

## Best Execution Principles for orders to trade financial instruments

### 1. Scope of application

These Best Execution Principles apply to all orders for the sale or purchase of financial instruments placed on a suitable market within the scope of managing investment funds or financial portfolios.

They are binding for the following companies (the "Companies"):

- MEAG MUNICH ERGO Kapitalanlagegesellschaft mbH
- MEAG MUNICH ERGO AssetManagement GmbH
- MEAG Hong Kong Ltd
- MEAG New York Corporation

Where the fund/portfolio management is outsourced to third parties, the following applies:

The Companies may outsource the fund/portfolio management to external, authorised and monitored investment managers. In the related outsourcing agreements, the Companies will ensure that the external investment manager has its own best execution principles, and that it also observes the following Best Execution Principles when executing or placing orders for financial instruments.

The following Best Execution Principles are based on the statutory requirements of the German Investment Code (KAGB) in its capacity as the implementation law for Directives 2009/65/EU (UCITS Directive) and 2011/61/EU (AIFM Directive) in conjunction with Regulation (EU) 231/2013 (AIFMD Regulation), the German Securities Trading Act as the implementation law for Directive 2014/65/EU (MiFID II), and the Delegated Regulation (EU) 2017/565 (MiFID II DeIReg) as applicable to MEAG MUNICH ERGO Kapitalanlagegesellschaft mbH. MEAG MUNICH ERGO AssetManagement GmbH applies these regulations in the same way.

The statutory requirements applicable to MEAG Hong Kong Ltd and MEAG New York Corporation are those of their respective national legal systems. These Companies assure their adherence thereto.

### 2. The goals when placing/executing orders

When ordering or executing securities transactions within the scope of investment fund or financial portfolio management, the Companies must consider the following criteria in order to achieve the most favourable order for the customer ("best execution"):

- The price of the financial instrument,
- The costs of executing the order,
- The speed of executing the order,
- The probability of the order being executed and
- The quality of the order settlement and other qualitative factors.

### 3. Executing, receiving and forwarding orders

Before placing orders with counterparties or brokers (see 4. below), the Companies' portfolio managers compare the criteria from 2. above of multiple offers, and weight them in accordance with the criteria below. In doing so, they always treat all investors equally.

The weighting of the various criteria depends on the circumstances of the individual case, as determined by the portfolio managers, e.g. the contractual agreements in place, the financial instrument in question, other specifics of the order and the place of execution. This said, the Company will always place special importance on the overall cost of the order's execution.

As a rule, the following weightings result for the factors listed in 2. above for the main groups of financial instruments (Financial Instrument Clusters).

## Cluster A financial instruments:

- **Equity instruments** – shares and share certificates
- **Exchange-traded products** – Exchange-traded funds, bonds and commodities products
- **Commodities derivatives and derivatives of emissions certificates**
- **Equity derivatives**

The following weightings apply in order of priority to the various execution factors for Cluster A financial instruments:

1. Normative criteria (trading)
  - a. Price,
  - b. Cost,
  - c. Speed,
  - d. Probability of execution

Total weighting (20%)

2. Qualitative criteria:
  - a. Research (20%)
  - b. Sector research (0%)
  - c. Service (15%)
  - d. Settlement (5%)

## Cluster B financial instruments

- **Derivatives** – interest, credit, currency and securitised derivatives (ETD and OTC)
- **Debt instruments** – interest-bearing securities (e.g. public bonds, liquid bonds, etc.)
- **Structured financial products**
- **Margin trades**
- **Emissions certificates**
- **Other instruments**

The following weightings apply in order of priority to the various execution factors for Cluster B financial instruments:

1. Normative criteria
  - a. Price
  - b. Cost,
  - c. Speed,
  - d. Probability of execution

Total weighting (40%)

2. Qualitative criteria:
  - a. Research (20%)
  - c. Service (30%)
  - d. Settlement (10%)

During the order process, the Company can change the execution venue for the order or parts thereof, or the counterparty, if it considers this beneficial to achieving best execution. This can in particular be the case if internal evaluations conducted by the Company show that another execution venue/counterparty would lead to better execution of the order.

## 4. Execution venues

Orders are often executed through a third party (counterparty or broker) acting as an intermediary (Agency Trades), at varying execution venues, over the counter as fixed-price transactions (Principal

Trades), domestically or internationally, in observance of the investment fund's General Investment Rules, Special Investment Rules and portfolio management agreements ("Contractual Agreements").

Agency Trades are particularly suitable for financial instruments traded on regulated markets. Principal Trades are possible for illiquid financial instruments, financial instruments not subject to the obligation to be traded on regulated markets, and OTC derivatives.

Execution venues:

- Trading venues (domestic and international exchanges, multilateral trading facilities (MTF), Organised trading facilities (OTF))
- Futures exchanges (e.g. Eurex, Liffe, etc.)
- Electronic trading systems (e.g. Xetra)
- Systematic internalisers as defined in Art. 4 (1) No. 20 Directive 2014/65/EU (MiFID II)
- OTC trading (fixed-price transactions)
- Market makers

The Company selects counterparties and brokers from a list of those approved by its Risk Management instance.

## **5. Financial instruments with a single execution venue**

For some financial instruments there is only one trading venue. If the Contractual Agreements allow, the Company places the order for said instrument at the applicable venue, which can also be a non-organised market. This is then deemed as the best execution of this trade.

## **6. Execution outside a regulated market**

With the customer's prior consent, the Companies or their external investment managers can decide to execute individual trades outside of regulated markets (exchanges, MTF or OTF).

## **7. Reviewing the Best Execution Principles**

The Company monitors the efficacy and implementation of the Best Execution Principles annually or whenever the Company learns that a given trading venue is no longer in the customer's best interests.

Once a year, the Company publishes the results of its execution quality review on its intranet site, along with the top 5 brokers ascertained in it for each financial instrument.

## **8. Proving best execution**

On request, the Company will prove to the customer that its transactions have been executed in accordance with the Best Execution Principles.

## **9. System failure**

In the event of system outages or other events outside the Company's scope of influence that make it impossible or unreasonable to apply the Best Execution Principles, the Company will endeavour to execute the transactions at the best possible terms possible under the circumstances.

## **10. Customisations of the Best Execution Principles**

These Best Execution Principles can be amended by contractual agreements between the Company and a given customer, especially as regards the choice of counterparties for the individual order groups for financial instruments.