

Information on Best Execution of LGT Capital Partners Ltd.

Principles of Order Execution

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1 Introduction and purpose

In accordance with its global regulatory obligations LGT Capital Partners Ltd. (hereinafter “LGT CP”) is required to take sufficient steps to consistently obtain, when executing or transmitting orders, the best possible result for its clients considering relevant execution factors and any specific client instructions – commonly referred to as best execution.

This obligation includes orders that arise in relation to discretionary portfolio management and fund management activities.

This directive (hereinafter “the Directive”) defines the process for taking all required steps when either directly executing orders on one or more execution venues or transmitting orders to intermediaries (affiliates, service providers or third party brokers) to achieve the best possible result for clients. The aim of the Directive is to set out LGT CP’s approach to orders on a general basis and in respect of each asset class.

Furthermore, the Directive explains:

- the critical factors used to select an execution venue for order execution or an intermediary for order transmission (“broker”) and the relative importance of each factor;
- how the best execution factors are considered for order execution and transmission and thus venue selection and specific execution strategies;
- the procedures and processes used to analyze the quality of execution obtained and how LGT CP monitors and verifies that the best possible results were obtained for its clients on a consistent basis.

2 Definitions

Trading venue – trading venues include regulated markets, multilateral trading facilities (“MTFs”) and organized trading facilities (“OTFs”).

Execution venue – execution venues include trading venues (regulated markets, MTFs and OTFs), systematic internalizer, market makers or any other liquidity provider.

Multilateral trading facility (MTF) – means 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 – within the system and in accordance with non-discretionary rules – in a way that results in a contract in accordance with Title II of Directive 2014/65/EU.

Regulated market (RM) – means 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 – within the system and in accordance with its non-discretionary rules – in a way that results in a contract in respect of the financial instruments for which trading is permitted under its rules and/or systems, and which is authorized and functions in a proper manner and in accordance with Title III of Directive 2014/65/EU.

Organized trading facility (OTF) – means 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 finance products, emission allowances or derivatives are brought together within the system in a way that results in a contract in accordance with Title II of Directive 2014/65/EU.

Systematic internalizer (SI) – means an investment firm which on an organized and systematic basis – and frequently in substantial volumes – trades on its own account when executing client orders outside a regulated market, an MTF or an OTF without operating a multilateral system.

Over-the-Counter (OTC) – means trading in financial instruments outside a trading venue.

Primary market – is the part of the capital market that deals with issuing new securities. In particular, but not limited to the new issue of bonds, shares and structured products as well as the subscription and redemption of funds.

Agent Broker or Service Provider – means selected counterparties with which LGT CP has established an agreement to transmit orders to

Broker – means counterparties which are selected by Agent Brokers or LGT CP

Order execution – means executing decisions to deal on behalf of the client portfolios

Placing orders – means to deal on behalf of client portfolios with other entities for execution

3 Obtaining best execution

There are in principle three possibilities for the handling of orders on behalf of client portfolios:

- LGT CP place orders to Agent Brokers (including, LGT Bank Ltd., Northern Trust Securities LLP, and The Northern Trust Company)
- LGT CP can execute the relevant transaction directly on an execution venue (e.g. by dealing directly with a Broker)
- LGT CP can execute the relevant transaction with Brokers or SI which are approved by Agent Brokers

Before executing orders or placing orders with a counterparty that may execute these orders outside a trading venue LGT CP has to obtain express consent of its discretionary mandate clients. Such consent is generally obtained in the form of a general agreement and not on individual transactions' basis.

In order to achieve the best result for execution and placing orders on behalf of client portfolios, LGT CP takes the following factors into account:

- Price of the financial instrument – the price a financial instrument is executed at;
- Costs related to the execution of the order – including implicit costs such as spreads and explicit costs such as exchange or clearing fees;
- Speed of executing the order – the time it takes to execute a transaction including settlement;
- Likelihood of execution and settlement – the likelihood that a transaction is completed;
- Size of the order – for large orders only a partial fill may be received;
- Nature of the order and any other relevant consideration – this covers any other factor not listed in the regulations that LGT CP may wish to prioritize in order to achieve the best result for its clients.

LGT CP is required to consider and assess the relative importance of the relevant execution factors in respect of each class of financial instrument in which it trades. Best execution is assessed on the basis of total consideration, representing the price of the financial instrument and the costs relating to execution, which shall include all expenses incurred by the client which are directly relating to the execution of the order, including execution venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order (LGT CP's own commission and costs for executing the order on each of the eligible execution venues shall be taken into account in that assessment).

Depending on the situation, LGT CP may give priority to other factors besides price and cost in the best interest of the client. In some markets price volatility may mean that timeliness of execution is a

priority, in markets with low liquidity, the fact of execution may itself already constitute best execution, i.e. the likelihood of execution may become the primary factor. In other cases, LGT CP's choice of venue may be limited because of the nature of the order. For example, when investment products are less liquid, there may be little (or no) choice of alternative venue.

All aforementioned execution factors must be taken into account and the relative importance must be determined by reference to the execution criteria being:

- the characteristics of the client including its categorization (e.g. institutional client, fund);
- the characteristics of the client order (e.g. size and urgency);
- the characteristics of the financial instruments that are subject to the order and
- the characteristics of the brokers and/or execution venues to which that order can be directed (relevant considerations might be the reputation and reliability of the venue).

The Directive will not apply in cases where LGT CP follows specific instructions from a client when either placing an order with another entity for execution, or executing an order directly... If LGT CP receives an order instruction from a client within a discretionary portfolio mandate, such an order may only be obtained in writing and not only via phone.

4 Selecting agent brokers, service providers and brokers

LGT CP has entrusted LGT Bank Ltd., Liechtenstein, (hereinafter "LGT Bank FL") and Northern Trust Securities LLP and The Northern Trust Company (together hereinafter "NT") as Agent Brokers. LGT CP either places orders with them, or executes orders directly with them on behalf of client portfolios, either for discretionary portfolio management- or fund management accounts. As such, LGT Bank FL and NT are LGT CP's primary service partners for order transmission and execution in all asset classes. LGT CP ensures that the best execution principles followed by LGT Bank FL and NT are in line with LGT CP's own best execution principles. The most recent best execution policy of LGT Bank FL can be found at www.lgt.com/en/publications/downloads/ and the best execution policy of NT can be found at <https://cdn.northerntrust.com/pws/nt/documents/legal/mifid/nt-order-execution-policy.pdf>.

LGT CP also selects certain brokers directly. LGT CPs COO Office is reviewing and approving any changes of agent brokers, service providers and brokers.

5 Agent brokers and service providers selecting counterparties

Both, LGT Bank FL and NT have a rigorous process for on-boarding new execution venues and brokers. They maintain a list of approved brokers and execution venues. The list of eligible brokers and execution venues is not exhaustive and may change at any time. The most recent version of the list can be found at www.lgt.com/en/publications/downloads/. The version for NT is available upon request.

6 Application of the best execution principles across asset classes

6.1 Equity and equity-like instruments

Equities and equity-like instruments include the following financial instruments:

- Equities and
- exchange-traded funds.

Generally, the most important execution factors will be the price and costs. LGT CP places significant reliance on Agent Brokers to provide the best result and to take all sufficient steps to obtain best execution for these asset classes.

Agent Brokers provide LGT CP with access to the market and executes orders on execution venues or transmits them to brokers for execution.

6.2 Derivatives other than foreign exchange (FX)

Derivatives other than FX include the following financial instruments:

- Exchange-traded options and futures,
- (OTC) derivatives with various underlyings other than FX and
- structured products.

Generally, the most important execution factors will be the price and costs. LGT CP places significant reliance on Agent Brokers to provide the best result and to take all sufficient steps to obtain best execution for these asset classes. Agent Brokers provide LGT CP with access to the market and executes orders on execution venues or transmits them to brokers for execution. In some cases, execution also applies with Brokers.

6.3 FX derivatives

Generally, the most important execution factors will be the price and costs. LGT CP places significant reliance on Agent Brokers to provide the best result and to take all sufficient steps to obtain best execution for these asset classes. LGT CP mainly routes FX orders directly to Agent Brokers

In case of discretionary portfolio mandates LGT CP typically places orders via the client's custodian for execution (based on the client's instruction). The custodians will validate the orders and then transact either directly or indirectly following their best execution policies.

6.4 Fixed income

Generally, the most important execution factors for orders will be the price and costs.

When placing orders, LGT CP puts significant reliance on Agent Brokers to provide the best result and to take all sufficient steps to obtain best execution for this asset class.

LGT CP may also execute orders itself directly with Brokers or a SIs for execution which are approved by Agent Brokers. LGT CP must be able to check the fairness of the price proposed, by gathering market data used in the estimation of the quotes of such products. LGT CP will obtain quotes from at least three potential counterparties in order to check the fairness of the price proposed. The offers will be documented by the respective portfolio manager. If less than three quotes are available, this has to be documented as well.

6.5 Primary market transactions

The Directive does not apply to primary market transactions. For primary market transactions, there is only one seller/ price, hence the best result is automatically achieved.

7 Disclosure to clients

LGT CP must provide appropriate information to its clients on this Directive. This is achieved through the publication of a summary of this Directive on LGT CP's webpage ("Principles of Order Execution"). The latest version of this summary can be found at <https://www.lgtcp.com/en/regulatory-information/>.

In case of any material changes of the Directive on Best Execution and/or execution arrangements clients need to be informed respectively. Examples of material changes may be LGT CP starting to trade a new type of instrument that requires new and different execution arrangements to be put in place. It is the responsibility of Compliance to finally decide whether a change is material. Clients will be able to find the most recent version of the Directive on the aforementioned link.

LGT CP must answer clearly and within a reasonable time when its clients make reasonable and proportionate requests for information about this Directive or request a proof on how best execution is achieved by LGT CP.

8 Third party payments and research

The provision of research by third parties to LGT CP is not regarded as an inducement if it is received in return for

- i) direct payments by LGT CP out of its own resources or
- ii) payments from a separate, client funded research payment account controlled by LGT CP and not linked to the volume and/or value of transactions executed on behalf of the clients.

Where LGT CP makes use of the research payment account, it must inform its clients ex ante about the budgeted amount of research and the amount of the estimated research charge for each of the client and provide an annual summary of total research cost that each of them has incurred for third party research.

9 Monitoring and review

LGT CP will regularly assess whether the selected Agent Brokers and Brokers consistently provide the best possible result for the client portfolios or whether there is need to make changes to the execution arrangements. In order to assess the execution quality of Agent Brokers and Brokers, LGT CP will request and analyze data published by Agent Brokers and brokers on their quality of order execution.

With regard to the placing of orders to Agent Brokers, LGT CP will assess the execution quality based on annual best execution reports provided by Agent Brokers in order to decide whether the best possible results for clients are achieved or whether changes to the arrangement are necessary. An annual assessment will also be conducted for order execution with Agent Brokers and Brokers.

LSMO is responsible to conduct these assessments and to present the results to the COO office for review at least on an annually basis.