

Principles for the best possible execution of trade decisions for investment funds

1. Introduction

The Management Company shall act in the best interests of the investment funds under its administration when it executes trade decisions for the management of the portfolios of these funds and when it forwards orders for the execution of trade decisions to other parties for the management of the portfolios of these funds. In this, it shall do everything in its power to achieve the best possible result for the investment fund. The following principles for the best possible execution of trade decisions (best execution policy) apply to this end. These principles apply to the purchase and sale of financial instruments as part of the management of a fund.

2. Execution criteria

The following criteria are relevant for achieving the best possible result:

- Rate/price
- Costs
- Probability of execution and settlement
- Speed
- Type and scope of the order

The best possible result is not determined solely by the rate/price. The relative importance of the specified criteria is determined on the basis of the following factors:

- Objectives, investment policy, and specific risks of the investment fund
- Characteristics of the order
- Characteristics of the financial instruments covered by the order
- Characteristics of the places of execution

This is not a complete list of all factors. Depending on the type and characteristics of the transaction, other factors including time criteria, volume criteria, and unforeseen events may also be relevant.

As the Management Company is obligated not only to execute trading decisions in the best manner possible, but also to act in the best interests of the investment funds under its management, all trading decisions must be made taking all relevant factors into account. This includes ensuring the best possible access to research services. To this end, the Management Company may enter into commission sharing agreements with trading partners under which part of the billed transaction costs are credited and can be used for the procurement of research services from third parties.

If the management of the fund has been delegated to an external fund manager, this manager must apply a best execution policy and must execute all transactions in accordance with the principles contained in this policy.

3. Places of execution

Transactions can be executed through regulated markets, through multilateral trading facilities (MTFs), or through other means (including as over the counter [OTC] transactions). When executing trading decisions through trading partners, these execution principles and the existing broker lists are taken into account.

Transactions with bonds are generally completed through trading platforms or directly with the counterparties. Here, price, volume, and block criteria are specifically taken into account when making the decision. In cases of first-time issue, the probability of allocation is especially taken into account along with the criteria specified above. When deciding which counterparties are eligible as trading partners in general, various criteria including the reliability of quotes, processing, post-transaction service, and trading behaviour are taken into account.

For equities, exchange traded funds, and exchange traded bonds and certificates, liquidity is a major factor in making decisions. When the liquidity is high, the criteria of rate/price and speed are weighted more highly, while the criteria of type and scope of the order and probability of execution and settlement are weighted more highly when the liquidity is low.

OTC financial instruments, exchange traded derivatives, foreign currency transactions, and forward exchange agreements are usually processed through Erste Group Bank AG for technical reasons. Erste Group Bank AG will execute the buy and sell orders by way of trades for its own account. In these transactions, the price will vary depending on the market situation of the instrument in question. In this case, the best execution policy of Group Bank AG will be applied.

4. Customer instructions relating to special purpose funds

If the customer expressly instructs that an order be completed on a specific market or platform, we will comply with these instructions. This best execution policy will not apply in this case, and the Management Company expressly notes that the best possible execution cannot be guaranteed for this reason.

5. Review of the fundamental parameters

The markets selected according to these principles are reviewed by the Management Company once per year and adapted as needed. A review is also completed when there is reason to believe that material criteria that made a specific market suitable according to these principles no longer apply.