

Pictet Asset Management SA FinSA Information Brochure

Swiss financial services regulation information governing
investor protection and Pictet Asset Management SA
types of financial services

Pictet Asset Management SA, February 2021

INTRODUCTION

At Pictet Asset Management SA (hereinafter “Pictet AM SA”), investor protection is at the heart of our fiduciary duty. In an increasingly complex financial world, information and transparency are key to ensuring that investors can take informed investment decisions.

The aim of this brochure is to provide general information about Pictet AM SA in compliance with our duty to do so, as defined by the Financial Services Act (hereafter “FinSA”), as well as to point out where to find the relevant additional information.

The FinSA entered into force on 1 January 2020. Pictet AM SA makes use of the regulatory transition period of two years to implement FinSA duties regarding the rules of conduct and the organizational measures which will become effective as of 1 January 2022.

The present brochure is not exhaustive and does not aim to provide detailed information on each investment activity in our service offering. Should you need more information, please refer to our dedicated Pictet AM SA FinSA webpage ([link](#)). For any additional questions, please contact your client relationship manager.



PICTET ASSET MANAGEMENT SA

(REGISTRATIONS & TYPES OF FINANCIAL SERVICES)

Pictet AM SA, as part of the Pictet Group, is an independent asset manager managing full range of investment strategies such as equity, fixed income, multi asset and alternative strategies.

Pictet AM SA provides with specialist investment services through segregated accounts and investment funds to some of the largest pension funds, financial institutions, sovereign wealth funds, intermediaries and their clients.

Pictet AM SA is a regulated Swiss Fund Management Company, located at Route des Acacias 60, 1227 Carouge and supervised by the Swiss Financial Market Supervisory Authority (FINMA) located at Laupenstrasse 27, 3003 Bern.

FinSA regulates the offering of financial services and financial instruments and the improvement of client protection. It applies to financial service providers, client advisors and producers of financial instruments. Pictet AM SA provides financial services that fall within the scope of this new regulation such as discretionary portfolio management, investment advice and execution-only (i.e. funds subscription and redemption orders) for institutional and professional target clientele as well as the production and provision of collective investment schemes.

HOW “FINANCIAL SERVICES” ARE DEFINED ACCORDING TO FINSA ?

FinSA defines the following activities carried out for clients as financial services:

- › acquisition or disposal of financial instruments
- › receipt and transmission of orders in relation to financial instruments
- › administration of financial instruments (portfolio management)
- › provision of personal recommendations on transactions with the financial instruments (investment advice)
- › granting of loans to finance transactions with financial instrument



WHAT ARE THE FINANCIAL INSTRUMENTS IN SCOPE OF FINSA ?

The following are financial instruments that are subject to increased duty to provide information and transparency:

- › equity securities
- › debt instruments (securities not classified as equity securities)
- › units in collective schemes
- › structured products
- › derivatives
- › deposits whose redemption value or interest is risk- or price-dependent, excluding those where the interest is linked to an interest-rate index
- › bonds (unit in an overall loan subject to uniform conditions)

CLIENT CLASSIFICATION

Pictet AM SA, as financial services provider, is required by law to classify its clients into three categories where applicable: retail (private), professional and institutional clients.

Based on these classifications, the corresponding level of regulatory protection will vary, depending on the client's knowledge and experience in investment matters:

- › retail (private) clients are granted the highest level of regulatory protection
- › professional clients are deemed to have the necessary knowledge and experience to invest in all asset classes and to be financially able to bear the investment risks associated with the financial service

institutional clients are afforded to the lowest level of regulatory protection.

CHANGE IN CLIENT CLASSIFICATION

Clients may declare in writing that they wish to “opt out” (reduce their regulatory protection) or, alternatively, “opt in” (increase their regulatory protection). The following changes are allowed:



HNW / Private Clients:

High-net-worth retail clients and private investment structures clients may declare in writing that they wish to be treated as professional clients (“opting out”), provided that the criteria laid down by the regulations are met:

- › based on education and professional experience or on the basis of comparable experience in the financial sector, the clients possess the necessary knowledge to understand the risks associated with the investments and
- › if domiciled in Switzerland and the European Economic Area: the clients have at their disposal bankable assets of at least CHF 500,000;

or

- › if not domiciled in the European Economic Area, the clients have at their disposal bankable assets of at least CHF 2 million.

Professional clients:

Occupational pension schemes and other institutions whose purpose is to serve occupational pensions with professional treasury operations and companies with professional treasury operations may declare in writing that they wish to be treated as institutional clients (“opting out”) or, on the other hand, all professional clients that are not institutional clients may declare in writing that they wish to be treated as retail (private) clients (“opting in”).

Institutional clients:

Institutional clients may declare in writing that they wish to be treated as professional clients (“opting in”).

The category in which clients are segmented / classified and the type of management mandate signed with Pictet AM SA (discretionary and/or advisory mandate) entail differing disclosure and explanatory requirements. The scope of tests to be performed before order execution is explained in the next paragraph.

Should a client wish to “opt-in” or “opt-out”, please contact our client relationship managers at Pictet AM SA.



EXEMPTION FROM THE DUTY TO REVIEW

For discretionary portfolio management and investment advice mandates, taking into account the client portfolio, the financial services provider must enquire about the clients' financial situation and investment objectives as well as their knowledge and experience. This knowledge and experience relate to the financial service and not the individual transactions.

No suitability or appropriateness test is required if the service being provided consists of executing or transmitting client orders (e.g. funds' subscription and redemption orders), and if the service is being performed at the client's request. Pictet AM SA informs its clients via this brochure that no test is conducted prior to the service being rendered.

With execution-only services (e.g. funds' subscription and redemption orders), clients make their own investments without receiving any advice or recommendations from the financial service provider. The client thus bears full responsibility for assessing investment instruments and the risks they entail.

FinSA does not require any test for institutional clients.

BEST EXECUTION

Another objective of the FinSA is to safeguard the principle of best execution of orders when trading in financial instruments. Pictet AM SA has taken all the necessary steps to ensure that the transmission and execution of orders are performed in accordance with best-execution rules.

For further information, please refer to Pictet AM Best Execution Policy & Order Handling Procedures, available on our website ([link](#)).

RISKS IN FINANCIAL INSTRUMENTS

Financial markets are associated with opportunities and risks and it is important that clients understand the risks before using a financial service or transacting in a financial instrument.

Pictet AM SA has provided its clients with the web link to its FINSA dedicated website ([link](#)) where can be found the brochure "Risks in Financial Instruments" indicated in the client segmentation / classification notification. The brochure is also available on our website ([link](#)) and is also available from your client relationship manager.



COSTS AND FEES

Information on the costs and fees of the financial services you have received can be obtained from periodic reporting and fee invoicing. For any additional information, please contact your client relationship manager. It should be noted that Pictet AM SA and third parties may incur costs in connection with the provision of financial services.

CONFLICTS OF INTEREST

Pictet AM SA adheres to the strictest ethical standards in asset management. It has taken organizational measures to prevent situations of conflict arising between the interests of Pictet AM SA (including its employees and of any other business partners) and those of its clients. Pictet AM SA has also identified a certain number of potential conflicts of interest and provided for mitigation measures to prevent them, as set forth in its Code of Ethics / Conflicts of Interest Policy. However, because of circumstances and the nature of the business, conflicts of interest may still arise in the provision of its services.

If Pictet AM SA does identify a conflict of interest that it cannot resolve, it will notify the client of the nature and source of this conflict, the risk associated with it, and the measures taken to mitigate it, so that the client can take an informed decision.

Pictet AM Conflict of Interest Policy is available on our website ([link](#)).

MEDIATION BODY

The FinSA provides for a mediation before an ombudsman to settle legal disputes between clients and financial service providers. For this purpose, Pictet AM SA has a duty to be affiliated with an ombudsman that has been recognized by the Federal Department of Finance (FDF). The ombudsman is a free and neutral information and mediation agency.

Pictet AM SA is affiliated with:

Swiss Banking Ombudsman Foundation
Bahnhofplatz 9
8021 Zürich
www.bankingombudsman.ch



STATUS AND UPDATES

The brochure reflects the status as of February 2021. The most recent version can be found at <https://am.pictet/en/switzerland/articles/2020/financial-services-act>

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