



Cornèr Banque (Luxembourg) SA

Information Note

Best Execution Policy for Investment Orders

Based on the European Markets in Financial Instruments Directive (MiFID).

September 2007

Cornèr Banque (Luxembourg) SA

1. Object

In compliance with the European MiFID directive, Cornèr Banque (Luxembourg) SA (hereinafter the “Bank” has codified a policy for the execution of investment orders (hereinafter “Best Execution Policy”) and has taken all the steps necessary to achieve the best result reasonably possible (hereinafter “Best Execution”) in relation to receiving and executing orders on behalf of its clients. For the purposes of the present information note, any instructions for the purchase and/or sale of financial instruments given by clients and accepted by the Bank for execution or transmission to third counterparties are considered orders.

The Bank is also required to provide to its clients information on this Best Execution Policy.

The object of this document is, therefore, to inform our clients on the Best Execution Policy of the Bank.

2. Effects

The MiFID directive on the execution of orders affects both the clients of the Bank and the financial instruments.

The MiFID directive on Best Execution is applied if the Bank (i) receives and transmits the orders of its clients; and/or (ii) executes orders on behalf of its clients. The Bank executes orders on behalf of its clients in such a way as to protect the interests of the client in relation to the price and the other aspects of the transaction that may be influenced by the ways in which the Bank executes the orders; this is the case, for instance, when the Bank executes orders (i) operating for the account of the client (agent); (ii) for its own account (principal); or (iii) “handles” the orders for the account of the client.

3. Execution of orders so as to achieve the best possible result

If no specific instructions are received from the client (see point 10), the Bank will execute the orders for the account of the client, taking all measures reasonably necessary to achieve the best possible result for the client, keeping in mind the execution factors (see point 4).

The Bank will determine the importance of the execution factors on the basis of its own professional judgment and its own experience in the light of the market information available and taking into consideration the execution criteria (see point 5).

4. Execution factors

The execution factors that will be taken into consideration are: price; total cost; speed; probability of execution and settlement of the transactions; size; nature; or any other consideration relevant to the execution of the order.

The total cost will generally be the most important factor in relation to the goal of achieving the best possible result.

The Bank reserves the right, however, to take into consideration other factors also, but always keeping in mind its “Best Practice” policy.

5. Execution criteria

The execution criteria that will be taken into consideration are the characteristics (i) of the order; (ii) of the financial instrument underlying the order; and (iii) of the place of execution to which the order can be directed.

6. Partial execution

Circumstances may arise in which orders may be aggregated. In the event of a partial execution of an “aggregated” order, the principle of proportionality applies, according to which the executed part is distributed proportionally among the various clients.

In principle, orders are aggregated in the following situations: (i) orders deriving from asset management, or (ii) subscription of financial instruments in the issue phase.

In these circumstances, the aggregation of orders potentially does not increase the risks of partial execution. Otherwise, the Bank will aggregate the orders of clients only if the liquidity of the market suggests that a partial execution is unlikely. In case of partial execution of the order the possibility may arise of losses caused by (i) the potential loss of gains deriving from the smaller quantity of financial instruments exchanged, (ii) and/or from the possible greater incidence of execution expenses.

7. Places of execution

A list of the places of execution used by the Bank for the execution of orders for financial products can be consulted at our counters and on our website:

www.cornerbanca.com/mifid

This list is not exhaustive, but it does include the most reliable places of execution. The Bank reserves the right to use places of execution different from those listed in those cases where it considers it appropriate to do so, but always consistent with its own Best Execution Policy.

The Bank reserves the right to add or delete places of execution from the aforesaid list.

Where applicable, the Bank will take the measures necessary in order not to structure or charge commissions in a way that is discriminating among different places of execution.

Cornèr Banque (Luxembourg) SA

8. Choice of the places of execution

If no specific instructions are received from the client (see point 10), in choosing the place of execution, the Bank will use the following methodology:

- a) Taking into consideration the execution criteria and the execution factors listed above, in those cases where the Bank considers it advantageous or non discriminating for the client, the Bank itself will be considered as the place of execution.
- b) In view of the above, if the Bank executes orders on a regulated stock market or through a so-called “Multilateral Trading Facility” (“MTF”), the Bank will choose the place of execution that it considers most appropriate.

In order to obtain, substantially, the best possible result for the client in the execution of orders, the Bank will regularly verify the places of execution available in order to identify those that offer the best quality of execution.

In those cases where the Bank itself acts as place of execution, it will take into consideration all reasonably accessible sources of information, including the MTF’s, local stock exchanges, brokers and data providers in order to achieve the best possible result for the order.

9. Execution methods

If no specific instructions are received from the client (see point 10), the Bank will execute the orders using one of the following methods, or a combination thereof:

- a) directly on a regulated market or MTF or, in those cases where the Bank is not a direct member of the regulated market or MTF relevant to the execution, through a third counterparty with which the Bank has entered into an agreement to execute orders on regulated markets or MTF’s;
- b) through the Bank itself or through other entities that use Cornèr Banca SA (hereinafter “Cornèr Banca Group”) as a place of execution;
- c) through a place of execution that the Bank considers to be the most appropriate on the OTC market;
- d) through a “meeting” with another client of the Bank

The Bank will however apply the methods indicated under the letters b), c), and d) if it has obtained a prior explicit consent to execute orders outside of the regulated markets or MTF’s in the case that the financial instruments are traded on both regulated markets or MTF’s and on an OTC place of execution.

If the Bank is a direct member of the place of execution, it will arrange, if this is advantageous for the client, to address to that place of execution any orders for the securities traded there, assuming that the latter is the most efficient and most economic place of execution.

10. Specific instructions from the client

If the Bank receives specific instructions from the client on the procedures to be followed for the execution of orders (for instance direct access through an electronic system), the Bank will execute the orders itself following these instructions. If the instructions given by the client concern a part of the order only, the Bank will continue to follow its own Best Execution Policy for those aspects and parts of the order not covered by any specific instructions.

The client must, however, be aware of the fact that, by giving specific execution instructions to the Bank, he may prevent it from taking the measures necessary to implement its own Best Execution Policy and therefore to achieve the best possible result in relation to the elements covered by these instructions.

11. Reception and transmission of orders

If no specific instructions are received from the client (see point 10), the Bank may transmit the orders to another entity of the Cornèr Banca Group or to an external entity, such as, for instance, a broker, for execution. In so doing, the Bank must act in the best interest of the client in compliance with points 4 and 5.

12. Monitoring

The Bank undertakes to perform periodic monitoring of the effectiveness of its Best Execution Policy, selecting a significant sample of the transactions performed, based on professional criteria and given a reasonable degree of feasibility of its action.

13. Review

The Bank will arrange for an annual review of its own Best Execution Policy.

The review will also be conducted if any material changes occur such as to condition the possibility of continuing to achieve the best possible result for the client.

The Bank will arrange to notify any substantial change of the execution measures, or of its own Best Execution Policy directives, by updating the document at our counters and on our website:

www.cornerbanca.com/mifid

The Bank will also regularly evaluate the places of execution available for each financial product with the aim of identifying those that allow it to achieve the best possible result in the execution of orders. The list of the places of execution will, in such cases, be updated.

It is incumbent upon the client to make inquiries for himself at our counters or by consulting our website:

www.cornerbanca.com/mifid

to check whether any changes have been made.

Cornèr Banque (Luxembourg) SA

14. Consent

In order that the client may give orders after 1 November 2007, the Bank needs the client's consent to the use of its Best Execution Policy.

The present Information Note on our Best Execution Policy has been transmitted to those clients who had relationships with the Bank before the month of September 2007. The Bank will deem this policy to have been approved by the client if no objection is made to the Bank in writing within one month from the date of said transmission.

Regardless of the above, the consent of the client is, in any case, deemed to have been validly given, or confirmed, **with the first order given to the Bank after 1 November 2007.**

For the financial instruments admitted to trading on the regulated markets or on MTF's, the Bank needs the prior authorization of the client to be able to execute orders outside of such markets (except in those cases where no regulated market or MTF is included in the list of the places of execution for the specific financial instrument).

15. Definitions

Execution criteria - indicates the criteria listed in chapter 5 of this document.

Execution factors - indicates the factors listed in chapter 4 of this document.

Regulated Market - a multilateral system operated and/or managed by a market operator that brings together or facilitates the meeting of multiple counterparty buyers and offerers interested in financial instruments - within the system and in compliance with non discretionary rules - in a contractual manner that complies with the rules governing financial tools admitted to trading by the regulated market, which shall itself comply with Title III of the MiFID directive.

MiFID - directive 2004/39/EC of the European Parliament and Council of 21 April 2004, known as "Markets in Financial Instruments Directive", and its rules and application directives and any possible subsequent changes made thereto.

Multilateral Trading Facility ("MTF") - a multilateral system, managed by an investment company or a market operator that brings together multiple counterparty buyers and offerers interested in financial instruments - within the system and in compliance with non discretionary rules - in a contractual manner that complies with the rules contained in Title II of the MiFID directive.

Order - an instruction to purchase or to sell a financial instrument accepted from the Bank for execution or transmission to a third counterparty

OTC - "Over The Counter" this term refers to a method of exchange of financial instruments in a context different from that of the regulated markets.

Places of Execution - indicates a regulated market, an MTF, a systematic internaliser or a market maker or other "liquidity providers" or entities performing similar functions in a third country that provides services similar to the entities previously mentioned.

Financial Instruments - include:

- a) transferable securities;
- b) money-market instruments;
- c) shares in mutual funds;
- d) options, futures, swaps, forward rate agreements and any other contract on derivative products related to securities, foreign exchange (or currencies), rates of interest or yields or other derivative products, financial indices, financial measures or commodities;
- e) derivative instruments for the transfer of credit risks, and
- f) contracts for difference (CFD's)

(see Attachment 1 Section C of the MiFID directive)

"Financial Instruments" do not include "spot" transactions, loans (financing) and some exceptions for commodities.