Zürcher Kantonalbank

Information on conflicts of interest in Zürcher Kantonalbank's investment business

Information

1 Introduction

As a universal bank operating regionally, nationally and internationally, Zürcher Kantonalbank ("Bank") offers a wide range of financial services to a broad client base. In providing its services, the Bank cannot always avoid conflicts between its own interests and those of clients or between the interests of different clients. The Bank endeavours to deal with conflicts of interest in accordance with legal requirements in a transparent and professional manner. It has internal policies and processes in place to manage conflicts of interest and takes measures to prevent conflicts of interest from having any adverse impact on its clients.

This document discloses any actual or potential conflicts of interest in the Bank's investment business. This information is provided in addition to the general conflict of interest notices available at zkb.ch/interessenkonflikte.

2 Conflicts of interest in the various service models

2.1 ZKB Discretionary Mandate (Classic, Premium, Expert, International)

Use of the Group's own financial instruments: Insofar as financial instruments issued by the Bank or its Group companies are used within the framework of the ZKB Discretionary Mandate ("Group's own financial instruments", such as Swisscanto investment funds and structured products issued by the Bank), a conflict of interest may arise due to the economic ties in place. This is due to the fact that the Bank performs other functions in addition to distribution (e.g. asset management, trading, custodian) for the Group's own financial instruments and is compensated for this. This can lead to situations where, in the case of such financial instruments, almost the entire (management) commission charged to the Client remains with the Bank. This may create an incentive for the Bank to give preference to the use of the Group's own financial instruments.

The Bank has taken measures to prevent this conflict of interest from having any adverse effects on the Client. For example, the financial instruments selected within the framework of the ZKB Discretionary Mandate are chosen centrally by the Investment Solutions division led by the Chief Investment Officer (CIO). The CIO is organisationally independent of the areas of the Bank, which issue the Group's own financial instruments. Investment Solutions follows a structured and independent selection process, which evaluates and selects both the Group's own as well as third-party financial instruments according to the same quantitative and qualitative criteria.

Non-monetary compensation: The Bank may receive compensation from third parties (e.g. from the Bank's Group companies, other providers of financial instruments or from third parties involved in the settlement of trading orders), which by their nature cannot be passed on to the Client (e.g. invitations, gifts or free access to platforms, etc.). This could create an incentive for the Bank to give preference to these third parties.

The Bank has issued binding instructions to its employees regarding the acceptance of non-monetary compensation, which are designed to prevent its clients from suffering any adverse effects.

2.2 ZKB Portfolio Consulting (Classic, Premium, Expert, International)

Recommending the Group's own financial instruments: Insofar as financial instruments issued by the Bank or its Group companies are recommended within the framework of ZKB Portfolio Consulting ("Group's own financial instruments", such as Swisscanto investment funds or structured products issued by the Bank), a conflict may arise between the interests of the Bank and the interests of the Client due to the economic ties in place. This is due to the fact that for the Group's own financial instruments the Bank performs other functions in addition to distribution (e.g. asset management, trading, custodian) and is compensated for this. This can lead to situations where, in the case of such financial instruments, almost the entire (management) commission charged to the Client remains with the Bank. This may create an incentive for the Bank to recommend the use of the Group's own financial instruments to the Client.

The Bank has taken measures to prevent such a conflict of interest from having any adverse effects on the Client. For example, the financial instruments to be recommended to the Client within the framework of ZKB Portfolio Consulting are chosen centrally by the Investment Solutions division led by the Chief Investment Officer (CIO). The CIO is organisationally independent of the areas of the Bank which issue the Group's own financial instruments. Investment Solutions follows a structured and independent selection process which evaluates and selects both the Group's own as well as third-party financial instruments according to the same quantitative and qualitative criteria.

Monetary compensation: Insofar as the Bank receives monetary compensation (e.g. fees, commissions or discounts) from Group companies or from other providers of financial instruments in connection with the provision of its portfolio consulting services, the Bank may have an incentive to preferentially recommend these financial instruments to the Client.

The Bank has taken measures to prevent such a conflict of interest from having any adverse effects on the Client. The Bank does not collect any distribution commission on financial instruments recommended by the Bank without taking the Client's own investment ideas into account. If the Bank receives monetary compensation from providers of financial instruments as additional remuneration for its services in the case of investment proposals, which integrate the Client's investment ideas or in the case of execution-only transactions, such compensation shall be disclosed to the Client and the Client shall waive its right to reimbursement by contractual agreement.

Non-monetary compensation: The Bank may receive compensation from third parties (e.g. from the Bank Group companies , other providers of financial instruments or from third parties involved in the settlement of trading orders), which by their nature cannot be passed on to the Client (e.g. invitations, gifts or free access to platforms, etc.). This may create an incentive for the Bank to recommend the use of the Group's own financial instruments to the Client.

The Bank has issued binding instructions to its employees regarding the acceptance of non-monetary compensation, which are designed to prevent its clients from suffering any adverse effects.

2.3 ZKB Fund Portfolio

Exclusive use of the Group's own financial instruments: The Swisscanto portfolio funds available within the framework of the ZKB Fund Portfolio are products issued by the Bank's Group companies; products from other providers are not available. With regard to the portfolio funds available in the ZKB Fund Portfolio, the Bank performs other functions in addition to providing its services under the fund portfolio agreement (e.g. asset management, trading, custodian) and is compensated for this by the respective fund management company. This can lead to situations where, for the portfolio fund selected, almost the entire (management) commission charged to the Client remains with the Bank.

Compensation by the fund management company: As remuneration for the provision of its ZKB Fund Portfolio services, the Bank receives monetary compensation from the respective fund management company. The amount of compensation received for the portfolio fund selected is disclosed to the Client, and the Client waives its right to reimbursement by contractual agreement. In addition, the Bank may receive compensation from the respective fund management company, which cannot be passed on to the Client due to its nature.

2.4 ZKB Portfolio Consulting Exclusive

Recommending the Group's own financial instruments: Insofar as financial instruments issued by the Bank or its Group companies are recommended within the scope of ZKB Portfolio Consulting Exclusive ("Group's own financial instruments"), a conflict of interest may arise due to the economic ties in place. This is due to the fact that the Bank performs other functions in addition to distribution (e.g. asset management, trading, custodian) for the Group's own financial instruments and is compensated for this. This can lead to situations where, in the case of such financial instruments, almost the entire (management) commission charged to the Client remains with the Bank. This may create an incentive for the Bank to recommend the use of the Group's own financial instruments to the Client.

The Bank has taken measures to prevent such a conflict of interest from having any adverse effects on the Client. The financial instruments recommended to the Client are chosen by the Key Clients Advisory division based on available market data and financial analyses (research). For this, the Group's own financial instruments are taken into consideration as well as those of third-party providers.

Monetary compensation: If the Bank receives monetary compensation from the Bank's Group companies or from other providers of financial instruments in connection with the provision of services under ZKB Portfolio Consulting Exclusive, the Bank may have an incentive to preferentially recommend these financial instruments to the Client.

The Bank has taken measures to prevent this conflict of interest from having any adverse effects on the Client. The financial instruments recommended to the Client are chosen according to objective criteria and based on available market data and financial analyses (research). Where possible, the Bank considers financial instruments in its investment proposals for which it does not receive any monetary compensation from third parties in connection with the provision of ZKB Portfolio Consulting Exclusive. If the Bank recommends financial instruments for which it receives monetary compensation as additional remuneration for its services, this is disclosed to the Client. Depending on the contractual agreement, the Client waives its right to reimbursement.

Non-monetary compensation: The Bank may receive compensation from third parties (e.g. from the Bank's Group companies and other providers of financial instruments or from third parties involved in the settlement of trading orders), which by their nature cannot be passed on to the Client (e.g. invitations, gifts or free access to platforms, etc.). This could create an incentive for the Bank to give preference to these third parties.

The Bank has issued binding instructions to its employees regarding the acceptance of non-monetary compensation, which are designed to prevent its clients from suffering any adverse effects.

2.5 ZKB Discretionary Mandate Exclusive / ZKB Discretionary Mandate Asset Management

Use of the Group's own financial instruments: Insofar as financial instruments issued by the Bank or its Group companies are used within the scope of the ZKB Discretionary Mandate Exclusive / ZKB Discretionary Mandate Asset Management ("Group's own financial instruments"), a conflict of interest may arise due to the economic ties in place. This is due to the fact that the Bank performs other functions in addition to distribution (e.g. asset management, trading, custodian) for the Group's own financial instruments and is compensated for this. This can lead to situations where, in the case of such financial instruments, almost the entire (management) commission charged to the Client remains with the Bank. This may create an incentive for the Bank to give preference to the use of the Group's own financial instruments. The Bank has taken measures to prevent this conflict of interest from having any adverse effects on the Client. When choosing the financial instruments, the Bank follows the specifications which were contractually agreed upon with the Client. Insofar as this has been contractually agreed with the Client, the Bank gives preference to the Group's own financial instruments. In addition, the Bank's Asset Management team selects financial instruments according to objective criteria and based on available market data and financial analyses (research).

Non-monetary compensation: The Bank may receive compensation from third parties (e.g. from the Bank's Group companies, other providers of financial instruments or from third parties involved in the settlement of trading orders), which by their nature cannot be passed on to the Client (e.g. invitations, gifts or free access to platforms, etc.). This could create an incentive for the Bank to give preference to these third parties.

The Bank has issued binding instructions to its employees regarding the acceptance of non-monetary compensation which are designed to prevent its clients from suffering any adverse effects.