



Best Execution Policy

BlueBay Funds Management Company S.A.
April 2022

Overview

1. Key terms and concepts

BBAM/Delegate: refers to the BlueBay Asset Management LLP, a limited liability partnership incorporated in England and Wales having its registered office and principal place of business at 77 Grosvenor Street, London W1K 3JR England. Authorised and regulated by the Financial Conduct Authority

RBCGAMUK/Delegate: refers to the RBC Global Asset Management (UK) Limited, a limited liability partnership incorporated in England and Wales having its registered office and principal place of business at 77 Grosvenor Street, London W1K 3JR England. Authorised and regulated by the Financial Conduct Authority

Board: means the board of directors of the Management Company S.A.

Conducting Officers: refers to the conducting officer(s) of the BlueBay Funds Management Company S.A. appointed and approved by the CSSF and the Board of Directors

Fund or Funds: means all AIFs or UCITS for which the Company is responsible

Policy: means the Best Execution Policy of the Company

the Company or BFMC: refers to the BlueBay Funds Management Company S.A. a société anonyme incorporated under Luxembourg law on 1 August 2002 for an unlimited period of time with registered office at 4, Boulevard Royal, L-2449 Luxembourg and registered with the Registre du Commerce et des Sociétés under number B. 88. 445 and its branches.

2. Summary

An investment fund manager must act in the best interests of the investment funds which it manages when executing decisions to deal on behalf of the said funds; similarly, an investment fund manager must act in the best interests of the investment funds which it manages when placing orders to deal on behalf of these funds.

3. Legal references

- Commission Delegated Regulation (EU) No 231/2013 of December 19th, 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision;

- Law of December 17th, 2010 on undertakings for collective investment, as amended (hereinafter referred to as the "UCI Law");

- Law of July 12th, 2013 on relating on alternative investment fund managers, as amended (hereinafter referred to as the "AIFM Law");

- The Law of 30 May 2018 on markets in financial instruments

- CSSF Regulation Nr 10-04 of December 24th, 2010 transposing Commission Directive 2010/43/EU of July 1st, 2010 implementing Directive 2009/65/EC of the European Parliament and of the Council as regards

organisational requirements, conflicts of interest, conduct of business, risk management and content of the agreement between a depositary and a management company;

- CSSF Circular 18/698 of August 23rd, 2018 on the authorisation and organisation of investment fund managers incorporated under Luxembourg law, and on specific provisions on the fight against money laundering and terrorist financing applicable to investment fund managers and entities carrying out the activity of registrar agent (hereinafter referred to as the “CSSF Circular 18/698”).

Purpose and Scope

The Company is required under the laws, rules and regulations of the Grand-Duchy of Luxembourg to take all sufficient steps to obtain the best possible result - known as ‘best execution’- when executing decisions and placing orders on behalf of the portfolios under management, on a consistent basis.

Accordingly, the Company has established this Policy to meet its aforementioned obligations.

The Company has delegated all portfolio management activities to BBAM and RBCGAMUK so that BFMC does not in principle transmit orders for execution nor execute directly the orders on behalf of the portfolios it manages. It should be ensured that this Policy is considered when performing investment oversight.

Both delegates have established the best execution policy, titled Order Execution Policy (hereinafter referred to as “BBAM Order Execution Policy” and “ RBCGAMUK Order Execution Policy”) that had been reviewed by the Company. Both delegates primarily provide portfolio management services to clients, which involves the exercise of its discretion to execute decisions and place orders resulting from decisions it has made to deal on behalf of clients. When it has made such a decision to deal, the main objective is to provide the highest quality execution that is reasonably applicable under the circumstances taking into account prevailing market conditions, thus sometimes balancing factors that may conflict at the time. Examples of such order execution conflicts include block trade allocation and cross trades amongst funds. Through this process both BBAM and RBCGAMUK are committed to providing clients with the best possible result on a consistent basis.

In light of the foregoing, the Company has reviewed the following policies and procedures to ensure they are consistent with the Best Execution Policy of the Company:

- the BBAM Order Execution Policy (see Appendix 1);
- the RBCGAMUK Order Execution Policy (see Appendix 2)
- the BBAM Aggregation and Allocation Policy (see Appendix 3)
- the RBCGAMUK Trading Policy – Order Handling section (see Appendix 4)
- the BBAM Cross Trading Policy (see Appendix 5)
- the RBCGAMUK Trading Policy – Cross Transactions section (see Appendix 4)
- the BBAM Conflicts of Interest Policy (see Appendix 6)
- the RBCGAMUK Conflicts of Interest Policy (see Appendix 7)

This Policy is applicable to all UCITS and AIF for which the Company acts respectively as the Management Company or the AIFM as well as to all segregated mandates managed by the Company.

Scope of the Best Execution Policy

1. General overview

BFMC's Policy applies to the execution of decisions and placement of orders initiated by its delegate on behalf of its clients in respect of various types of financial instruments, first and foremost the following asset class considerations:

- Fixed Income
- Exchange traded Derivatives (ETD)
- OTC Derivatives
- Currencies
- Equities
- Securities Financing Transactions (SFTs)
- Structured Finance products

BFMC or its delegates only execute decisions or place orders as an agent on behalf of its clients.

BFMC or its delegates may execute their decisions to deal on behalf of clients directly with, or on, an execution venue (i.e. direct responsibility for best execution); it may also choose to place client orders with one of its approved counterparties, which is then tasked with executing the orders on behalf of clients (i.e. indirect responsibility for best execution).

Direct responsibility for best execution

Responsibility for best execution applies to BFMC or its delegates when it is deemed to be executing client orders. This will generally be the case when BFMC (or its delegates) deals:

- in equity markets, where it requests a broker or another liquidity provider to use their own capital in providing liquidity for a client order by dealing as principal;
- in dealer markets, where it requests a price quotation from a broker or other counterparty (this includes for instance bond orders, OTC derivatives and some types of foreign exchange transactions); and
- directly in the market as a participant in a multi-lateral trading facility or organized trading facility.

Indirect responsibility for best execution

When BFMC or its delegates place or transmits orders for its clients, BFMC or its delegates place reliance on its brokers to execute orders on behalf of clients on an agency basis. The broker is then responsible for achieving best execution. This includes orders placed via algorithmic trading. In this instance, BFMC is responsible for the oversight and monitoring of the execution quality achieved by BBAM and the brokers.

In light of the foregoing, BFMC or its delegates determine the capacity in which it executes client orders on an order by order basis, taking into account the best interests of all clients, the characteristics of the orders and the prevailing market conditions at the time.

2. Order Execution

When providing portfolio management services to clients, BFMC or its delegates act in the best interests of its clients at all times.

This applies when executing client orders or when placing client orders with, or passing orders to, others for execution (all such orders result from investment decisions made by BFMC or RBCGAMUK on behalf of clients).

In these circumstances, BFMC or its delegates take all sufficient steps to obtain the best possible result, on a consistent basis, for its clients, taking into account the best execution factors and the best execution criteria as set out hereunder, and subject to any specific instruction given by clients.

3. Execution factors

The execution factors to be taken into account when executing client orders are the following:

- price
- costs (implicit and explicit);
- speed of execution;
- likelihood of execution;
- likelihood of settlement;
- size of the order;
- nature of the order;
- any other consideration relevant to the execution of the order.

Each client order which is transacted by BFMC or its delegates' traders is inherently unique in its characteristics; also, market conditions are never constant.

Consequently, the relative importance of the execution factors may vary depending of the specific characteristics of a given client order.

Ordinarily, price and costs are given high relative importance by BFMC in obtaining the best possible result.

However, in some circumstances and for some clients, some orders, some financial instruments or some markets, BFMC or its delegates' may appropriately determine that other execution factors are as important, or even more important, than price and costs in obtaining the best possible execution result for clients.

The relative importance of these execution factors is determined by considering the characteristics of the order, of the financial instrument, of the counterparty and of the execution venue.

Examples of other considerations relevant to the execution may include the following:

- the characteristics of the market for the relevant financial instrument (e.g. price volatility or relative liquidity);
- the number of execution venues which can provide a quote;
- the market impact of a client order;
- the execution capability and responsiveness of an execution venue.

Examples of circumstances where price and costs are not the most important execution factors when executing an order include the following:

- In the case of smaller capitalized equities and illiquid securities (equity and fixed income), the likelihood and speed of execution may be more important than price.
- When raising cash for client redemptions, especially in respect of an investment fund where redemption monies have to be paid within a short time period, speed and likelihood of execution may be more important.
- When executing a large client order, the ability to transact the larger part of the order at a less favourable price may be more important than executing a smaller part of the order at the best available price at that time.
- In some markets, the level of price volatility may mean that speed of execution is the priority.
- when executing some financial instruments (for example OTC derivatives), the choice of execution venue may be limited, even to the extent that there may be only one execution venue on which BFMC or its delegates can execute a client order.

It is to be noted that the lists above are not meant to be exhaustive and are designed simply to provide examples of where price and costs may not be considered to be the most important execution factors.

4. Execution criteria

The execution criteria which BFMC uses in determining the relative importance of the execution factors listed here above include the following:

- the characteristics of the client (including its categorization);
- the objectives, investment policy and risks specific to the Fund, as indicated in the prospectus or the characteristics of the seg account client (including the mandate and restrictions
- the characteristics of the client order (including the size of the order relative to other orders in the same financial instrument), and the need to minimize possible market impact;
- the characteristics of the financial instrument(s) which is/are the subject of the client order;
- the characteristics of the execution venue(s) to which the client order can be directed.

5. Execution venues

BFMC or its delegate are not permitted to deal with a counterparty unless it has been approved beforehand and is included as a result on BFMC's Approved Broker and Counterparty List.

Within BBAM, a Trade Execution Oversight Committee ("TEOC") is organised, which is responsible for the coordination, analysis and monitoring of broker and counterparty relationships; it takes a holistic approach to the risk assessment of each broker/counterparty, considering quantitative and qualitative factors, this with a view to assessing and evaluating the financial strength of each broker/counterparty based on various evaluation criteria according to markets and the nature of future transactions.

The list of execution venues and counterparties on which/with which BFMC or its delegates may execute a decision/place a client order is available at BFMC's premises.

BFMC reserves the right to use other execution venues/counterparties where it deems it appropriate; accordingly, it may add or remove any execution venue from this list.

BFMC regularly assesses the execution venues and counterparties available in respect of the financial instruments that it trades in order to identify those that will enable it, on a consistent basis, to obtain the best possible result when executing decisions or placing client orders. The list of execution venues and counterparties is then updated, where necessary, following such assessment.

BFMC is required to notify clients of any material change which may affect its ability to continue to obtain the best possible result for clients - this includes a significant change to the execution venues and counterparties which BFMC or its delegates use.

Therefore, BFMC notifies clients if and when necessary of any material change to its execution arrangements in a timely manner by posting this Policy on its Website (<https://www.bluebay.com/en/corporate-governance/>).

6. Execution venue selection

Subject to any specific client instructions (see below), the selection of an execution venue for the execution of a client order is generally based on the execution criteria and execution factors referred to above and in the relevant policies of BBAM and RBCGAMUK regarding order handling (the "Order Execution Policies") – see Appendix 1 and 2.

Notwithstanding, BFMC reserves the right to execute a client order using a method or venue other than the methods or venues which are detailed in its Policies, where it considers this to be in the best interests of clients. In such cases, BFMC or its delegates endeavour to execute a decision or place a client order based on the same best execution principles as summarized in this Policy.

7. Client instructions

Where a client gives a specific instruction regarding an order or an aspect of an order for example where the client instructs BFMC or its delegates to direct an order to a particular counterparty, then the order is executed in accordance with the client's specific instructions.

In such circumstances, the ability of BFMC or its delegates to take the steps described above and to achieve the best possible result, and hence its obligation to do so, may be limited to the extent that BBAM and RBCGAMUK is following a specific instruction from the client when executing a decision or placing an order with another broker for execution.

In such circumstances, BFMC or its delegates are considered as having satisfied their best execution obligation in respect of such order or aspect thereof.

8. Order handling

BFMC or its delegates are required to execute all portfolio transactions or place client orders in a prompt, expeditious and fair manner for all clients.

BFMC or its delegates must ensure that orders executed on behalf of the Funds are promptly and accurately recorded and allocated;

The orders must be executed sequentially and promptly unless this is not possible given the characteristics of the order or prevailing market conditions that make this impracticable, or the interests of the Funds require otherwise.

A client order may be aggregated with other client orders if:

- the characteristics of the client order make it suitable for aggregation; and
- in BFMC's opinion it is unlikely that the aggregation of client orders works overall to the disadvantage of any client whose order is to be aggregated; and
- BFMC or its delegates comply with the provisions of its Order Handling Policies.

9. Monitoring

BFMC reviews its Best Execution Policy and the policy of BBAM and RBCGAMUK, the delegated Portfolio Managers, as well as the approved list of brokers at least annually, and whenever a material change occurs that affects its ability to continue to obtain the best result for clients on a consistent basis.

BFMC monitors on an on-going basis the effectiveness of its Best Execution Policy and execution arrangements in order to identify and, where appropriate, correct any deficiencies. This includes an assessment of whether execution venues included in the Best Execution Policy continue to provide the best possible result for the clients of BFMC

BFMC also monitors the quality of execution to be in a position to demonstrate to clients, at their request, that their orders have been executed in accordance with this Policy.

BFMC has delegated the portfolio management function to BBAM and RBCGAMUK, an FCA regulated entity subject to equivalent regulation as BFMC.

10. Prohibited practices

With respect to the selection of a counterparty, the following practices are prohibited within BFMC or its delegates:

- client orders may not be directed to a particular counterparty in return for gifts and entertainment or the provision of broker proprietary research;
- client orders may not be directed to a particular counterparty in return for error correction by the counterparty;
- client orders may not be directed to a particular counterparty in return for suggested preferential treatment in initial public offerings or placements;
- client orders may not be directed to a particular counterparty in return for the provision of investment ideas of which the implementation by BBAM would result in its inability to meet its best execution obligations;

BFMC or its delegates' traders must not be influenced by personal conflicts of interests, such as a family relationship with an employee or owner of a counterparty.

Appendices

- Appendix 1: the BBAM Order Execution Policy;
- Appendix 2: the RBCGAMUK Order Execution Policy
- Appendix 3: the BBAM Aggregation and Allocation Policy
- Appendix 4: the RBCGAMUK Trading Policy
- Appendix 5: the BBAM Cross Trading Policy
- Appendix 6: the BBAM Conflicts of Interest Policy
- Appendix 7: the RBCGAMUK Conflicts of Interest Policy

This document is proprietary information of the BlueBay group, and it may be issued in the European Economic Area (EEA), by BlueBay Funds Management Company S.A. (the ManCo), which is regulated by the Commission de Surveillance du Secteur Financier (CSSF). In Germany and Italy, the ManCo is operating under a branch passport pursuant to the Undertakings for Collective Investment in Transferable Securities Directive (2009/65/EC) and the Alternative Investment Fund Managers Directive (2011/61/EU). In the United Kingdom (UK) by BlueBay Asset Management LLP (BBAM LLP), which is authorised and regulated by the UK Financial Conduct Authority (FCA), registered with the US Securities and Exchange Commission (SEC) and is a member of the National Futures Association (NFA) as authorised by the US Commodity Futures Trading Commission (CFTC). In United States, by BlueBay Asset Management USA LLC which is registered with the SEC and the NFA. In Switzerland, by BlueBay Asset Management AG where the Representative and Paying Agent is BNP Paribas Securities Services, Paris, succursale de Zurich, Selnaustrasse 16, 8002 Zurich, Switzerland. The place of performance is at the registered office of the Representative. The courts of the registered office of the Swiss representative shall have jurisdiction pertaining to claims in connection with the distribution of shares in Switzerland. In Japan, by BlueBay Asset Management International Limited which is registered with the Kanto Local Finance Bureau of Ministry of Finance, Japan. In Australia, BBAM LLP is exempt from the requirement to hold an Australian financial services license under the Corporations Act in respect of financial services as it is regulated by the FCA under the laws of the UK which differ from Australian laws. In Canada, BBAM LLP is not registered under securities laws and is relying on the international dealer exemption under applicable provincial securities legislation, which permits BBAM LLP to carry out certain specified dealer activities for those Canadian residents that qualify as "a Canadian permitted client", as such term is defined under applicable securities legislation. The BlueBay group entities noted above are collectively referred to as "BlueBay" within this document. The registrations and memberships noted should not be interpreted as an endorsement or approval of BlueBay by the respective licensing or registering authorities. Policy wording is subject to change without notice. No part of this document may be reproduced, redistributed or passed on, directly or indirectly, to any other person, or published for any purpose without the prior written consent of BlueBay. Copyright 2021 © BlueBay is a wholly-owned subsidiary of Royal Bank of Canada (RBC), and BlueBay may be considered to be related and/or connected to RBC and its other affiliates. ® Registered trademark of RBC. RBC GAM is a trademark of RBC. BlueBay Funds Management Company S.A., registered office 4, Boulevard Royal L-2449 Luxembourg, company registered in Luxembourg number B88445. BlueBay Asset Management LLP, registered office 77 Grosvenor Street, London W1K 3JR, partnership registered in England and Wales number OC370085. The term partner refers to a member of the LLP or a BlueBay employee with equivalent standing. Details of members of the BlueBay Group and further important terms which this message is subject to can be obtained at www.bluebay.com. All rights reserved