

Your Investment Report

Supporting Notes and Explanations

You can find important notes about your investment report listed in the following. You will also find further explanations of terms and information in the second part of the document (from page 2).

We are continuing to reduce our ecological footprint. In order to do this, we are providing additional notes and explanations of terms in this document that can be accessed electronically.

Notes

General Notes

Portfolios are composed in collaboration with the client and do not necessarily match the scope of the corresponding client account. The recipient of the report is not necessarily the bank client to whom the bank accounts, assets, and liabilities are to be assigned. In particular, the following may not be listed, or not fully listed, within the scope of an investment report: building loans and mortgage debts, consumer credits, bills of exchange and acceptances, documentary credits, fiduciary credits, guarantees and similar instruments, insurances, investment plans, pending transactions, and non-securitized derivatives.

As a result, investment reports generated on the same cut-off date or in the same period do not necessarily have to match. Discrepancies may exist between period-specific investment reports, even where the periods coincide only partially. The reasons for the discrepancies may be:

- corrections during processing;
- fund rates with forward pricing; or
- subsequently rectified security prices.

In each case, the rating information refers to the creation date of the investment report.

Accrued Interest on Accounts

If the period of your investment report ends within one month or the evaluation key date is within one month, the accrued interest on the accounts in the current month will be shown as the final values of the previous month.

Asset Structure

In all analyses, the shares are expressed as a percentage of the total investments. The total wealth comprises the sum of assets and liabilities. In addition, insurance and pro memoria positions may be shown that do not form part of the assets or total wealth.

Fees

Fees are taken into account at the time of effective debiting. A pro rata calculation is not performed.

Methods for Calculating the Rate of Return

If an analysis does not have the reference "(MWR)" in its name, the returns (TWR) form the basis of the calculation. This information applies only to investment reports that show a return.

Scope of Analysis

The investment report contains sections listed in the scope of analysis.

Taxes

The investment report is not suitable for tax purposes. You will receive your requested tax documents separately. Otherwise, your client advisor will be happy to inform you of our current offering of tax products. Account closing documents for third pillar pension accounts and confirmation of payments made will be sent to the account holder separately.

Valuations and Prices

Trading prices may differ from the valuation contained in the investment report. Liquidity and/or risk premiums in particular can be deducted. For certain investment products, in particular for alternative investment instruments, official net asset values may be obtained only on certain dates. In such cases, the report may refer to (internally) estimated valuations instead of

official net asset values. Unless otherwise indicated, all figures are unaudited.

The explanations of terms listed in the following are to be understood in conjunction with the content of the investment report.

Explanations of Terms

Annual average rate of return

The annual average rate of return corresponds to the average return over the entire observation period in relation to one year. The geometric mean is applied for the respective calculation.

Asset allocation weights in percent

The calculation of the asset allocation weights as a percentage for investment reports with reported periods is based on the average invested capital.

Asset categories

Asset categories are structured as follows:

- **Liquidity and similar assets**

Liquidity, money market instruments, fiduciary deposits, call money, forward contracts, and other assets, particularly those with exposure to foreign exchange and money markets.

- **Fixed-income and similar assets**

Bonds, bond funds, and other assets, particularly with exposure to the area of fixed income.

- **Equities and similar assets**

Equities, equity funds, and other assets, particularly with exposure to equity markets.

- **Alternative investments, commodities, and real estate**

Private equity, hedge funds, commodities, real estate funds, and other alternative investments.

- **Mixed and other investments**

Portfolio funds and other instruments that do not belong to one of the four main asset categories.

- **Fixed advances**

Fixed advances that are part of fixed assets.

Bond rating

Ratings may not reflect the officially promoted information of a single rating agency. The values are derived from the current S&P, Moody's or SBI Composite ratings using the principle of prudence and internal aggregated logic.

Capital called

This figure shows the payments made to fulfill a funding obligation (commitment) to a private equity fund.

Capital distributed

This figure shows the proceeds received by a private equity fund that are disbursed to limited partners.

Duration

The modified duration approximates the percentage change in price for a bond that results from a change in the interest rate level. The yield to maturity used in the calculation is based on the currently available market price.

Effect of flow of funds for portfolio returns (MWR)

Impact on the portfolio return (MWR), which is based on the timing and the amount of incoming and outgoing payments. This effect corresponds to the difference between the MWR and TWR portfolio return.

EMC currency basket

EMC (emerging market currencies) is an umbrella term for the currencies of all countries listed on the MSCI Emerging Markets index.

Exposure view

The exposure view shows the exposure to currencies, taking into account the effect of precious metal and foreign exchange contracts, as well as certain structured products. Different calculation methods may be employed to ascertain the exposure of precious metal, foreign exchange contracts and structured products. The FX/PM effect shows the percentage difference between market and exposure values.

Fund unbundling

Fund unbundling allows the exposures of individual positions in funds to be taken into consideration in the various risk categories of the portfolio, such as currencies, investment categories, and sectors. This functionality can be used for the bank's own funds and for third-party funds. Information about the individual positions for certain funds is provided towards the end of the month by an external, specialized data provider. These funds may have different valuation data for the individual positions. This valuation data may be delayed.

Intrinsic value of options

The intrinsic value of an option is the amount by which the market price of the underlying instrument on the reference market for underlying instruments exceeds (in the case of a call option) or falls below (in the case of a put option) the exercise price. The total intrinsic value of a contract is the intrinsic value multiplied by the number of underlying instruments affected by the contract.

Management effect in yield comparison (TWR) with benchmark

Impact on the portfolio return (TWR), which is based on the active investment behavior of the decision maker. The timing and the amount of incoming and outgoing payments are not taken into consideration. This effect corresponds to the difference between the portfolio return (TWR) and the benchmark return. In investment reports, in which solely the MWR return calculation method is employed, the TWR return serves as a basis for calculating the management effect.

Money-weighted rate of return (MWR)

The return is calculated as the sum of revenues, costs, and capital gains and losses in the observation period divided by the average invested capital. The timing of inflows and outflows has an impact on the amount of the average invested capital. Returns (MWR) are typically comparable only with a benchmark that reflects incoming and outgoing payments identical to those of the portfolio.

Multiple of invested capital (MOIC)

The multiple of invested capital (MOIC) measures the total return on an investment. It is calculated by dividing the fund's cumulative distributions (capital distributed) and net asset value by the paid-in capital (capital called).

Non-allocable profit and loss

For profit and loss calculations at portfolio level, a non-allocable profit and loss is booked via "Unrealized profit/loss – of which market."

Non-allocable return contribution in return contribution analyses

As a rule, the sum of all the return contributions corresponds to the portfolio return. Due to rounding and values that cannot be clearly allocated, sometimes this amount does not correspond exactly with the portfolio return. In such cases, the difference is allocated to the "Non-allocable return contribution" category.

Overall effect on yield comparison (MWR) with benchmark

The sum of the effects corresponds to the difference between the portfolio return (MWR) and the benchmark return.

Price origin

This gives the price source (e.g. stock exchange), from which the anticipated valuation price on the valuation date or at the end of the period can be obtained.

Product risk classification (PRC)

The product risk classification (PRC) is a risk ratio developed by the bank, which ranges from 1 to 5 (1 = low risk, 5 = high risk). It enables a comparison of the financial risks (i.e. risk of losses) between investment products from differing asset classes and product groups. When calculating the PRC, the three relevant risk dimensions per product are analyzed and derived:

- Market risk (price fluctuations)
- Credit risk (probability of borrower default)
- Liquidity risk (product saleability)

Return and risk figures

Return and risk figures in the “Return Overview in %,” “Risk and Risk-Adjusted Figures,” and the “Monthly Return Distribution” analyses are calculated on the basis of discrete gross monthly returns. The calculation considers either one year, three years, five years, or since inception of portfolio benchmark assignment, depending on the portfolio’s and benchmark’s data availability. The industry standards recommend that risk figures be based on at least 36 monthly returns. Risk and risk-adjusted figures can be less meaningful for shorter time frames and should therefore be interpreted with caution.

Return contribution

This figure indicates the amount that a specific element of the portfolio contributes to the overall return of the portfolio.

Return contribution – currency and market effect

The return contribution from investments in foreign currencies can be split into two effects: local market component (market effect) and exchange rate-related component (currency effect).

Risk budget

A tool designed to help quantify the meaning of the risk profile which is part of the bank’s investment suitability framework.

Risk return ranking

An analysis that allows the comparison of portfolio performance and the performance of the strategic asset allocation (SAA) based on an allocation in line with the portfolio’s risk budget and reference currency.

Strategic asset allocation (SAA)

The SAA defines the portfolio’s long-term asset class weights considering the selected risk budget and reference currency (Investment Profile). The performance is calculated based on the weighted index constituents and not on the actual portfolio positions. It should therefore be considered hypothetical. The performance is calculated gross of management fees, trading costs and other fees.

Time-weighted rate of return (TWR)

The return is calculated by linking together the daily returns. The impact from inflows and outflows is neutralized. If the return exceeds -100 %, N/A will be given.

Time value of options

In the case of options transactions, “time value” refers to the difference between the option price and the intrinsic value of the option. The closer the expiration date, the lower the time value.

Vintage

The vintage of a private equity fund indicates the year of the first capital call/investment.

Yield to maturity

The yield to maturity shows the average yield for an investment per year, calculated to the maturity date, and taking account of the current market price.

Contact us

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