

## Best Execution Principles

### 1. Purpose and subject

This directive lays down the manner in which J. Safra Sarasin Fund Management (Luxembourg) S.A. (“JSSFML”) and the Investment Managers (“IM”) of the investment funds under management (“Funds”) handle and execute the orders. The intent behind these principles is to ensure that all reasonable steps will be undertaken to achieve the best possible result in the interests of the Fund and its investors when handling and executing orders for trades in financial instruments. The assignment of this control has its origin in the EU legislation which has been transposed in local laws over the last years, latest in the UCITS V amendments of the Luxembourg UCITS law dated 17 December 2010.

### 2. Scope

The present directive applies to JSSFML and the IM and, if applicable, to the Sub-IM of the Funds, irrespective if the delegates are domiciled in the EU or in other jurisdictions as long as one of these involved parties are

- authorized to instruct trades or
- execute trades in financial instruments or
- place orders with brokers

in the name of the Funds. As JSSFML has taken over the investment management of the Funds it is obliged to ensure that all IM or Sub-IM meet the criteria set by the laws and regulations in Luxembourg.

### 3. The best execution obligation

JSSFML takes all reasonable steps to obtain the best possible result for the Funds across the trading activities of the Funds. If the trading activity has been delegated to an IM or a Sub-IM JSSFML undertakes its best efforts to

- bind delegates to this policy and/or
- make certain that the delegates have an equivalent Best Execution policy and procedure in place which has been implemented and
- monitor the trading activities, at minimum via spot checks.

Implementing „Best Execution” is not a guarantee for the best possible result for each individual order at all times, but a requirement to be able to obtain on a consistent basis the best possible results for the execution of orders.

**a. Priority of client instructions**

If JSSFML or the IM/ Sub-IM of the Funds gives a specific instruction on the processing of an order it has to be executed in accordance with this instruction. If an order is not detailed or certain points of an order are not sufficiently clear JSSFML (or if applicable the delegate in charge) has to seek for a clarification and has to act in compliance with the principles mentioned in this directive.

A best possible result for investors is not only the price of a financial instrument but a combination of other important criteria relevant for the type of the transaction. The following criteria have to be considered for a transaction whereby the weighting of the criteria depends on the character of each transaction:

- Price of the asset to be acquired/ sold
- Cost of the order execution
- Speed of the order execution
- Probability of a successful order execution
- Safety of the order execution
- Scope and type of order
- Other risk aspects relevant for the specific transaction type.

As guidance for the selection and weighting of a transaction should be adduced:

- Investment policy (eligibility of assets, strategy, investment plan)
- Risk management profile as mentioned in the prospectus, the Internal Investment Guidelines (IIG) or the Risk Management Policy (RMP)
- Investment restrictions of the Fund as mentioned in the prospectus
- Articles of association / management regulations
- Characteristics of the order settlement
- Characteristics of the relevant financial instrument
- The characteristics of the order routing

In the case that the consideration of all criteria leaves more than one execution way or counterparty the final decision has to be done individually with diligence.

**b. Financial instruments covered by this directive**

This policy directive applies for orders in the following financial instruments:

- Securities
- Money market instruments
- Structured financial instruments
- Fund units/shares
- Derivatives traded on a stock exchange
- Forward rate agreements and other OTC derivatives relating to eligible assets
- Alternative assets if these are allowed as eligible assets for the Funds

#### **4. Delegation of Portfolio Management and Brokerage**

For all Funds the IM has been delegated to external IM and Sub-IM. Nevertheless is JSSFML obliged to ensure that the IM and Sub-IM of the Funds apply to the Best Execution principles of JSSFML or have adequate own principles in place to ensure an execution of orders for the Funds in the best interest of the Funds and its investors.

##### **a. IM/ Sub-IM**

To achieve this aim JSSFML checks during the on-boarding of a new IM/ Sub-IM the implementation of the Best Execution policy on the level of the manager (initial due diligence). With ongoing due diligences JSSFML gets an assurance of the continuous usage of this principles. The details of the initial and ongoing due diligence process are explained in JSSFML's policy "Monitoring of delegated functions" and others.

##### **b. Broker**

Furthermore JSSFML checks the implementation of the Best Execution principles on the level of the broker acting for the Funds. In this context a "broker" has to be understood as a trading partner or a market place where orders for the Funds given by the IM/ Sub-IM are executed. JSSFML undertakes its best efforts to choose only brokers whose trading model and execution procedures consider the execution with the best possible results for the Funds.

Similar to the IM/Sub-IM JSSFML performs initial and ongoing due diligences on the brokers and checks if they act in accordance with execution principles complying with the Best Execution policy of JSSFML. JSSFML maintains a list with approved brokers and make this list available to the IM and Sub-IM as assortment of brokers to be available for the order placement.

In exceptional cases an IM/ Sub-IM may ask for the approval of an additional broker. Such requests will be checked by JSSFML and, after a successful and satisfying outcome of the Due Diligence, JSSFML may accept the new broker and add it to the list with approved brokers.

When JSSFML has a suspicion that a broker doesn't follow the Best Execution framework it will investigate the facts and decide if it is still an eligible counterparty. If not, the relationship may be terminated. If a broker is not needed any longer the relationship has to be terminated as well. Such brokers will be deleted from the broker list.

#### **5. Order handling**

##### **a. Work steps to be agreed with IM and Sub-IM**

JSSFML handles orders in an expeditious and fair manner for all Funds. It has agreed with the IM and Sub-IM work steps that orders are executed as follows:

- Immediately after receipt
- Checked before they are placed at the approved brokers
- Confirmations from the broker
- Promptly and accurately recorded and allocated („first come, first serve")
- Monies debited or credited to the Fund are monitored and immediately and accurately recorded
- Information are forwarded to the depositary and other involved parties immediately

**b. Aggregation of orders**

As a principle JSSFML will not execute any trading orders for the Funds together with trading orders of other Funds or with orders for its own account.

Exceptionally this principle may be waived if it is unlikely that an aggregation of orders is unfavorably for one or more Funds. So orders can only be aggregated if the characteristics of the orders make them suitable for aggregation and the aggregation will not lead to a disadvantage for a Fund. If aggregated order leads to a partial execution, the individual business transactions shall be assigned in line with the following principles:

- o If the order aggregates orders for several Funds only partially executed, the orders will be executed on a pro-rata basis in proportion to the collective order.
- o If JSSFML aggregates its own orders with orders for the Funds it will not proceed in a manner that it is in the disadvantage of a Fund. Then the execution of the Fund's order will prevail over an order for JSSFML's own account.
- o If aggregated orders cannot be executed at all or not be executed under the same conditions without the aggregation of orders for JSSFML's own account the orders will be executed on a pro-rata basis in proportion to the collective order.

**6. Ongoing monitoring of the best execution policy**

JSSFML regularly checks the IM's and Sub-IM's procedures in order to achieve the best possible result for the investor. Accordingly, the quality of execution by the selected trading partners (costs, speed and probability of execution) is checked. Any weaknesses identified shall be dealt with and remedied as quickly as possible.

**7. Review**

JSSFML will review this policy at least once a year and additionally whenever a material change occurs.

**8. Escalation**

First contact	Investment Management team member
First escalation level	Head/ Conducting Officer Investment Management
Second escalation level	Head/ Conducting Officer Operations to involve MC
Third escalation level	Board of Directors

**9. Review**

The present Internal Policy (IP) has to be reviewed at minimum annually and up-dated either if need occurs. It has been approved by the Management Committee and by the Board of Directors.

**Appendices:**

None