

YEARLY SUMMARY INFORMATION ON THE QUALITY OF EXECUTION OF ORDERS (2019)

This document provides summary information on the quality of execution of UniCredit International Bank (Luxembourg) S.A. (hereinafter the "Bank") client orders for the year 2019 pursuant to Article 65, Paragraph 6 of Delegated Regulation EU 2017/565.

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

- Implemented an Order Transmission and Execution Policy (hereinafter referred to as the "Strategy").
- Adopted organisational process and implemented measures, including controls, in order to monitor that the transmission and the execution of the orders of our clients are continuously performed in line with the Strategy and following the Banks' defined Best Execution.

As part of the Strategy, the Bank has identified 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;
 - the costs recognised by the Bank to other intermediaries where orders are executed in markets to which the Bank does not have direct access;
- **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.

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** (so called "**Total Consideration**") relating to instruments traded on regulated markets or MTFs;
- **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, UniCredit International Bank (Luxembourg) S.A. has identified UniCredit Bank AG Milan Branch (hereinafter also "UBAG") and as the Sole Dealer for all financial instruments (except Funds) and International Fund Services & Asset Management S.A. (hereinafter also "IFSAM") as the Sole Dealer for Funds transactions in accordance with the Execution Strategy adopted by the latter, which provides for the Bank's clients:

- the 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 ("retail and professional customers");
- the identification of a single execution venue by type of financial instrument (so-called static execution strategy).

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During 2019, the Bank transmitted all the orders received from its customers, both professional and retail, to the two Sole Dealers and the results of the monitoring carried out by the Bank with regard to the quality of execution of the orders provided by "UBAG" and "IFSAM" during the period 01.01.2019 - 31.12.2019 confirmed that the transmission and execution strategy and the measures adopted enabled the Bank to comply with its best execution obligations towards customers.