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Private Debt Basic discretionary mandate

For marketing purposes

Brief description

Investing in private debt provides an interesting addition to traditional fixed-income investments such as bonds. The term «private debt», in the context of the CIC discretionary mandate, refers to investment strategies where fund managers propose credit facilities to private corporate counterparties in order to enable them to finance flows of goods (trade finance), accelerate the receipt of their bills (factoring), real estate investments, or simply finance their growth (capex related or acquisitions). Such credit facilities are, most of the time, backed by collateral and/or insured.

Borrowers accept to pay high interest rates as getting financing through classic channels (usually banks) has become much harder in recent years.

Fund managers specialised in private financing also have a fast decision-making process and their structuring range are more flexible than traditional channels.

Within the Private Debt Basic discretionary mandate, Bank CIC experts invest the capital in funds that specialise in liquid private debt financing. «Liquid» refers to credit lines put in place by fund managers directly with private firms that have a maturity of a few weeks to a couple of quarters on average. The longest duration is two years and usually concerns real estate financing. Each investment fund in turn in turn contains a large number of loans within suitable economic sectors and regions, in order to reduce the overall investment strategy risks.

Suitability

The Private Debt Basic discretionary mandate is suitable for investors who have the required risk appetite and capacity. The product is designed for a multi-year investment horizon. It is for investors who are aware of the relative illiquidity of the funds constituting the mandate. Most funds are redeemable on a monthly to on a quarterly basis, subject to 60 or 90 days' prior notice. The mandate is for investors wishing to diversify their sources of income by including private debt strategies.

Investment process

The Private Debt Basic discretionary mandate is composed of a portfolio which currently has a handful of investment funds that are fundamentally different, covering different geographies, investment types, durations, and more.

The weighting of the allocations is determined by Bank CIC's experts and reflects the assessment of the risks associated with each fund. Their selection is based on the following criteria:

- Stability and reputation of the management company and asset managers
- Expertise in terms of particular markets and types of private debt strategies
- Contribution to diversifying the allocation as a whole
- Ability to achieve the returns expected for the mandate

Investment amount:	From CHF 500,000 or equivalent
Available reference currencies:	CHF, EUR, USD, GBP
Investment horizon:	At least 2 years
Expected return:	CHF: 7% - 8% (gross return) EUR/USD/GBP: 8% - 9% (gross return)
Terms and conditions:	Flat-rate fee dependent on the investment amount. Further information on request

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Your benefits

- **Access to investment opportunities in the private markets:** You will be granted access to asset managers who specialise in private dept strategies.
- **Professional asset management:** You will benefit from a structured investment process overseen by our experts.
- **Predictability:** Fluctuations are generally minor for this form of investment.
- **Return independent of the market:** The performance of this investment class does not correlate with that of traditional markets. As a result, this investment provides diversification from traditional investments, such as equity and bonds.
- **Transparency:** You will receive regular in-depth reports on the performance and the investments made.

Possible risks

- **Private market risk:** Past performance is no guarantee of future returns.
- **Return risk:** It cannot be guaranteed that the expected returns will be achieved or that losses will be avoided.
- **Liquidity risk:** The liquidity of financial products can fluctuate. Therefore, there is a risk that the less liquid products cannot always be sold immediately.
- **Currency risk:** Investments in foreign currencies can affect the performance.

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