

Best Execution Policy

Leumi's MiFID Order Execution Policy

1. Purpose

Under the EU Markets in Financial Instruments Directive ("MiFID"), Bank Leumi (Luxembourg) S.A. ("the Bank") is required to put in place an order execution policy and to take all reasonable steps to obtain **the best possible result** (or "best execution") on behalf of its customers either when executing customer Orders or receiving and transmitting Orders for execution. The Bank is also required to provide appropriate information to its Customers on its MiFID order execution policy.

The purpose of this document is to provide all our Customers, with information on the Bank's MiFID order execution policy.

2. Scope

The Bank's MiFID order execution policy applies to all our Customers and to all Financial Instruments.

The Bank's MiFID order execution policy applies where the Bank:

- (i) receives and transmits Customers' Orders; and/or
- (ii) provides portfolio management services.

The Best execution policy does not apply to foreign exchange spot transactions nor to loans and deposits.

(i) Reception and transmission of Customers' Orders

The Bank will be executing orders, when transmitting orders in Financial Instruments, on behalf of the Customer, to another Entity for Execution.

(ii) Service of Portfolio Management

The Bank will be executing orders, when carrying out transactions that result from decisions to deal in Financial Instruments on behalf of the Customer.

3. Order execution - obtaining the best possible result

Subject to any specific instructions that may be given by the Customer (see Section 9 below), when executing Orders on his/her behalf, the Bank will take all reasonable steps to execute the Orders promptly and adequately to obtain the best possible result for its Customers taking in **total consideration** the Execution Factors listed in Section 4 below.

The Bank will determine the relative importance of the Execution Factors by using its commercial judgment and experience in light of market information available and taking into account the Execution Criteria described in Section 5.

The Bank will inform the Customer in advance about any material difficulty relevant to the proper carrying out of Orders.

4. Execution Factors

The Execution Factors that will be taken in total consideration are: price of the Financial Instruments and the costs related to execution, which shall include all expenses incurred by the Customer which are directly related to the execution of the order, including execution venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order. Other execution factors are speed; likelihood of execution and settlement; size and nature of the Order, are of minor importance to our Customers.

Price and Costs will ordinarily merit a high relative importance in obtaining the best possible result for the Customers. For our Customers, Price and Costs will always be the main driver. However, in some circumstances, for some Customers, Orders, Financial Instruments or markets, the Bank may appropriately determine that other Execution Factors are more important than price and costs in obtaining the best possible execution result.

5. Execution Criteria

The Execution Criteria that will be taken into account are the characteristics of:

- (i) the Customer;
- (ii) the Order;
- (iii) the Financial Instruments that are the subject of that Order; and
- (iv) the Entity for Execution of that Order.

6. Entities for Execution

The Bank only receives and transmits Customer orders to another entity for execution in respect of each class of Financial Instruments.

Therefore, the Bank uses third parties to execute the financial transactions requested by the Customers without giving them instructions regarding the execution venues to go to. All these third parties have been selected with due care and comply with the requirements of MiFID or similar regulations and the Bank places significant reliance on them.

7. Selecting Entities for Execution

Subject to any specific instructions that may be given by the Customer (see Section 9 below), in order to select an Entity for Execution for an Order, the Bank will only choose an entity, who will direct the Order to an Execution

Venue, that the Entity for Execution considers the most appropriate to obtain the best possible result for the Order or will direct the Order outside a regulated market.

Subject to any specific instructions that may be given by the Customer (see Section 9 above), the Bank may transmit an Order that it receives from the Customer to another LEUMI Group entity, in particular, when the Order is received after the normal opening hours of the Bank, or in case of serious disruption of the Bank's systems. In doing so, the Bank shall act in the Customer's best interests and also comply with Sections 4 and 5 above, with the understanding that besides price and costs, speed might have a high relative importance.

The Bank will use the most appropriate third parties, carefully selected amongst well known institutions, approved by the parent company, Bank Leumi le-Israel BM in Tel Aviv, which are compliant with MiFID or similar regulations.

Shares:

The Bank only deals in equities and ADR (American Depository Receipts). Both qualified as non-complex instruments.

Your orders to buy or sell Shares denominated in any currency will be placed on the most liquid market through the broker on whom the Bank places significant reliance and who is offering the best conditions in terms of price, costs and/or prompt execution. However, the Shares of Israeli companies traded on the Tel Aviv Stock Exchange or denominated in ILS are most likely placed with the parent company, Bank Leumi le-Israel BM in Tel Aviv.

Bonds:

The Bank deals in various types of bonds (i.e. regular bonds, FRN (floating rate notes), Subordinated bonds, Perpetual Bonds).

Your orders to buy or sell Bonds or other debt instruments in whatsoever currency will be transmitted to brokers on whom the Bank places significant reliance and offer the promptest execution and/or the best price for the volume requested. The best price will be found by the comparison of the prices announced at the Bloomberg by the authorized counterparties.

In case none of the Bank's approved counterparties have sufficient volume and/or offer a price, the Bank shall request other authorized brokers who do not show their prices at the Bloomberg, but who are able to work with other counterparties to search for better prices for the volume requested. The Bank will opt for the broker offering the lowest price and/or promptest execution.

Structured products:

The Bank deals in various types of structured deposits (i.e. linked deposit with capital guarantee) and structured notes (i.e. step up notes, range notes, convertible bonds, reverse convertible notes).

Your orders to buy or sell structured products in whatsoever currency will be transmitted to brokers on whom the Bank places significant reliance and who offer this specific product at a specific price.

Money market instruments:

The Bank only deals in US Treasury bills.

Your orders to buy or sell money market instruments will be transmitted to brokers on whom the Bank places significant reliance and offers the best price for the volume requested. The best price will be found by the comparison of the prices announced at the Bloomberg by the authorized counterparties.

Investment funds, UCITs, UCIs and other specialized investment funds

The subscription and redemption of units of UCIs and / or UCITS will be done directly with the UCIs or UCITs concerned or one of its agents (transfer and registrar agent) appointed as such by the UCIs or UCITs, provided the agents were approved by the parent company. Without the approval the Bank shall place the orders with an authorized fund broker in Luxembourg, on which the Bank places significant reliance. The units of UCIs and/or UCITs are bought and sold at the applicable net asset value.

Options and foreign exchange (FOREX):

The Bank only deals in Forex Forward, Forex Options and Option on Shares.

Your orders to buy or sell options on Shares will be placed on the most liquid market through the broker on whom the Bank places significant reliance and who is requiring the lowest costs. However, the options on Shares of Israeli companies or denominated in ILS are most likely placed with the parent company, Bank Leumi le-Israel BM in Tel Aviv.

Forex Swap and Forex Forward are placed with counterparties on which the Bank places significant reliance and offer the best price.

The Bank does not deal in financial contracts for differences. If it starts doing so, the present Best Execution Policy will be amended accordingly.

A list of Entities for Execution used by the Bank in respect of each class of Financial Instruments can be found at www.bankleumi.lu. This list of Entities for Execution may not be exhaustive but comprises those Entities for Execution on which the Bank places significant reliance. The Bank reserves

the right to use other Entities for Execution where the Bank deems appropriate in accordance with the Bank's MiFID order execution policy and may add or remove any Entities for Execution from this list.

The Bank will regularly assess the Entities for Execution available in respect of any products that the Bank trades to identify those that will enable the Bank, on a consistent basis, to obtain the best possible result when executing Orders. The list of Entities for Execution will then be updated, where necessary, following such assessment. Each Customer should refer to the list of Entities for Execution at www.bankleumi.lu from time to time for the current list of Entities for Execution. Customers will not be notified separately of any changes to these Entities for Execution.

8. Methods of Execution

Subject to any specific instructions that may be given by the Customer (see Section 9 below), the Bank will transmit an Order by one of the following methods:

The Bank shall execute the Orders on an order-by-order basis unless the aggregation of the Order with the Order of another Customer (or of the Bank) is not disadvantageous or detrimental to the Customer. In case of aggregation of an Order with that of another Customer, the allocation of the trade shall take place proportionally to the size of the Order. In case of aggregation of an Order with that of the Bank, the Bank shall allocate the related trade to the Customer in priority to the Customer, unless the proportionality is not disadvantageous or detrimental to the Customer.

The Bank shall execute the Orders promptly and accurately, sequentially, unless the characteristics of the Order or prevailing market conditions make this impracticable, or the interest of the Customer require otherwise.

9. Specific Client instructions

Where the Customer gives the Bank a specific instruction as to the transmittal of an Order the Bank will transmit the Order in accordance with those specific instructions. Where the Customer's instructions relate to only part of the Order, the Bank will continue to apply its MiFID order execution policy to those aspects of the Order not covered by the Customer's specific instructions.

Customers should be aware that providing specific instructions to the Bank in relation to the transmission of a particular Order may prevent the Bank from taking the steps set out in its MiFID order execution policy to obtain the best possible result in respect of the elements covered by those instructions.

10. Monitoring and review

The Bank will monitor compliance with its MiFID order execution policy and review its order execution arrangements regularly. The Bank will also review its MiFID order execution policy annually and whenever a material change occurs that affects its ability to continue to obtain the best possible result for its Customers.

The Bank will notify its Customers of any material changes to its execution arrangements or its MiFID order execution policy by posting an updated version of this document on its website: www.bankleumi.lu. The Bank will also update the list of Entities for Execution on the same website when necessary. Customers will not be notified separately of any changes to these entities. Customers should therefore refer to the current list of Entities for Execution from time to time.

11. Availability

This document will be available on hard copy and on the Bank's website.

12. Definitions

Bank - means Bank Leumi (Luxembourg) S.A.

Customer - Any customer who is not a Professional Customer.

Entities for Execution - means an external entity, such as a third party broker, used by the Bank for the execution of a Customer's Order.

Execution Criteria - means those factors listed in Section 5 of this document.

Execution Factors - means those factors listed in Section 4 of this document.

Execution Venue - means a Regulated Market, an MTF, a Systematic Internaliser, or a market maker or other liquidity provider or an entity that performs a similar function in a third country to the function performed by any of the foregoing.

Financial Instruments - includes:

- (i) transferable securities;
- (ii) money-market instruments;
- (iii) units in collective investment undertakings;
- (iv) various options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, or other derivatives instruments, financial indices, financial measures or commodities;
- (v) derivative instruments for the transfer of credit risk; and
- (vi) financial contracts for differences.

For the avoidance of doubt, "Financial Instruments" do not include spot transactions or loans and certain exclusions apply to commodities.

MiFID - means the Directive 2004/39/EC of the European Parliament and the Council of 21 April 2004 on Markets in Financial Instruments and any implementing directives and regulations.

Multilateral Trading Facility ("MTF") - means a multilateral system, operated by an investment firm or a market operator, which brings together multiple third-party buying and selling interests in Financial Instruments - in the system and in accordance with non-discretionary rules - in a way that results in a contract in accordance with the provisions of Title II of MiFID.

Order - means an instruction to buy or sell a Financial Instrument which is accepted by the Bank for execution or transmission to a third party.

Professional Customer- means a customer who possesses the experience, knowledge and expertise to make its own investment decisions and properly assess the risks that it incurs. The Professional Customer meets the criteria laid down in Annex II of MiFID. In particular, large undertakings meeting two of the following size requirements on a company basis are considered as "Professional Customer":

- Balance sheet total: € 20 000 000
- Net turn over: € 40 000 000
- Own funds: € 2 000 000

Regulated Market - means a multilateral system operated and/or managed by a market operator which brings together or facilitates the bringing together of multiple third-party buying and selling interests in Financial Instruments - in the system and in accordance with its non-discretionary rules - in a way that results in a contract, in respect of the Financial Instruments admitted to trading under its rules and/or systems, and which is authorized and functions regularly and in accordance with the provisions of Title III of MiFID.

Annex 1: List of Entities for Execution

The term "Entities for execution" means an external entity, such as a third party broker, used by the Bank for the execution of a Customer's Order and that is approved by the Parent Company.

SHARES

For shares denominated in US\$, Knight Equity Markets International Limited, Guildhall House, 81-87 Gresham Street, London EC2V 7NQ, UK
For shares denominated in EUR or in CAD, AUREL BGC, Paris, France
For shares denominated in ILS, Bank Leumi le-Israel BM, 24-32 Yehudah Halevi Street, Tel Aviv 65546, Israel

BONDS, STRUCTURED PRODUCTS AND MONEY MARKET INSTRUMENTS

Bank Leumi le-Israel BM, Tel Aviv, Israel
UBS Zurich, Switzerland
Deutsche Bank Frankfurt, Germany
Itau Lisboa, Portugal
BANIF Lisboa, Portugal
Bank of America Merrill Lynch, London, UK
CIBC London, UK
CITI London, UK
Commerzbank Paris, France
Newedge New York, USA
HSBC London, UK
KB Luxembourg, Luxembourg
Rabobank Utrecht, Netherlands
RBC London, UK
RBS London, UK
Standard Bank, London, UK
Morgan Stanley London, UK
Fortis Luxembourg, Luxembourg
ING London, UK
JP Morgan London, UK
Santander Madrid, Spain
MIGDAL Tel Aviv, Israel
Valcour S.A., Geneva, Switzerland
Goldman Sachs London, UK
GAM AG, Zurich, Switzerland
Credit Suisse London, UK
Credit Suisse Zurich, Switzerland
Barclays London, UK
Societe Generale London, UK

Zürcher Kantonal Bank Zurich, Switzerland
BNP London, UK
Caja Madrid, Madrid, Spain
Banco Votorantim, Sao Paulo, Brazil
Financial & General Securities LTD, London, UK
Collin Steward Europe LTD, London, UK
Alladin Capital Management, London, UK
Jefferies London, UK
Louis Capital Market, Paris, France
ANZ London, UK
Nomura Int'l PLC, London, UK
Julius Baer, Zurich, Switzerland
MPS Fixed Income, New York, USA

UNITS OF INVESTMENT FUNDS

ABN AMRO Bank (Luxembourg) SA, 46, avenue JF Kennedy, L-1855 Luxembourg
HSBC Investment Funds (Luxembourg) S.A. 16 Boulevard D'Avranches, L-1160 Luxembourg
Credit Suisse Asset Management Fund Service, 5 rue Jean Monnet, L-2180 Luxembourg
Brown Brothers Harriman (Luxembourg) S.C.A., 2-8 Av. Charles De Gaulle, L-2014 Luxembourg
CITCO Bank Nederland N.V., Luxembourg Branch, 20, rue de la Poste (Carré Bonn), L-2346 Luxembourg
Fidelity Investment Luxembourg, Kansallis House, Place de l'Etoile, L-1021 Luxembourg
JP Morgan Flemings, EBBC Center, 6h Route de Trèves, L-2633 Senningerberg, Luxembourg,
International Fund Services, 2 rue Jean Monet, L-2180 Luxembourg,
Morgan Stanley & Co, Rue Plaetis, L-2338 Luxembourg
RBC Dexia Investor Services Bank SA, 14 Porte de France, L-4360 Esch-sur-ALzette, Luxembourg
Banque Privée Edmond de Rothschild Europe, 20 Boulevard Emmanuel Servais, L-2535 Luxembourg
JP Morgan Chase Bank National Association, 270 Park Avenue, New York, NY 10017, USA

OPTIONS and FOREX

International Correspondent Trading Inc, 525 Washington Blvd, suite 2401, Jersey City, New Jersey 07310, USA
Bank Leumi le-Israel BM, 24-32 Yehudah Halevi Street, Tel Aviv 65546, Israel
Bank Leumi (UK) plc, 20 Stratford Place, London W1C 1BG
Barclays Capital, 5 The North Colonnade, Canary Wharf, London E14 4BB, United Kingdom.