



EDMOND  
DE ROTHSCHILD

# BEST EXECUTION POLICY

EDMOND DE ROTHSCHILD ASSET  
MANAGEMENT (LUXEMBOURG)

28 FEBRUARY 2023



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Owner	Chief Investment Officer, Chief Risk & Oversight Officer and Chief Compliance Officer

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# 1. INTRODUCTION

Pursuant to:

- The CSSF Regulation 10-04;
- The CSSF Circular 18/698;
- The EU Directive 2011/61, also known as the Alternative Investment Fund Managers Directive (“AIFMD”);
- The EU Commission Delegated Regulation 231/2013 of 19 December 2012 supplementing the AIFMD;
- The Luxembourg Law dated 12 July 2013 transposing the AIFMD;
- The EU Directive 2014/65 of 15 May 2014 (“MIFID II”);

Edmond de Rothschild Asset Management Luxembourg (“EdRAML”) has established a Policy regarding the handling and the execution of the orders on the funds’ portfolios and the monitoring of the best execution of the orders (herein the “orders”) in the funds’ portfolios. The purpose of this Policy is to offer the best possible results to these funds (herein the “Clients” or the “Funds”).

This Policy shall be read in conjunction with the Best Execution policy established by Edmond de Rothschild Group.

## 2. BEST EXECUTION FACTORS AND CRITERIA

MIFID II requires investment firms in all Member States to take all sufficient steps to obtain, when executing orders, the best possible result for their clients taking into account the following factors (“best execution factors”):

- Price;
- Costs;
- Speed;
- Likelihood of execution and settlement;
- Size;
- Nature; and
- Any other consideration relevant for the executions of the orders.

The relative importance of the above best execution factors shall be determined by reference to the following criteria:

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

EdRAML uses the thresholds’ values set by EdR Group. The thresholds are periodically reviewed and timely communicated to EdRAML by EdR France.

Furthermore, depending on the asset class of the transaction, the relevance of the best execution factors changes as described in EdR Group policy (Annex 1).

### 3. SCOPE

Depending on the business model, EdRAML may retain the charge of managing the Fund's portfolio and not delegate the portfolio management function to a third-party entity. Or, for the Funds for which EdRAML is the appointed Management Company/Alternative Investment Fund Manager, it may delegate the management of the Fund's portfolio to a third-party Portfolio Manager who will determine how orders will be placed or executed.

When executing transactions on the Funds' portfolio, EdRAML shall act in the best interests of the Funds and their investors. When EdRAML buys or sells financial instruments or other assets for which best execution is relevant, EdRAML endeavors to obtain the best possible result taking into account the above best execution factors.

When delegating the management of the Fund's portfolio to a third-party Portfolio Manager and in order to comply with the best execution obligations, EdRAML shall ensure via its Due Diligence & Oversight on Investment Managers team that the Portfolio Managers apply the above factors in seeking best execution.

### 4. BROKER SELECTION

EdRAML, being a subsidiary of EdRE, has chosen EdRE as its main broker for each class of instruments when performing the Portfolio Management Function and when delegating the Portfolio Management Function to third party clients wishing to use EdR Dealing rooms. EdRE is subject to the MiFID II obligations of best execution towards its retail and professional clients and eligible counterparties.

EdR Group delegated entities (Liquid strategies: EdRAM-Fr, EdRS) have chosen EdR-Fr as its main broker for each class of instruments and EdR-Fr is subject to the MiFID II obligations of best execution towards its retail and professional clients and eligible counterparties.

The selection and approval of brokers is carried out in accordance with EdRAML's internal framework as described in the oversight procedure.

### 5. RETAINMENT OF THE PORTFOLIO MANAGEMENT FUNCTION BY ED RAML<sup>1</sup>

When EdRAML retains the charge of managing the Fund's portfolio and does not delegate the portfolio management function to a third-party entity, it is EdRAML policy to:

- handle the orders in accordance with the chronological order of arrival and in order to avoid unnecessary delays during the execution process, unless the characteristics of

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<sup>1</sup> Includes the type of the delegation - GROUP - TIERS- ED RAML

the orders or the prevailing market conditions make this impracticable, or the interests of the Funds or of the investors in the Funds require otherwise;

- record and allocate orders executed on behalf of the Funds promptly and accurately in SimCorp Dimension;
- deliver the financial instruments, sums of money or other assets received in settlement of the executed orders promptly and to register them in the accounts of the Funds correctly;
- protect the information relating to the pending Funds' orders and to take all reasonable steps to prevent the misuse of such information;

in accordance with the factors and criteria set out under sections 2 and 4 of the present Policy.

EdRAML may not aggregate a Fund order with one or more orders of other Funds or clients or for EdRAML's own account, unless the following conditions are met:

a) it must be unlikely that the aggregation of orders will work overall to the disadvantage of any Funds or clients whose order is to be aggregated;

b) the allocation of aggregated orders, including how the volume and price of orders determines allocations and the treatment of partial executions, is executed according to EdRAML's internal framework in order to guarantee the fairness of such allocation;

c) where EdRAML aggregates an order of a Fund or another client with a transaction for its own account and the aggregated order is partially executed, EdRAML shall allocate the related trades to the Fund or other client in priority over those for its own account, unless a proportional allocation of the transaction for its own account is based on the duly justified need for aggregation and such allocation is carried out in accordance with the conditions set forth in EdRAML's internal framework.

## 5.1 CONTROL OF THE EXECUTION OF ORDERS BY THE PORTFOLIO MANAGEMENT FUNCTION OF ED RAML

For the purposes of the control of the execution of orders, the Portfolio Management function of EdRAML shall monitor the respect of the best execution principles in compliance with the principles set forth in the present Policy. Such monitoring may be performed through direct testings performed by EdRAML or may fully or partially leverage on controls performed by the Internal Control function of the EdR Group entity in charge of the placement of orders.

## 5.2 ADDITIONAL CONTROLS

The second and third lines of defence of EdRAML shall conduct controls on best execution in the framework of their respective compliance monitoring and audit plans, in order to verify that EdRAML has appropriate policies and procedures and that these are appropriately implemented.

# 6. DELEGATION OF THE PORTFOLIO MANAGEMENT FUNCTION

When EdRAML does not execute orders itself and delegates this function to the Portfolio Manager of the Fund it shall make sure that the Portfolio Manager:

- establishes, implements and applies procedures and arrangements which provide for the prompt, fair and expeditious execution of portfolio transactions on behalf of the Fund;
- ensures that orders executed on behalf of the Fund are promptly and accurately recorded and allocated;
- executes otherwise comparable Funds orders sequentially and promptly unless the characteristics of the order or prevailing market conditions make this impracticable, or the interests of the Fund require otherwise;
- ensures that financial instruments or sums of money, received in settlement of the executed orders are promptly and correctly delivered to the account of the appropriate Fund;
- does not misuse information relating to pending Fund orders, and takes all reasonable steps to prevent the misuse of such information by any of its relevant persons.

It is reminded that it may not be allowed to carry out orders in aggregate form, unless the conditions set out under section 5 of the present Policy are met.

## 7. OVERSIGHT OF THE PORTFOLIO MANAGEMENT FUNCTION

When EdRAML is appointed as Management Company/Alternative Investment Fund Manager of the Fund and has delegated the management of the Fund's portfolio to a third-party Portfolio Manager, EdRAML's role consists in supervising the Portfolio Manager and the way it fulfils its mission. In fact, as part of its due diligence duties, EdRAML needs to ensure that the Portfolio Manager has the professional qualifications and capabilities required and shall determine so by assessing the best execution process of the delegated Portfolio Manager.

In this regard, EdRAML policy is:

- to delegate the Portfolio Management function only to third-party Portfolio Managers that are supervised by a public authority in their home country;
- to ensure that the cooperation between the *Commission de Surveillance du Secteur Financier* ("CSSF") and the supervisory authority of a third country is established, where the mandate concerning the portfolio management has been given to a third-country Portfolio Manager. The CSSF determines which supervisory authorities fulfil this condition;
- to control that the delegated Portfolio Manager has an up-to-date Best Execution Policy in place or deal exclusively with brokers that provide the best execution to their own clients;
- to control that the criteria set out in the Portfolio Manager's policy ensures that the best interests of the investors are protected and that it complies with the relevant regulations.

EdRAML shall ensure in its due diligence process that the Portfolio Manager complies with the above-mentioned criteria. The monitoring of the delegates is further explained in the Best Execution Oversight procedure (Annex 2).

Furthermore, EdRAML may be assisted or may leverage on controls performed by the Internal Control function of the EdR Group entity in charge of the portfolio management and/or the placement of orders.

The results of such controls are discussed in the *Comité de Supervision de la Gestion Déléguée* and shall be approved by the Compliance and Internal Control Committee. Finally, the results will be presented in the Management Information.

EdRAML does not delegate the monitoring of the best execution principles and remains ultimately responsible of the proper execution of these principles.

## 8. ADDITIONAL CONTROLS

The second line of defence of EdRAML shall review the best execution policy of the delegated Portfolio Manager or any other information describing this policy against the applicable EdRAML standards and in light of EdRAML's obligations, as further specified in the above-mentioned operating mode.

Moreover, the second and third lines of defence of EdRAML shall conduct controls on best execution in the framework of their respective compliance monitoring and audit plans, in order to verify that EdRAML has appropriate policies and procedures and that these are appropriately implemented.

## 9. INFORMATION AND COMMUNICATION

Any person, who can justify a genuine interest in the Funds, may obtain a summary of this Policy free of charge by sending a request to EdRAML Compliance department

## 10. REVIEW AND MAINTENANCE OF THIS POLICY

EdRAML shall monitor on a regular basis the effectiveness of its arrangements for the execution of orders in order to identify and, where appropriate, correct any deficiencies.

EdRAML shall update the Policy with the latest legal recommendations and review the Policy on an annual basis. Where no update is required, the Policy will be applied consistently over time.

## 11. POLICY APPROVAL

This Policy has been approved by the Board of Directors on 7.03.2023.



## 12. ANNEXES .

Annex 1 - Politique d'exécution des ordres et de sélection des intermédiaires financiers

Annex 2 - Best Execution Oversight procedure