

# Best Execution and Order Handling Policy

OR Taxonomy: [6.2 Firm's interest (Bank v Client) conflicts

**Owner/Issuer: Head of Investments AM**

### Why do we have this policy?

This document establishes the best execution and fair order handling policy for UBS Asset Management and all related legal entities. The policy is designed to ensure that sufficient steps are taken to ensure best execution and fair allocation of all securities and financial instruments.

### Applicability

<b>Roles</b>	<ul style="list-style-type: none"> <li>• Execution Traders receiving, transmitting and executing orders on behalf of clients (including Portfolio Managers performing execution activities)</li> <li>• Business risk and control functions controlling and overseeing the handling and execution of client orders</li> </ul>
<b>Business Division / Group function</b>	Asset Management
<b>Business Area</b>	AM Trading units (ex-REPM)
<b>Legal Entity</b>	<p>Trading is undertaken by the following entities:</p> <ul style="list-style-type: none"> <li>•UBS Asset Management Switzerland AG</li> <li>•UBS Asset Management (Americas) Inc.</li> <li>•UBS Asset Management (Australia) Ltd</li> <li>•UBS Asset Management Deutschland GmbH</li> <li>•UBS Asset Management (Hong Kong) Ltd</li> <li>•UBS Asset Management Singapore Ltd</li> </ul>

### Summary of Key Requirements

Asset Management must establish and implement effective arrangements for complying with its obligation to seek to obtain best execution when executing orders on behalf of clients.

Key Principles/Controls:

This policy sets out the course of actions that need to be followed when handling and executing orders for our clients.

---

	<ul style="list-style-type: none"><li>•UBS Asset Management (UK) Ltd</li><li>•UBS O'Connor LLC</li></ul> <p>Trading is also on behalf of the following entities:</p> <ul style="list-style-type: none"><li>•UBS Asset Management (Canada) Inc.</li><li>•UBS Asset Management (China) Limited</li><li>•UBS Asset Management Funds Ltd</li><li>•UBS Asset Management (Italia) SGR SpA</li><li>•UBS Asset Management (Japan) Ltd</li><li>•UBS Asset Management Life Ltd</li><li>•UBS Asset Management (Taiwan) Ltd</li><li>•UBS Asset Management (US) Inc.</li></ul>
<b>Location</b>	Global

---

**Infringements of this policy may result in disciplinary action including dismissal. Known infringements must be dealt with in line with the Violations policy and/or other relevant escalation processes.**

# Table of Contents

<b>1.</b>	<b>Summary .....</b>	<b>4</b>
1.1.	Key risks addressed in this policy.....	4
1.2.	Key principles .....	4
1.3.	Roles & responsibilities.....	4
1.4.	Key processes .....	5
<b>2.</b>	<b>Scope.....</b>	<b>5</b>
2.1.	Scope: .....	5
2.2.	Local Procedure .....	6
<b>3.</b>	<b>Governance .....</b>	<b>6</b>
<b>4.</b>	<b>Best Execution Principles.....</b>	<b>6</b>
4.1.	Best execution criteria .....	7
4.2.	Best execution factors.....	7
4.3.	Execution venues selection criteria .....	7
4.4.	Counterparty selection criteria .....	8
4.5.	Execution venues and counterparties .....	8
4.6.	Multiple quotes .....	8
4.7.	Directed Broker Instructions .....	9
4.8.	Order handling and execution strategy .....	9
4.8.1.	General terms of order handling .....	9
4.8.2.	Aggregation of orders .....	10
4.8.3.	Allocation of orders .....	10
4.9.	Cross transactions.....	11
4.10.	Order executed outside a trading venue .....	11
4.11.	Misuse of information.....	11
4.12.	Inducements / execution commissions / incentives .....	11
4.13.	Monitoring and Record keeping .....	12
4.13.1.	Standard for checking best execution and order handling.....	12
4.13.2.	Record Keeping .....	12
4.14.	Updates to this policy .....	12
4.15.	Client information and consent .....	12
<b>5.</b>	<b>Roles &amp; responsibilities .....</b>	<b>13</b>
5.1.	AM Trading Functions.....	13
5.2.	Best Execution Forum .....	13
5.3.	Business Risk and Control Functions .....	13
	<b>Appendix A – Execution factors prioritization .....</b>	<b>14</b>
1.1	Equities.....	14
1.2	Fixed Income .....	14
1.2	Foreign Exchange (FX).....	15
1.4	Derivatives .....	15
1.5	Securities Financing Transactions .....	16
	<b>Annex 2: Definitions and Glossary .....</b>	<b>17</b>

# 1. Summary

As a global asset manager that is executing orders on behalf of clients or placing orders with, or passing orders to, others for execution, UBS Asset Management (“AM”) has a fiduciary obligation to take all sufficient steps, as applicable, to seek to obtain the best possible trade execution result for its clients (known as best execution), taking into account price, costs, speed, likelihood of execution and settlement, size, nature and / or any other relevant order execution considerations. AM has a further obligation that it provides a fair and equitable allocation of transactions when managing like orders for multiple clients/accounts at the same time. This Policy describes how UBS AM meet their Best Execution Obligations. It further sets the global standards for the handling and execution of Orders executed on behalf of clients. Furthermore, this Policy establishes governance and control standards for Best Execution Forum governance to ensure that obligations related to Best Execution are satisfied. In order to satisfy mandatory local laws and regulations, UBS entities in specific locations may be required to adhere to additional local Best Execution policies, procedures or local guidelines to supplement the approach set out in this Policy and/or to describe in more detail the procedures to be followed or standards to be adhered to locally.

## 1.1. Key risks addressed in this policy

A failure to provide Best Execution in accordance with this Policy may lead to Clients receiving an inferior result on transactions undertaken with UBS. Furthermore, a failure to satisfy regulatory Best Execution requirements could undermine UBS’s reputation, cause UBS to breach its legal and regulatory obligations, and result in a failure to provide Best Execution to its Clients leading to fines, sanctions and other related penalties from regulators.

## 1.2. Key principles

This Policy applies globally to UBS legal entities and branches within Asset Management trading units. As noted above, its terms are subject to any applicable local or regulatory requirements. To that end, the identification, prevention, escalation and management of Client execution conflicts and general conflicts of interest risk is based on Our Code of Conduct and Ethics, the Risk Management and Control Principles and the escalation framework contained in the Group Governance Standards. Finally, the governance requirements in this Policy should be implemented in conformance with Group Governance Standards and the Governance Documents.

## 1.3. Roles & responsibilities

All relevant Asset Management trading staff (execution traders) are responsible for taking sufficient steps to identify Conflicts of Interests that exist between the Firm and its Clients with respect to Best Execution, in accordance with the Group Policy on Conflicts of Interest and take all sufficient steps to obtain the best possible results for UBS Clients by taking into account the Key Requirements in Section 4 below.

#### **1.4. Key processes**

In order to fulfill the Best Execution Obligation described in Section 4 below, UBS AM is required to establish and maintain a Best Execution Forum, including the formation of any ad-hoc Working Groups as required, to ensure that sufficient monitoring processes for Best Execution are in place and carried out, oversight is conducted for stakeholders performing the monitoring and related risks that arise from the failure to provide Best Execution are ultimately mitigated. These considerations, along with the corresponding Key Requirements, are explained in more detail in Section 4 below.

## 2. Scope

#### **2.1. Scope:**

This Policy applies to all UBS Asset Management Business Units that provide execution services in products where a corresponding regulatory obligation requires such Business Units to obtain Best Execution for their customers.

Separately, to the extent that Business Units within Asset Management elect to carry out Best Execution governance on a global level based on the manner in which the underlying product(s) are traded, this Policy will apply to all in-scope jurisdictions and products covered by such governance.

Specifically, this policy applies to:

- All orders in financial instruments / products placed, transmitted or executed by AM globally on behalf of all portfolios, except "Specific Client instructions" as per Section 4.7;
- All client accounts managed by AM. A reference to "client" here includes pooled fund and separate account mandates of third-party clients as well as to those of AM and its affiliates. Such accounts will be referred to herein as "client" or "portfolio"; and
- All AM staff who execute orders on financial instruments / products for client accounts such as Portfolio Managers or any employees assigned to AM execution desks (collectively called " Execution Traders").

Out of scope: this policy does not apply to Real Estate and Private Markets as they do not currently engage in the trading of publicly listed securities but funds and real assets which have separate valuation and pricing processes or which trade through a relevant transfer agent in the primary market. There is an exception for certain REPM funds that invest in Real Estate Investment Trusts (REITs) where the central trading desk is responsible for execution and BestEx and therefore is deemed in scope.

Direct investments not negotiable on the capital markets are out of scope of this policy, as these are not classified as a financial instrument. Direct Investments are governed by separate governance arrangements. In addition, there is no BestEx obligation for Fund Unit transactions which are also out of scope of this policy.

## 2.2. Local Procedure

This policy is intended to provide high level global principles for AM's best execution obligations and other order handling procedures referenced herein. AM recognizes that there may be regional/local differences due to a variety of factors, including different laws and regulations. Local offices and trading desks are responsible for adopting any procedures and controls as are necessary to comply with this policy, regional/local laws and regulations in consultation with Legal and Compliance and Operational Risk Control (C&ORC).

# 3. Governance

AM has established a Best Execution Forum which provides oversight of ongoing adherence to the Best Execution and Order Handling Policy. The Best Execution Forum membership consists of senior trading and investment representatives. Representatives from C&ORC, Group General Counsel and Operations also participate as invited guests.

This forum generally meets on a quarterly basis and considers the findings of monitoring activities by the trading desks and C&ORC. The Best Execution Forum is responsible for (i) reviewing the execution framework and approving relevant practices, policies and procedures, (ii) reviewing key process controls and (iii) addressing organizational and business issues related to global trading processes.

Governance established for purposes of Best Execution must adhere to existing UBS governance requirements that pertain to relevant roles and responsibilities, operational requirements, terms of reference, escalation and regular reviews and assessment of governance processes and related documentation.

# 4. Best Execution Principles

The Best Execution obligation requires execution traders, that execute an order or transmit an order to another entity for execution, to take all sufficient steps to obtain the best possible results for the Client.

UBS Asset Management has a fiduciary obligation to take all sufficient steps, as applicable, to seek to obtain the best possible trade execution result for its clients (known as best execution), taking into account price, costs, speed, likelihood of execution and settlement, size, nature and / or any other relevant order execution considerations described in this section. AM has a further obligation that it provides a fair and equitable allocation of transactions when managing like orders for multiple clients/accounts at the same time.

In carrying out the Best Execution obligation, execution traders must use their professional judgment and experience to determine the relative importance of the Execution Factors in light of market information available, and to take into account the Key Requirements detailed in this section.

#### **4.1. Best execution criteria**

When executing orders on behalf of clients, UBS will take sufficient steps to obtain best possible results taking into account, to the extent it deems them relevant, the following criteria ("Execution Criteria") to determine the applicable execution factors and their relative importance.

These Execution Criteria include:

- The characteristics of the portfolio, including portfolio investment guidelines / restrictions and regulations that may affect how orders are placed for the client;
- The characteristics of the order;
- The characteristics of the financial instruments that are the subject of that order; and
- The characteristics of the counterparty selected to execute the order.

#### **4.2. Best execution factors**

The Execution Factors that UBS should consider where relevant when executing an order on behalf of a Client include the following, but not limited to: Price of execution and depth of quote;

- Costs associated with execution (e.g. expenses incurred by the client including execution, clearing and settlement fees and any other fees paid to a counterparty or third party involved in the execution of the order);
- Speed of execution;
- Size;
- Nature of the order;
- The likelihood of execution;
- The likelihood of settlement;
- Liquidity profile;
- Any other consideration relevant to the execution of an order

#### **4.3. Execution venues selection criteria**

When selecting an execution venue the following criteria should be considered, but without limitation:

- Operational risk factors;
- Efficiency factors e.g. offers Straight Through Processing;
- Regulatory direction e.g. directed by the regulator;
- Cost factors;
- Information leakage;
- Clearing capabilities; and
- Product coverage

#### **4.4. Counterparty selection criteria**

When selecting a counterparty the following criteria should be considered, but without limitation:

- Counterparty's ability to execute and settle the trade in a prompt, orderly and satisfactory manner;
- Counterparty's willingness to commit capital;
- Counterparty's confidentiality;
- Counterparty's financial status and credit worthiness, e.g. responsibility and solvency as required by our internal credit risk framework;
- Counterparty's execution capabilities and any related risks when trading a block of securities (e.g. anonymity);
- Counterparty's regulatory status;
- Counterparty's reputation;
- Counterparty's broad market coverage and knowledge;
- Counterparty's consistent quality of service; and
- Counterparty's treatment of AM as a professional client.

#### **4.5. Execution venues and counterparties**

The following types of venues or counterparties that AM approves for use are:

- Multilateral Trading Facilities;
- Organized Trading Facilities;
- Swap Execution Facilities;
- Regulated Markets
- Brokers (including Systematic Internalisers and non-Systematic Internalisers).
- Other exchanges or venues not listed above

AM regularly assess execution venues and counterparties to identify those that will enable AM, on a consistent basis, to seek to obtain the best possible result when executing client orders.

The addition or removal of a new venue or counterparty is overseen by the AM Best Execution Forum where Senior Management and relevant control functions approve the onboarding or removal of the counterparty or venue. This list is subject to review and may change as market structure evolves. Execution quality is regularly assessed using transaction cost analysis and investment team feedback, with performance reviewed in the Best Execution Forum and deficiencies, corrected where necessary.

AM must manage its conflicts of interest in such a way that does not discriminate unfairly between execution venues in accordance with the **Conflicts of Interest Policy**.

#### **4.6. Multiple quotes**

Where appropriate (e.g. Over The Counter trading), in order to obtain a fair market value from which best execution can be confirmed, AM execution traders will seek multiple quotes for orders directly from market participants either through a venue, direct stream or phone/Instant Message. Where multiple quotes are not



available, the execution trader may use other valuation methodologies to establish the market level for the asset. The appropriate methodology depends on the asset and includes but is not limited to relative value assessment (e.g. spread to governments, spread to swaps, market movements since last trade, trace data or broker dealer runs, etc.).

In certain circumstances, the terms and economics of an OTC product may become illiquid, or higher risk to hold (regulatory changes, price degradation, changes to underlying market conditions). When considering alternatives execution traders must apply the full principles of best execution and consider both renegotiating the contract with the counterparty, or through the execution of a close-out and re-open trade. All costs and risks must be considered.

To ensure the fairness of the price proposed by the counterparty, execution traders check, where available, price against multiple quotes, market levels and valuation methodologies which are subject to best execution monitoring and Best Execution Forum oversight, and take into consideration break fees, taxation and other second order factors

Examples of order types and scenarios in which multiple quotes may not be available include but are not limited to:

- Broker inventory / order size factors, e.g. only certain brokers can support odd lots, order size (both large and small) or netting/blocking which may result in only one counterparty being able to quote;
- Distressed or illiquid financial instruments / products;
- Market disruptive events/Fast markets leading to distressed or illiquid instruments
- Reduced counterparty list due to client restrictions or limited counterparty approvals, or directed execution (e.g. to custodian);
- Stop loss orders with pre-determined levels

#### **4.7. Directed Broker Instructions**

Where a client provides specific directed broker instructions, the order must be executed in accordance with those instructions, subject to compliance with local regulation. This may restrict an execution trader from taking steps designed and implemented in this policy to obtain the best possible result for the execution of those orders in respect of the elements covered by those instructions.

Where the client's instruction relates to only part of the order, AM will continue to apply its order execution policy to those aspects of the order not covered by the specific instructions.

#### **4.8. Order handling and execution strategy**

##### **4.8.1. General terms of order handling**

When executing orders an execution trader must provide fair and equitable treatment to all clients. This will be achieved by the following:

- Treat orders, whether aggregated or not (see section 4.8.2), in a non-preferential manner regardless of size or complexity; i.e. no single portfolio may be systematically favored over another;

- Promptly and accurately record orders on a recognized system unless the characteristics of the order or prevailing market circumstances make it impracticable;

#### 4.8.2. Aggregation of orders

When aggregating orders execution traders must maintain all principles of best execution and provide fair and equitable treatment to all clients; no single account may be systematically favored over another. An execution trader may aggregate orders to give its clients the benefits of efficient and cost-effective delivery of AM services, or to improve outcomes for all clients.

Aggregation of orders will be managed according to the following principles and should be:

- Consistent with AM's duty to seek best execution for all client accounts;
- Advantageous (or unlikely to be disadvantageous) to all clients whose orders are to be aggregated;
- Executed in such a way as to ensure all local regulatory obligations are met

Execution traders must use judgment, experience and any prevailing market information to determine when orders should be aggregated.

#### 4.8.3. Allocation of orders

When allocating market fills to an aggregated order, all portfolios must be treated in a non-preferential manner such that no single account may be systematically favored over another. The allocation of orders cannot be based upon the client's account size, identity, performance, fee structure, and / or the Portfolio Manager.

If an order is partially filled, the order should be allocated among portfolios on a pro-rata basis in the same proportions as the set allocation methodology, unless the interests of the clients require otherwise.

All orders should be fairly allocated across all portfolios that are eligible to receive a portion of the order. If for any reason an order requires a non-standard allocation there needs to be a sound business rationale that is consistent with AM's fiduciary responsibilities.

A 'non-standard' or 'non pro-rata' allocation can be defined as any allocation that does not follow the set allocation process as recorded in our internal procedures for the portfolios in question.

The factors which may support a non-standard allocation include, but not limited to:

- Availability of cash;
- Liquidity needs;
- Exposure to the security, sector, industry;
- Odd lot positions;
- Account guidelines;
- Specialized strategies; and
- Minimum tradable amounts;
- Minimum due to ticket fees

Generally, trade allocations must be communicated to the broker or custodian by close of business on the day of execution (local time). If orders are executed overnight or confirmed allocations provided after local market

close, the allocations can be communicated by close of business the following trading day (local time).

#### **4.9. Cross transactions**

Regulatory standards require AM to maintain oversight on the use of cross transactions (where buy and sell orders for the same security or instrument are executed between AM managed portfolios). Depending on local regulation and other internal procedures, cross transactions can either be executed externally (on venue or exchange) or internal (not utilizing any external venues or exchanges). Cross transactions must always be for the benefit of both parties and never put the interests of one portfolio above the interests of another; e.g. a cross should never be executed for the sole purpose of allowing portfolio 'A' to provide liquidity support to portfolio 'B'.

When a cross transaction is executed the following principles should be adhered to:

- Be in the best interests of both portfolios to the trade;
- In compliance with the investment objectives and guidelines of both portfolios (as determined by the PM);
- Must be consistent with the duty to seek best execution for all client accounts;
- comply with any client restrictions or local regulations;
- Must be executed at arm's length in terms of a fair price with de-minimis or no cost to either portfolio and identifiable for compliance monitoring;

#### **4.10. Order executed outside a trading venue**

When carrying out a client order, execution traders may be required to execute a trade outside of a trading venue to achieve the best possible result. This may increase the risk faced, including, but not limited to counterparty risk. Orders executed outside a trading venue are subject to internal controls.

Where applicable under local law, execution traders must obtain and document client consent when executing or placing client orders outside a trading venue.

#### **4.11. Misuse of information**

AM Execution traders must not misuse information relating to pending client orders and should take all sufficient steps to prevent the misuse of such information. Execution traders may not use the information in one order or pending order to benefit another client. Execution traders must also employ the firms policy on Information Barriers.

#### **4.12. Inducements / execution commissions / incentives**

No inducements are received from venues and counterparties, excluding minor, non-monetary benefits in order to comply with the Conflicts of Interest Policy. The definition of inducements and minor, non-monetary benefits may differ between different jurisdictions.

#### **4.13. Monitoring and Record keeping**

##### 4.13.1. Standard for checking best execution and order handling

Execution traders, must check the quality and effectiveness of their order execution arrangements to identify and, where appropriate, correct deficiencies. Execution traders must be aware of the various execution methods available to them and the impact the methods may have upon the orders being processed, in order to offer the best possible result for the client. The Best Execution Forum maintains a list of execution venues and are informed of changes or additions.

Where applicable, under local laws or regulations, execution traders must hold regular meetings or discussions of relevant trading and execution issues. This is formally achieved via the quarterly Best Execution Forum, and as needed when issues arise. Issues addressed should include, but are not limited to: commissions, brokerage relationships and execution capabilities. In addition, trading activities of each execution trader should be reviewed periodically for purposes of monitoring the overall trading volumes with particular venues or broker-dealers.

C&ORC will undertake second line of defence monitoring of adherence to best execution and order handling obligations.

##### 4.13.2. Record Keeping

Trade tickets, evidence of trade confirmations, allocation records and other documentation required under this Policy are retained in accordance with the Records Management Policy.

#### **4.14. Updates to this policy**

AM's Best Execution Forum will review the Best Execution and Order Handling Policy at least annually, and whenever a material change occurs that affects AM's ability to continue to obtain the best possible result for its clients.

#### **4.15. Client information and consent**

AM must provide appropriate information to its clients and potential clients on its Best Execution and Order Handling Policy in accordance with local laws and regulation and where applicable, notify clients of any material changes to their order execution arrangements or execution policy. The Policy is made available to clients on request and is also accessible on the UBS website.

Clients who have been provided with this published document will be deemed to have accepted the arrangements put in place under this policy when they next place an order for execution with AM, or where they appoint AM to provide discretionary services.

## 5. Roles & responsibilities

### 5.1. AM Trading Functions

All relevant Asset Management trading staff (execution traders) are responsible for taking sufficient steps to identify Conflicts of Interests that exist between the Firm and its Clients with respect to Best Execution, in accordance with the Group Policy on Conflicts of Interest and take all sufficient steps to obtain the best possible results for UBS Clients by taking into account the Key Requirements in Section 4 above.

### 5.2. Best Execution Forum

AM has established a Best Execution Forum which provides oversight of ongoing adherence to the Best Execution and Order Handling Policy. The Best Execution Forum membership consists of senior trading and investment representatives. Representatives from C&ORC, Group General Counsel and operations also participate as invited guests.

### 5.3. Business Risk and Control Functions

Business risk and control functions controlling and overseeing the handling and execution of Client Orders are responsible for controlling and overseeing adherence to the principles of this policy.

## Appendix A – Execution factors prioritization

AM execution traders should take all sufficient steps to follow the below prioritisation of execution factors per asset class when executing orders, but subject to the specific order and prevailing market conditions may vary the approach in order to ensure best execution to its clients.

### 1.1 Equities

<b>Product type</b>	<b>Typical execution factors</b>
Equity	<ul style="list-style-type: none"> <li>• Price and depth of quote</li> <li>• Nature of order</li> <li>• Liquidity profile</li> <li>• Likelihood of execution</li> <li>• Speed of execution</li> <li>• Costs associated with execution</li> <li>• Likelihood of settlement</li> </ul>
ETFs	<ul style="list-style-type: none"> <li>• Price and depth of quote</li> <li>• Nature of order</li> <li>• Liquidity profile</li> <li>• Likelihood of execution</li> <li>• Speed of execution</li> <li>• Costs associated with execution</li> <li>• Likelihood of settlement</li> </ul>
Convertible Bonds	<ul style="list-style-type: none"> <li>• Price and depth of quote</li> <li>• Nature of order</li> <li>• Liquidity profile</li> <li>• Likelihood of execution</li> <li>• Speed of execution</li> <li>• Costs associated with execution</li> <li>• Likelihood of settlement</li> </ul>

### 1.2 Fixed Income

<b>Product type</b>	<b>Typical execution factors</b>
Bonds	<ul style="list-style-type: none"> <li>• Price and depth of quote</li> <li>• Liquidity profile</li> <li>• Market impact – i.e. size and nature of the order</li> <li>• Likelihood of execution</li> <li>• Speed of execution</li> <li>• Venue factors such as efficiency and product availability e.g. Offers STP or trades specific instruments</li> </ul>

Money Markets	<ul style="list-style-type: none"> <li>• Price and depth of quote</li> <li>• Likelihood of execution</li> <li>• Speed of execution</li> <li>• Market impact – i.e. size and nature of the order</li> <li>• Liquidity profile</li> </ul>
---------------	---

## 1.2 Foreign Exchange (FX)

Product type	Typical execution factors
FX derivatives traded on venue	<ul style="list-style-type: none"> <li>• Price and depth of quote</li> <li>• Costs associated with execution</li> <li>• Speed of execution</li> <li>• Market impact – i.e. size and nature of the order</li> <li>• Liquidity profile</li> </ul>
FX derivative not traded on venue	<ul style="list-style-type: none"> <li>• Price and depth of quote</li> <li>• Costs associated with execution</li> <li>• Speed of execution</li> <li>• Market Impact – i.e. size and nature of the order</li> <li>• Liquidity profile</li> </ul>
FX Options	<ul style="list-style-type: none"> <li>• Price of execution and depth of quote</li> <li>• Speed of execution</li> <li>• Market impact – i.e. size and nature of the order</li> </ul>

## 1.4 Derivatives

Product type	Typical execution factors
ETD	<ul style="list-style-type: none"> <li>• Price and depth of quote</li> <li>• Market impact – i.e. size and nature of the order</li> <li>• Costs associated with execution</li> <li>• Likelihood of execution</li> </ul>
OTC Derivatives	<ul style="list-style-type: none"> <li>• Price and depth of quote</li> <li>• Liquidity profile</li> <li>• Market impact – i.e. size and nature of the order</li> <li>• Likelihood of settlement</li> <li>• Likelihood of execution</li> <li>• Speed of execution</li> <li>• Costs associated with execution (e.g. expenses incurred by the client including execution, clearing and settlement fees plus any other fees paid to a counterparty or third parties involved in the execution of the order)</li> </ul>

## 1.5 Securities Financing Transactions

AM may enter on behalf of its clients in securities financing transactions on an agency basis. Given the bilateral nature of these transactions AM considers the following execution factors when executing these transactions

<b>Product type</b>	<b>Typical execution factors</b>
Repos	<ul style="list-style-type: none"><li>• Any other consideration relevant to the order as:<ul style="list-style-type: none"><li>○ Securities lending fees, cash rebate or repo rate as applicable</li><li>○ Settlement costs</li><li>○ Counterparty and collateral risk</li><li>○ Duration of the loan</li></ul></li><li>• Costs associated with execution</li><li>• Speed of execution</li><li>• Likelihood of settlement</li></ul>
Securities lending / borrowing	
Buy sell back	
Sell buy back	



## Annex 2: Definitions and Glossary

<b>Client Order</b>	Means a transaction for buying or selling one or more financial instruments on behalf, or at the request of, a client.
<b>Execution Entity</b>	Means an entity to which UBS transmits orders for execution.
<b>Execution Venue</b>	Means a Regulated Market, an MTF, a Systematic Internalizer, or other liquidity provider or an entity that performs a similar function to the function performed by any of the foregoing.
<b>Executor of Orders</b>	The entity undertaking the execution of Client Orders on behalf of clients.
<b>Financial Instrument</b>	A tradable asset of any kind.
<b>Multi-lateral Trading Facility (MTF)</b>	Means a multilateral system, operated by an investment firm or a market operator, which brings together multiple third-party buying and selling interests in Financial Instruments – in the system and in accordance with non-discretionary rules in a way that results in a contract.
<b>Organised Trading Facility (OTF)</b>	Means a multilateral system, which is not a regulated market or MTF and in which multiple third parties with buying and selling interests can interact in a way which results in a contract.
<b>Over The Counter ("OTC")</b>	The execution of client orders outside of regulated markets or MTF, directly between two parties without any supervision or exchange.
<b>Receiver and Transmitter Of Orders (RTO)</b>	An entity that transmits or places Client Orders received from clients to/with Execution Entities.
<b>Systematic Internalizer</b>	Means an investment firm which, on an organized, frequent and systematic basis, deals on own account by executing Client Orders outside a regulated market or an MTF.