Swissquote

INVEST YOURSELF

A short guide to making your money work for you... and not the other way around!


FOLLOW THE PATH
TO A BETTER
FINANCIAL
FUTURE.

INTRO

Jeremy Lauret
Head of Direct Investing
Swissquote Bank Europe

INVESTING is a powerful way to get ahead and live the life that you aspire for yourself and your loved ones. So, it's definitely worthwhile to devote some time to figure out an investment plan. But where do you start? There are so many choices and different providers vying for your attention. Plus, how much are you willing to risk?

As the leading online bank for investing in Luxembourg, these are questions we know individual investors ask themselves.

Investing may seem complicated, but it doesn't have to be that way. You can keep it simple by:

- figuring out your investment goals
- choosing an investment provider
- selecting investments and
- making a plan to regularly save a portion of your income.

Whether you're new to investing, or want to brush up on the basics – **we created this booklet so you can ensure you are on the right track to create a better future for yourself.**

MAKING A PLAN

Making a plan begins with your objectives.

How do you envision life in retirement? Will your loved ones' needs be met financially?

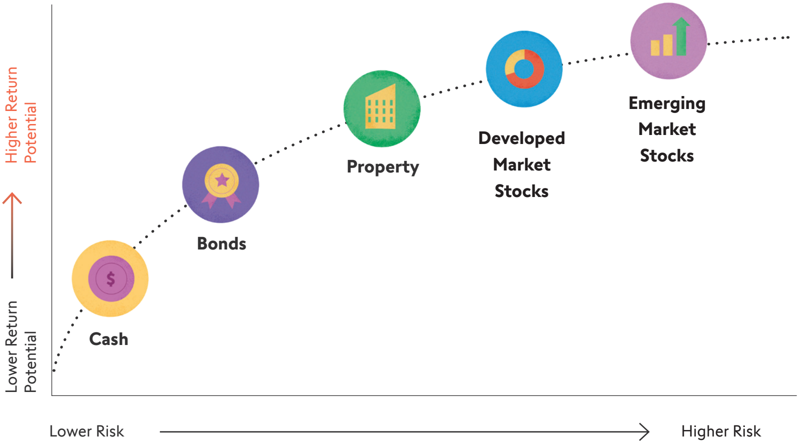
Setting financial goals will help you visualise what you want to achieve for your future lifestyle. This can help you determine how much of your income you need to save.

How much time do you have before you need to sell your investments?

This will influence how much risk you can afford to take.

Stocks have historically performed better over the long term, but they are also riskier because of their volatility.

Before you start investing your money, be sure that you have enough set aside for emergencies such as the loss of a job. Consider having six months' worth of living expenses in an instant access savings account.



Here are the basic terms you need to know to create a plan that will suit your needs.

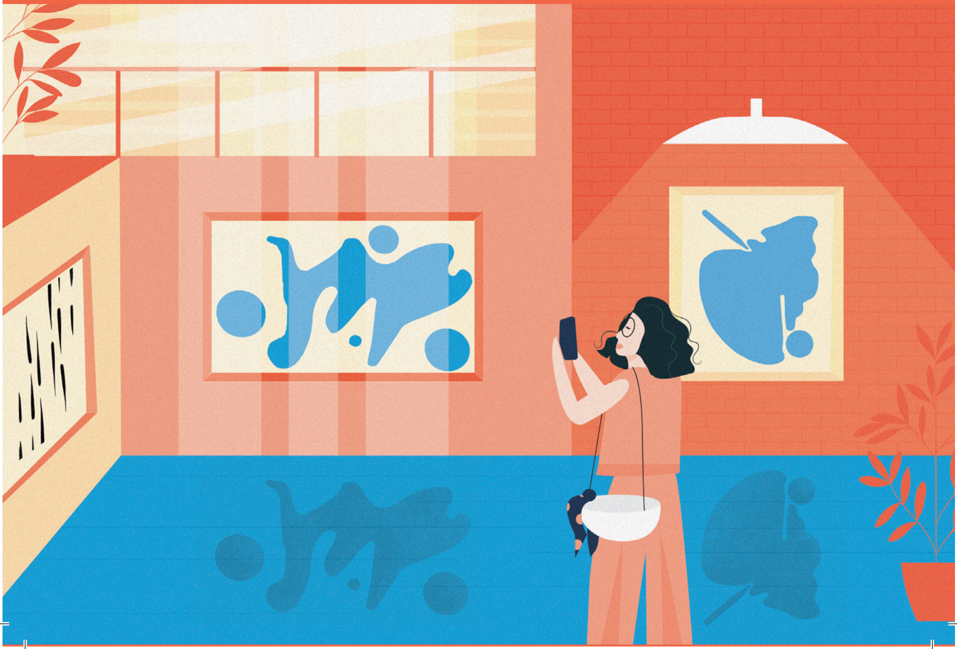
Time horizon is the amount of time you have to invest your money before you need to spend it.

Asset allocation is how you distribute your money amongst stocks, bonds, and alternative investments such as real estate and precious metals.

Risk tolerance is the amount of risk you are willing to take when you invest your money. The more risk you take, the higher the rewards.

Risk tolerance	**Low-risk**	**Medium-risk**	**High-risk**
Investor type	Conservative	Moderate	Aggressive
Time horizon	Short (<5 years)	Medium (5 to 10 years)	Long (>10 years)
Asset allocation	Stocks: 40% Bonds: 60%	Stocks: 60% Bonds: 40%	Stocks: 80% Bonds: 20%

This table is for illustrative purposes only and should not be considered a personalised recommendation or investment advice.

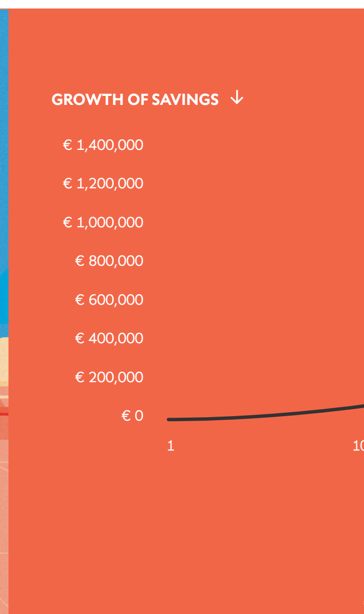


BUILDING YOUR WEALTH

When you invest in financial markets, you can buy different types of assets such as shares in individual companies, bonds (fixed income), and investment funds that invest your money in a diversified portfolio of shares, bonds or a mix of both.

Your money can grow by earning:

- **Dividends:** profit from a company distributed to its shareholders
- **Interest:** payments made by a corporation or government to the holders of their debt
- **Capital gains:** profit made when you sell an investment if its price has appreciated

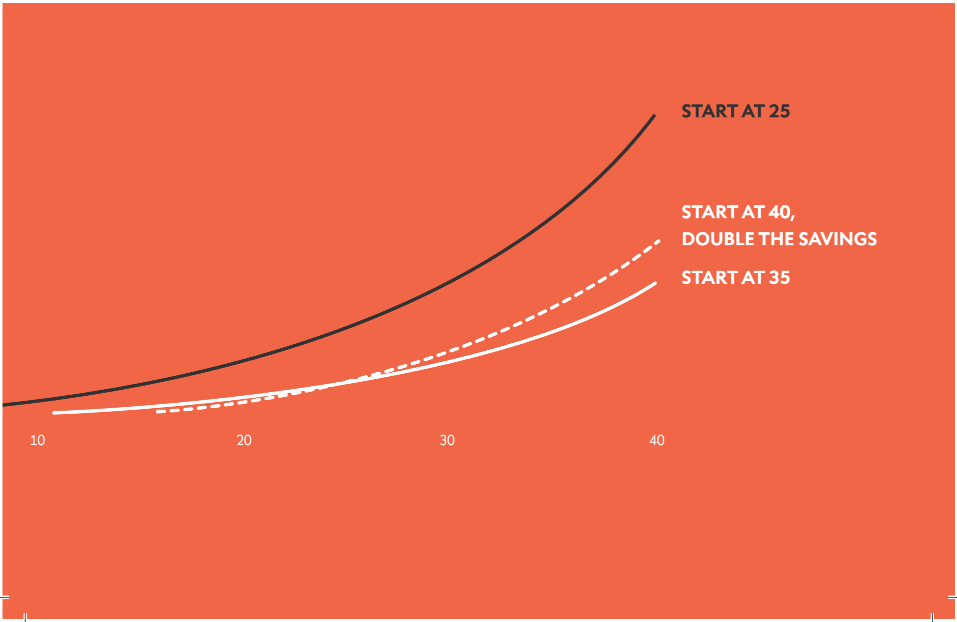


When should I start investing?

Right now! The present is always the best time to start investing—because the earlier you start, the more the magic of compounding will work for you.

If you start investing at 25, €500 per month can grow into €1.5 million in savings when you turn 65, with an investment return of 7.5% per year (which is the rate return the S&P 500 achieved over the past 30 years!)

Don't worry if you're late to the game! You can catch up by boosting the money you invest to reach your financial goals.

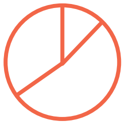


WHO SHOULD I INVEST WITH?

- **Traditional banks** offer familiarity and have physical locations. But they often charge expensive transactional and custody fees. Over the long term, these fees add up and will reduce your investment performance.
- **Investing apps** are new entrants that offer digital investing services. Many claim they are free or almost free – but watch out for hidden costs. Plus, you may be humming along to the elevator music while you wait for a live person to help solve your problem.
- **Online banks** don't bear the costs of physical branches. So, the savings are passed onto customers in the form of lower fees and higher returns. You can choose to go with an online bank like Swissquote Bank where there's always a person to help you on the phone or by email.

Fees to watch out for:

Custody fees that eat into your performance

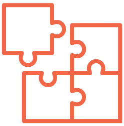


Most banks charge an annual fee to hold your assets. In our example on page 5, an annual custody fee of 0.25%+VAT would cost you more than 100,000 euros over 40 years of investing! **Swissquote clients enjoy free custody fees.**

Trading commissions that add up everytime you buy or sell

Banks typically charge 0.30% to 0.50% when you buy or sell a stock or ETF. You may also need to watch out for additional fees when you trade on international markets. **Swissquote only charges 0.10% on 30+ global exchanges.**

Retrocessions that increase the annual cost of your mutual funds



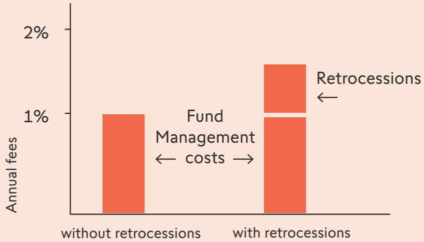
Your mutual funds might be costing you more than they should. **Swissquote offers a range of funds from which it receives no commission (retrocession), so you can pay up to 50% less in annual management fees. Turn over to find out more.**

KEEPING IT SIMPLE WITH ETFS AND FUNDS

The simplest way to start investing is by choosing mutual funds or exchange-traded funds (ETFs). With just one click, you can get instant diversification and professional management of your investment.

Mutual funds offer a large choice of asset classes, risk diversification and investment strategies. Most are actively managed by industry experts to achieve certain investment objectives.

Banks typically receive payments from asset managers to distribute their funds. These payments, called retrocessions, substantially inflate a fund's annual management fees.



Did you know that most funds exist in a share class with no retrocessions? At Swissquote you have access to 2'000+ funds in their lower cost share class. See how savings add up to your investment's performance when you make that choice:

Invest €10,000 in same fund*	Over 4 years	Over 8 years
With retrocessions	€21,160	€38,870
Without retrocessions	€21,950	€41,640
Additional return	€790	€2,770

*Actual performance of our most purchased fund up to 31 July 2023. Past performance is not indicative of future results.

If you are unsure whether a fund exists in a share class with no retrocessions, talk to one of our investment representatives!

Exchange-traded funds (ETFs) have gained in popularity over the past two decades, all thanks to the many features they provide.
ETFs are:

- able to track a broad index or a niche sector
- typically more cost-effective than investment funds
- traded continuously on stock markets
- listed on global exchanges
- able to offer annual fees as low as 0.03%

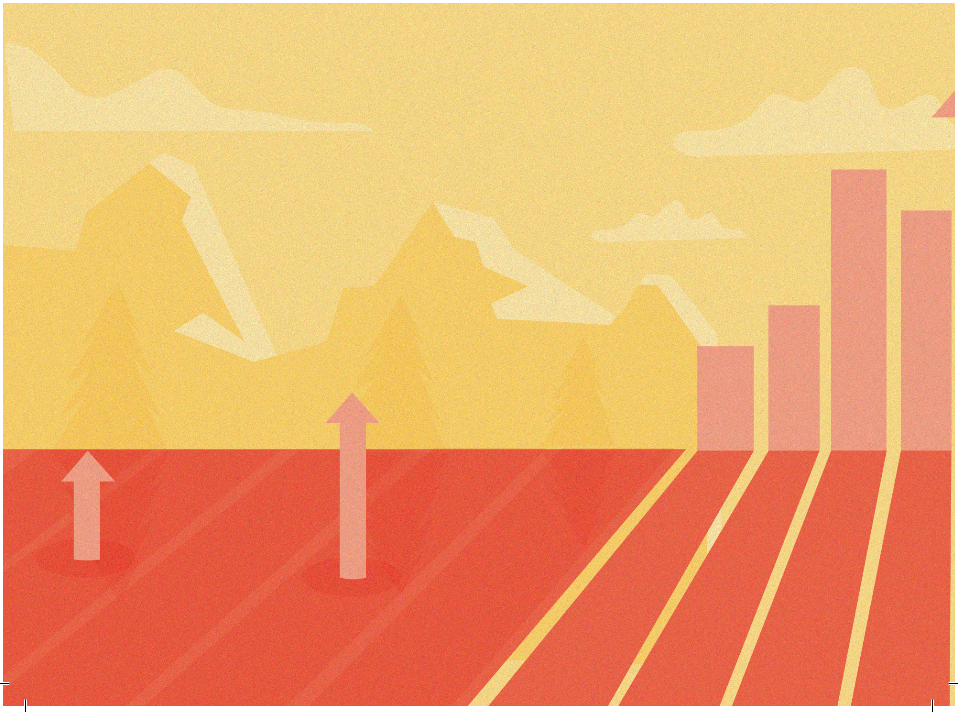
At Swissquote, you can choose from over 20'000 ETFs from Vanguard, Amundi, WisdomTree, iShares and many more.

BECOME A SHAREHOLDER WITH INDIVIDUAL STOCKS

What if you want to hand pick a few companies that you believe have the potential to provide long-term gains? Perhaps it's an innovative company or technology and you want to jump on the bandwagon in the early stages. Or a business in an industry that you understand well.

If you have some money you are willing to risk, you could choose a handful of companies that you'd like to invest in.

Remember to limit your risk by diversifying and investing a small amount relative to your total portfolio.



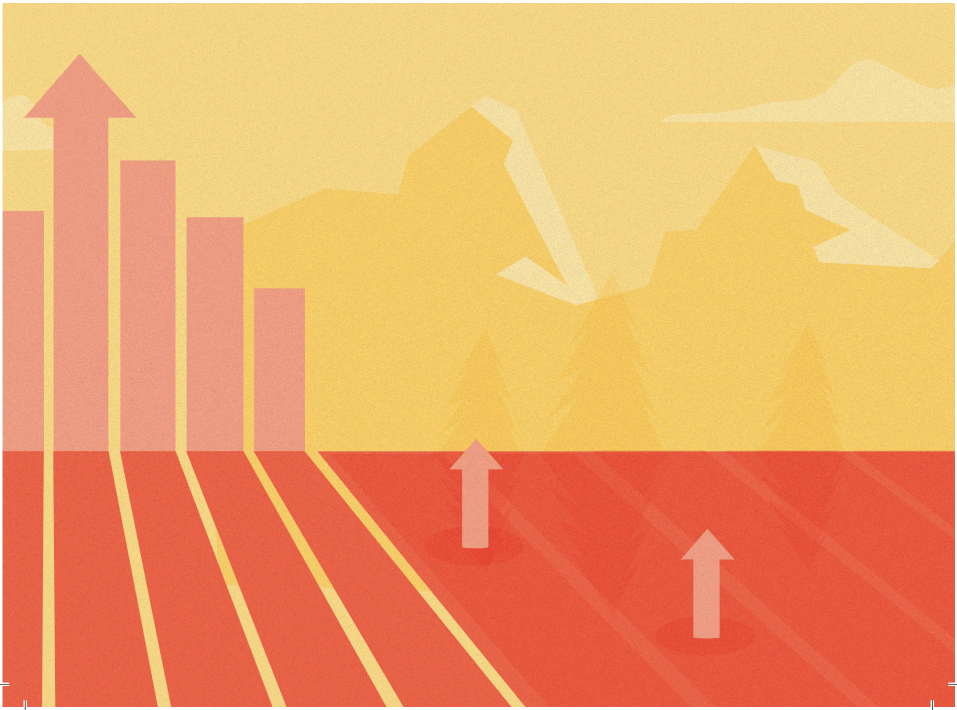
What is the difference between value vs growth investing?

Value investing provides a steady income through higher dividend yields.

Growth investing aims to generate higher returns but may involve higher risk.

Based on preferences, you can choose a mix so you can get the best of both worlds.

Becoming a shareholder of international companies has never been easier. With Swissquote, you can trade stocks on 30+ international exchanges, at a low cost starting from 0.10%.



STAY ON AUTOPILOT WITH A MANAGED PORTFOLIO

If you don't have the time or inclination to follow your investments actively, there are solutions designed for long-term success and that don't require a lot of your precious time.

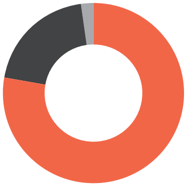
Swissquote Smart Portfolios are one such solution: choose a risk profile and currency. Then fund your account with a minimum of 5'000 EUR/USD/GBP.

Your regular contributions are automatically invested for free in a diversified investment fund of low-cost ETFs and index funds.

You can sit back and relax – your portfolio will be regularly rebalanced to keep you invested in assets that match your risk profile.

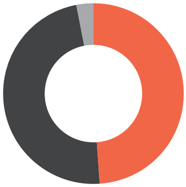
You can have as many Smart Portfolios as you like, serving different investment horizons, purposes or currency exposure, giving you complete flexibility.

Defensive portfolio



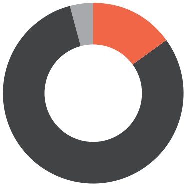
Fixed income	Equity	Other
78%	**20%**	**2%**

Moderate portfolio



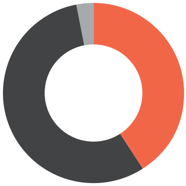
Fixed income	Equity	Other
49%	**48%**	**3%**

Growth portfolio



Fixed income	Equity	Other
15%	**81%**	**4%**

ESG portfolio



Fixed income	Equity	Other
41%	**56%**	**3%**

Asset class allocation as of July 2023

BUT WHAT IF MY TIMING IS WRONG?

No one can reliably predict the future.

An effective way to deal with the uncertainty of buying an investment at the wrong time is to make a plan to invest a fixed amount each month or quarter.

This way, you can continue to build up your wealth no matter what happens in the market. Many investors find that making a plan to invest regularly helps them ignore the ups and downs of financial markets and stay on track over the long term.

GETTING MORE OUT OF YOUR PORTFOLIO

There can be more to your portfolio than just building wealth.

Lombard Loans:
a flexible credit facility
Your investment portfolio can be used as collateral to guarantee a loan on financial terms that are more attractive than other forms of credit.

Swissquote's Credit Lombard acts as a flexible line of credit – you only pay interest on what you use. Bear in mind that leverage is risky and costs money.

Securities Lending:
earn extra income
Securities Lending is an optional service where you can elect for Swissquote to lend out your stocks and ETFs to top-tier institutions who are looking to borrow them. In exchange, you will be paid securities lending income to your account every month. You retain beneficial ownership of your securities so you can sell them at any time and continue to receive the benefits from dividends.

7 REASONS TO INVEST WITH SWISSQUOTE

1 **Peace of mind**

Founded in 2001, Swissquote Bank Europe (formerly Internaxx) is the EU bank of the Swissquote Group, giving you the piece of mind of a Luxembourg-based bank and the strength of the #1 online bank in Switzerland (SWX:SQN).

2 **Customer service**

Our multilingual team of investment representatives is available from 9am to 10pm Monday to Friday.

3 **A broad range of investments**

Whether you're just starting to invest or want to execute complex trading strategies, Swissquote has got you covered. You can invest in stocks, ETFs, funds, precious metals, structured products, options, futures and cryptocurrencies.

4 **Multi-currency**

Manage your cash and investments in 20+ different currencies from a single Swissquote bank account.

5 **Best-in-class investment platforms**

Swissquote's online and mobile investment platforms are trusted by more than 500,000 clients worldwide with over €50bn in assets held in our custody.

6 Fair and transparent pricing

Our simple, transparent charges guarantee value for money. Stock and ETF trades are 0.10% per transaction (min. €14.95) and we do not charge custody fees.

7 Lower fees on mutual funds

Save up to 50% on your annual management fees by choosing funds with no retrocessions.

Join Swissquote in Luxembourg and earn up to EUR 1’000 when you make a qualifying deposit of new money or assets

1. Open

Open a trading account at Swissquote.lu by **30th November 2023** with promocode **MKT_INVESTNOW**

2. Transfer

Transfer in new assets – cash or securities – by **31st December 2023**

3. Earn

Your bonus will be credited to your account

Terms and conditions apply.
Visit **www.swissquote.lu/invest-now**

Contact us

+352 2603 2003
9 am to 10 pm Monday to Friday
www.swissquote.lu

All investments carry a degree of risk and past performance is not a guarantee of future results. Financial markets are volatile and can fluctuate significantly in response to company, industry, political, regulatory, market, or economic developments. Please refer to our Investment and Risks Warning Disclosure on our website Swissquote.lu.

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