

Policy of best execution of orders and selection of intermediaries

1. INTRODUCTION

1.1. Objective of this policy

This policy of best execution of orders and selection of intermediaries (hereinafter referred to as the "Execution Policy") describes the way Banque Raiffeisen s.c., hereinafter referred to as "the Bank" ensures, in accordance with Directive 2014/65/EU on markets in financial instruments ("MiFID"), the execution of client orders on financial instruments (hereinafter referred to as the "Orders"), in order to obtain the best possible result for the client.

The Execution Policy is available on our website: [Http://www.raiffeisen.lu](http://www.raiffeisen.lu)

1.2. Definition of the principle of "best execution"

"Best execution" means the obligation to take all reasonable measures to ensure the best possible result for the client when executing Orders. To achieve this, the Bank must take execution factors into account, such as the price, cost, size, nature, speed and likelihood of the execution and settlement of the order or any other consideration relating to its execution.

Distinction is made between retail clients (non-professionals) and professional clients.

For retail clients, the total price, representing the price of the financial instrument and the execution related costs, which include, where applicable, all costs incurred by the client that are directly related to the execution of the order, is the main criterion to determine the best possible result. Other criteria such as the speed and likelihood of execution and settlement, the size and the nature of the order or any other consideration relating to the execution of the order are also taken into consideration.

For professional clients, the speed of execution as well as the size of the order and the market impact associated therewith are key to obtain the best possible result.

The fundamental and usual characteristics of Orders, financial instruments and markets are described in greater detail below.

The Bank must also serve the best interests of its clients when transmitting its Orders to third party entities with a view to their execution.

Clients are entitled to request evidence that their Orders have been executed in accordance with this Execution Policy.

1.3. Scope of this Execution Policy

Unless otherwise stated, the Execution Policy applies to individual clients (non-professionals) and professional clients (within the meaning of MiFID).

It should be noted that the Execution Policy does not apply to eligible counterparties (as defined in MiFID); as such, unless otherwise agreed, the Bank has no obligation to best execution as to the transactions with eligible counterparties for which there is nevertheless a general obligation of fair and professional processing of Orders.

2. TRANSMISSION AND EXECUTION OF ORDERS

The general principles of the Execution Policy for Orders are declined differently according to the type of financial instrument, pursuant to the provisions set out below:

2.1. Financial instruments traded on a trading platform

This section covers the Execution Policy for Orders relating to financial instruments traded on a trading platform such as stocks, bonds, structured products, ETFs (Exchange Traded Funds), warrants and certificates except:

- structured products, warrants and certificates issued by partner entities of the Bank (see section 2.3);
- bonds issued by the Bank (see section 2.4).

2.1.1. Transmission of client Orders

The Bank does not carry out Orders on the various trading platforms itself but transmits them to financial intermediaries to whom it entrusts the execution of Orders in compliance with this Execution Policy.

The Bank selects the financial intermediaries to which it delegates Orders by acting in the best interests of clients and within the framework of seeking the best possible outcome for clients in most case scenarios. The size and reputation together with wide access to financial markets constitute valuable arguments for the Bank to entrust the execution of Orders to an intermediary.

The Bank periodically ascertains that the selected intermediaries have adequate execution mechanisms and that they provide the quality of execution required. The Bank reserves the right to change intermediaries or add others offering equivalent best execution guarantees.

2.1.2. Criteria for the execution of Orders and the selection of intermediaries

The selection of a financial intermediary for Orders placed by retail clients is determined by the relative importance assigned by the Bank to the execution factors listed below in descending order of priority:

- Total price

The best possible outcome is usually determined based on the total price, representing the price of the financial instrument and the costs related to execution, which include, where applicable, all expenses incurred by the client.

- Timeliness of execution

The Bank shall take all necessary measures to ensure timely transmission of the order favouring financial intermediaries that allow direct and secure mailing to the execution location.

- Likelihood of execution

The Bank ensures that the selected financial intermediaries consider the liquidity of the market for a given financial instrument, in terms of execution likelihood calculated based on sufficient past information.

For Orders placed by professional clients, the following order of priority applies: timeliness, likelihood of execution and total price.

2.1.3. Accepted order types

- "Limit" order.
- "Market" order.
- "Stop Loss" order.

2.1.4. Main financial intermediary

- UBS Switzerland AG.

2.2. Investment funds

This section covers the Execution Policy for Orders relating to investment funds executed outside a trading platform with the transfer agent. Upon the client's specific request, an order relating to an investment fund admitted to trading on a trading platform may be executed under the same conditions as those defined in section 2.1 above.

2.2.1. Transmission of client Orders

Orders on investment funds traded on the NAV are always executed with the fund's transfer agent, either directly or indirectly through a distribution platform.

2.2.2. Criteria for the execution of Orders and the selection of intermediaries

The transfer agent is appointed by the fund. Wherever possible, the Bank is committed to comply with centralisation cut-off times as mentioned in the prospectus of the fund, while it reserves the right to refuse to work with some transfer agents and in this case, the right to be able not to execute an order.

2.2.3. Accepted order types

- “Market” order.

An order sent for execution to a transfer agent may in no case be limited to the level of price and will be dealt with at the NAV calculated by the transfer agent.

2.2.4. Main financial intermediary

- UBS Switzerland AG for Orders which are not executed directly with a transfer agent.

2.3. Structured products, warrants and certificates issued by partner entities of the Bank

This section covers the Execution Policy for Orders relating to structured products, warrants and certificates issued by partner entities of the Bank.

2.3.1. Transmission of client Orders

Orders for structured products issued by Bank partner entities can be executed with a financial intermediary linked to the instrument issuer. In such cases, the Bank gets into contact with the partner entity of the product to transmit the order to it.

2.3.2. Criteria for the execution of Orders and the selection of intermediaries

Structured products issued by Bank partner entities can be traded on trading platforms on which the issuer acts as a market maker or directly with a financial intermediary linked to the instrument issuer that acts as Systematic Internaliser.

The Bank favours sending direct Orders to the Systematic Internaliser for reasons related to cost (price and commission) provided that the timeliness and likelihood of execution are the same as if the order was sent to another financial intermediary for the latter to execute the order on a trading platform.

2.3.3. Accepted order types

- “Market” order.

2.3.4. Main financial intermediary

- Listed financial instruments: Bank Vontobel Europe AG.
- Non listed financial instruments: Bank Vontobel AG, Zürich.

2.4. Debt securities issued by the Bank

This section covers the Execution Policy for Orders relating to debt securities issued by the Bank.

2.4.1. Transmission of client Orders

The Bank acts as the client's counterparty for Orders relating to the Bank's own debt securities.

2.4.2. Criteria for the execution of Orders and the selection of intermediaries

Orders are exclusively routed to the Bank's trading room which will set the price according to market conditions and particularly according to the currency, the rate and duration of the debt securities.

2.4.3. Accepted order types

- “Market” Order.

2.4.4. Main financial intermediary

- Banque Raiffeisen S.C.

2.5. Issue of Profit Units by the Bank

This section covers the Order Execution Policy relating to Profit Units issued by the Bank. Orders will be accepted based on the “1st come, 1st serve” principle and according to the terms set out in the document “Profit Units - General information”.

2.5.1. Transmission of client Orders

The Bank acts as the client's counterparty for orders relating to Profit Units.

2.5.2. Criteria for the execution of Orders and the selection of intermediaries

Orders are exclusively routed to the Bank's Dealing Room. As the Profit Units are perpetual, they are in principle non-redeemable. In the event of an early redemption, the refunded amount will correspond to the nominal value of the Profit Units unless exceptional circumstances (trigger event (i.e. the Bank's own capital falls below a certain threshold) or in case of an insolvency of the Bank).

2.5.3. Accepted Order types

- Order at the nominal value of the Profit Unit.

2.5.4. Main financial intermediary

- Banque Raiffeisen S.C.

3. **FLUCTUATIONS IN RATES AND DEFERRED EXECUTIONS**

- In case of high market volatility, a market order can be executed at a rate that is significantly different from the expected execution rate. The same criterion applies for the execution of Orders for illiquid securities.
- The opening price may differ significantly from the previous day's closing price.
- The listing of a financial instrument may be suspended, resulting in a delay in the execution of the order.
- In situations of extreme volatility, an execution platform may be temporarily closed, thereby delaying the execution of the order.

4. **SPECIFIC INSTRUCTIONS FROM CLIENTS**

When a client gives a specific instruction on how to execute an order, whenever possible, the Bank strives to comply with this instruction. The client's attention is drawn to the fact that if the Bank acts in accordance with the client's instruction, it will not necessarily be able to execute the order in accordance with this Execution Policy. The Bank will be deemed to have met its obligation to take all reasonable measures to obtain the best possible result for the client in accordance with the client's specific instructions.

The Client's instructions must be complete and accurate to avoid any errors. The Bank may suspend the execution of any order to request additional instructions, without incurring any liability in the event of delay.

The Bank may act as counterparty with the client's specific agreement for each individual operation.

5. **REVIEW AND UPDATE**

This Execution Policy may be changed without prior notice whenever the Bank deems it necessary. The Bank will give notice of any material change in the Execution Policy and systems by mail, by e-mail, in account statements, on its website (<http://www.raiffeisen.lu>) or by any other means of communication at the Bank's discretion.

This Execution Policy is reviewed annually or whenever a significant event impacting the policy arises.

6. **GLOSSARY OF TERMS**

Stocks

A stock (share) is a title deed issued by a limited company that gives the holder a share in its capital. The shareholder thereby is involved in the company's development. In principle, shareholders have the right to vote at general meetings of shareholders, which allows them to take part - within the limits of their share of capital - in the decisions of this body. They are also entitled, if necessary, to a part of the profits distributed as dividends.

The shares of a listed company may be freely sold on the stock exchange. Share prices are influenced by many factors: the performance of the company, the future potential of the market in which it operates, the economic and political environment, the assessment of financial market participants, etc.

The majority of shares issued are "bearer" share, i.e. the owner is not registered in the register of the company and the shares are freely transferable. Registered shares are recorded in the registers of the issuer that has custody thereof. They are therefore more difficult to trade than bearer shares.

Retail client

A client other than a professional client or eligible counterparty as defined in MiFID.

MiFID

Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments as transposed in Luxembourg by the Law of 30 May 2018 and the Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing that Directive.

Exchange Traded Funds (ETF)

Updated October 2022

An ETF is an Exchange Traded Fund traded on a trading platform that replicates the performance of an underlying asset, such as an index, commodity, or basket of assets. An ETF is not intended to outperform the market.

Investment fund

An investment fund is a company that raises capital from the public to invest in assets (stocks, bonds, etc.) in compliance with the investment policy defined when the fund was created and the legal framework imposed by the country in which it is domiciled.

Financial instrument

Instrument as defined in MiFID.

Systematic Internaliser

An investment firm which, on an organised, frequent systematic and substantial basis, deals on its own account when executing client Orders over-the-counter, a Multilateral Trading Facility (MTF) or an Organised Trading Facility (OTF) without operating a multilateral system.

Regulated market

A multilateral system operated and/or managed by a market operator, which brings together or facilitates the bringing together of multiple third-party buying and selling interests in financial instruments - in the system itself and in accordance with its non-discretionary rules - in a way that results in contracts, in respect of the financial instruments admitted to trading under its rules and/or systems, and which is authorised and functions regularly and in accordance with the provisions of Title III of MiFID.

Bond

A bond is a security that takes the form of a loan to the issuer - a commercial company (corporate bond) or a public body (government bond) - and is therefore representative of a financial debt in the medium or long term, and sometimes for life. A bond is a negotiable instrument and may be either a registered or a bearer bond. Principal repayment is usually at maturity.

Order

An order is an instruction given by a client to buy/subscribe or sell/present for redemption a financial instrument.

"Limit" order

For this type of order, the ordering client specifies a threshold that is:

- either below the current price of the financial instrument (for purchase),
- either above the current price of the financial instrument (for sale)

Furthermore, the limit order may be partially executed if there are not enough securities corresponding to the limit set in the clients' order book.

"Stop loss" order

For this type of order, the ordering client specifies a threshold that is below the current price of the financial instrument which is the subject of the sale order. The order can be executed only if the price is equal to or below the threshold set.

"Market" order

This order without any price indication will be executed according to the best market supply or demand, i.e. it does not warrant the price.

Trading platform

A regulated market, MTF or an OTF.

Structured product

Structured products generally combine derivatives such as options with more traditional assets such as stocks or bonds, with the aim to either reduce or eliminate the risk associated with certain financial instruments or to enhance the investment returns.

A structured product often consists of a "low risk and return" element, e.g. a bond product and a "higher risk and return" element (a derivative, a share, an index, currencies or commodities) to improve performance. The price of a structured product is defined by the value of its underlying assets.

Multilateral Trading Facility (MTF)

A multilateral system operated by an investment firm or a market operator which brings together multiple third-party buying and selling interests in financial instruments - in the system and in accordance with non-discretionary rules - in a way that results in a contract in accordance with Title II of MiFID.

Organised Trading Facility (OTF)

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 financial products, emission allowances or derivatives are able to interact in the system in a way that results in contracts in accordance with Title II of MiFID.

NAV

The Net Asset Value (NAV) is the issue price or redemption of a fund unit on a specific date. The NAV is calculated by dividing the global net value of the fund by the number of units outstanding. The investor is entitled to subscribe for Units or to request reimbursement to the NAV. Fees and expenses paid by the fund are included in the NAV (indirect allocation to the investor). The NAV is calculated periodically (see sales prospectus for SICAV (open-ended collective investment scheme)/SICAF (investment company with fixed capital) and management regulations for collective investment undertakings).

Warrants, Certificates

A warrant is a negotiable instrument on a trading platform that gives the right to buy (call) or sell (put) a specified amount of securities (called underlying products) at a price fixed in advance (strike price = price at which the rights attached to the warrants may be exercised) and for a specified period by paying a premium (price of the call/put warrant) calculated based on the purchase price and the trading quantity. The rights attached to the warrants have no value after the maturity date. A warrant is subject to a leverage effect which increases with the decrease of the period of remaining life. In other words: if the price of the underlying product decreases, the value of the warrant decreases more than proportionally.