

# **BEST EXECUTION POLICY**

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## 1. Introduction

Carthesio SA (hereafter CTH, we, our and us) it's a Swiss company regulated by the Swiss Financial Market Supervisory Authority ("FINMA") as Collective Asset Manager. CTH withstands under the law of Switzerland.

This document (hereafter the "Policy") meets the regulatory needs of the European counterparties with whom CTH has relations. As a Swiss company, CTH is not obliged to meet the regulatory requirements imposed by the European Union Markets in Financial Instruments Directive 2014/65/EU ("MIFID II").

The Policy sets out the Execution Policy for the European<sup>1</sup> operations of the Management of CTH and our approach to providing Best Execution as required by MIFID II and the rules of our regulator (v. art. 18 "Best execution for Individual Asset Manager" – LSerFi).

The information below sets out general information with respect to our approach to Best Execution under MIFID II and how we assess whether a transaction is in scope.

Please note that by conducting business with us following receipt of this document, the counterparty will be deemed to have consented to the Policy.

## 2. Definition

Best Execution is the requirement to take all reasonable steps to obtain the best possible result for our counterparties on a consistent basis, taking into account:

- Price
- Cost
- Speed
- Likelihood of execution and settlement
- Size
- Nature or any other execution consideration.

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<sup>1</sup> Operations located in the European Economic Area (EEA)

### 3. Scope

The Policy applies only to counterparties classified as Retail or Professional Counterparties, and to certain types of transactions in “financial instruments”. Financial instruments is a defined term under MIFID II and includes, but is not limited to, shares, bonds, ETFs, derivatives (excluding certain categories of commodity derivatives) and units in collective investment schemes. It does not include, for example, FX spot, deposits, and physical commodities.

The regulatory obligation to obtain the best possible result applies whenever we execute an order on behalf of a counterparty or receive an order from a counterparty for transmission to a third party for execution.

We owe a duty of Best Execution when we execute transactions on behalf of the counterparty. CTH will be executing transactions on behalf of the client where the counterparty legitimately relies on us to protect its interests in relation to the pricing and other elements of the transaction (such as speed and/or likelihood of execution) that may be affected by the choices we make. This may occur either where we execute a transaction directly or where we place a transaction with (or transmit it to) brokers or other third parties.

Specifically for individual asset management, in addition to the price for the financial instrument and the elements defined above, the costs associated with the execution of the mandate as well as the remuneration of third parties pursuant to art. 26 para. 3 (LSerFi) are also taken into account.

### 4. How we provide Best Execution

In order to obtain the best possible result for our counterparties, we select and monitor brokers with which we want to execute trades.

At least once a year, the Investment Fund Committee reviews and verifies the credit profiles and the offered services of each brokers in order to establish a selection of brokers.

Risk Manager, with the support of the Compliance Officer, is responsible to draw up a broker list in accordance with the decision of the Investment Committee.

Taking into account price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the orders, the Portfolio Manager decides which broker contact without initial preference of any brokers.

For any executed order related to OTC markets, the Portfolio Manager makes an enquiry to different brokers and keeps records of quotes enquired (through Bloomberg functions or asking a written quote).

Risk Manager is responsible to check all enquires are duly stored.  
The archive must be made available on request of the counterparty.

If the Portfolio Manager executing an order performs an enquiry to less than three brokers, he must explain the reason why he does it using the appropriate function on Guardian (Asset Manager Suite).

## 5. Monitoring and review

We will monitor the effectiveness of the policy and its implementation in order to identify and correct any deficiencies.

We will undertake a review of the Policy at least annually and will notify the counterparties of any material changes

In line with our commitment to ensuring the effectiveness of our Best Execution Policy, Carthesio performs a quarterly review of best execution, in accordance with applicable regulations requiring intermediaries to periodically monitor the effectiveness of their order execution and transmission strategies, in order to achieve the best possible result for clients.

This quarterly control and review aims to verify that the counterparties used (e.g., brokers, markets) comply with execution quality criteria such as price, costs, speed, and likelihood of execution. In this context, instances of inefficiency identified in both discretionary mandates and investment funds are analysed.

Furthermore, with regard to the fund business, a sample-based review of transactions executed during the quarter is conducted.

For each bond selected, justification is required through either BLOT, ALLQ, or documented evidence of Best Execution provided by the broker.

Additionally, broker activity is assessed, including any cases involving derivatives and the fulfilment of EMIR obligations where applicable.

## 6. Ratification

This policy should be reviewed and validated by the General Management

## **Operational steps - Fixed Income:**

1. for each potential trade, launch a price request to the counterparties via the Bloomberg ALLQ function.
2. the trade can be confirmed directly on ALLQ, or left to a counterparty respecting the best execution principles.
3. regardless of how the trade is executed, the counterparty must send the VCON to Carthesio for allocation