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# Best Execution Policy

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## 1 Objective

In accordance with legal and regulatory obligations and our Code of Conduct, the Best Execution Policy formulated by ODDO BHF ASSET MANAGEMENT LUX ("ODDO BHF LUX") is intended to ensure that trading transactions for the investment funds are executed exclusively in the interests of the shareholders of our funds.

Unless ODDO BHF LUX has other explicit instructions (e.g. if the fund management is outsourced to an external manager with its own broker list), the following Best Execution rules apply.

In order to achieve the best possible long-term results in the execution of orders, the individual factors determining the results are described and weighted in the selection of brokers, so that a valuation and selection of brokers can be made on this basis.

This objective is achieved by ODDO BHF LUX applying the Group-wide Best Execution Policy of its Group Trading Desks with the associated selection of brokers, etc.

## 2 Scope of Application

The following principles for the execution of orders aim to achieve the best possible result for the investment fund or the investor within the framework of transactions. Transactions are the purchase or sale of financial instruments. This includes the execution of securities, derivatives and foreign exchange transactions, that are listed and traded on regulated markets and multilateral trading platforms. Under certain circumstances, orders may also be executed outside a regulated market or a multilateral trading platform in order to achieve the best possible result.

## 3 Weighting of factors

In order to ensure best execution, ODDO BHF LUX adopts the Group-wide order execution principles for all types of financial instruments. These are in detail the principles of ODDO BHF Asset Management SAS Paris for equities and FX Trading including FX Outrights and of ODDO BHF Asset Management GmbH Düsseldorf for the other asset classes such as ETF, bonds, ETD's and structured financial products. Target fund trading is carried out centrally at the Execution Funds Desk of ODDO BHF SE in accordance with its Best Execution Rules. The principles are based on the following statutory factors:

- Price and costs
- Speed of execution
- Probability of execution
- Extent of the order
- The subject-matter of the contract
- Other criteria relevant to execution.

The factors listed above are weighted differently depending on the nature of the asset and the trading order, in order to allow a selection of intermediaries to be engaged.

The weighting of these factors is determined by the following criteria:

- the characteristics of the investment objectives,
- the characteristics of the financial instruments or products concerned,
- the specific risks of the investment fund,
- the current market situation,

- the specifics of the execution sites , and
- other permitted and/or legally required criteria.

The weighting is not fixed, but varies depending on the order.

#### ***a) Price and costs***

Important aspects for the best possible order execution result are the price and the costs, including related execution costs. For the buyer of a financial instrument, the total consideration to be paid is decisive, which consists of the price of the financial instrument plus all incidental costs incurred. These are explicit costs such as fees and taxes and implicit costs such as bid-ask spread, market impact, admission fees, transaction and trading fees of the selected execution venues, connection and participation fees, clearing and settlement fees, Euro-clear/Clearstream delivery fees, costs of a depository change and other fees paid to third parties involved in the execution of the order.

#### ***b) Speed of execution***

This criterion refers to the period of time between receipt of the order and its theoretical executability via an intermediary or a trading place.

The speed of a marketplace is largely determined by the type of market model (e.g. continuous auctions, quote-driven pricing, etc.). In addition, the process for forwarding the order to the execution place can be decisive. A direct connection of the intermediary/broker to the execution place can, for example, be seen as an important advantage. The same applies to the execution speed. The instructions of the fund manager must be observed.

#### ***c) Probability of execution***

The probability of order execution on a trading place depends largely on the respective liquidity of the financial instrument on that trading place. In this context, agents

and/or market makers are also regarded as liquidity providers who can significantly impact the respective probability of execution.

The risks of problem-suffering settlement of financial instruments can be summarized under the sub-aspect of settlement probability, which can lead to an adverse effect on delivery.

#### ***d) Extent of the order***

This is the order size. It can happen that orders are placed that exceed the usual market volume (block trades). The ability of a trading partner to process large orders in certain market segments and situations can determine order placement.

#### ***e) The subject-matter of the contract***

These are different types of orders that can be placed at the respective exchanges. Examples of these are:

- Unlimited or limited orders
- Temporarily limited orders
- Stop-Loss Orders, Stop-Buy Orders
- Other order types (GTC, FOK, etc.).

When placing an order, the fund manager clearly specifies the type of order. Therefore, only intermediaries and trading places that are able to execute the desired order type are considered from the very beginning. This may be an order type that can also be an exclusion criterion for intermediaries and trading places. All this is determined in detail by the Best Execution Policies of the Partner Trading Desks in the group.

#### ***f) Other criteria relevant to execution***

These include trading monitoring, complaint management and complaint handling, trading hours, the resilience of service promises, the binding nature of quotes and other price information, the choice of order supplements and types of execution, the form of the order

book, the counterparty risk of trading partners or settlement security as well as charges for accessing an execution platform, protective mechanisms in the rules and regulations, information and advisory services provided by the execution institutions or depository of the financial instrument.

#### **4 Evaluation of intermediaries or execution venues (screening)**

The execution places may be a regulated market (stock exchanges, e.g. Euronext, Xetra, etc.), a multilateral trading system (MTF, e.g. Alternext), organized trading systems outside a Regulated Market, a market maker, another liquidity provider or an institution performing a similar function in a third country.

The partner trading desks within the Group select the appropriate intermediaries/execution centres on the basis of their published and accessible best execution policy, initially by requesting the relevant intermediaries to provide their best execution policy and policy on conflicts of interest. These are then evaluated, particularly in light of the regulatory control exercised by the respective local supervisory authority. In addition, an initial (before acceptance) and regular due diligence is carried out. For transactions involving securities from emerging markets or global investments, brokers or counterparties from non-EU countries may be more appropriate and may provide a better execution result. In this case, the relevant TradingDesk may select one of these brokers, provided that similar principles and rules apply. This selection process ensures consistently best possible results in the execution of orders according to the weighted factors. The best execution policies of the broker/intermediary is also used here to estimate how well these can satisfy the identified factors.

The ODDO BHF LUX Partner Trading Desks review their broker lists at least once a year.

In addition to the quality of execution, the brokers' services and their technical capabilities are therefore included in the review process. The selection procedure covers all relevant brokers and thus also allows dynamic adjustment of the brokers selected in most cases.

A statistical evaluation of all trades across all brokers is regularly provided by the Trading Desks.

Orders relating to (target) investment funds (domestic/international) are generally traded via the ODDO BHF SE Frankfurt fund desk or, in the case of ETFs, via TD Düsseldorf by selecting an intermediary. Orders are placed by fax or e-mail and awarded after receipt of the prices. The custodian bank controls the conditions, cost transparency is ensured. The probability of execution is also high. In addition to any subscription surcharges, other fees such as delivery fees may also be charged.

Since one and the same contract of exchange-traded derivatives is normally not traded on several futures exchanges, the possibility of selecting an execution place no longer applies. Orders are placed via suitable counterparties who have access to the respective exchanges.

The respective prices / costs of the executions are uniformly agreed between the Group and the broker on an individual basis and are checked when the order is actually quoted. All prices / costs are based on the market standard.

The brokers/intermediaries listed on the broker list must have direct access to the relevant stock exchanges and marketplaces. The execution costs and the execution speed of the intermediary are measured on the basis of its Best Execution Policy and randomly checked.

This also applies to the probability of execution and the settlement of transactions.

If, in an individual case, an intermediary that is not on the broker list offers a better price or higher liquidity for a specific transaction (so-called opportunity), the order can also be executed via this intermediary if the trading desk is satisfied that this intermediary meets the best execution requirements. This is taken into account accordingly in the broker list.

#### **5 Process description of OTC derivatives**

Transactions are only concluded with counterparties for whom legal requirements such as an "International Swaps and Derivatives Association, Inc. agreement" (ISDA agreement) are fulfilled. The legal department is responsible for setting up the framework agreements.

Before the OTC transaction is concluded, the trading department checks whether the contractual preconditions for a transaction have been met. The transaction cannot be concluded until the corresponding lines of credit have been granted by the custodian bank.

The term "OTC financial products" covers agreements entered into directly between OBAM Lux, the broker, the custodian and another eligible counterparty, which are also subject to best execution requirements. This implies that an appropriate master agreement such as an "International Swaps and Derivatives Association, Inc. Agreement" (ISDA Agreement) is in place to meet the EMIR (European Market Infrastructure Regulation) requirements associated with the transactions, such as collateralisation.

The question of the execution venue does not arise here, as there is a declaration of intent on the part of the fund manager to conclude the transaction directly with the counterparty at the agreed conditions and every detail is agreed with the counterparty. Therefore, the previously defined criteria of speed and probability of execution and probability of settlement are normally not relevant in this context.

#### ***a) Equity OTC***

For every transaction concluded for equities/stock index OTC options and forwards, the market conformity check is carried out on the following day, as the implicit volatility determined during the end-of-day is present at this time. The audit is carried out at the respective custodian bank of the mandate.

In the event of anomalies, the employee of the custodian bank clarifies these with the trading department.

#### ***b) FX-OTC***

FX OTCs are entered into with eligible counterparties.

The market conformity check is carried out at the respective custodian bank of the mandate.

#### ***c) Interest OTC***

Interest rate OTCs are concluded with a few brokers / appropriate counterparties.

The market conformity check is carried out at the respective custodian bank of the mandate.

The objective of the market conformity check is to check all transactions made in the interest rate area for the appropriateness (fairness) of the agreed transaction interest rate. The fair price of a transaction is used for comparison purposes.

### **6 Deviating execution in exceptional cases**

If exceptional market conditions, a market disruption or system failures require an execution that deviates from these execution principles, ODDO BHF will execute these in the interest of the customer.

### **7 Merging of orders/block trades**

The Partner Trading Desks ensure that the intermediaries it appoints to execute the orders generally execute incoming orders promptly in chronological order ("first in, first out").

If, due to the nature of the order or the prevailing market conditions, order processing in the order in which it is received is not possible or makes no sense with regard to the interests of the investment fund(s) or investors, buy and/or sell orders may also be bundled and executed as aggregated orders in order to be able to exploit the resulting cost advantages for larger orders. However, ODDO BHF LUX or its partners will only combine orders if the combination of the orders is not disadvantageous for any of the individual investment funds or for the investor as a whole.

### **8 Outsourcing of fund management**

In some cases, ODDO BHF LUX outsources the management of the investment funds it manages to external fund managers. In these cases, trading transactions can be executed via the trading desk of the external manager. The External Fund Managers will be contractually obliged to comply with all the requirements arising from. Articles 27, 28 of Delegated Regulation (EU) No. 231/2013 regarding best execution and broker selection.

ODDO BHF LUX carries out an annual due diligence to determine whether the execution principles of the external managers are consistent with its own policy and thus with that of the Group as a whole.

### **9 Review of the Execution Principles**

ODDO BHF LUX compiles plausibility checks on the effectiveness of the process described above in order to identify and, if necessary, address any malfunctions. In particular, attention is paid to whether the order selection systems and the quality of order execution by the market intermediaries ensure the best possible result for the client and/or whether changes need to be made to these systems. OBAM GmbH's outsourced control teams also carry out these checks on a regular basis.

ODDO BHF LUX reviews these execution principles regularly, at least annually, and adjusts them as necessary. A review also takes place if there is a significant change in the market environment which may affect the achievement of the best possible results within the framework of this policy. ODDO BHF LUX will inform about significant changes to the Best Execution Policy.

It is the shareholders' obligation to check regularly on the Company's website for the latest applicable regulations.