



INVESTMENT MANAGEMENT S.A.
LUXEMBOURG

Best Execution Policy

June 2022

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Applicable to	<ul style="list-style-type: none"> • IFPIM • The Members of the Board IFPIM • All professionals acting for or on behalf of IFPIM
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1. Definitions

- **“Broker”** means a person who executes client orders on behalf of a client or receives and transmits orders in relation to one or more financial instruments
- **“IFPIM”** or **“the IFM”** or **“the Company”** means IFP Investment Management S.A.
- **“IFM”** means Investment Fund Manager
- **“UCITS Management Company”** means an IFM authorised to manage UCITS
- **“UCI”** means Undertaking for Collective Investment
- **“Board”** means Board of Directors of IFPIM
- **“Board Members”** means the Members of the Board of Directors of IFPIM
- **“CSSF”** means Commission for the Supervision of the Financial Sector (*Commission de Surveillance du Secteur Financier*), the competent authority for the supervision of the financial sector in Luxembourg
- **“Conducting Officers”** means the members of Senior Management
- **“Senior Management”** means the persons who effectively conduct the business **“Executive Committee”** means the committee composed of the members of Senior Management of IFPIM
- of the IFM on a day to day basis
- **“Internal Control Functions”** collectively refers to:
 - o The Permanent Risk Management Function
 - o The Compliance Function
 - o The Internal Audit Function
- **“Employee”** means employee (a member of staff) or secondee
- **“Professionals”** means employee (a member of staff) or secondee, Board member or Senior Manager

2. Introduction to IFPIM

IFPIM is authorised as a Management Company under the article 101(2) and 101(3) of the Law of 17 December 2010 relating to undertakings for collective investment.

IFPIM is authorised to:

- Manage UCITS and Mutual Funds, i.e. perform the activities of:
 - o Portfolio management;
 - o Fund administration;
 - o Marketing and distribution;
- Provide the following services:
 - o Wealth management services:
 - Discretionary portfolio management on a customer-by-customer basis;
 - Investment advice;

3. Scope

IFPIM’s Best Execution and Client Order Handling Policy (the “Policy”) applies to transactions on behalf of the following Entities/clients:

- funds collectively managed by IFPIM;
- both retail and professional clients for individual portfolio management of IFPIM;
- both retail and professional clients for investment advice of IFPIM;

This Policy applies to all financial instruments for which IFPIM places orders for execution on behalf of its clients, including, but not limited to:

- equity;
- bonds;
- money market instruments;
- units in collective investment undertakings;
- listed and unlisted derivatives.
- and similar instruments

4. Purpose of the Policy

This policy sets out the overall principles that apply in relation to placing orders for execution on behalf of the funds managed by IFPIM and other Clients for assets for which best execution is relevant.

For the purpose of this policy, “orders” are to be interpreted as orders placed by IFPIM for execution as IFPIM does not execute orders itself and does not receive or transmit orders on behalf of Clients. IFPIM does not trade directly on any market.

When providing portfolio management services, IFPIM will ensure the wealth managers always act in the best interests of the investors when choosing a broker for the purpose of executing financial transactions

5. Regulatory Framework

a. European framework

- Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU
- 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

The UCITS Directive requires management companies to act in the best interest of a UCITS they manage when:

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

b. Luxembourg framework

- Law of 5 April 1993 on the financial sector, as amended
- Law of 17 December 2010 concerning undertakings for collective investment
- Law of 30 May 2018 on markets in financial instruments
- Grand-Ducal Regulation 30 May 2018 on the protection of financial instruments and funds belonging to clients, product governance obligations and the rules applicable to the provision or reception of fees, commissions or any monetary or non-monetary benefits
- CSSF Regulation 10-04 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 Circular 07/307 (as amended by Circulars CSSF 13/560, CSSF 13/568 and 14/585) on MiFID: Conduct of business rules in the financial sector
- CSSF Circular 18/698 on the authorisation and organisation of investment fund managers incorporated under Luxembourg law and specific provisions on the fight against money laundering and terrorist financing applicable to investment fund managers and entities carrying out the activity of registrar agent

6. Best Execution

a. General Provision

When IFPIM places an order for execution on behalf of a client, it will take all steps sufficient to achieve best execution.

In general, IFPIM will take into account the following factors to achieve best execution:

- price;
- costs;
- speed;
- likelihood of execution and settlement;
- size, nature or any other relevant consideration;
- reputation and professionalism of the intermediary;
- market impact.

For determining the relative importance of each of those factors, IFPIM will take into account the following criteria:

- the characteristics of the client:
 - o For clients for discretionary management, this includes their categorization as retail or professional;
 - o For funds, this includes the objectives, investment policy and risks specific to the fund, as indicated in the prospectus or as the case may be in the fund rules or articles of association of the fund;
- the characteristics of the client order;
- the characteristics of the financial instruments involved;
- the characteristics of the execution venue to which the order can be directed.

b. Specific provisions

When IFPIM executes an order on behalf of a retail client, it will determine the best execution by considering the price of the financial instrument and the costs related to the execution. These costs will include all expenses, incurred by the client, which are directly related to the execution of the order.

When there is more than one competing venue to execute an order, the commissions and costs - on behalf of the client of IFPIM - for executing the order on each of the eligible execution venues, will be taken into account in the assessment of the best execution.

c. Specific client instructions

When the client gives specific instructions (i.e. when the client fixes one factor of his order like price or time for instance, this order will be considered as been given under specific instructions) relating to the execution of an order, for example the indication of an execution venue, IFPIM will handle that order in accordance with this specific instruction while taking into account all other relevant factors which are outside client specific instructions.

Whenever IFPIM handles an order or a specific aspect of an order following specific instructions from the client, for example the indication of an execution venue, IFPIM will be deemed to have taken all reasonable steps to obtain best execution for all other factors of the order and has consequently fulfilled all legal obligations concerning best execution vis-à-vis said client.

Clients should, however, take into account that any specific instruction may prevent IFPIM from taking the steps that it has designed and implemented to obtain the best possible result for the execution of those orders in respect of the elements covered by those orders.

d. Special Circumstances

In special circumstances IFPIM may deviate from the prioritisation of the execution factors. Such special circumstances may include particularly large transactions, transactions in illiquid instruments, if certainty of execution and market

impact are deemed more important, or if severe market disruptions prevent IFPIM from following the prioritisation outlined in this Best Execution Policy.

7. Order Execution

a. Execution venues

Execution venues are divided into three categories:

Regulated markets

- In Luxembourg, these are facilities that appear on the official list of regulated markets kept by the CSSF.
- In the other Member States, they are the facilities that appear on a list drawn up by the European Commission in virtue of article 56 of European Directive 2014/65/EU.
- In third countries, they are facilities that are authorised and/or supervised by a public authority, and which operate regularly in accordance with provisions equivalent to those of title III of European Directive 2014/65/EU.

Multilateral trading facilities (MTF)

This is a multilateral system, operated by a credit institution, 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 European Directive 2014/65/EU.

- In Luxembourg, these are the facilities that appear on the official list of MTFs kept by the CSSF.
- In third countries, they are facilities that operate regularly in accordance with title II of European Directive 2014/65/EU.

Systematic Internalisers (SI)

In accordance with article 4 paragraph 20 of European Directive 2014/65/EU, this is an investment firm which, on an organised, frequent systematic and substantial basis, deals on own account when executing client orders outside a regulated market, an MTF or an OTF without operating a multilateral system.

b. Execution Over the Counter (OTC)

IFPIM may also place orders outside trading venues, for transactions in OTC instruments which are i) neither admitted to trade nor traded on a trading venue, ii) or when best execution criteria are better satisfied outside trading venues. When placing orders for execution, IFPIM will handle the order by placing it with a selected Broker which will determine the execution venue. IFPIM will ensure that the Broker has proper arrangements in place to provide Best Execution on a continuous basis. The Broker will execute the order or transaction or alternatively transmit it to a third party. Typically, the Broker is a credit institution, investment firm or similar intermediary.

c. Selection criteria of the execution venues

- IFPIM selects Brokers with execution venues that deliver the best execution possible to clients in terms of liquidity, good clearing, and good service in the execution.
- IFPIM analyses the best execution policy of the Brokers for orders applicable to IFPIM's clients and regularly checks if the Broker has taken all reasonable measures to select execution venues that respect high standard of transparency in the execution and will deliver the best possible result for IFPIM's Clients

d. By way of example, a non-exhaustive list of execution venues can be found below

The execution venues for orders in Equities or similar instruments (non-exhaustive list and subject to possible modifications) are:

- Bourse de Luxembourg, Luxembourg (XLUX)
- Euronext Paris, France (XPAR)
- Euronext Amsterdam, Netherlands (XAMS)
- Copenhagen-Nasdaq-OMX, Denmark (XCSE)
- Stockholm-Nasdaq-OMX, Sweden (FNSE)
- Oslo StockExchange, Norway (XOSL)

- Börse Frankfurt-Xetra, Germany (XETR)
- Milano-Borsa italiana, Italy, (XMIL)
- London-London Stock Exchange, United Kingdom (XLON)
- Nasdaq, United States(XNAS)

When not executed over the counter, the execution venues for orders in bonds or similar instrument is usually:

- Deutsche Börse AG, Börse Frankfurt, Germany

e. Broker selection

Selection process of the brokers and of the execution venues they use is undertaken with reference to the following criteria:

- Reputation and reliability
- Good access to the market considered
- Overall costs that are related to the quality of the execution
- Good system for execution
- Good settlement and capacity to react in case of error
- Supervised by local authority

f. Non-exhaustive list of brokers, subject to possible modification :

All securities order for discretionary or advisory mandates orders are placed with the concerned accounts' depository banks, which are either i) Banque du Luxembourg, or ii) Banque du Luxembourg Belgium Branch, or iii) Swissquote;

Other brokers are:

For Equities, funds or similar products:

- Jefferies, London
- Carnegie, Stockholm
- Cowen, London
- Baader Bank, Germany
- BCEE, Luxembourg
- Banque du Luxembourg, Luxembourg
- Swissquote

For Bonds or similar products:

- BCEE, Luxembourg
- Banque du Luxembourg, Luxembourg
- I.F.P. Intermoney Financial Products S.A., Switzerland

8. Client Order Handling

a. General provision

- IFPIM promptly and accurately allocates orders placed on behalf of clients.
- IFPIM places comparable client orders sequentially and promptly unless the characteristics of the order or prevailing market conditions make this impracticable or the interests of the clients require otherwise.
- IFPIM conveys client orders to various recognized counterparties on a "first come, first served" basis. If possible, IFPIM aspires to keep the time for the handling of orders to a minimum. After checking orders for consistency and consequently applying the four-eye principle, they are immediately placed at a selected counterparty. IFPIM monitors this to the extent of the instruments at its disposal.
- IFPIM will inform clients of any material difficulty relevant to the proper carrying out of orders promptly upon becoming aware of the difficulty.

b. Allocation and aggregation of orders

IFPIM will only place a client order in aggregation with another client order when it is unlikely that the aggregation of orders and transactions will work to the disadvantage of any client whose order is aggregated.

Aggregated orders have significant benefits for the client, the main benefit being the lower cost. IFPIM will only aggregate client orders if they are initiated with the same set of execution instructions, if they are initiated on the same day and if they will follow the exact same order chain.

If an aggregated order is partially executed, the order will be settled for the different clients on a pro rata basis, according to the contribution made to the aggregated order. The order management system of IFPIM only permits pro rata allocation whenever an aggregated order is partially executed.

9. Review and Monitoring

a. Best execution monitoring

Periodical ex-post monitoring on the application of the principles is performed with a view to identifying and, where appropriate, correcting any deficiencies:

- Based on a monthly sampling of orders, and reports on best execution received from Brokers or depositary banks when applicable, IFPIM assesses on a quarterly basis the best execution performance.
- As part of its due diligence process, IFPIM requires Brokers to confirm that they comply satisfactorily with our best execution criteria.
- A review process of the Brokers is triggered, at any time, by any major changes in the Brokers' offer and, in particular, in case of:
 - (i) material change in the fee schedule applied,
 - (ii) significant degradation of the execution system (for example in case of a restriction of the perimeter of the instruments traded),
 - (iii) withdrawal of access to a market, or
 - (iv) restructuring likely to entail significant operational risks.

b. Policy Review

The principles of this Policy are incorporated in the organization, processes and systems of IFPIM.

IFPIM reviews the Best Execution and Client Order Handling Policy, at least, on a yearly basis and updates it whenever necessary.

Updates may occur in case of (non-exhaustive list):

- changes in legislation;
- changes in business activities of IFPIM or services provided by IFPIM;
- organizational changes within IFPIM;
- new internal rules, procedures or policies within IFPIM

10. Publication and communication

The Policy and any significant amendment thereof are made available on IFPIM website: <https://www.ifpim.lu/>.

If a client requires more information on this Policy or any other aspect of best execution, the client may contact IFPIM.