



LRI Invest S.A. - Best Execution Policy

1. Area of application of the Best Execution Policy

This best execution policy (“Policy”) of LRI Invest S.A. (“LRI”) serves to protect the investors in funds, for whom LRI is the management company.

To provide the best possible order execution a distinction is made on the basis of whether LRI places the order in the market itself or makes use for that purpose of a broker, agent or counterparty (“counterparty”) and merely passes the order on to such party.

If LRI makes use of a counterparty to place the order in the market, LRI’s duty is limited to diligent selection of the counterparty (selection policy) and the assurance that LRI has been classified as “Professional Client” according to MiFID, thereby benefiting from the counterparty’s duty of providing “Best Execution” vis-à-vis LRI.

Unless a different agreement is entered into with investors and clients, LRI will execute orders for the purchase and sale of financial instruments in accordance with this Policy.

2. Transmission of orders/Selection Policy

As a general rule LRI will not execute the order itself, but will transmit it to a counterparty. In such cases the order will be carried out in accordance with the respective best execution Policy of the counterparty concerned.

With regard to the selection of counterparties LRI has established a selection process which gives reason to expect constant, optimum order execution. The result of this selection process is a list of approved counterparties (“counterparty list”), divided by type of instrument, which is mandatory for fund management.

This counterparty list is checked regularly to determine whether the counterparties listed therein can be expected to continue to provide best possible order execution in accordance with the principles set out in this Policy. The counterparty list will be examined at least yearly, updated and approved by a resolution of the Managing Board of LRI.

3. Best Execution Policy

Where LRI itself places the order in the market, it takes account of the criteria price, costs, speed of execution, probability of execution, settlement reliability and settlement quality in order to provide the best possible order execution. In the case of OTC derivatives account is also taken of the criteria contract quality and creditworthiness of the counterparty.

Depending on the nature and size of the respective order, LRI may at its own discretion attribute differing weightings to the criteria. The greatest significance in the weighting is generally given to price and total transaction costs.

Orders in respect of financial instruments that are traded on a regulated market or in a multilateral trading facility are in principle executed on one of these trading venues since these, for reasons of concentration of purchase and sell orders in terms of time and place, guarantee the best possible price formation. Insofar as, in the estimation of LRI with regard to the nature of the financial instrument and the volume of the order, execution on one of these venues is not appropriate, it will execute the transaction via other routes, such as OTC.

If a financial instrument is traded on several exchanges or multilateral trading facilities, execution will take place on an execution venue which can be expected to provide constantly the best possible execution for this category of financial instrument in the sense of the statutory provisions.

If more than one execution venue selected in this manner offers the best possible results, LRI will make a selection between these on the basis of due assessment.

4. Deviation from the policy in individual cases

If in the opinion of LRI a purchase or sale order differs significantly from the usual market standard in terms of its nature and/or its size, LRI may in the investor's or the client's interest deviate in an individual case from this Policy when executing the order.

5. Applicability of the Policy in the case of special financial instruments/ services

In the case of execution of orders for non-standard derivatives or OTC derivatives deals are concluded directly between the counterparties and LRI. Because of the individual configuration of these deals there are no special execution venues; rather these orders are concluded bilaterally with selected counterparties and as a rule on the basis of standardised framework contracts.

These execution principles do not apply to the issue or redemption of shares in funds. As a rule, the issue or redemption of shares in funds takes place using a fund platform via the respective asset management company or the custodian bank. If the client wishes to execute orders for funds via the secondary market (e.g. via an exchange), he gives LRI where appropriate an instruction on the execution venue.

6. Priority of client instructions

An instruction from the client, e.g. with regard to the execution venue or the choice of counterparty (from the universe on the counterparty list) always takes priority. When executing a purchase or sale order LRI will comply with such instruction provided it is in line with the best interests of the investors in our funds.

It is pointed out to the client that in the case of an instruction LRI executes the order in accordance with the instruction and to that extent is not obliged to execute the order in accordance with this Policy.

7. Block-trades/cross-trades/partial executions

LRI will combine several orders if this is either necessary to guarantee equal treatment between the investors and/or the clients or is not expected to work to the disadvantage of a fund or portfolio. Such block trades are dealings in a single financial instrument for the account of several funds or portfolios executed as a single transaction. Also in the context of a new issue of financial instruments, in order to assure the aforementioned equal treatment, LRI will as a general rule combine subscription orders for several funds or portfolios.

Insofar as block trades or subscription orders are only partially executed, the financial instruments allocated to LRI will in principle be allocated to the respective fund or portfolio pro rata, i.e. proportionately to the volume of orders.

By way of exception, cross-trades, i.e. transactions between the funds or portfolios managed by LRI may be carried out in instances where this is to their advantage. This may be the case in particular with large bid-ask spreads of external trading partners for fixed income deals. Such cross-trades by LRI are executed at prices in line with the market and in accordance with internal standards to serve investor interests.

8. Applicable execution venues by security and financial instrument group

Where LRI does not pass the order to a counterparty, but places it directly, the following general requirements apply with regard to the applicable execution venues. The significant product categories that LRI will trade directly are fixed income instruments, certificates, shares in investment funds and derivatives.

Categories	Sub-categories	Information/ Ordering routes
Fixed income	- bonds - profit-participation certificates with fixed income characteristics - convertible bonds	Fixed income instruments are dealt virtually exclusively over the counter because of the dealing volumes customary for funds. Selection of dealing counterparties is made via the existing counterparty list, which is checked regularly. On receipt of a dealing instruction the specific counterparty will be selected on a case by case basis for each order and in accordance with this execution Policy.
Certificates	- certificates	Securitised certificates are generally dealt directly with the respective issuers, but may also be traded via an exchange using a counterparty. Securitised certificates listed at a specific execution venue are generally dealt via a counterparty with access to that execution venue, but may also be traded via the custodian bank of the respective fund for the account of which the order is being executed.
Shares in Investment Funds	- shares in target funds of other asset management companies	Shares in non-LRI funds will be in principle traded directly with the issuer using a fund platform. In exceptional cases shares in investment funds can also be traded on the secondary market (e.g. on a fund exchange).
Derivates	- standardised derivatives - non- standardised derivatives /OTC derivatives - forward foreign exchange contracts	Standardised derivatives are traded via the respective home derivatives exchange, generally in each case using a technical link-up made available by a service provider. Standardised derivatives may also be traded using a suitable counterparty. Non-standardised derivatives and forward foreign exchange contracts are traded with counterparties from the current counterparty list.

9. Policy Review

This Policy is subject to at least annual review and revision by LRI. In addition, a review is undertaken within an appropriate period if there is evidence recognisable for LRI that a significant change has occurred which results in order execution in the execution venues covered by this policy no longer being guaranteed to be in the best possible interest of the investors in our funds.

The most recent execution policy is published on the internet site www.lri-invest.lu. Further information can be obtained free-of-charge on request to LRI.

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