

Commerzbank AG, Asset Management

Preliminary note

Commerzbank AG, Asset Management ("CAM") performs the collective asset management for UCITS and AIF special investment funds ("Investment Funds"). CAM performs purchase and sale transactions in financial instruments within the scope of this collective asset management.

1. Scope of application

The CAM Execution Principles apply to the execution of CAM purchase and sale orders of financial instruments within the scope of the collective asset management mandate; such financial instruments include equities, debt securities, money market instruments, ETFs, certificates, exchange-traded and over-the-counter derivatives.

2. Objective of order execution / execution venues / criteria

CAM is obliged to take all reasonable measures to ensure the best possible result within the framework of the respective circumstances. Customer orders within the framework of the collective asset management mandate can be executed on a regular basis at various domestic or foreign execution venues. Execution venues are securities exchanges, multilateral trading facilities (MTFs), organised trading facilities (OTFs), systematic internalisers as well as other market participants that CAM may perform transactions with. Commerzbank AG itself may likewise constitute an execution venue. CAM has access to different execution venues. The selection of the execution venue may change in the future.

The following decision-making criteria for specific execution venues within the scope of the collective asset management mandate will be taken into account:

- Prices and costs (including incidental expenses)
- Speed of execution
- Reliability of execution
- Liquidity
- Order size
- Order type

The importance of these criteria differs, depending on the financial instrument, the asset class, the investment strategy, the benchmark, the execution venue and others. Usually, the following criteria are decisive for the corresponding financial instruments:

Financial instrument	Essential criteria
equities	price, costs, reliability of execution
fixed income	price, costs, liquidity
money market instruments	price, liquidity
ETFs	costs
exchange-traded derivatives	price, reliability of execution
others	price, reliability of execution

3. Forwarding of orders / broker selection

If CAM has no direct access to an execution venue, it will not execute the buy or sell order itself. Instead, CAM will forward this order for execution to an external intermediary (broker) with access to an execution venue. An overview of the execution venues to which the CAM forwards customer orders via a financial services provider is published on the Internet under the designation "Übersicht der Ausführungsplätze CAM" (overview of CAM execution venues) (<https://www.am.commerzbank.de>).

By performing a careful broker selection, CAM works towards achieving the best possible order execution. For this purpose CAM maintains a broker list. CAM reviews the order execution of approved brokers on a regular basis and updates the broker list, as needed.

4. Discretionary orders

If CAM issues a discretionary order to a broker, this will also constitute an instruction. A discretionary order is an order to be executed in an individual case in which the intermediary can execute the order of financial instruments in the interest of the Investment Funds' best possible outcome - in line with customary usage and practices – both on an exchange or over the counter. A decision is taken on a case-by-case basis, depending on the prevailing market situation, as to how the order can be executed in the best possible manner. Execution in this context can be carried out partly or fully over the counter. The order may also be executed at execution venues to which CAM is not connected.

5. Bundling of orders

The respective CAM employee ("Portfolio Manager") may bundle or combine orders and execute them as block orders when order size, securities type, market segment and market liquidity make this appear sensible. The Portfolio Manager will allocate the combined orders according to the usual market principles (pro rata).

Purchase and sell orders are executed either via CAM or a broker since direct execution of orders on the securities exchange would always result in different settlement prices. The aggregation of individual orders to form block orders has many and various benefits for the participating Investment Funds:

Advantages for Investment Funds:

- (1) Speedy implementation of transaction decisions of portfolio management (time to market) for the entire volume of all Investment Funds concerned. (Time-related) disadvantages sustained by individual Investment Funds are avoided.
- (2) Order aggregation facilitates counter-transactions without market risk (swap operations by selling security A and simultaneously purchasing security B).
- (3) By executing orders at a mixed price determined according to the arithmetic mean, extreme prices for individual Investment Funds are avoided, especially at times of volatile markets.
- (4) Additional costs due to possible partial execution are eliminated as block orders are always executed at only one price via the intermediary. No additional costs due to partial executions are incurred.
- (6) Unlike the compressed placement of a large number of individual orders (possibly with negative price effects for Investment Funds), block orders via CAM or an external intermediary are placed on a discretionary basis on an exchange or over the counter in the defined trading time windows.

Disadvantages for Investment Funds:

- (1) The execution of block orders via CAM or an external intermediary increases the costs of the transaction by the costs of order execution by CAM or the external intermediary.
- (2) The costs of using the intermediary may not be directly obvious to the Investment Fund as these costs are not itemised separately but can be included in the execution price.
- (3) A consolidation of orders may be detrimental with regard to an individual order. CAM will bundle or aggregate orders only if disadvantageous treatment of individual Investment Funds is unlikely.

6. Fixed-price transactions

As part of a fixed price transaction, the Portfolio Manager concludes a purchase contract for financial instruments outside a trading facility (securities exchange, MTF or OTF) at a fixed or ascertainable price. Any costs and trade margins are already included in the price.

7. Exceptional market conditions / system failure

In the event the principles described in herein cannot be applied due to exceptional market conditions and continued) market disturbances or in the case of system failures, CAM may hold back order execution or deviate from the principles described in this document until conditions for orderly execution are restored.

8. Review of the Principles of Best Execution

The Principles of Best Execution and the processes derived from these principles are reviewed once per calendar year. In addition, a review will take place if required by prevailing market conditions.