

Best Execution Principles of UBS AG and other relevant UBS legal entities and branches within UBS Investment Bank

Please note the "Definitions" at the end of this document.

1. Purpose

UBS legal entities and branches within the Investment Bank division (collectively, «UBS») which are subject to the rules of conduct under the Swiss Financial Services Act («FinSA») as financial service providers are under the regulatory duty to adhere to the best execution obligation under FinSA and are thereby required to take all sufficient steps in order to obtain the best possible results when executing client orders or when receiving and transmitting orders. The aim of this document is to inform clients of UBS about the principles applicable to order execution at UBS.

Please note: In some regions UBS has defined Product General Procedures or regional specific terms that provide further details on when, where and how best execution is being delivered.

2. Scope of application

UBS's principles are to be applied in relation to trading financial instruments if UBS:

- receives and transmits client orders,
- or executes orders on behalf of clients

The principles for executing orders are applied if clients:

- are classified as a professional or retail client under FinSA.

The principles for executing orders are not applied if clients:

- are classified as an institutional client under FinSA; or
- may not legitimately rely on UBS to provide best execution (see section 7 "Legitimate Reliance"); or
- provide specific instructions according to which the best execution requirements do not apply.

3. Executing orders – Attaining the best possible result

Subject to client instructions when executing orders on behalf of clients and/or when receiving and transmitting client orders, UBS will take all sufficient steps to attain the best possible result for the client taking into account the criteria and factors set out below.

3.1. Execution Criteria

Unless the client has instructed otherwise, UBS considers the following criteria when executing orders:

- a. the client classification (either as a retail or a professional client);
- b. characteristics of the client order;
- c. financial instruments which are the subject matter of the order and
- d. the execution entities or venues to which that order can be directed.

3.2. Execution Factors

The factors (" Execution Factors") which UBS may potentially consider are:

- a) the price of the financial instruments which are offered by the intermediary or the venue where the order is executed; and
- b) the direct and indirect costs which are connected to executing financial instruments, including:

- i. all expenditures that arise, which are directly connected with executing the order;
- ii. fees relating to execution venues;
- iii. clearing and settlement fees;
- c) speed;
- d) the likelihood of client orders being executed and settled;
- e) size and nature of the order; and
- f) other relevant factors (such as market effects and implicit transaction costs).

4. Execution Venues

When acting as the Executor of Orders, UBS will choose Execution Venues and brokers whose services UBS uses which UBS considers to be the most appropriate to meet its Best Execution obligations.

UBS maintains a list of the main Execution Venues it uses for each Product Class. This list of Execution Venues is not exhaustive but comprises the Execution Venues that UBS considers enable it to obtain Best Execution and on which UBS places significant reliance. UBS reserves the right to use other execution venues if it determines, when taking the criteria and factors under section 3 into consideration, that they are appropriate venues.

UBS regularly monitors execution venues, in order to identify those places which continually enable the best possible result when executing orders. As a result, the list of execution venues will be updated with any changes when required.

For some Financial Instruments there may only be a single Execution Venue on which they can be traded. In these cases UBS will route Client Orders for such Financial Instruments to the relevant single Execution Venue and this will be regarded as achieving best execution with regard to the Execution Factors and Execution Criteria which depend on the venue selection.

For certain Financial Instruments UBS may determine that it can comply with its best execution obligations by solely using UBS and/or any of its affiliates as Execution Venue.

If necessary, UBS takes measures with regard to the commissions it charges in order to avoid unjustified disadvantages between the venues where the orders are executed

5. Selection of a venue where orders are executed

Subject to client instructions UBS pursues the following methodology when selecting a venue where orders are executed:

- UBS or another Execution Venue with whom UBS has entered into an arrangement for handling Orders which is not a Regulated Market, MTF or OTF (subject, where relevant, to the Client having provided its Prior Express Consent to execution occurring through or with UBS or the other Execution Venue);
- a Regulated Market, MTF or OTF of which UBS is a direct member; or
- a Third Party Broker or Connected Party who provides access to a Regulated Market, MTF or OTF of which UBS is not a direct member and with whom UBS has entered into an arrangement for the handling of Orders; or
- more than one Execution Venue if it is appropriate in light of the specifics of the Order and/or Client Instructions.
- Subject to the aforementioned conditions, UBS selects an execution venue that it deems the most appropriate in order to attain the best possible result for the client, which may include execution of trades outside of a trading venue. There may be additional risks such as counterparty risk when executing in this way.

For certain instruments, there may be only one single venue where orders are executed. For such financial instruments, UBS transfers the orders to the respective (single) venue where orders are executed.

6. Execution methods

Subject to express client instructions UBS executes orders in accordance with the following methods and/or combinations of methods:

- Outside of trading venue by means of:
 - i. a different legal entity of the UBS Group which itself, acts as an execution venue where orders are executed; and/or
 - ii. execution by a different broker and market maker

- directly in a regulated market or MTF or OTF, if UBS is not a direct participant in the relevant regulated market and/or MTF, with a third party, if there is an agreement for executing orders in this regulated market or MTF with this party.

Orders can be handled via various Execution Venues, wherein all relevant information is stated in the confirmation of trade and upon request, further information is available from UBS.

When executing orders or taking decisions to deal in OTC products including bespoke products, UBS shall check the fairness of the price proposed to the client, by gathering market data used in the estimation of the price of such product and, where possible, by comparing with similar or comparable products.

For avoidance of doubt, UBS is under no regulatory obligation to check the fairness of the price where clients do not legitimately rely on UBS to provide best execution (see section 7 "Legitimate Reliance").

7. Legitimate Reliance

Also in quote-driven markets, UBS will be considered as acting 'on behalf of the client' when executing its order. It will be the general expectation that clients legitimately rely on UBS for achieving the best possible result in accordance with the following criteria:

- a. Retail Clients will be considered to always legitimately rely on UBS
- b. Professional Clients will be considered to legitimately rely on UBS depending on the assessment of the following factors (the "Four-Fold Test"):
 - i. Which party initiates the transaction;
 - ii. Questions of market practice and the existence of a convention to 'shop around'
 - iii. The relative levels of price transparency within a market; and
 - iv. The information provided by UBS and any agreement reached.

Where appropriate, after assessment of the Four-Fold Test, UBS will apply the service of execution accordingly to professional client orders.

8. Client Instructions

UBS will take reasonable steps to execute Client Orders in accordance with the client instructions and execute Client Orders on the best available terms. However, if a client gives UBS instructions for the execution of the order or aspects of such execution, including specifying the characteristics of a bespoke Financial Instrument, UBS is released from its duty to achieve the best possible result on that particular part of the order and will execute the Client Order in accordance with the instructions. The client instruction may lead to the Client Order not being executed in the best possible way in the context of this Policy.

UBS may not execute orders and can reject orders that would potentially violate applicable regulation or threaten market integrity and/or potentially conflicts with market conduct rules.

9. Receipt and forwarding of orders

Subject to express client instructions UBS can transfer an order to another legal entity of the UBS group or to a

third party (e.g. an external broker) for execution if, with respect to UBS, this intermediary can prove that it has principles for executing orders which allow UBS to fulfill its obligations to trade in the best interests of its clients. At the same time, UBS must trade in the best interest of the client and adhere to the remarks in sections 3 and 4 above. After checking the principles and methods for executing orders relating to potential execution locations, UBS has reached the conclusion that the execution venues best enable UBS to comply with its execution obligations. UBS reserves the right to use other intermediaries if it deems these as suitable pursuant to these practices for handling orders.

10. Order Handling

UBS ensures that client orders are promptly and fairly executed in relation to other client orders and the trading interests of UBS.

In the execution of orders, UBS ensures that:

- a) all executed orders are promptly and accurately documented and assigned; and
- b) comparable orders are executed promptly and in the sequence in which they are received, unless the order characteristics or the prevailing market position makes this impossible or the interests of the client require a different procedure. Where practical, orders which are entered via several different media are processed with the aim of handling them in the sequence in which they are entered whenever possible.

Client orders or own account transactions are not executed together with other client orders unless:

- a) clients are not disadvantaged by the merging of orders and transactions;
- b) it will be explained to the client that in individual cases disadvantages may arise for him as a result of merging orders; and
- c) the provisions for allocating orders, as listed in these principles for executing orders, have been adhered to.

With reference to market and limit orders, UBS shall neither block nor cancel client orders for its own benefit or that of a third party.

11. Monitoring

UBS shall monitor adherence to these principles for executing orders.

12. Carrying out checks

UBS checks the principles for executing orders regularly and will inform clients of any material changes.

13. Best Execution Evidencing

Upon the request of a Client, UBS shall demonstrate to the requesting Client that a particular Client Order of theirs has been executed in accordance with the relevant best execution policies.



14. Definitions

Execution criteria - describe the criteria listed in section 3.1 of this document.

Execution factors - describe the factors listed in section 3.2. of this document.

Execution venue – describes a regulated market, a MTF, an SI, an OTF, a market maker or different liquidity provider and/or a unit which realizes a similar task to one of the aforementioned instances.

Financial instruments – include, but are not limited to:

- i. Exchange Traded Cash Equities & Exchange Traded Funds
- ii. Bonds and money-market instruments
- iii. Securitised derivatives
- iv. Exchange Traded Derivatives
- v. Non-securitised derivatives (excluding Exchange Traded Derivatives)
- vi. Foreign Exchange spot transactions (only to the extent they are connected to a transaction in another Product Class subject to Best Execution obligations)
- vii. Shares in investment funds (excluding Exchange Traded Funds)

Multilateral trading system ("MTF") - describes a multilateral system operated by an investment firm or a market operator, which brings together multiple third-party buying and selling interests in financial instruments in a way that results in a contract.

Order – Client Orders are the expressed wishes of a Client to trade a Financial Instrument which is accepted by UBS for execution or for passing on to a third party. This includes the instruction to buy or sell Financial Instruments and includes any additional conditions such as limits, strategies and booking instructions.

Organised Trading Facility ("OTF") - means a multilateral system which is not a regulated market or an MTF and in which multiple third-party buying and selling interests in bonds, structured finance products, emission allowances or derivatives are able to interact in the system in a way that results in a contract.

Regulated Market ("RM")– describes a multilateral system operated and/or administered by a market operator which consolidates or promotes the consolidation of the interests of a large number of third parties in the purchasing and selling of financial instruments within the system and according to its rules which, in such way, works properly and leads to a contract in relation to financial instruments which have been approved for trading in accordance with the rules and/or the systems of the market and which have received an approval.

Systematic Internaliser ("SI") means an investment firm which, on an organised, frequent systematic and substantial basis, deals on own account when executing client orders outside a regulated market, an MTF or an OTF without operating a multilateral system.

Total consideration means, as defined in FINSA, the price for the financial instrument and all external costs associated with execution of the order.

Trading Venue means a regulated market, MTF or an OTF.