



Wells Fargo Asset Management Luxembourg S.A. December 2019

Policy Summary

Wells Fargo Asset Management Luxembourg S.A. is a Luxembourg management company authorized to manage Undertakings for Collective Investment in Transferable Securities (“UCITS”) by the Luxembourg *Commission de Surveillance du Secteur Financier* (“CSSF”) pursuant to chapter 15 of the Law of 17 December 2010 relating to undertakings for collective investment, as may be amended from time to time (“Law of 2010”) transposing the Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities, as may be amended from time to time (“UCITS Directive”). Additionally, Wells Fargo Asset Management Luxembourg S.A. received approval to provide discretionary portfolio management services and investment advice services.

Pursuant to Articles 28 and 29 of CSSF Regulation No. 10-4 Transposing Commission Directive 2010/43/EU of 1 July 2010 Implementing the UCITS Directive (“Regulation 10-4”), WFAML is required to establish, implement and maintain an effective Best Execution Policy.

Policy Type

Regulatory/Compliance

Operational

Areas Primarily Affected

This policy covers WFAML with respect to the management of Wells Fargo (Lux) Worldwide Fund and its sub-funds (the “UCITS”). This Policy is applicable to all team members of Wells Fargo Asset Management Luxembourg S.A. and to the branches of Wells Fargo Asset Management Luxembourg S.A. (together “WFAML”). In the case WFAML has delegated functions to a third party, the third party is expected to fulfil the requirements in relation to the activity to be carried out. It also follows that WFAML verifies that the third party has taken appropriate measures in order to comply with the said requirements.

For discretionary portfolio management and investment advice service, portfolio management, including best execution, is delegated within the Wells Fargo group. The appointed delegate is required to comply with the EMEA Order Execution Policy (WFAM).

Definitions

None

Roles and Responsibilities

WFAML does not execute orders itself, neither does it transmit orders for execution; all such activity is delegated to the appointed Investment Advisers/Managers, or any Sub-Advisers appointed to by any such Investment Advisers/Managers, who will determine how orders will be placed or executed. References in this policy to the Investment Manager shall also include reference to the Investment Adviser and/or any relevant Sub-Adviser, as applicable.



Best Execution Policy

This policy outlines the duties placed on the respective appointed Investment Manager to ensure WFAML's compliance with regulatory requirements with respect to best execution.

Standards

The best execution policy is the result of WFAML's general and continuous striving to act at all times in the best interest of the UCITS. This policy seeks to ensure that UCITS interests are paramount and that WFAML satisfies its legal and regulatory obligations when trades are executed on behalf of the UCITS.

Management companies are required to act in the best interest of the UCITS they manage when:

- a) executing decisions to deal on behalf of the UCITS in the context of the management of their portfolios.
- b) placing orders to deal on behalf of the UCITS with other entities for execution, in the context of the management of their portfolios.

Management companies generally must take all reasonable steps to obtain the best possible result for the UCITS, taking into account price, cost, speed, likelihood of execution and settlement, order size and nature or any other consideration relevant to order execution. This obligation is known as the duty of "best execution". While a management company may cause the UCITS to pay a higher commission to obtain research, use of trading commissions to obtain research must be monitored and reported.

The purpose of this document is to detail WFAML's arrangements in relation to order execution, which will be applied to the UCITS.

Execution orders will exclusively be placed by the portfolio managers appointed by WFAML. At this stage, WFAML will only delegate the portfolio management activities to entities belonging to the Wells Fargo Group.

In this context, the portfolio manager appointed by WFAML will be required to comply with best execution rules at least equivalent to those applying to WFAML. The latter will monitor that best execution is provided by its delegate portfolio manager in compliance with the Law of 2010 and the principles for Best Execution under the Markets in Financial Instruments Directive.

The portfolio managers will be appointed by WFAML in accordance with the EMEA Order Execution Policy (WFAM).

More details on the criteria for the selection of execution systems and intermediaries are provided in section "Counterparty, Broker Approval Process and Approved Lists" and in section "Execution by Asset Class" of the EMEA Order Execution Policy (WFAM).

Best execution factors and best execution criteria

The best execution factors to be taken into account when executing orders for a UCITS include:

- price,
- costs,
- speed,



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- likelihood of execution and settlement,
- order size and nature,
- any other relevant consideration.

In seeking best execution, the Investment Manager must take all reasonable steps to obtain the best possible results for the UCITS taking into account the above factors.

In determining the relevant importance of each of the above factors, the Investment Manager will take into account the following best execution criteria:

- the objectives, investment policy and risks specific to the UCITS, as indicated in the prospectus of the fund or, as the case may be, the management regulations or instruments of incorporation of the UCITS;
- the characteristics of the order;
- the characteristics of the financial instruments that are the subject of that order;
- the characteristics of the execution venues to which the order can be directed.

The Management Company would generally expect price to be the most important execution factor for the majority of trades that are executed, however there will be trades where price is not the most important factor when executing a trade.

For example:

1. For smaller capitalized equities and less liquid stocks, the likelihood of execution and the provision of liquidity may be more important than the price.
2. When raising cash to fund redemptions, the speed and likelihood of execution may be more important.
3. When executing a large order, the ability to transact the whole of the order at a less favorable price may be more important than only executing a part of the order at the best available price at that time.
4. In certain markets, the level of price volatility may mean that timeliness of trade execution is the priority.
5. When executing certain instruments (e.g. OTC derivatives or structured products) the choice of execution venue may be limited.

Inducements or Soft Dollars

The Investment Manager may utilize inducements (or soft dollars) to obtain research and certain execution-related services subject to restrictions that apply to the Investment Manager. Inducements (or soft dollars) dollars generated through trading and their use on behalf of the UCITS must be routinely monitored and assessed by the Investment Manager. The results of such review will be reported to the Board on an annual basis.

Execution venues



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The Investment Manager will either determine the ultimate execution venue/entity for a UCITS' order on the basis of the order execution factors as described above (giving specific instructions to the broker) or the Investment Manager will satisfy itself that the broker has arrangements in place to enable the Investment Manager to comply with its obligations, including in connection with obtaining research.

The criteria for the selection of execution systems and intermediaries with which orders are placed for execution are:

- competitiveness of commission rates or spreads;
- promptness of execution;
- clearance and settlement capabilities;
- quality of service;
- willingness to commit capital;
- creditworthiness;
- reputation; and
- financial stability.

More details on the criteria for the selection of execution systems and intermediaries are provided in the EMEA Order Execution Policy (WFAM).

The Investment Manager maintains policies for identifying each class of instrument, and the entities with which orders may be placed. Arrangements are only permissible when they are consistent with the obligations detailed in this policy.

For transactions in the shares or units of Collective Investment Schemes, the sole point of execution will be the Scheme Operator or their agent and the price will be established as per the Scheme's Prospectus. Orders will be placed with the relevant single venue according to the known valuation point of the Scheme in question at the quoted price.

Order handling

WFAML does not trade for its own account. The following procedures and arrangements are in place to ensure the prompt, fair and expeditious execution of orders.

The Investment Manager shall:

- ensure orders executed for a UCITS are promptly and accurately recorded and allocated;
- ensure orders are executed sequentially unless prevailing market conditions make this impracticable or the interests of the UCITS require otherwise;
- (where they are responsible for overseeing or arranging settlement of an executed order) ensure financial instruments/ sums of money received in settlement of the executed orders shall be promptly and correctly delivered to the appropriate account;
- ensure that there will not be a misuse of information relating to pending orders, and take all reasonable steps to prevent the misuse of information.



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The Investment Manager shall ensure the fair allocation of aggregated orders, including how the volume and price of orders determine allocations and the treatment of partial executions. In so doing, the Investment Manager shall consider the following factors:

- it must be unlikely that the aggregation will work to the overall disadvantage of the UCITS;
- where orders are aggregated but are only partially executed, the related trades shall be allocated in accordance with the order allocation policy;
- where the Investment Manager aggregates an order of a UCITS with a transaction for its own account or other UCITS orders it must not allocate trades in a way that is detrimental to the fund or the UCITS;
- where the Investment Manager aggregates an order of a UCITS with a transaction for its own account and it is partially executed, it shall allocate the related trades to the UCITS in priority over those for its own account;
- proportionate allocation should not occur unless WFAML has given prior approval;
- if the Investment Manager is able to demonstrate to the UCITS on reasonable grounds that it would not have been able to carry out the order on such advantageous terms without aggregation, or at all, it may allocate the transaction for its own account proportionally, in accordance with the policy referred to above.

Monitoring and review

WFAML will monitor, on a regular basis, the effectiveness of this policy in order to identify and correct any deficiencies including allocation of trading orders and whether the quality of the execution venues/entities included in the order execution policy is consistent with the objectives described above.

WFAML will also seek to monitor its delegates to ensure that they adopt this policy. Delegates will be required to submit on a quarterly basis, specific indicators of execution oversight and performance to WFAML, together with exceptions based reporting on an occurrence basis.

WFAML will review the reports of the Investment Manager so as to enable it to demonstrate that the Investment Manager have executed orders on behalf of the UCITS in line with this best execution policy.

This policy will be reviewed on an annual basis and whenever a material change occurs that affects WFAML's ability to continue to obtain the best possible result for the execution and placing of orders on a consistent basis. The policy was updated in December 2019.

Regulatory References

CSSF Regulation N 10-4
Law of 5 April 1993 on the financial sector, as amended

Associated Procedure/Supporting Policies



Best Execution Policy

EMEA Order Execution Policy

Revision Date	Description of Revision
December 2019	Hyperlink to the EMEA Order Execution Policy (WFAM) added and new name of the EMEA Order Execution Policy (WFAM) added.