

	Investment Decisions Execution Policy of Luminor investicijų valdymas UAB	Number / Version: BVR-18-15 / 0
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1. GENERAL SECTION

1.1. The Investment Decisions Execution Policy regulates execution of investment decisions of Luminor investicijų valdymas UAB (the AMC), the pension and investment funds managed by it (also the Funds) in process of management of the client portfolios under Financial Instrument Portfolio Management Agreements, establishes the factors of execution of investment decisions and their relative importance, the venues of execution of investment decisions and entities to whom investment decisions may be transferred for execution.

1.2. While executing an investment decision or transferring it for execution to another entity, the AMC acts on the conditions best for the Funds, their participants and clients and in their interests, as well as follows the laws and/or other legal acts of the Republic of Lithuania, and the present Investment Decisions Execution Policy.

1.3. If the client submits a particular order to the AMC or the AMC transfers such particular order submitted by the client for execution to a third person, the client's order shall be executed precisely and without derogating from the order terms, and the AMC will be limited to obtain the best result for the client under the decision terms and conditions or the AMC acts based on the client's particular order.

2. INVESTMENT DECISION EXECUTION FACTORS AND THEIR RELATIVE IMPORTANCE

2.1. In order to achieve the best possible result while executing investment decisions or transferring them to another entity for execution the AMC assesses the following factors:

2.1.1. **Price of a financial instrument.** The AMC considers this factor to be the most important. An investment decision is executed or transferred for execution to another entity under the market conditions, following the time priority principle with regard to execution or submission for execution of similar investment decisions.

2.1.2. **Costs of investment decision execution.** These costs make part of the overall settlement amount therefore are considered as the second most important after the price. While executing investment decisions or transferring them to another entity for execution, the AMC compares execution costs among themselves and seeks that they would be the lowest.

2.1.3. **Speed of investment decision execution.** Where market prices change sharply, the speed of the investment decision execution is likely to considerably affect the final settlement amount. However, in any case investment decisions for the same category of an investment instrument are executed or transferred for execution to another entity following the following the time priority principle with regard to execution or submission for execution of similar investment decisions, size, content and other terms of an investment decision.

2.1.4. **Likelihood of Investment decision execution and settlements.** When executing an investment decision or transferring it for execution to another entity, the AMC takes into account in which case the likelihood of their execution and settlements is the highest.

2.1.5. **Investment decision size and content.** When executing an investment decision or transferring it for execution to another entity, the AMC seeks to ensure that an investment decision is executed absolutely with a minimum adverse effect on the market. In this case the AMC takes into account the liquidity of a financial instrument and the market and a possible impact of investment decision execution on the price of a financial instrument, as the case is possible where to execute or submit for execution the entire scope of an investment decision at a less attractive price is better than in parts therefore with an adverse effect on the financial instrument price.

2.1.6. Other circumstances relevant to investment decision execution.

2.2. While managing the Fund or client portfolio the AMC, when executing an investment decision or transferring it for execution to another entity, determines the relative value of the factors listed in clause 2.1. in view of the following criteria:

- investment objectives, investment policy and types of risks inherent to the Fund or client portfolio as indicated in the prospectus or documents of incorporation, or Financial Instruments Portfolio Management Agreements;
- characteristics of an investment decision;
- characteristics of the financial instrument regarding which the investment decision is made;
- characteristics of the venues where the investment decision is likely to be executed.

2.3. The AMC draws attention to the fact that the best result of investment decisions execution is not limited to the price but additionally comprises other costs, size and speed of the investment decision as well as the likelihood to execute it. Even in the case when it seems that the price was not the best this does not necessarily mean that the investment decision was not executed on the terms best for the Fund or the client.

3. VENUES OF INVESTMENT DECISIONS EXECUTION

3.1. The AMC selects the venues of investment decisions execution taking into account:

- Price of financial instruments and transparency of its formation;
- Costs of investment decision execution;
- Likelihood and speed of Investment decision execution and settlements;
- Market liquidity and liquidity of financial instruments;
- Restrictions of transaction size.

3.2. The AMC selects the following as the main venues of investment decision execution:

- regulated markets;
- electronic multilateral trading systems;
- financial intermediaries and brokerage firms who conduct systematic internaliser trading.

3.3. The AMC does not seek to use the highest possible number of venues to execute investment decisions however their number must be sufficient in order to ensure investment decisions execution on the terms best for the Funds, their participants and clients and in their interests.

3.4. If several venues of investment decisions execution meet the raised requirements and in principle the best possible result may be achieved in them, the AMC at its own discretion chooses one or more venues of investment decisions execution for each category of financial instruments.

3.5. Investment decisions to buy/sell financial instruments traded on regulated markets or through multilateral trading systems (e.g. shares or futures contracts) are always transferred to the respective exchanges/multilateral trading systems for execution by the AMC directly or through third persons listed in Annex 1 to this Policy. In other cases investment decisions to buy/sell financial instruments are executed by the AMC or are transferred for execution to third persons as defined in Annex 1 to this Policy.

3.6. The AMC reviews on a regular basis the list of the selected venues of investment decisions execution in view of the requirements to execute investment decisions on the terms best for the Funds, their participants and clients and in their interests, and compares with the other possible venues of investment decisions execution.

4. REQUIREMENTS FOR INVESTMENT DECISIONS EXECUTION

4.1. The AMC shall apply and implement the measures and procedures to ensure the prompt, fair and expeditious execution of transactions concluded by the Funds and on account of clients.

4.2. Executed investment decisions must be immediately and accurately recorded and allocated. Similar investment decisions are executed successively and immediately, except for the cases where it is not possible to do so due to the characteristics of the order or prevailing market conditions, or when this is in conflict with the Fund's or client's interests.

4.3. Financial instruments and funds received upon settlement for the executed investment decision must be immediately and correctly recorded in the respective financial instruments accounts, if applicable, in the Fund sub-fund's or investment unit classes and /or series accounts.

4.4. The AMC has no right to abuse the information related to pending investment decisions and must take all actions required to prevent any of the related persons from abusing this information.

5. AGGREGATION AND ALLOCATION OF INVESTMENT DECISIONS AND TRANSACTIONS

5.1. The AMC has no right to execute an investment decision if the investment decision being executed is aggregated with an investment decision made on account of the other Fund or the client or a transaction being concluded on own account, except for the cases where there is no ground to believe that the aggregation of investment decisions will have an adverse effect on the interests of any of the Funds or clients on whose account made investments decisions are intended to be aggregated.

5.2. If the AMC aggregates the investment decision made by the Fund or on account of the client with one or several investment decisions made by other Funds or on account of clients and such investment decision is fully executed, the AMC must allocate related transactions pro rata at the average price. If the aggregated investment decision is partially executed, it is allocated pro rata at the average price. The number of financial instruments shall be rounded in accordance with mathematical rules. In certain cases the allocation may differ, in order to avoid disproportionate costs, and a smaller order may be fully executed.

5.3. In case the AMC aggregates transactions on own account with one or several investment decisions made on account of the Funds or clients, the AMC is not entitled to reallocate the related transactions in a way that is not favourable to the Fund or the client.

5.4. If the AMC aggregates the investment decision made on account of the Fund or the client with a transaction being made on account of the AMC and such aggregated investment decision is partially executed, the related transactions are allocated giving priority to the Fund or the client but not to transactions concluded on account of the AMC. However if the AMC can prove that without this aggregation it would not have been able to execute the investment decision on such favourable terms or would not have been able to execute it at all, it may allocate the transaction on own account pro rata in observance of sub-clause 5. 2 that defines the policy of investment decisions allocation.

5.5. The pension fund orders are not aggregated with orders of other funds, the AMC or client portfolios. The pension fund orders may be aggregated only with orders of other pension funds. For fully or partially executed orders transactions are allocated following the principles described in clause 5.

6. TRANSFER OF INVESTMENT DECISIONS FOR EXECUTION TO ANOTHER ENTITY

6.1. When executing an investment decision the AMC acts on the terms best for the Funds, their participants and clients and in their interests and, if necessary, may transfer its managed Fund's or client portfolio investment decision for execution to another entity indicated in Annex 1 to this Policy.

6.2. The AMC assesses financial intermediaries regularly and fully. The AMC, when choosing a financial intermediary, assesses the factors established in clause 2.1. of this Policy in order to obtain the best possible result for the Fund, its participants and clients.

7. INVESTMENT PRINCIPLES APPLIED IN MANAGING THE ASSETS OF THE PENSION FUNDS MANAGED BY THE AMC

7. 1. The AMC ensures that the pension assets are invested in seeking to ensure the security, profitability and liquidity of the entire financial instruments portfolio of the pension fund.

7.2. It is prohibited to invest the pension assets in financial instruments of the AMC group of companies or other products in order to resolve difficulties faced by the AMC or another company within the group of companies, or the fund related to the liquidity, solvency or compliance with the requirements of the legal acts.

7.3. Upon investment of the Pension Fund assets into the investment fund managed by the AMC, the management fee cannot be deducted from the invested pension fund assets. However, if the management fee is deducted from the invested pension fund assets, the AMC must, not later than within one month, return to the pension funds account the deductions applied for the management of the pension assets as invested in the investment fund. These provisions shall also apply when the AMC manages investment funds and has assigned their management function or its part to other persons (if applicable).

7.4. The deduction returned by the collective investment undertaking in which the pension assets are invested or by its management company and related to the investment in the collective investment undertaking in all cases immediately, but not later than within 2 business days after the business day on which they were returned, shall be included by the AMC in the respective pension assets.

8. FINAL PROVISIONS

8.1. The AMC constantly monitors whether the Investment Decisions Execution Policy is efficient, as well as the quality of investment decisions execution by other entities who execute investment decisions as named in Annex 1 to this Policy, and upon identification of any deficiencies of the Investment Decisions Execution Policy must immediately remedy them. The AMC constantly monitors and analyses whether the venues of investment decisions execution allow for achieving the best result for the Fund, its participants and the client and whether the Investment Decisions Execution Policy should be improved.

8.2. The Investment Decisions Execution Policy shall be reviewed at least annually. It must be reviewed also in the case of a material change that affects the AMC's capacity to obtain the best result for the Fund, its participants and the client.

8.3. The management company ensures that the Investment Decisions Execution Policy and all material changes hereto are available to the Fund participants and the client.

8.4. The management company acts in the way that enables it at any time to prove that the investment decision on account of the Fund or the client was executed or transferred to another entity for execution in compliance with the Investment Decisions Execution Policy.

8.5. This Policy is approved by resolution of the AMC Board.

**VENUES OF EXECUTION OF INVESTMENT DECISIONS AND ENTITIES TO WHOM INVESTMENT DECISIONS
ARE TRANSFERRED FOR EXECUTION**

1. Investment decisions to buy/sell the Baltic corporate shares on NASDAQ OMX Baltic Stock Exchanges are transferred to Luminor Bank AB.

2. Investment decisions to buy/sell other countries' corporate shares traded on the below-named regulated markets or through multilateral trading systems are transferred to Luminor Bank AB using Luminor Trade platform or through the dealer of Luminor Bank AB.

- American Stock Exchange
- Australian Stock Exchange
- Athens Stock Exchange
- Euronext Amsterdam
- Euronext Brussels
- Euronext Paris
- Euronext Lisbon
- OMX Copenhagen
- OMX Stockholm
- OMX Helsinki
- Frankfurt Stock Exchange
- Hong Kong Stock Securities Exchange
- London Stock Exchange SETS
- Italian Stock Exchange (Borsa Italiana)
- NASDAQ Global Markets
- NASDAQ Capital Markets
- New York Stock Exchange
- Oslo Stock Exchange
- Singapore Exchange Securities Trading Limited
- Spanish Stock Exchange (Sistema De Interconexion Bursatil Espanol)
- SWX Swiss Exchange, SWX Europe Exchange
- Tokyo Stock Exchange
- Vienna Stock Exchange (Wiener Borse)
- Chicago Board of Trade
- EUREX
- Chicago Mercantile Exchange
- New York Mercantile Exchange
- Sydney Futures Exchange.

3. Investment decisions to buy/sell investment fund units are executed through HSBCfast platform.

4. Investment decisions to buy/sell ETF¹ units are executed through HSBCfast platform, also they may be transferred for execution to Nordea Bank Abp.

¹ Exchange traded funds