

Best Execution Policy

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1 Preamble

This Policy summarises the main policies that Swisscanto Asset Management International S.A. (“SAMI”) considers essential to the execution of trading decisions in order to obtain the best possible result for the investment funds it manages (Best Execution).

The implementation of these policies by external service providers to whom order handling and trade execution are delegated is contractually ensured by means of instructions.

2 Scope

The stipulated policies apply to the execution of trades for the purpose of purchasing or selling securities or other financial instruments and for carrying out EPM (Efficient Portfolio Management) transactions¹ that SAMI has delegated to third parties in the course of delegation of asset management functions.

3 “Best Execution” factors

3.1 General information

With regard to the direct execution of trades or the placement of orders with authorised counterparties/brokers, SAMI considers the following factors acceptable in order to obtain the best possible result for SAMI funds. These factors primarily include:

- Price (market value and cost of execution)
- Speed of execution
- Size and nature of the order

¹ The only EPM transactions that SAMI engages in are securities lending.

If an instrument has limited liquidity, SAMI also considers the following factors necessary to obtain the best possible result:

- Likelihood of execution and settlement
- Security of settlement
- Special prevailing market conditions

The following execution factors are to be considered whenever the asset manager has an approval process for counterparties/brokers:

- Quality and reputation of the counterparty/broker
- Services provided by the counterparty/broker

In general, SAMI considers it necessary to take all the above execution factors into consideration in order to obtain the best possible result; however, the instrument-specific policies listed below must also be adhered to.

3.2 Equities and Exchange-Traded Funds (ETFs)

Care must be taken to settle the orders at the lowest possible cost. If the transaction costs include a service, for example in the form of research, such service must clearly be to the benefit of the fund managed by SAMI.

For over-the-counter equity securities, the transactions must be executed at a price in line with the market price. Any premiums or discounts on the current market price are disclosed to the Portfolio Manager. To this end, Alternative Trading Systems in particular will be taken into consideration in addition to local stock exchanges.

Equities are traded exclusively through authorised counterparties/brokers.

3.3 Debt securities and convertible bonds

When trading debt securities and convertible bonds, Requests for Quote (RFQs) must be submitted to at least three counterparties, and the trade executed at the best offered price. If there is a lack of liquidity or a limited number of market participants, an exception can be made to the above RFQ rule.

In this case, the execution factors that were considered must be documented on the order. In addition, RFQs must be documented.

Trading must only take place with authorised counterparties/brokers.

3.4 Investment funds

Subscriptions and redemptions for investment fund units must always be executed at the Net Asset Value (NAV) on the valuation day (plus issue and redemption fees). This policy does not apply to Exchange-Traded Funds (ETFs).

3.5 Money market products

Fixed-term investments are placed in consideration of the set counterparty limits, with an RFQ having been sent to at least two counterparties.

3.6 Exchange-traded derivatives

Care must be taken to settle the orders for derivative financial instruments at the lowest possible cost and on the designated stock exchanges.

3.7 OTC derivatives

Transactions involving over-the-counter derivative financial instruments must only be carried out on the basis of a standardised master agreement, and only with counterparties subject to supervision and specialising in such types of

transaction. Furthermore, it is policy that OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed out by an offsetting transaction at the valuation at any time.

Before entering into the contract, offers must be sought from two potential counterparties, with the most favourable offer being accepted in consideration of the price, credit rating, risk diversification and the range of services offered by the counterparty.

3.8 Foreign exchange

Foreign exchange is traded through the custodian bank or through selected third-party banks within the set limits.

The most important execution factors are the price and the likelihood of execution and settlement.

3.9 Securities lending

Securities lending transactions are exclusively carried out through RBC Investor Services Trust (agent) with Zürcher Kantonalbank (principal). To ensure market conformity, price comparisons are carried out with other market participants or peer group, and the spreads or return to lendable are compared between similar transactions or peer group. In addition, the fees and the cost split are monitored at both security and fund level.

4 Execution venues

Transactions are typically executed at the following venues:

- Via the stock exchange, i.e. directly in a regulated market
- Via Multilateral Trading Facilities (MTFs) (e.g. Bloomberg, Instinet, Market Axess, TradeWeb)
- Via a brokerage firm with which the delegated party has an order settlement arrangement
- Via fund companies or their transfer agents
- Direct transaction between clients or investment funds
- Fund platforms
- Custodian bank for securities lending

The execution venues permitted for each financial instrument are listed in the annex.

5 Order handling

The delegated asset manager is authorised to execute trades in its own name or in the name of a third party for account of the investment fund and, to this end, has drawn up and put into effect suitable processes, directives and guidelines to guarantee prompt and fair order execution.

5.1 Policies for prompt and fair execution

When executing a trade, it must be ensured that:

- Trade orders from different funds are treated equally in equal circumstances.
- Comparable trade orders are executed in the order received, unless the characteristics of the orders or the prevailing market conditions prevent this.
- In principle, trade transactions are executed immediately, in full and – subject to the contractual limits, conditions and restrictions – at the best possible market price. The only exception to this is if immediate and full execution is not possible in the market situation (liquidity) or is in the interest of the fund.
- For over-the-counter equity securities, the transactions are executed at a price in line with the market price – if available. To this end, Alternative Trading Systems in particular will be taken into consideration in addition to local stock exchanges.
- Immediate allocation: Once executed, securities trades are immediately allocated, recorded, settled the same day and documented accordingly.

5.2 Pooling policies

Pooled orders involving different investment funds are subject to partial execution as a percentage of the breakdown according to the original order. Deviations from this principle, e.g. based on investment restrictions (minimum size of transactions) or costs (fees), are recorded in writing and documented.

6 Recording and storing trading information

In principle, the following parameters must be recorded in writing for trade orders:

- The name or other designation of the investment fund and the person who acts for account of the investment fund
- The details necessary to identify the instrument concerned
- The size
- The nature of the order or transaction
- The price
- In the case of orders, the date and exact time of order transmission and the name or other designation of the person to whom the order was transmitted, or, in the case of transactions, the date and the exact time of the decision to transact and of the execution of the transaction
- The name of the person who transmits the order or executes the transaction
- If applicable, the reasons for order rejection
- In the case of executed transactions, the counterparty and the execution venue
- Evaluated alternative prices (RFQs) along with the date and exact time

Annex – Transaction execution venues

Financial instrument		Execution venues	Commissions or fixed-price business
Interest-bearing securities	CHF Bonds	OTC market, SIX Swiss Exchange, Euroclear, SIS SegalInterSettle AG	Commissions business
	Eurobonds	OTC market, SIX Swiss Exchange, Euroclear, SIS SegalInterSettle AG	Commissions business
Equities and listed structured products	Listed Swiss equities and structured products	SIX Swiss Exchange, BX Berne eXchange, Euroclear, SIS SegalInterSettle AG	Commissions business
	Equities and structured products listed abroad	Via brokers at various execution venues	Commissions business
	Non-listed equities	Generally organised trading systems	Commissions business
Exchange-traded derivatives	Eurex	Eurex	Commissions business
	Non-Eurex	Via brokers at the main execution venue	Commissions business
Non-listed structured products	Issued by the Asset Manager		Fixed-price business with the Asset Manager
	Issued by a third-party bank	OTC market. The issuer is generally the only market maker	Fixed-price business
Other financial instruments (e.g. OTC derivatives)			Fixed-price business with the Asset Manager
Foreign exchange and precious metals			Fixed-price business with the Asset Manager
Funds	Open-ended funds issued by the Asset Manager	Up to a countervalue of CHF 1 million; plus primary market	Fixed-price business with the Asset Manager (up to a countervalue of CHF 1 million); plus commissions business
	Open-ended funds issued by third parties	Primary market	Commissions business
	Closed-end funds	As for equities depending on whether listed or non-listed funds	Commissions business
Securities lending	ZKB via RBC		Commissions business