

Best Execution Principles

Lupus alpha has established the following execution policy for trades in order to ensure best execution and thus the best possible result for an investment fund. This is based on Section 82 of the German Securities Trading Act (WpHG), Article 27 of MiFID II, Section 2 (4) KAVerOV in conjunction with Section 168 (7) of the German Investment Code (KAGB) and in conjunction with Articles 27, 28 of Delegated Regulation (EU) No. 231/2013. The execution policy applies to all trading transactions of the Lupus alpha Group. The exercise of subscription rights and participation in issues are not considered trading transactions within the meaning of these principles.

General broker approval process

Lupus alpha has implemented a broker approval process that only approves brokers with impeccable credit ratings who guarantee MiFID-compliant trading. Our brokers are checked once a year for their creditworthiness and for compliance with MiFID requirements for best execution. If significant changes become known outside this cycle, an ad hoc assessment of the broker will take place with appropriate measures to ensure the best possible service for the investor. Lupus alpha has defined a broker list with the respective trading partners with whom we conclude our trades based on the above-mentioned review and good experience (broker list).

Case-by-case broker approval process

Equities – Small & MidCaps

The following factors are relevant for the best possible execution of shares in the small- & mid-cap segment (listed in order of importance):

- Type of order (e.g. limited)
- Local market position of the broker in the countries and sectors
- Speed (incl. probability) of order execution or settlement
- Available order channel
- Quality of the settlement
- Total fee of the financial instrument (price plus costs) taking into account the order size

Due to the low liquidity of the segment and the smaller number of specialised brokers, the price of the financial instrument is only of secondary importance for the selection of the counterparty.

CLOs, Convertibles, FX-Spot transactions, OTC derivatives and bonds

The following factors (listed in order of importance) are relevant for the best execution of CLOs, Convertibles, FX-Spot trades, OTC derivatives and bonds:

- Total fee of the financial instrument taking into account the order size
- Type of contract (scope and market depth of the offer)
- Speed (incl. probability) of order execution or settlement
- Quality of the settlement

Deviating placement in individual cases

Due to system failures or exceptional market conditions, it may, in rare cases, be necessary to place an order in deviation from these principles. Even under these circumstances, Lupus alpha will do its utmost to achieve the best possible result.