to the customer. The Bank has taken appropriate measures to counter these risks, in particular by adhering to the principles of good faith and equal treatment in the processing of customer orders. The Bank also ensures optimal execution of customer orders.

3.1.4 Market offering taken into account

The market offering taken into account when selecting financial instruments includes both proprietary and third-party financial instruments. With Execution Only, the following financial instruments on the most common stock exchanges/trading centres are available to the customer:

- equities,
- debt securities,
- units in collective investment schemes,
- structured products,
- derivatives,
- other financial instruments.

The Bank forwards the orders for execution to a broker. Trading through a broker allows efficient cost-effective execution and processing of securities and derivatives transactions. The broker trades according to the broker's own execution principles, which are available upon request.

3.2 Investment advice [transaction-related investment advice]

3.2.1 Type, characteristics and mode of operation of the financial service

With transaction-related investment advice, the Bank advises the customer with regard to individual transactions with financial instruments without taking the advisory portfolio into account. When providing its advice, the Bank takes into consideration both the knowledge and experience (appropriateness) and the requirements of the customer and based on that gives the customer personal recommendations to buy, sell or hold financial instruments. The customer makes his own decision about the extent to which he will follow the Bank's recommendation. He is responsible himself for the structuring of his advisory portfolio in this connection. The composition of the transaction-related advisory portfolio and the

suitability of a financial instrument for the customer, i.e. whether a financial instrument meets the investment objectives and financial circumstances of the customer, are not checked by the Bank.

3.2.2 Rights and obligations

With transaction-related investment advice, the customer is entitled to personal investment recommendations. Transaction-related investment advice is provided at the initiative of the customer as well as at the initiative of the Bank in relation to financial instruments that are part of the market offering being considered. In this process, the Bank advises the customer to the best of its knowledge and belief and with the same care as it customarily applies in its own affairs.

The Bank informs the customer immediately of all material circumstances which might adversely affect the correct processing of the order. In addition, the Bank informs the customer on a regular basis of the composition, valuation and performance of the advisory portfolio and of the costs associated with the executed orders.

3.2.3 Risks

With transaction-related investment advice, the following risks arise which are in the area of responsibility of the customer and are consequently borne by the customer:

- **Asset preservation risk** or the risk that the financial instruments in the advisory portfolio will lose value: This risk, which may vary depending on the financial instrument, is borne in full by the customer. In respect of the risks of the individual financial instruments, reference is made to the brochure entitled "Risks Involved in Trading Financial Instruments" published by the Swiss Bankers Association.
- **Information risk on the part of the Bank** or the risk that the Bank has too little information to be able to issue an appropriate recommendation: With transaction-related investment advice, the Bank takes account of the customer's knowledge and experience as well as his requirements. If the customer provides the Bank with inadequate or incorrect information concerning his knowledge, experience and/or requirements, there is a risk that the Bank may not advise him appropriately.
- **Information risk on the part of the customer** or the risk that the customer has too little information to be able to make a sound investment decision: With transaction-related advice, the Bank does not consider the composition of the advisory portfolio, nor does it perform a suitability test with regard to the investment objectives and financial circumstances of the customer. The customer accordingly needs technical knowledge to understand the financial instruments. With transaction-related investment advice, the customer therefore runs the risk that because of a lack of or inadequate financial knowledge he may make investment decisions which do not correspond to his financial circumstances and/or investment objectives and are consequently not suitable for him.
- **Risk regarding the timing in issuing an order** or the risk that the customer issues a purchase or sale order too late after advice has been provided by the Bank, resulting in price losses: The recommendations issued by the Bank are based on the market data available at the time the advice is given and are only valid for a brief period due to market dependency.
- **Risk of lack of monitoring** or the risk that the customer fails to monitor or inadequately monitors his advisory portfolio: At no time does the Bank have a duty to monitor, advise, warn or provide information with regard to the quality of the individual positions and/or the structuring of the advisory portfolio. Various risks, such as cluster risks, may arise due to inadequate monitoring by the customer.
- **Risk as a qualified investor in the case of collective investment schemes:** Customers who avail themselves of transaction-related investment advice are deemed to be qualified investors within the meaning of the Federal Act on Collective Investment Schemes, CISA. Qualified investors have access to types of collective investment schemes which are open to them exclusively. This status allows a broader range of financial instruments to be considered when structuring the customer portfolio. Collective investment schemes for qualified investors may be exempt from regulatory requirements. Such financial instruments are therefore not, or are only partly, subject to the Swiss regulations. Resulting risks may arise, particularly due to the liquidity, investment strategy or transparency. Detailed information concerning the risk profile of a specific

collective investment scheme may be found in the documents establishing the financial instrument and, where necessary, in the basic information sheet and the Prospectus.

In addition, with transaction-related investment advice, risks arise which are in the Bank's area of responsibility and for which the Bank is liable to the customer. The Bank has taken appropriate measures to counter these risks, in particular by adhering to the principles of good faith and equal treatment in the processing of customer orders. The Bank also ensures optimal execution of customer orders.

3.2.4 Market offering taken into account

The market offering taken into account when selecting financial instruments includes both proprietary and third-party financial instruments. With transaction-related investment advice, the following financial instruments on the most common stock exchanges/trading centres are available to the customer:

- equities,
- debt securities,
- units in collective investment schemes,
- structured products,
- derivatives,
- other financial instruments.

The Bank forwards the orders for execution to a broker. Trading through a broker allows for efficient cost-effective execution and processing of securities and derivatives transactions. The broker trades according to the broker's own execution principles, which are available upon request.

3.3 Investment advice Plus [comprehensive investment advice]

3.3.1 Type, characteristics and mode of operation of the financial service

In the context of comprehensive investment advice, the Bank advises the customer regarding transactions with financial instruments, taking due account of the advisory portfolio. To this end, the Bank ensures that the recommended transaction corresponds to both the financial circumstances and investment objectives (suitability test) and the needs of the customer or the investment strategy agreed with the customer. The customer then makes his own decision about how far to follow the Bank's recommendation.

3.3.2 Rights and obligations

With comprehensive advice, the customer is entitled to personal investment recommendations that are suitable for him. Comprehensive investment advice is regularly provided in relation to financial instruments which are part of the market offering being taken into account. In this process, the Bank advises the customer to the best of its knowledge and belief and with the same care as it customarily applies in its own affairs.

The Bank checks on a regular basis to see whether the structuring of the advisory portfolio for comprehensive investment advice corresponds to the agreed investment strategy. If it is found that there is a deviation from the agreed percentage structuring, the Bank recommends a corrective measure to the customer.

The Bank informs the customer immediately of all material difficulties which might adversely affect the correct processing of the order. In addition, the Bank informs the customer on a regular basis of the composition, valuation and performance of the advisory portfolio and of the costs associated with executed orders.

3.3.3 Risks

With comprehensive investment advice, the following risks arise which are in the area of responsibility of the customer and are consequently borne by the customer:

- **Risk of the selected investment strategy:** Various risks may arise from the agreed investment strategy that is based on the risk profile created (see below). The customer shall bear these

risks in full. A description of the risks and a corresponding risk disclosure shall be provided before the investment strategy is agreed.

- **Asset preservation risk** or the risk that the financial instruments in the advisory portfolio will lose value: This risk, which may vary depending on the financial instrument, is borne in full by the customer. In respect of the risks of the individual financial instruments, reference is made to the brochure entitled "Risks Involved in Trading Financial Instruments" published by the Swiss Bankers Association.
- **Information risk on the part of the Bank** or the risk that the Bank has too little information to be able to issue an appropriate recommendation: With comprehensive investment advice, the Bank takes account of the customer's financial circumstances and investment objectives (suitability test) as well as his requirements. If the customer provides the Bank with inadequate or incorrect information concerning his financial circumstances, investment objectives or requirements, there is a risk that the Bank may not advise him appropriately.
- **Information risk on the part of the customer** or the risk that the customer has too little information to be able to make a sound investment decision: Even if the Bank considers the customer portfolio during the comprehensive investment advice, the customer makes the investment decisions. The customer accordingly needs technical knowledge to understand the financial instruments. The customer therefore runs the risk that because of a lack of or inadequate financial knowledge he may not follow investment recommendations that are suitable for him.
- **Risk regarding the timing in issuing an order** or the risk that the customer issues a purchase or sale order too late after advice has been provided, resulting in price losses: The recommendations issued by the Bank are based on the market data available at the time the advice is given and are only valid for a brief period due to market dependency.
- **Risk as a qualified investor in the case of collective investment schemes:** Customers who avail themselves of comprehensive investment advice are deemed to be qualified investors within the meaning of the Federal Act on Collective Investment Schemes, CISA. Qualified investors have access to types of collective investment schemes which are open to them exclusively. This status allows a broader range of financial instruments to be considered when structuring the customer portfolio. Collective investment schemes for qualified investors may be exempt from regulatory requirements. Such financial instruments are therefore not or are only partly subject to the Swiss regulations. Resulting risks may arise, particularly due to the liquidity, investment strategy or transparency. Detailed information concerning the risk profile of a specific collective investment scheme may be found in the documents establishing the financial instrument and, where necessary, in the basic information sheet and the Prospectus.

In addition, with comprehensive investment advice, risks arise which are in the Bank's area of responsibility and for which the Bank is liable to the customer. The Bank has taken appropriate measures to counter these risks, in particular by adhering to the principles of good faith and equal treatment in the processing of customer orders. The Bank also ensures optimal execution of customer orders.

3.3.4 Market offering taken into account

The market offering taken into account when selecting financial instruments includes both proprietary and third-party financial instruments. With comprehensive investment advice, the following financial instruments on the most common stock exchanges/trading centres are available to the customer:

- equities,
- debt securities,
- units in collective investment schemes,
- structured products,
- derivatives,
- other financial instruments.

The Bank forwards the orders for execution to a broker. Trading through a broker allows efficient cost-effective execution and processing of securities and derivatives transactions. The broker trades according to the broker's own execution principles, which are available upon request.

3.4 Asset management

3.4.1 Type, characteristics and mode of operation of the financial service

Asset management means the management of assets which the customer deposits with the Bank to administer on his behalf, for his account and at his risk. The Bank implements transactions at its own absolute discretion and without consulting the customer. In doing so the Bank ensures that the executed transaction corresponds to the financial circumstances and investment objectives of the customer or the investment strategy agreed with the customer and ensures that the portfolio structuring is suitable for the customer.

3.4.2 Rights and obligations

With asset management, the customer is entitled to management of the assets in his management portfolio. In this process the Bank selects with due care the investments to be included in the management portfolio from the market offering taken into account. The Bank ensures an appropriate risk spread to the extent permitted by the investment strategy. It regularly monitors the assets under its management and ensures that the investments match the investment strategy agreed in the investment profile and are suitable for the customer.

The Bank informs the customer on a regular basis of the composition, valuation and performance of the management portfolio and of the costs associated with the executed orders.

3.4.3 Risks

With asset management, the following risks arise which are in the area of responsibility of the customer and are consequently borne by the customer:

- **Risk of the selected investment strategy:** Various risks may arise from the agreed investment strategy that is based on the risk profile created (see below). The customer shall bear these risks in full. A description of the risks and a corresponding risk disclosure shall be provided before the investment strategy is agreed.
- **Asset preservation risk** or the risk that the financial instruments in the custody account under management will lose value: This risk, which may vary depending on the financial instrument, is borne in full by the customer. In respect of the risks of the individual financial instruments, reference is made to the brochure entitled "Risks Involved in Trading Financial Instruments" published by the Swiss Bankers Association.
- **Information risk on the part of the Bank** or the risk that the Bank has too little information to be able to make a sound investment decision: With asset management, the Bank considers the financial circumstances and investment objectives of the customer (suitability test). If the customer provides the Bank with inadequate or incorrect information concerning his financial circumstances and/or investment objectives, there is a risk that the Bank may not make appropriate investment decisions for the customer.
- **Risk as a qualified investor in the case of collective investment schemes:** Customers who avail themselves of asset management are deemed to be qualified investors within the meaning of the Federal Act on Collective Investment Schemes, CISA. Qualified investors have access to types of collective investment schemes which are open to them exclusively. This status allows a broader range of financial instruments to be considered when structuring the customer portfolio. Collective investment schemes for qualified investors may be exempt from regulatory requirements. Such financial instruments are therefore not or are only partly subject to the Swiss regulations. Resulting risks may arise, particularly due to the liquidity, investment strategy or transparency. Detailed information concerning the risk profile of a specific collective investment scheme may be found in the documents establishing the financial instrument and, where necessary, in the basic information sheet and the Prospectus.

In addition, with asset management, risks arise which are in the Bank's area of responsibility and for which the Bank is liable to the customer. The Bank has taken appropriate measures to counter these risks, in particular by adhering to the principles of good faith and equal treatment in the processing of customer orders. The Bank also ensures optimal execution of customer orders.

3.4.4 Market offering taken into account

The market offering taken into account when selecting financial instruments includes both proprietary and third-party financial instruments. With asset management, the following financial instruments on the most common stock exchanges/trading centres are available to the customer:

- equities,
- debt securities,
- units in collective investment schemes,
- structured products,
- derivatives,
- other financial instruments.

The Bank forwards the orders for execution to a broker. Trading through a broker allows efficient cost-effective execution and processing of securities and derivatives transactions. The broker trades according to the broker's own execution principles, which are available upon request.

3.5 Granting of loans for the purpose of implementing transactions with financial instruments

3.5.1 Type, characteristics and mode of operation of the financial service

The customer takes out a loan with the Bank to finance transactions with financial instruments. This is typically the case with Lombard loans, although Lombard loans can also be used for other financing purposes. In addition, other types of loans, such as mortgage loans and consumer credit loans, can also be used for implementing transactions with financial instruments.

3.5.2 Rights and obligations

The customer is entitled as the borrower to use the loan amount provided to him to implement transactions with financial instruments. The customer undertakes to pay interest on the loan amount at the agreed rate and to repay it along with all costs when the loan falls due. If the loan amount is exceeded, overdraft interest shall be payable. At the same time, the borrower is obliged to immediately repay the exceeding of the loan amount.

The customer further undertakes to furnish collateral for the loan. These are generally financial instruments. However, other collateral is also possible.

3.5.3 Risks

With the granting of loans for the purpose of implementing transactions with financial instruments, the following risks arise which are in the area of responsibility of the customer and are consequently borne by the customer:

- **Impairment risk of the credit-financed financial instruments:** The customer must repay the loan amount even in the event that the credit-financed investments depreciate. With respect to the risks of the individual financial instruments, reference is made to the brochure entitled "Risks Involved in Trading Financial Instruments" published by the Swiss Bankers Association.
- **Impairment risk of the collateral:** The collateral furnished by the customer, generally financial instruments, remains the property of the customer. The customer therefore also bears all specific risks of the individual financial instruments. With respect to the risks of the individual financial instruments, reference is made to the attached brochure entitled "Risks Involved in Trading Financial Instruments" published by the Swiss Bankers Association.

In the event that the collateral, in particular the financial instruments, lose value, the customer must furnish additional collateral or repay the corresponding extent of the loan amount. Failure by the customer to meet these obligations within the period set by the Bank entitles the Bank to liquidate the collateral. Under certain circumstances this may be done at a disadvantageous price and hence at a price loss to the customer's detriment.

- **Risks of the financial service associated with the granting of the loan:** Taking out a loan for the purpose of implementing transactions with financial instruments additionally entails the aforementioned risks of the associated financial service.

4. Handling conflicts of interest

4.1 In general

Conflicts of interest may arise if the Bank:

- may, in breach of good faith, obtain a financial advantage or avoid a financial loss for itself to the detriment of customers;
- has an interest in the result of a financial service provided for customers which conflicts with the interest of the customers;
- has, when providing financial services, a financial or other incentive to place the interests of certain customers above the interests of other customers; or
- in breach of good faith, accepts from a third party in relation to a financial service provided for the customer an incentive in the form of financial or non-financial benefits or services.

Conflicts of interest may arise in the process in connection with Execution Only, transaction-related investment advice, comprehensive investment advice, asset management and the granting of loans for the purpose of implementing transactions with financial instruments. They arise in particular where there is a convergence between:

- multiple customer orders;
- customer orders with own transactions or other own interests of the Bank, or
- customer orders with transactions of the Bank's employees.

In order to identify conflicts of interest and prevent them from prejudicing the customer, the Bank has enacted internal directives and taken preventive organisational measures:

- The Bank has established an independent control department which controls on an ongoing basis the investment and employee transactions of the Bank as well as compliance with the Market Behaviour Rules. The Bank can in this way prevent conflicts of interest through effective control and sanction measures.
- The Bank complies with its record-keeping, reporting and journal keeping obligations in the case of securities and derivatives transactions.
- When implementing orders, the Bank observes the "first come, first served" principle, i.e. all orders are entered immediately in the chronological order in which they are received.
- The Bank creates confidentiality areas (Chinese walls) within the Bank and also ensures there is separation, both in terms of staff and spatially, between customer and proprietary trading on the one hand, and asset management/investment advice, lending, trading and processing on the other hand.
- The Bank requires its employees to disclose mandates which may result in a conflict of interest.
- The Bank structures its compensation policy in such a way as to prevent any incentives to engage in proscribed practices.
- The Bank provides its staff with regular continuing education and ensures that they have the necessary specialist knowledge.
- The Bank consults the control department when there are facts or circumstances in which a conflict of interest might arise and has those approved by that department.

4.2 Compensation paid specifically by and to third parties

The Bank accepts compensation from third parties as part of providing financial services. The Bank contractually discloses to its customers the type, the extent, the calculation parameters and bands of compensation from third parties which may be received by the Bank when providing the financial service. The customer waives his right to the compensation paid by third parties and the Bank retains said

compensation. The Bank has taken corresponding internal measures to prevent any resulting conflicts of interest.

4.3 Additional information

Your customer advisor will be happy to provide you with further information at your request regarding potential conflicts of interest in connection with the services provided by the Bank and the steps taken to protect the customer.

5. Office of the Banking Ombudsman

Your satisfaction is our top priority. If the Bank has nevertheless rejected a claim from you, you may instigate a mediation procedure through the Office of the Banking Ombudsman. In that case, please contact:

Name	Swiss Banking Ombudsman
Address	Bahnhofplatz 9 PO Box
Post code, town/city	CH-8021 Zurich
Telephone	+41 43 266 14 14
Fax	+41 43 266 14 15
Website	http://www.bankingombudsman.ch/