

POLICY FOR THE EXECUTION OF ORDERS AND SELECTION OF MARKET INTERMEDIARIES

Date of
update: December 2022

Background:

In accordance with the Markets in Financial Instruments Directive (MiFID 2006/73/EC), the La Française Group's companies have determined and adopted an order execution policy.

In this context, and in accordance with the Autorité des Marchés Financiers' General Regulations, these companies take every reasonable measure to achieve the best possible result on the execution of orders placed for the UCITSs, AIFs and mandates that they manage.

Reference texts:

- Recital 70 of implementing directive 2006/73/EC
- French Monetary and Financial Code: Articles L 533-18, L 533-19, L 533-20 and L 533-22-2-2
- AMF GR: Articles 321-110 to 321-115
- AMF Position-Recommendation No. 2014-07 modified on 27 July 2020 : best execution guide

Scope

This execution policy applies to all of the UCITSs, AIFs and management mandates managed by group companies and the financial instruments covered by MiFID.

Except in cases where they trade OTC, the companies do not directly execute the orders resulting from their investment decisions on the market. These are entrusted to a third party for execution. The obligation resulting from this situation is therefore the "best selection" of intermediaries in order to achieve the best possible result.

Execution criteria

The La Française Group's management companies take every reasonable measure to achieve the best possible result when orders are executed, in investors' interests. Depending on the size and nature of the order, the factors taken into account include the price, liquidity, execution speed, likelihood of execution, settlement and research.

Execution venues

As the group's management companies are not market members, they do not execute their orders on the financial markets themselves. The orders are transmitted and placed with third parties for execution, namely approved brokers, intermediaries and counterparties, or with an electronic trading facility.

Selecting of market operators

The market operator selection procedure has two stages: authorisation and monitoring.

Authorisation: whenever a new relationship is started, a new FI request form is completed stating the type of financial instrument that will be traded, the type of account for which the orders will be executed (UCITS, AIF or mandate), the order execution venues and the brokerage fees negotiated.

The authorisation must be validated by the management, product legal, risk monitoring and internal control teams. The necessary agreements must be put in place.

In accordance with the regulations, as the group's management companies are considered to be professional clients, financial intermediaries must provide it with a best execution service.

Monitoring: a "financial intermediary" committee is tasked with assessing and selecting approved intermediaries and counterparties. This committee meets annually, but may meet at any time if necessary. It is chaired by the structure's Managing Director and its members include the Management, Internal Control, Legal Department and Operations Department managers.

At meetings of this committee, the various market operators previously approved are reviewed, by considering a number of criteria with a view to their approval. These include execution quality and price, the best execution policy, the quality of the research, the quality of post-execution processing, the volumes handled and financial soundness, especially for counterparties. These committee meetings are formally recorded in minutes.

Exceptional cases of market incidents :

In the event of significant market incidents, in order to preserve unit-holders interests, an exceptional agreement from the General Management may allow an exception to this procedure.

Controls and monitoring of the policy:

Proof of best execution: in accordance with the regulations, the group's management companies retain proof of the execution policy's application for all of their orders and are able to provide this on request.

Controls: the internal control and compliance teams carry out controls on the execution of orders in accordance with control plans. These controls are performed through sampling.

Monitoring of the policy: the execution policy may be reviewed at any time in order to make the changes necessary to maintain the achieving of the best possible result for clients. The order execution policy is reviewed in financial intermediary committee meetings. This review is conducted at least once a year.