

NIKKO ASSET MANAGEMENT LUXEMBOURG S.A.

BEST EXECUTION POLICY

January 2023

Last approved by the board of directors of the Company: 21 February 2023
Last acknowledged by the conducting officers of the Company: 31 January 2023

Nikko Asset Management Luxembourg S.A.

Société Anonyme

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Number S00000717

PREFACE

Nikko Asset Management Luxembourg S.A (the "**Management Company**") is a management company authorised under Chapter 15 of the amended Law of 17 December 2010 on undertakings for collective investment (the "**2010 Law**"). It acts as the designated management company of Nikko AM Global Umbrella Fund, Nikko AM Global Umbrella Trust and Nikko AM Global Investments, three Luxembourg undertakings for collective investment in transferable securities ("**UCITS**") within the meaning of Directive 2009/65/EC of the European Parliament and of the Council on the coordination of laws, regulations and administrative provisions relating to UCITS (the "**UCITS Directive**").

Effective 17 December 2019, the Company is also authorised (i) as alternative investment fund manager ("**AIFM**") in accordance with Chapter 2 of the law of 12 July 2013 on alternative investment fund managers (the "2013 Law") and (ii) to provide management of portfolios of investments on a discretionary, client-by-client basis pursuant to Article 5, (4) (a) of the 2013 Law. NAML acts as the designated AIFM for Nikko AM Global Alternative Investment Trust, a Reserved Alternative Investment Fund created on 15 April 2021. NAML is also acting as Investment Manager to manage the assets of a segregated mandate on a discretionary basis

In 2020 a German branch of NAML was established, which has started business activities from 1 January 2021, Nikko Asset Management Luxembourg S.A. (German Branch) is in scope of this policy.

For the purpose of the Policy, the UCITS and AIF that are managed by the Company are taken up under the term undertakings for collective investments ("**UCIs**").

This document purports to fulfil the requirements of (i) the 2010 Law, (ii) the CSSF Regulation 10-04 transposing Commission Directive 2010/43/EU of 1 July 2010 implementing the UCITS Directive as regards organisational requirements, conflicts of interest, conduct of business, risk management and content of the agreement between a depositary and a management company (the "**CSSF Regulation 10-04**"), and (iii) CSSF Circular 18/698 on authorisation and organisation of investment fund managers governed by Luxembourg law (the "**CSSF Circular 18/698**").

PURPOSE

This Best Execution Policy (this "**Policy**") applies to the Management Company and to the appointed investment managers in the context of managing UCIs (the "**Funds**") and is aimed at describing how the Management Company and/or the appointed investment managers will follow best execution principles for the Funds and segregated mandates it manages.

As at the date of this Policy, the sub-funds of the Funds are managed by Nikko Asset Management Co., Ltd., Nikko Asset Management Europe Ltd, Nikko Asset Management Asia Limited, and Nikko Asset Management Americas Inc. (together the "**Investment Manager**"), all entities of the Nikko Asset Management Group to which the Management Company belongs.

REFERENCE REGULATIONS

The referenced regulations on the best execution on the financial instruments held by the Funds are as follows:

- Article 260 of the CSSF Circular 18/698
- Articles 342, 417, 495 and 496 of the CSSF Circular 18/698;
- Section 5.5.8. "rules of conduct" of the CSSF Circular 18/698;
- Section 3 "best execution", Article 28 "execution of decisions to deal on behalf of the managed UCITS" of the CSSF Regulation 10-04;
- Section 3 "best execution", Article 29 "placing orders to deal on behalf of UCITS with other entities for execution" of the CSSF Regulation 10-04;
- Section 4 "handling of orders", Article 30 "general principles" of the CSSF Regulation 10-04;

- Section 4 “handling of orders”, Article 31 “aggregation and allocation of trading orders” of the CSSF Regulation 10-04;
- Section 5 “inducements”, Article 32 “safeguarding the best interests of UCITS” of the CSSF Regulation 10-04.

PRINCIPLES

The Management Company has delegated the portfolio management function to the Investment Managers listed above. The Investment Managers are part of the Nikko AM Group and adhere to the Nikko Asset Management Group Best Execution Policy (the “**Group Best Execution Policy**”) put in place at the Group level.

The Nikko Asset Management Group Best Execution Policy requires each Nikko Asset Management Group entity to:

- establish a broker selection committee and written broker selection procedures
- establish written procedures to guide traders in making individual order placement decisions (“Trading Procedures”)

These requirements do not apply directly to the Management Company as there is no broker selection or trading performed locally, however, the Group Best Execution Policy takes all reasonable steps in order to ensure that orders placed by delegated Investment Managers are executed with best possible result and that they execute promptly and fairly portfolio transactions on behalf of managed UCI(s).

The Management Company ensures that the delegated Investment Managers comply with the Group Best Execution Policy – and to their Best Execution Policy if such a local policy has been established - during the Due Diligence process through:

- Due Diligence Questionnaire
- External Audit Reports

This Policy will be reviewed whenever appropriate and at least annually.

EXTERNAL AUDIT REPORTS

Question 7.13 of the Due Diligence Questionnaire requires the delegated Investment Managers to provide a copy of their latest Statement on Standards for Attestation Engagements no. 16 (SSAE 18) / International Standards for Assurance Engagements No. 3402 (ISAE 3402) or equivalent external auditor’s reports.

CONTROLS AND REPORTING

The management information as submitted to the Management Committee covers the monitoring of the best execution policy on a monthly basis.

The Conducting Officer in charge of Portfolio Management reviews the Due Diligence Questionnaire and the External Audit Reports and ensures that auditors have physically tested and checked on site several trades and ensured their compliance with the Group Best Execution Policy - and their Best Execution Policy if such a local policy has been established - without any relevant exceptions.

NAM Lux Best Execution Operating Memorandum describes additional controls performed by the Conducting officer in charge of Portfolio Management. The aim is to perform a best execution review prepared by the report received from IM delegates.

The Conducting Officer in charge of Portfolio Management reports any findings to the Board of Directors in the periodic Due Diligence Reports for each Investment Manager.

Local Head of Compliance from each delegate Investment Manager must report on the Best Execution Policy compliance matters in their quarterly compliance reports to the Conducting Officers of the Management Company.

Violations of the Group Best Execution policy will be handled by local Head of Compliance for each delegated Investment Manager and reported to the Conducting Officers of the Management Company who will ensure they have properly been remediated with. Such violations will be reported by the Conducting Officers to the Board of Directors.

In its annual summary report, the Compliance function takes into account any information deemed relevant in the area of best execution as per Article 260 of the CSSF circular 18/698, such as any violations of the Group Best Execution Policy - and their Best Execution Policy if such a local policy has been established - by any delegated Investment Managers.

CONFLICTS OF INTEREST

In order to ensure that the execution of orders is exercised in the best interests of the investors in the relevant Funds and segregated mandate(s), when reviewing the Investment Managers best execution policies and procedures, the Management Company shall carefully assess the situations in which potential conflicts of interest exist or may exist, as they are determined in the policy on conflicts of interest adopted by the Management Company and shall take appropriate steps to manage any such conflicts or potential conflicts.

BROKER

Contracts with broker have been entered following a broker approval process as conducted by each delegate Investment Manager. The broker list will be reviewed annually and approved by the board of the Management Company.