



DNB Asset Management

Best Execution Guidelines



Introduction

DNB Asset Management's (DAM's) guidelines for Best Execution shall ensure that all orders are placed in such a way that they are executed in order to achieve Best Execution for each Client.

Guidelines for Best Execution apply when providing the service discretionary asset management and managing DAM's own mutual funds.

DAM has a statutory duty to act in the best interest of its clients and mutual funds when placing orders in financial instruments on their behalf. DAM's mutual funds as well as clients having entered into an asset management agreement with DAM will hereafter be referred to as Client.

DAM shall only place orders with an approved Counterparty. The Counterparty will normally execute the transaction directly on a marketplace, but an order may also be executed against the Counterparty's own book. The Counterparty has a statutory responsibility to ensure Best Execution, while DAM is responsible for making sure that the Counterparty complies with DAM's Best Execution Guidelines.

However, the obligation of the Counterparty to obtain Best Execution has to be evaluated in relation to instructions given by DAM when DAM gives specific instructions to the Counterparty. An example is when DAM places orders directly in the Counterparty's order system (Direct Market Access). It is also common practice that Counterparties, when executing orders outside exchanges and other market venues, do not take responsibility for Best Execution, but offers a price which DAM has to evaluate.

This applies to trading in fixed income securities, currencies and normally also to trading in derivatives. Even though the responsibility of the Counterparty may be limited, DAM is still obliged to take all sufficient precautions to ensure that the Client obtains Best Execution.

Relevant Factors for obtaining Best Execution and their relative weight

The following factors are taken into account to obtain Best Execution:

- The price of the financial instrument
- Transaction costs
- Likelihood of execution
- The type of order
- Speed
- Other factors relevant to the Client

The relative weight of the above referred factors

The two primary factors for Best Execution are the price of the financial instrument and the transaction cost, where the objective is to minimize the sum of market impact deviation from specific instructions and explicit transaction costs.

Transaction costs: All orders must take into account the transaction costs, both explicit as well as implicit, incurred as a result of the transaction, such as market impact, the broker's commission, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order. DAM is obliged to safeguard the client's interests through the negotiation of lower commission rates.

Likelihood of execution: DAM also assesses the ability of the Counterparty to execute orders. In this context the expertise of the Counterparty in a particular sector or in certain securities can be taken into consideration, if this is considered to be in the best interest of the Client.

The type of order (size): DAM may trade large volumes of securities on behalf of Clients. In such cases, it is important to consider the Counterparty's ability to execute orders and the indirect costs, regarding to market impact, incurred as a result of the order. The order must be placed with the Counterparty with the highest probability to execute the order with a low market impact. Especially when large orders (compared to a normal daily turnover) are to be executed in less liquid financial instruments, the order should be placed with a Counterparty that is expected to have the capacity to carry out the entire order within a reasonable time at an average price that is advantageous to the Client. It may be in the best interest of the Client to place the entire order at a seemingly less favorable price than placing a small part of the order at a better price, to avoid driving the price in an unfavorable direction for the Client.

The type of order (OTC): DAM has the obligation to check the fairness of the price proposed to the client when executing orders or taking decisions to deal in OTC products, including bespoke products, by gathering market data used in the estimation of the price of such products and, where possible, by comparing with similar or comparable products.

This is an ex-ante assessment performed by DAM that takes place prior to the execution of the order. Furthermore, any pre-trade checks or processes will be included in DAM's review and monitoring of its best execution arrangements. DAM will therefore keep records and documentation to evidence this as part of our ongoing monitoring of best execution.

In the case of large OTC orders, DAM might choose to only access/request quotes from one/very few counterparties/venues. This is to hinder leakage of information about the trade and hence result in unfavorable price movements.

Speed: Normally, the price of the financial instrument and the ability of the Counterparty to execute the order are more important than the speed of the execution of the transaction. DAM's management of Clients' portfolios is generally focused on long-term investments in liquid financial instruments. In some situations, speed may be given priority, for instance if the price for a particular financial instrument is anticipated to decline. In such a situation, speed is important to achieve the best average price for the financial instrument.

Other relevant factors for the Client: In addition to the criteria mentioned above, DAM may also take into consideration other aspects relevant for the Client when placing orders. The criteria referred to above shall always apply when placing orders on behalf of Clients. Portfolio managers/the Central Dealing Desk (CDD) are also obliged to evaluate whether the Counterparty used in the individual transaction has obtained Best Execution.

This is done twice a year. Where the Counterparty does not take responsibility for Best Execution, the portfolio manager/CDD has to place the order with a Counterparty that is competitive based on the relevant factors stated in this section.

When placing orders on behalf of mutual funds, DAM is also obliged to take into consideration the fund's objective, investment strategy and risk profile.

Evaluation and selection of Counterparties

The Counterparty Approval Committee in DAM shall regularly assess all Counterparties in relation to the results they have obtained for DAM's Clients, based on the factors set out in section 4. The Committee shall submit proposals for replacement of Counterparties.

Annual updates

The Counterparty Approval Committee in DAM is obliged to annually review, and if required, revise these guidelines. The guidelines are approved by the Board of Directors in DAM.

Change log

Date	Version number	Comments / changes
03.09.2025	Version 1.0	New template for publication on website

DNB