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**A. BASIC INFORMATION CONCERNING MiFID**

1. General declarations

The MiFID (Markets in Financial Instruments Directive) is an EU Directive aimed at harmonising the financial markets and increasing transparency in the European single market. MiFID I came into force in November 2007 and was transposed into national law. MiFID II came into force on 3 January 2018, and it was likewise transposed into national law with effect from 3 January 2018. MiFID is a framework document explaining the principles and aims of **Nordlux Vermögensmanagement S.A.** (hereinafter referred to as “Nordlux VM” or the “company”). MiFID gives clients certainty that securities transactions are always subject to identical rules throughout Europe. All providers of securities services (banks, portfolio managers and investment advisers) must comply with this Directive, including those which have already voluntarily committed themselves to a high level of transparency. MiFID is designed to harmonise investment transactions carried out by private and institutional entities within the EU, but also beyond its borders. This is to be achieved through:

- uniform protection of clients
- a competitive market that requires identical conditions for all European places of execution and participants
- increasing the efficiency of the capital markets
- strengthening the European financial market
- improving market liquidity

2. List of measures

To improve investor protection, all providers of securities services are legally obliged to classify their clients into one of the following client categories according to their need for protection:

- a. private clients/small investors
- b. professional clients
- c. eligible counterparties (Nordlux VM does not use this category)

Different levels of requirements apply to these groups in respect of disclosure and good conduct obligations as well as differing rules in relation to advisory services and the execution of securities transactions.

- To facilitate cross-border services, investment firms established in the European Economic Area are issued with a “European Passport”. This passport means that the licence of a securities services provider is valid in all the other EU Member States.
- For advisory services, some client information must be obtained with the help of the client. Nordlux VM must ensure that transactions match the client's investment objectives including his risk tolerance levels, his financial circumstances including his ability to bear losses, and his knowledge and experience.

It is necessary to have full information in order to ensure that the advice given is appropriate and adequate.

- Each securities service provider executing securities transactions must define a best execution policy. This is to ensure that financial products are always acquired or sold at the best acquisition and sale price for the client. In principle, banks determine which places of execution etc. are selected, and they periodically monitor the selection criteria and provide evidence of them to the responsible supervisory authority. This is designed to ensure that the trading venue has been selected in the interests of the client and is not chosen, for example, based on the

level of commission offered. Detailed information is available in the enclosed Annex 3 "Basic principles governing the selection of entities to execute orders in financial instruments under an asset management and administration agreement (Best Execution Policy)".

- Nordlux VM does not execute securities orders for clients. It accepts orders and passes them on to executing banks for execution. For this reason, the "best execution" provisions only apply in a nuanced form. Nordlux VM complies with its obligation to act in the client's best interests if it passes execution orders on to executing banks only if those banks comply with at least the following requirements. This applies both to private clients and to professional clients.
- Regarding this, Nordlux VM has established the following principles concerning the selection of executing banks:
  - a) Nordlux VM shall pass on execution orders to the bank holding the account and securities account for the client if this allows that bank to achieve the best possible outcome for the client in most cases.
  - b) Nordlux VM checks that the executing banks apply the relevant provisions of financial markets legislation for the most cost-effective execution of orders. The executing banks must have issued principles relating to the best execution policy.
  - c) Nordlux VM shall ensure that the execution principles of the executing bank (best execution policy) are made available to clients. Nordlux VM shall regularly verify the quality of performance by the executing entities.
- Nordlux VM must take effective measures to recognise conflicts of interest arising in the provision of securities services and ancillary securities services, and it must avoid jeopardising the interests of its clients. Nordlux VM must specify its own principles on conflicts of interest and put in place suitable measures to avoid conflicts of interest (cf. Section H and Annex 1).
- Securities services providers may accept inducements, refunds, sales fees and income – hereinafter referred to as inducements of any kind – including fees, commissions and other cash and non-cash benefits from third parties, or allow the granting thereof to third parties, subject to meeting certain requirements (cf. Section K and Annex 2).
- In the case of securities services and ancillary securities services, the costs and ancillary costs of all associated fees, commissions, remuneration and expenditure must be disclosed to the clients.

### 3. Notes regarding investment advice

#### 3.1 Type of investment advice

MiFID distinguishes between independent investment advice and non-independent investment advice.

In the case of independent investment advice, the service provider must not accept any monetary inducements from a third party which is not a client in relation to the service or which has not been appointed by the client for this purpose. If monetary inducements are accepted, which is only permissible under certain conditions, they must be paid over to the client in full as quickly as is reasonably possible after they are received. The service provider may only be paid by the client. In addition, in the case of independent investment advice an adequate range of financial instruments that are offered in the market must be considered which are sufficiently diversified

in terms of their type and the issuer or provider, and which are not restricted to financial instruments that are issued or provided by the advising securities services provider itself, or whose providers or issuers are closely connected to the securities services provider, or which otherwise have such a close legal or economic connection to it that the independence of the advice could be jeopardised as a result.

However, in the case of investment advice in connection with financial instruments that is not independent investment advice, the company may accept inducements if this is permitted according to the MiFID II rules.

In this connection, the company should like to draw the client's attention to the fact that it does not currently provide any independent investment advice according to the MiFID II rules. The company provides, receives and retains monetary and non-monetary inducements in connection with financial instruments transactions. The client can find details of this in the section which provides information about handling conflicts of interest, and in agreements concerning the client's waiving of the return of sales remuneration (in this regard see also in particular the "General Information for Clients regarding Financial Inducements" under Point 5). Before providing a securities service, the company will inform the client of the existence, nature and scope of the financial fees which it provides, receives and retains (in this regard refer to Point N and Point 5. of the "General Information for Clients regarding Financial Inducements"), or if the scope cannot be determined, it will disclose the means used to calculate them. The company will also provide the client with details of the financial inducements upon request.

### 3.2 Range of investment advice services (investment universe)

For the purposes of providing investment advice to clients, the company selects specific financial instruments (also referred to here as the "investment universe"). Financial instruments other than those within the investment universe are not available for providing recommendations (purchase, sales and retention recommendations).

The following types of financial instruments are considered within the investment universe:

- shares which are listed on German and foreign indices (e.g. DAX, Dow Jones, NASDAQ etc.)
- open-ended securities funds, including equity, bond, money market, raw materials and balanced funds as well as exchange traded funds (ETFs) and exchange traded commodities (ETCs). These include in-house funds (funds that are set up and managed by Nordlux VM) as well as funds of other fund providers. The company maintains cooperation agreements with the fund providers or the custodians in whose client securities accounts the funds are kept, and it also receives sales commission for doing so; these agreements relate to the sale and/or holding of these financial instruments.
- open-ended real estate funds of providers with which the company or the respective client's custodian maintains cooperation agreements in relation to the sale or holding of these financial instruments, and also receives sales commission for doing so.
- bonds provided by various issuers, principally public issuers, banks and industrial companies
- structured securities including structured bonds and certificates of various kinds in relation to which the company, either directly or via sales partners, maintains cooperation agreements relating to the sale of structured securities and also receives sales commission for such activities.

The company's investment universe is subject to change. Therefore the company may decide to no longer provide advice for the client about individual types of financial instruments, or not to do so to the extent stated above.

The investment universe of equities and bonds only includes those equities and bonds which have already been approved for sale on a stock exchange.

In the provision of investment advice, preference is given to providing advice about specific financial instruments and issuers. In the field of investment funds, preference may in particular be given to providing advice about those which are managed by Nordlux VM.

- In addition, the company points out that there are limitations regarding the provision of investment advice: the risk disclosure and advice discussions always take place on a euro basis, which is reflected, among other things, in the company's risk classification of the financial instruments taking account of the client profile. Account should be taken of this fact in particular if the client's domestic currency is not the euro. The allocation of a financial instrument to a risk class takes no account of the client's personal situation, for instance the question of whether it funds its purchases of financial instruments through loans. The client profile is based on the income that the client expects to earn, and on his risk appetite.
- The client may obtain detailed advice from Nordlux VM (i.e. case-specific, no long-term advice) concerning securities transactions (e.g. the purchase or sale of securities or capital measures such as capital increases) in relation to the company's investment universe. However the advice does not include any ongoing market monitoring once the advice has been given and the transaction has been concluded. The company is consequently not obliged to continuously monitor the account, the securities account or individual securities within the client securities account once the advice has been provided and the transaction has been concluded. This also means that the timing of potential advice discussions and the provision of portfolio overviews is independent of the actual performance of the securities account / investment / individual stock. There is an exception in relation to the legally prescribed loss threshold reporting (see Section F "Scope and frequency of reporting").

The company is also not obliged to provide as part of the investment advice any regular assessment of the suitability of the financial instruments or any regular reports on the suitability of the financial instruments, and it does not do so. Therefore the client himself should monitor the client securities account and the financial instruments that are kept by the client in the securities account.

### 3.3 No advice on investment of fees

The advice provided by the company does not constitute independent fees investment advice.

### 3.4 No legal and tax advice

The company does not provide any legal / tax advice.

**B. CONTACT ADDRESS OF Nordlux VM**

Business address:

Nordlux Vermögensmanagement S.A.  
23a, rue Edmond Reuter  
L-5326 Contern

Phone: +352 26 198 1  
Fax: +352 26 198 307

Email: [kontakt@nordlux-vm.lu](mailto:kontakt@nordlux-vm.lu)  
Website: [www.nordlux-vm.lu](http://www.nordlux-vm.lu)

Trade and companies register:  
R.C.S. Luxembourg B 193207

**C. LANGUAGE AND MEANS OF COMMUNICATION**

Nordlux VM clients have the option to communicate with us face-to-face or by phone, email, fax or letter in German or English. Subject to written agreement, orders may also be communicated personally, by phone, email, fax, or in written form. Nordlux VM always produces all documents in German. Information that is communicated by third parties and is intended for clients shall be forwarded in the language in which Nordlux VM received it.

**Information about the recording of telephone calls and electronic communication**

As from 03/01/2018 the company is legally obliged to record telephone calls and electronic communications (e.g. email) with its clients which relate to the provision of securities services and the acceptance, transmission and execution of client orders. The company is under a duty to make recordings even if the telephone conversation or electronic communication (e.g. email) does not lead to the concluding of such a transaction for the provision of a securities service. In order to be sure that the above requirements are met, as from 03/01/2018 the company will record all the telephone calls and electronic communications (e.g. email) between itself and its clients.

The recording is intended, among other things, to ensure that it is possible to prove the conditions of an order issued by the client and its conformance to the transaction carried out by the company. The recording duty is intended to improve investor protection and market monitoring, and to create legal certainty in the interests of the client and the company.

The recording duty also applies to telephone calls and electronic communications between the company and the client's authorised agent.

If a client or an authorised agent does not agree to the recording, it cannot use the company's securities services by telephone or via electronic means of communication. However, these clients may continue to access the company's securities services at its premises or via written (non-electronic) means of communication.

The company will provide a copy of the recording to the client on request. The company is legally obliged to retain the recordings for five years, or if a corresponding instruction is issued by the responsible supervisory authority, for up to seven years as from the date of the telephone conversation or electronic communication. The client may consult his advisor about this.

In the case of personal meetings with clients in relation to securities services, the company is obliged to draw up discussion minutes on a permanent data medium which include at least the following content:

- the date and time of the meeting,
- the meeting venue,
- personal details of those attending,
- the initiator of the meeting, and
- important information about the order, e.g. price, scope, order type, and the timing of the forwarding or execution that has to be undertaken.

**Agreement to the use of electronic media to issue information about financial instruments and securities services**

The client may declare his agreement to the information about financial instruments and securities services being provided to him via the electronic media of his choice. This information includes in particular: the respective product information sheet relating to financial instruments, the respective “Key Investor Information Document”, the respective “Basic information sheet”, the respective “Sales prospectus”, the respective annual or semi-annual report, and any information relating to financial instruments that is issued by the company or issuers, such as fund portraits (information about funds), client presentations, and the “Basic information about securities and other capital investments”, the information about the company and its financial instrument transaction services, and if applicable further pre-contractual information as well as the suitability protocol relating to investment advice, and information about the costs of executing/brokering securities and foreign exchange transactions. The information may be provided via the following electronic media: CD-ROM, DVD, email, fax, internet ([www.nordlux-vm.lu](http://www.nordlux-vm.lu)), electronic mailbox.

The provision of information via electronic media is of particular relevance in relation to the provision of securities advice and/or the issuing of orders over the telephone, so as to ensure that the client has access to the necessary product documents during the telephone call.

N.B.: the information about financial instruments and securities services includes important information, in particular regarding the methods of operation and the risks and costs of the financial instruments, which the client should consider before making a corresponding investment decision. If the client does not take note of it, he waives important information which should be provided to him for his protection according to legislation.

**D. LICENSING AND COMPETENT SUPERVISORY AUTHORITY**

Nordlux VM has been given written approval under Article 2 of the Law of 5 April 1993 on the financial sector to conduct banking business by the Minister responsible for the Financial Services Industry Regulatory Commission. The competent supervisory authority is the Commission de Surveillance du Secteur Financier (CSSF), 283, route d’Arlon, L-1150 Luxembourg.

**E. INTERMEDIARIES**

In connection with the provision of our services, Nordlux VM may operate with intermediaries that are controlled by a supervisory authority within the territory of the EU. Furthermore, Nordlux VM may collaborate with intermediaries which refer clients and business transactions to the company.

**F. SCOPE AND FREQUENCY OF REPORTING**

The MiFID requirements provide for reports to be sent to clients at regular intervals concerning:

- the execution of the orders which do not relate to portfolio management,
- the execution of orders relating to portfolio management,
- and lists of client financial instruments together with their respective market value and client monies

The information to be transmitted and the reporting frequency will depend on the nature of the service provided and the type of client (private or professional client). Private clients of Nordlux VM shall in principle receive immediate reports on the execution of their orders by the respective custodian.

Upon request the client will be provided with a list of his assets at any time.

As part of its financial portfolio management/asset management duties, the company will provide the client with information on a monthly or quarterly basis. The details provided by the company under this heading will include information about the portfolios of financial instruments, including information:

- on the composition and assessment of the portfolio with specific details of each financial instrument held, its market value or — if that is not available — its fair value, the account balance at the start and end of the reporting period, and the performance of the portfolio during the reporting period,
- on the total amount of fees and charges incurred in the reporting period, as a minimum broken down into overall administration fees and overall costs connected with the provision of services, and information on the overall amount of dividends, interest and other payments that have been received during the reporting period in connection with the client portfolio.

As part of its financial portfolio management/asset management activities, the company is also legally obliged to inform the client if the overall value of the portfolio which is to be assessed at the beginning of the respective reporting period falls by 10%, and similarly for each subsequent 10% loss of value.

#### **G. DEPOSIT GUARANTEE AND OTHER INFORMATION TO PROTECT YOUR ASSETS**

Nordlux VM is a member of the investor compensation scheme (“Système d’indemnisation des investisseurs Luxembourg – SIIL”). Clients’ deposits with the custodian are also safeguarded by its own deposit guarantee scheme. Nordlux VM does not itself maintain any accounts. Clients’ assets are posted to accounts and securities accounts that are maintained by a bank which cooperates with Nordlux VM. When choosing banks, only those may be considered which are under the supervision of a supervisory institution within the EU and which satisfy at least the same statutory requirements as Nordlux VM. These custodians are all members of a state guarantee fund in their home country, and usually of their association as well. Liability for client deposits is governed by rules which are transposed by the particular Member State in which the custodian bank has its registered office and which are largely uniform throughout the EU. Assets in the form of securities which you deposit in our custody are held by the relevant custodian in a securities account which is kept separate from the funds of other clients and the bank itself. This guarantees that if the custodian becomes insolvent or unable to make payments, your assets will remain safe.

#### **H. GENERAL INFORMATION ON HOW Nordlux VM HANDLES POTENTIAL CONFLICTS OF INTEREST**

Under EU Directive 2014/65/EC, Article 23, all securities companies are obliged to provide their clients with details of their policy on conflicts of interest. Conflicts of interest may arise when securities services and/or ancillary securities services are provided. Nordlux VM gears its activities to avoid conflicts of interest. If the organisational and administrative precautions taken are insufficient to protect clients’ interests, Nordlux VM shall notify the client of the nature and, where appropriate, the source of such conflicts of interest as well as the



measures taken to limit these risks, before acting on his behalf. Detailed information about the policy on conflicts of interest can be found in Annex 1 “Information on how Nordlux VM handles potential conflicts of interest”.

## **I. FUNDAMENTAL INFORMATION CONCERNING SERVICES AND FINANCIAL INSTRUMENTS**

When a securities service is provided for a private or a professional client for the first time, the company must – based on legal rules – draw up a written agreement together with the client which, as a minimum, documents the main rights and duties of the company and the respective client in relation to securities transactions. For the purposes of providing investment advice services, this applies only if the securities services provider also provides a regular review of suitability. The company is not obliged to provide as part of the investment advice any regular assessment of the suitability of the financial instruments or any regular reports on the suitability of the financial instruments, and it does not do so.

Nordlux VM provides the services of asset administration, asset management (brokering of securities transactions linked to investment advice or of transactions not entailing investment advice), and fund management. Purchasing and sales transactions are not executed by Nordlux VM itself, but by a custodian which collaborates with Nordlux VM. At the client's request, Nordlux VM will provide investment advice services while brokering securities transactions, and also asset management services, to the respective custodian. When brokering securities transactions to the relevant custodian in relation to investment advice, Nordlux VM will make a personal recommendation to clients of one or more financial instruments in accordance with the MiFID provisions. The decision to purchase, sell or hold is reserved for the client. In relation to asset management, clients agree on an investment strategy with Nordlux VM in a written asset management contract in accordance with which Nordlux VM will then take on the responsibility of investing their funds in financial instruments without the client having any influence on the selection of individual securities. Additionally it provides pure execution transactions where no advice is provided.

If the company provides products (e.g. financial portfolio management/asset management including the brokering of securities transactions), the client will be provided with information:

- as to whether the individual components can also be purchased separately from each other, and
- regarding the costs and fees of the individual components, and if applicable
- regarding the individual components and the risk associated with the individual components as well as their interaction with each other (product package risks), insofar as differing risks result from the overall package compared to the risks of the individual components.

If investment advice is provided, the bank must also check the suitability of the product package. In the event that business is provided without advice, the company must check whether the product package is appropriate.

The company requests that orders relating to securities transactions be submitted at its premises, or in writing or by telephone.

The company reserves the right to not to accept and/or carry out an order relating to financial instruments, e.g. if mandatory information about the financial instrument is not available or if there are product bans imposed by the supervisory authorities. This applies accordingly to the acceptance of other declarations made for the purpose of concluding business.

1. Investment advice

When brokering securities transactions for a particular custodian, Nordlux VM is obliged to obtain the following information from clients for transactions which involve the provision of investment advice, and for advice-free transactions, and in relation to advice relating to financial portfolio management /asset management:

- information about its knowledge and experience in relation to business involving specific types of financial instruments or securities transactions,
- information about its investment objectives including its risk tolerance, and
- information about its financial circumstances including its ability to bear losses,

which is required in order to be able to recommend a financial instrument or securities service to the client and, as part of the financial portfolio management / asset management advice, to be able to make (an) investment decision/s which is/are suitable for the client, and which in particular match(es) his risk tolerance and his ability to bear losses. The client undertakes to inform the company without delay if its economic circumstances, its investment objectives, or, particularly in the case of companies, if its legal framework conditions change significantly.

The company makes it a precondition of concluding a transaction that the client's assets are available for making investments

and are not subject to any restrictions in relation to availability.

Suitability is determined based on whether the actual transaction that is recommended to the client, or the actual securities service that forms part of financial portfolio management / asset management,

- fulfils the investment objectives (including the risk tolerance) of the client,
- the resulting investment risks for him are bearable in financial terms in accordance with his investment objectives, and
- the client has the knowledge and experience to understand the resulting investment risks.

The company will use suitable strategies and procedures in this regard in order to ensure that it understands the type of the securities services and financial instruments that are recommended to the client, as well as their characteristics such as costs and risks, and based on costs and complexity it assesses whether equivalent securities services and/or financial instruments may suit the client profile.

If a sell or purchase recommendation is made at the same time, (redeployment of financial instruments), the company will obtain the necessary information about the client's existing investments and the recommended new investments, and it will carry out a cost/benefit analysis of the redeployment so that it can analyse whether the advantages of the redeployment outweigh its costs.

The assessment of suitability is undertaken so that the company can act in the client's interest when providing investment advice or undertaking financial portfolio management / asset management. It is based on the information which the client has provided to the company about his knowledge and experience in relation to transactions involving specific types of financial instruments or securities transactions, and about his investment objectives, his risk appetite, and his financial circumstances. The provision of complete and correct information is therefore essential in order for the company to be able to provide the securities services in terms of investment advice and financial portfolio management / asset management. The company will query the information provided by the client, but it is the client's responsibility to provide complete and correct information, and also

to notify, of his own accord, any changes in his circumstances that are relevant to investment advice or to financial portfolio management / asset management.

If the company does not obtain the required information, it may not recommend any financial instrument as part of investment advice, and it may not make any recommendation in connection with financial portfolio management / asset management.

With effect from 03/01/2018 the company is legally obliged to assess the compatibility of the financial instruments that are offered or recommended by it with the needs of the clients for whom it provides securities services, including in relation to the so-called target market. The target market describes the typical characteristics of the clients for which a financial investment is designed. This involves, in particular, providing information about the typical investment objectives (including any investment horizon that is required), the levels of knowledge and experience that are needed to understand the risks of the respective financial instrument, and the required level of risk tolerance in relation to an investment in the respective financial instrument. When providing investment advice, the company will always take account of the target market that is specified for a financial instrument and it will also check whether, in the company's view according to the client information that the client has provided, the client is within the target market for the respective financial instrument.

After providing investment advice and before concluding a financial instruments transaction, the company provides the private client with a declaration regarding the suitability of the investment recommendation on a permanent data medium (suitability declaration). In this suitability declaration the company will name the advice that has been provided and explain that it has been tailored to the preferences, investment objectives and other characteristics of the client. If the agreement relating to the purchase or sale of a financial instrument is concluded through the use of a telecommunications medium which does permit the transmission of the aforementioned suitability declaration, and if the suitability declaration has not been provided to the client in advance via electronic means, the company will by way of an exception provide the client with the suitability declaration immediately after the contract has been concluded if the client agrees to this and the company has made an offer to the client to delay the execution of the transaction so that the client can receive the suitability declaration before the contract is signed.

The company is also not obliged to provide as part of the investment advice any regular assessment of the suitability of the financial instruments or any regular reports on the suitability of the financial instruments, and it does not do so. Therefore the client himself should monitor the client securities account held with the custodian as well as the financial instruments that are kept by the client in the securities account.

In the case of financial portfolio management / asset management, the quarterly report relating to financial portfolio management / asset management contains the regular assessment of suitability.

## 2. Advice-free business

Required information to be provided by the client for reviewing the appropriateness of advice-free business

In the case of securities services other than investment advice and financial portfolio management / asset management (i.e. advice-free business), the company is obliged to obtain from the client all the information about his knowledge and experience relating to transactions involving specific types of financial instruments or securities services that is necessary in order to be able to assess the appropriateness of the financial instruments or securities services for the client.

Appropriateness is determined on the basis of whether the client has the necessary knowledge and experience to be able to evaluate the risks that are associated with the type of financial instruments or the type of securities service.

If based on the information provided by the client the company comes to the conclusion that the financial instrument or securities service which the client desires is not appropriate for the client, it will draw the client's attention to this fact.

If the company does not obtain the required information, the company will inform the client that it is not possible to undertake a review of appropriateness.

The assessment of suitability is based on the information which the client has provided to the company about its knowledge and experience in relation to transactions involving specific types of financial instruments or securities services. The provision of complete and correct information is therefore essential in order for the company to be able to assess appropriateness. The company will query the information provided by the client. However, it is the client's responsibility to provide complete and correct information, and also to notify, of his own accord, any changes that are relevant to the advice-free business. Limited review of the target market in relation to advice-free business

With effect from 03/01/2018 the company is legally obliged to assess the compatibility of the financial instruments that are offered or recommended by it with the needs of the clients for whom it provides securities services, including in relation to the so-called target market. The target market describes the typical characteristics of the clients for which a financial investment is designed. This involves, in particular, providing information about the typical investment objectives (including any investment horizon that is required), the levels of knowledge and experience that are typically needed to understand the risks of the respective financial instrument, and the typically required level of risk tolerance in relation to an investment in the respective financial instrument.

If the company executes purchase orders relating to financial instruments without providing advice, it will use only the information which the client has provided to the company and which relates to his knowledge and experience in relation to transactions involving specific types of financial instruments or securities services. In addition, it will take account of the classification of the client. The company will not use in relation to the advice-free business any further information that the client has provided to the company, e.g. for the purposes of investment advice or financial portfolio management / asset management.

Therefore in relation to advice-free business the company will only carry out limited checks in relation to whether, in the company's view based on the client information that the client has provided, the client is within the target market for the respective financial instrument. The company will therefore exclusively check whether in terms of his client classification and his knowledge and experience the client is within the target market for the respective financial instrument. If based on the information provided by the client the company comes to the conclusion that in relation to his desired financial instrument the client is not in the target market for the respective financial instrument based on his client classification and knowledge and experience, it will draw the client's attention to this fact.

Various financial instruments are employed, depending on which service the client seeks to use and which risks and investment objectives he has defined. These vary in terms of their complexity, structure, inherent risk, and other features (structure, term, currency, embedding of derivatives etc.). Basic detailed information can be found in the brochure entitled "Basic information on securities and other capital investments" (cf. Point M). The respective adviser will provide product-specific details and information (e.g. product information sheets for

investment funds and certificates). Securities sales prospectuses published according to statutory regulations are also available on the homepage of the relevant issuer.

## **J. DESCRIPTION OF CLIENT CLASSIFICATIONS**

### **1. General aspects of client classification**

The EU Financial Markets Directive subdivides clients into three categories: private clients/small investors, professional clients, and suitable counterparties. This classification is based on legally specified criteria. The precautions to be taken to protect each particular category of client are determined by considering and assessing the expertise, experience and knowledge of that client. A higher level of protection also entails the obligation to provide a more detailed and comprehensive clarification for the client before the service is provided, so that the client is able to make his own investment decision and make an appropriate assessment of the risks.

### **2. Classification of clients by Nordlux VM**

Nordlux VM is obliged to provide clients with useful information in good time in advance of a decision and by appropriate means so that the client is able to make a considered decision based on sound appraisal. This information, including any advertising, must be designed to be honest, unambiguous, comprehensible and not misleading. Nordlux VM informs new clients in advance as to whether they are classified as a private or professional client. Existing clients shall be notified if Nordlux VM decides to reclassify them.

### **3. Categories of client**

#### **Private clients / small investors**

All clients that are not deemed to be professional clients are classed as private clients / small investors. The term “private client” encompasses more than just natural persons, and it consequently includes small and medium-sized enterprises irrespective of their legal form. The private client category is allocated the highest level of protection. This entails the obligation to provide more detailed and comprehensive information to the client before performing the service, so as to allow the client to make his own investment decision and assess the risks appropriately. Private clients are to be given suitable information in a comprehensible form in the following areas:

- The securities services provider and the services that it provides
- Financial instruments and proposed investment strategies
- Costs and incidental costs
- Place of execution for securities orders

#### **Professional clients**

Classification as a professional client is only appropriate in cases where the client is a “true” professional client (e.g. an insurance company or major company). In this case Nordlux VM can assume that the client possesses sufficient knowledge, expertise and experience to take investment decisions alone, and that it is financially capable of bearing all the risks associated with these investments which are compatible with its investment objectives.

MiFID characterises the following clients as professional clients:

- a) Securities services providers
- b) Other licensed or supervised financial institutions

- c) Insurance companies
- d) Investment companies and their management companies
- e) Pension funds and their management companies
- f) Certain companies undertaking transactions on their own account/proprietary trading as securities services
- g) Stock market dealers and commodity derivatives traders
- h) Other institutional investors subject to licensing or supervisory obligations at home or abroad to enable them to operate on the financial markets.
- i) Undertakings which exceed at least two of the three characteristics below:
  - total balance sheet of EUR 20 million
  - EUR 40 million in sales revenues
  - equity capital of EUR 2 million
- j) Central banks, international and supranational investors
- k) Investors whose main activities are centred on investing in financial instruments, and entities involved in the securitisation of assets and other funding operations.

As soon as the client meets one of the above criteria, he is, according to law, a professional client and will be categorised as such by Nordlux VM.

#### 4. Reclassification

Upon request a professional client may be classified as a private client, and will thus be given the same protection safeguards as private clients. This classification will then apply to the entire business relationship. If he fulfils various criteria, a private client may also apply in writing to be classified as a professional client subject to a lower level of protection, and must confirm to Nordlux VM in writing that he is aware of the consequences of waiving the envisaged safeguards. Your client adviser will be happy to provide you with information on the exact arrangements for and effects of reclassification. Should Nordlux VM realise that the client no longer meets the requirements for the category to which he has been assigned, Nordlux VM shall be obliged to make the adjustment itself. In that case, Nordlux VM shall immediately notify the client.

#### **K. GENERAL INFORMATION CONCERNING ALL TYPES OF INDUCEMENT**

Nordlux VM always acts honestly, fairly and professionally in the best interests of the client. Fees or commission payments of any kind made by third parties to Nordlux VM or inducements in kind provided in connection with the provision of investment services or ancillary investment services for the client shall comply with the following requirements: Either the inducements shall result in an improvement of the quality of service provided to the client and shall be fully, accurately and comprehensibly disclosed to the client before the relevant securities service or ancillary service is provided. In this case, Nordlux VM shall provide a summary of the key provisions of agreements concerning fees, commissions and non-cash inducements. If requested by the client, further details of the inducements shall be provided. Otherwise, inducements are fees that enable, or are required for, the provision of securities services and ancillary securities services – for example, safe custody, settlement, trading venue and statutory charges – and which by their nature cannot lead to conflicts with the duty of Nordlux VM to act in the client's best interests. Detailed information may be found in the enclosed Annex 2 “General information for clients concerning inducements”.

#### **L. CREDIT FINANCING AND LEVERAGED FINANCIAL INSTRUMENTS**

In the case of credit-financed portfolios, Nordlux VM shall explain to the client the special risks that are associated with financing the portfolios with borrowed funds. For credit-financed portfolios, the client shall also receive a

monthly asset management statement. Investment in derivative products as part of asset management requires the client's explicit consent. The associated risks shall also be explained to him.

**M. NOTE: "BASIC INFORMATION ON SECURITIES AND OTHER CAPITAL INVESTMENTS"**

Detailed information on the nature and main features of the financial instruments being offered can be found in the brochures "Basic information on securities and other capital investments" and, if the client wishes to make use of such financial instruments, in "Basic information on forward transactions". Nordlux VM provides these brochures to clients when it opens securities accounts for them with the custodian. For securities offered to the public, the prospectus can be found on the issuer's website. The print version can also be requested from the issuer.

**N. INFORMATION ON COSTS AND INCIDENTAL COSTS**

The client can look up the costs of our securities services and ancillary services in the company's table of fees. At the start of the business relationship Nordlux VM clients receive a table of fees. Any amendments shall be communicated to the client within the due time limits. A current table of fees will be provided on request at any time. The table of fees may differ from one custodian to another.

The company will provide the client with costs information before accepting purchase/sale orders relating to financial instruments or the provision of investment advice. In addition, the client will subsequently receive costs information on an annual basis. The costs information contains details of the overall costs, the costs of the financial instrument, the costs of the service, and the effect of the costs on the yield. The upfront costs information represents an estimate of the costs, including any follow-up costs that may foreseeably be associated with the investment decision. This estimate is based on various assumptions which are explained in the respective costs information. The subsequent costs information shows the costs that have actually been incurred over the course of the reporting period. It is provided in the first quarter of each calendar year in relation to the previous calendar year (for the first time in the 2019 calendar year in relation to 2018). Upon request the client will be provided with a list detailing individual cost items. If financial portfolio management / asset management is undertaken, before concluding the financial portfolio management / asset management contract the client will receive a one-off overview of the anticipated costs and follow-up costs. The retrospective costs information shows the costs that have actually been incurred for financial portfolio management / asset management over the course of the reporting period. It is provided in the first quarter of each calendar year in relation to the previous calendar year (for the first time in the 2019 calendar year in relation to 2018). Upon request the client will be provided with a list detailing individual cost items.

Additional telecommunications costs

The client must pay for his own costs (e.g. telephone calls) himself. No additional telecommunications costs are incurred.

**Notes regarding any additional costs and taxes to be borne by the client in relation to securities investments**

Further costs and taxes may be incurred in connection with investment in financial instruments. Details can generally be found in the sales documents for the respective financial instrument. Clients should use a tax adviser to clarify the specific tax consequences of the purchase, holding, sale and/or redemption of the respective financial instrument. Treatment for tax purposes depends on the personal circumstances of the respective client and may be subject to changes in future.

Securities income and interest paid on credit balances are generally taxable. The same applies to profits from the purchase and sale of securities.

Depending on the respective tax law that applies (German or foreign), the pay-out of income or sales proceeds may be subject to capital gains tax /or other taxes (e.g. withholding tax according to US tax law) which are paid to the respective tax authority and therefore reduce the amount to be paid to the client.

If the client has any questions, he should consult the respective tax authority that is responsible for him and/or consult a tax adviser. This applies in particular if he is liable to tax abroad.

#### **O. CLIENT INFORMATION ON COMPLAINTS MANAGEMENT**

NORD/LB Vermögensmanagement Luxembourg S.A. takes its responsibility vis-à-vis its clients seriously in relation to the provision of investment and lending services.

We aim to be a reliable and sustainable business partner for our clients. Nevertheless, it cannot be ruled out that errors may occur. In such cases, please do not hesitate to contact us. To ensure due diligence, transparency and objectivity when processing complaints, we have established fixed rules.

#### **Please address all complaints in writing to:**

Nordlux Vermögensmanagement S.A. Compliance/Complaints Management 23a, Rue Edmond Reuter, 5326 Contern, Luxembourg

Within ten working days of the receipt of the complaint you will either receive confirmation of receipt which will contain information about who is responsible for processing it and the estimated processing time, or we will provide you with an immediate solution. If you disagree with the proposed solution or if the handling of your complaint does not meet with your satisfaction, you have the option of contacting our Chairman of the Board directly or of initiating a non-judicial procedure for the handling of complaints with the CSSF (Commission de Surveillance du Secteur Financier), Luxembourg's financial sector supervisory body.

Further information on this can be found on the homepage of the CSSF ([www.cssf.lu](http://www.cssf.lu)) in CSSF Regulation No. 16-07 (in English or French).



**ANNEX 1:**

**INFORMATION ON HOW Nordlux VM HANDLES POTENTIAL CONFLICTS OF INTEREST**

**1. Preamble**

The success of Nordlux Vermögensmanagement S.A. (“Nordlux VM”) depends on the trust of its clients, employees and the public in its integrity and achievements. To a large extent this confidence depends on how the employees, management staff and members of the Board (collectively the “employees”) behave, and how they utilise their abilities for the benefit of their clients and the company. Clients should always be able to rely on the fact that the employees provide services with the best possible level of specialist knowledge, care and diligence, while also properly safeguarding the interests of their clients. To this end, Nordlux VM abides by high standards of conduct which further reinforce the trust of its clients and ensure that compliance with the general legal and supervisory requirements has become an integral part of its commercial activities.

**2. Conflicts of interest affecting financial instrument-related services**

Nordlux VM applies these principles for the proper handling of conflicts of interests to the provision of securities services and ancillary securities services (“securities business”).

Conflicts of interest may always arise in securities transactions if a client has issued an order and his expectations of the correct provision of this service are at odds with market participants that have opposing interests. Differing expectations cannot always be entirely avoided, because Nordlux VM provides clients with services not just in the field of securities transactions but also relating to other banking services; however, conflicts of interest may cast doubt on the professionalism and reputation of Nordlux VM. For this reason, Nordlux VM has taken appropriate precautions to ensure that such circumstances are detected at the earliest possible opportunity and are handled correctly. The principles described below set binding and permanent minimum standards for all Nordlux VM employees, and they inform clients of how it will handle any potential conflicts of interest.

**3. Management of conflicts of interest by Compliance**

The Nordlux VM Management Board has established a Compliance unit under its direct responsibility and tasked it with managing conflicts of interest on a permanent basis. It is independent of the company's commercial and settlement departments, and it is therefore able to carry out its duties in a neutral and autonomous manner. Compliance is obliged (a) to identify conflicts of interest, and (b) to introduce reasonable and effective measures for dealing with conflicts of interest while safeguarding the interests of clients. If the risk of significantly prejudicing client interests can still not be excluded with adequate certainty, Compliance shall ensure that (c) the clients or business partners of Nordlux VM are informed of the general nature of the conflict that has been identified before making use of the service:

**a) Identification of conflicts of interest**

Conflicts of interest in connection with securities business may arise principally in the following areas:

- asset management, fund management, mandate management and investment advice.

In the investment business it is conceivable that various parties may have different interests of a financial nature or in relation to the outcome of a service or a transaction. Potentially, there may also be competition within an area of business, financial inducements may lead to inappropriate unequal treatment of clients or groups of

clients, or excessive inducements may be the trigger for interests not being aligned with the client. These include business activities and/or flows of information etc. if

- a relationship exists between the company and an issuer of financial instruments, e.g. because Nordlux VM is trading a financial instrument from that issuer or is even supporting the issuer itself on the capital market; it is also conceivable that Nordlux VM might have a significant participation in an issuer or a service provider;
- employees of Nordlux VM have been appointed to the Supervisory Board or another body of an issuer or service provider, so that there is entanglement of interests for the personnel involved;
- conflicting asset management strategies are pursued, or the rate of turnover could lead to the conclusion that transactions are being generated which are not in the client's interest;
- there is information which is not in the public domain;
- Nordlux VM receives inducements – in particular payments – from third parties or makes them to third parties;
- inducements are made to employees by third parties which might induce the employees to ignore client interests in order to generate the maximum possible sales, or to give preference to offering the products of a particular supplier;
- the client is also given advice about investment vehicles the
- sale of which and investment in which is in the company's own interest, including investment vehicles (e.g. funds) which are set up and/or managed by the company itself.

**b) Methods and procedures for avoiding conflicts of interest**

To prevent extraneous interests from influencing objective investment advice, order execution, asset management or financial analysis etc., employees are given appropriate training and are obliged to report facts and circumstances involving conflicts of interest to Compliance. Compliance compiles the sensitive information within Nordlux VM on the basis of confidentiality and decides whether the flows of information and business activities of Nordlux VM and its employees should continue to be observed, specifically controlled or blocked in order to ensure adherence to market rules and standards of conduct. Business areas that may regularly have access to sensitive client and business data are classified by Compliance as confidential areas. Confidential areas are separated in terms of functions, location or the allocation of differing IT access rights from other departments and their information and reporting channels. For example, except at Board level, asset management and investment advice are separated in terms of their organisation. These measures serve to ensure that persons with opposing interests are not able to exert any improper influence on the work of employees in the securities business. All employees are barred from passing sensitive information or insider information from a confidential area to the outside without being authorised to do so. Exceptional cases must be approved in advance by Compliance. These procedures are designed to ensure targeted control of the information and accurate knowledge of which persons are involved. To avoid conflicts of interest, employees must comply with the ban on insider trading. They must also not influence stock prices by undertaking misleading market activities or other acts of deception, or create an irregular market situation through false descriptions or the inadmissible withholding of information. Employee remuneration is not linked to the success of other areas of business with potentially contrary interests. The client advisers are not paid any transaction fees for securities transactions. Our employees are prohibited from accepting personal benefits by other principles established within our organisation. Compliance monitors and assesses the appropriateness and effectiveness of these principles and precautions as well as the measures undertaken in order to deal with shortcomings. For example, all securities transactions performed as part of asset management and all securities transactions by employees are reviewed daily; employees who are involved in potential conflicts of interest as part of their work activities are bound by special disclosure obligations and controls. Compliance itself is scrutinised by Internal Audit and an external auditor. At least once a year the Management Board and Supervisory Board receive a report on the principles,

methods and procedures introduced by Compliance in order to ensure compliance with the main regulations, and so these bodies are able to fulfil their responsibility to manage the company and supervise it in the field of managing conflicts of interest.

**c) Disclosure of unavoidable conflicts of interest**

If the risk of substantial impairment to client interests can still not be excluded with adequate certainty, clients shall be informed of the general nature of the conflict before they use the particular service. In this way Nordlux VM ensures that clients are always able to take decisions on an informed basis.

To the extent that Nordlux VM accepts or grants to third parties commissions, fees or other cash or non-cash benefits in connection with securities transactions, please note the following: when marketing financial instruments, Nordlux VM accepts inducements from investment companies and securities issuers in some cases. For instance, investment companies pay sales follow-up commissions for the sale of investment fund certificates out of the management fees that they receive. Similar payments may also be made in the case of transactions relating to certificates and similar bonds; Nordlux VM often also receives sales commissions. Where charged for the sale of securities, front-end loads are also retained by Nordlux VM. These payments are made in order to continually adapt the existing high-quality system for acquiring information about potential investment products, and the system for settling financial instrument transactions for clients, to changes in the framework conditions. These payments made in connection with the broking of securities transactions to the relevant custodian also enable clients to obtain comprehensive advice so that they are offered products which are tailored to their requirements in compliance with the legal requirements. Should Nordlux VM receive non-cash benefits from other service providers in connection with securities transactions, e.g. information material, training or technical services and equipment, which provide access to information connected with the securities transaction, the receipt of such inducements is not directly connected with the services provided to the client. However, Nordlux VM does use these inducements to provide and further enhance its services in order to maintain the high level of quality required by clients.

Performance-related commissions or fixed fees paid to persons who refer clients or securities business to Nordlux VM (e.g. intermediaries) constitute remuneration which permits Nordlux VM to make these services available to a wider range of clients. In such cases, the client conditions can also be found in the table of fees of Nordlux VM or of the relevant custodian. Nordlux VM provides information about potential conflicts of interest when it passes on financial analyses to clients or publishes such information.

**4. Further information**

Clients may request further information on how conflicts of interest in the securities business are dealt with from their client adviser or the Compliance unit of Nordlux VM.

**ANNEX 2:**

**GENERAL INFORMATION FOR CLIENTS CONCERNING INDUCEMENTS**

Dear Client,

We offer you high-quality information and advice service in relation to your investment in securities and other financial instruments. In particular, we provide expert support for you in making investment decisions while paying due attention to your experience and knowledge of transactions in financial instruments, your financial circumstances, and your investment objectives and willingness to accept risk. This service entails cost-intensive staffing and organisational expenditure. To cover this expenditure we receive inducements from our sales partners in the form of cash payments or other non-cash benefits. We ensure by organisational means that these inducements do not conflict with your interests as a client, but are used in order to maintain and further improve the quality of the securities services that we provide.

Irrespective of this, based on legal regulations we are obliged to inform you of inducements (cash or other non-cash benefits<sup>1</sup>) that we receive from our sales partners, so that we create the greatest possible transparency for your investment decisions. Therefore we hereby inform you that we regularly receive inducements relating to the following forms of remuneration which our sales partners charge for the respective financial products:

**1. Purchase of units in investment funds**

**Front-load fee:** Investment companies charge a front-load fee for issuing units in funds. Out of the front-load fee, which may total up to 6.00% of the sum invested depending on the class of asset, we can receive reimbursement of up to the total amount of the front-load fee. Funds investing in other funds are referred to as umbrella funds. For these products too, a front-load fee is levied, with up to the full amount being paid to us.

**Sales commission:** In the case of “trading funds” or “no-load funds” there is no front-load fee, but in order to cover our sales expenses a commission is charged to the fund’s assets. This commission may amount to up to 1.65% p.a. of the value of the units in the fund that are held by you, and it accrues to us in part or in full. We receive this payment for the period during which you hold the units in your securities account.

In the case of the umbrella funds of third-party providers, a commission of up to 1.25% p.a. of the value of the units in the umbrella funds held by you is usually taken from the fund's assets each month to cover sales expenditure, and all or part of it is paid to us for as long as you hold the units in your securities account.

**Management fee:** Investment companies draw a management fee from the assets of the respective fund which, depending on the investment class, can be up to 2.60% p.a. of the value of the fund units held by you, and all or part of which is reimbursed to us.

In the case of our own umbrella funds and those of other providers, the investment company takes a management fee out of the fund's assets, which may be up to 2.45% p.a. of the fund's assets depending on the

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<sup>1</sup> Nordlux VM may be reimbursed in the form of non-cash benefits, particularly as a result of providing technical support and information materials, but also for carrying out training measures and implementing special client-specific or product-related sales campaigns. Nordlux VM ensures in terms of its organisation that the services are always performed for you exclusively in your interests as a client.

type of umbrella fund. We are refunded a portion of the management fee each year. The management fee may be refunded to us up to its full amount.

We are paid the refunds mentioned above for the period during which you hold the umbrella fund units in your securities account.

In the case of the investment funds (“target funds”) held in the umbrella fund, we can additionally be refunded a proportion of the annual management fee for these funds that is applicable to the units held by you in the umbrella fund for as long as you hold the umbrella fund units in your securities account. Up to the full amount of the management fee may be refunded.

## **2. Purchase of investment certificates or structured bonds**

**Front-load fee:** The issuing houses charge one-off front-load fees for a portion of the investment certificates or structured bonds launched by them; these may amount to up to 5.00% of the sum invested, depending on the product characteristics (bonus certificates, express certificates, alpha certificates etc.) and the term to maturity. We receive all or part of this front-end load in the form of a refund.

**Commission:** Independently of front-load fees, we may receive a one-off commission of up to 5.00% of the sum invested by the issuing houses.

**Portfolio fee:** For certain investment certificates or structured bonds, we receive portfolio-related refunds for as long as the corresponding investment certificates are held in your securities account. The portfolio-related payments may amount to up to 1.50% p.a. of the sum invested.

**Sales commission:** We receive additional remuneration of up to 0.30% of total turnover if we sell enough products from the sales partner’s overall product range to surpass a pre-determined threshold.

## **3. Purchase of other financial instruments**

If we receive refunds to cover our sales expenses for other financial instruments, we shall notify you separately, outlining the amounts concerned.

## **4. Brokering of deposit-taking and lending transactions**

We should also like to inform you that we act as an intermediary to tied credit institutions for deposit-taking operations (e.g. term deposits, current account balances) and lending transactions (e.g. loans against securities or commodities). We are paid as a refund part or all of the margins that are collected on these operations by credit institutions.

## **5. Placing of currency and securities turnover with clients' custodian(s)**

We arrange the placement of securities and currency turnover with clients' custodians. Depending on the respective custodian, we receive as remuneration from the custodian between 0% and 95% of the sales commissions / foreign exchange margins paid by the client to the custodian.

You can obtain details and information regarding the product concerned from your adviser and/or find them in the product prospectus.

**6. Inducement to service fees collected by the custodian**

We place accounts and securities accounts with custodians as a precondition for placing securities turnover with the custodian. Depending on the respective custodian, we receive between 0% and 90% of the service fee collected (e.g. account management fees, custodian fees) as remuneration.

**Client waiver of the return of sales remuneration and other financial inducements**

The client declares its agreement to the company retaining the sales remuneration/inducements that are paid to it by the issuers, on condition that the company is allowed to accept the sales remuneration according to the legal and supervisory regulations.

The waiver does not apply to monetary inducements (including sales remuneration), which the company receives in connection with securities transactions as part of financial portfolio management / asset management operations.

Inducements that are accepted or provided in connection with the provision of securities services and ancillary securities services must be designed to improve the quality of the service provided for the client in accordance with the legally prescribed criteria relating to the nature and the determining of quality improvements, and they must not be an obstacle to the provision of the service in the best possible interests of the client.

In connection with the provision of our securities services and ancillary securities services, we receive minor non-monetary inducements from other service providers, such as advertising and information materials, client events and training sessions, and also some technical services and equipment for accessing third party information and distribution systems. The acceptance of such contributory services is not directly related to the services provided for the client; we also use these inducements to ensure that we provide our services to the high standards of quality demanded by the client, and that we continually improve them.

We pay a mixture of performance-based commissions and fixed fees to brokers, i.e. independent intermediaries which broker specific pieces of business to us, or which broker clients to us without reference to a specific piece of business.

**ANNEX 3:**

**BASIC PRINCIPLES GOVERNING THE SELECTION OF ENTITIES TO EXECUTE ORDERS IN FINANCIAL INSTRUMENTS UNDER AN ASSET MANAGEMENT AND ADMINISTRATION AGREEMENT (BEST EXECUTION POLICY)**

**1. Scope of application**

Nordlux Vermögensmanagement S.A. (Hereinafter “Nordlux VM”) specialises in managing assets and funds as well as portfolio and wealth management. Nordlux VM is legally obliged to specify and publish the principles which it uses to select executing entities (custodians, depositories, brokers etc.) to execute orders for financial instruments.

**2. Application of the Best Execution Policy of third parties**

Since Nordlux VM appoints a third party to carry out investment decisions, execution is in each case undertaken according to the precautions taken by that third party to achieve best execution.

**3. Selection of executing entities**

The following principles apply to the selection of executing entities, which Nordlux VM carries out in accordance with the framework agreement on transactions in financial instruments and in accordance with an asset management agreement.

**4. Order of precedence of instructions**

The client may instruct Nordlux VM to appoint certain entities to execute investment decisions (brokers) or to hold securities or financial instruments at certain facilities (custodians). Nomination of a broker or custodian relationship is already deemed to constitute an instruction by the client and/or the selection of the broker or custodian. Such instructions always take precedence over the above principles for the selection of executing entities.

The same applies if the client gives specific instructions relating to the execution of orders, in particular regarding the specific place at which individual investment decisions are to be executed by the executing entity. Such instructions always take precedence over the execution principles of the executing entity. The client is aware that in this case the obligation of best execution is not applied, and the securities orders may not be executed according to the best execution obligation.

**5. Principles for selecting executing entities**

When selecting executing entities, Nordlux VM undertakes to ensure that they will apply a normal market best execution policy, which accordingly contains the following criteria:

- Creditworthiness of the executing entity
- Best possible overall price (execution price, costs and fees) for the client
- Security of settlement and custody
- Rapidity and completeness of execution and settlement

**6. The 3 main executing agencies**

The 5 most important executing agencies of the Nordlux VM for executing orders in financial instruments are the following custodians:

- DAB BNP Paribas
- V-Bank
- Banque de Luxembourg

**7. Changes to the principles applying to the execution of orders and to the selection of executing entities**

This “Best Execution Policy” is reviewed at least once a year. Material changes shall be notified to the client immediately.

Luxembourg, September 2022