

## **Principles for the best execution of orders (Best Execution Policy)**

**Vontobel Asset Management S.A.,  
Munich Branch**

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(This Document is a translation from a German original version. The only binding document is the German original. In the event of uncertainties, contradictions or translation errors, the German version shall prevail over this translation.)

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## 1. Purpose and scope

### 1.1 Purpose

Vontobel Asset Management S.A., Munich Branch (hereinafter "VAMSA Munich") is obligated to take reasonable measures to achieve the best possible (and systematically consistent) execution quality for its clients and their portfolios when executing any and all types of purchase and sale involving financial instruments, as well as trades in derivatives, etc.

This Best Execution Policy defines the requirements and procedures for VAMSA Munich to ensure the best possible execution of orders (Best Execution). It does not guarantee that in all circumstances and in every case the best possible result will be achieved.

### 1.2 Scope of application

The present principles for best execution are to be observed by VAMSA Munich when executing any and all types of purchase and sale involving financial instruments, as well as trades in derivatives etc. (order execution):

This Best Execution Policy describes the fundamental approach of VAMSA Munich when executing orders for such institutional clients – who can be treated as either professional clients or eligible counter-parties – from a regulatory perspective.

When providing portfolio management services or reception and transmission of orders, VAMSA Munich may route orders to other financial intermediaries (brokers), who execute the client orders.

## 2. Priority of client instructions

If there is an explicit instruction from a client based on a contractual regulation or an instruction related to an individual case, VAMSA Munich shall execute the order according to this instruction. In doing so, VAMSA Munich shall not be obligated to comply with the present principles of best execution; the customer's instruction shall have priority in this respect. To the extent that the customer's instruction concerns only a part of the execution, VAMSA Munich shall comply with the principles of this Policy in those parts in which discretionary powers continue to apply.

## 3. Selection of brokers and counterparties

VAMSA Munich shall select brokers or counterparties within a preliminary selection process. Brokers and counterparties that have successfully passed this selection process will be included on the corresponding list of approved brokers or counterparties.

Broker selection is based on the following criteria, among others (non-exhaustive):

- Current market conditions
- Proposed commission level
- Market development
- Services
- Quality of the overall execution

- Specialization and expertise in relation to the relevant market or asset class
- Access to liquidity pools

A review of approved brokers or counterparties takes place at least on an annual basis.

## 4. Factors of best execution

To achieve the best possible result for clients when buying or selling financial instruments, the following relevant factors shall be taken into account when executing orders:

- **Price of the financial instrument**  
In addition to liquidity, the price of a financial instrument depends primarily on the design of the pricing process. In particular, the spread between the highest bid on the demand side and the lowest offer on the supply side, depending on the order volume, must be considered.
- **Order execution costs**  
In addition to the price, the costs directly associated with execution, such as fees, commissions, and compensation to third parties, must also be considered.
- **Speed of settlement**  
The speed of settlement crucially depends, among other things, on the liquidity at the execution venue, its opening hours, and the performance of the systems. The speed of settlement is the time that elapses between the placement of the order on the market and the final execution of the order.
- **Reliability of settlement**  
Reliability of settlement can depend on several different factors. Some of the key factors include the absence of operational errors, the correct execution of trading instructions, a smooth settlement process and immediate and simple problem solving.
- **Size and type of the order**  
Not all brokers or counterparties are capable of efficiently handling orders of any size. The choice may, therefore, depend on sufficient trading capacity. It also has to be considered as to whether the respective brokers or counterparties are connected to such systems and trading venues which VAMSA Munich requires, in order to execute orders for the different financial instruments.
- **Probability of order execution**  
The probability of order execution depends primarily on the ability of the selected brokers or counterparties to execute orders at prices in line with the market, depending on their type, structure, and volume, and on their connectivity to the relevant trading venues.
- **Other factors**  
In addition, other factors that may be relevant for the execution of orders may also be considered in the context of best execution. This may include, for example,

the economic stability and rating of a broker or counterparty, or its flexibility regarding the implementation of certain trading strategies.

## 5. The weighting of factors for best execution

To achieve the best possible result when executing orders, the aforementioned factors can be weighted differently, depending on the financial instrument.

As early as the definition of the investment strategy, the customer portfolios can be analyzed regarding the financial instruments used in them in terms of costs, liquidity, and feasibility.

### 5.1 Equities

Equities are generally routed to brokers for execution via an execution venue.

Various execution options are considered (block, algorithm, etc.) based on the liquidity of the respective market.

In certain instances – e.g., illiquid markets, market dislocations or orders of above-average size – it may make sense in individual cases to trade directly with a broker (SI) or via an MTF, to avoid greater market movements. In this case, the probability of execution has a higher priority in the factor weighting (see below).

Best execution factors are usually weighted in the following order:

- Cost of order execution
- Price quality achieved by the brokers
- Speed of execution
- Size and type of order
- Reliability of settlement
- Probability of execution
- Other factors

VAMSA Munich uses the following electronic platform:

- Bloomberg ESMX
- Portware

### 5.2 Fixed income

When handling trading in bonds, the decision is based on the availability of offers on the market.

Since the bond market is sometimes characterized by low liquidity, factors such as the size of the order, broker supply and other restrictions can have an influence on the trading process. Prices are requested from various brokers, in order to achieve competitive pricing.

Trading is mainly done on the secondary market. However, in certain instances, transactions are placed on an exchange through a broker.

Best execution factors are usually weighted in the following order:

- Price of the financial instrument

- Size and type of order
- Speed of execution
- Reliability of settlement
- Probability of execution
- Cost of order execution
- Other factors

VAMSA Munich uses the following electronic platform:

- Bloomberg TSOX / VCON

With TSOX, up to 15 brokers can be requested (Request for Quote, RfQ). If more than 15 brokers submit a quote, the top brokers are selected in order of best quote and probability of execution.

### 5.3 Money market instruments

For the conclusion of time- or fixed term deposits, etc., offers are obtained from various counterparties, and the contract is usually awarded to the counterparty offering the best rate (interest rate). Due to contractual or statutory investment restrictions, deviations from this may occur. The rate is fixed for the entire term.

Time deposits or fixed term deposits can only be terminated at unfavorable conditions. Accordingly, a review of the rate only takes place when a new contract is concluded.

Best execution factors are usually weighted in the following order:

- Price of the financial instrument
- Size and type of order
- Cost of order execution
- Speed of execution
- Reliability of settlement
- Probability of execution
- Other factors

VAMSA Munich uses the following electronic platform:

- Bloomberg IB Chat / FXGO

### 5.4 Exchange-traded funds (ETFs)

Exchange-traded funds (ETFs) are generally routed to brokers for execution at the execution venues. In the case of large orders, multiple brokers may be requested using RFQ to determine a competitive price.

Best execution factors are usually weighted in the following order:

- Price of the financial instrument
- Cost of order execution
- Speed of execution
- Size and type of order
- Reliability of settlement

- Probability of execution
- Other factors

VAMSA Munich uses the following electronic platform:

- Bloomberg EMSX / RFQF

### **5.5 Exchange-traded derivatives (ETDs)**

In the case of exchange-traded derivatives (ETDs), the investment universe focuses on futures and options, on various indices, and on derivative contracts on individual securities, currencies, interest rates, loan defaults, etc. Large orders are usually traded over a longer period or spread over several days.

ETDs are generally routed to brokers for execution on the respective exchanges.

Best execution factors are usually weighted in the following order:

- Cost of order execution
- Size and type of order
- Price of the financial instrument
- Speed of execution
- Reliability of settlement
- Other factors

VAMSA Munich uses the following electronic platform:

- Bloomberg EMSX / RFQE

### **5.6 Over-the-counter (OTC) derivatives**

OTC derivatives such as commodities, interest rate and credit default swaps, as well as currency forwards are concluded based on standardized OTC master agreements between the customer or the management company and the respective counterparty (ISDA, German Master Agreement, etc.).

To the greatest extent possible, offers from various counterparties with whom master agreements have been concluded are compared. Offers are obtained either bilaterally or as a request for quote (RFQ) via a multilateral trading facility (MTF).

The factors of best execution are weighted in the following order:

- Cost of order execution
- Price of the financial instrument
- Size and type of order
- Speed of execution
- Reliability of settlement
- Probability of execution

### **5.7 FX- spot**

The best execution requirement according to MiFID II does not apply to foreign exchange spot transaction (FX). However, VAMSA Munich endeavors to treat clients fairly and to avoid any conflicts of interests that may arise in relation to such transaction.

VAMSA Munich uses the following electronic platform to execute orders:

- Bloomberg FXGO
- Refinitiv FXall

### **6. Other factors – aggregated client orders**

Insofar as orders are not placed for a single client portfolio, but are aggregated across several client portfolios, best execution must also be complied with in the case of aggregated order execution, considering any and all relevant factors.

An aggregation of orders may, however, lead to the fact that, regarding a single client portfolio, best execution – considering the relevant factors – is no longer complied with to the same extent as would otherwise be the case.

If an aggregated order is only partially executed, best execution will generally require a proportional allocation (pro rata), subject to the requirement of tradable order volumes; the portfolio manager will also consider the different strategies and options of the client portfolios when deciding on the allocation.

### **7. Deviating execution in individual cases**

In the event of certain exceptional market conditions or a market disruption, it may occur that orders must be executed in deviation from these best execution principles.

Even under these circumstances, VAMSA Munich will protect the client's interests to the best of its ability and will endeavor to achieve the best possible result for the client when executing the order.

### **8. Review of Best Execution Policy and client information**

The present Best Execution Policy will be reviewed by VAMSA Munich on an ad-hoc basis, but at least once a year.

An event-driven review shall take place e.g., in case of changes in the regulatory framework, changes in the trading processes or changes in the investment universe in the client portfolio.

VAMSA Munich shall inform its clients about all material changes and make the current version of the Best Execution Policy available for download on the company's website. In addition, for each class of financial instrument, VAMSA Munich publishes the five most important brokers or execution venues (in terms of trading volume) annually, together with an evaluation of the execution quality achieved (Top Five Reporting).

### 9. Internal Control System (ICS)

The implemented controls to comply with the principles of the best execution described in this policy are recorded in detail in a separate compliance monitoring plan.

The compliance monitoring plan is established, drawn up and continuously processed by the local compliance responsibilities.

### 10. Exceptions to Policy (EtP)

This Best Execution Policy constitutes a binding work instruction for all employees of VAMSA Munich. Every employee is obliged to observe the principles of the best execution contained herein, ensuring at all times the requisite care and diligence in his or her field of activity. Exceptions and/or deviations in individual cases are generally not provided.

### 11. Major brokers and execution venues

Major brokers (non-exhaustive, in alphabetical order)

|                                |  |
|--------------------------------|--|
| <b>Shares / ETFs</b>           | Bank of America Securities Europe S.A. |
|                                | Citigroup Global Markets Europe AG     |
|                                | Goldman Sachs Bank Europe SE           |
|                                | Morgan Stanley Europe SE               |
|                                | Virtu ITG Europe Limited               |
|                                | Bank Vontobel AG (BCP only)            |
| <b>Fixed Income Securities</b> | ABN Amro Bank N.V.                     |
|                                | Banco Santander S.A.                   |
|                                | Barclays Bank Ireland PLC              |
|                                | Bayerische Landesbank                  |
|                                | BNP Paribas S.A.                       |
|                                | BofA Securities Europe S.A.            |
|                                | Citigroup Global Markets Europe AG     |
|                                | Commerzbank AG                         |
|                                | Coöperatieve Rabobank U.A.             |
|                                | DekaBank Deutsche Girozentrale         |
|                                | Deutsche Bank AG                       |
|                                | DZ Bank AG                             |
|                                | Goldman Sachs Bank Europe SE           |

|                                 |   |
|---------------------------------|---|
|                                 | HSBC Trinkaus & Burkhardt AG                      |
|                                 | ING Bank N.V.                                     |
|                                 | J.P. Morgan SE                                    |
|                                 | Landesbank Baden-Württemberg - LBBW               |
|                                 | Landesbank Hessen-Thüringen Girozentrale - Helaba |
|                                 | Natixis S.A.                                      |
|                                 | NatWest Markets N.V. (Royal Bank of Scotland)     |
|                                 | Nomura Financial Products Europe GmbH             |
|                                 | Norddeutsche Landesbank - Girozentrale- (Nord LB) |
|                                 | RBC Capital Markets Europe GmbH                   |
|                                 | SEB - Skandinaviska Enskilda Banken AB            |
|                                 | UBS Europe SE                                     |
|                                 | UniCredit Bank AG - HVB                           |
|                                 | Bank Vontobel AG (BCP only)                       |
| <b>Money Market Instruments</b> | Bayerische Landesbank                             |
|                                 | DekaBank Deutsche Girozentrale                    |
|                                 | DZ Bank AG  |
|                                 | Landesbank Baden-Württemberg - LBBW               |
|                                 | Landesbank Hessen-Thüringen Girozentrale - Helaba |
|                                 | Norddeutsche Landesbank - Girozentrale- (Nord LB) |
| <b>ETDs</b>                     | Banque Pictet & Cie                               |
|                                 | BofA Securities Europe SA                         |
|                                 | Goldman Sachs Bank Europe SE                      |
|                                 | J.P. Morgan SE                                    |
|                                 | Morgan Stanley Europe SE                          |
|                                 | UBS Investment Bank                               |
|                                 | Bank Vontobel AG (BCP only)                       |
| <b>Foreign Exchange (FX)</b>    | B. Metzler seel. Sohn & Co. KGaA                  |
|                                 | BNP Paribas SA Paris                              |

|   |  |
|---|--|
|   | BNP Paribas Securities Services S.C.A. |
|   | CACEIS Investor Services Bank S.A.     |
|   | Goldman Sachs Bank Europe SE           |
|   | HSBC Trinkaus & Burkhardt AG           |
|   | J.P. Morgan SE                         |
|   | Morgan Stanley Europe SE (MESE)        |
|   | The Bank of New York Mellon S.A./N.V.  |
|   | Bank Vontobel AG (BCP only)            |
| <b>Over-the-counter (OTC) derivatives</b> | Bank of America Securities Europe S.A. |
|   | BNP Paribas SA Paris                   |
|   | Goldman Sachs Bank Europe SE           |
|   | J.P. Morgan SE                         |
|   | Morgan Stanley Europe SE               |
| <b>Main execution venues</b>              | Bloomberg EMSX                         |
|   | Bloomberg FXGO                         |
|   | Bloomberg TSOX                         |
|   | Bloomberg VCON                         |
|   | Bloomberg RFQE                         |
|   | Portware                               |
|   | Refinitiv FXall                        |

## 12. Responsibilities

### 12.1 AM Execution Desk

icexecutiondesk@vontobel.com

### 12.2 Local Compliance-responsible

vturopecompliance@vontobel.com

## 13. Entry into force

This Best Execution Policy will become effective on 1 May 2024.