

Best Execution Policy of IPConcept (Luxemburg) S.A.

1. Introduction

Owing to the implementation of the UCITS IV Directive and its regulations, the implementation of the AIFM Directive 2011/61/EU, the Law of 17 December 2010 on undertakings for collective investment as amended (hereinafter the Law of 2010), the amended Special Funds Law of 13 February 2007 (hereinafter the Law of 2007), the Law of 12 July 2013 on alternative investment fund managers, as amended (hereinafter the Law of 2013) and the relevant circulars and regulations of the “Commission de Surveillance du Secteur Financier (“CSSF”), uniform rules have been established for fund management companies in Luxembourg with regard to organisational requirements, conflicts of interest, conduct of business, risk management and content of the agreement between a depositary and a management company or Alternative Investment Fund Manager (AIFM).

These regulations should improve investor protection, increase market efficiency and reduce administrative obstacles within the European financial market. Another important goal is the best possible execution (hereinafter 'best execution') of the trading decisions of undertakings for collective investment¹ (hereinafter UCIs). The provisions to be applied form part of this best execution policy. We hereby specify the execution principles to be used by IPConcept (Luxemburg) S.A. (hereinafter IPConcept) to implement trading decisions in order to achieve the best execution for investors.

2. Extent and scope

IPConcept's best execution policy applies to the trading decisions that IPConcept carries out for the UCI funds managed by it.

The investments governed by the best execution policy that may be acquired for a UCI are:

- securities,
- money market instruments,
- structured financial instruments,
- fund units,
- derivatives traded on a stock exchange,
- forward rate agreements and all other OTC derivatives relating to eligible assets,
- alternative assets if these are included as eligible assets in accordance with the legislation.

¹ The following regulations apply to mutual funds as per Part I of the Law of 2010 (UCITS), and to Part II funds of the Law of 2010, special funds according to the Law of 2007 as well as other forms of investment as per the AIFM-Law (other UCIs), unless individual regulations exist. The generic term for these funds is UCI.

3. Factors being relevant to best possible execution of the trading decision and a best possible result

A best possible result for investors is not just determined by the price of a financial instrument but through a combination of many factors. The factors that are of particular relevance depend on the type of transaction.

The following particular factors play a role in the best execution of a trading transaction:

- the price of the asset to be acquired,
- the costs of executing the order,
- the speed of execution,
- the probability of execution or settlement,
- the security of execution or settlement,
- the scope and type of order,
- and other aspects being relevant to the execution of the order.

The relative importance of these factors is determined by reference to the following criteria:

- the objectives, investment policy and risks specific to the UCI as indicated in the prospectus resp. issue documents or as the case may be in the fund rules, investment conditions or articles of association of the UCI,
- the characteristics of the order,
- the characteristics of the financial instruments that are the subject of that order
- the characteristics of the execution venues to which the order can be directed.

In this case, IPConcept also takes into consideration the following particular aspects:

- eligible assets of the UCI,
- strategy of the UCI,
- the objectives and implementation policy of the UCI's strategy,
- the IPC risk management policy of IPConcept,

in order to achieve best execution.

However, in individual cases it is possible that one factor is more important than another for an individual transaction. If, after evaluating all factors, there is still a choice between several intermediaries, due care and diligence shall be exercised in order to make this choice. Due to the dynamic nature of the market, IPConcept shall expressly adopt an individual decision depending on the conditions notified by the intermediaries.

As part of the best execution policy, for each order issued by IPConcept the trading partner shall be automatically instructed to achieve the best possible result. The execution of trading orders in compliance with this policy can be proven by IPConcept.

4. Broker selection

As the management company for UCIs, and based on its business model, IPConcept undertakes to choose only trading partners and market places whose trading model and execution procedures allow IPConcept to achieve the best possible result for the orders submitted to it on behalf of the UCI.

DZ PRIVATBANK (Luxembourg) S.A. is IPConcept's standard trading partner. The use of external brokers is also possible. The inclusion of external brokers requires an initial and a review on a regular base by the respective fund manager. IPConcept reserves the right to check the plausibility of this check at regular intervals and to request appropriate documentation if required.

DZ PRIVATBANK S.A. was selected as the executing investment services company because of the special service relationships within the DZ PRIVATBANK Group. After careful examination based on legal requirements, IPConcept is of the opinion that DZ PRIVATBANK S. A. guarantees the best possible execution for the UCIs.

The execution of orders via DZ PRIVATBANK S. A. enables an effective and cost-effective execution, settlement and settlement of securities transactions through the provision of standardized processes tailored to IPConcept and takes further into account the special requirements of IPConcept.

By summarizing these factors, the infrastructure provided fulfils the criteria in terms of speed and probability of execution in particular.

5. Order execution

IPConcept guarantees the prompt and honest execution of orders for all the UCIs it manages. Order and settlement methods shall be established as early and quickly as possible in order to ensure that the orders to be executed are immediately and correctly registered and allocated. Orders from outsourcing partners are after careful checking immediately forwarded to the respective trading partner. The trade confirmations (on the trading partners' side) shall be forwarded to the depositary and other involved parties immediately after completion.

Comparable orders are normally executed in turn and financial instruments and monies received are immediately and accurately recorded.

6. Aggregation and allocation of trading orders

As a basic principle, IPConcept will not execute any trading orders for an UCI together with trading orders of another UCI or with an order for its own account ('own business'). In exceptional circumstances, this principle may be waived if it is unlikely that merging orders for investment funds with other orders would be detrimental overall to the UCI.

If merging trading orders leads to a partial execution of the order, the individual business transactions shall be assigned in line with the following principles:

If the collective order is partially executed when merging trading orders for several UCIs, then the orders for the individual investment funds will be executed on a pro-rata basis in proportion to the collective order.

If IPConcept merges its own business transactions with one or several orders for UCIs, it will not proceed in a manner that is detrimental to the UCIs. This means:

If the collective order is only partially executed when merging trading orders for one or several UCIs with one of IPConcept's own business transactions, then the execution of the individual orders of the UCI(s) will take precedence over the Management Company's own business transactions.

In cases where the individual orders could not have been executed at all, or not executed under the same favorable conditions, without merging orders for UCIs with IPConcept's own transactions, then the individual orders (including IPConcept's own transactions) will be executed on a pro-rata basis in proportion to the collective order.

7. Ongoing monitoring of the best execution policy

IPConcept regularly checks its procedures in order to achieve the best possible result for the investor. Accordingly, the quality of execution by the selected trading partners (costs, speed and probability of execution) is checked in particular. Any weaknesses identified shall be dealt with and remedied as quickly as possible.

In addition, a comprehensive check of IPConcept's best execution policy is conducted each year. Such a check is also conducted if a major change occurs that interferes with the ability of IPConcept to continue to achieve the best possible result for the UCI managed by it.