



# EXECUTION PRINCIPLES

## **I. Objective and scope**

Quoniam Asset Management GmbH (hereinafter referred to as “Quoniam”) always acts in the interests of its customers as a financial services institution and has defined the following execution principles for this purpose. These are exclusively designed for professional customers and the latest version is available on our [website](#).

The present principles summarise the provisions Quoniam has taken in accordance with the MiFID II Directive, which was transposed into German law with effect from 3 January 2018.

The execution principles apply to all purchase and sale orders in financial instruments that Quoniam, at its sole discretion, carries out directly or forwards on behalf of customers in the provision of financial portfolio management for execution.

For the terminology used, please refer to the definitions in Annex 3 attached to this document.

## **II. Requirements for best execution**

In order to achieve the best possible results for the customer, investment firms must take adequate precautions and regularly review them. All relevant criteria for achieving the best possible result (hereinafter “execution criteria”) must be taken into account, in particular

- the execution price,
- the costs associated with the execution,
- the speed of execution,
- the probability of execution,
- the order processing and
- the extent and nature of the order.

Based on the characteristics of the respective customer, the customer order, the relevant financial instrument and the execution venue, a weighting of the execution criteria is to be carried out. The above execution criteria and their weighting are to be presented in the execution principles for each class of financial instrument. The investment firms must ensure that the execution of the order is carried out in accordance with the execution principles and that a continuous best execution can be guaranteed.

## **III. Execution Principles – Summary**

In providing financial portfolio management, Quoniam either executes orders itself at a trading venue or forwards them to another investment firm for execution. The principles that apply to each execution in the relevant financial instrument are explained in detail in Annex 1. Based on this you will find the summarised presentation of our execution principles below.

## 1. Execution criteria

Quoniam ensures the best execution by selecting, from its point of view, the most appropriate execution route, taking into account the execution criteria set out below and based on its trading experience.

Trading orders for financial instruments will be executed on the best available terms taking into account all information available at the time the order is placed. In deciding on the execution of the order, Quoniam will be guided by criteria that are relevant to achieving the best possible result, including in particular:

- **Price:** Achieved execution price for the financial instrument
- **Costs:** Explicit execution costs, such as broker commission, ticket fees or the like
- **Speed:** Duration of execution of an order
- **Probability:** Probability of complete execution of the order
- **Order processing:** Timely, complete and correct order processing
- **Scope and type of order:** Size of the order (quantity/nominal) and the resulting impacts on the price
- **Market access:** Access to execution venues or securities markets

## 2. Weighting

Taking into account the characteristics of the customer, the customer order, the relevant financial instrument and the execution venue, we apply the weighting of the execution criteria. Furthermore, the investment objectives, investment policy and specific risks of the investment fund/portfolio, as set out in the sales prospectus, if applicable in the investment guidelines or the individual contractual agreements with the customer, may influence the weighting. On this basis we have defined the dominant execution criteria:

| Classes of financial instruments          | Dominant execution criteria |
|---|-----------------------------|
| Equities – shares and depositary receipts | Market access, price        |
| Debt instruments                          | Price, probability          |
| Credit derivatives                        | Market access, price        |
| Interest rates derivatives                | Costs, price                |
| Currency derivatives                      | Costs, market access, price |
| Equity derivatives                        | Costs, price                |
| Exchange traded products                  | Market access, price        |
| Other instruments                         | None                        |

### 3. Execution venues

For certain financial instruments, Quoniam executes orders directly at a trading venue. The selection of the trading venue in these cases is essentially carried out based on the tradability and liquidity of the respective financial instrument. In our estimation, we can achieve the best possible result in order execution at the following execution venues:

| Classes of financial instruments   | Execution venues   |
|------------------------------------|--|
| Debt instruments                   | Bloomberg Trading Facility B.V. (MTF)<br>MarketAxess NL B.V. (MTF)<br>Tradeweb EU B.V. (MTF) |
| Currency derivatives – FX forwards | Financial & Risk Transaction Services Ireland Limited (MTF)                                  |

When forwarding orders to other investment firms, the choice of execution venue is, in principle, at its own discretion. In these cases the execution takes place on organised markets, MTF, OTF or by SI. By carefully selecting and monitoring the investment firms, Quoniam works to ensure the best execution of orders and verifies that the investment firms take appropriate measures to enable them to ensure the best execution of orders.

Annex 2 shows a list of the major investment firms to which Quoniam forwards the orders for execution or executes the order.

With the aim to ensure the best possible execution of orders, it may be advisable to purchase or sell individual financial instruments outside a trading venue. This may be the case, in particular, if the available liquidity in trading venues would lead to an increase in the implicit transaction costs and, as a result, the best execution in accordance with our principles cannot be guaranteed.

### 4. Different placement in individual cases

Due to exceptional market conditions or system failures, it may be necessary to execute an order in deviation from our execution policy. Under these circumstances, Quoniam will do its utmost to safeguard customer interests and achieve the best possible result for the customer.

### 5. Customer instruction take priority

In the context of the business relationship, the customer may issue instructions regarding the execution arrangements for a single transaction or for all transactions. Customer instructions always take precedence over these execution principles and are implemented by Quoniam as part of the order execution.

## **6. Aggregation of orders**

Quoniam can bundle orders for several customers and execute them as aggregated orders (block order). The condition is that the type, the market segment, the current market liquidity and the price sensitivity of the financial instrument being traded make this advisable in the interest of the customers concerned. Please note that aggregation may be detrimental to a single order. However, Quoniam will only merge orders if it is unlikely that individual customers will be disadvantaged. We will also perform the allocation of aggregated orders properly and in accordance with standard market practice of order allocation.

## **IV. Review of the execution principles**

Quoniam regularly reviews the execution of the order, including, particularly the appropriateness and effectiveness of the precautions taken to comply with the execution policies, the quality of the execution of the orders and the suitability of the selected investment firms.

The provisions taken for the review are based on the class of financial instrument and usually include ex-ante and ex-post controls, which, among other things, use transaction cost analysis to assess the quality of execution. In addition, the information published by trading venues and investment firms on the quality of execution achieved is used for the review. A review also takes place when there is a material change in the market environment that may affect the achievement of the best possible results under these principles.

Quoniam will inform its customers about significant changes in the execution principles.

Quoniam Asset Management GmbH

## ANNEX 1

### Execution principles for the classes of financial instruments

#### a. Equities – shares and depositary receipts

Orders are forwarded via electronic trading systems to other investment firms for execution, which in turn decide at which execution venue (possibly outside a trading venue) the orders will be executed.

The selection of investment firms is based on the premise of obtaining the best possible execution result in the following ways:

- Execution through an investment firm to oversee Quoniam through the use of direct market access or supporting trading techniques of the investment firms. To minimise implicit transaction costs, this is our preferred execution route.
- Execution by transfer to the investment firm without direct monitoring of Quoniam in the form of programme trading or fixed price trading (especially in Asian and American markets).

For all orders in shares and stock certificates, the priority of execution criteria is weighted as follows:

1. Market access
2. Price

The further execution criteria-costs, speed, probability, processing and scope and nature of the contract-have no significant influence on the decision to execute the orders based on their weighting.

#### b. Debt instruments

The orders are executed at a trading venue.

Trading itself is predominantly based on price requests (Request for Quote - RFQ). The price quotations of the contacted investment firms and their acceptance are in electronic form. The basic requirement for trading with an investment firm is the participation in the respective trading venue.

Unless otherwise stated, the priority of execution criteria for orders in debt instruments is weighted as follows:

1. Market access
2. Probability
3. Price

The further execution criteria-speed, processing and type and scope of the order-have no significant influence on their weighting. The execution criteria-costs is not relevant in the absence of any explicit transaction costs.

The financial instrument as a weighting factor has an influence on the probability of the execution. For government bonds, there is generally a different weighting in the execution criteria:

1. Market access
2. Price

**c. Credit derivatives**

The orders are executed at a trading venue. The trading itself is based on request for quote (RFQ) to all authorised investment firms. The price quotations of the investment firms and their acceptance are in electronic form. The basic requirement for trading with a investment firms is participation in the respective trading venue. The investment firms approved for trading may be specified based on the contractual arrangements with the customers.

The subsequent weighting of the execution criteria is therefore based on the premise that more than one investment firm is authorised for trading:

1. Market access
2. Price

The further execution criteria-costs, speed, probability, processing and extent and nature of the order-have no significant influence on the decision to execute the orders based on their weighting.

**d. Interest rates derivatives**

The futures and options contracts (admitted to trading on a trading venue) are forwarded to investment firms for execution via an electronic trading system. These are liquid financial instruments that are executed through an organised market. The choice of investment firms to which orders are forwarded depends on the customer's contractual requirements. Orders must therefore always be forwarded to the Clearing Broker. The use of another investment firm (Executing Broker) requires the conclusion of a Give-Up Agreement between the parties.

For all orders where execution is not restricted to the Clearing Broker, the priority of execution criteria are weighted as follows:

1. Costs
2. Price

The further execution criteria-speed, probability, settlement, market access and scope and nature of the order-have no significant influence on the decision to execute the orders based on their weighting.

#### **e. Currency derivatives**

##### **i. Future (traded on a trading venue)**

With regard to the execution and the weighting of the execution criteria, we refer to the description under **d. Interest rate derivatives**.

##### **ii. Swaps, forwards and other currency derivatives**

The orders are executed at a trading venue. The trading itself is predominantly based on request for quote (RFQ) to all authorised investment firms. The price quotations of the investment firms and their acceptance are in electronic form. The basic requirement for trading with an investment firm is participation in the respective trading venue.

The investment firms approved for trading may be specified based on the contractual arrangements with the customers.

The subsequent weighting of the execution criteria is therefore based on the premise that more than one investment firm is authorised to execute:

1. Market access
2. Price

The further execution criteria-costs, speed, probability, processing and extent and nature of the order-have no significant influence on the decision to execute the orders based on their weighting.

#### **f. Equity derivatives**

##### **iii. Futures and options (traded on a trading venue)**

With regard to the execution and the weighting of the execution criteria, we refer to the description under **d. Interest rate derivatives**.

##### **iv. Swaps and other equity derivatives**

Only swaps in the form of a non-standard OTC derivative are used, the terms of which, including costs, are agreed bilaterally with an investment firm. The execution criteria-costs is of paramount importance in the execution in the sense of the bilateral agreement.

The further execution criteria-price, speed, probability, settlement, market access and scope and nature of the order-have no significant influence on the decision to execute the orders based on their weighting.



**g. Exchange traded products**

Orders in exchange-traded products relate to Exchange Traded Funds. The weightings of the execution criteria listed under **a. Shares and stock certificates** apply here.

**h. Other instruments**

The investment funds included in the financial portfolio management are not admitted to trading on a trading venue. The orders are therefore purchased or sold through the capital management company on the terms and conditions set for share dealings. The execution criteria therefore have no effect on the execution of these orders.

## ANNEX 2

**Overview of major investment firms to which trading orders are forwarded for execution or with which they are executed:**

### Equities – shares and depositary receipts; Exchange traded products

|                                  |
|----------------------------------|
| Barclays Bank Ireland PLC        |
| BofA Securities Europe S.A.      |
| Citigroup Global Markets Limited |
| J.P. Morgan SE                   |
| Kepler Cheuvreux S.A.            |
| Macquarie Capital (Europe) Ltd.  |
| Morgan Stanley Europe SE         |
| Sanford C. Bernstein Ltd.        |
| UBS Europe SE                    |
| Virtu ITG Europe Limited         |

### Debt instruments

|   |
|---|
| Barclays Bank Ireland PLC                       |
| BNP Paribas S. A.                               |
| BofA Securities Europe S.A.                     |
| Citigroup Global Markets Limited                |
| DZ Bank AG Deutsche Zentral-Genossenschaftsbank |
| Goldman Sachs Bank Europe SE                    |
| HSBC Trinkaus & Burkhardt AG                    |
| J.P. Morgan SE                                  |
| Morgan Stanley Europe SE                        |
| RBC Europe Limited                              |

### Interest rates and equity derivatives

|   |
|---|
| BNP Paribas S.A.                                |
| DZ Bank AG Deutsche Zentral-Genossenschaftsbank |
| DZ Privatbank S.A.                              |
| J.P. Morgan SE                                  |

### Currency derivatives

|                                |
|--------------------------------|
| BNP Paribas S.A.               |
| Deutsche Bank AG               |
| DZ Privatbank S.A.             |
| HSBC Trinkaus & Burkhardt KGaA |
| J.P. Morgan SE                 |
| UBS AG                         |

### Other instruments

|                                |
|--------------------------------|
| Attrax Financial Services S.A. |
|--------------------------------|

## ANNEX 3

### Glossary

|                              |   |
|------------------------------|---|
| <b>Execution venue</b>       | For the purposes of Article 64 Para. 1 of Delegated Regulation (EU) 2017/565:<br>Regulated market, MTF, OTF, SI, market maker, other liquidity providers or entities performing a similar function in a third country   |
| <b>Financial instrument</b>  | Instruments as defined in Section C of Annex I to Directive 2014/65/EU: <ul style="list-style-type: none"> <li>• Transferable Securities</li> <li>• Money market instruments</li> <li>• Units of undertakings for collective investments (UCITS)</li> <li>• Options, Futures, swaps, over-the-counter interest rate forward contracts and all other derivative contracts relating to securities, currencies, interest rates or yields, emission allowances, commodities or other derivative instruments, financial indices, measures</li> <li>• Derivative instruments for the transfer of credit risks</li> <li>• Financial contracts for differences</li> </ul> |
| <b>Regulated market</b>      | Within the meaning of Article 4 Para. 1 No. 21 MiFID II.  |
| <b>Trading venue</b>         | Within the meaning of Article 4 Para. 1 No. 24 MiFID II:<br>Regulated market, MTF and OTF   |
| <b>MiFID II</b>              | Directive 2014/65/EU on markets in financial instruments, including delegating legal acts; transposed into national law by the 2nd Financial Market Amendment Act   |
| <b>MTF</b>                   | Multilateral Trading Facility within the meaning of Article 4 Para. 1 No. 22 MiFID II   |
| <b>OTF</b>                   | Organised Trading Facility within the meaning of Article 4 Para. 1 No. 23 MiFID II  |
| <b>Professional customer</b> | Customers within the meaning of Annex II of Directive 2014/65/EU  |
| <b>SI</b>                    | Systematic Internaliser within the meaning of Article 4 Para. 1 No. 20 MiFID II   |