

Information on the
EXECUTION POLICY of
CARL KLIEM S.A.
(the "Execution Policy")

This Execution Policy is applicable to broker services provided to you by Carl Kliem S.A.

Introduction

This Execution Policy sets out the methodology followed by Carl Kliem S.A. when taking all reasonable steps to obtain the best possible result for you in accordance with Article 37-5 of the law of 5 April 1993 on the financial sector, as amended (hereinafter, the "Law of 1993") and Articles 51 to 54 of the Grand-Ducal regulation of 13 July 2007, which implement respectively Article 21 of the EU directive 2004/39/EC on markets in financial instruments ("MiFID") and Articles 44 to 46 of the EU directive 2006/73/EC implementing the aforementioned directive when executing client orders as defined in MiFID. When providing a brokerage service to you in relation to financial instruments (bonds), Carl Kliem S.A. will take reasonable steps to achieve the best overall trading result for you. This means that we will aim to provide "best execution" subject to and taking into account the nature of your orders, the prices available to us in the market, the nature of the market in question and a reasonable assessment of the sometimes overlapping and conflicting execution factors (which are detailed below).

The aim of the Execution Policy is to comply with the overarching best execution requirement on a consistent and general basis rather than obtain the best possible result for each individual order.

Our intention is, so far as possible, to exercise consistent standards and operate the same processes across all markets, clients and financial instruments in which we operate. We also intend to provide you and other market participants with access (where possible) to tradable prices on a non-

discriminatory basis. However, the diversity in those markets and instruments, what we know of your own trading intentions, and the kind of orders that you may place, mean that different factors will have to be taken into account in relation to any particular transaction.

Exemptions from the provision of Best Execution

Notwithstanding the above, Carl Kliem S.A. does not provide "best execution" if you fall within any of the following exemptions:

1) Eligible Counterparties

If you are classified as an Eligible Counterparty you will not be entitled to best execution under the EU Market in Financial Instruments Directive (MIFID), as enacted into national law. This is in line with Article 24 of MIFID (Article 37-7 of the Law of 1993) which provides that the best execution obligation under Article 21 of MIFID (Article 37-5 of the Law of 1993) will not apply.

2) Market Practices

In the wholesale bond markets in which Carl Kliem S.A. operates it is normal market practice (and as recognized by the European Commission) for buyers and sellers to "shop around" by approaching several brokers/dealers for a quote. In these circumstances there is no expectation between the parties that the broker/dealer chosen will owe best execution.

As a sophisticated participant in the wholesale markets, unless you advise us to the contrary, we will assume that this is your normal trading behaviour.

3) Transactions arranged in a name passing capacity

Where we act in a name passing capacity we do so as receivers and transmitters of orders but in carrying out our activities we do not receive and transmit orders for execution. Where orders are not transmitted for execution, the requirement to provide best execution will not apply.

4) Client Instructions

Where you provide us with a specific instruction in relation to your entire order, or any particular aspect of your order, including an instruction for your trade to be executed on a particular venue, we will execute the order in accordance with your instructions. However, please note that in following your instructions we will be deemed to have taken all reasonable steps to provide the best possible result for you in respect of the order, or aspect of the order, covered by your specific instructions.

When you lift an offer, hit a bid or place an order on a multilateral trading facility (MTF), the best execution provisions of MIFID will not apply to the operator of the MTF and these obligations will fall on the user of the system.

Your order will be classified as a specific instruction and hence the best execution provisions of MIFID (the Law of 1993) will not apply.

You should be aware that this may prevent Carl Kliem S.A. from taking the steps it has designed and implemented in this policy to obtain the best possible result for the execution of your orders in respect of the elements covered by your instructions.

Clients

Except in exceptional circumstances, we will only deal with Eligible Counterparties and Professional Clients as defined in MiFID (the Law of 1993). Because we always intend to handle orders and expressions of interest in an equitable and consistent manner, once a client is classified as an Eligible Counterparty for the purposes of a particular instrument, that client may not then elect to be re-classified for the purposes of one transaction of a type it customarily undertakes. Exceptional circumstances may be taken into account at the time, and with our consent. However, we may decline to provide a service should a reclassification be requested.

Execution Venues

This Execution Policy sets out the venues on which Carl Kliem S.A. may transact your order. It has identified those venues on which we will most regularly seek to execute your orders and which we believe offer the best prospects for achieving the best possible results for you, taking into account the execution factors detailed below. Carl Kliem S.A. is able to transact trades on your behalf on any of the following execution venues:

- Our customer base in the over the counter (OTC) markets;
- Various Exchanges and/or MTF's to which we have access.

A list of these execution venues is available upon request.

In general, bonds are traded on the over-the-counter market and not on a regulated market. Orders will thus most frequently be executed outside regular markets. Carl Kliem S.A. endeavours, where possible, to obtain competing quotes from several brokers/dealers approved by Carl Kliem S.A.. It should be noted that with less liquid instruments, there may be only one liquidity provider and therefore only one available price to deal on.

Carl Kliem S.A. will thus execute trades either on a regular market or an MTF or outside regular markets or MTFs i.a. by internalising them, acting itself as an execution venue or otherwise executing them on an unregulated market or executing them over-the-counter with various brokers/dealers.

When selecting the venue on which to transact trades we will take reasonable measures to ensure that the selected venue obtains the best possible trading result for clients, subject to the following factors:

- In the OTC markets in which we operate, we can only give clients visibility to prices that have been communicated to us by other clients that operate in the same market, accordingly any "best outcome" will solely be within these limits;
- Time availability of prices - in many markets there are lulls and spikes in trading as negotiations align trading interests at different times and different parts of the curve, accordingly the "last traded" price may not always be available or act as a reliable indicator of current price;
- We cannot allow clients to trade in a market unless we are reasonably satisfied that the client (via an agent or otherwise) is operationally capable of settling the relevant trade;
- We cannot control either the cost of credit (credit premium) or credit acceptance between our clients;

- Rates of brokerage will vary between clients, based on agreements and levels of activity.

Best Execution applies when Carl Kliem:

- (I) execute your orders on your behalf; and/or
- (II) receive and transmit your orders.

Carl Kliem will be executing and/or transmitting orders on your behalf where you legitimately rely on us to protect your interests in relation to the pricing or other aspects of the transaction that may be affected by how we execute and/or transmit the order. For example, this may be the case when we:

- (I) execute and order as your agent;
- (II) execute and order by dealing as riskless principal, but have a client relationship with you in relation to executing a transaction;
- (III) exercise discretion or "work" an order on your behalf;
- (IV) transmit an order to a third party for execution.

Best execution does not apply when Carl Kliem:

- (I) provide you, either on request or on a continuous quoting basis with a quote for the purchase or sale of a Financial Instrument and you decide to execute the transaction on the basis of that quote;

or
- (II) deal with you not as a client, but as a counterparty, which means Carl Kliem will not be executing orders on your behalf but as principal for your account and terms that have been separately negotiated.

Execution Factors

In the absence of express instructions from you, we will exercise discretion in determining the factors that we need to take into account for the purpose of providing you with the best possible result.

These execution factors in the wholesale markets in which we operate will include, but are not restricted to, the:

- characteristics of the client;
- size, nature and characteristic of the order;
- likelihood and speed of execution;
- price and costs of execution.

In relation to bonds, price and costs (i.e. total consideration) are an important consideration. Likelihood of execution is also an important factor for non standard-size orders and orders for less liquid instruments, since best total consideration may only be illusory if the relevant order is unlikely to be completed. Speed, expertise and service quality are further selection criteria.

The cost of a transaction includes brokerage, clearing and exchange fees, as well as settlement costs and eventual other third party fees.

Exchange settled block trades, or positions larger than standard market size, may be crossed at a particular stage in the trading day or kept anonymous to the majority of market participants; unless otherwise directed, we will only show the price and size to parties that we believe may have an interest in executing or crossing such a position.

Monitoring and review

Carl Kliem S.A. will monitor the effectiveness of its order execution arrangements and order execution policy in order to identify and, where appropriate, incorporate any amendments to procedures. We will assess, on

a regular basis, whether the execution venues included in the order execution policy provide for the best possible result for our clients or whether we need to make changes to our execution arrangements. We will review our order execution arrangements and order execution policy at least annually or whenever a material change occurs that affects our ability to continue to obtain the best possible result for the execution of client orders on a consistent basis using the venues included in our order execution policy. We will notify you of any material change to our order execution arrangements or order execution policy.

No contractual commitment

Our commitment to provide you with "best execution" does not mean that we owe you any contractual responsibilities over and above the specific regulatory obligations placed upon us or as may be otherwise contracted between us and yourself. You remain responsible for your own investment decisions and we will not be responsible for any market trading loss you suffer as a result of those decisions.

General terms of order handling

Carl Kliem S.A. is required under the Law of 1993 to ensure that your orders are executed in a prompt, fair and expeditious manner in relation to other client orders or its trading interests.

Carl Kliem S.A. will carry out otherwise comparable client orders sequentially in accordance with the time of their reception unless:

- otherwise instructed by you;
- the characteristics of the client order or prevailing market make this impracticable; or
- your interests require otherwise.

Carl Kliem S.A. may aggregate your order with other client orders (another client's order or own transactions of Carl Kliem S.A.). Such aggregation will only take place in the event Carl Kliem S.A. believes that the aggregation would be unlikely to operate to your and other clients' overall disadvantage. However, the effect of aggregation may work to your or another client's disadvantage in relation to a particular order.

An aggregated order will be allocated between the relevant persons fairly at the average price of the transaction. If your order has been aggregated with transactions for own account of Carl Kliem S.A. and the aggregated order is partially executed, Carl Kliem S.A. will normally allocate the related trades to you in priority.

Summary information on the conflicts of interest policy of Carl Kliem S.A.

Carl Kliem S.A. is a company offering financial services. From time to time, Carl Kliem S.A. may have interests which conflict with your interests or with the duties that Carl Kliem S.A. owes to you. These include conflicts arising between the interests of Carl Kliem S.A., its associates and employees on the one hand and your interests on the other hand and also conflicts between you and other clients.

Carl Kliem S.A. has established procedures which are designed to identify and manage such conflicts. These include organisational and administrative arrangements to safeguard your interests. A key element of this policy is that persons engaged in different business activities involving a conflict of interest must carry on those activities independently of one another.

Where necessary, Carl Kliem S.A. maintains arrangements which restrict the flow of information to certain employees in order to protect your interests and to prevent improper access to client information.

Carl Kliem S.A. may also deal as principal for its own investment account and may match transactions with another client. Procedures are in place in order to protect your interests in this instance.