

Execution policy of St.Galler Kantonalbank AG

1. Purpose and objective

The execution policy serves the sustainable protection of client interests. This document contains a summary of the arrangements St.Galler Kantonalbank AG (hereinafter "SGKB") has established that typically lead to the best possible result for clients when executing buy or sell orders for financial instruments. Clients who effect securities transactions through SGKB can count on professional and transparent services.

2. Applicability

The execution principles described in this document apply to all client orders for one or several financial instrument(s). SGKB applies its execution policy – regardless of execution type – to all client orders for buying or selling financial instruments. The execution policy will also be applied if SGKB buys or sells financial instruments for the client's account in the fulfilment of its duties under an asset management contract with the client. This execution policy is audited regularly (at least once a year) on the basis of the criteria described here. Any material amendments will be communicated to the client without delay.

3. Principles

In general, SGKB executes trades for all financial instruments immediately, completely and – taking into consideration the limits, requirements and restrictions defined by the client – at the best possible overall price. This principle also applies to fixed-price transactions (see 5. Fixed-price transactions). SGKB may only deviate from immediate and complete execution if it is not possible due to the market situation (liquidity) or if it is in the best interests of the client.

SGKB normally executes client orders and investment decisions within the scope of asset management at a generally accepted, suitable execution venue at which the due execution of the transaction is guaranteed. Transactions of over-the-counter financial instruments must be executed at a price that is based on the market price. Execution occurs when SGKB, on the basis of a client order, either enters into

an execution transaction with another party on a suitable market for the client's account

(commission transaction) or enters into a contract to buy or sell financial instruments at a fixed or determinable price with the client directly (fixed-price transaction). Each order is executed through our trading desk, provided we have direct access to the relevant exchange, or by transmitting it via a top-tier bank, broker or counterparty pursuant to "Appendix 1 – Execution venues". Transmitting orders may pose additional risks. In the case of transmission, execution will take place according to the arrangements that the commissioned third party made to achieve best execution. This may result in deviations from the above-mentioned principles concerning execution venues and execution routes.

Transactions executed outside a always involve a counterparty risk. For the client, this risk can result in a loss – in the worst case even in a total loss – if the counterparty is unable to fulfil its contractual obligations. On request, the bank will provide additional information regarding the consequences of this type of execution.

4. Primacy of client instructions

Client instructions take precedence over this execution policy.

An instruction from the client thus relieves SGKB from its duty to take the measures that it has determined and implemented within the scope of its execution policy in order to achieve best execution, with respect to the elements affected by the respective instruction.

5. Fixed-price transactions

Fixed-price transactions are concluded when clients declare their intention to enter into a contract with SGKB for the purchase or sale of financial instruments at a specific price. Best execution, as defined by the policy, is achieved in this case by offering clients prices that are in line with the market under consideration of costs and fees.

6. Combining orders

SGKB may combine buy or sell orders for different assets under management and execute them as one aggregate order (collective order/block order) if this appears advisable and is in the best interests of the affected assets or investors considering the order volume, type, market segment, current market liquidity and price sensitivity of the financial instrument in question. Orders will only be combined if this is not expected to put individual assets or investors at a disadvantage. Nevertheless, disadvantages cannot always be excluded. The executed block order is allocated to the individual assets on a pro rata basis. Exceptions may be made to meet minimum denomination requirements when allocating partially executed block orders.

7. Execution criteria

SGKB executes trades using the execution routes and execution venues that are believed to be consistent in achieving the best execution for the benefit of the client. The best possible result is determined on the basis of an overall assessment that uses the price of the financial instrument and the costs incurred in connection with the transaction as key criteria and weights them depending on the market situation and type of financial instrument. Moreover, the speed and probability of the execution as well as the scope and type of the order and other aspects relevant to the execution of the order are taken into consideration. See the explanations in Appendix 2.

In the event of system failures or other events outside SGKB's control that greatly impair application of this execution policy or make it impossible, SGKB endeavours to execute the orders under the best possible conditions under the respective circumstances.

8. Information basis for the selection of execution venues

In connection with the selection of the execution venues, the bank considers not only the existing clearing systems and emergency arrangements of the financial centres, but also quarterly information published by the financial centres about the quality of execution of orders with the financial instruments traded there. The financial centres provide information such as the following:

- Type, number and average duration of outages in the normal trading period
- Type, number and average duration of scheduled auctions in the normal trading period
- Number of failed transactions
- Value of failed transactions as a percentage of the total value of the transactions executed
- Average price and total value of all transactions in the individual financial instruments that were executed in the first two minutes after the determined reference times
- Price of the first transaction executed if no transaction took place within two minutes, as well as execution time, transaction size, trading system and trading mode, trading platform as well as best bid and offer and suitable reference price at the time of execution for each of these transactions
- Daily information: average and volume-weighted basic transaction price as well as highest and lowest price executed
- Type and amount of the cost components, price rebates and discounts, non-monetary benefits, taxes and duties of the execution venue and differences depending on the user, financial instrument and amount
- Number of orders received, number and value of orders executed and of orders cancelled and modified, average effective bandwidth and average volume, average bandwidth, number of cancellations, number of changes and average speed of the best bids and offers; number and average duration of the periods (over 15 minutes) during which no bids or offers were placed

9. List of execution venues

Based on the execution criteria for the selection of execution venues pursuant to section 7 and under consideration of the information of the financial centres concerning the quality of execution pursuant to section 8, SGKB has listed the execution venues that are taken into consideration for best execution of trades in Appendix 1. The bank will regularly review this list and make changes if key criteria in favour of a certain execution venue no longer apply. The client gives the bank permission to make such changes.

10. Publication

This execution policy has been published at www.sgkb.ch/Ausfuehrungsbestimmungen. The summaries of the top five execution venues for each category of financial instrument and the report about the execution quality achieved are published at the same address.

Please feel free to contact your advisor if you have any questions concerning this information.

St.Galler Kantonalbank AG, St.Gallen, October 2020

Appendix 1 – Execution venues for certain product groups

(revision 03/2020)

St.Galler Kantonalbank has direct trading access to the SIX Swiss Exchange and the EUREX Exchange.

Financial instrument	Region	Selection criterion	Transaction type	Execution	Execution venue
Equities					
Equities	Switzerland	All Swiss equities traded on SMI, SPI or SMIM.	Commission	Direct trade	Swiss financial centre according to priority rules for financial centres.
Equities	Switzerland	All listed Swiss equities not included in the SMI, SPI or SMIM category.	Commission	Direct trade	Swiss financial centre according to priority rules for financial centres.
Equities	Switzerland	All unlisted Swiss equities pursuant to specific client instructions.	Commission	Direct trade	Domestic issuer. According to specific client instructions.
Equities	Outside Switzerland	All listed non-Swiss equities.	Commission	Bank/counterparty in Switzerland/outside Switzerland	Non-Swiss financial centre pursuant to transmission.
Equities	Outside Switzerland	All unlisted non-Swiss equities pursuant to specific client instructions.	Commission	Bank/counterparty in Switzerland/outside Switzerland	Non-Swiss issuer. According to specific client instructions.
Derivatives					
Derivatives (EUREX)	Switzerland/ Outside Switzerland	All derivatives traded on the EUREX single market.	Commission	Direct trade	EUREX
Derivatives (warrants)	Switzerland	All Swiss warrants. Warrants are executed based on the underlying asset's execution venue.	Commission	Direct trade	Swiss financial centre according to priority rules for financial centres
Derivatives (warrants)	Outside Switzerland	All non-Swiss warrants.	Commission	Bank/counterparty in Switzerland/outside Switzerland	Non-Swiss financial centre pursuant to transmission
Derivatives (FX and precious metals)	Switzerland/ Outside Switzerland	All FX derivatives.	Fixed price	Bank/counterparty in Switzerland/outside Switzerland	Over the counter
Derivatives (interest rate)	Switzerland/ Outside Switzerland	All interest rate derivatives.	Fixed price	Bank/counterparty in Switzerland/outside Switzerland	Over the counter
Derivatives (OTC)	Switzerland/ outside Switzerland	All derivatives that can only be traded as OTC fixed price.		Bank/counterparty in Switzerland/outside Switzerland	Over the counter
Derivatives (non-EUREX)	Outside Switzerland	All non-EUREX derivatives Outside Switzerland.	Commission	Bank/counterparty in Switzerland/outside Switzerland	Non-Swiss financial centre pursuant to transmission
Swap (FX) forward	Switzerland/ Outside Switzerland	Standardised forward transaction for foreign exchange (FX forward).	Fixed price	Direct trade	Over the counter

Financial instrument	Region	Selection criterion	Transaction type	Execution	Execution venue
Funds					
Funds NAV	Switzerland/ outside Switzerland	All funds are based on the previous day's net asset value (NAV).	Commission	Through transfer agent	Pursuant to transfer agent
Funds ETF	Switzerland	All Swiss funds officially traded on the exchange.	Commission	Direct trade	Swiss financial centre according to priority rules for financial centres
Funds ETF	Outside Switzerland	All non-Swiss funds officially traded on the exchange with a trading volume < CHF 100k.	Commission	Bank/counterparty in or outside Switzerland	Non-Swiss financial centre
Funds ETF	Outside Switzerland	All non-Swiss funds officially traded on the exchange with a trading volume >= CHF 100k.	Commission	Through market maker	Non-Swiss financial centre
Bonds					
Bonds (listed)	Switzerland	Listed bonds Switzerland.	Commission	Direct trade	Swiss financial centre according to priority rules for financial centres
Bonds (OTC)	Switzerland	Unlisted bonds Switzerland.	Commission	Broker (best price)	Over the counter
Bonds (listed)	Outside Switzerland	Listed bonds outside Switzerland.	Commission	Broker (best price)	Non-Swiss financial centre pursuant to transmission
Bonds (OTC)	Outside Switzerland	Unlisted bonds outside Switzerland.	Commission	Broker (best price)	Over the counter
Structured financial products					
Structured products (listed)	Switzerland	Listed structured products Switzerland.	Commission	Direct trade	Swiss financial centre according to priority rules for financial centres
Structured products (listed)	Outside Switzerland	Listed structured products outside Switzerland.	Commission	Bank/counterparty in or outside Switzerland	Non-Swiss financial centre pursuant to transmission
Structured products (OTC)	Switzerland	Unlisted structured products Switzerland.	Commission	Issuer	Over the counter
Structured products (OTC)	Outside Switzerland	Unlisted structured products outside Switzerland.	Commission	Issuer	Over the counter
Entitlements to shares, subscription rights					
Entitlements to shares, subscription rights	Switzerland	Exchange traded until blocking of class.	Commission	Direct trade	Swiss financial centre according to priority rules for financial centres
Entitlements to shares, subscription rights	Outside Switzerland	Exchange traded until blocking of class.	Commission	Bank/counterparty in or outside Switzerland	Non-Swiss financial centre pursuant to transmission

Appendix 2 – Information on execution criteria

(revision 03/2020)

1. Price of the financial instrument

The price of a financial instrument is greatly affected by its liquidity, but also by the details of its pricing process. The different transparency levels of the order books can also have a noticeable effect.

The spreads between the highest offer on the demand side and the lowest offer on the ask side as well as the tradable order sizes and thus the market liquidity are used as an indicator of price quality. The underlying order volume is also taken into consideration in the evaluation of spreads.

2. Costs of order execution

The costs include SGKB's commissions as well as possible additional costs such as public duties (fees, taxes, etc.) or other costs under private law (costs for transferring the financial instruments) that are billed to the client.

If SGKB does not have direct access to an execution venue, it will place the order through a broker instead of doing so directly. In this case, the costs will include the broker's fees as well as the costs mentioned in the preceding section.

3. Order execution speed

The order execution speed is understood to be the time from which the order is received to the time when it is executable at the execution venue.

The speed of an execution venue is mainly determined by the type of market model.

4. Likelihood of complete execution and order settlement

The likelihood of order execution through an execution venue is mainly determined by the liquidity of the venue. SGKB also looks at the risk of partial executions that may directly affect the overall costs of settlement. SGKB understands the likelihood of settlement to mean the risks of a problematic settlement of securities transactions that may affect delivery or payment.

5. Order scope and type

The bank distinguishes orders by size if this factor affects the selection of the execution venue in terms of price and costs. Orders of different types may be placed on exchanges. Alongside purchases and sales, this includes various limit types and order restriction types. Clients can specify the order type when placing the order. However, some order types may be prohibited from being executed at certain execution venues.

6. Relevant execution venue

SGKB places trade orders where – under consideration of all transaction costs associated with execution – the best price is usually achieved. This is usually the main volume exchange of the respective financial instrument. Experience has shown that the main volume exchange is where the greatest volume is traded, ensuring inexpensive, complete and timely execution of the transaction.

Appendix 3 – List of execution venues

(revision 03/2020)

List of execution venues used for the execution of client orders in accordance with the execution policy. This list is by no means exhaustive.

Country	Name	Symbol	Quality report for execution venue
Australia	ASX – All Markets	ASX	https://www.asx.com.au/regulation/publicconsultations.htm
Belgium	Euronext Brussels	EBR	https://www.euronext.com/regulation/mifid-2/regulatoryreporting-publication/quality-execution-reports
Denmark	Nasdaq Copenhagen Equities	CPH	https://business.nasdaq.com/mifid-ii/best-execution.html
Germany	Boerse Berlin	BEB	https://www.boerseberlin.de/index.php/Best_Execution_Reports/Best_Execution_Reports
	Boerse Duesseldorf AG	DUS	http://www.boersenag.de/rts27-files
	Boerse Frankfurt Zertifikate AG	BFZ	https://www.deutsche-boerse-cash-market.com/dbcm/en/instruments-statistics/statistics/best-execution-reports
	Boerse Muenchen	MUC	https://www.boersestuttgart.de/de-de/fuergeschaeftspartner/reports/best-execution-report
	Boerse Stuttgart	STU	https://www.boersestuttgart.de/de-de/fuergeschaeftspartner/reports/best-execution-report
	Deutsche Boerse AG	FRA	https://www.eurexchange.com/exchange-en/marketdata/statistics/best-execution-reports
	Deutsche Boersen-Indices & Xetra-ETF	ITF	https://www.eurexchange.com/exchange-en/marketdata/statistics/best-execution-reports
	Eurex Germany	EUX	https://www.eurexchange.com/exchange-en/marketdata/statistics/best-execution-reports
	Euwax	EUW	https://www.boerse-stuttgart.de/de-de/fuergeschaeftspartner/reports/best-execution-report
	Hanseatische Wertpapierboerse Hamburg	HAM	https://www.boerse-stuttgart.de/de-de/fuergeschaeftspartner/reports/best-execution-report
Niedersaechsische Boerse zu Hannover	HAN		
Xetra	ETR		
Finland	NASDAQ Helsinki Ltd, Equities	HEL	https://business.nasdaq.com/mifid-ii/best-execution.html
France	Euronext Paris	EPA	https://www.euronext.com/regulation/mifid-2/regulatoryreporting-publication/quality-execution-reports
United Kingdom	IOB London International Order Book	LIB	https://www.lseg.com/resources/mifid-ii/best-executionreporting-rts-27
	LSE London Stock Exchange	LON	
	LSE London Stock Exchange, Covered Warrants	LCV	
	LSE London Stock Exchange, Exchange Traded	LTF	
	Funds,	LSS	
	Multicurrency	SEA	
	LSE London Stock Exchange, SETS SETSqx		
Hong Kong	Hong Kong Exchanges and Clearing Ltd	HKG	https://www.hkex.com.hk/Market-Data/Statistics/Consolidated-Reports/Annual-Market-Statistics?sc_lang=en
Ireland	Irish Stock Exchange – All Markets	ISE	https://www.ise.ie/market-data/announcements/statistical-reports/best-executionreporting.html
Italy	Mercato Continuo Italiano	MCI	https://www.borsaitaliana.it/borsa/mifid2/RTS27/qualityexecution.html?lang=en
Japan	Osaka Securities Exchange	OSA	https://www.jpix.co.jp/english/markets/index.html
	Tokyo Stock Exchange	TYO	
Canada	Canadian Securities Exchange	CNQ	https://www.tsx.com
	TMX Group Ltd, Toronto Stock Exchange	TOR	
	TMX Group Ltd, Toronto Stock Exchange USD	TSU	
	TMX Group Ltd, TSX Venture Exchange	CVE	
	TMX Group Ltd, TSX Venture Exchange USD	VEU	
	TSX Venture Exchange – NEX	NEX	

Country	Name	Symbol	Quality report for execution venue
Luxembourg	Bourse de Luxembourg	LUX	https://www.bourse.lu/mifid2-mifir
New Zealand	New Zealand Exchange Ltd	NZE	https://www.nzx.com/regulation/nzx-rules-guidance
Netherlands	Euronext – Euronext Amsterdam	EAM	https://www.euronext.com/regulation/mifid-2/regulatoryreporting-publication/quality-execution-reports
Norway	Oslo Stock Exchange	OSL	https://www.oslobors.no/ob_eng/Oslo-Boers/Statistics/Best-execution
Austria	Wiener Boerse AG	VIE	https://www.wienerborse.at/technik/mifid-ii/rts27-daten/
Portugal	Euronext Lisbon	ELI	https://www.euronext.com/regulation/mifid-2/regulatoryreporting-publication/quality-execution-reports
Sweden	NASDAQ Nordic Exchange Stockholm, Equities	STO	https://business.nasdaq.com/mifid-ii/best-execution.html
Switzerland	BX Swiss AG	BRN	https://www.bxswiss.com/regulatorische-informationen
	SIX Swiss Exchange	SWX	https://www.sixgroup.com/exchanges/participants/trading/ote/info/publications_en.html
	SIX Swiss Exchange – Blue Chips Segment	SWL	
	SIX Swiss Exchange, Structured Products	QMH	
Singapore	Singapore Exchange	SIN	https://www2.sgx.com/research-education/securities
Spain	Bolsa de Madrid	MAD	http://www.bolsamadrid.es/ing/asp/BestExecution/BestExecution.aspx
	Mercado Continuo Espanol	MCE	
South Africa	JSE Johannesburg Stock Exchange	JNB	https://www.jse.co.za/services/market-regulation
USA	BATS Trading Inc.	BTT	https://www.nyse.com/regulation/nyse
	CTA Bats Exchange Inc	BTA	https://www.nyse.com/regulation/nyse-american
	CTA Chicago Stock Exchange Inc	CHI	https://www.nyse.com/regulation/arca-options
	CTA FINRA ADF	NTA	https://www.nyse.com/regulation/american-options
	CTA NASDAQ OMX BX	BOS	https://www.nyse.com/regulation/nyse-national
	CTA NASDAQ OMX Stock Exchange	THM	https://www.nyse.com/regulation/nyse-chicago/rules
	CTA National Stock Exchange	CIN	https://business.nasdaq.com/mifid-ii/best-execution.html
	Financial Industry Regulatory Authority BTDS	NSB	
	Finra Alternative Display Facility (ADF)	UTD	
	International Securities Exchange Inc (CTA Participant)	ILS	
	NASDAQ OMX	NMS	
	NASDAQ OMX BX TRF	NSG	
	Nasdaq OMX Mutual Fund Dissemination Service	MFD	
	NASDAQ Stock Market Inc, UTP NASD TRF NASDAQ	NSI	
	NYSE	NYX	
	NYSE Arca	NAR	
	NYSE Arca, Listed Bonds	NYD	
	NYSE MKT	NMK	
	NYSE US Composite	USC	
	OTC Bulletin Board	OBB	
	OTC Markets Group Inc	NQB	
	Other OTC Market	OTN	
	UTP BATS Exchange Inc	BUT	
	UTP Chicago Stock Exchange Inc	UTG	
	UTP Consolidated	UTC	
	UTP International Securities Exchange	UTI	
	UTP NASD TRF NYSE	NTN	
UTP NASDAQ OMX BX	UTB		
UTP NASDAQ OMX PSX	UTH		
UTP National Stock Exchange	UTN		

Country	Name	Symbol	Quality report for execution venue
	UTP NYSE	UTS	
	UTP NYSE Arca	UTP	
	UTP NYSE MKT	UMN	
	UTP TRF NYSE MKT	NSF	