



ERSEL
Gestion Internationale

Ersel Gestion Internationale S.A.

Best Execution and Order Handling Policy

(For Internal Use Only)

31.7.2025

Note: this Policy aims to meet the requirements of the current Luxembourg legal and regulatory framework applicable to Ersel Gestion Internationale SA

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I. PURPOSE AND SCOPE

I.1. Purpose of the Policy

I.1.1. General purpose of the Policy

Ersel Gestion Internationale S.A (“EGI”) has to always act in the best interest of the funds / individual portfolios it manages, and any transaction made on behalf of EGI Funds / Client individual portfolios must be executed in the best fashion, e.g., in the most efficient and cheapest way. This obligation applies in any case, whether transactions for EGI Funds / Client individual portfolios are made by EGI itself or by a third party (Delegate Investment Managers (“DIMs”), depository bank for funds and DWM portfolios).

Article 65 of Commission Delegated **Regulation (EU) 2017/565** provides: “5. Investment firms shall establish and implement a policy that enables them to comply with the obligation in paragraph 4 [best execution policy]. **The policy shall identify, in respect of each class of instruments, the entities with which the orders are placed or to which the investment firm transmits orders for execution. The entities identified shall have execution arrangements that enable the investment firm to comply with its obligations under this Article when it places or transmits orders to that entity for execution**”.

The present policy (“the Policy”) regulates the processes by which EGI assures that transactions are executed in all circumstances and by any party in the best fashion taking into account price, costs, speed, probabilities of execution and settlement, size and nature of the order.

I.1.2. Applicability of the Policy to EGI

The specific situation of EGI should be noted up front: **EGI has currently no direct relationship** with counterparties except with Ersel AM:

- indeed, the majority of EGI funds day to day management is delegated to DIMs who select their own counterparties and deal directly with them.
- For those funds which EGI manages directly, EGI does not address directly to counterparties but goes through EAM with which EGI has an Operational Support Agreement (15. 6. 2015).
- In respect to DWM portfolios, EGI passes orders exclusively through depository banks.

However, **EGI may decide in the future to make transactions itself**. In particular, for DWM, EGI may decide to address directly to brokers with depository banks assuring the settlement. EGI will then either set up a list of acceptable brokers according to this Policy or rout orders through an order router platform which select the most adequate brokers in compliance with the present Policy. Such order router will also produce the statistics and information that need to be published on EGI website.

I.1.3. EGI need for this Policy

Although EGI does not currently execute transactions on behalf of EGI Funds / Client individual portfolios, there are 2 compelling reasons for EGI to have a best execution policy:

1. as a Management Company, EGI has the license to execute transactions on behalf of its Funds / Clients. As just explained, EGI may change its approach and send orders directly to brokers. EGI must therefore have at any time a proper best execution policy.
2. EGI is responsible towards its Funds / Clients for the best possible execution of transactions concerning their portfolios regardless of whether they are executed by EGI self or delegated parties. EGI therefore needs a Policy

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- to set best execution standards and methods against which to assess third parties best execution policies;
- to define the processes by which EGI controls best execution by third parties working for the account of EGI.

I.2. Scope of the Policy

I.2.1. Units, staff within EGI to whom this Policy applies

This Policy applies to

- the Investment Management Function, fund and DWM, including back offices,
- Officers in charge of due diligence on brokers, counterparts, delegated investment managers,
- Risk management and Compliance Functions

I.2.2. Transaction concerned

Any transaction on any instrument purchased / sold on behalf of

- a fund whose Management Company is EGI;
- a third-party fund managed by EGI;
- DWM portfolios.

The only exception concerns subscriptions / redemptions of target funds for which EGI addresses directly and only to the Transfer Agent of the fund.

I.2.3. DIMs and depository banks

This Policy does not apply directly to DIMs who must have their own execution policies. However, the Policy defines the standards by which execution policies of the DIMs must be assessed and how controls are made by EGI on the manner in which they apply their policies.

The same applies to depository banks: Caceis as depository for EGI Funds and various banks as depositories for EGI DWM portfolios. It is indeed noted that Caceis may be a counterpart of EGI Funds for example for foreign exchange transactions and that EGI DWM portfolios depositories are the exclusive counterparts for transactions on DWM portfolios.

I.3. Related policies

- EGI Investment Policy
- EGI Conflicts of Interests Policy
- 221202 EGI Acceptance of Ersel Group Target Fund Selection Procedure
- EGI Late Trading and Market Timing Policy
- EGI Market Abuse Policy
- EGI Outsourcing Policy

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II. ABBREVIATIONS AND DEFINITIONS

II.1. Abbreviations

Acronym	Meaning
AIF (M)	Alternative Investment Fund (Manager)
CO	Conducting Officer
DIMs	Delegate investment Managers
DD	Due Diligence
DWM	Discretionary Wealth Management
EAM	Ersel Asset Management
EGI, the Company, the ManCo, the IFM	Ersel Gestion Internationale SA
EGI Funds	All EGI funds, whether UCITS, SICAVs, SIFs, AIFs of which EGI is the IFM
EGI Fund Managers	EGI staff members in charge of the day-to-day management of those EGI (sub) Funds which EGI manages directly
ETF	Exchange Trade Fund
ExCom	EGI Executive Committee
IFM, ManCo	Investment Fund Manager = Management Company and/or AIFM
MTFs	Multilateral trading facilities
NAV	Net Asset Value
OTFs	Organised trading facilities
regulation(s)	Used as a generic term for all treaties, EU Regulations and Directives, ESMA guidelines, Luxembourg laws, CSSF Règlements and Circulars applicable to EGI and its Funds
Regulation(s)	Used sensu strictu for EU, Grand ducal and CSSF "Règlements"
RM	Risk management (or Risk Manager according to the context)
The Board	EGI Board of Directors
The Policy	This Best Execution & Order Handling policy

II.2. Definitions

Client means:

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- any Fund managed by the IFM and its investors,
- any Fund for which the IFM has been appointed as a DIM and its investors,
- any DWM client or Fund Investor.

Execution venue means a regulated market, an MTF, an OTF or a market maker or any entity that performs a similar function.

Execution factors means those factors listed in *Section V.2. Best Execution Factors*.

Financial instruments mean those instruments set out in Annex I, Section C of Directive 2014/65/EC of the European Parliament and the Council of 15 May 2014 on Markets in Financial Instruments and include:

- (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. (see Annex 1 Section C of Directive 2014/65/EC of the European Parliament and the Council of 15 May 2014 on Markets in Financial Instruments.

Multilateral trading facility or 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 Title II of the MiFID Directive.

Organised trading facility or OTF means a multilateral system which is not a regulated market or an MTF and in which multiple third-party buying and selling interests in bonds, structured finance products, emission allowances or derivatives are able to interact in the system in a way that results in a contract in accordance with Title II of the MiFID Directive.

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 authorised and functions regularly and in accordance with Title III of the MiFID Directive.

Professional Client means a Client which is considered to be a professional Client or may, on request, be treated as a professional Client within the meaning of Annex II to the MiFID Directive.

Retail Client means a Client who is not a professional investor.

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III. REGULATORY FRAMEWORK

III.1. EU level

- Directive 2009/65/EC of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS), as amended (the "**UCITS Directive**") and in particular Chapter IV: Rules of Conduct, Section 3: Best execution thereof
- Commission Directive 2010/43/EU of 1 July 2010 implementing the UCITS Directive as regards organisational requirements, conflicts of interest, conduct of business, risk management and content of the agreement between a depositary and a Management Company
- Directive 2011/61/EU of 8 June 2011 on alternative investment fund managers, as amended (the "**AIFM Directive**")
- Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing the AIFM Directive with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision (the "**AIFM Delegated Regulation**")
- Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments ("**MiFID II**")
- Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive, as amended, , and in particular Article 25: Effective employment of resources and procedures — handling of orders, Article 27 Execution of decisions to deal on behalf of the managed AIF and Article 28: Placing orders to deal on behalf of AIFs with other entities for execution and Article 29: Aggregation and allocation of trading orders thereof

III.2. Luxembourg level

- Law of 17 December 2010 concerning undertakings for collective investment
- CSSF Regulation 10-4 transposing Commission Directive 2010/43/EU of 1 July 2010 implementing the UCITS Directive as regards organisational requirements, conflicts of interest, conduct of business, risk management and content of the agreement between a depositary and a Management Company ("**CSSF Regulation 10-4**"), and in particular Chapter IV: Rules of conduct, Section 3: Best Execution and Section 4: Handling of orders thereof
- CSSF Circular 18/698 on Authorisation and organisation of Luxembourg management companies ("**CSSF Circular 18/698**"), and in particular sub-section 5.3.2.6. Obligations regarding the drawing-up of reports (260), Section 5.5.1. Management Information and internal reporting system (342), Sub-chapter 6.1. Limits to the scope of delegation (417), Sub-section 6.3.2.2. Due diligence and ongoing monitoring (495) and (496) thereof
- Law of 12 July 2013 on alternative investment fund managers (AIFMs)
- Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing the AIFM Directive with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision (the "**AIFM Delegated Regulation**"), as amended, and in particular Article 25: Effective employment of resources and procedures — handling of orders, Article 27 Execution of

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decisions to deal on behalf of the managed AIF and Article 28: Placing orders to deal on behalf of AIFs with other entities for execution and Article 29: Aggregation and allocation of trading orders thereof

- CSSF Circular 18/698 on Authorisation and organisation of Luxembourg management companies ("CSSF Circular 18/698"), and in particular sub-section 5.3.2.6. Obligations regarding the drawing-up of reports (260), Section 5.5.1. Management Information and internal reporting system (342), Sub-chapter 6.1. Limits to the scope of delegation (417), Sub-section 6.3.2.2. Due diligence and ongoing monitoring (495) and (496) thereof
- Law of 5 April 1993 on the financial sector, as amended, and in particular Articles 37-1 and 37-3 thereof
- Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive, and in particular Section 5 Best execution and Section 6 Client order handling

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IV. ROLES AND RESPONSABILITIES

IV.1. The Board

The Board is ultimately responsible for:

- approving this Policy,
- maintaining this Policy,
- overseeing the implementation of this Policy.

IV.2. The Executive Committee

The ExCom is responsible for:

- adopting this Policy for Board approval,
- ensuring this Policy is maintained,
- reviewing the work of the Investment Committee,
- approving the *Consolidated Counterparts List* (see *EGI Risk Management Policy*) presented by the Risk Management Function.

IV.3. Investment Committee

The Investment Committee is responsible for:

- overseeing the implementation of this Policy on a day-to-day basis,
- analysing any points of attention raised by the CO responsible for Investment Management in relation to best execution and handling of orders and taking appropriate action,
- reviewing the List of intermediaries on a regular or ad hoc basis and proposing where relevant to the Risk Management Committee:
 - the addition of an intermediary to the List of intermediaries,
 - the removal of an intermediary from the List of intermediaries,
- reporting to the ExCom and the Board.

IV.4. Conducting Officer responsible for Investment Management

The CO in charge of Investment Management is responsible for ensuring that any points of attention raised by during the execution and handling of orders are analysed.

IV.5. Investment Management Function

The Investment Management Function, including all Portfolio Managers, is responsible for:

- implementing best execution and order handling in accordance with this policy,
- raising any issues identified in the implementation of the Policy to the CO responsible for Portfolio Management.

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IV.6. The CO in charge of Due Diligences (“DDs”)

The CO in charge of DDs is responsible for performing DD on DIMs and depository banks, covering, *inter alia* their:

- best execution processes,
- broker selection & monitoring,
- order handling.

IV.7. Risk Management Function

The Risk Management Function (Risk Management Committee in this case) constitutes and maintains the *Consolidated Counterparts List* (see ***EGI Risk Management Policy***) and presents it to the ExCom for approval.

The Risk Management Function also monitors the execution of this Policy including:

- performing best execution sample controls **in respect to Funds** on securities and derivatives and reviewing statistics of order transmissions on behalf of Clients,
- reviewing any transaction anomalies.

IV.8. Compliance Function

The Compliance Function is responsible for reviewing the Policy and its application.

The Compliance Function also performs best execution sample controls **in respect to DWM portfolios** on securities and derivatives.

IV.9. Internal Audit Function

The Internal Audit Function is responsible for verifying that EGI best execution processes are adequate and applied.

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V. BEST EXECUTION

V.1. Overall approach

EGI ensures that decisions to deal on behalf of a Client are executed on terms that are in the best interest of the Client in the context of the management of their portfolios (“**Best Execution**”). Best Execution applies to EGI itself and to any delegate acting on its behalf.

EGI ensures that Best Execution is applied to each Client order in any type of financial instrument.

V.2. Best Execution Factors

The main factors taken into account to determine Best Execution are:

- total consideration:
 - price of the financial instrument,
 - transaction costs such as execution venue fees, clearing and settlement fees, and any other fees paid to third parties involved in the execution of the order,
- speed of order execution,
- likelihood of execution and settlement,
- characteristics of the order:
 - size,
 - nature,
- any other consideration relevant to the execution of the order.

The relative importance of these factors will be determined by considering such matters as:

- for Funds: the objectives, investment policy and risks specific to the fund,
- for DWM Clients: characteristics of the Client, including the categorisation of the Client as retail or professional,
- the characteristics of the order,
- the characteristics of the financial instrument that is the subject of the order,
- the characteristics of the execution venues or entities to which that order can be directed.

V.3. Implementation of Best Execution by EGI

EGI implements Best Execution requirements by transmitting orders through markets and venues and to intermediaries selected and monitored in accordance with **SECTION VI:**

V.5. Control of delegates Best Execution

V.5.1. Scope of the controls

EGI ensures that DIMs are compliant with their best execution obligations. The RM function is in charge of performing tests on sample of DIMs trades and verifies if they are in line with EGI Best Execution Policy. For this purpose, the RM function request the extracts of DIMs order register for the selected

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trades.

V.5.2. Test process

The tests are carried out on a sample of transactions from a sample of Funds on each kind of asset class:

- **Bonds**: which are not traded on a regulated market and are considered as “Over The Counter”. EGI controls that the purchase price of the financial instrument is the best compared to other prices of different eligible counterparts in the same trade date.
- **Equities**: listed on a stock markets; for Best Execution purpose, EGI will verify, if possible, all the following:
 - the purchase price of the security,
 - the stock market where the transaction was made (in particular if it is not one of the main ones where the stock is traded the price risks to be sub optimal),
 - the highest price on the same trade day,
 - the lowest price on the same trade day,
 - the price at the closing of the trade day.

V.5.3. Frequency

Once a year.

V.6. Control of EGI DWM managers Best Execution

V.6.1. Scope of the controls

The Compliance Function ensures that EGI managers for DWM portfolios are compliant with their best execution obligations. The RM function is in charge of performing tests on sample of DIMs trades and verifies if they are in line with EGI Best Execution Policy. For this purpose, the RM function request the extracts of DIMs order register for the selected trades.

V.6.2. Test process

Same as for DIMs.

V.6.3. Frequency

Once a year.

V.7. Exceptions to the Best Execution requirement

EGI is not subject to the Best Execution requirement when the Client gives specific instructions in respect to the execution, such as the choice of the Execution Venue. EGI is not bound by the Best Execution requirement only in respect to the specific instructions of the Client. For example, if the Client indicates the market on which to execute the transaction but gives no other instruction, EGI will nevertheless be obliged to choose the most adequate broker and the execution on that market.

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VI. SELECTION OF EXECUTION VENUES

EGI implements Best Execution requirements by transmitting orders to brokers and other authorised counterparties (“**intermediaries**”).

In general, EGI expects any intermediary it selects to execute orders for listed financial instruments on the regulated markets, multilateral trading facilities (MTFs), organised trading facilities (OTFs) or equivalent markets where the financial instrument is listed. Obviously, it is expected that the selected market is the main market in terms of volume for the security to be purchase / sold. However another market may be chosen in specific circumstances (the main market is closed, temporary illiquid...)

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Regarding bonds, the execution venues offering the best quality of execution of bonds are evaluated according to several factors including the liquidity of the instrument, the size of the order, the time at which the order is to be placed and the market conditions. The execution venues may include regulated markets, MTFs and specific operators to whom a direct OTC *requests for quote* may be submitted.

EGI permits its intermediaries to execute orders outside regulated markets, MTFs, OTFs and equivalent markets when this is appropriate in view of best execution, in particular for financial instruments which, due to their nature and size, or in relation to the existing market practices, are normally negotiated outside of traditional execution venues.

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BROKER SELECTION & MONITORING

V.4. Implementation of Best Execution by Delegates

EGI performs due diligence on the DIMs (including EAM) and depositary banks, based on a triennial plan, to verify whether appropriate best execution policies exist and are implemented.

EGI also performs regular controls on their best execution, in accordance the section *V.5 below: Control of delegates Best Execution*.

DIMs may be required to submit to EGI periodic key performance indicator reports, which may include, *inter alia*, indicators of how the delegate oversees Best Execution to ensure compliance with its policy.

V.5. Control of delegates Best Execution

V.5.1. Scope of the controls

EGI ensures that DIMs are compliant with their best execution obligations. The RM function is in charge of performing tests on sample of DIMs trades and verifies if they are in line with EGI Best Execution Policy. For this purpose, the RM function request the extracts of DIMs order register for the selected trades.

V.5.2. Test process

The tests are carried out on a sample of transactions from a sample of Funds on each kind of asset class:

- **Bonds**: which are not traded on a regulated market and are considered as “Over The Counter”. EGI controls that the purchase price of the financial instrument is the best compared to other prices of different eligible counterparts in the same trade date.
- **Equities**: listed on a stock markets; for Best Execution purpose, EGI will verify, if possible, all the following:
 - the purchase price of the security,
 - the stock market where the transaction was made (in particular if it is not one of the main ones where the stock is traded the price risks to be sub optimal),
 - the highest price on the same trade day,
 - the lowest price on the same trade day,
 - the price at the closing of the trade day.

V.5.3. Frequency

Once a year.

V.6. Control of EGI DWM managers Best Execution

V.6.1. Scope of the controls

The Compliance Function ensures that EGI managers for DWM portfolios are compliant with their best execution obligations. The RM function is in charge of performing tests on sample of DIMs trades and

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verifies if they are in line with EGI Best Execution Policy. For this purpose, the RM function request the extracts of DIMs order register for the selected trades.

V.6.2. Test process

Same as for DIMs.

V.6.3. Frequency

Once a year.

V.7. Exceptions to the Best Execution requirement

EGI is not subject to the Best Execution requirement when the Client gives specific instructions in respect to the execution, such as the choice of the Execution Venue. EGI is not bound by the Best Execution requirement only in respect to the specific instructions of the Client. For example, if the Client indicates the market on which to execute the transaction but gives no other instruction, EGI will nevertheless be obliged to chose the most adequate broker and the execution on that market.

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VII. SELECTION OF EXECUTION VENUES

EGI implements Best Execution requirements by transmitting orders to brokers and other authorised counterparties (“**intermediaries**”).

In general, EGI expects any intermediary it selects to execute orders for listed financial instruments on the regulated markets, multilateral trading facilities (MTFs), organised trading facilities (OTFs) or equivalent markets where the financial instrument is listed. Obviously, it is expected that the selected market is the main market in terms of volume for the security to be purchase / sold. However another market may be chosen in specific circumstances (the main market is closed, temporary illiquid...)

Regarding bonds, the execution venues offering the best quality of execution of bonds are evaluated according to several factors including the liquidity of the instrument, the size of the order, the time at which the order is to be placed and the market conditions. The execution venues may include regulated markets, MTFs and specific operators to whom a direct OTC *requests for quote* may be submitted.

EGI permits its intermediaries to execute orders outside regulated markets, MTFs, OTFs and equivalent markets when this is appropriate in view of best execution, in particular for financial instruments which, due to their nature and size, or in relation to the existing market practices, are normally negotiated outside of traditional execution venues.

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VIII. BROKER SELECTION & MONITORING

VII.1. Preamble

It is first underlined that, as explained *above in § I.1.*, EGI has currently no direct relationship with counterparties except with EAM. Indeed,

- the majority of EGI funds day to day management is delegated to DIMs who select their own counterparties and deal directly with them.
- For those funds which EGI manages directly, EGI does not address directly to counterparties but goes through EAM.
- In respect to DWM portfolios, EGI passes orders exclusively through depository banks.

However,

- **EGI may decide in the future to make transactions itself**, in particular, for DWM, where EGI may decide to address directly to brokers or rout orders through an order router platform which select the most adequate brokers in compliance with the present Policy.
- EGI is responsible for the best possible execution of transactions regardless of whether they are executed by EGI self or by delegated parties. EGI therefore needs a Policy to set best execution standards against which to assess third parties best execution policies.

Note: the terms “broker”, “counterparty”, “intermediary” are used here indifferently.

VII.2. Overall approach

The portfolio management operations are executed by EGI or its DIMs on behalf of Clients by transmitting orders to brokers or other authorised counterparties (“intermediaries”). EGI ensures that it and its DIMs act in the best interest of the Client when placing orders with an intermediary for execution.

EGI has defined its approach to Execution venues used by intermediaries (see **SECTION VI, ABOVE**).

EGI also maintains a list of brokers and other authorised counterparties for transactions by all DIMs and by itself if the case may be. (see *Annex 1. Counterparts list. The attached list dated 8.3.2022 is provided as an example only. It is regularly updated*).

In this regard, EGI is responsible for:

- assuring that DIMs have proper counterparties selection processes;
- controlling that DIMs and EGI investment managers use authorised counterparties;
- assuring that exposure on counterparts in each fund complies with limits (if any).

DIMs and DWM depository banks chose their own counterparties. Not EGI. EGI must therefore verify that DIMs have proper counterpart selection procedures. Verifying this is a part of EGI DD on DIMs.

However, it is EGI responsibility to assure that all trades on behalf of its funds are made with suitable counterparties. Therefore, EGI has always the right to veto the use of a counterparty. This is the responsibility of the ExCom on a recommendation by the RM Committee. The ExCom may always

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escalate the case to the Board.

Luxcellence (a subsidiary of Caceis which provides EGI RM with reports on certain matters) verifies ex post on behalf of EGI that all counterparts used by the DIMs during the elapsed period were counterparts on EGI Counterparty List. If an unauthorised counterparty has been used, Luxcellence escalates to EGI (the RM) which handles the case with the DIM.

The selection of an intermediary for an individual transaction is performed by EGI front office selection system. The system ensures that the order is transmitted to only one intermediary. The selection is reviewed by the Investment Manager responsible for the order.

DIMs must act in the best interests of the Client when placing orders to deal on behalf of a Client with other entities for execution. It is a general clause in Investment Management Agreements with DIMs that they must always act in the interest of the Fund they manage.

VII.3. Intermediary selection factors – general

Intermediaries are selected based on:

- primarily their credit standing and financial strength, especially when they are EGI or DIMs counterparts on which EGI (DIMs) have **a credit exposure**;
- in addition, on their competence to execute an order, e.g. on
 - their compatibility with EGI's order execution strategy,
 - their capability to demonstrate, periodically, the quality of the execution offered.

The main factors taken into account to assess the quality of execution offered are:

- total consideration:
 - price of the financial instrument,
 - transaction costs, including brokerage fees.
- level of service offered (e.g. percentage of failed trades, the technical infrastructure, ability to minimise execution costs in relation to larger orders),
- financial soundness and reliability of the intermediary,
- speed of order execution,
- likelihood of execution and settlement,
- characteristics of the order:
 - size,
 - nature,
- market impact,
- any other consideration relevant to the execution of the order.

Research service may not be considered as part of the total consideration. Firstly Research must be invoiced separately and secondly they are a cost for the ManCo, not for the Fund, while brokerage costs are a cost for the Fund.

The relative importance of the above factors will be determined by considering matters including:

- for Funds: the objectives, investment policy and risks specific to the fund,

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- for DWM Clients: characteristics of the Client, including the categorisation of the Client as retail or professional,
- the characteristics of the order,
- the characteristics of the financial instrument that is the subject of the order,
- the characteristics of the execution venues or entities to which that order can be directed.

VII.4. Intermediary selection factors – by type of financial instrument

Leaving aside the credit standing of the counterpart, the main selection criteria regarding their competence to execute an order are as follows:

- executing orders on regulated markets (however, if appropriate, for a better execution, intermediaries capable of operating outside of regulated markets or MTFs may also be favoured);
- total consideration,
- market impact,
- speed of order execution,
- likelihood of execution and settlement,

As noted above, transactions in target funds other than listed funds (ETFs) are concluded at the net asset value (NAV) with the investment fund manager or its delegate Transfer Agent. *In case EGI or its DIMs choose, for whatever reason not to address to the fund manager or its Transfer Agent, this Best Execution Policy applies to the transaction.*

VII.5. Intermediary selection process

VII.5.1. Principles

The Investment Committee defines and maintains the methodology for the selection of intermediaries.

The methodology for the selection of intermediaries, *inter alia*, defines the relative importance of the intermediary selection factors:

- in general,
- for each category of financial instrument.

The ExCom approves the methodology for the selection of intermediaries.

VII.5.2. Selection process

If EGI has to select itself an intermediary and in the case of DIMs who select their intermediaries, EGI expects a selection to be based on:

- an analysis of:
 - the proposed broker's execution strategy,
 - the proposed broker's compatibility with the strategy of transmission and execution of orders adopted by EGI,
 - the characteristics of the proposed execution venue, where applicable,
 - the priority factors of transmission/execution of the proposed broker/operator,

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- the economic conditions applied including a comparison with its competitors,
- additional information concerning the proposed broker, such as:
 - the official rating by rating agencies,
 - the broker's shareholding structure,
 - any other elements proving the financial reliability of the proposed broker.

VII.7.1. Total consideration

The Portfolio Manager verifies the total consideration before selecting a counterpart. EGI may also use an order router platform.

In respect to bonds, before transmitting an order, the Portfolio Manager verifies the offer conditions and prices available on the market and on databases (e.g. BVAL by Bloomberg).

VII.7.2. Market impact, speed of order execution and likelihood of execution and settlement

The Portfolio Manager independently evaluates the market impact of the transaction, speed of order execution and likelihood of execution and settlement by each intermediary.

The Portfolio Manager monitors the outcome of each transaction.

Where the Portfolio Manager detects recurring problems with an intermediary (e.g. execution delays, partial executions, etc.), he/she will escalate the matter to the CO responsible for Investment Management.

VII.7.3. Financial soundness and reliability

Financial soundness and reliability are assessed on the basis of publicly available information.

In case of news regarding possible financial and/or asset-related difficulties of a broker, the Portfolio Manager escalates to the CO responsible for Investment Management who in turn escalates the Investment Committee to determine whether to continue the relationship with the Intermediary.

VII.6. Maintenance of the list of intermediaries

As mentioned above and as detailed in *EGI Risk Management Policy*, EGI RM Function maintains a *Consolidated List of intermediaries*, which aggregates the lists communicated by all EGI DIMs. The validation (or vetoing) of the names there on is made by the ExCom on the recommendation of the RM Committee. The ExCom may always escalate the case to the Board.

VII.7. Ongoing monitoring of intermediaries

VII.7.1. Ex Ante controls

The Portfolio Managers verify that the counterpart is on the approved List before transmitting the order.

VII.7.2. Ex Post controls – 1st level

The Portfolio Managers monitor the outcome of each transaction. Possible anomalies are escalated to the CO responsible for Investment Management.

The Investment Committee conducts a review on an *ad hoc* basis where:

- EGI has concerns about its ability to obtain the best possible result for Clients on an ongoing basis, such as

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increase of the brokerage fees applied by the negotiating broker and where the broker in question specializes in a particular sector/domain and is difficult to replace,

- significant change of market conditions which may require change definition of relative importance of the execution factors,
- where there are concerns relating to a specific broker such as:
 - severe sanctions or fines were imposed by the competent authorities on the broker for breach of law or regulatory provisions,
 - financial difficulties – even if only feared.
- if a new and more efficient execution venue was introduced.

VII.7.3. Ex Post controls – 2nd level

As mentioned *above in § VII.2.*, Luxcellence verifies that all brokers used are on the List communicated to them and alerts EGI (the RM) in case of breach.

VII.8. Implementation of Broker selection and monitoring by Delegates

As mentioned above, EGI performs DDs on the DIMs to verify whether appropriate broker selection & monitoring policies exist and are implemented.

DIMs may be required to submit to EGI periodic key performance indicator reports, which include *inter alia* indicators of how the delegate oversees Broker Selection to ensure compliance with its policy.

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IX. ORDER HANDLING

VIII.1. Overall approach

EGI establishes and implements procedures and arrangements which provide for the prompt, fair and rapid execution of portfolio transactions on behalf of Clients.

The procedures and arrangements implemented by EGI are designed to ensure that:

- orders executed on behalf of Clients are promptly and accurately recorded and allocated,
- otherwise comparable Client orders are executed sequentially and promptly unless the characteristics of the order or prevailing market conditions make this impracticable, or the interest of the Clients requires otherwise,
- financial instruments or sums of money, received in settlement of the executed orders are promptly and correctly delivered to the account of the appropriate Client,
- information relating to pending Client orders is not misused, and all reasonable steps are taken to prevent the misuse of such information.

EGI implements order handling requirements by transmitting orders to intermediaries selected and monitored in accordance with *Section VII*:

V.5. Control of delegates Best Execution

V.5.1. Scope of the controls

EGI ensures that DIMs are compliant with their best execution obligations. The RM function is in charge of performing tests on sample of DIMs trades and verifies if they are in line with EGI Best Execution Policy. For this purpose, the RM function request the extracts of DIMs order register for the selected trades.

V.5.2. Test process

The tests are carried out on a sample of transactions from a sample of Funds on each kind of asset class:

- **Bonds**: which are not traded on a regulated market and are considered as “Over The Counter”. EGI controls that the purchase price of the financial instrument is the best compared to other prices of different eligible counterparts in the same trade date.
- **Equities**: listed on a stock markets; for Best Execution purpose, EGI will verify, if possible, all the following:
 - the purchase price of the security,
 - the stock market where the transaction was made (in aptricularif it is not one of the main ones where the stock is traded the price risks to be sub optimal),
 - the highest price on the same trade day,
 - the lowest price on the same trade day,
 - the price at the closing of the trade day.

V.5.3. Frequency

Once a year.

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V.6. Control of EGI DWM managers Best Execution

V.6.1. Scope of the controls

The Compliance Function ensures that EGI managers for DWM portfolios are compliant with their best execution obligations. The RM function is in charge of performing tests on sample of DIMs trades and verifies if they are in line with EGI Best Execution Policy. For this purpose, the RM function request the extracts of DIMs order register for the selected trades.

V.6.2. Test process

Same as for DIMs.

V.6.3. Frequency

Once a year.

V.7. Exceptions to the Best Execution requirement

EGI is not subject to the Best Execution requirement when the Client gives specific instructions in respect to the execution, such as the choice of the Execution Venue. EGI is not bound by the Best Execution requirement only in respect to the specific instructions of the Client. For example, if the Client indicates the market on which to execute the transaction but gives no other instruction, EGI will nevertheless be obliged to chose the most adequate broker and the execution on that market.

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X. SELECTION OF EXECUTION VENUES

EGI implements Best Execution requirements by transmitting orders to brokers and other authorised counterparties (“**intermediaries**”).

In general, EGI expects any intermediary it selects to execute orders for listed financial instruments on the regulated markets, multilateral trading facilities (MTFs), organised trading facilities (OTFs) or equivalent markets where the financial instrument is listed. Obviously, it is expected that the selected market is the main market in terms of volume for the security to be purchase / sold. However another market may be chosen in specific circumstances (the main market is closed, temporary illiquid...)

Regarding bonds, the execution venues offering the best quality of execution of bonds are evaluated according to several factors including the liquidity of the instrument, the size of the order, the time at which the order is to be placed and the market conditions. The execution venues may include regulated markets, MTFs and specific operators to whom a direct OTC *requests for quote* may be submitted.

EGI permits its intermediaries to execute orders outside regulated markets, MTFs, OTFs and equivalent markets when this is appropriate in view of best execution, in particular for financial instruments which, due to their nature and size, or in relation to the existing market practices, are normally negotiated outside of traditional execution venues.

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BROKER SELECTION & MONITORING *above.*

VIII.2. Aggregation and allocation of trading orders

The procedures and arrangements implemented by EGI are designed to ensure that orders for one Client are not carried out in aggregate with those another Client or with an order on EGI own account, unless:

- it is unlikely that the aggregation of orders will work overall to the disadvantage of any Client whose order is to be aggregated,
- the fair allocation of aggregated orders is verified, including how the volume and price of orders determines allocations and the treatment of partial executions.

EGI implements aggregation and allocation of trading orders by transmitting orders to intermediaries selected and monitored in accordance with this Policy.

VIII.3. Implementation of Order handling by Delegates

EGI performs DDs on the DIMs to verify whether appropriate order handling policies exist and are implemented.

Where relevant, DIMs are required to submit to EGI periodic key performance indicator reports, which include, *inter alia*, indicators of how the delegate oversees order handling.

XI. CROSS ORDERS

IX.1. Overall approach

Cross orders may be beneficial to the Clients in the extend that the ManCo matches purchases and sales by different Clients on the same financial instrument, avoiding thereby any transaction cost for both parties. However, such transactions may raise conflicts of interest if they are more beneficial to one party than to the other. In particular, an inadequate exchange price may favour one party and be detrimental to the other.

As consequence, in order to avoid conflicts of interest and to prevent market abuse, this Policy regulates strictly cross orders for each type of instrument.

IX.2. Listed stocks

IX.2.1. Required conditions for the execution of a cross order

Cross orders between Clients, in quantities higher than 2.5% for “Big Caps” and, for “Small Caps”, higher than 5% of the stock average daily volume calculated on the average volumes for the past five days, may

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be executed following a justified request by the Portfolio Manager approved by the CO in charge of Investment Management.

The CO in charge of Investment Management, before authorising the operation, will identify the best way to guarantee equal treatment of the Clients, and to safeguard the regular functioning of the market.

The document containing the reasons for the request and the authorisation, if granted, will be kept for 10 years.

Any operation below the threshold is decided by the Portfolio Manager but will be monitored in any event, in order to identify any action which could affect the interests of the participants, or which could distort the market value of the listed stocks.

IX.2.2. Execution price

The price of the transaction will be the price on the main stock market (as identified following **Section VI Selection of Execution Venues**) at the time of the execution of the cross order.

IX.3. Listed bonds

IX.3.1. Required conditions for the execution of a cross order

For bonds listed on a regulated market, cross orders, in quantities higher than 1% of the portfolio NAV may be executed following a justified request by the Portfolio Manager approved by the CO in charge of Investment Management.

All the other requirements stated in **§ IX.2.2. above** apply on cross orders on listed bonds.

IX.3.2. Execution price

a. Bond traded on a regulated market

The price of the transaction will be the mid-price on the reference market at the time of the execution of the cross order.

b. Bond not traded on a regulated market

In such case the operation may take place after the contributors have been selected, using the mid-price compared to the best bid and the best ask.

IX.4. Unlisted or equivalent stocks

IX.4.1. Required conditions for the execution of a cross order

For stocks which are assimilated to unlisted stocks or for those which, despite being traded on regulated markets, do not have an official listing market nor any alternative circuit with significant prices, and there is only a single contributor, cross orders may be executed following a justified request by the Portfolio Manager approved by the CO in charge of Investment Management and if it is found that: i) there is a possibility of benefit for all the funds involved, and ii) the equal treatment of the fund participants has been preserved.

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IX.3.2. Execution price

In respect to the price of the transaction, the Portfolio Manager and the CO in charge of Investment Management will decide whether to use a fair value (e.g. similar stocks), the contributor's mid-price or any other method considered appropriate to safeguard the equal treatment of all participants.

IX.5. Funds

IX.5.1. Required conditions for the execution of a cross order

For UCITS target funds, no cross trading.

For other funds, cross orders may be executed following a justified request by the Portfolio Manager approved by the CO in charge of Investment Management on the condition that the the cross trading is in line with the fund investment policy and that the Portfolio Manager presents a report justifying the economic value of the transaction.

IX.3.2. Execution price

The transaction will only be carried out on the basis of the official valuations of the target fund, in order to eliminate any possible price distortion. If that is not possible, due to particular circumstances affecting the fund, the price will have to be objective and demonstrable. In such case, the transaction will be valued at market price in order to eliminate any risk of unfair treatment of the investors in the fund.

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XII. CONFLICTS OF INTEREST

In line with EGI's *Conflicts of Interest Policy*, EGI is committed to identify and understand where, in its business, conflicts of interest might occur, thereby taking all reasonable steps to prevent these conflicts of interest from adversely affecting the interests of its Client.

The Conflicts of Interest Policy is designed to identify and to prevent or manage the potential for conflicts of interest.

The Conflicts of Interest Policy also sets out EGI policy in relation to inducements, including non-monetary benefits for execution and research services, personal transactions, recourse to service providers....

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XIII. REVIEW AND MONITORING OF THE POLICY

EGI monitors on a regular basis the effectiveness of this Policy and the way it is applied with a view to identifying and, where appropriate, correcting any deficiencies.

XI.1. Ongoing monitoring

See *Section IV. ROLES AND RESPONSABILITIES*.

XI.2. Review of the Policy

As mentioned *page 2*, Article 27(5) of Commission Delegated Regulation (EU) No 231/2013 for AIFM and Article 28(4) second sub-paragraph of CSSF Regulation 10-04 for UCITS require this Policy to be reviewed on an annual as well as on an *ad hoc* basis in case of a significant event or where necessary.

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XII. COMMUNICATION OF THE POLICY

EGI publishes the latest version of this Policy on its website.

EGI also summarises and makes public on its website, on an annual basis, for each class of financial instruments, the top five brokers in terms of trading volumes.

This obligation applies to all EGI Funds whether directly managed or managed through DIMs. As a result, EGI must request each DIM which are the 5 major brokers they used during the year.

The above obligations derive from article 65 of Commission Delegated **Regulation (EU) 2017/565**:

6. Investment firms shall provide information to their clients on the policy established in accordance with paragraph 5 and paragraphs 2 to 9 of Article 66. Investment firms shall provide clients with appropriate information about the firm and its services and the entities chosen for execution. In particular, when the investment firm select other firms to provide order execution services, it shall summarise and make public, on an annual basis, for each class of financial instruments, the top five investment firms in terms of trading volumes where it transmitted or placed client orders for execution in the preceding year and information on the quality of execution obtained. The information shall be consistent with the information published in accordance with the technical standards developed under Article 27(10)(b) of Directive 2014/65/EU. Upon reasonable request from a client, investment firms shall provide its clients or potential clients with information about entities where the orders are transmitted or placed for execution.”

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ANNEX 1: COUNTERPARTS LIST

[See separate document]