

Best execution

Principles for executing orders in financial instruments

1. Scope of application

These Execution Principles apply to orders for the purchase and sale of financial instruments (bonds, stocks, derivatives, etc.) executed on a market suited to this purpose in the context of portfolio or fund management.

They are to be observed by the following companies (hereinafter the "Companies"):

MEAG MUNICH ERGO Kapitalanlagegesellschaft mbH
MEAG MUNICH ERGO AssetManagement GmbH
MEAG Hong Kong
MEAG New York Corporation
MEAG Luxembourg S.à r.l

2. Intention of order execution

The Companies must observe at least the following criteria when executing and forwarding orders within the scope of portfolio or fund management, to ensure that the best possible result can be achieved for the customer (best execution):

- Price of the financial instrument,
- Costs involved in executing the order,
- Speed of execution,
- likelihood of execution and
- Quality of the order settlement

Orders can be executed through various channels, at various venues (see annex), with various counterparties (banks, brokers), domestically or abroad, taking into account the requirements from the fund's General Fund Rules and Special Fund Rules, and portfolio management agreements (hereinafter "Contractual Agreements").

3. Executing, receiving and forwarding orders

The portfolio managers of the Companies must assess and weight the above criteria by comparing various offers before placing an order with the counterparty.

The weighting of the different criteria depends on the circumstances of the individual case as dutifully evaluated by the portfolio managers, such as the Contractual Agreements, the financial instrument in question, other features of the order and the execution venue. The Company will place special importance on the total fee to be paid for execution of the order.

Normally, the following weightings result for the factors of the most important groups of financial instruments specified in no. 2. above. The factors are listed in the order of their relevancy, with the first factor having the biggest relevancy.

Equities:

1. Price
2. Transaction costs
3. Probability and speed of order execution
4. Quality of the execution

Fixed interest securities (e.g. public bonds, liquid bonds, etc.)

1. Price
2. Transaction costs
3. Probability and speed of order execution
4. Quality of the execution

Derivatives

1. Contractual documentation
2. Price
3. Transaction costs
4. Probability and speed of order execution
5. Quality of the execution

At its own discretion, the Company can change the place of execution, parts of the order and/or the counterparty during the order process if it sees fit for achieving the best possible execution. This can in particular be the case when internal best execution evaluations conducted additionally by the Company find that an order can be executed at better terms at another venue or with another counterparty.

4. Financial instruments with only one execution venue

For some financial instruments there is only one trading venue. The Company forwards orders relating to such financial instruments to the applicable (sole) trading venue, if this does not contradict the Contractual Agreements. The trading venue can also be a non-organised market. The forwarding of the order is deemed to be the achievement of the best possible result when executing the order.

5. Reviewing the Execution Principles

The Company monitors and reviews the implementation and effectiveness of the Execution Principles. This review is conducted once a year and when the Company becomes aware of a material change that means that the execution of orders in the best interests of the customer can no longer be guaranteed at the execution venues covered by the Execution Principles.

Once a year, the Company also publishes an overview on its website of the top 5 securities companies (banks/brokers) with which it has made securities transactions that year for each financial instrument.

6. Proving best execution

On request, the Company will demonstrate to its customers that the orders have been executed in accordance with the applicable Execution Principles.

7. System failure

In the event of system failures or other events outside the Company's sphere of influence that make it impossible or unreasonable to apply the Execution Principles, the Company will endeavour to achieve the best possible execution for the orders in question under the prevailing conditions.

8. Individualised changes to the Execution Principles

These Execution Principles can be amended by individual Contractual agreements between the Company and the respective customer, in particular with regard to the choice of counterparties for the various groups of orders in financial instruments.

9. Miscellaneous

Choice of possible execution venues:

- Trading venues (domestic and international trading floors, multilateral trading facilities (MTF), organised trading facilities (OTF))
- Futures exchanges (e.g. Eurex, Liffe, etc.)
- Electronic trading systems (e.g. Xetra)
- Systematic internalisers
- OTC trading (fixed-price transactions)
- Market makers