

Best Execution Policy – Implementation Principles

As a provider of financial services, Bank Vontobel Europe AG (hereafter called the "Bank") has an obligation to have policies that ensure the best possible results for its clients in the execution of orders to buy or sell financial instruments.

The Bank has taken appropriate action and adopted a Best Execution Policy that it considers to ensure that clients obtain the best possible results.

Section 1 Scope of application

This Execution Policy applies to orders from private and professional clients (hereinafter also abbreviated to "clients") for the purchase or sale of financial instruments.

Section 1.1 Basic principle

As a rule, a client order can be executed in more than one way and through more than one venue. The following paragraphs describe the processes and the Execution Venues used by the Bank when executing orders for the various types of financial instruments covered by this Best Execution Policy. In drawing up this Policy, the Bank has been mindful of the need to obtain the best possible results for its clients on a consistent basis, including costs associated with the execution of orders.

Section 1.2 Application of Policy for clients with portfolio management agreements

In consideration of the stipulations set out under section 2.c) below, this Policy also applies to orders from a specific client to the Bank to buy or sell financial instruments under the terms of a portfolio management agreement between the Bank and the client.

Section 2 Execution of orders from clients to buy or sell financial instruments

The Bank executes orders from clients to buy or sell financial instruments on the basis of either commission or a fixed-price contract agreed with the client (see also Section 5). Client orders are executed in accordance with the risk associated with a particular product and the category into which the Bank has placed the client.

Section 2.1 Commission business

Section 2.1.1 Execution of commission orders

Section 2.1.1.1 Execution / Appointment of intermediary

The Bank executes orders from clients to buy or sell financial instruments both within Germany and abroad on a commission basis.

In such cases, the Bank either concludes a contract of sale or purchase (execution transaction) for the account of the client with a third party at an appropriate market or instructs another commission agent (intermediary) to execute the order.

Section 2.1.1.2 Scope of legal provisions / standard practices / terms and conditions of business

Orders are executed in accordance with the legal provisions and terms and conditions (standard practices) that apply to the trade in securities at the Execution Venue in question; in addition, the transaction is subject to the general terms and conditions of the Bank's contractual partner.

Section 2.1.1.3 Price of execution / expenses

The Bank charges the client the price of the execution transaction. It is entitled to include its own consideration. Potential claims for indemnification of expenses are down to the respective statutory provisions.

The Bank provides the client with a statement showing the price of the execution transaction and any costs associated with execution.

Section 2.1.2 Execution Venue / Type of execution

Section 2.1.2.1 Priority of client instructions

The client may stipulate the Execution Venue and/or the method of execution for an individual order or for orders in general.

If a client has issued instructions, the Bank will execute orders in accordance with those instructions and in such cases is not required to execute orders in accordance with the provisions of this Best Execution Policy.

Any and all discretionary orders ("IW-Order") the client may place with the Bank constitute an instruction within the above

meaning. Such discretionary orders are characterized by the Bank receiving the client's disposition to process the security order according to the market situation, in several tranches.

Section 2.1.2.2 No instructions from client

If a client has not issued any instructions, the provisions set out in Section 2.2 will apply. Provided the private client or professional client has not issued instructions to the contrary, the Bank is not obliged to execute an order at any venue other than those specified in Section 2.2.

Section 2.1.2.3 Selection of execution venues

The execution venues are primarily evaluated and selected according to the following criteria:

- Access to the execution venue
- Sufficient liquidity of the listed or emitted instruments
- Probability and speed of execution
- Trading model
- Price of execution
- Safe and risk free execution and settlement

Section 2.1.2.4 Weighting principles

For private clients, according to section 33a (3) of the German security trading act (Wertpapierhandelsgesetz), the overall remuneration is the only relevant criteria for selecting the execution venue. The Bank has decided to apply this principle also for professional clients.

The overall remuneration is made up of the price of the instrument as well as all costs associated with the execution of the order (e.g. brokerage fees, cost of settlement). Accordingly, the Bank will primarily consider such execution venues, which offer a low cost structure (e.g. waiver of commission fees, charges for contract notes) and offer also a high volume and a high number of transactions.

High trading volumes generally lead to small differences between buying and selling prices (bid-ask spread) and increase the probability of an execution as well as the speed of execution. The probability and the speed of execution are also influenced by the trading model. Execution venues with an automatic execution (so-called matching) of purchase and sale orders do regularly have advantages over execution venues with manual order execution.

Section 2.1.2.5 Execution in Germany or abroad

If financial instruments from German issuing houses (domestic financial instruments) are traded on a domestic exchange, orders from clients are also executed in Germany.

If financial instruments are not traded on a German exchange, the Bank uses its reasonable discretion to decide on a case-by-case basis whether an order should be executed in Germany or abroad. If financial instruments from foreign issuing houses (foreign financial instruments) are traded on a domestic exchange, orders from clients are also executed in Germany unless it is in the best interests of the client to execute the order abroad. The decision as to what is in the best interests of the client is based primarily on the total cost of executing the order. When calculating the total cost, the Bank takes account – in addition to prices quoted on German exchanges – of the costs that would be incurred if the order were to be executed abroad, including the cost of involving an intermediary and the cost of execution abroad. If foreign financial instruments are not traded in Germany, client orders are executed abroad.

Section 2.1.3 Selection of execution venue in Germany

Orders are mainly executed through stock exchanges, either using an electronic trading system (XETRA) and Tradegate Exchange or floor trading through an intermediary. If a client's order can be executed at more than one Execution Venue as defined in Sentence 1, the Bank selects the Execution Venue that can be expected – based on the most recent review – to provide the best possible execution for the financial instrument in question. If similar results are likely for more than one Execution Venue, the Bank uses its reasonable discretion to decide which Venue is appropriate.

Section 2.2 Execution venues for each instrument group

Until further notice, the Bank will consider the following as potential venues for the execution of orders to buy and sell specific types of financial instruments. The Bank may use other external partners for the execution of client orders.

Section 2.2.1 Shares

The Bank executes orders to buy or sell shares on a commission basis (*for table see following page*).

Group/ Financial instrument	Group 1	Group 2	Group 3	Group 4
Shares	Domestic shares with good liquidity	Domestic shares with a limited market (non-liquid)	Foreign shares tradable on a German exchange ¹	Foreign shares not tradable on a German exchange
Execution venue ²	Börse Frankfurt; Börse Stuttgart; Tradegate Exchange XETRA. ³	Börse Frankfurt; Börse München; Börse Stuttgart; Tradegate Exchange; XETRA.	Börse Frankfurt; Börse Stuttgart; Tradegate Exchange; XETRA.	Order executed at exchange in country where company in question has its main office. ⁴

Section 2.2.2 Interest-bearing securities

The Bank executes orders to purchase or sell interest-bearing securities on a commission basis.

Group/ Financial instrument	Group 1	Group 2
Interest-bearing securities	German Federal Bonds; jumbo mortgage bonds [Jumbopfandbriefe]	Other interest-bearing securities
Execution venue ²	Börse Düsseldorf; Börse Frankfurt; Börse München; Börse Stuttgart; Tradegate Exchange.	Execution at German or foreign stock exchange. In some cases, orders may also be executed off-exchange (OTC) through another bank (Interbank trading) or other financial services provider.

Section 2.2.3 Funds / ETFs

Section 2.2.3.1 Funds⁵

The issuing of units in investment funds at the issue price and their redemption at the redemption price in accordance with the German Investmentgesetz [investment law] are not subject to statutory requirements on best possible execution.

The Bank executes orders to buy or sell units in investment funds in accordance with the Investmentgesetz. They are normally executed through an intermediate trading platform. If, in exceptional cases, the Bank executes the order through an exchange, it will use the Frankfurt, Tradegate, Stuttgart, Düsseldorf, Munich or Hamburg exchanges.

Section 2.2.3.2 ETFs

Orders for Exchange Traded Funds (ETFs) are executed through the XETRA trading system, Tradegate Exchange and Stuttgart exchange, in all cases if the funds are tradable at an exchange. ETFs of foreign issuers as well as ETFs denominated in a foreign currency not being tradable at a domestic exchange are executed at the exchange of the country where the issuer of the respective ETF is domiciled. In particular cases the main execution venue may differ from the ETFs issuer's domicile, in

¹ For selling orders of financial instruments with safekeeping abroad, execution at a domestic execution venue may be inappropriate. Relocation of deposit to a domestic depository may cause deferred execution. Such cases require consultation with the relationship manager and an instruction by the client.

² Alphabetical order without any prioritization.

³ If the limited trading hours of the XETRA system (which closes down at 17.30 hrs) mean that orders cannot be executed in good time through the normal course of business, they are passed to a floor-trading exchange.

⁴ In some cases, the Bank may pass the order to another exchange. This happens where the main trading venue for the share in question is not located in the country in which the company has its main office or if processing or security considerations mean that it would be in the best interests of the client, particularly when selling shares issued abroad, if the order were discharged elsewhere.

⁵ For its own products, the Bank reserves the right to process orders within the Vontobel Group if this will be more beneficial to the client..

which cases the bank will execute the order at the respective main execution venue. Alternatively, orders may, in particular cases, be executed over-the-counter (OTC) via a third bank or financial service provider.

Section 2.2.4 Certificates / Warrants

The Bank itself offers certificates and warrants as follows:

Group/ Financial instrument	Group 1	Group 2
Certificates/ Warrants	Tradable at a German exchange	Not tradable at a German exchange
Execution venue ²	Börse Frankfurt; Börse Stuttgart; In exceptional cases (insufficient market liquidity), the order is executed direct with the relevant issuer or other trading partner who offers to transact business in the particular security.	The order is executed directly with the relevant issuer or other trading partner who offers to transact business in that particular security.

Section 2.2.5 Financial derivatives

The term "financial derivatives" includes, among other things, forward transactions which are either traded at an exchange under standardised conditions or agreed off-exchange (OTC) between the client and the Bank. Special conditions may apply to some financial instruments (e.g. framework agreement for financial futures).

Group/ Financial instrument	Group 1	Group 2
Financial derivatives	Traded at an exchange	Not traded at an exchange - Forward exchange transactions - Options - Swaps - Forward dealing in precious metals
Execution venue	Executed at exchange at which contract for order placed by client is negotiated. ⁶	Transaction is concluded between client and Bank.

Section 2.2.6 Other securities (dividend-right certificates, subscription rights etc.)

In the case of orders for other securities, the Bank will arrange venue selection through the trading desk. In this case the venue selected will be the one that can be expected to provide the best possible outcome for the client; the order is then passed to that venue.

Section 2.3 Execution of orders within Investment Management

Orders made within the scope of an Investment / Portfolio Management Agreement may, subject to the client's prior explicit consent, be processed bundled by way of collective order ("Blockorder"). If a Blockorder is executed in several parts, its execution will be charged based on the respective average rate, i.e. the market price-weighted arithmetic mean. Alternative to direct execution at the stock exchange, the Bank may commission an intermediary with the discretionary execution of the respective order, according to this Execution Policy and the particular parameter provided by the Bank, such as the specific price ceiling and price floor. Additionally, the Bank may execute client orders even outside the Regulated Market by way of interbank trading. In these cases the Bank makes sure that the execution prizes comply with the respective market-conditions.

⁶ If, in exceptional cases, the order could be executed at more than one exchange, the Bank obtains instructions from the client as to the exchange at which the order should be executed.

Section 3 Notification and other reporting

The Bank will without undue delay provide clients with information about the execution of orders, the execution venue and the type of execution. If the Bank places an order to buy or sell financial instruments subject to this Execution Policy with another market operator on behalf of the client or instructs another commission agent (intermediary) to execute the order, it is not required to monitor whether the order is executed immediately. Similarly, no such obligation arises for the Bank even if the other market operator fails to execute the order after some considerable length of time.

Section 4 Review of Policy

At least once a year, the Bank will review the existing procedure for selecting execution venues for the various types of financial instruments in order to determine whether it still provides the best possible result. Similarly, if there is evidence before the due date of the normal review that important criteria used for the selection of execution venue are no longer valid or if the weighting of individual criteria needs to be adjusted, the Bank will conduct an additional review of the type referred to in Sentence 1. The Bank will without undue delay notify the client of any changes to the procedure for selecting and identifying trading venues. These changes do not, however, require the consent of the client.

Section 5 Fixed-price business

If the Bank agrees a fixed price with the client for an individual transaction (fixed-price business), this Execution Policy only applies in part. A fixed-price transaction results in a purchase agreement between the Bank and the client; as a result, the Bank acquires the financial instrument from the client as a buyer or supplies it to the client as a seller. Such transactions are not covered by this Execution Policy.

The Bank charges the client the agreed price and in the case of interest-bearing bonds it adds the accrued interest. The Bank will ensure that the price calculated accords with market rates. Particular attention is drawn to the fact that the client may select an execution venue for orders to buy or sell the financial instruments other than those specified in Section 2.2.

This restriction also applies if the Bank itself with clients or clients among each other conclude(s) contracts for financial instruments (e.g. option contracts) that are not tradable at an exchange.