

Compensation from Third Parties – Sales Commissions and Other Monetary Benefits

As at January 2022

Zürcher Kantonalbank (“Bank”) provides its clients access to intra-group and group-external investment funds and structured products. In connection with providing financial services to its clients, the Bank receives the following sales commissions from the product suppliers (group companies of the Bank and third-party providers).

These sales commissions are covered in special agreements with the product suppliers – independently of the Bank’s business relationship with its clients.

In the case of investment funds, these sales commissions (also referred to as retainer fees) form part of the management commission stated in the fund regulations. As a general rule, these sales commissions are calculated on the basis of the volume invested in the investment funds and are payable periodically.

Where structured products are concerned, sales commissions usually take the form of a discount on the issue price, a reimbursement of part of the issue price, or other one-time or recurring fees.

The following table shows the ranges and maximum rates respectively up to which sales commissions are paid to the Bank:

Product class	Product category	Commissions as a percentage of the annualised investment volume	Commissions as a percentage of the annualised investment volume for funds marketed by Zürcher Kantonalbank in connection with investment recommendations
Investment funds	Money market funds	0 to 1.5% p.a.	0 to 0.5% p.a.
	Bond funds	0 to 1.5% p.a.	0 to 1.0% p.a.
	Equity funds	0 to 2.0% p.a.	0 to 1.5% p.a.
	Real estate funds	0 to 1.0% p.a.	0 to 0.5% p.a.
	All other investment funds (including investment strategy funds and alternative investment funds)	0 to 2.0% p.a.	0 to 1.5% p.a.

Product class	Product category	Term		
		up to 1 year	1 to 3 years*	> 3 years*
Structured products	Capital protection	0 to 1.50% absolute	0 to 1.25% p.a.	0 to 1.00% p.a.
	Yield enhancement	0 to 1.50% absolute	0 to 1.25% p.a.	0 to 1.00% p.a.
	Participation	0 to 1.50% absolute	0 to 1.00% p.a.	0 to 0.75% p.a.
	Other investments	0 to 2.00% absolute	0 to 1.75% p.a.	0 to 1.50% p.a.

* The commissions per annum refer to the maximum remuneration as a percentage of the annualised investment volume, calculated as an average over the entire term of the structured product. For products with an unlimited term ("open-end products") the commissions are allocated on a straight-line basis over ten years.

The maximum amount of the sales commission collected by the Bank is calculated as follows:

– **For an individual financial instrument:** Multiplication of the investment volume with the relevant maximum sales commission rate for the financial instrument in question.

Calculation example for an investment volume of CHF 10,000 in an equity fund outside of the investment advisory service: 2.0% p.a. of CHF 10,000 results in a maximum annual sales commission of CHF 200 (CHF 10,000 × 0.02).

– **For the entire client portfolio:** Multiplication of the investment volume of each individual financial instrument with the relevant maximum sales commission rate for the financial instrument in question and the subsequent addition of these amounts. For a maximum sales commission rate in relation to the entire client portfolio, the calculated total must be considered in relation to the investment volume of the entire client portfolio.

Calculation example for a client portfolio with a total investment volume of CHF 600,000 and financial instruments in the following product categories:

– Money market funds with a total investment volume of CHF 300,000 as part of the investment advisory services: 0.5% p.a. of CHF 300,000 results in a maximum annual sales commission of CHF 1,500 (CHF 300,000 × 0.005).

– Bond funds with a total investment volume of CHF 300,000 as part of the investment advisory service: 1.0% p.a. of CHF 300,000 results in a maximum annual sales commission of CHF 3,000 (CHF 300,000 × 0.01).

This results in a maximum annual sales commission for the entire client portfolio of CHF 4,500.

The maximum sales commission rate in relation to the entire client portfolio in one year is therefore 0.75% p.a. (CHF 4,500/CHF 600,000 × 100).

In the case of the Group's own financial instruments, the Bank sometimes also performs other services in addition to providing financial services to its clients, in particular, as asset manager and custodian bank in the case of investment funds. For some of the Group's own financial instruments, this may result in the Bank retaining almost the entire (management) fee provided for in the agreement governing the respective financial instrument.

In addition to compensation, the Bank may also receive non-monetary benefits from third parties, such as, for example, free access to platforms and training. Further information about this and about conflicts of interest in general, is published at zkb.ch/conflicts-of-interest.