



**RULES FOR BEST EXECUTION OF ORDERS AND RULES FOR PROCESSING ORDERS  
IN RELATION TO THE INVESTMENT FUNDS MANAGED BY THE COMPANY EXCEPT  
REGISTERED SECURITIES OF THE INVESTMENT FUNDS MANAGED BY THE  
COMPANY**

**Generali Investments CEE, investiční společnost, a.s.**  
Na Pankráci 1720/123, 140 21 Praha 4, Czech Republic  
Company ID No.: 43873766

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## **1 Introduction**

Best Execution Rules and Order Processing Rules in Relation to Investment Instruments, Except Registered Securities of Investment Funds Managed by the Company Generali Investments CEE, investiční společnost, a.s. (hereinafter the "**Order Execution Rules**") has been prepared in compliance with the law of the Czech Republic and with the EU legislation as of the **15th September 2016**. The Order Execution Rules are available on request in the registered office of the company or at its web site <http://www.generali-investments.cz>.

Generali Investments CEE, investiční společnost, a.s. reserves the right to amend or supplement the Order Execution Rules at any time without prior notice.

The Client will be informed in advance on any important changes.

The terms with initial letters written in capital letters, mentioned in this document, have, for the purpose of this document, the meaning defined in the Business Terms and Conditions Regulating the Provision of the Investment Services of Client Asset Management and Investment Advisory Generali Investments CEE, investiční společnost, a.s. if not further stipulated otherwise.

## **2 Summary of Terms and Abbreviations**

**Company** – Generali Investments CEE, investiční společnost, a.s., with its registered office in Praha 4, Na Pankráci 1720/123, Post Code 140 21, Czech Republic, Company ID No.: 43873766, entered into the Commercial Register maintained by the Municipal Court in Prague, file number B 1031

**ACBCM** - Act No. 256/2004 Coll., on Conducting Business on the Capital Market, as amended

**AMCIF** - Act No. 240/2013 Coll., on Investment Companies and Investment Funds, as amended

**Client** – natural or legal person in contractual relationship with the Company regulating the provision of investment services consisting in the management of the client's assets and investment advisory services in terms of Section 11 par. 1 letter c) and f) of AMCIF irrespective of the Client's categorisation

**Business Terms and Conditions** – Business Terms and Conditions Regulating the Provision of the Investment Services of Client Asset Management and Investment Advisory Generali Investments CEE, investiční společnost, a.s. Business Terms and Conditions

**Fund** – Securities Brokers Guarantee Fund

**order** - implementation of the decisions to trade with investment instruments received in connection with the portfolio management

**Portfolio Manager** – an employee of the Company, who is providing management of the Client's asset and give orders

### **3 Addressees of the Order Execution Rules**

The Company provides the investment service of the client's assets management which includes an investment instrument on the basis discretion within the framework of a contractual arrangement (portfolio management) in accordance with the article 11 par. 1 letters c) and f) AICIF.

The Order Execution Rules shall apply to processing and executing of the orders, thus implementation of the decisions to trade with investment instruments received in connection with the portfolio management

### **4 Basic Principles of the Order Execution**

The Company executes the orders as promptly as possible and in a fair and just manner, considering the other orders. Comparable orders shall be executed by the Company on the "first issued, first served" basis unless the nature of the order or the current situation on the market justified a different approach.

Company is entitled to use a third party to provide the investment service (hereinafter the "services provider") of execution of orders concerning investment instruments, if the Company in advance

- evaluates that the services providers are authorized to provide the investment services in accordance with *ACBCM* or similar authorization in the case of a foreign entity
- verifies that providers are obliged to comply and comply with comparable rules for best execution of orders in accordance with applicable legislation
- notifies the client of this fact and
- follows the internal procedures to check whether providers comply with rules for best execution orders

If a limit order is not executed immediately, the Company shall arrange for executing the order as soon as the conditions on the market allow.

When executing orders, the Company abides by the applicable provisions of the *ACBCM* and the implementing legislation.

### **5 Aggregating of the Orders**

The Company is entitled to aggregate orders only with the consent of the Client. Aggregating of the orders means grouping of the individual orders which are to be aggregated into a single aggregated order either exclusively for purchase, or exclusively for sale of the same investment instrument for the account of the Clients.

The sole purpose of aggregating orders is to achieve the most favourable conditions in the implementation of the investment intent for the Clients, primarily:

- a) To execute (via aggregating orders) trades for Clients in smaller volumes than a similar type of trades commonly entails (such as trades with debentures/bonds), or to achieve such terms with respect to such trades that are comparable to trades in standard, high volumes.
- b) To execute trades for Clients in markets or trading systems which must be accessed via third parties whose fees either include a fixed component, or exhibit a degressive character – or constitute a combination of both approaches. In such case, the increase of the total volume of the order reduces the costs of trading in the respective market or trading system, as applicable.

- c) To execute trades for Clients under fair and equitable terms when all clients wish to purchase/sell the same investment instrument at one moment

The aim of aggregating orders is to achieve more favourable conditions for the Client; hence, the procedure is only implemented if more favourable conditions are likely to attain. Nonetheless, the aggregation of an order may ultimately be less favourable for the Client than a separate execution thereof.

The allocation of performance and commitments from an aggregated order and trade, including the determination of the influence which the volume and price of the trade have on the allocation of performance and commitments from the executed aggregated order and the rules of allocation in the case of a partial execution of order, is implemented in such manner that the allocation is fair and equitable and sufficiently accurate for each Client.

## **6 Handling of the Information Related to the Execution of Orders**

If a Client's limit order concerning an investment instrument which is a share or a similar security is not executed without undue delay, the Company makes the information regarding the order available to the other participants on the regulated market or the multilateral trading facility, only in case of the Client's explicit prior consent.

## **7 Best Execution of Orders**

The Company has adopted rules which should guarantee the best possible result for the Client.

When applying these rules, the Company takes account of the factors important from the perspective of the purpose of executing the order. The Company shall primarily take account of the price of the investment instrument, associated costs, speed, likelihood of execution of the order, volume of the requested deal and settlement conditions.

When determining the factors important for the execution of orders, the Company evaluates the following criteria:

- (a) nature of the order;
- (b) type of the investment instrument to which the order relates;
- (c) the nature of the execution venue where the order is to be executed.
- (d) the Portfolio Manager's discretion and intentions, such as the speed and the likelihood of execution of the order.

The Company considers the price achievable in the execution venue and the costs of executing the order to be the relatively most important factors. This does not mean, however, that with respect to the available information regarding the current situation on the markets in investment instruments, the Company may not prioritize other factors when executing orders, such as speed, likelihood of execution and settlement, volume and type of the order, liquidity of the respective investment instrument and other factors decisive for achieving the best possible result for the Client.

## **8 Execution Venues and Choice of Execution Venues**

The Company shall select the execution venue which will allow best execution of the Client's order. When selecting a particular execution venue, the Company shall take into consideration the respective investment instrument and the specific features thereof as well as the specific features of the respective execution venue. If the order is to be executed as fast as possible, the Company shall select the execution venue from venues which are open at the moment of receiving the order.

If the investment instrument is traded in more execution venues, the Company shall prioritize the execution venue with the highest liquidity and take account of where and in which currency the deal is to be settled. If the execution venues are comparable, the Company shall consider only the costs of executing the order in the individual venues, including its own commission.

As soon as the execution venue is selected, the order will be transmitted for execution to the venue where it stays until execution or partial execution, or until the validity of the order expires or the order is cancelled.

In compliance with the Order Execution Rules, the Company executes orders by one of the following methods or a combination thereof:

- (a) The order can be executed directly on a regulated market or a multilateral trading facility. If the Company is not a direct member of the regulated market or the multilateral trading facility, the Company is entitled to enter the regulated market or the multilateral trading facility through the medium of a third party for the purpose of executing the order, such as a participant in the regulated market or a participant in the multilateral trading facility;
- (b) The order can be transmitted for execution to another investment firm (securities broker/dealer) or any other suitable person.
- (c) With the Client's prior express consent and observing the Order Execution Rules, the Company is entitled to execute the order outside a regulated market or multilateral trading facility;
- (d) In the case of collective investment securities, the order can be transmitted for execution to an authorized broker (transfer agent).

The list of main execution venues and the list of third parties to whom the Company is allowed to transmit Clients' orders for further processing is enclosed in the Annex 1 of this document.

## **9 Monitoring and Regular Evaluation of the Effectiveness of the Order Execution Rules**

The Company shall regularly evaluate whether the Order Execution Rules are effective and whether their application indeed guarantees best execution of orders for the Clients. Shortcomings (if any) are eliminated without undue delay.

## **10 Client's Consents and Notifications of the Execution of Orders**

Before executing any order, the Company is obliged to obtain the Client's consent with these Order Execution Rules. If the Client does not consent with these Order Execution Rules, the CMUA and the implementing legislation prohibit the Company from providing the investment service portfolio management to the Client.

Before executing an order outside a regulated market or a multilateral trading facility, the Company is obliged to obtain the Client's consent with such procedure. The Client is aware of and agrees that if he or she fails to give the Company his/her consent with executing orders outside a regulated market or a multilateral trading facility, the Client risks that the Company will be unable to provide the investment service portfolio management to investment instruments which are not traded on regulated markets or multilateral trading facilities.

## **Annex 1 - List of the Main Execution Venues**

The Company entrusts a third party with trades in securities, the third party being

- **Česká spořitelna, a.s.**, with the registered office: Praha 4, Olbrachtova 1929/62, Czech Republic, ID No: 45244782, entered into the Commercial Register maintained by the Municipal Court in Prague, file number B 1171,
- **Merrill Lynch International**, with the registered office: Farring Don Road, EC1M 3NH, London, Great Britain,
- **Patria Finance, a.s.**, with the registered office: Jungmannova 745/24, 110 00 Prague 1, Czech Republic, ID No: 26455064, entered into the Commercial Register maintained by the Municipal Court in Prague, file number B 7215,
- **PPF banka a.s.** with the registered office: Praha 4, Na Strži 1702/65, PSČ 140 62, Czech Republic, ID No: 47116129, entered into the Commercial Register maintained by the Municipal Court in Prague, file number B 1834,
- **Raiffeisen Centrobank AG**, with the registered office: Tegetthoffstrasse 1, 1010 Vienna, Austria,
- **SWISS CAPITAL S.A.**, with the registered office: Bulevardul Dacia 20, 013714 Bucharest, Romania, entered into Trade Register, registration no. J40/4107/1996.
- **WOOD & Company Financial Services a. s.**, with the registered office: Praha 1, Palladium, Náměstí Republiky, 1079/1a, Czech Republic, ID No: 26503808, entered into the Commercial Register maintained by the Municipal Court in Prague, file number B 7484.

Otherwise the Company usually employs, when trading in securities, regulated markets according to the place of issue of the respective share. If the respective share is traded on more than one regulated market, the Company gives priority to the market with the highest liquidity for the given share.

Examples of the individual execution venues employed by the Company in the respective European countries including references to the websites of the respective execution venues where the clients can get acquainted with the trading conditions and the trading time schedule:

Czech Republic	Burza cenných papírů Praha [Prague Stock Exchange] ( <a href="http://www.pse.cz">www.pse.cz</a> )
Germany	XETRA Frankfurt ( <a href="http://www.xetra.de">www.xetra.de</a> ), EUWAX ( <a href="http://www.euwax.de">www.euwax.de</a> )
Austria	Vienna Stock Exchange ( <a href="http://www.wienerborse.at">www.wienerborse.at</a> )
Poland	Warsaw Stock Exchange ( <a href="http://www.gpw.pl">www.gpw.pl</a> )
Hungary	Budapest Stock Exchange ( <a href="http://www.bse.hu">www.bse.hu</a> )
Switzerland	Zurich Stock Exchange ( <a href="http://www.swx.com/index_en.html">www.swx.com/index_en.html</a> )
France	Paris Stock Exchange ( <a href="http://www.euronext.com">www.euronext.com</a> )
Great Britain	London Stock Exchange ( <a href="http://www.londonstockexchange.com">www.londonstockexchange.com</a> ) FTSE International ( <a href="http://www.londonstockexchange.com">www.londonstockexchange.com</a> )
Spain	Madrid Stock Exchange ( <a href="http://www.bolsamadrid.es">www.bolsamadrid.es</a> )
Benelux, Portugal	Euronext ( <a href="http://www.euronext.com">www.euronext.com</a> )
Russia	MICEX ( <a href="http://www.micex.com">www.micex.com</a> )



As concerns trades in shares issued in North America, the Company usually employs the following execution venues:

NASDAQ ([www.nasdaq.com](http://www.nasdaq.com)), New York Exchange ([www.nyse.com](http://www.nyse.com)), American Stock Exchange ([www.amex.com](http://www.amex.com))

As concerns trades in shares issued in other countries, the Company chooses a regulated market in the respective country according to the current market conditions or employs the markets in Germany and Great Britain, provided the respective share is traded on such markets.

The Prague Stock Exchange website [www.pse.cz](http://www.pse.cz), the “world exchanges” section, provides information to the clients about the conditions of trading and the trading time schedule in the other execution venues which can be chosen by the Company for the execution of the client’s order according to the preceding text.

### **Bonds**

Bonds are usually traded by the Company on the OTC (over-the-counter) markets. As concerns transactions with bonds the Company can employ a third party.

### **Derivatives traded on the regulated markets**

As concerns transactions with derivatives admitted to trading on the regulated markets, the Company employs a third party, EUWAX ([www.euwax.de](http://www.euwax.de)) and EURONEXT ([www.euronext.com](http://www.euronext.com)) or another market with better liquidity and better resulting consequences for the client, or the OTC markets.

### **Other derivatives**

Derivatives which are not admitted to trading on the regulated markets are traded by the Company on the OTC markets, in compliance with its internal regulations.

### **Money market instruments**

The Company executes transactions with money market instruments usually on the OTC markets. In order to participate in the primary auctions of the Treasury Bills of the Czech Republic, the Company employs third parties who are direct participants in said auctions.

### **Company’s information about the authorization to transmit orders to third parties for execution**

The Company is, in compliance with the applicable legislation, entitled to transmit orders to third parties for execution, provided the respective third parties possess licences to provide investment services and provided they are members of the execution venue or the multilateral trading facility which was chosen for the execution of the orders. Before the Company transmits the order to the third party for execution, the Company is obliged to check whether the respective third party has introduced rules and adopted measures which ensure execution of the client’s order under the best conditions.