

# Non-Group Policy Order Execution Policy – DB Investment Partners

Breaches of provisions within this document may result in disciplinary action, up to termination of employment. Concerns regarding violations of the provisions are to be escalated according to the “Raising Concerns (including Whistleblowing) Policy – Deutsche Bank Group”.

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## DB INVESTMENT PARTNERS

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## 1. Scope

This policy sets out the approach taken by DBIP in providing Best Execution as required by MiFID II & Applicable UK Rules.

This policy applies to all Employees. It also applies to Contingent Workers. Managers that engage Contingent Workers must familiarise themselves with the requirements in this policy and must exercise their supervisory duties accordingly.

Capitalised terms have the meaning ascribed to them in the Glossary.

## 2. Application of Best Execution requirements to the activities performed by DBIP

### 2.1. Scope of Investment Activities performed by DBIP and identification of Clients to whom Best Execution is owed in connection to such Investment Activities

As an investment manager of private credit strategies, DBIP performs one or more of the following investment activities:

1. DBIP provides delegated Portfolio Management to an AIF (delegated authority from an AIFM);
2. DBIP provides Portfolio Management and Investment Advisory for one or more SMAs for the benefit of individual Clients (i.e. not comingled funds); and
3. DBIP provides delegated Portfolio Management and/or Investment Advisory to a self-managed non-EEA AIF (through its board of directors) or the general partner of the non-EEA AIF if the general partner is responsible for AIFM-like functions.

DBIP performs the activities described above for the benefit of, and will owe Best Execution obligations to, the following Clients:

1. In connection to activity 1) above, the AIFM on behalf of which DBIP provides Portfolio Management<sup>1</sup>;
2. In connection to activity 2) above, the legal SMA holder (e.g. not-comingled fund); and
3. In connection to activity 3) above, the non-EEA AIF (if self-managed) or the general partner (if the general partner is responsible for AIFM-like functions).

As regards client categorisation, all DBIP Clients will be Professional Clients or Eligible Counterparties only.

### 2.2. Instrument types

DBIP may advise and make investment decisions / decisions to deal, for its managed and advised funds and SMAs, with respect to the following investment types:

1. Senior secured and unsecured loans;
2. Second lien, junior and mezzanine loans;
3. Loan portfolio acquisitions including non-performing loan portfolios (including structures involving securitisations of loan portfolios);
4. Hybrid, preferred, structured and minority equity investments;
5. High yield bond investments; and
6. Interest rate, foreign exchange or credit derivatives hedging transactions.

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<sup>1</sup> Whilst the regulatory Client to whom DBIP provides services is the AIFM and not the AIF, in discharging Best Execution obligations DBIP will have to act for the benefit of the AIF.

Loans and majority of loan portfolios structures are not classified as Financial Instruments and therefore fall outside the scope of this policy.

### 2.3. Legitimate Reliance

As part of the activities listed in section 2.1, Employees will ordinarily:

1. Enter into transactions on behalf, and for the benefit, of its Clients (as identified in section 2.1) in one or more of the instruments identified in section 2.2; and
2. Place orders for execution with other entities (e.g. third-party hedging advisors) on behalf, and for the benefit, of its Clients (as identified in section 2.1) in one or more of the instruments identified in section 2.2, indent 6.

Employees must be aware that, when conducting these activities, Clients will place legitimate reliance on DBIP to protect their interests in relation to the Execution Factors of transactions in Financial Instruments. As such, Employees must follow the requirements of this policy and all other procedures DBIP has implemented as part of the sufficient steps it has taken to deliver Best Execution to Clients.

Employees must treat its Clients fairly and manage any conflicts of interest that may arise in line with the Conflicts of Interest Policy – DB Investment Partners, even in the circumstances where the Best Execution obligation does not apply.

### 2.4. Specific Instructions

Whilst it is not normally expected that Employees will receive specific instructions from its Clients (given DBIP's role as set out in Section 2.1. above), should that occur, Employees must conduct any transaction execution in Financial Instruments in adherence with those specific instructions. By doing so, DBIP and its Employees will consider as having satisfied the Best Execution obligations under MiFID II to the extent that an Order or a specific aspect of an order is executed following specific instructions from the Client relating to the Order or the specific aspect of the Order.

Employees must:

- Be aware that any specific instruction received from a Client may prevent us from taking the steps we have designed and implemented in this Order Execution Policy to obtain the best possible result for the execution of those Orders in respect of the elements covered by those instructions;
- Follow the requirements of this policy and all other procedures DBIP has implemented as part of the sufficient steps it has taken to deliver Best Execution to Clients when a Client has given specific instructions which cover one part or aspect of the order, but not the entire transaction and any other parts or aspects of the Client's order that are not covered by such instructions; and escalate to their supervisor and/or BLC for clarification any such situations where Clients may nevertheless be placing legitimate reliance on DBIP to protect its interests.

### 2.5. Execution Factors

When executing client orders or executing its decisions to deal, Employees must take all sufficient steps to obtain the best possible result taking into various Execution Factors.

The relative importance of these Execution Factors will be determined based on the following criteria:

- The characteristics of the Client including its categorisation;
- The characteristics of the Order / decision to trade;
- The Financial Instruments that are the subject of the Order; and
- The characteristics of the Execution Venues to which the order can be directed.

Generally, price and cost are the important factors for Best Execution, however there may be circumstances when Employees may determine that other execution factors have a greater influence in achieving the best possible results (e.g. speed of execution, certainty of execution, size and nature of Order, client objectives, market impact, any other implicit transaction costs).

Examples of this are shown below:

- In the case of more illiquid securities, the likelihood and speed of execution may be more important than price;
- When executing a large 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; or
- For OTC derivative trades, other key components (in addition to price) to Best Execution include in particular: liquidity and counterparty relationship.

## 2.6. Execution Venues

Employees may execute its decisions to deal on behalf of its Clients:

- Directly with or on an Execution Venue; or
- By placing Orders with one of its approved counterparties (brokers / dealers / hedging advisors) to execute on behalf of its Clients (which may include affiliated and non-affiliated entities located inside or outside of the EEA or the UK).

When Employees place or transmit orders for its Clients (rather than execute them directly on / with a venue), they will place reliance on such approved counterparties to execute orders on behalf of its Clients on an agency basis. Before doing so, Employees must confirm that DBIP has conducted an appropriate level of due diligence on the counterparty and put arrangements in place with such counterparty to enable it to comply with the relevant Best Execution obligations owed to the Client considering that DBIP is responsible for the oversight and monitoring of the execution quality achieved by the broker (see section 3 of this policy for further details).

Employees must also seek to mitigate any potential and/or actual conflicts of interest presented by the use of affiliates and third-party brokers in line with the Conflicts of Interest Policy – DB Investment Partners and any further governance arrangements implemented by DBIP.

## 3. Monitoring and Review

Heads of Units (where required through appropriate delegation) are required to implement sufficient arrangements to monitor the effectiveness of this policy. This includes the implementation of appropriate arrangements to ensure sufficient scrutiny of the effectiveness of the existing venue and broker population in delivering Best Execution on a consistent basis.

Performance and execution quality of third-party brokers / approved counterparties (including affiliates) may be measured, for example, through reviews of data available in:

- Post -Trade Economic Summaries (allocation decisions and trade execution details including comparative pricing from the counterparty dealers that were asked to quote on a given transaction);
- Transaction Cost Analysis including key analytics around the transaction costs incurred by a fund, and a comparison across counterparties, tenors, etc; and
- Liquidity Management tools.

Annex 1 contains a list of approved entities and brokers to which DBIP may transmit orders. This list must be reviewed by the DBIP Best Execution forum on an annual basis.

## 4. Consents

### 4.1. External Order Execution Policy

Under MiFID II, Applicable UK Rules and in line with global standards, DBIP is required to establish and implement an external Order Execution Policy prior to executing Orders and provide appropriate information to Clients. DBIP should treat Clients who have either received the external policy, or who have agreed to receive the external policy electronically or via internet, as Clients who have given consent to the external policy if they subsequently give Orders for execution, except in situations where express consent is required. Please refer to your Supervisor and / or BLC if in doubt.

### 4.2. Over-the-Counter Transactions

DBIP's Order Execution Policy provides for the possibility that Orders may be executed outside a Trading Venue (i.e. "over-the-counter" or "OTC"). MiFID II and Applicable UK Rules require that where Financial Instruments are admitted to trading on a Trading Venue, Orders should not be executed outside a Trading Venue unless the prior express consent of the Client has been obtained.

In the absence of an explicit response from the Client to the contrary, if the Client places an Order with DBIP, DBIP may treat them as having provided it with consent to trade outside a Trading Venue, where Employees have conducted an assessment of whether it would be appropriate in the circumstances to execute the Client Order, in the absence of consent, outside of a Trading Venue and believe it is in Client's best interests for it to do so.

For the avoidance of doubt, prior express consent from a Client will not be required for an OTC execution in situations where the relevant Financial Instrument is not listed on or admitted to trading on an EEA or UK Trading Venue.

## 5. Glossary

| Term                | Definition  |
|---------------------|---|
| Applicable UK Rules | Means the rules of the UK Financial Conduct Authority relating to Best Execution.   |
| Best Execution      | MiFID II and Applicable UK regulatory obligation requiring investment firms to use all sufficient steps to obtain, when executing orders, the best possible result for their Clients taking into account price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order  |
| BLC                 | Business Line Compliance  |
| Client              | Has the meaning given to it in section 2.1 Scope of Investment Activities performed by DBIP and identification of Clients to whom Best Execution is owed in connection to such Investment Activities.   |
| Contingent Worker   | Member of the workforce who does not have an employer-employee legal relationship with DBIP. Contingent Workers include non-employees engaged through a third party including temporary workers, contractors, and independent consultants   |
| Covered Instruments | All instruments, all markets and asset classes, including but not limited to external debt, local corporate and sovereign bonds, credit derivatives (single name CDS & Indices), rates, repos, reverse repos, public and private loans, non-performing loans, sub-participations, debt restructurings, claims, swaps, futures, options, foreign exchange spot and derivatives, non-deliverable forwards, equities and spot commodities. |

| Term                  | Definition   |
|-----------------------|--|
| DB AG                 | Deutsche Bank AG including its branches and representative offices. In relation to this policy it specifically refers to the Corporate Bank, Investment Bank and CRU divisions of Deutsche Bank AG, including any affiliated legal entity resident in the EEA or the UK or any EEA or UK branch. For the avoidance of doubt, this excludes services provided by Deutsche Asset Management, Private & Commercial Bank divisions   |
| DBIP                  | DB Investment Partners Limited   |
| DB Group              | DB AG and Legal Entities in which DB AG (directly or indirectly) holds an equity or voting capital share of more than 50% or controls them legally otherwise   |
| Eligible Counterparty | Means an entity referred to in Article 30(2) MiFID II or defined as such in the rules of the UK Financial Conduct Authority  |
| Employee              | Any individual with an employment contract directly with a Legal Entity of DB Group  |
| Execution Factors     | Include price, speed, size, and likelihood of execution and /or settlement where it considers this appropriate or necessary; nature or any other consideration relevant to the execution of the Order  |
| Execution Venue       | Means systematic internalisers, market makers and other liquidity providers that have similar functions to Trading Venues , or other sources of liquidity including DB and its affiliates, as well as other third party brokers  |
| Financial Instrument  | Means those instruments set out in Annex I, Section C of MiFID II or, as applicable, has the same meaning as in Applicable UK Rules and include: <ul style="list-style-type: none"> <li>(a) transferable securities;</li> <li>(b) money-market instruments;</li> <li>(c) units in collective investment undertakings;</li> <li>(d) options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, emission allowances or other derivatives instruments, financial indices or financial measures which may be settled physically in cash;</li> <li>(e) options, futures, swaps, forwards and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event;</li> <li>(f) options, futures, swaps and any other derivative contract relating to commodities that can be physically settled provided that they are traded on a regulated market, a MTF or an OTF, except for wholesale energy products traded on an OTF that must be physically settled;</li> <li>(g) options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in (f) above and not being for commercial purposes, which have the characteristics of other derivative financial instruments;</li> <li>(h) derivative instruments for the transfer of credit risk;</li> <li>(i) financial contracts for differences;</li> <li>(j) options, futures, swaps, forward rate agreements and any other derivative contracts relating to climatic variables, freight rates or inflation rates or other official economic statistics that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event, as well as any other derivative contracts relating to assets, rights, obligations, indices and measures not otherwise mentioned in this section which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are traded on a regulated market, OTF or a MTF;</li> <li>(k) emission allowances consisting of any units recognized for compliance with the requirements of Directive 2003/87/EC (Emissions Trading Scheme).</li> </ul> |
| Investment Advisory   | The provision of personal recommendations to a Client, either upon its request or at the initiative of DBIP, in respect of one or more transactions relating to financial instruments  |
| Legal Entity          | DB AG and / or any of its Subsidiaries   |
| Material Change       | Means a significant event that could impact parameters of Best Execution, such as the Execution Factors  |

| Term                                 | Definition  |
|--------------------------------------|---|
| MiFID II                             | Means the Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (recast) and any implementing directives and local regulations;  |
| Multilateral Trading Facility or MTF | 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 in accordance with the provisions of Title II of MiFID II and any system or facility providing substantially equivalent or analogous services and operating under the applicable law of any jurisdiction  |
| Operator of a CIS                    | A firm authorised by the FCA to establish, operate or winding up a collective investment scheme (CIS) under article 51ZE of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544).  |
| Order                                | A binding instruction from a Client to buy or sell securities, foreign exchange, commodities or derivative contracts (“financial instruments”) that would enable a transaction to be concluded, Orders can be ‘discretionary’ or ‘non-discretionary’  |
| Organised Trading Facility or OTF    | OTF means a multilateral system which is not a regulated market or an MTF an in which multiple third-party buying and selling interests in bonds, structured finance products, emission allowances or derivatives are able to interact in the system in a way that results in a contract in accordance with Title II of MiFID II and any system or facility providing substantially equivalent or analogous services and operating under the applicable law of any jurisdiction   |
| Portfolio Management                 | Managing portfolios in accordance with mandates given by Clients on a discretionary client-by-client basis. Portfolio management includes acting as a third party manager of the assets of a fund, where discretion has been delegated to the manager by the operator or manager of the fund. The advisory agent who keeps clients’ portfolios under review and provides advice to enable the Client to make investment decisions (but does not exercise discretion to take investment decisions himself) is not carrying on portfolio management but may be providing other investment services such as investment advice.   |
| Professional Client                  | Means any natural or legal person that meets the criteria laid down in either Section I or Section II of Annex II of MiFID II or defined as such in the rules of the UK Financial Conduct Authority   |
| Regulated Market                     | Means a multilateral system operated and/or managed by a market operator which brings together or facilitates the bringing together of multiple third-party buying and selling interests in Financial Instruments – in the system and in accordance with its non-discretionary rules – in a way that results in a contract, in respect of the Financial Instruments admitted to trading under its rules and/or systems, and which is authorized and functions regularly and in accordance with the provisions of Title III of MiFID II and any system or facility providing substantially equivalent or analogous services and operating under the applicable law of any jurisdiction |
| Systematic Internaliser              | DBIP’s Systematic Internaliser (“SI”) are the collective systems / trading applications that allow bilateral trading between Clients and DBIP   |
| Trading Venue                        | Means a Regulated Market, MTF or OTF  |
| UK                                   | Means the United Kingdom of Great Britain and Northern Ireland  |
| Unit                                 | Refers to the organisational areas within DB Group, such as corporate divisions and infrastructure functions, as per the DB Business Allocation Plan  |
| Venue                                | Means a Trading Venue or Execution Venue  |



## Annex 1 – List of Approved Counterparties

1. None at this stage.