

BEST EXECUTION AND TRANSMISSION

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1. Purpose of this document

UniCredit International Bank Luxembourg S.A. (“UniCredit” or “Bank” or “We”) has produced this informative document to bring transparency and provide information regarding the Bank’s Best Execution arrangements and practices (“External Execution and Transmission Strategy”, hereinafter “Strategy” or “Best Execution and Transmission”).

By publishing this informative document we aim to summarise the relevant arrangements, including but not limited to internal policies and procedures the Bank has established pursuant the Directive on Markets in Financial Instruments and its amendments.

In addition, this strategy allows UniCredit to comply and fulfil specific obligations stemming from the European Union Markets in Financial Instruments Directive (“MiFID” and/or “MiFID II”) and its transposition into Luxembourg’s Laws and regulations (“applicable rules and regulations”).

Finally, this Document set up and define the rules applicable to Best Execution and the selection of execution venues as well as the general framework for application of such rules.

2. Client classification

Following the applicable rules and regulations UniCredit classifies customers (from a MiFID) under one of the 3 excluding categories: (i) Retail Customer, (ii) Professional Clients and (iii) Eligible Counterparties. Being deemed as part of one of the categories mentioned, defines the level of information provided in protection of the specific customer.

Retail customers are more protected and require a more detailed level of information.

Given the specifics of the Wealth Management business, we provide each type of customer with relevant information pre-trade and post-trade in order to comply with applicable rules and regulations, together with all relevant measures for the protection of investors.

3. Use of brokerage

The Bank has defined to use the services of a set of brokers in order to ensure the analysis of relevant execution venues and to produce coordinated and fast results in order to benefit clients.

The appointed three different institutions to perform Brokerage and/or custody services task are HypoVereinsbank (Member of UniCredit Group) for bonds and securities, International Fund Services & Asset Management S.A (“IFSAM”), for mutual funds and CACEIS Investor Services, for funds and custody services (referred together as “broker”).

To make this decision UniCredit considered among other factors pricing, fees applicable, speed for execution, reputation of the broker and likelihood of execution (combined “execution factors”).

Furthermore, we have engaged into specific arrangements with the broker to ensure the principles of best execution defined under MiFID and to materialise our engagement with our clients.

The existence of structured arrangements with the aforementioned, do not imply the need to use them at all cases, making possible to specialise or deepen the use of one or other over the other venues.

4. Venue of execution

The venues and types of trades available to clients are directly linked to the clients request and to venues chosen by the broker and limited by the specific profiles applicable to each client.

Having appointed a broker to better address the venues for trading, the Bank does usually does not accept orders indicating a venue of execution.

Should a particular customer wish to include this provision a case by case analysis apply including a new set of arrangements, fees and other elements to ensure that customer protection is considered and the Bank maintains oversight in regards to the activity.

5. Satisfying the Customer's interest

The implementation of this Strategy includes the correlation between the Bank's best execution arrangements and the information regarding each class of financial instruments, information on the trading venues used by the appointed broker.

6. Brokers' information

To find more details regarding the broker, please refer to their specific set of arrangements and more in details section "BASIC PRINCIPLES FOR EXECUTION" following this link:

<http://www.ib-italy.unicreditgroup.eu/umib/doc/503416dr.pdf>.

To access further information about the broker for mutual funds, please follow this link:

<http://www.ifsam.lu/kunden/#tabs-3>

To access further information related to funds and custody arrangements, please follow this link:

<https://www.caceis.com/what-we-do/custody-cash-services/> and <https://www.caceis.com/who-we-are/compliance/>

As a general note, UniCredit does not take responsibility for the update, level of detail, completeness and/or availability of the information provided to the public by this third parties in regards to their operations, fees, structure or any other element disclosed in or via the linked provided.

7. Customer satisfaction factors

In order to better address customer satisfaction, the following execution factors of the execution methodology provided by the broker were analysed:

- Speed;
- Pricing,
- Fees applicable,
- Speed for execution,
- Reputation of the broker;
- Likelihood of execution,
- Speed of Settlement; and
- Likelihood of Settlement.

8. Broker selection criteria

Following the UniCredit Group guidance we rate pricing, speed, reputation and order cost as factors for selection of the broker.

The Bank has combined a number of arrangements and systems in order to ensure that the outcome of such combination of factors provides the Client with the best combination following the applicable rules and group policies.

Having a set of brokers limits the number of intermediaries and streams order to specialised parts of the group ensuring a better allocation of resources, prices, access to information and results than performing such activities locally (the Bank has considered more appropriate to appoint an intermediary than to perform the activity directly in order to leverage in the experience, tools and specialisation of the selected Brokers).

Therefore, the process of reception of orders is centralised at our end to then provide the broker with relevant information in order to facilitate the selection of the more appropriate venue for the final execution and settlement increasing significantly efficiency, generating cost reduction and ensuring a details risk analysis of the parties involved in the process.

The broker will then analyse factors such as

- The price of the financial instrument;
- The costs associated with executing the order;
- The speed of the execution;
- The likelihood of the execution and settlement of the order;

In order to address the customer protection rules and to define the best execution venue, UniCredit has diversified brokers according to their specific knowledge, arrangements and benefits to the Client as per type of product (E.g. bonds, equity and mutual funds).

Changes may occur in regards to the selection made, case in which those changes will be noted on the Annex 1 when applicable or included in the annual review of the relevant documentation including this document.

8.1. Price

The bank has appointed and mandated the broker to use available technical means to determine the advantages of a trading venue with regard to price, including the number of market participants, the availability of market makers, and the price formation mechanism.

8.2. Cost

The Bank does not produce direct orders, but uses a defined broker as per product type. Therefore costs apply as per a transfer of the cost and fee applicable to the use of the broker and a few is applied as per specific agreements with the Client.

UniCredit has negotiated a flat fee per order with the brokers in order to ensure in total a stable application of fees.

Following applicable rules and regulation, the Bank does not receive any sort of remuneration within the flat fee; this fee is directly passed on to the client "as is".

As part of the arrangements organised by UniCredit, the progression on the number of orders can decrease the individual price by ranges.

8.3. Speed and likelihood of execution

This subject is regulated by the period Speed of execution refers to the interval between time the order is received and time the order is capable of being executed on trading venue. The speed of a trading venue is determined to a large extent by the approach used by the venue itself to close the agreements (e.g. order driven, quote driven).

The likelihood that an order will be executed at a trading venue is determined to a significant extent by the liquidity of that venue.

Concerning likelihood of settlement, the Bank's preference goes to the trading venues that ensure an efficient settlement process (for example, being present a central clearing counterparty).

As mentioned in section 3, the bank has appointed two different brokers as per the type of financial instrument involved in the order (E.g. Bonds versus Mutual Funds).

8.4. Reputation and other factors

When selecting a broker, the Bank performs an assessment based on numerous elements included listed below. In addition to such assessment the Bank takes into consideration the reputation of the broker, the likelihood and speed of settlement and the technical means of communication which allow streamlining the process.

9. Brokers' assessment and re-appointment

Following the analysis described and complying with the Key Performance Indicators review agreed with the broker the Bank reassess regularly the performance of the arrangements by the brokers in order to ensure compliance with the specific framework and contractual relationships in place.

Any modification to the selection of brokers included here in will be included on the Annex 1 of this document, or included in section one upon an scheduled review of this document.

10. Transmission of data and reporting

The Client is aware that the use of brokers in connection to Best Execution Rules and MiFID related provisions is integral part of the contract and is considered as necessary for the execution of the control in the agreed condition.

In order to execute instructions placed by clients, we might need to transfer data including personal data linked to the execution of orders, to various venues (via the brokers). Furthermore, executing instructions or legal obligation may result in transfer of data beyond the limits of the European Union, nonetheless, we have organised relevant arrangements in order to protect Client data and to mitigate any risk delivered from data transfer (including but not limited to Data Processing Agreements, specific security measures and the analysis of the arrangements of the selected Brokers).

Parties are aware that Bank consolidates information for risk management process including reporting to UniCredit Group companies (when such companies act as shareholders) and that reporting obligations towards authorities are ensured by the banks including MiFID, tax and other requirements covered by applicable rules and regulations.

11. Monitoring and review

Bank has organised relevant measures to ensure permanent, periodic and recurrent internal and external audit functions in accordance with its own licence and regulatory requirements as well as ensured that selected Brokers comply with equivalent rules and are subject of prudential supervision under EU rules or equivalent.

Furthermore, contractual arrangements cover the brokers in order to ensure monitoring, oversight and review of existing relationship.

Arrangements are in place for the protection of the client and the protection of the data of customers and data subjects.

Any material changes to the information contained herein (in regards to the Bank or its arrangements for best execution) will be published by Bank (with the exception noted under section 6 above).

12. Reporting to shareholders and regulators

In respect with professional secrecy and in accordance with applicable rules and regulations, the Bank reports regularly to the shareholder in regards to transactions and activities performed ensuring that such information is use exclusively for the lawful purposes for its collection sand transfer.

Information shared to supervisors and other authorities is limited to applicable rules and regulations and covered under the art 41 of the law of the financial sector as well as with Regulation (EU) 2016/679 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (General Data Protection Regulation – GDPR).

13. Not executed orders

The Bank cannot guarantee that an order will be executed on the same trading day in which it is transmitted.

Orders which were not executed remain effective unless the Client provides specific instructions to cancel the order or where such cancellation is the standard procedure for that kind of order and as described by the specific arrangement.

If due to public holidays, trading events or technical restrictions the Bank cannot facilitate execution of an order at the time it is received as indicated by this Document or defined by the specific arrangement applicable, the order will be executed following the rules applicable to such cases according to the broker entrusted with the facilitation of execution.

Annex 1

Added/Removed brokers or parties during the course of validity of the present document