LLB Swiss Investment Ltd.

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About us

Dear reader,

With this newsletter we would like to keep you updated about changes in our company as well as interesting facts about Swiss fund regulatory aspects in regards of distributing foreign funds in Switzerland.

We aim to provide you with valuable information in this newsletter format and **look forward to receiving any feedback** you may have. We hope you enjoy the read!

1. Financial Results of LLB-Group / LLB Swiss Investment Ltd.

The LLB-Group continued to grow successfully in the 2024 financial year and achieved its best group result in 15 years. For the first time in the company's history, the business volume was well above CHF 110 billion. Customer assets also reached an all-time high. The growth in customer loans and new money as well as the positive development of the financial markets contributed to the very good result. Furtermore, **LLB-Group is on course** with the **implementation of its strategy.**

LLB Swiss Investment Ltd. also contributed to the successful business performance of the LLB-Group in 2024. The average fund volume in private label funds and the **number of foreign funds represented increased further** compared to the previous year.

2. New address of LLB Swiss Investment Ltd. from October 2025

Together with its Zurich based sister company LLB (Switzerland) Ltd., LLB Swiss Investment Ltd. is moving from its currend location to the well-known **Modissa building** on Bahnhofstrasse. This move marks a significant step in the development of LLB-Group in Switzerland. The central location on one of the busiest streets in Switzerland will also contribute to the increase in LLB Group's brand recognition. As of **October 1, 2025**, our address will be:
LLB Swiss Investment Ltd., Bahnhofstrasse 74, 8001 Zurich.

In this context, the **address** of LLB Swiss Investment Ltd. as representative of your fund(s) must be **adjusted in the fund prospectus**. We will coordinate the necessary changes with you.

3. Sales Support – Webinars

“Funds are not bought, they are sold”. This well-known saying of the fund industry expresses the great importance of an effective fund distribution, in addition to achieving a good investment return, for a successful asset manager. LLB Swiss Investment Ltd. is committed to supporting its asset managers and clients in fund distribution to the extent possible.

We did this for the last time by **holding a webinar** on the **topic** of **“Fund Distribution”**, which was followed by a large audiance. A group **of sales specialists** discussed **best practice at the point of sale**. It was established that fund distribution requires a disciplined, systematic and long-term approach.

Later this year, LLB Swiss Investment Ltd. will shed light on the structural side of fund distribution (e.g. data, fund platforms) in a second webinar. Invitations will be sent out in due course.

Regulatory Update on Fund Distribution in Switzerland

4. Distribution Activities in Switzerland by Foreign Financial Intermediaries

UCITS funds are approved relatively easy by the Swiss regulator FINMA for distribution to private investors in Switzerland. However, AIFs ("Alternative Investment Funds") also only need to appoint a representative and a paying agent so that they can be offered to wealthy private individuals as well as professional investors. These are product requirements for distribution in Switzerland. But what are the **requirements for the distributors** themselves? What do distributors have to take into consideration?

First of all, the **distribution activities** planned by the distributor in Switzerland must be **analyzed** in more detail. The Financial Services Act **(FinSA) distinguishes** between **“financial services”** and services that are **not considered financial services.**

If **no financial services** are provided in accordance with FinSA, the domestic or foreign distributor does **not have to fulfill any further regulatory requirements**. Such unproblematic services include, for example, the mere mentioning of the fund name, interaction with prudentially supervised financial intermediaries (provided they are not themselves the end clients or investors), factual reports in the specialist press, simple advertising (without mentioning clear contractual conditions), or the mere offer.

However, if **financial services** are provided, the **FinSA duties of conduct** must be complied with. In principle, it can be assumed that approaching a specific person with the aim of selling a financial instrument already constitutes a financial service. If a personal investment recommendation is also given, this constitutes “investment advice”, which leads to extended FinSA duties of conduct (e.g. assessment of appropriateness or suitability).

If **financial services** are provided, **organizational requirements** under FinSA must also be **observed**. In principle, the **entry in one of the Swiss advisor registers** is required. In addition, the distributor must also be affiliated with a **Swiss ombudsman's office** if private clients (including wealthy private clients) are addressed.

There is an **exception** to this obligation to register in a Swiss advisor register for **foreign prudentially supervised financial intermediaries**, provided they only address institutional clients in Switzerland. These institutional clients include, for example, banks, insurance companies, asset managers and certain public corporations (e.g. SUVA, compenswiss or SBB).

However, if companies, pension funds or private individuals in Switzerland are addressed, prior registration in a Swiss advisor register is once again mandatory.

A **further exception** to entry in the Swiss advisor register exists in the **case of reverse solicitation**. In such cases the provision of services by **foreign financial intermediaries** is exempt from FinSA.

5. TER versus Ongoing Charges/Costs

Various direct and indirect costs are incurred at fund level, which makes it difficult to compare the costs of individual products with one another. To counter this, the aggregated **total expense ratio (TER) was established at the turn of the century.**

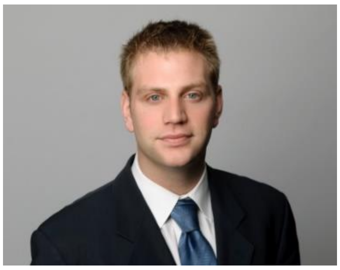
With the European fund legislation **UCITS IV** in 2011, the cost indicator **"Ongoing Charges"** was first introduced, followed by the **PRIIP Regulation** in 2018, which **introduced** the further developed cost indicator **"Ongoing Costs"**, which replaced the original cost indicator TER in the **EU**. In **Switzerland**, however, the **TER** is still used for regulatory purposes.

Although the two cost ratios "Ongoing Costs" and TER are very similar, they are **not identical**. There are differences, for example, in the way in which the fees of invested target funds, a possible performance fee or lost income for securities lending are taken into account.

As a representative of **foreign funds** with **distribution to non-qualified investors in Switzerland**, LLB Swiss Investment Ltd. must adhere to the rules of AMAS (Asset Management Association Switzerland) which are recognized by FINMA (Financial Market Supervisory Authority) as the minimum standard. This also includes their guidelines for calculating the TER of funds. And this AMAS guideline also requires disclosure of the TER in the semi-annual and annual reports of the funds. We recently got confirmation from FINMA that this **TER and not** the **"Ongoing Costs" must be disclosed in the semi-annual and annual financial statements.**

6. Do you have further Questions on the Distribution in Switzerland?

As the legal representative of your funds in Switzerland, we are happy to answer any questions you may have! Please do not hesitate to contact us.



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Alain Grüter
Business Development/Asset Management

Zentrale +41 58 523 96 70
Direkt +41 58 523 96 86
alain.grueter@llbswiss.ch

LLB Swiss Investment AG
Claridenstrasse 20
8002 Zürich | Schweiz
llbswiss.ch