

## **BEST EXECUTION/SELECTION POLICY**

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This policy gives details on Spirit Asset Management ("Spirit AM") execution policy as required by the EU Market in Financial Instruments Directive ("MiFID", including "MIFID 2 Directive") and the EU UCITS V Directive.

### **1. Scope of application**

This Best Execution Policy applies to the execution of orders placed by Spirit AM in the context of investment fund management, discretionary asset management, investment advice and execution only services.

This policy integrates Spirit AM obligations under the MiFID, under the UCITS V Directive 2014/91/EU and all relevant Luxembourg laws, CSSF circulars and regulations, and covers all relevant securities (including transferable securities, money-market instruments, units in collective investment undertakings, derivatives).

Best execution under MiFID applies to professional and retail clients and to all financial instruments dealt in the course of carrying out investment services business in the European Economic Area. Your classification has been communicated to you in the document Investor Profile.

Best execution is a multifactor test, with a requirement for Spirit AM to take all reasonable steps to consistently obtain the best possible result for clients through its order execution policy.

In accordance with MIFID regulation and the agreement you signed, any order placed with Spirit AM will show acceptance of this policy by you.

### **2. Broker selection**

Spirit AM does not directly execute orders but routes the orders resulting from investment decision process and from orders transmitted by clients to other financial intermediaries for execution, either brokers or in most cases the depository banks where clients' assets are deposited.

The execution venue can differ depending on the type of financial instrument.

Spirit AM ensuring the best possible execution of orders by transmitting orders for execution to brokers and depository banks which meet the MIFID best execution obligations. For this reason, Spirit AM keeps a directory of brokers to which employees are bound when selecting a venue for order execution.

The broker list includes brokers, depository banks where clients' assets are deposited and counterparties which meet specific requirements (such creditworthiness, execution quality among other factors) and which apply a best execution policy which complies with the execution factors listed in Section 3. Spirit AM select entities most likely to deliver the best possible results for its clients. Spirit AM periodically reviews the execution of client orders by approved brokers and counterparties, and performs updates to the broker list, if deemed necessary.

Many brokers and banks offer additional services, such as research, financial analysis, market, and quote information. The choice of a broker may be influenced by these services, as long as this corresponds to the clients' interests and/or constitutes a significant contribution to the investment decision making process.

Orders to be executed shall be submitted to the corresponding broker or depository bank. In case where there are several possible intermediaries, the one who offers the best conditions for the relevant transaction shall be selected so as to act in the best interests of the client or fund. The depository banks where clients' assets are deposited and to which clients' orders are transmitted are subjected to the same best execution regulatory requirements.

Appendix 1 (Financial Intermediaries for the execution of Orders) of this policy contains a list of the intermediaries/execution venues in which Spirit AM has the most faith to meet its obligation to take all reasonable measures to obtain the best possible execution of its clients' orders in the majority of cases.

### **3. Execution factors**

To ensure the best possible execution of clients' orders, Spirit AM bases its decision on the selection of a broker on the following factors:

- Price of the asset to be acquired,
- Costs: the total costs, including the execution price and costs incurred thereby (such as brokerage fees),
- Speed of execution,
- Likelihood of execution and settlement,
- Liquidity of the market,
- Size and nature of the order,
- Other factors which could be of significance for the execution of the order, such as settlement conditions.

The weighting of the above-mentioned factors can differ depending on the transaction to be executed, type of financial instrument and type of order.

This weighting depends, amongst others, on the following criteria:

- Characteristics of the client, including his categorization as retail or professional clients;
- Objectives, investment policy and specific risks of the portfolio;
- Characteristics of the order, of the financial instrument and of the execution venue;
- Market conditions, market liquidity;
- Further acceptable and/or legally required criteria.

In this case, Spirit AM also takes into consideration the following aspects in order to achieve best execution:

- eligible assets of the fund/mandate,
- strategy of the fund/mandate,
- the objectives and investment policy of the fund/mandate's strategy,
- the Spirit Asset Management risk management policy,

The execution factors of price, costs, speed, likelihood of execution and any other factors are considered as part of all steps to obtain the best possible result for clients when selecting brokers and Spirit AM performs regular reviews of brokers and depository banks execution practices to ensure these consider the abovementioned factors as part of all steps of their execution processes to ensure best result for clients (see Section 6). Moreover, when transmitting a transaction to a counterparty, if they detect any issue with the execution of an order which could lead to an impact on obtaining the best possible result for the client, the portfolio managers of Spirit AM would immediately escalate to the counterparty and to the risk and compliance officer of Spirit AM.

Where the client give a specific instruction as to the execution of an order, Spirit AM will transmit the order for execution in accordance with those specific instructions. These specific instructions from a client may prevent Spirit AM and its counterparties from taking the steps implemented in their execution policy to obtain the best possible result for the execution of the orders.

### **4. Execution venues**

Orders transmitted for execution to depository banks and brokers can be executed both in and outside of regulated markets, multilateral trading facilities or organized trading facilities.

Spirit AM can also use router tool which will allow a better speed of execution and a lower operational risk. Orders and settlement methods shall be established as early and quickly as possible in order to ensure that orders are executed immediately and correctly registered and allocated. In case of reception and transmission of orders service, Spirit AM will inform the client if any difficulty arises in respect to the treatment of an order within a reasonable time.

In very exceptional cases, clients' orders may be executed outside a trading venue by the broker or the depository bank. This may expose the client to several risks and consequences:

- Transactions may not be subject to the rules of trading venues, which aim at providing a fair and orderly treatment of orders.
- Execution may not be benefit from pre and post trade transparency in respect of price and liquidity.
- Counterparty risk arising from the settlement of the transaction.

The list of factors used to select an execution venue including qualitative factors such as clearing schemes, circuit breakers, scheduled actions or any other factors and relative importance given to each factor are defined by the brokers and depository banks to which Spirit AM transmits orders, in their execution policy. If the portfolio manager identifies any issue in the choice of an execution venue that could impair the best execution process for the client on a specific transaction, he would escalate to the risk and compliance officer as well as to the counterparty.

## **5. Aggregation and allocation of trading orders**

As a basic principle, Spirit AM will not execute any order for an investment fund together with orders of discretionary mandates, an order for an advisory mandate or resulting from a reception and transmission of orders agreement. In exceptional circumstances, this principle may be waived if it is unlikely that merging orders would be detrimental overall to the investment fund and the clients.

Spirit AM maintains rules surrounding the aggregation of orders within its operating procedures. Comparable orders are in general executed in bloc format if the orders are generated simultaneously, and allocated in line with Spirit AM fair allocation procedures. If the execution of the total aggregate amount has not been achieved, the orders will be fairly allocated between clients.

## **6. Monitoring of the best execution/selection policy**

Spirit AM regularly checks the quality of execution by the selected intermediaries or the depository banks with which clients' assets are deposited.

The review launched by the risk and compliance officer mainly includes:

- An assessment by the portfolio managers of the quality of execution obtained from the counterparties by a rating of the execution factors as well as an assessment of the settlement process;
- A review of the counterparties best execution policy;
- The requirement from the counterparties on a sample of transactions to evidence the compliance with best execution factors.

Any weaknesses identified shall be dealt with and remedied as quickly as possible. In addition, a review of Spirit AM's best execution policy is conducted each year. Such a review is also conducted if a major change occurs that interferes with the ability of the company to continue to achieve the best possible result for the investment fund or the client.

## Appendix 1 – Financial intermediaries for the execution of orders

Below is a list of the execution platforms or intermediaries (brokers and depository banks) on which Spirit AM relies to comply with its obligation to take all reasonable measures to obtain the best possible result, in the majority of cases, when executing its clients' orders:

- Orders for Equities, Bonds, Warrants & Exchange Traded Funds:
  - ✓ Euronext Paris, Amsterdam, Brussels, Frankfurt, London, New York
  - ✓ EFG Bank (Luxembourg/Geneva)
  - ✓ Pictet & Cie
  - ✓ Banque de Luxembourg
  - ✓ VBank
  - ✓ VP BANK
  - ✓ BGL BNP Paribas
  - ✓ Société Générale
  - ✓ Crédit Agricole
  - ✓ Banque de financement et d'investissement (CIB) – Groupe Société Générale

In addition, for investment funds' orders:

- ✓ Baader Bank AG
- ✓ Banque de Luxembourg
- ✓ Kepler Cheuvreux

Orders for Investment Funds: in accordance with the single method set out in the prospectus which will be either the Transfer Agent referred to in the prospectus, or the relevant regulated market as set out in the prospectus.

- Orders for Third-party Structured Products (main issuers / Counterpart):
  - ✓ BNP Paribas, Paris
  - ✓ Société Générale, Paris
  - ✓ UBS
  - ✓ JP Morgan
  - ✓ Barclays
  - ✓ Natixis Banque
  - ✓ Goldman Sachs
  - ✓ SILEX
  - ✓ Kepler Cheuvreux
  - ✓ Capital Vision