



**Instruction
for the proper execution, handling and transmission of
orders in financial instruments**

Adopted by the Board of Directors of SEB Fund Services S.A.
on 19 May 2011

(reviewed and re-adopted 3 December 2012)

This Instruction applies to SEB Fund Services S.A.
This Instruction is effective from 1st July 2011.

Instruction No.	TBD	
Responsible :	Ann-Charlotte Lawyer	Head
Date of next review :	December 2013	Annual Review
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1. Introduction

- 1.1 SEB Fund Services S.A. ("SEB FS") is a fund management company supervised by the Luxembourg *Commission de Surveillance du Secteur Financier* (CSSF) within the SEB Group, having as objective the creation, administration and /or management, and in select cases, distribution of undertakings for collective investment (the "Funds"). More generally, SEB FS may carry out activities that are allowed to a management company, within the limits set forth by Chapter 15 of the law of December 17, 2010 relating to Undertakings for Collective Investment (the "Law").
- 1.2 SEB FS offers its services to all kind of investment vehicles available under Luxembourg law. Today the following undertakings for collective investment are approved to launch:
- investment companies with variable share capital (*sociétés d'investissement à capital variable*, "SICAVS") subject to part I or part II of the Law of 2010 or SICAVs qualifying as specialised investment funds (*fonds d'investissement spécialisé*, "SIF") subject to the law of 13 February 2007 relating to specialised investment funds (the "Law of 2007");
 - contractual common funds (*fonds commun de placement*, "FCPs") subject to part I or part II of the 2010 Law or FCPs qualifying as SIFs subject to the Law of 2007.
- 1.3 The purpose of this Instruction is to describe the framework under which SEB FS monitors the proper execution, handling and transmission of orders in financial instruments on behalf of the Funds for which it acts as a Management Company.

2. Definitions

Board of Directors	means the board of directors of SEB FS.
Funds	means the collective investment schemes of which SEB FS is appointed as Central Administration and / or Fund Management Company. Moreover, when a reference is made to the Funds, it shall imply that the best interest of Funds beneficial owners have been also accounted for.
MiFID	means Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments.
SEB Group	means Skandinaviska Enskilda Banken AB (publ) and any other companies associated and/or affiliated with the SEB group of companies engaged in the marketing, distribution and/or administration of Funds as the context requires.
Senior Management	means SEB FS' Managing Director/s and/or Conducting Officer/s.

3. Portfolio management

- 3.1 SEB FS does not perform any portfolio management activities within the management company, but delegates this function to various asset managers (the "Asset Managers"). SEB FS remains however fully responsible for the overall investment management function, and shall ensure that proper arrangements are in place for obtaining the best possible result for the Funds when executing orders in financial instruments.
- 3.2 The majority of the portfolio management activities in relation to the Funds are delegated to third parties outside the SEB Group.
- 3.3 SEB FS' Senior Management shall ensure that sufficient information reaches the management company to allow for a proper monitoring of the best execution arrangements.

4. SEB Group Asset Managers

- 4.1 For all Asset Managers within the SEB Group, SEB FS shall contractually enforce the Asset Manager's responsibility to follow the SEB Group best execution policy as attached hereto as Annex 1.

5. External Asset Managers

- 5.1 Prior to any appointment, an external Asset Manager will be required to have its own best execution policy in place. Such policy will become part of the contractual legal framework between SEB FS and the Asset Manager as an annex to the investment management agreement between SEB FS and the Asset Manager.
- 5.2 SEB FS shall also assure that an external Asset Manager's best execution policy is MIFID compliant and respects local market practices, and that no provision within such policy is unacceptable for SEB FS.
- 5.3 Should an Asset Manager not dispose of an own best execution policy or should SEB FS consider that the best execution policy of the Asset Manager should (in full or in part) not be compliant with the SEB Group best execution policy or the minimum standards set out in section 5.2 above, the Asset Manager will be required to follow the SEB Group best execution policy in relation to any execution, handling and transmission of orders in financial instruments of the Fund.

6. Execution, handling and transmission of orders

- 6.1 SEB FS has delegated the execution, handling and transmission of orders to the Asset Managers and does therefore not execute, handle and transmit orders itself.

7. Best execution monitoring

- 7.1 The Compliance Responsible of SEB FS shall undertake annual controls of the best execution provisions, and its findings shall be included in the annual Internal Compliance Report.
- 7.2 For the purpose of the above, the Compliance Responsible shall liaise with each of the delegated Asset Managers (either within the SEB Group or external) in order to obtain the necessary documentation to properly perform its verifications.

APPENDIX 1

Instruction for execution, handling and transmission of orders in financial instruments on behalf of clients for the SEB Group

Execution Policy

Introduction

This document (the “Policy”) specifies the procedures which Skandinaviska Enskilda Banken AB (publ) and its subsidiaries (“SEB”) will follow when executing or transmitting orders in financial instruments on behalf of its retail and professional clients. SEB will take all reasonable steps in accordance with this Policy in order to obtain the best possible results for its clients. Please note that although the procedures set out in the Policy are expected to produce the best possible result for SEB’s clients, there is no guarantee that circumstances will enable this to be achieved in every single transaction.

As such, the procedures set out herein constitute “Best Execution” in SEB’s view. By asking SEB to enter into a transaction with or for you, you agree to the transaction being executed in accordance with this Policy.

Where a client requests a quote and accepts it or where the terms (including the price) of a deal are otherwise specifically agreed between SEB and the client prior to execution, the resultant transaction will for a retail client be considered to constitute Best Execution, and will for a professional client be outside the terms of this Policy.

The same order can be executed in parts using more than one of the methods described in this Policy.

Terms used in this Policy have the same meaning as defined under EU financial regulation.

Specific client instruction

Where a client gives SEB a specific instruction on how all or part of its order should be executed, the relevant execution will be effected in accordance with such instructions. You should be aware that providing specific instructions may prevent SEB from following the procedures set out in this Policy, which are considered likely to obtain the best possible result for you.

The relative importance of different factors in execution

In executing a client’s order SEB will take into account the following matters:

- The price at which it is likely to be executed and the costs which will be incurred;

- The speed and likelihood of both execution and settlement;
- The size and nature of the order and its impact on the market; and
- Any other factor which SEB considers to be relevant to the execution of the order.

Using its reasonable judgement, SEB will weigh these factors at the time of execution in accordance with its client's characteristics, the financial instrument involved and the prevailing market conditions.

Unless special circumstances apply, SEB's priority in executing transactions will be to obtain the best possible result in terms of the total consideration to be paid or received by the client.

Execution of orders in financial instruments regularly traded on external execution venues

This section applies to financial instruments traded with reasonable liquidity on a regulated market or other marketplace. Such instruments include, for example, certain:

- Shares;
- Bonds and other interest-bearing or discounted debt instruments, including index-linked bonds;
- standardized derivatives;
- Exchange traded fund units;
- Other financial instruments traded on an external execution venue.

SEB will execute its client's order in such a financial instrument in the following way:

- The order will normally be routed for execution to the execution venue SEB considers to provide the best result for the client taking into account the factors in section 3.
- Where the order is of a larger size, such that care is required in its execution in order to minimize the adverse impact of the order in the market, SEB will execute the order at such times, and in such separate parts in the market, as appears in its reasonable judgment as to be likely to produce the best possible overall result for the client under the circumstances as they develop.
- Should circumstances permit it, and provided that it appears to SEB that it will operate to the client's overall advantage, SEB may choose to execute all or part of the order against either its own book or directly against a market counterparty or the order of another of its clients. However, SEB will only do this if it appears likely at the time of dealing that the result is at least as good as would have been obtained in the market.
- SEB may offer to take an order of a larger size directly onto its own book at a price agreed with the client. The agreed price may be less advantageous than the price prevailing in the market for small volumes, but is likely to be more advantageous than the price that could have been obtained in the market at the time for volumes equal to the size of the order.
- Where a client requests SEB to make a quote for a transaction off its own books, SEB will take reasonable care to ensure that the price so quoted is fair in all the circumstances.

Execution of orders in financial instruments not regularly traded on external execution venues

This section applies to financial instruments which are not traded with reasonable liquidity on a regulated market or other marketplace, such as both standardized but non-exchange traded instruments and instruments created (whether by SEB or another intermediary) from one or more components, some of which may be listed or traded in their own right, for example in order to provide an instrument designed to meet specific exposure requirements. Such instruments include, for example, certain:

- Bonds and other interest-bearing or discounted debt instruments;
- OTC derivatives;
- Instruments in which the return is linked to the performance of a specific index or reference rate;
- Instruments based on or involving contracts for difference;
- Unquoted shares;
- fund units;
- Other financial instruments not regularly traded on a regulated market or other marketplace.

SEB will execute its client's order in such a financial instrument in the following way:

- SEB may execute the order against its own book, at a sound price. The pricing will take into account the prevailing market price available to SEB or level of the underlying asset, index or rate incorporated into the structure of the instrument, or other relevant market factors or events. The pricing will in addition take into account the risks and costs involved in SEB's business model for the instrument in question – such as costs inherent in the utilization of its own capital to support its dealings with clients, counterparty credit risk, operational risk or risk position assumed in creating the instrument and making it available to clients – and SEB's reasonable profit margin in the light of these.
- To be able to provide execution in securities for which there is no readily available market quote, SEB may execute the order against a market counterparty or the order of another of its clients.
- Specifically for fund units, SEB will carry out its client's order by transmitting it, directly or through an intermediary, to the fund management company (or equivalent) responsible for administering the fund in question.

Securities lending and primary market transactions

SEB will execute securities lending transactions against SEB's own book at a sound price and in accordance with special terms agreed with the client.

SEB will execute primary market transactions in financial instruments by transmitting the client order to the issuer, or the agent of the issuer, in accordance with the client's instruction and the terms and conditions for the specific issuance.

Execution venues used by SEB

SEB participates in a variety of different regulated markets and, in addition, has direct access to a number of other execution venues, chosen in each case because they meet SEB's requirement to execute orders to the best advantage of its clients.

For a list of execution venues frequently used by SEB, please refer to www.seb.se. Note, however, that SEB may execute client orders on venues other than those on the list when it considers that this is appropriate in the light of the circumstances at the time and unlikely to produce a worse overall result for the client.

Placing and transmission of orders to third party brokers

When providing portfolio management services and/or transmitting its clients' orders, SEB will handle the placing of orders in the way it regards at the time as being in the best interest of the client, and, where it deems it appropriate, may use the services of a third party broker.

SEB will make a careful assessment of any third party broker it uses and will establish a relationship with it. When selecting a third party broker through which or by which client orders are executed, SEB will consider factors such as price, costs, speed and likelihood of both execution and settlement, as well as other factors that might be significant at the time of placement and transmission of orders.

Execution outside a regulated market or an MTF

SEB may execute client orders outside a regulated market or an MTF (Multilateral Trading Facility). This applies primarily to non-exchange traded financial instruments, but could also be the case for exchange-traded financial instruments, although in the latter case SEB is required to obtain the client's prior express consent.

Client order handling

SEB will execute each client's orders in a prompt, fair and expeditious manner and will generally seek to execute comparable orders in the sequence in which they are received, unless for example the characteristics of the order or prevailing market conditions make this impracticable or against the best interests of its clients.

Provided that it is unlikely to work to the overall disadvantage of its clients, SEB may aggregate a client's orders with the orders of other clients, or with transactions that it is arranging for its own account. Whilst such aggregation is not expected to operate to a client's disadvantage overall and, indeed, may work to its advantage on occasions, it may on other occasions work to the client's disadvantage in relation to a particular order. Where SEB aggregates a client's order with other orders, the combined trades will be allocated fairly between that client and the other parties whose interests have been aggregated.

The impact of disrupted markets, system failures etc

In some cases, whether as a result of trading suspensions, cancellation of transactions by the execution venue, disrupted markets, system failures or otherwise, SEB may feel that it is in a client's best interests to execute or transmit its order using a method different to that normally used for the instrument in question. In such cases, SEB will take all reasonable steps to achieve the best possible overall result for the client under the prevailing circumstances.

If the events referred to above result in serious disruption in the markets, SEB will make reasonable efforts to contact clients whose orders have not yet been executed in order to

obtain additional instructions. If SEB is unable to obtain such instructions, it will take such actions as reasonably seem to be in the best interest of the client, and the client will be bound by the result.

Where a market operator cancels or amends trades executed on its market, SEB and its clients will be bound by such steps, even if SEB has in the meantime confirmed that the transaction has been executed.

Changes and updates to this Policy

This Policy is subject to change. The Policy, and the execution venues, third party brokers and execution arrangements referred to in it, as well as the results they produce, will be reviewed periodically in order to ensure that they are likely to provide the best possible result for SEB's clients. This will be done as circumstances dictate, and at least annually. Any changes to the Policy will be published on SEB's website, and can be accessed on www.seb.se. Such change and updates will take effect from the day following the day they are published on the website.