

# Best Execution Policy – Order Execution Principles for the Area of Asset Management and Services

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## 1. Objective

This best execution policy governs the principles and procedures which aim to achieve the best possible result for investment assets and their investors when handling transactions as part of portfolio management and asset acquisition brokerage. It applies when executing and placing trading decisions regarding the purchase or sale of assets for investment regardless of whether the investment decision for the investment asset in question was made by Baader Bank Aktiengesellschaft (referred to as the "Bank"), the capital management company or a portfolio manager.

## 2. Best execution principle

Trading decisions may generally be made through various means of execution (floor trading, electronic trading) and at various places of execution (e.g. stock exchanges, multilateral trading systems, systematic internalisers, market makers, capital management companies (CMCs), OTC or other trading venues, whether within Germany or abroad). As a rule, trading decisions are not directly managed on trading platforms, but are executed through intermediaries (e.g. brokers, banks, etc.). By carefully selecting and monitoring intermediaries, the Bank strives for the best possible execution of the trading decision. The Bank also verifies whether the intermediary on its part has the appropriate arrangements in place to ensure it is able to guarantee the best possible execution of the order.

## 3. Order execution and best execution principles

If the Bank forwards trading orders for execution to brokers in accordance with this best execution policy without indicating a trading platform, the Bank guarantees that it meets its obligations for the best possible execution of customer orders by means of the arrangements made by intermediaries to ensure the best possible execution. As a rule, the Bank issues trading orders according to the following principles:

- 3.1 Trading orders on assets are placed in consideration of all information available at the time the order was issued at the best conditions available. When deciding on the selection of intermediaries and their execution of orders, the Bank considers the following criteria relevant for achieving the best possible result:

- Price of the asset
- Cost for executing the order
- Speed of execution
- Likelihood of execution and settlement
- Market liquidity
- Counterparty credit rating
- Settlement procedures and security of execution
- Scope and type of the order

The relative weighting of these criteria and therefore the placement of trading orders takes place on the assumption that the best possible result should be achieved in consideration of all costs associated with the execution transactions. When deciding on issuing the order, intermediaries are considered, in particular, based on the customary price fluctuations related to assets. These intermediaries shall consistently ensure a cost-effective, complete and timely execution of the transaction. In particularly straightforward cases, further relevant criteria (e.g. market influence of the order, security of execution) may be weighted more heavily when selecting intermediaries.

The significance of the above criteria may differ depending on the type of the mandate, the trading decision, the investment policy of the asset or the category of the assets purchased or sold. In order to take the particularities of the investment assets concerned and the assets purchased or sold for this purpose into consideration, the above criteria are weighted in consideration of the following factors:

- Characteristics of the customer in question such as objectives, investment policy and specific risks of the investment asset as represented in the sales prospectus or in the investment conditions
- Characteristics of the customer order
- Characteristics of the assets or other financial assets subject of the order in question
- Characteristics of the execution platform to which the order can be forwarded

With regard to the following investment classes, the Bank weighs the following factors in order of importance as follows:

Money market transactions	Main criteria: 1. Price of the financial instrument 2. Counterparty credit rating 3. Settlement procedures
Equities	Main criteria: 1. Market liquidity 2. Price of the financial instrument 3. Cost for executing the order 4. Scope of the order  Preferred places of execution: • Execution on the stock exchange with the largest liquidity (domestic/leading exchange) through a suitable intermediary
Bonds	Main criteria: 1. Price of the financial instrument 2. Likelihood of order execution 3. Scope and kind of the order  Preferred place of execution: • Bloomberg MTF
Derivatives traded on the stock exchange (futures, options)	Main criteria: 1. Cost for executing the order 2. Price of the financial instrument 3. Speed of execution  Preferred places of execution: • Trading system of the respective futures markets of the domestic or foreign stock exchange (e.g. Eurex, CBOT) by means of a suitable intermediary
Certificates and options certificates	Main criteria: 1. Market liquidity 2. Price of the financial instrument  Preferred places of execution: • Execution on the stock exchange with the largest liquidity through a suitable intermediary
Spot and forward foreign exchange transactions	The trading of spot and forward foreign exchange transactions takes place either: • with the custodian, as the customer has placed particular trust in this bank, its technical execution is particularly secure and the execution fees and costs are low; or • with other counterparties selected according to the principles of order execution.
OTC derivatives	Main criteria: 1. Likelihood of execution 2. Price of the financial instrument 3. Security of execution
Funds	The purchase is made directly by the issuing capital management company (CMC) or through the custodian. Exception: Exchange traded funds are traded on the stock exchange with the largest liquidity through a suitable intermediary. Depending on the order volume, they are also traded OTC if necessary through a market maker/MTF.
Factors regarding further asset classes may be provided upon request.	

3.2 If the Bank operates as an outsourced manager or trading desk for a CMC, it first of all observes the best execution policy of the CMC when executing or forwarding customer orders. In this case, the Bank examines the feasibility of the CMC's relevant best execution policy before issuing the mandate. If the CMC makes use of the Bank to fulfil its best execution obligations and has outsourced the appropriate services to the Bank, the Bank shall observe the relevant best execution policy established when outsourced and take note of the group of intermediaries available.

3.3 Based on this weighting, the Bank creates an index of intermediaries to whom it forwards trading orders as part of portfolio management. An overview of intermediaries for individual asset classes can be found under Item VII of this best execution policy. Finding intermediaries to execute trading orders. If, in consideration of the details of the order in question, the index permits a selection of several intermediaries, this selection is made on a case-by-case basis at the Bank's reasonable discretion. The Bank sends the customer more information on intermediaries should the customer so request.

3.4 The Bank regularly monitors the execution of orders by the intermediaries commissioned. For this purpose, the executed transactions are examined at random by the AM&S Compliance Committee for compliance with this best execution policy and the best execution policy of the intermediary. An objection is raised to any deficiencies and their remedy is monitored.

#### 4. Non-application of the best execution policy

Under certain circumstances, both certain brokers may be specified that are not named in the Bank's broker list and policies regarding the execution procedures for a single transaction or that are generally issued may deviate from the provisions of this best execution policy in the contractual conditions with the CMC or the investment asset sales prospectus. Such a policy must always take priority over this best execution policy and is implemented by the Bank when placing orders. By complying with the customer's policy, the Bank fulfils its obligation for the best possible execution of orders.

**If the contractual partners issue special policies for executing orders, the Bank will consider them when executing the relevant transaction. The Bank may obstruct such policies when complying with and implementing this best execution policy and discourage taking measures that it established as part of this best execution policy in order to achieve the best possible result for the customer when executing the order.**

#### 5. Examining the policy

The Bank assesses its best execution policy on a regular basis of at least once per year. An examination also takes place if significant changes occur that could have potential effects on the criteria considered and taken as a basis for the achievement of the best possible results as part of this best execution policy. When examining the best execution policy, the Bank considers, in particular, also the information published by other market participants pursuant to § 82 (9-12) of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG) and § 26e of the German Stock Exchange Act (Börsengesetz, BörsG). The Bank will inform its contractual partners of any amendments to the best execution policy without delay.

#### 6. Different placement on a case-by-case basis

In some rare cases it may be necessary to place an order in deviation from this best execution policy due to system failures or unusual market conditions. Under these circumstances, the Bank will also make every effort to achieve the best possible result for the investment asset in question and its investor by executing the order following the procedures of the best execution policy as closely as possible under the given circumstances.

## 7. Intermediaries for executing trading orders

See Appendix 1 to Best Execution Policy at <https://www.baaderbank.de/Customer-Service/Legal-Documents-Baader-Bank-256>

## 8. Consolidating orders

The Bank ensures that the orders it receives with the order execution from trusted intermediaries are generally executed immediately in order ("first in, first out"). Should, due to the type of order or the dominant market conditions, it not be possible to execute orders in order of receipt or should this not be logical with regard to the interests of the investment assets or its investors, purchase or sale orders may also be pooled and executed as an aggregated order (collective order/block order).

Consolidation may also be disadvantageous for an individual order. However, if orders are only consolidated if, as a rule, no disadvantage is expected for an individual investment asset or investor. The listed collective orders are assigned to individual investment assets on a pro rata basis based on an average mixed price. There may be exceptions in the case of the partial execution of collective orders if the assignment of the partial execution includes minimum denominations. If a new issue is subscribed by several brokers, the various assignment ratios of each broker through which a subscription was made shall apply in these circumstances.

## 9. Contractual partner approval to execute trading decisions outside of a trading platform

When executing transactions, it may be necessary to purchase or sell individual assets outside of trading platforms pursuant to § 2 (22) WpHG. This may in particular be the case if the financial instrument cannot be traded on any trading platform.

Furthermore, the market liquidity of a financial instrument may be too low on a trading platform to ensure appropriate pricing. With regard to bonds that are forwarded to brokers for execution, the broker sets the price independently.

Investment shares are drawn through the relevant capital management companies. In exceptional circumstances, the route via the stock exchange or an MTF may also be taken.

The contractual partner therefore agrees that the Bank or the intermediaries it entrusts with the execution of orders may also place orders on the purchase or sale of assets outside of trading platforms pursuant to § 2 (22) WpHG – in consideration of this best execution policy within its scope of decision-making powers – in order to achieve the best possible result for the investment asset and its investor.

The Bank sends the customer information on the consequences of executing orders outside of a trading platform upon request.