

BEST EXECUTION PKB PRIVATE BANK SA

1. PURPOSE.....	2
2. SCOPE.....	2
3. ORDER EXECUTION: ACHIEVING THE BEST POSSIBLE OUTCOME.....	2
4. EXECUTION VENUE	3
5. NON-APPLICATION OF PRINCIPLES OF “BEST EXECUTION”	4
6. MANAGEMENT AND TRANSMISSION OF ORDERS.....	4
7. GROUPING OF ORDERS	4
8. FIXED-PRICE TRANSACTIONS.....	4
9. REVIEW AND DISCLOSURE REQUIREMENT	5

1. PURPOSE

In accordance with the requirement to guarantee execution under the best possible terms according to the Swiss Financial Services Act ("FinSA"), PKB Private Bank SA ("PKB" or "the Bank") takes all action necessary in order to achieve the best possible outcome for its clients when executing their orders (principle of "Best Execution").

2. SCOPE

The principles of best execution must be applied when PKB:

- executes orders on behalf of clients, or
- provides advisory and/or portfolio management services to clients classified under the FinSA as professional or retail clients.

The principles of best execution of orders are not applicable if the clients:

- are classified as institutional clients under the FinSA, or
- cannot legitimately rely on PKB to receive best execution (see section 5), or
- provide specific instructions (e.g. ad hoc financial instruments) where the obligations relating to best execution do not apply.

3. ORDER EXECUTION: ACHIEVING THE BEST POSSIBLE OUTCOME

Unless specified otherwise by the client, PKB takes all necessary action in order to achieve the best possible outcome for the client, taking account of the criteria and factors illustrated below:

- **Price:** execution price for the financial instrument;
- **Cost:** includes direct order execution costs and indirect costs such as for example commissions charged by the execution venue, as well as clearing and settlement commissions; specific internal costs are also included (commissions of the Bank according to the applicable rate)
- **Speed:** the time necessary to execute a transaction for the client;
- **Likelihood of order execution and settlement:** the likelihood that the Bank will be able to complete a client transaction and that it will be settled without any delays. The likelihood of execution can become the predominant factor on illiquid markets;
- **Volume:** volume of transactions executed for a client, taking account of the effect that this may have on the execution price;
- **Type of transaction or any other consideration relevant for executing the transaction:** the specific characteristics of a client's transaction may affect the way in which best execution is obtained.

Some of the above-mentioned factors may be regarded as more important than others. Their relative importance may vary, taking account of the following criteria:

- **Order characteristics** such as order size or type (e.g. limit order);
- **Feature of the financial instrument** to which the transaction relates (e.g. asset class of the instrument);
- **Characteristics of the trading platform** on which the order may be executed;
- **Place of execution** at which an order must be effectively placed, depending upon market conditions at the time the order is received.

When assessing factors relating to execution, the execution price and execution costs are generally considered to be more important than other factors. Under certain circumstances, it may be appropriate to consider other factors in order to complete the order requested by the client. For example, in situations involving illiquid markets, factors such as the likelihood or speed of execution may be given greater weight than the execution price or the costs associated with order execution. In the event of any system-wide faults or other events beyond the control of the Bank, as a result of which it is not possible for the execution principles to be reasonably applied, the Bank will attempt to execute orders subject to the best possible terms under the specific circumstances.

4. EXECUTION VENUE

PKB regularly monitors execution venues in order to identify those that enable the best possible outcome in terms of order execution to be achieved at all times. The execution platforms listed below are used for individual financial instruments and individual transactions. The list is not exhaustive, but includes the main execution platforms used by the Bank. If necessary, further details concerning the respective execution platforms may be provided.

Financial instrument		Execution venue
Shares, ETFs or equivalent securities	Listed in Switzerland	Through brokers via SIX Swiss Exchange, OTC
	Listed abroad	Through brokers on various trading platforms, OTC, MTFs
	Unlisted	OTC
Interest-bearing securities	CHF bonds and eurobonds	Through brokers via SIX Swiss Exchange, through brokers on various trading platforms, OTC
Exchange traded derivatives	TOFF, ETDs	Through brokers on various trading platforms
Structured products	Listed in Switzerland	Through brokers via SIX Structured Products, OTC
	Listed abroad	Through brokers on various trading platforms, OTC
	Unlisted	Through brokers, OTC
OTC derivatives	FX derivatives and interest rate derivatives	OTC
Foreign currencies, precious metals		OTC
Investment funds based on NAV (Net Asset Value)		Through brokers

5. NON-APPLICATION OF PRINCIPLES OF “BEST EXECUTION”

Under the following circumstances the Bank is not obliged to comply with principles of Best Execution:

- transactions with institutional clients under the terms of the FinSA;
- transactions concluded on the primary market;
- fixed-price OTC transactions;
- in the event that specific instructions have been issued by the client since, according to market conduct rules, client instructions always take priority over principles of execution;
- transactions placed with/executed by a broker under the terms of a “Trading Authority” agreement concluded between the Bank and the client;
- transactions placed with/executed by a broker outside the Bank's opening hours or of operation of the Bank's systems.

6. MANAGEMENT AND TRANSMISSION OF ORDERS

Any order placed by a client involving a listed, exchange-traded financial instrument (shares, interest-bearing securities, derivatives, structured products) is concluded on an appropriate, generally recognized execution platform that enables correct order execution within the stipulated time limit to be guaranteed. For that purpose, the bank trades the instrument directly (direct participation in the trading platform) or forwards the order to a broker, if it is not operating on the concerned trading platform. For off-exchange traded, unlisted or OTC financial instruments, a price request is sent, if possible to several counterparties of the Bank. In situations involving less liquid financial instruments or depending upon the weighting of execution factors, a request may also be made to one counterparty only. Placement and execution may also be arranged via an OTF or broker. For unlisted structured products, where possible the Bank contacts the issuer of the financial instrument. However, depending upon the weighting of execution factors, the Bank reserves the right to manage the client's order by forwarding it to a broker. Classic investment funds, which are traded according to NAV (Net Asset Value), are placed/executed by forwarding the order to a broker. The Bank regularly checks the list of the brokers with which it works as well as execution quality in order to ensure that brokers take appropriate action and obtain the best possible execution (“Best Execution”). In the event that an order is forwarded, the duty to ensure “Best Execution” is imposed on the broker in question.

7. GROUPING OF ORDERS

As a general principle, all client orders are treated equally and are processed in the order in which they are received. In specific individual cases, where it may be in the interest of clients and of the assets under management, the Bank has the option of grouping together purchase and sale orders and thereafter placing/executing them as an aggregate order. Orders are only grouped together if it can be legitimately presumed that this will not entail any detriment for the respective clients and assets. The aggregate order is allocated amongst the individual clients and assets on a pro rata basis after execution. Exceptions to this rule may apply where, in the event of the partial execution of aggregated orders, it is necessary to comply with minimum denominations when allocating the partial volume executed. In these cases, the Bank acts in the interest of all clients and assets involved.

8. FIXED-PRICE TRANSACTIONS

Orders relating to the category of foreign currency investments (including forward foreign exchange transactions and currency option transactions) and precious metals are not executed on a trading platform but rather bilaterally, i.e. “Over the Counter” (OTC), between the client and the Bank as fixed-price transactions. This means that the client and the Bank conclude a contract of sale for a price that is fixed or determinable, or a derivative contract according to agreed terms. This supersedes the determination and prioritization of execution factors, as well as the choice of the execution platform.

If the client and the Bank conclude a contract, the price is an all-in price. This means that the price takes account of the currency, the size of the order as well as market conditions (including in particular liquidity and volatility). Prices include a commercial margin, which may vary in line with the client's circumstances and the characteristics of the financial instrument, and that covers all costs and expenses relating to the transaction. The Bank operates as a counterparty for the client. The Bank may at its own discretion conclude a hedging transaction in its own name, although not necessarily at the same time as the respective transaction.

9. REVIEW AND DISCLOSURE REQUIREMENT

At least once each year the Bank reviews the principles of execution applicable as well as the resulting choice of execution platforms and brokers, implementing any necessary changes. In addition, the Bank reviews and updates the respective factors applicable for any given execution platform wherever there are any indications to suggest that those factors are no longer valid/applicable. The client authorizes the Bank to make any such changes on its own initiative.