



J. SAFRA SARASIN



# Wrap Fee Program Brochure / Form ADV Part 2A

J. Safra Sarasin Asset Management (North America) Ltd

October 12, 2018



**Wrap Fee Program Brochure / Form ADV Part 2A**

**Item 2: Material Changes**

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There are no material changes as this Wrap Fee Program Brochure is the first version filed with the SEC.

**Item 1: Cover Page**

This wrap fee program disclosure brochure (the “**Wrap Fee Program Brochure**”) provides information about the qualifications and business practices of J. Safra Sarasin Asset Management (North America) Ltd (“**JSSAMNA**”, “**us**” or “**we**”). If you have any questions about the contents of this Wrap Fee Program Brochure, please contact us at +41 (0)58 317 64 00 and/or [jssamna@jsafrasarasin.com](mailto:jssamna@jsafrasarasin.com). The information in this Wrap Fee Program Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “**SEC**”) or by any state securities authority.

Additional information about us is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Please note that registration with the SEC as a registered investment adviser does not imply a certain level of skill or training.

The information in this Wrap Fee Program Brochure is current as of the date indicated above and is subject to change at our discretion. We will provide you annually with a copy of our updated Wrap Fee Program Brochure or a summary of material changes from the Wrap Fee Program Brochure previously provided to you. In addition, you may also obtain a copy of our current Wrap Fee Program Brochure at any time free of charge via the above-mentioned telephone number or e-mail address.



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#### Item 4: Services, Fees and Compensation

##### About J. Safra Sarasin Asset Management (North America) Ltd (“JSSAMNA”, “us” or “we”)

JSSAMNA is a corporation organized under the laws of Switzerland with its head office and place of business in Geneva, Switzerland. We provide investment advisory services mainly to individuals, trusts, estates, charitable organizations and small corporations or similar small business entities residing in, or organized under the laws of, the United States of America (the “US”). JSSAMNA may, in certain limited cases, also advise other clients, such as US citizens resident outside the US.

We are a wholly owned subsidiary of J. Safra Sarasin Holding Ltd, Basel, Switzerland (“JSSH”). JSSH is indirectly owned via intermediate holding companies by members of the Joseph Y. Safra family with the indirect control over the voting rights vested in Mr. Joseph Y. Safra.

Please refer to the supplement of this Wrap Fee Program Brochure (ADV Form Part 2B) to learn more about JSSAMNA’s key personnel.

##### About our investment advisory services

We specialize in tailored investment advisory services to high net worth clients and offer both discretionary asset management services as well as non-discretionary investment advisory services. In doing so, we will make recommendations based on your investment profile and objectives.

Our investment advisory services may cover a variety of asset classes in US and international markets, including cash in various currencies, equity and debt securities, mutual funds, fiduciary deposits, certain derivatives and (physical) precious metals. Depending on your investment profile and objectives, we may also consider other types of investments.

We are not registered as a broker-dealer with the SEC or any other US or non-US regulatory authority. Accordingly, we do not provide any brokerage services.

##### Discretionary Mandate

If you wish to have your assets managed on a discretionary basis, you must enter into a Discretionary Asset

Management Agreement (the “**Discretionary Mandate**”) with JSSAMNA. Under a Discretionary Mandate, we will manage your assets on a fully discretionary basis in line with the agreed investment strategy, taking into account your investment profile and objectives. We will be solely responsible for defining the asset allocation, making the underlying investments in your discretionary portfolio covered by the Discretionary Mandate and periodically review and adjust the discretionary portfolio in response to economic, political or market conditions.

We allow investment restrictions such as those related to specific securities, certain types of securities or industries. Any such restrictions imposed by you on our Discretionary Mandate may cause the selected investment strategy to differ in performance and risk profile from the unmodified mandate developed by our investment team, which may be used by other clients of JSSAMNA.

##### Advisory Mandate

If you wish to have your assets managed on a non-discretionary basis, you must enter into a Non-Discretionary Investment Advisory Agreement (the “**Advisory Mandate**”) with JSSAMNA. Under the Advisory Mandate, we will provide you with our investment views and recommendations upon request and in accordance with your investment profile and objectives. We may also periodically contact you and offer recommendations that we consider suitable and appropriate for you.

In contrast to the Discretionary Mandate, you will be solely responsible for making all investment decisions and we will not have any discretionary authority over your assets. We will furthermore not provide continuous and regular supervision of your non-discretionary portfolio covered by the Advisory Mandate and will not be responsible for proactively updating any previous investment views and recommendations in response to economic, political or market conditions.

For Advisory Mandates, we generally do not permit any investment restrictions as any restrictions in your non-discretionary portfolio would be self-imposed and controlled by you.

##### Assets under management

As of end of September 2018, we provided investment advisory services for USD 50.9 million in assets under



management, of which USD 26.4 million are in Discretionary Mandates and USD 24.5 million are in Advisory Mandates.

#### Wrap Fee

For our investment advisory services as well as further services as described in more detail below, we are compensated on the basis of a wrap fee (the “**Wrap Fee**”) calculated at the end of each calendar quarter (31 March, 30 June, 30 September, 31 December) as a percentage of the entire assets (including cash) held in the client account(s) of the custodian bank that are covered by either the Discretionary Mandate or Advisory Mandate.

For our Discretionary Mandate and Advisory Mandate, the Wrap Fee is an annual rate of **1.60%** of your entire assets (including cash) in the mandate, subject to a minimum quarterly Wrap Fee of **CHF 8,000**.

We reserve the right to waive, discount, increase or otherwise negotiate our Wrap Fees.

#### Services included in the Wrap Fee

Our Wrap Fee includes the following services:

- our investment advisory services in regard to your Discretionary Mandate and/or Advisory Mandate;
- the custody, trade settlement and withholding tax reclaim fees of the custodian bank;
- periodic account and portfolio statements provided to you by the custodian bank;
- an annual country-specific US tax report and generic income statement (incl. realized and unrealized capital gain and loss) provided to you by the custodian bank; and
- the brokerage commissions on US and certain non-US securities.

For purchases of non-US securities on which a third party broker charges a brokerage commission, that commission will be included in the purchase price, i.e. the commission will not be paid from the Wrap Fee.

Our Wrap Fee will not be adjusted for (1) low or no trading activity, or (2) for an Advisory Mandate, if you decide not to implement or follow the investment advice we provide to you. As a consequence, our Wrap Fee may, depending on your investment activity, cost you more than if you are

charged for our investment advisory services as well as the above described included custodian and brokerage services separately.

#### Calculation and charging of the Wrap Fee

Although additional custodian banks may be permitted in the future, Bank J. Safra Sarasin Ltd in Basel, Switzerland (“**BJSS**”), must act as custodian bank for Wrap Fee accounts. The Wrap Fee will be calculated in Swiss francs based on BJSS’s market valuation of all of the assets (including cash) held in the client account(s) with BJSS that are covered by either the Discretionary Mandate or Advisory Mandate at the end of each calendar month during the quarter for which the Wrap Fee is charged. The Wrap Fee will be charged in arrears at the end of the quarter in your reference currency to your client account(s) with BJSS. In case the Discretionary Mandate or Advisory Mandate is terminated, the Wrap Fee for the entire last calendar month is charged in full. If your reference currency is not Swiss francs, then the debiting of the Wrap Fee will result in a foreign exchange transaction. BJSS will be compensated for effecting such a foreign exchange transaction.

#### Other expenses

Our Wrap Fee do not include any BJSS fees that are not listed above such as foreign currency exchange transactions, wire transfer or any other fees or taxes (e.g. value added tax, Swiss stamp tax duty) imposed by BJSS or other service providers. Our Wrap Fee also does not include any management or other fees charged by funds or issuers of other financial instruments you may be invested in. Depending on the services you request from BJSS or other service providers, you may additionally be charged for special services such as safe deposit boxes. All these fees will reduce the overall return of the investment advisory portfolio(s) covered by either the Discretionary Mandate or Advisory Mandate. **All these fees as well the Wrap Fee will reduce the overall return of the investment advisory portfolio(s) covered by either the Discretionary Mandate or Advisory Mandate**

#### Management fees to affiliates

If we or you invest in collective investment vehicles and similar products managed by an affiliate of JSSAMNA, that affiliate may be economically benefited through the receipt of a management fee for such products. We will not share such fees.



#### No other compensation

We do not accept any compensation for any sale of any financial instruments, referral of prospective clients or have any other type of revenue-sharing arrangement with another party unless disclosed otherwise. In addition, we do also not charge any transaction-based fees or fees for transmitting orders to broker-dealers for execution.

#### **Item 5: Account Requirements and Types of Clients**

As specified under Item 4, we provide investment advisory services to mainly high net worth individuals, trusts, estates, charitable organizations and small corporations or similar business entities who are residing in the US, or organized under US laws. We may, in certain limited cases, also advise other clients.

We consider that a minimum Discretionary Mandate or Advisory Mandate value of USD 2,000,000 allows for most efficient management and sufficient diversification. Investment advisory mandates with smaller values may be accepted based on specific circumstances and we may aggregate investment advisory mandates that have family, corporate or other relationships at our discretion.

We reserve the right to terminate your participation in a Discretionary Mandate or Advisory Mandate if the investment amount falls below the minimum value as described above. Under normal circumstances, we will not do so if such decrease in value is attributable to the performance of your Discretionary and/or Advisory Mandate.

#### **Item 6: Portfolio Manager Selection and Evaluation**

All investment advisory services are provided by our investment team. No external portfolio manager is in charge to act as investment adviser for our clients.

##### **6.1 Performance-based fees and side-by-side management**

We do not charge performance-based fees.

Our policies and procedures aim to ensure that investment advisory portfolios are treated fairly and equitably over time. Any investment decisions for such portfolios

are made with specific reference to the individual investment profile and objective of each client. We may therefore give investment advice or exercise investment responsibility or take other actions for clients that may differ from the advice given, or the timing and nature of actions taken, for other clients. Investment results for different portfolios, including portfolios that are generally managed in a similar style, may also differ as a result of these considerations. Some clients may not participate at all in some investments in which other clients participate, or may participate to a different degree or at a different time.

##### **6.2 Methods of analysis, investment strategies and risk of loss**

Our investment team defines several investment strategies that are appropriate to different degrees of risk. All investments carry a risk of loss. The investment strategy you select must reflect the risk of loss you are willing to bear. The higher the expected returns you may have, the greater the risk you could lose. We consider various factors to select the most suitable investment strategy for you. These factors could evolve over time and may change your risk tolerance, investment profile and objective as well as the investment strategy selected by you.

A conservative investment strategy may allow you to seek a modest level of losses and returns, while accepting low risk and low fluctuation to your initial principal. This strategy may not generate significant income and may not keep pace with inflation.

An aggressive or growth-oriented investment strategy may allow you to maximize returns over time, but require you to accept a very high level of risk and fluctuation to your initial principal. Aggressive investors may lose most or all of the initial principal invested.

In between, a balanced investment strategy may expose your initial principal to moderate risk and return expectation. However, all or a portion of your initial principal could still be lost.

It is of highest importance that we apply sound methods of analysis and investment strategy to your investment advisory mandate. Our investment team periodically organizes an investment committee, where investment



views are formulated and translated into asset allocation decisions. We take into consideration economic, political and market factors, such as gross domestic product, inflation, short and long-term interest rates. The asset allocation decisions may impact each risk profile and their related investment strategies.

Our investment strategies and investment advice involve financial instruments with varying risk degrees, from lower risk (e.g. cash and high quality debt securities) to higher risk investments (e.g. equity securities). Currency allocation, country exposure and sector weighting are key elements, which may substantially change the risk of any investment. We generally allocate a higher portion of low risk financial instruments to conservative strategies, while growth strategies will be more exposed to riskier financial instruments.

In a broad perspective, we tend to invest in companies benefitting from strong balance sheets, stable earnings and efficient management for a long-term period. We avoid most of the time micro-cap securities, unstable countries, leverage and businesses that we do not understand. We do not engage in “day trading”, “high frequency trading” or any excessive trading generally regarded as “churning”.

We regularly monitor your Discretionary Mandate and usually review its asset allocation, typically on a monthly basis, but not less frequently than quarterly. We may engage in more financial instrument transactions on behalf of clients during any particular quarter depending on market conditions or changes in client investment strategy.

Generally speaking, all investments are subject to a risk of financial loss that you should be prepared to bear. You must understand the factors that can potentially lead to such loss. Example of common risk types may include, without limitation:

- Market risk: prices in any investment can go up and down rapidly and unpredictably, caused by macroeconomic factors, such as economic developments, changes in interest rates, political changes, and other catastrophic events;
- Interest rate risk: debt securities can fluctuate in value as interest rates change. Central banks may change interest rates at various times during the

business cycle, which may affect corporate debt's income and performance. Also, debt securities with longer maturity will typically be more sensitive to changes in interest rates compared to similar ones with a shorter maturity;

- Credit risk: credit risk is associated with the uncertainty in an issuer's ability to meet its obligation to pay interest and/or principal, or even go bankrupt (sometimes referred to as solvency risk);
- Liquidity risk: due to low trading volume, you could be exposed to the risk of not being able to sell, or buy, a specific financial instrument. This generally happens with companies having a small market capitalization or debt security during period of stress; for instance, debt securities rated below investment grade, also called “high yield bonds”, offer better yield, but are generally more volatile and less liquid than other debt securities;
- Foreign exchange risk or currency risk: this risk generally arises from the change in value of one currency against another. Currency exchange rates can be extremely volatile, especially during times of political or economic unrest, or as a result of actions taken by central banks. The risk depends on which level your investment advisory portfolio will be allocated to your reference currency versus another;
- Foreign/Emerging markets risk: foreign/emerging markets are affected by global economic factors and generally do not have the level of market efficiency and strict standards in accounting and securities regulation than in developed countries. Some foreign/emerging markets may also have less trading volume, which may make it more difficult to sell a financial instrument. You must understand that investing in foreign/emerging markets come with much greater risk due to political instability, domestic problems and currency volatility and may trigger larger and more frequent price changes in the short term; and
- Concentration risk: we usually describe concentration risk when the allocation to a market segment or a company is higher than others. This could be related to a country, a company, an industry or any specific financial instruments invested. The concentration risk may lead to an increased risk (or opportunity) for additional loss (or profit).



### 6.3 Voting client securities (proxy voting)

JSSAMNA does not accept proxy voting responsibility for securities held in your non-discretionary portfolio. You must arrange for any corporate action information or proxy voting directly with BJSS.

With respect to any discretionary portfolio, and subject to us having received the necessary information from the custodian bank in time, we will exercise our investment judgement for corporate actions such as tender or exchange offers, subscription rights, option and conversion rights or redemption rights. For all other votes, such as voting for directors, you remain solely responsible. Furthermore, we will not advise you on or make any elections with respect to reorganizations, bankruptcy proceedings or class action lawsuits involving an issuer of financial instruments held in your investment advisory portfolio. You must arrange for any such information to be obtained directly from BJSS.

Upon request, you may obtain a copy of our proxy voting policy and procedures related to your investment advisory portfolio.

### Item 7: Client Information Provided to Portfolio Managers

As specified under Item 6 above, all investment advisory services are solely provided by our investment team. No external portfolio manager is in possession of any client information.

### Item 8: Client Contact with Portfolio Managers

There are no restrictions to contact your Client Relationship Manager or our investment team in regard to our investment advisory services or your investment advisory portfolio. Our business hours are from 9.00am to 6.00pm (Central European Time).

### Item 9: Additional Information

#### 9.1 Disciplinary information

As of the date of this Wrap Fee Program Brochure, there is no disciplinary information to report.

#### 9.2 Other financial industry activities and affiliations

##### General comment

As described under Item 4, JSSAMNA is a wholly owned subsidiary of JSSH. JSSH also owns BJSS, a Swiss bank licensed and supervised by the Swiss Financial Market Supervisory Authority FINMA with its principal office in Basel, Switzerland. BJSS provides banking and investment services for private and institutional clients in Switzerland and abroad. Neither JSSH nor BJSS are registered with the SEC as a broker-dealer or investment adviser or with any other US regulatory authority. As part of the JSSH Group, JSSAMNA is subject to the consolidated supervision of the JSSH Group.

While JSSAMNA and other entities of the JSSH Group do not share any staff, our Chairman also serves as director and/or executive manager of BJSS and other entities of the JSSH Group.

JSSAMNA is a member of the Swiss Association of Asset Managers (SAAM), which is a Swiss self-regulatory organization (SRO) supervised by the Swiss Financial Market Supervisory Authority FINMA in the context of combating money laundering and the financing of terrorism.

##### Material relationships with affiliated entities

There are various forms of arrangements between JSSAMNA and its affiliates as described further below, some of which inherently involve material conflicts of interest. Before participating in JSSAMNA's wrap fee program, you should understand these arrangements and the conflicts they pose. While we generally believe that BJSS and other affiliates identified below provide services of comparable quality and, to the extent applicable, at comparable prices to other market participants, we do not independently evaluate, and we do not represent, whether that is or remains the case. Furthermore, JSSAMNA requires its affiliates to limit the use of any information to the purpose for which it was provided and to keep them confidential in accordance with applicable





laws and regulations. More details are available in our Privacy Notice.

- Custody and banking services: while other custodian banks may be permitted in the future, you currently may select only BJSS as custodian bank for assets covered by our investment advisory services. Depending on your country of residence, you may obtain limited complementary banking services from BJSS as permitted under the local requirements in your home jurisdiction. The fees for BJSS's services may be more or less favorable than those that may be obtained from other custodian banks. We are not party to any BJSS's services and do not receive compensation in relation to these arrangements. While our Wrap Fees will be deducted directly from your account(s) with BJSS, we do not have custody of your assets. You will furthermore receive periodic account statements for your investment advisory portfolio directly from BJSS. In addition, as custodian bank, BJSS charges fees for effecting foreign exchange transactions or other services not covered by the Wrap Fee.
- Execution services: for your investment advisory portfolio, JSSAMNA will, consistent with our duty of best execution, route securities orders to either Safra Securities LLC ("**Safra Securities**"), an affiliate that is registered as a broker-dealer with the SEC and a member of the US Financial Industry Regulatory Authority (FINRA) or other broker-dealers as disclosed further in section 9.4 below. Fees charged to JSSAMNA by Safra Securities will be absorbed by our Wrap Fee except for brokerage commissions that may be charged for certain non-US securities by third party brokers used by Safra Securities that will be charged to you directly as part of the purchase price of the security. The fees for Safra Securities' services may be more or less favorable than those that may be obtained from non-affiliated third parties. We do not receive compensation in relation to this arrangement. While Safra Securities does not receive additional compensation from you when we select them to execute transactions on your behalf, we have an incentive to place trades through Safra Securities, rather than a third party, such as Baird (see Item 9.4 below for more information).
- Cash/Currency accounts: cash investments in various currencies in your investment advisory portfolio

are held with BJSS as custodian bank and you are therefore exposed to the credit risk of BJSS. Moreover, if you hold cash or assets denominated in multiple currencies, you will be exposed to fluctuating exchange rates between and among those currencies.

- Fiduciary deposits: unless instructed otherwise by you, fiduciary deposit investments in your investment advisory portfolio will be placed via BJSS in their own name, but at your risk with BJSS's recommended fiduciary counterparties at the point of time of the investment. The fiduciary counterparties are generally affiliates of BJSS and such placements are therefore exposed to the credit risk of such affiliates as well as BJSS itself. We, and BJSS, have a financial incentive to make such fiduciary deposit investments with affiliates of BJSS.
- Derivatives: over-the-counter derivative investments in your investment advisory portfolio such as foreign exchange forwards will be placed with BJSS and you are therefore exposed to the credit risk of BJSS. BJSS charges fees in connection with such transactions, and accordingly we have a conflict of interest in selecting BJSS.
- Precious metals: precious metal investments in your investment advisory portfolio are held with BJSS as custodian bank. In case that precious metal investments are not held in physical form, you are exposed to the credit risk of BJSS.
- Research and joint investment meetings: in addition to research obtained by non-affiliated entities, JSSAMNA may obtain research reports prepared by BJSS and participate in periodic investment meetings in order to share macroeconomic views, asset allocation and investment ideas. We are not required to follow or agree with these views and ideas of BJSS, and our investment team has the discretion to take positions for your investment advisory portfolio that deviate from the ones taken by BJSS.
- Shared premises: JSSAMNA and BJSS are located in the same building and we share office space and common areas. However, our own workspace and documents storage room stay physically segregated from those of BJSS and any information related to current, former and prospective clients are kept confidential. Appropriate access controls are enforced to comply with this rule.



- Corporate support services: BJSS provides various support services that are generally unrelated to our investment advisory services to you such as facility management, IT and telephone infrastructure, human resources, mailing services, controlling or legal support.

### 9.3 Code of Ethics, participation or interest in client transactions and personal trading

We have adopted a Code of Ethics which sets forth standards of business conduct that apply to all our employees, reflect our fiduciary obligations to act in your best interest, and addresses prevention of any conflict of interest associated with the personal trading activities of our employees and certain members of their families. All of them must periodically submit specific reports which reflect their current personal securities holdings, as well as their most recent securities transactions. Our Chief Compliance Officer reviews these reports on a regular basis and ensures our employees or certain members of their families do not take inappropriate advantage of their positions in relation to your investment advisory portfolio.

We also have policies and procedures that are designed to prevent the misuse of material and non-public information which may become available to us via you or other means. Our employees are prohibited from using such information for you, their benefit or the benefit of third parties.

Any employee who fails to respect the provisions of the Code of Ethics can be subject to sanctions, which may include verbal warnings, suspension of personal trading rights, disgorgement of profits and, in most severe cases, the possibility of dismissal or to be reported to the relevant authorities.

We can provide you with a copy of our Code of Ethics upon request.

### 9.4 Brokerage practices

#### Broker-dealer selection

We have an obligation to seek “best execution” for client transactions. Best execution generally refers to the execution of transactions in such a manner that the total costs or proceeds in each transaction are the most fa-

vorable under the circumstances. The SEC defines best execution as “best qualitative execution” and not merely the lowest possible execution cost. When evaluating the quality of execution provided by our selected broker-dealers, we will review the following factors:

- On the broker-dealer’s side: financial strength, markets coverage, settlement efficiency, quality of communication, level of commission vs. peers and ability to maintain confidentiality.
- On the custodian bank’s side: ability to settle trades with a delivery-against-payment model with the broker-dealer.

JSSAMNA normally uses the following two broker-dealers:

As disclosed in section 9.2 above, we have selected Safra Securities, an affiliated broker-dealer for securities execution services because we believe that Safra Securities offers an attractive platform for our business model while, at the same time, Safra Securities meets the above-mentioned “best quality execution” criteria.

We have furthermore selected Robert W. Baird & Co. Incorporated (“**Baird**”), a non-affiliated entity that is registered as a broker-dealer with the SEC and a member of the US Financial Industry Regulatory Authority (FINRA) for securities execution services. Through its international network and 24 hour trading desk, Baird offers next to competitive commissions in particular real-time access during European and Asian market hours. As part of JSSAMNA’s arrangement with Baird, we also obtain access to Baird’s proprietary research as an additional channel of independent research.

We will periodically review the arrangements with Safra Securities and Baird. In addition, we reserve the right to use other firms, in addition to or in place of, Safra Securities and Baird, as we deem warranted.

#### Research and other soft dollar benefits

We did not select Safra Securities and Baird, and will generally not in the future select any other broker-dealer, for securities transactions based upon a soft commission or soft dollar arrangement.

We receive third party research via Safra Securities as well as proprietary research prepared by Baird and BJSS,



including periodically and publically available newsletters as well as access to their research platform. These materials are provided to us free of charge, i.e. do not result in a different level of commissions or fees charged, and not subject any transaction volume directed to a particular broker-dealer. We do not consider the provision of research or other services when evaluating execution services.

#### Directed brokerage

As explained above, we use Safra Securities and Baird for execution of client transactions. We do not permit clients to direct or use any other specific broker-dealers for any client transactions. Not all investment advisers do this. As a result, we may not be able to achieve the most favorable execution and this practice may increase your transaction costs, such as by charge of a brokerage commission for transactions in certain non-US securities. However, we believe that in consideration of the “best qualitative execution” criteria described above, the selected broker-dealer and settlement process with the custodian bank provide for the most favorable result for you over time.

#### Trade aggregation and/or allocation of investment opportunities

We may aggregate or pool trade orders to buy or sell financial securities in a way to seek the most favorable execution and to lower brokerage commissions. All affected investment advisory portfolios will receive the same average execution price. We endeavor to allocate executed trades and/or investment opportunities on a fair and equitable basis, without favoring any portfolio or client. In cases when an order is partially completed, we will allocate the traded financial instruments on a pro rata basis.

We cannot guarantee the equal participation of each client in every investment opportunity or every transaction. In certain instances such as the limited availability of publicly traded securities or over-subscribed public offerings, it may not be possible to allocate a transaction pro rata, especially if clients have materially different sized portfolios or if post-trade allocation becomes substantially different from pre-trade allocation due to minimum round lots not reached. In those cases, we randomly allocate executed trades.

### **9.5 Review of accounts**

After entering into a business relationship with us, each client and investment advisory portfolio is assigned to a Client Relationship Manager.

With respect to Discretionary Mandates, our investment team regularly monitors your discretionary portfolio, typically on a monthly basis but not less frequently than quarterly. Each review generally includes consideration of the following matters:

- compliance with agreed investment strategy, i.e. asset allocation, investment restriction, product suitability;
- consistency of your investment objectives with your risk profile; and
- any conflicts of interest that may exist.

In addition, the appointed Client Relationship Manager reviews the investment objectives for all assigned investment advisory portfolios on an annual basis.

Apart from the regular monthly statement provided by the custodian bank, we inform you as often as agreed, but no less frequently than annually, about the performance and the balance of your investment advisory portfolio.

### **9.6 Client referrals and other compensation**

We may from time to time refer clients to or receive referrals from other entities of the JSSH Group, but we do not receive or pay any remuneration for such referrals.

Occasionally, we may enter into an arrangement with a non-affiliated solicitor who may refer prospective clients to us for compensation. Any referral fee is generally calculated based on a percentage of assets under management of the referred investment advisory portfolio, or of the fees that we earn on those assets, and will be disclosed to referred prospective clients before entering into a business relationship with us. Any referral fee paid to a solicitor will not result in any increase of the generally applicable Wrap Fee or any additional charges to you.



### **9.7 Custody**

We do not have direct custody of any client assets. As specified in section 9.2 above, you currently must choose BJSS as custodian bank. You should carefully review the accuracy of any account statement sent by BJSS. We will work with BJSS to ensure that account statements are directly sent to you.

BJSS is viewed as a “Qualified Custodian” and subject to certain requirements as defined in Rule 206(4)-2 of the US Investment Advisers Act of 1940 (the “**Custody Rule**”). BJSS will send quarterly (or more frequent) account statements directly to clients. Furthermore, and in accordance with the Custody Rule, JSSAMNA has an internal control report prepared by an independent public accountant on an annual basis who in addition also conducts a (surprise) examination regarding client funds and securities held by the Qualified Custodian once a calendar year. We have retained Deloitte SA, Switzerland, as independent public accountant. Upon request, you may request from us a copy of the internal control report prepared by Deloitte SA, Switzerland.

### **9.8 Investment discretion**

Based on a Discretionary Mandate and power of attorney for the management of assets granted by you on the discretionary portfolio held at BJSS, we will have full discretionary authority to manage your discretionary portfolio, including the authority to purchase or sell any financial instrument in accordance with the agreed investment strategy. In addition, we may be granted authority to instruct BJSS to debit and pay our quarterly Wrap Fees.

We allow investment restrictions such as those related to specific securities, certain types of securities or industries. Any such restrictions imposed by you on our Discretionary Mandate may cause the selected investment strategy to differ in performance and risk profile from the unmodified mandate developed by our investment team, which may be used by other clients of JSSAMNA.

### **9.9 Financial information**

We are in sound financial standing and do not have any condition reasonably likely to impair our ability to meet our contractual commitments to you.

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