

## Vontobel Swiss Wealth Advisors AG

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### FORM ADV PART 2A Wrap Fee Program Brochure

of

**Vontobel Swiss Wealth Advisors AG**

Gotthardstrasse 43  
CH-8022 Zurich  
Switzerland  
Tel. +41 44 287 8111

[www.vontobeladvisors.com](http://www.vontobeladvisors.com)

March 31, 2021

**This Wrap Fee Program Brochure provides information about the qualifications and business practices of Vontobel Swiss Wealth Advisors AG ("VSWA") and our wrap fee investment advisory programs that you should consider before becoming a client of any of these programs. If you have any questions about the contents of this Brochure, please contact us at +41 44 287 8111 and/or [info@vontobeladvisors.com](mailto:info@vontobeladvisors.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC"), any state securities authority or any other governmental body. This Brochure is deemed to constitute "marketing material" under Article 68 of the Swiss Financial Services Act.**

**Additional information about VSWA is also available on the SEC's website at <https://www.adviserinfo.sec.gov>**

As used in this Brochure, the words "we", "our" and "us" refer to VSWA and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm.

VSWA is an investment adviser registered with the SEC and is an exempt international adviser in the Canadian provinces of Alberta, British Columbia, Nova Scotia, Ontario and Québec. Please note that use of the terms "registered investment adviser" and "exempt international adviser" and the description of VSWA as "registered" or "exempt" does not imply a certain level of skill or training. The oral and written communications we provide you, including this Brochure, is information you may wish to use in considering whether to hire or retain VSWA as your adviser.

The information contained in this Brochure is current as of the above date and is subject to change at VSWA's discretion. On an annual basis, VSWA will provide you with a summary of material changes and an "offer-to-deliver" the full and updated version of this Wrap Fee Brochure without charge.

## 2 Material Changes

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This Item summarizes the material changes to our Wrap Fee Brochure since its last annual update, which occurred on March 31, 2020:

**Item 4.4.2 Focus Mandate** was updated in order to reflect the Focus Mandate Megatrends (USD) strategy that was introduced this past year within VSWA's Managed Program.

**Item 9.2 Client complaints and mediation** has been added in order to outline VSWA's complaints process and to highlight the clients' right to contact the Swiss Banking Ombudsman in case an amicable solution with VSWA cannot be reached.

This Brochure also includes certain other non-material changes

Generally, VSWA will summarize in this Item any material changes to this Wrap Fee Brochure on an annual basis. Additionally, we will provide you with a new Brochure as necessary based on changes or new information, at any time, without charge. You may request our Brochure at any time by contacting your Wealth Management Advisor or by sending a written request to [info@vontobeladvisors.com](mailto:info@vontobeladvisors.com).

Our Brochure may also be viewed at the SEC website <https://www.adviserinfo.sec.gov>.

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## 4 Services, Fees and Compensation

### 4.1 About the Firm and Our Services in General

Vontobel Swiss Wealth Advisors AG ("VSWA") is a wholly owned subsidiary of Vontobel Holding AG. We are a sister company of Bank Vontobel AG, one of Switzerland's foremost private banks for over 90 years.

With our principal office located in Zurich, Switzerland, and additional offices located in Geneva, Switzerland, and New York, New York, we are a Swiss company and are registered as an investment adviser with the US Securities and Exchange Commission ("SEC"). We have also filed under and rely on the Canadian international adviser exemption of *National Instrument 31-103 – Registration Requirements, Exemptions and Ongoing Registrant Obligations* ("NI 31-103") in the Canadian provinces of Alberta, British Columbia, Nova Scotia, Ontario and Quebec. Additional information about VSWA's business and its affiliates can be found in our Form ADV Part 1 that is filed with the SEC and is publicly available at <http://www.adviserinfo.sec.gov/>. A copy can be provided by VSWA upon request.

The purpose of this brochure is to describe the wrap fee programs sponsored by VSWA pursuant to which investment advice, costs of trade executions, custody and various other services are provided to the client for an all-inclusive fee.

The wrap fee programs offered by VSWA include an Investment Management Program where VSWA manages the assets in client accounts on a fully discretionary basis ("Managed Program") as well as a Client Directed Advisory Program ("Advisory Program") where VSWA makes investment recommendations, but the client makes the investment decisions. These programs can encompass investments in stocks, bonds, exchange traded funds and other products in various currencies. Clients in these Programs have the choice of selecting as their Custodian either Bank Vontobel AG, Switzerland, an affiliate of VSWA, or Pershing Advisory Solutions LLC, New York ("PAS").

In addition, VSWA also offers a Client Directed Precious Metals Advisory Program ("Precious Metals Advisory Program") where the main objective is to enable clients to manage their physical precious metal holdings. Accordingly, the investment universe in this Program is limited to physical precious metals and cash (no securities trading). This Program is limited to clients who select Bank Vontobel AG as Custodian. While VSWA provides investment advice on these holdings, as under the Advisory Program, the final investment decision remains entirely with the client.

The Managed Program is typically only available for accounts maintaining more than CHF 1,000,000 (for most Multi-Asset Class and all Focus Mandate investment strategies) or CHF 3,000,000 (for special

client-defined Managed Program accounts). In addition, the Managed Fund investment strategy within the Managed Program is available for accounts maintaining more than CHF 500,000. The Advisory Program and Precious Metals Advisory Program are typically only available for accounts that maintain more than CHF 2,000,000 and CHF 1,000,000, respectively.

Advisory Program accounts (but not Managed Program or Precious Metals Advisory Program accounts) can also be established for self-directed Individual Retirement Accounts (IRAs) owned by US Person individuals. Such accounts are subject to the guidelines of the IRA trustee/custodian in terms of the types of permitted investments. In these cases, tax reporting on contribution and withdrawals is performed by the IRA trustee/custodian.

As of January 31, 2021, client assets held in VSWA's Managed Program (discretionary) amounted to **USD 1,119,333,561** and client assets held in VSWA's Client-Directed Advisory Programs (including Precious Metals Advisory Program accounts) (non-discretionary) amounted to **USD 2,847,722,263**. Note that these figures correspond to **all the assets** held by clients in VSWA's Wrap Fee programs **and are not limited to VSWA's "Regulatory Assets under Management"** figures as disclosed in VSWA's Form ADV Part 1A, Item 5.

We do not hold ourselves out as specializing in a particular type of advisory service or strategy. Instead, our wrap fee programs offer a broad range of strategies, asset allocations and features.

VSWA's SEC file number is 801-71790 and its CRD number is 154750.

### 4.2 Wrap Fees

As described in more detail in Items 4.4, 4.5 and 4.6 below, VSWA charges a consolidated fee in Swiss Francs (CHF) for the Managed Program, the Advisory Program and the Precious Metals Advisory Program, calculated as a percentage of the account value, subject to a minimum fee charge (referred to as the "Wrap Fee" throughout this Brochure).

For the Managed Programs and the Advisory Program (excluding the Precious Metals Advisory Program as described below), the Wrap Fee includes the following services:

- 1) VSWA's services in managing the clients' accounts and strategies on a fully discretionary basis in the Managed Program or, in the Advisory Program, advising clients directly;
- 2) at least one annual portfolio review by the client's Wealth Management Advisor;
- 3) maintenance of a custody account with the custodian of your choice (either Bank Vontobel AG or Pershing Advisor Solutions LLC ("PAS")), each

- referred to as a "Custodian"), including the costs associated with the delivery of securities to your respective Custodian and corporate actions;
- 4) the brokerage costs associated with clearing and executing transactions;
  - 5) periodic reports from the Custodian reflecting all of your holdings (in electronic and paper form);
  - 6) for clients who have selected PAS as Custodian, either IRS Form 1099 reporting (i.e., 1099-B, 1099-DIV, 1099-INT, 1099-MISC, 1099-OID, as applicable) on US and non-US source income, for Canadian resident clients, Form 1042-S reporting or, for clients resident in countries other than the US or Canada, a year-end Account Report in a generic (non-country-specific) format;
  - 7) for clients who have selected Bank Vontobel AG as Custodian, either (i) an annual US Sourced Income Statement that reflects total income from US sources, to the extent applicable, and a personalized annual US tax statement that reflects total income from non-US sources and US unrealized/realized capital gain and loss statements, (ii) for Canadian resident clients, a tailored Foreign Properties Report from Bank Vontobel AG to assist clients with gathering the necessary data to complete their personal tax return and T1135 or (iii) for clients resident in countries other than the US or Canada, a year-end Account Report in a generic (non-country-specific) format;
  - 8) reporting of information relating to your account to the US Internal Revenue Service ("IRS") as may be required under the United States Foreign Account Tax Compliance Act ("FATCA");
  - 9) to the extent that PAS is your Custodian, the Swiss stamp tax;
  - 10) money market transactions, certificates of deposit (to the extent that PAS is your Custodian) and fiduciary deposit transactions (to the extent Bank Vontobel AG is your Custodian), which are intended as cash management tools;
  - 11) payment services to and from the respective Custodian (subject to a limit on the number of payment orders per quarter that will be included in the Wrap Fee, in the case of Bank Vontobel AG as Custodian, see Item 4.3.1 below); and
  - 12) the deposit of checks (however, in the case of Bank Vontobel AG as Custodian, only checks denominated in Swiss Francs (CHF) are accepted).
- 2) verification of the weight and fineness of physical precious metals delivered into the custody of Bank Vontobel AG at the secure storage facility run by Raiffeisen as well as the costs of insurance during such storage;
- 3) money market and fiduciary deposit transactions, which are intended as cash management tools;
- 4) payment services to and from the Custodian (subject to a limit on the number of payment orders per quarter that will be included in the Wrap Fee, see Item 4.3.1 below) and the deposit of checks denominated in Swiss Francs;
- 5) periodic reports from Bank Vontobel AG reflecting all of your holdings (in electronic and paper form);
- 6) either (i) an annual US Sourced Income Statement that reflects total income from US sources, to the extent applicable, as well as a personalized annual US tax statement that reflects total income from non-US sources and US unrealized/realized capital gain and loss statements, (ii) for Canadian resident clients, a tailored Foreign Properties Report to assist clients with gathering the necessary data to complete their personal tax return and T1135 or (iii) for clients resident in countries other than the US or Canada, a year-end Account Report in a generic (non-country-specific) format;
- 7) ongoing investment advice as well as at least one annual portfolio review by your Wealth Management Advisor; and
- 8) reporting of information relating to your account to the IRS as may be required under FATCA.

In addition, VSWA will deliver via email periodic reports on general economic conditions, industries, market data, political developments and other information that can affect the economic outlook or general asset classes.

The Wrap Fee is an annual fee which is paid on a quarterly basis and is calculated in CHF as a percentage of the market value (in CHF) of your total assets held in custody with the Custodian (total assets including all securities, fiduciary deposits, metals, other assets and cash positions in your portfolio). The market value (i.e. the valuation of the assets in your account) in CHF is provided by Bank Vontobel AG, including in cases where Pershing Advisory Solutions LLC serves as your Custodian. Bank Vontobel AG will value client positions using automatic pricing feeds from independent data providers (such as Telekurs and Bloomberg). At the end of each quarter, VSWA will calculate and request the Custodian to pay the pro-rata portion of the annual Wrap Fee to VSWA from your account. The fee is based on the average value of your assets as of the last day of the prior three months (i.e., the fee charged in March for the first quarter is calculated by the average of the portfolio value on the last day of February, January and December). This arrangement is more specifically set forth in your Investment Management Agreement for a Managed

In addition, VSWA will deliver via email periodic reports on general economic conditions, industries, market data, political developments and other matters that can affect the economic outlook or general asset classes.

The Wrap Fee for the Precious Metals Advisory Program, which is only available for clients selecting Bank Vontobel AG as their Custodian, covers the following services:

- 1) custody account maintenance and costs, including transportation and insurance, associated with the delivery of precious metals into the custody of Bank Vontobel AG (through delivery to the secure storage

Program account or your Client Directed Advisory Program Agreement for an Advisory Program or Precious Metals Advisory Program account (the agreements are collectively referred to as the "Client Agreement").

The appropriate Wrap Fee schedule is contained in an Account Risk Profile, which is an integral part of the Client Agreement. There are separate Wrap Fee schedules, as reflected below, for Managed Program accounts (Item 4.4), Advisory Program accounts (Item 4.5) and Precious Metals Advisory Program accounts (Item 4.6). The applicable Wrap Fee under the Managed Program and the Advisory Program will vary, depending on the selected strategy as well as the asset level. As set out in Items 4.4 and 4.5, respectively, the Wrap Fee under the Managed Program and the Advisory Program is based on a tiered (break-point) schedule. With break points, the fee (a percentage of assets) varies based on asset level changes, as the assets in your account increase or decrease. As a result, your Wrap Fee may change in the future should the assets in your account increase (or decrease) and trigger the listed break points. The applicable Wrap Fee under the Precious Metals Advisory Program, however, is fixed, as set out in Item 4.6. This means that the Wrap Fee is a fixed percentage of the assets in the account and that this percentage does not change as the value of your account changes.

If your account is terminated, then VSWA will calculate the Wrap Fee on a **pro-rata** basis, including the day of termination but excluding any days thereafter.

The client will designate a "Key Investment Currency" in the Account Risk Profile, which is the currency in which investment performance is measured and the currency in which the majority of the assets are invested. The Key Investment Currencies available for each of the Managed Program accounts and Advisory Program accounts are generally Swiss Franc (CHF), Euro (EUR) and US Dollar (USD). Certain Managed Programs, however, are limited to one specific Key Investment Currency, whereas Precious Metals Advisory Program accounts are only available in either CHF or USD. Since the Wrap Fee is calculated in CHF, if the Client's Key Investment Currency is not CHF but USD or EUR, then the debiting of the Wrap Fee to the USD or EUR account will result in a foreign-exchange transaction (CHF is bought against USD or EUR), on which the Custodian charges a margin spread (for further details, see Item 4.3.1 below). To the extent that you select PAS as your Custodian, the Wrap Fee will be calculated in CHF, as described above, but be debited in USD, even if your Key Investment Currency is CHF or EUR. See Item 6.3 "Risk of Loss" for a description of the difference between your "Key Investment Currency" and your domestic currency.

Your Client Agreement with VSWA becomes effective with the acceptance thereof by you and VSWA. The Client Agreement is for an indefinite period of time and can be terminated by either party at any time upon

written notice of termination to the other party. However, termination shall not result in the interruption of ongoing transactions. As of the effective date of termination of our investment management services, we will have no obligation or authority to recommend or take any action with regard to your previously managed assets. You will bear the sole responsibility to work with the Custodian for proper liquidation and/or management of your assets upon termination. The Client Agreement may not be assigned, as such term is defined in the US Investment Advisers Act of 1940, as amended (the "Advisers Act"), to any third party by either you or us without the written consent of the other party.

As mentioned above, in the case of Bank Vontobel AG as Custodian, the Wrap Fee includes fiduciary deposit investments. Fiduciary deposits are investments made by a financial institution in its own name, but in response to a written order, exclusively for the client's account and at the risk of the client. Bank Vontobel AG places fiduciary deposits for VSWA clients with the non-US third party financial institutions selected by it for this purpose from time to time. Bank Vontobel screens and constantly monitors the quality and rating of these non-US-third party financial institutions. Such fiduciary deposits for VSWA clients are subject not only to the credit risk of the third party financial institutions with whom Bank Vontobel AG has placed the deposits, but also to the credit risk of Bank Vontobel AG. Currency risks and transfer risks can also apply, depending on the type of fiduciary deposit. For further information concerning these risks, see Item 6.3.

Neither VSWA nor any of its supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

The Wrap Fee does not include certain supplementary services offered by the respective Custodian to clients, nor does it include third party fees that might apply to your account. The Wrap Fee also does not include the margins and fees earned by the respective Custodian for foreign exchange and precious metals transactions. An overview of the supplementary services that will incur a separate fee from the Custodians as well as the Custodians' margins and fees and third party fees that are not included in the Wrap Fee and that are charged separately to VSWA clients can be found in Item 4.3.

All Wrap Fees are correct at the time of publication, but are subject to change at any time with notice to clients. The separate Wrap Fee schedules for accounts with special investment guidelines or other special circumstances or requirements can be charged differently based on the services rendered. Some existing or new clients pay different (higher or lower) fees that are not available to new or other clients. Wrap Fees are generally not negotiable, but VSWA in its sole discretion, as it determines, can adjust the fees listed above. Wrap Fees can also differ as a result of the application of prior fee schedules, depending upon the

client account inception date. Clients with similar assets may have differing Wrap Fee schedules and pay different Wrap Fees based on a number of factors. Note also that, effective April 1, 2019, VSWA acquired certain clients from Lombard Odier Transatlantic, a former SEC-registered adviser located in Montreal, Canada ("LOT") and, under these clients' acquired agreements with LOT, provides them investment services on an advisory fee-only basis, outside of VSWA's Wrap Fee programs. VSWA does not make any such advisory fee-only arrangement available to clients other than those acquired from LOT. The asset-based fees associated with VSWA's Wrap Fee programs include most transaction costs and custodial fees and therefore are higher than a typical asset-based advisory fee-only arrangement. VSWA's Wrap Fee Programs may cost a client more or less than the overall amount that he or she would pay for purchasing investment advice only from VSWA and purchasing brokerage and other services separately.

You should also be aware that the same or similar investment services are available from other investment advisers or from financial institutions for a lower (or higher) fee and, depending on this, the Wrap Fee charged by us may (or may not) exceed the aggregate true cost of such services if these services were, for example, to be provided individually and secured by you separately. Due to the fact that the cost of trading is included in a wrap fee, a wrap fee program may not be appropriate for your account if it remains inactive, as you will not be leveraging our advice.

Factors bearing upon the relative cost of the VSWA Wrap Fee program you select include:

- 1) The estimated cost of the services if provided separately outside of the program (in certain circumstances, these costs will be lower than those incurred through the program);
- 2) The level of trading activity in your account (because the Wrap Fee encompasses brokerage services, the lower the trading activity, the less you benefit, and the more VSWA benefits, from the Wrap Fee);
- 3) The size of the account (the Wrap Fee is an asset-based fee, the effective rate of which generally decreases as asset size increases);
- 4) The types of services provided; and
- 5) The types of investments (the lower the number of different investment types, the more VSWA benefits from the Wrap Fee; also, certain investments involve more transaction costs than others).

In addition, please be advised that the Wrap Fee creates a potential incentive for VSWA to select brokers based on lower execution costs rather than execution quality. We address this conflict by evaluating periodically the trade execution and other services that our clients and we receive from the brokers that VSWA selects to execute trades.

VSWA does not charge "performance fees", which are investment fees based upon the investment

performance of a client's account. Since VSWA's Wrap Fee is an asset-based fee, this means that the more assets there are in a client's account, the more the client will pay in fees, and VSWA may therefore have an incentive to encourage clients to increase the assets in their accounts.

Upon request, your Wealth Management Advisor can assist you to effect all payments and withdrawals from your account with your Custodian and transmit your written payment instructions to your Custodian.

You may add or withdraw funds from an account at any time. However, in order for VSWA to maintain accurate information regarding your account, you should provide written notice as provided in the Client Agreement of any such additions or withdrawals several days prior to the anticipated transaction. Note also that withdrawals from Managed Program accounts will tend to have a negative impact on your account's performance and, if material in amount, might result in a need to rebalance the portfolio and/or a temporarily failure to stay in line with the chosen investment strategy. For information concerning the rebalancing process, see item 4.4.3.

We are not responsible for accurate reporting if you fail to provide us with accurate information. We strive to maintain your account data as accurately as possible; however, in order to do so, we must rely on accurate information being provided to us by you and the Custodian, through electronic or other means.

### 4.3 Supplementary Services and Fees of the Custodians and Third Party Fees

The following services will incur separate fees from the relevant Custodian that are not included in the Wrap Fee:

#### 4.3.1 Bank Vontobel AG as Custodian

Bank Vontobel AG is an affiliate of VSWA. Certain margins and fees charged by Bank Vontobel AG as Custodian create revenue for it and are outside of VSWA's Wrap Fee. Clients should be aware that the margin and fees applied by Bank Vontobel AG in this respect can be more or less favorable to clients than those that can be obtained from an unaffiliated third party. Bank Vontobel AG does not pass on to VSWA any of the margins and fees that it applies to VSWA clients.

For foreign exchange transactions and for precious metal account transactions (i.e. metals not held in physical form), the applicable margin charged by Bank Vontobel AG as Custodian to execute the transactions for Managed Program accounts is 0.25% and, for Advisory Program accounts, is as follows:

- (i) For transactions up to CHF 50,000 (or equivalent in other currencies) the margin is 1.5%;
- (ii) For transactions ranging from CHF 50,001 up to CHF 250,000, the margin is 1.0%;



- (iii) For transactions ranging from CHF 250,001 up to CHF 500,000, the margin is 0.25%;
- (iv) For transactions ranging from CHF 500,001 up to CHF 1,000,000, the margin is 0.125%; and
- (v) For transactions exceeding CHF 1,000,000, the margin is 0.0625%.

In cases where a client purchases or sells an investment against his or her account and the account has a Key Investment Currency that is different than the currency in which the investment is traded, such trade will automatically lead to a foreign exchange transaction. Additionally, in case of time differences between the trade and the settlement date on the account, the client can be exposed to a currency risk for this period.

The number of payment orders that are included free of charge in the Wrap Fee is limited to 12 payment orders and 6 payment orders per quarter, respectively, depending on the factors reflected in the chart below:

	Number of orders included in the Wrap Fee	Fees per additional payment order
CHF/EUR payments in Switzerland	12 payment orders per quarter	CHF 15
EUR payments according to the Single Euro Payments Area standard		
	Number of orders included in the Wrap Fee	Fees per additional payment order
Other payments abroad/other foreign currency payments	6 payment orders per quarter	CHF 75

Purchases and sales of metals held in physical form with Bank Vontobel AG as Custodian (e.g., gold) include a margin charged by the Bank for its services related to the transaction. In addition, the Bank charges a third party handling fee (bar surcharge for manufacturing, transportation and insurance costs) on purchases of physical precious metals.

The delivery of securities **from** Bank Vontobel AG will incur a supplementary service fee (third party fees excluded) as well as the physical delivery of precious metals **from** Bank Vontobel AG that is outside of VSWA's Wrap Fee. The production at the request of the client of a tax statement for a country other than the US or, in the case of Canadian resident clients, Canada (e.g., a Swiss, UK or German tax statement) and the use of Bank Vontobel AG's tax reclaim services, for each country that has entered into a double taxation treaty with the United States (or Canada), will also incur a separate fee by the Custodian.

Each VSWA client should contact their Wealth Management Advisor if they have any questions regarding the exact margins or fees that are applicable to their foreign exchange, precious metal or other transactions with Bank Vontobel AG as well as any other supplementary services or third party fees. Clients should be aware that the margins and fees applied by Bank Vontobel AG for these transactions can be more or less favorable to clients than those that they can obtain from an unaffiliated third party.

From time to time, and subject to restrictions under applicable laws and regulations, VSWA clients may upon their own initiative request lending assistance from Bank Vontobel AG in the form of a "Lombard loan" - margin (purpose) or non-purpose, in each case subject to a pledge to the Bank of your assets held in custody – or in the form of a mortgage on Swiss real estate. Bank Vontobel AG would act as a lender to eligible clients and as such charge interest on the loans it provides. Clients are not required to use Bank Vontobel AG as lender, and the terms and conditions of loans offered by Bank Vontobel AG may be more (or less) favorable to clients than those they are able to obtain from an unaffiliated third party lender. VSWA does not advise its clients on loans, nor does it receive any service fees or other compensation from Bank Vontobel AG in this regard. VSWA clients who take out loans from Bank Vontobel AG are not granted preferential treatment by VSWA vis-à-vis other clients.

You should be aware that using margin loans in an account advised by VSWA, or using advisory assets as collateral for margin loans used in another account, is an aggressive, higher risk approach to pursuing your investment objectives. Before you decide to use margin in your account or to use such assets as collateral, you should carefully consider:

- whether you can afford, and want, to assume the additional risks that losses in your account will be significantly greater than if you decide not to invest with borrowed funds (i.e., not to use leverage);
- that the use of leverage will increase your costs of investing, as well as your risks, and depending upon the return achieved through the use of margin, can make your investment objectives more difficult to realize; and
- you will pay Bank Vontobel AG interest on the outstanding loan balance, and since your Wrap Fee is calculated as a percentage of the assets in your account, the use of margin to purchase assets in an Advisory Program account generally increases the amount of (but not the percentage of) the Wrap Fee that you pay to VSWA.

#### 4.3.2 Pershing Advisory Solutions LLC as Custodian

Certain margins and fees charged by Pershing Advisor Solutions LLC (PAS) as Custodian create revenue for it



and are outside of VSWA's Wrap Fee. PAS is not an affiliate of VSWA. PAS does not pass on to VSWA any of the margins and fees that it applies to VSWA clients.

For foreign exchange transactions, the applicable margins charged by PAS as Custodian to execute the transactions are as follows:

- (i) For transactions up to USD 100,000 (or equivalent in other currencies) the margin is 0.45%;
- (ii) For transactions ranging from USD 100,001 up to USD 250,000, the margin is 0.40%;
- (iii) For transactions ranging from USD 250,001 up to USD 500,000, the margin is 0.35%;
- (iv) For transactions ranging from USD 500,001 up to USD 1,000,000, the margin is 0.20%; and
- (v) For transactions exceeding CHF 1,000,000, the margin is 0.12%.

In cases where a client purchases or sells an investment against his or her account and the account has a different Key Investment Currency than that in which the investment is traded, such trade will automatically lead to a foreign exchange transaction. Additionally, in case of time differences between the trade and the settlement date on the account, the client can be exposed to a currency risk for this period.

The delivery of securities from PAS will incur a supplementary service fee of USD 10 per security (third party fees excluded). PAS also charges an account termination fee of USD 100 per account. PAS provides precious metal accounts through a third party vendor; information on the charges for transactions in such an account is available upon request. PAS does not provide tax reclaim services nor does it provide tax statements for countries other than the US, but can put clients in contact with third party vendors who do so.

Each VSWA client should contact their Wealth Management Advisor if they have any questions regarding the exact margins or fees that are applicable to their foreign exchange or precious metal transactions with PAS as well as any other supplementary services or third party fees.

#### 4.3.3 Third Party Fees and Other Charges

The Wrap Fee also does not include third party fees and duties that might apply to your account, such as value added taxes (e.g., on precious metals transactions) as well as stamp taxes, local taxes, and third party fees. Examples include, without limitation, the French transaction tax and exchange fees levied by exchanges such as Singapore and Hong Kong. These fees and duties have to be borne by the **client** and are also charged separately.

As mentioned in Item 4.2 above, for clients who have selected PAS as their Custodian, as an exception, the Swiss stamp tax (but no other such taxes or fees) is included in the Wrap Fee.

The issuer of some of the securities or products that are purchased for clients, such as ETFs and mutual

funds, can charge product fees imposed at the mutual fund and ETF level that affect clients. A mutual fund or ETF typically includes embedded expenses such as management fees and other fund expenses, that are disclosed in the fund prospectus and that can reduce the fund's net asset value. While these expenses do not constitute third party fees that apply to a client's account, they directly affect the fund's performance and indirectly affect a client's portfolio performance. VSWA does not receive any portion of these charges. A breakdown of the total expense ratio (TER) of funds in which you are invested can be provided to you upon request by your Wealth Management Advisor.

You should be aware that fund shares can be purchased directly without being invested in one of our Programs or using our services.

The overview of supplementary services and fees of the Custodians and third party fees provided in this Item 4.3 only covers the most commonly assessed fees. Furthermore, the information contained in this Item is subject to change at any time upon notice to clients.

#### 4.4 Investment Strategies and Wrap Fees for the Managed Program

By selecting one of our Managed Program strategies, you authorize us to act as your investment adviser and give us the power to execute transactions (i.e., buy, sell or to otherwise trade securities or other investments) for the assets held in your Managed Program account on a discretionary basis, without consulting you. We have sole authority to manage your account and to make all investment decisions for your account without discussing these transactions with you. The assets will be managed in accordance with the investment strategy selected in the Account Risk Profile that you will complete with your Wealth Management Advisor. Each strategy designates the target ranges of the various asset class allocations, i.e., short-term investments, bonds, equities, alternative investments, Key Investment Currency and foreign currency, as specified in further detail in the Account Risk Profile.

Depending on your investment objectives and risk tolerance, the investment strategies currently offered by VSWA that you can select in your Account Risk Profile are as follows:

##### 4.4.1 Multi-Asset Class (MAC) Investment Strategies

Clients can choose between the following five MAC strategies, specifying in each case the region of focus for equity investments (if any). The three regions offered are "Global" (US, Eurozone, Switzerland), "Europe" (Eurozone and Switzerland, with Euro or CHF as the Key Investment Currency) and "Switzerland (CHF)" (with CHF as the Key Investment Currency).

- **Fixed Income Plus:** For clients who seek to preserve the value of their assets over the long

- term with the returns generated primarily from current interest income and with low risk.
- **Conservative:** For clients who seek to achieve moderate long term growth in the value of their assets with the returns generated from current income (interest, dividends) and capital gains and with modest risk.
  - **Balanced:** For clients who seek to achieve a long-term growth in the value of their assets with the returns generated from current income (interest, dividends) and capital gains and with medium risk.
  - **Growth:** For clients who seek to maximize the growth of their assets over the long term with the returns generated from capital gains and, to a minimal extent, from current income (interest, dividends) and with high risk.
  - **Managed Funds (Conservative, Balanced, Growth):** For clients who primarily seek exposure to collective investment schemes. A significant portion of the mandate's assets is allocated to third-party US exchange-traded funds (ETFs) and – to a much lesser extent, if at all - US mutual funds, with some exposure to short-term investments and alternative investments. Diversification and access to major financial equity markets, above all in the US, Europe and Switzerland, is achieved through a limited number of US ETFs (primarily passive index ETFs) as well as – to a much lesser extent, if at all - US mutual funds that are selected for their low expense ratios, low tracking error and liquidity. The amount of risk will vary, depending on whether the Conservative, Balanced or Growth sub-strategy is selected. For the reference currency USD, all three sub-strategies are available. For the reference currencies EUR and CHF, only the Growth sub-strategy is available. All investments will be denominated in USD irrespective of the chosen reference currency. The Managed Funds strategy is generally not available for clients domiciled outside of the United States or Canada.
  - **Individual (Multi-Asset Class) Allocation:** The objectives of this strategy will depend on the asset allocation of this strategy (neutral weights). Clients may select the asset classes and the neutral weights according to their individual preferences.
- portion of the mandate's assets are allocated to small cap companies (market capitalization of CHF 100m-2bn) and mid cap companies (market capitalization of CHF 2-10bn).
- **Focus Mandate All Cap Eurozone Equities (EUR):** For clients who seek to achieve capital appreciation over the long term, with a clear investment focus on equities of companies domiciled in the Eurozone, and with high risk. A significant portion of the mandate's assets are allocated to small cap companies (market capitalization of EUR 100m-2bn) and mid cap companies (market capitalization of EUR 2-10bn).
  - **Focus Mandate Swiss/Eurozone Small & Mid Cap Equities (CHF):** For clients who seek to achieve capital appreciation over the long term, with a clear investment focus on equities of companies domiciled in Switzerland and the Eurozone, and with high risk. Nearly all of the mandate's assets are allocated to small cap companies (for Swiss issuers, market capitalization of CHF 100m-2bn; for Eurozone issuers, market capitalization of EUR 100m-2bn) and mid cap companies (for Swiss issuers, market capitalization of CHF 2-10bn; for Eurozone issuers, market capitalization of EUR 2-10bn).
  - **Focus Mandate Impact Opportunities Equities (USD):** For clients who seek to achieve capital appreciation over the long term, with a clear investment focus on equities of companies worldwide, primarily in developed markets, that strive to make a positive environmental and social impact in areas such as health, education, poverty and the environment, and with high risk. The overwhelming majority of the mandate's assets are allocated to large cap companies (market capitalization of over USD 10 bn) and mid cap companies (USD 2bn–10bn), although allocations to small cap companies (USD 100m-2bn) may be made from time to time to a minor extent. This mandate is not available for clients residing in the European Economic Area (EEA).
  - **Focus Mandate Megatrends (USD):** For clients who seek to achieve capital appreciation over the long term, with a clear investment focus on equities that are involved in one or more megatrends shaping the future and with a high risk. The overwhelming majority of the mandate's asset are allocated to large cap companies in developed markets (market capitalization of over USD 10bn) and mid cap companies (USD 2bn-10bn), although allocations to small cap companies (USD 100m-2bn) or companies from developing countries may be made from time to time to a minor extent.

#### 4.4.2. Focus Mandates

The following five high-risk equity-focused investment strategies are additionally available for clients who have selected Bank Vontobel AG as their Custodian.

- **Focus Mandate All Cap Swiss Equities (CHF):** For clients who seek to achieve capital appreciation over the long term, with a clear investment focus on equities of Swiss-domiciled companies, and with high risk. A significant

#### 4.4.3 Special Mandates

Special client-defined strategies, based on individual objectives, are available upon request in the case of a minimum investment amount of at least CHF 3 million.

VSWA as a fiduciary with full discretion for your Managed Program account must act in your best interests, including with respect to the timing of investing your account. For a new account, we will invest client funds as soon as the account is fully funded and as soon as reasonably practicable consistent with the selected strategy (outlined immediately below) and taking into consideration market conditions, which we regularly monitor. A volatile market environment can delay the investment of client funds.

Our Managed Program employs both strategic and tactical asset allocation. Managed Program assets are evaluated as part of a regular rebalancing process. You are not allowed to direct the rebalancing frequency or methodology, or opt out of rebalancing on your account. The regular rebalancing process considers:

- market actions;
- your contributions;
- any withdrawal requests; and
- asset allocation changes that have been directed by our Investment Committee.

#### 4.4.4. Wrap Fees for Managed Program Accounts

The standard (graduated) Wrap Fee schedule for the service provided for each strategy within the Managed Program is as follows:

##### Multi-Asset Class (MAC) Investment Strategies

##### Fixed Income Plus

Wrap Fees are quoted in percentages and asset levels in Swiss Francs. Minimum investment amount is CHF 1,000,000.

0.90%	For up to and including CHF 5,000,000
0.85%	From CHF 5,000,001 up to and including CHF 10,000,000
0.80%	From CHF 10,000,001 up to and including CHF 15,000,000
0.75%	Above CHF 15,000,000
Minimum Wrap Fee: CHF 9,000	

##### Conservative Strategy

Wrap Fees are quoted in percentage and asset levels in Swiss Francs. Minimum investment amount is CHF 1,000,000.

1.10%	For up to and including CHF 5,000,000
1.00%	From CHF 5,000,001 up to and including CHF 10,000,000
0.95%	From CHF 10,000,001 up to and including CHF 15,000,000
0.90%	Above CHF 15,000,000
Minimum Wrap Fee: CHF 11,000	

##### Balanced Strategy

Wrap Fees are quoted in percentage and asset levels in Swiss Francs. Minimum investment amount is CHF 1,000,000.

1.25%	For up to and including CHF 5,000,000
1.20%	From CHF 5,000,001 up to and including CHF 10,000,000
1.15%	From CHF 10,000,001 up to and including CHF 15,000,000
1.10%	Above CHF 15,000,000
Minimum Wrap Fee: CHF 12,500	

##### Growth Strategy

Wrap Fees are quoted in percentage and asset levels in Swiss Francs. Minimum investment amount is CHF 1,000,000.

1.55%	For up to and Including CHF 5,000,000
1.40%	From CHF 5,000,001 up to and including CHF 10,000,000
1.30%	From CHF 10,000,001 up to and including CHF 15,000,000
1.25%	Above CHF 15,000,000
Minimum Wrap Fee: CHF 15,500	

### Managed Funds Strategy

Wrap Fees are quoted in percentages and asset levels in Swiss Francs. Minimum investment amount is CHF 500,000.

1.30% Fixed, i.e., applies to all asset levels  
Minimum Wrap Fee: CHF 6,500

### Individual (Multi-Asset Class) Allocation

A personalized fee quote will be provided upon request. Minimum investment amount is CHF 1,000,000.

### Focus Mandate Strategies (All Cap Swiss Equities (CHF), All Cap Eurozone Equities (EUR), Swiss/Eurozone Small & Mid Cap Equities (CHF), Impact Opportunities Equities (USD), Focus Mandate Megatrends (USD))

Wrap Fees are quoted in percentages and asset levels in Swiss Francs. Minimum investment amount is CHF 1,000,000.

1.65% For up to and including CHF 5,000,000  
1.35% From CHF 5,000,001 up to and Including CHF 10,000,000  
1.10% Above CHF 10,000,000  
Minimum Wrap Fee: CHF 16,500

### Special Strategies:

For special strategies, a personalized fee quote will be provided upon request. Minimum investment amount is CHF 3,000,000.

Note that the fee schedule above relates to Managed Program strategies with a client account inception date as from July 25, 2019. For existing clients who were already invested in these strategies as of this date, the above fee schedule applies only to the extent that application of the schedule, including the minimum investment amount indicated above, results in lower fees for such clients.

In case the assets held in a Managed Program account are not yet invested but are held exclusively in cash, a standard Wrap Fee of 0.25% will apply until the assets are invested.

## 4.5 Investment Strategies and Wrap Fees for the Advisory Program

The Advisory Program is a program through which VSWA offers an opportunity for clients who want to have more control over their accounts to direct transactions after discussing recommendations with VSWA. This program permits the client to purchase investments in either "core investments" or "satellite investments". Core investments are those securities that can be found on VSWA's Master Lists. The Investment Management Team monitors the securities on the Master Lists (stocks, bonds and alternative investments) on a frequent basis. Securities selected from these Master Lists will be found as investments in the Managed Programs. Satellite investments are those securities not found on the VSWA Master Lists. An

Advisory Program client may select and direct the purchase of satellite investments but only after the Wealth Management Advisor has discussed the selected satellite investment with VSWA's Investment Advisory Team ("IAT") and provided the client advice on the client's selected investment. The allocation between core investments and satellite investments will ultimately be selected by the client after a thorough discussion with the Wealth Management Advisor. Satellite investments are not actively monitored by VSWA. Hence, please be aware that sudden changes in the satellite's valuation can go undetected by VSWA for some time, unless you are actively monitoring the satellite security in your Advisory Program account.

The IAT, composed of VSWA's Investment Advisors, is responsible for generating investment ideas for Advisory Program clients jointly with the Investment Management team, analyzing the portfolios of Advisory Program clients and putting together recommendation lists and handling special requests from Wealth Management Advisors with respect to their Advisory Program clients.

Upon request, clients with total Advisory Program assets of CHF 3 million or more may choose to have direct contact with the IAT and become IAT-advised clients. IAT-advised clients receive all investment-related services from the Investment Advisors within the IAT, with the Wealth Management Advisor remaining responsible for general relationship management and administrative matters.

To open an Advisory Program account, the client will complete with the Wealth Management Advisor the Account Risk Profile in which the client will select one of the following strategies for his account: Fixed Income Plus, Conservative, Balanced or Growth. Each strategy designates the target ranges of the various asset class allocations, i.e. short-term investments, bonds, equities, alternative investments, Key Investment Currency and foreign currency, as specified in further detail in the Account Risk Profile.

Due to the non-discretionary nature of this Program, it is your responsibility to determine whether and how to implement the target asset allocation/investment strategy that you select and ensure that your asset allocation continues to be consistent with your objectives over time. We will monitor deviations from your target asset allocation and generally inform you from time to time should your allocation shift significantly and these deviations continue for a longer period of time. You are responsible for addressing any inconsistencies by updating your Account Risk Profile to select a different investment strategy or modifying your asset allocation.

Prior to any transaction in the Advisory Program account, the client will discuss with the Wealth Management Advisor (or the Investment Advisor, in the case of an IAT--advised client) the investments to be purchased or sold. The Wealth Management Advisor

(or the Investment Advisor, for IAT-advised clients) will make recommendations considering a number of factors, such as the impact of the client-directed transactions on the target asset allocation, the liquidity of an investment instrument, the concentration risk of the investment and/or global economic financial market conditions.

Although VSWA provides Advisory Program clients advice, both proactively and in connection with investments proposed by clients, the clients are solely responsible for the selection and timing of the purchase and sale transactions regarding both the core and satellite investments.

Note that VSWA is an investment adviser and not a broker-dealer and as such it does not carry out or facilitate execution-only transactions for the Advisory Program accounts.

The standard (graduated) Wrap Fee schedule for the Advisory Program is:

#### **Fixed Income Plus**

Wrap Fees are quoted in percentages and asset levels in Swiss Francs. Minimum investment amount is CHF 2,000,000

0.75%	For up to and including CHF 5,000,000
0.65%	From CHF 5,000,001 up to and including CHF 10,000,000
0.55%	From CHF 10,000,001 up to and including CHF 15,000,000
0.50%	Over CHF 15,000,000
Minimum Wrap Fee: CHF 15,000	

#### **Conservative Strategy**

Wrap Fees are quoted in percentages and asset levels in Swiss Francs. Minimum investment amount is CHF 2,000,000

0.90%	For up to and including CHF 5,000,000
0.80%	From CHF 5,000,001 up to and including CHF 10,000,000
0.70%	From CHF 10,000,001 up to and including CHF 15,000,000
0.65%	Over CHF 15,000,000
Minimum Wrap Fee: CHF 18,000	

#### **Balanced Strategy**

Wrap Fees are quoted in percentages and asset levels in Swiss Francs. Minimum investment amount is CHF 2,000,000

1.10%	For up to and including CHF 5,000,000
1.00%	From CHF 5,000,001 up to and including CHF 10,000,000
0.90%	From CHF 10,000,001 up to and including CHF 15,000,000
0.80%	Over CHF 15,000,000
Minimum Wrap Fee: CHF 22,000	

#### **Growth Strategy**

Wrap Fees are quoted in percentages and asset levels in Swiss Francs. Minimum investment amount is CHF 2,000,000

1.35%	For up to and including CHF 5,000,000
1.20%	From CHF 5,000,001 up to and including CHF 10,000,000
1.10%	From CHF 10,000,001 up to and including CHF 15,000,000
0.95%	Above CHF 15,000,000
Minimum Wrap Fee: CHF 27,000	

Note that the fee schedule above relate to Advisory Program strategies with a client account inception date as from July 25, 2019. For existing clients who were already invested in these strategies as of this date, the above fee schedule applies only to the extent that application of the schedule, including the minimum investment amount indicated above, results in lower fees for such clients.

A standard Wrap Fee of 0.25% will be applied during the first quarter in the event that the assets held in one of the above Advisory Program accounts are not yet invested and consist exclusively of cash. A standard Wrap Fee of 0.25% will also apply in the event a client wishes to hold cash awaiting investment in a separate account.

#### **4.6 Investment Strategy and Wrap Fee for the Precious Metals Advisory Program**

The Precious Metals Advisory Program is an investment advisory program for clients with investment needs limited to precious metals holdings (no securities trading). Precious metal derivatives, such as futures contracts, options on futures, options on physical swaps or forward contracts, will not be transacted or held in custody. This Program is only available for clients who have selected Bank Vontobel AG as their Custodian. While VSWA provides investment advice limited to these services, the final investment decision remains entirely with the client. In the Account Risk Profile that the client will complete with the Wealth Management Advisor, the client will select the Strategy "Special - Precious Metals Only" for his account (which requires an "above average" account risk tolerance) as well as the Key Investment Currency, which may be either "CHF" or "USD". The Account Risk Profile also specifies the expected ranges of the various asset class allocations for this strategy.

The standard Wrap Fee schedule for the Precious Metals Advisory Program is:

#### **Special – Precious Metals Only**

Fees are quoted in percentages and asset levels in Swiss Francs. Minimum investment amount is CHF 1,000,000.

0.30%	Fixed, i.e., applies to all asset levels
No minimum Wrap Fee	



## 4.7 Compensation

### 4.7.1 Conflict of Interest in Regard to Compensation

We maintain investment policies reflecting a variety of factors used in assessing investment opportunities and making recommendations to you. These factors do not include, and we do not consider, the nature or amount of compensation to be received by, or any financial or other interest held by, us or any affiliate in connection with any recommended transaction.

### 4.7.2 Conflict of Interest in Regard to Compensation of Our Financial Professionals

Our financial professionals receive an annual fixed salary. In addition, they are eligible to receive an annual discretionary compensation award. This VSWA incentive compensation plan is operated in VSWA's sole and absolute discretion and may be amended or discontinued at any time. Eligibility and potential payout for the annual discretionary compensation award is calculated by taking into account a variety of factors. For VSWA's Investment Management team, such factors include the performance of discretionary mandates managed by them relative to the relevant benchmark. For VSWA's Investment Advisors, these factors include the performance of the investment ideas and recommendation lists that they put together for Advisory Program clients.

For VSWA's Wealth Management Advisors (WMAs), the factors used to determine the annual discretionary compensation award include among others the amount of net new money attributed to the WMA, the overall revenues generated by their clients for VSWA as well as the return on investment spreads, margins and interest on loans that accrue, if any, to its affiliate Bank Vontobel AG. Such factors have historically, and can in the future, incentivize a financial professional to take actions that would benefit the adviser, possibly at the expense of the investor, for example, by encouraging a client to increase the assets in his or her accounts with us or carry out transactions resulting in a margin spread for Bank Vontobel AG when it is potentially not in the client's best interest to do so or to make investments carrying a higher risk-return profile than would be warranted if the investment opportunity were being assessed solely from the perspective of the client's best interest. We have mitigated these conflicts by adopting a code of ethics that requires each financial professional to act in your best interest at all times in his or her professional interactions with you, by instituting training and affirmation programs on our Code of Ethics that are mandatory for all employees and by disclosing these conflicts to you. See Item 9.3, "Code of Ethics, Participation or Interest in Client Transactions, Personal Trading and Potential Conflicts of Interest".

### 4.7.3 Conflict of Interest in Regard to Solicitation Agreements

From time to time, we enter into marketing arrangements with third party financial institutions and individuals, such as investment advisers, pursuant to which representatives of such firms ("Solicitors") can solicit clients on behalf of VSWA. A portion of the Wrap Fee collected by VSWA will be shared with or a finder's fee paid to the Solicitor for introducing the referred accounts. However, the costs of any such payment are borne entirely by VSWA, and under no circumstances will VSWA charge a referred client a higher Wrap Fee than it would have charged without the introduction. Compensation received by the Solicitor may or may not be more than what the Solicitor would receive from another adviser; if so, the Solicitor will have a financial incentive to recommend one of VSWA's Wrap Fee programs to you over programs and services of other advisers. Before VSWA enters into any agreement with you, the Solicitor must provide you a copy of VSWA's most current Form ADV Part 2 and obtain from you a signed Solicitor's Statement in which you acknowledge receipt of both our Form ADV as well as certain disclosures relating to the solicitation arrangement.

If a prospective client is referred to VSWA by VSWA's affiliate Bank Vontobel AG, the Bank Vontobel AG client advisor will receive part of the net new money credit. Net new money accrued is one factor in determining the Bank client advisor's annual discretionary compensation paid by Bank Vontobel AG. Therefore, the Bank client advisor may have a financial incentive to recommend one of VSWA's Wrap Fee Programs to you over programs and services of other non-affiliated advisers. However, no cash payments are made by VSWA to Bank Vontobel AG (or its client advisors) for referring clients to VSWA.

## 5 Account Requirements and Types of Clients

VSWA provides investment advice to individuals (including through self-directed Individual Retirement Accounts), trusts, estates, charitable corporations, and corporations or other business entities that are considered "US Persons", as such term is defined in the US Internal Revenue Code, or who otherwise reside in the United States. VSWA also serves non-US trusts, non-US foundations and non-US companies whose ultimate beneficial owner(s) and/or beneficiary or beneficiaries is/are considered "US Persons" or who are otherwise residing in the US. In addition, VSWA provides advisory services to clients resident in the Canadian provinces of Alberta, British Columbia, Nova Scotia, Ontario and Quebec who are Canadian "permitted clients", as such term is defined under *National Instrument 31-103 – Registration Requirements, Exemptions and Ongoing Registrant Obligations*. We do not serve or provide investment advice to registered or private investment companies, pension plans or profit sharing plans. The individuals to

whom we provide investment advice are primarily high net worth individuals.

VSWA's investment advisory service is typically only available for accounts with a minimum investment amount of at least CHF 1,000,000 (for Managed Program accounts and Precious Metals Advisory Program accounts) and of at least CHF 2,000,000 (for Advisory Program accounts). Special client-defined Managed Program strategies are available upon request for accounts larger than CHF 3,000,000. The Managed Funds investment strategy within the Managed Program is available for accounts with a minimum investment amount of at least CHF 500,000. We nonetheless reserve the right in our sole discretion to accept a client where the minimum investment amount is not met, change the minimum investment amounts for new accounts, impose higher minimum investment amounts for certain strategies or portfolios that are offered from time to time, terminate accounts that fall below the minimum investment amount or to require that additional cash or securities be deposited to bring an account up to the required minimum value.

## 6 Portfolio Manager Selection and Evaluation

### 6.1 Portfolio Managers

All investment advisory services for the Managed Program (discretionary) accounts are provided by VSWA employees, and there are no external investment advisers or portfolio managers and no affiliates (such as Bank Vontobel AG) that VSWA has engaged to act as investment adviser or portfolio manager for VSWA clients.

### 6.2 Performance-Based Fees and Side-By-Side Management

VSWA does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client). Hence, we do not engage in the practice of side-by-side management (i.e., the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not).

Nonetheless, we do manage client accounts that have objectives that are similar to, or that overlap with, those of other clients. The investment advisory strategies we use for certain clients could conflict with the transactions and strategies employed for other clients and might affect the prices and availability of the securities and other financial instruments in which clients invest. For example, on a regular basis, and in particular after investment strategy changes have been approved by VSWA's Investment Committee, the Head of the Committee informs members of VSWA's Wealth Management Advisor team of investment recommendations or changes in investment strategies. As a result, clients should understand that transactions effected for one or more Managed Program accounts

can have already been recommended to clients of Client-Directed Advisory Programs before the transactions for the Managed Program accounts have been effected. These previous Client-Directed Advisory Program transactions can, depending on their volume, affect the prices of the same instruments obtained in later transactions on behalf of Managed Program accounts. Accordingly, if the Investment Management Team implements the investment recommendations or changes in investment strategies provided by the Investment Committee over a certain period of time, the prices received for transactions in Managed Program accounts may not be advantageous relative to the prices previously received for the same transactions previously effected on behalf of Client-Directed Advisory Program clients, or in general. The same applies to transactions effected by us on behalf of clients of Client-Directed Advisory Programs if such transactions are effected after VSWA implements the investment recommendations or changes in investment strategies in its Managed Program accounts.

## 6.3 Methods of Analysis, Investment Strategies and Risk of Loss

### 6.3.1 Methods of Analysis

We employ a disciplined investment approach based on a top-down macroeconomic view combined with bottom-up stock selection. VSWA's Investment Committee agrees on a global macro view and formulates an asset allocation decision by taking into account expectations of gross domestic product, inflation, short- and long-term interest rates, currency developments, labor market trends, asset class valuation, sentiment data, technical analysis as well as major central bank actions. We actively seek international diversification in an effort to enhance portfolio return while trying to diversify risks.

For stock selection, we employ a combined approach based on quantitative and qualitative methods to identify attractive investments. Our quantitative analysis addresses factors such as quality, stability, profitability, growth, risk and valuation. The subsequent qualitative analysis covers, but is not limited to, aspects such as a company's business model, competitive advantages, barriers to entry and management quality. We put strong emphasis on understanding underlying business features, industry dynamics and potential future opportunities. To be considered as an investment, the market price of a company should trade at a significant discount to its intrinsic value.

For the Focus Mandate Impact Opportunities Equities (USD), we integrate ESG criteria into the construction and management of our stock selection process, identifying attractive investment opportunities with the assistance of ESG exclusion and inclusion criteria.

The Investment Management Team receives and takes into account a broad range of investment analysis information and research from our affiliate Bank Vontobel AG as well as external sources in order to



construct a recommended list of securities and a portfolio for each of the VSWA strategies by asset class and specific securities. The selection of the individual securities, whether US or non-US securities, will depend on the Key Investment Currency selected by the client.

The sources of research and information that we use include:

- financial publications;
- inspections of corporate activities;
- company press releases and securities filings;
- research and due diligence material prepared by Bank Vontobel AG and third parties;
- rating services;
- regulatory and self-regulatory reports;
- third-party data providers and research consultants;
- outside consultants, experts and other professionals; and
- other public sources.

The information covers, among other things, general economic conditions, industries, groups of securities and specific securities, market data, political developments, pricing and appraisal services, credit analysis, risk measurement analysis and other information that can affect the economy and industries. In making investment decisions for Managed Program accounts, VSWA's Investment Management Team, as mentioned above, uses research issued by a number of sources, including affiliate Bank Vontobel AG. We are not required to follow Bank Vontobel-issued research and may, in our discretion, take positions for your account that contradict the research issued by our affiliate.

### 6.3.2 Investment Strategies

We offer several investment strategies that are appropriate for you based on your risk profile. The process begins when you fill out a confidential, in-depth Client Risk Profile. The Client Risk Profile will help us work with you to clarify your financial objectives and goals, establish your tolerance to risk, determine your knowledge and experience and identify your most comfortable style of investing.

Based on our analysis of your Client Risk Profile, we will discuss with you the investment strategy or strategies that are appropriate for your specific circumstances and discuss with you the current allocation of security asset classes for the selected investment strategies. The range of specific asset classes (e.g., short-term instruments, bonds, equities, alternative investments such as precious metals, Key Investment Currency and foreign currencies) will determine which portfolio is suitable to your individual risk tolerance, and investment income needs. VSWA then recommends to you a strategy and tactical asset allocation, as well as specific securities, in furtherance to your stated investment objectives. At this stage, you will fill out an Account Risk Profile for each of your specific portfolios, identifying which type of Program and investment strategy you would like to

pursue. VSWA uses your Client and Account Risk Profiles as the primary reference for advising or managing your portfolios. In the Account Risk Profile for your Advised Program account, you have the opportunity to place reasonable special instructions or limits that you wish to follow. You also have an opportunity to request reasonable special instructions or limits that you wish us to follow in managing your Managed Program account, although to a more restricted extent.

For Advisory Program clients, VSWA monitors investments provided they are within VSWA's recommended investment universe (i.e., those securities found on the VSWA's Master Lists from time to time), provides advice on investments proposed by the clients and recommends changes from time to time. For Managed Program clients, VSWA monitors the investments and implements the necessary changes in your portfolio on an ongoing discretionary basis. .

See also the description of the investment strategies and process in Items 4.4-4.6 above.

### 6.3.3 Risk of Loss

Investments in securities involve a risk of financial loss that clients should be prepared to bear. The selection of an appropriate investment strategy must fit your investment risk profile and objectives. Each such strategy involves investment in a certain type or types of securities, each of which have their own risks. Set forth below are some of the material risk factors that are often associated with the investment strategies and types of investment relevant to many of our clients.

**This is a summary only.** The information included in this brochure does not include every potential risk associated with each investment strategy or applicable to a particular client account. You should not rely solely on the descriptions provided below. You are encouraged to ask questions regarding risk factors applicable to a particular strategy or investment product, read all product-specific disclosures and determine whether a particular investment strategy or type of security is suitable for your account in light of your own specific circumstances, investment objectives and financial situation.

- **Bulk risk:** The risk of being invested in a single security or issuer is considered and while diversification in general is sought by VSWA, there is no assurance that this will necessarily mitigate or eliminate the risk of loss in every market environment.

- **Concentration risk:** Certain investment strategies or accounts, including the Focus Mandates, can be more highly concentrated in certain market segments or in the securities of certain companies than other strategies, though these strategies or accounts will still adhere to the same general investment objectives. Concentration in certain market segments or companies could lead to an increased risk of loss due to a lack of diversification. Concentration can also result in higher volatility and exacerbate the risks described herein.

- **Credit risk:** Fixed income securities also involve the risk that the issuer could default on its obligation to pay interest and/or principal, or go bankrupt, which could cause the holder of such a security to suffer a partial or total loss.

- **Currency risk:** A client's account may be invested in securities and other investments that are denominated in currencies other than the client's domestic currency. Accordingly, the value of such assets can be affected favorably or unfavorably by fluctuations in currency rates. Currency exchange rates can be extremely volatile, particularly during times of political or economic unrest or as a result of actions taken by central banks, some of which can be intended to directly affect prevailing exchange rates. Each strategy under consideration must be reviewed for the currency risk, i.e., the risk (or opportunity) for additional financial loss (or profit) depending on how much of the investments will occur in the client's domestic versus foreign currency and the rate of the foreign currencies relative to the client's domestic currency. In addition, a client may have selected a "Key Investment Currency" for its account that is different from the client's domestic currency. In these cases, account values as set out in monthly and quarterly statement of assets will be reflected in the Key Investment Currency. When a client selects a Key Investment Currency other than the domestic currency, all of the assets in the client's VSWA portfolio are converted to the selected Key Investment Currency for purposes of calculating account performance. However, fluctuations in the exchange rate between the client's Key Investment Currency and the client's domestic currency would mean that the performance shown in account statements (in the Key Investment Currency) is higher or lower than the actual performance of the account in its domestic currency.

- **Equity investment risk:** Investments in equity securities generally involve a high degree of risk. Prices are volatile and market movements are difficult to predict. These price movements may result from factors affecting individual companies or industries. Price changes may be temporary or last for extended periods. The value of specific equity investments correlate to the fundamentals of each particular security, and prices of equity investments can fall or fail to appreciate regardless of movements in securities markets.

- **ESG risk:** The integration of environmental, social and governance (ESG) criteria into the management of a portfolio may result in the selection or exclusion of securities of certain issuers for reasons other than performance, which may result in underperformance of an ESG-aligned portfolio over time in comparison to other portfolios that are managed without the prioritization of ESG criteria. The application of ESG criteria to investment decisions is qualitative and subjective by nature, and there is no guarantee that the criteria utilized or judgment exercised by a portfolio

manager in this regard will reflect the beliefs or values of any particular investor.

- **Exchange traded fund (ETF) risk.** Investing in ETFs carries the risk of the possible loss of principal. ETFs typically trade on a securities exchange and the prices of their shares fluctuate throughout the day based on supply and demand, which may not correlate to their net asset values. Although ETF shares will be listed on an exchange, there can be no guarantee that an active trading market will develop or continue. Owning an ETF generally reflects the risks of owning the underlying securities it is designed to track. ETFs are also subject to secondary market trading risks. In addition, an ETF may not replicate exactly the performance of the index it seeks to track for a number of reasons, including transaction costs incurred by the ETF, the temporary unavailability of certain securities in the secondary market, or discrepancies between the ETF and the index with respect to weighting of securities or number of securities held. Further, ETFs incur fees and expenses (such as brokerage commissions, management fees, etc.), and such fees and expenses will reduce the overall performance of the ETFs that incur them. For further information regarding the structure, fees, and risks associated with investing in ETFs, see the SEC's Investor Bulletin on ETFs: <https://www.sec.gov/servlet/sec/investor/alerts/etfs.pdf>

- **Fiduciary deposit risk:** Fiduciary deposits are investments made by a financial institution in its own name, but in response to a written order, exclusively for the client's account and at the risk of the client. The Custodian Bank Vontobel AG places fiduciary deposits for VSWA clients with the non-US third party financial institutions selected by it for this purpose from time to time. Such fiduciary deposits for VSWA clients are subject to both the credit risk of the third party financial institutions with whom Bank Vontobel AG has placed the deposits as well as the credit risk of Bank Vontobel AG, with the possible consequence that the client could lose all or part of his investment.

- **Fixed income risk:** Fixed income securities fluctuate in value based on interest rate changes. If rates increase, the market value of fixed income securities will generally decrease. On the other hand, if rates fall, the value of the fixed income investments generally increases. The market value of debt securities with longer maturities is more volatile and likely to fluctuate in response to changed interest rates to a greater degree than the market value of debt securities with shorter maturities.

- **Geographical and sector risk:** The same applies as stated under bulk risk, where there is risk in concentrating investments in geographic regions or business or industry sectors. While geographic and sector diversification is in general sought, there is no assurance that this will necessarily mitigate or eliminate risk of loss. In addition, certain strategies necessarily require concentration in a geographic region, and thus those client accounts invested in accordance with that

strategy will be subject to increased risk associated with that region.

- **Liquidity risk:** Some companies are not well known, have a smaller market capitalization than others and lower trading volume and/or can be significantly affected by political and economic events. Securities issued by these companies may be difficult to buy or sell, and the value of strategies that purchase these securities may rise and fall substantially, especially during periods of crisis or stress in markets.

- **Market risk:** Due to general economic and market conditions, the market price of securities go up and down, sometimes rapidly or unpredictably, and can impair profitability or result in losses. Factors affecting market price include interest rates, availability of credit, inflation rates, commodity prices, economic uncertainty, changes in laws and national and international political circumstances. Market risk exists in all types of investments.

- **Mutual funds risk:** Mutual funds typically refer to registered open-end investment companies that invest in a portfolio of underlying securities, and shares of mutual funds are priced at the fund's respective net asset value. Some mutual funds concentrate their investments in specific industries, securities or geographic locations (or a combination thereof) while others do not do so. Whereas VSWA does not currently invest for its clients in mutual funds, should it do so in the future in connection with its Managed Funds mandate, the decisions for such funds will be made by the unaffiliated investment advisers of the underlying mutual funds, independent of VSWA's input. There is no guaranty that such mutual funds will achieve their stated investment objectives or result in a positive return to clients. Further, as with ETFs, mutual funds incur fees and expenses (such as brokerage commissions, management fees, etc.), and such fees and expenses will reduce the overall performance of the mutual funds that incur them.

- **Epidemics and Market Disruption Risk:**

Widespread disease outbreaks that affect local economies or the global economy may materially and adversely impact our investment portfolios and/or our business. These types of outbreaks have the potential to cause severe decreases in core business activities such as manufacturing, purchasing, tourism, business conferences and workplace participation, among others. These disruptions also have the potential to lead to instability in the marketplace, including market losses and overall volatility. In the face of such instability, governments may take extreme and unpredictable measures to combat the spread of disease and mitigate the resulting market disruptions and losses. The full impact of a pandemic or disease outbreak is unknown, which could result in a high degree of uncertainty for potentially extended periods of time. Since the outbreak of the novel coronavirus (COVID-19), VSWA and Vontobel Group have been closely monitoring the situation as it develops. The measures we have implemented are aligned with the

recommendations of the World Health Organization (WHO), local government and relevant health authorities. Based on the current situation, we expect our business to continue operating at a normal level, with employees continuing to be available to you, in part working from temporary offices at home or elsewhere. However, because a large epidemic may create significant market and business uncertainties and disruptions, not all events that could affect VSWA's business and/or the markets can be determined and addressed in advance. Given how closely our revenues are tied to capital markets, market declines and lower asset prices will negatively impact our performance and put pressure on our business. We may face challenges with respect to our day-to-day operations if our key personnel are unavailable due to health and safety issues, quarantines, travel or other restrictions. Moreover, we rely on a network of service providers to run our business. Disruptions to their operations, availability of key personnel, technology infrastructure or finances caused by the recent coronavirus outbreak could have negative effects on our operations and business.

- **Small and mid-cap equities market risk:** The small and mid-cap market segments consist of a greater number of companies, are generally less transparent, are covered by fewer analysts and have less market liquidity than companies with larger market capitalizations. In addition, they are prone to higher price fluctuations and a greater risk of business failure than the large cap market segment.

- **Transfer risk:** There is also a risk that a creditor will not be able to convert local currency into foreign exchange, and so be unable to make debt-service payments in foreign currency. The risk normally arises from exchange restrictions imposed by the government in the creditor's country.

There is no assurance that any investment risk mitigation efforts undertaken by VSWA will be successful or otherwise eliminate the relevant risk. Further, there is no assurance that a client will achieve his or her stated investment objective.

#### 6.4 Investment Committee

VSWA has an investment committee (the "Investment Committee"), which is chaired by VSWA's Chief Investment Officer, who is responsible for the prudent management of VSWA's client assets, and is further comprised of the other members of the Investment Management Team, one representative of the IAT as well as certain senior members of VSWA, including the Chief Executive Officer or, in his absence, the Deputy Chief Executive Officer. The Investment Committee meets on at least a monthly basis with interim meetings as necessary to discuss, in general terms, allocation within each investment strategy, securities selection, risk management, overall investment strategy, and performance. The Investment Committee may also invite others to serve as advisors or consultants to the Investment Committee.

Taking into account the recommendations for the assets and securities for each investment strategy, the Investment Committee will determine the allocation of such assets and securities for each investment strategy. Thereafter, individual client accounts holdings and transactions are constructed taking into consideration any specific client guideline requirements. The Investment Managers will then transmit orders to VSWA's US registered broker-dealers for execution and clearance.

### **6.5 Risk and Oversight Committee**

VSWA has established a risk and oversight committee (the "Risk and Oversight Committee") which is led by the Chief Executive Officer, or in his absence, the Deputy Chief Executive Officer. The Risk and Oversight Committee meets regularly, generally every two months, to review and as necessary resolve and approve, among other things:

1. Any compliance risks and issues that have arisen, including but not limited to Code of Ethics violations;
2. Investment management issues and operational risks, including best execution and evaluation of the US brokers as well as any trading related issues and trade errors;
3. Client related issues, including the onboarding of new client accounts, client complaints, and annual review of client accounts;
4. Performance of portfolios;
5. Valuations issues;
6. Service provider arrangements, including any operational issues; and
7. Business risk management issues.

The Risk and Oversight Committee will review, with regard to trade errors, the facts surrounding each circumstance to determine whether an error has in fact occurred. If the Risk and Oversight Committee determines an error has occurred, it will consider (i) the nature and cause of the error, (ii) whether the client has been disadvantaged by the error, and (iii) suitability of the allocations resulting from an error. Unsuitable trades will always be resolved in the client's favor. See Item 9.8 below for further information on VSWA's trade error procedures.

## **7 Client Information Provided to Portfolio Managers**

VSWA is the sole portfolio manager of all Managed Program accounts. As such, we are in full possession of all client information for these accounts. Within VSWA, our employees have full access to all client information as reasonably necessary in connection with their job responsibilities.

### **7.1 Client Communications**

Your Wealth Management Advisor (as well as, in the case of IAT-advised clients, your Investment Advisor) will be in frequent communication with you over the

phone, by email and in person as well as through written communications, such as periodic market updates. If you have expressly consented thereto, the client correspondence and notifications may be sent to you via electronic means (such as email).

## **7.2 Review of Client Accounts**

### **Annual Review**

Wealth Management Advisors are responsible for a periodic review of client accounts and outlook discussion with all of their clients (at least annually). The annual review can be conducted either during a personal meeting or by way of a telephone call and covers all key aspects of the relationship, including but not limited to any changes in the client's personal and financial situation or in the client's risk profile and whether the existing strategy chosen by the client is still appropriate in light of the client's current circumstances and/or risk appetite. In case of a change in risk appetite and/or investment strategy, the Client and Account Risk Profiles will be updated accordingly.

While Wealth Management Advisors remain fully responsible for the annual review of the client relationship, they also work in close contact with the Investment Advisors within the Investment Advisory Team (in the case of Advisory Program clients) and the Investment Managers within the Investment Management Team (in the case of Managed Program accounts).

### **Other Reviews**

Selected client relationships are also periodically reviewed by Wealth Management Advisors and their supervisors, as well as compliance officers and business risk, in connection with other risk- and policy-related controls of various aspects of the client relationship (e.g., unusual events in a client's account, suitability, know-your-client information, etc.). On a regular basis, internal and external audit will also select client relationships for review in connection with topical audits.

### **Reports and Information Provided to Clients**

The reports and information that you receive on a periodic basis from your Custodian regarding your client relationship, as described in Item 9.4 below, allow you to regularly review and verify your investments held in your account.

In addition, when a security is removed from the Equity Recommended List by the Investment Management team and VSWA therefore sells all positions in such security held in the Managed Program accounts, Advisory Program clients holding the security in question will be contacted by their Wealth Management Advisor and informed that the security is no longer being actively monitored. Similarly, if a bond is downgraded to non-investment grade and the corresponding bonds of this issuer are thus sold in Managed Program accounts, Advisory Program clients holding the bond in question will be notified by their

Wealth Management Advisor about the rating change and the fact the security is no longer being actively monitored.

Apart from the regular statements received from the Custodian, VSWA delivers to clients via email periodic reports on general economic conditions, industries, market data, political developments and other matters that can affect the economic outlook or general asset classes.

## 8 Client Contact with Portfolio Managers

There are no restrictions placed on clients' ability within VSWA's normal business hours to contact and consult with members of VSWA's Investment Management Team (i.e., portfolio managers). The normal business hours of VSWA's headquarters in Zurich and its office in Geneva are from 9:00 a.m. to 6:00 p.m. local Swiss time (CET). The normal business hours of VSWA's New York office are from 9:00 a.m. to 6:00 p.m. local Eastern Standard Time (EST).

## 9 Additional Information

### 9.1 Disciplinary Information

SEC-registered investment advisers such as VSWA are required to disclose all material facts regarding any legal or disciplinary events involving the firm or our management persons that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

We have no legal or disciplinary events to report.

### 9.2 Client complaints and mediation

Any complaints by the client regarding VSWA's execution or non-execution of instructions of any kind or regarding other communications or actions on the part of VSWA must be made in writing by either contacting the responsible relationship manager or filling out the Complaint Form on the website of VSWA.

If the client is not able to reach an amicable solution with VSWA, the client has the right to contact the Swiss Banking Ombudsman. The Banking Ombudsman is the responsible body in Switzerland who deals with questions and complaints from clients concerning services provided by VSWA, acting as a neutral information and mediation agency.

Address:  
Swiss Banking Ombudsman  
Bahnhofplatz 9  
Postfach  
8021 Zurich  
Switzerland

Telephone:

+41 43 266 14 14 (German / English)

+41 21 311 29 83 (Français / Italiano)

## 9.3 Other Financial Industry Activities or Affiliations

### 9.3.1 Registered Representatives

Neither we nor any of our employees or management persons are registered, or have an application to register, as a broker-dealer or registered representative of a broker-dealer or as a futures commission merchant, commodity pool operator, commodity trading advisor or an associated person of such an entity.

### 9.3.2 Relationships and Arrangements with Related Persons and Potential Conflicts of Interest Arising Therefrom

We are a wholly owned subsidiary of Vontobel Holding AG, a Swiss holding company in Zurich, Switzerland, which also owns Bank Vontobel AG, a bank and securities trader licensed and supervised in Switzerland by FINMA as well as various other subsidiaries active in the financial services industry. VSWA is a part of the Vontobel Wealth Management division.

There are various forms of relationships and cooperation between us and our affiliate Bank Vontobel AG as well as certain other affiliated companies. These arrangements as well as the potential conflicts of interest arising therefrom are described below:

#### Bank Vontobel AG

Although VSWA does not have any revenue sharing arrangements with Bank Vontobel AG, there are certain other arrangements, as describe in this Brochure, that provide us with an incentive to engage Bank Vontobel AG to provide certain services to, or enter into certain transactions with, our clients. Bank Vontobel AG serves as a Custodian for the majority of VSWA's clients (although VSWA clients may additionally or alternatively select PAS as their Custodian). The custody services that Bank Vontobel AG provides to VSWA and its clients include but are not limited to: (i) trade reconciliation (including matching of orders, electronic delivery of trades, settlement of trades); (ii) valuation of portfolio holdings; (iii) pursuant to client authorization, the debiting from the client account fees owed to VSWA; (iv) maintenance of certain books and records; and (v) client reports reflecting trading activity, account valuation information, and tax reporting information and tax reclaim services.

VSWA's clients may obtain banking, custody, lending, margin or bank-related products and services from Bank Vontobel AG. The fees and margins for such products and services create revenue for it and may be more or less favorable to clients than those that can be obtained from unaffiliated third parties. While Bank Vontobel AG does not pass on to VSWA any of the margins and fees that it applies to VSWA clients and VSWA clients who use such products and services

from Bank Vontobel AG are not granted preferential treatment by VSWA vis-à-vis other clients, VSWA nonetheless has a general indirect incentive, being part of the Vontobel Group, to encourage clients to seek such services from Bank Vontobel AG. Further, VSWA Wealth Management Advisors have a direct incentive to do so due to the fact that the overall revenues generated by their clients not only for VSWA, but also for Bank Vontobel AG, are taken into partial consideration by VSWA senior management when it determines the amount of the annual discretionary bonus, if any, to be awarded to a Wealth Management Advisor. See Item 4.7.2 in this regard.

While VSWA and Bank Vontobel AG do not share staff, two of VSWA's members of the Board of Directors (including the Chair) have executive functions at Bank Vontobel AG.

Since Bank Vontobel AG is a related person to VSWA pursuant to Rule 206(4)-2 under the Advisers Act, VSWA undergoes a surprise examination conducted by an independent accounting firm each calendar year. This surprise examination is to confirm the accuracy of our custody records. VSWA will engage an independent accounting firm each year to perform this examination at a date to be selected by the accounting firm in accordance with the Advisers Act requirements.

In addition, as a related entity to VSWA, Bank Vontobel AG must obtain a written internal control report that it provides to VSWA and that includes an opinion from an independent public accountant with respect to its controls relating to the custody of VSWA's client assets. This exercise must be undertaken no less frequently than once each calendar year.

The accountant performing the surprise examination and the accountant issuing the internal control report will be registered with, and subject to regular inspection by, the US Public Company Accounting Oversight Review Board.

Apart from the custody and other services that it provides to VSWA clients, Bank Vontobel AG provides to VSWA itself various mid and back office services such as in the area of operation and maintenance of IT infrastructure, including telephony, and application services, compliance, human resources, operation and maintenance of financial information platforms. In addition, VSWA receives research from Bank Vontobel AG and has been granted access to the platforms of the Bank's external research providers. Further, VSWA relies on the Bank for the construction of model portfolios for certain of its discretionary mandate strategies. VSWA is charged for these services pursuant to various service level agreements.

VSWA does not use Bank Vontobel AG to effect securities transactions other than in the following limited instance: Although VSWA does not recommend the purchase of non-US registered investment funds for its clients, from time to time clients may have pre-

existing holdings in such funds that they wish to transfer into their VSWA portfolios custodied with Bank Vontobel AG. In the event that the client transfers such non-US fund shares into their VSWA portfolios at Bank Vontobel and subsequently wishes to redeem the shares, VSWA's US-regulated brokers are not typically in a position to carry out the redemption. Nonetheless, it may be possible in such situations for the fund shares to be redeemed via Bank Vontobel AG as Custodian, at no extra charge to the client. VSWA will clarify this possibility in advance of transfer and notify the client if a potential redemption of such fund shares via Bank Vontobel is not possible. In the event of a fund redemption via Bank Vontobel AG, the Bank will not receive any compensation from the non-US funds (or investors in such funds) in the form of trading commissions or performance incentives in connection with the redemption of fund shares on behalf of VSWA clients. Nevertheless, the Bank will in such cases typically receive a trailer fee from the non-US fund, which means that non-US funds held by the Bank on behalf of VSWA clients will generate trailer fee revenues for Bank Vontobel.

We believe, however, that this additional revenue for VSWA's affiliate Bank Vontobel AG does not create a conflict of interest for VSWA because Bank Vontobel does not directly or indirectly pass on any of this revenue to VSWA. Further, since the non-US fund shares in question were purchased by the client before the client established the advisory relationship with VSWA, VSWA did not exert any influence over the client's investment decision. The trailer fee potentially generated for Bank Vontobel AG by the holding will not be applied to reduce or offset the investment advisory fee paid by the VSWA client.

VSWA and Bank Vontobel AG share premises but do not share any staff, with the exception of compliance personnel, who also work to a very limited extent for Bank Vontobel AG. In addition, two of VSWA's members of the Board of Directors (including the Chairman) have executive functions at Bank Vontobel AG.

#### **Vontobel Securities Ltd.**

Vontobel Securities Ltd., a Swiss broker-dealer that is also registered as a broker-dealer under US securities law, is a sister company of VSWA. VSWA's New York office personnel currently share space on the 40<sup>th</sup> floor of 1540 Broadway, New York, NY, with Vontobel Securities Ltd.'s New York branch office staff. However, we have no reason to believe the sharing of such space creates a conflict of interest with our clients because VSWA does not use Vontobel Securities Ltd. as introducing, executing or clearing broker or otherwise, and neither VSWA nor any VSWA employee receives any compensation from Vontobel Securities Ltd. from the purchase or sale of securities or investments.



### **Vontobel Asset Management, Inc.**

Vontobel Asset Management Inc. is a SEC-registered investor adviser based in New York and a wholly owned subsidiary of Vontobel Holding AG. Vontobel Asset Management, Inc. provides VSWA services in the area of human resource and payroll administration with respect to VSWA's US-based staff. VSWA is charged for these services. We do not believe that this poses any material conflict of interest with our clients, however, because we do have any business dealings with Vontobel Asset Management Inc. in connection with advisory services we provide to clients, do not conduct shared investment operations with Vontobel Asset Management, Inc., do not refer prospective clients or business to Vontobel Asset Management, Inc. (or vice-versa) and do not share any supervised persons or premises with Vontobel Asset Management, Inc.

### **Potential Conflicts with Affiliates in General**

Except as prohibited by law, VSWA may purchase, sell or recommend for purchase or sale for its clients, securities issued by companies (1) for which our affiliates act as an investment banker or financial adviser; (2) with which our affiliates have business or other relationships; (3) in which our affiliates have a financial interest or other interest, through ownership of securities, loan arrangements, or otherwise; (4) in which our affiliates act as a market maker or maintain a position; or (5) in which our officers, directors or employees, or those of our affiliates, own securities or otherwise have an interest. VSWA may give investment advice and take action in the performance of its duties for a client that differ from the advice given, or the timing and nature of actions taken, for other client accounts which may invest in some of the same securities recommended to clients. VSWA may recommend to its clients, or purchase for its clients, securities of issuers in which Vontobel Holding AG or one of its affiliates has an interest. In addition, advice provided by VSWA may differ from advice given by its affiliates.

### **Potential Conflicts with VSWA Employees**

From time to time, our officers and employees may have acquired or sold, or may subsequently acquire or sell, for their personal accounts, securities that may also be held or have been purchase or sold for the accounts of clients. Section 9.3 below explains the precautions taken in an effort to prevent conflicts of interest in this area.

### **9.4 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading and Potential Conflicts of Interest**

VSWA has a Code of Ethics in place that applies to all of our employees and addresses prevention of conflicts of interest associated with the personal trading activities of our employees and certain members of their families. The Code of Ethics is designed, among other things, to govern personal securities trading activities in any employee account or account in which

an employee has control or a beneficial interest. The Code contains general ethical principles and personal securities reporting provisions for VSWA employees. In summary, the Code prohibits employees of VSWA from taking inappropriate advantage of their positions and the access to information concerning the investments or investment intentions of VSWA on behalf of its clients, or their ability to influence such investment intentions, for personal gain or in a manner detrimental to the interests of its clients. VSWA's access persons must obtain pre-clearance for transactions in defined "reportable securities" as set forth by the SEC, which includes stocks, securities futures, and bonds and provide account information about personal securities transactions and holdings.

It is our express policy that any person employed by us is prohibited from profiting at the expense of our clients and from competing with our clients.

The VSWA Code of Ethics, Compliance Manual and other compliance policies and procedures adopted by VSWA contain the following provisions to handle conflicts of interest:

- (1) Each access person of VSWA obtains pre-trade approval for transactions and submits quarterly reports of transactions and securities holdings.
- (2) We maintain records of all securities holdings for our clients and our access persons. These holdings are reviewed on a regular basis by our Chief Compliance Officer.
- (3) No individual shall cause or attempt to cause any of our clients to purchase, sell or hold any interest in a security in a manner calculated to create any personal benefit or benefit for any access person account.
- (4) Each employee receives annual compliance training and must acknowledge the firm's policies and procedures with respect to the Code of Ethics on an annual basis.
- (5) Any employee not in observance of the above may be subject to disciplinary action, and possible termination.

The Advisers Act makes it unlawful for VSWA employees to engage in conduct which is deceitful, fraudulent, or manipulative, or which involves false or misleading statements, in connection with the purchase or sale of securities. The VSWA Code of Ethics acknowledges the general principles that VSWA and/or its employees:

- (a) Owe a fiduciary obligation to their clients;
- (b) Have the duty at all times to place the interests of their clients first;
- (c) Must conduct all personal securities transactions in such a manner as to avoid any actual or potential conflict of interest or abuse of an individual's position of trust and responsibility;
- (d) Should not take inappropriate advantage of their positions in relation to client accounts;



- (e) Must comply with the US federal securities laws and applicable Swiss laws; and
- (f) Must safeguard non-public information.

A copy of the VSWA Code of Ethics is available to clients and potential clients on request.

### 9.5 Custody Services

Our prospective clients have the choice of establishing a custody account for their cash, securities and other holdings with either Bank Vontobel AG or Pershing Advisory Solutions LLC (PAS).

An affiliate of VSWA, Bank Vontobel AG, Zurich, Switzerland, may serve as custodian for your cash, security and other holdings with respect to all Managed Program, Advisory Program and Precious Metals Advisory Program accounts.

Alternatively, for clients who prefer to custody their assets in the United States, VSWA has entered into a custodial arrangement with PAS. Through its Advisor Solutions integrated custody platform, PAS makes available to VSWA clients certain bank custody services and products, based in turn on an arrangement with BNY Mellon, N.A., a national banking association with its principal office in Pittsburgh, Pennsylvania and an affiliate of PAS ("BNY Mellon"). The PAS platform allows a client to grant VSWA a limited power of attorney to have trading authority over the client's account held by the broker-dealer Pershing, LLC.

PAS can be used as Custodian with respect to all VSWA Programs with the exception of the Precious Metals Advisory Program. VSWA is independently owned and operated and not affiliated with either Pershing LLC, BNY Mellon or PAS.

Both Custodians provide to VSWA and you services such as (i) trade reconciliation services (including matching of orders, electronic delivery of trades, settlement of trades); (ii) valuation of portfolio holdings, (iii) pursuant to your authorization the debiting from your accounts of fees owed to VSWA, (iv) maintenance of certain books and records, and (v) client reports reflecting trading activity, account valuation information, and tax reporting information.

The Custodians will at least quarterly provide directly to you an account statement showing purchases and sales of securities, receipt and disbursement of cash (including the adviser's fee) and securities positions. As noted above, you should review these reports to ensure their accuracy.

Please be aware that the time needed to establish a custodial account with Bank Vontobel AG and/or PAS will vary considerably, in part as a function of the differing requirements posed by accounts for complex structures, e.g., as opposed to accounts for individuals. While no Wrap Fee will be charged until the successful

opening of the custodial account, long wait-times between the start of a relationship between VSWA and a client and the successful opening of a custody account increases the risk that a client's financial position might be impacted by the delay.

The Custodian selected by you will provide you with an account statement (at least quarterly) identifying the transactions and movement of funds during the reporting period, as well as listing each security in your account as of the end of the reporting period. Individual confirmations for any transactions will be provided to all VSWA clients. A client will receive paper copies of their account statements at least on a quarterly basis.

After the end of the calendar year, each client who is considered a "US Person", as such term is defined in the US Internal Revenue Code, as well as each Canadian resident client, will receive tax reporting information from their Custodian.

If Bank Vontobel AG is your Custodian, this information will include a US Sourced Income Statement that reflects the client's total US source income as well as a US tax statement that reflects total income (both dividend and interest income) from non-US sources and a capital gains section (long and short-term capital gains) on the client's US and Non-US positions (i.e., worldwide income). For Canadian resident clients, this information will consist of a Foreign Properties Report from Bank Vontobel AG to assist the clients with gathering the necessary data to complete their personal tax return and T1135. Such reports will be in USD (for US Person clients) or CAD (for Canadian resident clients), regardless of the Key Investment Currency selected by the client. Tax statements for a country other than the US or, in the case of Canadian resident clients, Canada (e.g. a Swiss, UK or German tax statement) are available upon request but will result in a separate fee by Bank Vontobel AG.

If PAS is the Custodian, the tax reporting information will consist of either IRS Form 1099 reports (i.e., 1099-B, 1099-DIV, 1099-INT, 1099-MISC, 1099-OID, as applicable) on US and non-US source income or, for non-US Person clients, IRS Form 1042-S reports. Such reports will be in USD, regardless of the Key Investment Currency selected by the client.

Clients resident in countries other than the US or Canada will be provided with a year-end Account Report in a generic (non-country-specific) format containing the financial information needed to complete their tax return.

Although these statements and reports are prepared in a diligent manner, you should carefully review the information in these statements and reports to ensure they are accurate and notify us if you have any concerns regarding them or note any discrepancies.

## 9.6 Data Protection and Privacy Policy

We recognize and respect the privacy of each of our customers and their expectations for confidentiality. The protection of customer information is of fundamental importance in our operation and we take seriously our responsibility to protect non-public personal information. The SEC has issued Regulation S-P that requires, among other things, that financial institutions provide a notice to clients of the firm's policies relating to private client information. VSWA obtains non-public personal information about you from the following sources:

- Information we receive from you on applications and other forms such as information and records pertaining to personal background, investment objectives, financial situation, investment holdings, account numbers, account balances, etc.;
- Information about your transactions with us or others;
- Information we may receive from a consumer reporting agency;

We do not disclose any non-public personal information about you unless VSWA is:

- Previously authorized by you to disclose information to individuals and/or entities not affiliated with VSWA, including, but not limited to the client's other professional advisers and/or service providers (i.e., attorney, accountant, insurance agent, broker-dealer, investment adviser, account custodian, etc.);
- Required to do so by judicial or regulatory process; or
- Otherwise permitted to do so in accordance with the parameters of Regulation S-P.

VSWA also adheres to the data protection standards within Europe under the EU General Data Protection Regulation – in short, "GDPR". VSWA's GDPR Privacy Notice, which can be found at <https://www.vontobeladvisors.com/en-int/legal-notice/gdpr/>, sets out information as to:

- how and for what reasons we collect, process and store your personal data, as well as on what legal basis this is done;
- what rights you have in this regard;
- what obligations we have with regard to the processing of personal data.

VSWA restricts access to your personal data and account information and limits its availability to its employees and employees of affiliates who need to know that information to provide products or services to you, such as Bank Vontobel AG for custody matters. If you decide to close your account(s) or become an inactive customer, we will continue to adhere to our normal privacy policies and practices.

VSWA maintains physical, electronic, and procedural safeguards to guard your nonpublic personal information.

VSWA may be required to disclose client information according to regulatory requirements, during an inspection by the Securities and Exchange Commission (SEC) or pursuant to judicial or other regulatory process.

## 9.7 Proxy Voting

VSWA does not accept proxy-voting responsibility for securities held in VSWA client accounts. Clients retain responsibility for voting all securities maintained in their accounts. However, VSWA does exercise investment authority for certain corporate actions (including but not limited to takeover, dividend election to take cash or securities, rights offering, offer to redeem, split, reverse split, change in nominal value, etc.) in connection with the discretionary accounts.

Clients whose Swiss shares are custodied with Bank Vontobel AG and registered in Switzerland in their name with the respective companies receive their proxies from such companies directly. With respect to all other shares held in your account, you will be responsible for obtaining any applicable proxy information. We do not monitor proxies solicited by issuers on an ongoing basis for Client accounts and will not be responsible for sending proxy-related information to you. If you choose to custody your securities with PAS, we will instruct PAS to send you all mailings relating to the voting of proxies directly, in which case you will be able to act on these materials as you see fit.

VSWA does not act for the client in legal proceedings, including class actions.

## 9.8 Brokerage Practices

In order for us to actively manage your assets, we require you to appoint us as attorney-in-fact with full discretionary trading authority. This authority will allow us to buy or sell securities, as well as specify the amount of securities to invest, without first obtaining your specific consent. This authority also enables the transfer or exchange of your funds between asset classes and other securities agreed to by you in accordance with the investment management service selected by you.

VSWA transmits securities transactions to US regulated broker-dealers that it selects based on its fiduciary obligation to seek "best execution". For equity security transactions, VSWA uses Citibank NA, Pershing LLC and (for certain European and Swiss equity security transactions) Stifel, Nicolaus & Company, Inc.. For fixed income security (bond) transactions, VSWA uses various US firms. For US mutual fund transactions for its Managed Program accounts, VSWA will generally subscribe and redeem the shares directly from the fund at net asset value

(NAV) only. The SEC defines best execution as “best qualitative execution”, not merely the lower possible execution cost. In determining which brokers it selects, VSWA may consider various factors, such as execution capability, commission rate (spread), responsiveness and the ability of Bank Vontobel AG as Custodian to settle transactions with the broker. Trades for clients selecting PAS as Custodian will be executed by the broker specified by PAS, namely Pershing LLC in its capacity as broker-dealer, as part of the PAS integrated custody platform, and VSWA will therefore have no ability to select the broker-dealer. In such case, VSWA cannot guarantee that the client will receive best execution because VSWA does not control the selection of the broker.

VSWA does not consider, in selecting or recommending broker-dealers, whether it or a related person receives client referrals from a broker-dealer or third party.

Note that US brokers acting as clearing brokers will have independent regulatory obligations to select executing brokers taking into account best execution considerations. In certain circumstances for securities traded in Swiss and possibly other non-US markets, Bank Vontobel AG, an affiliate of VSWA, might be selected by the clearing broker as the executing broker, which could be viewed as a potential conflict of interest. However, VSWA has no influence over the clearing broker's choice of executing broker and in any event the Wrap Fee is a fixed amount including brokerage costs and a clearing broker's selection of Bank Vontobel AG as its executing broker will not result in your being charged any extra compensation.

Note further that because our Investment Management Team is located in Switzerland but our brokers are located in the United States, there is a time difference that can, depending on the circumstances, result in additional time being needed for the execution of a specific trade over a US stock exchange.

### 9.9 Trade Error Handling

From time to time, VSWA may make an error in submitting a trade order on your behalf. VSWA's policy and practice is to monitor and reconcile all trading activity, identify and resolve any trade errors promptly, document each trade error with appropriate supervisory and oversight approval and maintain a trade error file. Pursuant to its trade error procedure, VSWA strives to correct and otherwise resolve trade errors in a manner assuring that the client is made whole. The client may retain gains resulting from an error on a transaction that settled in the client's account; however, if the client is unable/restricted from receiving that gain, or if the gain results from an error that has not impacted the client's account, VSWA will donate the gain to charity.

### 9.10 Soft Dollars

VSWA may select a broker that charges more on a per-share basis than another broker, provided that the

additional charges are paid in exchange for execution services. VSWA does not “pay up”, i.e., select a broker and pay more for execution than is otherwise available in exchange for the receipt of research materials (e.g. research reports or analysis) or third party-provided services (e.g. Bloomberg). Together, the aforementioned practices are commonly referred to as “soft dollars”, and VSWA has no formal soft-dollar arrangements.

### 9.11 Trade Aggregation and Allocation of Investment Opportunities

VSWA strives to aggregate trades for Managed Program accounts. However, such aggregation is not mandatory and is made at VSWA's full discretion. Aggregation of trades is a method that seeks to increase the consistency in the execution process and support the quality and cost of execution. Aggregation of trades under these circumstances should, on average, decrease the costs of execution. VSWA may aggregate orders so that all participating client accounts benefit equally from the reduced price (i.e., all receive an average price of the aggregated orders). Execution of aggregated trades is generally completed by the end of the trading day. In some circumstances, an aggregated trade may be executed over a period of more than one day.

Notwithstanding, VSWA can always require immediate trade execution for a particular client's Managed Program account, without being part of the aggregation process, as may be necessary or appropriate for that client's Managed Program account.

There may be situations – particularly in connection with aggregated trades for Managed Program accounts - where a particular security must be purchased or sold for more than one client, but the investment opportunity is limited. In these situations, VSWA will in principle use a pro rata allocation method. For example, the VSWA Investment Manager places an aggregated order of 2,000 shares for Managed Program clients A, B and C. Because client C has twice as much in assets under management than clients A and B, this results in an order of 500 shares each for clients A and B and an order of 1,000 shares for client C. However, only 1,000 shares (50% of 2,000) can be obtained on the market, so the 1,000 shares will be allocated proportionally. Clients A, B and C will each receive 50% of their respective orders (i.e., 250 shares for clients A and B and 500 shares for client C). In the unusual situation where the number of securities available is fewer than the number of clients interested in purchasing the security (i.e., 20 clients wish to purchase share X, but only 15 shares of X are available on the market), the available securities will be allocated in accordance with the “first in, first out” (FIFO) principle, i.e., the shares will be allocated to the clients with the “oldest” orders. In other words, when the aggregated order is created in VSWA's electronic trading system, each individual order will be automatically assigned a time stamp and the “oldest” orders will be executed by the system first.

**9.12 Information Security**

Our operations rely on effective information technology security and our ability to securely process the storage and transmission of confidential and other information. Although we employ protective measures to safeguard your personal and other information from unauthorized access or use, there is a risk of our computer systems, software, networks, mobile devices, and those of third parties upon whom we rely, being vulnerable to cyber-attacks, sabotage, unauthorized access, computer viruses, worms or other malicious code, and other events that have a security impact.

**9.13 Financial Information**

Not applicable. VSWA has never filed for bankruptcy and, as of the date of this Brochure, is not aware of any financial condition reasonably likely to impair its ability to meet its contractual commitments to clients.