

# „Best execution“ policy

## Introduction

Bellevue Asset Management AG is a FINMA-regulated manager of collective assets pursuant to Art. 24 FinIA. This Directive covers the execution principles and best execution approach in accordance with local regulatory requirements, the Federal Financial Services Act ("FinSA") and the Markets in Financial Instruments Directive 2014/65/EU ("MiFIDII"). The regulations require Bellevue Asset Management AG to take all sufficient steps to achieve the best possible result for our clients when executing orders

## 1. Scope and Purpose

### 1.1. Scope

This policy applies to all employees of Bellevue Asset Management AG (hereafter „**BAM**“) inclusive subsidiaries.

### 1.2. Purpose

This policy sets out the principles for achieving the best possible result for the execution of buy and sell orders for financial instruments.

## 2. Scope of Application

### 2.1. In General

The following principles for best execution of orders (hereinafter referred to as "**execution principles**") apply within the framework of the investments/dealings made for the collective capital investments and (institutional) mandates managed by BAM, irrespective of the classification of the clients (per se professional clients or suitable counterparties) (hereinafter referred to as "**client**").

BAM has no direct access to any market. All buy and sell orders of financial instruments are therefore executed via a third party (hereinafter referred to as "**broker**"). Broker selection is therefore central to achieving the best possible results.

### 2.2. Transactions on the primary market

The present execution principles do not apply to transactions that are executed on the primary market. This includes new issues of bonds, shares and structured products as well as the subscription and redemption of investment funds.

### 2.3. Priority of instructions

The customer may give BAM explicit instructions or instructions regarding the execution of an order. BAM will then execute the order in accordance with these instructions. The customer is expressly informed that his instructions release BAM from the obligation to take the measures which BAM

follows as standard in its execution policy to achieve the best possible results in the execution of these orders.

#### **2.4. Merging of orders**

BAM is entitled to combine customer orders with orders from other customers. Merging orders is generally advantageous due to larger volumes and correspondingly lower third-party fees (economies of scale) and only takes place if it is unlikely that the merger is disadvantageous for the client.

### **3. Factors for determining best execution**

#### **3.1. Responsibilities**

The responsibility for approving new broker relationships and monitoring broker selection lies with Risk Control. The responsibilities for monitoring the quality of execution are set out in section 4.

#### **3.2. Execution factors**

In order to fulfil its obligation to execute orders in the best possible way, BAM takes all reasonable precautions to ensure that the best possible result for the customer is achieved when executing orders. BAM takes the following execution factors into account:

- Price of the financial instrument
- Costs for the execution of the order
- Speed of execution
- Probability of execution
- Speed of processing
- Probability of settlement
- Order volume
- Nature of the order
- Other factors relevant to the execution of the order

In determining the relative importance of the above-mentioned factors, BAM takes into account, among others, the following aspects:

- Characteristics of the customer
- Characteristics of the order
- Characteristics of the financial instruments which are the subject of the contract
- Characteristics of the execution venues to which the order can be forwarded

BAM generally assigns a higher relative importance to the total fee factor in the fulfilment of its obligation to execute orders in the best possible way. The total fee consists of the price of the financial instrument and all costs associated with the execution of the order (including clearing and settlement costs or other fees). If BAM deems it necessary or appropriate based on the characteristics of the client, the characteristics of the order or the financial instrument concerned or the characteristics of the relevant execution venue, it may also take into account other factors such as speed of execution, the probability of execution and/or settlement, as well as the size, nature and other aspects relevant to the execution of the order.

#### **3.3. Broker selection**

In principle, the selection of brokers per market is the responsibility of the respective portfolio manager, who submits an application to Risk Control for the opening of the new relationship.

BAM only selects brokers who offer a high quality of service and efficient arrangements to consistently achieve the best possible execution of orders. When selecting brokers, BAM takes particular account of the broker's execution principles, the broker's rating and factors such as the existence of direct market access to a large number of trading centres and the existence of an electronic trading platform and reliable settlement.

Upon request, a list of the most important brokers and the brokers' execution principles can be made available to the customer. This list may also change continuously during the execution of an asset management mandate.

Risk Control analyses the opening documents, the execution principles of the potential broker and the applicable terms and conditions and may be assisted by third parties. During this step, it is ensured that the execution principles of the potential broker and his terms and conditions of business cover the above-mentioned criteria in the best possible way, and that an optimal execution quality in the client's interest is guaranteed for transactions via the selected broker.

Certain collective investment schemes require the prior approval of their supervisor. In these cases, a new broker must first be approved by the supervisory body before transactions can be concluded.

If further factors have been contractually agreed with the customer in relation to the broker selection (e.g. domicile of the broker, counterparty lists for OTC derivatives), these are taken into account when executing orders for the specific customer.

### **3.4. Disruptions to the market or trading system**

If exceptional market conditions or market disruption (e.g. failure or disruption of the trading system) make execution deviating from these execution principles necessary, BAM will take all reasonable measures to achieve the best possible result for the client by other means.

### **3.5. Unforeseen events**

The execution principles define the process for best execution by BAM; however, the execution principles do not guarantee a specific result, i.e. BAM cannot guarantee that the best possible result will be achieved under all circumstances and in all cases, despite the application of the execution principles. Due to the relative importance of the various factors for execution, different results may occur for individual transactions.

## **4. Monitoring and Review**

### **4.1. Monitoring the quality of execution**

The Bloomberg Volume Weighted Average Price ("**VWAP**") is used to monitor and verify the execution quality of the selected brokers. The BTCA tool compares the execution price with the VWAP in the trading system.

Monitoring and review of broker selection: The execution policy is reviewed annually and whenever a significant change occurs that affects BAM's ability to continue to deliver the best possible result for the client.

The list of current brokers is discussed and approved annually by management. In particular, it is checked whether the commissioned brokers comply with the present execution principles or whether the brokers, for their part, have adequate precautions in place to ensure the best possible execution

of orders. In addition, BAM also checks whether the criteria for the selection of brokers are still given, taking into account the information available to it via the broker (e.g. rating).

Depending on the requirements of the various collective investment schemes, their broker list is regularly reviewed and approved by the competent bodies.

#### 4.2. Monitoring and review of deviations (BTCA-Too<sup>1</sup>)

By means of the BTCA tool, all trade executions are compared to the best possible “day-price”, which is based on the corresponding “Participation Rate Ordinal” of the given transactions. The following table shows the deviations within the parameters:

Participation Rate Ordinal	VWAP <sup>2</sup>
0%-10%	bp ≤ -80
10%-20%	bp ≤ -70
20%-50%	bp ≤ -60
50%-100%	bp ≤ -50

For example, if a Portfolio Manager makes one or more trades in the same security and the volume is 0%-10% of the volume of the entire trading day, the VWAP price must be less than or equal to 80bps. If this is not the case, the relevant PM must make a declaration.

All deviations can be seen in the Bloomberg under the BTCA function and are automatically forwarded daily electronically via the BTCA tool to the responsible portfolio manager for explanation. The PM is instructed to justify this deviation in the BTCA tool on a daily basis. If the explanation is plausibly documented, the Operations team archives it accordingly in the tool. If the declaration was not submitted or cannot be traced, the PM is reminded accordingly.

Risk Control randomly checks the appropriate documentation in the BTCA tool. In addition, reporting to the executive board (GL) takes place on a monthly basis. If necessary, Risk Control intervenes with the PM or broker and makes the necessary clarifications.

<sup>1</sup> Bloomberg Transaction Cost Analysis Tool

<sup>2</sup> Difference between the average execution price and the VWAP price from the placement arrival until that placement's last fill, adjusted for the limit price.