

Client Order Execution Policy

21 APRIL 2022

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1. Introduction

This Client Order Execution Policy (**Policy**) sets out the order execution policy of Van Lanschot Kempen N.V. in respect of its services provided to through its Kempen & Co brand.

Kempen & Co endeavours to provide each client (**Client**) with the highest quality of execution of orders in Financial Instruments, with a view to provide the best possible result on a consistent basis.

Kempen & Co has implemented this Client Order Execution Policy aimed at obtaining the best possible results when executing client orders (**Best Execution**). This Policy describes how Best Execution is obtained, taking into account the nature of client orders, specific instructions from the Client and market conditions and circumstances.

Kempen & Co's commitment to provide Best Execution is in accordance with the legal and regulatory requirements stemming from the Markets in Financial Instruments Directive (**MiFID**).

2. Target Audience and Scope

This Policy applies to all Clients of Kempen & Co that have been classified as Professional Clients as the term is defined in MiFID. Kempen & Co does not owe Best Execution to Clients that are classified as Eligible Counterparties, unless otherwise agreed. Nevertheless, Clients that are classified as Eligible Counterparties are recommended to read this Policy to get an understanding of how Kempen & Co executes orders. This Policy applies in relation to Client Orders, as defined below, in Financial Instrument, as this term is defined in MiFID.

3. Best Execution

When Best Execution applies, Kempen & Co takes all sufficient steps to obtain the best possible result for its Clients, taking into account the following factors (**Execution Factors**):

- × The price at which the Client Order can be executed and all relevant costs of executing the Client Order borne by the Client and the possibility of price improvement where applicable (together **Total Consideration Price**¹);
- × The speed at which the Client Order can be executed (Speed);
- × The likelihood of execution and settlement (Likelihood);
- × The size of the Client Order and the influence that it can have on the market price (**Market Impact**); and
- × The nature of the Client Order and any other consideration relevant to the efficient execution of the Client Order (**Other Factors**).

The relative importance of each of the Execution Factors is based on the following considerations:

- × The characteristics of the Client;
- × The characteristics of the Financial Instrument;
- × The characteristics of the Client Order; and
- × The characteristics of the potential Execution Venue(s) and Third Party Brokers, as defined below.

The ranking of the Execution Factors is set out in more detail in Annex I to this Policy.

4. Application of Best Execution

Kempen & Co provides Best Execution in relation to all instructions from Clients that gives rise to a contractual or agency obligation for Kempen & Co to act on the best interest of the client in relation to the execution of such transaction (hereinafter, **Client Orders**).

Such contractual or agency obligations may arise when Kempen & Co is expected or required to exercise some level of discretion in relation to the execution of Client Orders and may arise when Kempen & Co acts on behalf of a Client or when Kempen & Co deals on own account with Clients. Such contractual or agency obligations always arise when Kempen & Co receives and transmits orders to other Third Party Brokers for execution and where Kempen & Co execute orders on Trading Venues on behalf of clients.

¹ *The Total Consideration Price includes the price of the financial instrument and the costs relating to execution, which shall include all expenses incurred by the client which are directly relating to the execution of the Client Order, including execution venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the Client Order. When executing orders in OTC products including bespoke products, the Total Consideration Price is determined by assessing the fairness of the price proposed to the client, considering market data used in the estimation of the price of such product and, where possible, by comparing with similar or comparable products.*

Where Kempen & Co executes a Client Order from a Professional Client, Kempen & Co may carry out a transaction specific assessment to determine if the Client is legitimately relying on Kempen & Co to achieve the Best Execution. Such assessment includes the following considerations:

- × If Kempen & Co initiates the transaction then the Professional Client is more likely to place reliance on Kempen & Co;
- × If it is a common practice in the relevant market to obtain quotes from various dealers prior to executing actual transactions then it is less likely that the Professional Client is placing reliance on Kempen & Co. This can be the situations for example on a request-for-quote (**RFQ**) market where clients ask Kempen & Co to provide a quote or in such situations where Kempen & Co trades in a principal capacity, where, in both cases, the usual practice of clients is to ask several dealers or market participants for quotes;
- × If the client does not readily have an access to live market prices, whereas Kempen & Co does, this is an indication that the client may be placing reliance on Kempen & Co; or
- × If the information provided to the client by Kempen & Co or an agreement reached with the client indicates that Best Execution does not apply this indicates that the client is placing less reliance on Kempen & Co.

Although in the above situation Kempen & Co may not typically owe Best Execution, Kempen & Co will always act honestly, fairly, professionally and communicate in a way which is fair, clear and not misleading.

4.1. Specific Instructions

In case of a specific instruction from a client, Kempen & Co will follow the Client instruction or instructions in relation to the handling and execution of the order or a particular aspect of the order. Typical instructions relate to order types (e.g. request-for-quote, working order, market order, market on close order), execution algorithm (e.g. VWAP or TWAP orders), or choice of execution venue.

Clients are made aware that when providing specific instructions to Kempen & Co, Kempen & Co may be prevented from taking the sufficient steps set out in this Policy to obtain Best Execution.

Where the specific instruction covers only a portion of an order and Kempen & Co may exercise discretion over the execution of other elements of the order, then Kempen & Co provides Best Execution in respect of the elements of the order that are not covered by the Client instruction.

4.2. Aggregation of Client Orders

Kempen & Co may aggregate Client Orders with orders from other Clients and own orders where it is of the opinion such aggregation is necessary to meet the Best Execution obligations. Kempen & Co only aggregates order own orders after obtaining consent from Clients.

5. Execution Venues and Third Party Brokers

When applying Best Execution Kempen & Co may use one or more of the following execution venue types and brokers:

- × Regulated markets, MTFs and OTFs and equivalent Non-EU trading venues (together **Execution Venues**);
- × Third Party Brokers, including Systematic Internalisers (**SIs**), Market Makers and other liquidity providers and
- × Kempen & Co (when Kempen & Co deals on own account).

A list of Execution Venues and Third Party Brokers on which Kempen & Co places significant reliance to meet Best Execution is included in Annex II.

Kempen & Co may execute Client Orders on Execution Venues or with or via Third Party Brokers that do not appear in Annex II. The selection of execution venues by Kempen & Co is done based on the extent to which the execution venue contributes to the applicable Execution Factors.

Whenever Kempen & Co has more than one choice where to execute a Client Order, Kempen & Co selects an Execution Venue or Third Party Broker that makes it possible to achieve the best possible result on a consistent basis. If the Client has the possibility to select an Execution Venue on which the Client Order should be executed, Kempen & Co explains to the client, prior to the execution of the order, the different commissions and fees charged between the venues, as well as commissions charged by Kempen & Co itself.

6. Review and Monitoring of Best Execution

Kempen & Co periodically monitors the effectiveness of the implementation of its order execution arrangements. On a bi-annual basis performance assessments are carried to determine whether Kempen & Co has complied with the Best Execution obligations. These monitoring arrangements may include, among others, a review of:

- × Execution Factors for certain Client Orders;
- × Unfilled orders and settlement failures; and
- × Executions Venues and Third Party Brokers.

7. Off-Venue Trading

Kempen & Co obtains the consent from Clients prior to executing orders outside a Regulated Market, MTF or OTF.

Annex I

Ranking of Execution Factors

A. Equities and Equity-like instruments that are considered as 'Liquid' securities

1. Total Consideration Price;
2. Likelihood;
3. Speed;
4. Market Impact.

B. Equities and Equity-like instruments that are considered as 'Liquid' securities

1. Total Consideration Price;
2. Market Impact;
3. Speed;
4. Likelihood.

C. Fixed Income Securities

1. Total Consideration Price;
2. Market Impact;
3. Likelihood;
4. Speed.

D. Exchange Trade Derivatives

1. Total Consideration Price;
2. Likelihood;
3. Speed;
4. Market Impact.

E. OTC Derivatives

1. Total Consideration Price.

F. Listed Structured Products

1. Total Consideration Price;
2. Likelihood;
3. Speed;
4. Market Impact.

G. OTC Structured Products

1. Total Consideration Price.

H. Exchange Traded Funds

1. Total Consideration Price;
2. Likelihood;
3. Speed;
4. Market Impact.

I. Non-Exchange Traded Funds and Funds that trade on Net Asset Value

1. Total Consideration Price;
2. Likelihood;
3. Speed.

In certain circumstances, Kempen & Co may reassess the factors listed above in respect to Professional Clients in order to continue providing Best Execution. Such situations may include, inter alia:

A TRANCHES

Kempen & Co may execute Client Orders in tranches over a period of time or on more than one Execution Venue or with more than one Third Party Broker in order to minimise market impact.

B VOLATILE MARKETS

In volatile market conditions, especially at or near the close of the standard trading session:

- × a Client Order may be executed at a substantially different price from the quoted best bid or offer, or the last reported trade price at the time of order entry, or an order may be only partially executed or may be executed in several shapes at different prices; and
- × opening prices may differ significantly from the previous day's close.

In such volatility scenarios, Kempen & Co may prioritise the Total Consideration Price as the most important factor of Best Execution.

C FAILURE OF SYSTEMS

In extreme volume and volatility situations, system constraints may require automated trading systems to be switched off and/or electronic order routing to be suspended in favour of manual execution. Such events could lead to execution delays and increased market volatility. In such scenarios, Kempen & Co may prioritise the Likelihood and Speed of execution to achieve Best Execution.

D ILLIQUID MARKETS

In case of a Client Order or Decision to Deal relating to a less actively traded Financial Instrument, Kempen & Co may be constrained in its ability to execute Client Orders or take Decisions to Deal. Such situations can occur, for example, in relation to Financial Instruments with any of the following characteristics:

- × trading in the Financial Instrument occurs in the conditions of a limited supply and demand;
- × trading in the Financial Instrument occurs in the conditions of a constrained liquidity; or
- × it is not fully transparent how the price is determined.

In such circumstances VLK will give priority to Market Impact when executing Client Orders or taking or take Decisions to Deal.

Annex II

Execution Venues and Third Party Brokers

TRADING VENUES

Equity and ETF

- × Aquis
- × CBOE BXE Order Book
- × CBOE CXE Order Book
- × Equiduct
- × Turquoise Integrated Order Book
- × CBOE BXE Dark Book
- × CBOE CXE Dark Book
- × First North Nordic@Mid
- × Instinet BlockMatch
- × Nasdaq Nordic@Mid
- × Oslo North Sea
- × Sigma X MTF
- × SwissAtMid
- × UBS MTF
- × CBOE LIS
- × ITG Posit
- × Liquidnet MTF
- × Turquoise Plato BDS
- × Aquis Auction On Demand
- × CBOE Periodic Auction Book
- × First North Auction On Demand
- × Nasdaq Nordic Auction On Demand
- × Oslo Axess Lit X Auctions
- × Posit Auction
- × Morgan Stanley MTF
- × Sigma X MTF
- × Turquoise Lit Auction
- × UBS MTF
- × Euronext

Listed Derivatives

- × Euronext

Listed Structured Products

- × Euronext

Fixed Income

- × Bloomberg Trading Facility

THIRD PARTY BROKERS

Equity and ETF

- × Goldman Sachs Bank Europe SE
- × Credit Suisse Securities, Sociedad de Valores SA
- × Morgan Stanley Europe SE
- × Virtu ITG Europe Limited
- × Barclays Bank Ireland plc
- × Jane Street Netherlands B.V.
- × Flow Traders B.V.
- × Susquehanna International Securities Limited

Structured Products

- × Goldman Sachs International
- × ING Bank NV
- × BNP Paribas NV

(Listed) Derivatives

- × AFS Interest B.V.
- × Morgan Stanley Europe SE

Non-Listed Funds

- × Fundsettle
- × Clearstream
- × Other transfer agents

Fixed Income

- × NatWest Markets N.V.
- × Deutsche Bank Europe GmbH
- × ABN AMRO Bank N.V.
- × Barclays Bank Ireland plc
- × BNP Paribas S.A.
- × Van Lanschot Kempen N.V.

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