



Principles for the best execution of trading orders

Introduction

Securities services providers are duty-bound to take sufficient measures to ensure the best execution of customer orders. In the following document, Flossbach von Storch will inform you about the measures that have been taken to ensure the best possible order execution in the interest of our customers.

Area of application

The best execution trading order principles set out herein apply to all executions of trading orders executed as part of portfolio management of investment funds, as well as for financial portfolio management for professional clients.

These principles apply to Flossbach von Storch AG and its subsidiaries (hereinafter referred to collectively as FvS).

These principles do not apply in relation to orders from FvS for the acquisition or sale of shares in open-end investment funds that are issued or redeemed through a custodian bank.

Ensuring best execution

In the context of ensuring the best possible execution quality, the execution factors and execution channels listed below are considered or used:

Orders for shares or derivatives are generally executed by third parties. FvS has no direct access to the execution venues and does not carry out these orders as part of their service, but commissions third parties with the execution of the order.

When placing orders in financial instruments, FvS generally agrees to the principles of order execution by the commissioned third party. The selection is made according to whether the commissioned institutions can usually ensure the best possible execution in the interest of the customer.

Non-exchange-traded derivatives (OTC derivatives) are traded mainly bilaterally with the respective broker.

Orders for bonds are generally traded over-the-counter (OTC). OTC markets are decentralised and have a low degree of transparency prior to the conclusion of a business transaction. This means that counterparties generally do not make the quoted prices available to a broad market and they are not bound to them. Rather, these prices are negotiated on a bilateral basis. Unlike equity markets, the choice of bond counterparties is often limited, so there can only be limited transparency in terms of price and liquidity.



In volatile or illiquid markets, it may therefore happen that an initially offered price must be accepted without the possibility of obtaining comparative settlement offers. FvS will verify the fairness of the offered price by using market data to estimate the price of the product and, if possible, compare it with similar or comparable products.

Cross-trades from equities or bonds can only be conducted if it can be determined that it is in the best interests of both mandates / funds, and in line with the client's portfolio and all regulatory requirements. When a cross-trade is executed through a broker, there are fewer or no brokerage fees, charges or other fees payable in connection with the transaction.

Key factors for the best possible execution of trading decisions and the best possible trading result

Factors and **criteria** that are considered relevant for the best execution of trading decisions and the best possible trading results are described below. The weighting of the factors mentioned may vary from case to case. In order to ensure best execution when trading via brokers, FvS checks the brokers for compliance with the specified best execution criteria in order to fulfil their duty of care towards the clients.

- The price of the asset to be acquired
- The cost of executing the order
- The speed and manner in which orders are executed
- The probability and quality of execution or settlement
- The scope and type of the order
- The timing of the order
- The type of financial instrument
- Other relevant aspects for order execution

Even if the selection is always based on the overall payment, i.e. the purchase or sale price of the relevant financial instrument and all the costs associated with the execution of the order - including third party costs - selection can be influenced by the value of a particular transaction and the other execution factors. These factors are identified on a relative basis using the following criteria:

- Features of the order
- Features of the financial instruments that are the subject of the relevant order
- The objectives, investment policy and specific risks of the fund, as described in the prospectus or possibly in the management regulations or founding principles of the fund
- Features of the venues to which the order can be forwarded



Selection of the execution venue / broker

It is the duty of FvS for the execution of orders to only select trading partners whose trading model and execution patterns enable FvS to obtain the best possible result for the orders assigned. As a consequence, FvS selects its trading partners using a careful process and only uses trading partners whose execution principles are consistent with the execution principles of FvS. A list of the institutions commissioned by FvS to execute orders in financial instruments is available upon request. The choice of trading partners is reviewed regularly and a corresponding change is made to the selection as required.

Merging of orders

FvS will bundle buy or sell orders and execute them as aggregated orders (block orders) if the order volume, securities, market segment, current market quality and price sensitivity of the security to the traded indicate that this is advisable in the interests of the affected customers.

FvS wishes to point out that such a merger can have a negative effect on an individual order. FvS shall only merge orders if this is unlikely to have a negative effect on individual customers.

The precedence of instructions from the customer

If the customer issues instructions to FvS indicating the venues where his/her order is to be executed, such instructions shall always have precedence over the order execution principles of FvS. In this case, the principles outlined above shall not apply.

Individual variations in execution

On rare occasions, system failures or unusual market conditions may make it necessary to execute an order in a manner that diverges from these principles. However, under these circumstances, FvS will do all it can to achieve the best possible result for its customers.

Review of the principles for the execution of orders

FvS shall review the execution principles outlined above at least once each year and, if necessary, make adjustments to their execution policies. Significant changes shall be published immediately.

FvS shall also regularly verify that the third parties it has commissioned will execute the orders in accordance with their execution principles.



Publication of the execution venue and the achieved execution quality

Once a year - no later than 30 April - FvS will identify the five brokers who executed the largest trading volume in the previous year for each type of financial instrument. Information about the quality of execution achieved will be summarised and published on the FvS website according to the respective guidelines.

FvS will also provide the broker lists upon request.