

Alpina Best Execution Policy (December 2020)

1. Foreword

The CSSF Circular 18/698 provides, inter alia, that a management company shall establish a "best execution" policy. This document describes the principles of order execution in greater detail.

2. Introduction

The Management Company is obliged to act in the best interests of the funds it manages where:

- a) it takes trading decisions in the name of the respective fund as part of management;
- b) it commissions other parties to execute orders in the name of the respective fund as part of management.

The Management Company must take all appropriate measures to achieve the best possible result for the respective fund, taking account of price, costs, speed, likelihood of execution and settlement, size, nature and any other consideration relevant to the execution of the order. This obligation is known as the duty of best execution.

3. Scope

The Management Company does not execute orders itself. It only transfers orders for execution in exceptional cases. Aside from the aforementioned exceptional cases, these activities are delegated to Portfolio Managers who decide on the type of order placement and execution. The external portfolio managers act in accordance with their internal best execution policies and guidelines. These are reviewed and regularly monitored by the Management Company as part of delegation control pursuant to Delegation Policy.

These principles regulate the obligations of the designated Portfolio Manager. This ensures the Management Company meets the regulatory requirements on best execution and order handling.

4. Factors and criteria for best execution

The following best execution factors must be taken into consideration when executing orders for the respective fund:

- Price
- Costs
- Speed
- Likelihood of execution and settlement
- Liquidity
- Size and type of order
- All other relevant aspects.

The relevant Portfolio Manager/trading desk takes all appropriate measures to achieve the best possible result for the fund in question, taking account of the aforementioned factors.

In determining the significance of the various aforementioned factors, the Portfolio Manager will apply the following criteria for best execution:

- the aims, investment policy and risks of the fund according to the sales prospectus/issue document;
- the characteristics of the financial instrument that is the object of the order;
- the features of the execution venues to which the order can be transferred.

In general, the Management Company works on the assumption that price is likely to be the most important execution factor in most transactions to be performed. However, there are cases in which price is not the most important factor in the performance of a transaction, as in the following example situations:

- a) In the case of shares of companies with low levels of market capitalization and few liquid shares, likelihood of execution and liquidity can be more important criteria than price.
- b) In the procurement of liquid assets for the redemption of fund units, the criteria of speed and likelihood of execution may be more important.
- c) When executing a large-scale order, the possibility of executing the entire order at a lower price may be more important than processing only part of the order at the best price available at a given time.
- d) On-time performance of a transaction may take priority.

5. Execution venues

Either the relevant Portfolio Manager determines which venue of execution or implementation applies on the basis of the aforementioned factors (thereby issuing specific instructions); or the Portfolio Manager makes sure adequate provision is made as regards the execution of orders so that the obligations of the Portfolio Manager, the Management Company and ultimately of the fund it manages can be met.

For each order, the Portfolio Manager or a party appointed by the Portfolio Manager (e.g. trading desk) assesses which execution venue is likely to produce the best result.

In the case of transactions involving unlisted shares or shares in collective investment schemes, the operator of the collective investment scheme (transfer agent) will be the sole venue of execution. The applicable execution price will be determined according to the prospectus of the collective investment scheme. Orders are placed with the relevant single venue of implementation and settled at the applicable net asset value after the next valuation date for the relevant collective investment scheme.

In the execution of orders involving specific instruments (such as over-the-counter derivatives or structured products), the choice of execution venue may be limited.

6. Order handling

The following applicable procedures and regulations are designed to ensure the on-time, proper and rapid execution of orders.

The Portfolio Manager:

- makes sure orders executed for the respective fund are properly registered and assigned without delay;
- makes sure orders are executed sequentially, unless prevailing market conditions make this impossible or another course of action is required in the interests of the client;
- makes sure all financial instruments/funds received for the processing of executed orders are properly posted to the relevant account without delay (where the Portfolio Manager is responsible for monitoring or organizing the handling of an executed order);
- makes sure information connected with current orders is not misused and takes all appropriate measures to prevent the misuse of such information.

The Portfolio Manager also ensures the fair assignment of consolidated orders in terms of how the volume and price of orders determine the allocation and partial execution of orders, thereby taking the following factors into consideration:

- The consolidation of orders must be unlikely to have a generally negative impact on the fund;

- Where the Portfolio Manager combines the order of a fund with a transaction for own account or other customer orders, he may not act in a way that is disadvantageous to the respective fund or the client when assigning the traded item;
- Where the Portfolio Manager combines the order of a fund with a transaction for own account and the order is partially executed, he firstly assigns the applicable traded item to the fund, which then has priority over transactions for own account.
- Proportionate allocation is only permitted where the Management Company indicates its consent in advance.
- Where the Portfolio Manager can conclusively demonstrate to the fund or his other clients that without consolidation he could not have executed an order at all, or could not have executed it on such favorable terms, he may allocate the transaction for own account proportionately in accordance with the aforementioned principles.

7. Checking and monitoring

The Portfolio Manager continually monitors the effectiveness of the regulations and principles of order execution in order to identify and remedy deficiencies – linked to the allocation of trade orders, among other things – and to determine whether the quality of venues of execution or implementation as mentioned in the order execution principles will produce the best result for the fund or whether the order execution regulations need to be amended.

8. Information for shareholders

The latest version of the principles of best execution are published on the Management Company's web site.