



Information on the top five execution venues and quality of execution obtained

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Union Investment Luxembourg S. A.

27 April 2018

As a new regulation introduced with MiFID II, investment management companies are obliged to identify on their website, once a year and for each class of financial instruments, the top five execution venues in terms of trading volumes where they executed client orders in the preceding year, together with summary information regarding the quality of execution obtained (Delegated Regulation (EU) 2017/576 of the EU Commission / RTS 28).

However, this reporting requirement does not apply to all transactions, but only covers transactions within the scope of financial portfolio management. The top five execution venues and/or brokers are determined on the basis of these transactions only. Execution of transactions within the framework of managing investment fund assets are outside the scope of this report. Therefore, the information provided with this report is not representative of Union Investment Luxembourg S. A overall trading activity.

An analysis of the top five execution venues in terms of trading volumes for all client orders executed (for professional investors) during the 2017 reporting period, broken down by class of financial instrument, is provided below – together with summary information regarding the quality of execution obtained.

Please refer to Delegated Regulation (EU) 2017/576 (RTS 28) for more details regarding this publication.



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1. Equities – Shares & Depositary Receipts

Information on the top five brokers

Class of Instrument	Equities – Shares & Depositary Receipts				
Notification if <1 average trade per business day in the previous year	N				
Top five execution venues ranked in terms of trading volumes (de-ascending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
UBS Limited (REYPIEJN7XZHSUI0N355)	47,14%	50,29%	N.A.	N.A.	0,00%
Morgan Stanley Bank AG (7CPI4ZQUQVBDH8SA1F44)	32,54%	26,89%	N.A.	N.A.	0,00%
UBS Europe SE (5299007QVIQ7IO64NX37)	11,57%	16,25%	N.A.	N.A.	0,00%
Merrill Lynch & Co., Inc (DWW559HN8WVTCCS4VJ94)	3,72%	0,58%	N.A.	N.A.	0,00%
J.P. Morgan Securities plc (K6Q0W1PS1L1O4IQL9C32)	1,15%	1,35%	N.A.	N.A.	0,00%



1. Equities – Shares & Depositary Receipts

Information on the quality of execution obtained

Within the scope of portfolio management, orders are generally placed with execution venues and/or brokers subject to the proviso that such orders are placed at the best available terms and conditions prevailing at the time of placing the order, given all information available at that time. Quantitative and qualitative factors which may be relevant for achieving the best possible results include, in particular:

- the price of the financial instrument;
- the associated costs of order execution;
- the speed of order execution;
- the likelihood of execution and settlement; and
- the volume and type of order.

Further qualitative factors include the financial stability and credit rating of the execution venue and/or broker, the scope and consistency of their offer, as well as their access to sources of liquidity.

The priority of these factors is differentiated according to the respective class of financial instrument. For the „Equities - Shares & Depositary Receipts“ class, given the relatively high availability of liquidity across numerous trading venues and the availability of in depth price discovery, the highest priority is on the price and on the costs associated with order execution. For less liquid equities and equity certificates, whilst high priority is assigned to the speed and probability of execution, price and costs are the most important factors.

Execution venues and/or brokers are selected on the basis of factors relevant for achieving the best possible results, in an independent process, and in accordance with all regulatory requirements, their Best Execution Policy, and in compliance with applicable law and regulations as well as the BVI Rules of Conduct.

A list providing an evaluation of execution venues and/or brokers, incorporating the quantitative and qualitative factors set out above, is prepared in regular intervals. A transaction cost analysis (TCA) prepared by independent providers supports this evaluation process; the TCA also serves as a tool to monitor the quality of order execution, and to determine trading costs. Sustainably achieving the



1. Equities – Shares & Depositary Receipts

best possible results when placing orders may require changes to be made within the scope of regular evaluation of execution venues and/or brokers – including the addition, removal or exchange of execution venues and/or brokers.

The summary information regarding the quality of execution is solely based on transactions for clients classified as „Professional Clients“. Where a Professional Client issues instructions with regard to the terms of execution within the scope of portfolio management, such instructions are always given priority and are implemented when executing orders, subject to the requirements of German investment law.

Union Investment’s shareholders are German cooperative banks, DZ BANK AG, as well as additional partner entities from the Volksbanken Raiffeisenbanken cooperative financial network. The Company does not perceive any conflict of interest in this connection; when placing orders, said shareholders are subject to the same strict rules for execution venues and/or brokers.

No specific arrangements are in place with any execution venues regarding payments made or received, or any discounts or rebates. Other non-monetary benefits may be obtained in the form of research and analysis services: these are designed for use in making investment decisions,

in the interests of the investors. Some execution venues and/or brokers offered their research and analysis services as well as execution services in bundled form during the 2017 reporting period. The requirement to separately show prices for the execution of trades has only been in place since 3 January 2018. Hence, such execution-only prices can only be used as a basis for analysing the quality of execution in the reports for 2018.



2. Debt instruments

2.1 Bonds

Information on the top five brokers

Class of Instrument	Debt instruments – Bonds				
Notification if <1 average trade per business day in the previous year	Y				
Top five execution venues ranked in terms of trading volumes (de-scending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
HSBC Bank PLC (MP6I5ZYZBEU3UXPYFY54)	22,47%	17,50%	N.A.	N.A.	0,00%
Merrill Lynch International (GGDZP1UYGU9STUHRDP48)	8,45%	7,50%	N.A.	N.A.	0,00%
Barclays Bank PLC (G5GSEF7VJP5I7OUK5573)	7,26%	5,00%	N.A.	N.A.	0,00%
Landesbank Baden-Württemberg (B81CK4ESI35472RHJ606)	6,86%	7,50%	N.A.	N.A.	0,00%
BNP Paribas S.A. (ROMUWSFPU8MPRO8K5P83)	6,55%	7,50%	N.A.	N.A.	0,00%



2. Debt instruments

2.1 Bonds

Information on the top five execution venues

Class of Instrument	Debt instruments – Bonds				
Notification if <1 average trade per business day in the previous year	Y				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Tradeweb Europe Limited (TREU)	78,85%	54,55%	N.A.	N.A.	0,00%
Bloomberg Trading Facility Limited (BMTF)	21,15%	45,45%	N.A.	N.A.	0,00%



2. Debt instruments

2.1 Bonds

Information on the quality of execution obtained

Within the scope of portfolio management, orders are generally placed with execution venues and/or brokers subject to the proviso that such orders are placed at the best available terms and conditions prevailing at the time of placing the order, given all information available at that time. Quantitative and qualitative factors which may be relevant for achieving the best possible results include, in particular:

- the price of the financial instrument;
- the associated costs of order execution;
- the speed of order execution;
- the likelihood of execution and settlement; and
- the volume and type of order.

Further qualitative factors include the financial stability and credit rating of the execution venue and/or broker, the scope and consistency of their offer, as well as their access to sources of liquidity.

The priority of these factors is differentiated according to the respective class of financial instrument. For the „Debt instruments - Bonds“ class, due to (in some cases marked) variance in relation to the availability of liquidity, assigning high priority to the probability of execution is necessary in some situations – whereby this must not be at the expense of the price, which generally has similarly high priority. Since execution costs for debt securities are largely standardised, these are not given high priority.

Execution venues and/or brokers are selected on the basis of factors relevant for achieving the best possible results, in an independent process, and in accordance with all regulatory requirements, their Best Execution Policy, and in compliance with applicable law and regulations as well as the BVI Rules of Conduct.

A list providing an evaluation of execution venues and/or brokers, incorporating the quantitative and qualitative factors set out above, is prepared in regular intervals. A transaction cost analysis (TCA) prepared by independent providers supports this evaluation process; the TCA also serves as a tool to monitor the quality of order execution, and to determine trading costs. Sustainably achieving the best possible results when



2. Debt instruments

2.1 Bonds

placing orders may require changes to be made within the scope of regular evaluation of execution venues and/or brokers – including the addition, removal or exchange of execution venues and/or brokers.

The summary information regarding the quality of execution is solely based on transactions for clients classified as „Professional Clients“. Where a Professional Client issues instructions with regard to the terms of execution within the scope of portfolio management, such instructions are always given priority and are implemented when executing orders, subject to the requirements of German investment law.

Union Investment’s shareholders are German cooperative banks, DZ BANK AG, as well as additional partner entities from the Volksbanken Raiffeisenbanken cooperative financial network. The Company does not perceive any conflict of interest in this connection; when placing orders, said shareholders are subject to the same strict rules for execution venues and/or brokers.

No specific arrangements are in place with any execution venues regarding payments made or received, or any discounts or rebates. Other non-monetary benefits may be obtained in the form of research and analysis services: these are designed for use in making investment decisions, in the interests of the investors. Some execution

venues and/or brokers offered their research and analysis services as well as execution services in bundled form during the 2017 reporting period. The requirement to separately show prices for the execution of trades has only been in place since 3 January 2018. Hence, such execution-only prices can only be used as a basis for analysing the quality of execution in the reports for 2018.



3. Currency derivatives

3.1 Futures and options admitted to trading on a trading venue

Information on the top five brokers

Class of Instrument	Currency derivatives – Futures and options admitted to trading on a trading venue				
Notification if <1 average trade per business day in the previous year	Y				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
DZ BANK AG (529900HNOAA1KXQJUQ27)	100,00%	100,00%	N.A.	N.A.	0,00%



3. Currency derivatives

3.1 Futures and options admitted to trading on a trading venue

Information on the quality of execution obtained

Within the scope of portfolio management, orders are generally placed with execution venues and/or brokers subject to the proviso that such orders are placed at the best available terms and conditions prevailing at the time of placing the order, given all information available at that time. Quantitative and qualitative factors which may be relevant for achieving the best possible results include, in particular:

- the price of the financial instrument;
- the associated costs of order execution;
- the speed of order execution;
- the likelihood of execution and settlement; and
- the volume and type of order.

Further qualitative factors include the financial stability and credit rating of the execution venue and/or broker, the scope and consistency of their offer, as well as their access to sources of liquidity.

The priority of these factors is differentiated according to the respective class of financial instrument. For the „Currency derivatives - Futures and options admitted to trading on a trading venue“ class, due to (in some cases marked) variance in relation to the availability of liquidity, assigning high priority to the probability of execution is necessary in some situations – whereby this must not be at the expense of the price and the costs associated with execution, which generally have similarly high priority.

Execution venues and/or brokers are selected on the basis of factors relevant for achieving the best possible results, in an independent process, and in accordance with all regulatory requirements, their Best Execution Policy, and in compliance with applicable law and regulations as well as the BVI Rules of Conduct.

A list providing an evaluation of execution venues and/or brokers, incorporating the quantitative and qualitative factors set out above, is prepared in regular intervals. Sustainably achieving the best possible results when placing orders may require changes to be made within the scope of regular evaluation of execution venues and/or brokers – including the addition, removal or exchange of execution venues and/or brokers.



3. Currency derivatives

3.1 Futures and options admitted to trading on a trading venue

The summary information regarding the quality of execution is solely based on transactions for clients classified as „Professional Clients“. Where a Professional Client issues instructions with regard to the terms of execution within the scope of portfolio management, such instructions are always given priority and are implemented when executing orders, subject to the requirements of German investment law.

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No specific arrangements are in place with any execution venues regarding payments made or received, or any discounts or rebates. Other non-monetary benefits may be obtained in the form of research and analysis services: these are designed for use in making investment decisions, in the interests of the investors. Some execution venues and/or brokers offered their research and analysis services as well as execution services in bundled form during the 2017 reporting period. The requirement to separately show prices for the execution of trades has only been in place since 3 January 2018. Hence, such execution-only prices can only be used as a basis for analysing the quality of execution in the reports for 2018.



4. Equity Derivatives

4.1 Options and Futures admitted to trading on a trading venue

Information on the top five brokers

Class of Instrument	Equity Derivatives – Options and Futures admitted to trading on a trading venue				
Notification if <1 average trade per business day in the previous year	N				
Top five execution venues ranked in terms of trading volumes (de-ascending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
DZ BANK AG (529900HNOAA1KXQJUQ27)	98,27%	96,96%	N.A.	N.A.	0,00%
Deutsche Bank AG (7LTWFZYICNSX8D621K86)	1,73%	3,04%	N.A.	N.A.	0,00%



4. Equity Derivatives

4.1 Options and Futures admitted to trading on a trading venue

Information on the quality of execution obtained

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Further qualitative factors include the financial stability and credit rating of the execution venue and/or broker, the scope and consistency of their offer, as well as their access to sources of liquidity.

The priority of these factors is differentiated according to the respective class of financial instrument. For the „Equity Derivatives - Options and Futures admitted to trading on a trading venue“ class, due to (in some cases marked) variance in relation to the availability of liquidity, assigning high priority to the probability of execution is necessary in some situations – whereby this must not be at the expense of the price and the costs associated with execution, which generally have similarly high priority.

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