Investment possibilities in the case of discretionary wealth management

The investment vehicles listed in this Appendix A are considered as ordinary investment vehicles within the framework of a discretionary management mandate. These vehicles may be used by the Manager even if the Wealth Management Contract does not expressly provide for it.

Any operations which do not come into one of the categories of investment vehicles provided for in this Appendix A must be the subject of a specific mandate or specific orders for this kind of operation.

Any direct investments in real estate, non-precious metals and raw materials as well as investments or the indexes which are derived from them do not constitute ordinary investment vehicles within the meaning of this Appendix.

With a view to diversifying the entire portfolio, the recourse to non-precious metals and raw materials may nevertheless still be made in the form of a collective investment, derivative, index or structured product. For vehicles which provide for the physical delivery of non-precious metals or raw materials, the Manager must take care that no physical delivery is made to the client.

The following constitute ordinary investment vehicles

1. Forward investments, trust investments and securities lending

Trust investments and securities lending are admitted as long as the bank chosen is first class.

2. Investment in securities, book-entry securities and precious metals

Operations in precious metals, money market and financial market transferable securities in the form of securities and book-entry securities (e.g. shares, bonds, notes, book debts, etc.) as well as financial vehicles derived from them or which are combinations (derivative, hybrid products, etc.) must be easily negotiable.

The criteria which make it possible to conclude in their easily negotiable character are a quotation on the stock exchange or the existence of a representative market for the security in question. The following may escape this rule to a limited extent:

- investments in securities which are recognized and very widespread among investors but which have reduced negotiability, such as medium-term bonds and
- over-the-counter products (OTC).

This latter exception nevertheless supposes that the issuer enjoys recognized solvency and that price quotations in conformity with market conditions are available for the aforesaid products.

3. Collective investment vehicles

Collective investment vehicles (investment funds, investment trusts and unit trusts, etc.) are considered as ordinary investment vehicles – subject to article 4 relating to non-traditional investments – in so far as the capital of these investments is invested in vehicles which are considered to be ordinary within the meaning of this Appendix A.

The faculty, for the investor, of cancelling the investment in a suitable manner is equivalent to the easily negotiable character of the investments.

4. Non-traditional investments

Non-traditional investments, the financial vehicles which are derived from them and their combination, are considered as ordinary investment vehicles in so far as the conditions mentioned hereinafter are fulfilled.

Non-traditional investments are understood to mean investments in Hedge Funds, Private Equity and real estate. The investments made through these vehicles are not necessarily limited to the investments authorized by this Appendix or to easily negotiable vehicles.

In order to diversify the entire portfolio, some non-traditional investments may be made, in so far as they are structured according to the "Funds of Funds" principle or offer the guarantee of equivalent diversification and that they are easily negotiable.

According to the "Funds of Funds" principle, investments in funds take place in several legally independent collective investment vehicles. Diversification equivalent to this principle exists when the investments are grouped together in one single collective investment while being managed however according to the "Multi Manager" principle (management of the fund by several managers working independently of each other).

The Manager shall take the necessary organizational measures so that these investments are made with care.

5. Operations in standardized options

Standardized options (traded options) are considered to be those relating to standardized securities, which are negotiated on an organized market and deducted through the intermediary of a recognized clearing house, which offers some guarantees as to the execution of the option contracts.

Operations in standardized options are considered as admitted on condition that they do not give rise to a "leverage effect on the whole portfolio."

The sale of calls and puts is not exercised by a "leverage effect on the whole portfolio" when the portfolio contains:

- for the sale of calls, a corresponding position in underlying securities or, if it is a matter of options on market indexes, interest rates, non-precious metals or raw materials, an equivalent position in securities presenting an underlying sufficiently representative position in relation to the subject of the options;

- for the sale of puts, liquidities that make it possible, already at the time of the conclusion of the operation, and thereafter at all times, to assume the liabilities deriving from the contract.

At the time of the purchase of calls and puts, the manager must take care that the portfolio remains in conformity with the investment policy agreed with him, even after the possible exercise of the option, and that it does not result in a debit position (purchase of calls), or of the short sale of the underlying security (purchase of puts).

The compensation of open positions of calls and puts is authorized at all times.

6. Operations relating to non-standardized options

The same principles applicable to operations in standardized options are applicable to operations relating to non-standardized options (e.g. over-the-counter options, warrants, "Stillhalter" options, etc).

In the case of OTC products, the issuer must however enjoy recognized solvency and it must be possible to obtain price quotations in conformity with market conditions for the aforesaid products.

"Stillhalter" operations (deposit of securities by the client as cover for the issue of options by the bank or a third party) may only be carried out with the client's express agreement.

7. Financial futures

Financial futures may be used as follows:

At the time of the sale of financial futures, there must be a corresponding position in underlying securities. If it is a matter of futures on market indexes, currencies, interest rates, non-precious metals or raw materials, it suffices for the underlying stocks to be represented in a sufficient measure.

At the time of the purchase of financial futures, the necessary liquidities must already be available in total at the time of the conclusion of the purchase.

At the time of the sale of currency futures, the position in underlying securities may also consist of investments held in the corresponding currency.

The same principles are applicable to non-standardized forward operations.