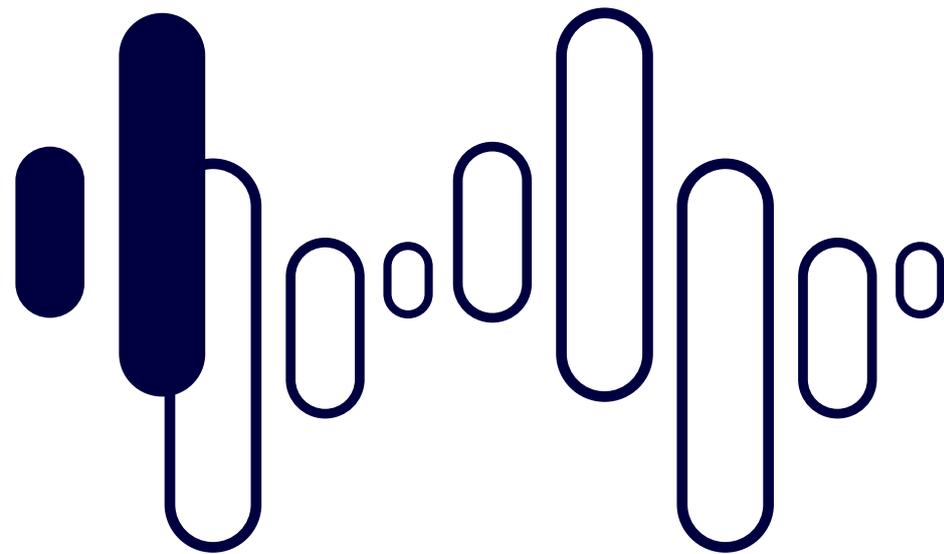


# **Execution Policy**

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# Execution Policy

Nordea Bank S.A.'s Execution Policy sets out how, and with which considerations, it carries out transactions on behalf of its Clients.

## 1. Purpose

Nordea Bank S.A. (the "Bank") and its branches have adopted the following Execution Policy ("Policy") in order to secure the best possible execution of Client orders in financial instruments in accordance with Directive 2014/65/EU of 15 May 2014 on markets in financial instruments and related regulations, as the case may be as implemented under Luxembourg law ("MiFID II").

In accordance with MiFID II, the Bank is required to take all sufficient steps to obtain the best possible result for its Clients when carrying out orders in financial instruments of the client, taking into account the following factors: price, costs, speed, likelihood of execution and settlement, size, nature or any other relevant consideration.

This Policy defines the principles and methods applied by the Bank to obtain the best possible result when carrying out orders for its Clients.

## 2. Scope

### 2.1. Clients

This policy applies to both private and professional Clients (within the meaning of MFID II). Clients should have received a formal notification from us informing them of their client categorisation. Unless otherwise stated, this policy applies to clients in the same way regardless of whether they are an elective professional client (via an opt-up or opt-down mechanism) or a per se professional or retail client.

Note that this policy does not apply to eligible counterparties; accordingly, we will not owe best execution in transactions entered into with eligible counterparties, unless we agree otherwise.

### 2.2. Covered financial instruments

The Policy applies when the Bank receives, transmits or executes Client orders in financial instruments, which are broadly defined as:

- Equities: shares, exchange traded funds, depositary receipts, warrants ;
- Debt instruments: bonds (such as corporate bonds, convertible bonds, mortgage bonds, sovereign bonds), money-market instruments such as treasury bills, certificates of deposit, commercial paper, etc.;
- Derivatives: options, futures on currency, equity and indices as well as foreign exchange derivatives;
- Structured Products;
- Units in collective undertakings (units/shares in funds).

Any spot foreign exchange order (so called 'FX Spots') are not in scope of this policy.

### 2.3. Services

The Policy and its supplemented appendix apply for all investment services (Advisory, Portfolio management and

Execution Service), where the Bank receives and transmits an order on the Client's behalf or where the Bank either executes orders on the Client's behalf.

All orders from the Client for the purchase and sale of financial instruments are carried out by the Bank:

- as an agent, on behalf of the Client or,
- as a principal for its own account (i.e. in the name of the Bank) but on behalf of the Client (i.e. the Bank act as a riskless principal on behalf of the Client).

### 2.3.1. Receiving and transmitting orders

The Bank is not a member of regulated markets, multilateral trading facilities ("MTF") or organised trading facilities ("OTF").

As the Bank has no direct access to markets, Client orders relating to the purchase and sale of transferable securities (e.g. equities, exchange-traded units in collective investment funds, futures, third party Structured Products) are transmitted to an intermediary, which will be an Approved Counterparty, for execution.

When transmitting orders, the Bank will use Approved Counterparties possessing specific and adequate arrangements to satisfy the requirements of best execution. The Bank's main responsibility is the proper selection and supervision of the Approved Counterparties. Approved Counterparties are selected in a way to obtain the best possible result for the Client on a consistent basis.

### 2.3.2. Execution of orders

Depending on the financial instrument, the Bank executes the following types of Client orders directly with an Approved Counterparty:

- Orders relating to the purchase and sale of debt instruments and derivatives negotiated OTC ("over-the-counter") are executed by the Bank directly with an Approved Counterparty.
- Foreign Exchange Derivatives are traded against the Bank's own account.
- Orders relating to the purchase, sale or conversion of units in collective investment funds are executed by the Bank via transmission of the order to respective Transfer Agents or Management Companies. The Bank may use an intermediary for the transmission.
- Order for Structured Products issued by Nordea group, are executed directly by the Bank with the Issuer.

## 2.4. Execution Venues & Approved Counterparties

The Execution Policy requires the Bank to determine the appropriate execution venues where the Client's orders can be executed by the Bank, or the appropriate third party participants ("Approved Counterparties") to which the Client's orders can be transmitted by the Bank for execution. The list of its Approved Counterparties can be found in the Appendix of this Policy.

The Bank may add or remove any counterparties from this list, as described in section 6 of this Policy.

By accepting this Execution Policy, the Client expressly accepts that orders may be executed outside regulated markets or multilateral trading facilities. The client acknowledges

the counterparty risk arising from the execution of orders outside of a regulated market.

In special circumstances (e.g. trading on a provisional basis, or to accommodate a Client request to trade in an unusual instrument), the Bank may use venues or counterparties which do not appear on the list of Execution Venues and Approved Counterparties.

### 3. Client Order handling

#### 3.1. Recording of information

Client orders can be received in different forms (e.g. phone, fax or electronic format). When the Bank accepts the order, it will be recorded promptly in the Bank's order system, with the following information:

- Client name and account;
- Buy or Sell
- Name of the financial instrument and/or security ID;
- Currency;
- Quantity;
- Time of order;
- Price limit (if any);
- Special execution instructions (if any) such as period of validity.

#### 3.2. Sequential execution / Order aggregation

Individual orders will be executed or transmitted sequentially (first-in, first-out principle) in accordance with their time of receipt and promptly after reception with an approved counterparty. Exceptions may apply if the characteristics of the order or prevailing market conditions make this impracticable, or if the interests of the Client require otherwise.

An aggregated order, such as block orders or multi-deals, that has been executed in its entirety will be allocated on the average price. Where an allocated order has been only executed partially, the Bank will seek allocation in accordance with fair and equal treatment and on a pro-rata basis.

For Client orders received outside the normal exchange business hours of the market, the Bank will transmit the order when exchange trading resumes. Client orders received outside the Bank's business hours will be handled applying a first-in, first-out principle, promptly as soon the Bank opens.

#### 3.3. Difficulties in order handling

Should the Bank experience material difficulty relevant to the proper execution or transmission of orders, it will inform the Client promptly upon becoming aware of the difficulty.

Sometimes, due to exceptional circumstances (such as a disruption of the execution system or exceptional market conditions), the Bank may be forced to employ other methods of execution other than the principles described in this Policy. Under such exceptional circumstances, the Bank will nevertheless endeavour to execute the orders in the most advantageous way, in the best interests of the Clients.

Orders of a significant size, compared with, for instance, the amount of issued or traded financial instruments in question, are outside the scope of this policy. If the order size has the potential to have a significant market impact, the Bank will consider such an order as being outside the scope of this document.

## 4. How do we achieve Best Execution

### 4.1. Considered Execution Factors & Criteria

In order to achieve the best possible result for the Client, the Bank will give consideration to a range of execution factors when determining the best outcome for its Clients. Although some of the below factors are considered to be more important than others, there are situations where the relative importance of these factors may change.

The execution factors that the Bank will consider are:

- Price: this is the price a financial instrument is executed at;
- Costs: this includes implicit costs such as the possible market impact, explicit external costs e.g. exchange or clearing fees and explicit internal costs which represents the Bank's own remuneration through commission or spread;
- Speed: the time it takes to execute a client order;
- Likelihood of execution and settlement: the likelihood that the Bank will be able to complete a client order;
- Size and Nature: the order size and how the particular characteristics of a client order can affect how best execution is received.
- Any other circumstance which, in the Bank's opinion, is relevant to the execution of a particular order

Whilst the Bank sets out the order of relative importance of the execution factors for each asset class, a variety of criteria are taken into account in assessing this and appropriate consideration will be made based on a transaction by transaction basis.

In order to determine the relative importance of each execution factor, the Bank will take into account:

- the characteristics of the order,
- the characteristics of the financial instrument

Where a financial instrument is traded on multiple Execution Venues and/or may be executed via multiple Approved Counterparties, the Bank will consider having the trade executed on the market where liquidity is highest, considering that this is the most appropriate option for the Client regarding the most advantageous execution in terms of price, execution speed and probability of settlement.

### 4.2. Total consideration

When transmitting or executing a Client order, price and cost are generally considered as being the most important execution factor in obtaining the best possible result. This is called the "Total Consideration". It represents the price of the financial instrument and the costs related to the execution, which shall include all expenses, which are directly related to the execution of the order and are incurred by the Client. It includes Execution Venues fees, clearing and settlement fees, the Bank's own commissions and any other fees paid to third-parties involved in the execution of the order.

When transmitting or executing orders, the Bank may however determine that in some instances, taking into account the execution criteria, other execution factors will have a higher relative importance than price and cost (for example in case of low liquidity).

A detailed view on the relative importance of execution factors per asset class can be found below.

In principal, associated costs will be communicated to the Client by the Wealth Partner and/or the Execution Service before transmitting or executing the order. The Client will be informed in good time prior placing an order about the value

of any monetary or non-monetary benefits (inducements) received by the Bank as well as the maximal applicable fees charged by counterparties or third-parties. In case aggregated orders have been placed, a pro-rata split of costs and benefits will be conducted based on the order notional.

#### 4.3. Relative Importance of Execution Factors per asset class

The Bank prioritises execution factors per asset class as follows:

##### Equities

1. Total Consideration (Price & Cost)
2. Likelihood of Execution
3. Size
4. Speed
5. Other Consideration

##### Debt instruments

1. Total Consideration (Price & Cost)
2. Likelihood of Execution
3. Size
4. Speed
5. Other Considerations

When transmitting or executing orders, the Bank may determine that, in some instances, other execution factors will have a higher relative importance, taking into account the execution criteria. Consequently, in cases where the price may not have been the best available, this does not necessarily constitute a violation of the Bank's obligation to attain the best execution of Client orders.

##### Derivatives (ETD)

1. Total Consideration (Price & Cost)
2. Likelihood of Execution
3. Size
4. Speed
5. Other Consideration

##### Derivatives (OTC)

1. Total Consideration (Price & Cost)
2. Likelihood of Execution
3. Size
4. Speed
5. Other Consideration

##### Structured Products

1. Total Consideration (Price & Cost)
2. Likelihood of Execution
3. Size
4. Speed
5. Other Consideration

##### Units in collective undertakings

Units in collective undertakings are transmitted to the Transfer Agent, appointed by the target funds or the Management Company of the target fund as venue for execution. The Bank has no influence over this decision. However, for reasons of counterparty and risk management, the Bank may reject a Transfer Agent as a Financial Intermediary. In this case, the Bank reserves the right not to accept the Order.

The execution price of the transaction will be the investment fund's net asset value (NAV) calculated by the Fund Administrator appointed by the investment fund, based on the frequency stipulated in the investment fund prospectus, provided that the Order has been sent within the cut-off time specified in the investment fund prospectus.

## 5. Specific instructions – Warning to the client

If the Bank receives specific instructions from the Client to execute or transmit an (or part of an) order in a certain way, the Client is clearly warned that any kind of specific instructions may prevent the Bank from taking the steps to obtain the best possible result for the execution of the Client order in accordance with this Policy. When executing specific instructions from a Client, the Bank will have satisfied its best execution obligation if it complies with these specific instructions. Examples of such instructions may include, but are not limited to, requests to execute on a particular venue or to execute an order over a particular timeframe.

Should it appear not to be feasible to follow the specific Client instructions, the Bank shall inform the Client about the potential risks. These risks may concern the settlement of the transaction (delivery failure) and solvency of the Financial Intermediary. By accepting this Policy, the Client expressed his awareness of such risks.

If a Client instructs a certain limit to an order, in respect of financial instruments admitted to trading on a regulated market, and if this order is not immediately executed under the then-prevailing market conditions, the Bank will, in order to facilitate the earliest possible execution, transmit the order to the market so that it is easily accessible to other market participants, unless the Client expressly instructs otherwise. The Bank may refuse specific Client instructions to carry out an order on a specific Execution Venue or with a specific intermediary.

## 6. Appointment & Monitoring of Approved Counterparties

### 6.1. Appointment of Approved Counterparties

When executing and transmitting Client orders, the Bank will use Approved Counterparties possessing specific and adequate arrangements to satisfy the requirements of the best execution. For this purpose the Bank has established its Best Execution and Pricing Committee, which monitors the selection procedure, the Bank's Execution framework and its operational arrangements.

The Bank selects its Approved Counterparties (such as brokers or other investment firms) based on a selection procedure, which encompasses qualitative factors, such as:

- Access to Execution Venues allowing for best execution on a regular basis,
- Connectivity,
- Regional market coverage,
- Sales trading information,
- Access to facilitation and to market makers' prices,
- Access to Clearing Houses and connectivity for settlement
- Quality of Middle and Back Office support.

### 6.2. Monitoring of Approved Counterparties

The Bank monitors its arrangements with the approved counterparties through its Best Execution and Pricing Committee as further described in section 7.2. In addition, the Bank performs Due Diligence on its Approved Counterparties on a regular basis.

## 7. Review and monitoring

The Policy and execution arrangements with Approved Counterparties will be reviewed by the Bank at least annually or if material changes occur. Material changes are defined as changes influencing the Banks' ability to continue to obtain the best possible result of its clients on a consistent basis using the venues and Approved Counterparties included in the Appendix of this Policy.

### 7.1. Review and amendments

The Bank will review its execution framework in its daily business as well as through regular assessments of its Approved Counterparties. The Bank will monitor and verify that the best possible results are consistently obtained for its clients. As further described in section 7.2, the Bank will assess whether it could obtain better execution results if it were to:

- include additional Approved Counterparties or exclude existing ones, or
- assign different relative importance to the execution factors,
- modify any other aspects of its Execution Policy or arrangements.

The Bank will amend or issue updated versions of the Execution Policy or list of Approved Counterparties if deemed necessary. Potential amendments of this policy will be published on the Bank's website ([www.nordeaprivatebanking.com](http://www.nordeaprivatebanking.com)).

The Bank will notify clients with whom we have an ongoing relationship of any material changes to our order execution arrangements or this Policy.

The amendments or updates are deemed to be accepted by the Client if, within 30 days of dispatch of the amendments or updates, or of the date on which they were made available to the Client, the Client has not addressed a written disapproval to the Bank or if the Client has placed an order with the Bank in the meantime.

In case the Client wishes to object to such amendments or updates, the Bank may be forced to refuse to accept or transmit certain orders given by the Client.

### 7.2. Execution monitoring

The Bank will assess on an on-going basis transactions in order to determine whether it has complied with its execution policy, and whether the resulting transactions have delivered the best possible results for the Client.

Typically, the Bank will evaluate a random sample of transactions executed per asset class for this purpose. Besides quantitative evaluation criteria (such as price, speed, and likelihood of execution), the Bank will also consider qualitative criteria (such as efficiency of the settlement process) for this assessment.

Where such monitoring reveals that the Bank has fallen short in obtaining the best possible result, the Bank will investigate and make appropriate amendments, if needed.

The Bank will annually publish information on the quality of execution obtained on its top five trading venues based on volume by instrument class on its website.

## 8. Client requests for further information

The Client is entitled to make reasonable and proportionate requests for information about the Bank's policies, arrangements and Approved Counterparties and how they are reviewed by the Bank. The Bank undertakes to answer as clearly as possible and within a reasonable time.

### Appendix 1: List of Execution Venues and Approved Counterparties

This list provides the Approved Counterparties in which the Bank places significant reliance to obtain on a consistent basis the best possible result for the client. Such list will be kept under review and will be updated when deemed necessary by the Bank.

#### Units/Shares in Funds

The Bank uses Euroclear Bank SA/NV, Brussels, Belgium as Intermediary for the transmission of orders. The Bank uses a large number of various Transfer Agents and Management Companies for shares/units.

#### Equities

- ABG Sundal Collier ASA, Oslo, Norway
- Canaccord Genuity Ltd, London, United Kingdom
- Carnegie Investment Bank AB, Stockholm, Sweden
- Danske Bank A/S, Copenhagen, Denmark
- DNB Bank ASA
- Erik Penser Bank AB, Stockholm, Sweden
- Jyske Bank A/S, Silkeborg, Denmark
- Kepler Cheuvreux, Paris, France
- Merrill Lynch Europe Limited, London, United Kingdom
- Nordea Bank Finland Abp, Helsinki, Finland
- ODDO BHF SCA, Paris, France
- OP Corporate Bank plc, Helsinki, Finland
- Pareto Securities AS, Oslo, Norway
- Svenska Handelsbanken AB, Stockholm, Sweden
- Swedbank AB, Stockholm, Sweden
- Sydbank A/S, Aabenraa, Denmark
- UBS Limited, London, United Kingdom
- UBS AG, Zürich, Switzerland
- Virtu Financial, London, United Kingdom

#### Bonds

- ABG Sundal Collier ASA, Oslo, Norway
- Barclays Bank PLC, London, United Kingdom
- BNP Paribas, Paris, France
- Citigroup Global Markets Europe Limited, London, United Kingdom
- Credit Suisse International, London, United Kingdom
- Credit Suisse AG, Zürich, Switzerland
- Danske Bank A/S, Copenhagen, Denmark
- DNB Bank ASA, Oslo, Norway
- Deutsche Bank AG, Frankfurt am Main, Germany
- DZ Bank AG, Frankfurt, Germany
- Erik Penser BANK AB, Stockholm, Sweden
- Goldman Sachs International, London, United Kingdom
- HSBC Bank PLC, London, United Kingdom
- Íslandsbanki hf., Reykjavik, Island
- J.P. Morgan Markets Limited, London, United Kingdom
- Jyske Bank A/S, Silkeborg, Denmark
- Morgan Stanley & Co. International PLC, London, United Kingdom
- Nordea Bank Finland Abp, Helsinki, Finland
- ODDO BHF SCA, Paris, France
- OP Corporate Bank plc, Helsinki, Finland

- Pareto Securities AS, Oslo, Norway
- Rabo Groen Bank B.V., Utrecht, The Netherlands
- RBC Europe Limited, London, United Kingdom
- Svenska Handelsbanken AB, Stockholm, Sweden
- Sydbank A/S, Aabenraa, Denmark
- TD Securities Limited, London, United Kingdom
- UBS Limited, London, United Kingdom
- UBS AG, Zürich, Switzerland
- Zürcher Kantonalbank, Zürich, Switzerland

### Structured Products

- Nordea Bank Finland Abp, Helsinki, Finland
- Svenska Handelsbanken AB, Stockholm, Sweden
- UBS Limited, London, United Kingdom

### Exchange-traded Derivatives

- Nordea Bank AB, Stockholm, Sweden
- Nordea Bank Finland Abp, Helsinki, Finland
- UBS Limited, London, United Kingdom
- J.P. Morgan Markets Limited, London, United Kingdom

### OTC Derivatives

- Nordea Bank Finland Abp, Helsinki, Finland
- Nordea Bank AB, Stockholm, Sweden

### Precious Metals

- KBL European Private Bankers SA, Luxembourg

### Securities Financing Transactions

- Skandinaviska Enskilda Banken AB (publ), Stockholm, Sweden

## Appendix 2: Glossary

### Classification of clients

Protection requirements are calibrated in MiFID II to three different categories of clients: notably private clients, professionals, and eligible counterparties. The high level principle to act honestly, fairly and professionally and the obligation to be fair, clear and not misleading apply irrespective of client categorization.

### Financial Instrument

A financial instrument is an asset or evidence of the ownership of an asset, or a contractual agreement between two parties to receive or deliver another financial instrument. Instruments considered as financial are listed in MiFID (Annex I).

### Inducement

Inducement is a general notion referring to various types of incentives provided to financial intermediaries in exchange for the promotion/ sale of specific products to their clients.

### Multilateral Trading Facility (MTF)

An MTF is a system, or “venue”, which brings together multiple third-party buying and selling interests in financial instruments in a way that results in a contract. MTFs can be operated by investment firms or market operators and are subject to broadly the same overarching regulatory requirements as regulated markets (e.g. fair and orderly trading) and the same detailed transparency requirements as regulated markets.

### Over the Counter (OTC)

Over the counter, or OTC, trading is a method of trading that does not take place on an organised venue such as a regulated market, an MTF or an OTF.

### Organised Trading Facility (OTF)

OTF is a multilateral system which is not a regulated market or an MTF and in which multiple third-party buying and selling interests in bonds, structured finance products, emission allowances or derivatives are able to interact in the system in a way that results in a contract.

### Regulated Market

A regulated market is a multilateral system, defined by MiFID (article 4), which brings together or facilitates the bringing together of multiple third-party buying and selling interests in financial instruments in a way that results in a contract. Examples: the traditional stock exchanges such as the Frankfurt and London Stock Exchanges.

### Systematic Internaliser (SI)

Investment firm which, “on an organised, frequent and systematic basis, deals on own account by executing client orders outside a regulated market or an MTF”.

### Trading Venue

A trading venue is an official venue where securities are exchanged; it includes OTFs, MTFs and regulated markets.

### Execution Venue

The execution venue term is broader than the term ‘trading venue’ as, for the purpose of this Policy, it includes SIs and market makers and other liquidity providers; and non-EEA entities performing a similar function.

### Approved Counterparty

Term used for counterparties which have gone through the Bank’s due diligence and are approved for trading. Among the Approved Counterparties, the Bank has brokers or other banks that have access to Execution Venues or with whom we perform OTC trading.

