

**Instruction
for execution, handling and transmission of orders in
financial instruments on behalf of clients
for SEB Fund Services S.A.**

derived from the Instruction for the President and Chief Executive Officer

Adopted by the President and Chief Executive Officer of
Skandinaviska Enskilda Banken AB (publ)
on 21 November 2016

Adopted by the Board of Directors of SEB Fund Services S.A.
on 13 March 2017

This instruction applies to SEB Fund Services S.A. and
to all funds managed by SEB Fund Services S.A.
This instruction is effective from 1 July 2011.

Responsible		SEB Group Compliance/ Compliance
	13.03.2017 15.03.2016 09.04.2015 19.05.2011	
Date of next review	Q1/2018	Annual Review

1. Adoption of an Order Execution Policy

- 1.1 Based on the requirements of the Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004, and the Commission Directive 2006/73/EC of 10 August 2006, which were implemented in EU countries' national legislation from November 2007, Skandinaviska Enskilda Banken AB (publ) (the Bank), as an investment firm, is obliged to establish and implement an Order Execution Policy (see Appendix 1).
 - 1.2 The Bank will take all reasonable steps to obtain the best possible result for its clients when executing orders, and to act in the best interest of the clients when placing and transmitting to another legal entity orders, in financial instruments, pursuant to the attached Order Execution Policy.
 - 1.3 This Instruction, including the attached Order Execution Policy, shall be implemented in all parts of the SEB Group, taking into account applicable local rules and market or business related requirements.
- 1.1 References in this instruction to “the SEB Group” include SEB FS and the instruction applies to SEB FS, where relevant to the business activities conducted by SEB FS. Local regulatory requirements applicable to SEB FS are set out in Appendix 2.**

2. Handling of client orders

- 2.1 The Bank shall register and allocate orders that are executed on behalf of clients in a correct and timely manner.
- 2.2 The Bank shall promptly execute client orders that are otherwise comparable, in the same sequence that they were received, unless it is impractical due to the characteristics of the order, prevailing market conditions or due to other factors in order to act in the best interest of the client.
- 2.1 The Bank shall inform non-professional clients when there are substantial difficulties to execute an order when the bank learns of these difficulties.
- 2.2 The Bank may aggregate a client's order with the orders of other clients, or with transactions that it is arranging for its own account, provided that it is unlikely to work to the overall disadvantage of the clients concerned.
- 2.3 Where the Bank aggregates a client's order with other client orders, the combined trades will be allocated fairly between that client and the other parties whose interests have been aggregated. When allocating the combined trades of an aggregated order, clients will receive the same price, unless this is not possible due to specific conditions given by a client as regards the price. For aggregated orders that have only partially been filled, the combined trades will be allocated equally between the clients.
- 2.4 Where the Bank aggregates a client's order with transactions that it is arranging for its own account, the combined trades will be allocated fairly between that client and the Bank. The client and the Bank will receive the same price when allocating an aggregated order, unless this is not possible due to specific conditions given by the client as regards the price. For aggregated orders that have only partially been filled, clients will be prioritized over the Bank when allocating the combined trades.

3. Off Premises Trading

- 3.1 Orders pertaining to transactions in financial instruments and transactions based on such orders may only be done from premises specifically designated for such purposes, and subject to appropriate record keeping requirements, such as taped telephone lines and archived e-mails.
- 3.2 Notwithstanding Section 2.1, client orders or transactions in financial instruments may be received or handled outside of SEB premises, subject to the relevant Head of Division or Head of Business Area having implemented appropriate procedures to manage the handling of orders and transactions in compliance with all internal and external requirements. Such procedures may only apply in duly justified circumstances where orders and transactions reasonably cannot be handled at the trading desk and they may only be applied on an exceptional basis.

4. Implementation of Procedures and Arrangements

4.1 The Bank shall implement procedures and arrangements to:

1. execute orders on terms that are advantageous for its clients in accordance with the Order Execution Policy,
2. provide for the prompt, fair and expeditious execution of each client's orders, relative to other client orders or the trading interest of the Bank,
3. act in the best interests of its clients when placing and transmitting orders to another legal entity, and
4. comply with all relevant rules and regulations in respect of order execution, handling, allocation and transmission of orders, and
5. receive, transmit or execute client orders while being physically present outside of the SEB premises and the trading room (Off Premises Trading) when permitted according to section 3.2.

4.2 Each Head of Division, business area and business unit of the SEB Group is responsible for implementing such procedures and arrangements referred to in section 2.1 and for ensuring that the relevant business complies with the Order Execution Policy when executing, handling or transmitting orders.

Order Execution Policy

Introduction

This document (the “Policy”) specifies the procedures which Skandinaviska Enskilda Banken AB (publ) and its subsidiaries (“SEB”) will follow when executing or transmitting orders in financial instruments on behalf of its non-professional and professional clients. SEB will take all reasonable steps in accordance with this Policy, with a view to obtaining the best possible results for its clients. Please note that although the procedures set out in the Policy are generally expected to produce the best possible result for SEB’s clients, there is no guarantee that circumstances will enable this to be achieved in every single transaction.

As such, the procedures set out herein constitute “Best Execution” in SEB’s view. ***By asking SEB to enter into a transaction with or for you, you agree to the transaction being executed in accordance with this Policy.***

Where a client requests a quote and accepts it, or where the terms (including the price) of a transaction are otherwise specifically agreed between SEB and the client prior to its execution, the resultant transaction will for a non-professional client be considered to constitute Best Execution, and will for a professional client be outside (i.e. not required to be covered by) the terms of this Policy.

A single client order may be executed in parts, using more than one of the methods described in this Policy.

Terms used in this Policy have the same meaning as defined under EU financial regulation.

Specific client instruction

Where a client gives SEB a specific instruction on how all or part of its order should be executed, the relevant execution will be effected in accordance with such instructions. Clients ***should be aware that providing specific instructions may prevent SEB from following the procedures set out in this Policy, which are considered likely to obtain the best possible result for them.***

The relative importance of different factors in execution

In executing a client’s order SEB will take into account the following matters:

- the price and cost at which it is likely to be executed;
- the speed and likelihood of both execution and settlement;
- the size and nature of the order and its impact on the market; and
- any other factor which SEB reasonably considers to be relevant to the execution of the order, when it is in the best interest of the client.

Using its reasonable judgment, SEB will weight these factors at the time of execution in accordance with its client’s characteristics, the financial instrument involved and the prevailing market conditions.

Unless special circumstances apply, SEB's priority in executing transactions will generally be to obtain the best possible result in terms of the total consideration to be paid or received by the client.

Execution of orders in financial instruments regularly traded on external execution venues

This section applies to financial instruments traded with reasonable liquidity on a regulated market, an MTF (Multilateral Trading Facility) or with a market maker or any equivalent liquidity provider. Such instruments include, for example, certain:

- shares;
- bonds and other interest-bearing or discounted debt instruments, including index-linked bonds;
- standardised derivatives; and
- covered warrants, exchange traded funds (ETFs) and Exchange Traded Certificates (ETCs).

SEB will execute its client's order in such a financial instrument in the following way:

- The order will normally be routed for execution to the execution venue or venues which SEB considers to provide the best combined result for the client taking into account the factors identified above.
- Where the order is of a larger size, such that care is required in its execution in order to minimize the adverse impact of the order on the market, SEB will execute the order at such times, and in such separate parts, as appears in its reasonable judgement as to be likely to produce the best possible overall result for the client under the circumstances as they develop.
- Should circumstances make it appropriate, and provided that it appears to SEB that it will not operate to the client's overall disadvantage, SEB may choose to execute all or part of the order against either its own book, directly against a specific counterparty, or against the order of another of its clients. However, SEB will only do this if it appears likely at the time of dealing that the result obtained for the client is likely to be at least as good as would have been obtained in the market.
- SEB may offer to take an order of a larger size directly onto its own book at a price agreed with the client. It may do so where the client wants a firm price immediately or when, SEB considers it likely that the price agreed is no worse than the price that would have been obtained at an execution venue at the time for a transaction equal to the size of the order, notwithstanding that such price may be less advantageous than the price prevailing in the market for small volumes.
- Where a client requests SEB to make a quote for a transaction off its own books, SEB will take reasonable care to ensure that the price so quoted is fair in all the circumstances.

Execution of orders in financial instruments not regularly traded on external execution venues

This section applies to financial instruments which are not traded with reasonable liquidity on a regulated market or other execution venue, such as standardised but non-exchange traded instruments, and instruments created, whether by SEB or another intermediary, from one or more components (some of which may be listed or traded in their own right), for example in order to provide an instrument designed to meet specific exposure requirements. Such instruments include, for example, certain:

- bonds and other interest-bearing or discounted debt instruments;
- OTC derivatives;
- instruments in which the return is linked to the performance of a specific index or reference rate;

- instruments based on, or involving, contracts for difference;
- shares not admitted to trading on a regulated market, an MTF or other execution venue; and
- fund units (other than ETFs).

SEB will execute its client's order in such a financial instrument in the following way:

- SEB may execute the order against its own book, at a fair price. The price will take into account the prevailing market price available to SEB or level of the underlying asset, index or rate incorporated into the structure of the instrument, or other relevant market factors or events. The pricing will in addition take into account the risks and costs involved in SEB's business model for the instrument in question – such as costs inherent in the utilization of its own capital to support its dealings with clients, counterparty credit risk, operational risk or risk position assumed in creating the instrument and making it available to clients – and SEB's reasonable profit margin in the light of these.
- To be able to provide execution in securities for which there is no readily available market quote, SEB may execute the order against a counterparty outside a regulated market, MTF or other execution venue, or against the order of another of its clients.
- Specifically for fund units, SEB will carry out its client's order by transmitting it, directly or through an intermediary, to the fund management company (or equivalent) responsible for administering the fund in question.

Securities lending and primary market transactions

SEB will execute securities lending transactions against its own book at a fair price and in accordance with the specific terms agreed with the client.

SEB will execute primary market transactions in financial instruments either by transmitting the client order to the issuer, or the agent of the issuer, in accordance with the client's instruction, or by subscribing for the financial instruments in question in its own name in reliance on an order placed for them by the client, in either case in accordance with the terms and conditions for the issue in question.

Execution venues used by SEB

SEB participates in a variety of different regulated markets and, in addition, has direct access to certain other execution venues for instance MTFs or market makers, chosen in each case (amongst other reasons) because SEB reasonably expects them to assist it in executing orders to the best advantage of its clients (taking into consideration the relative importance of the different factors in execution considered above).

For a list of execution venues frequently used by SEB, please refer to www.seb.se. Note, however, that SEB may execute client orders on venues other than those on the list when it considers that this is appropriate in the light of the circumstances at the time and that doing so is unlikely to produce a worse overall result for the client.

Placing and transmission of orders to third party brokers

When providing portfolio management services and/or transmitting its clients' orders, SEB will handle the placing of orders in the way that it regards at the time as likely to be in the best interest of the client, and, where it deems it appropriate, may use the services of a third party broker.

SEB will make a careful assessment of any third party broker it uses and will establish a relationship with it. When selecting a third party broker through which or by which client orders are executed, SEB will consider factors such as price, costs, speed and likelihood of both execution and settlement, as well as other factors that might be significant and in the best interest of the client at the time of placement and transmission of orders. SEB has procedures to assess the order execution quality provided by third party brokers on a regular basis.

Execution outside a regulated market or an MTF

SEB may execute client orders outside a regulated market or an MTF, provided that SEB has obtained the client's prior express consent in respect of financial instruments traded on a regulated market or a MTF. For the avoidance of doubt, execution of orders outside the trading system but pursuant to the rules of the specific market ("Negotiated Transactions") is considered as orders executed on the regulated market or MTF.

Client order handling

SEB will promptly execute client orders that are otherwise comparable, in the same sequence that they were received, unless it is impractical due to the characteristics of the order, prevailing market conditions or due to other factors in order to act in the best interest of the client.

SEB shall inform non-professional clients when there are substantial difficulties to execute an order when the SEB learns of these difficulties.

Provided that it is unlikely to work to the overall disadvantage of the clients concerned, SEB may aggregate a client's orders with the orders of other clients, or with transactions that it is arranging for its own account. Whilst such aggregation is not expected to operate to a client's disadvantage in general, there can be no guarantee that it will not on other occasions work to the client's disadvantage in relation to a particular order.

Where SEB aggregates a client's order with other orders, the combined trades will be allocated fairly between that client and the other parties whose interests have been aggregated.

Where SEB aggregates a client's order with transactions that it is arranging for its own account, the combined trades will be allocated fairly between that client and SEB. For aggregated orders that have only partially been filled, clients will be prioritized over SEB when allocating the combined trades.

The impact of disrupted markets, system failures etc

In some cases, whether as a result of trading suspensions, cancellation of transactions by the execution venue, disrupted markets, system failures or otherwise, SEB may feel that it is in a client's best interests to execute or transmit its order using a method different to that normally used for the instrument in question. In such cases, SEB will take all reasonable steps to achieve the best possible overall result for the client under the prevailing circumstances.

If the events referred to above result in serious disruption in the markets, SEB will make reasonable efforts to contact clients whose orders have not yet been executed in order to obtain additional instructions. If SEB is unable to obtain such instructions, it will take such actions as reasonably seem to be in the best interest of the client, and the client will be bound by the result.

Where a market operator cancels or amends trades executed on its market, SEB and its clients will be bound by such steps, even if SEB has in the meantime confirmed that the transaction has been executed. SEB will take all reasonable steps to notify the client of such events as soon as possible after it has itself been informed of them, unless the circumstances makes such notification impracticable.

Changes and updates to this Policy

This Policy may be subject to change from time to time. The Policy, and the execution venues, third party brokers and execution arrangements referred to in it, as well as the results they produce, will be reviewed periodically in order to ensure that they remain likely to provide the best possible result for SEB's clients. This will be done as circumstances dictate, and at least annually. Any changes to the Policy will be published on SEB's website, and can be accessed on www.seb.se. SEB will also send any update to its clients on request. Such change and updates will take effect from the day following the day they are published on the website.

Addendum for SEB Fund Services S.A.**1. Portfolio management**

- 1.1** SEB FS performs portfolio management activities and executes orders or transmits orders for execution. SEB FS may, in addition, delegate Portfolio Management to various appointed Asset Managers (the “Asset Managers”) in accordance with the prospectus of the Funds it manages. However, SEB FS remains responsible for the overall Investment Management function, and shall monitor that proper arrangements are in place for obtaining best possible results for Funds when executing orders in financial instruments.
- 1.2** SEB FS’s Senior Management shall ensure that the Investment Managers provide the relevant requested documents and information in order to allow for a proper monitoring of the Best Execution arrangements on an ongoing basis. Investment Managers shall issue reports on a periodic basis in order to demonstrate that they have executed orders on behalf of the Funds in line with the Best Execution Policy.
- 1.3** When performing its controls over the delegated third parties, SEB FS shall take into consideration Asset Manager’s relation with SEB Group, therefore differentiating between the controls in place for SEB Asset Managers and for external Asset Managers, but will endeavour, overall, to have a unitary control framework.

2. SEB Group Asset Managers

- 2.1** For all Asset Managers within SEB Group, SEB FS shall contractually enforce the Asset Manager’s responsibility in accordance with this instruction.

3. External Asset Managers

- 3.1** Prior to any appointment, an external Asset Manager shall be required either to have its own Best Execution Instruction. Such instruction will become part of the contractual legal framework between SEB FS and the Asset Manager as an annex to the investment management agreement between SEB FS and the Asset Manager.
- 3.2** SEB FS shall also ensure that the Best Execution Instruction of the External Asset Manager complies with SEB principles, which is compliant with MIFID requirements and local market practices, and that no provision within such policy is unacceptable for SEB FS.
- 3.3** SEB FS shall, however, not expect that the Asset Manager’s Best Execution Instruction to be perfectly aligned with SEB standards, and will accept deviations on a case by case basis, provided that the Asset Manager offers a reasonable explanation. Such deviation shall be subject to the approval of Compliance and the Senior Management of SEB FS. Should SEB FS decide that the Best Execution Instruction is not acceptable, SEB FS shall, in its own discretion, decide upon a course of action: either to ask for a modification of the Best Execution provisions or to abandon the appointment of the Asset Manager.

- 3.4** If the Asset Manager does not dispose of an own Best Execution Instruction, the Asset Manager will be required to follow the SEB Group Best Execution Instruction in relation to any execution, handling and transmission of orders in financial instruments of the fund.

4. Best Execution Assessment

When placing the orders on behalf of Funds for those assets for which Best Execution is relevant, the Asset Managers and the portfolio management team shall take all reasonable steps to obtain the best possible result for the Funds they manage or the investors in these Funds, taking into account price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order. The relative importance of such factors shall be determined by reference to the following criteria:

- the objectives, investment policy and risks specific to the Funds, as indicated in the Fund's rules or articles of association, prospectus or offering documents of the Funds;
- the characteristics of the order;
- the characteristics of the financial instruments or other assets that are the subject of that order;
- the characteristics of the execution venues to which that order can be directed.

This instruction shall identify, in respect of each class of instruments, the entities with which the orders may be placed. The Asset Manager shall only enter into arrangements for execution where such arrangements are consistent with its obligations. The Asset Manager shall make available to investors in the Funds it manages appropriate information on the instruction established in accordance with its obligations and on any material changes to that instruction.

Unless special circumstances apply, SEB FS's priority in executing transactions will be to obtain the best possible result in terms of the total consideration to be paid or received by the client. Specifically, in most cases, price and costs will be essential factors for obtaining best execution for the funds, unless the purpose of the order dictates that other elements should be prioritised.

5. Best Execution monitoring

SEB FS shall

- monitor that the Asset Managers of the Funds have established and maintain a Best Execution policy compliant with SEB Group and this Instruction;
- review, on a regular basis, the effectiveness of their arrangements and execution policy, in order to identify and correct any deficiencies on trading orders, and whether changes are required to their execution arrangements.
- ensure and assess that the quality of the execution venues or entities provide the best possible result for the Funds. Accordingly, the Asset Managers shall be responsible to ensure that the brokers they use, have appropriate arrangements in place to enable the Asset Managers to comply with their obligations to SEB FS and the Funds.
- Place orders with the relevant venues mentioned in the prospectus or other relevant constitutional document of the collective investment scheme in question at a price in accordance with the said documentation for transaction in shares or units of funds.
- Ensure that the orders on behalf of the Funds are accurately recorded and allocated in accordance with the Luxembourg Laws and that the orders executed on behalf of the Funds are executed sequentially and promptly unless the characteristics of the order or prevailing market conditions make this impracticable or the interests of the Funds require otherwise.

- Ensure that the financial instruments of money received in settlement of the executed orders are correctly delivered to the account of the relevant Fund.
- Shall not misuse information relating to pending fund orders and shall take reasonable steps to prevent the misuse of such information by any of their relevant persons.
- Shall not be permitted to carry out a Fund order in aggregate of another Fund or another client or with an order on their own account unless it is unlikely that the aggregation of orders work in the disadvantage of the Fund or its clients. In case the Fund orders are aggregated with one or more orders of other Funds or clients, the Asset Managers shall follow the following principles:
 - The orders shall not be allocated to the related trades in a way that is detrimental to the Fund;
 - The aggregated orders will, to the extent possible, be allocated to Funds or other clients on the trade date at the calculated average price. If aggregated orders can be executed only in part, the executed part is allocated in proportion to the size and conditions of the orders. Allocation to the Asset Managers will be made only if all the orders of the Funds are satisfied in full unless the Asset Managers are able to demonstrate to the Funds on reasonable grounds that it would not have been able to carry out the order on such advantageous terms without aggregation, or at all.

5.1 The compliance function of SEB FS shall undertake monitor compliance with this instruction and SEB Group instruction and report any findings to the Board of Directors.

5.2 For the purpose of the above, the compliance function shall liaise with each of the delegated Asset Managers (either within SEB Group or external) in order to obtain the necessary documentation to properly perform its verifications. Compliance shall monitor that the Asset Manager has arrangement in place to monitor that the brokers have proper arrangements in place.

6. Review and update

This instruction and the SEB Group Instruction including the policy will be reviewed at least annually and be approved by the Board of Directors of SEB FS.

This policy is made available on SEB FS website.