

Best-Execution Policy

1. Introduction

The following Best-Execution Policy (hereinafter referred to as the “BEP”) applies to the reception and transmission of orders in relation to one or more financial instruments and to the execution of orders on behalf of clients¹. In this context, reception and transmission means that the Bank does not itself execute the order after reception, but transmits it to another investment firm for execution. Execution means that the Bank concludes execution transactions with another party for the account of the client in a market suitable for such purpose (commission transaction). If the Bank and the client conclude a purchase contract for financial instruments by and among themselves for a fixed or determinable price (fixed-price transaction), this BEP will only apply to a limited extent. To the issue of unlisted shares in an investment fund and their redemption through the respective custodian bank the BEP does not apply. The BEP does, however, apply if the Bank acquires or disposes of financial instruments for the account of the client in fulfillment of its duties under an asset management agreement.

Should the client require further information in addition to the information provided herein, we would be happy to provide such information within a reasonable time.

2. Principles

2.1 Reception and Transmission of Orders

As a rule, the Bank does not execute orders itself, but transmits them to a third party (hereinafter referred to as the “Broker”) for execution. The Broker then executes the order in accordance with their own institution-specific execution policy/BEP.

The Bank has taken various steps in this regard to ensure that orders are also executed according to best-execution policies in these cases:

- **Selection:** The Bank only works with first-class Brokers, i.e. investment firms that have the necessary licenses and capabilities to ensure the best execution of client orders. New Brokers must undergo an internal approval process.
- **Instruction:** The Bank instructs the Broker regarding the client’s order.
- **Supervision:** The Bank supervises Brokers at regular and irregular intervals to ensure compliance with best-execution policies.

The Bank transmits client orders for execution to those Brokers who can generally be expected to consistently execute orders on terms most favorable to the client. In this connection, the Bank takes into consideration the following execution criteria: costs, price, speed, likelihood of execution and settlement, size, nature, and any other consideration relevant to the execution of the order. However, the type of client, the type of order, and the type of financial instrument must always be given due consideration.

Moreover, the Bank assumes that the client primarily wishes to achieve – taking into account all costs directly related to the execution transaction – the best possible overall price (price of the financial instrument and all related execution costs). Since financial instruments are usually subject to price

¹ Except where the context otherwise requires, words denoting any gender include all genders and words denoting persons include companies and other legal entities.

fluctuations and one cannot therefore exclude the possibility of a change in price to the client's detriment after the order is placed, the Bank focuses in particular on those Brokers who are likely to complete execution promptly. In addition, the Bank will take into account other relevant criteria (e.g. market situation and safety of settlement).

To achieve best execution, the Bank may transmit orders to a Broker who executes them on a regulated market, on a multilateral trading facility, on an organized trading facility, or outside such trading venues. Executions outside such trading venues always involve a counterparty risk. This risk may result in a loss for the client – in the worst-case scenario even a total loss – if the counterparty is not in a position to fulfill their contractual obligations.

2.2 Client's Execution Instructions

The client may issue the Bank separate written directions/instructions indicating which Broker the order should be transmitted to or how an order should be executed. If the Bank has such a direction/instruction, this will take precedence over this BEP. The Bank will therefore transmit or execute the order, or have the order executed, in accordance with the specific client directions/instructions, thereby disregarding this BEP. A direction/instruction from the client will release the Bank from taking the measures which the Bank has laid down and implemented in its BEP in order to achieve the best possible results when executing orders in respect of elements covered by the relevant direction/instruction.

2.3 Fixed-Price Transactions

In the case of fixed-price transactions, the Bank does not transmit orders to a Broker for execution, but enters into the transaction itself, becoming the buyer or seller to the client. As a rule, the Bank only offers fixed-price transactions if the special nature of the transaction makes this necessary, i.e. particularly if financial instruments are not negotiable on a trading venue or orders cannot be transmitted to a Broker for execution. Such circumstances are often the case in over-the-counter derivatives transactions (e.g. FX forwards, FX swaps, and FX options).

2.4 Special Market Situation

Extraordinary market conditions or market disturbances may make it necessary for the Bank to deviate from the principles outlined herein. In such cases, it will, to the best of its knowledge and belief, act in the client's interests and inform the client thereof.

2.5 Deviation in Order to Achieve Better Execution for the Client in an Individual Case

Where in the individual case it would result in more favorable conditions for the client, the Bank may opt not to immediately transmit or execute a client order or immediately conclude a fixed-price transaction (minimal-market-impact order processing). It will inform the client in such a case.

2.6 Aggregated Transactions

In some cases, several clients may wish to buy or sell the same stock on the same day. In principle, client orders must be treated equally and fairly. In practice, this means that orders are transmitted or executed in the order that they are received. If, however, aggregating transactions would not generally be disadvantageous to the client, the Bank reserves the right to execute several transactions jointly. As a rule, aggregating transactions is advantageous because it means large volumes and thus lower third-party fees (economies of scale). It may, however, be disadvantageous in an individual case due to time delays in executing the order. Both the Bank and the respective Broker may aggregate transactions.

2.7 Transactions on the Primary Market

The BEP does not apply to transactions executed on the primary market. This applies in particular, but not exclusively, to new issues of bonds, equities, and structured products, and to subscriptions and redemptions of investment fund shares.

3. Review of the BEP

The Bank will review the present BEP at regular intervals, but at least annually, to ensure that it still meets the requirements for the best execution of client orders. If the Bank identifies any need for amendments, it will amend the BEP accordingly. If substantial amendments are required, it will notify its clients accordingly.

Vaduz, October 1, 2017

Annex

Overview in respect of the Reception and Transmission of Orders

| Financial instrument or type of transaction | Broker |
|-------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|
| Money market instruments | DZ Privatbank KBC Bank LBBW Landesbank Baden-Württemberg Bank J. Safra Sarasin Société Générale CIB |
| Interest-bearing securities | Bank Vontobel AG UBS Switzerland AG bridport & cie sa |
| Equities | Bank Vontobel AG |
| Exchange-traded funds (ETF) | Bank Vontobel AG |
| Exchange-traded derivatives (options, futures, etc.) | Bank Vontobel AG |
| Exchange-traded structured products | Bank Vontobel AG UBS Switzerland AG |

This list is not exhaustive and may be altered at any time.