

“ MiFID II – Markets in Financial Instruments Directive ”



This marketing communication was prepared by Schoellerbank Aktiengesellschaft.
Subject to errors and misprints.

Publication details:

Publisher and media proprietor: Schoellerbank Aktiengesellschaft, Renngasse 3, A-1010 Vienna; Domicile: Vienna;
Comprehensive publication details can be found at www.schoellerbank.at.

“ Contents ”

MiFID II Directive	04
What is MiFID?	04
Schoellerbank’s investment process	05
Schoellerbank’s advisory model	07
Customer categorisation: Classification and reclassification	08
Communication between the customer and bank	09
Handling complaints – Complaint management	10
Guidelines for the handling of conflicts of interest and benefits	12
Conflicts of interest	12
Benefits – Consideration	16
Best execution policy	17
Final provisions	20
Overview of exchanges	21
Service and information	
Schoellerbank’s profile	22

“What is MiFID?”

MiFID stands for Markets in Financial Instruments Directive and is an EU directive for the harmonisation of the financial markets in the internal European market. The basis for MiFID was formed by Directive 2004/39/EC including implementing rules passed by the Council of the European Union and the European Parliament in 2004 and that went into force in 2007.

The increasingly complex and extensive spectrum of services and financial instruments being offered as well as the financial crisis revealed weaknesses in the functioning and transparency of the financial markets, and the goal was to eliminate them.

To this end, the European Parliament and the Council of the European Union drafted more strongly harmonised financial market regulations. Directive 2004/39/EC (MiFID I) is being replaced by Directive 2014/65/EU (MiFID II) on 3 January 2018. This Directive was implemented in Austrian law by way of the WAG 2018, and the Delegated Regulation (EU) 2017/565 applies directly without national implementation.

The new Markets in Financial Instruments Directive (MiFID II) contains specific requirements for the provision of securities services and for the organisations of the service providers. The Directive

also contains regulations for organisational requirements at exchanges and for the powers of the competent authorities as well as sanctions to be applied when the new regulations are violated.

The Markets in Financial Instruments Regulation (MiFIR) contains requirements for the publication of trading transparency information and the reporting of transaction data to the competent authorities and also eliminated barriers that prevented non-discriminatory access to clearing facilities.

Objectives of MiFID

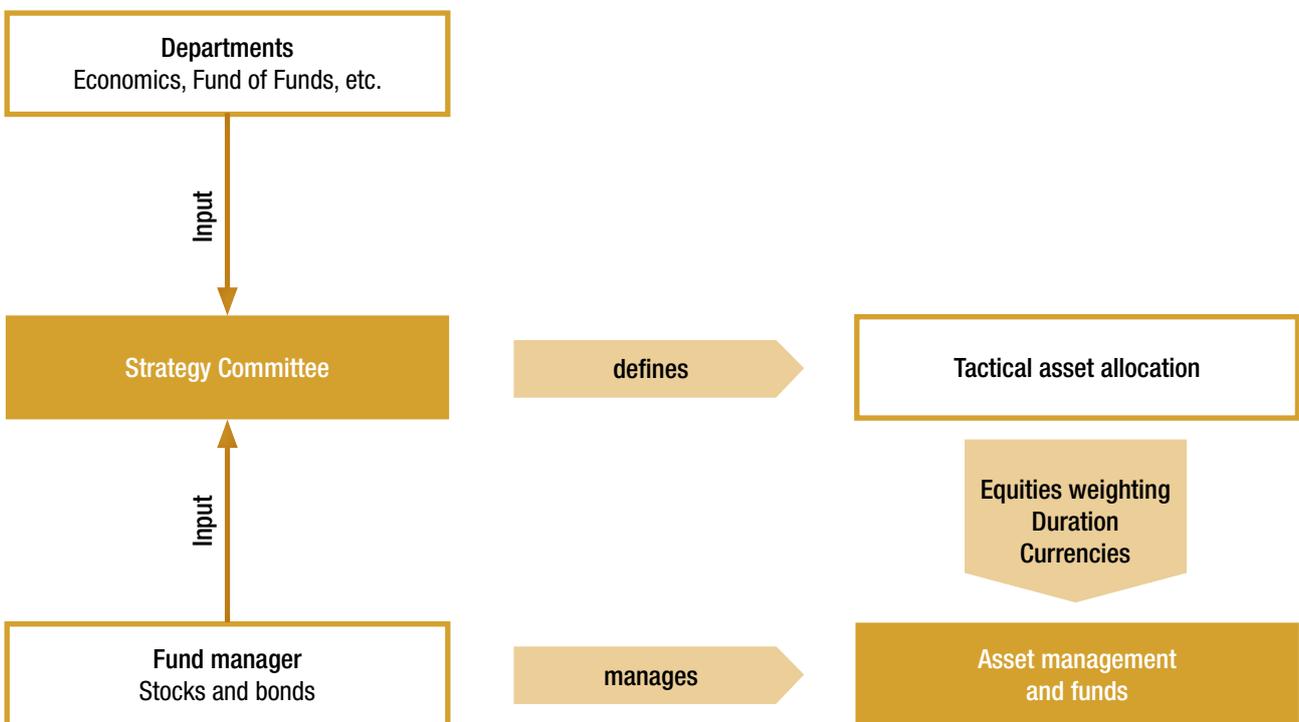
The objectives are improved investor protection, stronger competition, and the further harmonisation of the European financial market. Because of significant structural changes in Europe's securities markets, the Directive can be seen as an answer to many pressing questions.

The underlying concept of MiFID is the objective of enabling private and professional investors to more easily invest within and beyond the borders of the EU. The European Commission is also striving to create a competitive market that promotes equal conditions for all European exchanges. These efforts also require protective measures for the investor.

“Schoellerbank’s investment process”

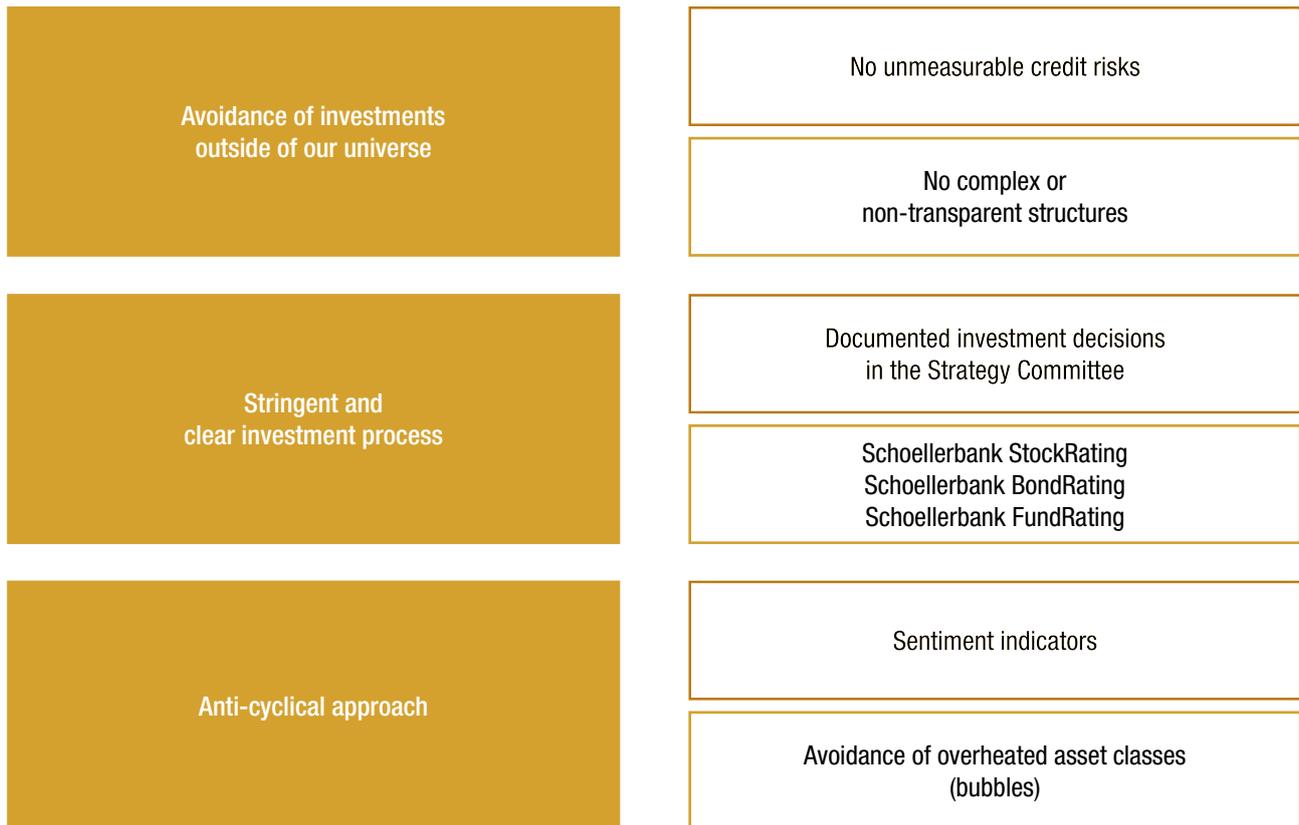
The positioning in the individual asset classes is discussed regularly by the Strategy Committee at Schoellerbank. This committee consists of the best investment experts in the bank. The Strategy Committee meets at least twice per month, but usually every week.

The investment process – Visual overview:



MiFID II Directive

The management approach at Schoellerbank is based on three cornerstones:



The Schoellerbank investment universe consists of financial instruments selected according to the strict criteria of the Schoellerbank StarRating:

- Schoellerbank BondRating
- Schoellerbank StockRating
- Schoellerbank FundRating

This defines the quality criteria that are assessed in detail when a financial instrument is being analysed.

This investment process forms the basis for our investment decisions in our asset management mandates and for our recommendations for investment consulting mandates.

In Schoellerbank asset management, we offer you different investment variants depending on your personal objectives and the amount you wish to invest. Here, you can choose between asset management with funds and asset management with individual securities. The details of this are defined in the asset management contract.

“Schoellerbank’s advisory model”

Schoellerbank is among the oldest and most venerable private banks in Austria and has successfully provided award-winning private banking services for many years. The key to this success is constant innovation. Schoellerbank is frequently a pioneer in new fields of investment. The bank’s fund management company issued the first fund of funds and presented the first fund with inflation protection.

Another success factor is the product range that is pre-selected based on the needs of the customer and then evaluated in great detail. Because the bank invests with an eye towards long-term, sustainable prospects rather than quick, risky returns.

Schoellerbank’s investment specialists have developed a strict selection process for this: the Schoellerbank StarRating. The better an investment, the more stars it earns. The brochures about the respective StarRating are provided when the account is opened.

The investment principles and rules that have been refined by investment specialists and asset and fund management experts over many years provide no room for compromises when making investment decisions.

Schoellerbank provides non-independent investment consulting in which the Schoellerbank investment strategy is implemented consistently. The investment consulting is based on the analysis of different types of financial instruments and is limited to a range of instruments that are primarily offered by Schoellerbank itself or that are issued or offered by companies that are closely related to or that are associated with Schoellerbank, so the consulting is not independent in the sense of Sections 50 and 53 WAG 2018. The advisory universe covers all types of financial instruments (including stocks, bonds, funds, and certificates) and covers products of the UniCredit Group as well as products from selected providers with which distribution agreements have been concluded, for example.

Schoellerbank only offers the regular assessment of the suitability of the financial instruments that it recommends when a separate written agreement has been concluded to this effect (asset management contract or advisory contract with a follow-up consultation clause). Schoellerbank is not obligated to provide follow-up consultation in any other cases.

“ Customer categorisation: Classification and reclassification ”

Credit institutions are required to categorise their customers into three segments with different levels of protection so that it can take the proper steps for each group when providing advice and when recommending investment strategies.

The law defines:

- Retail clients (private persons as well as businesses, freelancers, and companies of any legal form, trusts and associations)
- Professional clients (credit institutions, securities companies, financial institutions, pension funds, etc.)
- Eligible counterparties (such as trading partners of the bank)

Schoellerbank will inform customers that it has categorised as “eligible counterparties” and “professional clients” in a separate letter. All other customers are “retail clients” and are therefore subject to special protection.

The law also stipulates that a “professional client” can request to be categorised as a “retail client” in special cases.

“ Communication between the customer and bank ”

All contracts between the bank and the customer and the underlying contract terms and conditions are drafted in German. All communication over the course of the contract is conducted in German. Communication in a different language (such as Italian) can be agreed in writing in individual cases.

The following means of communication are used between the customer and bank:

- Face-to-face conversation
- Telephone
- Fax
- Letter
- Online banking and online securities accounts (Internet)
- E-mail

Legally relevant correspondence, especially the placement of orders, is always conducted in writing (unless agreed otherwise in writing); orders cannot be placed by e-mail.

Starting on 3 January 2018, the bank is required to record all (incoming and outgoing) telephone conversations and electronic communication with the customer, to provide the customer with these recordings upon request, and to keep these recordings for five years, or for up to seven years when ordered to do so by the Financial Market Authority (FMA).

The customer must agree to the recording of this correspondence in order for the bank to be able to provide securities services and to conduct investment activities for him or her.

Schoellerbank will publish the current guidelines and other important information on its web site at www.schoellerbank.at:

- Guidelines for best possible execution
- Guidelines for the handling of conflicts of interest and benefits

The current terms and conditions of Schoellerbank are posted at the counter or can be obtained from your personal advisor.

Type, frequency, and times of the reports

Schoellerbank will report to the customer about the services that it has rendered in a suitable manner on a permanent data medium.

Schoellerbank makes account statements with the final settlement and the portfolio statement and annual report for asset management mandates available to the customer in the online banking system or in another agreed manner. Portfolio statements are sent every quarter. Schoellerbank settles the accounts once per year unless agreed otherwise.

For investment consulting mandates, the customer is given an explanation of the recommendations that were given upon fulfillment of the mandate, especially when these recommendations were tailored to his or her specific preferences, objectives, and other considerations. For asset management mandates, such an explanation is included in the reports about the services provided, which are submitted on a quarterly basis unless agreed otherwise.

After the execution of a securities or treasury order, the customer will receive confirmation of execution.

The customer will be given information about the costs associated with the conducted transactions and rendered securities services and their overall effect on the earnings of the investment before concluding the agreement as well as after the fact.

“ Handling complaints – Complaint management ”

Schoellerbank has an efficient complaint management system. It covers the following core tasks:

- Management of effective procedures for the appropriate and immediate handling of customer complaints
- Documentation of the complaints and the measures taken to address the complaints
- Quarterly reporting of all customer complaints to the Management Board

The appropriateness and effectiveness of the complaint management system are evaluated on a regular basis and any measures required to remedy defects that are found are implemented.

We constantly strive to provide our customers with the best possible care in terms of their concerns, wishes, and needs regarding any aspect of our banking services. Should you see a need to file a complaint or potential for improvement despite these efforts, please do not hesitate to contact us. We promise to address your concerns quickly.

You can contact us:

- personally at the office of your advisor
- by telephone call to your customer advisor or centrally at +43 1 534 71-1375
- by fax to your customer advisor or centrally at +43 662 86 84-2023
- by e-mail to your customer advisor (firstname.lastname@schoellerbank.at) or centrally to our Ombuds office (ombudsstelle@schoellerbank.at)
- by letter to your customer advisor or centrally to Schoellerbank, Renngasse 3, A-1010 Vienna, Attn. Legal and Compliance Department

Should you be unable to come to an agreement with Schoellerbank you can also file a complaint with the following institutions:

- Ombuds office of the Austrian Bankers' Association: <https://www.bankenverband.at/services/ombudsstelle>

- Joint Conciliation Board of the Austrian Banking Industry:
Wiedner Hauptstraße 63, A-1045 Vienna
Tel.: +43/1/505 42 98
Fax: +43/1/505 44 74
office@bankenschlichtung.at
<http://www.bankenschlichtung.at>

The Austrian banking industry has set up a joint conciliation board to handle certain types of complaints. Customers of all participating credit institutions (including Schoellerbank) can turn to this conciliation board.

This conciliation board is especially responsible for complaints from consumers in connection with:

- Savings and deposits
- Domestic and international wire transfers
- Opening, changing, and closing accounts
- Credit agreements
- Investment services
- Real estate fund transactions
- Foreign exchange transactions
- Securities issue transactions
- Securities account services

Information about the protection of customer financial instruments and customer capital

Schoellerbank expressly notes that it uses third-party custodians (depositories) in Austria and abroad to execute securities transactions and to hold and manage securities. Schoellerbank selects these carefully and regularly assesses their quality of service. Schoellerbank maintains records and accounts that enable it to differentiate the assets that it holds for an individual customer from those of other customers and from its own proprietary assets at any time.

Schoellerbank generally holds domestic securities and foreign securities purchased in Austria with a domestic depository in a collective account unless the customer expressly requests sepa-

MiFID II Directive

rate (segregated) safekeeping. The depositing customers attain joint ownership of the collective holdings of the securities of the same type. Under separate safekeeping, Schoellerbank holds securities as the depositary and segregates them from assets of other parties as well as from its own assets.

Schoellerbank holds securities purchased abroad with a foreign third-party custodian. The assets are generally held in safekeeping in the country in which the security was purchased, or in the home country of the security in question.

The customer will receive a securities credit note for securities held in safekeeping outside of Austria that entitles him or her to equivalent but not the same securities. This claim of the customer against Schoellerbank corresponds to the share of securities that Schoellerbank holds for the account of the customer relative to the total securities of the same type held by Schoellerbank for its customers outside of Austria in accordance with the corresponding legal regulations and banking practices. Schoellerbank holds the securities in trust for the customer. When the local laws of the country of custody do not permit the customer to attain (joint) ownership of the security in question, Schoellerbank obtains comparable legal rights.

The holding of securities in safekeeping at a third-party custodian outside of Austria is subject to the laws of the country or place of custody in question and the general terms and conditions of the contract partner. This can have an influence on the rights of the customer with regards to the respective financial instruments and capital. If the third-party custodian holds the securities with another depositary (such as a central depositary), the legal regulations of this depositary and of the place of custody apply.

Third-party safekeeping outside of Austria is generally implemented through collective security accounts that allow the collective holding of all assets of the customers of Schoellerbank. In addition, the third-party custodian is informed expressly in writing and it is agreed with this custodian that the securities in the ac-

count in question are customer holdings. This means that the third-party custodian can only assert a lien, offsetting, or other collateral right that has arisen against Schoellerbank in relation to these specific securities and this capital (such as purchase, custodian, and processing fees, interest on arrears).

For customers who are entrepreneurs, Schoellerbank is only liable for the careful selection of the third-party custodian for the safekeeping of assets. For customers who are consumers, Schoellerbank is liable for the culpable action of the third-party custodian unless expressly agreed otherwise.

The consequences of the insolvency of a third-party custodian are dictated by the local and international laws that apply to this custodian and the legal position that has been obtained. In the event of the insolvency of a domestic custodian, joint owners of the collective holdings held by the third-party custodian are entitled to the segregation of a proportionate number of the securities of the same type held by this custodian.

If a loss of collective holdings has occurred or if the securities held in safekeeping are not present, the owner or depositor has a bankruptcy claim in the event of the insolvency of the third-party custodian. Full details about investor compensation and deposit protection schemes can be obtained at any Schoellerbank location and on the Internet at www.schoellerbank.at.

The depositary team at Schoellerbank ensures that comprehensive and current documentation is maintained for every business relationship with a third-party custodian, including contracts and clearing agreements. Regular service assessments and due diligence reviews ensure the quality of the business relationships with third parties.

Guidelines for the handling of conflicts of interest and benefits

“Conflicts of interest”

Preamble

It is not always possible to entirely avoid conflicts of interest when providing securities services, conducting investment activities, and providing other related services. Conflicts of interest can arise between Schoellerbank, relevant persons (including members of management and employees of Schoellerbank), or contractually bound brokers or other persons who are directly or indirectly under the control of Schoellerbank on the one hand and the customers of Schoellerbank on the other, or between the individual customers of Schoellerbank.

In such cases, it must be ensured that these conflicts of interest are recognised and treated in accordance with these guidelines. Schoellerbank is a member of the UniCredit Group, so this guideline also addresses all circumstances that may lead to a conflict of interest due to the structure and business activities of other group members.

Recognising conflicts of interest

Schoellerbank's objective is to recognise conflicts of interest in the bank and to avoid them whenever possible. The following constellations and behaviours in particular represent potential conflicts of interest that could harm the interests of our customers and that therefore must be avoided:

When Schoellerbank or a person or other member of the UniCredit Group that Schoellerbank directly or indirectly controls

- attains a financial advantage or avoids a financial loss to the detriment of the customer,
- has an interest in the results of a service provided for a customer or a transaction conducted for the account of the customer and this interest runs counter to the customer's interest,
- has a financial or other incentive to place the interests of one customer or group of customers over the interests of another customer,
- engages in the same business activity as the customer,
- currently receives or will receive consideration in the form of money, goods, or services from a person other than the customer for a service rendered for a customer in addition to the usual commission or fee.

Avoiding conflicts of interest

Schoellerbank's primary objective is to prevent conflicts of interest from harming customer interests through organisational and administrative measures. It must be reasonably ensured that the risk of harm to the customer's interests is avoided.

Disclosing conflicts of interest

If the procedures and measures taken at Schoellerbank are not sufficient to prevent conflicts of interest from harming customer interests or to reasonably ensure that the risk of harm to customer interests is avoided, Schoellerbank must inform the customer about the general type and the cause of the conflicts of interest and the measures taken to mitigate these risks before conducting transactions for the customer.

This disclosure must be made in writing and must be sufficiently detailed respective to the customer's level of knowledge and experience so that the customer can make a decision about the securities or ancillary service on this basis.

Measures for the recognition and prevention of conflicts of interest in Schoellerbank

Compliance Organisation

Schoellerbank maintains an independent Compliance Organisation and has appointed a Compliance Officer. In addition to preventing the misuse of inside information and market manipulation, a core responsibility of the Compliance Organisation is to recognise and manage conflicts of interest and to continuously monitor the measures implemented in the bank and adapt them when necessary.

Confidentiality zones – “Chinese walls”

Setting up “Chinese walls” between the different confidentiality zones that have been defined in the bank ensures that the dissemination of confidential information is limited to the extent needed for conducting the bank's business.

The defined confidentiality zones include International Brokerage Services, Asset Management, advisory units, as well as Credit Risk Management and Accounting.

Guidelines for the handling of conflicts of interest and benefits

Guidelines for employee transactions/obligation to report board appointments

The “Guidelines for personal transactions of employees of Schoellerbank and Schoellerbank Invest” and the “Standard Compliance Code of the Austrian Banking Industry” have been set as working directives to regulate the personal transactions of employees. This also includes the reporting of the appointment to the boards of companies. The Compliance Officer monitors adherence to these rules.

Reporting conflicts of interest

The following applies in general:

Conflicts of interest and suspected conflicts of interest must be reported to the Compliance Officer without exception. This officer must document the report together with the time and contents of the report, the individual filing the report, and the measures taken. The Compliance Officer can also order the documentation of conflicts of interest in individual cases.

Personal conflicts of interest with employees

The provisions of the Standard Compliance Code and the Compliance Manual are binding for the employees of Schoellerbank and are intended to avoid conflicts of interest between the customers and employees of the bank, and to immediately apply a solution in the interests of the customer or to point out these conflicts through mandatory disclosure so that these conflicts are apparent and can be resolved should a conflict arise.

This especially pertains to the following:

- bringing personal interests into transactions that are related to Schoellerbank or other members of the UniCredit Group;
- negotiating or concluding contracts for Schoellerbank or other members of the UniCredit Group with third parties from which employees or persons in a personal relationship with employees could derive benefits.

The conflicts of interest must be documented by the employee in question and must be reported to the supervisor and the Compliance Officer. Such conflicts of interest must be disclosed to the customer and must be added to the conflict monitoring list by the Compliance Officer.

Accepting gifts

No employee of Schoellerbank may solicit or accept gifts or benefits from third parties for themselves or for relatives that could impair their independence.

Remuneration

The remuneration rules of Schoellerbank are designed so that the remuneration paid to an employee is in no direct relationship with the remuneration paid to or the earnings generated by other employees whose activities represent a conflict of interest with the activities of the employee in question. This especially applies to proprietary and customer trading and asset management.

The performance of employees at Schoellerbank may not be rewarded in any way that conflicts with the obligation of Schoellerbank to act in the best possible interests of its customers. Agreements by way of remuneration, sales targets, or other goals that could lead employees to recommend a specific financial instrument to a retail customer even though Schoellerbank could offer a different financial instrument that better meets the needs of the customer are prohibited.

Financial analysis

Schoellerbank does not prepare financial analyses at this time. The “Policy paper for the creation of public analyses at Schoellerbank and Schoellerbank Invest and for the employees tasked with these duties” has been drafted for the event that such analyses are prepared at some point in the future. This policy paper is based on the legal regulations and the conduct standards of the ÖVFA (Austrian Association for Financial Analysis and Asset Management).

Best execution policy/allocation for issues

Schoellerbank has defined and implemented a best execution policy. This policy specifies the rules according to which Schoellerbank executes customer orders and assigns individual securities for subscribed issues. The handling of employee orders by Schoellerbank is specified in the “Guidelines for personal transactions of employees of Schoellerbank and Schoellerbank Invest” and in the Compliance Manual.

Guidelines for the handling of conflicts of interest and benefits

When customer orders and orders from Schoellerbank employees or proprietary orders for Schoellerbank are received at the same time, the customer order must be given higher priority and must be executed preferentially.

Principles for offering or recommending financial instruments

Schoellerbank may only offer or recommend financial instruments when

1. The customer advisor has understood the financial instruments,
2. The compatibility of the financial instrument with the needs of the customer has been assessed,
3. The target market of end customers pursuant to Section 30 (10) WAG has been taken into account, and
4. It has been ensured that only financial instruments are offered or recommended that are in the interests of the customer.

Disclosure for package services

If a securities service is offered together with another service or product as part of a package or as a condition for the same agreement or the same package, Schoellerbank must inform the customer whether the different components can be purchased separately from each other. Schoellerbank must also separately indicate the costs and fees for each component.

Conflicts register

The Compliance Organisation maintains a strictly confidential conflicts register that only it knows in its entirety. This is based on an analysis of the actual business areas of Schoellerbank and the resulting potential conflicts of interest and on the documentation of material advisory mandates, significant loans that have been extended, the most important other business relationships (especially in the area of mergers and acquisitions), and significant equity holdings of Schoellerbank.

When Schoellerbank intends to enter into new business relationships or obtain new equity interests, these are subject to a conflict assessment beforehand. If the transaction is conducted or the equity interest acquired, it is entered into the register. Any

other change pertaining to registry entries must be reported to the Compliance Organisation as the responsible unit and must be processed by this unit accordingly.

Decisions about conflicts of interest

The Compliance Officer decides independently but in accordance with the legal regulations whether intervention is necessary above and beyond the measures taken by the business unit for the respective conflict. If intervention is needed, the Compliance Officer decides on the further measures to be taken to resolve the conflict. The Compliance Officer can involve internal or external experts if necessary. This must be documented. No inappropriate influence may be exercised over the Compliance Officer's decision, and no individuals may be involved in transactions that involve a potential conflict during the transaction or after the fact when this involvement could impede appropriate conflict management.

Exchange of information

The exchange of information between employees of Schoellerbank is prohibited when their activities could cause a conflict of interest that could harm the interests of one or more customers. If such an information exchange is indispensable for operational reasons, the Compliance Officer must be involved. The regulations pertaining to the confidentiality zones must also be followed (see "Confidentiality zones – 'Chinese walls'").

Conflict monitoring list

Securities services and ancillary services that result in conflicts of interest between Schoellerbank or bank employees and the customer or between different customers are added to a conflict monitoring list by the Compliance Officer. The course of the transaction and the involved employees must be monitored by the Compliance Organisation. The Compliance Officer decides on removal from the conflict monitoring list.

Independence

Schoellerbank employees who are tasked with multiple activities that may give rise to conflicts of interest must account for this risk and conduct these activities with a degree of independence that

Guidelines for the handling of conflicts of interest and benefits

ensures that no customer interests are harmed. If the conflict of interest cannot be resolved, the customer must be informed of the circumstances and the Compliance Organisation must be informed.

Employee monitoring

The Compliance Officer is responsible for monitoring employees that render securities and ancillary services for customers with regards to possible conflicts of interest. This monitoring must especially focus on compliance with the provisions of these guidelines.

Inappropriate influence

Schoellerbank has taken organisational measures to prevent persons from having an inappropriate influence on the manner in which other persons who are potentially in a conflict of interest conduct activities that are related to security or ancillary services. These must be updated regularly, and the Compliance Organisation must verify that they are followed. This assessment is based on the current organisational chart for Schoellerbank with responsibilities and powers of authority, which is provided to the Compliance Organisation.

Guidelines for the handling of conflicts of interest and benefits

“ Benefits – Consideration ”

Because Schoellerbank has chosen to engage in non-independent investment consulting, the bank may also continue to accept consideration. In this context, consideration is any fees, commissions, or other monetary or non-monetary benefits rendered by a third party. These are shown to the customer in the cost report. Low-value non-monetary benefits are listed generically in the paragraph about “low-value non-monetary benefits” and are not shown in the cost report. MiFID II permits the retaining of consideration for non-independent investment consulting when this consideration is intended to improve the quality of the services for the customers, when it does not impair the fulfilment of the bank’s obligations, and when this consideration is invested in quality improvement measures. Quality improvement measures are assessed within the bank, and this assessment is documented.

In the event that the level of quality improvement measures is insufficient, consideration that exceeds these measures may not be retained and must be passed on to the customers.

Low-value non-monetary benefits

The investment firm and its employees may receive low-value non-monetary benefits in connection with the rendering of securities or ancillary services. Non-monetary benefits can be considered to be of low value when these are reasonable and appropriate in that it is unlikely that the investment firm accepting them will give rise to a conflict of interest vis-à-vis the customer. Some examples of low-value non-monetary benefits are:

- Product issuers pay the fees for participation in conferences or training seminars for customers of the investment firm, and the investment firm can offer these conferences or seminars to its customers.
- Product issuers pay participation fees to employees of the investment firm for meetings or seminars or pay for their meals.
- Product issuers provide the investment firm with access to minor analyses or market commentary. Product issuers provide information to the investment firm that the investment firm can publish for its customers under its own name.

This list is not exhaustive.

Trailer fees in connection with securities and other assets

Trailer fees are payments in connection with securities and other assets as defined in item 46a of the General Terms and Conditions that are made to Schoellerbank in return for taking products or services of the issuer into consideration when providing services to the customer. These fees are intended to provide Schoellerbank with the means to

- expertly manage the assets in its safekeeping and/or to
- make a material contribution to the product development of assets (market observation, market analysis, development of solution strategies, development of product ideas, development of reallocation strategies, communication and negotiations with issuers, etc.).

However, Schoellerbank has no obligation related to follow-up consulting associated with this.

Amount of the trailer fees in funds dealing

Schoellerbank receives the standard trailer fees of between 0.0 to 1.3% p.a. of the customer holdings from the fund companies for the management of the customer holdings. Because of the very different calculation methods used by the fund companies from case to case and because of the regular changes made to the calculation methods, it is not possible to disclose the exact trailer fees here. Schoellerbank will provide more details to the customer upon request. If the scope of the consideration cannot yet be determined at the time of the disclosure, the customer will be informed of the manner of calculation. Schoellerbank receives no trailer fees, kickbacks, or retrocessions in connection with fund shares from Schoellerbank Invest that are managed in customer portfolios under Schoellerbank fund asset management mandates. Any trailer fees for fund shares from other fund companies held under asset management mandates are credited to the customer’s assets.

Amount of the trailer fees in bond dealings with UniCredit Bank Austria AG

Schoellerbank receives trailer fees from the issuer for these transactions ranging from 0.0 to 1.0% p.a. of the nominal amount of the holdings for product development and for managing the customer holdings.

“ Best execution policy ”

Fundamental considerations

Schoellerbank's execution policy

This execution policy of Schoellerbank describes the principles for the execution of customer orders for the purchase and sale of financial instruments. The fundamental principle is to always act in the best interests of the customer. The General Terms and Conditions of Schoellerbank also apply.

Objectives of the execution policy

Pursuant to Sections 62–65 Securities Supervision Act 2018 and Article 64–70 Delegated Regulation (EU) 2017/565, banks are obligated to create an execution policy for the fulfilment of customer orders for the purchase and sale of financial instruments. These rules are intended to implement all suitable measures to attain the best possible result for the purchase or sale of financial instruments for the customer after the overall assessment of the relevant aspects, criteria, and qualitative factors. Selecting the optimal place of execution does not guarantee that the best result will be obtained for each individual order. This execution policy applies to retail clients and professional clients.

Principles of the execution policy

The bank creates the execution policy at its own discretion according to the legal requirements. This is completed based on an optimised process rooted in many years of experience taking the following into account (listed according to priority):

- the price on the main exchange of the financial instrument,
- the costs associated with the execution of the order,
- the speed needed to execute the order after it is received,
- the probability of the execution and settlement of the order,
- the scope and type of the order, and
- all other relevant aspects of order execution to obtain the best possible result.

The relative importance of the aspects listed above is determined according to the following criteria:

- characteristics of the customer and the customer's categorisation as a retail client or professional client,

- characteristics of the customer order, including orders that include securities financing transactions,
- characteristics of the financial instruments that are the object of the order in question,
- characteristics of the places of execution to which the order can be forwarded.

The following qualitative factors are taken into consideration when selecting the place of execution (listed according to priority):

- the main exchange of the financial instrument,
- the electronic connection to the place of execution,
- the counterparty,
- the clearing system,
- the emergency backup, and
- all other relevant factors of order execution to obtain the best possible result.

The incoming orders are processed sequentially in the order that they are received, during which the orders can be forwarded to the corresponding exchanges fully automatically, partially automatically, or manually.

Description of the execution policy

Order placement

The securities orders that the customer places through his or her advisor or directly in online banking are forwarded immediately to the securities trading department of Schoellerbank. Orders are generally forwarded electronically within the bank. This procedure guarantees the complete documentation of a security order placed by a customer, and can be traced at any time.

When the order is placed, a check is completed to determine whether the customer's instructions deviate from the execution policy of Schoellerbank or if the order will be handled according to the Schoellerbank execution policy.

Then, in the event of a sell order, the depositary of the security is checked as this can be different from the standard depositary for various reasons such as portfolio transfers that were previously ordered by the customer or a specific purchase method for the

Best execution policy

security that was dictated by the customer before the sale. In this case, the transaction is executed at the exchange for this depositary for cost and time reasons.

Exceptions

Orders placed on the basis of express customer instructions and that therefore deviate from the Schoellerbank execution policy are not executed according to the rules of the execution policy. By following the customer's instructions, the bank fulfils its obligation to execute the order in the best possible manner.

Customer orders received by the bank outside of normal trading hours are processed in the order that they were received when trading resumes.

In the event of extraordinary events such as market disruptions, system bottlenecks, or IT failures, the bank may be forced to select alternative measures that require execution that deviates from the execution policy. The bank also always acts in the best interests of the customer in such an exceptional case.

Best price execution

Schoellerbank understands the term "best price execution" to mean the efficient forwarding of a security order according to the current technical and organisational possibilities that follows the principles of timely and low-cost execution while also placing the order on the exchange that is likely to have the highest liquidity.

Exchange-based securities orders for which the customer has not explicitly stated a component such as the selection of an exchange other than the main exchange are handled in Schoellerbank's best price execution process. For this, the securities orders are placed on the corresponding markets either through a pre-defined, optimised path within 3 minutes after being entered into the internal securities system in a fully automated process, or within 30 minutes when handled manually. More details can be found in the exchange overview at the end of the execution policy.

Bonds and similar products are forwarded automatically to Schoellerbank's trading department for fixed-income securities when the order value is EUR 100,000 or greater and the order is unlimited, even when the order was placed by the customer with explicit instructions for trading on a regulated market. If the order can be traded at the same or at a better price over the counter than on the selected regulated exchange, the dealer will execute the order in the best interests of the customer. Otherwise, he will forward the order immediately to the exchange selected by the customer.

Because bonds generally have limited liquidity on the regulated markets and because the resulting lower execution probability would be detrimental for the customer, Schoellerbank also offers customers the option of a fixed-price transaction for bonds. With this option, the customer is promised a fixed price at a desired volume for a limited time immediately before the conclusion of the transaction by way of a special bond offer. Otherwise, the customer can of course place the bonds through a regulated market if so desired.

The issue and return of shares in domestic investment funds and real estate investment funds and of shares in foreign investment funds that are registered for sale in Austria through a custodian bank or a partner corresponds to the best possible execution of such orders.

Best execution for asset management mandates

The bank reserves the right to combine customer orders submitted under asset management mandates (discretionary asset management, investment consulting contracts, and similar agreements) with other customer orders and with proprietary trading orders. The special order placement principles of the execution policy also apply for such combinations. In the case of discretionary asset management services, the bank must determine at its own discretion at which of the places of execution specified in the execution policy the best possible result can be obtained consistently for the customer.

Best execution policy

For discretionary asset management mandates with funds, only fund issues from Schoellerbank Invest Aktiengesellschaft are used.

Allocation for issues

For initial public offerings (IPOs) and for subscriptions for capital increases, the securities are allocated by the lead manager appointed by the issuer or by the issue partners represented in the consortium.

If not all of the subscribed securities are allocated but only part of the subscribed volume, the bank will specify the allocation method for each individual issue. The following allocation methods can be applied: percentage allocation, allocation based on order quantity, allocation according to the order of the receipt of the

subscription orders, random selection, or some other method. The bank ensures that the allocation is fair and in tradable minimum quantities in the interests of all customers regardless of the selected method.

Foreign currency transactions

When transactions are conducted with securities traded in a foreign currency and booked to a EUR account of the customer, the exchange rate fixed by Schoellerbank will be used for conversion. The FX rate for selected currencies versus the EUR has been fixed by the banks in the Eurozone themselves on every bank business day between 12:30 and 13:00 since 1 January 1999. Schoellerbank announces the fixed bid and ask rates at www.schoellerbank.at.

“Final provisions”

If the individual types of financial instruments cannot be assigned to an “asset class”, the customer must provide specific instructions on the place of execution.

If the bank cannot execute the order at the specified place of execution at the time the order is placed because of holidays, trading events, or technical limitations, the order can also be executed at a different place of execution under the protection of the customer’s interests. If the places of execution that have been chosen by the bank as suitable alternatives are also unavailable, the customer must provide specific instructions about the place of execution. In this case, the bank can decide at its own discretion whether the order must be rejected due to insufficient quality criteria of the place of execution selected by the customer.

The bank generally reserves the right to contract as the counterparty in its own name in the interests of the customer. The bank will generally contract as the counterparty in its own name to provide the customer with liquidity and to reduce the settlement risks. If an order is received outside of the trading hours of the intended place of execution, the customer must provide specific instructions about the selection of the place of execution if he or she does not wish to have the order executed on the following trading day according to this execution policy. In the event of an order with the customer instructions “no relocation of the place of

execution”, the bank will place the order even when the order is not or cannot be executed by the selected place of execution for a longer period of time. For orders that are not executed immediately or on the first day of validity, the bank will note the order and will inform the customer about capital measures that lead to the nullification of the order.

This execution policy is also supported by the trading system. If this technical support is temporarily unavailable, the bank will select a place of execution at its discretion without this technical assistance and according to this execution policy, and therefore in the interests of the customer.

The five exchanges that are most important in terms of trading volume and on which customer orders were executed in the previous year will be published once per year for each asset class together with information about the attained execution quality in machine-readable form on the web site of Schoellerbank.

The execution policy is reviewed regularly (at least once per year) and adapted when needed. Customers will be informed in an agreed manner about every material change to the execution policy. The current version of the execution policy can be obtained free of charge at all Schoellerbank locations and can be viewed on the web site www.schoellerbank.at.

Best execution policy

“ Overview of exchanges ”

		Country	Exchange	Forwarding	Connection	Trading hours CET	Forwarding	Stop market
Certificates and warrants	Equities	Australia	XASX	Through partners	Electronic	00:00–06:00	07:00–22:00* for the next day	No
		Belgium	XBRU	Through partners	Electronic	09:00–17:30	until 17:30*	Yes
		Denmark	XCSE	Through partners	Manual	09:00–17:00	until 16:45	No
		Germany	XETR	Through partners	Electronic	09:00–17:30	until 17:30*	Yes
		Germany	Floor trading	Through partners	Electronic	09:00–20:00	until 20:00*	Yes
		Finland	XHEL	Through partners	Manual	09:00–17:30	until 17:15	No
		France	XPAR	Through partners	Electronic	09:00–17:30	until 17:30*	Yes
		Greece	XATH	Through partners	Electronic	09:30–16:00	until 16:00*	No
		Great Britain	XLON	Through partners	Electronic	09:00–17:30	until 17:30*	No
		Hong Kong	XHKG	Through partners	Electronic	02:50–09:00	07:00–22:00* for the next day	No
		Italy	XMIL	Through partners	Electronic	09:00–17:30	until 17:30*	No
		Japan	XTKS	Through partners	Electronic	01:00–07:00	07:00–22:00* for the next day	No
		Canada	XTSE, XTSX	Through partners	Electronic	15:30–22:00	until 22:00*	No
		Netherlands	XAMS	Through partners	Electronic	09:00–17:30	until 17:30*	Yes
		Austria	XVIE	Direct	Electronic	09:00–17:30	until 17:30*	Yes
		Portugal	XLIS	Through partners	Electronic	09:00–17:30	until 17:30*	No
		Sweden	XSTO	Through partners	Manual	09:00–17:30	until 17:15	No
		Switzerland	XSWX, XVTX	Through partners	Electronic	09:00–17:30	until 17:30*	No
		Singapore	XSES	Through partners	Electronic	02:00–10:00	07:00–22:00* for the next day	No
Spain	XMAD	Through partners	Electronic	09:00–17:30	until 17:30*	No		
USA	XNYS, XNMS	Through partners	Electronic	15:30–22:00	until 22:00*	Yes		
USA	XOTC, 10TC	Through partners	Electronic	15:30–22:00	until 22:00*	No		
Funds	Bonds	Western Europe	MTF, OTF, SI, OTC	Through partners	Manual		08:30–17:00	
		Eastern Europe						
		North America						
		South America						
		Asia						
		Australia						

Partner will be named upon request. * Electronic forwarding. Correct order placement is only checked from 08:30 to 17:00.

“Schoellerbank’s profile”

Information pursuant to the Securities Supervision Act (WAG) 2018

Version: October 2017, valid from 3 January 2018.

Name and address of the domicile

Schoellerbank Aktiengesellschaft

Renngasse 3, A-1010 Vienna

Tel.: +43/1/534 71-0

info@schoellerbank.at

www.schoellerbank.at

DVR: 0041556

Sort code (BLZ): 19200

BIC (SWIFT): SCHOATWW

EU VAT no.: ATU 15355504

Schoellerbank is registered with the Vienna Commercial Court under the number FN 103232m.

Competent supervisory authority

Schoellerbank is supervised by the FMA – Financial Market Authority/Banking Supervision, Otto-Wagner-Platz 5, A-1090 Vienna.

Tel.: +43/1/249 59-0, Fax: +43/1/249 59-5499

Internet: www.fma.gv.at

Main business activity

Schoellerbank offers all types of transactions with securities and other financial instruments, especially in connection with the purchase, sale, and safekeeping of securities. Licence: Credit institution pursuant to Section 103 item 5, 1 (1) BWG.

Legal basis

The applicable commercial and professional regulations especially include:

- The Austrian Banking Act (BWG, Federal Law Gazette No. 532/1993, as amended),
- The Securities Supervision Act 2018 (WAG 2018, Federal Law Gazette No. 107/2017, as amended)

These regulations can be found on the Internet at <http://www.ris.bka.gv.at>.



Schoellerbank Aktiengesellschaft
Palais Rothschild
Renngasse 3, A-1010 Vienna
Tel.: +43/1/534 71-0
info@schoellerbank.at
www.schoellerbank.at