

SUMMARY OF THE ANALYSIS AND CONCLUSIONS for the quality of execution of orders in 2020

This document provides a summary of the analysis and conclusions for the quality of execution of orders received from its clients for the Fund Management services performed by UniCredit International Bank (Luxembourg) S.A. (the “Bank”) in the year 2020 (the “Summary”). The Summary is published pursuant to Art. 65, Paragraph 6 of the Commission Delegated Regulation (EU) 2017/565 and includes information required under Art. 3(2) of the Commission Delegated Regulation (EU) 2017/576 (the “RTS28”).

- A.** The importance of the execution factors of price, costs, speed, likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution, as required by Art. 3(2)(a) of the RTS28

In order to ensure the best possible result for our clients with regard to the execution of financial instruments (the “best execution” principle), the Bank has adopted the following measures:

- implemented an Order Transmission and Execution Policy (the “Strategy”) that is reviewed and updated at least annually, available on the Bank’s official website;
- adopted an organisational process and implemented measures, including controls, in order to monitor the transmission and the execution of the orders of our clients, ensuring that these are continuously performed in line with the Strategy and following the Bank’s best execution arrangements and practices as mentioned in the Strategy.

As part of the Strategy, the Bank has identified and applied the following best execution factors:

Price of the financial instrument:

The evaluation of the price determination mechanism of the financial instruments traded on the execution venues identified by the broker is based mainly on the evaluation of the number of participants, market liquidity, average spreads applied by market makers, if any.

Order execution cost:

The cost of execution of the order (transaction fee) takes into account the fees applied to the clients and include:

- all expenses related to the execution of the order, including venue fees, clearing and settlement fees and any other fees paid to third parties in relation to the execution of the order; and
- the costs recognised by the Bank to other intermediaries where orders are executed in markets to which the Bank does not have direct access.

Order execution speed:

In terms of speed and likelihood of settlement, the Bank’s opts for trading venues that ensure an efficient settlement process (e.g., being present a central clearing counterparty). In addition, the back office has appointed two different brokers as per the type of financial instrument involved in the order (i.e., bonds versus mutual funds) to ensure efficiency and continuity of process.

Likelihood of execution and settlement:

The likelihood of execution of the orders is influenced by the structure and depth of the market in which the financial instrument is traded while the settlement probability refers to the risk associated with the inability to deliver/withdraw the traded financial instrument or to make the related payments.

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- B.** Description of close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders, as required by Art. 3(2)(b) of the RTS28

On the topic of common ownerships and close links, the relevant information is published and regularly updated on the Unicredit Group website (available [here](#)). Furthermore, the Bank has in place internal policies in line with Unicredit Group's principles and values for the avoidance of conflicts of interests and the encouragement of business ethics.

- C.** Description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received, as required by Art. 3(2)(c) of the RTS28

The Bank does not receive payments, discounts, rebates or non-monetary benefits in its trading arrangements.

The Bank, taking into account the characteristics of the clients served and the financial instruments traded, has considered the following best execution factors to be a priority when identifying the execution venues:

- the combination of the price of the financial instrument and the order execution costs ("total consideration" principle) relating to instruments traded on regulated markets or MTFs; and
- the probability of execution and settlement for all other instruments, aimed in providing the best possible result and service to the client.

As part of its Strategy, the Bank has identified UniCredit Bank AG ("UCB") as the main broker for all financial instruments, Baader Bank AG ("Baader Bank") as fall back broker in case UCB is not able to trade the respective orders, and State Street Bank Luxembourg SA ("State Street") together with CACEIS Bank Luxembourg SA ("CACEIS") for funds in case UCB is not able to trade the respective orders in accordance with its Execution Strategy, which provides for the Bank's clients with:

- a selection of the markets on which to transmit customer orders based on the total consideration in line with the prevailing target of clients served by the Bank (both retail and professional clients); and
- the identification of a single execution venue by type of financial instrument (the "static execution strategy" principle).

During 2020, the Bank has transmitted all the orders received from its clients, both professional and retail, mainly to UCB and in terms of funds also to State Street and "ACEIS. The results of the monitoring carried out by the Bank with regard to the quality of execution of the orders provided by UCB, State Street and CACEIS during the period 01.01.2020 - 31.12.2020 have confirmed that the transmission and execution strategy and the measures adopted have enabled the Bank to comply with its best execution principles towards clients.

- D.** Factors that led to a change in the list of execution venues listed in the firm's execution policy, if such a change occurred, as required by Art. 3(2)(d) of the RTS28, as required by Art. 3(2)(d) of the RTS28

In 2020 there have been no changes in regards to the list of brokers listed in the Strategy.

- E.** How order execution differs according to client categorisation, where the firm treats categories of clients differently and where it may affect the order execution arrangements, as required by Art. 3(2)(e) of the RTS28

Order execution is different depending on the client category and in accordance with the Strategy. The Bank classifies customers (from Directive 2014/65/EU, "MiFID II") under one of the three exclusive categories:

- (i) Retail clients;
- (ii) Professional clients and

(iii) Eligible Counterparties.

Being part of one of these categories defines the level of information provided by the Bank for the protection of the specific client (e.g., retail clients are more protected and require more detailed information).

F. Other criteria that are given precedence over immediate price and cost when executing retail client orders and how these other criteria were instrumental in delivering the best possible result in terms of the total consideration to the client, as required by Art. 3(2)(f) of the RTS28

In general, the Bank gives precedence to price and cost when determining the execution of clients' orders. However, we achieve the best possible results for retail clients by determining the total consideration (the price of the financial instrument together with the costs related to execution, including all expenses incurred by the client that are directly related to the execution of the order).

The aforementioned procedure has one exception if a retail client provides the Bank with specific instructions regarding an order. In such cases, the Bank will take all reasonable efforts in order to proceed with the order as instructed by the client.

G. How the Bank has used any data or tools relating to the quality of execution, including any data published under Delegated Regulation (EU) 2017/575, as required by Art. 3(2)(g) of the RTS28

As detailed in the Strategy, the Bank has implemented measures to ensure permanent, periodic and recurrent monitoring through internal and external control/audit functions in accordance with its license and regulatory requirements. In addition, it continuously ensures that selected brokers comply with equivalent rules and are subject to prudential supervision under EU rules or equivalent in order for the Bank to remain vigilant in ensuring the best possible results for its clients.

H. How the Bank has used output of a consolidated tape provider established under Art. 65 of Directive 2014/65/EU, as required by Art. 3(2)(h) of the RTS28

Currently not applicable as no such data have presently been published in accordance with Art. 65 of MiFID II.