

Client information sheet

This information brochure provides you with information about LM Finanz AG (hereinafter referred to as LM or "Asset Manager"), our measures to avoid assets without contact and dormant assets, the financial services we offer and the associated risks, how we deal with conflicts of interest, compensations and the initiation of mediation proceedings before the Ombudsman's Office as well as the data protection declaration. The information in this brochure may change from time to time. The latest version of this brochure can be accessed at any time at www.lmfinanz.ch/Client-information/ or ordered via lmfinanz@bluewin.ch.

We inform you about the costs and fees of the financial services offered in the respective appendix to our asset management agreement.

For information on the risks generally associated with financial instruments, please refer to the brochure "Risks Involved in Trading Financial Instruments" published by the Swiss Bankers Association. The latest version is available on the Internet under the online link: «[Downloads - SwissBanking](#)».

This brochure fulfils the information requirements under the Financial Services Act (FinSA) and the Ordinance to the Federal Act on Data Protection (DPO) and is intended to provide you with an overview of the financial services offered by LM and the handling of client data.

Should you require further information, we would be pleased to be at your disposal in a personal meeting.

LM Finanz AG

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1. Information about LM

1.1 General information

Name:	LM Finanz AG
Address:	Rennweg 39
Postcode / City:	8001 Zürich
Phone:	+ 41 44 221 16 63
E-Mail:	lmfinanz@bluewin.ch
Website:	www.lmfinanz.ch
Trade Reg. Nr.:	CHE-106.838.775
VAT.-Nr.:	CHE-106.838.775 MWST

1.2 Field of activity

LM has its registered office and place of business in Zurich. It essentially carries out the following activities:

- Asset management for private, professional and institutional clients;

For further information on LM, please refer to our corporate presentation.

1.3 Supervisory status and competent authority and supervisory organization

LM holds the license as an asset manager pursuant to Article 17 of the Financial Institutions Act (FinIA). The license was granted by the Swiss Financial Market Supervisory Authority FINMA, Laupenstrasse 27, 3003 Bern. LM is supervised by the supervisory organization Schweizerische Aktiengesellschaft für Aufsicht (AOOS), Clausiusstrasse 50, 8006 Zürich.

1.4 Economic ties to third parties

LM has no economic ties to third parties which could lead to a conflict of interests.

In particular, LM is neither legally nor economically part of a group or corporate structure, nor does it maintain any significant ties with third parties.

As an independent asset manager, LM deliberately works together with several custodian banks.

2. Dormant assets

Occasionally, contacts with clients are broken off and assets subsequently become dormant. Such assets can be permanently forgotten by the clients and their heirs. The following is recommended to avoid loss of contact or dormant assets:

- **Change of address and name:** Immediate notification of any change of residence, address or name
- **Special instructions:** Information about longer absences and of any redirection of correspondence to a third-party address as well as of how the client can be reached in urgent cases during this time
- **Granting of powers of attorney:** An authorized person can be designated whom the asset manager can approach in the event of an interruption of contact

- **Substitute contacts:** It may be advisable to provide the contact details of the legal successors and/or other persons who can be contacted by the asset manager in the event of a breakdown or loss of contact in order to (re)establish contact with the client or his legal successors. It is the client's responsibility to inform the asset manager of any changes in the respective contact details
- **Orientation of trusted persons and testamentary disposition:** Another possibility to avoid lack of contact and news is to inform a trusted person about the relationship with the asset manager. However, the asset manager may only provide information to such a trusted person if he or she has been authorized to do so in writing. Furthermore, the assets concerned may be mentioned, for example, in a testamentary disposition

LM is available for any questions. Further information can also be found in the brochure "Dormant Assets" published by the Swiss Bankers Association. The brochure is available on the Internet under the online link «[Downloads - SwissBanking](#)».

3 Financial services offered by LM

3.1 Asset management

3.1.1 Nature, characteristics and functioning of the financial service

In asset management, the asset manager manages, in the name, for the account and at the risk of the client, assets which the client has deposited with a custodian bank. The asset manager carries out transactions at his own discretion and without consulting the client. In doing so, the asset manager ensures that the transaction he executes corresponds to the client's financial circumstances and investment objectives as well as to the investment objectives agreed with the client and ensures that the structuring of the portfolio is suitable for the client.

3.1.2 Rights and duties

The client has the right that the assets in his portfolio are managed by the asset manager. In doing so, the asset manager selects the investments within the framework of the considered market offer to be included in the portfolio with due care. The asset manager shall ensure an appropriate distribution of risk to the extent permitted by the investment strategy. He shall regularly monitor the assets under his management and ensure that the investments are in line with the investment strategy agreed on in the investment profile and are suitable for the client.

The asset manager shall regularly inform the client about the asset management agreed on and provided to the client.

Pursuant to Art. 72 FinSA, the asset manager is also obliged to provide the client with a copy of its client file and all documents relating to them at the client's request. By signing the contract, the client agrees that the disclosure may be made electronically.

3.1.3 Risks

Asset management basically involves the following risks, which are in the client's sphere of risk and are therefore borne by the client:

- **Risk of the selected investment strategy:** Various risks may arise from the investment strategy selected and agreed by the client (cf. below). The client bears these risks in full. An overview of the risks and a corresponding risk explanation are provided before the investment strategy is agreed on.

- **Asset preservation risk or the risk that the financial instruments in the portfolio depreciate:** This risk, which can vary depending on the financial instrument, is borne in full by the client. For the risks of the individual financial instruments, please refer to the brochure "Risks Involved in Trading Financial Instruments" of the Swiss Bankers Association.
- **Information risk on the part of the asset manager** or the risk that the asset manager has too little information to be able to make an informed investment decision: When managing assets, the asset manager considers the client's financial circumstances and investment objectives (suitability test). If the client provides the asset manager with insufficient or inaccurate information about his financial circumstances and/or investment objectives, there is a risk that the asset manager will not be able to make investment decisions that are suitable for the client.
- **Risk as a qualified investor in collective investment schemes:** Clients who make use of asset management services within the framework of a long-term asset management relationship are deemed to be qualified investors within the meaning of the Collective Investment Schemes Act. Qualified investors have access to certain types of collective investment schemes which are exclusively open to them. This status allows a broader range of financial instruments to be considered in the design of the portfolio. Collective investment schemes for qualified investors may be exempt from regulatory requirements. Such financial instruments are therefore not or only partially subject to Swiss regulations. This may give rise to risks, particularly regarding liquidity, investment strategy or transparency. Detailed information on the risk profile of a specific collective investment scheme can be found in the constituent documents of the financial instrument and, where applicable, in the key information document and the prospectus.
- **Cluster risks or concentration risks** refer to the risk of a portfolio being dependent on certain securities, issuers, etc. if these make up a large part of the portfolio. In times of a market downturn, such portfolios may suffer more extensive losses than more diversified portfolios. LM addresses these risks in the context of asset management and comprehensive investment advice by observing the following thresholds:
 - Up to 10% of the portfolio can be invested in **individual securities**;¹
 - Up to 50% of the portfolio can be invested in **collective investment schemes, ETF and Fonds**;
 - Up to 20% of the portfolio can be invested in **products from individual issuers**;²
 - All positions that account for more than 10% of the portfolio as individual securities or more than 20% from individual issuers are explained to the client once a year and must be confirmed by the client for continuation.

When checking compliance with the thresholds, XX may rely on the information as prepared and provided by the custodian bank(s) of the relevant client relationship.

Concentrations due to collective investment schemes that are subject to regulatory risk diversification requirements are excluded from these thresholds.

The provisions on cluster risks also apply in the same way to proprietary products of LM or to products of third parties economically linked to LM.

¹ Investments in specific commodities (e.g. gold) or direct investments in various properties are also categorised as individual securities.

² In the case of collective investment schemes and comparable foreign products, there is no issuer risk due to the independence of the assets, therefore this threshold is not applied to these products.

In addition to the cluster risks defined under the thresholds, concentrations may also occur in other areas, namely countries and currencies. The extent of these is largely dependent on the client's individually selected investment strategy and is taken into account accordingly.

Furthermore, risks arise during asset management which lie within the risk sphere of the asset manager and for which the asset manager is liable vis-à-vis the client. The asset manager has taken suitable measures to counter these risks, in particular by observing the principle of good faith and the principle of equal treatment when processing client orders. As far as it is within the asset manager's sphere of influence, he shall ensure the best possible execution of client orders.

3.1.4 Market offers considered

The market offers considered in the selection of financial instruments can cover own and third party financial instruments, depending on the contractual agreement (see annex IV "Third Party Compensation"). Within the scope of asset management, the following financial instruments in particular are available to the client:

- Account balances with domestic and foreign banks
- Money market investments
- Interest-bearing debt securities (bonds, etc.)
- Equity securities (shares, etc.)
- Collective investment instruments (investment funds of all standard banking investment instruments, namely securities, indices, real estate, commodities)
- Alternative investments, non-traditional investments
- Standardized and non-standardized derivative financial instruments
- Precious metals
- Insurance products

LM may use derivative products on behalf of its clients. LM shall only use such products if and to the extent that this is permissible in accordance with the legal, professional, and contractual investment regulations applicable in the specific case and considering any investment instructions. Derivatives are used in this context to hedge existing securities positions or to build up new securities positions. Derivatives are permitted which are traded on a recognized stock exchange or over-the-counter.

LM may also use a self-managed strategy index (Actively Managed Certificate, AMC) for its clients if and to the extent that this is permissible in accordance with the applicable statutory, professional, and contractual investment regulations in the specific case and taking into account any investment instructions. The client is aware that LM may receive additional compensation when using its own financial instruments, in particular self-managed products, e.g. due to management fees that may arise due to the management at product level (so-called double-honorisation). These are treated as third-party compensation and the corresponding measures are applied (see section 4.2). The use of structured products is associated with specific risks, such as issuer and guarantor risks for investors. LM appropriately considers these risks in its risk management and expressly and in an appropriate form draws the attention of its clients to the risks associated with the strategy index offered.

4 Dealing with Conflicts of Interest

4.1 In general

Conflicts of interest may arise when the asset manager has an interest in the outcome of a financial service provided to clients that is contrary to that of the clients.

Possible causes of conflicts of interest are namely:

- Financial incentives for the asset manager to carry out certain investment decisions, e.g. compensation from third parties
- The use of the asset manager's own products or those of third parties economically linked to him
- The coincidence of several client orders
- The coincidence of client orders with the asset manager's own transactions or those of his employees.

The following chapters regulate the handling of compensation from third parties and proprietary products.

Furthermore, no conflicts of interest arose in the course of providing services to the customer at LM that could not be completely resolved by countermeasures.

4.2 Compensation by third parties in particular

Depending on the contractual agreement (Annex IV "Third Party Compensation"), LM may receive compensation from third parties (e.g. brokerage fees, commissions, rebates, kick-backs, finder's fees, portfolio maintenance commissions or other pecuniary benefits) in connection with the provision of its financial services. These remunerations constitute a part of the management fees. The client expressly waives his right to reimbursement of these fees.

The amount of third-party compensation or double remuneration is independent from the chosen investment strategy, please refer to Annex IV "Third Party Compensation". Notwithstanding the bandwidths listed there, third-party compensation may be made up as follows:

Type of Compensation	Amount of compensation (based on the market value as at the reporting date)
Distribution fees for investment funds ¹	0.00% - 0.50%
Distribution fees for structured products and certificates	0.00% - 1.00%
Compensation of the custodian bank	0.00% - 1.00%
Commissions on brokerage fees for stock exchange transactions	0.00% - 50%
Commissions on custody account fees	0.00% - 50%

¹ The investment volume corresponds to the market value of the customer's fund units as at the reporting date

In order to avoid potential conflicts of interest in this context, the LM has taken the following measures to minimize conflicts of interest through compensation from third parties:

- Contractual regulation specifying the range of the compensation paid by third parties in Annex IV "Third Party Compensation", which is an integral part of the asset management contract. The customer can request further information about possible future compensation from third parties and how it will be handled at any time;
- Contractual regulation specifying the maximum permissible investment in own products as a % of AuM (assets under management) in Annex IV "Third Party Compensation";
- Obligation to disclose compensation paid by third parties: Upon request, the asset manager must inform the client of the compensation actually received; Information on such a request is provided free of charge once a year; if the customer exercises this right more frequently, LM reserves the right to charge a fee to cover costs.
- The client may also agree with LM on a performance-related profit share based on the annual performance increase of the total assets under management. This should lead to an alignment of the interests of LM and the client.

4.2 Use of own financial instruments in addition to those of third parties

LM may experience the following conflicts of interest as a result of using its own financial instruments, in particular self-managed products:

- Receiving additional compensation, in particular levying additional management fees at the product level (so-called double remuneration).
- Regardless of management fees, LM may have an interest in maximizing the volume of these products in order to reduce costs or take advantage of synergies, for example.

These conflicts of interest cannot be completely eliminated, but the following measures have been taken to mitigate them:

- Organizational measures to avoid unjustified preferential treatment of own financial instruments over third-party financial instruments
- Contractual stipulation of a maximum limit for the use of own products, within the scope of the investment volume, investment strategy and other client instructions;
- Additional compensation from own products is considered third-party compensation and the corresponding measures apply.
- The client may also agree with LM on a performance-related profit share based on the annual performance increase of the total assets under management. This is intended to align the interests of LM and the client.

5. Ombudsstelle

In the event of disputes, the client may initiate a mediation procedure before the following ombudsman's office:

Name	Ombud Finance Switzerland (OFS)
Address	Rue du Conseil Général 10
Postcode / City	CH-1205 Genf
Phone	+41 22 808 04 51
E-Mail	contact@ombudfinance.ch
Website	Ombudfinance Switzerland

6 Privacy Policy

Information on data protection can be found in our data protection declaration, which can be viewed at www.xxx.ch

Kommentiert [A1]: Genauer Pfad einfügen

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