

STRATEGY OF PERFORMANCE OF INSTRUCTIONS (BEST EXECUTION POLICY)

1. Basic information on the bank

BUSINESS NAME AND OFFICIAL ADDRESS

UniCredit Bank Czech Republic and Slovakia, a. s., Želetavská 1525/1, 140 92 Prague 4 – Michle, Id. No.: 649 48 242, registered in the Commercial register kept by the Municipal court in Prague, section: B, file No.: 3608

ORGANISATIONAL UNIT:

UniCredit Bank Czech Republic and Slovakia, a. s., the branch of the foreign bank, Šancová 1/A, 813 33 Bratislava, Id. No.: 47 251 336, registered in the Commercial register kept by the Regional court in Bratislava I, section: Po, file No.: 2310/B
(hereinafter only as the “Bank”)

CONTACTS

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COMMUNICATION

The bank communicates with the client primarily in the Slovak language. In individual cases, it is also possible to negotiate for a business relationship with a client or other service provider the use of a language other than Slovak.

The communication between the Bank and the client in the performance of the relevant investment service, in particular regarding the giving of instructions, is carried out personally at the bank's business site, in principle in writing or, if expressly agreed upon, by telephone, fax or other electronic form. The Bank is authorized to make a record of the communication with the client. Specific rules for instructions given by the client, including the possible other forms of communication, are governed by the relevant contract or business conditions for the provision of the investment service.

2. Strategy of performance of instructions

The Bank has the obligation to implement and subsequently follow the Strategy of performance of instructions (hereinafter only as the “Strategy”). Such obligation is levied to the Bank, being the trader of securities, results from § 73p and subs. Act No. 566/2001 Coll. on securities and investment services and changes and amendments of some acts as amended (hereinafter only as the “Act”) based on the transposed Directive of the European Parliament and the Council 2014/65/EU on markets with financial instruments (hereinafter only as “MiFID II”) and the Delegated directive of the Commission (EU) 2017/565.

2.1 Purpose and scope of the Strategy

According to MiFID II, in the performance of client's instructions, the Bank endeavours to achieve the maximum possible results for the client. For this purpose, in the interest of clients and investors, it has developed this Strategy of performance of instructions.

The Strategy of Performance of Instructions is a summary of policies and rules under which the Bank proceeds to treat the instruction of by the client to whom it provides the specified investment services in the Strategy. The purpose of the Strategy is to establish binding rules for the Bank and its employees to ensure that clients' instructions regarding financial instruments, in the provision of the Bank's investment service, are always executed under predefined conditions and that the best conditions are met when the client's instruction is performed.

The strategy applies to all client categories (professional client, nonprofessional client, eligible counterparty). However, it is not excluded that certain sites of performance require some specific criteria of instructions (for ex. the Volume) and therefore they may only be available to certain groups of clients.

The Strategy contains rules for:

- a) the performance of client's instruction under the best conditions,
- b) the referring of the client's instructions and
- c) performance of instructions at its own account.

3. Principle of the best possible performance of the instruction (so-called Best Execution)

When reception, referring and the performance of client's instructions we take the necessary steps and actions in order to achieve the best possible outcome for the client's account. Depending on the fact whether or not we receive a specific instruction from the client, we proceed in the following ways:

- a. the client does not give any specific instructions – we take into account the following items in order to achieve the best possible result:
 - costs of the financial instrument
 - costs related to the performance of instruction
 - the promptness of the performance of instruction
 - the likelihood of the performance or settlement of a business
 - the size and the nature of instruction
 - other relevant criteria relevant to the performance of instruction.
- b. the client gives a specific instruction – we act in accordance with this specific instruction and the achieved result is considered as the fulfilment of the obligation to obtain the best possible result for the client. In the case of a specific instruction, the client must be aware that thus he/she can prevent us to act in accordance with the procedures of our Strategy to achieve the best possible result. At this time, we follow the client's instructions and we are not responsible for the achievement of the best possible result according to the implemented Strategy.

Criterion	Procedure and interpretation of the criterion	Order of importance
costs	In the case of a purchase of a financial instrument, the lowest price is decisive, the highest price is decisive for the sale. The Bank examines the pricing mechanisms of the site of performance in order to determine whether the site of performance is favourable in terms of price. The quality of the price especially depends on the number of market participants, the orientation on the main exchange (the principle of the reference market), etc.	1
Costs related to the performance of instruction	When choosing the site of performance the Bank takes into account the total cost that the client will incur. The lower volume of costs in total is decisive. If the client's instruction can be performed at more than one site and the total amount of fees to third parties charged to the client would be equally beneficial to the client, the amount of the fees would be decisive.	2

quality (credibility) of the site of performance, including the person ensuring the settlement	In accordance with its own risk management policies, the Bank assesses the sites of performance, including the settlement in terms of the quality of their services (market depth, liquidity, number of participants, regulatory environment), credibility, history, financial stability, etc.	3
Promptness of performance of instruction	The higher promptness of the performance of instruction is the priority, including the promptness of the settlement of instruction.	4
Probability of the performance of instruction	The Bank assesses the current market depth, liquidity, settlement algorithms, suitable open market segments, etc.	5
volume	The bank takes into account the volume of the required trade in terms of conditions or limits at the individual sites of performance. If the volume is sufficient, the Bank will use the more advantageous market segments of the sites of performance.	6
Nature of instruction	Specific instructions in terms of limit instructions, stop losses, and so on. The Bank enters the market in accordance with the conditions and rules set out by the site of performance.	7

4. Criteria for the performance of the client's instruction

If the client instruction does not contain any specific instructions, we take into account the factors stated in 3a. When evaluating the significance of each parameter, we take into account these facts:

- the characteristics of the client who gives the instruction (including its category - professional or nonprofessional client),
- the nature of the instruction,
- the characteristics of the financial instrument that is the subject of the instruction,
- the characteristics of the site of performance to which the instruction may be referred.

If the Bank performs an instruction on the client's account, the best possible outcome shall be determined in terms of total performance compound of the cost of the financial instrument and the costs related to the execution of the instruction incurred by the client directly in relation with the performance of instruction, including performance site fees, settlement fees, and settlement and any charges payable to third parties involved in the performance of instruction.

The Bank is entitled to refer the client's instruction to a third person which may be the sole person authorized to perform investment services, i.e. so - called securities broker, bank. This third party is required to have its internal strategy of performance to which the Bank is entitled to rely on. Those third parties to whom the Bank refers the instructions of its clients are listed in the Annex to the Strategy and are subject to the same monitoring and evaluation as the other sites of performance.

5. Site of performance of the client's instruction

At each performance of the client's instruction we choose, in accordance with our implemented Strategy, the site of performance at which we are able to achieve the best possible result. The sites of performance venues can be:

- (a) regulated market,
- (b) multilateral trading system,
- (c) organized trading system,
- (d) systematic internaliser,
- (e) market maker or other liquidity provider established in an EU member state; or
- (f) person or financial instrument market established in a non-EU country and carrying out the similar activity to one of the entities referred to in points (a) to (e).

The list of sites of performance used by the Bank is given in the appendix to this document. At the same time, the Bank reserves the right, in cases where it deems appropriate in connection with the Strategy, to add or withdraw specific sites of performance. The Bank regularly reviews this list of sites of performance in view of the facts that affect the choice of the site. The current list of performance sites is available at the Bank's website **www.unicreditbank.sk**.

By this Strategy the Bank explicitly states that it is authorized to execute client's instructions outside the regulated market, outside the multilateral trading system and outside the organized trading system.

If there is more than one competitive site for the performance of financial instrument Instruction, the commissions and costs incurred by the Bank in the performance of instruction are regarded for every site of performance specified in the Strategy and available for the performance of instruction.

At the same time, the Bank undertakes not to receive any reward, discount, or nonmonetary advantage for directing the clients' instructions to a particular site of business or performance.

6. Rules for the performance of client's instruction

When performing the client's instructions, the Bank is required to comply with the following terms and conditions:

- to ensure that instructions performed on behalf of the client are quickly and accurately recorded and allocated;
- to perform otherwise comparable client's instructions in exact order and promptly, except to cases when the features of the instruction or prevailing market conditions do not allow it or when it is not in the interest of the client;
- to inform an unprofessional client of any major difficulties related to the due performance of instructions as soon as they are discovered.
- to ensure the prompt and correct transfer of all financial instruments or client's funds received at the performance of instruction to the client's account,
- the prohibition of a misuse of information on unprocessed client's instructions and the obligation to take all appropriate steps to prevent the misuse of such information by any person.

For limited client's instructions related to shares received for trading on a regulated market or traded at the site of trade that are not performed immediately under prevailing market conditions, the Bank shall, unless the client expressly instructs otherwise, take measures to allow the earliest possible performance of this instruction by the immediate publication of this client's limited instruction in a way that allows the easy access for other market participants. The Bank can fulfil this obligation by referring of the client's limited instruction to a trading site.

7. Merging and allocation of instructions

The client's instructions or trades at own account can be merged with instructions of another client only in following cases:

- it is unlikely that merging of instructions and trades will generally be disadvantageous for any of the clients whose instructions are to be merged,
- every client whose instruction is to be merged has been informed that the effect of the merger in relation to a particular instruction may be disadvantageous to him/her,
- there is an established and effectively implemented policy for allocation of instructions that ensures a fair allocation of merged instructions and transactions, including the way how the volume and the price of instructions determine the allocation and the treatment of partial performance of instructions.

If the merged instruction is partially performed, the subsequent allocation shall take place in terms of this point.

If the Bank merges transactions on its own account with one or more client's instructions, it may not allocate related transactions in a manner that harms the client.

If the Bank merges a client's instruction with a transaction on its own account and the merged instruction has been partially performed, it preferentially allocates the related transactions to the client.

However, if the Bank is unable, on reasonable grounds, to demonstrate that without such a merger it could not perform the instruction on such favourable terms or at all, it may proportionally allocate the transaction on its own account in accordance with its policy of allocation of instructions.

8. The best way of performance of instruction based on groups of financial assets

In this section, we will approach the individual procedures for the performance of instructions for each type of financial instruments.

8.1 Shares

The Bank shall take over the client's instruction and subsequently select the counterparty, the country of performance, a stock exchange on which it is possible to trade in a given currency based on the currency in which the limit price for the purchase/sale of shares is entered or in which the advance is paid for the purchase of shares. If a given currency is traded simultaneously in several countries, or on multiple exchanges in one or more countries, the Bank decides according to the following order:

- the most advantageous realization price – it selects the market where the most advantageous realization price can be achieved for the client, i.e. the lowest purchase price and the highest selling price;
- cost minimization - if there are two or more markets with the same realization price, then the amount of fees on the given market is decisive so that the client's instruction is performed at the lowest possible costs of trade;
- liquidity - if there are two or more markets with the same transaction costs, the Bank decides on the basis of the liquidity of the market. The higher priority is given to the market with larger traded volume of securities.

8.2 Bonds

The Bank shall take over the client's instruction and subsequently select the counterparty in the following order:

- the most advantageous realization price - the Bank finds the most advantageous realization price, i.e. the lowest purchase price and the highest selling price quoted by securities traders
- cost minimization - in case there are two or more sources with the same realization price, the Bank decides on the basis of fees of the respective securities trader, respectively of the investment company in order to execute the client's instruction at the lowest possible cost of trade;
- liquidity - if there are two or more markets with the same transaction costs, we decide on the basis of the liquidity of the market.

8.3 Investment certificates

The Bank accepts the client's instructions for investment certificates, and subsequently, without undue delay, it performs or proceeds to execute the instruction in the appropriate site of performance (see the Annex Sites of performance of instruction). In some cases, the Bank merges client's instructions, but subject to the condition that it is unlikely that this merger would be disadvantageous to any of the clients whose instructions are merged.

8.4 Allotment certificates

The Bank receives the client's instructions regarding the allotment certificates by type of product under a framework contract for trading with foreign financial instruments, their administration or safekeeping, a commission contract to ensure a purchase or sale of a security, a contract for the purchase or sale of a security, a contract for mediation of sale or purchase of a security, or a contract on investment savings and subsequently it performs these instructions or proceed to realize at the relevant site of performance (see the Annex of Sites of performance of instructions) according to the domicile and administering company of the relevant share fund, this no later than one working day after the receipt of a full and valid instruction from the client at the bank's site of business in accordance with conditions agreed with the client. In some cases, the Bank merges client's instructions, but subject to the condition that it is unlikely that this merger would be disadvantageous to any of the clients whose instructions are merged.

8.5 Trading with OTC derivatives

The Bank concludes the OTC derivative transactions on an individual basis. The Bank concludes these transactions on its own account and therefore the transaction with a client concluded against the Bank's own account is the result of mutually agreed individual parameters. The Bank's offer is primarily based on the current market situation and appropriately based on the credit assessment of the client and other similar individual variables. In this case, the Bank itself is the site of performance of the instruction and the criteria for the performance of instruction are set by a bilateral agreement between the contractual parties.

9. Summary accounts

We hold the financial instruments (securities) owned by the client on the basis of contractual relations in the summary accounts at the Central Depository of Securities of the Slovak Republic, a.s. and on summary accounts at foreign securities administrators. Thus the Bank fulfils the legal obligation to separate client assets from the Bank's assets. The financial instruments (securities) owned by the client cannot be used by the Bank without the express prior consent of such client for the performance of transactions for the bank's own account, respectively on behalf of another client.

10. Monitoring, assessment and update of the Strategy

Effectiveness of the Strategy and measures for the performance of instructions are monitored by the Bank to identify and remedy shortcomings. We update the Strategy at least once a year and in case of substantial changes that affect the Bank's ability to obtain the best possible result for our clients. The Bank evaluates whether the site of performance included in the instruction allow it to get the best possible result for the client and whether any changes need to be made. The client shall be, in the usual manner, informed by the Bank in a timely manner on any substantial changes to its measures for the performance of instructions and the Strategy.

11. Cases when the Strategy is not applied

The following cases are not considered by the Bank as the performance of client's instructions in connection with the Strategy, i.e. following cases in which the Strategy will not be applied:

- the client is categorized as an eligible counterparty,
- referring of client's instruction that contains a specific client's instruction,
- notification of the price at which the Bank is willing to buy or sell a financial instrument,
- the client's request for a direct quote of a financial instrument,
- negotiating with the client about details of the transaction executed on the Bank's account,
- such as, for example, deposits, credit products, spot operations and other non-financial products under MiFID II.

12. Conclusion

The Bank continuously monitors the effectiveness of its measures to perform instructions and of the Strategy of performance of instructions in order to identify and remedy shortcomings, in particular it assesses the effectiveness of the Strategy of performance of instructions, and whether the included site of performance enables it to obtain the best possible result for the client and whether it is necessary to make changes to its measures for the performance of instructions. The Bank shall also review the rules for the execution of instructions whenever there is a significant change affecting the ability to execute the order under the best conditions for the client, at least once a year.

Once a year the Bank prepares and publishes:

- (a) the summary of information on five best sites of performance from the point of view of trading volumes on an annual basis where the client's instructions were executed in the previous year; and
- (b) information on the achieved quality of performed instructions.

The Bank will disclose all information regarding the Strategy of performance of instructions through its website <https://www.unicreditbank.sk/sk/ostatne/mifid.html>

At client's request, the Bank demonstrates that it has performed its instructions in accordance with the Strategy of performance of instructions.

In Bratislava on 3rd January 2018

ANNEX

Sites of performance of instruction

TITLE	COUNTRY	MIC code
Australian Stock Exchange	Australia	XASX
Euronext Brussels	Belgium	XBRU
Nasdaq OMX Copenhagen	Denmark	XCSE
Berlin Stock Exchange	Germany	XBER
Düsseldorf Stock Exchange	Germany	XDUS
Frankfurt Stock Exchange	Germany	XFRA
Xetra classic Stock Exchange	Germany	XETR
Xetra Frankfurt 2 Stock Exchange	Germany	XETR
Hamburg Stock Exchange	Germany	XHAM
Hannover Stock Exchange	Germany	XHAN
Munich Stock Exchange	Germany	XMUN
Gettex	Germany	XMUN
Stuttgart Stock Exchange	Germany	XSTU
Nasdaq OMX Helsinki	Finland	XHEL
Euronext Paris	France	XPAR
Athens Stock Exchange	Greece	ASEX
London Stock Exchange	Great Britain	XLON
Hong Kong Stock Exchange	Hong Kong	XHKG
Jakarta Stock Exchange	Indonesia	XIDX
Irish Stock Exchange	Ireland	XDUB
Borsa Italiana	Italy	XMIL
Tokyo Stock Exchange	Japan	XJPX
Toronto Stock Exchange	Canada	XTSE
Luxembourg Stock Exchange	Luxemburg	XLUX
New Zealand Stock Exchange	New Zealand	XNZE
Euronext Amsterdam	Netherlands	XAMS
Oslo Bors	Norway	XOSL
Xetra Vienna	Austria	XWBO
Warsaw Stock Exchange	Poland	XWAR
Euronext Lisbon	Portugal	XLIS
Nasdaq OMX Stockholm	Sweden	XSTO
SIX Swiss	Switzerland	XSWX
SIX Structured Products Exchange	Switzerland	XSWX
Singapore Stock Exchange	Singapore	XSES
Madrid Stock Exchange	Spain	BMEX
Johannesburg Stock Exchange	South Africa	XJSE
Stock Exchange of Thailand	Thailand	XBKK
Prague Stock Exchange	Czech Republic	XPRA
Istanbul Stock Exchange	Turkey	XIST
Budapest Stock Exchange	Hungary	XBUD
NASDAQ	USA	XNAS
New York Stock Exchange	USA	XNYS

List of third persons whom the instructions can be referred to

TITLE	COUNTRY
FinecoBank S.p.A.	Milan
42 Financial Services	Prague
Finacor	Luxemburg
Carl Kliemm	Luxemburg
Wallich and Matthes	Vienna
Tullet Prebon Ltd	London
Kepler Equities (Suisse) SA	Nyon
ICAP Europe Ltd.	London
AFS Moneybrokers N.V.	Amsterdam
UniCredit Bank Austria AG	Vienna
ING Bank N.V.	Amsterdam
Slovenská sporiteľňa, a.s.	Bratislava
Tatra banka, a.s.	Bratislava
Všeobecná úverová banka, a.s.	Bratislava
ČSOB, a.s.	Bratislava
UniCredit AG	Munich
Prima banka Slovensko, a.s.	Žilina
Barclays Bank	London
WestLB	London
Deutsche Bank FFT	Frankfurt
Deutsche Bank	London
BNP Pariba	Paris
KBC Bruxelles	Brussels
HSBC	London
RZB	Vienna
Volksbank, a.s.	Bratislava
OTP Banka Slovensko, a.s.	Bratislava
Komerční banka Bratislava, a.s.	Bratislava
Commerzbank AG	London
Baader Bank	Frankfurt
UBS	London
JP Morgan Bank	Luxembourg
Reuters matching Tradition UK	London

Share funds

TITLE	COUNTRY
Pioneer Asset Management S.A.	The Grand Duchy of Luxembourg
European Fund Services S.A.	The Grand Duchy of Luxembourg
Pioneer Investments Austria GmbH	Austria
Pioneer Investments Kapitalanlagegesellschaft mbH	Germany
Amundi Czech republic Asset management, a.s.	Czech Republic
C-QUADRAT Kapitalanlage AG	Austria
CACEIS Bank Deutschland GmbH	Germany
Allianz Investmentbank AG	Austria
Allianz Global Investors Luxembourg S.A.	The Grand Duchy of Luxembourg
Allianz Global Investors KAG	Germany
Allianz Global Investors Ireland Ltd.	Ireland
Allianz Invest Kapitalanlagegesellschaft	Austria
PIMCO global Advisors (Ireland) Ltd.	Ireland
BNP PARIBAS INVESTMENT PARTNERS	The Grand Duchy of Luxembourg
NN Investment Partners	Netherlands
NN Investment Partners C.R., a.s.	Czech Republic
BROWN BROTHERS HARRIMAN S.C.A.	The Grand Duchy of Luxembourg
FRANKLIN TEMPLETON INTERNATIONAL SERVICES S.A.	The Grand Duchy of Luxembourg
Fidelity S. A.	The Grand Duchy of Luxembourg
BlackRock Investment Management Limited	UK
Schroder Investment Management Limited	The Grand Duchy of Luxembourg
Schroder Investment Management GmbH	Germany
Schroder Investment Management S.A.	The Grand Duchy of Luxembourg

Hedge funds

HSBC Securities Services S.A., The Grand Duchy of Luxembourg

Momentum AllWeather Strategies Limited, Bermuda

Pioneer Alternative Investment Management Limited, Bermuda

Pioneer Alternative Investment Management Limited, Ireland

Investment certificates

UniCredit Bank AG, Germany

Above stated sites of performance of instructions – Deutsche Boerse Xetra, Frankfurt Stock Exchange, Stuttgart Stock Exchange (EUWAX), Vienna Stock Exchange