

**INTRODUCTION**

Under Article 20 paragraph 2 of the General Conditions of Banque Cantonale Vaudoise (hereinafter "BCV"), when providing services of any kind, particularly in respect of asset investments, BCV may receive benefits, including in the form of retrocessions, commissions, or other services from third parties. The Client agrees that such benefits will accrue to BCV as compensation.

The purpose of this advisory is to clarify the scope of that paragraph of BCV's General Conditions.

**1. GENERAL POINTS**

In order to offer products and services that meet the needs of their clients, financial intermediaries (including banks) negotiate the conditions and fees that they pay to or receive from their counterparties. To increase their revenues and grow their client base or distribute their products and services, financial intermediaries pay benefits, particularly in the form of retrocessions, commissions, or other services. Similarly, to reduce the cost of services that are billed to clients, financial intermediaries receive such benefits in connection with the services delivered to their clients or the financial products acquired on their clients' behalf. Although volume discounts, in the form of preferred rates or retrocessions based on the volume actually realized with a counterparty, are influenced by the volume generated by all of a financial intermediary's clients, these "benefits" paid or received by the financial intermediary cannot, as a general rule, be allocated to its clients individually.

In certain fields, such as asset investments or commissions on insurance policies, the financial intermediary may be paid by a third party for its activity as a broker. This could generate conflicts of interest that the financial intermediary must then manage so as not to impair the quality of the service that its clients are entitled to expect of it (see "Information on BCV's policy for managing conflicts of interest," <https://www.bcv.ch/en/Legal-information/Trading-floor-and-securities-accounts>), even though such compensation accrues to the financial intermediary because it brokered the transaction.

Finally, it is possible that the financial intermediary will be compensated by a third party in direct connection with a management agreement conferred by a client and that this compensation will be linked to the management agreement. In such cases, Article 400 paragraph 1 of the Swiss Code of Obligations is applicable and:

- either the client agrees that the financial intermediary can keep the compensation, and the rate established by the financial intermediary takes this compensation into account,
- or the financial intermediary is able to determine the amount of the compensation per client and is thus able to return it to the client, adjusting its rate accordingly.

**2. BCV'S POLICY**

The commissions periodically charged on investment fund assets as compensation for management, securities custody, marketing, and distribution are reported to the investor in the product prospectus and/or fund agreement, which will also indicate any duties performed by BCV or another group entity. Any total expense ratio will be indicated in the management company's annual and half-year reports.

Part of the commission charged by the management company may be paid to its distribution partners (including BCV) as compensation, in the form of a distribution fee.

When BCV distributes structured products issued by third parties, it may receive compensation from the issuer, which

can be in the form of a discount on the selling price to clients or a commission for product structuring.

In certain structured products created by BCV, including certificates on a basket of shares, bonds, or investment funds, a payment from the underlying asset may be made during the life of the product in the form of a dividend, an interest coupon, a distribution, or a retrocession on the management fees for the underlying investment funds. If such is the case, the documentation accompanying the product will indicate whether these payments are reinvested in the product or distributed to the client in the form of a coupon or included in the price in another way.

For all structured products, the documentation accompanying the products indicates whether BCV (or another entity in the group) could receive compensation or a commission in connection with the product.

**In establishing the rates applicable to its clients, BCV takes into account the total benefits that it may pay or receive in connection with its activity. It is for that reason that clients agree that such benefits received from a third party will accrue to BCV (Article 20 paragraph 2 of BCV's General Conditions), and they irrevocably agree not to claim these benefits.**

In order to avoid potential conflicts of interest, BCV ensures that investment decisions made on behalf of its clients are independent of any compensation related to the investment in or holding of products (see "Information on BCV's policy for managing conflicts of interest," <https://www.bcv.ch/en/Legal-information/Trading-floor-and-securities-accounts>).

Here is more information on benefits received from third parties, by type of service:

***Wealth-management services***

Since 1 January 2008, the sum of all retrocessions received by BCV for clients with a management agreement has never exceeded 0.3% of the managed assets (per year).<sup>1</sup> As of 1 January 2021, BCV only includes share classes that do not include retrocessions in its managed portfolios and, as a result, does not receive compensation from third parties in this regard. However, if a client instructs BCV to acquire or hold onto a financial product that may lead to the payment of a retrocession, that client irrevocably agrees not to claim these retrocessions, unless the client provides instructions to the contrary.

***Full and occasional advisory services and execution-only services***

Table 1 on the following page illustrates the range of fees that may be paid to BCV for its distribution activities through both its full and occasional advisory service and its execution-only service. In addition, clients with a full advisory agreement (an investment advisory service that takes account of the client's portfolio) may refer to Table 2, which shows the range of fees, by investment strategy and service category, that may be paid to BCV.

<sup>1</sup> <https://www.bcv.ch/La-BCV/Actualite-et-medias/Actualites/2013/Autres-informations/Information-a-notre-clientele-concernant-les-indemnites-de-distribution-a-la-lumiere-de-l-arret-du-TF-du-30-octobre-2012>

The maximum amount of fees that may be paid to BCV (annually) is calculated by multiplying the value (or issue price) of the investment in question by the maximum percentage shown in Table 1 below for the corresponding financial product category. For example, if 20% of an occasional advisory or execution-only portfolio worth CHF 500,000 (i.e., CHF 100,000) is invested in bond funds, the maximum amount of fees that BCV could receive is 0.95% of CHF 100,000 (i.e., CHF 950). Using this calculation (which depends on the amount the client invests), the client can determine BCV's total compensation, which includes the advisory fee (if applicable), administrative fee, and brokerage fee, along with the fees mentioned above. For portfolios with a full advisory agreement, a fee calculation based on an example portfolio can be found in Table 3.

The commissions received by BCV in connection with firm commitments entered into with product issuers (for products such as bonds, including those issued by the Central mortgage-bond institution of Swiss cantonal banks, and real estate funds) are not subject to disclosure or returned to the client because they compensate BCV for taking on credit risk.

### **3. BANCASSURANCE**

BCV has entered into contracts to collaborate with insurance companies and in this connection is compensated by the insurance companies whose products it brokers.

### **4. INDEPENDENT ASSET MANAGERS**

BCV may enter into an agreement with independent asset managers concerning compensation for the business they

bring to it. This agreement may also provide for a discount to clients on the services billed by BCV. If such compensation has been agreed to, BCV may pay financial benefits to independent asset managers that are in a position to grow its client base or distribute its products and services. In principle, however, no compensation is paid to independent asset managers whose clients are domiciled outside Switzerland.

The Client accepts that BCV pays financial benefits to independent asset managers. These benefits represent a percentage of the net income generated for BCV over the year by a given client and may include all or part of the following income: (1) a distribution fee of 0% to 1.5% on structured products, (2) a trailer fee of up to 0.8%, and (3) up to 70% of custody and administrative fees, exchange and OTC/fund brokerage fees, fiduciary fees, margins on forex transactions, and margins on transactions involving precious metals. In addition, BCV may also pay independent asset managers up to 0.5% of net new money from clients, including on mortgage loans (referral commission).

The independent asset manager is responsible for informing clients about compensation paid by BCV.

### **5. AMENDMENT OF THIS ADVISORY**

**BCV reserves the right to modify this document at any time and in any manner it deems appropriate, including by updating it on its website at <http://www.bcv.ch/en/home/legal/retrocessions>.**

**Table 1: Fee ranges by type of financial instrument for full and occasional advisory services and execution-only services**

| <b>Fund investments</b>  | <b>Fee range (annualized)</b> |
|--|-------------------------------|
| Money-market funds   | 0% to 0.25%                   |
| Bond funds   | 0% to 0.95%                   |
| Equity funds   | 0% to 1.50%                   |
| Asset allocation funds   | 0% to 0.90%                   |
| Real-estate funds  | 0% to 1.00%                   |
| Commodity funds  | 0% to 1.10%                   |
| Alternative funds (e.g., funds of hedge funds, private equity funds) | 0% to 1.35%                   |
| Index funds  | 0% to 0.40%                   |

  

| <b>Structured products</b> | <b>Fee range</b> |
|----------------------------|------------------|
| One-time fee, or           | 0% to 1.5%       |
| Regular fee (annualized)   | 0% to 1.0%       |

**Table 2: Fee ranges by investment strategy and service category, for full advisory service only**

| <b>Investment strategy</b> | <b>Service category</b>                     | <b>Fee range (annualized)</b> |
|----------------------------|---|-------------------------------|
| Obligations (Bonds)        | BCV Conseil Classique and BCV Conseil Plus  | 0% to 1.0%                    |
|                            | BCV Conseil Premium and BCV Active Advisory | 0% to 1.0%                    |
| Revenu (Income)            | BCV Conseil Classique and BCV Conseil Plus  | 0% to 1.2%                    |
|                            | BCV Conseil Premium and BCV Active Advisory | 0% to 1.2%                    |
| Équipondéré (Balanced)     | BCV Conseil Classique and BCV Conseil Plus  | 0% to 1.3%                    |
|                            | BCV Conseil Premium and BCV Active Advisory | 0% to 1.3%                    |
| Dynamique (Growth)         | BCV Conseil Classique and BCV Conseil Plus  | 0% to 1.4%                    |
|                            | BCV Conseil Premium and BCV Active Advisory | 0% to 1.4%                    |
| Actions (Equities)         | BCV Conseil Classique and BCV Conseil Plus  | 0% to 1.5%                    |
|                            | BCV Conseil Premium and BCV Active Advisory | 0% to 1.5%                    |

The distribution fees are calculated for Private Banking client portfolios in accordance with the service categories shown above. In addition, the asset allocation for a given investment strategy may differ considerably from that of the Client's actual portfolio depending on the Client's investment decisions. The fees received by BCV may therefore differ considerably from those shown above. For each investment strategy, the percentages shown comprise those relating to the financial instruments used under the strategy. For this reason, the percentages shown in Tables 1 and 2 are not cumulative.

Table 3:

## Example fee calculation

For the “Équipondéré” (Balanced) investment strategy in accordance with the BCV Conseil Plus example portfolio at 31 December 2024

This fee calculation is provided as an illustration; the example portfolio is comprised exclusively of investments in funds and certificates. The actual fees for the fund and certificate investments listed below may differ from the fees shown in the calculation.

|   | Investment<br>amount in CHF | Annualized fee for<br>investment<br>products (as %) | Annualized fee for<br>investment<br>products (in CHF) |
|---|-----------------------------|---|---|
| <b>Cash and cash equivalents</b>              |                             |   |   |
| Cash  | 15,000                      | 0%  | 0.00  |
| <b>Core portfolio</b>                         |                             |   |   |
| BCV Équipondéré asset allocation fund         | 310,000                     | 0.55%   | 1,705.00  |
| <b>Bonds</b>                                  |                             |   |   |
| <b>High-quality short-term CHF bonds</b>      |                             |   |   |
| SWC CHF Index Bond Total Market AAA-BBB       | 20,000                      | 0%  | 0.00  |
| <b>High-yield bonds, CHF-hedged</b>           |                             |   |   |
| BCV Cert. Tracker Rendement Elevé Actif H CHF | 35,000                      | 0%  | 0.00  |
| <b>Equities</b>                               |                             |   |   |
| <b>Swiss small and mid caps</b>               |                             |   |   |
| BCV Small and Mid Caps CH                     | 15,000                      | 0.60%   | 90.00   |
| <b>Global dividend stocks with EUR hedge</b>  |                             |   |   |
| UBS Dividend Aristocrats                      | 15,000                      | 0%  | 0.00  |
| <b>Emerging markets</b>                       |                             |   |   |
| BCV Global Emerging A                         | 15,000                      | 0.65%   | 97.50   |
| <b>Green New Deal</b>                         |                             |   |   |
| BCV tracker certificate                       | 15,000                      | 0%  | 0.00  |
| <b>Cybersecurity H CHF</b>                    |                             |   |   |
| BCV Cybersecurity tracker certificate         | 15,000                      | 0%  | 0.00  |
| <b>Global Quality Leaders</b>                 |                             |   |   |
| BCV tracker certificate                       | 15,000                      | 0%  | 0.00  |
| <b>Commodities</b>                            |                             |   |   |
| <b>ESG gold</b>                               |                             |   |   |
| BCV Physical Gold ESG H CHF                   | 15,000                      | 0%  | 0.00  |
| <b>Real estate</b>                            |                             |   |   |
| SWC Real Estate Fund                          | 15,000                      | 0.325%  | 48.75   |
| <b>Total portfolio investments</b>            | <b>500,000</b>              | <b>0.39%</b><br><b>(weighted average)</b>           | <b>1,941.25</b>                                       |

The figures in the table may differ from actual figures due to rounding. BCV makes every effort to ensure that the data it publishes are reliable. Nevertheless, it cannot guarantee that the information contained in this document is up to date, accurate, or complete. BCV declines all liability relating to any losses or damage resulting from the distribution of this document.

This document is a translation of the French text entitled “Information clientèle concernant les commissions, rétrocessions ou autres avantages”; only the French text is authoritative.