



APPENDIX 1
Portfolio Management Order Execution Policy disclosure statement

MainFirst Affiliated Fund Managers (Deutschland) GmbH
(the **Company**)

Portfolio Management Order Execution Policy disclosure statement

1. DEFINITIONS AND INTERPRETATIONS

- 1.1. **CDR 2017/565** means Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organizational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive;
- 1.2. **CDR 231/2013** means Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision;
- 1.3. **Client** means any natural or legal person to whom the Company provides investment or ancillary services;
- 1.4. **Execution Criteria** has the meaning set out in Clause 3;
- 1.5. **Execution Factor** means (i) the characteristics of the Client including any investment policy and objectives set out in the client mandate (and where the Transaction concerns an investment fund the investment policy and risks specific to the investment fund or the objectives and risk determination as indicated in its fund documentation); (ii) the characteristics of the Transaction, including where the Transaction involves an SFT (if the Transaction concerns a Client); (iii) the characteristics of the Financial Instruments that are the subject of the Transaction; and (iv) the characteristics of the Execution Venues to which the order can be directed;
- 1.6. **Execution Venue** means a Trading Venue, a systematic internaliser, or a market maker or other liquidity provider or an entity that performs a similar function in a third country to the functions performed by any of the foregoing;
- 1.7. **Financial Instruments** means the financial instruments enumerated in section 2 (4) WpHG;
- 1.8. **KWG** means the German Banking Act (*Kreditwesengesetz*);
- 1.9. **MaComp** means the Circular 4/2010 (WA) – Minimum requirements to the compliance function and the other conduct of business obligations, organizational obligations and transparency obligations for investment services undertakings; [**Dechert Note: MaComp has not yet been updated and an updated final version covering MiFID 2 has not yet been published respectively. This policy needs to be updated once the MaComp will be final.**]
- 1.10. **Management Board** means the board of Managers;
- 1.11. **Manager** means any manager (*Geschäftsleiter*) of the Company;
- 1.12. **MaRisk** means the Circular 10/2012 (BA) – Minimum Requirements for Risk Management;
- 1.13. **Material Change** has the meaning set out in Clause 6.3;



- 1.14. **MiFID** means Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU;
- 1.15. **Policy** has the meaning set out in Clause 2.1;
- 1.16. **Trading Venue** means a regulated market, an MTF or an OTF, as each is defined within Article 4 of MiFID;
- 1.17. **Transaction** has the meaning set out in Clause 3;
- 1.18. **WpDVerOV** means the Investment Services Rules of Conduct and Organization Regulation;
- 1.19. **WpHG** means the German Securities Trading Act (*Wertpapierhandelsgesetz*); and

Interpretations

- 1.20. In this Disclosure Statement, unless otherwise specified:
 - (a) headings are inserted for ease of reference only and do not affect the interpretation;
 - (b) a reference to Clause or Appendix is a reference to a clause of or appendix to this Disclosure Statement;
 - (c) a reference to a person includes a reference to a firm, body corporate, association, authority or partnership;
 - (d) references to writing include any mode of reproducing words in a legible and non-transitory form;
 - (e) references to all or any part of any law, regulation or regulatory guidance or instrument include any amendment, modification or re-enactments; and
 - (f) an acknowledgement always includes understanding, and to the extent necessary, consent.

2. PRINCIPLES

- 2.1. This disclosure statement is addressed to clients of the Company and contains information on the order execution policy (the **Policy**) established and operated by the Company in accordance with the requirements of the WpHG, CDR 231/2017, and CDR 2017/565.
- 2.2. The information contained in this statement about the Policy only applies to clients which the Company has classified as Professional Clients.

3. RELEVANT FACTORS EFFECTING EXECUTION

The Company shall take all sufficient steps to obtain the best possible result for the Client(s) in the context of a Transaction by taking into account:

- 3.1. price and costs;

- 3.2. speed and likelihood of execution and settlement;
- 3.3. general quality of execution,
- 3.4. size of the Transaction,
- 3.5. nature of the Transaction, or
- 3.6. the delivery of regulatory reporting data.

4. EXECUTION VENUES

- 4.1. The Company has various Execution Venues and Brokers with which the Company may place an order to enable it to meet its regulatory responsibilities in relation to order execution.
- 4.2. A list of Execution Venues on which the Company places significant reliance and details of which Execution Venues have been assessed as the best venue for which class of Financial Instrument are set out in Appendix 3.

Fees

- 4.3. The Company does not apply different fees depending on the Execution Venue.

5. SPECIFIC CLIENT INSTRUCTIONS

- 5.1. The Company will execute an order in a particular way if instructed to do so by the Client. Where instructions only relate to a part or an aspect of the order the Company will continue to apply its Policy to the aspects or parts of the order not covered by the instructions.
- 5.2. Specific instructions from the Client may prevent the Company from following steps it has designed and implemented in its Policy to obtain the best possible result for execution of those orders in respect of the elements of execution covered by such instructions and may prevent the Firm from achieving the result it would have achieved in the absence of such instructions.

6. MONITORING

- 6.1. The quality and appropriateness of the execution arrangements and the Policy will be monitored on an ex-ante and an ex-post basis by the Manager and the compliance officer.

Ex-post monitoring

- 6.2. The Company will also review on a regular basis whether the Policy is effective, i.e. whether the processes are applied correctly and whether client instructions and preferences are effectively passed through the execution process when using smart order routers or any other means of execution.
- 6.3. In the course of this review a significant event that could impact the Execution Factors shall be considered a **Material Change**. Where a Material Change has occurred, the Company shall consider making changes to the relative importance of the Execution Factors in meeting the overarching best execution requirement.

6.4. The review will be carried out by the Manager and the compliance officer.

Review of the Policy

- 6.5. The Policy will be reviewed and amended, if necessary,
- (a) annually taking into account the results of the monitoring under Clause 6.2;
 - (b) annually taking into account the results of the monitoring under Clause 6.2;
 - (c) ad-hoc when the results of the monitoring under Clause 6.2 constitute a Material Change; and
 - (d) when the Company includes new Financial Instruments into the scope of this Execution Policy.