



**ORDERS TRANSMISSION AND EXECUTION STRATEGY
OF EURIZON CAPITAL S.A.**

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1. INTRODUCTION

This Policy establishes the methodology set up in accordance with the UCITS Directive (Directive 2009/65/EC, as amended), the AIFM Directive (Directive 2011/61/EU) and the MiFID II Directive (Directive 2014/65/EU) and the related implementing measures at European and National level, as applicable to the respective products and services rendered by Eurizon Capital S.A. (hereinafter “Management Company”) to its clients, in order to achieve the best possible result when executing or transmitting orders on financial instruments.

The UCITS Directive and the corresponding implementing measures set out that a management company shall, at all times, by virtue of rules of conduct, act honestly and fairly in conducting its business activities in the best interests of the UCITS it manages and the integrity of the market. In addition to that duty, management companies need to ensure that all reasonable steps are taken to obtain the best possible result for the UCITS, taking into account price, costs, speed, likelihood of execution and settlement, order size and nature, or any other consideration relevant to the execution of the order, taking into account the objectives, investment policy and risks specific to the UCITS, the characteristics of the order, of the financial instruments and the execution venues to which that order can be directed.

Similar provisions are contained in the AIFMD and the corresponding implementing measures with regard to alternative investment funds. The Management Company currently does not provide RTO services under the AIFM license.

As of the date of this policy, the Management Company, in addition to managing its own funds, provides MiFID-scope discretionary management services only for professional clients. Therefore, as regards the above mentioned services, the policy addresses the obligations in respect of this category of clients.

2. EXECUTION FACTORS

In terms of executing or transmitting to Intermediaries the orders concerning financial instruments on behalf of the managed portfolios, the Management Company takes into account the following factors in order to obtain the best possible result:

- price
- overall costs
- speed and likelihood of execution and settlement
- size and nature of the order
- market impact and price dynamic based on the order size
- liquidity of the financial instruments
- other characteristics of the order that are relevant for its execution and/or transmission.

The overall evaluation involves both quantitative and qualitative judgments. Total consideration, defined as the price of the financial instrument, plus the costs related to execution including all expenses directly related to the execution of the order, such as broker fees, clearing and settlement fees and any other fees paid to third parties involved in process, may not be the primary factor considered in all cases. Market impact before and during execution may as well have an effect on the total cost of the transaction. Quality of brokerage services, execution capability, creditworthiness, financial stability, are all factors that may be given precedence in the selection of the Intermediary. Settlement and administrative operation may lead to higher costs for clients; therefore those elements

are taken into account in the choice of the operational model adopted for execution. As a result a transaction may not necessarily reflect the lowest price or fee rate systematically.

The Management Company attributes a relative importance to the above factors by referring to the following criteria:

- a) objectives, investment policy and risks specific to the managed UCITS / AIF / Account, as described in the Prospectus / Offering Memorandum / management agreement;
- b) characteristics of the order
- c) characteristics of the financial instruments that are the subject of the order and their liquidity;
- d) characteristics of the Execution Venues or Intermediaries where the order may be transmitted.

In all cases, the Intermediaries are selected among entities which have an execution policy consistent with the best execution principles within this document, and which are subject to the application of the best execution requirements set forth in the regulation referenced in Section 1, particularly MiFID II.

3. METHODS FOR TRANSMITTING AND EXECUTING ORDERS ACROSS ASSET CLASSES

In implementing the investment choices made on behalf of the managed UCITS / AIF / Accounts, the Management Company shall execute and transmit the orders by using Execution Venues or Intermediaries of high standing who satisfy confidentiality, reliability and financial solidity criteria and have the ability to ensure a proper execution of transactions while minimizing counterparty risk.

The methods adopted by the Management Company in order to reach these objectives are different depending on the management style of the UCITS / AIF / Managed Account, the type of financial instrument and their liquidity conditions.

When the Management Company relies on an Intermediary for execution, the latter is the market-facing entity which ultimately executes the transaction on the market and therefore the Management Company is owed best execution by the Intermediary. In that case, the Intermediary's execution policy and the ability to evidence best execution on request will be a basis for such reliance.

In exceptional circumstances, if it is in the best interest of the managed assets and the client, the orders can also be transmitted to Intermediaries or executed in Execution Venues that are not included in this Strategy or may also be executed outside of a trading venue. In these situations, the Management Company operates in order to minimize the risks deriving from operations in financial instruments and in currencies related to the possible non-fulfillment of market counterparties obligations. In this regard, the Management Company has identified the following main risk areas:

- a) counterparty risk (or risk of replacement / pre-settlement), related to the potential risk of replacement of the contract before maturity, due to the inability of the counterparty to fulfill, with potential losses in terms of price / exchange rate, which could be changed in the meantime; it represents the risk of loss due to the higher cost or loss of income that the solvent part bears, if the counterparty becomes insolvent before the agreed deadline.
- b) settlement risk (or risk of delivery), connected to the possibility that the counterparty, after the expiry of the contract, does not fulfill its obligation to deliver securities / currencies or payment of the amounts due, after the counter-performance has been arranged .

For each counterparty, in relation to the risks indicated above, the Management Company defines specific maximum exposure limits, assuming that the counterparties are unable to fulfill their

commitments on a regular basis. The Management Company shall make available to customers on request additional information on the consequences of execution outside a trading venue.

For equity, ETF, ETD, foreign exchange and fixed income financial instruments, taking into account the management style adopted, the Management Company chose an operational model that provides for the transmission and execution of orders through a main Intermediary, Intesa Sanpaolo Bank Luxembourg S.A. (hereinafter ISPBL), a company of the Intesa Sanpaolo Group.

ISPBL performs, for the above mentioned asset classes, the following services:

- Order management
 - Pre-trade analysis of each order (netting, average daily volume, target price strategy, etc.)
 - Execution of orders
 - Post-trade analysis (execution control, TCA, etc.)
- Support for problem management Middle Office, Back Office and Settlements
 - Analysis and resolution of "mismatch" between counterparties
 - Analysis and resolution of delivery problems (missing deliveries, claims, corporate action)
- Reporting
- Managing Relations with Market Counterparties
- Support for information requests

In consideration of the organisational structure, the above mentioned set-up is deemed by the Management Company to ensure on an ongoing basis the best possible result for the transmitted orders in terms of total consideration, due to a better price/cost ratio deriving from a higher traded volume and the achievement of results which are at least equal or better than those achievable by setting up an internal organization in order to trade with multiple Intermediaries / Execution Venues which would lead to higher administrative costs for the managed assets that may be bigger than potential occasional advantages in terms of price.

Orders on fixed income, equity and ETD are executed by ISPBL on a matched principal basis, which allows further transparency on costs. Matched principal trading means a transaction where three elements are simultaneously fulfilled:

- 1) the facilitator interposes between the buyer and seller to the transaction in such a way that it is never exposed to market risk throughout the execution of the transaction (no-risk exposition component),
- 2) both sides are executed simultaneously (timing component), and
- 3) the transaction is concluded at a price where the facilitator makes no profit or loss, other than a previously disclosed commission, fee or charge for the transaction (remuneration structure component). At this regard, the execution fees paid to ISPBL have been benchmarked with an alternative set-up.

The use of ISPBL allows the Management Company to have a "*high touch*" access to the professional and technological structures of the intermediary, to access a wide range of Execution Venues and to increase counterparty and settlement risk management efficiency. Among the elements considered in the evaluation is also the track record in offering ongoing assistance and information during execution in order to allow the Management Company to comply with the obligations imposed by applicable law.

The Management Company analysed the execution policy of ISPBL and has deemed it to be the most consistent with the order of importance attributed to the execution factors described in Section 2 of this Policy. Regarding best execution, with no prejudice to the monitoring process in place within the Management Company as further described in Section 4, reliance is made on ISPBL. The complete best execution policy of Intesa Sanpaolo Luxembourg S.A. is available at www.intesasanpaolobankluxembourg.lu.

This Policy could not apply, or could partially apply, in the event of serious disturbances of the financial markets, in the event of a breakdown of the concerned IT systems or in each situation where the capacity to execute the orders within the period allowed becomes the main factor.

The Management Company does not receive any remuneration or non-monetary benefit for channeling orders to a particular Intermediary, Counterparty or Execution Venue. The fees applied to orders placed on behalf of managed assets may differ depending on the class of assets as well as the geographical / capitalization area of the issuer.

The Management Company receives investment research from entities included in its list of authorized counterparties. The provision of research is not considered as a factor of best execution, is subject to a separate payment and is not related in any way to the selection of the Intermediary, Counterparty or Execution Venue according to this Policy.

3.1 LISTED EQUITY AND ETFS

Taking into account a management style characterized by the generation of a large number of linked orders arising from the signals of quantitative models or rebalancing aimed at reallocating the assets managed to the model portfolios or modifying their strategic approach, the Management Company favors obtaining a representative price on the trading day (e.g. the weighted average price or closing price or other) accompanied by a high probability of executing orders and minimizing their costs. For these orders, the Management Company believes that the best interest of the managed assets is achieved through an execution that does not aim at giving the highest priority to the price factor but considers to pursue a price that is fairly representative of the day of execution (or part of it), as indicated above. This mode of execution usually involves sending all orders generated at the same time to the same intermediary in order to minimize the cost and to be sure that all orders are executed.

In case of situations of lower liquidity (e.g. emerging or frontier markets or high volume orders), the Management Company believes that the best interest of managed assets is achieved by avoiding a negative impact on market prices, allowing a careful selection of the moment of execution and ensuring confidentiality on the origin of the order and a constant contact between the negotiator and the structures of the Management Company, retaining the possibility of revoking the order or of issuing further instructions to the intermediary broker.

3.2 FIXED INCOME AND MONEY MARKET FINANCIAL INSTRUMENTS

For fixed income and money market financial instruments, the Management Company believes that the best interest of the managed assets is achieved by giving priority to the likelihood of execution of the entire order within a reasonable time, taking into account size and nature of the order and liquidity of the instrument, together with total consideration (price and costs) and reliability of settlement.

Regarding lower liquidity issues (e.g. non-government bonds), the Management Company gives more importance to the management of market impact and the likelihood of execution in order to avoid the disclosure of trade terms to several counterparties and have an adverse effect on the relevant market, thus not ensuring the best result for the transaction.

3.3 FOREIGN EXCHANGE

For spot and forward foreign exchange transactions, the predominant factors are speed and likelihood of execution and settlement, taking into account total consideration and any other factor deemed relevant by the fund manager based on the specific nature of the transaction.

In particular, a secure settlement may be a key factor for this type of transaction. The execution on foreign exchange takes also into consideration factors such as previous execution performance in terms of speed and reliability, clearing and settlement capability, and creditworthiness.

3.4 LISTED DERIVATIVE INSTRUMENTS

The Management Company believes that the best interest of the managed UCITS is achieved by transmitting the orders using a method that allows obtaining the best overall cost, taking into account the capability of ensuring the best, and constant, execution quality, the presence of an administrative structure capable of providing fast and efficient contacts with the Management Company throughout all phases of the transaction through a constant and complete information flow and to adopt an operational management model of collateral related to this area of operations that would optimize the level of protection of managed assets.

3.5 UNLISTED DERIVATIVE INSTRUMENTS

Transactions with these types of instruments are characterized by the absence of standardisation and the associated higher counterparty risk. The Management Company deems to pursue the best interest of the managed portfolios by obtaining the derivative instrument, with the characteristics communicated by the manager, under the best possible terms while meeting the obligation of avoiding risks in the execution or settlement of the transaction.

To this end, the Management Company takes into account the capability to ensure, on the long term, the likelihood of execution and settlement while maintaining an administrative structure capable of managing fast and efficient contacts with the Management Company throughout all phases of the transaction, as well as a constant and complete information flow. Additionally, in order to guarantee the confidentiality of the characteristics of the unlisted custom derivative instrument, the Management Company can trade over-the-counter with a single counterpart only, assigning priority to the likelihood of execution and the confidentiality requirement.

3.6 UNLISTED UCITS

With regard to the subscriptions and redemptions in UCITS, the Management Company executes with the relevant management company or transmits to each management company orders for their execution through operating platforms, also through State Street Bank Luxembourg, in order to have access to a wider range of collective investment products compared to those to which the Management Company would have access through direct negotiations with single management companies, thus enabling a wider possibility of portfolio diversification. The use of a platform shall not involve higher costs and commissions, neither direct nor indirect, for the managed portfolios. The Management Company relies on the managed portfolios' custodian banks connections to route such orders.

4. MONITORING AND REVIEW

The Management Company regularly monitors the effectiveness of the measures and strategies applied to orders transmission and execution and in particular, the quality of the execution carried out

by the Intermediaries receiving the orders, while correcting, if necessary, any deficiencies; additionally, it reviews the adopted measures and strategies at least once a year or at any time when relevant circumstances affect the capacity of obtaining a better permanent result for the managed assets.

The Management Company considers that liquid regulated markets ensure efficiency in securities transactions. Therefore, with reference to the transactions executed on those markets, it does not require Portfolio Managers to file alternative quotes as in this context it is possible to retrace *ex post* the conditions of prices and quantities at the moment of the transactions through data supplied by the main financial information providers. In case of OTC instruments with specific characteristics, the Portfolio Manager checks the evaluation made through specialized systems (e.g. Murex) available in other units of the Asset Management Division of the Group and, if deemed necessary, in the best interest of the client and consistent with the structure of the transaction, obtains further RFQ's.

The Management Company set up a structured broker selection process. When a new counterparty is added to the authorized counterparties list, Credit Risk Management carries out an analysis based on the information obtained by the Investment Department (balance sheets, researches, reports on rating) and periodically reviews their creditworthiness. Counterparties are categorized on a two-tier ranking. The Risk Committee assesses counterparties before the proposal for their inclusion in the authorized list is submitted for approval to the Board of Directors.

Where the Management Company signed a negotiation and transmission agreement with an intermediary, the latter is required to commit to the MiFID best execution rules. The Investment Department of the Management Company monitor on an on-going basis the quality of service provided by the intermediaries and counterparties and conducts a formal review at least annually. The process involves feedbacks from the Management Company's Portfolio Managers with a focus on the quality of broker's execution and trade allocation, including factors such as:

- Execution: speed, pricing and size
- Professionalism, timing and coverage, information flows and trading ideas
- Primary market: information and execution quality
- Settlement process

When evaluating the performance of the main intermediary ISPBL, the broker review process includes also an evaluation of the consistency of trade allocation with the Management Company's counterparties' own ranking, obtaining justification for deviations.

The Compliance & AML Function of the Management Company conducts a periodic review of OTC transactions and, on a sample basis, of transactions executed on regulated markets, in order to verify that the related prices are included in the relevant price range, as available on the main financial information providers or with the access to other information provided by the Portfolio Manager. The Compliance & AML Function also monitors the orders transmission and execution policy of the Intermediary, in order to verify the coherence with the Company's policy.

The Operations & Finance Department monitors transaction fees in order to ensure that transaction costs are in line with the contractual provisions with the Intermediary. It provides information on transaction cost, history and execution venues on client's request.

5. DISCLOSURE

The Management Company makes the updated version of this Policy and of the list of authorised counterparties available to the investors on durable medium and at www.eurizoncapital.lu. The Investor can require reasonable and proportionate information about the entities to which orders are transmitted or placed for execution and the policies applied.

6. DELEGATION ARRANGEMENTS

The Management Company may delegate all or part of the discretionary management of a UCITS, AIF or managed account; when this is the case, the delegation is disclosed in the related Prospectus, Offering Memorandum, or portfolio management agreement.

Where the Management Company delegates all or part of the discretionary management of a UCITS, AIF or managed account, the delegate will be subject to the rules of the regulator of the Country where the delegate is authorized, including jurisdictions outside the European Union. In such circumstances, the Management Company takes all reasonable steps in order to ensure the achievement of the best interest of the client. These include the execution of written agreements regulating the respective rights and obligations including rights of information, protection of confidential information, rights of inspection, access and monitoring, procedures for on-going due diligence in order to ensure and effective supervision and continuous monitoring of performances.

7. SPECIFIC CLIENT INSTRUCTIONS

When a specific instruction is given by clients, the Management Company will execute the order according to their instruction including, but not limited to, broker selection and/or restriction on trading with certain counterparties. To the extent of the specific instruction, the obligation of best execution will be satisfied by executing the order in accordance with said instruction as the Management Company will be prevented from transmitting or executing according to the principles set within this Policy in relation to those aspects.