

POLICY FOR EXECUTING OF ORDERS IN FINANCIAL INSTRUMENTS

CLIENT INFORMATION BEST EXECUTION POLICY

1. Introduction

In accordance with the legal and regulatory requirements from the UCITS IV Directive 2009/65/EC and its regulations, the AIFM Directive 2011/61/EU and its regulations, the Luxembourg Law of 17 December 2010 on undertakings for collective investment (hereinafter referred to as the '**UCI Law**'), the Luxembourg Law of 12 July 2013 on alternative investment fund managers (hereinafter referred to as the '**AIFM Law**'), the Luxembourg Law of 13 February 2007 relating to specialised investment funds (hereinafter referred to as the '**SIF Law**'), Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets for financial instruments (MiFID II) and the relevant CSSF circulars as amended, and in its respective role as management company, alternative investment fund manager ('**AIFM**') or portfolio manager, Hauck & Aufhäuser Fund Services S.A. has set out the rules described below for the best possible execution ('**best execution**') of trade decisions for the undertakings for collective investment in securities ('**UCITS**'), undertakings for collective investment ('**UCI**') and alternative investment funds ('**AIF**') that it administers or manages. Trade orders are usually executed by Hauck & Aufhäuser Fund Services S.A. not by forwarding them to trading facilities directly but through trading partner intermediaries (brokers, banks, other trading partners, etc.). Even though Hauck & Aufhäuser Fund Services S.A. has been named as the management company, it is possible that portfolio management might have been outsourced to a third party.

2. Scope

The execution principles of Hauck & Aufhäuser Fund Services S.A. apply to trade decisions on financial instruments which Hauck & Aufhäuser Fund Services S.A. makes for the UCITS/UCI/AIFs that it administers or manages. The financial instruments of a UCITS/UCI/AIF covered by these execution principles include, in particular:

- securities;
- money market instruments;
- target fund units;
- exchange traded derivatives; and
- OTC derivatives.

3. Best execution criteria

To ensure best execution, the following aspects must be regularly taken into consideration when selecting the relevant trading partner for the trade order:

- 1) Financial instrument price;
- 2) Cost of executing the order;
- 3) Speed and probability of executing and settling the trade order;
- 4) Type and scope of the trade order; and
- 5) Other aspects relevant for order execution.

These aspects are generally weighted as follows: 1) = double weighting; 2)–4) = single weighting. In individual cases, a different weighting may be appropriate, taking into account the following criteria:

- objectives, investment policy and specific risks of the UCITS/UCI/AIF;
- specifics of the order;
- specifics of the financial instruments that are the subject of the relevant order; and
- specifics of the execution facilities to which the order can be forwarded.

The weighting and thus the decision about trading partner(s), trading facility and execution type is the responsibility of Hauck & Aufhäuser Fund Services S.A.'s responsible portfolio manager. To meet the objective of achieving the best possible result taking into account all of the costs associated with a trade order, when making a decision on forwarding, trading partners that ensure the constant execution of trade orders, taking into account execution aspects, are primarily taken into account. In special cases, the trading partner selection can be influenced by other relevant aspects within the meaning of section 5), for example, the trade order's market influence, processing security, access to the trading partner's stock exchange (organised markets), reputation, access to multilateral trading facilities (MTF¹) and access to other liquidity pools. Hauck & Aufhäuser Fund Services S.A. is obliged to only select trading partners and trading facilities whose trading model and execution behaviour both allow Hauck & Aufhäuser Fund Services S.A. to achieve the best possible result for investors in the respective UCITS/UCI/AIF. If there are a number of possible trading partners, the one that offers the best conditions for the respective transaction is to be selected to ensure that trading is in the best interests of the managed UCITS/UCI/AIF or the investors of the UCITS/UCI/AIF. In particular, it should also be ensured that the trading partner follows execution principles in line with those of Hauck & Aufhäuser Fund Services S.A. In this regard, Hauck & Aufhäuser Fund Services S.A. compiles a list of suitable trading partners and trading facilities. Hauck & Aufhäuser Fund Services S.A. uses the execution policy to review the execution of trade orders by a trading partner at regular intervals and, if necessary, updates the list of suitable trading partners it keeps.

4. Broker selection

Hauck & Aufhäuser Fund Services S.A. is obliged to only select trading partners and trading facilities whose trading model and execution behaviour allows Hauck & Aufhäuser Fund Services S.A. to achieve the best possible result for orders sent in the name of the UCITS/UCI/AIF. Hauck & Aufhäuser Fund Services S.A. will take all reasonable measures with respect to the selection of the trading partner and the trading facility that offer the greatest chance of achieving the best possible results.

Hauck Aufhäuser Lampe Privatbank AG (Germany) is the standard trading partner for Hauck & Aufhäuser Fund Services S.A. Hauck Aufhäuser Lampe Privatbank AG (Germany) was chosen as the executing order desk due to the special service relationships within the Hauck Aufhäuser Lampe Group. After careful review, Hauck & Aufhäuser Fund Services S.A. believes that Hauck Aufhäuser Lampe Privatbank AG (Germany) ensures the best possible execution for the UCITS/UCI/AIF. The execution of orders via Hauck Aufhäuser Lampe Privatbank AG (Germany) enables effective and cost-effective execution, processing and settlement of securities transactions through standardised processes tailored to Hauck & Aufhäuser Fund Services S.A. and also takes into account the special requirements of Hauck & Aufhäuser Fund Services S.A.

It is also possible to use external brokers. The inclusion of external brokers requires an initial review and then regular reviews by the respective portfolio manager. Hauck & Aufhäuser Fund Services S.A. reserves the right to review this check for plausibility at regular intervals and to request corresponding documents if necessary. Hauck & Aufhäuser Fund Services S.A. reviews the quality of order execution by the selected service providers in this context.

5. Tasks if portfolio management is outsourced

If Hauck & Aufhäuser Fund Services S.A. is appointed as a management company and if it has outsourced portfolio management, the task of Hauck & Aufhäuser Fund Services S.A. is to manage and monitor the portfolio manager. Hauck & Aufhäuser Fund Services S.A. shall ensure that the portfolio manager has implemented a best execution policy in this context which is in line with Hauck & Aufhäuser Fund Services S.A.'s best execution policy and only uses trading partners who offer their client the best possible level of execution.

6. Regular review of execution policy/trading partners

Hauck & Aufhäuser Fund Services S.A. is obliged to review this execution policy on a regular basis, however, at least once a year. Hauck & Aufhäuser Fund Services S.A. shall, with respect to the forwarding of trade orders to trading partners, meet the best possible execution obligation by carefully selecting and monitoring trading partners. Hauck & Aufhäuser Fund Services S.A. shall regularly review whether the trading partners personally take reasonable precautions to ensure the best possible execution for trade orders.

7. Exceptions

In accordance with this execution policy, client instructions take precedence over trade order execution. As this may not be in line with this execution policy, Hauck & Aufhäuser Fund Services S.A. cannot guarantee the best possible execution for the trade order in these cases.

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Issued: February 2022