

Best execution policy

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Best execution policy

1. Purpose and scope of the best execution policy

The purpose of this best execution policy (the “**Policy**”) is to describe the framework under which DNB Asset Management S.A. (hereafter, “**DAM**”) monitors the proper execution, handling and transmission of orders in financial instruments on behalf of the funds it manages (the “**Funds**”), in compliance with the relevant legal and regulatory requirements applicable to its activities and in particular (i) the Luxembourg law of 10 December 2010, (ii) the regulation CSSF 10-04 and (iii) of the CSSF circular 18/698.

2. Introduction

DAM does not currently perform itself any portfolio management activities subject to best execution and order allocation rules but delegates this activity to portfolio manager(s) (the “**Portfolio Manager(s)**”).

In this context, DAM remains fully responsible for the overall portfolio management function, and ensures that proper arrangements are in place for obtaining best possible results for the Funds. In particular, best executions as well as order handling processes are therefore assessment criterion for the initial due diligence as well as the ongoing monitoring of the Portfolio Manager(s).

3. Appointment of Portfolio Manager(s)

Prior to any appointment, the Portfolio Manager is subject to:

1. Assessment/approval by the management committee, as described in the “New products and business relationships approval procedure”;
2. Initial due diligence process, as described in the “Delegation oversight policy and procedure”. During the initial due diligence, the Portfolio Manager best execution and order handling policy is reviewed. In this context, DAM makes sure that the Portfolio Manager’s best execution and order handling policy follows DNB ASA best execution principles as defined in “DNB ASA order execution policy” as well as local market practices, and that no provision therein is unacceptable for DAM; and
3. Set up of contractual arrangement between DAM and the Portfolio Manager, as described in the “Delegation oversight policy and procedure”. DAM contractually ensures that the Portfolio Manager contractually have to comply with the provisions described in this policy.

4. Best execution and order allocation monitoring

As part of its overall controls framework covering the delegation of the portfolio management function, the conducting officer in charge of the portfolio management function (the “**Conducting Officer**”) performs controls on (i) the quality of execution and on (ii) the application of order allocation rules.

For the purpose of the above, (i) the Conducting Officer liaises with each of Portfolio Manager in order to obtain the necessary documentation to properly perform its controls and (ii) the Portfolio Manager provides to DAM on a semi-annually basis a set of KPI such as:

- Number of exceptions and related financial impact;
- Number of new counterparts used to execute transactions
- Outcome of the regular assessment of the counterparts (e.g. number of issues identified, scoring per assessment criteria (for example: transaction costs, likelihood of execution, order type, order size, execution speed))

The outcome of such controls is reported semi-annually to the management committee and the board of directors by the Conducting Officer.

In addition, a description of the controls carried out by DAM and of any remedial actions taken or to be taken is included in the annual compliance report.

Further information on the processes of monitoring of delegates is included in the “Delegation oversight policy and procedure”.

5. Reporting to investors

Upon reasonable and proportionate request from any investor the Funds, DAM may provide information on the Policy or on the terms of execution of a particular order.

6. Review

This Policy will be reviewed annually, and especially in case of any major change to the organisational structure of DAM, to the content of the DNB Group relevant policies, and in case of amendment to any laws, regulations and guidelines applicable to DAM.

The Management Committees reviews periodically the modification of DNB Group guidelines and approves as required the transposition of such modification in this policy.