

FUND DISTRIBUTION IN SWITZERLAND

| CURRENT LEGAL FRAMEWORK

Since January 1st, 2020 new law structure is in force, that put the conditions for the provision of financial services in Switzerland on a completely new level. While the Financial Institutions Act ("FINIA") introduces a new authorisation regime for asset managers of individual portfolios for the first time in Switzerland, the Financial Services Act ("FINSA") imposes **new obligations on distributors of financial instruments including distributors of investment funds** and leads to **major changes both in dealing with clients and in internal organisation**.

Comprehensive information and documentation obligations, the connection to a Swiss ombudsman, the registration of client advisors and an independent risk and compliance office are just some of the aspects that greatly increase the effort involved in selling investment funds.

Furthermore, the former CISA has been reconstructed completely and only the conditions on fund level has been left over. However, the conditions on fund level are mostly the same as before.

FinSA

The FinSA sets out new clear rules due offering financial services and distributing financial instruments in Switzerland. In terms of content, the rules are mainly based on the EU directives (MiFID II, Prospectus Directive, PRIIPs), with adjustments made to reflect the **specific Swiss circumstances**. Financial service providers are required by law to give clients **appropriate explanations and advice**. The new client segments are retail clients, professional clients and institutional clients. All financial service providers will now have to affiliate to an existing or newly created **Swiss ombudsman's office**. Finally, all financial services providers, which are not subject to prudential supervision, must now sign up to a

Register of Advisor on individual level.

1741 provides representation services for foreign investment funds offered to non-qualified investors (retail distribution) and for foreign investment funds offered solely to qualified investors (professional investors).

| CLIENT SEGMENTATION

The following investor groups are regarded as qualified investors:

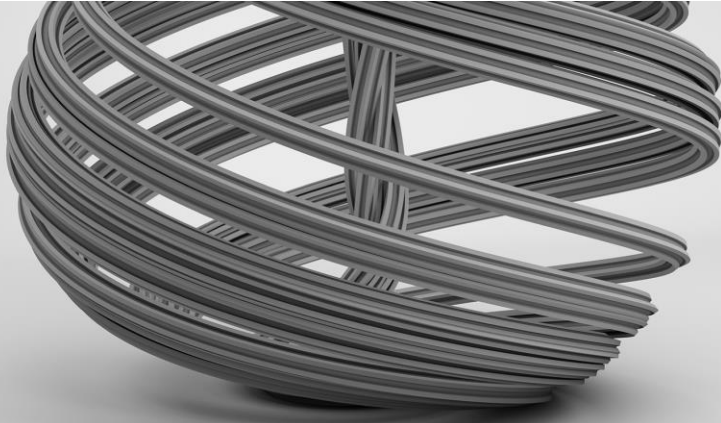
- a. financial intermediaries according to the Banking Act, FinIA and CISA;
- b. insurance companies according to the Insurance Supervision Act;
- c. foreign customers and customers subject to prudential supervision such as persons according to a and b;
- d. central banks;
- e. public law corporations with a professional finance department¹;
- f. pension funds and institutions whose purpose is occupational pension provision with a professional finance department;
- g. companies with a professional finance department;
- h. large companies²;
- i. private investment structures with a professional finance department set up for wealthy private customers.
- j. Wealthy private customers and investment structures set up for them can declare that they wish to be regarded as professional customers (opting-out option). Those persons are regarded as wealthy who credibly declare that he or she³:

¹ A professional finance department exists if the investor involved entrusts at least one professionally certified person, with experience in the financial sector, to permanently manage the financial resources of the company.

² A company is regarded as large if it exceeds two of the following factors:

- balance sheet of CHF 20 million;
- turnover revenue of CHF 40 million
- equity of CHF 2 million.

³ Financial investments that are directly or indirectly the property of the private customer are to be credited to the assets, namely: balances at banks and securities companies, securities and value rights, collective capital investments and structured products, derivatives, precious metals, etc. Direct investments in real estate and claims from social security insurance and occupational pension balances are not regarded as financial investments. Private customers who have a joint interest in the assets can only declare jointly that they wish to be regarded as professional customers.



- on account of personal education and professional experience or on account of comparable experience in the financial sector possesses the knowledge required to understand the risks of investments and has a fortune of at least CHF 500 000; or⁴
 - has a fortune of at least CHF 2 million.
- k. Private customers for whom a financial intermediary according to 'a' or a foreign financial intermediary subject to equivalent prudential supervision provides asset management or investment advice as part of a permanent asset management or investment advice relationship, unless they have declared they do not wish to be regarded as such. The declaration must be available in writing or in another form capable of demonstration in text.

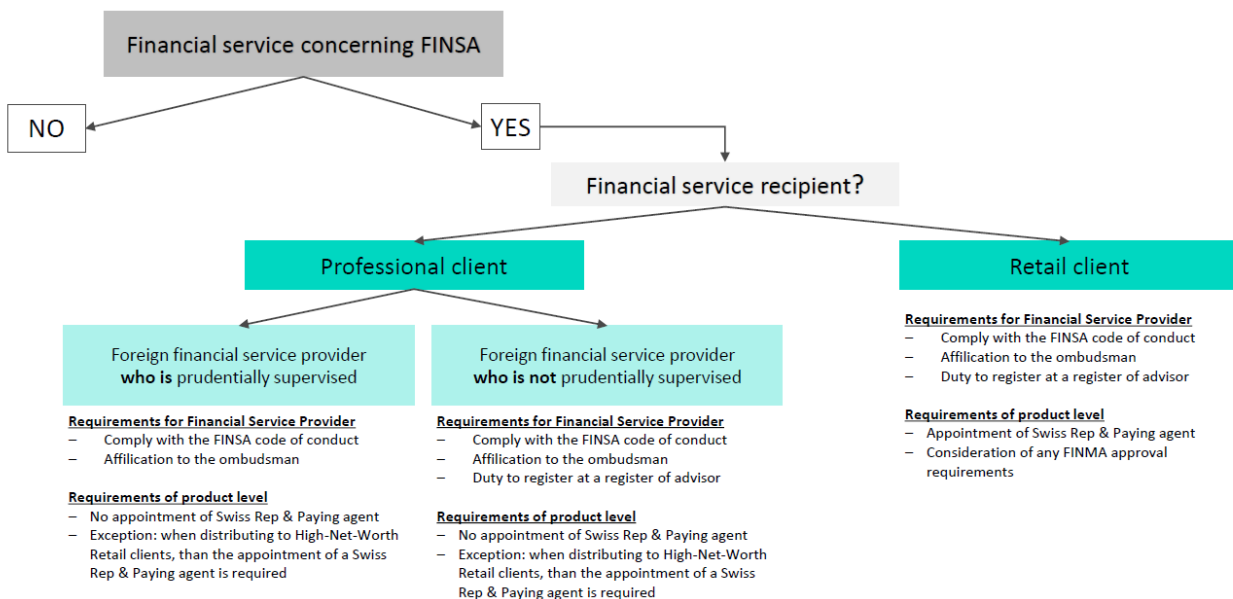
OUR FINSA REGISTRATION SERVICES

- 1 **Collection and processing** of all relevant information and documents
- 2 **Training of your client advisers** with regard to FinSA code of conduct (requirement for the registration), initially and annually
- 3 **Affiliation** of your company with a Swiss **ombudsman-office**
- 4 **Registration of all client advisers** with a Swiss register of advisors
- 5 **Coordination of all requests** send through the register and / or the ombudsman-office
- 6 **Notification** of all relevant changes to the register and / or the ombudsman-office

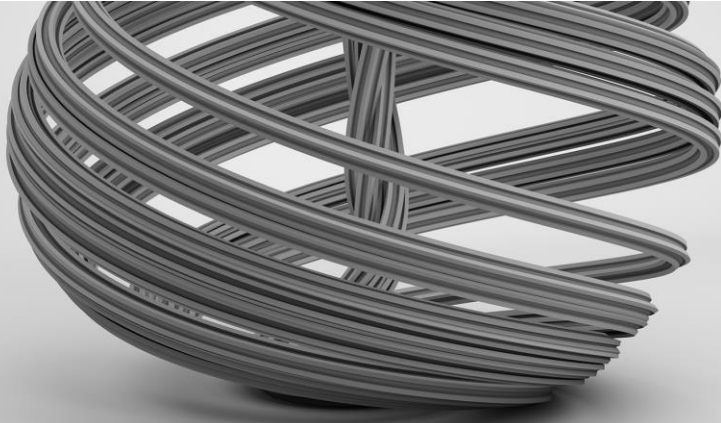
Investors according to letters a-d and national and supra-national public law corporations with professional finance departments are regarded as institutional customers; they can declare they wish to be treated as professional customers.

All other investors are regarded as private customers or non-qualified investors.

REQUIREMENTS FOR FOREIGN SERVICE PROVIDERS UNDER THE NEW REGIME



⁴ The knowledge and experience required must be present in at least one of the persons with an interest in the joint assets.











OUR REPRESENTATION SERVICES

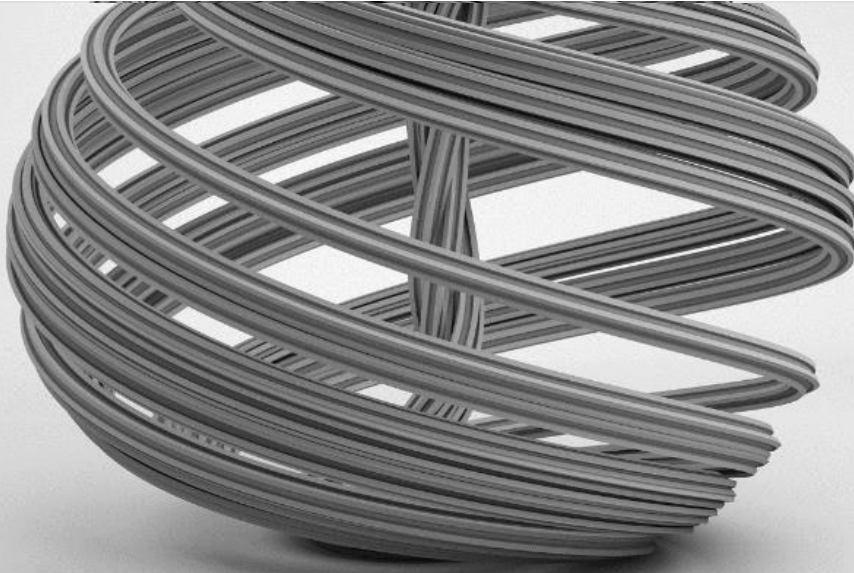
- 1 **Representation** of UCITS, EU & non-EU AIFs
- 2 **Legal advice including initial FINMA-filing**
- 3 **Publication** of all relevant changes in Switzerland
- 4 **FINMA-filing** of all relevant changes and documents and reports in a timely manner
One-Stop-Shop
Coordination with Swiss paying agent
Coordination with translators (if required)
Coordination with tax (and/or legal) advisors (if required)
- 5 **Monitoring** of distribution activities
- 6 **Review of all relevant documents** including marketing documents

FAIR PRICING

- ✓ **All-in-fee (including all services)**
No initial, setup or similar fees
- ✓ No fees for external lawyers (all legal work is done by 1741)
- ✓ No fees on special events (e.g. change of prospectus, deregistration, distribution agreements, etc.)
- ✓ No price difference regarding EU fund type or distribution type
- ✓ No fees on distribution monitoring /onboarding of distributors
- ✓ Annual fee is paid up front, but on a pro rata temporis basis
- ✓ In case of change of the representation agent we bear all FINMA fees

8 REASONS

- 1  We put **your needs first** in any point of time and adopt our processes and services if requested
- 2  Our **independence** ensures that we always act **exclusively** in your interest
- 3  We are your **single point** of contact for all aspects regarding fund distribution in Switzerland
- 4  We have the capacity to implement **your requests** immediately to ensure the best possible «time to market»
- 5  Our employees have **several years of experience** and benefit from daily contact with investors and FINMA
- 6  We offer you the **most attractive fees** for representation services
- 7  We **bear all fees** charged by FINMA caused by the change of the representative agent
- 8  We **support** your distribution team by introducing you to professional investors in Switzerland



ABOUT 1741 FUND SOLUTIONS AG

1741 Fund Solutions AG was established in 1998 in St. Gallen and has for more than ten years represented foreign investment funds, which are sold to qualified and non-qualified investors in Switzerland. 1741 currently represents more than 400 investment funds and takes care of all legal, regulatory and administrative obligations, which are incurred within the context of the first approval and during the ongoing sale of a foreign fund in Switzerland. We stand out in particular due to a transparent price policy and extremely rapid operations.

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