



# WEALTH FUND SERVICES

## Best execution Policy

### Execution of orders for the account of UCITS and AIFs under management (best execution policy)

#### Duty to act in the best interest of UCITS, AIFs and their unit-holders

1. The company ensures that unit-holders of managed UCITS and AIFs are treated fairly and shall refrain from placing the interests of any group of unitholders above the interests of any other group of unit-holders.
2. The company will apply appropriate policies and procedures for preventing malpractices (market timing και late trading) that might reasonably be expected to affect the stability and integrity of the market.

The company shall ensure that fair, correct and transparent pricing models and valuation systems are used for the UCITS and AIFs they manage, in order to comply with the duty to act in the best interests of the unit-holders. Also, the company must be able to demonstrate, upon request from anyone enforcing his rights and in particular the Commission, the competent authorities of another Member State if applicable, the UCITS or its unit-holders, that the UCITS portfolios have been accurately valued and in a way to prevent undue costs to the UCITS and its unit-holders.

#### Due Diligence requirements

The Company shall ensure a high level of diligence in the selection and ongoing monitoring of investments, in the best interests of UCITS and the normal functioning and integrity of the market and shall have adequate knowledge and understanding of the assets in which the UCITS are invested.

The Company shall implement effective arrangements for ensuring that investment decisions on behalf of the UCITS are carried out in compliance with the objectives, investment strategy and risk limits of the UCITS.

The Company when implementing their risk management policy, and where it is appropriate after taking into account the nature of a foreseen investment, shall formulate forecasts and perform analyses concerning the investment's contribution to the UCITS portfolio composition, liquidity and risk and reward profile before carrying out the investment. The analyses must only be carried out on the basis of reliable and up-to-date information, both in quantitative and qualitative terms.

### **Rules for the execution of orders (Incorporating Paragraph 22 of Directive 78-2012-03)**

1. The Company will establish, implement and maintain arrangements and procedures to ensure, when it or its delegates take action to conclude agreements to buy or sell financial instruments on behalf of the managed UCITS, the timely, fair and expeditious execution of transactions on behalf of such UCITS. The rules and procedures of the preceding sentence, shall meet the following requirements:

a. ensure that orders executed on behalf of the UCITS or investment compartment are recorded and shared immediately and accurately, in separate accounts for each UCITS or each investment compartment thereof.

b. The execution of otherwise comparable orders on behalf of UCITS are executed in the chronological order in which they are received and promptly, unless the characteristics of the order or the prevailing market conditions, do not allow it, or if the interests of the UCITS require different handling.

2. Financial instruments or monies received in the settlement of an order that was executed, are delivered promptly and duly for registration and recording in the books of the fund or deposit to the account of the respective UCITS or its investment compartment.

3. Ensure that information concerning outstanding orders are not improperly use.

### **Counterparty Risk and issuer concentration**

1. The Risk Manager must ensure that counterparty risk from investments in over-the-counter (OTC) derivatives is subject to the limits set out in Article 42 of the law. The issuer concentration limits are calculated using the commitment approach. Counterparty risk is included in the calculation of issuer's concentration as per Article 42 (1,2,3) of the law

2. In calculating exposure to counterparty risk the positive mark-to-market value of the OTC derivative contract shall be used. Netting of OTC derivatives with the same counterparty is allowed provided that it is able to legally enforce netting arrangements.

3. The Company may reduce the counterpart exposure through the receipt of collateral. Such collateral must be liquid enough so that it can be sold quickly at a price that is close to its pre-sale value.

4. The Risk Manager must take into account collateral given to counterparty in calculating counterparty exposure. This can be netted as long as the Company is able to legally enforce netting arrangements with the counterparty.

### **Permitted investment limits (as per the article 42 of the Law)**

(1) (a). A UCITS shall invest no more than 10% of its assets in transferable securities or money market instruments issued by the same body. The total value of the transferable securities and the money market instruments held by the UCITS in the issuing bodies in each of which it invests more than 5 % of its assets shall not exceed 40 % of the value of its assets. That

limitation shall not apply to deposits or OTC derivative transactions made with financial institutions subject to prudential supervision.

(1) (b). The limit of 10% referred to above in paragraph (a) may be raised:

- i. To a maximum of 35 % if the transferable securities or money market instruments are issued or guaranteed by a member state, by its local authorities, by a third country or by a public international body to which one or more Member States belong.
- ii. To a maximum of 25 % where bonds are issued by a credit institution which is established in a member state and is subject by law to special public supervision designed to protect bondholders.

The sums deriving from the issue of those bonds shall be invested in accordance with the law in assets which, during the whole period of validity of the bonds, are capable of covering claims attaching to the bonds and which, in the event of failure of the issuer, would be used on a priority basis for the reimbursement of the principal and payment of the accrued interest. Where a UCITS invests more than 5 % of its assets in the bonds referred to in the present subparagraph which are issued by a single issuer, the total value of these investments shall not exceed 80 % of the value of the assets of the UCITS. The Commission shall send to the European Commission and ESMA a list of the categories of bonds referred to above together with the categories of issuers authorised, to issue bonds complying with the criteria set out above. A notice specifying the status of the guarantees offered according to the above shall be attached to those lists.

(1) (c). The transferable securities and money market instruments referred to in the cases described in paragraph (b) of the present subsection shall not be taken into account for the purpose of applying the limit of 40 % referred to in paragraph (a) of the present subsection.

(2) A UCITS shall invest no more than 20 % of its assets in deposits made with the same body.

(3) Notwithstanding the limits laid down in subsections (1) and (2), a UCITS shall not combine, where this would lead to investment of more than 20 % of its assets in a single body, any of the following:

- (a) Investments in transferable securities or money market instruments issued by that body;
- (b) Deposits made with that body; or
- (c) Exposures arising from OTC derivative transactions undertaken with that body.

(4) The risk exposure to a counterparty of the UCITS in an OTC derivative transaction shall not exceed either:

- (d) 10 % of its assets when the counterparty is a credit institution referred to in paragraph (f) of subsection (1) of section 40; or
- (e) 5 % of its assets, in other cases.

(5) The limits provided for in subsections (1) to (4) shall not be combined, and thus investments in transferable securities or money market instruments issued by the same body or in deposits or derivative instruments made with this body carried out in accordance with these subsections shall not exceed in total 35 % of the assets of the UCITS.

(6) Companies which are included in the same group for the purposes of consolidated accounts, as defined in Directive 83/349/EEC for the consolidated accounts or in accordance

with recognized international accounting rules, shall be regarded as a single body for the purpose of calculating the limits contained in this section.

(7) The cumulative investment in transferable securities and money market instruments within the same group for the purposes of consolidated accounts, as defined in Directive 83/349/EEC for the consolidated accounts or in accordance with recognized international accounting rules, is permitted up to a limit of 20 %.

(8) The Commission may define by Directive the technical issues and details for implementing the present section.

### **Executing orders of participation/redemption**

The company must inform the investor at the earliest possible the execution of a participation or redemption order and at the latest one working day after the execution, unless informed directly by a third party. In the case of periodically executed orders these shall be informed to the investor either at the earliest after execution or in a summarized form per half year.

If requested, the company must inform the investor of the progress of an order.

The confirmation of the order must include at least the following info:

- (a) the management company identification;
- (a) the name or other designation of the unit-holder;
- (b) the date and time of receipt of the order and method of payment;
- (c) the date of execution;
- (d) the UCITS identification
- (e) the nature of the order (subscription or redemption);
- (f) the number of units involved;
- (g) the unit value at which the units were subscribed or redeemed;
- (h) the reference value date;
- (i) the gross value of the order including taxes, fees or other charges for subscriptions or net amount of the order after taxes, fees or other charges for redemptions;
- (j) a total sum of the commissions and expenses charged and, where the investor so requests, an itemised breakdown.

### **Execution of orders from the Company – Execution policy**

#### **Best Execution**

The company, when executing decisions to deal on behalf of the managed UCITS in the context of the management of their portfolios shall act in the best interests of the UCITS and its unit-holders.

The GM shall ensure each time that the Company takes into account the following criteria, when carrying out Clients' orders, or is acting on behalf of Clients:

- a. the objectives, investment policy and risks specific to the UCITS, as indicated in the
- b. prospectus or as the case may be in the fund rules or articles of association of the UCITS
- c. the characteristics of the Client order
- d. the characteristics of financial instruments that are the subject of the order
- e. the characteristics of the execution venues to which the order can be directed

The Company shall take all reasonable steps to obtain the best possible result for a Client taking into account the price, speed of execution, possibility of failure of full execution,

liquidity, commissions, total cost, volume and nature of order, average volume of orders, negotiating power, and power to improve the price and access and settlement capabilities. Nevertheless, whenever there is a specific instruction from the Client the Company shall execute the order following the specific instruction.

For the purposes of delivering best execution where there is more than one competing venue to carry out an order for a financial instrument, in order to assess and compare the results for the Client that would be achieved by executing the order on each of the execution venues listed in the Company's order execution policy that is capable of executing that order, the Company's own commissions and costs for executing the order on each of the eligible execution venues shall be taken into account in that assessment.

The Head of the Risk management and compliance, reviews at least annually the efficiency of the order execution policy especially in regard to selection, monitoring and evaluation of the execution venues and identifies and remedies any weaknesses. A review shall also be carried out whenever a material change occurs that affects the management company's ability to continue to obtain the best possible result for the managed UCITS. The company updates investors on the order execution policy and of any major changes to it.

The Company shall always be able to demonstrate, to anyone that exercises his legal right and in particular to the Commission or, if applicable, to the competent authorities of another Member State or the UCITS and its unit-holders, that they have executed orders on behalf of the UCITS in accordance with the adopted and implemented execution policy.

Finally, as a safeguard for best execution, the Company shall not structure or charge their commissions in such a way as to discriminate unfairly between execution venues.

### **Grouping of orders**

Grouping of orders on behalf of different funds is allowed as long the following conditions are met:

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

b. an order allocation policy must be established implemented and maintained, providing in sufficiently precise terms for the fair allocation of aggregated orders, including how the volume and price of orders determines allocations and the treatment of partial executions.

Where the Company aggregates a UCITS order with one or more orders of other UCITS or clients and the aggregated order is partially executed, it allocates the related trades in accordance with its order allocation policy. If the aggregated transactions include transactions for own account the related trades shall not be allocated in a way that is detrimental to the UCITS or another client. Where a management company aggregates an order of a UCITS or another client with a transaction for own account and the aggregated order is partially executed, it allocates the related trades to the UCITS or other client in priority over those for own account. However, if the management company is able to demonstrate that it would not have been able to carry out the order on such advantageous terms without aggregation, or at all, it may allocate the transaction for own account proportionally.

### **Counterparties**

The choice of market intermediaries is based on a cost-expected benefit analysis, whose main pillars the expected execution quality and the cost of the relevant interconnection. It is stressed that the purchase or sale price of a financial instrument plays an important role on the choice of the execution counterparty. Nevertheless, the Company takes also additional

criteria into consideration, which do also contribute to the attainment of the best possible result when executing an order. Thus, the Company, in order to presume the expected execution quality, carefully examines the order execution policy of the possible counterparty plus a series of facts, which are indicatively:

- i. The access of the counterparty to execution venues, own or not (regulated markets like stock exchanges, multilateral trading facilities or non-regulated markets, e.g. systematic internalisers).
- ii. The counterparty's commission policy.
- iii. The counterparty's experience in the financial sector.
- iv. The counterparty's impartiality, honesty and professionalism.
- v. The communication efficiency as to the reception and confirmation of orders given by the Company.
- vi. The counterparty's ability to execute orders, which relate to transactions that cannot be executed immediately due to high volume.
- vii. The counterparty's ability to take into consideration, when executing the order, special instructions addressed by the Company or the special needs of the UCITS or AIF under management.
- viii. The efficiency of the counterparty's back office systems.
- ix. The counterparty's accessibility to settlement and clearance mechanisms.
- x. The counterparty's transactions limit in a regulated market or a multilateral trading facility.
- xi. The efficiency, speediness and clearance risk associated with the clearance office or the central counterparty used by the Company's counterparty.
- xii. Any prior cooperation between the Company and the counterparty.
- xiii. Any particular characteristics associated with certain markets (e.g. market liquidity) and/or financial instruments (e.g. nature of securities at question, like bonds or fixed income securities in general).

The Company concludes a written agreement with the counterparties chosen, which explicitly provides for the right of the Company to require all necessary documents evidencing best execution of its orders and informs the UCITS and AIFs under its management on the counterparties and the criteria for their choice.

### **Selection of broker counterparties**

The Company will act as a Management Company within the framework and scope of its authorisation. The Company is not applying and cannot apply for authorisation as to execution of orders. As a result the Company will have to recur to the services of brokers. The Company will apply due diligence upon their selection comprising scrutiny of authorisation, e.g. as MiFID investment firms, execution track record and repute. At the same time the Company is under no obligation to provide the UCITS and/or AIFs under its management with an investor base. In order to ensure the commercial viability of the UCITS and/or AIFs under its management the Company will enter into contacts and arrangement with reputable financial and/or financially sound institutions, which will act as promoters of the UCITS and/or AIFs under management by the Company. The promoters will thus undertake to provide the UCITS and/or AIFs under management by the Company with an investor base, in order to ensure their commercial viability. Due to the fact that the promoters will act as the "commercial driving force" behind the UCITS and/or AIFs under management by the Company, the Company acknowledges that reality and accepts that the promoters may propose or determine the broker counterparties. In this case the Company will, in addition to adherence to the Company's due diligence criteria, contractually transfer liability to the promoter for any

damage arising out of the execution of orders and make explicitly aware thereof prior to any investment in the UCITS and/or AIFs managed by the Company. In any case where this transfer of liability is not acknowledged or cannot be imposed, the Company will proactively include contractual clauses in its respective agreements with the promoter that the latter will pay to the Company any amounts paid as a result of liability issues arising out of the said broker selection.

The company evaluates its counterparties at least once a year. The evaluation does not rely on isolated transactions but takes a determined transactions' history into consideration. In case there are more than one possible counterparties regarding the financial instrument, to which the order under execution relates, the Company takes into consideration the criteria stated in page 94 above.

The Company may transmit orders for its own account by aggregating such order with orders relating to UCITS and/or AIFs under its management, only if following conditions are observed:

- i. The aggregation of orders and transactions is not likely to result to the detriment of the UCITS and/or AIFs, whose orders are to be aggregated.
- ii. The UCITS and/or AIFs, whose orders shall be aggregated, are informed that the aggregation may result to their detriment, in relation to a specific order.
- iii. The Company follows the existing aggregation and segregation of orders policy, which shall clearly determine:
  - a. The way, according to which a fair segregation of aggregated orders and transactions shall take place
  - b. The way, according to which the volume and the price of orders impact the segregation
  - c. The handling of orders that are executed partially.

When the Company aggregates an order for its own account with one or more orders for a UCITS and/or AIF under its management and the aggregated order is partially executed, then the Company segregates the relevant transactions always in favour of the UCITS and/or AIF under the Company's management. The Company may, in the case of the previous sentence, proceed to a proportionate segregation, if the Company can substantiate the following:

- i. That without the aggregation the order relating to the UCITS and/or AIFs under its management would not have been executed.
- ii. That the Company would not have such order executed in such favourable conditions.

It is stressed that the Company transmits orders for execution to its counterparties, following application of all required diligence. Nevertheless, the execution takes place on the grounds of the order execution policy applied by the Company's counterparty and is thus out of the scope of direct control by the Company, whereas the counterparty is financially and legally a separate entity.

### **Review of order execution policy**

The Company will review the order execution policy on a dual basis. The regular review process shall take place annually and will comprise the whole process as a whole, whereas extraordinary review processes shall be initiated whenever an investor complaint or a regulatory issue occurs.

The regular annual review shall involve the participation of the Head of the Retail and Institutional Client Relationship Management of the Company, the IRO of the Administrator

and the Head of the Compliance and Risk Management Department of the Company as well as of the Legal Advisor of the Company if issues involving imputation of liability have arisen. During the annual regular review process it will be undertaken to divide the executed orders into orders duly executed, orders for which investor complaints have been submitted and orders whose (non-)execution may be linked with regulatory issues, e.g. prohibited practices (late trading and market timing). If the Company concludes that issues linked to execution of orders are related to the investors' sphere (e.g. false description of order, late order) then the operational improvement shall be based on the empirical conclusions drawn from such issues. If the Company concludes that issues linked to the execution of orders are related with the Administrators' performance, then the Company will make use of its right to address immediate instructions to the delegate.

In case of an extraordinary review process, the Company will rely on the feed-back to be submitted by the Risk Manager, the Compliance Officer and the Legal Advisor.

#### **1. Updating investors on the order execution policy and of any major changes**

The Company will update investors on the order execution policy and of any major changes to it by means of:

- a. E-mail
- b. Registered mail
- c. Amendment of the UCITS and/or AIF Prospectus/documentation where required by legal and regulatory provisions

#### **2. Verification of execution of orders when requested by the UCITS and/or AIFs managed by the Company, their investors or competent authorities**

The verification procedure shall consist of following steps:

- a. The Management Company will handle subscription/redemption/transfer/conversion requests from the investors
- b. A spot-check will follow
- c. In the affirmative, approval shall be granted
- d. After having processed the order, contract notes shall be sent by the Administrator to the Company prior to sending the contract note to investors