Terms and conditions for Investment Advice

Van Lanschot Switzerland provides you, or will provide you with advice regarding your investments. In order to do so, you enter into an Advisory Contract with us. Such an agreement includes commitments. These commitments are referred to as terms and conditions and are included in this 'Terms and conditions for Investment Advice brochure'. Here you will find information about our Investment Advice service, the investments we can include in your portfolio and the associated investment risks. Read these terms and conditions carefully. Once you have signed the Agreement for Investment Advice these terms and conditions will apply.

F. Van Lanschot Bankiers (Switserland) AG
Zurich, December 2017
Version 1.0

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How to read this brochure

This brochure contains the *Terms and Conditions* for Investment Advice (*terms and conditions*) which are integral part of the Agreement for Investment Advice (agreement) that you have concluded or will conclude with us. Do you have a specific question? Check to see if the Table of contents includes the topic of your question. If it does, go to that specific chapter for more information. Each chapter starts with a brief explanation of what the chapter deals with.

In the *agreement* and these *terms and conditions* we use terms. In the text of the *agreement* and these *terms and conditions* the terms are displayed in italics. The explanation of the terms is included in the appendix to these *terms and conditions* (Appendix 1. Glossary). When you see a definition in italics, you can look up its meaning in this glossary. Contact your banker if you have any further questions.

1. What information is included in the chapters of this brochure?

1. General commitments and agreements about your *portfolio*.
   Here you will find the conditions that supplement the General Terms and Conditions of F. van Lanschot Bankiers (Schweiz) AG (General Terms and Conditions). For example, what you should do if you do not agree with us. You will also find the conditions concerning your portfolio(s) we have opened or will open on your behalf.
2. Investment Advice
   Here you will find an explanation of how we *advice* on your *assets*.
3. What is an investment profile and how does it work?
   Here you can read how we agree on a suitable investment profile and how we continuously monitor if your *investments* are still appropriate to your investment profile.
4. Costs
   Here you can find out the Investment Advice service costs to be paid and other costs you may have to pay for *advice* on your *assets*.
5. Other *terms and conditions*
   Here you will find the other terms and conditions that apply when you invest through our bank. For example, the *terms and condition*s regarding custody and administration of your *investments*.
6. The characteristics and risks of investing and the various *investments*
   Here you can read about the risks involved with each type of *investment*.
7. Investment policies
   Here you can read why our policies are important and what issues are covered.

Glossary

The Glossary (Appendix 1) includes a list of the words displayed in italics in these *terms and conditions* and the *agreement* and their meaning.

Deposit Insurance Scheme (DIS) information sheet

Appendix 2. 'Deposit Insurance Scheme (DIS) information sheet' includes more information about this legal insurance scheme that protects the assets in your *portfolio*.

2. How are these *terms and conditions* and other *terms and conditions* regarding investments applied?

Is a topic in the General Terms and Conditions and the same topic in other *terms and conditions* contradictory? If so, the following priority applies: The *terms and conditions* of a product or service have priority over the General Terms and Conditions, except when the General Terms and Conditions provide the consumer more rights and protection. The conditions in an *agreement* have priority over the *terms and conditions* of that *agreement*. The contents of your *agreement*, for example, has priority over Chapter 5 of these *terms and conditions*. And these *terms and conditions* in turn have priority over the General Terms and Conditions.

3. Who is Van Lanschot Bankiers?

You have concluded or are about to conclude an *agreement* with F. van Lanschot Bankiers (Schweiz) AG, also referred to as Van Lanschot Bankiers. Our address:
Mittelstrasse 10
8008 Zurich
Switzerland
You can also contact us through our *website* www.vanlanschot.ch or call us by telephone (Zurich +41 43 377 11 11, Geneva +41 22 731 61 11) on business days between 8.30 am and 05.30 pm.

4. What investment services does Van Lanschot Bankiers offer?

We offer the following investment services:

- Asset Management A la Carte
- Investment Advice
- Execution Only

When you use our investment advice service, we often also provide one or more other services relating to your *investments*. These *terms and conditions* also apply to those other services. This concerns, for example, custody of your *investments* or reinvestment of dividends.

5. What other *terms and conditions* apply?

The General Terms and Conditions of F. van Lanschot Bankiers (Schweiz) AG (General Terms and Conditions) also apply. These are the General terms and Conditions that apply to all services and products you purchase. We assume you will familiarise yourself with their contents.

Supplemental *terms and conditions* or additional information may apply to:

- Certain services we offer;
- The manner in which we contact you; and
- Certain *investments* you make.

For example, a Key Investor Information prospectus (*KII*) applies to some *investments*.

If we are not the creator of those *terms and conditions* or that information, we will not be responsible for their contents.

6. Do these *terms and conditions* include a provision that is no longer invalid due to a court ruling?

If so, all the other commitments included in these *terms and conditions* remain in force.

1. General commitments and agreements about your *portfolio*

Introduction

General commitments
1. What do we do with your data?
2. Do you disagree?
3. Do you have a complaint?
4. What deposit insurance schemes exist?
5. Are your *investments* protected should Van Lanschot Bankiers go bankrupt?

Agreements regarding your *asset account*.
6. Why do we open portfolios and/or accounts on your behalf?
7. What interest do we pay on the money in your *asset account*?
8. What interest do you pay on a debit balance in your *asset account*?
9. What information do we provide on your *portfolio*?
10. What will happen when you share a portfolio with someone else?
11. What will happen with your *assets* if you pass away?
12. Are you allowed to pledge the *assets* in your asset management portfolio?

Introduction

This chapter includes the conditions that supplement the General Terms and Conditions you have already received. You will also learn how we deal with the *portfolios/accounts* we open on your behalf.

General commitments

1. What do we do with your data?

We handle your data with care. When you sign the *agreement* you give us consent to process your data. We may also transmit anonymised (unless a banking secrecy waiver has been signed) data to companies owned by Van Lanschot Kempen Group globally.

We use personal data to do our work as best we can. Our main objectives are as follows:

- Assessing and accepting (potential) customers
- Advising our customers
- Concluding agreements and honouring them
- Making analyses for statistic and scientific purposes
- Sending you advertisements

If you want to know what data we have on record, you can request access to your data. Should any of the data be incorrect, you can request modification thereof.

You agree that we provide your personal data included in our records to a third party, such as a *stock exchange*, government or supervising authority, when we are legally required to do so and . This may also entail provision to a foreign government or supervising authority. This also concerns information we have to submit to the tax authorities of other countries. Sometimes we are obliged to submit more of your data to a government or supervising authority than is available in our records. When we request such data, you have to provide it, and you must ensure the information is correct. Most of the time we will record our telephone conversations to confirm your investment orders and to evaluate and improve the quality of our activities. We are not obliged to notify you during each telephone conversation whether or not it will be recorded. Any recordings will be retained for a period of five years. Exceptions are always possible.

2. Do you disagree?

If you disagree with anything regarding *investments* administered in your *portfolio(s)* you are obliged to limit any possible damage. Please contact your banker as soon as possible. If you are unable to reach a solution with your banker you may have to terminate the *agreement* and sell your positions.

3. Do you have a complaint?
If you have a complaint, please let us know. We have a complaints procedure. You can find all the information on our *website*. You can file your complaint with your banker in writing or verbally. A complaint must be filed within 30 days after the event occurred or when you reasonably became aware of the event.

Always specify your name, address, postcode, town/city, telephone number, email address and your *portfolio* number. Provide a clear description of your complaint. Add any documents that support your complaint.

Are you dissatisfied? Or do you prefer not to submit the complaint to your banker? If so, you can submit your complaint to our Complaints Management department. You can send a letter to:

F. van Lanschot Bankiers (Schweiz) AG
Complaints Management department
P.O. Box 3078, Mittelstrasse 10
8034 Zurich
Switzerland

If we are unable to solve your complaint, you may submit a complaint to the Swiss Banking Ombudsman (Schweizerischer Bankenombudsman, Bahnhofplatz 9, Postfach, CH-8021 Zürich, +41 43 266 14 14 (German / English), +41 21 311 29 83 (French / Italian), +41 43 266 14 15, http://www.bankingombudsman.ch).

4. What deposit insurance schemes exist?
Esisuisse is the deposit insurance scheme that guarantees client money (cash) held with Swiss branches of banks and securities dealers. If a deposit is no longer available in the event of a bankruptcy, all clients have their savings repaid by the liquidator up to a maximum of CHF 100 000. This limit applies per client and bank.

Appendix 2. 'Deposit Insurance Scheme (DGS) information sheet' includes more information about the deposit guarantee scheme.

5. Are your *investments* protected should Van Lanschot Bankiers go bankrupt?
Generally, your *investments* are not affected by a bankruptcy as most *investments* are not part of our balance sheet in case of bankruptcy. Instruments such as most derivatives are not considered securities and could be affected in case of bankruptcy.

Agreements regarding your *asset account*.

6. Why do we open a portfolio and/or account on your behalf?
When we receive your signed *agreement* we will open a portfolio in your name. A portfolio consists of at least one safe custody account and one or more current accounts. We administer both the money available for *management* and your *investments* on your *portfolio*. If the number of your *portfolio* changes, the *agreement* and these *terms and conditions* will also apply to the new *portfolio*.

When we purchase *investments* on your behalf, these will be booked in your *safe custody account*. At the same time the amount you have to pay is debited from the relevant current account. If we sell *investments* on your behalf these will be taken from your *safe custody account*. The proceeds will be credited to your current account.
We also debit any fees from your current account as described in Chapter 4 of these *terms and conditions*.

7. What interest do we pay on the money in your *asset account*?
The interest on the money in your *asset account is variable*, meaning we can always modify the interest. Interest can be positive, negative or zero. Information on the interest percentage can be found on our *website*. You can also obtain information about the interest percentage from your banker.

For liquidities in Euro, the interest amount is payable at the end of each quarter. For purposes of calculating this interest we use the 'monthcorrect/year 365' method (EUR). This means we count the exact number of days in the period for which you receive interest. The interest percentage is always based on 365 days, even when it concerns a leap year.

8. What interest do you pay on a debit position in your *asset account*?
A debit position in your *asset account* is not allowed. If there is a temporary debit position resulting from our buy order, you need not pay interest on it.

9. What information do we provide on your portfolio(s)?

   You can find an overview of your *assets* and the results of your *investments* daily through Online Banking or by using the Mobile App. You will not receive hard copy account statements or transaction notes of your portfolio(s) and related current account(s), unless this has been expressly agreed upon.

   You will receive a comprehensive report on a quarterly basis. These quarterly reports include the following information:
   – A summary of the *investments* in your *asset account*
   – The value of the assets and the *investments* we *manage* on your behalf
   – A specification of the changes in the managed *assets* since the last report
   – The absolute and relative change in valuation of your *investments* during the reporting period
   – The costs that are, or will be, charged

10. What will happen when you share a portfolio with someone else (joint portfolio)?

    You may have a joint portfolio with us that you share with another person. In that case you may also independently determine what happens with the assets in that portfolio. You and the other person(s) give each other consent to withdraw money from the portfolio independently. When we send a message to one of you, we will assume to have sent it to all of you, unless otherwise agreed upon. If one of you gives us an order or provides us with a notification we will assume this person does so on behalf of all of you.

    If there are outstanding payments to us you are jointly responsible for paying the whole amount. Sometimes we may require the consent of all persons and also decide to not execute or allow an order or decision from one of you. For example, when the other person you share the account with does not consent with the order or decision in writing. This provision does not apply when you are a legal entity.

11. What will happen with your assets if you pass away?

    If you pass away, your heirs are entitled to the assets and the *investments* in your *portfolio(s)*. In order to determine who your heirs are, they must submit a legal declaration of inheritance or another document that acts as an attestation of admissibility. This provision does not apply when you are a legal entity.

    If you have a joint portfolio, the other person(s) may continue to use the portfolio independently in the way agreed upon in the *agreement*.

12. Are you allowed to pledge the *assets* in your *portfolio*?

    You may pledge the *assets* in your *portfolio* to us for a credit provided by us. We will determine the amount for which we will accept your *assets* as security. A credit may have an impact on our investment directive with you and therefore we will not be liable for maintaining these directives. You may not pledge the *assets* in your *asset account* for a credit provided by a third party.

2. Investment Advice

Introduction

Investment Advice at Van Lanschot Switzerland
1. What is Investment Advice?
2. How can you get investment advice?
3. When is the investment advice service appropriate for you?
4. Which services do we offer within Investment Advice?

Other
5. What do you have to do if you want to switch to a different service or a different kind of investment service with us?
6. When does the agreement end?
7. What will happen with your *assets* if pass away?
8. What will happen with your *assets* if you are placed under administration or guardianship?
9. What will happen with your *assets* if you move to the United States or become a US Person?

Introduction

In this chapter we explain what the service Investment Advice means to us. We indicate for each service level what you can expect from us and what we expect from you. You can use this explanation to choose the most suitable form of service for you. Finally, we indicate what you need to do if you want to change the level of service or service.

Investment advice at Van Lanschot Switzerland

What is investment advice?

You receive our advice on your investments on a dependent basis. This means that we base our advice on a limited analysis of different types of investments. In practice, this means that we offer you investment advice about stocks, bonds, derivatives, investment funds and structured products. These can be products from ourselves or an affiliated company such as Kempen Capital Management or a number of selected third parties. You can always request us to disclose these parties to you. Of course we will take your personal wishes and objectives into account. You take the final buying and selling decisions yourself. We do no transactions for your account and risk on our own initiative.

An investment advisor will guide you. Your investment objectives and constraints lie at the basis of our investment advice, together with your knowledge and experience with investing and your financial situation. After the inventory of these components we determine together with you which investment profile is suitable for you. This agreed investment profile forms the basis for our advice to you.

The investment advice we give you is never a guarantee for a positive result. With our investment advice we use our own estimate and expectation of how your investments will develop. They are estimates and expectations, so you can not assume that they will come to fruition. Do you have damage because you made a decision based on our advice? Or do you have damage because of the proceeds your investments do not match our estimate or expectation? Then we are not responsible for this damage. Except if we should not have given the investment advice in reasonableness. For our investment advice we use investment information from other organizations that we have carefully selected. Yet we are not liable if the information of these parties is incorrect or incomplete.

In our advice we use our own experience as well as the expertise of our sister company Kempen Capital Management N.V. (Kempen). Every year, Kempen specialists draw up a strategic asset allocation for every investment profile. They do this on the basis of their expectations for the long term. During the year they test their vision on developments in the market. In this way they can respond to the current economic market conditions (tactical adjustments in the asset allocation). In addition, we make use of research by Kempen and third parties to shares, bonds, investment funds and others types of investments. We use this research to express an opinion about investments. Based on that, we will then give you advice on those investments.

1. How can you get investment advice?
   You can get Investment advice by an investment advisor. In the brochure you are reading now, we will explain further about this type of investment advice.
2. When is the investment advice service appropriate for you?
   Whether investment advice is appropriate for you can best be discussed with your investment advisor. In general,

investment advice is suitable for customers who would like to take the buying and selling decisions themselves but also want support.

Customers who make the decisions themselves:

- are aware of economic developments,
- have an interest in and experience with investing,
- understand the risks and can carry the risks financially and emotionally,
- want to be kept informed by us of our investment vision.

You must take into account the minimum amount of fixed costs of a service level in relation to the size of your assets and the expected returns. If these are proportionate and if you largely recognize this general profile, then investment advice is usually appropriate. For example, investment advice may not be appropriate if you choose a service level with a high minimum amount of fixed costs and your assets are relatively small.

3. Which services do we offer within Investment Advice?

The following services are included in the Investment Advice service:

- Holding a securities account
- Managing and saving your investments
- Preparing a financial annual overview
- An annual assessment of the suitability of the investments we have advised you
- Provide a one-off suitability statement. We do not provide you with periodic proof of eligibility.
- Access to the most important information and overviews of your portfolio via online banking
- Providing periodic portfolio statements
- Portfolio monitoring whereby we check your portfolio for sufficient diversification and deviations between your current and agreed investment profile
- As agreed with you, we will notify you via e-mail if your portfolio has dropped by 10% or more compared to the value at the end of the previous quarter (starting value). We measure this at the end of each trading day with a correction for any interim additional payments or withdrawals. We do not see during the day whether there is a decrease of 10% or more. In the message we also mention the reference date. This is the date on which your portfolio declined by 10% or more. If your portfolio falls even further in the same quarter compared to the starting value, you will receive a new message with every subsequent 10% decrease. You will receive this message on the day after the reference date.

Other

4. What do you have to do if you want to switch to a different service with us?

You contact your banker or your investment advisor for this. They can explain how you can switch to Asset Management a la Carte or Execution Only.

5. When does the agreement end?

Both you and we can cancel the agreement by sending the other person a signed letter. You send the sender the office address of your banker. You can also send an e-mail to your banker. In some cases (for example, one and / or bill) we can ask you to send us a signed letter. In the following situations our relationship will end immediately and completely, without us having to send you a letter.

- You are bankrupt, fall under a statutory debt settlement or apply for a moratorium on payments.
- You do not comply with the agreements in the conditions.
- You move to the United States of America.

In your letter or e-mail, you must state what you want to do with your investments and money. For example, you can instruct us to sell your investments and money or transfer them to another account with us or with another party. You pay costs for selling or transferring your investments.

You can find these costs in chapter 4 of these conditions.

Do you not indicate in your letter or e-mail what you want to do with your investments? Or is it not clear to us what you mean, then we can not terminate the agreement. We will contact you to ask what your intention is. As soon as all your orders have been processed and we can cancel the securities account, you will receive confirmation of your cancellation and the date on which the agreement was terminated.

In chapter 4 you can read which costs you still have to pay until termination.

6. What happens when you pass away?
   If you pass away, your heirs will temporarily take your place as a party to the agreement. This provision does not apply if you are a legal person. We do not provide investment advice as long as your heirs are not formally known to us. We only know who your heirs are formally after we have received a certificate of inheritance. We then provide the heirs with investment advice until the inheritance is divided. It may be that after dividing the estate the heir wishes to hold the securities account. Then we conclude a new Investment Advisory Agreement with that heir. Have we not been able to determine who your formal heirs are, or who is your executor-testamentary nine months after your death? Then we can terminate the agreement. In that case, we sell all investments in your securities account. We transfer the proceeds to your contra account or invest your bank account for the benefit of your heirs. Do you have a and / or securities account and does one of you die? Then the agreement is temporarily continued with the other, until it is known whether there are also other heirs. This must be apparent from a certificate of inheritance. Does it show that there are other heirs too? Then they can tell us together what to do with your assets. If there are no other heirs, we will continue the contract for an indefinite period with the other person. However, we must again agree on an investment profile with the other.

7. What happens if you are placed under administration or receivership?
   If you are placed under administration or receivership, your administrator or curator will act as a party to this agreement. We do not provide investment advice as long as the administrator or curator is not formally known to us. We also have to agree with the administrator or curator to a new investment profile as described in chapter 3 of this brochure. We only know who the receiver or receiver is, after we have received the appointment by the court. As long as you hold the securities account, we automatically deduct the costs from the securities account. Did we not be able to determine for a period of six months after your administration or curatorship who is formally your administrator or receiver? Or have we not yet agreed on a new investment profile with the administrator or receiver within this period? Then we may sell all investments on your securities account. We keep the proceeds on your securities account.

8. What happens if you move to the United States?
   We cannot advise you anymore. We may then sell all investments, after which we transfer the proceeds to your account. We will then contact you to discuss other options.

3. What is an investment profile and how does it work?

Introduction

Our investment profiles
1. What is an investment profile?
2. What are asset classes?
3. What investment profiles do we use?

Your investment profile
4. How do we agree on a fitting investment profile?
5. What are the expected returns of your investment profile?
6. How do we calculate expected risks and returns?
7. What are the consequences when you withdraw money from your invested assets?
8. What are the risks of alternative investments?

Use of your investment profile
9. Your investment profile as basis for management of your assets
10. How do we use your investment profile to monitor your portfolio?
11. Where can you check the current distribution of your assets?
12. What should you do if your personal situation changes?

Introduction

This chapter describes what an investment profile is, what profiles we use and how we agree on a suitable investment profile. The characteristics, expected returns and risks of each investment profile are dealt with to help you determine which one would suit you best. Next is discussed how we will use your investment profile when *advising* on your *assets* and monitoring the risks in your portfolio. And lastly you can find out how you can make sure your investment profile continues to match your personal situation.

Our investment profiles

1. **What is an investment profile?**

   An investment profile provides an indication of the risk you may run with your *investments* and of the returns you may be expected to make. The allocation ratio between the various asset classes in your portfolio has a major impact on the risk and returns of the portfolio.

   Before we enter into an advisory agreement we decide on the investment profile that suits you best. This will reduce the chance that any disappointing investment results will have unacceptable consequences for your personal circumstances.

2. **What are asset classes?**

   The investments in your portfolio are allocated across asset classes, based on your choices and objectives. Risk-bearing *investments* are categorised into the asset classes High Yield Bonds, Shares, Real Estate, Commodities and most alternative *investments*. Risk-avoiding *investments* are categorised into the asset classes Cash and cash equivalents, and Bonds Investment Grade. More information on the characteristics and risks of these *investments* can be found in Chapter 6 of these *terms and conditions*.

   Asset classes can react differently, and sometimes oppositely, to economic movements. Allocation across various asset classes is, therefore, a powerful means of minimising risk. For example, when adding a single risk-bearing asset class to a portfolio that only includes risk-avoiding asset classes, that portfolio's risk may actually be reduced. Every investment profile consists of a specific set of asset classes.

3. **What investment profiles do we use?**

   We have six investment profiles. Below you will find a description of the 'average' investor of each of these profiles to help you determine which one would suit you best. Not all characteristics need apply to your personal situation.

Income
An investor with an income investment profile mostly opts for risk-avoiding *investments*, such as Bonds Investment Grade and Cash and cash equivalents. A stable *asset* income is the main objective. Capital growth comes second. Perhaps you would like to withdraw (part of) the invested *assets* in the short term. During a poor investment year you accept a limited negative return of your invested *assets*.

Defensive
An investor with a defensive investment profile mainly opts for risk-avoiding *investments*, such as Bonds Investment Grade and Cash and cash equivalents, and partly for risk-bearing *investments*, such as Shares, High Yield Bonds, Property and Commodities. A stable flow of income is the main objective, with some long-term capital growth as well. During a poor investment year you accept a moderately negative return.

Neutral
An investor with a neutral investment profile mainly opts for both risk-avoiding *investments*, such as Bonds Investment Grade and Cash and cash equivalents, and risk-bearing *investments*, such as Shares, High Yield Bonds, Property and Commodities.

A stable *asset* income and long-term capital growth are the main objectives. During a poor investment year you accept a negative return and are aware of the risks connected with investing.

Growth
An investor with a growth investment profile mainly opts for risk-bearing *investments*, such as Shares, High Yield Bonds, Real estate and Commodities, and partly for risk-avoiding *investments*, such as Bonds Investment Grade and Cash and cash equivalents. Long-term capital growth is the main objective. A stable *asset* income comes second. During a poor investment year you accept a considerable negative return and you are aware of the risks connected with investing.

Offensive
An investor with an offensive investment profile mostly opts for risk-bearing *investments*, such as Shares, High Yield Bonds, Real estate and Commodities. Long-term capital growth is the main objective. You consciously take a big risk to achieve a higher return in the long term. During a poor investment year you accept a considerable negative return. You have extensive knowledge of and experience with risk-bearing *investments* and are aware of the inherent risks. You realise you may lose a considerable part of your *assets*.

Very offensive (Aggressive)
An investor with a very offensive investment profile almost exclusively opts for risk-bearing *investments*, such as Shares, High Yield Bonds, Property and Raw materials. Long-term capital growth is the main objective. You consciously take a very big risk to achieve a high return in the long term. During a poor investment year you accept a considerable negative return. You have extensive knowledge of and experience with risk-bearing *investments* and are aware of the inherent risks. You realise you may lose a very considerable part of your *assets*.

Your investment profile

4. How do we agree on a fitting investment profile?

We decide on a suitable investment profile based on a thorough inventory and analysis of your financial situation, your income and withdrawal plans, equity target, willingness to accept risks and knowledge of and experience with investing. This inventory is referred to as the ‘Investment Intake’ or suitability test. This test provides us insight into the expected risks and returns. It can also aid with the decision as to which investment profile suits you best. You must consider the investment risks and the feasibility of your financial objectives. The following important questions should be asked: how do you feel about the risk of short-term price falls? And of long-term price falls? How do these relate to the likelihood of achieving your long-term financial objectives?

Based on the results of this test we will jointly decide on the investment profile that suits you best, the agreed upon investment profile. If you have portfolios for multiple objectives, we will agree on a fitting investment profile for each of them.

If you want to draw conclusions about the expected returns, you must also take the following into account: we do not consider your fiscal situation. The fiscal consequences of investing depend on your personal situation. We recommend you consult a tax advisor. Inflation is also not considered.

Returns can be both positive and negative. The actual return that is achieved may deviate strongly from the expected return we have calculated. Our calculation is based on the current long-term expectations, which is why we perform a number of scenario analyses. These provide a picture of the expected returns per investment profile and of possible variations.

Sometimes we may be unable to agree on an investment profile, for example when we have insufficient data available. If this is the case you can provide us with the necessary information. We cannot *advise* on your *assets* without an agreed upon investment profile.

5. **How do we calculate expected risks and returns?**
The expected average annual return is calculated using the returns that Kempen expects for the long term (10 years) where the various asset classes are concerned. The expected return is based on the strategic asset allocation that applies to the investment profile.

The expected returns of Kempen serve as input for the scenario analyses in the Investment Intake Tool. This tool helps to gain insight in the risk/reward ratio when investing and saving, and shows the feasibility of your long-term financial objectives.

6. **What are the consequences when you withdraw money from your invested assets?**
Regular withdrawal of money from your invested *assets* has a significant impact on the chances of achieving your objectives. This impact is often underestimated. The impact of withdrawals differs per investment profile. If you intend to periodically withdraw money from your invested *assets*, you should discuss this with your banker to ensure the best investment profile is opted for.

There are many different alternative *investments*, both risk-bearing and risk-averse ones. We always conduct a thorough investigation of funds in the asset class Alternative *investments* and only those that pass the test are included in our A la Carte portfolios. We include funds investing in hedge funds. Contact your banker to determine whether inclusion of this class in your A la Carte portfolio is the right thing to do.

Use of your investment profile

7. **Your investment profile as basis for management of your assets**
Expertise and customisation are essential when deciding on the optimal portfolio composition. Your *assets* are diversified across the various asset classes and *investments* based on your investment profile. We take minimum and maximum limits into account that we have established. These 'bandwidths' provide us sufficient room to manoeuvre and respond to changed circumstances in the financial markets. At the same time we ensure we do not take more risks than befits your investment profile.

Bandwidths per asset class per investment profile with alternative investments

	Cash and cash equivalents + Bonds Investment Grade	Shares	Real estate	Commodity	Alternative investments
Income	60%-100%	0%-30%	0%-5%	0%-5%	0%-15%
Defensive	40%-80%	10%-45%	0%-10%	0%-10%	0%-20%
Neutral	25%-65%	20%-65%	0%-10%	0%-10%	0%-20%
Growth	10%-40%	30%-80%	0%-15%	0%-15%	0%-25%
Offensive	0%-25%	40%-95%	0%-15%	0%-15%	0%-25%
Very offensive	0%-20%	70%-100%	0%-20%	0%-15%	0%-15%

8. **Where can you check the current distribution of your *assets*?**
Information about the current distribution of your *assets* across the different asset classes is made available through Online Banking. You can also review the current asset allocation in the portfolio statements you receive from us.

9. **What should you do if your personal situation changes?**

If something changes in your financial of personal situation you should immediately notify your banker. Such a change may affect the way in which you want us to invest on your behalf or the objective of your investments. This concerns changes such as a divorce, dismissal or move to the United States of America. If you do not notify us, we may continue to *manage* your *assets* in a way that no longer fits the situation. When we do not receive any information about a change in your situation, we will assume that the manner of investing and the objective of your investments remain in force.

4. Costs

Introduction

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2. What is the advisory fee for Investment Advice?
3. How do we calculate the advisory fee to be paid?
4. How can you check the advisory fee to be paid?
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Other costs
6. What other costs have to be paid?
7. What are trading costs?
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Other
10. What costs does a fund manager of an investment fund charge?
11. What happens if we modify the costs?
12. What remaining costs do you have to pay when your advisory agreement ends?
13. Which VAT rules apply to investment services?
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Introduction

This chapter contains information about the costs you have to pay when you opt for Investment Advice. The majority of these costs relate to the advisory fee. You also pay costs per transaction. Advisory fees and any other costs per transaction are ‘direct’ costs.

We also charge ‘indirect’ costs: costs a provider of investment products charges for the *investments*. Such costs are not paid directly but are settled in the yield or the *investment*’s price.

General

1. **What costs do you pay for Investment Advice?**
   You make use, or plan to make use of investment advice. This means we (will) advice you on your investments. For this service, we charge you a fee. Costs affect the net return of your *investments*, which is why you should have a good understanding of these costs. The quarterly reports we send you offer an overview of both the direct costs of our services and an assessment of the indirect costs of *investments* in your *asset account*.

Advisory fee

2. What is the advisory fee for Investment Advice?
   You pay us an advisory fee for *advising* on your *assets* and the associated investment services. The advisory fee amount depends on your investment profile and is included within the investment directive.

3. How do we calculate the advisory fee to be paid?
   The advisory fee is based on the value of your *assets* (including accrued interest) at the end of each month. For example: when calculating the advisory fee for the third quarter we use the values per 30th of June, 31st of July, 31st of August. The minimum fee is applicable. The advisory fee is subject to VAT (high rate).

   The advisory fee is charged retrospectively per quarter. Does your investment profile change, or do you opt for another Advisory solution as a result of which the costs change? If so, you will have to pay the costs for the running quarter that apply to the previous investment profile and Advisory solution. The costs for the new profile and solution will commence the next quarter.

4. How can you check the advisory fee to be paid?
   At the beginning of each quarter you will receive a statement regarding the advisory fees paid. The statement is included in your electronic documents in Online Banking. The amount you have to pay is automatically debited from your *portfolio*. The deductions are specified in your account statements. The advisory fee is included in the calculation of your portfolio's net return.

5. What costs are included in the advisory fee?
   The advisory fee includes the following costs:
   – Fee for advising on your *assets*.
   – Costs of administration and custody of your *investments*.
   – Costs of collecting corporate actions (coupons, dividends, redemptions)

Other costs

6. What other costs have to be paid?
   In addition to the advisory fee, other fees may apply per transaction:
   – Costs we have to pay to investment funds, such as trading costs. More information about trading costs can be found under item 7.
   – Taxes and any other costs charged by third parties.
   – Transfer costs for transfer of your portfolio to another bank at your request.
   – Costs for foreign exchanges.
   – Costs for payment transactions.

7. What are trading costs?
   Trading costs are costs (including purchase and sale costs) we have to pay investment funds. These costs are specified in the investment fund's prospectus and are usually included in the investment fund's buying or selling rate. If the investment fund charges these costs separately, we will also charge these separately. Trading costs are exempt from VAT.

8. How do we settle your orders in foreign currency?
   If we buy or sell an *investment* with a currency other than euro, the order will be converted into euro. The exchange rate when settling your buying or selling transaction is determined several times per day and will be the current rate available in the system plus or minus a number of 'pips'.

   Pip is short for 'percentage in point'. Most exchange rates are quoted to four decimal places. The smallest possible change of an exchange rate is the change of one unit of the fourth decimal point. Such a change is referred to as a pip. A change of the USD rate from 1.0641 to 1.0640 would be 1 pip. A change of the SEK rate from 9.4260 to 9.4270 would be 10 pips.

   With a buy order we deduct the number of pips from the rate; with a sell order we add the number of pips to the rate. The number of pips that are deducted or added constitute a fee for the risk we run with the currency transaction, the costs and maintenance of the system we use and a profit mark-up. You can find the spread we take in your investment directive.
   Where currency transactions are concerned we run a risk because we have to buy or sell the foreign currency retrospectively. The rate that is applied often deviates from the rate used to settle the purchase or sale on your behalf.

Other

9. What costs does a fund manager of an investment fund charge?
   The *investments* of the fund (the fund capital) are managed by professional fund managers. They charge a management fee for their services to the fund. The management fee amount differs per fund. It usually concerns a percentage of the fund capital and is deducted from that capital. There are also other costs such as administrative costs which are also deducted from the fund capital. The ratio between the ongoing costs charged to the fund capital and the average *intrinsic value* of the fund is referred to as the Ongoing Charges Figure (OCF).

   This OCF replaces the Total Expense Ratio (TER). The OCF indicates ongoing costs that are charged to an investment fund. The OCF typically consists of the management fee, the administrative costs and the service fee charged by a manager of an investment fund. The entry and exit costs of participants, transaction costs of *investments*, possible performance fee and interest costs are not included. The OCF, therefore, does not express all indirect costs. The actual OCF and the costs that will be charged are specified in the investment fund's prospectus and in the Key Investor Information (*KII*) of the fund under the heading *Costs* (Costs that are withdrawn from the funds during a single year).

10. What happens if we modify the costs?
    We may modify the costs for Investment Advisory at any time. We may also modify the way in which we calculate the management fee. We will give you at least 30 days' notice before any changes apply. If you disagree with a modification you can terminate the *agreement* by sending us a signed letter.

11. What remaining costs do you have to pay when your advisory agreement ends?
    When *advisory* of your *assets* ends, you must take the below costs into account.

    ### Advisory fee
    When the *advice* service ends, you still have to pay the advisory fee for the running quarter. The advisory fee is calculated for the number of days from the beginning of the current quarter up to and including the date we stopped the *advisory* service.

    If you terminate the *agreement* while it has been in force less than one year, you have to pay an advisory fee for the running quarter. If your *agreement* replaces an *agreement* you concluded earlier with us for advising your *assets*, we will include the duration of the previous *agreement* when establishing the total duration.

    ### Costs per transaction
    If we initiated any buying or selling orders prior to ending the *advisory* service, you will only incur other transaction costs per transaction (if any) that you would normally pay for the service. Refer to item 6 in this chapter for information about those other costs.

    ### Costs of portfolio transfer
    If you want to transfer your portfolio to another bank after having terminated the *agreement*, you have to pay for the transfer of *investments* from our investment trust to the investment trust of another bank. These costs are charged per *investment* (title). It does not matter whether the transfer takes place to a bank within or outside of Europe. The costs can be found in the schedule of fees.

12. Which VAT rules apply to investment services?
    Services provided by a bank in Switzerland are in principle subject to VAT with the exception of services that are exempt from VAT, such as certain investment services, credit provision services and payment traffic services. If a cost item in this overview is including VAT, the costs are in principle subject to VAT and the VAT is included in the price. Swiss VAT is in principle only due when the service takes place in Switzerland.

Indication of Total Cost of Ownership

In the overview below you will find an example of the total expected annual costs of Investment Advice at Van Lanschot Switzerland and the products that could belong to this service. The customer in this example invests with a neutral risk profile and has an average invested capital of € 1,000,000.

Do note, that since Investment Advisory is a highly customized service, the actual transaction frequency/turnover, the types of products and the fee levels, and hence the total cost of ownership can deviate significantly from the below example.
Example:

Example Total Cost of Ownership

Portfolio Value 1'000'000

Variable Cost

		Assumed Turnover	Fee	Cost
Equities	500'000	30%	0.75%	2'250
Bonds	500'000	10%	0.25%	250
				2'500 (0.25%)

Fixed Cost

Advisory Fee	0.6%	6'000

Indirect Cost

% Mutual Funds	20%	
Average OCF	1.4%	
Average Cost		2'800 (0.28%)

FX Cost

Non-EUR exposure	25%	
Average FX spread	0.40%	
Turnover	35.00%	
		350 (0.04%)

Total Indicative Annual Cost 11'650 (1.17%)

5. Other terms and conditions

Introduction

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Introduction

This chapter deals with the agreements we conclude. It discusses types of investors and what you must do should your personal situation change. You can also find information on the administration and custody of your *investments* and how we keep in touch.

Types of investors

1. What different types of investors are there?
   Legislation specifies several types of investors. The level of protection is indicated per type. This protection does not mean that the investor is protected against losses made on investments. Legislation deals with the volume and contents of the

information we must provide the investor. Legislation defines the following types of investors:
- Non-professional;
- Professional;
- Eligible other party, such as some insurance companies, investment funds or banks.

Unless stated otherwise, you have been qualified as a 'non-professional investor'. This means you fall into the category with the highest protection. If you fall in the category 'professional investor' or 'eligible other party', you are offered less protection. This will be confirmed through a letter. You can only belong to one category. It does not matter whether or not you have multiple accounts. We cannot include you in another category per investment service we provide, per order or per type of *investment*. If you want more (or less) protection, you can request inclusion in another category only once. We decide whether or not this request will be honoured. We only approve a request for less protection when you meet all the *terms and conditions* specified in legislation. This will be confirmed through a letter.

2. Are you a non-professional investor?

We will request information in order to assess whether the Advice service is right for you and for properly managing your *assets*. For example, we will ask how much you know about investing, how much experience you have in investing, how much risk you can and are willing to take, the state of your financial situation and what you want to achieve with your *investments* (your objective). You are responsible for providing correct information. We don't need to check to make sure all the information you provide us is correct. If you do not provide all the necessary information, or do not provide correct information, we may not be able to *advice* you on your *assets* (or may *advice* in a way that is not right for your situation).

Custody and administration

3. The custody and administration of your investments

When you open a securities account, you instruct us to:
- to save keep your investments for you,
- to carry out administrative management actions related to your investments,
- to manage and store your investments on your securities account.

There are various administrative actions (we call these 'corporate actions') that are related to your investments.
- The collection of interest payments, repayments and dividends.
- The exercise and purchase of claim rights (also called claims) in the event of a rights issue.
- Performing conversion operations; these are actions that we can carry out for you in certain situations, for example when entering into a public bid, exchanging warrants or convertible bonds into shares, having an optional dividend paid out in shares or in cash and the like.
- The registration of your investment, allowing you to attend, for example, a shareholders' meeting.
- The administrative processing of the consequences of an acquisition or merger of the issuer of your investment.

Complex and simple corporate actions

With more complex corporate actions we inform you in most cases when we receive the information via our channels in time and in full. We can also do this digitally, for example by e-mail. A more complex corporate action is, for example, a public offer, a rights issue, an acquisition or a merger. You may need to make a choice. Then we can ask you for your instruction. We can then indicate what we do if you do not let us know before a certain date. Have we not received your instruction before the specified date? Then we carry out the corporate action in the manner that we have indicated to you. In that case, we assume that you have given us permission for this. For example, a public offer is made for one of your investments and we have indicated that we are registering your investments. Then we may do so, unless you have indicated not to want it before a certain date.

Some simple corporate actions sometimes require you to make a choice. For example, do you receive an optional dividend where you can opt for money or financial instruments? Then we do that according to the standard assignment that you have agreed with us. Is this standard assignment not available or have we not received your instruction on time? Then we make the choice that we think is best for you. We are not obliged to do so. But if we do it, we take into account similar cases. Do you want information about your investments? Then we are only obliged to give you the information that we receive via our own information channels about your investment.

For your account and risk we may engage other third parties in the safekeeping of your investments, such as a foreign bank or central depository. We carefully choose those third parties. If this choice is done carefully and you suffer damage, then we are not responsible for this. Of course we help you to limit the damage as much as possible. Do you want to invest in a country where we do not have a foreign bank as a partner? And are we forced to enter into a relationship with a non-selected third party by your choice for an investment? Then we are not responsible for that.

4. Valuation of your investments
When valuing the investments in your portfolio, if available, we use the closing price of the last trading day on the stock exchange where the product is officially listed. If this closing price is not available, we use the bid price of the same exchange. Is the bid price not known? Then we consult alternative sources, such as other exchanges or the issuing institution. The source is not visible on your portfolio overviews.

5. Does a third party keep your investments on our behalf?
When your investments are held by a third party, these investments are stored for your account and risk in a general securities deposit in our name. This third party also takes care of the administration of your investments at your expense and risk. That third party is also not obliged to administer the numbers of your investments. Interest and distributions on your investments that we receive from the third party are given to you.

6. We may refuse to keep certain investments for you
We may refuse to keep certain investments for you. We do not have to give a reason for this. This may be the case, for example, if you want to transfer your investments from another bank to us. Did that other bank transfer your investments to us to keep them for you and did you not sign an agreement at that moment? Then we return all your investments to the supplying bank after five working days. Unless you have signed an agreement within that period.

7. What is a class action?
A class action is a legal procedure conducted by a group of investors who have invested in a particular investment. Usually a class action is taken against the issuer of that investment. Is there a class action or a (legal) procedure that is similar to an investment you have? Then we do not have to let you know. We determine ourselves when we pass this information on to you. We are not responsible for damage resulting from this, unless we have made a gross mistake ourselves or if we have caused the damage on purpose.

Giving and executing orders

8. How can you give us an order?
We process your orders related to your investments only if you provide us with them in one of the following ways.

- Written
- By phone

Would you like to pass on an order to us in another way, for example by e-mail? Then you must first request permission from us. If we approve your application by exception, we will confirm this to you. For the transfer of orders by e-mail, you are responsible for the risks associated with the transfer of orders in this way. For example; there is a risk that we will not notice your orders on time, so you may miss a favorable buying or selling moment.

9. Do you give us an order in a way that we have not agreed with you?
Then we might not carry out the order. It may also be that the order is not acceptable for another reason, for example because it is incomplete. In that case too, we might not carry out your order. We will contact you in these cases.

10. In which three ways can you give us an order?
You can submit your orders to us in three ways. We explain the three order types below. These order types are not possible for all investments.

Market orders

If you specify a ‘market’ order, you indicate that the order must be executed at the next price up to and including full execution. Investment funds can only be specified 'market'.

Limit orders

If you specify a limit order, you indicate which course you want to receive at least on sale or you want to pay at most when you buy. If you give a limit to your order, it is possible that we will not execute your order directly. Such an order remains valid until the moment that we can execute it. If the order has not yet been executed after a certain period, it will expire. That period determines the bank. Granting dividend or subscription rights may cause the price of the financial instrument to change. Do you not take this into account when specifying your limit? Then you can contact us to adjust the limit you have specified. In some cases we will contact you about this. You can of course also decide to withdraw your order. You can specify limit orders for the trading day on which you place the order. You can also specify a limit order for a longer term (continuous order). If you specify a day order, the order only applies to that day. Unless we have agreed something else with you. Do you give a standing order and will it not be executed on the day of declaration? You will then see the confirmation of this order until which date the order will remain.

Stop loss orders

If you specify a 'stop loss' order, you indicate at what price your order must go and not before. With a sales order, you specify a trigger limit that is lower than the current price. As soon as the price of the share falls to the 'trigger' you specify, the order becomes an 'order'. If it concerns a purchase order, you specify a trigger limit that is higher than the current price. Only from the moment the price of the share rises to the 'trigger' you specify will act and the order will become an 'order'.
We may at any time add order types or no longer allow order types. We will then send you a message in advance.

11. How do we carry out your orders?

We want to achieve the best possible result for our clients if they commission a purchase or sale of a particular investment. We have drawn up a policy for this. We call this Order execution policy. You can read this policy in chapter 7 of this brochure.

If we carry out orders for you, the costs and risks are for you. Unless we have agreed with you that this is not the case. Do we not find your order clear enough? Then we ask for more information. We can now wait to carry out your order until we have received the requested information. We are not responsible for any damage that may arise as a result.

We may combine your order with the orders of other customers. We only do this if it is not detrimental to you, but we can not guarantee this. It may be that a combined order is only partly carried out. In that case we divide the result among the different customers. You will then receive the percentage of that part of the order that we have executed at the average rate.

We keep track of which orders you have given us. We do this in writing, digitally or both.

At the moment you give us an order, you must ensure that you have sufficient spending space to carry out the order. If your spending limit is too small, we will not carry out your order. Not even partially. If you use a securities credit, we take into account the coverage value. We will let you know as soon as possible if we decide not to execute your order. We are not responsible for damage resulting from this, only if we make a big mistake ourselves or if we intentionally caused the damage.

Do we notice or suspect that you used insider information when giving your order? Or do we suspect that you are acting in a different way in violation of the market abuse regulations? Then we are obliged to pass this on to the Netherlands Authority for the Financial Markets. We are not responsible for any damage that may arise as a result. We do not inform you of such notifications.

12. How do we process your orders?

Your investments are administered on your securities account. By carrying out your order to buy or sell investments, investments from your securities account are credited or debited. The moment we add or debit investments coincides with the moment that we transfer the money from or to your securities account for the amount to which you are entitled or which you have to pay. That amount is on your transaction note.

Is there a change in your investments that is not the result of the execution of your order to buy or sell investments? Then we also process it on your securities account. For example, a change that is the result of your order to transfer investments to another bank or that has to do with administrative management actions that we perform for you.
You give us permission to cancel your securities account:

- all costs you have to pay and
- all investments that you have to make when your order to buy or sell investments is executed.

You ensure that there is always enough money in your securities account to be able to carry out your orders or to carry out other activities that are part of your investments.

13. What information about your executed order do you receive from us?

You will receive a transaction note for every order executed for you. You can receive this invoice in writing or digitally online banking, depending on what we have agreed with you. You will receive this transaction note on the first business day after the order has been executed. This contains the most important details of the transaction. You must check every transaction note and any other message you receive from us about your investments for correctness. If it concerns a transaction note, check the following at least.

- Did you indeed give the order to us?
- Did we carry out the order as you gave it to us?

Do you think something is wrong? Then you must let us know immediately. We can ask you for a written confirmation of this issue. You must do this within two months after you have received our message. Then we assume that you agree with our message.

We make all relevant information about your investment portfolio and the changes in your investment portfolio available through online banking.

Giving and executing orders for exhibition options

14. How do you give us an order for an exchange traded option?

The rules for processing your orders under the heading 'Give and execute orders' also apply to options traded via the stock exchange. In addition, the rules as included in this part of the conditions apply. It is important for stock market options that you take account of trading times, position limits, exercise limits, maturities and margin requirements. All these points can vary per option and are dependent on the stock exchange where the option is traded. Before you give orders for options, it is important that you understand the features and risks of options and option strategies.

15. What is the duration of my order for an exchange traded option?

Market orders for stock options have a term of one day, unless you specify a deadline. Orders with a limit have a duration of 14 days, unless you specify a different term. This deadline can always be a maximum of 14 calendar days after the order date. The term of your order also ends when the option expires. Not all exhibition options expire at the same time. That can differ per exchange. If the exchange on which your option is traded changes the trading units and / or exercise prices of an option series, then we will cancel current orders in this series. You must then submit a new order yourself.

16. What are the rules for position limits and exercise limits?

By investing in options that are traded via a stock exchange, you accept the rules of that stock exchange on position limits and exercise limits. If the stock exchange in question changes these rules or other rules, these also apply to your option. For example, if there is a change in the underlying value of an option.

If the stock exchange takes measures in exceptional situations, these measures also apply to you. This also applies to our own measures that we have to take in extraordinary situations. These measures serve to protect yourself, ours, our other customers and / or adequate market forces. We are not liable for the consequences of these measures.

These rules can be different per exhibition and country. You can usually find the rules on the website of the relevant exhibition. The legal rules of the country where the exchange is located also affect the rules. You can also ask us about information about both. These rules change regularly. It is therefore advisable to consult these rules regularly or to request them.

17. How can your options be settled?

You can

- let options expire (expire)
- close options or
- be assigned in the interim ('assignment').

An option expires (expires) if you do nothing. The consequences may vary depending on whether your option is "in" or "out-of-the-money" and whether you have written (sold) or purchased a stock option. You can also decide to close your option for expiration yourself. Then you give a purchase or sale order yourself. This way you prevent the stock market possibly assigning you on expiration. However, it may also be that you are already assigned in the interim. More information about this can be found below.

18. What do we do if your options are settled?

What we do depends on what type of option you have and whether you are appointed. Below is an overview.
Which options do we close for you?

Which options won't we close for you?

Short positions will not be closed without your explicit instruction. Opening transactions that are entered on the last day of trading are not automatically closed by us. Nor do we close index options for you. We do not do this because they automatically exercise.

Do you want to exercise?

In that case, you must give us an assignment for Dutch stock exchange options on the last trading day before 10 am and for foreign exchange options on the penultimate day of trading before 4.00 pm. You can give an instruction to exercise by no later than 4:00 PM.

What do we do if you are assigned in the interim or at expiration?

If you have written (sold) options you have a duty and you can be assigned. Such assignment means that the person who bought the stock option (the right holder) exercises his right. You are then obliged to sell the underlying asset, for example shares, (with a call option) or to purchase (with a put option). For the obligation to deliver / purchase the underlying value, we use the random system (random). This means that we prefer to appoint a stock option of one of our customers with that stock option. We will inform you as soon as possible if you have been assigned. We will immediately prepare for you a sales / purchase note for the underlying value on the basis of the exercise price. If the underlying asset that you hold is not or not sufficiently available as cover for the written call options, we will purchase the underlying asset at your expense and risk to ensure that you can meet your obligations.

You pay the costs associated with the exercise and subsequent settlement. These costs can be higher than the value or the revenue. Such a loss is for your account. We are not obliged to warn you of that risk prior to the expiry date.
What is a margin requirement?

This is the certainty that you must keep with us for the obligation arising from a written (sold) exhibition option. This margin requirement is expressed in money. We determine the height of the margin that you must maintain. We may adjust this amount at any time if we consider this necessary for your or our protection. You can find the margin percentages that we use on the website under the product conditions of Investment Advice. Do you want to know how we calculate the margin? Then you can read this in the Complex Investment Guide. Of course you can also ask us about this.

19. How can you meet your margin requirement?
    You can hold money on your securities account or credit on the basis of your investments or a combination of both. You always have to deposit margin immediately if we ask for this. Are you unable to deposit margin? Then we close your positions. We do not need permission from you for this.

20. Can you write uncovered call options?
    No, you can only write a call option with us if it is covered. This means that you have sufficient underlying value (documents or margin for index options).

21. What procedure do we use in case of a collateral deficit?
    If we have determined that you have a funding shortfall, we will warn you. We do this in writing, but we can also do this by e-mail or by telephone. You must ensure that the funding shortfall is eliminated within five working days. The period starts on the first business day mentioned in the letter or e-mail in which we warn you of the funding shortfall or the business day on which we call you. You must resolve the collateral deficit by instructing yourself to sell investments, to make a deposit and / or close existing options. You may not issue any new purchase orders or other option orders that increase the funding deficit while the procedure is underway. Do you still have a collateral deficit on the fifth working day? Then we may decide for ourselves what measures we take and in what order we do this. For example, the closing of option positions, the sale of your investments or a part thereof or the cancellation of your current purchase orders.

22. Is Van Lanschot your counterparty for dealing in stock options?
    For exchange traded options we are not your counterparty; we then are your intermediary. For Over The Counter options (OTC) we act as principle and will be your counterparty.

Other information

23. Who is responsible?
    The activities related to the investment services we provide are at your own risk and expense, unless otherwise agreed upon. We are required to meet our obligations, specified in these *terms and conditions* and the associated *agreements*, to the best of our ability.

    We will not be liable for any damage resulting from *investments*, such as a decline in value of your *investments* or loss of profit, unless it has been established that we have deliberately caused such damage or if the damage occurs due to a mistake we are responsible for (shortcoming). If we have to pay another party for any damages resulting from the investment services we have provided you, you must repay those damages. This only applies when it has been legally established that we are required to compensate a third party.

    Sometimes we cannot carry out your order immediately, for example, because the order system is not working or the stock exchange is volatile. We will not be liable for any possible resulting damage, unless we have deliberately caused the damage to occur or have made a grave error.

24. What does our right of pledge entail?

We are given the assurance that you will pay us everything you owe us. You do so by establishing a right of pledge on certain goods. You give us that right of pledge for all debts you have now and will have in the future. When you agree with these *terms and conditions* the right of pledge is automatically established. You need not sign a separate deed. Also refer to Article 24 of the General Terms and Conditions of F. van Lanschot Bankiers (Schweiz) AG

You establish a right of pledge on the following goods:
– All *investments* that are or will be in our custody;
– All the money in your *asset account*, in other accounts and anything you will receive from us.

The right of pledge also includes all the goods that substitute, and the liabilities arising from, the above-mentioned *investments*. For example, new shares following a divestiture, dividends or claim rights. By adding these goods to your *investments* the right of pledge is established and we receive notification of the right of pledge.

Investments that are only in our custody for specific objectives are not covered by the right of pledge. For example:
– Collecting interest amounts, redemptions and dividends;
– Receiving new coupon or dividend sheets;
– Performing conversion actions;
– Attending meetings, such as an annual meeting.

You grant us power of attorney, without *terms and conditions*, to perform all actions necessary or desired for establishing the right of pledge; you cannot withdraw this power of attorney. You will also cooperate in establishing the right of pledge described above when such cooperation is required and requested.

25. What should you do if you invest in American investments?

We have concluded an *agreement* with the American tax authorities as a result of which we may deduct a reduced tax rate from payments (dividends and interest coupons) on American *investments*. Whether or not this reduced rate can be deducted, and its level, depends on the country you live in and on whether you are a ‘US person’. To find out if you are a ‘US person’ we recommend contacting your tax adviser. Based on the agreements with the American tax authorities we are obliged to identify you as a ‘US person’ or a ‘non-US person’.

If you have American *investments* and are known as a ‘non-US person’ in our records, we will automatically charge the reduced tax rate in accordance with the rate that applies in the country where you live. We recommend contacting a tax adviser if you are in doubt as to your tax status. We cannot and will not make that assessment and will use your information as regards your tax status.

If you have American *investments* and are known as a ‘US person’ in our records, we will not automatically charge the reduced tax rate. To be eligible for the reduced tax rate you have to fill out a form prescribed by the American tax authorities (Form W-9) and submit it to us. We recommend contacting a tax adviser if you are in doubt as to your tax status. We cannot and will not make that assessment and will use your information as regards your tax status. You are responsible for correctly filling out the W-9 form. You give us consent to send the W-9 form to the American tax authorities and/or a body acting on our behalf to apply withholding tax on American *investments*.

If we are insufficiently able to determine whether or not you are a ‘US-person’, we have the right to withhold the applicable high tax rate where payments of American financial instruments are concerned. In that case we will also have the right to sell your American *investments* if we feel that is necessary. The costs and risks related to such a sale are at your expense. We do not consider the gross sales revenue and the tax to be paid. We are obliged to provide the American tax authorities access to your file.

6. The characteristics and risks of investing and the various investments

Introduction

General
1. What are the general risks of investing?

Characteristics and risks
2. What are the characteristics and risks of shares?
3. What are the characteristics and risks of bonds?
4. What are the characteristics and risks of investment funds?
5. What are the characteristics and risks of options?
6. What are the characteristics and risks of futures?
7. What are the characteristics and risks of investments in property?
8. What are the characteristics and risks of structured products?
9. What are the characteristics and risks of hedge funds?
10. What are the characteristics and risks of private equity?

Other
11. Are there any other types of investments?
12. Where can I find more information?

Introduction

With the Investment Advice service we take the investment decisions on your behalf at your expense and risk. Which is why it is important for you to understand the risks of the various *investments*. To understand the characteristics and risks of the various *investments* it is advisable to read the specific information relating to the *investment* we invest in on your behalf, such as the prospectus, the *KII* and the brochure.

Here you will find a description of the general risks of investing and of the major characteristics and risks of certain types of *investment*. All risks of *investments* mentioned in this chapter also apply to investment funds (depending on the composition of the fund portfolio).

General

1. What are the general investment risks?

All investment types carry risks. Below you will find information on the general risks of investing.

Price risk

This is the risk that an *investment* may fall in value. This risk depends on many circumstances and varies per *investment* product. The following have an impact on this risk:
The results of the *investment* itself
- De *investment*'s supply-demand balance
- The market sentiment (positive or negative)
- Macroeconomic factors

In general the following applies: the more you diversify your *investments*, the less dependent you are on the price risk of a specific *investment*.

Debtor risk or credit risk

Most bonds are issued by companies or governments. Such an issuer is referred to as the debtor of the bond. The value of the *investments* depends, inter alia, on the market's view of the debtor. Where bonds are concerned the expectations as to whether the debtor will be able to pay the interest and repay the amount at the end of maturity plays a major role. This is referred to as the debtor's creditworthiness. If the creditworthiness declines, this usually has a negative impact on the price of a bond of that debtor. If the creditworthiness improves, this usually results in a price rise.

Currency risk

If an investment has been issued in another currency (i.e. a currency other than euro), you run a currency risk. The value of the other currency may rise or fall compared to the euro. You can also run a currency risk on shares of companies from euro zone countries. This risk is often concealed in a share's price. This depends on:

- The number of activities the company that issued the share undertakes in countries outside the euro zone; or
- The amount of profit that the company generates in countries outside the euro zone. The company may hedge the risk.

With all investments the following applies: when they are listed in another currency than the euro, you run the price risk of that currency compared to the euro (currency risk).

Market risk

Market risk is the risk of stock exchange movement due to changing sentiments in the market. This is also referred to as the market's volatility. The market is often quite sensitive to changing sentiments. With a positive sentiment the prices of your *investments* may rise. With a negative one the prices may fall.

Interest rate risk

Interest rate risk is the risk of interest rate changes in the capital market. Interest is the price that has to be paid for borrowing money. If the interest rate changes, this may have an impact on the prices of various *investments*, such as shares and bonds. The interest rate risk is, therefore, also a price risk.

If the interest rate increases, the consequences are often as follows:

- The prices of shares may fall as a result of which the dividend yield becomes less attractive compared to the interest. Companies may have to pay more interest on their loans.
- The prices of bonds may fall. The longer the bond's maturity, the bigger the price fall of bonds with a fixed coupon rate: you cannot benefit from the interest rate increase. Where your bond is concerned you are entitled to a fixed but less attractive interest rate. The interest rate risk with bonds may also be a reinvestment risk. Reinvestment risk is the risk that you will not be able to invest the money you receive when your *investment* product matures in an equivalent product with the same yield.

If the interest rate falls, the consequences are often as follows:

- The prices of shares may rise.
- The prices of bonds may also rise.

There are no negative consequences if you receive a fixed interest rate during the bond's maturity.

Other general investment risks

Other risks may apply to your *investments*:

- Liquidity risk: the risk that no demand or little demand makes it difficult for you to sell your *investment* product.
- Political risk: the risk of certain government measures having negative consequences for you as an investor.
- Inflation risk: the risk of a depreciation in value of the euro. This means you can buy less for 1 euro.
- Reinvestment risk: the risk that you will not be able to invest the money you receive when your *investment* product matures in an equivalent product with the same yield.
- Unforeseen events: these may vary from fundamental changes in legislation to a terrorist attack. Such events virtually always have a major impact on the return of your *investments*.

Characteristics and risks

2. What are the characteristics and risks of shares?

Characteristics of shares

A share is a title of ownership in a company. The collective shareholders are owner of a company. A share had no end date. The shareholder can sell his/her shares. The shares may be listed on a stock exchange, but this is not necessary. As the owner of a share you are usually entitled to:

- Vote at the meeting of shareholders; and
- Receive dividends.

Dividend is the money that the company may pay the shareholders if it has made a profit.
The share price movement depends on:

- The state of affairs at the company and its future expectations;
- The economic and monetary developments in the regions relevant to the company;
- The stock market climate of the stock exchanges where the share is listed.

These factors also have an impact on a share's price volatility. A share's price is not constant but may be quite volatile in the course of time. Any return on shares consists of: value increase and dividend. The purchase of shares with your own money offers no leverage. You do run the risk of losing your entire *investment*.

Dividend

Shareholders may receive dividends: a portion of the profit. When you receive dividend you have to pay dividend tax. The amount of the dividend is annually determined by the general meeting of shareholders and is usually stable but not guaranteed. When a company has generated insufficient profits in the preceding year, the amount of the dividend is adapted. It may be that a company does not pay dividends in cash but in the form of shares. This is referred to as stock dividend. In that case you will receive new shares. Many companies offer an optional dividend, in which case you provide us with the model instruction whether you want to receive dividends in cash or as shares.

Characteristics of complex shares

In addition to regular shares there are also complex shares. Examples are:

- **Preference shares.** These shares have priority over common shares where dividend payments or payment in case of bankruptcy are concerned.
- **Priority shares.** These are registered shares that grant you specific rights, for example the right to make a binding proposal, to appoint certain managing or supervisory directors or to take certain decisions, for example on the issuance of shares.
- **Claims.** The claim right is the right to purchase a certain number of new shares in the short-term period at a fixed subscription price. You are not obliged to exercise your pre-emptive right. You can (usually) sell your claim up to a certain date. Claims are issued through a rights issue. The difference with an ordinary issue is that the shares are only available to investors with existing shares. The objective is to prevent the shareholdership (and control rights) from becoming too diluted.
- **Depositary receipts for shares.** These are *investments* that represent original shares. The original shares are usually *managed* through an administrative office. Certificate holders are entitled to the underlying shares. However, not all rights associated with shares apply to depositary receipts for shares. The voting right, for example, is often limited.
- **Scrips.** These represent a portion of a share or bond and can be exchanged for regular stock. Scrips are issued, for example, during a merger where the exchange from one share into the other involves portions of a share.
- **Shares that are traded through alternative trade platforms.** The trade does not take place on a regular stock exchange.

Risks of shares

Shares carry various risks:

- **Price risk.** When a company performs well, your shares are worth money. When a company does less well, the value of your shares may decrease. In a worst-case scenario your shares could become worthless if the company goes bankrupt. Whether or not you receive dividend depends on how well the company is performing. If the company is not making any profits you will usually not receive dividend. If the company has paid dividend this will have an impact on the share price. On the day that the company pays the dividend the price will usually decrease by approximately the same amount as that of the dividend. This is referred to as the ex-dividend price (the price without dividend).
- **Market risk.** Share prices respond to positive or negative news in the market. Such news may concern the company itself or general market conditions. Whether the share price falls or rises, and by how much, differs from one company to the next.
- **Liquidity risk.** Some shares are not easy to buy or sell. These are referred to as illiquid shares. Even shares listed in the stock exchanges may be illiquid. In that case there is little supply or demand, as a result of which these shares are more difficult to buy or sell. If someone buys or sells a large number of illiquid shares, this will usually result in a sharp price increase (when bought) or decrease (when sold).
- **The additional risks of claims** are their limited duration and the *leverage effect*. There is a *leverage effect* because the value only depends on the difference between the stock exchange quotation and the price for which the underlying shares with these claims can be purchased. This is comparable to a call option. The characteristics and risks of call options are described under item 5 of this chapter.

3. What are the characteristics and risks of bonds?

Characteristics

A bond is a debt instrument issued by a (government) institution or company. Bonds are the outside capital (borrowed money) of a company or institution. The issuer usually pays an interest rate that has been agreed upon in advance. This is referred to as the coupon. Coupons are periodically paid and we transfer the money to your securities account. Virtually all bonds are redeemable. For monitoring and advising purposes bonds are categorised into bonds investment grade and high yield bonds. Bonds investment grade are bonds with a rating between AAA and BBB (Bloomberg Composite Rating). Bonds with a lower rating are referred to as high yield bonds. Bonds in this group are characterised as risky *investments*.

Types of bonds

In addition to simple bonds there are also more complicated ones. The major ones are:

– Complex bonds. Complex bonds may relate to the interest payment method, repayment and issue or other loan conditions. For example, the yield of the bond may be made dependant on the applicable interest rate (e.g. Floating Rate Notes (FLRO), steepeners and perpetual capital bonds) or on the profits of the issuer (e.g. profit sharing bonds). And there are also bonds where you do not receive interest (zero bonds). Their yield is the difference between the issue price and the later redemption price. Based on their rating complex bonds are classified as bonds investment grade or high yield bonds.
– Convertible bonds. These bonds can be exchanged for shares. A convertible bond has characteristics of both bonds and shares. Before undertaking this *investment* you must become familiar with the characteristics and workings of convertible bonds and the associated risks. You can also obtain information from your banker.

There are also special types of convertible bonds, such as reverse convertibles. The decision to convert lies with the issuer. This product carries a higher risk than the regular convertible bond because the decision to convert is out of your hands. The issuer will only decide to convert the bonds into shares when it is opportune for him to do so, which may be inopportune for the investor.

Risks of bonds

An *investment* in bonds also carries risks. The major ones are:

– Interest rate risk. The price of a bond depends, inter alia, on the interest rate. An interest increase may cause the prices of bonds to drop, while an interest decrease may cause them to rise.
– Credit risk. The issuer may get into problems and be unable to (re)pay your loan and interest. The credit risk is lower when the issuer is financially sound. A risk that is related to the credit risk is the rating risk. If one of the established rating agencies (such as Moody's, Fitch Ratings or Standard & Poor's) lower a loan's rating, they think it likely that a credit risk will occur. As a result the issuer has to pay a higher interest rate if they want to borrow money on the money and capital markets. The price of the bond concerned will usually drop.
– Other risks. A subordinated bond usually involves a higher coupon interest, but holders of these bonds are subordinated to other creditors in case of a bankruptcy. The coupon payment may also be skipped. The purchase of bonds with equity capital offers no leverage. You do run the risk of losing your entire *investment*. With Contingent Convertible Notes and Senior Bank Bonds amortisation on the principal sum may be possible, under certain *conditions*. The principal sum may also (partially) be converted into shares.

4. What are the characteristics and risks of investment funds?

Characteristics

An investment fund brings investors together. An investment fund collects the means of individuals and invests these on behalf of the group in a portfolio with various *investment* products, such as shares or bonds. An investor in an investment fund gets a 'portion of the portfolio'. We select investment funds based on an extensive analysis.

Price

The price or rate of an open-end investment fund (refer to 'Types of investment funds' below) is based, inter alia, on its *intrinsic value*. The management fee and other costs are included in the valuation of this *intrinsic value*. The *intrinsic value* is determined by dividing an investment fund's equity capital (share capital plus reserves) by the number of outstanding participations in that investment fund. The price may fluctuate, meaning the price level at which an investor may sell his/her share in the investment fund is unsure. Some investment funds pay dividends. You may receive this dividend as cash or reinvest in net participations of the investment fund. You provide us with a model instruction.

The price of a closed-end investment fund depends on supply and demand and may deviate from the *intrinsic value*.

Share classes

Fund managers sometimes offer more investment fund variants in the form of different share classes. They do so to meet the various preferences of investors. For example, there may be a share class that is quoted in dollars while another one is quoted in euro. Or a share class where dividend is automatically reinvested in the fund and another one where the dividend is paid to you in cash. Share classes may also be geared to various target groups, such as private or institutional investors. Where investments are concerned the share classes are the same. The difference lies in their characteristics, such as the currency, the form of dividend payment, the management fee or the minimally required investment.

Where private customers are concerned we usually make the private share class available. But there are exceptions. Sometimes an institutional share class may be available that offers advantages compared to the private one. When the fund manager allows private customers to invest in this institutional share class, we make it available to our private customers. Our customers cannot derive any rights from the type of share class. It may be that you can only invest in a certain institutional share class through us. As a result it may not be possible to transfer that share class if you want to transfer your portfolio to another bank.

The trade in investment funds

You cannot buy and sell all funds in the same way. Some funds use an auction-based system. This means that all the orders in a specific funds that are entered before 3:55 pm are traded the next day at 10:00 am (auction time). Participations are traded at one transaction price, the *intrinsic value*. This may include small entry or exit charges, also referred to as trading costs. These trading costs are to offset transaction costs within the funds regarding purchase or sale. Trading costs may also be charged separately. The *intrinsic value* before the auction time is calculated based on closing prices and are published daily on the website of the fund manager in question. The trading costs are included in the prospectus and the *KII* of the investment fund concerned. With some investment funds there is no daily trade but monthly or even annually. The investment funds that are not traded through an auction system are traded through the stock exchange as specified in our Order Execution Policy. Chapter 7 of these *terms and conditions* contains more information about this policy.

Dividend

There are investment funds with the legal status of limited company (Naamloze Vennootschap (NV)) or limited liability company (Besloten Vennootschap (B.V.)). These types of investment funds may offer you the option of converting your received dividend into new shares. This means you will first receive the dividend, after which we charge your account for the acquired shares. This is referred to as reinvestment. Where optional dividend is concerned, you provide us with the model instruction whether you want to receive dividends in cash or as shares (stock dividend). With reinvestment you provide us with the model instruction that you want to reinvest the received dividend in new shares of the investment fund. With Asset Management A la Carte the model instruction of dividend in cash applies.

Types of investment funds

- Open-end and closed-end investment funds. Closed-end investment funds (contrary to open-end investment funds) are legally obliged to NOT issue additional participations following introduction. The participations of closed-end investment funds are traded on the secondary market and the price is determined through supply and demand. Open-end investment funds, however, are legally obliged to sell and purchase participations at their *intrinsic value* per share. Most open-end investment funds are traded through an auction system, meaning trade only occurs once a day. The time this trade takes place differs per fund.
- Fund of funds. A fund of funds is an investment fund that invests in investment funds. When you buy a fund of funds, both the fund(s) manager and the managers of the underlying funds deduct a management fee. As a result of this structure there is a stack of fund charges, meaning the total costs may be higher than is the case with a regular investment fund.
- Active and passive investment funds. Investment funds can also be classified into active and passive ones. An active investment fund knowingly deviates from the relevant market index in order to realise a better return. This deviation is usually based on a vision or strategy. An analyses is required to develop this vision, which results in higher management costs. The objective of a passive investment fund is to mimic the return of the relevant market index as much as possible. The term ‘passive’ refers to the fact that the composition of the index is followed.
- Index funds and Exchange Traded Funds (ETFs) are examples of passive investment funds. With so-called index funds and ETFs the Ongoing Charges Figure (OCF) is usually lower because index funds follow an index. Management is easier than with an actively managed fund. The managers of index funds receive a lower management fee, resulting in a lower OCF. With exchange traded funds trading can take place during the entire trading day. Investment funds such as closed-end investment funds, private equity funds and fund of funds are complex investment funds.

Risks of investment funds

All risks of *investments* mentioned in this chapter also apply to investment funds (depending on the composition of the fund portfolio). As the *assets* in an investment fund are diversified across different *investment* products, the price volatility of an investment fund are in general lower than that of individual shares or bonds. You run the risk of losing your investment in the investment fund due to, for example, mismanagement by the fund manager. The risks of investment funds are determined by the underlying assets and the investment strategy of the fund. The purchase of participations in the investment fund with equity capital offers no leverage. Note that an investment fund can sometimes invest using borrowed money, in which case there is leverage within the fund. Refer to the *KII* and the prospectus of the investment fund in question for information about the specific risks and other information.

5. What are the characteristics and risks of options?

Characteristics

An option is a contract that entitles you to buy or sell a certain quantity of the underlying asset (such as shares) during a specific period at a price that has been agreed upon in advance. The party issuing the option is referred to as the 'writer' and assigns the right to the other party, the 'buyer'. The buyer pays the writer a premium for this right. The premium (the price of an option) is determined by supply and demand. Options can be categorised as follows:

- Call options. These options give you the right to buy a certain underlying asset (such as shares). To exercise a call option it is profitable when the price of a share is higher than the exercise price. The exercise price is the price that gives the buyer the right to purchase the underlying shares.
- Put options. These options give you the right to sell a certain underlying asset (such as shares). To exercise a put option it is profitable when the price of a share is lower than the exercise price. The exercise price is the price that gives the buyer the right to sell the underlying shares.

The price of an option (premium) depends, inter alia, on the price of the underlying asset, its volatility and the period duration during which you can derive rights from the option. The longer an option's duration, the more time value and expected value the option premium has. The time value and expected value indicate the probability of the difference between the exercise price and the price of the underlying assets being positive. This has to do with the option's duration and the share's volatility, among other things. The more volatile the price of the underlying asset, the bigger the probability of profit or loss, which is why the premium of an option related to a volatile share is often higher than an option related to a virtually non-volatile one.

The premium is almost always lower than the price of the underlying asset because it largely depends on the difference between the stock exchange quotation of the underlying asset and the price at which the option can be exercised. As a result of this, price fluctuation of the underlying asset may lead to relatively larger profits or losses in case of an *investment* in the option rather than an *investment* directly in the underlying asset. This is referred to as the *leverage effect*. Usually the option is tradable in the interim, i.e. both call options and put options can be bought and sold in the interim. Investing in options is the best option for those who invest actively. Active investors are always aware of how much their shares are worth. They closely follow the market and the economic developments and anticipate.

There are three types of options:

1. Out-of-the-money options. The exercise price is much higher (call option) or lower (put option) than the price of the underlying asset. The option premium only consists of time value and expected value and had no *intrinsic value*. The option premium and the premium's volatility are relatively low because the probability of the option gaining *intrinsic value* is small.
2. At-the-money options. The exercise price of the underlying asset virtually equals the exercise price of the option. The time value, expected value and volatility of the option premium are highest because the probability of the option gaining *intrinsic value* is high.
3. In-the-money options. The exercise price is lower (call option) or higher (put option) than the price of the underlying asset. The option premium has a low time value and expected value, but a high *intrinsic value*. Every change in price of the underlying asset is immediately reflected in the option premium.

Buying an option

The buyer of an option is entitled (not obliged) to buy (call option) or sell (put option) the underlying asset during a certain period at a price that has been agreed upon in advance. The buyer, therefore, need not do so. The buyer pays a premium for this entitlement. The buyer of an option runs the risk of losing said premium. The loss never exceeds the premium. The buyer of an option can sell it and collect the premium at a profit or loss, or exercise the right to buy or sell the underlying asset at the agreed upon price.

'Writing' an option

The writer (seller) of an option is obliged to sell (call option) or buy (put option) the underlying asset at a price that has been agreed upon in advance. The writer has the obligation to deliver or the obligation to purchase and receives a premium. When writing options we distinguish between covered and uncovered calls.

- Covered calls. With a call option the writer owns the underlying asset. Covered calls may offer some protection against depreciation of the underlying asset.
- Uncovered calls. With a call option the writer does not own the underlying asset. These will have to be purchased and delivered at the then current price. The writing of put options is usually deemed uncovered. Writing uncovered call options may result in unlimited losses. In view of this risk we do not allow uncovered writing of call options by private customers (non-professional customers). To make sure a writer is able to meet the obligations, he/she must provide security. This obligation is referred to as the margin requirement. The margin, the scope of the obligation, is determined using a specific formula.

Writing put options and call options based on an index and setting up time spread combinations may also result in major losses, which is why we recommend our customers to be reticent with such *investments*.

Types of options
Besides the options described above there are also warrants. Warrants represent the entitlement with regard to the issuer to buy or sell a certain quantity of shares or bonds (or sometimes a certain quantity of foreign currency) during a predefined period at a predefined price. The characteristics of warrants are similar to those of options.

Risks of options
The premium you receive or pay is much lower than the price of the underlying asset. Investing in options has a *leverage effect* that ensures that the profit you can make is higher than the profit you can make when directly investing in the underlying asset. However, you also lose more when the price of the underlying asset decreases than is the case with a direct investment. You could lose the entire investment, and you may even have to make an additional payment. When you decide to invest in options, we will conclude a supplemental option agreement.

6. What are the characteristics and risks of futures?

Characteristics
Forward contracts (futures) are obligations (not entitlements) to buy or sell a certain quantity of a specific underlying asset (such as currencies, goods or raw materials) at a predefined time in the future at a predefined price. The buyer of a futures contract (the holder of a long position) assumes the obligation to receive and pay the agreed upon quantity. The seller (holder of a short position) assumes the obligation to deliver. In general it is not the intention to actually receive or deliver the underlying asset (the goods or financial value.

Risks
Futures have a high *leverage effect* and are volatile. When concluding a forward contract only a small portion of the actual value need to be deposited. A limited price fluctuation may, however, result in major losses (or profits). Losses can exceed the value of the deposited amount. Profits and losses are updated daily and settled based on the closing price of the underlying asset concerned. In case of a loss the investor has to immediately pay a cash supplement. In view of your position and the objective of the *investment* you must carefully consider whether such *investments* are right for you. This guide can be obtained from your banker.

7. What are the characteristics and risks of investments in property?

Characteristics
Direct investment in property often requires a large investable amount, which is why most investors use a property fund. A property fund can invest directly in buildings, but also indirectly in companies involved in property development projects or in other property funds.

Risks
The risks of investing in property relate to interest rate movements and the general economic developments and political stability of the country where the property is located. The returns of property are uncertain and you run the risk of losing your entire investment. The purchase of a property investment with your own capital offers no leverage. A property fund itself may entail a *leverage effect*.

8. What are the characteristics and risks of structured products?

Characteristics
A structured product is a specific form of investment that is riskier than a normal *investment*. Structured products are issued by financial institutions such as banks. The characteristics and risks of a structured product are specified in its prospectus. Structured products are often complex.

Types of structured products
Structured products can be classified into guaranteed products, protection products and leveraged products.
These are described below.

- **Guaranteed products or protection products.** (Part of) your purchase amount is guaranteed, meaning that (part of) the amount is returned on the maturity date.
- **Leveraged products.** There are many forms of leveraged products. These are speculative *investments* comparable to options. A turbo is an example of a leveraged product. A turbo, also known as speeder or sprinter, is an investment that enables investors to invest, with leverage effect, in different underlying assets, such as shares, stock market indices, currency, bonds, raw materials and investment funds. You run additional risk in relation to the value that is invested in. Suppose the price of the underlying asset increases by 5%, meaning you could make a 20% profit. But you may also lose money, if the price decreases by 5% you suffer a 20% loss. Structured leveraged products are best suited for active and experienced investors. You run a major risk with leveraged products: you may lose the entire investment.

Risks
The risks involved are the issuer's debtor risk (default risk) and the principal risk during the term.

– **Debtor risk.** If the issuer of the guaranteed product goes bankrupt, you could lose your *investment*.
– **Principal risk.** The value of the underlying asset may increase, remain the same or decrease during the term. You run the risk of no or even a negative yield. The protection varies per product. It may be that a guarantee only applies on the maturity date, or that you get nothing when certain *terms and conditions* have not been met.

The return and volatility of a structured product often depends on the development of the underlying asset. The purchase of a guaranteed product or protection product with your own capital offers no leverage. You do run the risk of losing your entire *investment*.

9. What are the characteristics and risks of hedge funds?

Characteristics

The major characteristic of most hedge funds is the limited relation between their results and the returns of shares and bonds. Hedge funds do not use a bond or shares index as a performance benchmark but focus on achieving absolute positive returns. There are many different hedge funds with different strategies. You may also invest in a fund of hedge funds. This investment fund invest in a number of different hedge funds.

Specific agreements

Before you decide to invest in a hedge funds, you must be familiar with the terms and *terms and conditions* as specified in the prospectus and, if available, the *KII*. Sometimes we conclude specific agreements with hedge funds about the purchase procedure in deviation of the prospectus. These agreements will be included in a trade map that can be obtained from your banker. Specific *terms and conditions* apply to the purchase of participations in a hedge funds that is not traded daily.

If we invest in such a hedge funds on your behalf, we subscribe to the desired number of participations at the latest trade price with a possible surcharge. We will debit the amount (of the number of participations) times the most recent price from your *asset account*. At that time you have already paid for but do not yet own the participations. The final price will be known approximately 15 trading days following the end of the month. That is when the subscription rights are exchanged into participations through reversal of the subscription rights and purchase of the participations. The subscription rights are reversed at the price for which they were purchased. At the same time you purchase the participations at the final price at the end of the month. The first trading day following the end of the month is the currency date (the date of credits to/debits from your *asset account*).

Risks

Due to the wide allocation the price risk of a fund of hedge funds is usually lower than is the case when investing in a single hedge funds. The major risk of hedge funds is the limited tradeability in the short(er) term. Buying into a hedge funds with your own capital offers no leverage. A hedge funds itself may entail a *leverage effect*. You do run the risk of losing your entire *investment*.

10. What are the characteristics and risks of private equity?

Characteristics

Private equity means investing (equity) capital in companies that are not publicly traded. This often entails investing in a private equity fund. Private equity has the same properties as investing in shares (e.g. volatility) and depends on the economic developments and to a lesser extent on the stock market climate.

Risks

Investing in companies that are not publicly traded is not easy. The market is not easily accessible and the information on these mostly smaller companies is scarce. Different rules apply to private equity in comparison with regular investment. It is, therefore, essential to seek advice from a specialist beforehand and you should contact your banker. Purchasing a private equity *investment* with your own capital offers no leverage. Note that a private equity fund can sometimes invest using borrowed money, in which case there is leverage within the fund. You do run the risk of losing your entire *investment*.

Other

11. Are there any other types of investments?

There are many other types of *investments*. We have discussed the characteristics and risks of the *investments* we usually recommend. Not all types of *investments* have been dealt with. There are *investments* with deviating characteristics and risks. Contact your banker for an elucidation of these types of *investments*.

12. Where can I find more information?

– You can always contact your banker if you require additional information or explanation.

7. Investment policies

Introduction

General
1. Why are policies important?
2. Where can I find the applicable version of the policies?

Order Execution Policy
3. How do we execute orders on your behalf?
4. To which orders does the Order Execution Policy apply?
5. To which investments does the Order Execution Policy apply?
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Conflicts of interest
9. When does a conflict of interest occur?
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11. How do we avoid these situations?
12. What are Chinese Walls?
13. What ‘soft’ ways are there to prevent conflicts of interest from occurring?
14. Do you receive price-sensitive information?
15. What happens if we cannot prevent a conflict of interest from occurring?

Introduction

This chapter describes why we create policies and why they are significant. Our policy on the execution of orders is discussed. And finally conflicts of interest are dealt with.

General

1. **Why are policies important?**
   We create policies to ensure we always put your interest first. Our Order Execution Policy ensures we achieve the best possible result when executing your order. Our Conflict of Interest Policy has been set up to prevent conflicts of interest from occurring.

2. **Where can I find the applicable version of the policies?**
   We regularly check our policies, other procedures and instructions to make sure they still meet our demands. Where necessary the policies will be modified. When assessing our Order Execution Policy we ask ourselves the following questions:
   1. Do the selected execution locations and third parties still achieve the best possible result?
   2. Have market circumstances changed in such a way that it would be better if we executed orders elsewhere?

   We will notify you of any significant modifications. The most current version of the policies are included in the *terms and conditions* and are available on our website www.vanlanschot.ch/. You can also obtain the latest version from your banker.

Order Execution Policy

3. **How do we execute orders on your behalf?**
   All the purchases and sales we perform on your behalf are executed as described in the Order Execution Policy. This policy applies to both the orders we execute ourselves and those that are executed by another party through a third party. When orders are executed by another party we always require them to take our Order Execution Policy into account.

4. To which orders does the Order Execution Policy apply?
The Order Execution Policy applies to all order types included in your portfolio.

5. To which investments does the Order Execution Policy apply?
   - The Order Execution Policy applies to all orders in the below *investments*:
   - Shares and related instruments, such as claims, scrips, stock dividends and publicly listed and traded investment funds
   - Investment funds that are not publicly listed and traded, including those that invest in hedge funds and private equity
   - Bonds and other tradeable debt instruments
   - Structured products, such as guaranteed, leveraged and protection products

6. What factors are taken into account to ensure an optimum result?
To achieve the best possible result for our customers we take factors such as price, execution charges, speed (of execution), probability (of execution and settlement), scope and nature of the order into account. The table below includes the relevant factors per asset class. The sequence of the factors indicates their level of significance when executing orders. This sequence is mainly determined by the characteristics of the order, the asset class and the execution location. The table also shows the execution locations and third parties (brokers) that are used. The last column contains examples of execution locations and third parties that are mainly used.

7. Overview of factors and execution locations

Factors and execution locations

Investments	Relevant factors	Execution locations	Examples of execution locations and third parties
Shares and related instruments	1. Price and execution charges 2. Likelihood of execution and settlement 3. Speed of execution 4. Scope and nature of the order	Through Broker: a. Regulated markets, through a selected third party b. Multilateral trading platforms c. Pools	Refer to the overview of execution location of shares on our website
Investment funds	1. Price and execution charges 2. Likelihood of execution and settlement 3. Speed of execution 4. Scope and nature of the order	a. Regulated markets, direct b. Regulated markets, through a selected third party c. Providers of the investment fund d. Transfer Agents, direct e. Transfer Agents, through a selected third party	a. Swiss Stock Exchange b. Euronext Amsterdam c. LSE, Xetra, e.g. through CSFB, BNP, UBS, Kempen & Co d. Kempen & Co, Rothschild e. Fastnet f. Fundsettle
Bonds and other tradeable debt instruments	1. Price and execution charges 2. Scope and nature of the order 3. Likelihood of execution and settlement 4. Speed of execution	Through Broker: a. Selected professional other parties providing (OTC) liquidities outside of the regulated markets	a. Swiss Stock Exchange b. Euronext Amsterdam and Brussels c. Rabobank, J.P. Morgan, Zurcher Kantonalbank, Credit Agricole, UBS, ING
Structured products	1. Price and execution charges 2. Likelihood of execution and settlement 3. Speed of execution 4. Scope and nature of the order	Through Broker: a. Regulated markets, through a selected third party b. Issuer/provider of the product	a. Swiss Stock Exchange b. Euronext Amsterdam and Brussels c. LSE, Xetra, e.g. through CSFB, BNP, Kempen & Co d. Van Lanschot, Kempen & Co, ING, Merrill Lynch, BNP

8. Why does it say 'Broker' at execution location?
UBS and Van Lanschot Netherlands are our brokers for all *investments*. This means that the brokers act as counterparties of Van Lanschot Bankiers. The brokers have direct and indirect access to various execution locations (trading platforms) and selected third parties (brokers). When executing orders on your behalf the brokers will aim to achieve the best possible result.

Conflicts of interest

9. **When does a conflict of interest occur?**
   We are part of the Van Lanschot Kempen Group which has subsidiaries and participations in other companies. We not only *manage* and *advice* on customers' *assets* but also trade on own account. We also create *investments*, such as shares, bonds, investment funds and structured products. This could result in conflicts of interest. A conflict of interest means that our interest need not be the same as yours. By 'our interest' we mean the interest of other customers, a director or an employee.

10. **What kind of situations do we want to avoid?**
    We want to avoid the following situations that could result in a conflict of interest:
    – Intermingling of business and personal interests of employees and directors
    – Intermingling of our and your interests
    – Creation of an incentive – financial or otherwise – to put the interest of one customer or group of customers above yours

11. **How do we avoid these situations?**
    There are several ways to ensure that conflicts of interest are properly dealt with. There are 'hard' and 'soft' ways to do so. An example of a hard way to prevent conflicts of interest are Chinese Walls between various business units. An example of a soft way is the obligation of each employee to correctly handle confidential information. Policies, procedures and instructions have been created: the Code of Conduct of Van Lanschot Bankiers.

12. **What are Chinese Walls?**
    Chinese Walls (physical separations) are a way to prevent conflicts of interests from occurring. One of our business units may have certain information at its disposal that could have an impact on the price trend of certain listed *investments* if it were disclosed. We ensure that price-sensitive or confidential information on a specific activity is not made known to persons involved in other activities as this could affect the way in which they perform their duties. It could result in a conflict of interest.

13. **What 'soft' ways are there to prevent conflicts of interest from occurring?**
    We have established the following ways to prevent conflicts of interest from occurring:
    – Clear codes of conduct that include rules on how to deal with price-sensitive information, personal transactions, second jobs, gifts and entertainment
    – Procedures that include checks to identify conflicts of interest
    – Clear work instructions
    – Management leading by example (corporate culture)
    – Training employees

14. **Do you receive price-sensitive information?**
    Departments of our bank, including those that are not involved in investment services, can have information that may have an impact on the price of your *investments*. We do not need to provide you with this information nor do we need to take this information into account when advising you on your *investment*. We will not be liable for any resulting damage from not providing you with this information, unless we have made a grave error or have deliberately caused the damage to occur.

15. **What happens if we cannot prevent a conflict of interest from occurring?**
    If we are unable to take measures, such as enforcing policies or instructions, to prevent a conflict of interest from occurring, we will make this conflict of interest known to you. You can then determine whether your interests are sufficiently taken into account.

Appendix 1. Terms

Act	The Financial Markets Supervision Act.
Agreement	The Asset Management A la Carte agreement to which these *terms and conditions* apply.
Portfolio	The account where we administer the money and the *investments* we *manage* on your behalf. The money in this account is used for the purchase of your *investment* products and payment of the costs relating to *management*. Money that is received from your *investments* are credited to this account.
Assets	The money and the *investments* in your *asset account*.
Financial instruments	The instrument types mentioned in Article 1:1 of the law, such as shares (or depositary receipts), bonds, shareholding rights in investment institutions, options and futures.
Intrinsic value	This value is determined by dividing an investment fund's equity capital (share capital plus reserves) by the number of outstanding participations in that investment fund.
Investment(s)	All *financial instruments*.
KII	Key Investor Information about a fund. KII provides more insight into the nature and risks of *investments* in investment funds, ETFs and trackers.
Leverage effect	a) Investing with borrowed money; or b) The characteristic that the price of the *investment* increases relatively higher or decreases relatively lower than the underlying asset, for example, where an option is concerned. In both cases price fluctuation of the underlying asset (such as a share) may lead to relatively larger profits or losses in case of an *investment* in the option rather than an *investment* directly in the underlying asset.
Manage/management	Taking investment decisions and giving buy and sell orders regarding your *investments* in your name and at your risk. Reinvesting the proceeds of your *investments*. Performing all actions we deem necessary or desirable for this purpose.
Stock exchange	Regulated market within the meaning of the law.
Terms and conditions	These Terms and conditions for Investment Advice.
Website	www.vanlanschot.ch

Appendix 2. Deposit Insurance Scheme (DIS) information sheet

Basic information about the protection of assets.

Assets held at Van Lanschot Bankiers are protected by esisuisse, the deposit insurance scheme that guarantees client assets held with a Swiss Bank.

Protection limit
CHF 100,000 per account holder per bank.

When you have multiple accounts with the same bank
All the accounts at the same bank will be aggregated and the CHF 100,000 limit will be applied to the total amount[2]

When you have a joint account with one or more other persons
The CHF 100,000 limit will apply to each individual account holder.

Payment deadline when a bank can no longer meet its obligations
Immediately (in practice within 30 business days)

Repayment currency
CHF

Contact
esisuisse - Deposit Insurance
Steinentorstrasse 11
4051 Basel
Switzerland

Business address	*Telephone*
Westeinde 1 1017 ZN Amsterdam	+41 61 206 92 92
E-mail	*More information*
info@esisuisse.ch	http://www.esisuisse.ch

Additional information

Other important information: in general all private account holders and companies are covered by the deposit guarantee scheme. An exception applies to specific credits; these are specified on the website of the deposit guarantee scheme concerned. Upon request your bank will also specify whether specific products are covered. When an account is covered, the bank will confirm this on the account statement.