

# PRINCIPLES OF BEST EXECUTION

## AQUILA CAPITAL INVESTMENTGESELLSCHAFT MBH

Based on the Directive 2014/65/EU of the European Parliament and of the Council of May 2014 on markets in financial instruments in conjunction with articles 64-66 of the Commission implementing regulation (EU) 2017/656 of 19 December 2016 all necessary measures need to be taken to guarantee the best possible execution of customer orders. The capital management company Aquila Capital Investmentgesellschaft mbH (referred to hereafter as ACI) is in accordance with section 2 (4) Kapitalanlage-Verhaltens und -Organisationsverordnung in conjunction with Article 27 of the Commission Delegated Regulation (EU) No 231/2013 and section 168 (7) Kapitalanlagegesetzbuch obliged to provide investors with adequate information about the specified Best Execution principles and significant changes to such principles available.

### Objective

These Best Execution principles governs policies and procedures that aim to achieve the best possible result when executing orders on financial instruments for investment funds administrated by ACI and Aquila Group. Security orders can be executed regularly through various means of execution or of various execution venues, for example, on exchanges or other trading centers, either domestically or abroad or in floor trading on the one hand, in electronic trading on the other. In the following sections, the execution procedure and possible execution venues in the applicable types of financial instruments are described, which can generally be expected consistently best execution in the interest of the investment fund.

With the establishment of concrete execution venues the Aquila Group assumes that the best possible result for the investment funds taking into account price, costs, speed, probability of execution and transaction, the market conditions, the security of the transaction and the extent and the type of order, to be achieved.

### Principle of Best Execution

In general, portfolio managers do not pass their trading decisions directly on to the relevant trading venue. Instead these trading decisions are generally executed by intermediaries (brokers, counterparties etc.). The orders are executed by the intermediary in observance of and with the objective of achieving best execution. By carefully selecting and monitoring the intermediaries, ACI influences the best execution of the transactions. Within the framework of outsourcing controlling ACI also examines whether the intermediaries make adequate provisions for their part to enable Best Execution of the orders.

### Principles of Order Placement and Best Execution

The choice of the trading partner for each order is generally determined by the following directives:

I.) Trading orders for financial Instruments are placed in observance of all information available at the time of placing the order at the best available conditions. When making its decision on the choice of intermediaries and their execution of orders, the company focuses on specific factors of relevance for the attainment of the best result, including in particular:

- Price of the financial instrument;
- Cost of order execution;
- Speed of order execution;
- Probability of order execution and settlement;
- Limit and type of order and
- Counterparty risk.

Depending on the type of financial instrument and trading order, these criteria can be variously weighted so that a selection of the intermediaries can be made.

These factors are weighted according to the following criteria:

- Goals, investment policy and specific risks of the investment undertakings as set forth in the prospectus/offering document or, if applicable, in the terms of contract / articles of association;
- Special features of the order;
- Special features of the financial instruments or other assets which are the object of the order in question, or
- Special features of the execution venues to which the order can be passed.

II.) The placement of trading orders is based on the assumption that the best result is to be achieved in consideration of all costs associated with the execution. When deciding the order placement, due to the usual price fluctuations associated with financial instruments consideration is therefore given above all to intermediaries able to ensure cost-efficient, complete and prompt execution of the transaction.

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### **Counterparty list**

Execution orders are only granted to counterparties stated on the valid counterparty list. If, depending on details of the order, the list offers a choice between several counterparties a discretionary choice shall be made in each individual case. A current list of the counterparties is available at ACI on request.

The Company regularly monitors the order execution through the authorized counterparties. To this end, a random test is made of the executed transactions to ensure that they comply with this Best Execution Policy. Any deficiencies are reported. If necessary, an appropriate adjustment is made to the counterparty list.

### **Order execution**

The settlement channels necessary for order execution are determined as early as possible to ensure that orders to be executed can be immediately recorded and processed. The execution of the Order should be passed on as quickly as possible to the custodian bank and other involved parties. Investors can request additional information concerning their orders and the execution of their orders from ACI at any time.

### **Order batches**

For the investment funds of the Aquila Group, orders can be batched together if the batching of orders does not disadvantage the investors in any way.

### **Examination of the Policy**

The Best Execution Policy is examined by ACI regularly, at least once a year, to determine its effectiveness and is updated if any deficiencies are discovered. An examination also takes place in the event of a material change in market conditions which can impair the attainment of best results within the context of this Policy.

More information is available from ACI free-of-charge on request.

Status: June 2020