

# BEST EXECUTION AND TRANSMISSION

Competent Function: Wealth Management, Fund Management and Compliance

June 2022

|  |           |
|--|-----------|
| <b>1. Purpose of this document.....</b>                        | <b>4</b>  |
| <b>2. Shared ownership of the policy.....</b>                  | <b>4</b>  |
| <b>3. Client classification.....</b>                           | <b>5</b>  |
| <b>3.1 General principles.....</b>                             | <b>5</b>  |
| <b>3.2 Specific aspects related to Wealth Management.....</b>  | <b>5</b>  |
| <b>3.3 Specific aspects related to Fund Management.....</b>    | <b>5</b>  |
| <b>4. Use of brokerage.....</b>                                | <b>5</b>  |
| <b>4.1 General principles.....</b>                             | <b>5</b>  |
| <b>4.2 Specific aspects related to Wealth Management.....</b>  | <b>6</b>  |
| <b>4.3 Specific aspects related to Fund Management.....</b>    | <b>6</b>  |
| <b>5. Venue of execution .....</b>                             | <b>7</b>  |
| <b>5.1 Specific aspects related to Wealth Management .....</b> | <b>7</b>  |
| <b>5.2 Specific aspects related to Fund Management .....</b>   | <b>7</b>  |
| <b>6. Brokers' information .....</b>                           | <b>8</b>  |
| <b>7. Broker selection criteria .....</b>                      | <b>8</b>  |
| <b>7.1 General principles .....</b>                            | <b>8</b>  |
| <b>7.2 Price.....</b>  | <b>9</b>  |
| <b>7.3 Cost.....</b>   | <b>9</b>  |
| <b>7.3.1 Specific aspects related to Fund Management.....</b>  | <b>9</b>  |
| <b>7.4 Speed and likelihood of execution.....</b>              | <b>9</b>  |
| <b>7.5 Reputation and other factors .....</b>                  | <b>10</b> |
| <b>7.5.1 Specific aspects related to Fund Management.....</b>  | <b>10</b> |
| <b>8. Brokers' assessment and re-appointment.....</b>          | <b>10</b> |
| <b>9. Transmission of data and reporting .....</b>             | <b>10</b> |
| <b>9.1 Order Allocation.....</b>                               | <b>11</b> |
| <b>9.2 Equities and Equity-like Securities .....</b>           | <b>12</b> |
| <b>9.3 Subscription Rights.....</b>                            | <b>12</b> |
| <b>9.4 Bonds and Bond-like Securities .....</b>                | <b>12</b> |
| <b>9.5 Investment Fund Shares.....</b>                         | <b>12</b> |
| <b>9.6 Warrants .....</b>                                      | <b>13</b> |

|      |   |    |
|------|---|----|
| 9.7  | Certificates and Structured Bonds .....                           | 13 |
| 9.8  | Non-securitised Financial Instruments .....                       | 13 |
| 10.  | Monitoring and review .....                                       | 13 |
| 10.1 | Specific aspects related to Wealth Management .....               | 13 |
| 10.2 | Specific aspects related to Fund Management .....                 | 14 |
| 10.3 | Specific aspects related to first and second level controls ..... | 14 |
| 11.  | Reporting to shareholders and regulators .....                    | 15 |
| 12.  | Final Provisions .....  | 15 |
| 12.1 | Specific aspects related to Wealth Management .....               | 15 |
| 12.2 | Specific aspects related to Fund Management .....                 | 15 |
| 13.  | Annexes .....   | 16 |

# 1. Purpose of this document

UniCredit International Bank Luxembourg S.A. ("Bank") has produced this policy ("Policy") to set principal rules regarding the Bank's Best Execution arrangements and practices ("External Execution and Transmission Strategy", hereinafter "Strategy" or "Best Execution and Transmission").

This Policy, regularly reviewed and updated, will also serve as a basis for information duties of the Bank towards our clients.

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"). In particular, the relevant legal bases in the above-mentioned context essentially are:

- the European Union Markets in Financial Instruments Directive ("MiFID" and/or "MiFID II") according to the Article 27 of the so-called "MiFID II";
- the Regulation 600/2014 of May 15, 2014 and the related delegates Regulations (Delegates Regulation (EU) 2017/576 of June 8th, 2016 - RTS 28 and the Delegates Regulation (EU) 2017/565 of April 25th, 2016);
- the national regulations on financial sector according to the Article 65, Paragraph 6 of Delegated Regulation EU 2017/565;
- Law of 5 April 1993 on the financial sector, as amended;
- Law of 30 May 2018 on markets in financial instruments (the so-called "MiFID II Law"), as amended.

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

# 2. Shared ownership of the policy

The Management board has decided that the Policy will be subject to the co-ownership of Fund Management, Wealth Management and Compliance following below stipulated principles:

## **Wealth Management**

GIS & Insurance and Wealth Management Unit are responsible for the operational implementation of the policy and updated business related information. Insurance and WM must be able to verify the data of trades executed on a monthly basis (data provided by Back Office).

The Department of the Treasury supports the controllers;

Back Office, after verifying the correct data extraction process from Olympic and the correctness of the data reported on RTS28 Report, send the RTS28 report to GIS&Insurance and WM for a consistency check (non-fund management). The Treasury Department performs the first level of control.

Once the checks have been carried out, the RTS28 report is sent to the Product Department which verifies the completeness of the data reported on the document and proceeds to publish it on the official website of the bank.

## **Fund Management**

This unit is responsible for the operational implementation of the policy and updated business related information. It is also responsible for the annual production and initial data checks of the RTS28 report on Fund Management.

## **Treasury**

Treasury is in charge of:

- Execution Quality Report
- First level control of RTS28.

## **Compliance**

This unit is responsible for addressing the main principles coming from Group rules/Law into the policy.

Following abovementioned competences, the Policy ownership is split in following way:

| <i>Owner</i>             | <i>Section</i>  |
|--------------------------|---|
| <i>Wealth Management</i> | 3.2, 4.2., 5.1., 6, 7.2., 7.3., 7.4., 7.5., 8, 9, 10.1., 12.1.  |
| <i>Fund Management:</i>  | 3.3., 4.3, 5.2, 6., 7.2., 7.3., 7.4., 7.5., 8., 9., 10.2., 12.2 |
| <i>Treasury</i>          | 10.1., 10.2.,   |
| <i>Compliance</i>        | 3.1., 4.1., 7.1., 11  |

Aforementioned departments are responsible for factual accuracy of the content of the provisions where they are indicated as an owner (the table above) and they must ensure the content of the provisions in their ownership is compliant with Group Policies and Local Policies. In order to ensure accuracy and compliance, they are required to perform ongoing review of the provisions in their ownership as stipulated by the matrix above. The aforementioned departments are responsible for the co-ordination of the changes in provisions of which they are the owners.

## 3. Client classification

### 3.1 General principles

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.

### 3.2 Specific aspects related to Wealth Management

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.

### 3.3 Specific aspects related to Fund Management

As regards the Fund Management Business, it should be noted that this Policy is applicable to the execution of orders from the Bank's Fund Management Unit for Professional Clients or Eligible Counterparties to purchase or sell financial instruments.

## 4. Use of brokerage

### 4.1 General principles

Regarding to the characteristic business model of the Bank, it's important to point out the following aspects:

1. the Bank receives the order clients and transmits them. In this context the Bank activity is essential identified with the activity of Reception and transmission of orders;
2. the Bank is, also, active in the portfolio management, fund management and advisory services. In the context, the Bank, also, transmits orders to brokers. The broker will execute the order via Dynamic Best Execution tool "DBE tool" and, if requested by the client, on specific markets including the OTC market;
3. the Bank uses the brokers in order to achieve the best result in terms of execution for its clients. In this context, the Bank shall ensure the best outcome in terms of best execution for its clients reviewing the RTS28 report of the brokers and decides whether the broker uses is still generating best results.

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 it is".

## 4.2 Specific aspects related to Wealth Management

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 two different institutions to perform Brokerage and/or custody services task are

| Broker   | Instruments   |
|--|---|
| UniCredit Bank AG  | Equity, Bonds, ETFs, Derivatives, Certificates and structured bonds |
| UniCredit AG and International Fund Services & Asset Management SA "IFSAM" | Investment fund shares  |

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 materialize 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 specialize or deepen the use of one or other over the other venues.

## 4.3 Specific aspects related to Fund Management

The Bank assigns orders to the best possible venue, taking into account the individual characteristics of each order.

Financial instruments with the same characteristics are grouped in asset classes and are treated equally on the basis of these classes.

For the asset classes listed below, the Bank transmit orders to brokers based on their overall ability to meet the best possible result.

For Fund Management, the main broker is UniCredit Bank AG (UCB), while fall back broker is Baader Bank AG, whereas fall back broker means that it is used in case it would not be possible to ensure the best execution with UCB. For some funds the Bank has to trade active funds with the custodian bank where they've opened an account at Transfer Agent level. Custodian banks could be CACEIS Investor Services or State Street Bank.

| Broker  | Instruments   |
|---|---|
| Baader Bank AG  | Equity, Bonds, ETFs, Derivatives  |
| UniCredit Bank AG                                       | Equity, Bonds, ETFs, Derivatives, Investment fund shares, Certificates and structured bonds |
| Caceis Bank Luxembourg Branch                           | Investment fund shares  |
| State Street Bank International GmbH, Luxembourg Branch | Investment fund shares  |

## 5. Venue of execution

### 5.1 Specific aspects related to Wealth Management

The venues and types of trades available to clients are directly linked to the clients request and to venues indicated by the broker in its best Execution Policy and limited by the specific profiles applicable to each-client. The broker is entitled to execute orders in financial instruments outside of trading venue from following reasons:

- I. relating to financial instruments not traded on a trading venue,
- II. relating to financial instruments traded on a trading venue that the Broker does not have an access.

With regard to specific kinds of financial instruments and/or in certain circumstances (i.e., to provide more liquidity), the Bank can also instruct the broker to execute the customer's orders outside the trading venue (hereinafter »over the counter« or »OTC«) instead of on that trading venue, following the explicit consent provided by the customers. This applies for example in cases of the orders to buy or sell bonds (incl. government bonds) larger than the Best Execution thresholds defined below. The Bank must obtain the prior express consent of their clients before proceeding to execute their orders outside a trading venue. The Bank shall provide its clients or potential clients with information about where the orders are transmitted or placed for execution, including consequences such as counterparty risk arising from execution outside a trading venue, and, upon client request, additional information about the consequences of this means of execution.

Broker can also be instructed to execute transaction on OTC where client gives to the Bank specific instruction regarding the price and speed and where the likelihood that the trading venue would be able to match these specifications is low.

The Customer can also direct the Bank to deviate from the Policy in respect of specific execution factors, for example by specifying the execution venue on which an order is to be executed. In case of a Customer instruction of this kind, the Bank meets its best execution obligation by transmitting the order for execution accordingly. Consequently, the Policy is not applicable in respect of the execution factors specified by the Client. The same occurs when the Bank, on a discretionary basis (e.g. as part of Fund Management activity) transmits orders with specific instructions to the broker, provided that it acts in the best interest of the client.

The Bank establishes following-thresholds relating to orders transmission

- Government bonds are transmitted directly on the regulated market up to a maximum nominal value of € 1.000.000<sup>1</sup>;
- Corporate bonds are transmitted on the reference market up to a nominal value of 500.000 euros<sup>2</sup>.

In the event of a risk of non-execution, partial execution, suspension of the security on the regulated market or in the case of orders exceeding this amount, the Bank verifies with the Broker which reference market (regulated or OTC) satisfies the interests of the clients.

There are other circumstances, i.e. disruptions, malfunctions, market liquidity problems,... in which it is not materially possible to fully adhere to best execution principles. In these cases the broker may derogate from certain provisions set forth in this Policy in order to protect the best interest of the client. Should this occur, the Bank shall be promptly notified and shall assess the appropriateness of the broker's actions.

### 5.2 Specific aspects related to Fund Management

In respect of this Policy, the Bank takes into account and assesses regulated markets, multilateral trading facilities, systematic internalizers, market makers and other providers of liquidity as well as comparable entities and facilities in non-EU countries.

The Bank utilizes a broker in situations where it appears to be in the Client's best interest to do so, in compliance with this Policy. The Bank works with several different brokers. The Bank selects the brokers from among international prime brokers, taking into account their execution policies and criteria such as direct market access for various trading venues and the presence of an electronic trading platform along with reliable settlement processes. To achieve the most favourable execution conditions in the interest of the Client, the Bank reviews the selection of brokers on a regular basis. In all other respects, the execution policies and practices of the respective broker will apply.

If unusual market conditions or market disruption necessitate execution to be effected in a different way, the Bank will execute the order acting in the Customer's best interest.

---

<sup>1</sup> In case of aggregated orders, this amount is applicable for each business line separately (PAM, GIS and PB).

<sup>2</sup> In case of aggregated orders, this amount is applicable for each business line separately (PAM, GIS and PB).

## 6. Brokers' information

To find more details regarding the brokers, please refer to their specific set of execution arrangements following this link:

| Link  | Unit |
|---|------|
| <a href="https://www.baaderbank.de/media/public/db/media/1/2017/03/102/98.100_12_2020_0004_en.pdf">https://www.baaderbank.de/media/public/db/media/1/2017/03/102/98.100_12_2020_0004_en.pdf</a>   | FM   |
| <a href="https://www.statestreet.com/solutions/by-capability/ssgs.html">https://www.statestreet.com/solutions/by-capability/ssgs.html</a> and <a href="https://www.statestreet.com/utility/luxembourg/legal-disclosure.html">https://www.statestreet.com/utility/luxembourg/legal-disclosure.html</a> | FM   |
| <a href="https://www.unicreditgroup.eu/it/worldwide/our-worldwide-presence/europe/italy/">https://www.unicreditgroup.eu/it/worldwide/our-worldwide-presence/europe/italy/</a>   | WM   |
| <a href="https://www.hypovereinsbank.de/hvb/footer/geschaeftsbedingungen-konditionen">https://www.hypovereinsbank.de/hvb/footer/geschaeftsbedingungen-konditionen</a>   | FM   |
| <a href="http://www.ifsam.lu/kunden/#tabs-3">http://www.ifsam.lu/kunden/#tabs-3</a>   | WM   |
| <a href="http://www.UCFUNDHUB.DE">http://www.UCFUNDHUB.DE</a>   | WM   |

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 regard to their operations, fees, structure or any other element disclosed in or via the linked provided.

## 7. Broker selection criteria

### 7.1 General principles

Following the UniCredit Group guidance we rate pricing, speed, reputation, likelihood 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 brokers and streams order to specialized 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 broker than to perform the activity directly in order to leverage in the experience, tools and specialization of the selected Brokers).

Therefore, the process of reception of orders is centralized 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 analyses 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.

Changes may occur in regard 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.

## 7.2 Price

The bank uses 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, the price formation mechanism and, for Fund Management, the use of a reference market

## 7.3 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 organized by UniCredit, the progression on the number of orders can decrease the individual price by ranges.

### 7.3.1 Specific aspects related to Fund Management

All orders deriving from Fund Management activity are transmitted to brokers and are executed by the brokers based on their own execution policy, which allows obtaining the best possible result for the customer. The costs of the brokers exclude expenses of third parties (e.g. exchanges or parties maintaining order books at exchanges/market makers) ,but include the costs of a central counterparty and entities involved in clearing or settlement as well as market access costs if these are charged to the client and the cost of the broker executing the transactions.

If the Bank via an broker and the client enter into an agreement regarding financial instruments at a fixed or definable price (fixed-price transactions), the obligations of the Bank via an broker and the Client are derived directly from this contractual agreement. In a fixed-price transaction with the Bank via an broker, the fees are generally included in the purchase price/quoted price of the financial instrument, and the Bank via an broker meets its best execution obligation by offering a price in line with the market. The market could be specified in this sense if the Bank via a broker can show that in terms of liquid bonds, there is a minimum of 3 other offered prices which are worse than the traded price. In case of illiquid bonds it is also possible to deviate from this rule, but nevertheless the Bank via a broker has to prove that there are no or just 1 or 2 other possible tradable prices.

If the Bank via a broker offers fixed-price transactions on a regular basis, this is stated in the Execution of Orders section of this Policy.

## 7.4 Speed and likelihood of execution

Speed of execution refers to the interval between time the order is received or, for Fund Management, accepted 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) or, for Fund Management , by the type of market model adopted by the venue

The likelihood that an order will be executed at a trading venue is determined to a significant extent by the liquidity of that venue. In relation to Fund Management the likelihood of the order execution on an execution venue depends mainly on the prevailing liquidity in this respect; the Bank also takes into account the risk of partial execution which could have a direct impact on the overall cost of settlement.

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).For Fund Management, the Bank views the likelihood of

settlement as being influenced by potential issues with the processing of transactions in financial instruments which may have a negative impact on delivery or payment.

## 7.5 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 processes.

### 7.5.1 Specific aspects related to Fund Management

The Bank distinguishes orders by size to the extent that this affects the choice of execution venue in connection with price and costs.

It is possible to submit different order types to different exchanges. In addition to buy and sell orders, various limits and types of orders exist (e.g. kill-or-fill). The Customer can specify an order type when issuing an order. However, specification of order type may mean that the order cannot be executed on some trading venues.

Instruments issued either during an initial public offering (IPO) or during a capital increase are allocated by the lead manager who has been mandated by the issuer. As part of the allocation process, the lead manager puts the investors into categories. The investors then receive a proportional allocation, which could range from zero to full allocation up to the original order size. Irrespective of the allocation process used, the Bank ensures that the allocation is handled fairly and in the interests of all Customers and —where possible—is effected in tradable minimum sizes.

The Bank also takes into account qualitative factors with regard to the selected execution venues. This includes, for example, monitoring of trading by the trading supervision function, ability to fulfill Mifid II / Mifid obligations, complaint management and processing, trading times of various execution venues, the extent to which the venue is able to meet its performance promises, reliability of quotes and other price information, selection of order supplements and execution types, services and information available to clients, type of order book, counterparty risk of trading partners and security of order execution.

## 8. 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.

Among other, the bank performs specific checks prior to contracting a broker and in the course of the contractual relationship to ensure that the counterparty does not have any circumstances that would limit the opportunity of proceeding with the relationship (i. e. embargo, sanctions,...).

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 a scheduled review of this document.

## 9. 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 organized relevant arrangements in order to protect Client data and to mitigate any risk delivered from data transfer.

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.

To provide detailed and insightful information on the execution results and quality achieved, the Bank annually produces and publishes a report on the top five brokers in terms of execution volume and on the quality of execution of orders (hereinafter also "RTS28 report").

According to above requirements, the Bank determines the relative importance of the best execution factors mentioned (**the combination of the price of the financial instrument and the order execution costs**, so called "**Total Consideration**" and **the probability of execution and settlement**), taking into account the following criteria:

- the characteristics of the client including the categorization of the client as retail, professional or eligible;
- the characteristics of the client order, including where the order involves a security financing transaction (SFT);
- the characteristics of financial instruments that are the subject of the transaction;
- the characteristics of the execution venues to which the transaction can be directed.

For professional clients, the achievement of the best possible result is also influenced by the other execution factors mentioned above, even if the price and the costs are generally the most important factors. Speed of execution is also considered as another important execution factor, followed by likelihood of settlement. The other execution factors mentioned rank behind these, and they are weighted in the assessment as determined for the relevant asset class; for Fund Management they are weighted equally in the assessment and the exact percentage of the weightings will be provided to the Client on request.

The relevant asset class are divided into:

- a) equities, domestic equities and foreign equities;
- b) subscription rights;
- c) bonds, bonds in euro and bonds in foreign currencies;
- d) investment fund shares;
- e) Warrants;
- f) certificate and structured bonds;
- g) non-securitized financial instruments, exchange-traded derivatives and OTC derivatives and repo transactions.

For Fund Management, the Bank takes into account venues and brokers through which the financial instruments in question are traded in significant volumes when selecting relevant execution venues.

Two RTS28 reports are initially produced:

- one for the Fund Management;
- one for the other businesses.

Fund Management produces its own RTS 28 Report while GIS & Insurance and WM receive the RTS 28 Report from Back Office once the correctness of the extraction process from Olympic and the correctness of the data contained have been checked. GIS&Insurance and WM also carry out the initial data checks. Afterwards the reports are collected, verified and validated by Treasury (the responsibilities within the production and monitoring of RTS28 report are detailed in the paragraph 11. (Monitoring and review).

If the validation is positive, the final RTS28 report is passed on to Product for immediate publication without accompanying communication. The reports are published in PDF format. If the validation is negative, detected inconsistencies are fixed and, if necessary, a new production is requested.

## 9.1 Order Allocation

When carrying out orders, the Bank tries to ensure that these are executed promptly and accurately recorded and allocated. The Bank may execute the orders in more than one transaction during a trading day, or aggregate the order with those of other Clients and execute them together or in multiple transactions.

The Bank does not carry out Client orders in aggregation with another Client order unless the following conditions are met:

- it is unlikely that the aggregation of orders and transactions will work overall to the disadvantage of any Client whose order is to be aggregated; and

- it has been disclosed to the Clients that the effect of aggregation may work to its disadvantage in relation to a particular order.

## 9.2 Equities and Equity-like Securities

In addition to equities and equity-like securities, this asset class includes Exchange Traded Funds (ETFs) and bonds quoted by unit. Orders on foreign and local shares are executed at the primary trading venue via broker.

## 9.3 Subscription Rights

In addition to conventional subscription rights, this asset class includes tradable purchase rights and redemption rights.

With regard to the limited subscription period, for subscription rights granted abroad, a greater weighting is given to the criteria of likelihood and speed of execution.

## 9.4 Bonds and Bond-like Securities

This class includes interest-bearing securities and money market instruments as well as other securities with characteristics similar to bonds.

### *Bonds in euro*

The Bank generally offers the purchase or sale of the securities which generally takes place over-the-counter (OTC) at prices that are in line with the market directly via Bloomberg MTF with a broker. The purchase or sale then remains at a fixed price agreed with the broker (fixed-price transaction). There is no obligation for the Bank via a broker to enter into a transaction of this kind. For fixed-price transactions, the broker offers an immediate price commitment for the securities during its usual trading hours, taking into account the market conditions and acknowledging all costs associated with this form of execution. Moreover, in this case the broker executes the transaction immediately and in full.

If no fixed-price transaction is agreed, instructions from the Client are required with regard to the execution venue. The same applies to the Client requests execution of the order as an over-the-counter commission-based transaction.

### *Bonds in foreign currencies*

The most liquid trading for bonds in foreign currencies generally takes place over-the-counter (OTC). Consequently, the Bank generally offers the purchase or sale of the securities directly via Broker. In case of direct instructions from the customer in terms of venue and/or price (fixed or no fixed price), the purchase or sale order can take place with a broker. There is no obligation for the Bank via a broker to enter into a transaction of this kind. For fixed-price transactions, the broker offers an immediate price commitment for the securities during its usual trading hours, taking into account the market conditions and acknowledging all costs associated with this form of execution.

If no fixed-price transaction is agreed, instructions from the Client are required with regard to the execution venue. The same applies if the Client requests execution of the order as an over-the-counter commission-based transaction.

## 9.5 Investment Fund Shares

The purchase and sale of shares in UCITS funds or investment share companies and foreign UCITS investment funds is performed via Caceis Bank Luxembourg Branch or State Street Bank International GmbH Luxembourg Branch, depending on the custodian with which the traded active fund has an open account.

As regards the trading of shares of funds relating to the Wealth Management business, this is carried out through IFSAM and UnicreditBank AG.

If a trading venue offers trading access to units in an investment fund, then it is possible to buy and sell the units on that venue. In this case, the Client will be informed by the Bank of the costs related to execution on such a venue on request.

## 9.6 Warrants

Orders on foreign and local warrants are executed at the primary trading venue via broker.

## 9.7 Certificates and Structured Bonds

The Bank can always transmit the orders directly to the Broker in case it is necessary or in case of direct client's instruction. For fixed-price transactions, the issuer or broker offers an immediate firm quote for these securities during its usual trading hours, taking into account the market situation and with disclosure of the associated costs execution of this transaction. Moreover, in this case the issuer or broker performs immediate full execution of the transaction. If no fixed-price transaction can be arranged, the Bank will execute orders involving structured investment products listed on an appropriate exchange. Orders to sell such securities are executed on an exchange in the country where the depository is located, which may differ from the home exchange. Details are provided to the Client on request when the order is placed.

If a suitable exchange location cannot be identified, the Bank may accept the order for OTC execution. Orders for subscriptions of structured investment products are executed OTC vis-a-vis the issuer or broker. Details are provided to the Client on request when the order is placed.

The final decision is made by taking into account the total consideration and a combined factor of the other criteria (Speed of Execution, Likelihood of Settlement and Qualitative Factors).

## 9.8 Non-securitised Financial Instruments

This asset class includes options, futures/forward contracts, swaps and all other derivative contracts based on securities, currencies, interest rates or other derivative instruments, financial indices or benchmarks which are capable of delivery or cash settlement. These also include the same instruments when based on commodities that must be cash settled, or can be cash-settled on request by one of the parties, derivative instruments for the transfer of credit risk and contracts for difference (CFDs). All of the above-mentioned instruments with reference to climate variables, freight rates, emission allowances, inflation rates and other official economic statistics that must be cash-settled, or can be cash-settled on request by one of the parties and all other derivative contracts with reference to assets, rights, obligations, indices and benchmarks that have the characteristics of other financial derivatives, are also included. Distinctions are made according to whether these instruments are traded on one regulated market or a multilateral trading facility (MTF), whether clearing and settlement take place through recognised clearing houses and whether margin requirements apply.

### *Exchange-traded derivatives (ETD)*

Due to the different terms of financial futures contracts at the various futures exchanges, an exchange must be specified by the Customer for this product group.

The Bank selects the broker for the execution of the orders, based on the execution factors explained in the previous paragraphs.

The final decision is made by taking into account the total consideration and a combined factor of the other criteria (Speed of Execution, Likelihood of Settlement and Qualitative Factors).

### *OTC derivative contracts and repo transactions*

In addition to the future contracts, options, swaps and other derivatives mentioned above, these include repo and sell/buy-back transactions.

Such transactions are entered into force on an individual basis between a broker and the Client. An alternative execution venue is not available. The transaction is entered into directly with the broker at pre-agreed terms. The Bank undertakes that the terms will be in line with the market.

# 10. Monitoring and review

## 10.1 Specific aspects related to Wealth Management

Bank has organized relevant measures to ensure permanent, periodic and recurrent internal and external audit functions in accordance with its own license 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.

This Policy is reviewed regularly— at least once a year— and amended if necessary.

Clients will be informed immediately of any significant changes to Best Execution Policy by the appropriate means. The currently applicable version of the Best Execution Policy can be accessed on the Bank's website: <https://www.unicreditint.lu/mifid/>.

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 regard to the Bank or its arrangements for best execution) will be published by the Bank (with the exception noted in this Policy).

## **10.2 Specific aspects related to Fund Management**

The Bank has implemented a governance framework and control process through which it monitors the effectiveness of the order execution arrangements (including this Policy), to identify and, where appropriate, correct any deficiencies. Through this governance framework and controls process the Bank will assess whether the execution venues /brokers included in this Policy provide the best possible result for the Client or whether the Bank needs to make changes to the Policy. The Bank will review its order execution arrangements and this Policy at least annually or whenever a material change occurs that affects its ability to obtain the best result for the execution of Client orders.

The Bank will perform the monitoring on the base on an ongoing check of execution quality of the orders. In addition, the Bank will monitor the reports with regards to execution policy, execution venues are obliged to publish regularly. Furthermore, the Bank will analyse any other publication of the execution venues / brokers to identify changes in the assessment of factors, relevant for execution of orders.

## **10.3 Specific aspects related to first and second level controls**

Line controls are carried out (when executing orders OTC) in order to check that the solution followed is effectively aimed at achieving the best execution for the clients (i.e. comparing the price to the markets);

A first level control, for all bond transactions over the established threshold, will be performed by business through a monthly extraction of all trades carried out by each Business Line: PB, GIS - Insurance and Pam (last two in aggregate) with the indication of execution market. This extraction will be used to double check with the broker's indication the reason why another trading venue (over the counter) than regulated market had been chosen. Each business line is in charge to provide all the supporting documents to the owner of Best Execution.

Compliance department performs second level controls whether the Bank complies with this Best Execution Policy, e.g. whether the processes stipulated by this Policy, incl. thresholds are followed or whether the regular review of the best execution arrangement were done.

## 11. 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 regard 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).

## 12. Final Provisions

### 12.1 Specific aspects related to Wealth Management

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.

### 12.2 Specific aspects related to Fund Management

Unless individual financial instruments clearly fall into a specific asset class, the Client has to provide instructions regarding the venue on which they should be executed.

If due to public holidays, trading events or technical restrictions, the Bank cannot execute an order at the time it is placed through one of the trading venues stipulated in this Policy, then the order can be executed on another execution venue, taking the Client's best interests into account. If the execution venues selected by the Bank as appropriate alternatives are also unavailable, then Client instructions regarding the execution venue are required.

If an order is received outside of the trading hours of the execution venue intended for the transaction in question, then it will be placed on that venue on the next trading day.

If the Client wishes the order to be placed on the same day, then the Client must provide instructions specifying a particular venue. The Bank will not switch the order to a different venue even if the order will not or cannot be executed on the selected execution venue over an extended period. For orders not executed immediately or on the first day on which they are valid, the Bank will manage the overall order process. If any capital measures are taken by the issuer that lead to the expiry of the order, the Bank will provide relevant information. The Bank has no further follow-up obligations, such as monitoring whether an order has already been executed. However, it will inform the Customer of the status of the order on request.

This Policy is primarily supported by system technology. If technical support is temporarily unavailable, the Bank will determine a place of execution at its own discretion while taking the Client's best interests into account.

## 13. Annexes

### Annex 1

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