



Item 1 – Cover Page

## Brochure / Form ADV Part 2A

March 25, 2024

# swisspartners Advisors Ltd.

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CRD No.: 148721  
SEC File No.: 801-69940

*swisspartners Advisors Ltd. is registered with the U.S. Securities and Exchange Commission ("SEC"). The terms "SPA," "we," "our" and "us" refer to swisspartners Advisors Ltd.*

*This brochure provides information about the qualifications and business practices of SPA. If you have any questions about the contents of this brochure, please contact us at +41 58 200 0 800 and/or [info@swisspartners-advisors.com](mailto:info@swisspartners-advisors.com).*

*You may communicate with us in English, Spanish or German.*

*The information in this brochure has not been approved or verified by the SEC or by any U.S. state or foreign securities authority.*

*Registration does not imply that SPA or its associates have attained a certain level of skill or training.*

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

*This brochure, together with the Investment Management Agreement, constitutes the "Information for Clients" document that is to be delivered to clients as per the Swiss Financial Services Act ("FinSA").*

## Item 2 – Material Changes

This is the annual amendment to our Brochure. We disclosed the following material changes since our last annual update of our Brochure dated March 28, 2023:

- Effective from September 27, 2023, our firm is authorized by the Swiss Financial Market Supervisory Authority (FINMA) to act as portfolio manager.
- Effective from September 27, 2023, the ownership of our parent company has changed. The identity of the new indirect owners is disclosed under Item 4.
- We have amended Item 10 to update the list of our Other Financial Industry Activities and Affiliations.

The above changes were already disclosed in our Brochure dated September 30, 2023. There are no additional material changes to discuss since the last annual update of our Brochure dated March 28, 2023.

SPA will provide you with an updated Brochure at least annually. You may, however, request a copy of our latest Brochure at all times, by sending us a written request at our office or email addresses as outlined on the cover page. Our Brochure may also be viewed at the SEC website <https://www.adviserinfo.sec.gov> and on SPA website.

If clarification is needed on any point, please contact us at +41 58 200 0 800 and/or [info@swisspartners-advisors.com](mailto:info@swisspartners-advisors.com).

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## Item 4 – Advisory Business

### Our Regulatory Framework

SPA was founded in October 2008 as a corporation (Aktiengesellschaft) under Swiss laws with its registered office in Zurich.

SPA registered as investment adviser with the SEC on February 26, 2009.

Since 2019, SPA has relied on the Canadian international adviser exemption of National Instrument 31-103 (“NI 31-103”) in the Canadian province of British Columbia.

Since 2020 SPA is a member of the Swiss Public Limited Company for Supervision (“AOOS”), a self-regulatory organization that is authorized and supervised by the Swiss Financial Market Supervisory Authority (“FINMA”) to supervise asset managers and trustees. Specifically, AOOS monitors SPA’s compliance with obligations under the Financial Services Act (“FinSA”), Financial Institutions Act (“FinIA”) and the Anti-Money Laundering Act (“AMLA”).

Effective from September 27, 2023, SPA is fully authorized by the Swiss Financial Market Supervisory Authority (FINMA) to operate as portfolio manager.

FINMA	AOOS
Laupenstrasse 27, 3003, Bern, Switzerland +41 31 327 91 00 <a href="mailto:info@finma.ch">info@finma.ch</a> <a href="http://www.finma.ch">www.finma.ch</a>	Clausiusstrasse 50, 8006, Zurich, Switzerland +41 44 215 98 98 <a href="mailto:info@aos.ch">info@aos.ch</a> <a href="http://www.aos.ch">www.aos.ch</a>

Furthermore, since 2020 SPA is affiliated to the Ombud Finance Switzerland (“OFS”), a Swiss Foundation providing dispute resolution services between financial service providers and their clients. In general, any client’s complaint regarding SPA’s services should be first addressed to SPA in writing either to the responsible investment adviser or to SPA, that will make every effort to find a solution. However, if SPA’s final decision is not satisfactory to the client, the client can initiate a mediation proceeding before the ombudsman. Below are the relevant contact details:

swisspartners Advisors Ltd	Ombud Finance Switzerland (OFS)
Am Schanzengraben 23, P.O. Box, 8022 Zurich, Switzerland +41 58 200 0 800 / +1 888 772 5 830 <a href="mailto:info@swisspartners-advisors.com">info@swisspartners-advisors.com</a> <a href="http://www.swisspartners-advisors.com">www.swisspartners-advisors.com</a>	16 Boulevard des Tranchées, 1206, Geneva, Switzerland +41 22 808 04 51 <a href="mailto:contact@ombudfinance.ch">contact@ombudfinance.ch</a> <a href="http://www.ombudfinance.ch">www.ombudfinance.ch</a>

### Our Owners

SPA is a direct, wholly owned subsidiary of the Zurich-based swisspartners Group AG (“SPG”).

Effective from September 27, 2023, SPA is indirectly owned by:

- W. Vogt Holding AG (36.99% in SPG - Liechtenstein), in turn owned by Mr. Werner Vogt (100%); and
- Pierer Swiss AG (25.26% in SPG – Switzerland), in turn owned by Pierer Konzerngesellschaft mbH (100% – Austria); the latter entity is fully owned by Mr. Stefan Pierer (100%).

The abovementioned entities are merely holding corporations, not carrying out any financial services activity.

## Our Services

SPA provides discretionary asset management services to individuals, trusts, insurances, foundations, and corporations (“Clients”). Although the vast majority of our Clients reside in the United States (“U.S. Clients”), we reserve the right to also serve non-US resident Clients. More information about our types of Clients is in Item 7.

SPA’s investment approach is intended primarily for investors with a long-term investment horizon. In that respect, SPA focuses on what it believes to be high-quality investments in various asset classes. SPA also believes in the long-term merits of international diversification as a way to manage risk and enhance portfolio return.

SPA offers the following types of strategies via separately managed accounts: Global Defensive, Global Conservative, Global Balanced, Global Dynamic, Global Equities, and International Equities. Global Defensive, Global Conservative, Global Balanced and Global Dynamic are “blended” strategies. Please refer to Item 8 for a description of the types of investments for which we provide advice.

For all our strategies we follow a combination of top-down and bottom-up value and growth-oriented investment approach with the asset allocation decision being the biggest source of performance.

Although we can make exceptions to provide services for lower investment amounts, SPA believes that a minimum amount of USD 2,000,000 typically permits adequate diversification of a Client’s portfolio. SPA reserves the right to enter into Agreements with Clients that have different account sizes.

In order to enter into a business relationship with us, you must sign our Asset Management Agreement (“Agreement”), appoint our firm as your investment adviser of record on specified accounts (collectively, the “Account”) and provide the required account opening documentation. The Account consists only of separate account(s) held by qualified custodian(s) under your name. The qualified custodians maintain custody of all funds and securities of the Account, and you retain all rights of ownership (e.g., right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations) of the Account. Refer to Item 12 – Brokerage Practices for more information.

We will need to obtain certain information from you to determine your financial situation and investment objectives. The Account is then managed by us based on your desired asset allocation, restrictions, investment objectives and risk tolerance. We actively monitor the Account and implement advice on a discretionary basis by buying, selling, reinvesting or holding securities, cash or other investments of the Account. Refer to Item 16 – Investment Discretion for more information.

You will be responsible for notifying us of any updates regarding your financial situation, risk tolerance or investment objective and whether you wish to impose or modify existing investment restrictions; however we will contact you at least annually to discuss any changes or updates regarding your financial situation, risk tolerance or investment objectives. We are always reasonably available to consult with you relative to the status of your Account. You have the ability to impose reasonable restrictions on the management of your accounts, including the ability to instruct us not to purchase certain securities.

It is important that you understand that we manage investments for other clients and may give them advice or take actions for them or for our personal accounts that is different from the advice we provide to you or actions taken for you. We are not obligated to buy, sell or recommend to you any security or other investment that we may buy, sell or recommend for any other clients or for our own accounts.

Conflicts may arise in the allocation of investment opportunities among accounts that we manage. We strive to allocate investment opportunities believed to be appropriate for your account(s) and other accounts advised by our firm among such accounts equitably and consistent with the best interests of all accounts involved. However, there can be no assurance that a particular investment opportunity that comes to our attention will be allocated in any particular manner. If we obtain material, non-public information about a security or its issuer that we may not lawfully use or disclose, we have absolutely no obligation to disclose the information to any client or use it for any client’s benefit.

On a monthly basis, SPA reviews the Client account’s asset allocation to ensure consistency with the agreed investment profile, including with any Client’s restrictions. Please refer to Item 13 for more information.

As of **December 31, 2023**, we managed the following amount of assets:

Discretionary Assets	USD 550'950'589
Non-discretionary Assets	USD 0
<b>Total</b>	<b>USD 550'950'589</b>

### No participation in Wrap Fee Program

A wrap-fee program is defined as any advisory program under which a specified fee or fees not based directly upon transactions in a client's account is charged for investment advisory services (which include portfolio management and/or advice concerning the selection of other investment advisers) and the execution of client transactions. We do **not** offer or participate in wrap-fee programs. All our services are provided on a non-wrap fee basis which means fees and expenses for execution of client transactions charged by your broker/dealer and/or custodian are billed directly to your account separately from our advisory fees.

### Item 5 – Fees and Compensation

SPA offers discretionary asset management services against payment of an *asset-based management fee*, which is calculated as a percentage of assets under management, as per the below table, with a minimum quarterly charge of CHF 3,000 which enables SPA to cover the costs of the mandate.

As described below, Clients will be charged an annual fee based upon the amount of assets under management. When a Marginal Rate is utilized, each asset tier shall be assessed a fee percentage in accordance with the Marginal Rate schedule shown below. The cumulative fee percentage for the account shall therefore be determined based on a tiered approach so that the fee percentages in the Marginal Rate schedule are applied to each asset tier. This means that the assets in a client's account will be billed at different levels according to the Marginal Rate schedule. For example, if the assets under management amount to 12,500,000 CHF, the first 5,000,000 CHF will be subject to a 0.95% rate; the second 5,000,000 CHF to a 0.85% rate; and the residual 2,500,000 CHF to a 0.75% rate.

#### Management Fee Schedule as from January 1, 2020:

Assets under management in CHF or equivalent	Marginal Rate	
	Multi-Asset *	Equity
0-5M	0.95%	1.05%
5-10M	0.85%	0.95%
10-20M	0.75%	0.85%
20-50M	0.65%	0.75%
50M and higher	negotiable	negotiable

\* Mandates that include various asset classes (i.e. "Defensive", "Conservative", "Balanced" and "Dynamic" mandate)

Existing clients who entered into a relationship with SPA before January 1, 2020 remain subject to the Management Fee Schedule issued before January 1, 2020, as originally agreed. Any changes to existing fee arrangements must be agreed in writing between SPA and its clients in accordance with the terms of the Agreement.

The "Marginal Rate" fee is different than if a "Fixed Fee" is agreed between SPA and the Client, whereby only one rate is charged against all of the client's assets under management, regardless of the asset tier.

As detailed above, SPA charges a different fee rate or schedule based upon asset classes and investment product types invested in the client's account. SPA charges a higher fee of all-Equity mandates compared to mandates that include various asset classes (i.e. "Defensive", "Conservative", "Balanced" and "Dynamic" mandate).

This creates a conflict of interest in that there is an economic incentive for SPA and its investment adviser representatives to recommend Equity mandates because they have a higher fee rate or schedule compared to Blended mandates for which SPA charges a lower fee rate or schedule. SPA has taken steps to manage its conflict of interest arising from its use of different fee rates/schedules through its compliance policies and procedures, whereby SPA and its investment adviser representatives will not exercise investment discretion with respect to changing asset classes or investment product types and will only recommend the change of asset classes or investment products when in the best interest of the client and without regard to the financial interest of SPA.

Householding fees can be offered either upon Client's request or at SPA's discretion. It is essential to note that there is no obligation for SPA to agree to householding fees and that the decision to implement such fees is subject to mutual agreement, which must be reflected in writing in the Agreement. The eligibility criteria for householding fees typically, but not necessarily, involve family members. Nevertheless, the eligibility criteria can extend beyond this criterion, and decisions will be made based on the specific circumstances and agreements between SPA and the Client.

Upon Clients' request SPA also offers *performance-based fees* in light of which the Clients are charged, in addition to a fixed base asset management fee, a performance-based fee, provided that the performance is positive over the quarter See Item 6 below for more details on performance-based fees.

Asset-based fees and performance-based fees (hereafter, "Fees") are agreed in writing in the Agreement, calculated in Swiss Francs and charged in the Client's reference currency. Fees are payable on the first business day for each calendar quarter during the term of the Agreement, in advance, based on the fair market value of the assets under management – as calculated by the custodian banks in the Client's account statements – on the last business day of the previous quarter. If the Client reference currency is a currency other than CHF, SPA applies the middle-of-the day rates of the last business day in Zurich of the previous quarter as published by *SIX Financial Information* (a Swiss financial data provider and a business unit of the SIX Group) in order to calculate the Fees. Pursuant to a Service Level Agreement between SPA and SPG, SPG calculates the Fees based on the portfolio valuations calculated by the custodian banks and provided to SPG by SPA. Once calculated by SPG, the Fees' accuracy is reviewed by the Head PM of SPA. SPA will then send the Fees' invoice to the client and thereafter will have them settled by thy respective custodians..

Based on a separate agreement between the Client and the custodian, the custodian will transfer the Fees, directly from the Client account, to SPA, without requiring any further consent from Client, unless otherwise agreed.

SPA does not receive any fee or retrocession from custodians other than the Fees payable by Client for SPA services. SPA will not otherwise receive any payment for the management of Client assets or for using specific broker dealers.

The accuracy of Fee calculation is verified independently as part of our annual audit, where a subset of accounts is randomly selected for scrutiny by an independent audit company.

If the business relationship with SPA ends for any reason, any Fees paid in advance will be refunded *pro rata*, without any deduction or set-off,. No termination fee is charged. No Fee adjustment will be made during any period with respect to the appreciation or depreciation of account asset values during that period. This means that if during a quarter the value of the assets in a Client's account moves into or falls out of the "Assets under Management" bracket (see the Fee schedule above), the marginal rate applicable at the beginning of the period will be applied for that period.

With account openings at custodian banks becoming more complex and time consuming, SPA offers to actively assist its Clients – in particular, legal entities or arrangements with complex structures – in the bank account opening process, by establishing the necessary account opening forms with the custodian, streamlining the communication with the bank and assisting the Clients with the completion of the forms, including signature

and identification of required KYC documents and information. If the client requests this service, we will charge a one-time setup fee of CHF 12'000 or less.

Fee rates are negotiable based on factors important to the client. Factors can include, but are not limited to, the amount of assets under management, the number of accounts to be managed, the frequency of meetings requested by the client, and the investment mandate. Fees do not vary based on Client's trading activities. SPA does not charge or receive any transaction-based compensation.

Our fees are only for the asset management services provided by SPA. The selected custodian bank will charge additional costs, including custody, brokerage, account and tax reporting fees.

To the extent that the Client's assets are invested in third-party funds or other collective investment schemes, the Client will be subject to additional fees and charges as a fund shareholder, in addition to the Fees paid to us. Those will include fees and charges imposed on shareholders of the fund or imposed on the fund and borne indirectly by shareholders, as disclosed in the fund's offering document. Fund shares (including all money market fund shares in which a Client's assets may be temporarily invested) may bear a management fee charged to the fund by the fund's investment adviser, as well as other internal fees and charges. In addition, some funds also impose on shareholders' other fees and charges, such as sales loads, purchase or redemption fees, transfer taxes, and wire transfer and electronic fund fees. Such charges, fees, and commissions are exclusive of and in addition to our fee, and we shall not receive any portion of these commissions, fees, and other costs described in this Brochure. Furthermore, our advisory fee is in addition to the above-mentioned commissions or markups.

## Item 6 – Performance-Based Fees and Side-By-Side Management

Although uncommon and not solicited by SPA, upon Client's request, and in addition to the asset-based fees as described in the above Item 5, SPA also offers performance-based fees, i.e., fees based on a share of capital gain or capital appreciation of the Client's assets. In light of these, Clients are charged, in addition to a fixed asset-based fee, a performance-based fee but only if the performance is positive over the quarter.

A performance-based fee is calculated quarterly and charged in arrears based on the increase of the assets under management in the Client's account over the previous quarter and only provided that there is a net increase (after fixed base management and custodian fees) in assets under management over the quarter. No performance fee will be charged if the account experiences no net increase (after all fees) in a subsequent quarter and the Client will only be charged a fixed asset management fee calculated as described above. The performance-based fee is negotiable and agreed in the Agreement between the Client and SPA.

We structure any performance- or incentive fee arrangement according to the requirements of the Advisers Act, including Section 205(a)(1) and the exemption set forth in Rule 205-3 under the Advisers Act. In measuring assets for the calculation of performance-based fees, we will include realized and unrealized capital gains and losses.

Performance-based fee arrangements create an incentive for us to favor performance-fee paying Clients over Clients not subject to such fees in the allocation of investment opportunities. Performance-based fees create an incentive for us to select investments that may be riskier or more speculative than those which would be recommended under a different fee arrangement. This is a conflict of interest, and to address it we have designed and implemented an allocation and aggregation policy that seeks to treat Client accounts within a particular investment strategy fairly and equitably (i.e. no Client account is inappropriately favored over another), and monitor and test to ensure compliance with this.

## Item 7 – Types of Clients

As mentioned in Item 4, we provide discretionary investment management services to several types of Clients, including individuals, high net worth individuals, corporations, trusts, foundations and insurance companies. Most of our Clients are U.S. residents, regardless of their nationality; however, we also serve U.S. citizens residing outside the United States and non-U.S. citizens residing outside the United States, including Clients



residing in the Canadian province of British Columbia, who are Canadian “permitted clients”, as such term is defined under National Instrument 31-103 of Canada.

Although we can make exceptions to provide services for lower investment amounts, SPA believes that a minimum amount of USD 2,000,000 typically permits adequate diversification of a Client’s portfolio. SPA reserves the right to enter into Agreements with Clients that have different account sizes. A minimum quarterly fee of CHF 3,000 is charged to enable SPA to cover the costs of the mandate.

SPA is obliged to classify every Client as a “retail client”, “professional client” or “institutional client”, as these terms are defined under FinSA. The extent of investor protection and suitability varies depending on the Client segment, as well as on the types of services offered.

If a Client is classified as a professional client, SPA assumes that the Client has the necessary knowledge and experience, and that the financial risks associated with the advisor’s investment decisions are bearable for the client.

Clients will be informed about their classification in the Agreement.

High net worth retail Clients may declare in writing that they wish to be treated as professional clients (opting out) when signing the Agreement or thereafter. For this purpose, high net worth retail Clients are all persons that credibly declare either (a) to have at their disposal assets of at least CHF 2’000’000 or (b) to have the necessary knowledge (on the basis of training, education and professional experience or comparable experience in the financial sector) to understand the risks associated with the investments and have at their disposal at least CHF 500’000. Conversely, institutional clients and professional clients may declare that they only wish to be treated, respectively, as professional clients and retail clients (opting-in). All such declarations are to be made to SPA in writing. It should also be noted that a change in classification also entails a change in the level of protection provided for and applicable under law.

SPA may only carry out the reclassification if the above requirements are met. Client acknowledges the associated change in the level of protection to which they are entitled, which always relates to the entirety of asset management services.

The assets under management and number of clients of each type is shown on our Form ADV Part 1. The actual mix of types of Clients will change over time based on market conditions, business plans, and other factors.

## Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

### Methods of Analysis

SPA’s investment approach is value- as well as growth-driven and based on fundamental parameters. For timing and selection purposes, the fundamental evaluation is complemented by technical and quantitative analysis.

SPA formulates its own investment advice for its Clients. We do not buy research.

### Investment Strategies

Our strategies range from blended to purely equities. Our strategies are: Global Defensive, Global Conservative, Global Balanced, Global Dynamic, Global Equities, and International Equities.

#### Global Defensive

- strong focus on capital preservation
- returns mainly from interest income and small degree from capital gains
- low risk tolerance
- very moderate volatility
- strong overweighting of nominal assets compared to real assets
- strong preponderance of investments in reference currency
- limited exposure to currency risks

Global Conservative

- preservation of capital
- returns from interest income and some capital gains
- risk tolerance below average
- moderate volatility
- usually significant overweighting of nominal assets compared to real assets
- material preponderance of investments in reference currency
- moderate exposure to currency risks

Global Balanced

- real conservation and long-term gain of capital
- returns from interest income as well as from capital and currency gains
- average risk tolerance
- acceptance of volatility
- usually well-balanced relation between nominal assets and real assets
- investments in reference currency preponderate, but less significant than in case of a conservative profile
- moderate to significant exposure to currency risks

Global Dynamic

- long-term gain of capital by stronger weighting of real assets (i.e. shares)
- returns mainly from capital and currency gains
- risk tolerance above average
- acceptance of increased volatility
- usually significant overweighting of real assets compared to nominal assets
- depending on assessment of market situation, investments in currencies other than reference currency may preponderate
- significant exposure to currency risks

Global Equities (including U.S. companies' exposure)

- long-term capital growth
- returns from capital and currency gains
- high risk and volatility tolerance
- broadly diversified equities
- exposure to foreign currency risks

International Equities (no U.S. companies' exposure)

- long-term capital growth
- returns from capital and currency gains
- high risk and volatility tolerance
- broadly diversified equities
- significant exposure to currency risks

Global Defensive, Global Conservative, Global Balanced, and Global Dynamic are “blended strategies”, which means that investments comprise a mixture of asset classes. Except for Global Defensive, (offered in USD reference currency only) they are offered in three reference currencies (USD, EUR and CHF).

The Global Equity and International Equity mandates are offered in USD reference currency only.

Clients that wish to invest in equities only can select between global strategies, which hold between 30% and 70% in USD, and international strategies (excluding U.S. companies) in which 75% to 100% are held in non-

USD currencies. Because of the volatility of non-USD currencies, the returns of international strategies will undergo higher fluctuations.

If, in our sole judgment, unforeseen circumstances urgently require us to deviate from a Client's investment profile as provided for in the Agreement, we will exercise the right to do so and inform the Client accordingly. SPA has the right, but not duty, to deviate from the Investment Profile only in favor of a more risk adverse investment strategy and in such case will inform the client immediately.

In general, we buy, sell, and hold the following investments for Clients:

- Money market instruments like Treasury Bills, time deposits and fiduciary placements
- Equity securities such as shares, participation, or dividend-right certificates
- Fixed income securities such as bonds and convertible bonds\*
- 
- Investment funds, exchange traded funds (ETFs)
- Short ETFs on equity-, sector-, bond indices or forex for hedging purposes
- Alternative investments such as hedge funds, funds of hedge funds, private equity funds
- Commodities such as precious metals (bullion and/or ETFs), industrial metals (funds and/or ETFs\*\*)
- Real Estate funds

\*Non-U.S. Government securities: investments in sovereign debt of countries other than the United States. A minimum rating of "investment grade" by S&P (BBB) and/or Moody's (Baa) is required for such investments, in line with our policy for other bond investments.

\*\*Commodities: precious metals, base metals, and other commodities, including the securities of companies engaged in commodities-related activities, and instruments that derive their value from commodities, such as exchange-traded funds and certificates, collective instruments, indices and structured products. SPA does not provide advice on commodity futures or options and we avoid any activity that would result in SPA having to register as a commodity trading adviser with the U.S. Commodity Futures Trading Commission.

We apply certain investment techniques in managing Client portfolios. These include the following:

- From time to time, but without being required to, SPA may use hedging strategies to alter the bond, equity, and/or currency exposure of the Client portfolio in order to protect the Clients' assets against market events that are likely to impact performance negatively.
- The most commonly used hedges are foreign exchange forward contracts. These forward contracts are not always done against the currency of the underlying investments. Where there is correlation between the performances of currencies, and in order to save costs, a foreign exchange forward contract may be entered in a currency other than the one of the underlying holding. This correlation could change depending on market events.
- Use of Leverage. In managing certain accounts, we use leverage only by investing in certain ETPs (exchange-traded products) that provide leveraged exposure to their underlying indices. The use of leverage can cause portfolio values to rise and fall faster than when leverage is not applied.
- Although frequent trading of securities is not an investment strategy typically used by SPA (which, as noted above, takes a long-term view), SPA will sell a security within 30 days of its acquisition if dictated by economic, political, and/or market conditions, or if the Client's objectives and restrictions change (via notification by the Client to SPA).

### Risk of Loss

Investing in securities and other investment instruments involves the risk of loss that Clients should be prepared to bear.

In accordance with Article 8(1)(d) FinSA, SPA is required to inform Clients about types of transactions and investments that may involve special risks and provide each Client with the attached Swiss Bankers Association disclosure brochure entitled “Risks Involved in Trading Financial Instruments”.

The selection of an appropriate investment strategy must fit the Client’s investment risk profile and objectives. Each such strategy involves investments in a certain type or types of securities, each of which have their own risks.

The principal risks of the investment strategies that SPA utilizes in managing a Client’s portfolio are set forth below. The information included in this brochure does not include every potential risk associated with each investment strategy or applicable to a particular Client account. Client should not rely solely on the descriptions provided below. Clients 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 Client’s account in light of Client’s own specific circumstances, investment objectives and financial situation.

- Value Investing Risk – The value approach to investing involves the risk that value stocks remain undervalued. Value stocks as a group may be out of favor and underperform versus the overall equity market for a long period of time, while the market concentrates on growth stocks.
- Growth Investing Risk – The growth approach to investing may increase the risks of investing. Growth securities typically are sensitive to market movements because their market prices tend to reflect future expectations. When it appears that expectations will not be met, the prices of growth securities typically fall. Growth stocks as a group may be out of favor and underperform vs the overall equity market while the market concentrates on value stocks.
- Securities Selection Risk – The value of a Client’s investments may decrease if SPA’s judgment about the attractiveness, value, or market trends that affect a particular security, industry, or sector, or about market movements, is incorrect.
- Non-Diversification Risk – If a Client’s portfolio is not diversified, the portfolio may be more susceptible to single adverse economic or regulatory occurrences affecting one or more of these issuers and may experience increased volatility.

The principal risks of the types of securities SPA may recommend are set forth below:

- Market Risk – The securities markets are volatile, and the market prices of the Client’s securities may decline overall. Securities fluctuate in price based on changes in a company’s financial condition and overall market and economic conditions. The value of a particular security may decline due to factors that affect a particular industry or industries, such as an increase in production costs, competitive conditions or labor shortages, or due to general market conditions, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates, or generally adverse investor sentiment.
- Interest Rate Risk – Fixed income securities fluctuate in value based on interest rate changes. If rates increase, the market value of fixed income securities will generally fall. On the other hand, if rates fall, the value of the fixed income investments generally increases. However, decreasing rates bring with them the risk, that maturing bonds need to be reinvested at lower yields. A change in interest rates will not have the same impact on all fixed income securities. Generally, the longer the maturity or duration of a fixed income security, the greater the impact of a rise in interest rates on the security’s value. In addition, different interest rate measures (such as short-term and long-term interest rates and U.S. and non-U.S. interest rates), or interest rates on different types of securities or securities of different issuers, may not necessarily change in the same amount or in the same direction.
- Credit Risk – If the issuer of a security held by the Client fails to pay principal and/or interest when due, otherwise defaults, or is perceived to be less creditworthy, a security’s credit rating is downgraded. Similarly, if the credit quality or value of any underlying assets declines, the value of the security will decline.
- Prepayment Risk – When interest rates fall, certain obligations will be paid off by the debtor more quickly than originally anticipated. The Client may then have to invest the proceeds in securities with lower yields.

- Extension Risk – When interest rates rise, certain obligations will be paid by the debtor more slowly than anticipated, causing the value of these securities to fall.
- Non-U.S. Securities Risk – A Client’s investment in securities of non-U.S. issuers can involve greater risk than investments in securities of U.S. issuers. Non-U.S. countries may have markets that are less liquid and more volatile than markets in the United States, may suffer from political or economic instability, and may experience negative government actions, such as currency controls or seizures of private businesses or property. In some non-U.S. countries, less information is available about issuers and markets because of less rigorous accounting and regulatory standards than in the United States. Non-U.S. securities may be denominated or quoted in currencies other than the U.S. dollar. For this reason, changes in currency exchange rates can affect the value of non-U.S. securities.
- Liquidity Risk – Liquidity risk exists when investments are difficult to purchase or sell. A Client’s investment in illiquid securities may reduce returns because it may be difficult to sell the illiquid securities at an advantageous time or price. To the extent that a Client invests in alternative investments or securities with substantial market and/or credit risk, the Client will tend to have greater exposure to liquidity risk.
- Risk of Investment in Mutual Funds, Hedge Funds, Funds of Hedge Funds and Private Equity Vehicles – Investments in pooled investment vehicles are subject to market and selection risk. In addition, a Client must bear its proportionate share of expenses in the pooled investment vehicle, in addition to management and other fees imposed by the manager of such funds. Hedge fund investing may involve substantial investment, liquidity risk, derivatives risk, and other risks described in the offering memorandum of each fund. Hedge funds may apply leverage and their investment results can be volatile. Hedge funds and private equity vehicles are not subject to the same regulatory requirements as mutual funds.
- Commodities Market Risk – Investments in commodities are subject to greater volatility than investments in traditional securities. The value of commodity-linked derivative investments is affected by changes in overall market movements, commodity index volatility, changes in interest rates, or sectors affecting a particular industry or commodity, such as drought, floods, weather, embargoes, tariffs, and international economic, political, and regulatory developments.
- Derivatives Risk – A Client’s investment in derivatives reduces returns and/or increase volatility. Volatility is defined as the characteristic of a security, an index, or a market to fluctuate significantly in price within a short period. A risk of the use of derivatives is that the fluctuations in their value may not correlate perfectly with the overall securities markets. Derivatives are also subject to counterparty risk, which is the risk that the other party in the transaction will not fulfill its contractual obligation. In addition, some derivatives are more sensitive to interest rate changes and market price fluctuations than other securities. The possible lack of a liquid secondary market for derivatives and the resulting inability of SPA to sell or otherwise close a derivatives position may expose the Client to losses and may make derivatives more difficult for SPA to value accurately. SPA may not be able to correctly predict the direction of security prices, interest rates, and other economic factors, which may cause the Client’s derivatives positions to lose value. When a derivative is used as a hedge against a position that the Client holds, any loss generated by the derivative generally should be substantially offset by gains on the hedged investment and vice versa. While hedging can reduce or eliminate losses, it can also reduce or eliminate gains. Hedges are sometimes subject to imperfect matching between the derivative and the underlying security, and there can be no assurance that the SPA’s hedging transactions will be effective.
- U.S. Government Securities Risk – Obligations of U.S. Government agencies, authorities, instrumentalities, and sponsored enterprises have historically involved little risk of loss of principal if held to maturity. However, not all U.S. Government securities are backed by the full faith and credit of the United States. Obligations of certain agencies, authorities, instrumentalities, and sponsored enterprises of the U.S. Government are backed by the full faith and credit of the United States (e.g. the Government National Mortgage Association). Other obligations are backed by the right of the issuer to borrow from the U.S. Treasury (e.g. the Federal Home Loan Banks). Others are supported by the discretionary authority of the U.S. Government to purchase an agency’s obligations. Still others are backed only by the credit of the agency, authority, instrumentality, or sponsored enterprise issuing the obligation. No assurance can be given that the U.S. Government would provide financial support to any of these entities if it is not obligated to do so by law.

- **Municipal Securities Risk** – Municipal securities risks include the ability of the issuer to repay the obligation, the relative lack of information about certain issuers of municipal securities, and the possibility of future legislative changes that may affect the market for and value of municipal securities. Certain municipal securities, including private activity bonds, are not backed by the full faith, credit, and taxing power of the issuer. Additionally, if events occur after the security is acquired that impact the security's tax-exempt status, the Client may become subject to tax liabilities.
- **Currency Risk** – Currency risk is the risk that the value of a currency will change, which can affect the value of an investment denominated in that currency. This risk can arise from a variety of factors, such as changes in interest rates, inflation, economic growth and political stability. Currency risk can be a significant risk for Clients, who are invested in foreign currencies or foreign currency denominated assets.
- **Volatility Risk** – Volatility risk is the risk that the price of an asset will fluctuate, which can lead to a loss. This risk can arise from a variety of factors, such as changes in interest rates, inflation, economic growth, political stability and company-specific factors. Volatility risk can be a significant risk for Clients who invest in volatile assets, such as bonds, stocks or commodities.

## Item 9 – Disciplinary Information

Item 9 is not applicable to this Brochure because there are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our business or integrity.

## Item 10 – Other Financial Industry Activities and Affiliations

### Affiliations and Conflicts of Interest

SPA or some of its "Management Persons"<sup>1</sup> have relationships or arrangements with certain "Related Persons"<sup>2</sup> performing financial industry activities. Such relationships or arrangement are material to our advisory business or to our clients. This section identifies the relevant Related Persons and conflicts of interest as well as describes how we address them. In general, all risk controls summarized below are outlined in SPA written policies and procedures as well as regularly controlled and tested by the CEO and the CCO of SPA. Records of monitoring and testing are documented in writing and reviewed regularly. Breaches are addressed when discovered and adequate remedial action is promptly taken.

### swisspartners AG, Zurich ("SPCH")

SPCH is a Swiss FINMA-licensed portfolio manager, AOOs-member and under common control with SPA. Some of SPA Management Persons also perform tasks for SPCH, respectively Mr. Markus Wintsch (chairman of the board of both entities), Mr. Christian Dietsche (CEO and relationship manager at SPCH and non-executive director of SPA), Mr. Thomas Kostkiewicz (board member, deputy Chief Compliance Officer and Chief Legal Officer of both entities) and Mr. Peter Ahluwalia (Chief Investment Officer and Relationship Manager for both entities). The conflicts of interest created by their relationships with SPCH are addressed as follows.

Mr. Wintsch and Mr. Dietsche requested to not be treated as "Access Persons"<sup>3</sup> and therefore have no access to any SPA "client confidential information", including Client data, purchase or sale of securities, portfolio holdings or recommendations. Their election is periodically confirmed in writing by means during our board meeting. Furthermore, to ensure that only selected information is being disclosed to the directors, all board meeting materials and handouts are reviewed and pre-cleared by the CCO before dissemination to the board

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<sup>1</sup> A "Management Person" is any person with the power to exercise, directly or indirectly, a controlling influence over our firm's management or policies, or to determine the general investment advice given to our clients.

<sup>2</sup> A "Related Person" includes legal person that is under common control with SPA.

<sup>3</sup> An "Access Person" is defined under Rule 204A-1 as any Supervised Person "who has access to nonpublic information regarding any clients' purchase or sale of securities, or nonpublic information regarding the portfolio holdings of any reportable fund, or who is involved in making securities recommendations to clients, or who has access to such recommendations that are nonpublic". For the purpose of this definition, "Supervised Person" means any of SPA officer, director, employee or any other person who provides investment advice on our behalf and that is subject to our supervision or control.

members. Moreover, all board members must provide CCO with written confirmation of compliance with the Code of Ethics annually. Lastly, they must disclose all outside business activities during every board meeting to the CCO who then reviews, together with the CEO, such disclosures and decide on the adequate measures, where appropriate.

Mr. Kostkiewicz, as deputy CCO, is an Access Person and is therefore subject to the measures described in our Code of Ethics (see Item 11 below). Furthermore, as director, he must disclose all outside business activities during every board meeting to the CCO, who will review them together with the CEO and decide on the adequate measures, where appropriate. Lastly, as Chief Legal Officer, he is required to keep all information about SPA at SPA's premises and to annually confirm that SPA's client confidential information is protected and that there were no information leakages. If any security incident occurs, he must inform SPA's CEO and CCO immediately.

Mr. Ahluwalia is the Chief Investment Officer ("CIO") of both entities. As Access Person, he is subject to the measures described in our Code of Ethics (see Item 11 below). Furthermore, SPA has adopted organizational and technical measures to increase separation of his functions and protection of SPA confidential client data. These measures include automated reviews of all trades for the Clients of SPA and of the other entity, periodic written confirmations that SPA confidential client information was not leaked and that the trade orders for SPA Clients were executed before the orders for the other entity's clients, using a separate email account for SPA and requiring him to operate, when working for SPA, from a separate office room, at SPA premises, that is not accessible by other parties, not even by other SPA Access Persons. Lastly, SPA has implemented allocation and aggregation policies and procedures to ensure every client with the same profile is treated equally and in line with the agreed investment objectives.

#### swisspartners AG, Vaduz ("SPFL")

SPFL is a Liechtenstein-based asset manager that is supervised by the Liechtenstein Financial Market Authority and that is under common control with SPA. SPFL provides SPA with portfolio risk management services pursuant to a Service Level Agreement between SPA and SPFL.

Some of SPA Management Persons also perform tasks for SPFL, respectively Mr. Markus Wintsch (chairman of the board of both entities and relationship manager at SPFL), Mr. Christian Dietsche (CEO and relationship manager at SPFL and non-executive director of SPA), Mr. Thomas Kostkiewicz (board member, deputy Chief Compliance Officer and Chief Legal Officer of both entities) and Mr. Peter Ahluwalia (Chief Investment Officer and Relationship Manager for both entities). The same measures outlined above for SPCH are adopted to address the conflicts of interest created by their relationships with SPFL.

#### swisspartners Insurance Company SPC Ltd ("SPIC")

SPIC is a Cayman Islands-regulated insurance company, duly supervised by the Cayman Islands Monetary Authority and under common control with SPA. Mr. Markus Wintsch is board member of both SPIC and SPA. The same measures outlined above for SPCH are adopted to address the conflicts of interest created by his relationship with SPIC.

#### swisspartners Versicherung AG ("SPV")

SPV is a Liechtenstein-based insurance company that is supervised by the Liechtenstein Financial Market Authority and that is under common control with SPA. Mr. Markus Wintsch is board member of both SPV and SPA. The same measures outlined above for SPCH are adopted to address the conflicts of interest created by his relationship with SPV.

#### Other business activities: Investment Controlling

Other than giving investment advice and managing assets, SPA is offering and providing Investment Controlling services and activities against payment of fees. Unlike Asset Management, Investment Controlling is not our primary business. Investment Controlling is a monitoring function in which we perform an independent analysis and review of the investment activities and results of third-party asset manager that is not affiliated with SPA and with whom there are no material conflicts of interest. The findings are then reported in an executive summary for the client.

In particular, the investment Controlling encompasses activities such as:

- Return Analysis
- Compliance with Investment Guidelines
- Assessment of inflation and interest rate risk
- Assessment of credit risk
- Review of overall fees
- Review of transactions costs

Our investment advisory clients are not actively solicited to receive Investment Controlling services.

## Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

### Code of Ethics

SPA administers and enforces a Code of Ethics pursuant to Advisers Act Rule 204A-1. Our Code of Ethics sets forth ethical standards of business conduct required from its personnel, including compliance with any applicable securities laws and with the fiduciary duty to always act in the Clients' best interest. Additional, stricter rules apply to staff members that are also Access Persons and to their related family members living in the same household (hereafter, "connected persons").

The Code covers the following areas:

- compliance with the applicable laws
- fiduciary duty to always act in the Client's best interest
- conflicts of interest
- gifts and entertainments
- outside business activities
- personal trading (pre-clearance, reporting and monitoring)
- periodic certifications of compliance
- misuse of material non-public information
- protecting the confidentiality of client information
- reporting Code violations

SPA requires that all its personnel will at all times:

- comply with all relevant laws and regulations;
- act always solely in the best interests of Clients;
- as Access Persons, avoid any conflict of interest or abuse of their position of trust and responsibility and conduct their personal securities transactions in accordance with the Code of Ethics and with the applicable law;
- report their personal securities transactions and holdings in accordance with our Code of Ethics;
- promptly report any violation of the Code of Ethics to the CCO;
- hold all Client information, including securities holdings and financial information, in confidence; and
- maintain independence in the decision-making process on behalf of Clients.

The Code of Ethics prohibits all personnel from engaging in conduct commonly known as "insider trading" or misusing material, non-public information ("inside information") under both Swiss and U.S. law.

Additionally, our Code regulates the acceptance of gifts or other items of value: it requires previous disclosure to, and express authorization by, the CCO before commencing any outside business activity or interest.

The Code of Ethics also regulates personal securities transactions by various means (see "Personal Trading" paragraph further below). Lastly, all our personnel must confirm in writing, when joining SPA and at least annually, that they have received, read, and understood the Code of Ethics and that they will comply with it.



Failure to comply with our Code of Ethics leads to the application of sanctions, which include warnings, disgorgement of profits, restrictions on future personal trading, and, in the most severe cases, dismissal.

This is a summary description of our Code of Ethics. We will provide clients and prospective clients with a copy upon request.

### Participation or Interest in Client Transactions

SPA does not buy securities for itself from its clients and does not sell securities it owns to its clients.

### Personal Trading

Personal account transactions of Access Persons and of their connected persons are subject to compliance with the Code of Ethics and are monitored by our Chief Compliance Officer ("CCO"). These measures include:

- a requirement to obtain prior written clearance before buying or selling any reportable security; and, if cleared, to timely provide evidence of the executed trade;
- a requirement to periodically providing reports of their securities' holdings and transactions to the CCO;
- a prohibition to trade while in possession of inside information or to communicate such information to others;
- a prohibition to trade in the same securities that SPA recommends to its Clients.

### Conflicts of Interest

In general, we are committed to acting in the best interest of our Clients when providing our services. Nevertheless, there are circumstances where the interest of our Clients conflict with the interests of SPA, of its Access Persons or of its Related Persons. To address such conflicts and to prevent the misuse of our Clients' confidential information, we have implemented IT and organizational measures, established contractual arrangements as well as adopted policies and procedures (including, but not limited to, the Code) that are reasonably designed to prevent the misuse of, or unauthorized access/dissemination of, such information. The effectiveness and adequacy of such risk controls is regularly monitored and tested by our CEO and CCO, with the results being documented in writing. This sub-section identifies the main conflicts of interest and describes how we address them.

Our Access Persons are granted access to client confidential information to successfully perform their tasks. The risk that such Access Persons misuse this information for their own benefit is adequately mitigated through the adoption of the measures laid down in our Code, including, in particular, those related to Personal Trading (see further above).

Our CEO and CIO obtain compensation - as part of their regular salary - as a percentage of the fee income. This compensation arrangement creates an incentive for such professionals to encourage Clients to increase their assets. The compensation is specifically not related to obtaining clients for SPA. To protect our Clients' interests, we require them to always comply with all policies and procedures outlined in our Compliance Manual and Code of Ethics and prohibit them to negotiate fees that are higher than those listed under Item 5. Furthermore, and in order to verify that the fees are accurately calculated, SPA has engaged two separate parties: SPG and an external auditor. SPG calculates the fees, based on the portfolio valuations generated by the custodian banks, before the invoice is issued by SPA; whereas the external auditor reviews their accuracy on a yearly basis.

Mr. Ahluwalia is employed as CIO and Relationship Manager by SPA. As CIO, he is responsible for the investment strategy of SPA and, in his absence, is deputized by our CEO. In addition to the CIO and Relationship Manager roles for SPA, Mr. Ahluwalia is also CIO, Relationship Manager and a voting member in the Investment Management & Solutions Committee of SPCH and SPFL as well as the Fund Manager of the Luxembourg-domiciled Belfund SICAV Belinvest Equity Fund for SPFL, the investment manager of the fund. The measures employed by SPA to address his conflicts arising out of his position with SPA Related Persons are described in SPA written policies and procedures, and summarized in Item 10 above. It is the responsibility of the SPA CCO and CEO to supervise, monitor and test his tasks, to ensure that the activities performed by Mr. Ahluwalia for SPA remain well separate from the activities performed for other entities, with no information leakage or cross

trading. All records relating to his work for SPA are kept in SPA's premises. Information barriers exist that prevent SPA and any Related Persons from exchanging advice and recommendations. SPA's research, recommendations, and placement of orders are done independently from SPCH/SPFL, SPA's affiliates, and all Related Persons. If one of the above were to occur, it would have taken place as the result of independent research, recommendations, and trading activity, and not through information sharing (intentional or otherwise), knowledge, or any other means.

Mr. Gerhard Gottet is the Head Portfolio Management ("Head PM") and is in charge of the asset management activities in accordance with the policies and procedures outlined in SPA Asset Management Manual. In his absence, Mr. Gottet is deputized by our CEO. The Head PM manages multiple accounts for different clients, some of which have the same investment strategy. Side-by-side management of different types of accounts involves conflicts of interest when two or more accounts invest in the same securities or pursue a similar strategy or engages in an activity that impacts another Client. These conflicts include, but are not limited to, the favorable or preferential treatment of an account or group of accounts, or of those related to the allocation of investment opportunities, particularly with respect to securities that have limited availability, such as private placements, initial public offerings or transactions in one account that follows closely related transactions in a different account (e.g. a purchase of securities for an account after a purchase of the same securities in another account has increased the value of the securities). Trade aggregation occurs when SPA places a single, large trade order for a particular security on behalf of multiple Client accounts. While trade aggregation may allow for more favorable execution and lower commissions, is also gives rise to a conflict of interest. In doing so, SPA may favor one client over another. This stems from the ability to select the accounts that will participate in the trade and the quantity in which they will participate. Lastly, the above Item 6 addresses conflicts of interest associated with performance-based or incentive-based fees. To address all such conflicts, SPA comply with our allocation and aggregation policies and procedures, thus ensuring that all Clients having the same profile are treated fairly and equitably and in line with the risk and investment profile, objectives, needs and restrictions as agreed in the Agreement. Compliance with our aggregation and allocation policies and procedures is regularly checked by our CCO.

SPCH and SPFL are in the same business as SPA but has a different client base. SPA employs organizational and technical safeguards reasonably designed to prevent SPA from receiving advice or recommendations from SPCH/SPFL and vice versa. SPA does not buy any SPCH/SPFL product or engage in any cross trades with SPCH/SPFL Clients. SPA will not engage in cross trading with SPCH/SPFL for SPA Clients. The CEO and the CCO of SPA test, monitor, review and document the adequacy and effectiveness of our risk controls to address these risks. Breaches will be addressed when discovered and remedial action taken as required.

Mr. Kostkiewicz is a member of the Board of Directors of SPA, SPFL and SPCH, deputy CCO for SPA and SPCH as well as Chief Legal Officer of SPA, SPFL and SPCH. Mr. Wintsch is chairman of the Board of SPA, SPCH, SPFL, SPIC and SPV. Mr. Dietsche is non-executive director of SPA and CEO of SPCH and SPFL. The main measures adopted by SPA for Mr. Kostkiewicz, Wintsch and Dietsche are summarized in Item 10 and monitored by CCO.

Mr. Dominique Spillmann, SPA's CEO and Relationship Manager, supervises, manages, and controls SPA's employees. The performance of his duties is monitored by the SPA Board of Directors. Our CCO attends the board meetings and prepares the minutes. As Access Person, Mr. Spillmann must comply with the provisions of the Code of Ethics, the compliance of which is monitored by our CCO.

SPA has a Service Level Agreement with SPG, the 100% shareholder of SPA, whereby SPG provides SPA with the below services:

- (a) Corporate support services include Human Resources, Legal, Marketing and IT services. The latter include the provision of the IT infrastructure ensuring that SPA information is stored on segregated drives as well as CRM and document management software's license and administration.
- (b) Office services include the provision of the offices and related equipment to SPA. The SPA offices are separate from SPG offices.
- (c) Financial support services include accounting, and Fees calculation services (see Item 5 above for further information).

In rendering the above services, SPG acquires, and safeguards, only the necessary SPA information that is required for SPG to provide its services and subject to a set of risk controls. All information is adequately protected and encrypted, and CCO and CEO periodically monitor that SPA confidential information is accessible by limited individuals, on a need-to-know basis. SPG is permitted to engage third parties to perform some contractual obligations, i.e., a qualified individual for Fees calculation services and FRED Financial Data AG, a SPA-Related Person not performing financial industry activities for the administration of our CRM. However, the identity of such third persons must be previously notified to SPA and SPG remains fully liable for any damages arising out of their activities. Furthermore, SPG must also keep all SPA information as strictly confidential and confirm the absence of any security incident or data breach at least annually and, lastly, the Service Level Agreement with SPG is reviewed by SPA at least annually.

SPA has also a Service Level Agreement with SPFL for the provision of a qualified employee performing portfolios' monitoring and providing SPA with risk management reports. This ensures that the portfolio review is carried out by an independent party who has necessary skills, knowledge, and experience. The portfolio risk manager is required to have access to client confidential information to be able to effectively discharge the agreed tasks. SPA has established adequate technical measures to protect client confidential information. In addition to this, the portfolio risk manager is required to confirm that no client confidential information was disclosed to, or misused for the benefit of, the portfolio risk manager or any third party (including SPFL). Lastly, SPA reviews the Service Level Agreement with SPFL at least annually.

## Item 12 – Brokerage Practices

### Account opening and the selection of a custodian

The Client, not SPA, selects the custodian, and the custodian selects the brokers. SPA exercises investment discretion over Client assets held with custodians and places orders to buy or sell securities with the trading desks of the Client's custodian. In this regard, SPA is not involved in the execution of transactions, in that it has no contact with the executing broker or any involvement in trade execution and allocation.

Clients must understand that, in trading in this manner, they may not achieve the lowest possible execution cost as SPA is not responsible for the actual commission rate to be charged.

### Soft Dollars

We do not buy research. We do not engage in the practice of soft dollars/bundling or unbundling. There are no soft dollar agreements in place. The broker/dealer executing the trades is selected by the custodian.

### Best execution

Best execution is a qualitative assessment of seeking the best execution for our Clients, bearing in mind factors such as:

- price;
- costs;
- speed;
- likelihood of execution;
- likelihood of settlement;
- size of the trade;
- nature of the trade; and
- any other factor relevant to the execution of the order.

The importance of these factors varies by trade and will be determined by reference to the characteristics of the order, the financial instrument, the execution venues on which the order can be executed, and the characteristics and categorization of the client.

When we place an order with a custodian, we require them to provide us with best execution. SPA will require custodians to confirm in writing that they have a best execution policy and set of procedures in place, and that

they apply it to every transaction. Each custodian is required to provide relevant information to enable SPA to verify whether that firm has obtained best execution, as well as the analysis that such firm has used for its own evaluation of best execution. SPA checks at least annually with the custodians that they are in compliance with this policy, or more frequently when the situation warrants. Any exceptions that are discovered are reviewed.

### Aggregation and Allocation

#### *Aggregation*

When trading for more than one Client account at a time with the same custodian, SPA will aggregate orders with respect to a security if such aggregation is consistent with our duty to obtain best execution for the various client accounts. SPA aggregates orders so that all participating client discretionary accounts benefit equally from the same execution price. The aggregation of client orders allows SPA to execute transactions in a more timely, equitable, and efficient manner. Our firm's policy is to aggregate client transactions where possible and when advantageous to clients. However, such aggregation is not mandatory and is made at SPA's full discretion.

When aggregating orders, we seek to treat all our Clients in a fair and equitable manner. No account is favored over any other Client. However, a variety of factors determine whether a specific Client may or may not participate in a particular aggregated transaction. These include, but are not limited to, investment objectives and strategies, position weightings, cash availability, risk tolerance, and restrictions. Because of the differences identified above, there may be differences in invested positions and securities held that may lead to security and performance dispersion among Client accounts.

#### *Allocation*

When we trade for more than one portfolio or client with a single custodian, the following guidelines are followed.

Allocations of orders for several portfolios or clients with a single custodian are typically recorded before placing the order. We do this process for all such orders, with each custodian. Allocation is effected on a pro rate basis within a given strategy, subject to conditions such as cash available, strategy and individual Client requirements. Allocation is checked post-trade for consistency with pre-trade allocations and to identify any unapproved deviations.

Order priority, where orders are placed with two or more custodians, is determined on the basis of the priority going to the custodian with the largest amount of SPA Client assets held with that custodian, followed by orders being placed with smaller amounts of assets custodized.

Filled orders are allocated according to the stated pre-trade allocation. In the event of a partial allocation, SPA will allocate on a *pro rata* basis according to the original allocation.

We monitor aggregation, allocation and execution on all trades.

### Trading errors

We have a trading errors policy. To the extent trading errors occur we seek to ensure that Clients' best interests are protected. Our policy is to resolve all trade errors within a reasonable time while ensuring that the Client is not disadvantaged, consistent with the orderly disposition (and/or acquisition) of the securities in question. Actual losses suffered by a Client account resulting from a trade error caused by us, are reimbursed by us. Gains accrue to a Client, except that we do not compensate our Clients for lost investment opportunities (e.g. failure to take advantage of investment or market improvements).

## Item 13 – Review of Accounts

### Frequency of Reviews

At the start of a Client relationship, the CCO and the CEO review the Agreement and ensure that the Client's risk and investment profile, objectives and restrictions are accurately recorded. The Head PM (or his designated deputy) assumes the day-to-day management of Client assets in line with the Agreement. He reviews each account at least monthly, or more often if deemed appropriate, to determine, among other

things, the performance results and whether each account is appropriately positioned and whether investment objectives and policies are being followed.

On a semi-annual basis, the CCO conducts a sample review of the clients' accounts. Among other things, he monitors compliance with the agreed asset allocation and trade restrictions. Any deviation from a Client's investment profile greater than 5% (in absolute terms) are reported to the Head PM in writing. It is his responsibility to take timely remedial action where required and report back to the CCO.

On an annual basis, SPA meets the Client to discuss the services provided and any changes to the desired investment strategy, financial situation, risk tolerance or investment objectives.

### Written Reports

SPA does not issue written Client reports. The custodian issues Client reports at least on a quarterly (often, on a monthly) basis directly to the Client. SPA receives copies of those reports and monitors them. SPA brings any identified material error with financial consequences to the immediate attention of the Client and, where appropriate, to the custodian for review and rectification.

## Item 14 – Client Referrals and Other Compensation

SPA does not receive any cash or other economic benefits from any non-Client in connection with giving advice to Clients.

We have endorsement agreements in place whereby third parties refer prospective Clients to SPA. These contracts comply with the Rule 206(4)-1 of the Advisers Act and entitle the solicitor to the payment of a referral fee which is linked to the Fees paid to SPA by the Clients introduced by the solicitor, subject to the terms and conditions outlined in the agreement. The Fees owed to SPA by solicited Clients, however, are not higher than the Fees owed by non-solicited clients due to the compensation to be paid by SPA to the promoter.

Other than this, SPA does not pay compensation – directly or indirectly – to external parties for Client referrals.

SPA's employees or associated persons may be invited to attend seminars and meetings with the costs associated with such meetings borne by a sponsoring brokerage firm or other party extending the invitation.

SPA may, from time to time, refer its Clients, with their prior written consent, to non-affiliated third parties for additional services, such as estate planning or tax optimization and reporting. SPA does not receive any benefits, remuneration, or fee for such referrals.

## Item 15 – Custody

We do not have custody within the meaning of Rule 206(4)-2 of the Advisers Act. We do not maintain physical possession of funds or securities of any Client. Clients select commercial banks that are "qualified custodians" to serve as custodian of funds and/or securities.

All Clients receive statements of account holdings from their custodian at least on a quarterly, and in most cases on a monthly, basis. Clients should carefully review those statements. SPA receives copies of such statements.

The Client needs to provide written consent for the custodian to pay SPA the Fee owed directly from the Client's account, based on the terms in the agreement between the Client and the custodian. The custodian will then withdraw the amount owed to pay SPA for its services, without needing further consent from the Client each quarter. SPA will provide the Client with its invoice before presenting it to the custodian.

## Item 16 – Investment Discretion

We are retained to manage accounts on a discretionary basis. Within a Client's specified investment objectives, restrictions, and guidelines, we determine, in the exercise of our discretion and without consultation with the Client, which securities to buy or sell, and for what amount. In exercising our investment discretion, we work according to the investment policies and guidelines that are established at the inception of the adviser-client

relationship in our Agreement (or as amended from time to time). In certain circumstances, Clients may also prevent certain securities from being purchased or sold for their account by setting individually defined restrictions.

### **Item 17 – Voting Client Securities**

Under the terms of its Agreement with Clients, SPA does not vote proxies. This is done by the custodian of the Client in accordance with the Clients' instructions. The custodian ensures that all proxy materials are provided without delay to the Client (SPA receiving a copy of them), takes and acts on Client instructions, and keeps both SPA and the Client informed of all activities. Nevertheless, SPA may in extraordinary circumstances (e.g. insolvency) decide in the best interest of the Client to arrange proxy voting. If this is done, the Client will be properly notified. If it transpires that we and a Client wish to vote a proxy, we will refrain from acting and defer to the Client's instructions to the custodian.

Clients may request information about how their securities were voted by contacting us at our main office at the address given above.

Clients may contact SPA with questions about a particular proxy solicitation.

### **Item 18 – Financial Information**

No balance sheet is required to be provided. Our financial condition is such that our ability to meet contractual commitments to clients is not impaired, and we have not been the subject of any bankruptcy proceedings.

### **Item 19 – Requirements for State-Registered Advisers**

SPA is registered with the SEC and has no disclosure requirements under this Item.